Farfetch moves forward, beats expectations in 2021 and Q4

By Sandra Halliday  -  February 24, 2022

Farfetch’s Q4 and full-year results on Thursday showed strong progress at the luxury platform as it swung to a profit and saw record sales figures and its shares surged in post-market-close trading.

On Thursday it reported record annual gross merchandise value (GMV), which rose 33% year-on-year (YOY) to $4.2 billion, and almost doubled compared to 2019 with a 98% surge. Revenue also rose 35% YOY to $2.3 billion.

In Q4, GMV and digital platform GMV each increased 22% YOY, hitting $1.3 billion and $1.1 billion, respectively. Q4 revenue also jumped 23% to $666 million.

The business also saw a quarterly gross profit margin of 47.1%, up from 46.1% a year earlier, while the full-year figure rose to 46.1% from 45%. And the digital platform order contribution margin was 32.4%, although this was down from 35.1% in 2020’s Q4. For the full year, that margin dropped to 31.6% from 35%.

But perhaps most importantly, Q4 net profit was $97 million after a loss of almost $2.3 billion a year earlier. That’s good news, even though the latest figure includes a $217 million non-cash benefit due to the impact of its lower share price on items held at fair value and re-measurements.

Net profit for the year was $1.47 billion after a loss of $3.3 billion in 2020.

It also delivered $36 million in adjusted EBITDA in Q4 (up from $10 million) and positive adjusted EBITDA for the full year of $1.63 million after a previous loss of $47.4 million.

Founder and company chief José Neves said the figures “clearly demonstrate the strong momentum behind the Farfetch platform. We exit the year having once again delivered market-share-capturing GMV growth in 2021 along with our first year of adjusted EBITDA profitability. This positions Farfetch for an incredible 2022 focused on
along with our first year of adjusted EBITDA profitability. This positions Farfetch for an incredible 2022 focused on continuing to lead the online luxury fashion industry, growing faster than the runner-ups, and expanding profitability”.

His optimism seems well founded with the company clearly on an improving trajectory profit-wise and sales continuing to outperform.

This has all been helped by key developments during the year and final quarter.

The company said third-party transactions generated 85% of digital platform GMV at a take rate of 30.4% in Q4 and the Farfetch Marketplace saw supplies from both multi-brand retailers and e-concession partners continuing to increase YOY to total stock units of nearly 10 million in the quarter.

It was also the third consecutive quarter of record “media solutions revenue” as it partnered with brands to launch innovative showcases of their collections to Farfetch Marketplace visitors.

These included the Balmain X Netflix collaboration coinciding with the release of the movie ‘The Harder They Fall’, leveraging features such as photo-real 3D visuals; and the Burberry outerwear campaign, using Farfetch’s digital fashion capabilities to feature models dressed with digital assets.

There was also the Zegna ‘Working With Words’ film content series in collaboration with Port Magazine, poet Seán Hewitt and musician Azekel; and the Tasaki Atelier high jewellery pearl and coloured gemstone collection, was launched exclusively on the Farfetch Marketplace.

Meanwhile, in January this year, ahead of the planned launch of beauty on the Marketplace later in the year, it announced the acquisition of cult favourite luxury beauty destination Violet Grey.

And its New Guards operation launched Tmall Luxury Pavilion storefronts for Off-White, Palm Angels and Ambush in January too.

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