PRESS RELEASE

Current Trading Update

- Strong revenue momentum and solid performance for the twelve-month period ended 31 December 2022 ("LTM December 2022") despite current reluctant consumer sentiment and macroeconomic uncertainty
- Historic high of adjusted net revenue of EUR 1,229 million for LTM December 2022 represents an increase of 17.5% compared to the net revenue for the twelve-month period ended 31 December 2021 ("LTM December 2021")
- Adjusted EBITDA at EUR 136 million for LTM December 2022 closing in on pre-COVID-19 levels

Telgte, 10th March 2023. Takko Fashion, one of the leading European fashion discounters, today announced strong revenue growth and solid profitability for LTM December 2022, demonstrating the resilience of, and growth opportunities for, Takko Fashion's quality discount model in a macroeconomic climate dominated by persistent inflation and consumer uncertainty.

For LTM December 2022, Takko Fashion generated adjusted net revenue of EUR 1,229 million ending the calendar year 2022 on a historic high. Adjusted LTM December 2022 net revenue were up 17.5% from LTM December 2021 and reflect an adjustment of EUR 24 million to net revenue for a decline in sales volumes attributable to a worsening of consumer sentiment based upon Russia's invasion of Ukraine, which was calculated based upon Q1 2019/20 levels of sales volumes (the "Ukraine Adjustment").

As disclosed in our Q3 2022 report, key revenue drivers for LTM December 2022 included promotions in connection with Takko Fashion's 40th anniversary and the successful uptake by customers of the "Takko Friends" loyalty programme introduced in early 2022. Additionally, the increase in adjusted sales for LTM December 2022 compared to LTM December 2021 based on volumes was in line with previous years despite supply chain issues due to China's zero-COVID-19 policy and relatively warm weather in Europe that constrained consumer spending during the year 2022.

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For LTM December 2022, Takko Fashion generated adjusted EBITDA of EUR 136 million (LTM December 2021: EUR 113 million) and adjusted EBITDA margin of 11.3% (LTM December 2021: 11.4%). For the same period, adjusted gross profit was EUR 731 million. The Ukraine Adjustment would have had an additional effect of EUR 15 million on each of adjusted EBITDA and adjusted gross profit for LTM December 2022. Accordingly, after giving effect to the Ukraine Adjustment, Takko Fashion’s adjusted EBITDA and adjusted gross profit would have been EUR 151 million and EUR 746 million, respectively.

As of 31 January 2023, Takko Fashion had a solid liquidity position of EUR 70 million of cash.

As of 31 December 2022, Takko Fashion had 1,926 stores and sold approximately 83.4 thousand pieces of clothing per store. In LTM December 2022, Takko Fashion estimates that occupancy costs amounted to EUR 196 million of which rent costs represented approximately EUR 147 million. These figures are in line with Takko Fashion’s historical occupancy costs prior to the COVID-19 pandemic, reflecting Takko Fashion’s efforts to navigate increasing inflationary pressures. In the financial year 2023/24, Takko Fashion expects occupancy costs to increase by a mid-single digit percentage.

For LTM December 2022, Takko Fashion estimates that (i) personnel costs were EUR 280 million and the number of full-time equivalent employees per store normalizing at 3.7, (ii) marketing costs were EUR 30 million, (iii) free cash flow was EUR 126 million, including a EUR 15 million Ukraine Adjustment and (iv) capital expenditures were approximately EUR 25 million, representing EUR 8 million of expansion capital expenditures, EUR 7 million of development & maintenance capital expenditures and EUR 10 million of IT and other capital expenditures.

For LTM December 2022, Takko Fashion estimates that inventories, trade payables and trade receivables amounted to EUR 253 million, EUR 139 million and EUR 5 million, respectively. Takko Fashion expects inventories at the same level at the end of the financial year 2022/23, presently carrying new spring / summer 2023 seasonal products and strategic carried-over stock from 2022, which forms part of the seasonal inventory in 2023 and is expected to be sold during 2023, reducing the overall inventory levels further.

Takko Fashion's existing senior secured notes and senior facilities agreement will become due within the next 12 months. Takko Fashion's Management is evaluating options to secure the liquidity and optimise the capital structure of Takko Fashion. In this context, there are ongoing discussions with relevant stakeholders (banks, noteholders and Takko Fashion's shareholder).

This information is based solely on preliminary internal information used by management and on assumptions that are subject to inherent uncertainties. Our actual and consolidated financial results for the twelve-month period ended 31 December 2022 or the financial year 2022/23 may differ from our preliminary calculated results and remain subject to our review process, including the adjustments required to present financial information in accordance with IFRS. Those procedures have not been completed. Accordingly, these results may change and those changes may be material. We caution that the foregoing information has not been audited or reviewed by our independent auditors and should not be regarded as an indication, forecast or representation by us or any other person regarding our financial performance for the twelve months ended 31 December 2022 or the financial year 2022/23.

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