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CORPORATE PARTICIPANTS

Hannes Wiese *ABOUT YOU Holding AG - Co-Founder, Co-CEO of Operations & Finance and Member of Management Board*

Frank Böhme *ABOUT YOU Holding AG - Head of Investor Relations & Communications*

CONFERENCE CALL PARTICIPANTS

Anne Critchlow *Societe Generale Cross Asset Research - Equity Analyst*

Fathima-Nizla Naizer *Deutsche Bank AG, Research Division - Research Analyst*

Georgina Sarah Johanan *JPMorgan Chase & Co, Research Division - Analyst*

Nicolas Katsapas *BNP Paribas Exane, Research Division - Research Analyst*

Olivia Townsend *UBS Investment Bank, Research Division - Analyst*

Volker Bosse *Baader-Helvea Equity Research - Co-Head of Equity Research*

PRESENTATION

Operator

Dear ladies and gentlemen, welcome to the conference call of ABOUT YOU. At our customer's request this conference will be recorded. (Operator Instructions). May I now hand over to you Frank Böhme who will lead you to this conference.

Frank Böhme - ABOUT YOU Holding AG - Head of Investor Relations & Communications

Good morning, everyone, and thank you for joining ABOUT YOU's Conference Call for the First Quarter of 2022/2023. We are excited to have you all with us today. Please let me make a couple of introductory remarks. ABOUT YOU is represented by our Co-Founder and Co-CEO, Hannes Wiese today. My name is Frank Böhme, I'm the newly appointed Head of Investor Relations and Communications at ABOUT YOU. And I'm really looking forward to meeting you over the coming weeks to introduce myself in more detail.

For today, I will guide you through the call. Hannes will walk you through our Q1 results in just a second. The corresponding slides for this presentation have been published on our IR website under the Publications section this morning. After his presentation, he will be happy to answer your questions. And with this, I hand it over to you, Hannes.

Hannes Wiese - ABOUT YOU Holding AG - Co-Founder, Co-CEO of Operations & Finance and Member of Management Board

Yes. Thanks, Frank, and welcome to the team. Good morning, everyone, and thank you for joining our conference call for the Q1 '22/'23. Today, we are following the usual agenda there is quick introduction highlights, update on our business, financials, outlook and Q&A.

So starting with the highlights of the first quarter '22/'23. In a challenging market environment, we managed to deliver continued top line growth of 19.4%, reaching EUR 504 million in revenues in Q1 '22/'23. Top line performance was negatively impacted by external factors, most notably negative impacts on consumer sentiment from the Russia-Ukraine conflict, which significantly affected our CEE trading in Q1. Our Q1 adjusted EBITDA lands at negative EUR 28.8 million, and this is driven by continued investments into strategic growth initiatives negatively affected unit economics and one-off effects like the demand impact in CEE.

We continue to deliver strong progress in our core product assortment and customer experience reflected in growth in active customers and frequency. Active customers are up 28% year-over-year to EUR 11.8 billion on a last 12-month basis and order frequency increased from 2.8 to 3.0 orders per year. Average order value decreased slightly to EUR 56.8 per order, largely driven by the expected normalization in return rates. We

continue to see solid revenue growth in our commerce segments despite the challenging market environment. DACH is growing by 10% and rest of Europe by 23% year-over-year.

Profitability is, however, under pressure. DACH remains profitable, but adjusted EBITDA margin decreased to 4.1%. In rest of Europe, growth investments lead to a negative 20.1% margin in Q1. TME, our B2B segment continues on its strong growth trajectory. Year-over-year growth is at 45% in Q1, driven by great traction in our SCAYLE business. Adjusted EBITDA margin for TME also improved year-over-year, increasing by 0.4 percentage points to 14% in Q1.

Today, we confirm our guidance for the full year '22/'23. We are all aware of the volatile market environment and persisting uncertainties. Despite these factors, we are confident that we will grow by 25% to 35% year-over-year, resulting in group revenues of EUR 2.165 billion to EUR 2.338 billion. For our adjusted EBITDA, we continue to expect the full year result of around a negative EUR 70 million to a negative EUR 50 million. This will be supported by comprehensive bottom line measures on our path to profitability. Now let's jump right into our business update. In a situation of high market volatility, we are able to grow our revenues and continue to gain market shares. Volatility is visible on the left-hand side of this chart where we are showing year-over-year revenue growth for the group on a monthly basis for our Q1.

As mentioned in our last call, in the first 2 months of Q1 '22/'23, we saw a negative demand impact in CEE due to the Russia Ukraine conflict. This effect was reinforced by our decision to pause marketing campaigns in the region in order to respond to the sentiment changes on the CEE consumer side. Already in May, the direct demand impact had normalized with revenue growth levels returning above our FY '22/'23 guidance levels.

Taking all this together, our Q1 growth comes in at 19.4%, which also needs to be seen in light of tough comparatives from last year. While the Q1 '22/'23 growth levels remain below FY '22/'23 guidance levels, we are confident that this will be compensated by an accelerated revenue growth for the rest of the year. This is backed by the revenue development we are seeing at the moment and softening comparatives in H2 '22/'23.

As planned, we have continued to invest into our growth strategy in Q1. We are aware that this may seem progressive in these volatile times and that retrospectively, the timing of these investments seems not ideal. But we also remain fully convinced that we have the right growth strategy in place for ABOUT YOU, that we are very well on track in our strategy execution and that this will create substantial long-term value for the firm. It is then important for us to follow up on the status of our investments, which resulted in a double-digit number in extraordinary costs in Q1. Starting with the ABOUT YOU awards in Milan, which brought together the most influential content creators in Europe. Again, the awards have proven to be a strong lever to strengthen and internationalize our unique influencer community while creating over 500 million social media contacts for the ABOUT YOU brand.

Moving on to footprint expansion. We successfully executed a big bang style campaign in Norway, which marks the last large-scale market entry campaign for this year. We also continue to invest in the scaling phase of our newer markets, particularly in Southern Europe. On the category side, we managed to achieve item count growth in a 40% range year-over-year despite the current challenges in the supply chains. Meanwhile, we continue to scale TME, our B2B segment, fostering the internationalization of our scale business through successful new market launches and enhanced marketing activities. All in all, we remain satisfied with the progress and results of our growth initiatives. But we are also increasingly cautious in light of macro factors and the broader market context.

A field where these factors become visible is the development of our unit economics. After years of continuous improvement, we see unit economics declining in Q1 '22/'23. This is illustrated by the chart on the left-hand side, where we are showing the development of contributions per transaction in Germany over time. As you can see, the current quarter remains below the strong levels of last year, although we are still on a positive long-term trend. We believe the drop versus Q1 '22/'23 is not attributable to one single driver, but can be explained by a number of factors, including normalization of return rates towards pre-COVID levels, moderately increased discount levels, lower top seller availability driven by supply chain factors, inflationary cost pressure and logistics, which makes the realization of scale effects more difficult for us and increased complexity due to our DC network rollout. While we consider some of these factors temporary in nature, we are taking the profitability implications of lower unit economics very seriously, and we want to be well prepared also for a more prolonged downturn.

We are hence enforcing the measures we had planned to execute on our path to profitability, which remains the highest priority for the group. The measures include adjusted marketing steering with increased ROI targets, which will effectively lower our marketing spend and improved unit

economics. Further, we plan to reduce growth investments into new markets meaning lower brand invest in scaling phases and no large-scale market entry campaigns into new regions.

Lastly, we are setting up operating efficiency programs targeting key cost lines, in order to fully exploit bottom line potential for the group. These measures are now sequentially being implemented, and we expect to see first positive bottom line impact towards H2 '22/'23. So we are starting to progress on our path to profitability, and we are very confident that we will deliver on this #1 priority in FY '23/'24.

So far on our business update, let's now talk about our financial performance in the first quarter '22/'23. On top line, we continue to see strong growth in all our segments. But let's start with the group trading on the left-hand side of this chart. We grew our revenues by 19.4% in Q1, which corresponds to EUR 504 million in revenues. As already discussed, the positive revenue development is to be seen in light of a challenging market for the commerce business as the Russia-Ukraine conflict caused a drop in demand, especially in the CEE countries.

The Q1 results once again confirmed the robustness of our business model as revenue picked up strongly in the last weeks, showing our ability to navigate through this volatile market environment. So let's take a look at our segments. We continue to see healthy growth in our DACH region. In the first quarter of this fiscal year, our DACH segment achieved a revenue growth of 10%. COVID-19 restrictions were held up until late April limiting occasions to buy for our core going-out categories. The demand environment has improved now that restrictions were lifted, and we are seeing category distribution normalizing towards pre-COVID level.

Moving on to our Rest of Europe business. Despite the demand shock experienced by the CEE markets, our Rest of Europe segment continues to grow at 23% year-over-year, finishing the quarter with a strong exit rate. We are also pleased to see that the trend of strong sales development in our Southern European and Nordic markets continued in the first quarter '22/'23.

On TME, our B2B segment continued to grow significantly, with revenues up 45% year-over-year. For context, we currently see revenues for many of our B2B clients moving sideways to declining, which is in line with the broader e-commerce sector development at the moment. Ceteris paribus, this also negatively affects our B2B revenues given that a significant proportion of these are generated as a take rate on client revenues. However, as demonstrated by our strong Q1 figures, we can clearly overcompensate these effects by effective take rate increases from upselling existing clients into new products as well as by winning and onboarding new clients.

Let's now take a closer look at our own Commerce business, where once again, growth is underpinned by our strong cohort data. Active customers, are up 28% year-over-year from EUR 9.2 million to EUR 11.8 million, boosted by the acquisition of new customers in ROE and a positive impact from reduced customer churn. Order frequency increased from 2.8 to 3.0 orders per year, supported by excellent assortment and enhanced customer experience as well as age structure effects of cohorts, which drive order frequency increases with the years. Average order value decreased by 2.2% from EUR 58.1 to EUR 56.8 per order in the last 12 months.

Since the start of the spring/summer '22 season, we are observing an increase in the average item price of products sold, meaning that for large parts of our assortment, we are able to forward inflation-related price increases to consumers. These price effects are, however, offset by a reduced number of net items per order, which in turn relates to an increased return rate, currently normalizing at pre-COVID levels.

With that, let's move on to our bottom line, which is currently characterized by diverging profitability dynamics in the segment. Let's start again on the left-hand side of this chart showing our group adjusted EBITDA margin at a negative 5.7% in Q1 '22/'23 versus a negative 2.9% in the last year. The driver are growth investments, macro factors and one-off effects relating to our Commerce segments. Our DACH business remained profitable despite these factors. But the adjusted EBITDA margin in Q1 '22/'23 declined to 4.1% compared to 7.9% last year. This is driven by a slight gross margin decline and increased fulfillment costs in DACH, translating into lower unit economics as discussed in the business update section.

Moving on to our ROE segment, where we see the expected effect of our growth investments in such as the big bang market entry campaign in Norway are the continued media campaigns in Southern Europe. We keep experiencing huge successes in terms of brand building and new customer acquisition. But we also see the expected adverse effect on profitability, which continue to be visible in our Q1 '22/'23, where adjusted EBITDA margin was at a negative 20.1%. ROE EBITDA was further adversely affected by the Russia-Ukraine conflict, which resulted in forgone contributions and one-off costs in CEE.

On B2B, our TME business achieved a strong Q1 EBITDA margin of 14%, up from 13.6% in the last year. Driver of the margin improvement is the continued growth in high gross margin B2B revenues scaling against the predominantly fixed cost base. Let's now take a look at the key cost lines of the group. Starting with the gross margin, where we see an improvement of 42.6%, up from 41.8% in the prior year. This development was primarily the result of the increased share of high-margin B2B revenues and increasing share of own label sales for Commerce as well as economies of scale from supplier agreements and operational optimizations. These positive drivers could offset gross margin pressure in the commerce segments, resulting from inflation, consumer uncertainty and supply chain effects.

Next, our fulfillment cost ratio, which increases to 21.9% in Q1 '22, '23, up from 19.2% in the previous year. Various effects contributed to this increase. Firstly, returns moving back to pre-COVID levels and net basket sizes moderately declining year-over-year. Secondly, scale effects become harder to achieve as logistic costs are impacted by inflation. Thirdly, the ramp-up of the European DC network cost is one-off costs and operating complexity. Lastly, our inventory measures to mitigate supply chain effects caused a temporary increase in storage and processing costs. So the increase in our fulfillment cost ratio is driven by a mix of expected structural factors and temporary effects, which are expected to ease over the next quarters.

Let's move on to our marketing costs. Marketing cost ratio reached 20.8% in Q1, up 1 percentage point versus last year. This increase is driven by continued investment in brand building and new customer acquisition especially in our less mature Nordic and Southern European markets. The Russia-Ukraine conflict also affected the marketing cost ratio as the unexpected drop in demand caused a temporary inefficient marketing steering and cancellation costs for media campaigns, large-scale events like the ABOUT YOU awards in Milan or the big bang campaign in Norway further contributed to elevated marketing cost levels. Lastly, our Admin and other cost ratio is moving sideways.

For Q1 '22/'23, we were not able to fully realize the expected efficiency gains partly as a result of inflationary pressure. This has led to Admin cost levels of 5.7% of revenues in this quarter. All these effects combined resulted in a decrease of our group adjusted EBITDA margin by 2.8 percentage points to a negative 5.7% margin in Q1 '22/'23.

Let's now take a look at our cash flow drivers. Our net working capital returns to the negative territory, ended at a negative EUR 19.4 million for Q1 '22/'23. This is, however, partly driven by seasonality, and we are not yet back at the working capital efficiency levels, which we've shown in the last year. Working capital dynamics are currently driven by increased inventories largely due to inventory measures to mitigate anticipated supply shortages, structurally increased inventory levels due to our DC network rollout and also missed Q1 revenues in CEE. Our capital expenditures amounted to EUR 13 million in Q1 '22/'23. Majority of CapEx went into our growing IT and Logistics infrastructure as well as joint ventures with influencers and incubators.

Moving on to our cash position. Let us first look at our free cash flow, which is at a negative EUR 24.4 million for Q1 '22/'23. This cash out is largely driven by the market entry and growth investments carried out in Q1 as well as CapEx into our IT and Logistics infrastructure. Our financing cash flow is at a negative EUR 6.6 million in Q1 '22/'23, which is driven by payments for leasing agreements. We ended the quarter with cash and equivalents of EUR 465 million, which give us a strong liquidity position to execute on our path to profitability.

Moving on to our guidance for the financial year '22/'23 and our medium-term goals. We reiterate our FY '22/'23 guidance as we expect our group revenue to grow by 25% to 35% year-over-year, and to generate revenues of EUR 2.165 billion to EUR 2.338 billion. The FY '22/'23 revenue guidance implies a slight acceleration in growth versus our Q1 '22/'23 results presented today. This is in line with our May and June trading as our CEE markets have recovered from the Russia-Ukraine demand shock and our newer Southern European and Nordic markets are scaling strongly.

For our group profitability, we continue to expect adjusted EBITDA to range between a negative EUR 70 million to a negative EUR 50 million. This is backed by our past profitability measures, which are expected to show positive bottom line effects towards H2 '22/'23. CapEx is expected to be around EUR 60 million to EUR 80 million and net working capital is expected to be neutral towards the end of FY '22/'23 as we are preparing for slightly elevated inventory levels also in H2.

In these volatile times, it is important for us to be very clear also on our medium-term priorities. #1 priority for the group remains the adjusted EBITDA breakeven in FY '23/'24. Subordinated to our group profitability goal remains our medium-term top line target of EUR 5 billion in revenues by FY '25/'26.

I would like to finish this presentation by thanking you all for your time today and also for your trust in us to deliver on our plans. We are looking forward to answering your questions. Moderator, can we start?

QUESTIONS AND ANSWERS

Operator

Thank you, sir. Ladies and gentlemen, now we will begin our question-and-answer session. (Operator Instructions). One moment for the first question. Our first question today comes from Georgina Johanan of JPMorgan.

Georgina Sarah Johanan - *JPMorgan Chase & Co, Research Division - Analyst*

I've got 3, please, if that's all right. The first one was just on the stock position. I think you called out about 3 reasons why that was so elevated at the moment. Is it possible just to split out sort of the magnitude of each of those reasons and particularly how much is attributable to the structural uplift in the position, please?

Second question was you referenced June trading along with May having accelerated versus Q1. Given that from the chart, we can see May was up over 35% year-on-year, should we assume the same for June, please? And then finally, just in terms of the profit protection measures that you mentioned and you called out efficiency programs. Can you just give some examples of the efficiency programs, please?

Hannes Wiese - *ABOUT YOU Holding AG - Co-Founder, Co-CEO of Operations & Finance and Member of Management Board*

Sure. On the first question regarding stock position, I would say, relatively equally distributed over these 3 factors. I mean the missed revenue CEE, that's certainly a temporary preponed inventory intake to mitigate supply chain volatility. I think this will also hold true for H2, but will then cease over the mid-run. And the structural effects due to the DC ramp-up, I think this is sustainable. So it makes sense to have higher coverage when you operate more DCs. On the second question regarding current trading. Indeed, we've seen May trading growth being slightly above the guidance range. Now for June, we are seeing growth lending within the guidance range, and this also makes us comfortable for our top line guidance for the full year. And in terms of profit protection measures, key lever here is certainly marketing, as indicated, slightly adjusted marketing steering but also reduced growth investments. And in terms of efficiency measures, this is a mix of targeting general and administrative costs, slowdown in new hirings. So a mix of efficiency measures, different cost lines and overhead.

Georgina Sarah Johanan - *JPMorgan Chase & Co, Research Division - Analyst*

Great. Thank you very much.

Operator

We move on to our next question from Anne Critchlow of Societe General.

Anne Critchlow - *Societe Generale Cross Asset Research - Equity Analyst*

I've got 3 on marketing. So firstly, which countries are you reducing your marketing spend plans? And then secondly, if you could talk a bit about Big Bang and whether that method is now history and looks quite different from how it was explained to us 12 months ago? And then thirdly, thinking about the shape of reaching EBITDA -- adjusted EBITDA profitability by '23, '24. Are we now thinking perhaps lower revenue growth and also lower marketing spend -- thank you.

Hannes Wiese - ABOUT YOU Holding AG - Co-Founder, Co-CEO of Operations & Finance and Member of Management Board

So on the countries reducing marketing spend, these are 2 factors. The first is adjusted marketing steering, so basically increased ROI targets or earlier breakeven targets for new customers. This holds true for all countries. But that said, the breakeven targets for new customers still are different for more mature markets versus less mature markets. And what we're doing, which was also always planned is that in the scaling phase of our newer markets here, I would call out Southern Europe, Nordics and parts of the less mature market in CEE. We are, as part of the playbook, reducing growth investments with the countries more maturing. So it is actually that in markets that have had a big bang 1, 2 years ago, we usually drive down marketing spend and branding and so on. And this is also now the plan for these markets in line with their maturity. And regarding the big bang scheme, we still believe -- we continue to believe that the big bang campaign is a very efficient measure to build up brand awareness to enter a new market. But given the footprint that we have developed now over the last 12 to 18 months, it is that the coverage of Continental Europe is quite complete, and we are now not looking at further market entries outside of Continental Europe. And regarding the shape of '23/'24, as said, a key priority is bottom line. So #1 priority is to reach the adjusted EBITDA breakeven next year. And it's too early at this point to comment on the specific shape of the top line, but we definitely continue to expect top line growth and the magnitude will then be discussed at a later stage.

Operator

Our next question comes from Nicolas Katsapas of BNP Paribas.

Nicolas Katsapas - BNP Paribas Exane, Research Division - Research Analyst

I have 2, please. On inventory, has all of the increase in inventory brought forward? Or put another way, how far into the year does this increase cover you? And linked to that, how are you feeling about the promotional environment in Europe for clothing for the rest of the year. And then the second one is on gross margins. Has buying the inventory early protected you from further inflation in product costs, do you think. Do you think there might be a positive gross margin effect as RRP's perhaps increase, but you've locked in your inventory process.

Hannes Wiese - ABOUT YOU Holding AG - Co-Founder, Co-CEO of Operations & Finance and Member of Management Board

Sure. So on the preponed inventory intake, I would say the goal here was to create a slope or shape of the intake curve which looks like a normal season. So we were expecting delays in deliveries and hence, we were deliberately preponing this to mitigate these delays and have a shape of the delivery curve, which is more normal. So it is not that we're having inventory earlier now than usual, it is more like we were doing this to mitigate the delays.

And on promotional activity, we are seeing slightly elevated promotional activity in the market. As pointed out, we also believe -- we ourselves to have a slightly elevated inventory position right now. So I think now moving into the sales season, it is also fair to assume that there will be slightly increased discount levels. And in terms of inflation, I think in principle that is right that, for example, for never out-of-stock items having them long in stock right now might give you a slight positive effect with prices being increased over the year. But that said, we are also having a fast turn in stock in this industry. Stocks are turning 5x per year or so. So I wouldn't expect this effect to be overly significant.

Operator

We move on to our next question, Volker Bosse from Baader Bank.

Volker Bosse - Baader-Helvetia Equity Research - Co-Head of Equity Research

Two questions left. First, if I get you right, reaching adjusted EBITDA breakeven in '23, '24 is on top of your agenda. So are you willing and planning to cut back top line ambitions in order to reach this profitability target. For example, Tarek just recently mentioned that the K5 conference to

postpone the launch of the global distribution platform. Do I get this right? And could you provide more insight here in regards to that plans and what he meant by saying so?

And the second question would be -- I would be interested in your expansion plans across Europe in the second half '22. So what are the highlights you want to set and what is to come as a sneak preview on marketing focus you want to set?

Hannes Wiese - ABOUT YOU Holding AG - Co-Founder, Co-CEO of Operations & Finance and Member of Management Board

So on the first part, EBITDA breakeven and implications on top line. First, as I said, it's too early to comment on specific growth ambitions also now for the next year. But generally speaking, it also really depends on where does the growth come from. And how does this translate into the bottom line. So for example, growing in more mature markets like DACH or also CEE for us that usually tends to have a quite significant positive bottom line effect.

And then again, investing into growth into new regions like Southern Europe also in the short time horizon has a negative bottom line impact. So what we -- what I think Tarek meant in terms of global shipping. I mean the global shipping platform is already live. It's live since, I think, December '21 also. And it continues to be a testing vehicle for us. So we are looking at different regions outside Europe, but all that on a very, very small scale, and we do not plan significant launches or marketing activity now in these regions outside Europe over the next quarters. So it's not on hold also. It's also not that we've countered this initiative. But given the uncertain market environment right now, we feel it's not the right time to venture into regions outside Europe.

Hannes Wiese - ABOUT YOU Holding AG - Co-Founder, Co-CEO of Operations & Finance and Member of Management Board

In second half 2022, there will definitely be exciting marketing campaigns. We're looking forward to the AY Fashion Week, for example. We will also continue, of course, to do branding campaigns to work with influencers. So all of that, which really contributes to the ABOUT YOU ecosystem and the core part of the ABOUT YOU brand DNA, this will, of course, all continue but we will not be as aggressive for the second half of the year in the less mature market for us in order to advance in our part the profitability for the group.

Operator

We'll take our next question now from Nizla Naizer of Deutsche Bank.

Fathima-Nizla Naizer - Deutsche Bank AG, Research Division - Research Analyst

I have 3 questions from my end. Hannes, I'm curious, if you take a step back and think what makes ABOUT YOU resilient in this environment where your peers are not growing nearly as fast as you are. Could you help us understand what's keeping growth so strong for your business versus some of your peers in Europe? That's question one.

Question two, you've told us that the group itself is growing above the forecasted sort of -- or the guided range in May and that sort of stayed the same in June. How fast is the DACH region growing within this mix? Because growth in Q1 was less than 10%. Has that also sort of accelerated? Some color there would be great.

And linked to that, how could we think of DACH margins as well going into the year? Could it go back to sort of high single-digit rates if the unit economics improve, or is sort of a mid-single-digit EBITDA margin the more realistic scenario there? Some color would be great.

Hannes Wiese - ABOUT YOU Holding AG - Co-Founder, Co-CEO of Operations & Finance and Member of Management Board

Yes. Thanks for the questions. Starting with the first one on resilience, I think one important factor is the consumer that we are targeting relatively young, relatively affluent, largely female. So I think these demographics are probably not hit as much as other demographics by sentiment effects and also inflationary factors. That's one point.

Second is the proposition of ABOUT YOU, we have created an ecosystem that inspires consumers, that also helps them to fill time and so on. So we are not dependent on transactional traffic from transaction online marketing channels. We have a very strong organic user base that visits ABOUT YOU almost for entertaining purposes and then converts into (inaudible).

And I think this also protects us in these types of uncertainty and inflation. Lastly, maturity. Of course, we are in some of our markets in an early stage. Revenues are heavily growing. We are in an investment stage here, of course, so we have a probably a higher proportion of truly incremental revenues from new or less mature region. And then lastly, also B2B, as you pointed out, we're seeing completely different trading dynamics in our B2B segment than for commerce. So given the high share of B2B revenues that we have, this is also probably an incremental factor versus some of our peers.

Then on the question regarding DACH growth, DACH continues to grow, but below group average. This has also been the case in the past that we're seeing a proportional growth from our Rest of Europe segment and also from TME, but DACH continues to grow healthily now also into June. And with regards to the margin for DACH. Of course, if the unit economics substantially improved, this will also have a positive effect on the DACH margin. However, as of now, I'm not very confident that this will be the case. So we are a little bit cautious given that these factors that we've outlined here. Like, for example, increased returns rate, inflation, complexity of DC network and so forth that this will not end in this quarter and probably also not in quarter 3, quarter 4. So on the DACH margin, we will certainly remain profitable here, but I'm not sure if we're going to reach the close to double-digit numbers this year.

Operator

As we're getting closer to the end of this call, we will now take our last question coming from Olivia Townsend of UBS.

Olivia Townsend - UBS Investment Bank, Research Division - Analyst

I have 3 questions as well. Just the first one on June, a clarification around growth rates. So I know on a year-on-year basis, you said in the guided range. But I'm just wondering if you could give us a sense of how the comp differs for June versus May, so that we might be able to look at it on a 2- or 3-year basis instead. On profit protection measures, I was just wondering what your view is around adding any change like in terms of the charge to the returns proposition or introducing minimum order value for free shipping and whether you would look to do that as the year progresses, if you need to?

And then finally, just on bought-in gross margin looking ahead. I'm just wondering if you're seeing any improvement in buying rates from the brands as some of the prices of raw materials costs come down.

Hannes Wiese - ABOUT YOU Holding AG - Co-Founder, Co-CEO of Operations & Finance and Member of Management Board

Sure. So for us, June in total revenue tends to be slightly below May. I believe this was also the case last year. Sorry, I cannot disclose the specific number. But I think if we talk about growth within guidance range for June, there is no particular volatility also to be factored in from the last year, not from this year.

Then on the second question regarding MOV or shipment costs and/or returns cost for consumers. This is definitely something that we're looking at. We're, of course, also analyzing now effect, that spillover effects from measures that some our competitors took. But it's too early now for us to call out any specific measures, but this is definitely a topic that we're looking into.

And on the gross margin, we are seeing positive effects from operating leverage. So TNC improvements with third-party brands on a continuous basis. This was also the case for Spring/Summer '22. So, it's not that we've seen a worsening of our intake margin. What has however happened is that many of our third-party brands have increased their RRP's, which then the (inaudible) was also leads to an increase in our in prices.

But as pointed out, we are able to forward the large proportion of these RRP increases also to consumers. So there is no particular volatility on gross margin from TNC agreements, neither positive nor negative at this point.

Operator

Thank you. With that last remark, we'll be ending the Q&A session. I'll pass back the call to Frank Böhme, who will address you with a few final remarks.

Frank Böhme - ABOUT YOU Holding AG - Head of Investor Relations & Communications

Let me close our presentation by saying thank you for your support and for joining us today on our conference call for the first quarter of 2022/2023. If there are any further questions, please feel free to contact the IR team directly. We are looking forward to seeing some of you during our upcoming road show. Have a good day. Bye-bye.

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