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PRESENTATION

Julia Stötzel - *About You AG & Co. KG - Head of IR*

Good morning, everyone, and thank you for joining ABOUT YOU's conference call for the first quarter of 2021-2022. As you know, this is our first earnings call following our IPO in June, and we are excited to have you all with us this morning.

Please let me make a couple of introductory remarks. Our management is represented completely on this call. It's my pleasure to present to you the three co-CEOs and co-founders: Tarek Müller, Hannes Wiese, and Sebastian Betz. My name is Julia Stötzel, Head of Investor Relations here at ABOUT YOU, and I will guide you through the call today.

Hannes will walk you through the Q1 results in just a second. The corresponding slides to his presentation have been published this morning on our IR website under the publications section. After his presentation, Hannes, Tarek, and Sebastian will be happy to answer your questions.

And with this, I will hand it over to Hannes.

Hannes Wiese - *About You AG & Co. KG - Co-Founder & Co-CEO, Operations & Finance*

Yes. Thanks, Julia. So first of all, many thanks for all your trust and support during the IPO process. It actually feels great to run a public company now, and we're looking very much forward to leverage this position to capture the huge opportunities ahead of us.

For those who are new to this round, just quickly by means of introduction, we are a founder-led management team consisting of three co-founders with a very diverse background in tech, marketing, and business functions. And we want to start this presentation with a brief recap on what we're doing, what's special about us, and where we want to take our Company in the future.

So what are we doing? First, we're digitizing the offline shopping stroll for the Gen Y and Z. We are an online fashion platform. But we are not only offering a large assortment at competitive prices and a great fulfillment experience. On top of that, we are creating an inspirational discovery shopping journey, leveraging our tech skills to create a personalized experience on the smartphone, and our huge influence on network to create great content and entertainment. And that enables us to digitize that traditional offline shopping pattern, which had shaped the fashion industry over decades and centuries before.

Second, we create incremental revenues for fashion brands. Due to our focus on inspiring customers to interact with fashion online, we generate buys that wouldn't have happened without ABOUT YOU. So from a brand perspective, we are not merely cannibalizing existing revenues. We can provide sustainable revenue growth for our suppliers, combined with strong branding opportunities tied to our discovery proposition.

Third, we provide the technology to help our partners grow their online business. In our hearts, we are a tech company. So aside our commerce business, we've developed the SaaS business, licensing out our proprietary technology to third-party brands and retailers. And that means that our revenues are not limited to transactions on ABOUT YOU, but also extend to the broader online fashion ecosystem.

And with these three pillars combined, we believe we have the potential to disrupt future markets and establish a leading position in the fashion industry. And that is also what our vision is: continue to outgrow the market to become the global number one fashion platform.

Let's quickly recap where we are today on this journey and what makes ABOUT YOU such a great company for us. Well, for founders, it's of course difficult to condense this on one single slide, but we tried to limit ourselves to the six key sectors here. First, huge online fashion market. I mean, we operate in a EUR400 billion addressable market that is being shaken up by various factors. We see long-term structural growth in the online channel and huge opportunities for online fashion platforms. And that is true especially in our discovery segment, which has barely been digitized so far.

Second, influencer-led discovery proposition. We are mobile born, and we're a young company that understands the needs of Gen Y and Z. So we have built an entire ecosystem around our huge influencer network to enable our users to discover the best of fashion online and seamlessly buy it on their smartphones. And all that is delivered in a highly personalized way and enriched with great content and entertainment. And we're leading this discovery base, which we believe will redefine the future of online fashion.

Third, outstanding Company growth. We are the fastest-growing online fashion company of scale in Europe. We've achieved more than 90% revenue CAGR since our inception. We've launched 13 new countries in 2020 alone, and we're seeing strong growth again in our Q1 results, as well as outstanding future growth prospects.

Fourth, superior unit economics. Our discovery proposition translates into extremely loyal customer cohorts. Our sales retention rates and LTV/CAC ratios are amongst the best in online fashion, if not the best. Unit economics are further supported by our unique hybrid model, seamlessly integrating 1P and 3P assortments to optimize both customer experience and margins.

Fifth, unique SaaS/B2B business. With our Tech business, we are targeting a huge B2B opportunity. We are able to generate extremely fast-growing revenues at EBITDA margin levels reaching 50% for the Tech stream. So our B2B business is not only generating incremental revenues. It is also substantially contributing to a superior target margin profile for the Group.

Sixth, multiple future growth levers. ABOUT YOU has been all about growth in the past and will remain all about growth in the future. We still have substantial growth potential in our core business. And on top of that, there is a huge growth opportunity in expanding our footprint and extending our assortments and categories. And of course, also our Tech B2B business will help us to continue to show industry-leading growth rates in the future.

Before we jump into our Q1 update on business and financials, we want to briefly touch on another Q1 highlight: our IPO. We successfully completed our IPO in June 2021 and entered into the next phase of our journey as a publicly listed company. Some highlights shown here. EUR23 initial share price, up 10.8% on first day of trading; total proceeds were EUR842 million, including a EUR657 million primary raise for the Company.

And it wouldn't have been a real ABOUT YOU IPO if we hadn't used also this event as a great marketing opportunity. So we've invited many of our key influencers and business partners to celebrate with us, which helped us generate more than 550 million media contacts around our first day of trading.

So we are seeing positive signaling effects from being public already today, providing further support for our B2B business, our partnerships with suppliers, as well as our recruiting efforts. The IPO was, of course, also an important milestone for ABOUT YOU, for our employees, for our shareholders, and for the management team. But for us, it is still early days. We will keep our feet on the gas to capture the opportunities that lie ahead of us and to grow ABOUT YOU into the world-class company that it deserves to be.

First, proof points for this can be seen in our strong Q1 results. So let me take you through the highlights of our first quarter as a publicly listed company. We saw a strong topline performance with group revenues up 65.5% year over year. As lockdown restrictions eased across Europe, we've observed increased consumer spending, a greater shift towards going out categories, and consumers continuing to gravitate towards online channels. So overall, it was a favorable market environment for us, which caused tailwinds for our growth.

Next, on customer metrics. Continued investments into our core product and user experience paid off in further improvements of our core metrics. Active customers are up [more than] (corrected by company after the call) 41% year over year to 9.2 million in the last 12 months. Average order frequency increased from 2.6 to 2.8 orders per year, and average order value increased to [EUR58.1] (corrected by company after the call) per order.

Number three, our highly profitable TME segment has shown strong growth of 136% year over year, driven especially by our Media and Enabling businesses, which have benefited from a post-COVID return in spending also on the B2B side. We also continue to progress on our international rollout. Our Rest of Europe segment again grew more than 100% year over year in Q1, and we've launched three new countries with Norway, Greece, and Portugal.

Number five, in addition to growing our top line, we've improved our profitability. The group adjusted EBITDA margin has improved to a negative 2.9% of revenues, driven by strong improvements in our already profitable segments, DACH reaching a 7.9% EBITDA margin and TME with 13.6% in Q1.

Now on guidance. We want to reiterate our revenue guidance as we continue to expect to grow by 40% to 50%. However, given the strong start into our Q2 2021-2022 trading, we believe it is now realistic to reach the upper half of this range. On an adjusted EBITDA basis, we continue to expect a full-year result around a negative EUR70 million, driven by investments into our international rollout and long-term growth.

Now this is the structure for the slides to follow: we will give you a short update on our business, followed by our Q1 financials and the outlook section. And as Julia already said, we'll of course have a Q&A at the end. So let's jump right into our business update.

This is a chart that many of you are familiar with, summarizing our growth strategy along four key levers: core product improvement, footprint expansion, category optimization, and scaling TME. And as this is very close to our hearts, we also want to provide you with regular updates on how we are progressing on these levers. So over the next quarters, our growth cube will also define the structure of our business update section.

So let's start with some highlights on our core product. We've rolled out a new "drops" feature to promote new releases. The idea here is to create FOMO, so fear of missing out dynamics, by limiting products and capsules in time and quantity. And to communicate this effectively via countdowns, on-site banners, social media, and so on. And we'll be using this feature, for example, to create product release calendars, like the sneakers example shown here, promote new influencer collection, like the one with Kendall Jenner currently, or also live shopping events. And early results of this new feature look very promising with high and fast sellout rates, as well as significantly elevated new customer shares for drops being promoted via the new feature.

We've also worked on the basics of our digital proposition. We've achieved high-performance uplift on article detail and category pages via architectural changes to the software running our ABOUT YOU apps and shops. So performance uplifts here relate to faster load and response times, which in turn improve customer experience and conversions.

Lastly, we've hosted the first of ABOUT YOU Awards in a purely digital format. Well, this was probably the largest virtual influencer award show of the globe, generating a total reach of 346 million media contacts in the DACH region alone.

Now on footprint expansion. Our financial year 2020-2021 has been a particularly successful year for our international rollout, and we see this momentum continuing in 2021-2022. Spain, for example, continues to deliver strong results following the Big Bang campaign, which we successfully executed in March 2021. AY is now present in 26 markets following the recent soft launches in Portugal, Greece, and Norway. And the first metrics that we gather here look super promising, so we are really looking forward to scaling these countries up over the next quarters.

And although many of the bigger markets that we entered in 2020-2021 are not yet in campaigning stage, our Nordics and Southern Europe clusters already represent more than 10% of our Rest of Europe revenues. And this is the result of both successful Big Bang campaigns and strong trading dynamics already in soft launch phases.

Next, on our offering. Our fashion proposition is constantly evolving, and we are committed to provide our customers the best brands, as well as exclusive own assortments. On the brand side, we've had a number of new partners, including Weekday, which is part of H&M Group, and several medium to high-priced brands like AllSaints and Kate Spade, to further support our premium offering.

We were also able to grow the number of products online by almost 30% year over year. This is not only the result of a significantly increased brand count. It is also driven by deepened relationships with existing brands, leveraging our hybrid model, and granting us better access to limited assortments.

On the exclusive side, we've launched several new capsules and brands in cooperation with our influencers in order to further improve our offering and margins. The special highlight so far is the new sustainable brand, a lot less, which we launched together with famous German musician and influencer Lena Meyer-Landrut, and which is generating very high demand and elevated new customer shares for us.

We've made good progress also in our new and still underpenetrated categories. One highlight here would be our premium category, which is currently significantly outgrowing other categories while generating much higher contribution margin levels. We also see excellent growth prospects going forward here, and that is justified by the metrics of our new premium cohorts, which generate almost twice the revenue of our average new customer cohorts.

Now onto TME, our B2B segment, combining our Tech, Media, and Enabling revenue streams. TME is, of course, key pillar of our growth strategy, demonstrating strong post-COVID momentum with a growth rate of 136% year over year. TME also remains a highly profitable segment with a 13.6% EBITDA margin in the last quarter and a 30% long-term EBITDA margin potential.

Now on to the single TME revenue streams. Our Tech revenues keep scaling fast, driven by, first, good development of revenues for our existing clients; second, the completion of implementation projects with recently won clients like Marc O'Polo, which went live in Germany in the last quarter; and third, notable new customer wins in Q1 2021-2022, including large fashion brands like Tom Tailor, which were announced as a new client in the last quarter.

Now on Media, where our revenues have grown strongly year over year. On the one hand, that is driven by a relatively weak comparative Q1 2020-2021 as Media clients were freezing their budgets when COVID started. On the other hand, this is also driven by new and improved Media products. For example, we see strongly growing demand for our "self-service campaign manager" tool, which enables our brands to effectively optimize their paid product-boosting campaigns.

And we've seen pretty much the same pattern for our Enabling revenues. Strong year-over-year revenue growth in comparison to a moderate Q1 2020-2021, supported by good progress in product and client development. For example, we've recently onboarded the VF Corporation as a new fulfillment ABOUT YOU partner, featuring brands like Vans or The North Face.

So far on our business update, let's now move on to our financial update section. On the revenue side, we are seeing high growth rates across all our segments. Let's start with the group trading on the left-hand side of this chart. Following an already strong Q1 2020-2021, with 67% year-over-year growth for the Group, revenues are again up 65% year over year, reaching EUR422 million in the last quarter. So hardly any deceleration in growth at that scale. And if we look at revenues from a segment perspective, we see DACH growing at 27% to EUR280 million, Rest of Europe growing at 119% to EUR186 million, and TME growing at 136% to EUR34 million.

And these results are driven by, first, generally positive demand trends across Europe as countries are transitioning out of lockdowns; second, in Rest of Europe, continued overproportionate growth in our CEE countries, as well as great results in our new Southern European and Nordic countries, which already contributed more than 10% of our Rest of Europe revenues. Thirdly, for TME, great recovery from a moderate COVID-affected Q1 2020-2021, especially for Media and Enabling, and structurally good progress in product and client development.

This growth is underpinned by our strong cohort data. If we look at the revenue buildup for our commerce business, that is for our DACH and Rest of Europe segments combined, we see ongoing improvements in our last 12-month customer metrics. Active customers are up 41% year over year from 6.5 million to 9.2 million, reflecting the strong growth potential in new customers. Order frequency increased from 2.6 to 2.8 orders per year, as a result of both increased customer loyalty and cohort age mixed effects. Average order value increased from EUR55.8 to EUR58.1 per order, driven by structural product improvements, as well as COVID-related consumer patterns.

In addition to our strong growth, we have also improved the profitability across all our segments. Let's start again on the left-hand side of this chart, showing our group adjusted EBITDA margin improving by 1.3 percentage points to a negative 2.9% of revenues. This improvement was largely driven by the profitable DACH and TME segments, both demonstrating strong EBITDA margin expansion, leading to higher-margin levels in Q1, 7.9% for DACH and 13.6% for TME.

Rest of Europe continues to be in an investing stage as a result of ongoing market entry and scaling campaigns. Still, despite launching in three new countries to date, executing our Big Bang campaign in Spain, and continuing to invest in overproportionate growth in CEE, our Rest of Europe EBITDA margin also improved by 3 percentage points compared to our Q1 last year.

Let's now take a look at the key cost lines to see how our operating leverage drives the profitability improvements for the Group. Gross margin has improved by 0.9 percentage points, reaching 41.8% in Q1 2021-2022. Positive drivers here were increased share of high-margin B2B and own label revenues, paired with a product mix dynamics towards going out categories, lower price elasticity compared to Q1 2020-2021 when COVID started, and scale effects resulting in improved buying conditions.

Next, our fulfillment cost ratio has been reduced significantly by 1.9 percentage points, reaching 19.2% of revenues in Q1 2021-2022. Positive drivers also here: increased share of B2B and also 3P dropshipping revenues, both with relatively low fulfillment cost ratios; a high utilization rate in our fulfillment infrastructure; as well as positive basket and item price dynamics.

Marketing costs rose as a percentage of revenues, which is driven by targeted investments into our Rest of Europe segment. For most of our older Rest of Europe countries, marketing cost ratios have continued to decline in the last quarter. However, also here, marketing costs remain elevated due to ongoing investments into overproportionate growth.

In our new Rest of Europe countries, like the Nordics and Southern Europe, marketing costs are currently particularly high because of launch cost and market entry campaigns. And both effects have been expected and are part of our Rest of Europe growth strategy. Marketing costs in DACH, on the other hand, continued to show a slight decline as percentage of revenue.

Lastly, admin and other costs benefited from operating leverage and fixed cost degression throughout Q1 2021-2022. This has led to admin cost levels of just 5.6% of revenues, which equals an improvement of 0.9 percentage points year over year. And all these effects combined resulted in an increase of our group adjusted EBITDA margin by 1.3 percentage points to a negative 2.9% of revenues.

Following on our EBITDA development, let's now take a closer look at our cash flow drivers. Our net working capital remains negative and broadly in line with the levels of our Q1 last year as percentage of revenues. Net working capital in total reached a negative EUR48 million, contributing to a strong operating cash flow in Q1 2021-2022. In line with the IPO disclosure, CapEx increased from 0.9% to 2.6% of revenues. And for Q1 2021-2022, this includes own work capitalized of EUR4 million; loans granted to subsidiaries of around EUR6 million, mostly relating to joint ventures with influencers; as well as acquisition of companies of around EUR1 million, also largely related to our influencer initiatives. And these investments have been expected and are also already reflected in our guidance.

Moving on to our liquidity bridge. Operating cash flow in Q1 was strong at EUR18 million, largely driven by favorable net working capital dynamics. Investing cash flow is at a negative EUR11 million and reflects the CapEx seen on the slide before. And this translates into a positive free cash flow of EUR7 million in our Q1 2021-2022.

Financing cash flow is at a negative EUR1.3 million, largely driven by payments of lease liabilities. So overall cash generation in Q1, positive, leading to a cash and equivalents on balance of around EUR114 million per end of May 2021. In addition, we raised EUR657 million in primary proceeds during our IPO, which will be shown in our Q2. And these proceeds will allow us to invest in scaling our commerce business internationally, in accelerating the rollout of our SaaS business, and in our tech infrastructure and distribution centers.

Moving on to our guidance for the financial year 2021-2022 and our medium-term outlook. But before I do that, let me briefly recap what we committed to during our IPO. We said that we expect our revenue to grow by 40% to 50% this year, driven by continued growth in our core markets, our rapid international expansion, and strong growth in our TME business. And we want to reiterate our revenue guidance as we continue to expect to grow by 40% to 50% year over year, that is EUR1.63 billion to EUR1.75 billion revenues in the financial year 2021-2022. However, given the strong start into our Q2 2021-2022 trading, we believe it is now realistic to reach the upper half of this revenue guidance range.

On an adjusted EBITDA basis, we expect a full-year result of around a negative EUR70 million, which is also in line with what we communicated before. Our CapEx target for this financial year is EUR34 million and our net working capital is expected to remain negative, in the low single-digit area as percentage of revenues. So also the guidance for our cash drivers remains unchanged.

I would like to conclude our presentation with our medium-term outlook. We have communicated in the IPO that our medium-term group revenue target is EUR5 billion, which we plan to achieve in our financial year 2025-2026. And with the development we are seeing at the moment, with strong growth in all our three segments, we remain very confident that we are well on track to achieve this EUR5 billion revenue goal.

Now I would like to finish this presentation by thanking you all for all your support, for your time today, but also for the trust in us to deliver on our plan. This really means a lot to us and is much appreciated. And on this positive note, we are confident that this will be a successful year for About You, and we hope you will keep supporting us through this growth journey. And with Tarek and Sebastian who are also on the line, we are looking forward to answering your questions. So moderator, can we start?

QUESTIONS AND ANSWERS

Operator

Anne Critchlow, Société Générale.

Anne Critchlow - *Société Générale S.A. - Analyst*

Good morning, all, and thanks for taking my question. It's really about the Big Bang activity. I know you did Spain in the first quarter. What have you got coming up for the second quarter and the rest of the year by quarter, so we can have an idea of how to look at the marketing costs? I've got a couple of other questions as well. Do you want me to ask those after the answer or ask them now?

Hannes Wiese - *About You AG & Co. KG - Co-Founder & Co-CEO, Operations & Finance*

Yes, please continue.

Anne Critchlow - *Société Générale S.A. - Analyst*

Thank you. So just wondering about the Tech customer pipeline. You've mentioned Marc O'Polo, for example, but how is that pipeline looking now compared to the IPO stage, if there's any developments? And then the third question is about conversion. So conversion looked to be down very slightly with frequency up, and I just wondered if that reflects pandemic behavior or if there's something else behind it. Thanks very much.

Hannes Wiese - *About You AG & Co. KG - Co-Founder & Co-CEO, Operations & Finance*

All right. So let me take the first question on Big Bang plans. So what we are definitely planning is elevated campaigning activity in the new markets in the second half of our financial year. We are not yet fully clear as to how these campaigns will be carried out exactly, so whether this will be Big Bangs in a similar scheme as we've done before, or whether this will be slightly changed. So this will be decided in the Q2 and then executed throughout the second half of the financial year.

Anne Critchlow - *Société Générale S.A. - Analyst*

Thank you.

Hannes Wiese - *About You AG & Co. KG - Co-Founder & Co-CEO, Operations & Finance*

And on the second question regarding Tech customer pipeline, so what we've disclosed, for example, is that we signed Tom Tailor as a new client in Q1. And we've also won two other wins that are not yet disclosed or may also not be disclosed going forward, because this is of course also a sensitive topic, where we strive to protect the interest of our clients. And with regards to the pipeline going forward, the figures that we disclosed haven't materially changed since the IPO. And that also implies that we continue to have a very strong pipeline, and we expect further wins in the next months for our Tech business.

Anne Critchlow - *Société Générale S.A. - Analyst*

Okay, great. Thank you.

Hannes Wiese - *About You AG & Co. KG - Co-Founder & Co-CEO, Operations & Finance*

And the last question on conversion, ultimately for us, conversion is not the number one metric that we look at. We rather try to optimize on frequency, customer lifetime value. But on the dynamics here, what we certainly see is that there are different conversion patterns across different markets, both structurally and also in terms of the different maturity levels of these countries. So an increased activity on traffic and revenue side. For example, in Rest of Europe, may -- [interest] part would also lead to an adverse impact on the conversion rate as such.

Another way to look at it is also that, as you know, we are heavily focusing on inspiring customers and many of our users are visiting us on a frequent basis without immediate transaction, especially in earlier stages of the funnel. So this can also be seen as an indication that there are many customers now in early stages of the funnel, so visiting ABOUT YOU for the first, second, third time, which may then convert into buyers in the next quarters.

Anne Critchlow - *Société Générale S.A. - Analyst*

Okay. Thank you very much.

Operator

Georgios Pilakoutas, ABOUT YOU.

Georgios Pilakoutas - *Numis Securities Limited - Analyst*

Thank you. Sorry. Yes, from Numis, and just to clarify. First question is on Big Bang in Spain just three, four months ago, just any commentary on how those cohorts are trending, how that is relative to expectations, and any potential read across to your ambitions both to France and Italy.

Second one was just -- you spoke about premium a bit more today. Is that part of the driver of the higher average order value? Could you talk a bit about how that premium category is trending in terms of -- also perhaps the margin dynamics. Is it a higher tick from acquisition costs or is it more similar in that full potentially higher margin business? And then thirdly, we are seven, eight weeks into the second quarter, so I was just looking for any commentary on current trading.

Hannes Wiese - *About You AG & Co. KG - Co-Founder & Co-CEO, Operations & Finance*

Sure. So starting with the first question on Spain performance, so what we are seeing now with the cohorts acquired during the Big Bang phase and shortly after is basically a positive picture. So we're seeing good performance here in repurchases rates and also in COD projections. And as we've told you during the IPO in the soft launch phase, for us, France and Italy actually look even more promising than Spain. And that makes us very bullish on France and Italy going forward now that we have some more data points in Spain and Southern Europe. So that looks all very good.

And on the second question regarding premium, it is certainly one of many drivers of the positive AOV dynamics. There are certainly several other factors, including COVID-related consumer patterns, including product improvements that we're doing, and so on. So I wouldn't relate this to premium exclusively, but it's certainly one driver.

And with regards to dynamics on customer acquisition costs and customer lifetime value, what we do indeed see is that more premium customer types, more premium channels tend to have higher customer acquisition costs. But at least for us at the moment, that is by far overcompensated by higher customer lifetime values and higher customer lifetime value projections.

And this is a function of, first, the higher item prices that we see. So of course, this then scales against, for example, fulfillment costs. So we are seeing a strong contribution margin profile for premium as such. But it's also driven by the total spend of these customers. So these -- they tend to have deep pockets, of course. And yes, we tend to have higher total spend over periods as well, yes.

And on the third question with regards to the dynamics in our Q2, so what we can say is that we had a good start into our Q2 that would relate largely to June as the being the first month in our Q2. And as said, this also makes us very confident, say, it is now realistic that we are going to reach the upper half of our guidance range. When we look at our very recent current trading, what we see is, of course, of different trading dynamics in different regions across Europe. So some volatility here, but I would actually consider this on a relatively normal level for this time of the year because what we usually see is with different vacation and weather patterns across Europe, this can also then impact different countries or different regions, differently.

Georgios Pilakoutas - *Numis Securities Limited - Analyst*

Super. Thank you.

Operator

Georgina Johanan, J.P. Morgan. Mrs. Johanan, you're on mute, maybe?

Georgina Johanan - *J.P. Morgan Cazenove Limited - Analyst*

Hi, can you hear me now?

Operator

Yes, we can hear you now.

Georgina Johanan - *J.P. Morgan Cazenove Limited - Analyst*

Apologies for that. Good morning and thank you for taking my questions. I've got three, please. The first one was you just -- you referenced some sort of normalization of the category mix, and I was just wondering if you could make any comment on where returns rates are trending at the moment. And indeed, if they are still below that 50% level, and if you now have further confidence that they won't trend back above that rate? That was the first one.

The second one was you talked to the IPO about building out your Tech sales team. And I just wondered if there's been any progress on that so far, please. And then third question was we've obviously seen Zalando recently expanded into a few of the new CEE markets. I think Slovakia, Slovenia, and another one. And I know it's only been a few weeks since they've been there, but I was just wondering if you could talk about if you've seen any impact on your own performance since they launched in those markets, please. Thank you.

Hannes Wiese - *About You AG & Co. KG - Co-Founder & Co-CEO, Operations & Finance*

Yes, sure. So on the first question regarding return rates, so let me distinguish this on three levels, being the product mix, the customer behavior, and also our regional mix. So on the product mix, indeed, as you rightfully pointed out, we are seeing a gradual shift back towards going out categories as countries are transitioning out of lockdown -- so categories like dresses, occasion, and so on being back in demand. And as these categories tend to have higher return rates than, for example, leisurewear categories, that also then leads to gradually higher return rates on the interest part [of the spaces]. However, what we see is that the product mix effects here are in an interim stage. So the product mix that we see now is not yet back to where it was pre-COVID levels.

The second driver, customer behavior, so if we look on returns on a really like-for-like basis, so say a new customer buying at a similar style group in a similar price range or so, then here we also see a slight increase in returns on a like-for-like basis, probably because customers feel more comfortable to return now in an environment where restrictions are eased, to pick a return store and so on. But also here, that is not on pre-COVID levels on a like-for-like basis, so again, kind of in an interim stage.

And on a regional level, as you've seen, our rest of European segment growth by far overproportionate to the Group. And in these markets, we tend to see much lower return rates. So this then positively affects our return rate for the Group.

And taking all of these effects together leads us to having a return rate as a whole for the Group that is not materially different to what we've observed in Q1 2020-2021 and also not for the full-year 2020-2021. So total return rate on an item basis continues to be slightly below 50%.

Then on the second question regarding the buildup of our Tech sales team, yes, we are making very good progress here. We cannot disclose any specific winds of recruiting effort on that end, but that looks all very good, and that is also one driver of us saying we continue to be very confident on not only the sales pipeline that we have now, but also on the buildup over the next quarters and years.

And last question on Zalando in CEE, so what we are seeing in our Q1 results is that we continue to grow very strongly in CEE and also in these countries where comparative activity has increased. So at least from these data points, we couldn't say that we are adversely affected as of now. We've also commented, I think, in the course of the IPO that, in some instances, we saw that competitive activity -- especially one relating to market education. So doing broad advertising campaigns that ultimately educate the customers broadly about the benefits of buying fashion online, this can actually have positive spillover effects also on our trading. So coming from these two data points, we wouldn't be overly concerned at this stage.

Operator

Are your questions answered?

Georgina Johanan - *J.P. Morgan Cazenove Limited - Analyst*

Sorry, yes. (multiple speakers) Thank you very much. Thank you.

Operator

Olivia Townsend, UBS.

Olivia Townsend - *UBS - Analyst*

Hi. Yes, I have three questions as well, please. The first is just on the shape of trading throughout the quarter. So you previously mentioned that group revenue growth in March and April was ahead of year-on-year growth seen last year. I'm just wondering, are you able to put anymore numbers around this so we can get a sense of the quarter exit rate? Just how much higher than growth last year was growth in March and April?

My second question is on the margin in the DACH region. So even when accounting for any negative margin impact from COVID last year, this -- the increase in profitability is clearly very significant. I'm just wondering how you're thinking about this margin going forward. Are you happy for it to stay at this kind of level? Or would you be looking to invest more to drive higher top-line growth?

And then my final question is just a factual one on the level of fulfilled by AY penetration now. Has there been any change from the 25% that you mentioned previously?

Hannes Wiese - *About You AG & Co. KG - Co-Founder & Co-CEO, Operations & Finance*

Sure. So on the first question regarding the shape of trading in Q1, so all three months showed strong trading results, so growing strongly. And please excuse that we cannot disclose specific monthly figures here, but it's certainly not that we saw a strong drop in trading in May or so. And that is also consistent with our statement, saying that we also had a strong start into our Q2, meaning in June.

Then on the second question regarding DACH margin, and as far as I got it, also implied growth ambition, growth prospects. So first, maybe on growth, so we've grown 27% year over year. And that comes from a pretty strong comparative quarter Q1 2020-2021, where we've grown 46%. So actually growth dynamics, as we see it, they look pretty happy.

And as you rightfully pointed out, that in light of a strong EBITDA margin expansion, particularly positive. Certainly we've seen some tailwinds in the Q1 also for DACH margin evolution. For example, basket dynamics, probably partly also related to COVID, but especially the strong demand that we've seen as the DACH countries transition out of lockdown and the return into going out categories, and so on.

So going forward, we wouldn't expect material investments into campaigns as we see that, for example, in Rest of Europe. So we expect the -- continue to expect the DACH margin to expand on a full-year basis. But certainly we are observing market opportunities and we may consider raising our customer breakeven targets from time to time, and this we'll then also consider as part of [us lead] to a higher marketing spend.

And the last question regarding -- I believe that was fulfillment by ABOUT YOU. So the 25% -- or around 25% share of 3P revenues, that has not materially changed. We continue to see a positive trend, but that is not materially different in terms of share now versus the IPO.

Olivia Townsend - *UBS - Analyst*

Great, thank you. If I could just quickly follow up on the answer about the margin in the DACH region. So as you say, tailwinds as the markets reopen. Are you also seeing a better pricing environment in the DACH region, given the higher demand, that you're not having to promote so much?

Hannes Wiese - *About You AG & Co. KG - Co-Founder & Co-CEO, Operations & Finance*

If we relate this to the Q1 2021, I would definitely say yes. So what we've seen in the times when the COVID crisis unfolded, also in DACH was increased price elasticity, so consumers being very price-conscious in light of the crisis. Also yes, a pretty tough competitive environment when it comes to pricing. So this has definitely come down and we are seeing a more stable pricing environment, both on the demand and supply side.

Olivia Townsend - *UBS - Analyst*

That's great. Thank you.

Operator

(Operator Instructions). Nizla Naizer, Deutsche Bank.

Nizla Naizer - *Deutsche Bank AG - Analyst*

Great. Thank you very much. I have three questions from my end as well. The first one is on the Big Bang in Spain. Could you perhaps help us quantify what the cost of that Big Bang might have been in Q1? And just curious to understand why you may change the strategy for some of the new markets in second half, based on something you said on the call, which is that you would consider how you would want to expand in these new Southern European markets. Some color there would be great.

Secondly, could you share with us how the share of your exclusive assortment changed in Q1? Did that increase from last year? And has that impacted your margins or your profitability positively in any way? Some color around your exclusive assortment strategy would be great.

And the third is on the order frequency. Could you give us some color on how it has trended among your existing customers or your repeat customers? Given that on a group level, it's increased nicely, but how has that trended for your existing customers? Thank you.

Hannes Wiese - *About You AG & Co. KG - Co-Founder & Co-CEO, Operations & Finance*

Sure. So on the first question regarding Big Bang costs in Spain, I think we had also already indicated this during the IPO to range in a significant single-digit million range, so more like on the upper end of the single digits. So that's indeed significant. And on the strategy going forward, please excuse that I cannot comment on really country-specific strategy or thinking at the moment. But what I would expect is that for the second half of the financial year, we are going to see a mix of Big Bang -- typical Big Bang campaigns in some countries, as well as elevated campaigning activities for others.

Second question on the exclusive assortments, so we will not disclose the shares on a quarterly basis. But what I can tell you is that the share of exclusives has increased in the Q1 2021-2022, both versus the full year of 2020-2021 as well as the Q1 2020-2021. So we are seeing this positive trend continue, and that is also in line with what we would have expected and guided for.

And the third, you [hear], of course -- or remains to build that out. We are seeing this positive momentum. Maybe you've heard that we've now started into the teaser phase of our Kendall Jenner campaign, also causing very high interest levels. So yes, we remain very excited about this topic and also now particularly excited about the Kendall Jenner collection to launch in July 25.

And the last question, order frequency, the dynamics that we see here, they remain relatively stable. So the older a cohort is, the higher the transaction frequency. If we normalize, for example, order frequency by excluding new customers, while we have a very high new customer share, then order frequency continues to range far above four times per year. And if we now look at older cohorts in that sense, it is even higher. And these dynamics, they are relatively stable, and we also expect these to remain stable going forward. Hope this answers the question, Nizla.

Nizla Naizer - *Deutsche Bank AG - Analyst*

Yes, it did. That was perfect. Thank you.

Operator

As we receive no further questions, I hand back to Hannes for closing remarks.

Hannes Wiese - *About You AG & Co. KG - Co-Founder & Co-CEO, Operations & Finance*

Yes. Thanks very much. Let me close our presentation by reiterating some key takeaways for our Q1. We've shown strong top-line growth across all our segments. Group revenues are up 65% year over year, and both our Rest of Europe and TME segments show growth rates of more than 100%. We've launched three new countries to date, and we see good traction in our Southern Europe and Nordics markets. We are seeing an improved group profitability; highlights are DACH with 7.9% and TME with 13.6% EBITDA margins.

Our guidance for the financial year 2021-2022 remains unchanged, but given a strong start into our Q2 2021-2022, we believe it is now realistic to reach the upper half of our revenue guidance range. So thank you all for your support and everybody for joining today's Q1 call. Handing it back to Julia now.

Julia Stötzel - *About You AG & Co. KG - Head of IR*

Thanks, Hannes. Also from my side, thanks, everyone, for joining our very first quarterly results call. If there remain to be any further questions, please feel free to reach out to the IR team directly. We are looking forward to seeing some of you also during our upcoming roadshow. Have a good day. Bye.