



B E S T S E C R E T

Earnings Call Presentation FY 2022

27 April 2023
PUBLIC INFORMATION



Disclaimer

IMPORTANT

The financial information included in this Presentation has been prepared in accordance with IFRS and is based on that of PrestigeBidCo GmbH as the Issuer of the Senior Secured Notes due 2027. This Presentation should be read with reference to the Bond Report of PrestigeBidCo GmbH for the period ended December 31, 2022.

Presentation Not an Offer

This Presentation is provided as information only. It does not constitute investment, legal, accounting, regulatory, taxation or other advice and the Confidential Information does not take into account your investment objectives or legal, accounting, regulatory, taxation or financial situation or particular needs. You are solely responsible for forming your own opinions and conclusions on such matters and the market and for making your own independent assessment of the Confidential Information. You are solely responsible for seeking independent professional advice in relation to the Confidential Information.

This Presentation does not constitute or form part of, and should not be construed as, an offer or invitation to subscribe for, underwrite or otherwise acquire any securities of PrestigeBidCo GmbH or any subsidiary or affiliate thereof, nor should it or any part of it form the basis of, or be relied on in connection with, any contract to purchase or subscribe for any securities of PrestigeBidCo GmbH or any subsidiary or affiliate thereof, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.

Forward-Looking Statements

This Presentation includes statements that are, or may be deemed to be, forward-looking statements within the meaning of the securities laws of certain jurisdictions. Forward-looking statements include, but are not limited to, statements regarding the Group's future financial position and results of operations, its strategy, plans, objectives, goals and targets, future developments in the markets in which it participates or is seeking to participate or anticipated regulatory changes in the markets in which it operates or intends 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. When considering these forward-looking statements, you should keep in mind that a number of factors that are beyond the Group's control could cause actual results to differ materially from the results contemplated by any such forward-looking statements. These forward-looking statements include all matters that are not historical facts. We believe that the expectations reflected in these forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Presentation should not be unduly relied upon. These statements speak only as of the date made. Other than as required by applicable laws, we do not intend, and do not assume any obligation, to update these forward-looking statements.

Non-IFRS financial measures

This Presentation contains non-IFRS financial measures and ratios, including EBITDA, Adjusted EBITDA, Capital Expenditure and Operating Net Working Capital that are not required by, or presented in accordance with, IFRS. We present non-IFRS financial 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-IFRS financial 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 operating result as reported under IFRS. Non-IFRS financial measures and ratios are not measurements of our performance or liquidity under IFRS and should not be considered as alternatives to net income/net 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. The non-IFRS financial measures may not give an accurate or complete picture of the Group's financial condition or results of operations for the periods presented and should not be relied upon when making an investment decision.

Highlights 2022



Exceeding of **€ 1 billion** annual revenue mark with both **double-digit revenue growth** and **double-digit profitability**



2.6m active customers



34% international revenue share



Expansion of fulfillment center network with the **addition** in Poland



Official launch of **BestSecret Curated Platform**



Introduction of further sustainable initiatives across our Group such as our **take back programme** and our **ban on sourcing real fur and exotic leather** for our assortment



€ 350m bond **refinancing** and **increase of RCF** to € 110m



Rating Agency upgrades:

Upgrade to B1
MOODY'S
INVESTORS SERVICE

Upgrade to B+
S&P Global
Ratings

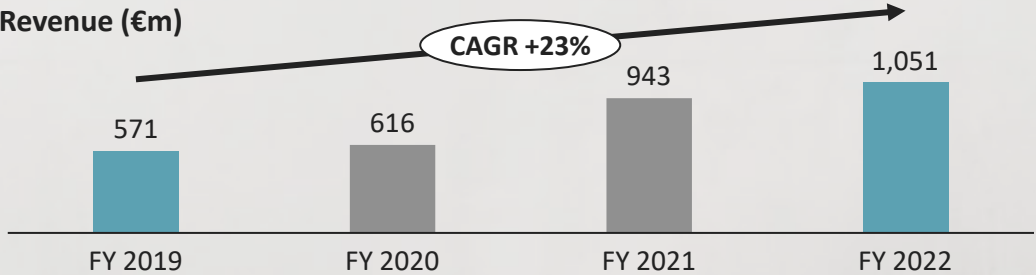


BESTSECRET

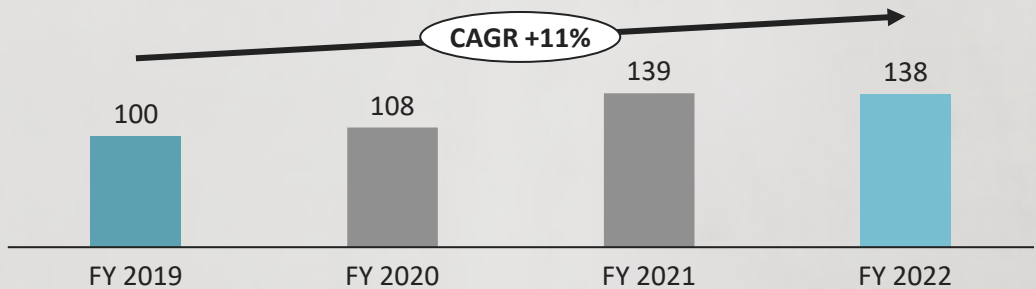
BestSecret key figures FY 2019 - 2022

Increased scale, robust earnings and larger international share

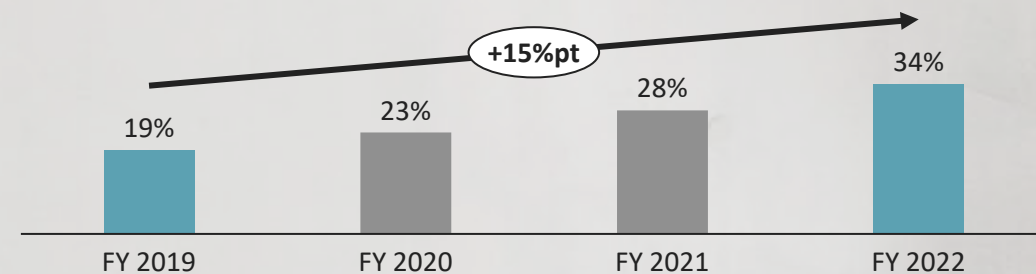
Revenue (€m)



Adjusted EBITDA (€m)



International share (% of revenue)



■ Covid impact years
■ Pre- and post Covid years



Double-digit revenue growth and profitability in FY 2022

€m	FY 2021	FY 2022	Change
Revenue	942.9	1051.0	11.5%
Gross profit	430.3	446.8	3.8%
<i>Gross profit margin</i>	45.6%	42.5%	-3.1pp
Adjusted EBITDA ¹⁾	138.7	137.7	-0.7%
<i>Adjusted EBITDA margin</i>	14.7%	13.1%	-1.6pp
CAPEX	28.7	37.5	30.5%
Free cash flow ²⁾	30.2	27.0	-10.6%
Operating net working capital ³⁾	151.9	190.5	25.4%
Cash and cash equivalents	125.5	152.5	21.5%
Senior secured net leverage ratio ⁴⁾	1.0	1.4	0.4pt

- +12% revenue growth thanks to strong international business, further growth in the number of active customers combined and robust customer order economics. Positive finish to the year despite H2 growth dynamics impacted by poor consumer sentiment due to inflation and high PY base.
- Gross profit margin lower given higher share of collection merchandise due to reduced overstock availability and a shift towards more premium and luxury brands.
- Adjusted EBITDA on par with strong PY. Double-digit adjusted EBITDA margin of 13.1% despite lower gross profit margin, increased return rates to pre-pandemic levels and higher shipping costs from the expansion of international business.
- Increased CAPEX due to growth investments in tech & data and the new fulfillment center in Poland.
- Positive free cash flow mainly despite high operating NWC.
- Strong liquidity position and undrawn RCF allows for the ability to realize attractive purchasing opportunities.
- Senior secured net leverage ratio of 1.4x LTM adjusted EBITDA after successful refinancing and upsizing of bond to €350m in July 2022.

1) Exceptional items and run rate cost synergies from the fulfillment center network expansion amounted to €15.3 and €5.2m respectively in FY 2022 (FY 2021: €20.9m; €0.0m).

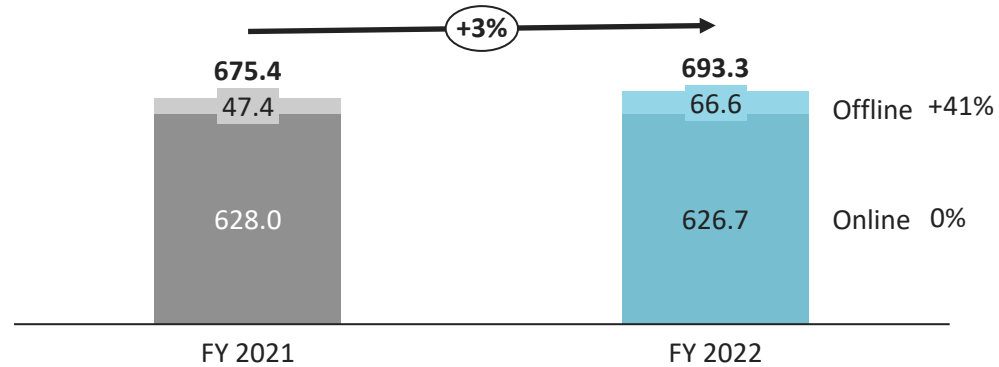
2) Free cash flow is defined as net cash flows from operating activities, net cash flows from investing activities and net cash flows from financing activities.

3) Operating net working capital is defined as the sum of the line items (i) inventory, (ii) prepayments for inventory, (iii) trade and other receivables, (iv) trade and other payables and (v) others, including refund liabilities and the right to recover possession for expected returns.

4) Senior secured net leverage ratio is defined as the ratio of total principal amount of senior secured net financial debt to LTM adjusted EBITDA.

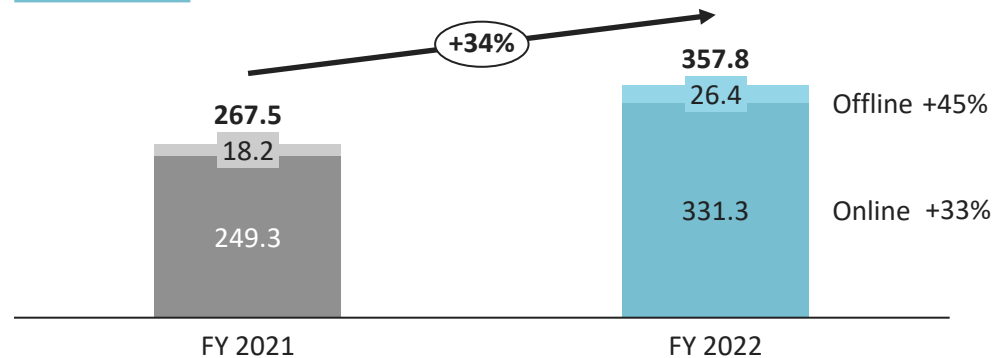
Stable core segment and dynamic international business

Germany revenue FY 2022 vs. FY 2021 (€m)



- Core market *Germany* with +3% growth in FY 2022. Both online and offline sales channels clearly outperformed market development.
- BestSecret's online *Germany* business was flat vs. the strong baseline in FY 2021 (+54%). The German online retail market (fashion & shoes) was impacted by low consumer sentiment and inflationary pressures and recorded a decline of -14% in FY 2022¹ vs. FY 2021.
- BestSecret's offline *Germany* business grew 41% y-o-y. PY period impacted by pandemic related store closures. The German stationary retail market grew by +9% in FY 2022 due to the pandemic related low baseline in 2021².

International revenue FY 2022 vs. FY 2021 (€m)

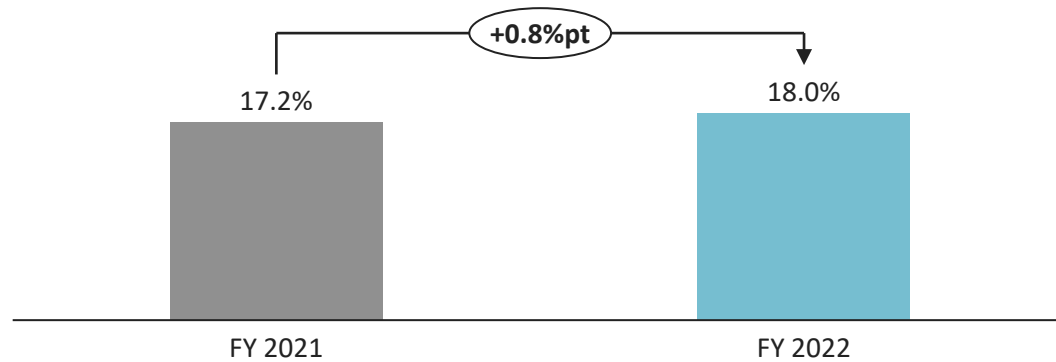


- BestSecret with strong *International* growth rate of +34% in FY 2022 thanks to a further expansion of the active customer base.
- BestSecret's online *International* business grew 33% in FY 2022 vs. FY 2021. By comparison, the European online fashion market recorded a decline of -4%³.
- Further expansion of *International* share to 34% of Group revenue vs. 28% in FY 2021.

1) Source: Bundesverband E-Commerce und Versandhandel Deutschland e.V. (Bevh)
2) Source: Textilwirtschaft / TW-Testclub
3) Statista Digital Markets Insights; Europe excluding UK, Russia, and Turkey; fashion includes apparel, footwear, bags & accessories

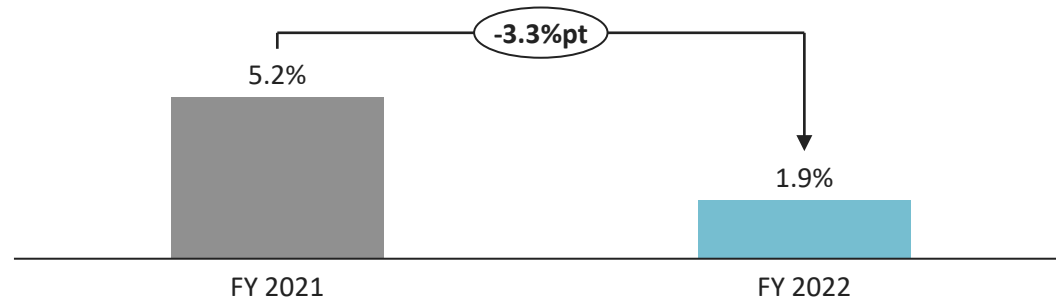
Cost ratios FY 2022

Fulfillment costs (% of revenue)



- Logistics cost ratio slightly above PY level.
- Partly improved online fulfillment efficiency and higher stationary retail revenue share offset by return rate being back on pre-pandemic level and higher international share.

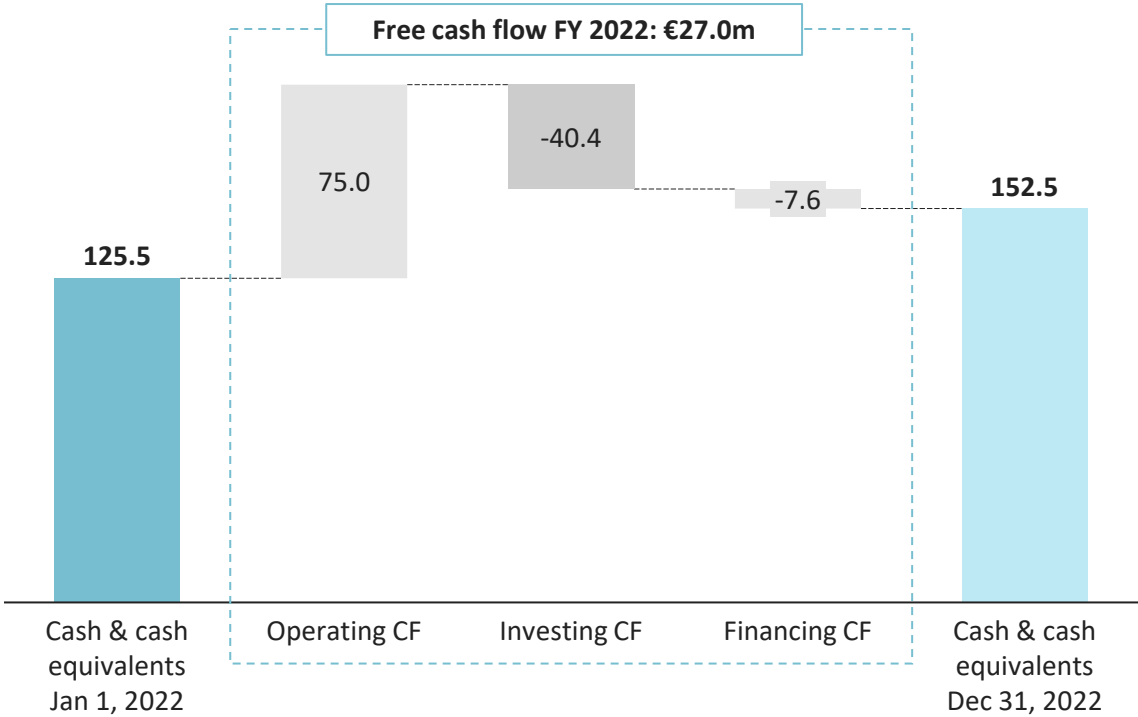
Marketing costs (% of revenue)



- Lower marketing cost ratio of 1.9% of revenue mainly due to increased efficiencies of paid customer acquisition activities.
- Marketing cost ratio generally very low by industry standards thanks to robustness of viral customer growth.

Free cash flow FY 2022

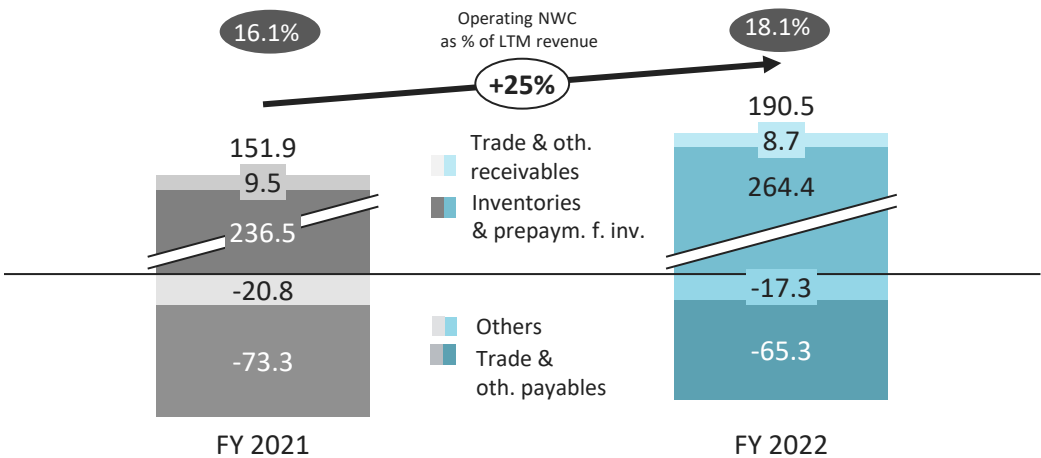
Liquidity position (€m)



- Positive free cash flow of €27.0m (PY period: €30.2m) driven by cash flow from operating activities.
- Operating cash flow influenced by NWC expansion.
- Majority of investing cash flow for investments in the fulfillment center network expansion and tech & data.
- Financing cash flow positively impacted by bond refinancing.
- Excellent cash position of €152.5m at end of period (PY period: €125.5m).
- Undrawn RCF at year-end 2022 (same as PY period).

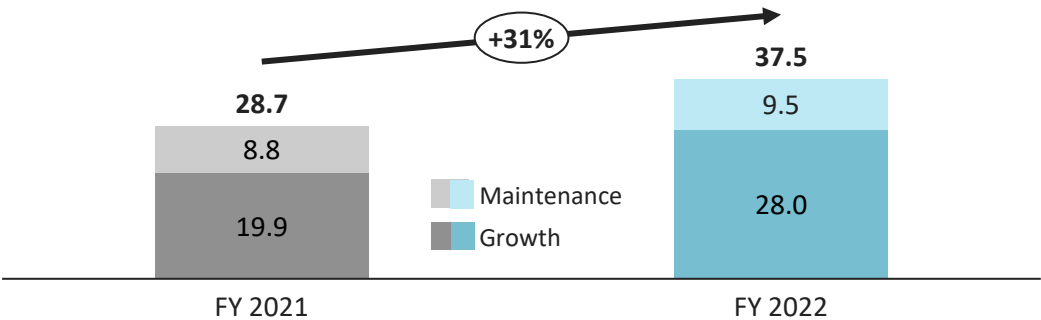
Operating net working capital and capital expenditure

Operating NWC FY 2022 vs. FY 2021 (€m)



- Increased operating net working capital due to growing business scale.
- Trade and other payables decreased as a result of a short-term lower inventory intake in December 2022.

Capital Expenditure FY 2022 vs. FY 2021 (€m)

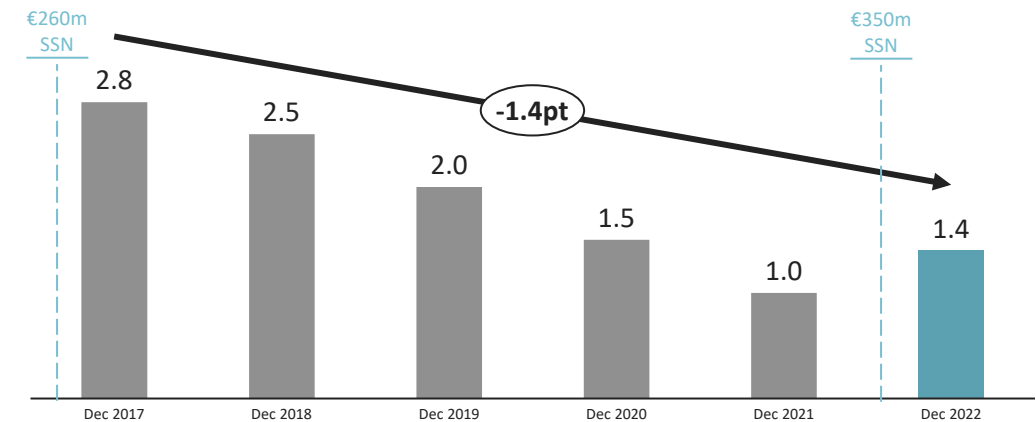


- 2022 more CAPEX intensive due to growth projects.
- Majority of growth CAPEX for investments in tech & data to further advance the user experience and improve the system backbone as well as new fulfillment center in Poland.
- Maintenance CAPEX below 1% of Group revenue.

Healthy capital structure and successful refinancing in Q3 2022

€m	31.12.2021	31.12.2022
Cash and cash equivalents	125.5	152.5
Senior Secured Notes	260.0	350.0
RCF (total size €110m) ⁽¹⁾	0.0	0.0
Senior secured net financial debt ⁽²⁾	134.5	197.5
LTM Adjusted EBITDA	138.7	137.7
Ratio of senior secured net financial debt to LTM Adj. EBITDA ⁽³⁾	1.0	1.4

Senior secured net leverage ratio⁽³⁾



1) € 4.6m of the total credit facility amount were utilized for trade finance related instruments on December 31, 2022.

2) Principal amount. The balance sheet amount on the basis of IFRS is € 143.7m on December 31, 2022.

Net financial debt (principal amount) is € 313.7m on December 31, 2022. Net financial debt (balance sheet amount on the basis of IFRS) is € 259.9m on December 31, 2022.

3) Based on principal amount of senior secured net financial debt. Using the IFRS balance sheet amount of senior secured net financial debt, the ratio is 1.0x on December 31, 2022.

Ratio based on principal amount of net financial debt is 2.3x on December 31, 2022.. Using the IFRS balance sheet amount of net financial debt, the ratio is 1.9x on December 31, 2022.



Outlook 2023

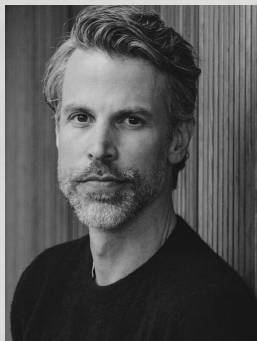
MANAGEMENT EXPECTS GROUP REVENUE TO GROW IN A LOW DOUBLE-DIGIT PERCENT RANGE IN 2023, DRIVEN BY ITS VIRAL CUSTOMER GROWTH MODEL IN CORE MARKETS AND CONTINUED INTERNATIONAL EXPANSION.

GROUP ADJUSTED EBITDA IS ANTICIPATED TO GROW IN LINE WITH REVENUES ALONG WITH STABLE DOUBLE-DIGIT ADJUSTED EBITDA MARGIN.

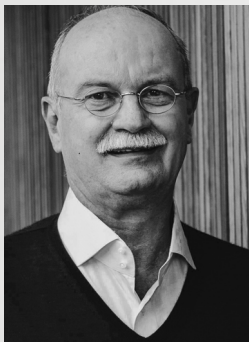
Considering the high degree of uncertainty arising from continued elevated inflation rates, geopolitical instability and lower private consumption growth rates, management cannot rule out that the future performance in 2023 will deviate from today's expectations.



Q&A and contact



Moritz Hahn
CEO



Axel Salzmann
CFO



Yara Kes
Head of Investor Relations

BestSecret
Margaretha-Ley-Ring 27

85609 Aschheim | Germany
Phone: +49 89 242410-1205
Email: yara.kes@bestsecret.com

Q&A:

For questions during the call: Please dial *1

Technical problems: Please dial *0 for the operator



Investor Relations calendar 2023

Date	Event
May 12	Press release on key financial figures 3M 2023
May 26	Publication of 3M 2023 bond report with conference call for analysts and investors
August 11	Press release on key financial figures 6M 2023
August 25	Publication of 6M 2023 bond report with conference call for analysts and investors
November 13	Press release on key financial figures 9M 2023
November 28	Publication of 9M 2023 bond report with conference call for analysts and investors



BESTSECRET