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PRESENTATION

Frank Bohme *- ABOUT YOU Holding SE - Head - Investor Relations & Communications*

Good morning, everyone, and welcome to our Q2 2024-2025 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 Q2 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-Chief Executive Officer, Member of the Management Board, Head - Operations and Finance*

Thanks, Frank, and good morning to everyone also from my side. Today as usual, we're focusing on the following topics. For business update, followed by our Q2 financials, the outlook section, and we'll close this call with Q&A.

I'd now like to jump into our business update starting on page 4 with the key takeaways of the second quarter '24-'25. Revenue increased by 2.4% with strong growth in the DACH region of 8.6%, supported by investments in brand campaigns such as the ABOUT YOU Fashion Week.

The average order value for commerce increased to EUR58.8 for the last 12 months, and both LTM active customers as well as new customer numbers returned to growth quarter over quarter. Our separate business unit SCAYLE has delivered another successful H1, '24-'25 with ARR growth of more than 20%, continued high profitability levels and strong traction in acquiring new clients internationally.

And we further progress in improving the profitability with an adjusted EBITDA uplift of more than EUR10 million year-on-year, reaching a negative EUR2.3 million in Q2 '24-'25. EBITDA increase was largely driven by a 280 basis points improvement in gross margin and lower administrative and fulfillment costs. We also had a good start into the fall-winter 2024 season with double-digit growth rates in September and continued good trading in October.

On the back of our strong year-to-date EBITDA performance, we raised our adjusted EBITDA guidance to a range of EUR15 million to EUR35 million in FY24-25. Range already reflects a step-up in marketing investments in H2, which should support a further acceleration in top-line growth, paving our way to get back to double-digit growth rates in FY25-26.

For FY24-25, we are narrowing our top-line guidance to a range of 1% to 7% year-on-year. This reflects on the one hand, relatively moderate growth actually is in H1. And on the other hand, strong current trading patterns and an expected acceleration in growth in H2.

Let's dive into our business update section on slide 5, starting with the ABOUT YOU Fashion Circus. This event took place in July during the Berlin Fashion Week in cooperation with Circus Theater Roncalli. Ten brand shows were presented in the circus tent, combining fashion and art, as well as spectacular performances with acrobatics and magic.

1,300 guests attended on-site, including numerous brand executives, content creators and celebrities. And most importantly, the event generated a reach of around EUR67 million via the digital channels of ABOUT YOU and a potential EUR334 million contacts via media.

This made the Fashion Circus, another great success in creating digital experiences around ABOUT YOU brand. Moving on to discuss active and new customer metrics on slide 6. Our stepped-up investments in brand and performance marketing are clearly paying off as the number of active customers as well as the number of new customers returned to growth in the last quarter.

Let's start on the left hand side of this chart where we are comparing our rolling 12-month customer metrics. In a quarter-over-quarter view that is LTM for Q2 versus Q1 '24-'25. Total active customers, we have seen increase of 1.3% quarter-over-quarter and LTM new customers increased by 0.8%.

On the right-hand side of this chart, we are showing the same metrics in the last three months view, comparing Q2 '24-'25 versus Q2 '23-'24. Here total active customers increased by 4.4% and new customers by 3.2% year-on-year. That means that our customer numbers are growing healthily again and that growth has accelerated more recently.

So good news on our strategic growth initiatives to further fuel growth in the future. To double-click on the operating model extension on slide 7, which we preannounced with the full year release. And a quick reminder, we want to enable partners to sell directly to our ABOUT YOU customers in a typical marketplace operating model.

We had strong progress over the last quarters, and we are now ready to rollout in H2. We have established a dedicated legal entity, SCAYLE payments, employing around 50 payment experts already today, which are ready to handle online payments on ABOUT YOU platform and beyond.

Around SCAYLE payments, we have successfully established the regulatory framework to enable marketplace payments on ABOUT YOU, including a license granted by the Federal Financial Supervisory Authority. Our self-developed technical infrastructure is ready to scale to thousands of new sellers on the ABOUT YOU platform.

And we have developed a new Sellers Center and API to ease onboarding and operations for these sellers. Some screenshots on the left hand side should give you a first impression of this newly developing seller ecosystem.

Lastly, we have a large number of new partners already lined up to be onboarded to the new marketplace model. These range from top-tier brands over midsize merchants to smaller manufacturers. We are convinced that this operating model extension will substantially support future growth in GMV and contributions. However, unlike for our current 3P models, we will recognize only the commission as revenue for market place model sales.

Potential revenue recognition effects are also reflected in the relatively broad revenue growth range, we are guiding for FY24-25.

Moving on to SCYALE on slide 8, where we can proudly announce that the strong operating performance continued in H1 '24-'25. SCYALE annual recurring revenues grew by more than 20% year-on-year, largely driven by the go-live of new enterprise customers.

Gross margins on these ARRs remain very high at around 85%. This gives room for investments into product and go-to-market, while sustaining EBITDA margin levels of more than 40%. But not only key financial metrics improved in H1. We've also made further operational progress reflected in new customer wins in the UK, Nordics and Germany.

Stay tune for the coming weeks, where we will announce further exciting new customer wins. We are also proud to report that SCYALE has been recognized as a leader in the 2024 IDC MarketScape for Enterprise Headless Digital Commerce Platforms.

Among other strengths, IDC highlights SCAYLE's strong understanding of the enterprise B2C landscape, the flexible architecture with modular pre-integrated core services as well as our extensive feature set and flexible product data model.

But just some snippets of our SCYALE highlights in H1. More exciting content will be presented at the upcoming SCYALE event. So let's focus on this for a second. On November 7, we will host a virtual and standalone event dedicated to SCAYLE, we will dive into SCAYLE's product features, present key financial and operational metrics and discuss the growth drivers for future success. We'll also make sure to leave sufficient time for Q&A. Registration for the event will open soon on our Investor Relations website.

Let's now move on to our financial update, starting with our top line on page 11, we grew our group revenue by 2.4% in Q2, which is a slight acceleration versus Q1 and corresponds to EUR450 million in revenue.

Let's take a closer look at our segments and our top line dynamics. Starting with DACH where revenue growth accelerated to 8.6% in the second quarter. This growth was largely driven by the German market, which also saw an improvement in consumer sentiment.

Q2 '24-'25 growth in DACH was further supported by an increased marketing spend to grow our customer base. Rest of Europe segment, revenue increased by 0.2% year-on-year. The individual countries and regions showed a relatively wide range of growth rates again. Many of our RoE focus markets were producing strong double-digit growth rates.

Total revenue development for the segment was, however, negatively impacted by markets where we are reducing our commitments. This effect should wear off over the next quarters, enabling our RoE segment to get back two more meaningful growth rates.

Our TME segment where revenue declined by 1.5% in the second quarter. Top line performance, however, varied across the different TME divisions. In Tech, revenue developed positively driven by the go-live and acquisition of new clients for SCYALE resulting in double-digit ARR growth as discussed in the business update section.

In Media, revenue returned to growth as brand partners were investing more to increase brand awareness and visibility in ABOUT YOU ecosystem. Enabling on the contrary, revenue declined largely driven by a shift towards higher-margin B2B revenue streams.

I'd now move on to page 12, where we see our customer engagement metrics for the Commerce segments. Our active customer base declined slightly by 1.4% year-on-year to 12.4 million in the last 12 months. But as discussed in the business update section, active new customer numbers returned to growth quarter over quarter and we are confident that we will now enter into a new phase of sustainable customer growth following the normalization over the last 12 months.

The LTM order frequency was relatively muted at 3.1 transactions per active customer. This can be attributed mainly to measures introduced to increase the profitability of existing customers. The average order value increased sharply by 5.6% year-on-year to EUR58.8 over the last 12 months.

The increase is largely due to our unit economics measures as well as higher RRPs and lower discount levels. With that, let's move on to our bottom line on page 13. Group adjusted EBITDA shows a strong margin improvement of 240 basis points versus Q2 last year as depicted on the left-hand side of this chart. For the H1, total EBITDA improvements have grown to more than EUR20 million year-on-year.

With this, let's move on to segment profitability. In our DACH business, the adjusted EBITDA margin declined to 0.5% in Q2 this year. The decrease was the result of higher marketing investments in events, media, and performance marketing. This overcompensated the positive effect from a higher gross margin due to lower promotional intensity.

Moving on to our RoE segment, where we increased our adjusted EBITDA margin significantly by 480 basis points year-on-year. Improvement in the EBITDA margin was driven by lower clearance activity, measures introduced to improve unit economics as well as the non-recurrence of one-time costs related to the rollout of the European distribution network.

Our TME business, the adjusted EBITDA margin remained relatively flat on a high level of 22.9% in Q2. That is, as a higher share of high-margin B2B revenues, compensates, to step-up in growth investments particularly into SCYALE.

I'd now move on to page 14 and take a closer look at the key cost lines of the group. Starting with the gross margin, which increased by 280 basis points from a relatively low base in Q2 last year, reaching 37.9% in Q2 '24-'25. Positive revenue mix effects with an increasing share of high-margin Tech revenues, a significantly improved inventory position combined with more effective discounting logics and a lower promotional intensity in the fashion industry more broadly, were the main drivers for the gross margin increase.

Next, our fulfillment cost ratio, which declined by 70 basis points to 23.1% in Q2. The decrease was primarily attributable to unit economic measures, productivity improvements, and further optimizations in the logistics network.

Let's move on to our marketing costs, which increased by 210 basis points to 11.1% in Q2 '24-'25. The uptick was planned and partly driven by events such as the ABOUT YOU Fashion Week or the ABOUT YOU Pangea festival as well as new celebrity brand drops. This is in line with the strategic decision to increase marketing investments to drive brand awareness and growth. Selective adjustment and marketing steering models to support new customer acquisition further contributed to the increase in marketing costs.

Lastly, our admin and other cost ratio declined by 90 basis points to 4.3%. The decline is largely due to operating leverage as well as strict operating cost control. All these factors combined resulted in the increase of our Group adjusted EBITDA margin by 240 basis points, to a negative 0.5% margin in Q2 '24-'25.

I'd now take a look at our cash flow drivers on page 15. Our net working capital is at a negative EUR50 million at the end of Q2 '24-'25, a decline of around EUR90 million versus last year, which naturally results from a further reduction in own stock inventories and the optimization of payables through improved payment terms.

CapEx amounted to EUR10.7 million in Q2, which is EUR1.5 million below last year levels. Areas of investment were in software and IT infrastructure as well as an influencer brands and incubators.

Moving on to our cash position on page 16. Let’s first look at our operating cash flow, which is at a negative EUR21 million in Q2. This development is largely seasonal as it results on the EBITDA and working capital dynamics at the end of the spring summer season. CapEx translates into investing cash flow and our IFRS free cash flow is hence at a negative EUR32 million in Q2.

Free cash flows are clearly positive in H1, up almost EUR50 million year-on-year. Our financing cash flow had a negative EUR17 million in Q2, largely driven by payment for leasing agreements, we ended the quarter with cash and equivalents of EUR146 million, which is around the prior year level.

Shareholder credit lines of around EUR100 million remain undrawn, and we've also lowered the utilization of working capital financing lines. Thus, we remain very comfortable with our current liquidity position.

Let's now move on to the final section of this presentation, the financial outlook. Let’s start with top line, we are narrowing our guidance today to a 1% to 7% growth range in FY24-25. The function of, on the one hand, moderate top line growth in our H1 figures as well as potential revenue recognition effects from the operating models in H2, as discussed in the business update section.

On the other hand, we have a very good start into the Fall-Winter season with strong double-digit growth rates in September and continued good trading in October, and we remain very confident that the planned step-up in growth investments will further contribute to a sustainable acceleration in growth in H2. It is a good transition to our adjusted EBITDA guidance, which we are raising today on the back of strong year-over-year improvements in H1.

For the full year, we are expecting adjusted EBITDA between EUR15 million to EUR35 million versus EUR10 million to EUR30 million previously. This raised guidance still gives us enough flexibility to execute the discussed step-up in investments in H2 going into growth initiatives for SCAYLE as well as marketing for the Commerce business.

For our financial Q3, we continue to expect a year-over-year improvement in both revenue and adjusted EBITDA. Comparison versus last year's Q3 may have however be skewed, as the revenues from the Black Friday weekend will effectively be recognized in December under IFRS due to the timing of the event at the very end of November this year. For our financial Q4 in turn, this should mean a potential upside versus last year.

Let's move on to CapEx and net working capital, where our full year guidance remains unchanged. CapEx is expected to be around EUR30 million to EUR50 million in FY24-25 and net working capital is expected to remain in negative territory.

Let me close my Q2 presentation by saying that I'm really happy with the strategic progress we are making. Active and new customers are returning to growth, we expect further the near term upside from our strategic growth initiatives, SCYALE continues its great performance and our strong profitability improvements give room for a step-up in investments, laying the foundation to return to double-digit growth next year.

Now over to answering your questions. Moderator, hang it back to you.

QUESTIONS AND ANSWERS

Operator

Nizla Naizer, Deutsche Bank.

Nizla Naizer - *Deutsche Bank - Analyst*

Great. I hope you can hear me. Thanks, Hannes for that presentation. Just had a quick question on the macro environment that you're witnessing in Germany and in Europe, we're not hearing the most optimistic news is that affecting the business at all. Could you give us some color on how you're managing that, that would be great?

And you did mention double-digit growth in September and then that should taper off. So, it's fair to assume that there won't be a double-digit kind of growth momentum for the fourth quarter, some color there would be great.

And secondly, on EBITDA, you mentioned seasonality in business before and Q3 is better margin quarter you mentioned that as well. So could we assume that absolute EBITDA in Q3 could be even higher than maybe what you reported in Q1, some color there we need.

And maybe lastly, on rest of Europe, clearly not the growth that we wanted to see, but it sounds like you're prioritizing some markets over others. What are your most successful markets in that ROE business and could that segment also returned to positive margin territory in Q3? Thank you.

Hannes Wiese - *ABOUT YOU Holding SE - Co-Chief Executive Officer, Member of the Management Board, Head - Operations and Finance*

Yeah, thanks for the question Nizla. Let's start with the macro environment. And what we see in our trading currently is definitely positive development, what we are seeing is a favorable weather patterns that metric basically offset maybe some of these macro dynamics. We are also seeing a slightly lower competitive intensity in some areas.

And of course, we are also facing some tough comps from last year and I think all this together, combined with the strong execution our growth initiatives, fortunately currently leads to very strong trading momentum, which definitely more than offset maybe some bad news on the macro side.

And then the next one on the growth outlook for the financial Q3, a quarter to date, we've definitely grown in double digit territory. So that's definitely clear positive. Now we're facing relatively tough comps in November with a very strong Black Friday season in the last financial year.

And also as discussed in the presentation, there will be some revenue shift effect because of the timing of the Black Friday weekend, very late in the quarter this year. So, part of these revenues are going to be shifted into the Q4. So we definitely expect growth for the Q3, but probably not in a double digit range.

Then lastly, a total EBITDA for the Q3, yes, given seasonality patterns, we would expect this to be also slightly above the EBITDA seen in the financial Q1 and also probably slightly above the Q3 EBITDA from the last financial year.

And last question on RoE, we are super positive currently on the Benelux market, for example, we are also happy with some of our big CEE markets in terms of current developments that drive both revenue and also contributions, then there are some markets where we are reducing our commitments, part of these have already call up -- been called out in previous earnings calls, like, for example, Spain is a candidate that we are not really focusing on similar for Norway as an example net-net, we believe we are on a very good trajectory to also get to a positive adjusted EBITDA in the RoE segment as a whole. And whether this will always be the case in the Q3 and this is actually too early to tell.

Nizla Naizer - *Deutsche Bank - Analyst*

Very helpful. Thank you.

Operator

Benjamin Kohnke, Stifel.

Benjamin Kohnke - *Stifel Nicolaus Europe Limited - Analyst*

Good morning Hannes. Good morning, Frank, thanks for taking my questions as well. Let me maybe follow up on that, let's say revenue guidance question. So you mentioned the sort of launch of the new marketplace model, so to speak.

Could you just give an indication what sort of magnitude of lower revenues we could think of here as you're shifting from I guess, wholesale to a marketplace? And then the second question would be around your EBITDA guidance.

I appreciate that you increased it with today's numbers, but I was just wondering I mean, the corridor is still very wide and you haven't really changed that, now you through the first half of the year and I was hoping you could give some more color on what it needs to get you to the up end of that guidance and I guess, respectively, to the lower end here as well. And yeah, that will be it for now? Thank you.

Hannes Wiese - *ABOUT YOU Holding SE - Co-Chief Executive Officer, Member of the Management Board, Head - Operations and Finance*

Sure. Yeah, thanks for the question. The revenue recognition piece, I mean, we would expect currently a low to mid double digit million amount from these new operating models not recognized as revenues. And this then translates into a growth effect for the full year, definitely for single digit range.

And this is then also factored into the guidance and as I said, partly also explains the relatively broad range in revenue because on top of the trading dynamics, we also factor in some certainty on this amounts of the revenue recognition.

And on the adjusted EBITDA guidance, yeah, I think that's a totally fair question. I mean for us currently, we're looking at a very strong development, which would have also -- which would have given room a more progressive guidance or an (inaudible) guidance and more like to the upper hand.

But as also discussed in the call, we want to use part of this flexibility to increase investments in both Commerce and also in SCAYLE and the magnitude of these investments then also explains to a large extent where we end up in the upper or lower end of the EBITDA guidance range. As its now, I would agree that it seems abroad and also fairly conservative but as said, we're comfortable with this at the moment because it gives us flex and extraordinary growth opportunities.

Benjamin Kohnke - *Stifel Nicolaus Europe Limited - Analyst*

Understood. Thank you very much. Can I just quickly follow up on that last point you made. If I'm not mistaken, you kind of said at the time of the full year release you guided for or you indicated EUR30 million to EUR40 million in incremental marketing and I think around EUR10 million for SCYALE, can you maybe just say or give an indication how much of that growth budget, if that's the right term has already been used in the first half?

Hannes Wiese - *ABOUT YOU Holding SE - Co-Chief Executive Officer, Member of the Management Board, Head - Operations and Finance*

I would say broadly half for both of these buckets, but now especially for Commerce, given the current market momentum and also the increased customer lifetime value projections that we see, we will probably move more like towards the higher end of this range or even above. And that is also a function of our customer value or customer lifetime value projects that are going to develop over the next months. And this then is also discussed step-up in investment in the call, that we think we will end up more at the higher end of this range or even above.

Benjamin Kohnke - *Stifel Nicolaus Europe Limited - Analyst*

Thank you, Hennis.

Operator

Yashraj Rajani, UBS

Yashraj Rajani - *UBS - Analyst*

Thanks. Thank you so much for taking my questions. So mainly two from me, please. The first one is just to follow up on the double-digit percent number that you've given on if -- can you give us some more color into what that actually is? So is that sort of on the lower end of the double digit range? Is that sort of mid teens, high teens, if you can help us think about that, that would be really helpful.

And then the second question is on gross margin. So soon, I appreciate very strong performance in Q2, but equally, that does come on the back of some very easy comps. So based on what you're seeing in September and probably early October. How should we think about gross margins for the second half, especially given we are coming up against slightly more elevated comps from last year? Thank you.

Hannes Wiese - *ABOUT YOU Holding SE - Co-Chief Executive Officer, Member of the Management Board, Head - Operations and Finance*

Yeah, thanks for the question. So, on the growth in September, that was in a mid-teens corridor. This is also, I think, a corridor which we are happy with at the moment. And then on the gross margin in H2, we would expect a further improvement also here, but probably not in similar magnitude as what we've seen in the H1 given to your point that the comps are not as soft anymore. We, however, also see a continued improvement in the inventory position. We continue to see very good trading momentum. So, we are positive to also achieve further the gross margin improvements in H2.

Yashraj Rajani - *UBS - Analyst*

Super clear. Thank you.

Operator

Georgina Johanan, J.P. Morgan.

Georgina Johanan - *JP Morgan - Analyst*

Hi, just a few from me, please. First of all, just in terms of the Black Friday impact, thank you for reminding us of that in the upcoming quarter. Is it possible just to get a kind of better understanding of the magnitude. I would sort of be something like 3%, 4% for the quarter and but any cash taken out would be helpful please.

And then the second question, in terms of the benefit to the gross margin from the mix effect from, of course, the high-margin and recurring revenues and scale and so on, is it possible just to clarify how much of that gross margin improvement is coming from that mix benefit, please?

And then finally, you mentioned lower competitive intensity across the market is that as sort of a very broad comment because in general, inventories are less elevated than they were last year, or are you seeing sort of specific players perhaps changing that behavior, please? Thank you.

Hannes Wiese - *ABOUT YOU Holding SE - Co-Chief Executive Officer, Member of the Management Board, Head - Operations and Finance*

Yeah, sure. Let's start with the Black Friday question. What we would expect here is as an effect of low to mid double digit, million revenues being shifted into Q4. This means the incremental revenues that we usually see from a Black Friday weekend, this has been in a low to mid-double digits, a million corridor being shifted and hence also growth impact for the Q3 is probably in a similar corridor as you as you just called out.

Then on the gross margins, yeah, it's largely driven by commerce. So, we're definitely seeing a incremental positive effect from B2B. But the key driver of these for Q2 was the much healthier inventory position that we have less need for clearance and has driven by improved gross margin from the B2C businesses.

And then lastly, on the competitive intensity piece, I think its goals ultimately, so the improved inventory position of the industry more broadly leading to less discounting pressure. Also, of course, the February weather patterns that we see right now are somewhat reducing competitive intensity versus last year.

But also we see -- CPCs, for example, gradually coming down, which also relates to some of the players in the market being less aggressive. So, it's not just inventory and weather, I think this is also to a certain extent and the behavior that we can observe from some of the competitors.

Georgina Johanan - *JP Morgan - Analyst*

Sorry, may I just ask two quick follow-ups? So that just clarifications, please?

Hannes Wiese - *ABOUT YOU Holding SE - Co-Chief Executive Officer, Member of the Management Board, Head - Operations and Finance*

Sure.

Georgina Johanan - *JP Morgan - Analyst*

And just sorry. I don't think you got quite heavy. You said what's coming down, we are referring to something in marketing costs coming down?

Hannes Wiese - *ABOUT YOU Holding SE - Co-Chief Executive Officer, Member of the Management Board, Head - Operations and Finance*

Yeah, CPCs is probably is so basically cost to acquire traffic are slowly slightly coming down.

Georgina Johanan - *JP Morgan - Analyst*

Got it. Thank you. And just coming back to this Black Friday point. I'm sorry, if you'd mentioned that before hundreds, I'd actually misheard, I thought you talk about something else. When you're saying a low to mid double digit revenue shift, is you saying it could be as much as EUR50 million.

Hannes Wiese - *ABOUT YOU Holding SE - Co-Chief Executive Officer, Member of the Management Board, Head - Operations and Finance*

Yeah. Probably about EUR50 million, but rather in the towards the midpoint of this range. So, something around probably EUR20 million to EUR30 million is shifted. And this would then be the incremental revenues because, of course, not also this remaining revenues from the debt at the beginning of the quarter. So the incremental revenues that we would expect to be in a range of EUR20 million to EUR30 million.

Georgina Johanan - *JP Morgan - Analyst*

Okay. And I very much understand, of course, it's just accounting is just, Q4 versus Q3. It sort of doesn't matter in the grand scheme of things. But I mean that could be as much as 5% so you're still assuming that you can achieve revenue growth in Q3, even accounting for that situation?

Hannes Wiese - *ABOUT YOU Holding SE - Co-Chief Executive Officer, Member of the Management Board, Head - Operations and Finance*

Yeah, true. So from an accounting perspective in IFRS., the Black Friday weekend revenues are going to be recognized largely in Q4 because in order to recognize this as revenue at the goods have effectively been to be delivered to the customer and in our segment management account view this is being recognized upon order. So they're a large extent of the revenues will be visible in the Q3.

Georgina Johanan - *JP Morgan - Analyst*

So when you said you expect to see revenue growth the Q3, you meant from a management account perspective? Not necessarily what we will see in the numbers?

Hannes Wiese - *ABOUT YOU Holding SE - Co-Chief Executive Officer, Member of the Management Board, Head - Operations and Finance*

We meant from an IFRS perspective, so we believe that the quarter to date strong trading patterns and the outlook that we now have into the remaining half of the quarter, we compensate the negative effect in IFRS from a shift of revenues into Q4 so that we still believe we will be able to grow also in IFRS in Q3.

Georgina Johanan - *JP Morgan - Analyst*

Thank you very much for clarifying. I really appreciate that, thank you.

Operator

(Operator Instructions) Sara Robertson, Barclays.

Sarah Roberts - *Barclays - Analyst*

Hi, good morning. Thanks for taking my question. So just a couple from me. Firstly, you narrowed revenue guidance to 1.7% for the full year, but you still remain confident in '25-'26 returning to double digit growth. Just curious if you could provide some color on what gives you that confidence, especially if the second half remains with the kind of low single digit range, and you'll still and you might see a bit of a headwind for part of the new revenue recognition.

And then secondly, could you provide a little bit more color on the pipeline you're saying to the marketplace model that you're launching in the second half. Are these mainly brands that you already sell wholesale on your website? Or are these kind of needs and opportunities that could offer an expansion in the product selection?

And just finally, can you just clarify on the competition point on the last question, you're seeing lower marketing intensity from other players. Is this kind of broadly across the group to be the case? Or are there specific regions where competitive intensity is higher or lower. Thanks very much.

Hannes Wiese - *ABOUT YOU Holding SE - Co-Chief Executive Officer, Member of the Management Board, Head - Operations and Finance*

Yeah, sure. Thanks for the questions. Let's start with the one on guidance and our confidence to get back to double-digit growth range in '25-'26. So that's on the one hand side and driven by the expectation of further improvement in the market environment, meaning more support, more tailwind from channel shift, gradual further improvement in consumer sentiment, the continuation of the moderate slowdown and competitive intensity that we're seeing at the moment.

So basically external factors and then on top of this successful execution of our growth initiatives for commerce, mostly around assortment extension, around engagement drivers and also of course, the market model dynamics that we've discussed.

And then lastly, we are also already executing the step-up in marketing investments or investing more into ABOUT YOU brand and to be able to brand equity. We're seeing higher customer lifetime value projections, which gives us room for a step-up in customer acquisition cost to acquire more new customers. This is also visible in the turnaround of the customer metrics that we've discussed in the business update section.

And all these combined makes us confident to get back to these double-digit growth rates in '25-'26. And you might have noted that the upper end of our guidance for the full year actually also already implies a possibility of a double-digit revenue growth in the H2. so we are not only bullish on '25-'26. But we also remain bullish, of course, on the edge to '24-'25.

And secondly, on the marketplace model piece, it's a mix actually. So, there are some also larger brands that we currently operate in a wholesale or also in an existing 3P model, which we plan to migrate to the new market that model from which we expect also an extension in the range that is brands offering us. We expect positive dynamics also in media spend and so on and so on. But from these types of costs, there will be some sort of cannibalization to existing revenues and hence also like-for-like revenue recognition effects.

And then there's another bucket of new partners that we can onboard to this new model and from this, we would really expect an incremental range extension and also incremental revenues, incremental customer inflows. So it's really a mix of shifts and new partners.

And then lastly, on the competitive situation, I think that one related to the regions in which we see a slowdown I would say currently for us that's observable in our core markets are in the DACH region, for example, also in Western markets, like in Benelux, for example, not so much in the Eastern territories where competition definitely remains intense. So it's not across the board, but I would say mostly in non-mature and Western markets.

Sarah Roberts - *Barclays - Analyst*

Got it. That's really helpful. Thank you.

Operator

Ladies and gentlemen, this goes our last question. I hand back over Frank Bohme for any closing remarks.

Frank Bohme - *ABOUT YOU Holding SE - Head - 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 Q2 2024-2025. But 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 and the upcoming skill events. Have a good day. Bye-bye.