



B E S T S E C R E T

**FINANCIAL RESULTS OF PRESTIGEBIDCO GMBH
FOR THE NINE MONTHS ENDED SEPTEMBER 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 nine months 2021, the consolidated balance sheet as at September 30, 2021, the consolidated statements of cash flows for the the first nine 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

In the course of 2021, the BestSecret Group structure was simplified. To this extent, Schustermann & Borenstein Holding GmbH was merged into PrestigeBidCo GmbH effective July 21, 2021. On September 1, 2021, Best Secret GmbH was merged into Schustermann & Borenstein GmbH, which was then renamed Best Secret GmbH. Schustermann & Borenstein Logistik GmbH was renamed Best Secret Logistik GmbH on October 15, 2021.

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

- “BestSecret Group”, “Group,” “we,” “us” or “our” refer to the Issuer (PrestigeBidCo) including BS GmbH, BS Logistik (former: 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 September 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;
- “BS GmbH” means BestSecret GmbH (former: Schustermann & Borenstein GmbH), an operating subsidiary of the Issuer;
- “BS Logistik” means BestSecret Logistik GmbH (former: 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 achieved €620.6 million revenues in the first nine months of 2021, which represents an increase of 52.2% over the €407.8 million recorded in the first nine months 2020. Not only has this new record nine-month sales level surpassed the total FY 2020 Group revenue of €615.8 million, but the accelerating quarterly growth also effectively demonstrates the strength of the Group's business model coupled with continued outstanding operational execution.

The Group's online business generated €584.7 million revenues in the first three quarters of 2021 which represents 94.2% of total Group sales. The increase of 69.3% over the €345.3 million recorded in the prior year period was mainly driven by excellent new customer growth, good order economics, a superb international business, and the success of the first Secret Days campaign. 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 €35.9 million revenues in the nine months ended September 30, 2021, versus €62.5 million in the prior year period. The 42.6% decline was mainly due to prolonged pandemic related store closures in the first half of the year.

The Group's Adjusted EBITDA reached €90.6 million in the first nine months of 2021, up 59.8% over the €56.7 million achieved in the nine months ended September 30, 2020. Strong revenue growth, good order economics and operating leverage contributed to this growth. The Adjusted EBITDA margin increased from 13.9% in 9M 2020 to 14.6% for current reporting period.

BestSecret Group recorded cash and cash equivalents of €54.4 million on September 30, 2021 (30.09.2020: €97.2 million), and managed to keep an undrawn revolving credit facility, which has a total size of €50 million (30.09.2020 RCF drawing €17.0 million). The Group's leverage ratio, which is calculated as net financial debt to LTM Adjusted EBITDA of €141.7 million, was 2.3x on September 30, 2021, down from 2.9x at the end of the third quarter 2020.

Owing to the strong performance of the first nine months, BestSecret Group increases its outlook for the fiscal year 2021. Revenues are now expected to grow by at least 40% versus 2020 (previously at least 30%) and Adjusted EBITDA is anticipated to increase by at least 25% (previously at least 20%).

Key Financial and Operating Data

	01.01.2021 – 30.09.2021 (in € million)	01.01.2020 – 30.09.2020 (in € million)	Change %
Revenue.....	620.6	407.8	52.2
<i>thereof</i> from online operations	584.7	345.3	69.3
<i>thereof</i> from stationary retail business	35.9	62.5	(42.6)
Gross profit.....	282.7	184.2	53.5
Gross profit margin.....	45.6%	45.2%	0.4 pt.
Adjusted EBITDA	90.6	56.7	59.8
Adjusted EBITDA margin	14.6%	13.9%	0.7 pt.

Subsequent events

In the further course of harmonising the brand profile across the BestSecret Group, Schustermann & Borenstein Logistik GmbH was renamed Best Secret Logistik GmbH on October 15, 2021. The first steps in this process had been taken on September 1, 2021, when Best Secret GmbH had been merged into Schustermann & Borenstein GmbH, which was then renamed Best Secret GmbH.

No other events occurred between October 1, 2021, and November 26, 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 – 30.09.2021 (in € million)	01.01.2020 – 30.09.2020 (in € million)	Change %
Revenue.....	620.6	407.8	52.2
Cost of sales	(337.9)	(223.7)	51.1
Gross profit.....	282.7	184.2	53.5
Selling and distribution costs.....	(218.0)	(143.2)	52.2
Administrative expenses	(56.4)	(40.7)	38.6
Other operating income.....	1.7	1.3	30.8
Other operating expenses.....	(1.4)	(1.8)	(22.2)
Earnings before interest and taxes (EBIT) ..	8.6	(0.3)	<(100.0)
Interest and similar income.....	0.0	0.2	(100.0)
Interest and similar expenses.....	(19.5)	(19.3)	1.0
Earnings before taxes (EBT)	(10.9)	(19.4)	(43.8)
Income taxes.....	(0.2)	4.7	<(100.0)
Net income/loss for the period.....	(11.1)	(14.7)	(24.5)

Consolidated Balance Sheet Information

	30.09.2021 (in € million)	31.12.2020 (in € million)	Change %
Assets			
Non-current assets			
Property, plant and equipment	176.1	183.9	(4.2)
Goodwill	203.5	203.5	0.0
Other intangible assets	288.9	329.8	(12.4)
Non-current financial assets	0.3	0.5	(40.0)
Total non-current assets	668.9	717.7	(6.8)
Current assets			
Inventories.....	264.4	155.7	69.8
Prepayments for inventories.....	8.8	3.7	>100.0
Trade and other receivables.....	0.1	0.2	(50.0)
Other current financial assets.....	2.8	2.7	3.7
Other current non-financial assets	15.0	13.8	8.7
Cash and cash equivalents	54.4	103.6	(47.5)
Total current assets	345.5	279.7	23.5
Total assets	1,014.4	997.4	1.7
Equity			
Issued capital	0.03	0.03	0.0
Other capital reserves	474.2	474.2	0.0
Foreign currency translation reserve	0.3	0.3	0.0
Retained earnings	(69.7)	(58.6)	18.9
Total equity	404.8	415.9	(2.7)
Non-current liabilities			
Non-current interest-bearing loans and borrowings	256.6	255.7	0.4
Other non-current financial liabilities	106.9	106.9	0.0
Deferred tax liabilities	81.4	89.5	(9.1)
Provisions.....	0.7	0.6	16.7
Total non-current liabilities	445.5	452.7	(1.6)
Current liabilities			
Trade and other payables	32.6	23.9	36.4
Other current financial liabilities	5.9	5.4	9.3
Income tax payable	10.7	15.6	(31.4)
Current interest-bearing loans and borrowings	4.9	0.8	>100.0
Other current liabilities	108.9	81.3	33.9
Provisions	1.1	1.7	(35.3)
Total current liabilities	164.1	128.7	27.5
Total equity and liabilities	1,014.4	997.4	1.7

Cash Flow Statement Information

	01.01.2021 – 30.09.2021 (in € million)	01.01.2020 – 30.09.2020 (in € million)	Change %
EBITDA	74.7	51.3	45.6
Adjustments to reconcile EBITDA to net cash flow*	10.6	(4.0)	<(100.0)
Change in operating working capital	(86.0)	3.2	<(100.0)
Income tax paid	(13.3)	(2.2)	>100.0
Net cash flow from operating activities	(14.0)	48.3	<(100.0)
CAPEX	(17.0)	(27.2)	(37.5)
Net cash flow from investing activities	(17.0)	(27.2)	(37.5)
Payment of lease liabilities	(3.7)	(3.0)	23.3
Proceeds from borrowings	0.0	24.5	(100.0)
Repayment of borrowings	0.0	(7.5)	(100.0)
Interests paid	(14.5)	(14.1)	2.8
Others*	0.1	0.2	(50.0)
Net cash flow from financing activities	(18.1)	0.1	<(100.0)
Change in cash and cash equivalents	(49.1)	21.2	<(100.0)
Cash and cash equivalents at the end of the period	54.4	97.2	(44.0)

*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 nine months ended September 30, 2020 proceeds from lease receivables were however included in the line "Others" within the net cash flow from financing activities.

**MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS**

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 – 30.09.2021	01.01.2020 – 30.09.2020	01.01.2021 – 30.09.2021	01.01.2020 – 30.09.2020	01.01.2021 – 30.09.2021	01.01.2020 – 30.09.2020
	(in € million)					
Revenue	584.7	345.3	35.9	62.5	620.6	407.8
Cost of sales	(312.8)	(183.3)	(25.1)	(40.3)	(337.9)	(223.7)
Gross profit	271.9	162.0	10.8	22.2	282.7	184.2
<i>Gross profit margin</i>	46.5%	46.9%	30.1%	35.5%	45.6%	45.2%
EBITDA	80.2	54.2	(5.5)	(2.9)	74.7	51.3

Results of Operations

	01.01.2021 - 30.09.2021 (in € million)	01.01.2020 – 30.09.2020 (in € million)	Change %
Revenue	620.6	407.8	52.2
Cost of sales.....	(337.9)	(223.7)	51.1
Gross profit.....	282.7	184.2	53.5
Selling and distribution costs.....	(218.0)	(143.2)	52.2
Administrative expenses.....	(56.4)	(40.7)	38.6
Other operating income.....	1.7	1.3	30.8
Other operating expenses.....	(1.4)	(1.8)	(22.2)
Earnings before interest and taxes (EBIT)	8.6	(0.3)	<(100.0)
Interest and similar income.....	0.0	0.2	(100.0)
Interest and similar expenses.....	(19.5)	(19.3)	1.0
Earnings before taxes (EBT).....	(10.9)	(19.4)	(43.8)
Income taxes.....	(0.2)	4.7	<(100.0)
Net income/loss for the period.....	(11.1)	(14.7)	(24.5)

Revenue

Our revenue increased by €212.8 million, or 52.2%, from €407.8 million for the first nine months ended September 30, 2020 to €620.6 million for the first nine months ended September 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 the success of the first Secret Days campaign.

Our online revenue increased by €239.4 million, or 69.3%, from €345.3 million for the first nine months ended September 30, 2020 to €584.7 million for the first nine months ended September 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 €26.6 million, or 42.6%, from €62.5 million for the first nine months ended September 30, 2020 to €35.9 million for the first nine months ended September 30, 2021. The drop of 42.6% compared to the previous year's figure of €62.5 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 and Vienna in May and the full reopening in Munich in September.

For the first nine months ended September 30, 2021, 72.6% of the Group's revenue was generated in Germany, a decrease from 77,8% in the prior year period, confirming the continuing internationalization trend.

Cost of sales

Cost of sales increased by €114.2 million, or 51.1%, from €223.7 million for the first nine months ended September 30, 2020 to €337.9 million for the first nine months ended September 30, 2021 in line with the overall business growth. Cost of sales as a percentage of revenue were 54.4% which was 0.5 percentage points less than for the first nine months ended September 30, 2020 (54.9%).

Expenses for depreciation of €1.2 million (2020: €0.7 million) and personell costs for the storage of goods of €4.3 million (2020: €2.4 million) are reported in cost of sales for the first nine months ended September 30, 2021.

Selling and distribution costs

Selling and distribution costs increased by €74.8 million, or 52.2 %, from €143.2 million for the first nine months ended September 30, 2020 to €218.0 million for the first nine months ended September 30, 2021. The increase is mainly driven by the higher business volume, higher marketing costs due to the strategic increase in 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 €29.3 million (2020: €6.1 million), sales expenses of €19.3 million (2020: €19.5 million), fulfillment expenses of €108.8 million (2020: €70.4 million), depreciation and amortization expenses of €60.6 million (2020: €47.2 million). Thereof amortization in the amount of €45.4 million (2020: €35.7 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

On the back of the growing business volume, administrative expenses increased by €15.7 million, or 38.6%, from €40.7 million for the first nine months ended September 30, 2020, to €56.4 million for the first nine months ended September 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 €14.3 million (2020: €8.8 million), general and administrative expenses of €37.8 million (2020: €28.4 million) and depreciation of €4.3 million (2020: €3.6 million).

Other operating income

Other operating income increased by €0.4 million, or 30.8%, from €1.3 million for the first nine months ended September 30, 2020, to €1.7 million for the first nine months ended September 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 22.2%, from €1.8 for the first nine months ended September 30, 2020, to €1.4 million for the first nine months ended September 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 €0.2 million, or 1.0%, from €19.3 million for the first nine months ended September 30, 2020, to €19.5 million for the first nine months ended September 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 €4.9 million from €4.7 million tax income for the first nine months ended September 30, 2020, to €0.2 million tax expenses for the first nine months ended September 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 €11.1 million for the first nine months ended September 30, 2021, compared to the net loss of €14.7 million for the first nine months ended September 30, 2020. The €3.6 million lower loss is primarily due to the higher business volume.

EBITDA / Adjusted EBITDA

	01.01.2021 – 30.09.2021	01.01.2020 – 30.09.2020
	(in € million)	(in € million)
Net profit/ loss for the period	(11.1)	(14.7)
Income taxes	0.2	(4.7)
Other interest and similar income	0.0	(0.2)
Interest and similar expenses	19.5	19.3
Amortization, depreciation and write-downs	66.1	51.6
EBITDA	74.7	51.3
Reorganization ^(a)	6.1	3.5
New store opening/ store extension and logistics/ warehouse extension/ improvements ^(b) ...	1.2	0.3
Introduction/ improvement of tools and processes ^(c)	2.4	0.8
Costs relating to COVID-19 ^(d)	6.2	0.9
Adjusted EBITDA	90.6	56.7

(a) Represents costs for organizational enhancements / changes including payments in relation to C-level changes, content creation optimizations 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 €14.5 million from €51.6 million for the first nine months ended September 30, 2020, to €66.1 million for the first nine months ended September 30, 2021. At the end of 2020, the remaining useful life of the “Schustermann & Borenstein” customer base of the segment stationary retail business was adjusted from previously 10 years to 5 years from the 2021 reporting period onwards. This resulted in an increase of quarterly amortization by €1.7 million.. Similarly, the closure of the stationary store in Frankfurt led to a full impairment of the respective customer base in the amount of €5.0 million. The increase in depreciation, amortization and write-down costs 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 nine months ended September 30, 2021, but not in the first nine months ended September 30, 2020.

EBITDA increased by €23.4 million, from €51.3 million for the first nine months ended September 30, 2020, to €74.7 million for the first nine months ended September 30, 2021. The increase compared to prior year was mainly attributable to strong revenue growth, good order economics and operating leverage.

The one-off costs increased by €10.4 million, from €5.5 million for the first nine months ended September 30, 2020, to €15.9 million for the first nine months ended September 30, 2021, mainly due to costs relating to COVID-19 measures and costs for reorganization.

Adjusted EBITDA for the first nine months increased by €33.9 million, from €56.7 million for the first nine months ended September 30, 2020, to €90.6 million for the first nine months ended September 30, 2021.

Cash Flows

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

	01.01.2021– 30.09.2021 (in € million)	01.01.2020– 30.09.2020 (in € million)	Change %
EBITDA	74.7	51.3	45.6
Adjustments to reconcile EBITDA to net cash flow.....	10.6	(4.0)	<(100.0)
Change in operating working capital	(86.0)	3.2	<(100.0)
Income tax paid.....	(13.3)	(2.2)	>100.0
Net cash flow from operating activities	(14.0)	48.3	<(100.0)
CAPEX.....	(17.0)	(27.2)	(37.5)
Net cash flow from investing activities	(17.0)	(27.2)	(37.5)
Payment of lease liabilities	(3.7)	(3.0)	23.3
Proceeds from borrowings	0.0	24.5	(100.0)
Repayment of borrowings	0.0	(7.5)	(100.0)
Interests paid.....	(14.5)	(14.1)	2.8
Others	0.1	0.2	(50.0)
Net cash flow from financing activities	(18.1)	0.1	<(100.0)
Change in cash and cash equivalents	(49.1)	21.2	<(100.0)
Cash and cash equivalents at the end of the period	54.4	97.2	(44.0)

Net cash flow from operating activities

Net cash flow from operating activities changed by €62.3 million from €48.3 million for the first nine months ended September 30, 2020, to €(14.0) million for the first nine months ended September 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 nine months ended September 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 €10.2 million from a net outflow of €(27.2) million for the first nine months ended September 30, 2020 to a net outflow of €(17.0) million for the first nine months ended September 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 €18.2 million from €0.1 million for the first nine months ended September 31, 2020 to €(18.1) million for the first nine months ended September 30, 2021. The decrease in net cash flow used in financing activities was primarily due to the drawing and partial repayment of the revolving credit facility in the net amount of €17.0 million during the first nine months ended September 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:

	30.09.2021 (in € million)	30.09.2020 (in € million)	Change %
Inventories and prepayments for inventories	273.1	164.3	66.2
Trade receivables.....	0.1	0.7	(85.7)
Trade payables and similar obligations	(56.2)	(44.7)	25.7
Others	(14.5)	(6.1)	>100.0
Operating Net Working Capital	202.5	114.2	77.3

Operating net working capital increased by €88.3 million to €202.5 million mainly due to an increase in inventories and prepayment for inventories owing to the dynamic business expansion.

Net debt and Other Information

	As of September 30, 2021
Net debt ⁽¹⁾	319.9
LTM interest expense ⁽²⁾	26.1
Ratio of net debt to LTM Adjusted EBITDA ⁽³⁾	2.3x
Ratio of LTM Adjusted EBITDA to interest expense (fixed charge)	5.4x

(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 September 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 1.5x on September 30, 2021.

Employees

	9M 2021
Stationary retail business sales channel.....	464
Online sales channel.....	133
Enabling services (logistics, IT, purchasing and administration)...	1,055
Total.....	1,652

The average number of employees in the first nine months 2021 was 1,652.

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 November 26, 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:

Company name	Business activity	Location	Equity stake in %	
				30.09.2021
PrestigeBidCo GmbH	Parent Company	Aschheim		
Best Secret GmbH (former: Schustermann & Borenstein GmbH)	Retail	Aschheim		100
Lawrence Grey GmbH (former: S&B Outlet GmbH)	Retail	Aschheim		100
BestSecret Logistik GmbH (former: 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