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PRESENTATION

Operator

Good morning, ladies and gentlemen. Welcome to the Q1 2023/2024 Earnings Call of ABOUT YOU. At our customer's request, this conference will be recorded. (Operator Instructions) May I now hand over to Frank Bohme, Head of Investor Relations and Communications, who will lead you through this conference. Frank, please go ahead.

Frank Bohme - *About You Holding SE - Head of IR & Communications*

Thank you. Good morning, everyone, and welcome to our Q1 2023/2024 results presentation. Today's conference call will be hosted by Hannes Wiese, Co-Founder and Co-CEO of ABOUT YOU. Hannes will walk you through our Q1 results in just a second. The corresponding slides to his presentation have been published on our IR website under the Publications section this morning. After his presentation, Hannes will be happy to answer your questions.

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

Hannes Wiese - *About You Holding SE - Co-Founder, Co-CEO of Operations & Finance and Member of Management Board*

Yes. Thanks, Frank, and good morning to everyone also from my side. Today, as usual, we are focusing on the following topics: for update on our business, followed by Q1 financials, the outlook section, and we close this call, as usual, with Q&A.

Let's directly jump into our business update, starting on Page 4, with the key takeaways of the first quarter '23/'24. As a result of our strong focus on group profitability, we delivered a positive adjusted EBITDA and a positive free cash flow in Q1. Despite a continued volatile macroeconomic environment and a strong comparison base from Q1 '22/'23, we still managed to grow our top line by 0.6%. Last 12 months, active customers in the commerce segments increased by 8.6% and the average order frequency by 4.6%.

Our commerce segments are also the key driver of the Group's profitability improvements in Q1. The adjusted EBITDA margin in DACH expanded by 110 basis points to 5.2%, with top line growth of 4.1% year-on-year. In RoE, our adjusted EBITDA margin improved substantially by more than 1,000 basis points year-on-year. The RoE EBITDA margin, however, is still negative at minus 5.3% as top line growth was relatively muted in Q1.

TME, our B2B segment, saw a margin increase by 420 basis points to 18.2%. This is driven by positive mix effects with a higher share of high-margin recurring Tech revenues. Revenue in the TME segment, however, declined by 3.5% year-on-year, impacted by a slowdown in media spendings and enabling services. On the back of our solid performance in Q1, we confirm our FY '23/'24 guidance today.

Our #1 priority continues to be to reach adjusted EBITDA breakeven for the group. The measures we have implemented to date have already resulted in a visible increase in profitability. We, hence, continue to be very confident to achieve our full year breakeven target. We also continue to expect revenue growth in a range of 1% to 11%. This is, as we are observing, as expected, a slight acceleration in growth already in Q2.

Let's dive into our business update with a look at the market environment again. We've seen further moderate improvements in inflation rates and consumer sentiment. However, the market environment remains challenging and consumers were not really back in the summer discovery shopping mode. In this environment, we focus strongly on improving our profitability instead of going for growth opportunities. We, hence, delivered on our profitability targets with a positive adjusted EBITDA of EUR 4.2 million, while growing top line by 0.6% for the group.

Key driver for the profitability improvements were our marketing costs in Q1, as shown on Page 6. We achieved a year-over-year cost improvement of EUR 54 million, which is a decline of more than 50% in marketing costs. These efficiencies are largely stemming from the planned reduction in new market entry and scaling investments in RoE. At the same time, however, we continue to invest in brand building and into our discovery proposition. Related marketing costs still totaled around EUR 20 million in Q1, as illustrated by the chart on the right-hand side.

Our COOPS with influencers continue to be such a key area of marketing investments. Our Q1 '23/'24 saw a particularly strong momentum, as illustrated by the numerous spring/summer drops we're showing on Chart 7. These COOPS are an important tool to create lasting love brands for diverse audience and attract additional customers to our online store.

In the last quarter, the influencer capsules were featured by a broad range of artists, including supermodel, Bella Hadid; singer, Katy Perry; or soccer player, Kingsley Coman. We also released further exclusive brand collections with international celebrities like Leni Klum; soccer player, Kevin Trapp; or the model, Lorena Rae. We are very happy with the results of these Q1 drops, and we look forward to numerous further drops this year.

Let's now move on to our financial update, starting with our top line on Page 9. We grew our group revenue by 0.6% in Q1, which corresponds to EUR 507 million in revenue. Q1 '23/'24 started in a challenging market environment with unfavorably cold weather conditions in Europe and continued headwinds from macro factors. Hence, as expected, our group revenue growth came in at the lower end of the guided range in Q1.

Let's take a closer look at our segments to analyze this. Starting with DACH, where revenue increased by 4.1% in the first quarter. Although consumer sentiment has improved, the market environment remains challenging and thus weighed on revenue momentum, particularly in Germany. In the Rest of Europe segment, revenue remained broadly flat overall, which is certainly below our own ambitions. However, we observed a relatively wide range of growth rates in the individual countries and regions in Q1 '23/'24. This is due to country-specific differences in macro factors, the varying impact on revenue from cost measures, comp effects from the prior-year quarter and continued differences in the maturity of the markets.

Moving on to our TME segment, where revenue declined by 3.5% in the first quarter. Top line performance, however, varied across the different TME divisions. In Tech, revenue developed more positively, driven by the onboarding of new customers for SCAYLE. In Media and Enabling, however, revenues declined as brand partners reduced their budgets for marketing campaigns and halted operational and enabling projects in view of the current market environment.

Let's move on to our customer engagement metrics in the Commerce segments shown on Page 10. We were able to grow our active customer base to 12.8 million in the last 12 months, which is a healthy increase of 8.6% versus last year. The average order frequency per active customer increased by 4.6%, reaching 3.1 transactions per active customer over the last 12 months. The average order value, however, declined by 3.5%. In a last 12-month perspective, this development is largely driven by elevated discount levels and normalizing return rates. For our Q1 '23/'24, AOVs are, however, broadly flat again year-on-year. We, hence, continue to expect AOVs to stabilize in FY '23/'24 as the comp base normalizes and our unit economics measures become effective on a full year basis.

With that, let's move on to our bottom line on Page 11, where we can see that profitability improved strongly across all our segments. But let's start again on the left-hand side of this chart, showing our Group adjusted EBITDA margin at a positive 0.8% in Q1 '23/'24 versus a negative 5.7% last year. Driven by our efficiency measures, the total year-on-year improvement of our adjusted EBITDA reached EUR 33 million in Q1. We are, hence, already making significant progress towards our full-year breakeven goal.

Moving on to segments. Our DACH business improved profitability, reaching an adjusted EBITDA margin of 5.2% in Q1 '23/'24, up from 4.1% last year. The increase resulted primarily from a positive top-line development and a reduction in marketing and administrative costs.

Moving on to our RoE segment, where we increased our adjusted EBITDA margin significantly by 1,480 basis points year-on-year. The main driver for the improvement were reduced investments in new market entry and scaling campaigns. Our EBITDA margin still remains negative at minus 5.3% in Q1 '23/'24. This results, on the one hand, from challenging market conditions in some of our RoE markets. On the other hand, we also continue to invest into growth and brand building in our top-performing international markets as well as into our international logistics infrastructure.

On B2B, our TME business achieved an improved adjusted EBITDA margin of 18.2% in Q1, up from 14% last year. The margin increase is the result of positive mix effects with a higher share of higher margin recurring Tech revenues in the TME segment.

Let's now move on to Page 12 and take a closer look at the key cost lines of the Group. Starting with the gross margin, where we saw the expected decline versus Q1 last year. Gross margin is down by 310 basis points, reaching 39.5% in Q1 '23/'24. This is, as our measures like the new 3P commission model and the increasing share of high-margin Tech revenues only partially offset the continued pressure on gross margin resulting from elevated inventory levels. We continue to expect inventories to improve in the second half of the year, and we will also see an improved gross margin from there.

Next, our fulfillment cost ratio, which increased by 190 basis points to 23.8% in Q1. The year-on-year increase is attributable to several factors, including discount and inflationary dynamics as well as our logistics network rollout. The visible positive effects from several efficiency measures such as the introduction of shipment costs below minimum order value could only partially offset these cost drivers. The year-on-year development of our fulfillment cost ratio should, however, stabilize in the coming quarters. This is due to further efficiency measures and easing one-time costs from the logistics network rollout.

Let's now move on to our marketing costs. The marketing cost ratio declined by 1,070 basis points to 10.1% in Q1 '23/'24. This is slightly driven by the reduction in new market entry and scaling campaigns, as discussed in the business update section.

Lastly, our admin and other cost ratio declined by 90 basis points to 4.8% despite a generally high level of inflation. This is due to all the efficiency measures and a slowdown in new hires. All these sectors combined resulted in the increase of our Group adjusted EBITDA margin by 650 basis points to a positive 0.8% margin in Q1 '23/'24.

Let's now take a look at our cash flow drivers on Page 13. Our net working capital remains in positive territory and is at EUR 30.8 million at the end of Q1 '23/'24, which is an increase of around EUR 50 million versus last year. This is because our stock turnover is still not back to where it should be and other net working capital levers are not yet fully compensating this.

CapEx amounted to EUR 15.2 million in Q1, which is slightly above last-year levels, mostly driven by investments in software and infrastructure as well as in influencer brands and incubators.

Moving on to our cash position on Page 14. Let us first look at our operating cash flow, which is at a positive EUR 26 million in Q1. This positive development resulted primarily from the improved EBITDA as well as from a slight reduction in inventories relating to seasonality patterns. CapEx translates into investing cash flow, and our financing cash flow is at a negative EUR 12 million in Q1. Financing cash flow was mostly driven by payments for leasing agreements largely relating to our logistics network.

The positive operating cash flow of EUR 26 million was well above the EUR 15.2 million in CapEx in Q1, resulting in a positive IFRS free cash flow of EUR 10.8 million for the quarter. We, however, expect cash flow to be negative again in the second quarter. This is due to the seasonality of the business, meaning end-of-season sale for spring/summer, and the inflow of new fall/winter collections over the course of our financial Q2.

We ended the quarter with cash and equivalents of EUR 204 million. This cash position, in combination with the undrawn back-up loan facility of up to EUR 97.5 million, gives us enough liquidity buffer to flexibly navigate through the current environment.

Let us now move on to the final section of this presentation, the financial outlook. We are confirming our full year guidance today on the back of a solid performance in the first quarter. We continue to expect our revenue to grow in a range of 1% to 11%. While the growth rate in Q1 came in at the lower end of the guidance range, as expected, we are seeing a slight acceleration in top line growth in Q2, driven by an easing comp base and slowly improving market conditions.

Moving on to profitability. Our #1 priority remains to achieve adjusted EBITDA breakeven this year. Today, we are reiterating the group breakeven as part of our guidance, as we made significant progress towards achieving this target in Q1. For our financial Q2, we expect another strong year-on-year improvement in the adjusted EBITDA. However, we expect EBITDA to turn negative again in Q2 before returning back into positive territory in our financial Q3, which is due to the regular seasonality patterns of the business.

Moving on to CapEx and net working capital. CapEx is expected to be around EUR 30 million to EUR 50 million in FY '23/'24 and net working capital is expected to remain broadly around the levels seen at the end of our FY '22/'23. Hence, also no changes here.

With this, let me close our Q1 presentation. Thanks for joining us on this exciting journey to become a profitable growth company. I'm now looking forward to answering your questions. So moderator, handing it back to you.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question today is from Georgina Johanan from JPMorgan.

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

Can you hear me?

Hannes Wiese - *About You Holding SE - Co-Founder, Co-CEO of Operations & Finance and Member of Management Board*

Yes.

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

I've got a couple, please. The first one was just on your comments on the development of the fulfillment costs as we go through the year. I mean, first of all, just to understand where you talk about a stable development in the ratio. Do you mean that you're expecting the ratio to be sort of broadly flat year-on-year from here? And can you also, please, just provide us with a recap of some of those initiatives that you now have in place around minimum order value and so on. And I think that last time you updated you were trialing paid returns in some markets. So that would be really helpful.

And then second question was on marketing spend for the year, please. I mean, obviously, it's a huge move as somewhat expected on a year-on-year basis. Is sort of 10% or so ratio kind of roughly what we should expect for the year overall going forward? Is that kind of a reasonable assumption, please?

Hannes Wiese - *About You Holding SE - Co-Founder, Co-CEO of Operations & Finance and Member of Management Board*

Yes, sure. Thanks for the questions. Let's start with the fulfillment cost. So for the full year, we would continue to expect a slight improvement year-on-year. And given the slightly increased fulfillment costs that we've seen now in Q1, which was also partly driven by onetime costs relating to our logistic network rollout, what we mean now for the year to go is basically slight year-on-year improvements for the next quarters, which should then lead to a full year slight improvement on the fulfillment cost line.

And on the initiatives, second part of this question, which drive these improvements, that's, to your point, indeed, shipment costs below minimum order value, which is basically rolled out across all large markets for us. And this effect is also, to a large extent, visible in our Q1 results. So that has actually been negatively overcompensated by some of these onetime costs and other headwinds that we still see. And on the other initiatives, yes, indeed, we called out test for return fees, which is also executed. But this is still early stage and too early to give more details around that. So please excuse that we have to postpone this discussion to a later earnings call.

Second question on marketing costs. So the current levels of 10%, I think that's probably going to slightly increase now over the next quarters, and that is driven, on the one hand side, by some campaigns, which we will certainly be running, especially in the Q3 with the run-up to Black Friday and so on. So we expect elevated campaign activity here. And also, with expected improvements on the gross margin, also on the fulfillment cost side, that should lead to higher [marketing] projections, which then in turn should increase spend on the marketing side in the algorithmic marketing steering. So probably a slight increase on the marketing cost line, but not materially on the full year.

Operator

The next question comes from Nicolas Katsapas from BNP.

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

I have 2, please. The first question is just on growth. And I might have missed this, but I wanted to know how you're thinking about your top line growth in terms of unit economics. Are you expecting to acquire more customers now, you've said that you're going to increase the marketing ratio slightly? Or is it coming from frequency or average basket value?

And then the next question is, for Q2, you're expecting still a loss, but an improvement. What does that mean for the gross margin in Q2, given there was quite an adverse year-on-year change in Q1? And -- yes, that would be it for me.

Hannes Wiese - *About You Holding SE - Co-Founder, Co-CEO of Operations & Finance and Member of Management Board*

Sure. So on the first part, I hope I've got that one right. On growth, we continue to expect an acceleration in top line growth throughout the year. We're also seeing a slight acceleration already in Q2, and we expect this to further improve in the second half of our financial year. And this is a function, on the one hand side, of expected further improvement in market conditions, easing comps for us, especially in the second half.

And then also, as just hinted with the improvements in unit economic drivers like gross margin and fulfillment costs, we also expect CLV projections to go up which then, ceteris paribus, will increase our ability to spend on customer acquisition, which then will further increase new customer numbers and should also further support top line growth. And -- yes?

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

Yes. Sorry, I will let you go for the second one. That is very clear.

Hannes Wiese - *About You Holding SE - Co-Founder, Co-CEO of Operations & Finance and Member of Management Board*

Cool. So for Q2, indeed, this is expected to be adjusted EBITDA negative. However, also here, we expect a substantial improvement, maybe in a similar magnitude as we've seen in the Q1 year-on-year. However, the gross margin will probably still be slightly down both year-on-year and quarter-over-quarter, which is, on the one hand, due to seasonality. So we're now moving into the end of season sale for spring/summer. And as discussed, we are also looking at somewhat elevated inventories now in the H1. So we do not yet expect a material improvement in gross margin, neither year-on-year nor quarter-over-quarter. This has been expected for the H2.

Operator

The next question comes from Nizla Naizer from Deutsche Bank.

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

Two from my end. the first is on the revenue in TME. Could you maybe give us some color on how your recurring revenue within the Tech segment performed? Has it returned to growth? Some color there would be great. And could you maybe help isolate what scale growth looked like versus nonscale growth and profitability there? Some color there would be great.

My second question is on -- you mentioned, Hannes, that growth is picking up. That's what you're seeing currently. Could you maybe illustrate a bit on that, in which markets? Is it in some over others? Are some recovering faster? And with that in mind, when you look at your wide guidance range, is it fair to still think of the midpoint as the base? Some color there would be great.

Hannes Wiese - *About You Holding SE - Co-Founder, Co-CEO of Operations & Finance and Member of Management Board*

Yes. Thanks for the questions, Nizla. Let's start with TME. So dynamics from recurring revenues, let's unpack this maybe into 3 drivers. So the, let's say, installed base from previous years. Here, we continue to see more like a muted and, in part, also slightly negative development given that, of course, also clients are facing headwinds from macro and so forth. So that has not changed that we do not yet see support on TME revenues from the existing base.

And then there are 2 other factors. The first one is the implementation of new clients in this very quarter that, of course, brings another uplift to recurring revenues. At the moment, these clients are being taken live. So that's a positive. And another positive is also the full year effect of clients which have been taken live in the last 3 quarters, which, however, of course, were not visible in the Q1 '22/'23. So there's also growth potential from these clients. Net-net, the picture hasn't changed, I think, so the revenues from existing other client base, more like muted to declining, but this is then overcompensated by more recently and implemented clients in Q1.

And for the different TME sections, this means that we see a positive revenue development for Tech scale overall, which is, however, not extraordinarily high. So we are growing, but this is not substantially double-digit or so territory. And then we are seeing a more like negative development on the other TME revenue streams, especially Media, but also Enabling. But also here, rather slightly negative than substantially down year-on-year.

Then for the second part, where is growth picking up in terms of regions? I presume this refers to the Q2. And here, we're seeing a particularly positive development now in our Eastern markets. I think this partly relates to macro. We've discussed in previous calls that we've seen these regions and some markets here are quite challenged by very high inflation rates, the consumer sentiment. More recently now, this is improving, and we also see positive effects on our trading from that.

And secondly, I think for us, for ABOUT YOU, there are also some comps effect in there. So we're seeing easing comps now in Q2, especially in CEE. So I think I would call out CEE, especially in the RoE region, as positive more recently. And in DACH, we continue to see, especially Switzerland growing fast, whereas Germany still lags a bit behind in terms of growth rates versus the other DACH markets.

And for the guidance, yes, we continue to be very confident with the midpoint here. So as I said, we are seeing now the expected slight acceleration in Q2. We believe there are many good arguments that they should further improve in the H2, like, for example, expectations of a further moderate improvement in the market environment, then the unit economics discussion that we had easing comps for ABOUT YOU. So yes, net-net, we are very, very confident with the guidance range and with the midpoint here, and we're on good track to achieve that.

Operator

Next question comes from Emily Johnson from Barclays Bank.

Emily Johnson - *Barclays Bank PLC, Research Division - Research Analyst*

I've got a couple of questions. Apologies if any of these are repeating. My line's a little bit dodgy. The first question was on current trading. Are you able to comment and kind of quantify this improvement that you're seeing into June and July? Is the acceleration that -- are you accelerating across all regions? Or are there any specific ones that are kind of bucking that trend? And can you call out whether or not that is, in your view, kind of being led by macro or weather or any kind of other factors?

The second one was sort of linked to this. So in Q1, I know you've called out some of the specific kind of geographical trends, would you kind of agree that most of those are macro-driven? Or are you seeing any particular shift, positively or negatively, in competition in any of those markets? Or can you attribute a lot of it to macro and kind of your own marketing spending?

And then the third question was, are you able to talk us through both the quality and the quantum of your inventory position going into the second half of the year? What are your kind of expectations for the second half and into the next financial year in terms of the inventory kind of pricing and inflation? And when should we start to see some of the input prices sort of start to inflect there?

Hannes Wiese - *About You Holding SE - Co-Founder, Co-CEO of Operations & Finance and Member of Management Board*

Thanks for the questions. Let's start with the one on current trading. So quantifying the acceleration for Q2 now, yes, to be honest, it's early stage, and we do not have the full visibility, of course. But directionally, I would expect this to end more like in the lower half of the guided range for the Q2 and then further acceleration in the H2 as said. So this -- just to give you some magnitude here.

And the regions, yes, driven especially by CEE, as said. Here, we're seeing improvement in macro, but also easing comps for ABOUT YOU. I think it's a combination here, and that's, I think, also more broadly the case to the last part of the question, when we look at the Q2 and also our H2 expectations that this is not relating to one single factor, but more a combination of macro factors improving. Weather, of course, was not supportive, I think, for the first half at least of the Q1, now normalizing -- or has now improved than other factors like the comp base for ABOUT YOU, probably also easing -- slowly easing inventory levels in the industry. So I think all that, kind of taken together, leads to a more positive outlook and also, I think, positive trading that we're seeing right now.

And the second part, switching gears a bit now, I think, related to competition, whether we see any changes here. I think, generally, what we observe is a relatively promotional environment still. So players are definitely fighting for (inaudible) and sales. So this -- there would be the expectation that this may relax a bit towards the second half, but not yet materializing, at least as far as we see that.

And when we look at our own inventory position, that was the third question, I think, we still look at some sort of elevated inventories right now, especially driven by spring/summer '23. So the mix is healthy, but spring/summer '23, this is somewhat elevated. And we expect the intake or we see the intake, which is spend for autumn/winter '23 now as healthy and in line with the current demand levels that we see. That means for the

H2, we expect inventories to normalizing, which is a function of slight overhang from spring/summer '23 and then healthy intake of autumn/winter '23.

That means throughout autumn/winter, we should see an improvement here, which will also be reflected in the gross margin. And that means for the full year, inventories will be -- or are expected to be slightly down year-on-year, but probably also end of year, not fully back to a total normal state, but then on a very positive trajectory.

I hope I've got all (inaudible) questions, Emily. Please follow up if that's not the case.

Operator

The next question comes from Anne Critchlow.

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

I've got 3, please. The first one is on the gross margin. Just whether you're able to quantify the promotional impact on the gross margin in the first quarter and whether you think it would be as high in the second quarter?

And then secondly, on the returns rate, if you could just comment how that is trending year-on-year? And then finally, thinking about inflation for the autumn/winter collections, what's your view on market inflation?

Hannes Wiese - *About You Holding SE - Co-Founder, Co-CEO of Operations & Finance and Member of Management Board*

Sure. First, on the gross margin. I think quantifying the promotional impact, easiest will probably be to look at the year-over-year data right now. I mean there are, of course, other factors here at play as well, like some measures on the gross margin side that we also implemented, which we further support. But broadly, I think that would give an indication. And I think the similar impact can also be expected for the Q2.

Return rate trends -- yes, sorry, was it a follow-on? The second one on returns. So I think that's stabilizing when we look at the Q1 last year, maybe there were still some tailwinds. But I think also back then, we had already called out a bit of a normalization. So when we look at year-over-year, there is not a substantial gap anymore. So I think this is normalized. And yes, I would also expect, going forward, that there are no huge data as expected other than revenue mix sets.

And I think the last one was on inflation rate, right? Autumn/winter '23 inflation rate. So our expectation would be maybe mid-single digits, RRP increases not much more, maybe for some product groups, more like towards the high single-digit range. Yes, I think this is also consistent with previous estimates and also previous seasons what we've seen.

Operator

Our next question is from Andreas Riemann from ODDO BHF.

Andreas Riemann - *ODDO BHF Corporate & Markets, Research Division - Analyst*

Two questions from my side. One on EBITDA. Yes, it will be negative in Q2. But if you arrive at higher EBITDA in the second quarter and in the third quarter [as planned], would you stand ready to reinvest that in H2 to push to growth? Any thoughts on this topic would be appreciated. And the second one, again, on inventories, it's up 18% year-over-year in euro terms. So what would be the inventory development in the unit terms, please? That's it from my side.

Hannes Wiese - *About You Holding SE - Co-Founder, Co-CEO of Operations & Finance and Member of Management Board*

Sure. Thanks for the questions. So on the first part, the reinvestment philosophy, I mean we would not look at this as a [budget] also that can be reinvested. It would more be a result of the marketing steering algorithms. So we do not plan big investments in new markets or any big scaling campaigns. So the shifts in especially the marketing investments are more like the result of the CLV projections that we see. And as discussed previously, if CLV projections go up, then this would also lead to a short-term increase in marketing spend given expectations of better per customer for breakeven projections.

This can, of course, also be steered. So when we see things develop more positively as expected and also the projections are consistent to that, then we might increase breakeven targets a bit, for example, which would then further lead to an increase in spend. But this is more steering on a day-to-day basis rather than more like strategic investment decisions also.

And inventories in euro, yes, there's certainly inflation on the stock. So the unit increase should be lower than the euro increase. That said, there is also a bit of write-downs on stock, of course, which have increased -- which are reflected in the inventory position. So that also needs to be taken into account. Net-net, I'd say that stock and pieces growth is lower than in euro.

Operator

We have a follow-up question from Georgina Johanan.

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

I actually have 2 brief follow-ups, please. Just firstly, obviously, given the sort of current strategic reductions in marketing spend, I was just wondering if you could provide sort of an update on how you're currently thinking about calendar 2024 or fiscal '25 growth? Because presumably, you seem to be at the stage where you are needed to buy for spring/summer '24. Should we -- are you kind of confident on returning to double-digit growth next year?

And then my second question was just a follow-on from Anne, please. Just on pricing commentary from your brand partners, what is the kind of current thinking on inflation into next year, please?

Hannes Wiese - *About You Holding SE - Co-Founder, Co-CEO of Operations & Finance and Member of Management Board*

Yes. So we remain very confident on this getting back to double-digit growth rate trajectory for 2024. This, of course, is also factored into the buy that we are planning now for the spring/summer '24. That said, I think one learning from the past quarters from the past 12 months or so is indeed that we try to factor in more risk hedging into that. That can be similar agreements with suppliers, that can be the shift from 1P into 3P, that can be the shift or the share of pre versus reorder for single brands. So we are planning for double-digit growth in 2024, but I think versus previous buys, we are a bit more on risk reduction terms.

The second on pricing inflation expectations. So when we say autumn/winter '23, maybe mid-single digits to, some cases, high single-digit increases. I think it will be coming down slightly, but not materially. So there will still be RRP inflation in 2024 as we see it.

Operator

With this last remark, we'll be ending the Q&A session. Next, Frank will help you with a few final remarks.

Frank Bohme - *About You Holding SE - Head of IR & Communications*

Let me close our call by saying thank you for your support and for joining us today in our conference call for Q1 2023/2024. 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 virtual roadshow. Have a good day. Bye-bye.

Operator

Ladies and gentlemen, thank you for attending. This call has been concluded, and you may disconnect your telephone. Have a great day. Goodbye.