



B E S T S E C R E T

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# Earnings Call Presentation 3M 2023

25 May 2023

PUBLIC INFORMATION



# Disclaimer

## IMPORTANT

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### Forward-Looking Statements

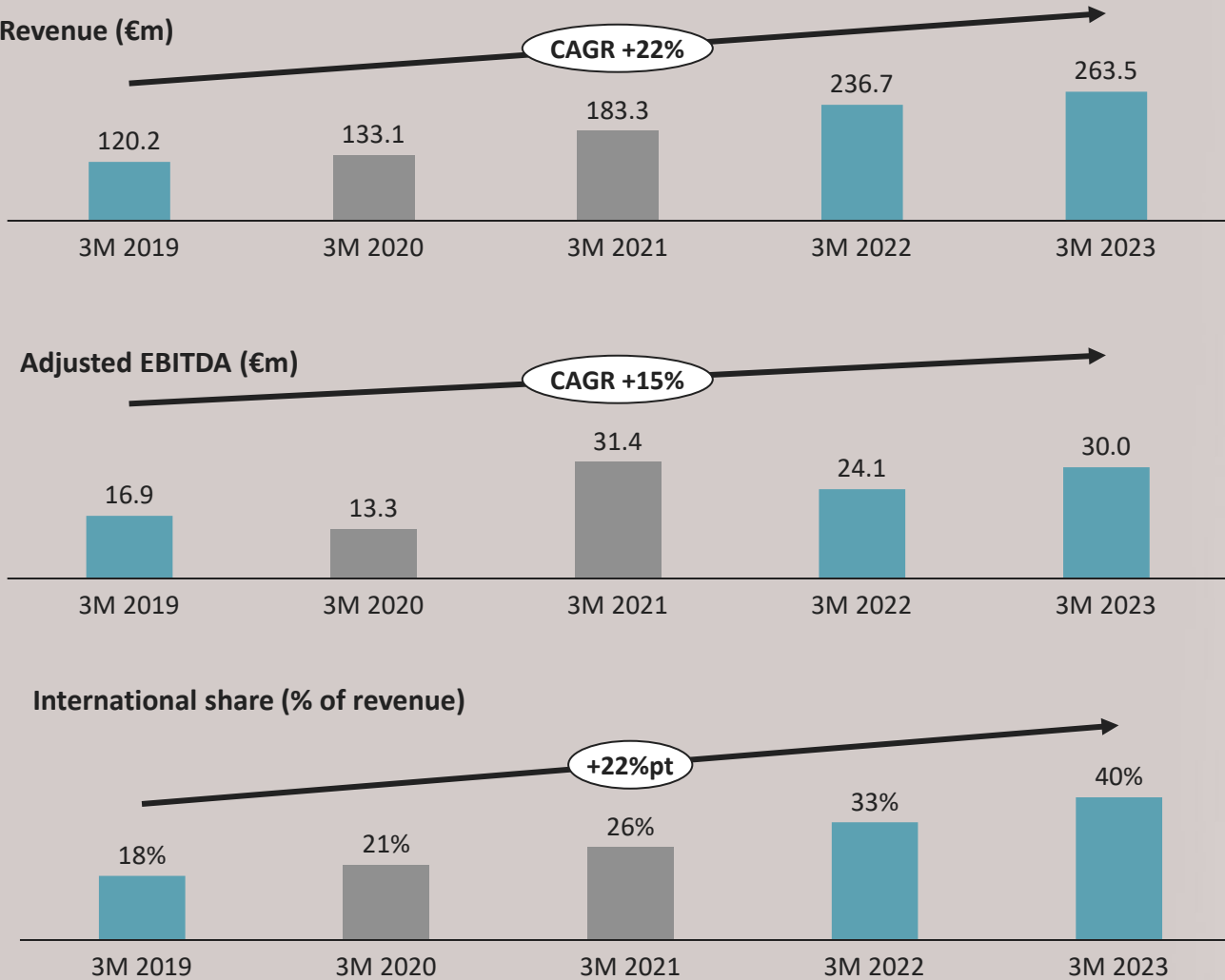
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### Non-IFRS financial measures

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.

# BestSecret key figures 3M 2023

Sustained, profitable growth with successful internationalization strategy



# Sustained double-digit revenue growth and profitability in 3M 2023

€m	3M 2022	3M 2023	Change
Revenue	236.7	263.5	11.3%
Gross profit	101.7	106.9	5.1%
<i>Gross profit margin</i>	43.0%	40.5%	-2.5pp
Adjusted EBITDA <sup>1)</sup>	24.1	30.0	24.5%
<i>Adjusted EBITDA margin</i>	10.2%	11.4%	1.2pp
CAPEX	8.0	8.6	7.4%
Free cash flow <sup>2)</sup>	-57.5	-36.3	-36.8%
Operating net working capital <sup>3)</sup>	196.9	205.8	4.5%
Cash and cash equivalents	68.1	116.2	70.6%
Senior secured net leverage ratio <sup>4)</sup>	1.5	1.6	0.1pt

- +11% revenue growth thanks to strong international business, further growth in the number of active customers combined and good customer order economics.
- Gross profit margin influenced by a tapering impact from higher share of collection merchandise due to reduced overstock availability in 2022, a shift towards more premium and luxury brands and a highly competitive market environment.
- Double-digit adjusted EBITDA margin of 11.4%.
- Increased CAPEX mainly due to growth investments in tech & data as well as new fulfillment center in Poland.
- Negative free cash flow driven by WC expansion from seasonal stock purchasing and business volume growth.
- Strong liquidity position and undrawn RCF allows for the ability to realize attractive purchasing opportunities.
- Senior secured net leverage ratio of 1.6x LTM adjusted EBITDA.

1) Exceptional items and run rate cost synergies from the fulfillment center network expansion amounted to €3.3m and €4.0m respectively in 3M 2023 (3M 2022: €3.9m; €0.0m).

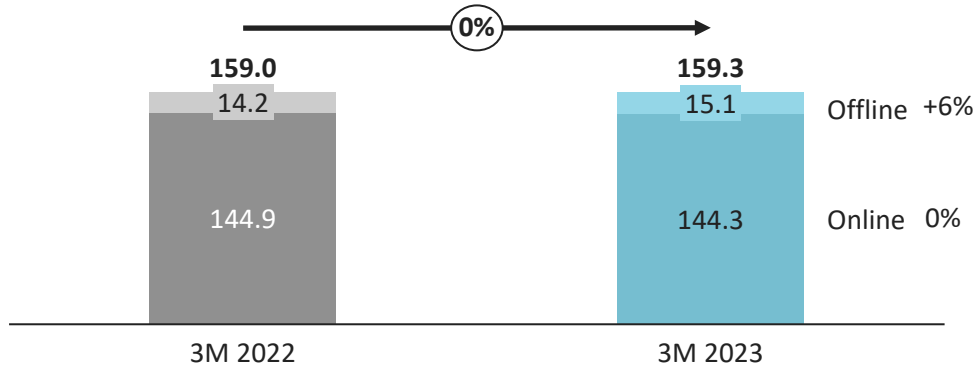
2) Free cash flow is defined as net cash flows from operating activities, net cash flows from investing activities and net cash flows from financing activities.

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.

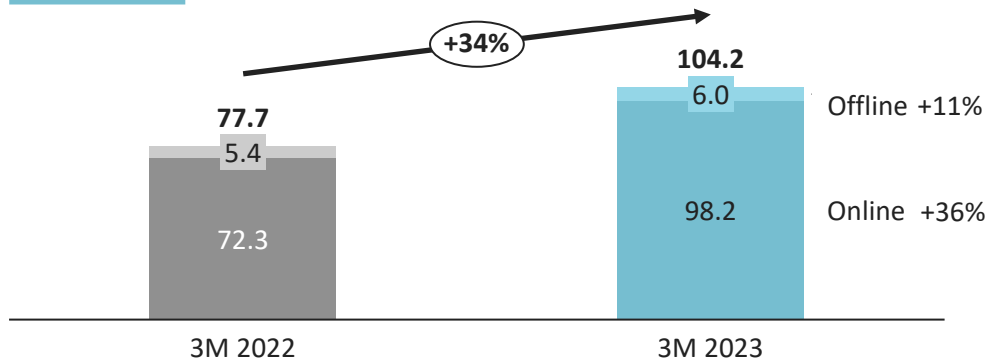
# Stable core segment and dynamic international business

## Germany revenue 3M 2023 vs. 3M 2022 (€m)



- Core market *Germany* stable in 3M 2023.
- BestSecret's online *Germany* business was flat vs. PY. The German online retail market (fashion & shoes) recorded a decline of -21% in 3M 2023<sup>1</sup> vs. 3M 2022 due to continued volatility.
- BestSecret's offline *Germany* business grew +6% y-o-y. The German stationary retail market grew by +26% in 3M 2023<sup>2</sup> due to a low prior year baseline.

## International revenue 3M 2023 vs. 3M 2022 (€m)



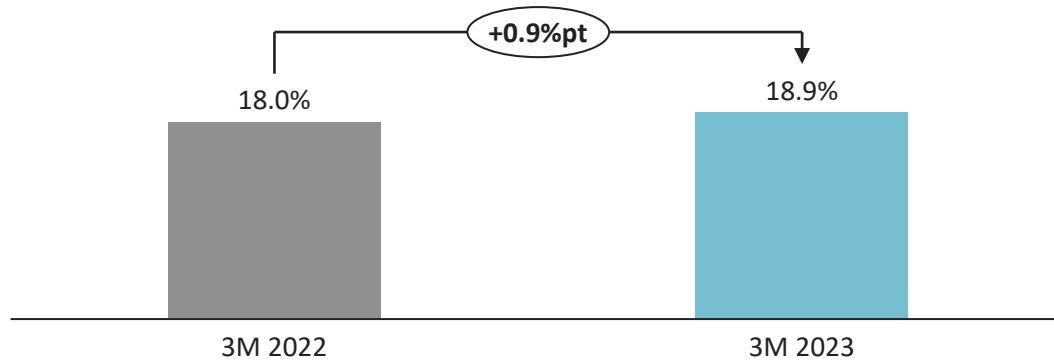
- BestSecret with strong *International* growth rate of +34% in 3M 2023 driven by an increase in the number of active customers.
- BestSecret's online *International* business grew 36% in 3M 2023 vs. 3M 2022.
- *International* share of Group revenue climbs to 40% vs. 33% in 3M 2022.

1) Source: Bundesverband E-Commerce und Versandhandel Deutschland e.V. (Bevh)

2) Source: Textilwirtschaft / TW-Testclub

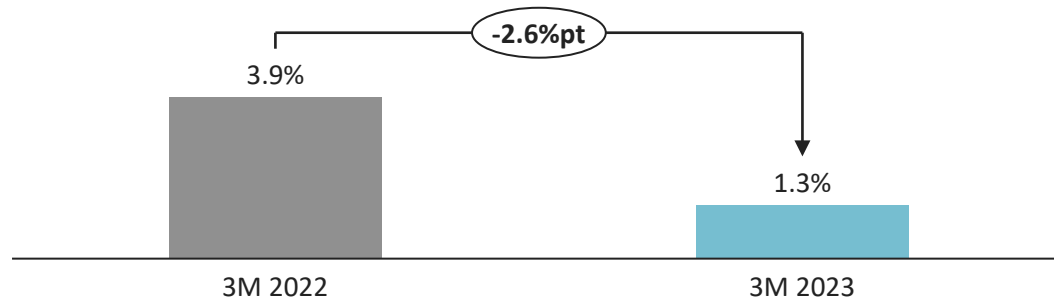
# Cost ratios 3M 2023

## Fulfillment costs (% of revenue)



- Logistics cost ratio above PY level mainly due to higher international share.

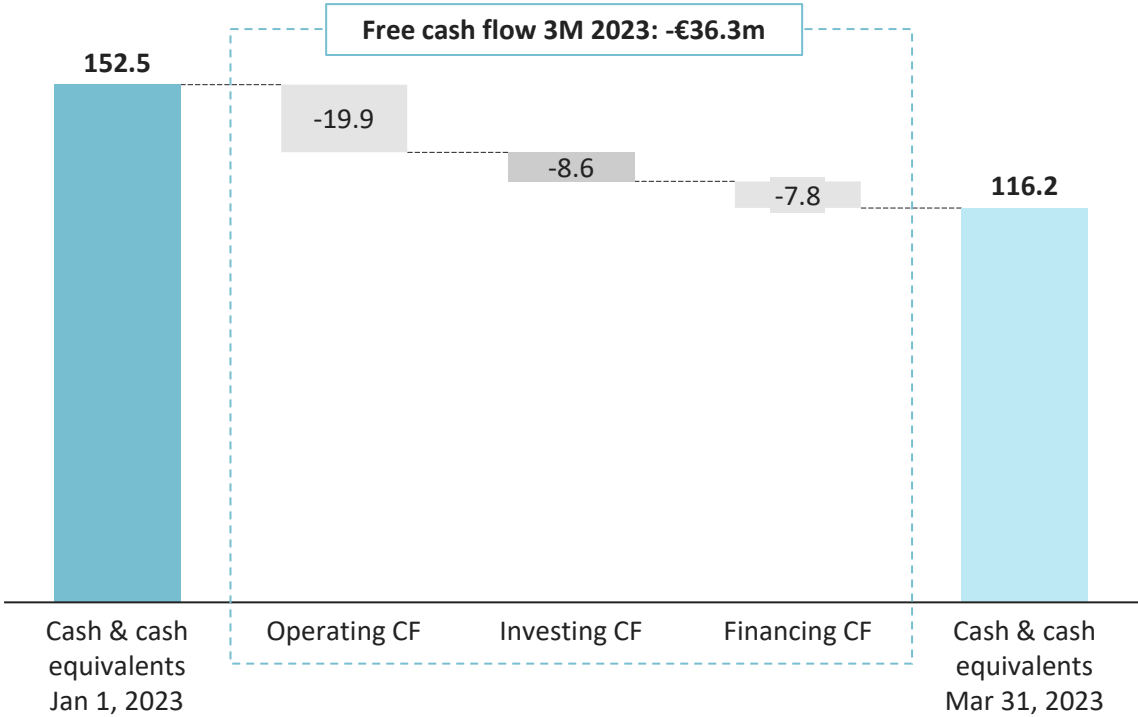
## Marketing costs (% of revenue)



- Lower marketing cost ratio of 1.3% of revenue due to increased efficiencies of paid customer acquisition activities and deliberately more conservative marketing investments in a volatile market environment.
- Marketing cost ratio generally very low by industry standards thanks to robustness of viral customer growth.

# Free cash flow 3M 2023

## Liquidity position (€m)

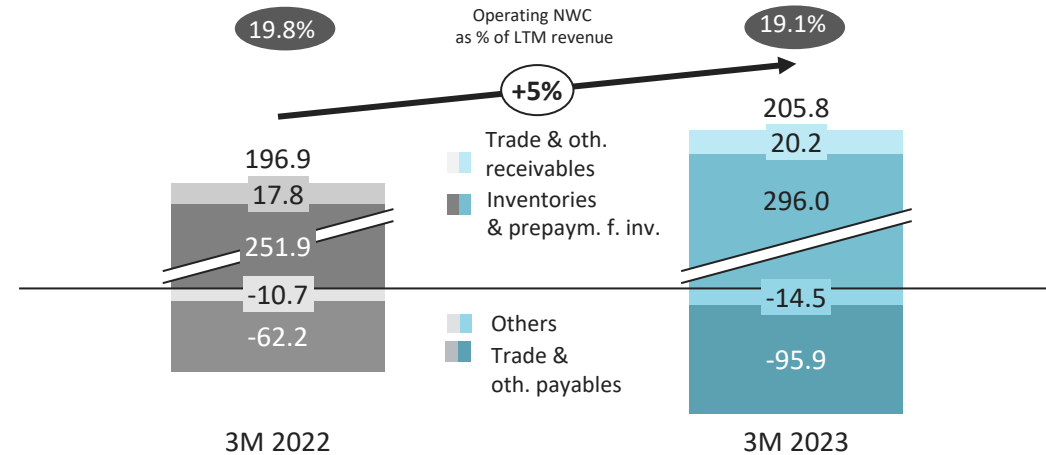


- Seasonally negative free cash flow of -€36.3m (PY period: -€57.5m) driven by NWC expansion from seasonal stock purchasing and business volume growth.
- Majority of investing cash flow for investments in the new fulfillment center and in tech & data.
- Strong cash position of €116.2m at end of period (PY period: €68.1m) on the back of good operating performance and WC optimisation.
- Undrawn RCF on March 31, 2023 (same as PY period).



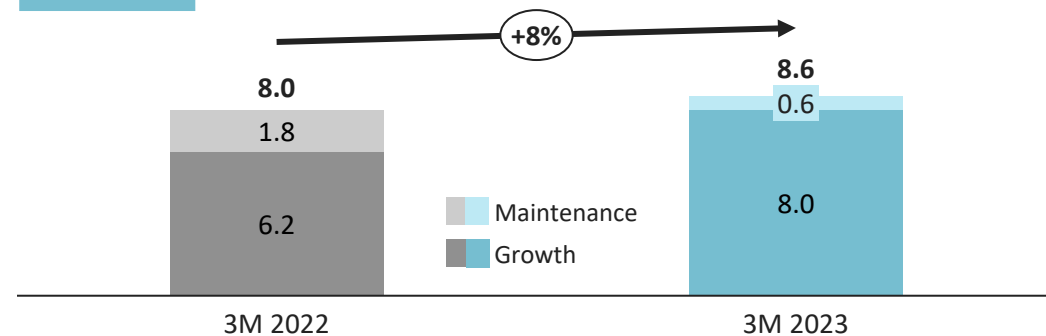
# Operating net working capital and capital expenditure

## Operating NWC 3M 2023 vs. 3M 2022 (€m)



- Increased operating net working capital due to growing business scale.
- Trade and other payables increased as a result of inventory build up and WC optimisation.

## Capital Expenditure 3M 2023 vs. 3M 2022 (€m)



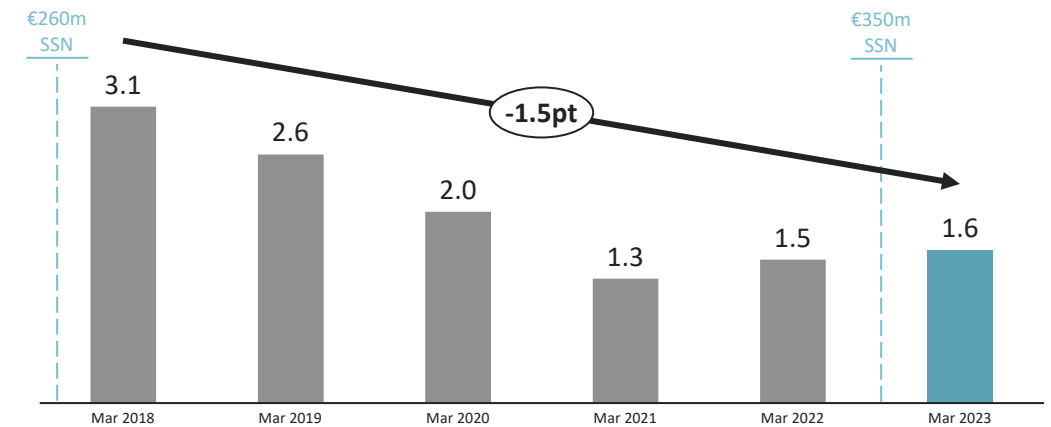
- Majority of growth CAPEX for investments in tech & data to further advance the user experience and improve the system backbone as well as new fulfillment center in Poland.
- Work on the Polish facility is progressing very well and according to schedule. The first phase as a manual warehouse was operational in March.
- Maintenance CAPEX well below 1% of Group revenue.



# Healthy capital structure

€m	31.03.2022	31.03.2023
Cash and cash equivalents	68.1	116.2
Senior Secured Notes	260.0	350.0
RCF (total size €110m) <sup>(1)</sup>	0.0	0.0
Senior secured net financial debt <sup>(2)</sup>	191.9	233.8
LTM Adjusted EBITDA	131.4	143.6
Ratio of senior secured net financial debt to LTM Adj. EBITDA <sup>(3)</sup>	1.5	1.6

## Senior secured net leverage ratio<sup>(3)</sup>



- 1) €4.4m of the total credit facility amount were utilized for trade finance related instruments on March 31, 2023.
- 2) Principal amount. The balance sheet amount on the basis of IFRS is € 182.7m on March 31, 2023.  
Net financial debt (principal amount) is € 369.3m on March 31, 2023. Net financial debt (balance sheet amount on the basis of IFRS) is € 318.2m on March 31, 2023.
- 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 1.3x on March 31, 2023.  
Ratio based on principal amount of net financial debt is 2.6x on March 31, 2023. Using the IFRS balance sheet amount of net financial debt, the ratio is 2.2x on March 31, 2023.

# Confirmation of outlook 2023

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

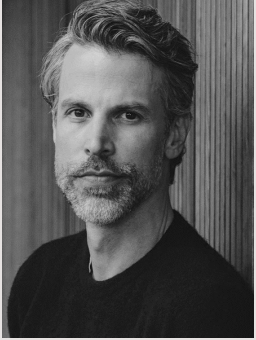
**GROUP ADJUSTED EBITDA IS ANTICIPATED TO GROW IN LINE WITH REVENUES ALONG WITH STABLE DOUBLE-DIGIT ADJUSTED EBITDA MARGIN.**

**FREE CASH FLOW IS EXPECTED TO BE POSITIVE IN 2023.**

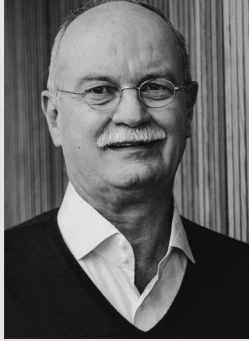
Considering the high degree of uncertainty arising from continued elevated inflation rates, geopolitical instability and lower private consumption growth rates, management cannot rule out that the future performance in 2023 will deviate from today's expectations.



## Q&A and contact



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### Q&A:

For questions during the call: Please dial \*1

Technical problems: Please dial \*0 for the operator



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# Investor Relations calendar 2023

Date	Event
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
September 6	Goldman Sachs Annual EMEA Credit and Leveraged Finance Conference
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



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