



Dear Shareholders,

Ever since the company started in 2012, we have become a leading reputable company in the fitness apparell inustry. After hitting the valuation of \$1.45B in 2020, it is our desire to expand our sales further and focus on the United States market while having control over our customer experience. Therefore, we are working towards understanding the consumer data to engage the US market as powerful as we can taking into consideration facing a major competitor in the market since 1998 such as Lululemon Athletica.

GymShark has grown more than 800% in 2017, and by the end of July 2020, we are at a total revenue of around \$328 million whereas Lululemon is at around \$3.8 billion in revenues. We delved more into the sales taking place in the US only, and we noticed that the biggest opportunity to increase our sales is in the US especially now that we are financially strong so we're able invest more in the company with the current assets being at around \$140M.

Our competitor, Lululemon, have around \$3.1 billion in sales in the US only which is 81% of their total sales; our goal is to raise our sales to similar numbers. We opened two distribution centers in the US and opened our base in Colorado as of this year to enter the market since we believe we can high rocket our sales in North America. Our competitors are having the biggest sales even though we have a competitive edge which is our price and brand reputation. Moreover, our brand has more real followers with high engagement on Instagram of around 5.5 million followers which is growing at a fast rate thanks to our partnering with the best influencers worldwide.

The conversion rate of our website is 10% which is much higher than that of our competitor. Lululemon have stores all around the US and we find a large opportunity for us to also have retail stores in the future to achieve larger gross profits. However, we are focusing on getting new customers at a high rate in the US especially that our new customer percentage is growing since 2017 being at around 55% for 2019. In the second quarter of 2020, our new customer count was 1.73x where as Lululemon's remained flat. By the end of 2020, our data shows that we have many returning customers as well as new customers which is the biggest value our company has. We have a retention rate of 30% after one year of the first purchase. This number decreases to a retention rate of 10% after 5 years from the first purchase.

Our company is growing fast, and we find a tremendous opportunity in the US market. After analyzing the above data, we recommend that GymShark focuses on increasing its distribution centers across the states so that it is able to focus on this market more. We are able to increase our revenues more into the billions by opening retail stores in major cities. We can see that the operating expenses of our competitor are around \$1.46 billion which is high due to the large number of retail stores they opened. Therefore, we recommend studying the market properly to locate the new retail stores and ultimately attract the potential customers we need. We are embracing entering the US market as tough as we can since we might be able to 10x our sales again same as 2017.

With appreciation,

Abdallah Bazzan
Data Analyst



United States

Followers on Instagram (Millions)

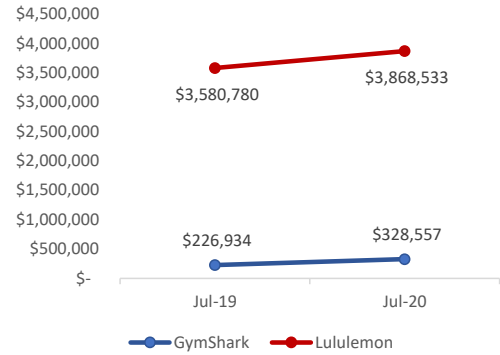


5.5 M

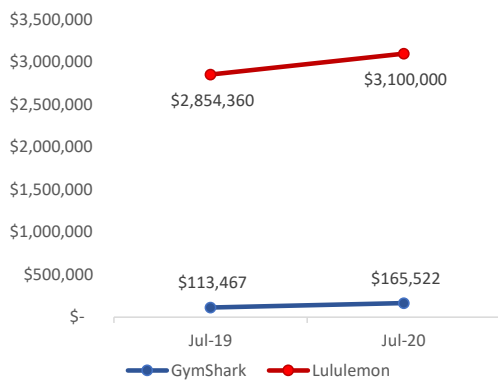


3.8 M

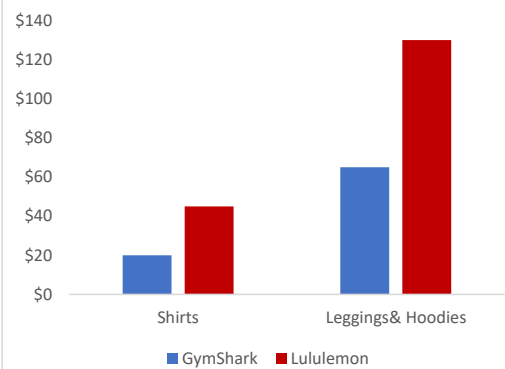
Total Revenues (Thousands)



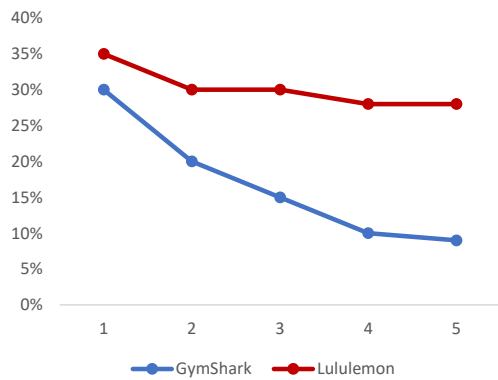
Revenues in United States Only (Thousands)



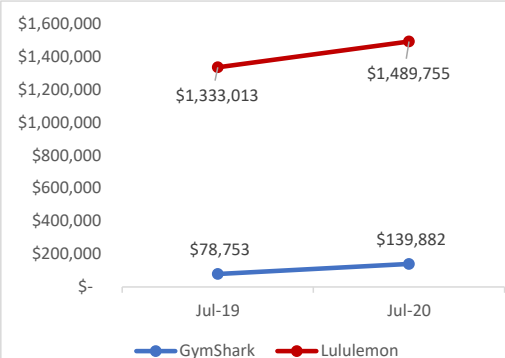
Competitive Pricing (USD)



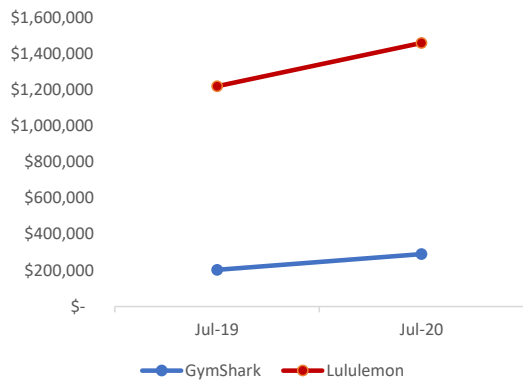
Retention Rate(%) Per Years Since 1st Purchase



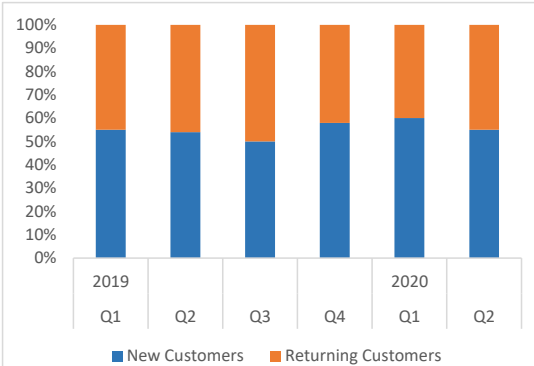
Total Current Assets (Thousands)



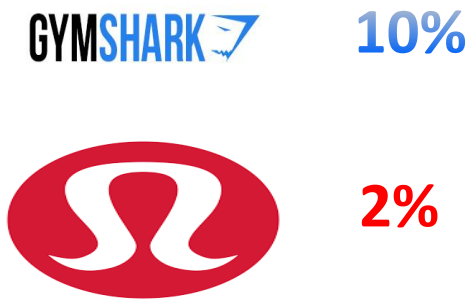
Total Operating Expenses (Thousands)



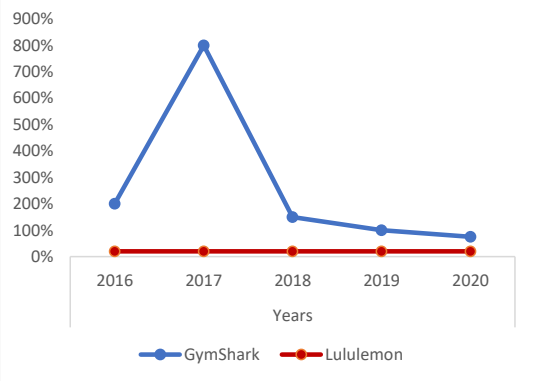
GymShark Sales - New vs Returning Customer



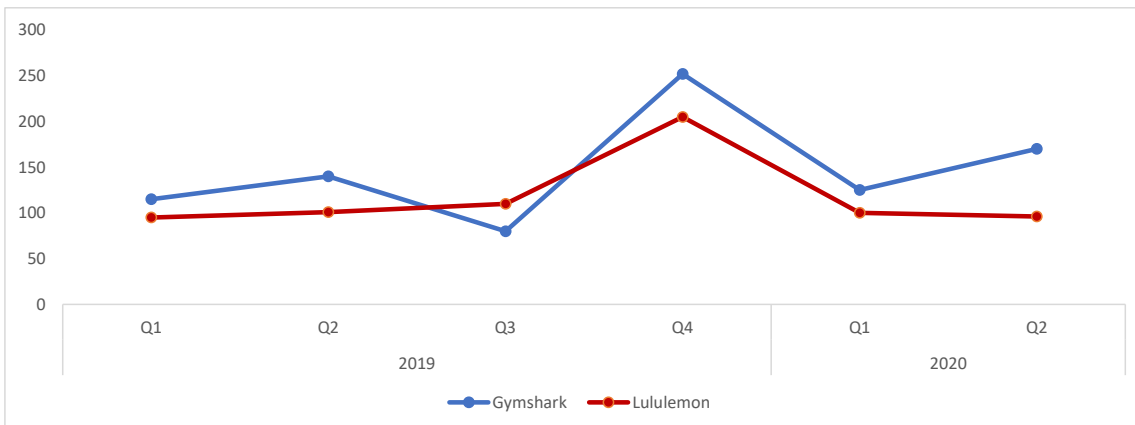
Conversion Rate(%)



Yearly Growth(%)



Number of New Customer Acquisition



References:

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- 3) Tighe, D. (2021, May 12). *Net revenue lululemon by region worldwide 2020*. Statista. Retrieved November 28, 2021, from <https://www.statista.com/statistics/422587/net-revenue-of-lululemon-worldwide-by-region/>.
- 4) Ramesh, S. (2021, April 14). *Gymshark's new customer acquisition is devouring the competition*. Bloomberg Second Measure. Retrieved November 28, 2021, from <https://secondmeasure.com/datapoints/gymsharks-new-customer-acquisition-is-devouring-the-competition/?thankyou=true&modal=true>.
- 5) *Black Friday Sale now live: Up to 70% off gymshark*. Gymshark US. (n.d.). Retrieved November 28, 2021, from <https://www.gymshark.com/>.
- 6) *Lululemon*. lululemon. (n.d.). Retrieved November 28, 2021, from <https://shop.lululemon.com/>.
- 7) *Lululemon.com's conversion rates & bottlenecks*. (n.d.). Retrieved November 28, 2021, from <https://guesswork-live.appspot.com/research/us/ecommerce/companies/lululemon.com>.
- 8) Penny, T. (2020, September 3). *Analytical blog - gymshark (Recent Billion \$ company)*. Medium. Retrieved November 28, 2021, from <https://medium.com/@taylorpenny110/analytical-blog-gymshark-recent-billion-company-bed2cc0b43c0>.