

CETTIRE

Level 40/140 William Street
Melbourne VIC 3000

Cettire well-positioned for profitable growth following FY22 platform optimisation

Melbourne, Australia: 30 August 2022 – Cettire Limited (ASX: CTT) (“Cettire” or the “Company”), a global luxury online retailer, today released its results for the 12 months ended 30 June 2022 (FY22). The Company delivered record revenues whilst achieving significant platform optimisation and key operational milestones during the year.

FY22 highlights (vs FY21):

- Reported gross revenue¹ up 131% to \$287.8 million
- Reported sales revenue up 127% to \$209.9 million
- Active customers² up 127% to 260,249
- 50% of gross revenue from repeat customers (FY21: 40%)
- Delivered margin up 70% to \$37.4 million
- Adj. EBITDA³ \$(21.5) million driven by significant investment to scale platform
- Statutory NPAT \$(19.1) million
- Completion of migration to proprietary storefront and localisation initiatives in progress, underpinning next wave of profitable growth
- Extensive platform optimisation undertaken in H2 FY22 to enable improved unit economics
- FY23 outlook:
 - Increased focus on profitable growth - targeting EBITDA positive in FY23
 - Self-funding strategy
 - Continued positive trading momentum with July sales revenue +67% and August (to 26th) +67%⁴ versus the pcp⁵
 - July Adj. EBITDA +\$2.0 million on delivered margin >20%^{3,6}
- The Company will host an investor webinar today, Tuesday 30 August 2022 at 10.30 AEST. [Click here to register](#)

Commenting on the FY22 results, Cettire’s Founder & CEO, Dean Mintz, said:

“In FY22, Cettire continued its rapid scaling. Sales revenues have increased almost 10x in the last 2 years as our proposition has gained traction and we have invested to capture the global market opportunity. We finished the FY22 year with much stronger foundations than the beginning of the period.”

¹ Gross revenue is revenue net of GST/VAT but is exclusive of returns from customers; Sales revenue is gross revenues net of allowances and returns from customers

² Active customers are customers who have made a purchase on the platform in the last 12 months

³ Cettire uses Adjusted EBITDA as a non-IFRS measure of business performance which excludes expenses associated with the IPO, share-based payments, unrealised FX movements and unrealised loss/ (gain) on derivative contracts

⁴ Revenue growth in August is pre-accounting adjustments (deferred revenue and refund provisioning)

⁵ Prior corresponding period

⁶ Unaudited management accounts

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During FY22, we made significant advancements to our technology platform. We now own the technology stack across the end-to-end customer journey, having launched and migrated all traffic to our proprietary storefront software. This is a major milestone and provides significant incremental functionality and flexibility to support our global growth. At the same time, it allows Cettire to effectively localise our proposition, which enables us to grow penetration outside our top 3 established markets (US, UK and Australia), a significant incremental growth opportunity. The launch of our mobile apps, which provide enhanced user experience and further opportunities to engage and retain our customers, was a further key milestone.”

In FY22, active customers increased 127% to over 260,000, reflecting the strength of Cettire’s customer acquisition and retention. Repeat customers accounted for 50% of gross revenues (FY21: 40%), with higher average spend per order and increased order frequency for this customer group. The continued strength in repeat customer purchasing behaviour provided the Company with confidence to continue to invest and grow Cettire’s platform globally. Paid acquisition and brand investment also remained elevated during H2 to support the launch of the proprietary storefront.

Cettire experienced higher return rates and higher fulfilment costs in H2, which impacted delivered margins. Through the course of H2, the Company proactively moderated the pace of growth and marketing investment and recalibrated operating settings to improve underlying unit economics and marketing efficiency.

Operating cash flow for the year was \$(14.7) million as the Company’s investment-driven operating losses were offset by a working capital benefit. Cettire has a capital light business model and favourable working capital profile which provide a tail wind through the rapid growth phase. Year end cash was \$22.7 million, with zero financial debt.

\$m unless stated	FY22	FY21	Growth
Gross revenue	287.8	124.5	131%
Sales revenue	209.9	92.4	127%
Delivered margin	37.4	22.0	70%
Unique website visits (million)	44.7	13.9	221%
Conversion rate (%)	0.90%	1.22%	(26)%
No. of orders (units)	403k	170k	137%
Average order value (\$)	702	723	(3)%

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Business update

Cettire's strategic priorities remain the same, to enhance its technology platform, expand product offering and supplier network as well as rapidly drive scale in the core business. The Company is also confident there is considerable scope to grow its addressable market - via adjacencies - over time.

The opportunity to grow penetration in Cettire's top-3 established markets continues to be significant. The Company has also experienced a noticeable step up in growth in emerging markets (beyond the top-3) following the migration to the proprietary storefront software. Cettire expects the overall revenue base to continue to broaden as the Company further localises its proposition and grows its presence beyond established markets.

During the year, Cettire again achieved significant ongoing growth across its global supply chain, with the value of available inventory (which has surpassed \$1 billion) now more than double the amount available at the time of IPO. In line with Cettire's strategy to provide a platform for all members of the supply chain, the Company has added additional direct luxury brand supply relationships.

Organisational capability continues to grow. In particular, Cettire has made key engineering hires with world class pedigree during the period. This is testament to the traction the Company has in the sector and Cettire's employee proposition in a competitive market for technology talent. The Company intends to continue to selectively build its technology talent where appropriate.

Leveraging its scale, Cettire has also re-negotiated key commercial contracts including for logistics and payments processing, which enables a more efficient variable cost structure in FY23 and beyond.

Cettire's Founder & CEO, Dean Mintz, said:

"It's pleasing to see the benefits of scale increasingly flow through the business. Our greater scale has facilitated rapid growth in our supply chain, which in turn enables us to better serve and attract more customers. We have also secured improved terms with some of our partners which support better unit economics over time. Cettire is a business that will only get better and stronger as we grow"

Cettire targeting EBITDA positive in FY23

In the coming year, Cettire will be operated to maximise profitable revenue growth, whilst also self-funding. This includes operating the Company to be EBITDA positive in FY23.

The Company remains excited about the potential to expand its addressable market via the expansion into mainland China and the beauty category. However, with the increased near-term focus on platform optimisation, the Company made the decision to extend the timeframe for launch to during FY23.

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Following the optimisation initiatives implemented in H2 FY22, the Company is pleased to announce that these initiatives are already delivering material gains with July 2022 monthly unaudited adjusted EBITDA^{3,5} of \$2.0 million and delivered margin of greater than 20%, alongside sales revenue growth of +67% in the month of July relative to the pcp. In the month of August (to 26th) sales revenue also increased +67%⁴ relative to the pcp.

Commenting on the Company's strong start to FY23 and profitable outlook, Mr Mintz, said:

"We're really excited and encouraged by the early FY23 results achieved during July and August. We have observed continued strong revenue growth as our marketing continues to optimise following adjustments to our operating settings. It is pleasing to see that our increased emphasis on profitable growth is already delivering results based on July's trading performance, and we have demonstrated in prior financial years that the business can generate healthy profits when it is operated to do so. We have a nimble and flexible business model with a largely variable cost base and minimal inventory risk. This enables us to adjust quickly to market conditions and optimise performance.

Looking ahead, successfully launching in China and beauty remain key focus areas within our growth strategy into FY23"

Results webinar

Founder & CEO Dean Mintz and CFO Tim Hume will host an investor webinar at 10.30 am AEST on Tuesday, 30 August 2022 to discuss the results. Register for the investor webinar via the link below:

https://us02web.zoom.us/webinar/register/WN_4mYqOtvzSfuJUxENLDFvhA

Questions can be pre-submitted to sam@nwrcommunications.com.au or asked via the Q&A function during the webinar.

After registering, you will receive a confirmation email containing information about joining the webinar.

This document has been authorised for release by the Directors of Cettire Limited.

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Level 40/140 William Street
Melbourne VIC 3000

For further information, please contact:

Investors

Tim Hume

CFO

investors@cettire.com

Investors

Sam Wells

NWR Communications

sam@nwrcommunications.com.au

+61 427 630 152

Media

Helen McCombie

Citadel Magnus

hmccombie@citadelmagnus.com

+61 411 756 248

About Cettire

Launched in 2017, Cettire is a global online retailer, offering a large selection of in-demand personal luxury goods via its website, cettire.com. Cettire has access to an extensive catalogue of over 2,500 luxury brands and over 400,000 products of clothing, shoes, bags, and accessories. Visit: www.cettire.com.