BESTSECRET

FINANCIAL RESULTS OF PRESTIGEBIDCO GMBH
FOR THE SIX MONTHS ENDED JUNE 30, 2021

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FORWARD-LOOKING STATEMENTS

This Report may include forward-looking statements. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this Report, including, without limitation, those regarding our future financial position and results of operations, our strategy, plans, objectives, goals and targets, future developments in the markets in which we participate or are seeking to participate or anticipated regulatory changes in the markets in which we operate or intend to operate. In some cases, you can identify forward-looking statements by terminology such as "aim," "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "guidance," "intend," "may," "plan," "potential," "predict," "projected," "should," or "will" or the negative of such terms or other comparable terminology.

By their nature, forward-looking statements involve known and unknown risks, uncertainties, and other factors because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and are based on numerous assumptions and that our actual results of operations, including our financial condition and liquidity and the development of the industry in which we operate, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this Report. In addition, even if our results of operations, including our financial condition and liquidity and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Report, those results or developments may not be indicative of results or developments in subsequent periods.

PRESENTATION OF FINANCIAL INFORMATION

Financial Information

The consolidated financial statements included in this Report have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial information in this Report is based on that of PrestigeBidCo GmbH. In particular, this Report includes the unaudited consolidated financial statements of PrestigeBidCo GmbH, Aschheim and its subsidiaries (the Group), which comprise the consolidated statements of comprehensive income for the first six months 2021, the consolidated balance sheet as at June 30, 2021, the consolidated statements of cash flows for the the first six months 2021.

Non-GAAP Financial Measures

This Report contains non-GAAP measures and ratios, including EBITDA and Adjusted EBITDA that are not required by, or presented in accordance with, IFRS. Our non-GAAP measures are defined by us as set out below.

We define "***EBITDA***" as net income/loss for the period before interest and similar expenses, tax and depreciation, amortization and write-downs.

We define "***Adjusted EBITDA***" as EBITDA (i) excluding non-recurring or extraordinary items, (ii) excluding certain non-cash, non-operational items and (iii) adjusting for the pro forma effects of certain cost-savings initiatives undertaken during the period. Non-recurring or extraordinary items include a number of one-off, exceptional items that have been excluded from EBITDA.

We present non-GAAP measures because we believe that they are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The non-GAAP measures may not be comparable to other similarly titled measures of other companies and should not be considered in isolation or be used as a substitute for an analysis of our earnings after taxes as reported under IFRS. Non-GAAP measures and ratios are not measurements of our performance or liquidity under IFRS and should not be considered as alternatives to net income/loss for the period or any other performance measures derived in accordance with IFRS or any other generally accepted accounting principles or as alternatives to cash flow from operating, investing or financing activities.

Rounding

Certain numerical figures set out in this Report, including financial information presented in millions or thousands and percentages, have been subject to rounding adjustments and, as a result, the totals of the data in this Report may vary from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other information are calculated using the rounded numerical data included in this Report and not the numerical data in each of the Consolidated Financial Statements or PrestigeBidCo's internal accounting system. With respect to financial information set out in this Report, a dash ("—") signifies that the relevant figure is not available, while a zero ("0.0") signifies that the relevant figure is available but is or has been rounded to zero.

DEFINITIONS

Unless otherwise specified or the context requires otherwise in this Report:

- “BestSecret Group”, “Group,” “we,” “us” or “our” refer to the Issuer (PrestigeBidCo) including S&B Holding, S&B GmbH, BS GmbH, S&B Logistik, Lawrence Grey (former: S&B Outlet), S&B Wien and SOS with respect to the information as of and for the period ended June 30, 2021;
- “Issuer” means PrestigeBidCo GmbH, a company with limited liability (*Gesellschaft mit beschränkter Haftung*) incorporated and existing under the laws of Germany with its registered office at Margaretha-Ley-Ring 27, 85609 Aschheim, Germany and registered with the commercial register at the local court (*Amtsgericht*) of Munich under number HRB 227078;
- “Notes” means €260,000,000 6.25% senior secured notes due 2023 and issued pursuant to the offering memorandum dated December 8, 2016;
- ‘’PPA” means purchase price allocation;
- “Revolving Credit Facility” means the €50.0 million Revolving Credit Facility, of which €35.0 million were made available under the Revolving Credit Facility Agreement dated on or prior December 8, 2016 and an additional €15.0 million were established on December 20, 2018, by way of increase of the existing Facility;
- “Revolving Credit Facility Agreement” means the revolving credit facility agreement dated on or prior December 8, 2016 among, inter alios, the Issuer, as borrower, and Barclays Bank PLC, Goldman Sachs Bank USA and UniCredit Bank AG, London Branch, as lenders, as the same may be further amended from time to time. On December 20, 2018, the Issuer established an additional revolving credit facility of €15.0 million by way of increase of the existing facility to €50.0 million. On January 2, 2019, the lender confirmed the granting of the additional facility. The additional facility lender is UniCredit Bank AG, London Branch;
- “S&B Holding” means Schustermann & Borenstein Holding GmbH;
- “S&B GmbH” means Schustermann & Borenstein GmbH, an operating subsidiary of the Issuer;
- “BS GmbH” means BestSecret GmbH, an operating subsidiary of the Issuer;
- “S&B Logistik” means Schustermann & Borenstein Logistik GmbH, an operating subsidiary of the Issuer;
- “Lawrence Grey” means Lawrence Grey GmbH (former: S&B Outlet GmbH), an operating subsidiary of the Issuer.
- “S&B Wien” means Schustermann & Borenstein Wien GmbH, an operating subsidiary of the Issuer; and
- “SOS” means Swiss Online Shopping AG, a subsidiary of the Issuer.

SUMMARY OVERVIEW OF RESULTS

Results summary

BestSecret Group recorded a 45.7% revenue increase to €397.5 million in the first six months of 2021 (6M 2020: €272.8 million). This growth effectively mirrors a compelling online performance underpinned by strong operational execution.

The excellent performance was especially driven by the dynamic development of the online business, which contributed €382.7 million or 96.3% to Group revenue in the first six months of 2021 (6M 2020: €235.4 million). The 62.6% increase was mainly achieved through sizeable new customer gains, good order economics, an outstanding international business development and a strong Easter business. The online growth was also supported by the pandemic related lockdown and a lower baseline in the first half of 2020 when sales were impacted by the first wave of the COVID-19 pandemic. The stationary retail business recorded €14.8 million revenues in the first six months 2021, which was 60.4% lower than the €37.4 million achieved in 6M 2020. The segment was impacted by prolonged pandemic related store closures from late 2020 till early March 2021 with only a partial reopening of the two Munich stores on March 8 and Vienna on May 3.

Adjusted EBITDA in the first six months of 2021 reached €65.2 million, benefiting from the strong top line growth, good order economics and operating leverage, up 83.2% over the €35.6 million recorded in 6M 2020. The Adjusted EBITDA margin was 16.4% for the reporting period (6M 2020: 13.0%).

BestSecret Group recorded cash and cash equivalents of €87.7 million on June 30, 2021, with an undrawn revolving credit facility (PY €24.5 million), which has a total size of €50 million (net cash position on June 30, 2020: €92.8 million). The Group's leverage ratio, which is calculated as net financial debt to LTM Adjusted EBITDA of €137.4 million, improved from 2.8x on June 30, 2020 to 2.0x at the end of the second quarter 2021.

Key Financial and Operating Data

	01.01.2021 – 30.06.2021 (in € million)	**01.01.2020 – 30.06.2020 (in € million)**	**Change %**
Revenue	397.5	272.8	45.7
thereof from online operations	382.7	235.4	62.6
thereof from stationary retail business	14.8	37.4	(60.4)
Gross profit	183.5	123.4	48.7
Gross profit margin	46.2%	45.2%	1.0 pt.
Adjusted EBITDA	65.2	35.6	83.2
Adjusted EBITDA margin	16.4%	13.0%	3.4 pt.

Subsequent events

On July 2, 2021, BestSecret Group announced that the stationary retail store in Frankfurt, which has been closed since November 16, 2020, will not be reopened due to the lasting economic impact of the Covid-19 pandemic on the local business. The store closure is an isolated occurrence and has a negligible impact on Group revenue and earnings since the store was still in its ramp-up phase.

The decision was made to unite the two companies Best Secret and Schustermann & Borenstein under one name. On September 1, 2021, Best Secret GmbH will be merged into Schustermann & Borenstein GmbH, which will then be renamed the "new" Best Secret GmbH. This merger does not affect PrestigeBidCo GmbH, the issuing entity of the bond.

No other events occurred between July 1, 2021, and August 27, 2021, that would require adjustments to the amounts recognized in the consolidated financial statements or would need to be disclosed under this heading.

Consolidated Income Statement Information

	01.01.2021 – 30.06.2021 (in € million)	01.01.2020 – 30.06.2020 (in € million)	Change %
Revenue	397.5	272.8	45.7
Cost of sales	(214.0)	(149.4)	43.2
Gross profit	**183.5**	**123.4**	**48.7**
Selling and distribution costs	(138.4)	(96.5)	43.4
Administrative expenses	(36.1)	(27.1)	33.2
Other operating income	1.2	0.6	100.0
Other operating expenses	(0.8)	(1.2)	(33.3)
Earnings before interest and taxes (EBIT)	**9.4**	**(0.9)**	**-**
Interest and similar income	0.0	0.1	(100.0)
Interest and similar expenses	(13.1)	(12.4)	5.6
Earnings before taxes (EBT)	**(3.6)**	**(13.1)**	**(72.5)**
Income taxes	0.4	4.5	(91.1)
Net income/loss for the period	**(3.2)**	**(8.6)**	**(62.8)**

Consolidated Balance Sheet Information

	30.06.2021 (in € million)	31.12.2020 (in € million)	Change %
Assets			
Non-current assets			
Property, plant and equipment	176.0	183.9	(4.3)
Goodwill	203.5	203.5	0.0
Other intangible assets	299.9	329.8	(9.1)
Non-current financial assets	0.4	0.5	(20.0)
Total non-current assets	**679.9**	**717.7**	**(5.3)**
Current assets			
Inventories	226.9	155.7	45.7
Prepayments for inventories	4.2	3.7	13.5
Trade and other receivables	0.1	0.2	(50.0)
Other current financial assets	3.4	2.7	25.9
Other current non-financial assets	11.0	13.8	(20.3)
Cash and cash equivalents	87.7	103.6	(15.3)
Total current assets	**333.4**	**279.7**	**19.2**
Total assets	**1.013,3**	**997.4**	**1.6**
Equity			
Issued capital	0.03	0.03	0.0
Other capital reserves	474.2	474.2	0.0
Foreign currency translation reserve	0.2	0.3	(33.3)
Retained earnings	(61.8)	(58.6)	5.5
Total equity	**412.6**	**415.9**	**(0.8)**
Non-current liabilities			
Non-current interest-bearing loans and borrowings	256.3	255.7	0.2
Other non-current financial liabilities	105.4	106.9	(1.4)
Deferred tax liabilities	83.3	89.5	(6.9)
Provisions	0.7	0.6	16.7
Total non-current liabilities	**445.6**	**452.7**	**(1.6)**
Current liabilities			
Trade and other payables	57.5	23.9	>100.0
Other current financial liabilities	5.6	5.4	3.7
Income tax payable	18.7	15.6	19.9
Current interest-bearing loans and borrowings	0.9	0.8	12.5
Other current liabilities	71.3	81.3	(12.3)
Provisons	1.1	1.7	(35.3)
Total current liabilities	**155.1**	**128.7**	**20.5**
Total equity and liabilities	**1,013.3**	**997.4**	**1.6**

Cash Flow Statement Information

	01.01.2021 – 30.06.2021 (in € million)	01.01.2020 – 30.06.2020 (in € million)	Change %
EBITDA	**55.5**	**33.3**	**66.7**
Adjustments to reconcile EBITDA to net cash flow*	(9.8)	(6.4)	53.1
Change in operating working capital	(33.0)	18.9	-
Income tax paid	(2.8)	(0.5)	>100.0
Net cash flow from operating activities	**9.9**	**45.4**	**(78.2)**
CAPEX	(11.1)	(15.3)	(27.5)
Net cash flow from investing activities	**(11.1)**	**(15.3)**	(27.5)
Payment of lease liabilities	(2.2)	(1.7)	29.4
Proceeds from borrowings	0.0	24.5	(100.0)
Interests paid	(12.4)	(11.5)	7.8
Others*	0.0	0.0	**-**
Net cash flow from financing activities	**(14.7)**	**11.3**	**-**
Change in cash and cash equivalents	**(15.9)**	**41.4**	**-**
Cash and cash equivalents at the end of the period	**87.7**	**117.4**	**(25.3)**

*The presentation of proceeds from lease receivables has been adjusted and included in “adjustments to reconcile EBITDA to net cash flow” within the net cash flow from operating activities. In the report for six months ended June 30, 2020 proceeds from lease receivables were however included in the line “Others” within the net cash flow from financing activities.

Segments

IFRS 8 requires that operating segments be defined on the basis of the internal reports of corporate divisions that are regularly reviewed by the chief operating decision maker (CODM) of the Group for the purpose of making decisions about the allocation of resources and assessing the financial performance of the given segments “stationary retail business” and “Online”. Thus, the internal organizational and management structure and the internal reports submitted to the Management Board form the basis for determining the segment reporting format of the Group. Primary emphasis is placed on the indicators revenue and EBITDA. Reporting on the business segments is in line with the internal reporting. There are no intersegment transactions in the internal reporting structure. No information on segment assets or liabilities is available or relevant for decision-making.

	Online		**Stationary retail business**		**Total**	
	01.01.2021 – 30.06.2021 (in € million)	**01.01.2020 – 30.06.2020 (in € million)**	**01.01.2021 – 30.06.2021 (in € million)**	**01.01.2020 – 30.06.2020 (in € million)**	**01.01.2021 – 30.06.2021 (in € million)**	**01.01.2020 – 30.06.2020 (in € million)**
Revenue	382.7	235.4	14.8	37.4	397.5	272.8
Cost of sales	(202.8)	(126.3)	(11.2)	(23.1)	(213.9)	(149.4)
Gross profit	**179.9**	**109.1**	**3.6**	**14.3**	**183.5**	**123.4**
Gross profit margin	*47.0%*	*46.3%*	*24.3%*	*38.2%*	*46.2%*	*45.2%*
EBITDA	**60.6**	**34.6**	**(5.1)**	**(1.3)**	**55.5**	**33.3**

Results of Operations

	01.01.2021 - 30.06.2021 (in € million)	01.01.2020 – 30.06.2020 (in € million)	Change %
Revenue	397.5	272.8	45.7
Cost of sales………………………………………………………..	(214.0)	(149.4)	43.2
Gross profit………………………………………………………..	**183.5**	**123.4**	**48.7**
Selling and distribution costs………………………………………..	(138.4)	(96.5)	43.4
Administrative expenses…………………………………………….	(36.1)	(27.1)	33.2
Other operating income………………………………………………	1.2	0.6	100.0
Other operating expenses……………………………………………	(0.8)	(1.2)	(33.3)
Earnings before interest and taxes (EBIT) …………………….	**9.4**	**(0.9)**	**-**
Interest and similar income………………………………………….	0.0	0.1	(100.0)
Interest and similar expenses..	(13.1)	(12.4)	5.6
Earnings before taxes (EBT)………………………………………	**(3.6)**	**(13.1)**	**(72.5)**
Income taxes………………………………………………………..	0.4	4.5	(91.1)
Net income/loss for the period……………………………………	**(3.2)**	**(8.6)**	**(62.8)**

Revenue

Our revenue increased by €124.7 million, or 45.7%, from €272.8 million for the first six months ended June 30, 2020 to €397.5 million for the first six months ended June 30, 2021. Revenue growth was supported by the very strong performance of the online segment due to sizeable new customer combined with good customer economics, an outstanding international business development and a strong Easter business.

Our online revenue increased by €147.3 million, or 62.6%, from €235.4 million for the first six months ended June 30, 2020 to €382.7 million for the first six months ended June 30, 2021. The growth of the e-commerce business was driven by several favourable factors such as the tailwind from the pandemic related lockdown and a lower baseline in the first half of 2020 when sales were impacted by the first wave of the COVID-19 pandemic.

Our stationary retail business revenue decreased by €22.6 million, or 60.4%, from €37.4 million for the first six months ended June 30, 2020 to €14.8 million for the first six months ended June 30, 2021. The drop of 60.4% compared to the previous year's figure of €37.4 million is mainly attributable to the prolonged pandemic related store closures from late 2020 till early March 2021 with only a partial reopening of the two Munich stores on March 8, 2021 and Vienna on May 3, 2021.

For the first six months ended June 30, 2021, 73.5% of the Group's revenue was generated in Germany, a decrease from 78.0% in the prior year period, confirming the continuing internationalization trend.

Cost of sales

Cost of sales increased by €64.6 million, or 43.2%, from €149.4 million for the first six months ended June 30, 2020 to €214.0 million for the first six months ended June 30, 2021 due to the overall business growth. The disproportionate increase in relation to revenue resulted in a gross profit margin over prior year's level as the prior year's cost of sales were impacted by deliberate investment to support top line performance during Covid-19. As a result, cost of sales as a percentage of revenue were 53.8% which was 1.0 percentage points less than for the first six months ended June 30, 2020 (54.8%).

Expenses for depreciation of €0.5 million (2020: €0.5 million) and personell costs for the storage of goods of €2.9 million (2020: €1.7 million) are reported in cost of sales for the first six months ended June 30, 2021.

Selling and distribution costs

Selling and distribution costs increased by €41.9 million, or 43.4%, from €96.5 million for the first six months ended June 30, 2020 to €138.4 million for the first six months ended June 30, 2021. The increase is mainly driven by the higher business volume, higher marketing costs due to expenses for paid customer acquisition and higher amortization for intangible assets (in particular the customer relationship “Schustermann & Borenstein”). The COVID-19 pandemic accelerated the shift towards online shopping and, as a result, the remaining useful life of the “Schustermann & Borenstein” customer base was adjusted from the remaining 10 years to 5 years. Therefore, the quarterly planned amortization increased from €1.7 million to €3.3 million. Additionally, because of the closure of the stationary store in Frankfurt the respective customer base was fully impaired in the amount of €5.0 million.

Selling and distribution expenses consist of marketing expenses of €13.8 million (2020: 3.9 million), sales expenses of €11.8 million (2020: €13.0 million), fulfillment expenses of €70.0 million (2020: €48.3 million), depreciation and amortization expenses of €42.9 million (2020: €31.3 million). Amortization in the amount of €32.2 million (2020: €23.8 million) relates to intangible assets step-ups resulting from PPA including extraordinary impairment of customer base due to the closure of the store in Frankfurt.

Administrative expenses

Administrative expenses increased by €9.0 million, or 33.2%, from €27.1 million for the first six months ended June 30, 2020, to €36.1 million for the first six months ended June 30, 2021. The increase in administrative expenses is primarily driven by the increase in personnel expenses, higher technology expenses due to an increase of third-party personnel expenses as well as the health and safety measures in relation to COVID-19. Administrative expenses consist of technology expenses of €8.6 million (2020: €6.0 million), general and administrative expenses of €24.8 million (2020: €18.8 million) and depreciation of €2.7 million (2020: €2.3 million).

Other operating income

Other operating income increased by €0.6 million, or 100.0%, from €0.6 million for the first six months ended June 30, 2020, to €1.2 million for the firsth six months ended June 30, 2021. Other operating income mainly consists of non-period income and income from foreign currency exchange differences.

Other operating expenses

Other operating expenses decreased by €0.4 million, or 33.3%, from €1.2 for the first six months ended June 30, 2020, to €0.8 million for the first six months ended June 30, 2021. Other operating expenses mainly consist of non-period expenses and foreign exchange losses. The decrease is mainly attributable to lower credit losses.

Interest and similar expenses

Interest and similar expenses increased by €0.7 million, or 5.6%, from €12.4 million for the first six months ended June 30, 2020, to €13.1 million for the first six months ended June 30, 2021. Interest and similar expenses mainly consist of interest for the Bond and interest expenses relating to IFRS 16.

Income taxes

Income taxes decreased by €4.1 million from €4.5 million tax income for the first six months ended June 30, 2020, to €0.4 million tax income for the first six months ended June 30, 2021. This development is primarily due to an increase of tax expenses because of an increasing business volume and therefore higher taxable income. Furthermore, the change is supported by a decrease of income for deferred taxes.

Net loss for the period

Net loss for the period amounted to €3.2 million for the first six months ended June 30, 2021, compared to the net loss of €8.6 million for the first six months ended June 30, 2020. The €5.4 million lower loss is primarily due to the higher business volume.

EBITDA / Adjusted EBITDA

	01.01.2021 – 30.06.2021 (in € million)	01.01.2020 – 30.06.2020 (in € million)
Net profit/ loss for the period	**(3.2)**	**(8.6)**
Income taxes	(0.4)	(4.5)
Interest and similar expenses	13.1	12.4
Amortization, depreciation and write-downs	46.0	34.1
EBITDA	**55.5**	**33.3**
Reorganization [(a)]	3.3	0.2
New store opening/ store extension and logistics/ warehouse extension/ improvements[(b)]	0.6	0.2
Introduction/ improvement of tools and processes[(c)]	1.1	1.5
Costs relating to COVID-19[(d)]	4.8	0.4
Adjusted EBITDA	**65.2**	**35.6**

(a) Represents costs for organizational enhancements / changes including payments in relation to C-level changes and consulting fees for strategy and governance projects.

(b) Represents expenses incurred in connection with the reorganization of processes for the outsourcing of bulky goods as well as expenses in connection with the expansion of our warehouse.

(c) Represents costs for the optimizations to the IT system backbone and financial reporting advancements.

(d) Represents costs relating to COVID-19 measures, including bonus payment, hazard pay, extensive hygienic measures and regular tests, as well as other costs for our stationary retail business during closing periods.

Depreciation, amortization and write-down costs increased by €11.9 million from €34.1 million for the first six months ended June 30, 2020, to €46.0 million for the first six months ended June 30, 2021. Testing the useful lives at the end of 2020 showed the need for prospective adjustment of the remaining useful life of the "Schustermann & Borenstein" customer base from the remaining 10 years to 5 years from the 2021 reporting period onwards. This causes an increase of quarterly amortization by €1.7 million. As a result of the closure of the stationary store in Frankfurt, the respective customer base was fully impaired in the amount of €5.0 million. The increase is further attributable to the expanded area of the logistics centre which was put into operation at the end of 2020. The relevant depreciation expenses were accordingly recognized in the first six months ended June 30, 2021, but not in the first three months ended June 30, 2020.

EBITDA increased by €22.2 million, from €33.3 million for the first six months ended June 30, 2020, to €55.5 million for the first six months ended June 30, 2021. The increase compared to prior year was mainly attributable to strong revenue growth, good order economics and a disproportionately lower fixed cost development.

The one-off costs increased by €7.4 million, from €2.3 million for the first six months ended June 30, 2020, to €9.7 million for the first six months ended June 30, 2021, mainly due to costs relating to COVID-19 measures and costs for reorganization.

Adjusted EBITDA for the year increased by €29.6 million, from €35.6 million for the first six months ended June 30, 2020, to €65.2 million for the first six months ended June 30, 2021.

Cash Flows

The following table sets forth the principal components of our cash flows for the first six months ended June 30, 2021 and 2020.

	01.01.2021–30.06.2021 (in € million)	01.01.2020-30.06.2020 (in € million)	Change %
EBITDA	**55.5**	**33.3**	**66.7**
Adjustments to reconcile EBITDA to net cash flow	(9.8)	(6.4)	53.1
Change in operating working capital	(33.0)	18.9	-
Income tax paid	(2.8)	(0.5)	>100.0
Net cash flow from operating activities	**9.9**	**45.4**	**(78.2)**
CAPEX	(11.1)	(15.3)	(27.5)
Net cash flow from investing activities	**(11.1)**	**(15.3)**	**(27.5)**
Payment of lease liabilities	(2.2)	(1.7)	29.4
Proceeds from borrowings	0.0	24.5	(100.0)
Interests paid	(12.4)	(11.5)	7.8
Others	0.0	0.0	-
Net cash flow from financing activities	**(14.7)**	**11.3**	**-**
Change in cash and cash equivalents	**(15.9)**	**41.4**	**-**
Cash and cash equivalents at the end of the period	**87.7**	**117.4**	**(25.3)**

Net cash flow from operating activities

Net cash flow from operating activities changed by €35.5 million from €45.4 million for the first six months ended June 30, 2020, to €9.9 million for the first six months ended June 30, 2021. The net cash flow from operating activities was affected by a strong inventory increase due to growing business volume and lower baseline for the first six months ended June 30, 2020, when a prudent purchasing policy was in place.

Net cash flow from investing activities

Net cash flow used for investing activities decreased by €4.2 million from a net outflow of €(15.3) million for the first six months ended June 30, 2020 to a net outflow of €(11.1) million for the first six months ended June 30, 2021. The decrease was primarily due to investing activities in our logistic center expansion in the prior year period.

Net cash flow from financing activities

Net cash flow from financing activities decreased by €26.0 million from €11.3 million for the first six months ended June 31, 2020 to €(14.7) million for the first six months ended June 30, 2021. The decrease in net cash flow used in financing activities was primarily due to the drawing of the revolving credit facility in the amount of €24.5 million during the first six months ended June 30, 2020.

Operating Net Working Capital

We define our operating net working capital as the sum of the line items (i) inventory, (ii) prepayments for inventory, (iii) trade accounts receivable, (iv) trade and other accounts payable, (v) accruals for outstanding invoices (inventories), (vi) refund liabilities and assets for the right to recover possession for expected returns as well as liabilities for processed returns. The development of our operating net working capital is a key factor for our operating cash flow.

The following table summarizes our net working capital as at the dates indicated:

	30.06.2021 (in € million)	30.06.2020 (in € million)	Change %
Inventories and prepayments for inventories	231.2	140.6	64.4
Trade receivables	0.1	0.3	(66.7)
Trade payables and similar obligations	(71.7)	(38.3)	87.2
Others	(9.8)	(6.8)	44.1
Operating Net Working Capital	**149.8**	**95.8**	**56.4**

Operating net working capital increased by €54.0 million to €149.8 million mainly due to an increase in inventories and prepayment for inventories.

Net debt and Other Information

	As of June 30, 2021
Net debt[(1)]	280.5
LTM interest expense[(2)]	26.5
Ratio of net debt to LTM Adjusted EBITDA[(3)]	2.0x
Ratio of LTM Adjusted EBITDA to interest expense (fixed charge)	5.2x

(1) Net debt consists of the Notes, accrued interest on the Notes and interest-bearing liabilities which also include recognized lease liabilities less cash and cash equivalents at the balance sheet date.

(2) Interest expense represents the interest expense for the 12 months period ended June 30, 2021. Interest expense has been presented for illustrative purposes only and does not purport to project our interest expense for any future period or our financial condition at any future date.

(3) Under IFRS, the net debt and the corresponding leverage ratio are higher due to the inclusion of the lease liabilities according to IFRS 16. The ratio of net debt to LTM Adjusted EBITDA according to the OM definition (German GAAP) is 1.3x on June 30, 2021.

Employees

	6M 2021
Stationary retail business sales channel	469
Online sales channel	133
Enabling services (logistics, IT, purchasing and administration)	998
Total	**1,600**

The average number of employees in the first six months 2021 was 1,600.

RISK FACTORS

For a detailed list of the risks and uncertainties which we face we refer to our annual bond report 2020. The risks and uncertainties we describe in our 2020 annual bond report are not the only ones we face. Additional risks and uncertainties of which we are not aware or that we currently believe are immaterial may also adversely affect our business, financial condition and results of operations. If any of the possible events described in our 2020 annual bond report were to occur, our business, results of operations and financial condition could be materially and adversely affected. If that happens, the trading prices of the Notes could decline, we may not be able to pay interest or principal on the Notes when due and you could lose all or part of your investment.

We are exposed to numerous potential risks. In order to achieve targets and maximize value, management's role is to continually identify these risks and minimize potential exposure to these risks.

BestSecret Group's management continuously reviews both internal and external risks in all business areas and subsidiaries, evaluates them with respect to exposure and probability of occurrence and ensures, where appropriate, that amounts are reflected in the financial statements to cover such exposure.

General principles

The registered office of PrestigeBidCo GmbH is located at Margaretha-Ley-Ring 27, Aschheim, Germany. The company is registered with the Munich Registry Court (record HRB 227078).

Based on a frame agreement signed October 24, 2016, PrestigeBidCo GmbH acquired Schustermann & Borenstein Holding GmbH and all its subsidiaries with an effective date as basis for consolidation as of January 19, 2017. Prior to the acquisition of Schustermann & Borenstein Holding GmbH, PrestigeBidCo GmbH issued a Bond as of December 20, 2016, in the amount of K€260,000 with a maturity of 7 years. Schustermann & Borenstein Holding GmbH is the parent of the Schustermann & Borenstein Group, which is a members-only, online and offline, off-price fashion retailer with a strong focus on selling premium and luxury brands.

These Interim Consolidated Financial Statements have been prepared by following IAS 34 Interim Financial Reporting and should be read in conjunction with the Company's last Annual Consolidated Financial Statements for the financial year ended December 31, 2020. They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last consolidated financial statements.

The accounting and valuation principles as well as the consolidation principles for the reporting period are substantially consistent with those applied for the PrestigeBidCo's Annual Consolidated Financial statements as of December 31, 2020.

This Interim Consolidated Financial Statements were authorized for issue by the Company's management board on August 27, 2021.

The Consolidated Financial Statements are presented in euros (EUR/€). All figures are stated in millions of euros (€m) unless otherwise stated.

New accounting standards

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee (IFRS IC) as adopted in the European Union (EU).

The Group applied all standards and interpretations (including amendments) as adopted by the EU in its consolidated financial statements, which are mandatory for financial years starting on or after January 1, 2021.

Consolidation principles

All of the German and foreign entities over which PrestigeBidCo GmbH has direct or indirect control are fully consolidated in the Consolidated Financial Statements. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The consolidated financial statements of the Group include:

			Equity stake in %
Company name	**Business activity**	**Location**	**30.06.2021**
PrestigeBidCo GmbH	Parent Company	Aschheim	
Schustermann & Borenstein Holding GmbH	Holding	Aschheim	100
Schustermann & Borenstein GmbH	Retail	Aschheim	100
Best Secret GmbH	Retail	Aschheim	100
Lawrence Grey GmbH (former: S&B Outlet GmbH)	Retail	Aschheim	100
Schustermann & Borenstein Logistik GmbH	Logistic	Poing	100
Swiss Online Shopping AG (Switzerland)	Retail	Langenthal	100
Schustermann & Borenstein Wien GmbH (Austria)	Retail	Vienna	100

Currency translation

The Group’s consolidated financial statements are presented in Euros, which is also the parent company’s functional currency. That is the currency of the primary economic environment in which the Group operates. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Use of estimates and assumptions

The preparation of consolidated financial statements in accordance with IFRS requires management to make assumptions and estimates that have effects on the amounts carried and the related disclosures. Although these estimates, to the best of management‘s knowledge, are based on the current events and measures, there may be deviations between estimated and actual results. Significant estimates and assumptions have been used for the following matters in particular:

- Impairment of non-financial assets (including forecasts and COVID impact)
- Determination and assessment of the realizability of deferred tax assets (DTA) on loss carryforwards and income tax
- The determination of provisions for restoration expenses and other provisions
- Assumptions for the calculation of returns and unredeemed coupons
- Inventory valuation
- Segment reporting
- Assessment of the necessity and amount of allowances on receivables
- Interest rate in connection with IFRS 16
- Assumptions with regard to making use of termination or extension options in connection with IFRS 16
- Assumptions with regard to useful lives of trademark “Schustermann & Borenstein” and customer relationship “Schustermann & Borenstein” due to rebranding