Prospectus dated June 15, 2021

Prospectus
for the admission to trading

of

28,571,429 newly issued bearer shares with no par value (*Stückaktien*) from a capital increase against cash contributions resolved by a shareholders' meeting of the Company on June 14, 2021

and of

157,582,058 existing bearer shares with no par value (*Stückaktien*) (existing share capital), each such share with a notional value of €1.00

on the

regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard)

of

ABOUT YOU Holding AG

International Securities Identification Number (ISIN): DE000A3CNK42
German Securities Code (*Wertpapierkennnummer* (*WKN*)): A3CNK4
Ticker Symbol: YOU

Joint Global Coordinators and Joint Bookrunners

Deutsche Bank | **Goldman Sachs Bank Europe SE** | **J.P. Morgan**

Joint Bookrunners

Numis Securities | **Société Générale** | **UBS Investment Bank**

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I. SUMMARY OF THE PROSPECTUS

A. – Introduction and Warnings

This prospectus (the "**Prospectus**") relates to shares of ABOUT YOU Holding AG (the "**Company**" and, together with its consolidated subsidiaries, "**ABOUT YOU**", "**we**", "**us**", "**our**" or "**ourselves**"), with its registered office at Domstraße 10, 20095 Hamburg, Federal Republic of Germany ("**Germany**"), www.aboutyou.de, legal entity identifier ("**LEI**") 894500DKEE3GY8870322, each such share having the International Securities Identification Number ("**ISIN**") DE000A3CNK42 (each share of the Company, a "**Share**").

The Company and Deutsche Bank Aktiengesellschaft, Mainzer Landstraße 11-17, 60329 Frankfurt am Main, Germany, LEI 7LTWFZYICNSX8D621K86 ("**Deutsche Bank**") applied for admission of the Shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard).

On June 15, 2021, the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Germany, www.bafin.de, approved this Prospectus as the competent authority under Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC, as amended.

This summary should be read as an introduction to this Prospectus. Investors should base any decision to invest in the Shares on the consideration of this Prospectus as a whole. Investors in the Shares could lose all or part of their invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this summary, including any translation thereof, but only where this summary is misleading, inaccurate or inconsistent, when read together with the other parts of this Prospectus, or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Shares.

B. – Key Information on the Issuer

B.1 – Who is the Issuer of the Securities?

Registration and Applicable Laws – ABOUT YOU Holding AG has its registered office in Hamburg, Germany and the LEI 894500DKEE3GY8870322. The Company is registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, under docket number HRB 168067. The Company is organized under German law. The Company intends to change its legal form to a European company (*Societas Europaea* (*SE*)), which is expected to be approved by a shareholders' meeting to be held on or around June 8, 2021. When the change in legal form becomes effective, the Company will be subject to European legislation on SEs, in particular to the SE Regulation, and German law.

Principal Activities – We believe we are the fastest-growing online fashion platform of scale in Europe and the leading player among generations Y and Z, *i.e.*, people born between the early 1980s and the early 2000s ("**Gen Y&Z**"). We believe our personalized product offering and online shopping experience have made us the preferred destination for a young, fashion-conscious customer base. With our hybrid model of own and third-party inventory, we have, in our opinion, also become a key partner to fashion brands, as we believe we are able to offer a large selection of different products to a broad customer base and to engage with a young, digital native and social media driven audience, which fashion brands benefit from. Since 2018, we have provided our tech infrastructure as a licensed product allowing third parties to leverage our proprietary technology platform through our technology, media and enabling ("**TME**") solutions.

We manage our business based on three operating segments, ABOUT YOU DACH ("**AY DACH**" or "**DACH**"), ABOUT YOU Rest of Europe ("**AY RoE**") and TME, which are also our reportable segments. Our commerce business, which includes our fashion sales to consumers via our websites and apps, is made up of the two segments AY DACH and AY RoE and extends to 23 European markets with approximately 8.45 million active customers (*i.e.*, customers who made at least one purchase through our apps and websites within the last 12 months) and more than 400,000 products from more than 2,000 different brands. AY DACH comprises our home region of Germany, Austria and Switzerland, where we have achieved rapid growth and established what we believe to be one of the largest e-commerce offerings for fashion in this region, ranking second in terms of brand awareness compared to other online fashion pure-plays (*source: Market study conducted by Ipsos on behalf of ABOUT YOU*). We report our fashion business outside of our home region separately under AY RoE. From 2018 we expanded our offering in Central Eastern Europe ("**CEE**"), including Poland, Czech Republic, Slovakia, Hungary and Romania, followed by Estonia, Latvia, Lithuania, Slovenia, Croatia and Bulgaria leading to market leadership in CEE in terms of brand awareness compared to other online fashion pure-plays in the 16-49 age group (*source: Market study conducted by Ipsos on behalf of ABOUT YOU*). Building on this recent expansion into CEE markets, we plan to rapidly increase our market penetration in new markets, in particular in Southern Europe and the Nordic market, to further establish our fashion offering in Europe. While AY RoE is not yet profitable based on an Adjusted EBITDA, AY DACH has been profitable on an Adjusted EBITDA basis since the fiscal year ended February 29, 2020.

To meet the constantly changing demand for fashion products, our commerce business operates through a hybrid business model consisting of our own inventory ("**1P**") and third-party inventory ("**3P**"). We believe, the combination of 1P with 3P allows for an attractive value proposition for both customers and brands. To ensure fast delivery times (typically between one and four days) and negotiate favorable purchase prices with suppliers (compared to 3P products), we hold the products that we have identified to be most in-demand based on our analytics of customer and market data in our own inventory. While most of the products in our inventory are marketed under third-party brands, we have also developed exclusive brands in close cooperation with influencers and established our two own labels "ABOUT YOU" and "EDITED", which we typically sell at a higher gross margin. In addition, through our 3P model we offer third-party fashion brands the option to market their products through our online stores without holding these products in our own inventory. As a result, we can offer our customers a vast selection of relevant fashion products with mitigated inventory risk, while our brands benefit from our ability to engage with what we believe is a young and digital native audience.

To source the fashion products our customers desire, we rely on a partner base of different third-party fashion providers. We believe we have become a key partner for many of these third parties as we not only provide them with access to our customer base in 23 European markets, but also offer comprehensive value-added services. Our extensive marketing solutions connect brands with customers and provide comprehensive online and offline advertising opportunities for our partners. Further adjacent services to increase reach include product boosting, events, media productions and content placements within our discovery section (*i.e.*, the section on our websites/apps, where customers can feel inspired and discover outfits, brands and trends). We believe, our influencer-led discovery model, which aims to inspire customers who do not know yet what they want to buy, enables us to generate further reach and additional sales in our core target group Gen Y&Z. In addition, we have created an asset-light fulfillment infrastructure, relying on trusted third-party logistics providers handling the storage and shipment of our fashion products and offer these fulfillment services to our brand partners as well. We believe these factors make us an essential player in the fashion industry and part of a select number of companies that will shape the future of this industry.

To further develop the online fashion shopping experience, we have created a vertically integrated, proprietary technology platform specifically designed for the presentation, curation, marketing and fulfillment of fashion products. To adapt our offering to the individual needs of our customers, we analyze a broad range of customer data, tracking individual journeys and ensuring efficient spending of our marketing resources. We believe our online fashion stores are intuitive to use and provide engaging online shopping windows that accentuate the quality of our products. We have also adapted to the increasing relevance of mobile devices for e-commerce, as approximately 85% of user sessions (*i.e.*, online store visits via our websites or apps) were conducted via mobile devices in the fiscal year ended February 28, 2021. To complete the shopping experience, we offer all payment methods that are common in our markets, free deliveries and returns, a dedicated customer service and 100-day return rights in most of our markets. We believe the high quality of our offering is evidenced by our high brand awareness (*source: Market study conducted by Ipsos on behalf of ABOUT YOU*).

To derive the full value from our expertise with respect to e-commerce technology and marketing, we have recently established our TME segment. This segment encompasses B2B e-commerce software solutions ("**Tech**"), different advertising formats for brands ("**Media**") as well as enabling services for third-party brands, including e-commerce operations and marketing growth services ("**Enabling**"). As part of our Tech offering, we have developed the "ABOUT YOU Commerce Suite", our proprietary software as a service ("**SaaS**") solution suite for e-commerce companies, which allows our partners to run their own online shop based on our technology as well as to steer all e-commerce operations along the entire value chain at scale. With our Media offering, we provide our partners with comprehensive marketing tools by helping these brands develop individual 360° multichannel marketing campaigns, executed in particular through our online storefronts. Additionally, through our enabling services we open our ABOUT YOU core processes to suppliers and non-suppliers and offer them fulfillment services, content production, data and marketing steering as well as customer service and many other e-commerce adjacent services along the ABOUT YOU value chain.

Our TME services allow us to generate growing margins that significantly exceed those of our online fashion segment. In the fiscal year ended February 28, 2021, our TME segment reached profitability on an Adjusted EBITDA basis for the first time driven by a strong performance of our Tech solutions.

We believe that we possess the following competitive strengths and that these have been the primary drivers of our success in the past and will continue to set us apart from our competitors in the future:

- Leading Position in the Large and Growing Online Fashion Market;

- Leading Fashion Platform for Gen Y&Z Providing a Most Inspiring and Personalized Shopping Experience;
- Profitable DACH Core;
- Proven Go-To-Market Playbook and Market Leadership in CEE;
- Scalable Hybrid Business Model, Making Us the Partner of Choice for Fashion Brands;
- Proprietary Technology Platform Driven by Artificial Intelligence and Machine Learning to Enhance Customer Experience and Drive Scale;
- Strong Unit Economics and Growth Profile;
- Founder Led Management Team with Proven Track Record.

To achieve continued success, we have identified the following key elements of our strategy:

- Capture the E-Commerce Fashion Market with an Accelerating Offline to Online Shift;
- Expansion into Additional Markets;
- Expand our Offering of Own Labels and Exclusive Products and Add New Product Categories;
- Scaling and Expanding our TME Business;
- Continue to Improve EBITDA Margin to Achieve Profitability for ABOUT YOU.

Major Shareholders – As of the date of this Prospectus, Otto (GmbH & Co KG), Hamburg, Germany ("**Otto**") directly holds 42.7% of the Shares, Aktieselskabet af 12.6.2018, Aarhus, Denmark directly holds 23.1% of the Shares, GFH Gesellschaft für Handelsbeteiligungen m.b.H., Hamburg, Germany ("**GFH**") directly holds 9.7% of the Shares (together, the "**Controlling Shareholders**"), Tarek Müller Beteiligungsgesellschaft mbH, Hamburg, Germany ("**TMB**") directly holds 4.3% of the Shares, Sebastian Betz Beteiligungsgesellschaft mbH, Hamburg, Germany ("**SBB**") directly holds 3.7% of the Shares, Hannes Wiese Beteiligungsgesellschaft mbH, Hamburg, Germany ("**HWB**") directly holds 2.7% of the Shares (all major shareholders together, the "**Major Shareholders**"). Upon settlement of the Private Placement (as defined in D.1 below), Otto will directly hold 36.4%, Aktieselskabet af 12.6.2018 will directly hold 19.7%, GFH will directly hold 7.1%, TMB will directly hold 3.0%, SBB will directly hold 2.6% and HWB will directly hold 1.7% of the Shares.

Controlling Shareholders – The ultimate controlling shareholders of the Controlling Shareholders are Michael Otto Stiftung, Anders Holch Povlsen and Benjamin Otto.

Key Managing Directors – The members of the Company's management board are Tarek Müller, Hannes Wiese and Sebastian Betz.

Statutory Auditors – The Company's statutory auditor is KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg office, Fuhlentwiete 5, 20355 Hamburg, Germany.

B.2 – What is the Key Financial Information regarding the Issuer?

Unless indicated otherwise, all financial information presented in the tables below is shown in millions of Euro (in € million). Certain financial information, including percentages, has been rounded according to established commercial standards. As a result, rounded figures in the tables below may not add up to the aggregate amounts in such tables (sum totals or subtotals), which are calculated based on unrounded figures. Financial information presented in parentheses denotes the negative of such number presented. A dash ("–") signifies that the relevant figure is not available or zero, while a zero ("0.0") signifies that the relevant figure has been rounded to zero.

Selected Consolidated Financial Information of ABOUT YOU

Selected Data from the Consolidated Statement of Profit or Loss

	For the fiscal year ended		
	February 28, 2019	February 29, 2020	February 28, 2021
	(audited, in € million)		
Revenue	461.2	743.4	1,166.5
Cost of materials	(271.6)	(422.5)	(691.5)
Personnel expenses	(26.5)	(34.9)	(59.8)
Other operating expenses	(284.5)	(367.5)	(477.8)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	(106.5)	(69.9)	(44.0)
Earnings before interest and taxes (EBIT)	(112.4)	(79.4)	(55.5)
Earnings before taxes (EBT)	(114.2)	(80.2)	(57.1)
Profit/(loss) for the period	(114.7)	(79.8)	(59.9)

Selected Data from the Consolidated Statement of Financial Position

	As of		
	February 28, 2019	**February 29, 2020**	**February 28, 2021**
		(audited, in € million)	
Total assets	294.7	306.9	457.2
Equity	177.1	102.2	55.4

Selected Data from the Consolidated Statement of Cash Flows

	For the fiscal year ended		
	February 28, 2019	**February 29, 2020**	**February 28, 2021**
		(audited, in € million)	
Cash flows from operating activities	(107.3)	(42.4)	(6.4)
Cash flows from investing activities	(9.5)	(15.1)	(18.9)
Cash flows from financing activities	234.4	(3.4)	70.9

Key Operating Data

	For the fiscal year ended		
	February 28, 2019	**February 29, 2020**	**February 28, 2021**
		(unaudited)	
User sessions per month (in million)(1)	30.6	54.6	89.5
Mobile sessions (in % of user sessions)(2)	73%	82%	83%
Active customers (in million)(3)	4.00	5.80	8.45
Orders per active customer(4)	2.37	2.57	2.75
Total number of orders (in million)(5)	9.48	14.91	23.22
Average order value (in €)(6)	55.17	55.33	57.07

(1) We define user sessions as all sessions across all countries excluding sessions without interaction.
(2) We define mobile sessions as all sessions conducted via a mobile device, such as a smartphone.
(3) We define active customers as customers who made at least one purchase through our apps and websites within the last 12 months.
(4) We define order per active customer as the sum of all orders divided by the sum of all active customers.
(5) We define total number of orders as the number of customer orders placed within the last 12 months.
(6) We define average order value as the value of all merchandise sold to customers in the commerce business including VAT after cancellations and returns, divided by the number of orders.

Segment Information

	For the fiscal year ended		
	February 28, 2019	**February 29, 2020**	**February 28, 2021**
		(audited, in € million)	
AY DACH			
Revenue	375.6	509.9	660.0
Adjusted EBITDA(1)	(43.7)	0.4	36.8
AY RoE			
Revenue	69.7	188.9	463.5
Adjusted EBITDA(1)	(39.2)	(55.2)	(83.3)
TME			
Revenue	26.5	52.0	83.5
Adjusted EBITDA(1)	(15.4)	(17.4)	10.1

(1) We define Adjusted EBITDA as EBITDA, adjusted for equity-settled share-based compensation expenses, restructuring costs and one-time effects.

B.3 – What are the Key Risks that are Specific to the Issuer?

- The online fashion industry in our markets is very competitive and our ability to compete depends on a large variety of factors both within and beyond our control.
- Negative developments in global and local economic conditions in our markets, including the COVID-19 pandemic if it continues, could adversely impact consumer spending in the fashion segment.
- We have incurred significant operating losses since our inception, and there is no guarantee that we will achieve or maintain profitability in the future.

- Failure to provide our customers with an inspiring personalized online fashion experience and to adapt to the fast changing landscape of relevant influencers, social media platforms and fashion brands could limit our growth and prevent us from achieving or maintaining profitability.
- We may not be able to maintain or grow our revenue or our business or manage our growth effectively.
- Any failure to anticipate and respond in a timely manner to fashion trends and consumer preferences or to adapt to the latest trends in communication with our customers through social media or other channels could result in a loss of customers and business.
- Our growth strategy includes entering new geographic markets and we might elect to pursue new business opportunities, develop new websites or apps, or offer new products, sales formats or services, and the related investments may not yield the targeted results.
- We rely on external financing to support the continued growth of our business and may not be able to raise needed capital on economically acceptable terms, or at all.
- Our brands and other suppliers could discontinue selling to us on financially viable terms, fail to supply us with high quality, compliant and sufficient merchandise, or fail to comply with applicable laws or regulations.
- We are exposed to the risk of security breaches, including cyber-attacks, and unauthorized use of one or more of our websites, databases, online security systems or computerized logistics management systems.
- We are subject to a variety of regulations, including but not limited to consumer protection laws, regulations governing e-commerce and competition laws, and future regulations might impose additional requirements and other obligations on our business.
- Non-compliance with data protection laws could result in liability and reputational harm to our business, and adverse changes in the applicable legal framework could increase our costs of operations.
- We have significant commercial relationships with Otto and if these relationships or any agreements thereunder were to be terminated, we would need to replace the services, and the economic terms of any new arrangements may be less favorable to us.

C. – Key Information on the Securities

C.1 – What are the Main Features of the Securities?

Number and Nature of Shares – As of the date of this Prospectus, the share capital of the Company amounts to €157,582,058.00 and is divided into 157,582,058 bearer shares with no par value (*Stückaktien*), each with a notional value of €1.00.

ISIN and Denomination – The ISIN of the Shares is DE000A3CNK42 and the Shares are denominated in Euros.

Rights Attached to the Shares, Relative Seniority and Transferability – Each Share carries full dividend rights. All of the Shares confer the same voting rights. There are no restrictions on voting rights. In case of an insolvency of the Company, the Shares are subordinated to all other securities and claims. The Shares are freely transferable in accordance with the legal requirements for bearer shares.

Dividend Policy – The Company does not intend to pay dividends for the foreseeable future.

C.2 – Where will the Securities be traded?

All Shares are expected to be admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) (the "**Admission to Trading**").

C.3 – What are the Key Risks that are Specific to the Securities?

- Following the closing of the Private Placement (as defined in D.1 below), our Major Shareholders will retain a significant interest in our Company and the interests of our Major Shareholders may conflict with our interests or those of our other shareholders.
- Future sales by the Major Shareholders could depress the price of our Shares.

D. – Key Information on the Offer of the Securities and the Admission to Trading

D.1 – Under which Conditions and Timetable can I invest in this Security?

Details of the Admission to Trading	The Company, together with Deutsche Bank, applied for the admission of its shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) on June 8, 2021.

The admission to trading is expected to be granted on June 15, 2021 and trading is expected to commence on June 16, 2021.

Private Placement .... Between June 8 and June 14, 2021, in anticipation of the expected admission to trading of the Company's shares on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard), the Company, together with Deutsche Bank, Goldman Sachs Bank Europe SE, Marienturm, Taunusanlage 9-10, 60329 Frankfurt am Main, Germany, LEI 8IBZUGJ7JPLH368JE346 ("**Goldman Sachs**"), J.P. Morgan AG, Taunustor 1 (TaunusTurm), 60310 Frankfurt am Main, Germany, LEI 549300ZK53CNGEEI6A29 ("**J.P. Morgan**" and, together with Deutsche Bank and Goldman Sachs, the "**Joint Global Coordinators**"), Numis Securities Ltd, The London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT, United Kingdom, LEI 213800P3F4RT97WDSX47 ("**Numis Securities**"), Société Générale, 29 boulevard Haussmann, 75009 Paris, France, LEI O2RNE8IBXP4R0TD8PU41 ("**Société Générale**"), UBS Europe SE, Bockenheimer Landstraße 2-4, 60306 Frankfurt am Main, Germany, LEI 5299007QVIQ7IO64NX37 ("**UBS**" and, together with the Joint Global Coordinators, Numis Securities and Société Générale, the "**Joint Bookrunners**") conducted a private placement for a total of 36,607,145 bearer shares of the Company with no par value (*Stückaktien*), each such share representing a notional value of €1.00 and with full dividend rights from March 1, 2021 (the "**Private Placement**"), consisting of:

- 28,571,429 newly issued bearer shares with no par value (*Stückaktien*) from a capital increase against cash contributions resolved by a shareholders' meeting of the Company on June 14, 2021 and expected to be entered in the commercial register on June 15, 2021;
- 3,260,871 existing bearer shares with no par value (*Stückaktien*) from the holdings of TMB, SBB and HWB; and
- 4,774,845 existing bearer shares with no par value (*Stückaktien*) from the holdings of GFH, SevenVentures GmbH, Unterföhring, Germany, GMPVC German Media Pool GmbH, Berlin, Germany, and Fashion Media Pool GmbH, Berlin, Germany, (together, the "**Lending Shareholders**") in connection with an over-allotment (the "**Over-Allotment Shares**").

On June 14, 2021, the price per Share in the Private Placement was set at €23.00 and the Lending Shareholders made the Over-Allotment Shares available to J.P. Morgan as stabilization manager, acting for the account of the Joint Bookrunners, in the form of a securities loan to cover over-allotments.

D.2 – Who is the Offeror and the Person asking for Admission to Trading?

Admission to Trading.......... The Company, together with Deutsche Bank, a stock corporation (*Aktiengesellschaft*) incorporated and with its registered seat in, and operating under the laws of, Germany, applied for the Admission to Trading.

D.3 – Why is this Prospectus being Produced?

Reasons for the Admission to Trading.......................... The Company intends to pursue the Admission to Trading to gain access to the capital markets. The Company believes that this access will benefit its future growth and expand its financing options.

Conflicts of Interest............. There are no conflicting interests with respect to the Admission to Trading.

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II. PROSPEKTZUSAMMENFASSUNG

A. – Einleitung mit Warnhinweisen

Dieser Prospekt (der „**Prospekt**“) bezieht sich auf Aktien der ABOUT YOU Holding AG (die „**Gesellschaft**“ und zusammen mit ihren konsolidierten Tochtergesellschaften „**ABOUT YOU**“, „**wir**“, „**uns**“ „**unser**“ oder „**wir selbst**“), mit Geschäftssitz in der Domstraße 10, 20095 Hamburg, Bundesrepublik Deutschland („**Deutschland**“), www.aboutyou.de, Rechtsträgerkennung („**LEI**“) 894500DKEE3GY8870322, wobei jede dieser Aktien die internationale Wertpapier-Identifikationsnummer („**ISIN**“) DE000A3CNK42 hat (jede Aktie der Gesellschaft, eine „**Aktie**“).

Die Gesellschaft und Deutsche Bank Aktiengesellschaft, Mainzer Landstraße 11-17, 60329 Frankfurt am Main, Deutschland, LEI 7LTWFZYICNSX8D621K86 („**Deutsche Bank**“) haben die Zulassung der Aktien zum Handel am regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zu dessen Teilbereich mit zusätzlichen Zulassungsfolgepflichten (*Prime Standard*) beantragt.

Die Bundesanstalt für Finanzdienstleistungsaufsicht, Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Deutschland, www.bafin.de, hat diesen Prospekt am 15. Juni 2021 als die zuständige Behörde unter der Verordnung (EU) 2017/1129 des Europäischen Parlaments und des Rates vom 14. Juni 2017 über den Prospekt, der beim öffentlichen Angebot von Wertpapieren oder bei deren Zulassung zum Handel an einem geregelten Markt zu veröffentlichen ist und zur Aufhebung der Richtlinie 2003/71/EG, in der jeweils gültigen Fassung, gebilligt.

Diese Zusammenfassung sollte als Prospekteinleitung verstanden werden. Anleger sollten sich bei jeder Entscheidung, in die Aktien zu investieren, auf diesen Prospekt als Ganzes stützen. Anleger dieser Aktien könnten das gesamte angelegte Kapital oder einen Teil davon verlieren. Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger nach nationalem Recht die Kosten für die Übersetzung dieses Prospekts vor Prozessbeginn zu tragen haben. Zivilrechtlich haften nur diejenigen Personen, die diese Zusammenfassung samt etwaiger Übersetzungen vorgelegt und übermittelt haben, und dies auch nur für den Fall, dass diese Zusammenfassung, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, irreführend, unrichtig oder widersprüchlich ist oder dass sie, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, nicht die Basisinformationen vermittelt, um Anlegern bei der Entscheidung über eine Anlage in die Anteile zu helfen.

B. – Basisinformationen über die Emittentin

B.1 – Wer ist die Emittentin der Wertpapiere?

Sitz und geltendes Recht – Die ABOUT YOU Holding AG hat ihren eingetragenen Sitz in Hamburg, Deutschland, und die LEI 894500DKEE3GY8870322. Die Gesellschaft ist im Handelsregister des Amtsgerichts Hamburg, Deutschland, unter der Registernummer HRB 168067 eingetragen. Die Gesellschaft ist nach deutschem Recht organisiert. Die Gesellschaft beabsichtigt, ihre Rechtsform in eine Europäische Gesellschaft (*Societas Europaea (SE)*) umzuwandeln, was voraussichtlich von einer am oder um den 8. Juni 2021 stattfindenden Hauptversammlung beschlossen werden soll. Mit Wirksamwerden des Formwechsels wird die Emittentin dem europäischen Recht für SEs, insbesondere der SE-Verordnung, und deutschem Recht unterliegen.

Haupttätigkeiten – Wir glauben, dass wir die am schnellsten wachsende skalierbare Online-Modeplattform in Europa und der führende Akteur bei den Generationen Y und Z, d. h. Menschen, die zwischen den frühen 1980er und den frühen 2000er Jahren geboren wurden („**Gen Y&Z**“), sind. Wir glauben, dass unser personalisiertes Produktangebot und Online-Einkaufserlebnis uns zum bevorzugten Ziel für eine junge, modebewusste Kundschaft gemacht haben. Mit unserem hybriden Modell aus eigenem und Inventar von Drittanbietern sind wir, unserer Ansicht nach, auch zu einem wichtigen Partner für Modemarken geworden, da wir glauben, dass wir in der Lage sind, einem breiten Kundenstamm eine große Auswahl an verschiedenen Produkten anzubieten und ein junges, digital-natives und Social-Media-getriebenes Publikum anzusprechen, wovon Modemarken profitieren. Seit 2018 stellen wir unsere technische Infrastruktur als lizenziertes Produkt zur Verfügung, das es Dritten ermöglicht, unsere eigene Technologieplattform durch unsere Technologie-, Medien- und Enabling-Lösungen („**TME**“) zu nutzen.

Wir führen unser Geschäft auf Basis von drei operativen Segmenten, ABOUT YOU DACH („**AY DACH**“ oder „**DACH**“), ABOUT YOU Rest of Europe („**AY RoE**“) und TME, die auch unsere berichtspflichtigen Segmente sind. Unser Commerce-Geschäft, das den Verkauf von Mode an Verbraucher über unsere Websites und Apps umfasst, setzt sich aus den beiden Segmenten AY DACH und AY RoE zusammen und erstreckt sich auf 23 europäische Märkte mit rund 8,45 Mio. aktiven Kunden (d. h. Kunden, die innerhalb der letzten 12 Monate mindestens einen Kauf über unsere Apps und Websites getätigt haben) und mehr als 400.000 Produkten von mehr als 2.000 verschiedenen Marken. AY DACH umfasst unsere Heimatregion Deutschland, Österreich und die Schweiz, in der wir ein rasantes Wachstum erzielt und eines der unserer Meinung nach größten E-Commerce-Angebote für Mode in dieser Region etabliert haben, das in Bezug auf die Markenbekanntheit im Vergleich zu anderen Online-Mode „Pure-Plays" an zweiter Stelle steht (*Quelle: Marktstudie durchgeführt von Ipsos im Auftrag von ABOUT YOU*). Unser Modegeschäft außerhalb unserer Heimatregion weisen wir separat in AY RoE aus. Ab 2018 erweiterten wir unser Angebot in Mittel-/Osteuropa einschließlich Polen, Tschechien, Slowakei, Ungarn und Rumänien, gefolgt von Estland, Lettland, Litauen, Slowenien, Kroatien und Bulgarien, was zur Marktführerschaft in Mittel-/Osteuropa nach Markenbekanntheit im Vergleich zu anderen Online-Mode-Pure-Plays in der Altersgruppe 16-49 Jahre führte (*Quelle: Marktstudie durchgeführt von Ipsos im Auftrag von ABOUT YOU*). Aufbauend auf dieser jüngsten Expansion in die mittelosteuropäischen Märkte planen wir, unsere Marktpenetration in neuen Märkten, insbesondere in Südeuropa und dem nordeuropäischen Markt, schnell zu erhöhen, um unser Modeangebot in Europa weiter zu etablieren. Während AY RoE noch nicht auf bereinigter EBITDA-Basis profitabel ist, ist AY DACH seit dem Geschäftsjahr, das am 29. Februar 2020 endete, profitabel auf bereinigter EBITDA-Basis.

Um der sich ständig ändernden Nachfrage nach Modeprodukten gerecht zu werden, agiert unser Commerce-Geschäft durch ein hybrides Geschäftsmodell, das aus eigenem Bestand („**1P**") und dem Bestand von Drittanbietern („**3P**") besteht. Wir glauben, dass die Kombination von 1P und 3P ein attraktives Wertangebot für Kunden und Marken ermöglicht. Um schnelle Lieferzeiten (typischerweise zwischen einem und vier Tagen) zu gewährleisten und günstige Einkaufspreise mit Lieferanten (verglichen mit 3P-Produkten) auszuhandeln, halten wir die Produkte, die wir aufgrund unserer Analysen von Kunden- und Marktdaten als am meisten nachgefragt identifiziert haben, in unserem eigenen Bestand vor. Während die meisten Produkte in unserem Bestand unter Drittmarken vermarktet werden, haben wir in enger Zusammenarbeit mit Influencern auch exklusive Marken entwickelt und unsere beiden Eigenmarken „ABOUT YOU" und „EDITED" etabliert, die wir in der Regel mit einer höheren Bruttomarge verkaufen. Darüber hinaus bieten wir durch unser 3P-Modell Modemarken von Drittanbietern die Möglichkeit, ihre Produkte über unsere Online-Shops zu vermarkten, ohne diese Produkte in unserem eigenen Bestand zu halten. Infolgedessen können wir unseren Kunden eine große Auswahl an relevanten Modeprodukten mit gemindertem Bestandsrisiko anbieten, während unsere Marken von unserer Fähigkeit profitieren, ein unserer Meinung nach junges und digital-natives Publikum anzusprechen.

Um die von unseren Kunden gewünschten Modeprodukte zu beschaffen, verlassen wir uns auf eine Partnerbasis von verschiedenen Mode-Drittanbietern. Wir glauben, dass wir für viele dieser Drittanbieter zu einem wichtigen Partner geworden sind, da wir ihnen nicht nur Zugang zu unserem Kundenstamm in 23 europäischen Märkten verschaffen, sondern auch umfassende Mehrwertdienste anbieten. Unsere umfangreichen Marketinglösungen verbinden Marken mit Kunden und bieten umfassende Online- und Offline-Werbemöglichkeiten für unsere Partner. Weitere angrenzende Dienstleistungen zur Erhöhung der Reichweite umfassen Produktförderung, Events, Medienproduktionen und Platzierungen von Inhalten innerhalb unseres Discovery-Bereichs (d.h. des Bereichs unserer Websites/Apps, in dem sich Kunden inspirieren lassen und Outfits, Marken und Trends entdecken können). Wir glauben, dass unser Influencer-geführtes Discovery-Modell, das darauf abzielt, Kunden zu inspirieren, die noch nicht wissen, was sie kaufen wollen, es uns ermöglicht, weitere Reichweite und zusätzlichen Umsatz in unserer Kernzielgruppe Gen Y&Z zu generieren. Darüber hinaus haben wir eine „Asset Light"-Fulfillment-Infrastruktur geschaffen, indem wir uns auf vertrauenswürdige Dritt-Logistikanbieter verlassen, die die Lagerung und den Versand unserer Modeprodukte übernehmen, und bieten diese Fulfillment-Services auch unseren Markenpartnern an. Wir glauben, dass diese Faktoren uns zu einem wesentlichen Akteur in der Modebranche machen und dass wir zu einer ausgewählten Anzahl von Unternehmen gehören, die die Zukunft dieser Branche gestalten werden.

Um das Online-Einkaufserlebnis für Mode weiter zu entwickeln, haben wir eine vertikal integrierte, proprietäre Technologieplattform geschaffen, die speziell für die Präsentation, Kuratierung, das Marketing und Fulfillment von Modeprodukten entwickelt wurde. Um unser Angebot an die individuellen Bedürfnisse unserer Kunden anzupassen, analysieren wir eine breite Palette von Kundendaten, verfolgen die individuellen Wege und sorgen für einen effizienten Einsatz unserer Marketingressourcen. Wir glauben, dass unsere Online-Modeshops intuitiv zu bedienen sind und ansprechende Online-Schaufenster bieten, die die Qualität unserer Produkte hervorheben. Zudem haben wir uns an die zunehmende Relevanz mobiler Geräte für den E-Commerce angepasst, da im zum 28. Februar 2021 endenden Geschäftsjahr etwa 85 % der Benutzersitzungen (d. h. Besuche von Online-Shops über unsere Websites oder Apps) über mobile Geräte erfolgten. Um das Einkaufserlebnis abzurunden, bieten wir alle in unseren Märkten üblichen Zahlungsmethoden, kostenlose Lieferungen und Rücksendungen, einen engagierten Kundenservice und ein 100-tägiges Rückgaberecht in den meisten unserer Märkte. Wir glauben, die hohe Qualität unseres Angebots wird durch unsere hohe Markenbekanntheit (*Quelle: Marktstudie durchgeführt von Ipsos im Auftrag von ABOUT YOU*) belegt.

Um den vollen Wert aus unserer Expertise in Bezug auf E-Commerce-Technologie und Marketing zu ziehen, haben wir kürzlich unser TME-Segment etabliert. Dieses Segment umfasst B2B E-Commerce-Softwarelösungen („**Tech**"), verschiedene Werbeformate für Marken („**Media**") sowie Enabling-Services für Drittmarken, einschließlich E-Commerce-Betrieb und Marketing-Wachstumsdienstleistungen („**Enabling**"). Als Teil unseres Tech-Angebots haben wir die „ABOUT YOU Commerce Suite" entwickelt, unsere proprietäre Software as a Service („**SaaS**") Lösungssuite für E-Commerce-Unternehmen, die es unseren Partnern ermöglicht, auf Basis unserer Technologie einen eigenen Online-Shop zu betreiben sowie den gesamten E-Commerce-Betrieb entlang der gesamten Wertschöpfungskette skalierbar zu steuern. Mit unserem Media-Angebot stellen wir unseren Partnern umfassende Marketing-Tools zur Verfügung, indem wir diesen Marken helfen, individuelle 360°-Multichannel-Marketing-Kampagnen zu entwickeln, die insbesondere über unsere Online-Schaufenster umgesetzt werden. Zusätzlich öffnen wir durch unsere Enabling-Services unsere ABOUT YOU-Kernprozesse für Lieferanten und Nicht-Lieferanten und bieten ihnen Fulfillment-Services, Content-Produktion, Daten- und Marketing-Steuerung sowie Kundenservice und viele weitere an E-Commerce angrenzende Dienstleistungen entlang der ABOUT YOU-Wertschöpfungskette.

Unsere TME-Dienstleistungen ermöglichen es uns, wachsende Margen zu erzielen, die deutlich über denen unseres Online-Modesegments liegen. Im zum 28. Februar 2021 endenden Geschäftsjahr erreichte unser TME-Segment erstmals Profitabilität auf bereinigter EBITDA-Basis, angetrieben durch eine starke Leistung unserer Tech-Lösungen.

Wir glauben, dass wir über die folgenden Wettbewerbsstärken verfügen und diese in der Vergangenheit die Haupttreiber unseres Erfolgs waren und uns auch in Zukunft von unseren Wettbewerbern unterscheiden werden:

- Führende Position auf dem großen und wachsenden Online-Modemarkt;
- Führende Modeplattform für Gen Y&Z, die eine besonders inspirierende und personalisierte Einkaufserlebnis bietet;
- Profitabler DACH-Kern;
- Bewährtes Go-To-Market Playbook und Marktführerschaft in Mittel-/Osteuropa;
- Skalierbares hybrides Geschäftsmodell, das uns zum Partner der Wahl für Modemarken macht;
- Proprietäre Technologieplattform, angetrieben von künstlicher Intelligenz und maschinellem Lernen, um das Kundenerlebnis zu verbessern und die Skalierung voranzutreiben;
- Starke Wirtschaftlichkeit und Wachstumsprofil;
- Gründergeführtes Management-Team mit nachgewiesener Erfolgsbilanz.

Um weiterhin erfolgreich zu sein, haben wir die folgenden Schlüsselelemente unserer Strategie identifiziert:

- Eroberung des E-Commerce-Modemarktes mit einer sich beschleunigenden Offline-zu-Online-Verlagerung;
- Expansion in zusätzliche Märkte;
- Ausweitung unseres Angebots an Eigenmarken und Exklusivprodukten und Hinzufügen neuer Produktkategorien;
- Skalierung und Expansion unseres TME-Geschäfts;
- Weitere Verbesserung der EBITDA-Marge, um Profitabilität für ABOUT YOU zu erreichen.

Hauptaktionäre – Zum Datum dieses Prospekts hält die Otto (GmbH & Co KG), Hamburg, Deutschland („**Otto**") unmittelbar 42,7% der Aktien, Aktieselskabet af 12.6.2018, Aarhus, Dänemark, hält unmittelbar 23,1% der Aktien, GFH Gesellschaft für Handelsbeteiligungen m.b.H., Hamburg, Deutschland („**GFH**") hält unmittelbar 9,7% der Aktien (zusammen, die „**Beherrschenden Aktionäre**"), Tarek Müller Beteiligungsgesellschaft mbH, Hamburg, Deutschland („**TMB**") hält unmittelbar 4,3% der Aktien, Sebastian Betz Beteiligungsgesellschaft mbH, Hamburg, Deutschland („**SBB**") hält unmittelbar 3,7% der Aktien, Hannes Wiese Beteiligungsgesellschaft mbH, Hamburg, Deutschland („**HWB**") hält unmittelbar 2,7% der Aktien (alle Hauptaktionäre zusammen, die „**Hauptaktionäre**"). Bei Vollzug der Privatplatizerung (wie unter D.1 definiert) wird Otto direkt 36,4% der Aktien, Aktieselskabet af 12.6.2018 direkt 19,7% der Aktien, GFH direkt 7,1% der Aktien, TMB direkt 3,0% der Aktien, SBB direkt 2,6% der Aktien und HWB direkt 1,7% der Aktien halten.

Beherrschende Anteilseigner – Die letztlich kontrollierenden Anteilseigner der Beherrschenden Aktionäre sind die Michael Otto Stiftung, Anders Holch Povlsen und Benjamin Otto.

Hauptgeschäftsführer – Die Mitglieder des Vorstands der Gesellschaft sind Tarek Müller, Hannes Wiese und Sebastian Betz.

Abschlussprüfer – Der Wirtschaftsprüfer der Gesellschaft ist die KPMG AG Wirtschaftsprüfungsgesellschaft, Büro Hamburg, Fuhlentwiete 5, 20355 Hamburg, Deutschland.

B.2 – Welches sind die wesentlichen Finanzinformationen über die Emittentin?

Die in den untenstehenden Tabellen aufgeführten Finanzinformationen werden in Millionen Euro (€ Mio.) gezeigt, soweit nicht anders angegeben. Bestimmte Finanzinformationen, einschließlich von Prozentsätzen, wurden kaufmännisch gerundet. Daher entsprechen die gerundeten Zahlen in den untenstehenden Tabellen möglicherweise nicht in allen Fällen den Gesamtwerten (Summen oder Zwischensummen) in diesen Tabellen, die auf Basis von ungerundeten Zahlen berechnet werden. Bei in Klammern angegebenen Finanzinformationen handelt es sich um den negativen Wert der gezeigten Zahlen. Ein Gedankenstrich („–“) zeigt an, dass die jeweilige Zahl nicht verfügbar ist oder Null beträgt, während eine Null („0,0“) bedeutet, dass die jeweilige Zahl auf Null gerundet wurde.

Ausgewählte Konzernfinanzinformationen der ABOUT YOU

Ausgewählte Daten aus der Konzern-Gewinn- und Verlustrechnung

	Für das Geschäftsjahr endend zum		
	28. Februar 2019	29. Februar 2020	28. Februar 2021
		(geprüft, in € Mio.)	
Umsatzerlöse	461,2	743,4	1.166,5
Materialaufwand	(271,6)	(422,5)	(691,5)
Personalaufwand	(26,5)	(34,9)	(59,8)
Sonstige betriebliche Aufwendungen	(284,5)	(367,5)	(477,8)
Ergebnis vor Zinsen, Steuern und Abschreibungen (EBITDA)	(106,5)	(69,9)	(44,0)
Ergebnis vor Zinsen und Steuern (EBIT)	(112,4)	(79,4)	(55,5)
Ergebnis vor Steuern (EBT)	(114,2)	(80,2)	(57,1)
Periodenergebnis	(114,7)	(79,8)	(59,9)

Ausgewählte Daten aus der Konzernbilanz

	Zum		
	28. Februar 2019	29. Februar 2020	28. Februar 2021
		(geprüft, in € Mio.)	
Bilanzsumme	294,7	306,9	457,2
Eigenkapital	177,1	102,2	55,4

Ausgewählte Daten aus der Konzern-Kapitalflussrechnung

	Für das Geschäftsjahr endend zum		
	28. Februar 2019	29. Februar 2020	28. Februar 2021
		(geprüft, in € Mio.)	
Cash-Flow aus der laufenden Geschäftstätigkeit	(107,3)	(42,4)	(6,4)
Cash-Flow aus der Investitionstätigkeit	(9,5)	(15,1)	(18,9)
Cash-Flow aus der Finanzierungstätigkeit	234,4	(3,4)	70,9

Wesentliche operative Daten

	Für das Geschäftsjahr endend zum		
	28. Februar 2019	29. Februar 2020	28. Februar 2021
		(ungeprüft)	
Nutzersitzungen pro Monat (in Mio.)(1)	30,6	54,6	89,5
Mobile Sitzungen (in % der Nutzersitzungen)(2)	73 %	82 %	83 %
Aktive Kunden (in Mio.)(3)	4,00	5,80	8,45
Bestellungen pro aktivem Kunden(4)	2,37	2,57	2,75
Gesamtzahl Bestellungen (in Mio.)(5)	9,48	14,91	23,22
Durchschnittlicher Bestellwert (in €)(6)	55,17	55,33	57,07

(1) Wir definieren Nutzersitzungen als alle Sitzungen über alle Länder hinweg mit Ausnahme von solchen ohne Interaktionsereignis.
(2) Wir definieren mobile Sitzungen als alle Sitzungen, die über ein mobiles Gerät, wie z. B. ein Smartphone, getätigt werden.
(3) Wir definieren aktive Kunden als Kunden, die innerhalb der letzten 12 Monate mindestens einen Kauf über unsere Apps und Websites getätigt haben.
(4) Wir definieren Bestellungen pro aktivem Kunden als Summe aller Bestellungen geteilt durch die Summe aller aktiven Kunden.
(5) Wir definieren Gesamtzahl Bestellungen als die Anzahl der Kundenbestellungen innerhalb der letzten 12 Monate.
(6) Wir definieren durchschnittlichen Bestellwert als Wert aller im Handelsgeschäft an Kunden verkauften Waren einschließlich Mehrwertsteuer nach Stornierungen und Retouren, geteilt durch die Anzahl der Bestellungen.

Segmentinformationen

	Für das Geschäftsjahr endend zum		
	28. Februar 2019	29. Februar 2020	28. Februar 2021
	(geprüft, in € Mio.)		
AY DACH			
Umsatzerlöse	375,6	509,9	660,0
Bereinigtes EBITDA[(1)]	(43,7)	0,4	36,8
AY RoE			
Umsatzerlöse	69,7	188,9	463,5
Bereinigtes EBITDA[(1)]	(39,2)	(55,2)	(83,3)
TME			
Umsatzerlöse	26,5	52,0	83,5
Bereinigtes EBITDA[(1)]	(15,4)	(17,4)	10,1

(1) Wir definieren Bereinigtes EBITDA als um aktienbasierte Vergütungsaufwendungen, Restrukturierungskosten und nicht operative Einmaleffekte bereinigtes EBITDA.

B.3 – Welches sind die zentralen Risiken, die für die Emittentin spezifisch sind?

- Die Online-Modebranche in unseren Märkten ist sehr wettbewerbsintensiv und unsere Fähigkeit, im Wettbewerb zu bestehen, hängt von einer Vielzahl von Faktoren ab, die sowohl innerhalb als auch außerhalb unserer Kontrolle liegen.
- Negative Entwicklungen der globalen und lokalen wirtschaftlichen Bedingungen in unseren Märkten, einschließlich der COVID-19 Pandemie, falls diese anhält, könnten sich negativ auf die Ausgaben der Kunden im Modesegment auswirken.
- Wir haben seit unserer Gründung erhebliche Betriebsverluste erlitten, und es gibt keine Garantie dafür, dass wir in Zukunft Rentabilität erreichen oder aufrechterhalten können.
- Wenn es uns nicht gelingt, unseren Kunden ein inspirierendes, personalisiertes Online-Modeerlebnis zu bieten und uns an die sich schnell verändernde Landschaft relevanter Influencer, Social-Media-Plattformen und Modemarken anzupassen, könnte dies unser Wachstum einschränken und uns daran hindern, die Rentabilität zu erreichen oder zu erhalten.
- Wir könnten nicht in der Lage sein, unsere Umsätze oder unser Geschäft zu halten oder zu steigern oder unser Wachstum effektiv zu steuern.
- Sollte es uns nicht gelingen Modetrends und Kundenpräferenzen zu antizipieren und rechtzeitig darauf zu reagieren oder uns an die neuesten Trends in der Kommunikation mit unseren Kunden über soziale Medien oder andere Kanäle anzupassen, könnte dies zu einem Verlust von Kunden und Geschäft führen.
- Unsere Wachstumsstrategie beinhaltet die Erschließung neuer geografischer Märkte und wir könnten uns entscheiden, neue Geschäftsmöglichkeiten zu verfolgen, neue Websites oder Apps zu entwickeln oder neue Produkte, Verkaufsformate oder Dienstleistungen anzubieten und die damit verbundenen Investitionen könnten nicht die angestrebten Ergebnisse bringen.
- Wir sind auf externe Finanzierungen angewiesen, um das weitere Wachstum unseres Unternehmens zu unterstützen und könnten nicht in der Lage sein, das benötigte Kapital zu wirtschaftlich akzeptablen Bedingungen oder überhaupt zu beschaffen.
- Unsere Marken und andere Lieferanten könnten den Verkauf an uns zu wirtschaftlich vertretbaren Bedingungen einstellen, uns nicht mit qualitativ hochwertigen, konformen und ausreichenden Waren beliefern oder geltende Gesetze oder Vorschriften nicht einhalten.
- Wir sind dem Risiko von Sicherheitslücken, einschließlich Cyber-Angriffen, und der unbefugten Nutzung einer oder mehrerer unserer Websites, Datenbanken, Online-Sicherheitssysteme oder computergestützten Logistikmanagementsysteme ausgesetzt.
- Wir unterliegen einer Vielzahl von Vorschriften, einschließlich, aber nicht beschränkt auf Verbraucherschutzgesetze, Vorschriften zum elektronischen Handel und Wettbewerbsgesetze und künftige Vorschriften könnten unserem Unternehmen zusätzliche Anforderungen und andere Verpflichtungen auferlegen.
- Die Nichteinhaltung von Datenschutzgesetzen könnte zu Haftungsansprüchen und Reputationsschäden für unser Unternehmen führen und nachteilige Änderungen des geltenden Rechtsrahmens könnten unsere Betriebskosten erhöhen.
- Wir unterhalten bedeutende Geschäftsbeziehungen zu Otto. Sollten diese Beziehungen oder daraus resultierende Vereinbarungen beendet werden, müssten wir die Dienstleistungen ersetzen und die wirtschaftlichen Bedingungen etwaiger neuer Vereinbarungen könnten für uns ungünstiger sein.

C. – Basisinformationen über die Wertpapiere

C.1 – Welches sind die wichtigsten Merkmale der Wertpapiere?

Anzahl und Art der Aktien – Zum Datum dieses Prospekts beträgt das Grundkapital der Gesellschaft €157.582.058,00 und ist eingeteilt in 157.582.058 auf den Inhaber lautende Stückaktien, jeweils mit einem rechnerischen Anteil am Grundkapital von je €1,00.

ISIN und Währung – Die ISIN der Aktien lautet DE000A3CNK42 und die Aktien sind in Euro denominiert.

Mit den Aktien verbundene Rechte, relativer Rang und Übertragbarkeit – Jede Aktie ist voll dividendenberechtigt. Alle Aktien gewähren die gleichen Stimmrechte. Es bestehen keine Stimmrechtsbeschränkungen. Im Falle einer Insolvenz der Gesellschaft sind die Aktien gegenüber allen anderen Wertpapieren und Forderungen nachrangig. Die Aktien sind in Übereinstimmung mit den gesetzlichen Bestimmungen für Inhaberaktien frei übertragbar.

Dividendenpolitik – Die Gesellschaft beabsichtigt, auf absehbare Zeit keine Dividenden zu zahlen.

C.2 – Wo werden die Wertpapiere gehandelt?

Es wird erwartet, dass alle Aktien zum Handel am regulierten Markt der Frankfurter Wertpapierbörse und zugleich zu dessen Teilbereich mit zusätzlichen Zulassungsfolgepflichten (*Prime Standard*) zugelassen werden (die „**Zulassung zum Handel**").

C.3 – Welches sind die zentralen Risiken, die für die Wertpapiere spezifisch sind?

- Nach Vollzug der unter D.1 definierten Privatplatzierung werden unsere Hauptaktionäre einen erheblichen Anteil an unserer Gesellschaft behalten und die Interessen unserer Hauptaktionäre können mit unseren Interessen oder denen unserer anderen Aktionäre in Konflikt geraten.
- Zukünftige Verkäufe der Hauptaktionäre könnten den Preis unserer Aktien drücken.

D. – Basisinformationen über das Angebot der Wertpapiere und die Zulassung zum Handel

D.1 – Zu welchen Konditionen und nach welchem Zeitplan kann ich in dieses Wertpapier investieren?

Einzelheiten der Zulassung zum Handel	Die Gesellschaft hat gemeinsam mit Deutsche Bank am 8. Juni 2021 die Zulassung ihrer Aktien zum Handel am regulierten Markt der Frankfurter Wertpapierbörse und zugleich zu dessen Teilbereich mit zusätzlichen Zulassungsfolgepflichten (*Prime Standard*) beantragt. Die Zulassung zum Handel wird voraussichtlich am 15. Juni 2021 erfolgen und der Handel voraussichtlich am 16. Juni 2021 aufgenommen werden.
Privatplatzierung	Zwischen dem 8. und dem 14. Juni 2021 führte die Gesellschaft zusammen mit Deutsche Bank, Goldman Sachs Bank Europe SE, Marienturm, Taunusanlage 9-10, 60329 Frankfurt am Main, Deutschland, LEI 8IBZUGJ7JPLH368JE346 ("**Goldman Sachs**"), J.P. Morgan AG, Taunustor 1 (TaunusTurm), 60310 Frankfurt am Main, Deutschland, LEI 549300ZK53CNGEEI6A29 ("**J.P. Morgan**" und zusammen mit Deutsche Bank und Goldman Sachs, die "**Joint Global Coordinators**"), Numis Securities Ltd, The London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT, Vereinigtes Königreich, LEI 213800P3F4RT97WDSX47 ("**Numis Securities**"), Société Générale, 29 boulevard Haussmann, 75009 Paris, Frankreich, LEI O2RNE8IBXP4R0TD8PU41 ("**Société Générale**"), UBS Europe SE, Bockenheimer Landstraße 2-4, 60306 Frankfurt am Main, Deutschland, LEI 5299007QVIQ7IO64NX37 ("**UBS**" und zusammen mit den Joint Global Coordinators, Numis Securities und Société Générale, die "**Joint Bookrunners**") angesichts der erwarteten Zulassung der Aktien der Gesellschaft zum Handel am regulierten Markt der Frankfurter Wertpapierbörse (*Prime Standard*) eine Privatplatzierung von insgesamt 36.607.145 auf den Inhaber lautenden Stückaktien der Gesellschaft, jeweils mit einem rechnerischen Anteil am Grundkapital von je €1,00 und vollständiger Dividendenberechtigung ab dem 1. März 2021 (die "**Privatplatzierung**") vor; diese bestand aus • 28.571.429 neu ausgegebenen, auf den Inhaber lautenden Stückaktien aus einer am 14. Juni 2021 von einer Hauptversammlung der Gesellschaft beschlossenen und voraussichtlich am 15. Juni 2021 in das Handelsregister eingetragenen Kapitalerhöhung gegen Bareinlagen;

- 3.260.871 bestehenden auf den Inhaber lautenden Stückaktien aus dem Bestand der TMB, SBB und HWB; sowie
- 4.774.845 bestehenden auf den Inhaber lautenden Stückaktien aus dem Bestand der GFH, SevenVentures GmbH, Unterföhring, Deutschland, GMPVC German Media Pool GmbH, Berlin, Deutschland und Fashion Media Pool GmbH, Berlin, Deutschland (zusammen die "**Verleihenden Aktionäre**") im Zusammenhang mit einer Mehrzuteilung (die "**Mehrzuteilungsaktien**").

Am 14. Juni 2021 wurden der Preis je Aktie im Rahmen der Privatplatzierung auf €23,00 festgesetzt und die Mehrzuteilungsaktien J.P. Morgan als Stabilisierungsmanager, handelnd für Rechnung der Joint Bookrunners, von den Verleihenden Aktionären in Form eines Wertpapierdarlehens zur Bedienung von Mehrzuteilungen zur Verfügung gestellt.

D.2 – Wer ist der Anbieter und/oder die die Zulassung zum Handel beantragende Person?

Zulassung zum Handel .... Die Gesellschaft hat gemeinsam mit Deutsche Bank, einer Aktiengesellschaft, die nach deutschem Recht gegründet wurde und ihren Sitz in Deutschland hat, die Zulassung zum Handel beantragt.

D.3 – Weshalb wird dieser Prospekt erstellt?

Gründe für die Zulassung zum Handel .... Die Gesellschaft strebt die Zulassung zum Handel an, um Zugang zum Kapitalmarkt zu erhalten. Die Gesellschaft glaubt, dass dieser Zugang ihrem künftigen Wachstum zugute kommen und ihre Finanzierungsmöglichkeiten erweitern wird.

Interessenkonflikte .... In Bezug auf die Zulassung zum Handel bestehen keine Interessenkonflikte.

1. RISK FACTORS

*This prospectus (the "**Prospectus**") relates to the admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard) of the entire share capital of ABOUT YOU Holding AG (the "**Company**" and, together with its consolidated subsidiaries, "**ABOUT YOU**", "**ABOUT YOU Group**", "**we**", "**us**", "**our**" or "**ourselves**"). An investment in the shares of the Company is subject to risks. According to article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, the risk factors featured in a prospectus must be limited to risks which are specific to the issuer and/or to the securities and which are material for taking an informed investment decision. Therefore, the following risks are limited to risks that are both (1) specific to ABOUT YOU and/or to the Company's shares and (2) material for taking an informed investment decision.*

The following risk factors are categorized into subcategories based on their nature. In each category the two most material risk factors (i.e., those the Company believes are most likely to have a material adverse impact) are mentioned first based on the Company's current assessment with respect to the probability of their occurrence and the expected magnitude of their negative impact. The remaining risk factors in each category are not ordered by materiality.

1.1 Risks Related to the Industry in Which We Operate

1.1.1 The online fashion industry in our markets is very competitive and our ability to compete depends on a large variety of factors both within and beyond our control.

The online fashion industry is fragmented and characterized by intense competition. In each of the regions we operate in we face competitive pressure both online and offline and from local and international players, impacting our ability to grow, sustain profitability and retain and grow market share. The diverse group of retailers with which we compete includes, but is not limited to:

- pure-play online fashion retailers with business models similar to ours;
- general e-commerce retailers and marketplaces attempting to increase their presence across a range of product categories including fashion and lifestyle;
- offline-focused, vertically-integrated local retailers and brands, as well as international companies seeking to enter our geographic markets, who are expanding their own online shelf space using their own websites and apps; and
- offline stores and mail order retailers focused on or including fashion and lifestyle products that use their brand, customer reach and fulfillment infrastructure to expand into online fashion sales.

Some of our current and potential future competitors have longer operating histories, greater financial resources, a larger customer base and wider reach or better economies of scale than we do. New market entrants may appear and some of our current smaller competitors may be acquired by, receive investment from or enter into strategic relationships with well-established and well-funded companies or investors who would enhance their competitive positions, potentially leading to reduced sales, lower profitability, and loss of market share for us. Moreover, as has happened in several of our regions in the past, competitors may significantly discount their prices on merchandise also offered by us. Such intensive price competition could negatively affect our ability to generate revenues as well as our profitability. Additionally, individual, strong competitors could expand their market presence and thus create a monopoly-like position for themselves, which could make it more difficult for us to expand our own market position.

In addition, most of our brand partners and suppliers are producers or distributors of fashion products that sell their products directly to end-customers independent of any partnership with us. We could experience additional competitive pressure if such suppliers successfully expand their own online retail operations, as they have access to their merchandise at lower costs and could therefore sell such merchandise at lower prices while maintaining higher margins on their revenue than we can. We also face competition from the grey market, *i.e.*, fashion product imports that have not been authorized by the brand owner. In addition, as a result of the challenges presented by the pandemic spread of a strain of the coronavirus and the infectious disease caused by it ("**COVID-19**"), retailers and brands that previously have not used e-commerce channels to market their products may establish their own online presence or sell their goods in cooperation with our existing competitors, which may create new or strengthen existing competition.

We believe these factors make our industry especially competitive, with the risk of increased competition in the future. As a result, we believe that our ability to compete will depend on factors both within and beyond our control, including, but not limited to:

- our ability to offer a convenient, efficient and reliable shopping experience for our customers in our regions and to adapt to evolving or local consumer preferences;
- the development of our reputation and brand, relative to those of our competitors;
- the size and composition of our customer base and our ability to increase the number of repeat purchases from active customers;
- the composition of our supplier base, and its subsequent impact on the selection and price of products we feature on our sites;
- the perception of our websites and apps as attractive distribution channels for our brand partners and suppliers;
- our ability to create and expand proprietary own label products that are recognized for high quality and generate attractive margins for us;
- our ability to expand our product offering into new product categories and into new geographies;
- our ability to create efficient and cost-effective advertising and marketing efforts to acquire new customers;
- our ability to develop and manage new and existing technologies and sales channels in a timely manner;
- the efficiency, reliability and service quality of our fulfillment operations, including fulfillment center activities, distribution, payment and customer service;
- the legal framework on e-commerce and related legislation governing liability, obligations and supervisory oversight; and
- our ability to offer convenient payment methods for every customer.

Any failure to properly address these factors and to successfully compete against current or future competitors could negatively affect our ability to attract and retain customers and to achieve sustainable profitability, which could, in turn, have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.2 Negative developments in global and local economic conditions in our markets, including the COVID-19 pandemic if it continues, could adversely impact consumer spending in the fashion segment.

We sell fashion products online. Purchases of our customers are discretionary, and therefore dependent upon the level of customer spending, particularly among affluent customers. As a result, our performance depends on global and regional economic conditions, which, however, have shown significant volatility in recent years. For example, as a result of the COVID-19 pandemic and the measures taken by various governments to combat its spread most countries in which we operate fell into recession in 2020. Our home market Germany, which had seen a long period of stable economic growth since the financial and economic crisis of 2008/2009, reported a 4.9% decline in its gross domestic product (GDP) for 2020 compared to 2019 (*source: Destatis*). The ongoing pandemic and related counter-measures will at best continue to dampen economic prospects in Europe in the short term. While the COVID-19 crisis contributed to growth in the online fashion industry in 2020, following the end of government support programs a continued economic downturn in one or more of our markets may result in higher levels of unemployment and as a consequence materially negatively affect consumer confidence and discretionary consumer spending, including purchases of fashion and lifestyle products.

In addition, adverse economic developments in the countries in which we generate our revenue could adversely affect the collection of accounts receivable from our customers due to deterioration in credit quality and increase our inventory risk. There is also a risk of increased taxes, for the purpose of addressing the extraordinary levels of public spending and public debt related to the COVID-19 pandemic, in some or all of the European countries in which we sell our merchandise. Tax increases that lead to increases in the sales prices of our products or the prices of services we purchase or offer or reduce the income available for consumption could also weaken demand for our fashion products.

If our markets do not develop as anticipated or are negatively affected by global and local economic conditions, consumer spending in the fashion segment may be adversely affected and demand for our products may not increase as currently anticipated. Consequently, we may not be able to recoup the investments made in these markets and may be forced to close, or decide to divest, our operations in selected markets, which could have an adverse material effect on the implementation of our expansion strategy.

1.2 Risks related to Our Business Activities

1.2.1 We have incurred significant operating losses since our inception, and there is no guarantee that we will achieve or maintain profitability in the future.

We are an international online fashion and lifestyle destination operating in more than 20 European countries under the brand ABOUT YOU. To complement our offering of fashion products, we have developed a specialized service offering comprising B2B e-commerce technology, media and other enabling solutions ("**TME**") to help establish long term partnerships with relevant, fast growing fashion brands and to support our profitability. However, we have not yet generated any consolidated net profit. While we were profitable in our Germany, Austria and Switzerland segment ("**AY DACH**" or "**DACH**") and our TME segment in terms of earnings before interest, taxes, depreciation, and amortization ("**EBITDA**"), adjusted for (i) equity-settled share-based compensation expenses, (ii) restructuring costs and (iii) one-time effects ("**Adjusted EBITDA**"), in the fiscal year ended February 28, 2021, our segment comprising our business outside our home region ("**AY RoE**", and together with AY DACH "**AY Commerce**" or "**Commerce**") and group-wide Adjusted EBITDA were negative, with our group-wide Adjusted EBITDA at €(106.5) million in the fiscal year ended February 28, 2019, €(69.9) million in the fiscal year ended February 29, 2020 and €(35.5) million in the fiscal year ended February 28, 2021. Our losses are primarily attributable to the costs associated with building and growing our business such as marketing expenses and investments to further develop our technology platform. Our business plan is premised on our ability to benefit from the expected growth of, and increasing e-commerce penetration in, our regional markets. If our markets experience disruptive political or economic events or otherwise fail to grow, or if local governments restrain us from continuing to do business as we have in the past or at all, our growth prospects may not materialize, which may negatively affect our profitability or may even force us to cease operating in certain regions. Even in a stable political and economic environment, we must invest significant resources into building relationships with fashion and lifestyle brands, enhancing the customer experience, improving and expanding our technology and fulfillment infrastructure and other areas in order to capitalize on any potential growth opportunities. These investments may prove more expensive than anticipated and may not yield the desired results. There can be no assurance that we will be able to achieve or maintain profitability in the future. Continued losses would have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.2 Failure to provide our customers with an inspiring personalized online fashion experience and to adapt to the fast changing landscape of relevant influencers, social media platforms and fashion brands could limit our growth and prevent us from achieving or maintaining profitability.

We believe that the foundation of our business is to provide our customers with a unique and personalized online fashion experience through a combination of fashion from a wide selection of brands, technology using machine learning algorithms and big data. To present our online offering in an inspiring way and to reach our target customer group, we rely on our influencer network and social media platforms. Influencers have the ability to reach and influence potential customers with regard to certain products or services by endorsing or recommending them on social media platforms, which are web- and / or app-based platforms allowing for the creation and sharing of user-generated content such as texts, pictures or videos with virtual communities and networks (*e.g.*, Facebook, Instagram, TikTok). If we fail to offer the fashion and lifestyle products and brands our customers demand, if we are unable to present such products on our apps and websites in an inspiring and attractive way and at competitive prices or if we are unable to adapt to the fast changing landscape of relevant influencers and developments of social media platforms, we may be unable to attract new customers, may lose existing customers or may be faced with reduced volumes of purchases on our apps and websites, which could limit our growth and prevent us from achieving or maintaining profitability.

1.2.3 We may not be able to maintain or grow our revenue or our business.

We experienced significant growth in the past, with revenue increasing from €461.2 million in the fiscal year ended February 28, 2019 to €1,166.5 million in the fiscal year ended February 28, 2021, corresponding to a compound annual growth rate ("**CAGR**") of 59%. Likewise, orders per active customer (*i.e.*, the sum of all orders divided by the sum of all active customers.) increased from 2.37 in the fiscal year ended February 28, 2019 to 2.75 in the fiscal year ended February 28, 2021, corresponding to a CAGR of 8%. However, there can be no assurance that we will be able to sustain these historic growth levels, or that we will continue to experience significant above-market growth or any growth at all. In addition, we anticipate that our growth rate will decline over time as we achieve higher market penetration rates in all markets in which we operate. To the extent our growth rate slows, our business performance will become increasingly dependent on our ability to achieve economies of scale by, among other things, using our operating leverage, increasing our fulfillment efficiencies and reducing marketing costs in relation to our revenue. We have made and are continuing to make investments in optimizing and localizing our customer experience, our fulfillment and technology infrastructure and the development of mobile applications. However, there is no assurance that these efforts will be sufficient to grow our revenue or business in total or in relation to the costs we incur. If our revenue growth slows or if our revenue declines, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.4 We may not be able to manage our growth effectively.

The rapid growth of our business has placed, and any future growth is expected to continue to place, significant demands on our management and our operational and financial infrastructure. As our operations grow further, we will need to continue to improve and upgrade our systems and infrastructure to deal with the greater scale and complexity of operations, especially our technology systems and our fulfillment infrastructure. Such expansion will require us to commit substantial management, operational and other resources in advance of any increase in the size of our business, with no assurance that our revenue and profit will increase accordingly.

Additionally, while we expect to receive proceeds from the private placement conducted in anticipation of the admission to trading of the Company's shares, we continue to have only limited funds available to invest in systems and processes. Hence, there is a risk that underinvestment in systems may impact our ability to further scale and/or profitably scale our business. In some instances, the cost to increase scale may make growth in some areas unfeasible or undesirable.

Continued growth may also strain our ability to maintain reliable service levels for our customers, may impede our efforts to attract, train, motivate and retain employees, or complicate our plans to develop and improve our operational, financial and management controls. Specifically, in certain regions, continued growth could result in our business, including fulfillment services sourced from third parties, being unable to accommodate the number of customers or orders, *e.g.*, if our service providers' fulfillment centers begin to operate at or near capacity.

Any failure to effectively manage the increasing size and complexity of our business resulting from future growth could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.5 Our investments to increase brand awareness, to generate website and mobile traffic and to build or retain a loyal customer base may not be effective.

Maintaining and enhancing our brand awareness, acquiring new customers, and increasing the number of customer visits to our website and apps, the number of orders and the basket size per order is critical to our success and profitability.

We have made significant investments related to brand awareness, customer acquisition and customer loyalty, and we expect to continue to spend significant amounts to attract new and retain existing customers. For example, we have incurred and will continue to incur significant expenses in marketing through a broad range of media to attract website and app traffic, to increase customer loyalty and repeat purchases in order to increase revenue and maintain our brand awareness and recognition. These expenses include substantial outlays for offline marketing, television advertising, and online marketing such as search engine marketing (SEM), search engine optimization (SEO) and especially the use of social media, including different social media channels of influencers, in the context of which we pay third parties to refer visitors from their websites to our websites. Additionally, we incur expenses for our large-scale events and shows such as our "ABOUT YOU AWARDS" or our "ABOUT YOU Fashion Week", through which we generate media contacts and organic reach. Our decisions regarding investments in customer acquisition substantially depend upon our analysis of customer cohorts in earlier periods. There can be no assurance that our assumptions regarding required customer acquisition investment and resulting revenue from such customers, including those relating to the effectiveness of our marketing expenditures, will prove to be correct or that our marketing efforts and other promotional activities will achieve what we consider to be an optimal mix of advertising and marketing at a cost we consider to be economically viable. Furthermore, we cannot guarantee that certain methods of advertising that we currently utilize will not become less effective, be prohibited or otherwise be unavailable to us in the future. Our online partners might be unable to deliver the anticipated number of customer visits or impressions, or visitors that are attracted to our websites by such campaigns might not make purchases as anticipated by us. Moreover, changes to search engines' algorithms or terms of services could exclude our websites from, or rank them lower in, search results.

If we are unable to attract sufficient brand awareness, website or app traffic, translate a sufficient number of website visitors or app users into purchasers with sufficiently large basket sizes, build and maintain a loyal customer base, increase repeat purchases from customers, or do any of the foregoing on a cost-effective basis, our future growth could be limited or our revenue could even decline. The occurrence of any of these events, alone or in combination, could have a material adverse effect on our business, financial condition and results of operations.

1.2.6 Our business is complemented by our own labels, which we might not be able to maintain or enhance, and unfavorable customer feedback or negative publicity could adversely affect our own labels.

Our business is complemented by our own labels (ABOUT YOU and EDITED) and exclusive brands which contribute more than 5% of our Commerce revenue share and depend on the loyalty of our customers. The strong awareness of our own labels contributes to higher organic traffic on our apps and websites and lower marketing costs, as a high percentage of our website traffic is generated by direct visits or related to customer relationship management, social media or search engine optimization channels. Maintaining and enhancing our own labels is therefore crucial for the expansion and retention of our base of customers, suppliers and brands. However, our own labels may be adversely affected if their public image or reputation is tarnished by customer complaints or negative publicity about product quality, delivery times, return processes, customer support or other services. Any failure to maintain or enhance our own labels and thus to expend and retain our loyal customer base, could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.7 Any failure to anticipate and respond in a timely manner to fashion trends and consumer preferences could result in a loss of customers and business.

Our ability to sell a sufficient number of products at satisfactory price levels depends on our ability to predict and respond to fashion trends and changing customer preferences in a timely manner. We operate in the fashion retail industry, which is highly sensitive to changes in customer preference, fluctuations in fashion trends and seasonal weather patterns. Customer preferences regarding fashion design, quality and price tend to change rapidly and new trends, such as the growing acceptance of sustainability, may continue to gain importance. Thus, accurately forecasting the selection and required quantities of such products is difficult. In addition, we must take into account the time it takes us to respond to changes in trends, as we incur lead times for the delivery of merchandise from our suppliers. As such, a potential increase in lead times, *e.g.*, due to disruptions in the supply chain, may result in us not having the appropriate selection or the required quantities of products in order to satisfy customer demand. While there has been an increase in demand for more sustainable and environmental-friendly fashion products due to ever more present public awareness regarding climate change and the environmental impact of fashion, this may not result in customers' willingness to pay higher prices. We typically enter into agreements to purchase our merchandise in advance of the applicable selling season and any failure to anticipate and respond in a timely manner to fashion trends and customer preferences could result in lost sales and a loss of customers, which would have a material adverse effect on our business, financial condition and results of operations.

1.2.8 We may miss or may not be able to adapt to the latest trends in communication with our customers through social media or other channels.

We heavily rely on social media and on influencers to communicate with our customers. Changes to the terms and conditions of the relevant providers could limit our ability to communicate through social media. These services may also change their algorithms or interfaces even without notifying us, which may reduce our visibility or increase our costs.

We also use newsletters in the form of emails, app push notifications and other messaging services in order to promote our platform, inform customers of our product offering and/or the status of their transactions. Changes in how webmail services organize and prioritize emails could reduce the number of customers opening our emails. For example, several service providers organize incoming emails into categories. Such tools and features could result in our emails and other messages being shown as "spam" or as lower-priority messages to our customers, which could reduce the likelihood of customers opening or responding positively to them. Actions by third parties to block, impose restrictions on, or charge for the delivery of, emails, app push notifications and other messages, as well as legal or regulatory changes limiting our right to send such messages or imposing additional requirements on our ability to conduct email marketing or send other messages, could impair our ability to communicate with our customers.

If we are unable to communicate through social media, via emails, app push notifications or other messages with our customers, if our messages are delayed, or if customers do not receive or view them, we will no longer be able to use this marketing channel. This could impair our marketing efforts or make them more expensive if we feel the need to increase spending on paid marketing channels to compensate for the loss of free marketing, and, as a result, our business could be adversely affected.

In addition, any malfunction of our communication services could result in erroneous messages being sent and customers no longer wanting to receive any messages from us. Furthermore, our process to obtain consent from users of our apps and visitors to our websites to receive newsletters, app push notifications and other messages from us and to allow us to use their data may be seen as insufficient or invalid. As a result, such individuals or third parties may accuse us of sending unsolicited advertisements and other messages which could result in claims against us.

The way our customers communicate online is constantly evolving. Keeping up with these developments is key for us to effectively present our brand, labels and products to our customers. However, we may not be able to identify new trends in communication or to adapt to these trends. An inability to communicate through social media, app push notifications, emails or other messaging services could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.9 Our cooperation with influencers may not be successful or subject us to reputational damage.

With the constantly increasing popularity of social media (*e.g.*, Facebook, Instagram, Twitter and YouTube, TikTok, Twitch), influencer marketing has become an important marketing strategy especially in the fashion industry. We integrate independent influencers into our branding and content creation by using their endorsements and mentions on their social media channels to enhance our brand awareness and drive our sales. In addition, we design, manufacture and sell exclusive brands in close cooperation with influencers, such as "LeGer" and "DAN FOX Apparel". The success of these cooperations depends on our influencers' successful marketing and brand image vis-à-vis their followers. If unsuccessful, we may not reach the expected number of sales, which could negatively affect our business and results of operations.

We currently have more than 10,000 influencers registered in our database and, in the fiscal year ended February 28, 2021, uploaded approximately 100 exclusive outfits with influencers on average per month to our platform. Additionally, we launched more than 20 influencer collections in 2020. The larger number of cooperation activities and the fast-paced social media centered nature of influencer marketing which often relies on the influencer's authenticity challenge us to enforce our marketing standards on influencers. Any actual or asserted misbehavior on the part of the various influencers cooperating with us could harm their reputation and thus the success of our cooperation or could be attributed to us and directly harm our reputation. Such negative publicity may be accelerated through social media due to its immediacy and accessibility as a means of communication without affording us an opportunity for redress or correction and we may lose valuable customers, which could have a material adverse effect on our business.

1.2.10 Our growth strategy includes entering new geographic markets and we might elect to pursue new business opportunities, develop new websites or apps, or offer new products, sales formats or services, and the related investments may not yield the targeted results.

As part of our growth strategy we continuously search for opportunities to expand into new geographic markets. We have only recently expanded into additional target geographies in Central Eastern Europe ("**CEE**") and plan to further expand our business especially in Southern Europe, *i.e.*, France, Spain and Italy ("**SEU**"), and the Nordic market, *i.e.*, Denmark, Finland and Sweden (the "**Nordics**"). While we have a track record of market entries we need to tailor our offering to the specific circumstances of every new geography. However, we may not be able to reach our strategic goals for these new markets or these markets may prove less attractive than anticipated.

If we choose to enter into new markets, expand our offering to include other types of products, or develop any new businesses, own fashion brands, apps, websites, promotions, sales formats or services we believe would be compatible with, adjacent to, or complementary to our existing business, there can be no guarantee that any such endeavor will succeed. Any such initiative that is not favorably received by consumers or suppliers, especially in the case of a termination, could damage our reputation and brand, and any expansion or alteration of our operations could require significant additional expenses and divert management and other resources, which could in turn negatively affect our results of operations. Only recently we have established our second-hand segment "Second Love", offering second-hand fashion items in support of key environmental, social and governance ("**ESG**") drivers and to encourage sustainable and environmental-friendly fashion products.

If we launch new markets, expand our offering to new product categories, or develop new businesses, fashion brands, apps and websites, but fail to generate satisfactory returns from any such initiative, we may need to terminate, cancel, close, sell or wind up parts of our business, which could severely jeopardize our further growth strategy.

1.2.11 We may from time to time pursue acquisitions, any of which could result in significant additional expenses, fail to achieve anticipated benefits, or fail to be properly integrated.

As part of our business strategy, we may engage in opportunistic acquisitions of other companies, businesses or assets (*e.g.*, we acquired ad-tech company Adference in 2019). Acquisitions involve numerous risks, any of which could harm our business, including but not limited to:

- difficulties in integrating the technologies, operations, existing contracts and personnel of acquired businesses;
- difficulties in supporting and transitioning customers or suppliers of an acquired company;
- potential loss of key employees, customers and suppliers from either our current business or an acquired company's business as result of a merger;
- diversion of financial and management resources from existing operations or alternative acquisition opportunities;
- failure to realize the anticipated benefits or synergies of a transaction;
- failure to identify all of the problems, liabilities or other shortcomings or challenges of an acquired company or technology, including issues related to intellectual property, regulatory compliance, accounting practices or employee or customer issues;
- inability to generate sufficient revenue to offset acquisition costs;
- additional costs or equity dilution associated with funding the acquisition; and
- potential write-offs or impairment charges relating to acquired businesses.

If, in the context of any future acquisition, we fail to properly assess the merits of the acquisition target or identify all of its problems, incur costs that later prove to be unjustified, fail to integrate the acquisition, including its technology, employees, customers and suppliers, into our business properly and in a cost-efficient manner, or were to lose key employees, customers or suppliers, or incur liabilities or impairment charges that prove to be larger than anticipated, it could have a material adverse effect on our business, financial condition and results of operations.

1.2.12 We are involved in and may pursue strategic relationships. We may have limited control over such relationships, and these relationships may not provide the anticipated benefits.

We have partnered with numerous third parties, *inter alia* by acquiring shares in their businesses or by entering into cooperation agreements, including The HAUS, Soko München, Supreme and LeGer and may pursue and enter into additional strategic relationships in the future. Current and future strategic relationships involve risks, including but not limited to maintaining good working relationships with the other party, inconsistency of economic or business interests, the other party's failure to fund its share of capital for operations or to fulfill its other commitments – including providing accurate and timely accounting and financial information to us – loss of key personnel, actions taken by our strategic partners that may not be compliant with applicable rules, regulations and laws, reputational concerns regarding our partners or our leadership that may be imputed to us, bankruptcy and related bankruptcy proceedings requiring us to assume all risks and capital requirements related to the relationship. Further, these relationships may not deliver the benefits that were originally anticipated, all of which could have a material adverse effect on our business strategy and results of operations.

1.2.13 We rely on external financing to support the continued growth of our business and may not be able to raise needed capital on economically acceptable terms, or at all.

Since our inception, we have had negative operating cash flows and relied on external financing. The uncertain and volatile political and economic environment across our key regions, combined with significant funding needs and a loss-making business, reduces our options for raising additional capital, be it in the form of equity or debt financing. This uncertain and volatile environment may also negatively impact the accuracy of our budgeting and financial forecasting. As a consequence, we may not be able to correctly anticipate our capital requirements. If we are not able to raise the required capital on economically acceptable terms, or at all, or fail to accurately project and anticipate our capital needs, we might have insufficient funds to meet our obligations and/or may be forced to limit or even scale back our operations, which may adversely affect our growth, business and market share and could ultimately lead to insolvency.

We expect to receive significant proceeds from the private placement conducted in anticipation of the admission to trading of the Company's shares. However, we may require additional capital to finance our operations or the future growth of our business. If we choose to raise additional capital by issuing new shares, our ability to place such shares at attractive prices, or at all, depends on the condition of equity capital markets in general and the price of our shares in particular, and such share price may be subject to considerable fluctuation.

A breach of covenants or other contractual obligations contained in external financing agreements, including any arrangements we enter into in the future, could trigger an event of default that may trigger immediate repayment obligations or may lead to the seizure of collateral posted by us, all of which may adversely affect our business. Additional debt financing from independent third parties may not be easily available to us. Even if additional debt financing were available, such financing may require us to grant security in favor of the relevant lenders or impose other restrictions on our business and financial position. Moreover, if we raise additional capital through debt financing on unfavorable terms, this could adversely affect our operational flexibility and profitability. Such restrictions may adversely affect our operations and limit our ability to grow our business as intended.

Any inability to obtain capital on economically acceptable terms, or at all, could have a material adverse effect on the implementation of our business strategy, financial condition, results of operations and prospects.

1.2.14 We may be unable to maintain and expand relationships with brands and our suppliers which may lead to supply shortages, reduce our product offering and limit our ability to grow.

Since the launch of ABOUT YOU, our commerce business, which focuses on the sale of fashion products, has been based on a hybrid business model:

- Own Inventory ("**1P**") Model: We analyze customer and market data to identify the most in-demand products. To ensure fast delivery times (typically between one and four days) and negotiate favorable purchase prices with suppliers (compared to 3P products), we hold these products in our inventory. While most of these products are marketed under third-party fashion brands, we have also established our own labels and developed exclusive brands in close cooperation with influencers and are constantly expanding these exclusive brands. In the fiscal year ended February 28, 2021, our 1P model accounted for 81% of our Commerce revenue.

- Third-Party Inventory ("**3P**") Model: To cover a broad range of styles and price points, we offer third-party fashion brands and retailers the option to market their products through our online stores without purchasing these products for our own inventory. With mitigated inventory risk, we still have full pricing control over 3P items and we are fully responsible for the fulfillment of the delivery promise to our customers. As a result, we recognize the full 3P selling price as revenue. In the fiscal year ended February 28, 2021, our 3P model accounted for 19% of our Commerce revenue.

To replenish our own stock for our 1P model, we source fashion and lifestyle products from third-party manufacturers, fashion and lifestyle brands and distributors. Our global supplier network consists of a large number of fashion and lifestyle brands and suppliers. Maintaining strong relationships with brand partners and suppliers is important to the growth of our business, but cannot be guaranteed. With regard to our 3P model we are dependent on our brand partners being able to source and deliver sufficient fashion and lifestyle products. If we fail to maintain and expand our existing relationships or establish new relationships with additional brands and suppliers on acceptable commercial terms or if our brand partners fail to source and deliver sufficient items, we will not be able to maintain and expand our broad product offering, which could adversely affect our business.

Our efforts to maintain strong relationships with existing fashion and lifestyle brands and establish relationships with new brands are important to our ability to offer a convenient shopping experience to our customers and grow our business. We do not have material long-term or exclusive contracts with most of our brand partners for our 1P model. Substantially all of our 1P brand partners sell their products to us on open-account purchase terms, meaning they are free to cease providing us with their products at any time and as they see fit. Further, we have no direct control on the partners' buying budgets allocated to ABOUT YOU. In phases of high growth, our demand may be underestimated resulting in a limited offer in our shops. If important fashion or lifestyle brands cease doing business with us, stop offering popular items to us, or significantly change to our disadvantage the terms on which they sell their products, our popularity and, as a result, our revenue, including sales of third-party inventory, and results of operations could be negatively affected. A loss of one or more popular brands from among the items we offer on our apps and websites could result in the loss of existing or potential customers and significant revenue.

If we fail to find and select quality brands and suppliers of attractive products, if such brands or suppliers refuse to work with us, if we are unable to negotiate advantageous terms with them or if we fail to maintain and expand our relationships with brand partners and suppliers, we may not be able to grow as anticipated or future growth may lead to supply shortages, which could adversely affect our business. Our competitors may seek to enter into exclusivity agreements with our brand partners or suppliers and thereby prevent us from sourcing products from these suppliers. Suppliers may cease their operations or face financial distress or other business disruptions. As a result, we may not be able to source all of our products in a timely manner or at acceptable prices. Consequently, we may lose customers to competitors with a broader product offering and our remaining suppliers may prefer to sell their products through other fashion retailers with a larger customer base, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.15 Our brands and other suppliers could discontinue selling to us on financially viable terms, fail to supply us with high quality, compliant and sufficient merchandise, or fail to comply with applicable laws or regulations.

We source our proprietary brand products from numerous domestic and international manufacturers, distributors and resellers. These suppliers are subject to various risks, such as changes in raw material costs, labor disputes, boycotts, natural disasters, trade restrictions or disruptions, currency fluctuations, reductions in available credit from banks, factors or other financial institutions and adverse changes in general economic and political conditions as well as supply chain interruptions caused by the ongoing COVID-19 pandemic that could limit their ability to provide us with high-quality and compliant merchandise on a timely basis and in accordance with agreed-upon terms.

We could also become subject to adverse legal or regulatory actions if our suppliers provide us with or have us sell from third-party inventory products that do not comply with applicable laws or regulations, including laws and regulations relating to product safety, embargoes, environmental protection, and standards relating to employment and factory conditions. While we have taken steps to prevent non-compliance of our brand partners and suppliers with applicable laws and regulations, there can be no assurance that these steps effectively prevent non-compliance in all circumstances. If fashion and lifestyle brand partners or suppliers do not observe these regulations, we may be unable to sell or otherwise handle the relevant products. If we fail to detect any deficiencies in the products sold or handled by us before such products are shipped to customers, we may have to recall such products.

We source our own brand products from a large number of different manufacturers, including manufacturers in countries such as China, Bangladesh, India and Turkey, where there is a relatively higher risk that agreed-upon working conditions are not respected at all times. In addition, manufacturers may use materials that are not suitable for the relevant products and could potentially even harm consumers of our own brand products. While we regularly check the working conditions in most of these factories and the quality of our own brand products, there can be no guarantee that our checks effectively uncover all deficiencies. Any deficiencies may result in negative publicity and may materially harm our reputation and business. In addition, some of our manufacturers require that we prepay orders for merchandise, which exposes us to the risk of fraud. Further, we may lose these prepayments if the relevant manufacturer enters bankruptcy proceedings.

In the event of any failure by fashion and lifestyle brand partners, suppliers or manufacturers to meet our quality standards or the quality standards of our customers, we could incur additional costs, our brand and reputation may be damaged by negative publicity due to such deficiencies, we or our management may face administrative fines or criminal charges and we may lose current or potential customers. This holds true regardless of whether we sell these fashion products under our 1P model, our 3P model or as exclusive brands.

1.2.16 Many of our suppliers rely on credit insurance to protect their receivables, and any changes to, or too slow adjustments or withdrawals of, such credit insurance might lead suppliers to seek to reduce their credit exposure to us.

We believe that many of our third-party suppliers have traditionally obtained credit insurance to protect their receivables against the risk of bad debt, insolvency or protracted default of their buyers, including us. Credit levels available to us from our suppliers remain dependent on the general economic environment and our financial position. If there is a significant decrease in the availability of credit insurance to our suppliers, or if requests concerning an increase in credit levels are not met in a timely manner, and if such suppliers are unwilling or unable to take credit risk themselves or find alternative credit sources, they might choose to reduce their credit exposure to us, which efforts might include attempts to change their credit terms or refusing to contract with us. Any such actions could have a material adverse effect on our cash position, lead to an increase in our indebtedness or have a negative impact on our product offering and, thus, on revenue, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.17 Changes in customer return rates might increase our costs and harm our business.

We have established return policies specific to our various local markets that permit our customers to return products within designated timeframes ranging from 30 to 100 days following delivery. Granting return rights is an important element for converting app and website visitors into customers, providing our customers with the certainty that they will only be required to pay for those products that they want to keep.

We might experience a significant increase in returns – for example, due to customer dissatisfaction with our products or customer service, changes in customer behavior or the abuse of our liberal return policy by persons not actually willing to purchase our products. In this case there is no guarantee that we will be able to utilize returned goods in a cost-efficient manner – for example, by reselling them on our apps and websites, selling them at third-party outlets or returning them to our suppliers. We incur costs associated with returned goods – for example, costs associated with return processing and delivery – but may not receive revenue from returns or proceeds from sales of returned goods may not cover all costs incurred. Thus, any increase in returns would increase our costs with no corresponding increase in revenue.

Continued growth is likely to increase the absolute number of returns, which may force us to allocate additional resources to the handling of such returns and may further complicate our operations. Even though products that have not passed through our fulfillment centers, but are delivered via drop-shipping, contain a return label for that drop-shipping partner, we cannot guarantee that some packages are wrongly labeled and returned to us, which may require us to store such products for a certain amount of time and initiate the further return to our partner. Furthermore, any modification of our return policies may result in customer dissatisfaction, which could harm our reputation, or lead to an increase in the number of returns, which could adversely affect our financial condition and results of operations.

1.2.18 We may be unable to manage our own inventory levels effectively and shifting customer preferences may result in overstocking or understocking of products.

We operate in the fashion retail industry, which is highly sensitive to changes in consumer preference, fluctuations in fashion trends and weather patterns. Consumer preferences regarding fashion design, quality, sustainability and price tend to change rapidly and accurately forecasting the selection and required quantities of such products in future periods is difficult. Accelerated through sentiments on social media, the popularity of products can change significantly between the time products are ordered and the date of sale. In addition, the lead times we must incur in taking delivery of merchandise from many of our suppliers pose challenges by increasing, in some cases significantly, the time it takes us to respond to changes in product trends, consumer demand and market prices. As a result, we face the risk of not having the appropriate selection or the required quantities of products in order to satisfy customer demand, in which case our reputation might suffer. A sudden loss of customers may additionally result in increased costs of maintaining inventory and the risk of losses on excess inventory.

In addition, we may misjudge the popularity of our products due to changing customer preferences, which may render us unable to avoid overstocking or understocking under our 1P model. We therefore face the risk of carrying excess inventory which we might be unable to sell during the relevant selling seasons, or only by offering significant discounts. In addition, significant discounting may damage both our relationship with suppliers whose products we sell at discounts as well as our own brand. We generally do not have the right to return unsold products to our brand partners. If we fail to anticipate and respond in a timely manner to changing consumer preferences and adjust our purchases and inventory accordingly, this may result in lost sales, sales at lower than anticipated margins and/or write-offs on inventories, any of which would have a material adverse effect on our business, financial condition and results of operations.

1.2.19 The broad variety of local and international payment methods we accept exposes us to operational, regulatory and fraud risks.

We offer a broad variety of different payment methods tailored to meet our local customers' payment preferences. These payment methods include Bancontact, carte bancaire (Mastercard, VISA), credit card (Diners Club, Discover, Mastercard, VISA), debit card (Maestro), cash on delivery, direct debit, gift cards, iDEAL, Klarna, Paydirekt, PayPal, PayU, Postfinance, Ratepay (Invoice) and online bank transfer. Due to the complexity of the broad variety of international and local payment methods we accept, we face the risk of operational failures in our checkout process, which could adversely affect our conversion rate (*i.e.*, the percentage of people visiting our websites that actually place an order) and customer satisfaction. There is also the risk that, in connection with the methods of payment we offer, we may become subject to additional regulations, compliance requirements, and various types of fraud or cyber-attacks. Local, less developed payment methods may be particularly susceptible to malfunctions or fraud.

For certain payment methods, including credit and debit cards, we pay bank interchange and other fees. These fees may increase over time, increasing our operating costs and decreasing our profitability. We are also subject to operating rules and certification requirements of payment scheme associations, including the Payment Card Industry Data Security Standard and rules governing electronic funds transfers. Amendments to these rules or the introduction of new laws or requirements regarding any payment method we accept could result in increasing compliance costs, higher transaction fees, and the possible loss of or restrictions to our ability to accept credit or debit cards or other types of payment.

We generally rely on third parties to provide payment processing services. We also rely on third-party payment processors, and encryption and authentication technology licensed from third parties, to securely transmit customers' personal information. If these companies become unwilling or unable to provide these services, or increase their fees, such as bank and intermediary fees for credit card payments, our operations may be disrupted and our operating costs could increase. In addition, we may be unable to provide automated online payment processes in all of our markets due to a lack of sophisticated local payment systems. Moreover, our acceptance of numerous local, less-developed payment methods, such as cash on delivery, exposes us to heightened risks of payment defaults or fraud.

Furthermore, we face risks relating to customer claims that purchases or payments were not properly authorized or were transmitted in error, as well as risks that customers have insufficient funds and the risk of fraud. While fraud risks are mostly covered through our contracts with payment processing services, any failure to avoid or limit losses from fraudulent transactions could damage our reputation and result in increased legal expenses and fees.

The materialization of any of the risks described above could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.20 We largely depend on third-party service providers for the fulfillment and distribution of our products to end customers.

We depend on third-party logistics providers for the fulfillment and distribution of the products that our customers order online. Therefore, we have only limited control over the handling of our goods in the course of the fulfillment process, the timing of deliveries and the security of our products while they are being transported. There may be shipping delays due to, among other things, inclement weather, natural disasters, strikes, terrorism or ongoing restrictions related to the COVID-19 pandemic. We also face the risk that our products may be damaged or lost in transit – for example, in the course of shipping from overseas. Furthermore, we rely on third-party providers for a seamless interconnection with manufacturers and brand partners to organize the fulfillment and distribution of drop-shipped products under our third-party inventory model (3P). If these third-party providers terminate their contracts with us, we may not be able to find suitable alternatives on commercially acceptable terms, which could disrupt our services or increase our costs. Additionally, there can be no assurance that customers will not expect or demand faster delivery times than we can ensure in the future.

In addition, in some of our markets, it may be difficult to replace the logistics providers with whom we cooperate due to a lack of alternative offerings at comparable price and/or service quality and we may not be able to substitute such third-party services with an own last-mile delivery service. Changes in shipping terms and costs, for example due to higher fuel costs, or the inability or refusal of third-party logistics providers to deliver our products in a safe and timely manner could harm our reputation and have an adverse effect on our business. Additionally, any deterioration in the financial condition of any third-party service provider could have an adverse impact on the quality of our logistics processes and distribution costs.

If the products we sell are not delivered in a timely manner or are damaged or lost in transit, if we are not able to provide adequate customer support, or if our competitors are able to deliver the same or equivalent products faster or more conveniently, our customers could become dissatisfied and cease buying on our apps and websites while an increase in shipping costs when offering free delivery and returns could increase our fulfillment costs, any of which could have a material adverse effect on our business, prospects, results of operations and financial condition.

1.2.21 Any failure to successfully address our changing fulfillment and logistics capacity requirements could severely affect our business and prospects.

The functioning of our online business depends to a large extent on our customers receiving the ordered goods in a timely and smooth manner and being able to return them without any difficulties. To keep our customers satisfied we rely on a multi-national logistics infrastructure, including inbound receipt of items for sale, storage systems, packaging, outbound freight, and the receipt, screening and handling of returns. These processes are complex and depend on sophisticated know-how and computerized systems. We are therefore constantly monitoring and sourcing our fulfillment services and logistics capacity to keep up with those requirements and match our continued growth. It is, however, not certain that we will be able to find suitable service providers on commercially acceptable terms to support any future expansion plans. We might also need to increase our capital expenditures more than anticipated in order to increase the capacity of our logistics infrastructure while at the same time, in other regions we may be forced to deal with excess capacities. Any failure in the required sourcing of fulfillment and logistics infrastructure as our business expands could materially impact our growth strategy.

If we continue to add new businesses or categories with different logistical requirements, or change the mix in products that we sell, our logistics capacities will become increasingly complex and operating it will become even more challenging. Operational difficulties could result in shipping delays and customer dissatisfaction or cause our logistics costs to become high and uncompetitive. Any failure to successfully address such challenges in a cost-effective and timely manner could severely disrupt our business and harm our reputation.

1.2.22 Our sourcing and logistics costs are subject to movements in the prices for raw materials and fuel as well as other factors beyond our control, and we may not be able to pass on price increases by our third-party services providers to our customers.

Our sourcing and logistics costs depend on the development of prices for certain raw materials, in particular cotton and other textile raw materials, as well as fuel. In addition, our sourcing costs are also influenced by the capacity utilization rates at our suppliers, quantities demanded from our suppliers, and product specification. As a result, our costs of materials can vary materially in the short-term and, in cases of supply shortages, can increase significantly. We are typically impacted by increases in the prices of raw materials and fuel price as well as carrier-charge increases, as our suppliers and third-party service providers attempt to pass along these increases to us. Although we may attempt to pass on cost increases to our customers by increasing selling prices via regular price reviews, we may not always be able to do so. Moreover, any price increases could adversely affect our sales or reduce our profitability. During periods of declining input or fuel prices, customer demand may also require that we sell our products at lower prices or may restrict our ability to increase prices, in spite of the fact that we may use goods that were purchased at higher prices or that we are forced to incur higher shipping costs, thereby negatively impacting our margins. The volatility in our sourcing and logistics costs and our limited ability to pass them on to customers may adversely affect our business and financial condition.

1.2.23 Dissatisfaction with our customer service could negatively affect our customer retention and the further implementation of our growth strategy.

A satisfied and loyal customer base is crucial to our continued growth. A strong customer service is required to ensure that customer complaints are dealt with in a timely manner and to the customer's satisfaction. Because we do not have the direct face-to-face contact with customers which is afforded through offline retail, the way we directly interact with customers through our customer service team is crucial to maintaining continuous customer relationships. We respond to customer requests and inquiries through e-mail and our toll-free hotline. Any actual or perceived failure or unsatisfactory response by our customer service could negatively affect customer satisfaction and loyalty. Our inability to retain customers due to a lack of satisfactory customer service could harm our reputation and have a material adverse effect on the further implementation of our growth strategy.

1.2.24 We may be unable to attract, train, motivate and retain suitably qualified personnel and to maintain good relationships with our workforce.

The competence and commitment of our employees are important factors for our successful development and management of opportunities and risks. Therefore, our success is largely dependent on our ability to attract, train, motivate and retain highly qualified individuals, while building our corporate culture. A lack of qualified and motivated personnel could impair our development and growth, increase our costs and harm our reputation. We face competition for qualified personnel, for example those in information technology positions. Any loss of qualified personnel, high employee turnover, or persistent difficulties in filling job vacancies with suitable applicants could have a material adverse effect on our ability to compete effectively in our business and considerable expertise could be lost by us or access thereto gained by our competitors. In addition, to attract or retain qualified personnel, we might have to offer competitive compensation packages and other benefits which could lead to higher personnel costs.

Personnel expenses represent a significant cost factor for our business. Although none of our own employees is currently subject to any collective bargaining agreement, there can be no assurance that labor disputes, work stoppages, strikes or similar actions will not occur in the future which might urge us to adopt or negotiate a collective bargaining agreement. Any material disagreements between us and our employees could disrupt our operations, lead to a loss in revenue and customers and increase our operating costs. In addition, there is no guarantee that collective bargaining would be possible on terms that are satisfactory to us.

If we fail to attract, train, motivate or retain skilled personnel at reasonable costs or if our operations are affected over a longer period of time by labor disputes or if we are forced to enter into a collective bargaining agreement at unfavorable terms, this could have a material adverse effect on our business, financial condition and our reputation.

1.2.25 Our business is subject to operational and accident risks which may not be fully covered by our insurance.

We are exposed to risks related to the health and safety of our employees and contractors as well as other workplace safety risks. As our uniform health and safety standards are mainly issued to our German facilities, each region is working under different standards and are at varying stages of maturity and there exists only limited control in this space. Additionally, documentation and record keeping of safety records may prove insufficient to substantiate to regulators that our health and safety systems are operating effectively. If staff and contractors get injured during the course of their duties we may, among other things, face fines and penalties from regulators as well as damage to our reputation.

We are also exposed to risks due to external factors beyond our control, including, but not limited to, accidents, vandalism, natural hazards, acts of terrorism, damage and loss caused by fire, power failures or other events, that could potentially lead to personal injuries, damage to third-party property or the environment or the interruption of our business operations. Accidents or other incidents that occur at our offices and workshops or involve our personnel or operations could result in claims for damages against us and could damage our reputation. Although we maintain insurance against such losses to a level and at a cost we deem appropriate, our insurance policies are subject to exclusions and limitations, and we cannot guarantee that all material events of damage or loss will be fully or adequately covered by an applicable insurance policy. As a result, the amount of any costs, including fines or damages that we might incur in such circumstances, could substantially exceed any insurance we have to cover such losses. In addition, our insurance providers could raise their costs or become insolvent. The occurrence of any of these events, alone or in combination, could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.26 Any failure to operate, maintain, integrate and scale our network and mobile infrastructure and our TME offering to business customers, including our ABOUT YOU Commerce Suite, could result in customer dissatisfaction, loss of revenues or subject us to claims for damages.

As an online retailer, we are dependent on the smooth functioning of our information technology systems, especially our internet and mobile infrastructure, which are critical to our business and inherently subject to various operating risks. For example, our offering is founded on our vertically integrated, proprietary technology platform specifically designed for the sourcing, presentation, curation, marketing and fulfillment of fashion products. In addition, a key element of our strategy is to generate a high volume of traffic on, and use of, our apps and websites to analyze a broad range of customer data, tracking individual journeys and ensuring efficient spending of our marketing resources. Our reputation and ability to acquire, retain and serve our customers are dependent upon the reliable performance of our apps and websites and their underlying network infrastructure. As our customer base and the amount of information shared on our apps and websites continue to grow, we will require additional network capacity and computing power. In addition, we need to maintain reliable internet and mobile networks with the necessary speed, data capacity and security, as well as ensuring timely development of complementary products.

The operation of our technology systems is expensive and complex and could result in operational failures. In addition, we are exposed to the risk of our technology systems being undersized and functionally maladjusted. In the event that our customer base or the amount of traffic on our websites grows more quickly than anticipated, we may be required to incur significant additional costs to enhance the underlying network infrastructure. Inadequate performance of our technology systems, whether due to system failures, power outages, lack of firewall protection, denial-of-service and credential stuffing attacks (attempts of which we experience regularly), computer viruses, physical or electronic break-ins, undetected errors, design faults or other unexpected events or causes, could affect the security or availability of our apps and websites, prevent customers from accessing our apps and websites and result in limited capacity, reduced demand, processing delays and loss of customers. Past internal audits have revealed deficiencies in the technology systems of certain of our regions. While we believe that we have rectified these issues, there can be no assurance that our remediation measures are effective. Moreover, future audits could reveal similar or other deficiencies in our technology systems. Any actual or perceived failure to maintain the performance, reliability, security and availability of our products and technology systems to the satisfaction of our customers and certain regulators could harm our reputation, disrupt our business or decrease our ability to attract and retain customers.

We use cloud services for storing and maintaining customer data as well as for the provision of our IT-infrastructure. An interruption or breakdown of our technology systems and IT-infrastructure due to power outages, fire, natural disasters, acts of terrorism, vandalism or sabotage, actions of third-party providers or any other unanticipated reason cannot be ruled out completely. The disaster recovery arrangements we have put in place, have not been tested during actual disasters or similar events and may not effectively permit us to continue to run our business in the event of any problems with respect to the data that we use. Therefore, we cannot provide any assurances that these types of events will not occur in the future. If our cloud service partners fail, we may experience downtime on our apps and websites which could reduce the attractiveness of our apps and websites to customers. Failure in our IT-infrastructure could also result in unfavorable media coverage, damage our reputation, and/or result in regulatory inquiries or other proceedings.

In addition to providing our partners with an online storefront and all required backend features to market their fashion brands, we offer them our TME solutions to help them further grow their business. As part of our technology services, we have developed the “ABOUT YOU Commerce Suite”, our proprietary software solution suite for e-commerce companies. This software solution suite allows our partners to steer their operations along the entire value chain at scale. Our media solutions include different online and offline advertising formats for our partners, *e.g.*, product boosting in sorting algorithms while our enabling offering opens up our core processes to clients, including end-to-end e-commerce shop and marketplace operations. Any failure of our TME solutions, especially the ABOUT YOU Commerce Suite, could result in losses of our partners licensing our software which they may seek to recover from us. In addition, malfunctions of the software created by us could have negative effects on our reputation as a software enterprise.

Any failure to operate and maintain our technology systems, integrate and scale our network and mobile infrastructure and provide our TME offering, including our ABOUT YOU Commerce Suite, to B2B customers could result in customer dissatisfaction, and thus harm our reputation, lead to a loss of revenues or subject us to claims for damages, which could jeopardize the implementation of our further growth strategy and have a material adverse effect on our business, prospects, financial condition and results of operations.

1.2.27 A failure to adopt and apply technological advances in a timely manner could limit our growth and prevent us from maintaining profitability.

The internet and e-commerce are characterized by rapid technological development. New advances in technology can increase competitive pressure. Our success therefore depends, for example, on our ability to improve our current technological machine learning algorithms and big data infrastructure and to develop new online features and apps for a variety of platforms in a timely manner in order to remain competitive. Any failure to adopt and apply new technological advances in a timely manner could decrease the attractiveness of our apps and websites to customers and thus adversely affect our business, growth and results of operations.

1.2.28 Customer growth and activity on mobile devices depends upon effective use of mobile operating systems, networks and standards that we do not control.

Purchases using mobile devices by customers generally, and by our customers specifically, have increased significantly, and we expect this trend to continue. In the fiscal year ended February 28, 2021, mobile orders accounted for approximately 80% of our gross revenue. To optimize the mobile shopping experience, we are dependent on our customers downloading our specific mobile apps for their particular device or accessing our sites from an internet browser on their mobile device. With the continued release of new mobile devices and operating systems, we face difficulties predicting the problems we may encounter in developing apps for these alternative devices and operating systems, and we may need to devote significant resources to the creation, support and maintenance of such applications. In addition, our future growth and our results of operations could suffer if we experience difficulties in the future in integrating our apps into mobile devices, if problems arise with our relationships with providers of mobile operating systems or mobile app stores, such as those of the Apple App Store or Google Play, if our apps receive unfavorable treatment compared to competing applications, such as the order of our products within application stores, or if we face increased costs to distribute or have customers use our mobile applications. We are further dependent on the interoperability of our sites with popular mobile operating systems that we do not control, such as iOS and Android, and any changes in such systems that degrade the functionality of our sites or give preferential treatment to competitive products could adversely affect the usage of our sites on mobile devices.

Further, we continually upgrade existing technologies and business applications, and we may be required to implement new technologies or business applications in the future. The implementation of upgrades and changes requires significant investments. The timing, effectiveness and costs associated with the successful implementation of any upgrades or changes to our systems and infrastructure could have adverse effects on our results of operations.

In the event that it is more difficult for our customers to access and use our sites on their mobile devices, or if our customers choose not to access or to use our sites on their mobile devices or to use mobile products that do not offer access to our sites, our customer growth could be harmed and our business, financial condition and results of operations may be materially and adversely affected.

1.2.29 We are exposed to the risk of security breaches, including cyber-attacks, and unauthorized use of one or more of our websites, databases, online security systems or computerized logistics management systems.

We operate apps, websites, networks and other data systems through which we collect, maintain, transmit and store information about our customers, suppliers and others, including credit card or other financial information and personal information, as well as other confidential and proprietary information, including information related to intellectual property. We also employ third-party service providers that store, process and transmit proprietary, personal and confidential information on our behalf. Furthermore, we rely on encryption and authentication technology licensed from third parties in an effort to securely transmit confidential and sensitive information, including credit card details. While we take extensive steps to protect the security, integrity and confidentiality of sensitive and confidential information (*e.g.*, password policies and firewalls), our security practices may be insufficient and third parties may breach our systems (*e.g.*, through Trojans, spyware, ransomware or other malware attacks, or breaches by our employees or third-party service providers), which may result in unauthorized use or disclosure of information. Such attacks might lead to blackmailing attempts, forcing us to pay substantial amounts to release our captured data or resulting in the unauthorized release of such data. Given that techniques used in these attacks change frequently and often are not recognized until launched against a target, it may be impossible to properly secure our systems. In addition, technical advances or a continued expansion and increased complexity of our IT-infrastructure could increase the likelihood of security breaches.

Advances in computer capabilities, new technological discoveries or other developments have increased and could further increase the frequency or likelihood of security breaches. In addition, security breaches can also occur as a result of non-technical issues, including intentional or inadvertent breaches by our employees or by persons with whom we have commercial relationships. Any compromise or breach of our security measures, or those of our third-party service providers, could violate applicable privacy and data security laws, including the General Data Protection Regulation (as defined below in "*1.3.2 Non-compliance with data protection laws could result in liability and reputational harm to our business, and adverse changes in the applicable legal framework could increase our costs of operations.*") as well as other applicable laws, and cause significant legal and financial risks, adverse publicity or a loss of confidence in our security measures. While we have taken out cyber-security insurance, it cannot be certain that our insurance coverage concerning this and other risks will be adequate for liabilities that we might actually incur or that such insurance will continue to be available to us on economically reasonable terms, or at all. Additionally, we may need to devote significant resources to protect against security breaches or to address problems caused by breaches, which may require us to divert resources from the growth and expansion of our business.

The materialization of any of the foregoing risks could have a material adverse effect on our business, financial condition, results of operations and prospects as well as our reputation as a software enterprise.

1.2.30 Ineffective protection of confidential information might materially weaken our market position.

Our key employees and officers have access to sensitive confidential information relating to our business, especially relating to the functioning of our websites and apps, our proprietary machine learning algorithms and big data infrastructure. While we have confidentiality agreements and technical measures in place we cannot assure that third parties or the general public never gain access to such information. Any ineffective protection of such information relating to our business might materially weaken our market position and thus adversely affect our business and operations.

1.2.31 Our management team has limited experience managing a public company, and publicly traded company reporting and compliance requirements could divert resources from the day-to-day management of our business.

Our management team has limited experience managing a publicly-traded company and complying with the increasingly complex laws pertaining to public companies. Our management team might not successfully or efficiently manage our transition to being a public company subject to significant regulatory oversight and reporting obligations under applicable laws and regulations. These new obligations will require substantial attention from our management team and could divert their attention away from the day-to-day management of our business.

As a public company, we will be subject to additional reporting and disclosure requirements. Compliance with these rules and regulations will increase our legal and financial compliance costs and may make some activities more time-consuming than they were previously. For example, our accounting, controlling, legal or other corporate administrative functions may not be capable of responding to these additional requirements without difficulties and inefficiencies that may cause us to incur significant additional expenditures and/or expose us to legal, regulatory or civil costs or penalties. As a result, management's attention may be diverted from other business concerns and we may be required to hire additional employees or engage outside consultants to comply with these requirements, which would increase our costs and expenses.

Any non-compliance could result in significant fines or other penalties. To secure compliance it may become necessary to hire further employees or purchase outside services which may in turn interfere with our lean organizational set-up, increase our costs and expenses, and may therefore have a material adverse effect on the operation of our business as well as on our financial condition.

1.2.32 Our business is partly subject to local seasonal revenue fluctuations which may make it difficult to predict our future performance.

Our business has historically been, and will in all likelihood continue to be, seasonal. For example, we consider the second quarter and the fourth quarter of a calendar year as especially important for generating revenue, and revenue tends to fall off towards the end of each of these quarters. In addition, our prices of fashion products for the winter season are typically higher than those for the summer season and sales volumes are normally higher in the second half of the year as compared to the first half of the year. As a result of this seasonality, any factor that negatively affects our business during these high periods in any given year, such as unfavorable weather conditions, can have a disproportionately adverse effect on our revenue and results of operations for such year. These factors include unfavorable economic conditions in the markets in which we operate at the relevant time and adverse weather conditions such as unusually warm winters or late summers. Our results of operations fluctuated in the past and we expected them to fluctuate in the future due to a variety of these factors. As a result, our past results may not be indicative of our future performance.

In addition, any negative effects of weak seasons or weak sales of seasonal merchandise are likely to be exacerbated by industry-wide price reductions designed to clear out excess merchandise before or at the end of the relevant season. We might be unable to forecast accurately or synchronize our procurement cycles to coincide properly with seasonal variations in sales volumes. If our business growth slows or ceases, these seasonal fluctuations could become more important to our results of operations. Seasonal variations could also cause our inventories, working capital requirements and cash flows to fluctuate from quarter to quarter. Any failure to adapt to these seasonal changes in a timely manner, may have a material adverse effect on our financial condition and results of operations for the relevant period.

1.2.33 Inability to forecast our business accurately could prevent us from properly planning expenses and process capacity.

We base our current and future expense levels on our forecasts of our business and estimates of future revenue. Such future revenue and results of operations are difficult to forecast because they generally depend on the volume, timing and type of orders we receive, all of which are uncertain. Seasonal variations in our inventories, working capital requirements and cash flows, among other things, also increase the difficulty of our financial forecasting and could adversely affect our ability to accurately predict financial results. For any given season, a substantial portion of our expenses is incurred in advance, and therefore fixed, due to the seasonality of demand for our products and the necessity of purchasing merchandise with significant lead times. As a result, we may be unable to adjust our spending in a timely manner to compensate for any unexpected shortfall in revenue, which could have a material adverse effect on our financial condition and results of operations.

1.2.34 Our profit forecast for the fiscal year ending February 28, 2022 could differ materially from our actual results of operations and we may not achieve our long-term strategic goals.

On the basis of developments in the first months of the fiscal year ending February 28, 2022, we currently expect our Adjusted EBITDA margin, which we define as the ratio of Adjusted EBITDA to revenue, for the fiscal year ending February 28, 2022 to slightly decrease in comparison to the prior fiscal year (profit forecast).

Our management board has based the profit forecast and our strategic goals on a number of assumptions, which are beyond our control, relating to market and online penetration, trends and customer preferences or offering, macro-economic developments, regulatory and legal environment, and the absence of unforeseen events. In addition, our management board has based the profit forecast and our strategic goals on various assumptions, which may be influenced by us, such as product composition, marketing, active customer base, gross merchandize volume (GMV) per active customer, return rate, investments in business structure and proceeds from the private placement conducted in anticipation of the admission to trading of the Company’s shares. Such assumptions are inherently subject to significant business, operational, economic and other risks, many of which are outside of our control. Accordingly, such assumptions may change or may not materialize at all. Should one or more of the assumptions underlying the profit forecast or our strategic goal prove to be incorrect, our actual results of operations for the fiscal year ending February 28, 2022 could differ materially from such forecast and projections.

As a result, investors should not place undue reliance on the profit forecast and our strategic goals contained in this Prospectus.

1.2.35 Currency volatility and inflation may materially adversely affect our business.

We operate our business in more than 20 European countries with 10 different currencies and source our products from various international suppliers, which exposes us to fluctuations between the euro, our reporting currency and other currencies. Such risks stem from our geographic footprint and our investing activities outside the Eurozone and arise due to fluctuations or devaluations of currencies, inflation and foreign exchange controls or governmental measures that impact our ability to convert currencies. In addition, where parts of the cost of sales are not denominated in the same currency of such sales, translation risks arise. If the Euro gains in strength, the value of our foreign sales will fall, and if the Euro weakens, our costs for foreign imports will rise.

While most of our currency risks are covered by hedging, potential risks still exist where pricing changes are implemented with delays (*e.g.*, in extreme cases of hyperinflation). Furthermore, currency exchange rates and inflation may also impact customer behavior by affecting their incentives to buy and their purchasing power. Any currency risks and resulting decline in customers and sales could negatively impact our business, financial condition and results of operations in those regions.

1.3 Regulatory, Legal and Tax Risks

1.3.1 We are subject to a variety of regulations, including but not limited to consumer protection laws, regulations governing e-commerce and competition laws, and future regulations might impose additional requirements and other obligations on our business.

We are subject to a number of laws and regulations applicable to e-commerce or fashion, as well as laws and regulations of broader application that apply to our business and to public companies generally. These laws and regulations cover, among other things, consumer protection, taxation, tariffs, anti-bribery, antitrust, pricing and discounting, content, copyrights, trademarks, distribution, mobile, social media and other communication, advertising practices, electronic contracts, sales procedures, credit card processing procedures, the provision of online payment services, environmental protection, unencumbered internet access to our services, the design and operation of websites, and the characteristics and quality of goods and services that are offered online. Furthermore, as the internet continues to revolutionize commercial relationships on a global scale, and as the use of the internet and mobile devices in everyday life becomes ever more prevalent, these laws and regulations continue to evolve at a rapid pace and can differ, or be subject to differing interpretations, from jurisdiction to jurisdiction. Existing and future regulations and laws relating to the internet may impede the growth and availability of the internet and online services, inhibit our ability to grow our business, or adversely affect our business by increasing costs and administrative burdens.

Given the broad variety of applicable rules and their evolving nature, we cannot guarantee that our practices have complied or will comply fully with all applicable laws and regulations. Any failure, actual or perceived, by us to comply with any of these laws or regulations could result in damage to our reputation and a loss of revenue, and any legal or enforcement action brought against us as a result of actual or alleged non-compliance could further damage our reputation and result in substantially increased legal expenses. Adverse changes in laws or regulations applicable to us could cause us to incur substantial costs or require us to change our business practices, and could compromise our ability to pursue our growth strategy effectively. Any compliance failure may also give rise to civil liability, administrative orders (including injunctive relief), fines or even criminal charges.

In addition, various legislative and regulatory bodies, or self-regulatory organizations in the jurisdictions in which we operate, may extend the scope of current laws or regulations, enact new laws or regulations or issue revised rules or guidance regarding privacy, data protection and consumer protection. For example, the European Commission's Digital Single Market (DSM) initiative is expected to result in additional rules on e-commerce or data protection, information security and privacy, which may increase our compliance costs or affect our business model. Furthermore, with regard to the production of economic goods, on June 11, 2021, the German federal parliament (*Bundestag*) adopted the so-called Supply Chain Act (*Lieferkettengesetz*), under which companies will have to carefully document their whole value chains, review their suppliers and prove that they are making efforts to comply with the required standards. The Supply Chain Act (*Lieferkettengesetz*) will make companies responsible for counteracting human rights violations in the production of their economic goods. The law is expected to be published and thus become effective shortly. In addition, in January 2021, the Legal Affairs Committee of the European Parliament called on the Commission to present a law that ensures companies are held accountable and liable when they harm or contribute to harming human rights, the environment and good governance. The European Parliament adopted a legislative initiative report in March 2021 calling for the adoption of a binding European law on the same matter. This would oblige companies to identify, address and remedy aspects of their value chains. It would also include a ban on imported products linked to severe human rights violations. Companies could be held liable for their actions and risk fines and legal remedies by victims. The Commission will present its legislative proposal on this matter later this year. The draft of the European law, in its current version, would impose stricter regulations than the Supply Chain Act (*Lieferkettengesetz*) as the European law would impose the regulations on the whole value chain. Also the Supply Chain Act would only apply to Companies with more than 3,000 employees, and from 2024 with more than 1,000 employees, while the European law would already apply to companies with 250 employees. What the final draft will contain depends on the negotiations between the Commission, the European Parliament and the member states of the European Union. If passed, such laws could lead to significantly higher compliance costs or require a change in our business practices.

Any (perceived) compliance failure with existing laws and regulations as well as new or expanded rules could result in damage to our reputation and a loss of revenues as well as liability, fines and charges.

1.3.2 Non-compliance with data protection laws could result in liability and reputational harm to our business, and adverse changes in the applicable legal framework could increase our costs of operations.

As part of our business we process sensitive customer data (including banking information, names and addresses) and therefore must comply with strict data protection and privacy laws. For example, we are subject to German and European laws and regulations on privacy, information security and data protection, the main and most relevant of which relate to the collection, protection and use of personal and business data, including Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("**General Data Protection Regulation**"). The costs of complying with the General Data Protection Regulation are increasing, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place. Any failure to comply with privacy, data protection and information security laws, such as the General Data Protection Regulation, could result in potentially significant regulatory and/or governmental investigations and/or actions, litigation, fines, sanctions and damage to our reputation.

Privacy related regulation could interfere with our strategy to collect and use personal information as part of our data driven approach. For example, the use of "cookies" and similar (tracking) technologies, especially for behavioral advertising as well as other tracking and analytics purposes, requires any user's explicit consent. Data protection laws and rules also impose certain standards of protection and safeguarding on our ability to collect and use personal information relating to customers and potential customers. The loss or corruption (or other unauthorized access or disclosure) of personal data may constitute a personal data breach under the General Data Protection Regulation. Unauthorized data disclosure could occur through cyber security breaches as a result of human error, external hacking, malware infection, malicious or accidental user activity, internal security breaches, and physical security breaches due to unauthorized personnel gaining physical access. In the event of such a personal data breach, we could be required to notify applicable government authorities and/or potential victims and could face continued governmental investigations, fines and private claims for compensation from individuals whose personal data was involved. Violations of the General Data Protection Regulation may result in monetary penalties in the higher of up to €20.0 million or 4% of our worldwide turnover of the preceding fiscal year.

Furthermore, on July 16, 2020, the European Court of Justice issued its opinion in Data Protection Commission v. Facebook Ireland, Schrems, which invalidated the EU-U.S. Privacy Shield framework for data transfers to the United States and greatly increased the legal requirements imposed on data exporters for transfers of personal data to non-EU countries, which are deemed to have an inadequate data protection level compared to the standards imposed in the European Economic Area. Such countries include amongst others the United States. Ensuring compliance with stricter standards requires resources to continuously review and, as necessary, replace, amend or supplement the international data transfer mechanisms which we currently rely on, including standard contractual clauses. The resulting mechanisms and procedures may increase the expenses associated with our overall compliance with personal data protection requirements. Any non-compliance could result in potentially significant regulatory and/or governmental investigations and/or actions, litigation, fines, sanctions and damage to our reputation.

Changes in the economic or political framework may lead to further changes in these and/or other regulations governing data protection or changed interpretation of existing laws as well as the enactment of stricter laws and regulations governing data protection, which could increase our costs of operations due to increased compliance measures. Any (perceived) compliance failure with existing data protection laws and regulations as well as new or expanded rules could result in damage to our reputation and a loss of revenues as well as liability, fines and charges.

1.3.3 Conducting business in currently more than 20 countries requires us to comply with numerous, complex and sometimes conflicting legal and regulatory requirements, which makes compliance more costly and challenging.

We currently operate in more than 20 European countries and are subject to various laws and regulations of these countries. Many of these laws and regulations are complex and difficult to interpret. Moreover, as we expand our international operations to target customers in additional countries, we will become subject to additional laws and regulatory regimes. The legal and regulatory frameworks governing our business and operations may become increasingly uncertain due to quickly changing laws, contradictory interpretation of laws and regulations, administrative bypassing of legal frameworks or a lack of market precedents upon which we can rely.

Our international business is subject to laws and regulations in many areas, including those governing product safety, local employment, privacy, data security, telecommunications, online content, intellectual property protection, corporate governance, foreign ownership and foreign investment, tax, finance, money laundering, online payment, anti-corruption and antitrust. These various laws and regulations often evolve and sometimes conflict with each other. Furthermore, operating in foreign jurisdictions entails an inherent risk of misinterpreting and wrongly implementing foreign laws and regulations. While we are not aware of any material breach by us of any applicable laws and regulations, we cannot rule out that we have not been in full compliance with these laws and regulations in the past.

International sanctions may negatively affect our operations. Additionally, some of the tax systems in our countries of operations are very complex and there is no guarantee that the relevant tax authorities agree with the positions we have taken or the tax optimization structures and measures we have used to minimize legal risks, administrative burdens and tax rates. The application of foreign direct investment laws and regulations, license rules and similar rules and regulations is also often unclear. These laws and regulations are subject to multiple interpretations, *e.g.*, by different courts, regulators and other players in the legal community, which may differ from the interpretations to which we have adhered. In other countries, changes in the political or legal climate may impact our use of local currency and local banking. Similarly, we are bound by extended waiting periods and complex and costly administrative approval processes and registration.

As these laws continue to evolve and as we expand into new jurisdictions, our compliance efforts will become more complex and expensive and the risk of non-compliance will increase. Violations of applicable laws and regulations may harm our reputation and result in legal action, criminal and civil sanctions, or administrative fines and penalties against us or members of our governing bodies and our employees. Such violations may also result in damage claims by third parties or other adverse legal consequences, including class action lawsuits and enforcement actions by national and international regulators resulting in the limitation or prohibition of business operations. There is no guarantee that we can successfully manage or avoid any of the legal risks to which we are exposed, and non-compliance with the legal and regulatory frameworks that govern our operations, whether intentional or not, may have material adverse effects on our businesses, including causing us to cease our operations entirely.

1.3.4 We are subject to customs and international trade laws that could require us to modify our current business practices and incur increased costs or could result in a delay in getting products through customs and port operations, which may limit our growth and cause us to suffer reputational damage.

Our business is conducted globally, with goods imported from and exported to a substantial number of countries. The vast majority of products sold through our apps and websites are sourced internationally. We are subject to numerous regulations, including customs and international trade laws, that govern the importation and sale of fashion and lifestyle products. In addition, we face risks associated with trade protection laws, policies and measures and other regulatory requirements affecting trade and investment, including loss or modification of exemptions from taxes and tariffs, imposition of new tariffs and duties and import and export licensing requirements in the countries in which we operate. Our failure to comply with import or export rules and restrictions or to properly classify items under tariff regulations and pay the appropriate duties could expose us to fines and penalties.

Legal requirements are frequently changing and subject to interpretation, and we are unable to predict the ultimate cost of compliance with these requirements or their effects on our operations. We may be required to make significant expenditures or modify our business practices to comply with existing or future laws and regulations, which may increase our costs and materially limit our ability to operate our business.

If customs and international trade laws were to change, or if our management, employees, retailers or brand partners were to violate any of these laws, we could experience delays in shipments of our goods, be subject to fines or penalties, or suffer reputational harm, any of which could reduce demand for our services and negatively impact our results of operations. In addition, our business depends on our ability to source and distribute products in a timely manner. As a result, we rely on the free flow of goods through open and operational ports. Labor disputes or other disruptions at ports create significant risks for our business, *e.g.*, if work slowdowns, lockouts, strikes or other disruptions occur. Any of these factors could result in reduced sales or canceled orders, which may limit our growth and damage our reputation.

1.3.5 Product recalls, product liability claims and breaches of corporate social responsibility could harm our reputation and business.

There is a risk that the goods we sell may cause property damage or injury to our customers. While we believe that our operations comply in all material respects with all applicable product safety and consumer protection laws and regulations, the sale of defective products might result in product recalls, product liability claims and/or administrative fines or criminal charges against us or our management. Even if an event causing a product recall proves to be unfounded or if a product liability claim against us is unsuccessful, the negative publicity surrounding any assertion that products sold by us caused injury or damage, or any allegation that the goods sold by us were defective, could adversely affect our reputation with both existing and potential customers as well as our corporate and brand image. We also face risks associated with environmental, animal-rights and sustainability concerns. For example, any negative publicity campaigns concerning low-priced, short-lived fashion items may negatively affect our reputation or our sales. Similarly, negative publicity associated with the sale of fashion items manufactured using fur or other animal-sourced products may negatively affect our reputation or our sales. We are further exposed to risks in relation to possible breaches of corporate social responsibility, including ethical sourcing, working conditions, child labor and responsible recruitment, which may harm our reputation and prospects. For example, if improper working conditions are found or alleged to exist at one or more of the factories in which the fashion and lifestyle products we sell are manufactured, or if there is a major injury or loss-of-life incident in such factories, we could face negative publicity that could damage our reputation and the perception of our own labels, and we may be required to pay fines, face enhanced scrutiny by regulators or be subjected to other adverse legal consequences.

We also work with employment agencies that provide us with workers to fill open positions. We face the risk that these agencies may provide workers who do not have the necessary legal documentation. It is also possible that these agencies or other service providers may use illicit means to obtain such documentation. In cases where we become aware of material violations, we ask our partners to remedy the situation. If they fail to do so, we terminate our cooperation with the relevant partner. Any such termination may affect our operations and reputation. Deficiencies in the area of corporate social responsibility may also negatively affect our recruiting efforts or disrupt our business if a large number of workers were disqualified from employment for the lack of proper legal documentation.

The materialization of any of the foregoing risks, alone or in combination, could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.3.6 Any inability to acquire, use or maintain our local trademarks and domain names for our sites could substantially harm our business, financial condition and results of operations.

We are the registrant of the ABOUT YOU trademark in numerous jurisdictions and have also registered various internet domain names containing *e.g.*, our brand names for our websites combined with the relevant top level domain in those jurisdictions in which we are active, *e.g.*, www.aboutyou.de, or event names for events we are carrying out under our brand. Additionally, we have registered many trademarks of our private labels in numerous jurisdictions. As we seek to register our trademarks in new jurisdictions, we may encounter opposition which may hinder our ability to continue to register our trademarks as desired. We have also registered selected internet domain names for some of our proprietary brands and labels. Domain names are generally regulated by internet regulatory bodies and are also subject to the trademark laws and other related laws of each country in which we operate.

Any of our trademarks and domain names from time to time may become and some currently are the subject of litigation. For example, ABOUT YOU`s trademark "ABOUT YOU" and "ABOUT You Limited", our domain aboutyou.de and our company name are subject to a dispute for cease and desist and deletion in Germany. In case of a negative outcome, we might not be able to fully use our trademark ABOUT YOU, our domain aboutyou.de and our company name in the future. Furthermore, we are the subject of compensation claims regarding the usage of our trademark in Germany. In another dispute, we are the subject of a dispute for cease and desist regarding the use of the element "ABOUT YOU" in word and images in Austria. In addition, ABOUT YOU's trademark and the domain use of aboutyou.lt is subject to a cease and desist proceeding in Lithuania. In case of a negative outcome, we might be not able to use the trademark ABOUT YOU in Lithuania in the future as a trademark for our own label products and our retail business. For any particular country, if we do not have, or cannot obtain or maintain on reasonable terms, the ability to use our trademarks or a major proprietary brand, or to use or register our domain name, we could be forced either to incur significant additional expenses to market our products within that country – including the development of a new brand and the creation of new promotional materials and packaging – or elect not to sell products in that country. For some of our trademarks and domains, we are party to special coexistence agreements for specific countries or situations.

Furthermore, the regulations governing domain names and laws protecting marks and similar proprietary rights could change in ways that block or interfere with our ability to use relevant domains or our current brands. In addition, we might not be able to prevent third parties from registering, using or retaining domain names that interfere with our consumer communications or infringe or otherwise decrease the value of our marks, domain names and other proprietary rights. Regulatory bodies may establish additional generic or country-code top-level domains or may allow modifications of the requirements for registering, holding or using domain names. As a result, we might not be able to register, use or maintain the domain names that utilize our brand names in all of the countries in which we currently conduct business or intend to conduct business in the future, which, alone or in combination with the above risks, could have a material adverse effect on the further implementation and expansion of our business.

1.3.7 We might be unable to adequately protect our intellectual property rights.

We believe our customer data, copyrights, trade secrets, proprietary technology and similar intellectual property are critical to our success, and we rely on trademark, copyright and trade secret protection, agreements and other methods with our employees and others to protect our proprietary rights. In addition, we have developed, and we anticipate that we will continue to develop, a substantial number of programs, processes and other know-how on a proprietary basis (but partly based on open source codes) that are of key importance to the successful functioning of our business. We might not be able to obtain effective intellectual property protection in every country in which we are active or in which such protection is relevant, and our efforts to protect our intellectual property could require the expenditure of significant financial, managerial and operational resources. Any of our intellectual property rights could be challenged or invalidated through administrative processes or litigation, and we cannot be certain that others will not independently develop or otherwise acquire equivalent or superior technology or intellectual property rights.

We might be required to spend significant resources to monitor and protect our intellectual property rights. We may not be able to discover or determine the extent of any infringement, misappropriation or other violation of our intellectual property rights and other proprietary rights. We may initiate claims or litigation against others for infringement, misappropriation or violation of our intellectual property rights or proprietary rights or to establish the validity of such rights. Despite our efforts, we may be unable to prevent third parties from infringing upon, misappropriating or otherwise violating our intellectual property rights and other proprietary rights. Any litigation, whether or not it is resolved in our favor, could result in significant expenses for us and divert the efforts of our technical and management personnel, which could have a material adverse effect on our business and financial condition.

1.3.8 Third parties might accuse us of infringing their intellectual property rights.

The e-commerce industry, as well as the fashion industry in general, is characterized by vigorous protection for and pursuit of intellectual property rights. We might be subject to litigation and disputes related to our intellectual property rights and technology in the future, as well as disputes related to intellectual property and product offerings of third-party suppliers featured by us. The costs of defending against such actions can be high, and there is no guarantee that such defenses will be successful. In addition, as our business expands and the number of competitors in our market increases, infringement claims against us could increase in number and significance.

Legal claims regarding intellectual property rights are subject to inherent uncertainties due to the complex issues involved, and we cannot be certain that we will be successful in defending ourselves against such claims. Many potential litigants have the ability to dedicate substantially greater resources than we do to the enforcement of intellectual property rights and defense of claims that may be brought against them. If successful, a claimant could secure a judgment against us for substantial damages or prevent us from conducting our business as we have historically done so or may desire to do so in the future. We could also be required to seek additional licenses or pay royalties for the use of the intellectual property we need to conduct our business, which might not be available on commercially acceptable terms or at all. Alternatively, we may be forced to develop non-infringing technology or intellectual property on a proprietary basis, which could be expensive and/or unsuccessful.

We have received in the past, and we anticipate receiving in the future, communications alleging that certain items posted on, or sold through, our sites violate third-party copyrights, marks and trade names or other intellectual property rights or other proprietary rights. Brand and content owners and other proprietary rights owners have actively asserted their purported rights against online companies, including ABOUT YOU. In addition to litigation from rights owners, we may be subject to regulatory, civil or criminal proceedings and penalties if governmental authorities believe we have aided and abetted in the sale of counterfeit or other unlawful products. Such claims, whether or not meritorious, could result in significant additional expenses, redirect management attention and have an adverse effect on our reputation as well as on our financial condition.

1.3.9 The use of open source software could increase our risk that hackers could gain unauthorized access to our systems, and we could be subject to litigation if third parties challenge our rights to use such software on an exclusive basis.

Some of our software and systems contain open source software, which may pose certain risks. The licenses applicable to open source software typically require that the source code subject to the license be made available to the public and that any modifications or derivative works to open source software continue to be licensed under open source licenses. Although we do not intend to use or modify open source software without holding the necessary licenses, we could, however, face claims from third parties alleging the infringement of their intellectual property rights, or demanding the release or license of the open source software or derivative works developed by us using such software (which could include our proprietary source code) or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation, require us to purchase a license, publicly release the affected portions of our source code, and limit the licensing of our technologies or cease offering the implicated solutions.

In addition, use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide contractual protections with respect to the software. Also, the licensors are not obliged to maintain their software or provide any support. There is a certain risk that the authors of the open source software cease updating and attending to the software. Engineering the software updates by ourselves could be expensive and time-consuming. The use of open source software can also present additional security risks because the source code for open source software is publicly available, which could make it easier for hackers and other third parties to determine how to breach our sites and systems that rely on open source software.

Any unauthorized access to our systems as well as third party challenges to our user rights and claims regarding the infringement of third-party intellectual property rights could divert our management’s attention from day-to-day tasks, incur significant legal costs and thus have a material adverse effect on our reputation, business and financial condition.

1.3.10 Future litigation against us, which may arise in the ordinary course of our business, could be costly and time consuming to defend and adverse judgments or settlements resulting from legal proceedings could expose us to monetary damages and limit our ability to operate our business.

We may become the subject of legal disputes, administrative proceedings or government investigations. Such legal disputes, proceedings and investigations may arise from our relationships with project developers, co-investors, employees, building contractors and other contractual counterparties of us or of the project developers financed by us and public authorities alleging breaches of contract, tort or failure to comply with applicable laws and regulations. We may be required to pay damages or fines or to take, or to refrain from taking, certain actions. There may also be investigations by public authorities or criminal proceedings into circumstances of which we are currently not aware or which will arise in the future. If we were to be found liable under any such claims or even if complaints, lawsuits or investigations brought against us are unsuccessful, this could result in severe harm to our reputation, significant liabilities, further costs and substantial legal fees and any future litigation, even if brought against us without merit, may significantly divert management's attention and resources.

1.3.11 The control and prevention mechanisms of our compliance structure might not be sufficient to adequately protect us from all legal or financial risks, especially with regard to our business in certain countries where corruption, extortion and money laundering is considered to be widespread.

To protect us against legal risks and other potential harm, we established several compliance programs including a code of business conduct for partners and code of ethics for employees, an anti-corruption and anti-bribery program, global health and safety guidelines and a policy on responsible recruitment and employment of migrant workers. These codes, guidelines and policies and the oversight of our internal compliance and legal departments might not be sufficient to prevent all unauthorized practices, legal infringements, corruption and fraud – especially regarding purchasing practices – or other adverse consequences of non-compliance within our organization or by or on behalf of our employees. Any compliance failure could harm our reputation and have a material adverse effect on our business, financial condition, results of operations and prospects.

We conduct business in, and may expand our business to, certain countries where corruption and extortion are considered to be widespread. As a result, we are exposed to the risk that our employees, agents or other authorized persons could make payments or grant hidden benefits in violation of anti-corruption laws and regulations, especially in response to demands or attempts at extortion. In addition, our current internal controls, prevention (such as our anti-corruption policy) and training programs may prove to be insufficient. Our employees, agents or authorized persons may have been or could be engaged in activities for which we could be held liable.

Some laws and regulations promulgated against corruption and money laundering may require us to implement certain controls, procedures and internal regulations in order to ensure that the operations of a given entity do not involve corruption, illegal payments, extortion or money-laundering. Although we engage in know-your-customer activities, the great diversity and complexity of these local laws and regulations and the expansive nature of the business conducted by us in various countries and markets create a risk that we may be deemed liable for violations of local laws and regulations. Any violation or breach of these laws and regulations could affect our overall reputation and, depending on the case, expose us to administrative or judicial proceedings, which could result in criminal and civil judgments, including a possible prohibition on maintaining business relationships with suppliers, fashion or lifestyle brands or customers in certain countries, which could have material adverse effects on the implementation of our business strategy as well as on our financial condition.

1.3.12 We use standardized sales, purchase and supply agreements as well as standardized terms and conditions, which increase the potential that all contract terms used therein may be invalid or unenforceable if any clause is held to be void.

We maintain legal relationships with a large number of sellers, brand partners and customers. In this context, we also use standardized documents, contracts and terms and conditions. If such documents, contracts or terms and conditions are found to contain provisions that are interpreted in a manner disadvantageous to us, or if any clauses are held to be void and thereby replaced by statutory provisions that are disadvantageous to us, a large number of our contractual relationships could be affected.

In addition, standardized terms and conditions must comply with the statutory laws on general terms and conditions in the various countries in which we currently operate, which means that in many countries such standardized terms and conditions are subject to intense scrutiny by the courts. We cannot guarantee that all standardized terms and conditions we use currently comply and will continue to comply with the relevant requirements. Even if terms and conditions are prepared with legal advice, it is impossible for us to guarantee that they are valid, given that changes may continue to occur in the laws applicable to such terms and conditions and/or their interpretation by the courts.

If clauses in our standardized documents, contracts or terms and conditions are found to be void, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.3.13 Changes in tax treatment of companies engaged in e-commerce in the jurisdictions in which we operate could adversely affect the commercial use of our sites and our financial results.

Our business is subject to the general tax environments in the countries in which we operate. Changes in tax legislation or case law, especially with regards to transnational e-commerce activities, – which might be applied retroactively – could affect our tax burden. Since 2017, the G20/OECD Inclusive Framework has been working on addressing the tax challenges arising from the digitalization of the economy and has proposed a two-pillar tax approach with pillar one referring to the re-allocation of taxing rights, addressing issues such as where tax should be paid and on what basis (*i.e.*, where sustained and significant business is conducted, regardless of a physical presence), and pillar two ensuring a minimum tax to be paid by multinational enterprises. An agreement on the approach presented could have adverse effects for us as a digital and multinational enterprise with regards to our tax obligations.

Changes in tax treatment of companies engaged in e-commerce in the jurisdictions in which we operate could adversely affect the commercial use of our sites and our financial results. For example, some jurisdictions in which we operate our business (*e.g.*, Italy) have introduced new local taxes on transnational e-commerce activities ("**digital services taxes**" or "**DST**"). These DST generally aim at securing taxation rights of the jurisdiction for the revenues / profits generated by the transnational e-commerce activities with customers who are resident in this specific jurisdiction. We have established a process to assess on a regular (*i.e.*, quarterly) basis whether our revenues / profits are subject to these DST. For 2020, it was concluded that there should be no such DST liability but there is a general risk that new local DST will be introduced or that the existing DST will be applied differently with the result that this could adversely affect our tax liability. We cannot predict the effect of current attempts to impose sales, income or other taxes on e-commerce. New or revised taxes – *e.g.*, sales taxes, value-added tax ("**VAT**") and similar taxes – would likely increase the cost of doing business online and decrease the attractiveness of advertising and selling products over the internet. New taxes could also lead to increases in internal costs necessary to capture data and collect and remit taxes.

Additionally, tax laws may be interpreted differently by the competent tax authorities and courts, and their interpretations may change at any time, which could lead to an increase of our tax burden. Accordingly, we may face unforeseen tax claims in such countries. Moreover, legislators and tax authorities may change territoriality rules or their interpretation for the application of VAT on cross-border services, which may lead to additional payments for past and future periods. In addition, court decisions are sometimes ignored by competent tax authorities or overruled by higher courts, which could lead to higher legal and tax advisory costs and create uncertainty. New taxes could also result in additional costs necessary to collect the data required to assess these taxes and to remit them to the relevant tax authorities. Besides this, the documentation obligations under applicable VAT and VAT-related laws are considerable. Overall, it cannot be ruled out that the competent tax authorities may interpret the tax law (now or in the future) in a way that suggests that we may not fully comply, or, as the case may be, may have not fully complied with applicable VAT regulations throughout all phases of their development.

Taxes assessed in future tax audits for periods not yet covered by our last tax audit may exceed the taxes already paid by us. As a result, we may be required to make additional tax payments with respect to previous periods. Furthermore, the competent tax authorities could revise their original tax assessments (for example, with respect to the recognition of invoiced value added taxes). Any tax assessments that deviate from our expectations could lead to an increase in our tax burden. In addition, we may be required to pay interest on these additional taxes as well as late filing penalties. Furthermore, we have carried out reorganizations of the Group structure, and there is a risk that any such restructuring could attract additional tax scrutiny or result in a tax leakage despite our best efforts to avoid such negative tax consequences (*e.g.*, obtain tax advisory services by reputable consultants who confirmed the tax neutrality of the group structure reorganizations).

Any of these events occurring could, alone or in combination, have an adverse effect on our business, financial condition, results of operations and prospects. However, we have been audited by tax officials and have been deemed that we are in compliance with applicable tax laws.

1.3.14 We might be exposed to tax risks resulting from deviating interpretations of applicable tax laws by the tax authorities or adverse amendments to current legislation.

We are audited by the tax authorities regularly. The current general tax audit for the German business relates to the tax years 2013 until 2016. Accordingly, the German tax assessment notices for the periods following the fiscal year ended February 29, 2012 are still preliminary and subject to change by the tax authorities. While we believe our interpretations of tax laws and our estimates are reasonable and while no significant additional tax payments are expected to be incurred by the German entities as a result of this tax audit, the final outcome of tax audits for the periods following the fiscal year ended February 29, 2012 could be materially different from what is reflected in our financial statements included elsewhere in this prospectus. As a result, the tax authorities could revise original tax assessments (*e.g.*, by refusing to recognize our entitlement to recover invoiced value-added taxes (VAT)) which might increase the tax burden (including interest and penalty payments) of the relevant entities of the group for fiscal years following the fiscal year ended February 29, 2012.

Due to our operations in various jurisdictions, we are exposed to various tax risks, including risks based on transfer pricing rules which apply to cross-border business relationships. Pursuant to such transfer pricing rules, related enterprises are required to conduct any inter-company transactions on terms which would also apply among unrelated third parties concluding comparable agreements (so-called "arm's length principle") and to sufficiently document the relevant transactions. It cannot be excluded that one or more tax authorities might not agree with, and thus challenge the cross-jurisdictional transfer pricing model we implemented. For example, our documentation may be considered to be insufficient by the relevant tax authorities or transfer prices may be considered to be inadequate or inadequately justified. This may result in double taxation in two or more jurisdictions and penalties. Moreover, transfer pricing risks may increase in the future in case our intra-group cross-border business grows or changes or if tax authorities change their interpretation of applicable transfer pricing rules.

Furthermore, our business is subject to the general tax environment in the countries in which we operate. Changes in tax legislation, administrative practice or case law or treatments of tax facts by the relevant tax authorities which deviate from our assessments could result in a higher tax burden. The realization of any of these risks, alone or in combination, may have adverse effects on our business, financial condition and results of operations.

1.3.15 We might be exposed to tax risks regarding the elimination of tax losses and tax loss carry-forwards in connection with the changes of the Company's shareholder structure.

In cases (i) where, within any given five year period, more than 50% of the subscribed capital, membership rights, ownership rights or voting rights in a corporate entity are directly or indirectly transferred to an acquirer or to its related parties or to a group of acquirers with convergent interest, or (ii) where a comparable event occurs (a "**Relevant Change of Control**") the German Corporate Income Tax Act (*Körperschaftsteuergesetz*) provides for a forfeiture of tax loss carry forwards and current losses for German corporate income and trade tax purposes. In case of a Relevant Change of Control involving more than 50% of the subscribed capital, membership rights, ownership rights or voting rights, tax losses and tax loss carry forwards will forfeit in their entirety. The same applies to an interest carry forward in the sense of the German earnings stripping rules. However, tax loss carry forwards and current losses should not forfeit, if and to the extent the entity recording such tax loss carry forwards and current losses holds assets which comprise built-in gains that are subject to German income taxation (the "Built-in gains Exemption").

According to our preliminary International Financial Reporting Standards, as adopted by the European Union (IFRS) calculation (and – as explained above – subject to potential adjustments made by the tax authorities in tax audits), we had (i) net operating losses ("**Net Operating Losses**" or "**NOLs**") for German corporate income tax purposes in the aggregate amount of approximately €392 million and (ii) NOLs for German trade tax purposes in the aggregate amount of approximately €390 million each at the end of the fiscal year ended February 28, 2021 (together the "**Tax Loss Carry-Forwards**"). We believe that these Tax Loss Carry-Forwards have been and will be protected by the Built-in gains Exemption. However, if the tax authorities were not to follow this view the Tax Loss Carry-Forwards would (fully or partially) forfeit due to Relevant Change of Controls in the past or might be eliminated fully or partially in case of future Relevant Change of Controls. Any such forfeiture would prevent us from offsetting the currently not recorded Tax Loss Carry-Forwards against future profits, if any, and result in a higher effective tax rate on any such future profits for German corporate income tax and German trade tax purposes as currently anticipated by us, which could have an adverse effect on our financial condition.

1.4 Risks Related to Our Shareholder Structure

1.4.1 We have significant commercial relationships with Otto (GmbH & Co KG) and if these relationships or any agreements thereunder were to be terminated, we would need to replace the services, and the economic terms of any new arrangements may be less favorable to us.

We have significant commercial relationships with our major shareholder Otto (GmbH & Co KG) ("**Otto**" and, together with its consolidated subsidiaries, "**Otto Group**") and other companies in the Otto Group.

Otto provides us with different services and makes certain framework agreements available to us, which we will continue to contract for following the listing. Furthermore, we provide business services to Otto Group companies, including ABOUT YOU Commerce Suite services, and thus generate a significant share of our revenue in the TME segment with Otto Group companies.

We have entered into commercial agreements with Otto Group companies as suppliers of fashion products but also as service providers, *e.g.*, for fulfillment services. If any such supplier agreement is terminated or not renewed, or renewed only on less advantageous terms, our expenses could increase and our results of operations and financial condition would be materially and adversely affected. If any services agreement is terminated, we must either enter into new agreements with Otto Group companies or another services provider or perform these functions ourselves. Similarly, if the Otto Group is unable or unwilling to provide services any longer, we will need to enter into new agreements with another services provider or perform such functions ourselves. The economic terms of the new agreements may be less favorable than the arrangement with the respective Otto Group company under the current services agreements.

In the course of our business we also entered into several framework agreements regarding the provision of services by third parties with Otto as the contract holder (*e.g.*, SAP, AWS, PayPal). If these framework agreements are terminated, we have to purchase services directly from third parties. The economic terms of the new agreements may be less favorable than the arrangement with Otto under the current framework agreements.

Our interests may not always be aligned with the interests of Otto. For example, we compete with certain Otto Group portfolio companies. In the future, Otto or affiliated companies could acquire further holdings in companies directly or indirectly competing with us, which may create or intensify potential conflicts of interest between Otto and us or other shareholders and lead to an end of our commercial relationships.

If we had to enter into new agreements with less favorable terms or if our commercial relationship with Otto were to end, our business, net assets, financial condition and results of operations could be materially adversely affected.

1.4.2 Membership of the same persons on several boards may result in conflicts of interest between us, Otto and other companies of the Otto Group.

Otto will continue to own a major stake in us and may use its influence in the Company's supervisory board. In particular, there is some overlap in personnel between Otto and us ("**Dual Mandates**"), which is common practice in comparable corporate structures. The most important Dual Mandates are Sebastian Klauke and Petra Scharner-Wolff who are also members of the management of Otto. These persons may therefore have an economic interest in promoting the affairs of Otto.

It cannot be excluded that in some cases there may be a conflict of interest in engaging in and structuring business relations between Otto and other companies of the Otto group. In certain situations, including such conflict of interest, persons holding Dual Mandates may not be permitted to vote on certain decisions in one or both of the companies. However, we cannot exclude that in some cases conflicts of interest may be resolved to our detriment. The same holds true with regard to the possible individual economic interests if such persons. Any such conflict of interest may adversely affect the implementation of our strategic goals and thus affect our business and prospects.

1.5 Risks Related to Our Shares

1.5.1 Following the closing of the private placement, our controlling shareholders will retain a significant interest in our Company and the interests of our controlling shareholders may conflict with our interests or those of our other shareholders.

Following the closing of the private placement conducted in anticipation of the admission to trading of the Company's shares, the Company's existing direct controlling shareholders, Otto, Aktieselskabet af 12.6.2018 and GFH Gesellschaft für Handelsbeteiligungen m.b.H. ("**GFH**", and together with Otto and Aktieselskabet af 12.6.2018, the "**Controlling Shareholders**") will continue to own almost three quarters of the outstanding share capital of the Company (excluding treasury shares and assuming full exercise of the greenshoe option granted in the course of the private placement. Otto and Heartland A/S, the parent company of Aktieselskabet af 12.6.2018, ("**Heartland**") entered into a shareholders' agreement governing their cooperation as shareholders of the Company. In addition, Otto and GFH entered into a pool agreement to coordinate the exercise of voting rights of all shares held by them in the Company. The interests of the Controlling Shareholders may be different from the

Company's interests or those of other shareholders. In light of expected attendance at the shareholders meetings, the size of its stake means that Otto will likely be in position to pass shareholder resolutions, *e.g.*, to determine the allocation of profit and hence our dividend policy and also adopt certain resolutions on other significant matters such as the election of the members of the supervisory board, which is also the subject of the shareholders' agreement with Heartland. The remaining stake of the Controlling Shareholders may have the effect of making certain transactions more difficult or impossible without the support of the Controlling Shareholders, and may have the effect of delaying, postponing or preventing certain major corporate actions, including a change of control in the Company, and could thus prevent mergers, consolidations, acquisitions or other forms of combination that might be advantageous for investors.

If any such conflict materializes this may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

1.5.2 Future sales by the Controlling Shareholders could depress the price of our shares.

Sales of a substantial number of the Company's shares in the public market following the listing, or the perception that such sales might occur, could depress the market price of the Company's shares. If, for example, our Controlling Shareholders or one or more other shareholders of the Company effect a sale or sales of a substantial number of our shares in the stock market, or if the market believes that such sales might take place, the market price of our shares could decline. Our Controlling Shareholders have agreed not to sell any shares until December 13, 2021 (in case of Aktieselskabet af 12.6.2018) or March 13, 2022 (in case of Otto and GFH). Once the lock-up ends, the likelihood that Controlling Shareholders may sell their shares will increase. Additionally, speculation around such sales could negatively affect the stock price of our shares around the lock-up end date.

A depression of the market price of our shares could impair our ability to raise capital through the sale of additional equity securities, which could have a material adverse effect on our financial condition and implementation of our business strategy

1.5.3 Our shares have not previously been publicly traded, and there is no guarantee that an active and liquid market for our shares will develop.

Prior to the listing, there has been no public trading market for our shares. The price per share placed in the private placement conducted in anticipation of the admission to trading of the Company's shares, was determined by way of a bookbuilding process. There is no guarantee that this placement price will correspond to the price at which the Company's shares will be traded on the stock exchange after the listing or that, following the listing and taking into account the long-term intentions of our controlling shareholders, Otto and Heartland, in our Company, as currently expressed to us, an active trading in our shares will develop or be maintained. The failure to develop or maintain an active trading may affect the liquidity of our shares and we cannot ensure that the market price of our shares will not decline below the placement price in the private placement. Consequently, investors may not be in a position to sell their shares in the Company quickly or at or above the private placement price and investors may lose all or part of their investment.

1.5.4 Our share price could fluctuate significantly, and investors could lose all or part of their investment.

Following the listing, our share price will be affected primarily by the supply and demand for our shares and could fluctuate significantly in response to numerous factors, many of which are beyond our control, including, but not limited to, fluctuations in actual or projected results of operations, changes in projected earnings or failure to meet securities analysts' earnings expectations, the absence of analyst coverage on our Company, changes in trading volumes in our shares, changes in macroeconomic conditions, the activities of competitors and suppliers, changes in the market valuations of similar companies, changes in investor and analyst perception in our Company or our industry, changes in the statutory framework in which we operate and other factors, and can therefore be subject to substantial fluctuations. In addition, general market conditions and fluctuations of share prices and trading volumes generally could lead to pricing pressures on our shares, even though there may not be a reason for this based on our business performance or earnings outlook. Public perception of the Company as an internet, e-commerce or technology company could result in our share price moving in line with the prices of other shares in companies of this nature, which have traditionally tended to be more volatile than the share prices of companies operating in other industries. If our share price or the trading volume in our shares decline as a result of the materialization of any or all of these events, investors could lose part or all of their investment in our shares.

1.5.5 *Future offerings of debt or equity securities by us could adversely affect the market price of our shares, and future capitalization measures could substantially dilute the interests of our then existing shareholders.*

We may require additional capital in the future to finance our business operations and growth. We may seek to raise capital through offerings of debt securities (potentially including convertible debt securities) or additional equity securities. An issuance of additional equity securities or securities containing a right to convert into equity, such as convertible debentures and option debentures, could potentially reduce the market price of our shares and would dilute the economic and voting rights of our then existing shareholders if made without granting subscription rights to our then existing shareholders. As the timing and nature of any future offering would depend on market conditions at the time of such an offering, we cannot predict or estimate the amount, timing or nature of future offerings. In addition, the acquisition of other companies or investments in companies in exchange for newly issued shares of the Company, as well as the exercise of stock options by our employees in the context of the existing and possible future stock option programs or the issuance of the Company's shares to employees in the context of possible future employee stock participation programs, could lead to a dilution of the economic and voting rights of our then existing shareholders. Our shareholders thus bear the risk that such future offerings could reduce the market price of our shares and/or dilute their shareholdings, which may have a highly adverse effect on any dividend payments.

1.5.6 *The Company is a holding company with no direct cash generating operations and relies on operating subsidiaries to provide it with funds necessary to meet its financial obligations.*

The Company is a holding company with no material, direct business operations. The principal assets of the Company are the equity interests it directly or indirectly holds in its operating subsidiaries. As a result, the Company is dependent on loans, dividends and other payments from these subsidiaries as well as external funding to generate the funds necessary to meet its financial obligations, including the payment of dividends. The ability of the Company's subsidiaries to make such distributions and other payments depends on their earnings and may be subject to contractual or statutory limitations or the legal requirement of having distributable profit or distributable reserves. As an equity investor in its subsidiaries, the Company's right to receive assets upon their liquidation or reorganization will be effectively subordinated to the claims of their creditors. To the extent that the Company is recognized as a creditor of subsidiaries, the Company's claims may still be subordinated to any security interest in or other lien on their assets and to any of their debt or other (lease) obligations that are senior to the Company's claims.

1.5.7 *The Company may not be able to or may decide not to pay dividends and the size of any dividend payments may fluctuate.*

Under German corporate law, dividends may only be distributed from the net retained profit (*Bilanzgewinn*) of a company. The net retained profit is calculated based on our unconsolidated financial statements prepared in accordance with German generally accepted accounting principles of the German Commercial Code (*Handelsgesetzbuch*). Such accounting principles differ from International Financial Reporting Standards, as adopted by the European Union, in material respects.

Our ability to pay dividends therefore depends upon the availability of sufficient net retained profits. Additionally, the size of any dividend payment may fluctuate due to changes in the net retained profits. Any determination to pay dividends in the future will be at the discretion of our management board and will depend upon our results of operations, financial condition, contractual restrictions, including restrictions imposed by existing or future financing agreements, restrictions imposed by applicable laws and other factors management deems relevant. Consequently, we may not be able to or may decide not to pay dividends in the foreseeable future, or at all, which could have a material adverse effect on the return on investors' investments.

1.5.8 *Claims of holders of shares in the Company are subordinated to claims by all other third parties, including creditors, employees and debt investors, so that shareholders may not be able to recover parts or all of their investments in case of an insolvency of the Company.*

In case of an insolvency of the Company, investments in the Company's shares are not secured by collateral and the claims of shareholders are subordinated to claims by all other third parties, including creditors, employees and debt investors. This means that only after the claims of other third parties have been paid, any remaining assets may be distributed to shareholders. Accordingly, in case of an insolvency of the Company it is highly likely that investors would lose a significant part or all of their investment.

2. GENERAL INFORMATION

2.1 Responsibility Statement

The following persons assume responsibility for the contents of this prospectus (the "**Prospectus**") pursuant to Section 8 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) in conjunction with Article 11 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC, as amended (the "**Prospectus Regulation**"), and declare that the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts, and that this Prospectus makes no omission likely to affect its import:

- ABOUT YOU Holding AG (the "**Company**" and, together with its consolidated subsidiaries, "**ABOUT YOU**", "**ABOUT YOU Group**", "**we**", "**us**", "**our**" or "**ourselves**"), with its registered office at Domstraße 10, 20095 Hamburg, Federal Republic of Germany ("**Germany**"), legal entity identifier ("**LEI**") 894500DKEE3GY8870322, and registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, under docket number HRB 168067;

- Deutsche Bank Aktiengesellschaft, Mainzer Landstraße 11-17, 60329 Frankfurt am Main, Germany, LEI 7LTWFZYICNSX8D621K86 ("**Deutsche Bank**");

- Goldman Sachs Bank Europe SE, Marienturm, Taunusanlage 9-10, 60329 Frankfurt am Main, Germany, LEI 8IBZUGJ7JPLH368JE346 ("**Goldman Sachs**");

- J.P. Morgan AG, Taunustor 1 (TaunusTurm), 60310 Frankfurt am Main, Germany, LEI 549300ZK53CNGEEI6A29 ("**J.P. Morgan**" and, together with Deutsche Bank and Goldman Sachs, the "**Joint Global Coordinators**");

- Numis Securities Ltd, The London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT, United Kingdom, LEI 213800P3F4RT97WDSX47 ("**Numis Securities**");

- Société Générale, 29 boulevard Haussmann, 75009 Paris, France, LEI O2RNE8IBXP4R0TD8PU41 ("**Société Générale**");

- UBS Europe SE, Bockenheimer Landstraße 2-4, 60306 Frankfurt am Main, Germany, LEI 5299007QVIQ7IO64NX37 ("**UBS**" and, together with the Joint Global Coordinators, Numis Securities and Société Générale, the "**Joint Bookrunners**" or the "**Underwriters**").

2.2 General Disclaimers

If any claims are asserted before a court of law based on the information contained in this Prospectus, the investor appearing as plaintiff may have to bear the costs of translating this Prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the European Economic Area (the "**EEA**").

The information contained in this Prospectus will not be supplemented subsequent to the date hereof, except for any significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus which may affect the assessment of the Placement Shares (as defined below) and which arises or is noted between the time when this Prospectus is approved and the closing of the offer period or the time when trading of the Company's shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment thereof with additional post-admission obligations (Prime Standard) commences, whichever occurs later, which will be disclosed in a supplement to this Prospectus pursuant to Article 23 of the Prospectus Regulation without undue delay. The obligation to supplement the Prospectus pursuant to Article 23 of the Prospectus Regulation will no longer apply following the expiration of the validity of this Prospectus at the end of the first day of trading in the Company's shares on the Frankfurt Stock Exchange, currently expected to occur on June 10, 2021.

2.3 Competent Authority Approval

This Prospectus has been approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* ("**BaFin**")), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Germany, www.bafin.de, as the competent authority under the Prospectus Regulation. BaFin has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company or the quality of the Company's shares and investors should make their own assessment as to the suitability of investing in the Company's shares.

2.4 Validity of this Prospectus

THE VALIDITY OF THIS PROSPECTUS WILL EXPIRE WITH THE BEGINNING OF THE TRADING OF THE SHARES ON THE REGULATED MARKET OF THE FRANKFURT STOCK EXCHANGE (*FRANKFURTER WERTPAPIERBÖRSE*), WHICH IS EXPECTED TO OCCUR ON JUNE 16, 2021, AND NO OBLIGATION TO SUPPLEMENT THIS PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES WILL APPLY WHEN THIS PROSPECTUS IS NO LONGER VALID.

2.5 Purpose of this Prospectus

This Prospectus relates to the admission to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (Prime Standard) of:

- 157,582,058 bearer shares with no par value (*Stückaktien*) (the Company's entire share capital prior to the Placement Capital Increase (as defined below)); and

- 28,571,429 newly issued bearer shares with no par value (*Stückaktien*) from a capital increase against cash contributions (the "**Placement Capital Increase**") resolved by a shareholders' meeting of the Company on June 14, 2021 and expected to be entered in the commercial register on June 15, 2021 (the "**New Shares**")

of the Company, each such share representing a notional value of €1.00 and with full dividend rights from March 1, 2021.

2.6 Background to the Private Placement

2.6.1 Private Placement

Between June 8 and June 14, 2021, in anticipation of the expected admission to trading of the Company's shares on the regulated market segment of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard), the Company, together with the Joint Bookrunners conducted a private placement of 36,607,145 bearer shares of the Company with no par value (*Stückaktien*), each such share representing a notional value of €1.00 and with full dividend rights from March 1, 2021 (the "**Private Placement**"), consisting of:

- 28,571,429 New Shares;

- 3,260,871 existing bearer shares with no par value (*Stückaktien*) (the "**Existing Shares**" and, together with the New Shares, the "**Base Shares**") from the holdings of Tarek Müller Beteiligungsgesellschaft mbH, Hamburg, Germany ("**TMB**"), Sebastian Betz Beteiligungsgesellschaft mbH, Hamburg, Germany ("**SBB**"), Hannes Wiese Beteiligungsgesellschaft mbH, Hamburg, Germany ("**HWB**, and together with TMB and SBB, the "**Selling Shareholders**"); and

- 4,774,845 existing bearer shares with no par value (*Stückaktien*) from the holdings of GFH Gesellschaft für Handelsbeteiligungen m.b.H., Hamburg, Germany ("**GFH**"), SevenVentures GmbH ("**SevenVentures**"), GMPVC German Media Pool GmbH, Berlin, Germany ("**GMPVC**") and Fashion Media Pool GmbH, Berlin, Germany ("**FMP**", and together with GFH, SevenVentures and GMPVC, the "**Lending Shareholders**") in connection with an over-allotment (the "**Over-Allotment Shares**" and, together with the Base Shares, the "**Placement Shares**").

On June 14, 2021, the price per Placement Share (the "**Placement Price**") was set at €23.00 and the Lending Shareholders made the Over-Allotment Shares available to J.P. Morgan as stabilization manager (the "**Stabilization Manager**"), acting for the account of the Underwriters, in the form of a securities loan to cover over-allotments (the "**Over-Allotment**").

The Lending Shareholders have granted the Stabilization Manager, acting for the account of the Underwriters, an option to acquire all or a portion of the shares borrowed under the securities loan at the Placement Price less agreed fees and commissions (the "**Greenshoe Option**").

Most members of the Company's supervisory board and certain members of the management of Otto placed orders in the Private Placement in an amount of €3.5 million in total, which were preferentially allocated.

2.6.2 Private Placement Structure

The Private Placement was exclusively addressed to qualified investors and fewer than 150 non-qualified investors in any member state of the EEA, including in Germany, or the United Kingdom and to institutional investors in certain other jurisdictions. The Placement Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any other jurisdiction of the United States of America ("**United States**") and may not be offered, sold or otherwise transferred within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. For U.S. law purposes, the Placement Shares offered or sold outside the United States were only offered or sold in offshore transactions in compliance with Regulation S under the Securities Act.

Book-entry delivery of the Placement Shares sold in the Private Placement against payment of the Placement Price is expected to occur on June 16, 2021.

2.6.3 Placement Capital Increase

The Placement Capital Increase to issue the New Shares, resolved by the Company's shareholders' meeting on June 14, 2021, is expected to be entered in the commercial register of the local court (*Amtsgericht*) of Hamburg on June 15, 2021 and will result in an increase of the Company's share capital of €28,571,429.

2.6.4 Reasons for the Admission to Trading; Use of Proceeds from the Private Placement

The Company, together with Deutsche Bank, applied for admission of its shares to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment thereof with additional post-admission obligations (Prime Standard) (the "**Admission to Trading**") on June 8, 2021 to achieve better access to the capital markets. The Company believes that this access will benefit its future growth and expand its financing options. The Company expects to receive gross proceeds of €657.1 million and to incur costs, including underwriting and placement commissions payable to the Underwriters, in an amount of approximately €30.2 million, which is expected to lead to net proceeds of approximately €627.0 million from the Private Placement resulting from the sale of the New Shares at the Placement Price of €23.00 per share.

The Company intends to use the net proceeds from the Private Placement for the following purposes: (i) approximately €50 million for an accelerated roll-out of our tech software as a service business, (ii) approximately €150 million to scale our commerce operations internationally, (iii) approximately €115 million for our Tech infrastructure and distribution centers, (iv) approximately €80 million to secure M&A optionality, including to acquire new talent for Tech and financing of carved-out influencer and celebrity cooperations, in particular €15.0 million for the acquisition of companies and payments for loans of these companies as well as €14.9 million for the acquisition of intangible assets and own work capitalized, in particular of purchased and integrated IT applications or tools developed by the Company's tech department, (v) approximately €80 million to fully repay the existing shareholder loans (including interest) described in "*8.9.2 Shareholder Loan Agreements*", and (vi) approximately €152 million for operating liquidity for our day-to-day cash requirements, in particular €3.7 million for the acquisition of property, plant, and equipment.

The Selling Shareholders undertook the Private Placement to receive the net proceeds from the sale of the Existing Shares and to diversify their investments. Upon settlement of the Private Placement, each of TMB, SBB and HWB will receive gross proceeds of €25.0 million. In case of full exercise of the Greenshoe Option, GFH, SevenVentures, GMPVC and FMP will receive gross proceeds of €50.0 million, €29.9 million, €24.4 million and €5.5 million, respectively.

2.6.5 Cost of the Private Placement and the Admission to Trading

The costs of the Company, the Selling Shareholders and the Lending Shareholders related to the Private Placement and the Admission to Trading are expected to total approximately €37.4 million. Of the total costs, the Selling Shareholders would bear approximately €3.4 million, the Lending Shareholders would bear approximately €3.8 million and the Company would bear the remaining approximately €30.2 million.

Investors will not be charged expenses by the Company, the Selling Shareholders, the Lending Shareholders or the Underwriters. Investors will have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.

2.6.6 Stabilization Measures, Over-Allotments and Greenshoe Option

In connection with the Admission to Trading, J.P. Morgan, acting for the account of the Underwriters, is acting as Stabilization Manager and, as stabilization manager, made over-allotments and may take stabilization measures in accordance with Article 5 paras. 4 and 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, as amended ("**MAR**") in conjunction with Articles 5 through 8 of Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016 supplementing MAR.

Stabilization measures may be taken on any trading venue where the Company's shares are traded. Such measures aim at supporting the market price of the Company's shares during the Stabilization Period (as defined below), thereby alleviating selling pressure generated by short-term investors and maintaining an orderly market in the Company's shares. These measures may result in the market price of the Company's shares being higher than would otherwise have been the case. Moreover, the market price may temporarily be at an unsustainable level.

The Stabilization Manager is under no obligation to take any stabilization measures. Therefore, stabilization may not necessarily occur and it may cease at any time without notice. Such measures may start from the date the Company's shares commence trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and must end no later than 30 calendar days thereafter (the "**Stabilization Period**").

In connection with these stabilization measures, investors were, in addition to the New Shares, allocated 4,774,845 Over-Allotment Shares as part of the allocation of the Placement Shares. For the purpose of such Over-Allotment, J.P. Morgan was provided with 4,774,845 Over-Allotment Shares from the holdings of the Lending Shareholders in the form of a securities loan.

The Lending Shareholders have granted the Stabilization Manager, acting for the account of the Underwriters, an option to acquire up to 4,774,845 shares of the Company at the Placement Price, less agreed commissions. The Greenshoe Option may only be exercised during the Stabilization Period and will terminate 30 calendar days after the commencement of trading of the Company's shares.

The Stabilization Manager, acting for the account of the Underwriters, may exercise the Greenshoe Option to the extent Over-Allotment Shares were allocated to investors in the Private Placement. The number of Over-Allotment Shares acquired under the Greenshoe Option is to be reduced by any shares of the Company held by the Stabilization Manager when the Greenshoe Option is exercised, if such shares were acquired by the Stabilization Manager in the context of stabilization measures. However, the Stabilization Manager is entitled to exercise the Greenshoe Option during the Stabilization Period even if such exercise follows any sale of shares by the Stabilization Manager which the Stabilization Manager had previously acquired as part of any stabilization measures (so-called refreshing the shoe).

Public announcements regarding stabilization measures will be made in accordance with Article 6 of Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016 supplementing MAR. Any exercise of the Greenshoe Option will be disclosed to the public promptly in accordance with Article 8 lit. (f) of Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016 supplementing MAR.

2.6.7 Lock-up Agreements

2.6.7.1 *Lock-up Agreements of the Company*

In an underwriting agreement dated June 8, 2021, the Company agreed with the Underwriters that, for the period commencing on June 8, 2021 and ending 180 calendar days after the first day of trading of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on June 16, 2021), the Company will not without the prior written consent of the Joint Global Coordinators, which consent shall not be unreasonably withheld or delayed:

- announce or effect any increase of the share capital of the Company from authorized capital; or
- propose a capital increase to its shareholders' meeting; or
- announce, effect or propose the issuance of securities with conversion or option rights on shares of the Company; or
- enter into any economically similar transactions or perform any economically similar actions.

The Company may, however, issue or sell shares of the Company or other securities to directors or employees of the Company or any of its subsidiaries under a customary directors' and/or employees' stock option or incentive plan. The lock-up of the Company does not apply to any capital increase in connection with the Private Placement.

2.6.7.2 *Lock-up Agreements of the Existing Shareholders*

For the period commencing on June 8, 2021 and ending 270 calendar days (in case of Otto and GFH) or 180 calendar days (in case of the other existing shareholders, including the members of the Company's management board (*Vorstand*) (the "**Management Board**") in their function as selling shareholders) after the first day of trading of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on June 16, 2021), the existing shareholders of the have agreed that they will not, without the prior written consent of the Joint Global Coordinators, which consent shall not be unreasonably withheld or delayed:

- offer, pledge, allot, distribute, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, transfer or otherwise dispose of, directly or indirectly, any shares held by the relevant shareholder as of June 8, 2021 (the "**Restricted Shares**"); or
- enter into a transaction or perform any action economically similar to those described in the preceding bullet, in particular enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of the restricted shares, whether any such transaction is to be settled by delivery of Restricted Shares, in cash or otherwise.

The foregoing does not apply to (i) any transfer of Restricted Shares by the relevant shareholder to affiliates of the shareholder or to any other shareholders of the Company that held shares in the Company immediately prior to the Private Placement, (ii) any disposal for the purpose of pledging or granting of any other security interest over the shares in the Company in connection with any margin loan facility or (iii) any disposal for the purpose of transferring any of the shares in the Company to any enforcement of security over any shares in the Company to or for the benefit of a margin loan lender in connection with a margin loan or (iv) any transfer of shares in the Company to one or more reputable third-party investors, provided that any proposed transferee of such shares pursuant to clause (iii) or (iv) above shall have agreed, for the remainder of the lock-up period, to be bound by the same lock-up restrictions (including the same lock-up exemptions), as the relevant shareholder.

In addition, the members of the Management Board are subject to a staggered lock-up over a period of two years as agreed with the Company with respect to a certain part of their shareholding (see "*13.4.1.2 Lock-up*").

2.7 Material Interests, including Conflicts of Interest

The Underwriters act for the Company, the Selling Shareholders and the Lending Shareholders on the Private Placement and coordinate the structuring and execution of the Private Placement. Upon successful closing of the Private Placement, which is conditional on the Admission to Trading, the Underwriters will receive a commission, and the size of this commission depends on the results of the Private Placement. Therefore, the Underwriters have a financial interest in the Admission to Trading.

Furthermore, some of the Underwriters or their respective affiliates, acting as investors for their own accounts, acquired shares in the Private Placement, and in such capacity may retain, purchase or sell for their own account such shares or related investments and may offer or sell such shares or other investments outside the Private Placement. In addition, the Underwriters or any of their respective affiliates may enter into financing arrangements, including swaps or contracts for differences, pursuant to which the Underwriters or their respective affiliates may, from time to time, acquire, hold or dispose of shares in the Company.

As part of our virtual share incentive program (see "*12.2.1 Legacy Virtual Share Incentive Program*"), we have granted a virtual participation in the Company to certain key employees below the board level. Under this program, the beneficiaries are entitled to a bonus upon completion of the Private Placement, which will then be converted into a certain number of virtual shares. Accordingly, these beneficiaries have an interest in the Admission to Trading and the success of the Private Placement on the best possible terms.

The Underwriters or their respective affiliates have, and may from time to time in the future continue to have, business relations with ABOUT YOU Group and the existing shareholders of the Company, including lending activities, or may perform services for ABOUT YOU Group or the existing shareholders of the Company in the ordinary course of business.

None of the aforementioned interests in the Admission to Trading constitute a conflict of interests or a potential conflict of interests. Consequently, there are no conflicts of interest with respect to the Admission to Trading.

2.8 Identification of Target Market

Solely for the purpose of fulfilling the product governance requirements set forth in (i) Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as amended ("**MiFID II**"), (ii) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 of April 7, 2016 supplementing MiFID II and (iii) local implementing measures (together, the "**MiFID II Requirements**"), and disclaiming any and all liability, whether arising in tort, contract or otherwise, which a "manufacturer" (for the purposes of the MiFID II Requirements) may otherwise have with respect thereto, the Placement Shares have been subject to a product approval process. As a result of such process, it has been determined that the Placement Shares are (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II, and (ii) eligible for distribution through all distribution channels permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, the price of the Placement Shares may decline and investors could lose all or part of their investment. The Placement Shares offer no guaranteed income and no capital protection, and an investment in the Placement Shares is only suitable for investors who:

- do not need a guaranteed income or capital protection;
- either alone or together with an appropriate financial or other adviser, are capable of evaluating the merits and risks of such an investment; and
- who have sufficient resources to be able to bear any losses that may result from such an investment.

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions with respect to the Private Placement and does not constitute (i) an assessment of suitability or appropriateness for the purposes of MiFID II or (ii) a recommendation to any investor or group of investors to invest in, purchase, or take any other action with respect to, the Placement Shares.

2.9 Information on the Shares

2.9.1 Share Capital of the Company and Governing Law

As of the date of this Prospectus, the share capital of the Company amounts to €157,582,058.00 and is divided into 157,582,058 bearer shares with no par value (*Stückaktien*), each such share representing a notional value of €1.00.

The shares of the Company were created pursuant to the laws of the Federal Republic of Germany.

As part of the Placement Capital Increase, which was resolved by a shareholders' meeting of the Company on June 14, 2021, 28,571,429 New Shares will be issued from a capital increase against cash contributions. Upon registration of the Placement Capital Increase, the Company's share capital will be increased from €157,582,058.00 by €28,571,429.00 to €186,153,487.00. The consummation of the Placement Capital Increase is expected to be registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, on or about June 15, 2021.

2.9.2 Voting Rights

Each share in the Company carries one vote at the Company's shareholders' meeting. All of the Company's shares confer the same voting rights. There are no restrictions on voting rights.

2.9.3 Dividend Rights, Paying Agent and Liquidation Rights

Each share in the Company carries, and the New Shares will carry, full dividend rights.

The paying agent of the Company is Deutsche Bank.

In the event of the Company's liquidation, any proceeds will be distributed to the holders of the Company's shares in proportion to their interest in the Company's share capital.

2.9.4 Form and Certification of the Shares

All of the Company's shares are bearer shares with no par value (*Stückaktien*). The Company's shares are represented by a global share certificate, deposited with Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany ("**Clearstream**"). The global share certificate for the New Shares is expected to be deposited with Clearstream on or about June 15, 2021.

Pursuant to § 5(2) sentence 1 of the articles of association (the "**Articles of Association**"), the Company's Management Board determines the form of the share certificates. § 5(2) sentence 3 of the Articles of Association excludes the shareholders' right to receive individual share certificates.

All shares of the Company provide holders thereof with the same rights and no shares provide any additional rights or advantages.

2.9.5 Currency of the Securities Issue

The Company's shares are denominated in Euros.

2.9.6 Delivery and Settlement

Delivery of the Placement Shares against payment of the Placement Price is expected to take place on June 17, 2021. The Placement Shares will be made available to investors as co-ownership interests in the global share certificates.

The Placement Shares purchased in the Private Placement will be credited to a securities deposit account maintained by a German bank with Clearstream.

2.9.7 ISIN/WKN/Ticker Symbol

International Securities Identification Number (ISIN) DE000A3CNK42

German Securities Code (*Wertpapierkennnummer* (*WKN*)) A3CNK4

Ticker Symbol .... YOU

2.9.8 Transferability of Shares and Limitations on Disposal

The Company's shares are freely transferable in accordance with the legal requirements for bearer shares. Except for the restrictions set forth in Section "*2.6.7 Lock-up Agreements*", there are no prohibitions on disposals or restrictions with respect to the transferability of the Company's shares.

2.10 Admission to Trading and Commencement of Trading

The Company, together with Deutsche Bank, applied for the admission of its shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) on June 8, 2021. It is expected that admission to trading will be granted on June 15, 2021; however, there can be no guarantee that admission will be granted. Trading in the Company's shares on the Frankfurt Stock Exchange is expected to commence on June 16, 2021.

The underwriters for an issuance often make purchase offers at the time of first trading in order to support the development of the initial share price. Such purchase offers, when made by the Underwriters or their respective affiliates, may lead to the development of a higher initial share price than would have been the case in the absence of such measures.

2.11 Designated Sponsor

Deutsche Bank and Goldman Sachs have been mandated as designated sponsors of the Company's shares traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). Pursuant to the designated sponsor agreement entered into between Deutsche Bank, Goldman Sachs and the Company, Deutsche Bank and Goldman Sachs will, among other things, place limited buy and sell orders for the Company's shares in the electronic trading system of the Frankfurt Stock Exchange during regular trading hours. This is intended to achieve greater liquidity in the market for the Company's shares.

2.12 Intended Change of Legal Form

An extraordinary shareholders' meeting held on June 14, 2021 approved a resolution to change the Company's legal form to a European company (*Societas Europaea – SE*) governed by German and European law and its legal name to "ABOUT YOU Holding SE". The change in legal form and name is expected to be entered in the commercial register in June 2021.

2.13 Forward-Looking Statements

This Prospectus contains forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts or events or to facts or events as of the date of this Prospectus. This applies, in particular, to statements in this Prospectus containing information on ABOUT YOU Group's future earnings capacity, plans and expectations regarding its business growth and profitability, and the general economic conditions to which ABOUT YOU Group is exposed. Statements made using words such as "predicts", "forecasts", "projects", "plans", "intends", "endeavors", "expects" or "targets" generally indicate forward-looking statements.

The forward-looking statements contained in this Prospectus are subject to opportunities, risks and uncertainties, as they relate to future events, and are based on estimates and assessments made to the best of the Company's present knowledge. These forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause ABOUT YOU Group's actual results, including its financial condition and profitability, to differ materially from those expressed or implied in the forward-looking statements. These expressions can be found wherever information is contained in this Prospectus regarding the Company's plans, intentions, beliefs, or current expectations relating to ABOUT YOU Group's future financial condition and results of operations, plans, liquidity, business prospects, growth, strategy and profitability, investments and capital expenditure requirements, future growth in demand as well as the economic and regulatory environment which ABOUT YOU Group is subject to.

In light of these uncertainties and assumptions, future events mentioned in this Prospectus may not occur. In addition, the forward-looking estimates and forecasts reproduced in this Prospectus from third-party sources could prove to be inaccurate (for further information on the third-party sources used in this Prospectus, see "*2.14 Sources of Market Data*").

Moreover, it should be noted that all forward-looking statements only speak as of the date of this Prospectus and that neither the Company nor the Underwriters assume any obligation, except as required by law, to update any forward-looking statement or to conform any such statement to actual events or developments.

2.14 Sources of Market Data

Unless otherwise specified, the information contained in this Prospectus on the market environment, market developments, growth rates, market trends and competition in the markets in which ABOUT YOU Group operates are based on the Company's assessments. These assessments, in turn, are based in part on internal market observations and on various market studies.

The following sources were used in the preparation of this Prospectus:

- 5WPR, 2020 Consumer Culture Report, last accessed March 22, 2021, https://www.5wpr.com/new/research/5wpr-2020-consumer-culture-report/ ("**5WPR 2020 Consumer Culture Report**");

- Apple App Store, ABOUT YOU Mode Online Shop, last accessed March 24, 2021, https://apps.apple.com/de/app/about-you-mode-online-shop/id985244644 ("**iOS App Store**");

- Destatis, Pressrelease #081 from 24 February 2021, https://www.destatis.de/EN/Press/2021/02/PE21_081_81.html ("**Destatis**");

- All references to Euromonitor International data are sourced from their database "Passport", which includes data from Euromonitor`s Retailing 2021 edition https://go.euromonitor.com/passport.html, ("**Euromonitor International**"). Research by Euromonitor should not be considered as the opinion of Euromonitor as to the value of any security or the advisability of investing in the Company and accordingly, such information should not be relied upon for making any investment decision in respect of the Company;

- Euromonitor International Ltd., International COVID-19 Voice of the Industry Survey, July 2020, https://go.euromonitor.com/webinar-voi-200901-voi-survey-results.html, ("**Euromonitor Int. COVID-19 Voice**");

- Eurostat, Data Browser, Population on 1st January by age, sex and type of projection, sorted by age group 17-34, last accessed April 17, 2021, https://ec.europa.eu/eurostat/databrowser/view/proj_19np/default/table ("**Eurostat**");

- Market study conducted by Ipsos SA. The survey was conducted online by Ipsos on behalf of ABOUT YOU, using the Ipsos Access Panel and selected partner panels. Ipsos interviewed a total of 12,000 persons aged 16-69 in 15 countries (CZ, SK, HU, RO, LV, LT, EE, BG, SI, HR, DE, AT, CH, NL, and BE) between February 23 and March 18, 2021. Mailout was done national representative based on age (16-69 years old), gender, and region. The sample consists of 800 individuals in each country and results can be taken as representative of their population aged 16-69 buying clothing for themselves during the past 12 months. ("**Market study conducted by Ipsos on behalf of ABOUT YOU**");

- World Data Lab, database on generations spending, https://worlddata.io/, last accessed February 28, 2021 ("**World Data Lab**").

It should be noted, in particular, that reference has been made in this Prospectus to information concerning markets and market trends. Such information was obtained from the aforementioned sources. The Company has accurately reproduced such information and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Prospective investors are, nevertheless, advised to consider these data with caution. For example, market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative. The fact that information from the aforementioned third-party sources has been included in this Prospectus should not be considered as a recommendation by the relevant third parties to invest in, purchase, or take any other action with respect to, shares in the Company.

In addition, certain sources of market data included in this Prospectus were prepared before the pandemic spread of COVID-19 and have not been updated for the potential effects of this pandemic. The Company is not able to determine whether the third parties who have prepared such sources will revise their estimates and projections due to the potential impact of COVID-19 on future market developments.

Irrespective of the assumption of responsibility for the content of this Prospectus by the Company and the Underwriters (see "*2.1 Responsibility Statement*"), neither the Company nor the Underwriters have independently verified the figures, market data or other information on which third parties have based their studies. Accordingly, the Company and the Underwriters make no representation or warranty as to the accuracy of any such information from third-party studies included in this Prospectus. In addition, prospective investors should note that the Company's own estimates and statements of opinion and belief are not always based on studies of third parties.

2.15 Documents Available for Inspection

For the period during which this Prospectus remains valid, the following documents will be available on the Company's website https://corporate.aboutyou.de/ under the "Investor Relations" section:

- the Company's Articles of Association;
- the audited consolidated financial statements of the Company as of and for the fiscal years ended February 28, 2021, February 29, 2020 and February 28, 2019 prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**") and the additional requirements pursuant to Section 315e para. 1 of the German Commercial Code (*Handelsgesetzbuch* ("**HGB**"));
- the audited unconsolidated financial statements of the Company as of and for the fiscal year ended February 28, 2021 prepared in accordance with generally accepted accounting principles of the HGB.

The Company's future consolidated financial statements, unconsolidated financial statements and condensed interim consolidated financial statements will be available from the Company on its website and the paying agent designated in this Prospectus (see "*2.9.3 Dividend Rights, Paying Agent and Liquidation Rights*"). The Company's consolidated and unconsolidated financial statements will also be published in the German Federal Gazette (*Bundesanzeiger*).

Information on the Company's website https://corporate.aboutyou.de/ and information accessible via this website is neither part of, nor incorporated by reference into, this Prospectus.

2.16 Currency Presentation

In this Prospectus, "**Euro**" and "**€**" refer to the single European currency adopted by certain participating member states of the European Union, including Germany.

2.17 Presentation of Financial Information

Where financial information in the tables included this Prospectus is labeled "audited", this means that it has been taken from the audited financial statements of the Company prepared in accordance with IFRS and the additional requirements pursuant to Section 315e para. 1 of the HGB mentioned in Section "*2.15 Documents Available for Inspection*". The label "unaudited" indicates financial information that has not been taken from the audited financial statements mentioned above, but was taken from the accounting records or internal reporting system of ABOUT YOU Group, or is based on calculations of figures from the aforementioned sources.

Unless indicated otherwise, all financial information with respect to the fiscal year ended February 29, 2020 presented in the text, tables and discussion in this Prospectus is taken from the comparable financial information included in the audited consolidated financial statements of the Company as of and for the fiscal year ended February 28, 2021, while all financial information with respect to the fiscal year ended February 28, 2019 presented in the text, tables and discussion in this Prospectus is taken from the comparable financial information included in the audited consolidated financial statements of the Company as of and for the fiscal year ended February 29, 2020.

Unless indicated otherwise, all financial information presented in the text and tables included in this Prospectus is shown in millions of Euro (in € million). Certain financial information, including percentages, has been rounded according to established commercial standards. As a result, rounded figures included in this Prospectus may not add up to the aggregate amounts shown (sum totals or subtotals), which are calculated based on unrounded figures. Differences and ratios, however, are calculated based on unrounded figures and may therefore deviate from differences or ratios when calculated based on rounded figures. To compare figures over more than two periods, a compound annual growth rate ("**CAGR**") may be shown, which indicates the annual mean rate of growth for each year of the relevant period.

Financial information presented in parentheses denotes the negative of such number presented. A dash ("–") signifies that the relevant figure is not available or zero, while a zero ("0.0") signifies that the relevant figure has been rounded to zero.

2.18 Alternative Performance Measures

Our financial statements are prepared in accordance with IFRS. Our consolidated statement of profit and loss and other comprehensive income is prepared in accordance with the nature of expense method, meaning that the total costs or expenses of a period, broken down by expense type (*e.g.*, materials, personnel, other operating expenses, other operating income, own work capitalized, depreciation and amortization), are compared with the total revenues. This results in an (unnetted) gross presentation of the sources of earnings broken down by types of expenses and income. This approach, which is common in Germany, is used by Otto, our largest shareholder, in the presentation of its consolidated IFRS financial statements. Outside of Germany, and among most online retailers, IFRS financial statements are more commonly prepared using the cost of sales method. Under the cost of sales method expenses are not broken down by type of expense but by function (*e.g.*, production, sales and administration).

In order to facilitate the comparison of our financial statement results with those of other issuers, who prepare their financial statements using the cost of sales method, we also present our financial information on a modified cost of sales basis as alternative performance measures. The cost lines, however, while similar, differ from other companies' cost lines based on the cost of sales method as we do not include depreciation and amortization in the respective cost lines.

We present the following line items based on a modified cost of sales basis:

- Cost of sales, which mainly includes the cost of goods sold, expenses for inbound logistics, write-downs on inventories and other costs in connection with sales. Cost of goods sold equals expenses for goods sold less discounts, rebates and bonuses granted by suppliers. Expenses for inbound logistics include all expenses incurred before the inventories are stored in the fulfillment centers and consist mainly of customs and incoming goods transport expenses (including the associated personnel expenses). Write-downs of inventories reflect write-downs of inventories to the net realizable value to account for risks from reduced demand or quality of the goods. Other cost of sales mainly includes IT costs for B2B services as well as the associated personnel expenses. Other cost of sales also covers personnel, IT and infrastructure expenses in connection with the procurement of inventories;

- Gross profit, which corresponds to revenue less cost of sales;

- Fulfillment costs, which mainly consist of expenses for outbound and return logistics, expenses for payment transactions and service costs. Outbound logistics includes expenses for warehousing, packaging, pick and pack and delivery costs as well as the personnel and IT infrastructure expenses associated with these processes. Expenses for return logistics mainly comprise expenses for inbound logistics for returns and costs for the return centers. Expenses for payment transactions include all expenses in connection with the payment process, including expenses for external payment providers, banking fees for transactions and the associated personnel and IT infrastructure costs. Service costs concern the expenses for call centers and service-related IT and personnel costs (B2C and B2B);

- Marketing costs, which largely consist of external expenses for online and offline advertising, cooperation and production costs as well as the personnel and infrastructure expenses associated with these processes. Online advertising expenses mainly relate to social media channels, CRM, search engine advertising and affiliate marketing. Offline advertising primarily includes costs from TV, radio and billboard campaigns as well as offline shows and events. Cooperation costs concern various costs that arise from partnerships with third parties such as influencers or brands. Production costs include expenses for editorial content, video productions, product and model photography;

- Administrative expenses, which mainly consist of personnel expenses, office infrastructure and legal and advisory fees. Administrative expenses arise from departments working across the entire business such as human resources and recruiting, finance, business intelligence and legal as well as departments with in-house functions (such as facility, IT security, infrastructure or office management). Administrative expenses also include cost centers with strategic, planning, management or control functions as well as other operating expenses and other operating income that are not related to the aforementioned cost items.

In addition to these alternative performance measures, we present adjusted EBITDA, which we define as EBITDA, adjusted for (i) equity-settled share-based compensation expenses, (ii) restructuring costs and (iii) one-time effects ("**Adjusted EBITDA**"), to allow a comparison of ABOUT YOU Group's performance on a consistent basis excluding non-operating effects.

Such alternative performance measures should not be considered as alternatives or substitutes for profit for the period, EBITDA, EBIT or other data from the Company's consolidated statements of profit or loss and other comprehensive income, consolidated statements of financial position or consolidated statements of cash flows prepared in accordance with IFRS, or as measures of profitability or liquidity.

For further information on alternative performance measures, including a reconciliation to IFRS measures, see "*5.2.1 Alternative Presentation of Financial Information*".

3. DIVIDEND POLICY; RESULTS AND DIVIDENDS PER SHARE

3.1 General Provisions Relating to Profit Allocation and Dividend Payments

The shareholders' share of the Company's profits is determined based on their respective interests in the Company's share capital. For a German stock corporation (*Aktiengesellschaft*) under German law as well as for a European company (*Societas Europaea* (*SE*)) after the Company's intended transformation, with a two-tier management and control system, such as the Company, the distribution of dividends for any given fiscal year and the amount and payment date thereof, are resolved by the Company's shareholders' meeting (*Hauptversammlung*) in the subsequent fiscal year, based upon either a joint proposal by the Management Board and the supervisory board of the Company (the "**Supervisory Board**") or upon the Management Board's or the Supervisory Board's proposal. The shareholders' meeting for a German stock corporation must be held within the first eight months of each fiscal year (first six months for a European company (*Societas Europaea* (*SE*))).

Dividends may only be distributed from the net retained profits (*Bilanzgewinn*) of the Company. The net retained profits are calculated based on the Company's unconsolidated financial statements prepared in accordance with generally accepted accounting principles of the HGB. Accounting principles set forth in the HGB differ from IFRS in material respects.

When determining the net retained profits, the profit or loss for the fiscal year (*Jahresüberschuss/-fehlbetrag*) must be adjusted for retained profit/loss carryforwards (*Gewinn-*/*Verlustvorträge*) from the previous fiscal year and withdrawals from, or appropriations, to reserves (retained earnings). Certain reserves must be set aside by law and deducted when calculating the net retained profits available for distribution.

The Management Board must prepare unconsolidated financial statements (balance sheet, income statement and notes to the unconsolidated financial statements) and a management report for the previous fiscal year by the statutory deadline and present these to the Supervisory Board and the auditors immediately after preparation. At the same time, the Management Board must present a proposal for the allocation of the Company's net retained profits to the Supervisory Board pursuant Section 170 para. 2 of the German Stock Corporation Act (*Aktiengesetz*, "**AktG**") and – after the intended transformation into a European company (*Societas Europaea* (*SE*)) – together with Article 61 of the Council Regulation (EC) No 2157/2001 of October 8, 2001 on the statute for a European company (SE), as amended (the "**SE Regulation**"). According to Section 171 AktG and – after the intended transformation into a European company (*Societas Europaea* (*SE*)) – together with Article 61 of the SE Regulation, the Supervisory Board must review the unconsolidated financial statements, the Management Board's management report and the proposal for the allocation of the net retained profits and report to the shareholders' meeting in writing on the results of such review.

The shareholders' meeting resolves on the allocation of the net retained profits by a simple majority of votes cast. Pursuant to § 22(3) of the Articles of Association, the shareholders' meeting may also adopt a resolution that dividends be distributed partially or entirely in kind (*e.g.*, as a distribution of treasury shares if such shares are held by the Company at that time). Notifications of any distribution of dividends resolved upon are published in the German Federal Gazette (*Bundesanzeiger*) without undue delay after the shareholders' meeting.

Dividends resolved by the shareholders' meeting are due and payable in compliance with the rules of the respective clearing system on the third business day following the relevant shareholders' meeting, unless a later date is specified in the dividend resolution or the Articles of Association. Since all of the Company's dividend entitlements are evidenced by the global share certificates deposited with Clearstream, Clearstream will transfer the dividends to the shareholders' custodian banks for crediting to their accounts. German custodian banks are under an obligation to distribute these funds to their customers. Shareholders using a custodian bank located outside of Germany must inquire at their respective bank about the terms and conditions applicable in their case. To the extent dividends can be distributed by the Company in accordance with the HGB and corresponding decisions are taken, there are no restrictions on shareholders' rights to receive such dividends.

Generally, withholding tax (*Kapitalertragsteuer*) is withheld from dividends paid. For further information on the taxation of dividends, see "*15.1 General Taxation of Dividends*".

Any dividends not claimed become time-barred within three years pursuant to the general statute of limitations. Once the statute of limitations applies, the right to receive the relevant dividend payments passes to the Company.

3.2 Dividend Policy and Dividends per Share

Between its foundation and the date of this Prospectus, the Company did not make any distributions of profits or reserves to its shareholders.

We currently intend to retain all available funds and any future earnings to support our operations and to finance the growth and development of our business. Therefore, we currently do not intend to pay dividends for the foreseeable future. Any future decision to pay dividends will be made in accordance with applicable laws and will, among other things, depend on our results of operations, financial condition, contractual restrictions and capital requirements.

4. CAPITALIZATION AND INDEBTEDNESS; STATEMENT ON WORKING CAPITAL

The following tables set forth the actual capitalization and indebtedness of ABOUT YOU Group (i) as of April 30, 2021, (ii) the effects of the Private Placement and the Placement Capital Increase, and (iii) total numbers as adjusted for these effects. The adjustments are based on the assumption that these developments had been completed on April 30, 2021 and had no tax effects.

Investors should read the following tables in conjunction with the Section "5. Management's Discussion and Analysis of Net Assets, Financial Condition and Results of Operations", the consolidated financial statements of the Company included in this Prospectus and the notes thereto as well as additional financial information contained elsewhere in this Prospectus.

4.1 Capitalization

	As of April 30, 2021	**Adjustments for the effect of the conversion of A + B shares (1)**	**Adjustments for the effects of the Private Placement and the Placement Capital Increase(2)**	**Adjustments for the effects of the repayment of shareholder loans(3)**	**Total**
			(unaudited) (in € million)		
Total current debt (including current portion of non-current debt)(4)	**451.8**	**–**	**–**	**(78.9)**	**372.9**
Thereof guaranteed(5)	**–**	–	–	**–**	–
Thereof secured(6)	**–**	–	–		–
Thereof unguaranteed/ unsecured	451.8	–	–	(78.9)	372.9
Total non-current debt (excluding current portion of non-current debt)(7)	**14.3**	**–**	**–**	**–**	**14.3**
Thereof guaranteed(5)	**–**	–	–	–	–
Thereof secured(6)	**–**	–	–	–	–
Thereof unguaranteed/ unsecured	14.3	–	–	–	14.3
Shareholder equity(8)	**51.8**	**–**	**627.0**	–	**678.8**
Share capital(9)	4.3	153.3	28.6	–	186.2
Legal reserve(s)(10)	463.3	(153.3)	604.8	–	914.7
Other reserves(11)	(415.8)	–	(6.4)	–	(422.2)
Total(12)	**517.9**	**–**	**627.0**	**(78.9)**	**1,066.0**

(1) As of April 30, 2021, the Company had issued two separate classes of shares (A and B shares). Prior to the Admission to Trading, B shares were eliminated by way of (1) a capital increase from Company's resources (without any issuance of new shares), (2) a conversion of B shares into A shares (including a transfer of shares to the Company and a redemption of parts of these shares) and (3) a share-split without any change to the Company's share capital.

(2) The adjustments reflect (i) the increase of the Company's share capital by €28,571,429.00 from €157,582,058.00 to €186,153,487.00 against cash contributions, and (ii) net proceeds from the Private Placement attributable to the Company of €627.0 million (based on the issuance of 28,571,429 New Shares at a Placement Price of €23.00 per share and costs of the Private Placement attributable to the Company of approximately €30.2 million, of which €23.8 million are deductible and €6.4 million are recognized under other reserves).

(3) The adjustment reflects the shareholder loan with an amount of €78.9 million, which is due upon completion of the Private Placement and will be repaid shortly thereafter, see "*8.9.2 Shareholder Loan Agreements*".

(4) "Total current debt" is referred to as "Current provision and liabilities" and "Non-current liabilities to related parties" in the Company's consolidated statements of financial position.

(5) As of April 30, 2021, there was no guaranteed debt.

(6) As of April 30, 2021, there was no secured debt.

(7) "Total non-current debt" is referred to as "Non-Current provisions and liabilities" excluding "Non-current liabilities to related parties" in the Company's consolidated statements of financial position.

(8) "Shareholder equity" is referred to as "Equity" in the Company's consolidated statements of financial position.
(9) "Share Capital" is referred to as "Subscribed capital" in the Company's consolidated statements of financial position.
(10) "Legal reserve(s)" is referred to as "Share premium" in the Company's consolidated statements of financial position.
(11) "Other reserves" is referred to as "Retained deficit" in the Company's consolidated statements of financial position.
(12) "Total" is referred to as "Total equity and liabilities" in the Company's consolidated statements of financial position.

4.2 Indebtedness

	As of April 30, 2021	Adjustments for the effect of the conversion of A + B shares [(1)]	Adjustments for the effects of the Private Placement and the Placement Capital Increase[(2)]	Adjustments for the effects of the repayment of shareholder loans[(3)]	Total
			(unaudited) (in € million)		
A Cash[(4)]	111.3	–	627.0	(78.9)	659.4
B Cash equivalents[(5)]	–	–	–	–	–
C Other current financial assets[(6)]	–	–	–	–	–
D Liquidity[(5)] (A + B + C)	**111.3**	**–**	**627.0**	**(78.9)**	**659.4**
E Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)[(7)]	81.6	–	–	(78.9)	2.7
F Current portion of non-current financial debt[(8)]	–	–	–	–	–
G Current financial indebtedness (E + F)	**81.6**	**–**	**–**	(78.9)	**2.7**
H Net current financial indebtedness (G - D)	**(29.7)**	**–**	**(627.0)**	**0.0**	**(656.7)**
I Non-current financial debt (excluding current portion and debt instruments)[(9)]	10.9	–	–	–	10.9
J Debt instruments[(10)]	–	–	–	–	–
K Non-current trade and other payables[(11)]	–	–	–	–	–
L Non-current financial indebtedness (I + J + K)	**10.9**	**–**	**–**	–	**10.9**
M Total financial indebtedness (H + L)	**(18.8)**	**–**	**(627.0)**	**0.0**	**(645.8)**

(1) As of April 30, 2021, the Company had issued two separate classes of shares (A and B shares). Prior to the Admission to Trading, B shares were eliminated by way of (1) a capital increase from Company's resources (without any issuance of new shares), (2) a conversion of B shares into A shares (including a transfer of shares to the Company and a redemption of parts of these shares) and (3) a share-split without any change to the Company's share capital.
(2) The adjustments reflect (i) the increase of the Company's share capital by €28,571,429.00 from €157,582,058.00 to €186,153,487.00 against cash contributions, and (ii) net proceeds from the Private Placement attributable to the Company of €627.0 million (based on the issuance of 28,571,429 New Shares at a Placement Price of €23.00 per share and costs of the Private Placement attributable to the Company of approximately €30.2 million, of which €23.8 million are deductible and €6.4 million are recognized under other reserves).
(3) The adjustment reflects the shareholder loan with an amount of €78.9 million, which is due upon completion of the Private Placement and will be repaid shortly thereafter, see "*8.9.2 Shareholder Loan Agreements*".

(4) "Cash" is referred to as "Cash and cash equivalents" in the Company's consolidated statements of financial position and includes B. "Cash equivalents".
(5) As of April 30, 2021, there were no "Other current financial assets".
(6) Liquidity is the total of "Cash and cash equivalents" and "Other current financial assets".
(7) "Current financial debt" is referred to as "Leasing liabilities" in the Company's consolidated statements of financial position.
(8) As of April 30, 2021, there was no "Current portion of non-current financial debt".
(9) "Non-current financial debt" is referred to as "Non-current lease liabilities" and "Non-current liabilities to related parties" in the Company's consolidated statements of financial position.
(10) As of April 30, 2021, there were no "Debt instruments".
(11) As of April 30, 2021, there were no "Non-current trade and other payables".

As of April 30, 2021, financial debt included liabilities related to leases. Current financial debt consisted of leasing liabilities in an amount of €81.6 million and non-current financial debt included non-current lease liabilities in an amount of €11.3 million.

4.3 Contingent and Indirect Liabilities

As of April 30, 2021, there were no contingent or indirect liabilities of ABOUT YOU Group.

4.4 Statement on Working Capital

In the Company's opinion, ABOUT YOU Group's working capital is sufficient to meet its present requirements over at least the next twelve months from the date of this Prospectus. The proceeds from the Private Placement have not been included in the calculation of ABOUT YOU's working capital.

5. MANAGEMENT'S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The financial information contained in the following tables is taken or derived from the Company's audited consolidated financial statements as of and for the fiscal years ended February 28, 2019, February 29, 2020 and February 28, 2021 and the Company's internal accounting records or reporting systems.

*KPMG, Fuhlentwiete 5, 20355 Hamburg, Germany, has audited in accordance with Section 317 of the German Commercial Code (*Handelsgesetzbuch*) and German generally accepted standards for financial statement audits and issued unqualified independent auditor's reports (*uneingeschränkte Bestätigungsvermerke des unabhängigen Abschlussprüfers*) with respect to the Company's German language consolidated financial statements as of and for the fiscal years ended February 28, 2019, February 29, 2020 and February 28, 2021. The aforementioned audited consolidated financial statements of the Company and the respective independent auditor's reports thereon are included in this Prospectus.*

Where financial information in the tables included in this Prospectus is labeled "audited", this means that it has been taken from the audited financial statements of the Company prepared in accordance with IFRS and the additional requirements pursuant to Section 315e para. 1 of the HGB mentioned in Section "2.15 Documents Available for Inspection". The label "unaudited" indicates financial information that has not been taken from the audited financial statements mentioned above, but was taken from the accounting records or internal reporting system of ABOUT YOU Group, or is based on calculations of figures from the aforementioned sources.

Unless indicated otherwise, all financial information with respect to the fiscal year ended February 29, 2020 presented in the text, tables and discussion in this Prospectus is taken or derived from the comparison column for the previous year included in the audited consolidated financial statements of the Company as of and for the fiscal year ended February 28, 2021, while all financial information with respect to the fiscal year ended February 28, 2019 presented in the text, tables and discussion in this Prospectus is taken from the comparison column for the previous year included in the audited consolidated financial statements of the Company as of and for the fiscal year ended February 29, 2020.

Unless indicated otherwise, all financial information presented in the text and tables included in this Prospectus is shown in millions of Euro (in € million). Certain financial information, including percentages, has been rounded according to established commercial standards. As a result, rounded figures included in this Prospectus may not add up to the aggregate amounts shown (sum totals or subtotals), which are calculated based on unrounded figures. Differences and ratios, however, are calculated based on unrounded figures and may therefore deviate from differences or ratios when calculated based on rounded figures. Financial information presented in parentheses denotes the negative of such number presented. A dash ("–") signifies that the relevant figure is not available or zero, while a zero ("0.0") signifies that the relevant figure has been rounded to zero.

5.1 Overview

We believe we are the fastest-growing online fashion platform of scale in Europe and the leading player among generations Y and Z, *i.e.*, people born between the early 1980s and the early 2000s (together "**Gen Y&Z**"). Our personalized product offering and online shopping experience have made us the preferred destination for a young, fashion-conscious customer base. With our hybrid model of own and third-party inventory, we have, in our opinion, also become a key partner to fashion brands, as we believe we are able to offer a large selection of different products to a broad customer base and to engage with a young, digital native and social media driven audience, which fashion brands benefit from. Since 2018, we have provided our tech infrastructure as a licensed product allowing third parties to leverage our technology platform through our technology, media and enabling ("**TME**") solutions.

We manage our business based on our three operating segments: our Germany, Austria and Switzerland segment ("**AY DACH**" or "**DACH**"), our Rest of Europe segment comprising our business outside our home region ("**AY RoE**", and together with AY DACH "**AY Commerce**" or "**Commerce**") and TME, which are also our reportable segments. Our commerce business, which includes our fashion sales to consumers via our websites and apps, is made up of the two segments AY DACH and AY RoE, and extends to 23 European markets with approximately 8.45 million active customers (*i.e.*, customers who made at least one purchase through our apps and websites within the last 12 months) and more than 400,000 products from more than 2,000 different brands. Our AY DACH reportable segment comprises our home region of Germany, Austria and Switzerland, where we have achieved rapid growth and established what we believe to be one of the largest e-commerce offerings for fashion in this region, ranking second in terms of brand awareness compared to other online fashion pure-plays (*source: Market study conducted by Ipsos on behalf of ABOUT YOU*). We report our fashion business outside of our home region separately under our AY RoE segment. Starting in 2017, we have gradually expanded our offering to Belgium and the Netherlands ("**BeNe**") and additional target geographies in Central Eastern Europe ("**CEE**"), including Poland, Czech Republic, Slovakia, Hungary and Romania, followed by Estonia, Latvia, Lithuania, Slovenia, Croatia and Bulgaria, leading to market leadership in CEE in terms of brand awareness compared to other online fashion pure-plays in the 16-49 age group (*source: Market study conducted by Ipsos on behalf of ABOUT YOU*). Building on this recent successful expansion into CEE markets, we plan to rapidly increase our market penetration in new markets, in particular in Southern Europe, *i.e.*, France, Spain and Italy ("**SEU**") and the Nordic market, *i.e.*, Denmark, Finland and Sweden (the "**Nordics**"), to build a truly pan-European fashion offering. Our AY RoE segment is not yet profitable on an Adjusted EBITDA basis. Our AY DACH segment has been profitable on an Adjusted EBITDA basis since the fiscal year ended February 29, 2020 due to a significant increase in revenue.

To derive the full value from our expertise with respect to e-commerce technology and marketing, we have recently established our TME segment. This segment encompasses B2B e-commerce software solutions ("**Tech**"), different advertising formats for brands ("**Media**") as well as enabling services for third-party brands, including e-commerce operations and marketing growth services ("**Enabling**"). As part of our Tech offering, we have developed the "ABOUT YOU Commerce Suite", our proprietary SaaS solution suite for e-commerce companies, which allows our partners to run their own online shop based on our technology as well as to steer all e-commerce operations along the entire value chain at scale. With our Media offering, we provide our partners with comprehensive marketing tools by helping these brands develop individual 360° multichannel marketing campaigns, executed in particular through our online storefronts. Additionally, through our enabling services we open our ABOUT YOU core processes to suppliers and non-suppliers and offer them fulfillment services, content production, data and marketing steering as well as customer service and many other e-commerce adjacent services along the ABOUT YOU value chain. These services allow us to generate growing margins that significantly exceed those of our online fashion segment. In the fiscal year ended February 28, 2021, our TME segment reached profitability on an Adjusted EBITDA basis for the first time driven by the strong performance of our Tech solutions.

5.2 Key Financial Information and Operating Data

5.2.1 Alternative Presentation of Financial Information

Our financial statements are prepared in accordance with IFRS. Our consolidated statement of profit and loss and other comprehensive income is prepared in accordance with the nature of expense method, meaning that the total costs or expenses of a period, broken down by expense type (*e.g.*, materials, personnel, other operating expenses, other operating income, own work capitalized, depreciation and amortization), are compared with the total revenues. This results in an (unnetted) gross presentation of the sources of earnings broken down by types of expenses and income. This approach, which is common in Germany, is used by Otto, our largest shareholder, in the presentation of its consolidated IFRS financial statements. Outside of Germany, and among most online retailers, IFRS financial statements are more commonly prepared using the cost of sales method. Under the cost of sales method expenses are not broken down by type of expense but by function (*e.g.*, production, sales and administration).

In order to facilitate the comparison of our financial statement results with those of other issuers, who prepare their financial statements using the cost of sales method, we also present our financial information on a modified cost of sales basis as alternative performance measures. The cost lines, however, while similar, differ from other companies' cost lines based on the cost of sales method as we do not include depreciation and amortization in the respective cost lines. If depreciation and amortization were included in the fiscal year ended February 28, 2021, €2.5 million would be allocated to cost of sales, €0.7 million to fulfillment, €3.0 million to marketing and €5.3 million to administrative expenses and other.

In the following table we present a simplified consolidated income statement on a modified cost of sales basis with a reconciliation to our audited financial statements for the fiscal years ended February 28, 2019, February 29, 2020 and February 28, 2021:

	For the fiscal year ended		
	February 28, 2019	**February 29, 2020**	**February 28, 2021**
	(unaudited, unless otherwise indicated)		
Revenue (in € million)[(1)]	**461.2**	**743.4**	**1,166.5**
Cost of sales (in € million)[(2)]	273.1	425.0	693.3
As a percentage of revenue	*59.2*	*57.2*	*59.4*
Gross profit (in € million)[(3)]	**188.1**	**318.4**	**473.1**
As a percentage of revenue	*40.8*	*42.8*	*40.6*
Fulfillment costs (in € million)[(4)]	115.5	157.0	233.7
As a percentage of revenue	*25.0*	*21.1*	*20.0*
Marketing costs (in € million)[(5)]	129.7	166.7	190.3
As a percentage of revenue	*28.1*	*22.4*	*16.3*
Administrative expenses (in € million)[(6)]	49.4	64.6	84.6
As a percentage of revenue	*10.7*	*8.7*	*7.3*
Adjusted EBITDA (in € million)	**(106.5)**	**(69.9)**	**(35.5)**
Adjusted EBITDA margin (in %)	*(23.1)*	*(9.4)*	*(3.0)*
Equity-settled share-based compensation expenses	–	–	(8.4)
One-time effects[(7)]	–	–	(0.2)
EBITDA (in € million)[(1)]	**(106.5)**	**(69.9)**	**(44.0)**
EBITDA margin (in %)	*(23.1)*	*(9.4)*	*(3.8)*

(1) Audited.
(2) Cost of sales mainly includes the cost of goods sold, expenses for inbound logistics, write-downs on inventories and other costs in connection with sales.
(3) Gross profit corresponds to revenue less cost of sales.
(4) Fulfillment costs mainly consist of expenses for outbound and return logistics, expenses for payment transactions and service costs.
(5) Marketing costs largely consist of external expenses for online and offline marketing, cooperation and production costs as well as the personnel and infrastructure expenses associated with these processes.
(6) Administrative expenses mainly consist of personnel expenses, office infrastructure and legal and advisory fees.
(7) One-time effects in the fiscal year ended February 28, 2021 related to the Private Placement and Admission to Trading preparation.

We believe that these alternative performance measures will be helpful to investors when assessing our performance. These measures, however, should not be viewed in isolation or to the exclusion of measures of our results of operations as included in our audited consolidated financial statements. Other companies that use similar alternative measures, including in financial statements prepared using the cost of sales method, may calculate these differently.

The following tables show a reconciliation of our income statement prepared in accordance with the total cost method with the alternative performance measures based on a modified cost of sales method:

	For the fiscal year ended February 28, 2021					
	NoE/APM	**Cost of sales**	**Fulfillment costs**	**Marketing costs**	**Admin. Expenses**	**Adjusted EBITDA**
	(unaudited, unless otherwise indicated) (in € million)					
Revenue	**1,166.5[(1)]**	**693.3**	**233.7**	**190.3**	**84.6**	**(35.5)**
Cost of materials	691.5[(1)]	691.5	–	–	–	–
Personnel expenses	51.4	5.1	5.7	18.3	22.4	–
Other operating expenses	477.7	1.5	232.0	176.2	68.0	–
Other operating income	(3.2)[(1)]	–	(1.1)	–	(2.2)	–
Own work capitalized	(15.4)[(1)]	(4.7)	(3.0)	(4.1)	(3.6)	–
Adjusted EBITDA	**(35.5)**	–	–	–	–	–

(1) Audited.

	For the fiscal year ended February 29, 2020					
	NoE/APM	**Cost of sales**	**Fulfillment costs**	**Marketing costs**	**Admin. Expenses**	**Adjusted EBITDA**
	(unaudited, unless otherwise indicated) (in € million)					
Revenue	**743.4[(1)]**	**425.0**	**157.0**	**166.7**	**64.6**	**(69.9)**
Cost of materials	422.5[(1)]	422.5	–	–	–	–
Personnel expenses	34.9[(1)]	4.1	1.5	12.3	17.1	–
Other operating expenses	(367.5)[(1)]	0.9	157.9	159.2	49.5	–
Other operating income	(2.1)[(1)]	–	(1.9)	–	(0.2)	–
Own work capitalized	(9.5)[(1)]	(2.4)	(0.5)	(4.8)	(1.8)	–
Adjusted EBITDA	**(69.9)**	–	–	–	–	–

(1) Audited.

	For the fiscal year ended February 28, 2019					
	NoE/APM	**Cost of sales**	**Fulfillment costs**	**Marketing costs**	**Admin. Expenses**	**Adjusted EBITDA**
	(unaudited, unless otherwise indicated) (in € million)					
Revenue	**461.2[(1)]**	**273.1**	**115.5**	**129.7**	**49.4**	**(106.5)**
Cost of materials	271.6[(1)]	271.6	–	–	–	–
Personnel expenses	26.5[(1)]	3.9	0.6	9.9	12.0	–
Other operating expenses	284.5[(1)]	0.3	121.4	123.7	39.2	–
Other operating income	(6.6)[(1)]	–	(5.6)	–	(1.0)	–
Own work capitalized	(8.4)[(1)]	(2.7)	(0.9)	(3.9)	(0.8)	–
Adjusted EBITDA	**(106.5)**	–	–	–	–	–

(1) Audited.

5.2.2 Key Operating Data

We use user sessions per month, mobile sessions, active customers, orders per active customer, total number of orders and average order value ("**AOV**") as key operating performance metrics in order to assess the success of our business. We believe that these metrics, together with the alternative performance measures, will be helpful to investors when assessing our performance.

The following table shows selected key operating data for the fiscal years ended February 28, 2019, February 29, 2020 and February 28, 2021:

	For the fiscal year ended		
	February 28, 2019	**February 29, 2020**	**February 28, 2021**
	(unaudited)		
User sessions per month (in million)[(1)]	30.6	54.6	89.5
Mobile sessions (in % of user sessions)[(2)]	73%	82%	83%
Active customers (in million)[(3)]	4.00	5.80	8.45
Orders per active customer[(4)]	2.37	2.57	2.75
Total number of orders (in million)[(5)]	9.48	14.91	23.22
Average order value (in €)[(6)]	55.17	55.33	57.07

(1) We define user sessions as all sessions across all countries excluding sessions without interaction.
(2) We define mobile sessions as all sessions conducted via a mobile device, such as a smartphone.
(3) We define active customers as customers who made at least one purchase through our apps and websites within the last 12 months.
(4) We define order per active customer as the sum of all orders divided by the sum of all active customers.
(5) We define total number of orders as the number of customer orders placed within the last 12 months.
(6) We define average order value as the value of all merchandise sold to customers in the commerce business including value-added tax ("**VAT**") after cancellations and returns, divided by the number of orders.

5.2.3 Summary of Results

Between the fiscal years ended February 28, 2019 and 2021 we grew our revenue from €461.2 million to €1,166.5 million. By continuously growing our business in our home region and expanding into 16 additional European markets, we have been able to achieve stable year-over-year group revenue growth of 59% since the fiscal year ended February 28, 2019. User sessions have grown continuously as a result of our geographic expansion and increased traffic from both new and existing customers in our core regions. As a result of our focus on smartphones as the shopping device of the future and the strong user experience of our smartphone app, our mobile share has shown consistent growth. Between the fiscal years ended February 28, 2019 and 2021 we grew our active customer base from 4.00 to 8.45 million, which, together with the increase in number of orders per customer, contributed significantly to the growth in revenue. The increase in orders per active customer is largely driven by the higher share of active customers from previous cohorts as the total number of orders is distorted by the high share of new customers, who generally generate fewer orders in their first year. Excluding new customers, average order frequency (*i.e.*, the sum of all orders divided by the sum of all active customers) increased from 3.71x per active customer in the fiscal year ended February 29, 2020 to 3.91x per active customer in the fiscal year ended February 28, 2021.

Between the fiscal years ended February 28, 2019 and 2021, our gross profit increased from €188.1 million to €473.1 million primarily due to the increase in revenue. Between the fiscal years ended February 28, 2019 and February 29, 2020, our gross profit margin increased from 40.8% to 42.8% driven by an expansion of our offering of own labels and exclusive brands, which we typically sell at a higher gross margin and a decrease in our total sourcing costs as a percentage of revenue. In the fiscal year ended February 28, 2021, however, our business was impacted by the effects of the COVID-19 pandemic. Due to COVID-19-related economic downturns and government restrictions, we experienced, amongst other impacts, category shifts in favor of lower-margin items such as leisurewear, changes in demand from media clients and an increase in price elasticity, which adversely affected our gross margin. In addition, there were a number of new market entries during the last fiscal year wherein the initial marketing campaigns carried out in these markets (include vouchers and discounting) impacted gross profit. As we expect these effects to be primarily of a temporary nature, we believe our gross profit margin will improve again over the medium term.

Between the fiscal year ended February 28, 2019 and the fiscal year ended February 28, 2021, our Adjusted EBITDA increased from €(106.5) million to €(35.5) million, while our Adjusted EBITDA margin increased from (23.1%) in the fiscal year ended February 28, 2019 to (9.4%) in the fiscal year ended February 29, 2020, and to (3.0%) in the fiscal year ended February 28, 2021. The improvements of our Adjusted EBITDA margin are generally attributable to a reduction in fulfillment, marketing and administrative costs as a percentage of revenue due to the realization of economies of scale.

5.2.4 Quarterly Financial Information and Operating Data

The following tables provide an overview of certain financial information and operating data for the quarters indicated:

	For the three-month period ended							
	May 31,	**August 31,**	**November 30,**	**February 29,**	**May 31,**	**August 31,**	**November 30,**	**February 28,**
		2019			**2020**			**2021**
	(unaudited)							
	(in € million, unless otherwise indicated)							
Revenue	153.0	154.3	228.0	208.1	255.1	258.0	346.2	307.1
Revenue growth (year-over-year)	*66.5%*	*67.2%*	*54.6%*	*60.6%*	*66.8%*	*67.2%*	*51.9%*	*47.6%*
Gross profit	64.3	57.9	101.1	95.0	104.2	88.7	140.9	139.3
Gross profit margin	*42.1%*	*37.5%*	*44.4%*	*45.6%*	*40.9%*	*34.4%*	*40.7%*	*45.4%*
Adjusted EBITDA(1)	(21.3)	(30.7)	(12.2)	(5.7)	(10.7)	(12.9)	(14.3)	2.4
Adjusted EBITDA margin	*(13.9%)*	*(19.9%)*	*(5.3%)*	*(2.7%)*	*(4.2%)*	*(5.0%)*	*(4.1%)*	*0.8%*

(1) Adjusted EBITDA corresponds to EBITDA (unadjusted) for all quarters except the fourth quarter in the fiscal year ended February 28, 2021, in which there were adjustments in the aggregate amount of €8.5 million, including expenses for share-based payments and one-time transaction costs.

	For the twelve-month period ended							
	May 31,	August 31,	November 30,	February 29,	May 31,	August 31,	November 30,	February 28,
		2019			2020			2021
	(unaudited)							
Active customers (in million)[(1)]	4.39	4.78	5.29	5.80	6.54	7.24	7.99	8.45
Orders per active customer[(2)]	2.43	2.48	2.51	2.57	2.63	2.68	2.71	2.75
Total number of orders (in million)[(3)]	10.67	11.83	13.29	14.91	17.19	19.38	21.67	23.22
Average order value (in €)[(4)]	54.73	55.08	55.85	55.33	55.77	55.59	56.05	57.07

(1) We define active customers as customers who made at least one purchase through our apps and websites within the last 12 months.
(2) We define orders per active customer as the sum of all orders divided by the sum of all active customers.
(3) We define total number of orders as the number of customer orders placed within the last 12 months.
(4) We define AOV as the value of all merchandise sold to customers in the commerce business including VAT after cancellations and returns, divided by the number of orders.

5.3 Key Factors Affecting our Results of Operations, Financial Condition and Cash Flows

The key factors discussed below have significantly affected our results of operations, financial condition and cash flows during the periods for which financial information is included in the Prospectus, and we believe that these factors will continue to affect us in the future:

5.3.1 Increasing Demand for Online Fashion Products

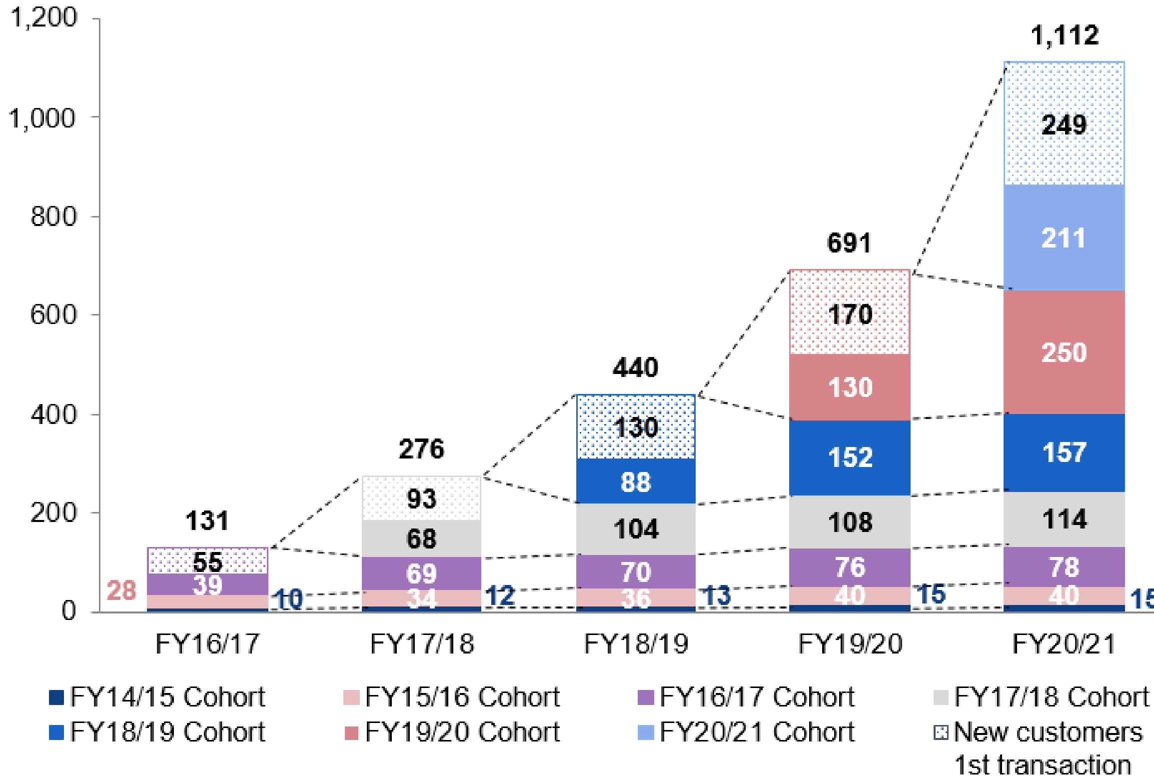
Demand for online fashion products is a key driver affecting our revenue and profitability. The European fashion market is an established market that has historically seen stable growth with a CAGR of approximately 2% between 2016 and 2019 (*source: Euromonitor International, Retailing 2021 ed, retail value RSP, current prices, fixed 2020 exchange rate*). Driven by improved broadband and logistics infrastructure, growing e-commerce consumer adoption rates and the continued rise of smartphone and social media usage, the European online fashion market has been growing more quickly than the fashion market as a whole, with a CAGR of approximately 13% during the same period (*source: Euromonitor International, Retailing 2021 ed, retail value RSP, current prices, fixed 2020 exchange rate*). However, compared to an online penetration of more than 35% in consumer electronics, online penetration in European fashion was still relatively low at 19% in 2019 (*source: Euromonitor International, Apparel and Footwear 2021 ed, Consumer Electronics 2021 ed as of Jan-21*), suggesting upside potential. In 2020, the effects of the COVID-19 pandemic led to an accelerated shift from offline to online due to various COVID-19-related restrictions on offline businesses. At the same time total market demand decreased significantly as a result of economic uncertainties and a lack of occasions for which consumers would have typically bought new fashion items. Compared with other consumer markets that have traditionally been more offline, such as home and gardening, beauty and personal care, pet care and consumer health, the COVID-19-induced growth of the online fashion market was less pronounced but is expected to continue post COVID-19, especially as categories severely hit by COVID-19 recover. Online penetration increased to 27% in 2020 and the European online fashion market is expected to grow at a CAGR of 10% between 2020 and 2022 (*source: Euromonitor International, Retailing 2021 ed, retail value RSP, current prices, fixed 2020 exchange rate*) as the overall European fashion market recovers and customers continue to enjoy their online shopping experience.

We believe that a lasting shift from offline to online is further supported by the growing share of fashion purchases by digital native Gen Y&Z. People born after 1980 currently represent 41% of European spending and are expected to account for a share of 54% by 2035 (*source: World Data Lab*). These younger people often make impulse purchases and are influenced by influencers more than by traditional advertisements.

We believe, our personalized product offering, influencer-led discovery proposition and engaging online shopping experience have made us the preferred destination for this young, fashion-conscious customer base. Between the first quarter of the fiscal year ended February 28, 2015 and the fourth quarter of the fiscal year ended February 28, 2021 we increased our customer base from 3,500 active customers to 8.45 million active customers. Between the fiscal year ended February 28, 2015 and the fiscal year ended February 28, 2021, our revenue increased at a CAGR of 92.4%, and we estimate that this makes us one of the fastest-growing online fashion platforms of scale in Europe. During the fiscal year ended February 28, 2021, we were able to continue our growth trajectory, recording a strong increase in revenue to €1,166.5 million during this period.

Our growth has been largely driven by our loyal customers. Our customer cohorts demonstrate a significantly high revenue retention rate of more than 100%, which we measure by the order revenue of a cohort in its second year after the first transaction over the first order revenue of the same cohort and which we believe to be higher than that of our peers. Cohorts are continuously increasing their spend each year, thus contributing to our revenue growth. In addition, first order revenue indicates that new customer cohorts are growing each year. We believe that our customer cohorts show a unique pattern, creating a strong growth profile going forward. While we believe our existing customers to be extremely loyal, we keep attracting new customers at an accelerated pace by continuously expanding our offering and improving our website and app shopping experience.

The following graphic shows the revenue generated from the identified cohorts between the fiscal years ending February 28, 2017 and February 28, 2021 in € million (unaudited) for our commerce business (excluding internal / non-transactional revenue streams and revenues by employees):



(*source: Company information*).

5.3.2 Composition of Our Product Offering

To meet the constantly changing demand for fashion products, we operate a hybrid model combining our own inventory ("**1P**") with third-party inventory ("**3P**"). Our 1P model comprises mostly products marketed under third-party brands. In addition, we have developed exclusive brands in close cooperation with influencers and our two own labels "ABOUT YOU" and "EDITED", which we typically sell at higher margins. Through our 3P model, we offer third-party fashion brands the option to market their products via our online stores without us holding these products in stock.

While representing only 25% of our online fashion offering, items sold under our 1P model accounted for 81% (DACH: 69%, BeNe: 83%, CEE: 99%) of our Commerce revenue in the fiscal year ended February 28, 2021 with our own labels and exclusive brands accounting for more than 5% of our Commerce revenue.

We believe the high revenue share of products marketed under our 1P model is due to the fact that we use our advanced technology to analyze customer data and to detect current fashion trends to identify the most in-demand products, which we then add to our own stock in addition to our own labels. Our 1P model enables us to derive the maximum value from the products that are most important to our customers as illustrated by the following 1P / 3P metrics in AY DACH for the fiscal year ended February 28, 2021:

	For the fiscal year ended February 28, 2021		
AY DACH	**Total**	**1P**	**3P**
		(unaudited)	
Share of total revenue	100%	69%	31%
Gross profit margin	42%	52%	21%
Fulfillment (as percentage of revenue)	20%	24%	11%
Gross contribution margin	22%	27%	10%

In contrast, products marketed under our 3P model made up 75% of our online fashion offering while accounting for 19% of our Commerce revenue. With mitigated inventory risk, we still have full pricing control over 3P items and are fully responsible for the fulfillment of the delivery promise. After receiving a purchase order from a customer we purchase the relevant products (for a logical second) from the third-party fashion brand for resale to our customer and determine the price for resale consistent with our pricing strategy. As a result of the factors above we recognize the full 3P selling price as revenue. Our 3P gross margin is the result of the predefined margin we agreed on with suppliers and the pricing levers we choose to apply. Within 3P, gross margins tend to be higher for products that are fulfilled by us (FbAY) than products drop-shipped by our partners. We generate a further uplift through the fee we charge on our FbAY service offering, which is accounted for within the Enabling revenues of TME.

The continuous increase of our own labels marketed under our 1P model contributed to a group gross margin increase from 40.8% in the fiscal year ended February 28, 2019 to 42.8% in the fiscal year ended February 29, 2020. Within 1P, gross margin is positively influenced by our own labels and exclusive cooperations, with a gross margin uplift of 14 percentage points for our own labels and 16 percentage points for exclusive cooperations compared to our group gross margin for the fiscal year ended February 28, 2021. Additionally, our own labels and exclusive cooperations lead to uplifts in profit contribution. For example, LeGer customer cohorts have a profit contribution uplift of over 50% after two years compared to average new customer cohorts.

The effects of the COVID-19 pandemic contributed to a decrease in our overall gross profit margin to 40.6% in the fiscal year ended February 28, 2021. Consumer focus shifted from dresses, which accounted for 20% of our revenue generated by womenswear, and outerwear to kids' clothing, sports apparel and casualwear. These shifts caused a stock shortage for the subsequently more in-demand categories, which we had to compensate by refilled assortments under our 3P model. These shifts were only temporary and our gross profit margin recovered in the fourth quarter of the fiscal year ended February 28, 2021. By strengthening and continuously expanding our higher margin revenue streams from own labels and exclusive brands, we aim to further improve our gross profit margins.

5.3.3 Pricing

With our pricing strategy we aim to offer products to our customers at competitive prices and to lead them to impulse purchases when browsing through our discovery content, which aims to inspire customers who do not know yet what they want to buy. Our pricing strategy is influenced by various factors, some of which are beyond our control, including cost of materials, market conditions, competitor actions and demand. Pricing of our products has a direct impact on our sales and revenue and thus also on our gross profit margin. The continuous improvements of our pricing-related technology have been a key driver for our revenue growth and margin improvements for both our 1P and 3P model.

During the fiscal year ended February 28, 2021, we launched several new markets, which had a negative effect on our gross margin. As part of our strategy to capture a new market, we launched large-scale marketing campaigns to generate initial brand awareness. After having achieved a certain level of brand awareness, we seek to drive conversion and increase the number and engagement of our active customers through further marketing campaigns, including discounts and vouchers on our product range. Such discounts and vouchers reduce our revenue, while our costs of materials remain the same, and thus negatively affect our gross profit margin. Due to further expansions into SEU and the Nordics, we expect market-entry-related effects on our gross profit margin in the fiscal year ending February 28, 2022 as well.

In addition, our gross profit margin in the fiscal year ended February 28, 2021 was negatively impacted as a result of the COVID-19 pandemic. Due to lockdown situations in several countries and uncertainty about the economic situation, there was a significant drop in consumer demand, especially in strong categories, such as womenswear, and an increase in price elasticity between April and August of 2020, which resulted in an industry-wide build up in inventory and pricing pressure. To entice customers to purchase again and to reduce our stock, we offered our customers discounts on our products. With cost of materials remaining largely stable, the lack of demand combined with necessary price reductions led to a decrease of our gross profit margin. As the economy recovers, we expect demand and supply to return to normal and our gross profit margin to increase again.

At the end of 2019, we developed a new machine learning program for automatic pricing. The program learns from market developments and user behavior and automatically adjusts our product prices accordingly. To test the program's functionality and machine learning capabilities, we reduced prices and introduced discounts and vouchers on certain products to allow the program to learn how our customers react to pricing changes. These test runs had a modest impact on our revenue in the fiscal year ended February 28, 2021 and led to a slight decrease in our gross profit margin.

5.3.4 Sourcing

With a revenue share of 59.3% in the fiscal year ended February 28, 2021, our sourcing costs, which are shown as cost of materials in our consolidated income statement, represent a large share of our cost base. Our effectiveness in reducing these costs as a percentage of revenue is therefore a key factor in improving our profitability. In order to limit our sourcing costs, we primarily leverage our hybrid model and scale. Our hybrid model allows us to decide whether a product will be sourced primarily in 1P or 3P depending on the demand for such product based on advanced data analytics. By offering only the most in-demand products via our 1P model, we can increase our stock turn and reduce risks of leftovers and write-downs, which contributes to decreasing our total sourcing costs. In addition, our innovative business model and successful track record have drawn a large group of loyal customers to our platform, which enables us to source products from suppliers at comparatively large quantities and benefit from volume discounts. With respect to our own label products, which we source from a large number of different manufacturers, including manufacturers in countries such as China, Bangladesh, India and Turkey, we typically search for factories that offer high-quality products at a low price.

Between the fiscal years ended February 28, 2019 and February 29, 2020 we were able to reduce our sourcing costs as a percentage of revenue from 58.9% to 56.8% due to our hybrid model and the realization of economies of scale. In the fiscal year ended February 28, 2021, our sourcing conditions improved as a result of the COVID-19 pandemic. As several suppliers were forced to increase their strategic focus on online channels, they were willing to grant further discounts in return for larger volumes. In addition, a COVID-19-induced temporary oversupply led to price decreases on the supply side reducing our sourcing costs. In the medium term we expect our suppliers' focus on online channels to last and thus have a positive effect on our gross margin.

5.3.5 Fulfillment

Our fulfillment costs comprise, among others, fulfillment center expenses, warehousing expenses, handling and packaging expenses, delivery costs, payment expenses, service and return costs. Our fulfillment costs are influenced by a number of factors, in particular the effectiveness of our warehouses, all of which are operated externally, as well as shipping and last-mile delivery costs for third-party carriers who handle the delivery of our products, as we offer free deliveries for all of our online fashion items.

We are mainly responsible for the fulfillment of products sold under our 1P model. Additionally, for products sold under our 3P inventory model, our partners are able to choose from either fulfilling the order from their own warehouses (drop-shipping) or relying on us for fulfillment (FbAY). While most of our partners still distribute their products themselves, our share of FbAY has been growing at a high pace, leading to a 3P revenue share of more than 25% in the first quarter of calendar year 2021. In the fiscal year ended February 28, 2021, AY DACH fulfillment costs for products sold under our 1P model amounted to 24% of our 1P revenue share, while fulfillment costs for products sold under our 3P model accounted for only 11% of our 3P revenue share.

Benefitting from economies of scale, we have been able to constantly reduce our overall fulfillment costs as a percentage of revenue since the fiscal year ended February 28, 2019. Due to higher sales and the associated higher distribution of our products, we were able to continue to keep our fulfillment costs relatively low through volume discounts despite price increases by some of our last-mile carriers. In addition, increased automation as well as process optimization based on our proprietary technology and advanced analytics contributed significantly to a reduction of our cost base. By leveraging our proprietary technology platform, fulfillment services were automatically managed and efficiently integrated with each part of our operations, allowing us to improve the utilization of our fulfillment capacities. During the fiscal year ended February 28, 2021, we noticed an additional slight decrease in fulfillment costs as a result of the COVID-19 pandemic. While there were generally fewer returns due to the lockdown, consumer focus shifted more towards product categories that are generally returned less, which led to a decrease in our return costs. Additionally, the temporarily increased share of 3P products, which were drop-shipped by our partners, led to a decrease in our delivery costs. To further reduce our fulfillment costs in our CEE markets, we recently entered into a contract with a third-party provider to have a warehouse established and operated in Dunajska Streda, in Slovakia. We expect the first outbound shipments to commence in October 2021.

5.3.6 Returns

Allowing our customers to easily receive, try on, and if required, return products free of charge is an important pillar of our value proposition, contributing to customer satisfaction and helping us drive conversions and increase customer lifetime value. A number of factors significantly affect our return rates, such as products not matching their online description, issues with product quality, and unexpected variations in sizes or wrong items being shipped. In 2020, the COVID-19 pandemic also had an impact on our return rates. With a (temporary) shift in consumer focus to structurally lower return categories such as casualwear or kids clothing, our return rates decreased, as perfect fit is less important here. Return rates were also marginally impacted by the fact that consumers were less comfortable going out to return items; however, with the end of lockdowns this impact is expected to cease.

We continuously seek to optimize our return rates and minimize the costs associated with our free return policy by focusing on the accuracy of our product descriptions and improving the visualization of our products on our apps and websites, and thus prevent returns that could have been avoided. For example, we are working on technology that will enable us to further improve size recommendations to customers. Furthermore, we focus on providing for an efficient and reliable fulfillment process to make sure that the right items are shipped and that they arrive within the promised delivery time. In addition, our algorithms allow us to integrate return projections in our customers' personalized product recommendations and prioritize high contribution and low return items in our marketing channels and onsite visibility. Increased revenue shares of product categories with lower return rates, such as kids clothing, sportswear and casualwear as well as an increased revenue share in countries with structurally lower return rates (*i.e.*, outside of AY DACH) contributed to a decline in our return rates from 57% (of gross number of items) in the fiscal year ended February 28, 2019 to 46% in the fiscal year ended February 28, 2021. While we expect the positive effects from COVID-19 to cease once the pandemic is over, we believe the positive effects from our regional revenue mix and operative measures on our returns to last and our return rate to remain below 50%.

In accordance with IFRS, we use our historical return rates to anticipate future returns and to deduct such anticipated returns from our revenue and cost of materials. If actual return rates turn out to be higher, we lose the corresponding share of revenue and profits. Most of the products returned under our 1P model are recorded as inventories and available for sale again after having undergone a quality assessment to ensure the returned products are in good order. We provision in our accounts for the expected lost margin from returns and returned products being damaged or otherwise not fit for sale.

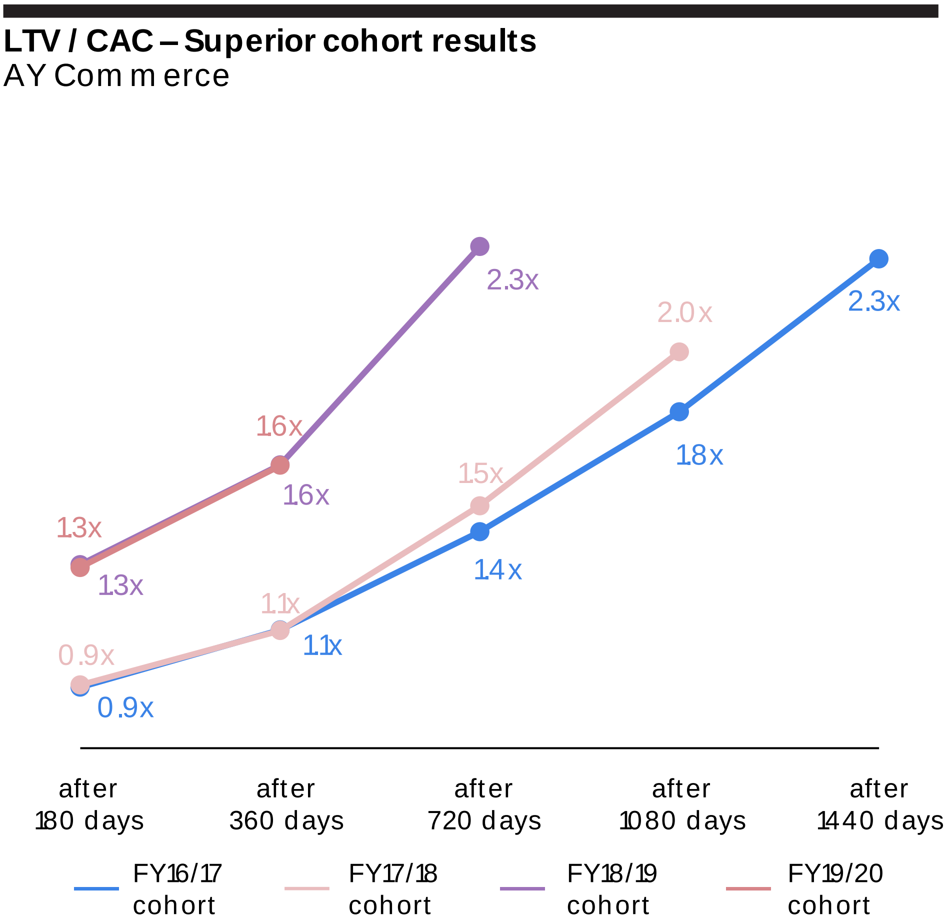
5.3.7 Marketing

Our marketing efforts are aimed at driving the maximum relevant traffic to our websites and apps. We consider these efforts the cornerstone to build our fashion and lifestyle brands. To reach a broad consumer base, enhance our brand awareness and to grow our revenue, we employ a wide range of both paid and unpaid marketing channels. We primarily focus on online marketing (*e.g.*, social media, display and search engine marketing, affiliate marketing) and rely largely on our own social media channels as well as our vast influencer network. Influencers are either compensated on a commission basis, *i.e.*, fee as a percentage of revenue, on a flat fee per cooperation basis or as a combination of the above. Regardless of the type of compensation, costs from influencer cooperations are fully reflected in our marketing costs.

To generate high organic reach, we host large-scale events and shows such as our "ABOUT YOU AWARDS" or our "ABOUT YOU Fashion Week", which we believe is Europe's largest business-to-consumer fashion show event. These shows are broadcasted to all relevant social media channels and partially also to our website and apps as well as television, *e.g.*, for the ABOUT YOU Awards. As part of our marketing activities, we have entered into various advertising contracts under which we owe our contractual partners the granting of shares instead of payment in cash ("**Media4Equity**"), resulting in non-cash expenses. The corresponding media prices are market prices and fully reflected in our consolidated income statement. In the fiscal year ended February 28, 2021, these non-cash expenses amounted to €4.7 million, which accounts for 2.5% of our total marketing costs.

The continuous improvement of our underlying technology platform and the constant expansion of our influencer network have enabled us to increase our marketing efficiency and reach what we believe are attractive customer lifetime value ("**LTV**") to customer acquisition cost ("**CAC**") ratios. We define LTV as revenue (after returns) less cost of goods sold (at current prices (at time of relevant sale), after discounts and scale incentives) less logistics costs (outbound and inbound) less payment costs less reactivation costs. CAC is defined as marketing expenses attributable to acquiring new customers (excluding reactivation costs, equity-based settlements, internal and launch-related costs) divided by the total number of new customers per quarter.

To illustrate the recent effectiveness and consistency of our marketing efforts and measure how profitably we acquire new customers, we compare the LTV of a particular customer cohort with the CAC attributable to such cohort. The following graphic shows the steady increase of the LTV to CAC ratio for our 2016/17, 2017/18, 2018/19 and 2019/20 cohorts:



(*source: Company information*).

Marketing expenses represent a significant share of our cost base. We therefore constantly seek to make our marketing more efficient and thus reduce marketing costs as a percentage of revenue. Among other things, we have developed machine learning algorithms that automatically adapt our prices to consumer demand as well as to competitors' prices to present our customers with competitive prices and thus improve conversions. Since the fiscal year ended February 28, 2019, our CAC has constantly declined. Driven by the scaling of international markets at low CAC levels, our marketing costs continuously improved since the fiscal year ended February 28, 2019. In the fiscal year ended February 28, 2021, multiple new market entries negatively affected our marketing expenses through launch-related marketing campaigns to achieve a strong initial brand awareness. Despite the increase in marketing costs for our AY RoE segment, we were able to reduce our overall marketing costs as a percentage of revenue from 22.4% in the fiscal year ended February 29, 2020 to 16.3% in the fiscal year ended

February 28, 2021. The reduction was due to an organic shift to existing customers and benefits from economies of scale resulting primarily from a continuous decrease in marketing costs for our AY DACH segment while revenue increased.

5.3.8 Roll-Out of Our TME Offering

To further drive our margins, we have diversified our portfolio by developing our TME segment, which already provides a positive Adjusted EBITDA contribution. This segment encompasses e-commerce software solutions (Tech), different advertising formats for brands (Media) as well as enabling services for third-party brands, including e-commerce operations and marketing growth services (Enabling). We believe that this additional offering fundamentally differentiates us from other market participants and makes us more relevant to business partners.

At the core of our TME segment is our tech offering with our proprietary software as a service ("**SaaS**") solution, the "ABOUT YOU Commerce Suite". This software solution provides a headless e-commerce backend allowing our clients to fully run their own online-shop based on our technology. Driven by the growing demand for scalable end-to-end e-commerce infrastructure, our tech sub-segment grew quickly to reach €12.8 million in revenue in the fiscal year ended February 29, 2020. By constantly improving and expanding our offering, we were able to continue our growth trajectory during the fiscal year ended February 28, 2021, recording a strong increase in revenue of 146.9% to €31.6 million for our tech offering during this period. Clients running their businesses on our ABOUT YOU Commerce Suite generated a total transaction volume of more than €1.5 billion in 2020.

As a result of the COVID-19 pandemic, we experienced slow growth of our Media and Enabling revenues in the first half of the fiscal year ended February 28, 2021. Our client's COVID-19-related focus on cost-saving initiatives, especially with regard to new advertisements and brand marketing campaigns, negatively affected our Media revenues. Enabling revenues were adversely affected by COVID-19 due to supply and operations issues of business partners. As our business partners experienced operative issues and temporary stock shortages in their e-commerce supply chains, our Enabling services were limited in volume and less in demand. Post COVID-19, we expect our Media and Enabling solutions to contribute significantly to the growth of our TME segment. In terms of Adjusted EBITDA margins, we expect all three revenue streams to achieve positive EBITDA contributions in the near future. We expect Tech to generate the highest EBITDA margin, followed by Media and then Enabling.

Notwithstanding the negative impacts of COVID-19, the strong overall growth in revenue, which was driven by the high-margin Tech business, allowed us to record an Adjusted EBITDA of €10.1 million and an Adjusted EBITDA margin of 12.0% in the fiscal year ended February 28, 2021. Overall, our goal for the TME segment is to achieve a sustainable EBITDA margin of approximately 30% largely driven by Tech, which is significantly more profitable than our Media and Enabling solutions.

5.3.9 Scalable Cost Base

Our general and administrative expenses consist of expense items which are not directly tied to production or service costs, such as personnel expenses, rent and professional fees and other overhead costs. These expenses have remained largely stable during the periods presented. Expressed as a percentage of revenue from continuing operations, our general and administrative expenses from continuing operations declined from 10.7% in the fiscal year ended February 28, 2019 and to 7.3% in the fiscal year ended February 28, 2021. By constantly adding to our online offering, we expect to significantly increase our revenue while our fixed costs increase at a much lower rate. As a result of such fixed cost degression effects, we expect to be able to further optimize our general and administrative expenses from continuing operations.

5.3.10 Seasonality

As fashion sales follow seasonal patterns, we operate largely based on a Spring/Summer and Fall/Winter season schedule. Our new season collections drive most sales in the first and third quarter, with the second and fourth quarter of a fiscal year focusing on end-of-season sales and stock clearance. As a result, gross margin in our mature markets typically decreases in the second and fourth quarter of a fiscal year. In our growing markets the full impact of seasonality is still largely mitigated by our continuous expansion as revenue and margins are affected by new market entries.

Contrary to Commerce, profitability in our TME segment tends to be higher in the fourth quarter of a fiscal year due to operational and accounting reasons. Operational reasons including strong activity by Media customers during the Christmas season, which favors revenues from both onsite and offsite marketing campaigns, and strong trading on clients' online shops running on our Commerce Suite in the fourth quarter, which in turn increases our revenue-based charges. In accounting terms, we generally settle services at the end of the calendar year with regard to a few of our larger TME clients, especially for Media, which further drives our fourth quarter results. While we expect the operational reasons underlying our strong fourth quarter TME profitability to continue, we plan to work on limiting the accounting effects affecting our fourth quarter results.

5.4 Comparability of Financial Statements

In this Prospectus we present our consolidated financial information of the fiscal years ended February 28, 2019 and February 29, 2020 based on the line item presentation included in our financial statements for the fiscal year ended February 28, 2021. As a result, the line items of our consolidated income statement for the fiscal year ended February 28, 2019 and February 29, 2020, have been reordered in this Prospectus.

5.5 Results of Operations

The following table shows financial information taken from the Company's consolidated income statement for the fiscal years ended February 28, 2019, February 29, 2020 and February 28, 2021:

	For the fiscal year ended		
	February 28, 2019	**February 29, 2020**	**February 28, 2021**
		(audited)	
		(in € million)	
Revenue	461.2	743.4	1,166.5
Cost of materials	(271.6)	(422.5)	(691.5)
Personnel expenses	(26.5)	(34.9)	(59.8)
Other operating expenses	(284.5)	(367.5)	(477.8)
Other operating income	6.6	2.1	3.2
Own work capitalized	8.4	9.5	15.4
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**(106.5)**	**(69.9)**	**(44.0)**
Amortization of intangible assets and depreciation of property, plant and equipment	(5.9)	(6.3)	(7.4)
Depreciation of right-of-use assets	–	(3.2)	(4.0)
Earnings before interest and taxes (EBIT)	**(112.4)**	**(79.4)**	**(55.5)**
Net interest result(1)	(2.0)	(0.2)	(1.9)
Other financial result(1)	0.2	(0.7)	0.3
Earnings before taxes (EBT)	**(114.2)**	**(80.2)**	**(57.1)**
Income taxes	(0.5)	0.4	(2.8)
Profit/(loss) for the period	**(114.7)**	**(79.8)**	**(59.9)**

(1) In the Company's audited consolidated financial statements for the fiscal year ended February 28, 2019 shown combined as net finance costs.

5.5.1 Revenue

Our revenue comprises revenue from our AY DACH, AY RoE and TME segments. Revenue in our AY DACH and AY RoE segments mainly consists of revenue from sales of fashion products, including both sales from our own inventory as well as sales from third-party inventory, for which we recognize the full sales price as revenue. In accordance with IFRS, we use our historical rejection and return rates to anticipate future rejections and returns and deduct such anticipated returns from our revenue and cost of materials. Revenue in our TME segment comprises sales of our proprietary SaaS solution and advertising formats and fees for the provision of fulfillment and other growth services to business partners.

5.5.1.1 *Comparison of the Fiscal Years Ended February 28, 2021 and February 29, 2020*

Revenue increased from €743.4 million in the fiscal year ended February 29, 2020 by €423.1 million, or 56.9%, to €1,166.5 million in the fiscal year ended February 28, 2021 primarily as a result of the further expansion of our commerce business into 13 new markets, including Estonia, Latvia, Lithuania, Slovenia, Croatia, Bulgaria, France, Spain, Italy, Denmark, Finland, Sweden and Ireland. During this period we grew our customer base from 5.80 million active customers to 8.45 million and increased the number of orders per active customer by 7.0%, from 2.57 to 2.75. AOV increased from €55.33 to €57.07. In addition, the positive development of B2B sales contributed to the revenue growth.

5.5.1.2 *Comparison of the Fiscal Years Ended February 29, 2020 and February 28, 2019*

Revenue increased by €282.2 million, or 61.2%, from €461.2 million in the fiscal year ended February 28, 2019 to €743.4 million in the fiscal year ended February 29, 2020, driven mainly by the expansion of our commerce business in the existing sales regions of Germany, Austria, Switzerland, Belgium, the Netherlands, Poland and the Czech Republic, as well as the market entries into Slovakia, Hungary and Romania. During this period we grew our customer base from 4.00 million active customers to 5.80 million and increased the number of orders per active customer by 8.5%, from 2.37 to 2.57. By generating loyal customer cohorts, AOV increased slightly from €55.17 to €55.33.

5.5.2 Cost of Materials

Cost of materials mainly comprises expenses for merchandise, other purchased services such as customs and transport costs, expenses for packaging and transport materials, and the effect of the write-down on inventories.

5.5.2.1 *Comparison of the Fiscal Years Ended February 28, 2021 and February 29, 2020*

Cost of materials increased from €422.5 million in the fiscal year ended February 29, 2020 by €269.0 million, or 63.7%, to €691.5 million in the fiscal year ended February 28, 2021 as a result of increased sales and increased cost of merchandise due to the further expansion of our commerce business in existing and new markets. Cost of materials as a percentage increased due to the effects of the COVID-19 pandemic on consumer behavior and competitive intensity as well as our market entry campaigns in new markets, which had a temporary negative impact on the cost of materials relative to sales.

5.5.2.2 *Comparison of the Fiscal Years Ended February 29, 2020 and February 28, 2019*

Cost of materials increased at a slightly lower pace relative to revenue by €150.9 million, or 55.5% from €271.6 million in the fiscal year ended February 28, 2019 to €422.5 million in the fiscal year ended February 29, 2020 as a result of an increase in expenses for merchandise due to the expansion of our commerce business. By decreasing our cost of materials relative to revenue, we were able to record improved margins.

5.5.3 Personnel Expenses

Personnel expenses comprise wages and salaries as well as social security, pension and other benefits.

The following table provides a breakdown of personnel expenses for the fiscal years ended February 28, 2019, February 29, 2020 and February 28, 2021:

	For the fiscal year ended		
	February 28, 2019	**February 29, 2020**	**February 28, 2021**
		(audited) **(in € million)**	
Wages and salaries	22.5	29.5	43.4
Share-based payment	–	–	8.4
Social security	4.0	5.4	8.0
Post-employment benefits	0.0	0.0	0.0
Personnel Expenses	**26.5**	**34.9**	**59.8**

5.5.3.1 *Comparison of the Fiscal Years Ended February 28, 2021 and February 29, 2020*

Personnel expenses increased from €34.9 million in the fiscal year ended February 29, 2020 by €24.9 million, or 71.3%, to €59.8 million in the fiscal year ended February 28, 2021. This increase is attributable to the further expansion in the number of our full-time employees from an average of 638 in the fiscal year ended

February 29, 2020 to an average of 885 in the fiscal year ended February 28, 2021 as we continued our business growth across Europe. The higher number of employees resulted in an increase of wages and salaries by €13.9 million and of expenses for social security by €2.6 million. In addition, share-based payments were recognized for the first time in the fiscal year ended February 28, 2021. As a percentage of revenue personnel costs increased from 4.7% in the fiscal year ended February 29, 2020 to 5.1% in the fiscal year ended February 28, 2021.

5.5.3.2 *Comparison of the Fiscal Years Ended February 29, 2020 and February 28, 2019*

Personnel expenses increased by €8.4 million, or 31.9%, from €26.5 million in the fiscal year ended February 28, 2019 to €34.9 million in the fiscal year ended February 29, 2020, driven by the increase in full-time employees of the ABOUT YOU Group from an average of 526 in the fiscal year ended February 28, 2019 to an average of 638 in the fiscal year ended February 29, 2020 as we continued to expand our business across Europe. This is reflected by the increase of wages and salaries by €7.1 million and expenses for social security by €1.3 million. As a percentage of revenue personnel costs decreased from 5.7% in the fiscal year ended February 28, 2019 to 4.7% in the fiscal year ended February 29, 2020.

5.5.4 Other Operating Expenses

The following table shows the breakdown of other operating expenses for the fiscal years ended February 28, 2019, February 29, 2020 and February 28, 2021:

	For the fiscal year ended		
	February 28, 2019	**February 29, 2020**	**February 28, 2021**
		(audited)	
		(in € million)	
Advertising expenses	125.1	127.7	140.4
Shipping costs	63.9	78.3	112.5
Warehouse and picking costs	42.7	60.7	89.1
Payment provider fees	11.0	13.7	17.1
Temporary staff expenses	5.2	9.0	12.7
Other expenses	36.4	78.2	106.0
Other Operating Expenses	**284.5**	**367.5**	**477.8**

5.5.4.1 *Comparison of the Fiscal Years Ended February 28, 2021 and February 29, 2020*

Other operating expenses increased from €367.5 million in the fiscal year ended February 29, 2020 by €110.3 million, or 30.0%, to €477.8 million in the fiscal year ended February 28, 2021 as a result of an increase in warehouse and picking costs due to higher volumes. We also recorded increased advertising costs for brand development and new customer acquisition. Other operating expenses also increased due to the market entries in Estonia, Latvia, Lithuania, Slovenia, Croatia, Bulgaria, France, Spain, Italy, Denmark, Finland, Sweden and Ireland as well as ongoing set-up costs in infrastructure and personnel for new B2B products and related marketing expenses. Due to increased economies of scale and efficiency, other operating expenses increased at a significantly lower rate than revenue.

5.5.4.2 *Comparison of the Fiscal Years Ended February 29, 2020 and February 28, 2019*

Other operating expenses increased by €82.9 million, or 29.1%, from €284.5 million in the fiscal year ended February 28, 2019 to €367.5 million in the fiscal year ended February 29, 2020, driven by the increase in warehouse and picking costs and the increase in advertising expenses for brand development and new customer acquisition. The increase in other operating expenses was also a result of the market entries in Slovakia, Hungary and Romania, as well as the preparation of further market entries in fiscal year 2020/21 and ongoing set-up costs for infrastructure and staff for the new technology business (ABOUT YOU Commerce Suite). By decreasing our other operating expenses relative to revenue, we were able to record improved margins.

5.5.5 Other Operating Income

Other operating income mainly comprises bonus and service-level agreements with service providers and advertising cost subsidies.

5.5.5.1 *Comparison of the Fiscal Years Ended February 28, 2021 and February 29, 2020*

Other operating income increased by €1.2 million, or 57.4%, from €2.1 million in the fiscal year ended February 29, 2020 to €3.2 million in the fiscal year ended February 28, 2021 due to an increase in bonus and service-level agreements with service providers and integration cost allowances.

5.5.5.2 *Comparison of the Fiscal Years Ended February 29, 2020 and February 28, 2019*

Other operating income decreased by €4.5 million, or 68.6%, from €6.6 million in the fiscal year ended February 28, 2019 to €2.1 million in the fiscal year ended February 29, 2020 mainly as a result of a decrease in bonus and service-level agreements with service providers and integration cost allowances.

5.5.6 Own Work Capitalized

Own work capitalized consists primarily of the production costs for our proprietary software, including costs for IT personnel and other operative expenses.

5.5.6.1 *Comparison of the Fiscal Years Ended February 28, 2021 and February 29, 2020*

Own work capitalized increased by €5.8 million, or 60.8%, from €9.5 million in the fiscal year ended February 29, 2020 to €15.4 million in the fiscal year ended February 28, 2021 attributable to internally generated intangible assets being recognized in the amount of €15.4 million, which primarily included production costs for internally developed software.

5.5.6.2 *Comparison of the Fiscal Years Ended February 29, 2020 and February 28, 2019*

Own work capitalized increased by €1.2 million, or 13.7%, from €8.4 million in the fiscal year ended February 28, 2019 to €9.5 million in the fiscal year ended February 29, 2020 as a result of internally generated intangible assets being recognized in the amount of €9.5 million.

5.5.7 Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

5.5.7.1 *Comparison of the Fiscal Years Ended February 28, 2021 and February 29, 2020*

Our EBITDA increased from €(69.9) million in the fiscal year ended February 29, 2020 by €25.8 million, or 37.0%, to €(44.0) million in the fiscal year ended February 28, 2021 as a result of a significant increase in revenue driven mainly by the further expansion of our commerce business into 13 new markets, including Estonia, Latvia, Lithuania, Slovenia, Croatia, Bulgaria, France, Spain, Italy, Denmark, Finland, Sweden and Ireland.

5.5.7.2 *Comparison of the Fiscal Years Ended February 29, 2020 and February 28, 2019*

Our EBITDA increased by €36.6 million, or 34.4%, from €(106.5) million fiscal year ended February 28, 2019 to €(69.9) million in the fiscal year ended February 29, 2020 as a result of a significant increase in revenue driven mainly by the expansion of our commerce business in the existing sales regions of Germany, Austria, Switzerland, Belgium, the Netherlands, Poland and the Czech Republic as well as the market entries in Slovakia, Hungary and Romania.

5.5.8 Amortization, Depreciation and Impairment Losses on Intangible Assets and Property, Plant and Equipment and Depreciation of Right-of-Use Assets

5.5.8.1 *Comparison of the Fiscal Years Ended February 28, 2021 and February 29, 2020*

Amortization, depreciation and impairment losses on intangible assets and property, plant and equipment and depreciation of right-of-use assets increased from €9.5 million in the fiscal year ended February 29, 2020 by €1.9 million, or 20.4%, to €11.4 million in the fiscal year ended February 28, 2021 as a result of depreciation of internally generated intangible assets in the amount of €6.5 million and depreciation of right-of-use assets in the amount of €4.0 million.

5.5.8.2 *Comparison of the Fiscal Years Ended February 29, 2020 and February 28, 2019*

Amortization, depreciation and impairment losses on intangible assets and property, plant and equipment increased by €3.6 million, or 61.3%, from €5.9 million in the fiscal year ended February 28, 2019 to €9.5 million in the fiscal year ended February 29, 2020. The initial application of IFRS 16 resulted in the depreciation of right-of-use assets of €3.2 million as of February 29, 2020.

5.5.9 Earnings before Interest and Taxes (EBIT)

5.5.9.1 *Comparison of the Fiscal Years Ended February 28, 2021 and February 29, 2020*

Our EBIT increased from €(79.4) million in the fiscal year ended February 29, 2020 by €23.9 million, or 30.1%, to €(55.5) million in the fiscal year ended February 28, 2021 as a result of the increase in EBITDA.

5.5.9.2 *Comparison of the Fiscal Years Ended February 29, 2020 and February 28, 2019*

Our EBIT increased by €33.0 million, or 29.4%, from €(112.4) million in the fiscal year ended February 28, 2019 to €(79.4) million in the fiscal year ended February 29, 2020 due to the increase in EBITDA.

5.5.10 Income Taxes

Income taxes includes the current income taxes paid or owed in individual countries as well as deferred tax assets and liabilities. Current income taxes comprise trade tax, corporate income tax and the solidarity surcharge.

The following table shows the income taxes for the fiscal years ended February 28, 2019, February 29, 2020 and February 28, 2021:

	For the fiscal year ended		
	February 28, 2019	**February 29, 2020**	**February 28, 2021**
		(audited) **(in € million)**	
Current taxes	–	(0.8)	0.2
Deferred taxes	(0.5)	1.2	(3.0)
Income taxes	**(0.5)**	**0.4**	**(2.8)**

5.5.10.1 *Comparison of the Fiscal Years Ended February 28, 2021 and February 29, 2020*

Income taxes decreased from €0.4 million in the fiscal year ended February 29, 2020 by €3.2 million to €(2.8) million in the fiscal year ended February 28, 2021 mainly due to the decrease in deferred taxes of €4.2 million from €1.2 million in the fiscal year ended February 29, 2020 to €(3.0) million in the fiscal year ended February 28, 2021.

5.5.10.2 *Comparison of the Fiscal Years Ended February 29, 2020 and February 28, 2019*

Income taxes increased by €0.9 million, or 175.1%, from €(0.5) million in the fiscal year ended February 28, 2019 to €0.4 million in the fiscal year ended February 29, 2020, mainly driven by the increase in deferred taxes of €1.7 million from €(0.5) million in the fiscal year ended February 28, 2019 to €1.2 million in the fiscal year ended February 29, 2020.

5.5.11 Profit/(loss) for the Period

5.5.11.1 *Comparison of the Fiscal Years Ended February 28, 2021 and February 29, 2020*

Loss for the period decreased from €79.8 million in the fiscal year ended February 29, 2020 by €19.9 million, or 25.0%, to €59.9 million in the fiscal year ended February 28, 2021 as a result of the foregoing.

5.5.11.2 *Comparison of the Fiscal Years Ended February 29, 2020 and February 28, 2019*

Loss for the period decreased significantly by €34.8 million, or 30.4%, from €114.7 million in the fiscal year ended February 28, 2019 to €79.8 million in the fiscal year ended February 29, 2020 as a result of the foregoing.

5.6 Segment Discussion

We manage our business based on three operating segments, AY DACH, AY RoE and TME, which are also our reportable segments. We measure the performance of our segments on the basis of revenue and Adjusted EBITDA.

The following table shows the operating performance of our segments for the fiscal years ended February 28, 2019, February 29, 2020 and February 28, 2021:

	For the fiscal year ended		
	February 28, 2019	**February 29, 2020**	**February 28, 2021**
		(audited) **(in € million)**	
AY DACH			
Revenue	375.6	509.9	660.0
Adjusted EBITDA	(43.7)	0.4	36.8
AY RoE			
Revenue	69.7	188.9	463.5
Adjusted EBITDA	(39.2)	(55.2)	(83.3)
TME			
Revenue	26.5	52.0	83.5
Adjusted EBITDA	(15.4)	(17.4)	10.1
Reconciliation revenue(1)			
Sum of segment revenue	471.7	750.8	1,207.0
Reconciliation	*(10.5)*	*(7.4)*	*(40.6)*
Revenue IFRS	461.2	743.4	1,166.5
Reconciliation Adjusted EBITDA(1)			
Sum of segment Adjusted EBITDA	(98.3)	(72.2)	(36.4)
Reconciliation	*(8.2)*	*2.4*	*0.8*
Adjusted EBITDA	(106.5)	(69.9)	(35.5)
Equity-settled share-based compensation expense	–	–	*(8.4)*
One-time effects(2)	–	–	*(0.2)*
EBITDA IFRS	(106.5)	(69.9)	(44.0)

(1) Includes the consolidation between the reportable segments.
(2) One-time effects in the fiscal year ended February 28, 2021 related to Private Placement and Admission to Trading preparations.

The following table provides an overview of certain financial information and operating data for the quarters indicated:

	For the three-month period ended							
	May 31,	**August 31,**	**November 30,**	**February 29,**	**May 31,**	**August 31,**	**November 30,**	**February 28,**
		2019				**2020**		**2021**
					(unaudited) **(in € million, unless otherwise indicated)**			
AY DACH								
Revenue	117.3	109.5	156.9	126.1	171.6	138.7	195.6	154.1
Revenue growth (year-over-year)	*40.8%*	*39.8%*	*32.3%*	*32.3%*	*46.2%*	*26.6%*	*24.7%*	*22.2%*
Adjusted EBITDA	(2.2)	(4.0)	7.4	(0.7)	7.4	8.6	15.8	5.0
Adjusted EBITDA margin	*(1.9%)*	*(3.7%)*	*4.7%*	*(0.6%)*	*4.3%*	*6.2%*	*8.1%*	*3.2%*
AY RoE								
Revenue	24.9	37.2	63.1	63.8	85.0	108.5	142.8	127.2

	For the three-month period ended							
	May 31,	August 31,	November 30,	February 29,	May 31,	August 31,	November 30,	February 28,
		2019			2020			2021
	(unaudited) (in € million, unless otherwise indicated)							
Revenue growth (year-over-year)	*229.1%*	*224.7%*	*148.6%*	*152.0%*	*241.7%*	*191.6%*	*126.4%*	*99.5%*
Adjusted EBITDA	(7.5)	(16.8)	(16.4)	(14.5)	(17.7)	(17.6)	(29.7)	(18.3)
Adjusted EBITDA margin	*(30.0%)*	*(45.1%)*	*(26.1%)*	*(22.8%)*	*(20.9%)*	*(16.2%)*	*(20.8%)*	*(14.4%)*
TME								
Revenue	12.0	9.9	13.7	16.3	14.6	14.1	23.3	31.5
Revenue growth (year-over-year)	*191.6%*	*71.7%*	*110.7%*	*62.6%*	*22.0%*	*41.4%*	*69.7%*	*93.2%*
Adjusted EBITDA	(8.0)	(9.7)	(5.0)	5.3	0.6	(1.1)	1.0	9.6
Adjusted EBITDA margin	*(66.5%)*	*(98.1%)*	*(36.1%)*	*32.2%*	*4.3%*	*(8.1%)*	*4.3%*	*30.4%*

5.6.1 AY DACH

5.6.1.1 Revenue

AY DACH revenue increased further by €150.1 million, or 29.4%, from €509.9 million in the fiscal year ended February 29, 2020 to €660.0 million in the fiscal year ended February 28, 2021. With a Commerce revenue share of 58.7% AY DACH remains a strong foundation for our business. By continuously improving our online and offline marketing channels and increasing our influencer marketing efforts, we were able to further grow our customer base. A growing share of existing customers with higher buying frequency led to an increase in orders per customer, which contributed to our revenue growth.

AY DACH revenue increased by €134.3 million, or 35.8%, from €375.6 million in the fiscal year ended February 28, 2019 to €509.9 million in the fiscal year ended February 29, 2020 driven by the continued expansion and market penetration of our business in our home region. We continuously work on improving our digital experience, especially in our apps, and intensifying customer relationships over time due to our discovery proposition. As a result, orders per customer increased, which contributed to our continued revenue growth.

5.6.1.2 Adjusted EBITDA

AY DACH Adjusted EBITDA increased by €36.5 million from €0.4 million in the fiscal year ended February 29, 2020 to €36.8 million in the fiscal year ended February 28, 2021 due to the increase in revenue and improved costs of materials and other operating expenses. Profitability was thus again significantly increased following break-even in the previous fiscal year. Adjusted EBITDA in the fiscal year ended February 28, 2021 included significant non-cash expenses related to Media4Equity expenses at a volume of €4.5 million (€4.5 million in the previous year).

AY DACH Adjusted EBITDA increased by €44.1 million, or 100.9%, from €(43.7) million in the fiscal year ended February 28, 2019 to €0.4 million in the fiscal year ended February 29, 2020, driven by the increase in revenue and the reduction of our costs of materials and other operating expenses relative to revenue we were able to improve our margins. Adjusted EBITDA in the fiscal year ended February 29, 2020 included significant non-cash expenses related to Media4Equity expenses at a volume of €4.5 million (€6.3 million in the previous year).

5.6.2 AY RoE

5.6.2.1 Revenue

AY RoE revenue increased further by €274.6 million, or 145.3%, from €188.9 million in the fiscal year ended February 29, 2020 to €463.5 million in the fiscal year ended February 28, 2021 as a result of expanding our commerce offering to 13 additional European markets in CEE, *i.e.*, Latvia, Lithuania, Slovenia, Croatia and Bulgaria, SEU and the Nordics. Driven by this rapid expansion, CEE already accounted for 33% of Commerce revenue in the fiscal year ended February 28, 2021 and BeNe made up 8% of Commerce revenue, while our newly launched markets in SEU and Nordics accounted for 1%.

AY RoE revenue increased by €119.2 million, or 171.1%, from €69.7 million in the fiscal year ended February 28, 2019 to €188.9 million in the fiscal year ended February 29, 2020 as a result of expanding our commerce offering to three additional European markets. Besides existing markets in BeNe, we launched new markets in Slovakia, Hungary and Romania to expand our CEE offering.

5.6.2.2 *Adjusted EBITDA*

AY RoE Adjusted EBITDA decreased by €28.0 million, or 50.7%, from €(55.2) million in the fiscal year ended February 29, 2020 to €(83.3) million in the fiscal year ended February 28, 2021 due to additional market entries, which led to a further launch-related increase in advertising costs. Adjusted EBITDA in the fiscal year ended February 28, 2021 included significant non-cash expenses related to Media4Equity expenses at a volume of €0.2 million (€0.5 million in the previous year).

AY RoE Adjusted EBITDA decreased by €16.0 million, or 40.8%, from €(39.2) million in the fiscal year ended February 28, 2019 to €(55.2) million in the fiscal year ended February 29, 2020 due to new market entries, which led to a launch-related increase in advertising costs. Adjusted EBITDA in the fiscal year ended February 29, 2020 included significant non-cash expenses related to Media4Equity expenses at a volume of €0.5 million (€2.2 million in the previous year).

5.6.3 TME

5.6.3.1 *Revenue*

TME revenue increased further by €31.5 million, or 60.6%, from €52.0 million in the fiscal year ended February 29, 2020 to €83.5 million in the fiscal year ended February 28, 2021 as a result of further establishing our TME segment. Due to a growing core market and increases in fees for our proprietary SaaS solutions, Tech's strong growth trajectory continued with an increase in revenue of €18.8 million, or 146.9%, to €31.6 million. Revenue for Media grew less with an increase in revenue of €7.7 million, or 37.8%, to €28.2 million, of which our own labels and coops generated less than 10%, and Enabling revenue grew by €5.0 million, or 26.8%, to revenue of €23.8 million as both Media and Enabling were significantly negatively impacted by the effects of the COVID-19 pandemic.

TME revenue increased by €25.5 million, or 96.5%, from €26.5 million in the fiscal year ended February 28, 2019 to €52.0 million in the fiscal year ended February 29, 2020 driven primarily by the further roll-out of our TME offering and the continuous improvement of our proprietary software solutions. In the fiscal year ended February 29, 2020, we launched our offering of technical products for developing and handling e-commerce business processes (ABOUT YOU Commerce Suite) and acquired Adference GmbH to further expand the range of our ABOUT YOU Commerce Suite, which led to a Tech revenue increase from €2.8 million to €12.8 million. Revenue for Media increased from €11.3 million to €20.4 million, while revenue generated by Enabling increased from €12.4 million to €18.8 million.

5.6.3.2 *Adjusted EBITDA*

TME Adjusted EBITDA increased by €27.5 million, or 157.7%, from €(17.4) million in the fiscal year ended February 29, 2020 to €10.1 million in the fiscal year ended February 28, 2021. This strong increase was largely driven by a positive Tech EBITDA as a result of a significant growth in Tech revenue relative to low cost of materials, which offset a modest loss in Adjusted EBITDA for Media and Enabling, which were impacted by the COVID-19 pandemic. In the fiscal year ended February 28, 2021 our TME segment generated a gross margin of more than 80%. With a predominantly fixed cost base, we expect our margins to rapidly increase once our fixed costs are fully covered as incremental revenue largely translates into Adjusted EBITDA.

TME Adjusted EBITDA decreased by €2.0 million, or 13.2%, from €(15.4) million in the fiscal year ended February 28, 2019 to €(17.4) million in the fiscal year ended February 29, 2020 primarily as a result of the roll-out of our SaaS solutions. While revenue increased for Tech, we incurred higher fixed costs in connection with the development and improvement of our Tech solutions.

5.6.4 Reconciliation

Segment data are generally determined on the basis of the accounting policies applied in the consolidated financial statements. However, revenues of our online stores are not accrued in the segment data upon performance, but rather according to the time of order. This is important for the internal reporting and management of AY DACH and AY RoE in order to clearly record the effectiveness of the various marketing and product range measures on customer ordering behavior in the stores. Likewise, returns are calculated back to the corresponding order time. This is also important for internal management in order to record the effectiveness of measures at a net level (after returns) with time accuracy.

In accordance with IFRS 8, the revenue and Adjusted EBITDA reported for each of our segments include revenue as and costs from transactions with external business partners and from transactions with ABOUT YOU Group's other operating segments. Inter-segment transactions relate to the exchange of goods and services between segments.

Accordingly, the reconciliation of segment revenue and Adjusted EBITDA to IFRS Group revenue and Adjusted EBITDA is explained, on the one hand, by the presentation of end-customer transactions at the time of ordering, which can be positive or negative depending on the reporting date, and, on the other hand, by the elimination of intra-group transactions.

5.7 Assets, Equities and Liabilities

5.7.1 Assets

The following table provides an overview of our assets as of February 28, 2019, February 29, 2020 and February 28, 2021:

	As of		
	February 28, 2019	**February 29, 2020**	**February 28, 2021**
		(audited)	
		(in € million)	
Non-current assets	**17.7**	**39.3**	**48.3**
Intangible assets	15.2	23.4	32.6
Right-of-use assets	–	11.8	10.3
Property, plant and equipment	2.5	2.6	3.5
Financial assets	–	–	1.9
Other non-current financial assets	0.1	0.1	0.1
Deferred tax assets	–	1.3	–
Current assets	**277.0**	**267.6**	**408.9**
Inventories	79.0	94.2	199.6
Trade and other receivables	43.0	69.8	50.9
Receivables from related parties	5.4	4.4	5.7
Other financial assets	0.1	0.0	0.0
Other non-financial assets	26.2	36.8	44.7
Cash and cash equivalents	123.3	62.4	107.9
Total assets	**294.7**	**306.9**	**457.2**

5.7.2 Non-Current Assets

5.7.2.1 *February 28, 2021 Compared to February 29, 2020*

Non-current assets increased by €9.0 million, or 23.0%, from €39.3 million as of February 29, 2020 to €48.3 million as of February 28, 2021 mainly as a result of an increase in internally generated intangible assets primarily due to increased production costs for internally generated software resulting in own work capitalized.

5.7.2.2 *February 29, 2020 Compared to February 28, 2019*

Non-current assets more than doubled from €17.7 million as of February 28, 2019 to €39.3 million as of February 29, 2020 mainly as a result of an increase in internally generated intangible assets due to increased production costs for internally generated software resulting in own work capitalized and due to the acquisition of Adference GmbH in the fiscal year ended February 29, 2020 and the assets acquired in this context. The increase in property, plant and equipment is due to investments in IT systems and furniture, fixtures and office equipment.

The first-time adoption of the new financial reporting standard for leases (IFRS 16) resulted in right-of-use assets of €11.8 million and lease liabilities of €11.7 million as of February 29, 2020.

5.7.3 Current Assets

5.7.3.1 *February 28, 2021 Compared to February 29, 2020*

Current assets increased significantly from €267.6 million as of February 29, 2020 by €141.3 million, or 52.8%, to €408.9 million as of February 28, 2021 as a result of as approximate doubling in inventories and cash and cash equivalents. The increase in inventories is due both to reporting date effects and to the continuous expansion of the range and depth of products offered. Furthermore, the growth in inventories reflects the expected development of revenue.

5.7.3.2 *February 29, 2020 Compared to February 28, 2019*

Current assets decreased by €9.4 million from €277.0 million as of February 28, 2019 to €267.6 million as of February 29, 2020. However, inventories increased due to reporting date effects and to the continuous expansion of the range of goods offered. Trade and other receivables also rose year on year due to reporting date effects by €26.9 million.

5.7.4 Equity

The following table provides an overview of our equity as of February 28, 2019, February 29, 2020 and February 28, 2021:

	As of		
	February 28, 2019	**February 29, 2020**	**February 28, 2021**
		(audited) (in € million)	
Subscribed capital	4.2	4.3	4.3
Share premium	444.9	449.9	463.0
Retained deficit	(272.1)	(351.9)	(411.8)
Equity	**177.1**	**102.2**	**55.4**

5.7.4.1 *February 28, 2021 Compared to February 29, 2020*

Equity decreased from €102.2 million as of February 29, 2020 by €46.8 million, or 45.8%, to €55.4 million as of February 28, 2021 as a result of the loss generated in the fiscal year as well as offsetting effects from a capital increase in January/February 2021 and share-based payments.

5.7.4.2 *February 29, 2020 Compared to February 28, 2019*

Equity decreased by €74.9 million from €177.1 million as of February 28, 2019 to €102.2 million as of February 29, 2020 due to the loss generated in the fiscal year, which was only partly offset by a capital increase.

5.7.5 Liabilities

The following table provides an overview of our liabilities as of February 28, 2019, February 29, 2020 and February 28, 2021:

	As of		
	February 28, 2019	**February 29, 2020**	**February 28, 2021**
		(audited) (in € million)	
Non-current provisions and liabilities[(1)]	**1.8**	**10.2**	**87.6**
Non-current lease liabilities	–	8.5	7.6
Other non-current liabilities	0.2	–	–

	As of		
	February 28, 2019	**February 29, 2020**	**February 28, 2021**
		(audited) **(in € million)**	
Non-current liabilities to related parties	–	–	76.7
Deferred tax liabilities	1.6	1.7	3.4
Current provisions and liabilities	**115.8**	**194.5**	**314.1**
Other provisions	0.1	0.0	2.5
Trade payables	34.5	104.3	142.9
Payables to related parties	34.4	21.8	66.9
Lease liabilities	–	3.2	3.2
Other financial liabilities	43.3	37.8	52.7
Other non-financial liabilities	3.5	27.4	46.0
Total liabilities	**117.6**	**204.7**	**401.8**

(1) In the Company's audited consolidated financial statements for the fiscal year ended February 28, 2019 shown as "non-current provisions and liabilities" separated from "deferred tax liabilities".

5.7.5.1 *February 28, 2021 Compared to February 29, 2020*

Non-current provisions and liabilities increased by €77.4 million, or 758.9%, from €10.2 million as of February 29, 2020 to €87.6 million as of February 28, 2021 due to long-term loans granted by related parties in the amount of €76.7 million. Deferred tax liabilities doubled in the fiscal year ended February 28, 2021.

Current provisions and liabilities increased by €119.7 million, or 61.5%, from €194.5 million as of February 29, 2020 to €314.1 million as of February 28, 2021, mainly driven by the increase in trade payables, payables to related parties and other financial and non-financial liabilities. The increase in trade payables and payables to related parties is due to reporting date factors and to the higher purchasing volume in the fiscal year ended February 28, 2021. Other financial and non-financial liabilities increased at a slightly lower rate than revenue. The increase in other financial and non-financial liabilities is mainly due to the increase in expected returns and deferred revenue.

5.7.5.2 *February 29, 2020 Compared to February 28, 2019*

Non-current provisions and liabilities increased by €8.5 million, or 482.5%, from €1.8 million as of February 28, 2019 to €10.2 million as of February 29, 2020 due to the first-time application of IFRS 16. Deferred tax liabilities remained stable between the fiscal years ended February 28, 2019 and February 29, 2020.

Current provisions and liabilities increased by €78.6 million, or 67.9%, from €115.8 million as of February 28, 2019 to €194.5 million as of February 29, 2020, mainly driven by the increase in trade payables, which is due to reporting date effects and the increased purchasing volume in the fiscal year ended February 29, 2020.

5.8 Liquidity and Capital Resources

Liquidity is critical for our business. Historically, our main sources of liquidity consisted of financing from our shareholders. In the fiscal year ended February 28, 2021, we entered into shareholder loan agreements with our major shareholders, providing us with an aggregate amount of €75 million. We used the funds raised from our shareholders to finance our operations and invest into our growth and further expansion.

5.8.1 Consolidated Statement of Cash Flows

The following table provides an overview of our consolidated statement of cash flow as of February 28, 2019, February 29, 2020 and February 28, 2021:

	For the fiscal year ended		
	February 28, 2019	**February 29, 2020**	**February 28, 2021**
		(audited) **(in € million)**	
Profit/(loss) for the period	**(114.7)**	**(79.8)**	**(59.9)**
Depreciation, amortization and write-downs[(1)]	5.9	9.5	11.4
Income taxes	0.5	(0.4)	2.8
Net interest result	2.0	0.2	1.9
Taxes paid	–	(0.2)	0.2
Increase/decrease in inventories	(37.3)	(15.2)	(105.5)
Increase/decrease in trade and other receivables	6.4	(25.5)	17.6
Increase/decrease in other assets	(1.2)	(10.6)	(7.8)
Increase/decrease in refund liabilities	9.2	(5.5)	14.8
Increase/decrease in trade payables	17.0	62.7	83.7
Increase/decrease in other liabilities	(4.0)	17.4	21.2
Non-cash expenses	8.8	4.9	13.1
Cash flows from operating activities	**(107.3)**	**(42.4)**	**(6.4)**
Acquisition of intangible assets and property, plant and equipment	(9.5)	(10.5)	(16.9)
Acquisition of companies	–	(4.2)	(1.9)
Payments for other loans	–	(0.5)	(0.1)
Interest income	0.0	0.0	0.0
Cash flows from investing activities	**(9.5)**	**(15.1)**	**(18.9)**
Free cash flow	**(116.8)**	**(57.6)**	**(25.4)**
Proceeds from issue of share capital	250.0	0.0	0.0
Proceeds from shareholder loans	–	–	75.0
Repayment of shareholder loans	(13.6)	–	–
Proceeds from shareholders	10.9	13.3	14.4
Payments to shareholders	(10.9)	(13.3)	(14.4)
Payment of lease liabilities	–	(3.3)	(3.9)
Interest paid	(2.0)	(0.2)	(0.2)
Cash flows from financing activities	**234.4**	**(3.4)**	**70.9**
Cash and cash equivalents at beginning of the period	5.6	123.3	62.4
Net change in cash and cash equivalents	117.6	(61.0)	45.6
Effect of changes in ownership interests on cash held	0.1	–	–
Cash and cash equivalents at end of period	**123.3**	**62.4**	**107.9**

(1) In the Company's audited consolidated financial statements for the fiscal year ended February 28, 2019 shown as depreciation and amortization.

5.8.1.1 *Cash Flows from Operating Activities*

5.8.1.1.1 Comparison of fiscal years ended February 28, 2021 and February 29, 2020

Cash flow from operating activities increased from €(42.4) million in the fiscal year ended February 29, 2020 by 36.0 million to €(6.4) million in the fiscal year ended February 28, 2021 driven by the reduced loss for the period, which is mainly attributable to scale effects and ongoing optimizations in our business. Due to continued net working capital measures, our net working capital has significantly improved.

5.8.1.1.2 Comparison of fiscal years ended February 29, 2020 and February 28, 2019

Cash flow from operating activities increased by €64.9 million from €(107.3) million in the fiscal year ended February 28, 2019 to €(42.4) million in the fiscal year ended February 29, 2020 as a result of our reduced net loss and changes in our net working capital, which reduced cash flow from operations by €9.9 million in the fiscal year ended February 28, 2019, while contributing €23.4 million in the fiscal year ended February 29, 2020. The overall reduction of our net working capital was primarily due to the increase in trade payables and other liabilities. This was achieved via improved working capital management, including renegotiation of payment terms with key suppliers. The effect more than offset the increase in inventories and receivables related to our growing business volume.

5.8.1.2 *Cash Flows from Investing Activities*

5.8.1.2.1 Comparison of fiscal years ended February 28, 2021 and February 29, 2020

Cash flow from investing activities decreased by €3.8 million, or 25.1%, from €(15.1) million in the fiscal year ended February 29, 2020 to €(18.9) million in the fiscal year ended February 28, 2021. The negative cash flows from investing activities were mainly caused by investments in internally generated software. Payments for investments in intangible assets and property, plant and equipment amounted to €16.9 million, and payments for the acquisition of companies amounted to €1.9 million.

5.8.1.2.2 Comparison of fiscal years ended February 29, 2020 and February 28, 2019

Cash flows from investing activities decreased by €5.7 million, or 60.0%, from €(9.5) million in the fiscal year ended February 28, 2019 to €(15.1) million in the fiscal year ended February 29, 2020. The negative cash flows from investing activities were mainly caused by investments in internally generated software. Payments for investments in intangible assets and property, plant and equipment amounted to €10.5 million, and payments for the acquisition of companies amounted to €4.2 million.

5.8.1.3 *Cash Flows from Financing Activities*

5.8.1.3.1 Comparison of fiscal years ended February 28, 2021 and February 29, 2020

Cash flows from financing activities increased from €(3.4) million in the fiscal year ended February 29, 2020 by €74.3 million to €70.9 million in the fiscal year ended February 28, 2021 primarily due to the reception of shareholder loans in the amount of €75 million.

5.8.1.3.2 Comparison of fiscal years ended February 29, 2020 and February 28, 2019

Cash flows from financing activities decreased by €237.8 million from €234.4 million in the fiscal year ended February 28, 2019 to €(3.4) million in the fiscal year ended February 29, 2020, primarily due to the capital increase of €250 million in the fiscal year ended February 28, 2019 that did not reoccur in the fiscal year ended February 29, 2020.

5.8.2 Net Working Capital

We define net working capital as the sum of all current assets, excluding cash and cash equivalents, less all current provisions and liabilities.

The following table provides a calculation of our net working capital as of February 28, 2019, February 29, 2020 and February 28, 2021:

	As of		
	February 28, 2019	**February 29, 2020**	**February 28, 2021**
		(audited) (in € million)	
Inventories	79.0	94.2	199.6
Trade and other receivables	43.0	69.8	50.9
Receivables from related parties	5.4	4.4	5.7

	As of		
	February 28, 2019	**February 29, 2020**	**February 28, 2021**
		(audited) **(in € million)**	
Other assets	26.3	36.8	44.7
Other provisions	(0.1)	(0.0)	(2.5)
Trade payables	(34.5)	(104.3)	(142.9)
Payables to related parties	(34.4)	(21.8)	(66.9)
Lease liabilities	–	(3.2)	(3.2)
Other liabilities	(46.8)	(65.2)	(98.7)
Net working capital	**37.9**	**10.8**	**(13.2)**

Net working capital is not recognized as a measure under IFRS and should not be considered as a substitute for an analysis of our consolidated statement of financial position prepared in accordance with IFRS. In addition, our definition of net working capital may not be comparable to similarly titled information published by other companies.

5.8.3 Capital Expenditures

Our capital expenditures are defined as acquisition of intangible assets and property, plant and equipment, acquisition of companies, payments for other loans and interest received.

Capital expenditures are not recognized as a measure under IFRS and should not be considered as a substitute for an analysis of the consolidated statement of financial position of the Company and the consolidated statement of cash flows of the Company prepared in accordance with IFRS. In addition, our definition of capital expenditures may not be comparable to similarly titled information published by other companies.

5.8.3.1 *Our Past Capital Expenditures*

The following table provides a breakdown of our capital expenditures as of February 28, 2019, February 29, 2020 and February 28, 2021:

	As of		
	February 28, 2019	**February 29, 2020**	**February 28, 2021**
		(audited) **(in € million)**	
Acquisition of intangible assets and property, plant and equipment	(9.5)	(10.5)	(16.9)
Acquisition of companies	–	(4.2)	(1.9)
Payments for other loans (less interest received)	–	(0.5)	(0.1)
Capital expenditures	**(9.5)**	**(15.1)**	**(18.9)**

Between February 28, 2021 and the date of this Prospectus, our capital expenditures amounted to approximately €11.8 million, primarily comprising investments in acquisition of companies, payments for other loans and acquisition of intangible assets.

5.8.3.2 *Our Current and Future Capital Expenditures*

As of the date of this Prospectus, we have ongoing capital expenditures in the amount of €7.2 million, comprising material investments in acquisition of companies (€3.2 million), payments for other loans (€3.2 million) and acquisition of intangible assets (€0.8 million).

In addition, the Management Board has resolved on future capital expenditures in an aggregate amount of approximately €14.5 million, comprising:

- €6.5 million for acquisition of companies and payments for loans;

- €6.4 million for acquisition of intangible assets and own work capitalized; and
- €1.6 million for the acquisition of property, plant and equipment.

We expect that these current and future capital expenditures will predominantly be invested in Germany and plan to finance them from a portion of the net proceeds of the Private Placement.

5.8.4 Financial Liabilities

The tables below summarize our non-derivative financial liabilities as of the dates indicated by their remaining contractual maturity based on contractual undiscounted cash flows. When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the respective reporting period. Liabilities to employees (*e.g.*, relating to share-based payments and bonuses) are not considered.

	As of February 28, 2021			
	Less than 1 year	From 1 to 5 years	Over 5 years	Total
	(audited) (in € million)			
Trade payables	142.9	–	–	**142.9**
Payables to related parties	66.9	76.7	–	**143.5**
Lease liabilities	3.2	7.6	–	**10.8**
Other liabilities	98.7	–	–	**98.7**
thereof other financial liabilities	52.7	–	–	**52.7**
thereof other non-financial liabilities	46.0	–	–	**46.0**
Total	**311.6**	**84.3**	–	**395.9**

	As of February 28, 2020			
	Less than 1 year	From 1 to 5 years	Over 5 years	Total
	(audited) (in € million)			
Trade payables	104.3	–	–	**104.3**
Payables to related parties	21.8	–	–	**21.8**
Lease liabilities	3.2	8.5	–	**11.7**
Other liabilities	65.2	–	–	**65.2**
thereof other financial liabilities	37.8	–	–	**37.8**
thereof other non-financial liabilities	27.4	–	–	**27.4**
Total	**194.4**	**8.5**	–	**203.0**

5.9 Contingent Liabilities and Other Financial Obligations

There are currently no contingent liabilities.

5.10 Financial Risk Management

The aim of our financial risk management is to limit the risks arising from operating activities by using selected hedging instruments. Group management is responsible for setting up and monitoring risk management and has introduced guidelines for identifying and analyzing Group risks.

For more information on our risk management, please see the notes to our consolidated financial statements as of and for the fiscal year ended February 28, 2021 included in pages F-41 *et seqq*. For a description of risks which are specific to the Company and/or its shares and which are material for taking an informed investment decision, see "*1. Risk Factors*".

5.11 Significant Accounting Policies

The preparations of our consolidated financial statements in accordance with IFRS require our management to make judgments, estimates and assumptions that affect the reported amounts of revenues, income, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

For more information on our accounting policies as well as our significant accounting judgments, estimates and assumptions, please see note 2 to our consolidated financial statements as of and for the fiscal years ended February 28, 2019, February 29, 2020 and February 28, 2021 included on pages F-11 *et seqq*, F-72 *et seqq*, F-123 *et seqq*.

5.12 Changes in Accounting Standards

5.12.1 Adoption of IFRS 16

IFRS 16 "Leases" sets out the principles for the recognition, measurement, presentation and disclosure in the notes regarding leases and replaces the previous standards and interpretations IAS 17, IFRIC 4, SIC-15 and SIC-27.

For the lessee, IFRS 16 (in contrast to IAS 17) provides for a single accounting model that mainly affects the statement of financial position. The new model results in the lessee having to recognize assets and liabilities from all leases in the statement of financial position, with the exception of leases with a maximum term of twelve months (short-term leases) and leases involving low-value assets. For these leases, we make use of the exemption according to which the lease payments relating to these leases are recognized as an expense on a straight-line basis over the lease term.

The transition to IFRS 16 also led to changes in the presentation of the consolidated income statement (under IAS 17, lease expenses were presented in other operating expenses; under IFRS 16, lease expenses are replaced by depreciation of right-of-use assets, presented as amortization, depreciation and impairment losses, and interest expenses for lease liabilities presented together with other interest expenses), and the consolidated statement of cash flows (the majority of lease payments are no longer recognized in cash flows from operating activities but in cash flows from financing activities).

We applied IFRS 16 for the first time to the fiscal year beginning on March 1, 2019. This change in accounting policy is in accordance with the transitional provisions in IFRS 16.C. We applied the modified retrospective approach (*i.e.*, right-of-use assets and lease liabilities recognized at the time of the first-time application on March 1, 2019) without restating the presented comparative figures. In addition, we decided that right-of-use assets are to be recognized at an amount equal to the lease liability, adjusted by the amount of deferred lease payments. Accordingly, the application of IFRS 16 as of March 1, 2019 had no effect on retained earnings.

For the lessor, IFRS 16 continues to distinguish between finance leases and operating leases for accounting purposes. Consequently, this does not result in any change to the accounting policies. Furthermore, we currently acts exclusively as lessee, not as lessor.

5.13 Additional Information from the Audited Unconsolidated Financial Statements prepared in accordance with the German Generally Accepted Accounting Principles of the German Commercial Code (*Handelsgesetzbuch*) as of and for the fiscal year ended February 28, 2021

Certain information from the audited unconsolidated financial statements of the Company prepared in accordance with German generally accepted accounting principles of the HGB as of and for the fiscal year ended February 28, 2021 is presented below. Accounting principles set forth in the HGB differ from IFRS in material respects.

In the fiscal year ended February 28, 2021, the Company's earnings before taxes amounted to €(1.8) million, compared to earnings before taxes of €(0.0) million in the fiscal year ended February 29, 2020 driven by other operating expenses in the amount of €(1.8) million.

The Company's loss for the period amounted to €5.3 million in the fiscal year ended February 28, 2021, compared to €0.0 million in the fiscal year ended February 29, 2020.

The Company's retained profit for the year amounted to €434.9 million in the fiscal year ended February 28, 2021, compared to a retained deficit of €0.0 million in the fiscal year ended February 29, 2020.

For further information on the Company's audited unconsolidated financial statements, see pages F-157 *et seq.* of this Prospectus.

6. PROFIT FORECAST

The forecast of Adjusted EBITDA margin of the Company and its consolidated subsidiaries for the fiscal year ending February 28, 2022, (the "**Adjusted EBITDA margin Forecast**", together with the explanatory notes, hereinafter collectively, referred to as the "**Profit Forecast 2021/22**") is like any forward-looking statement necessarily based on assumptions and estimates about future events and actions. Such assumptions and estimates are inherently subject to significant business, operational, economic and competitive uncertainties and contingencies, many of which are beyond our control, and upon assumptions with respect to future business decisions subject to change.

The Profit Forecast 2021/22 is based on assumptions made by the Company's Management Board with respect to the development of the Company's Adjusted EBITDA margin as set out below, including factors that the Company can influence and factors that cannot be influenced by the Company. Although the Company believes that these assumptions are reasonable on the date as of which the Profit Forecast 2021/22 is published, they may subsequently prove to be inappropriate or incorrect. If any of these assumptions proves to be inappropriate or incorrect, the Company's actual Adjusted EBITDA margin could materially deviate from the Profit Forecast 2021/22. Accordingly, prospective investors should treat this information with caution and should not place undue reliance on the Profit Forecast 2021/22.

The Profit Forecast 2021/22 has been compiled based on the assumptions stated below and prepared on a basis which is comparable to ABOUT YOU's historical financial information and consistent with ABOUT YOU's accounting policies.

The key performance indicators described below may not be comparable to other similar titled measures of other companies, have limitations as analytical measure and should not be considered in isolation or as substitute for an analysis of ABOUT YOU's results as reported under IFRS (as defined below).

6.1 Definition of Adjusted EBITDA Margin

The most important performance indicators of the ABOUT YOU Group are revenue and Adjusted EBITDA. Adjusted EBITDA is an alternative performance measure ("**APM**"). In order to improve the controllability of individual cost items and to increase comparability with competitors, the company works with additional APMs. While our financial statements are prepared in accordance with IFRS based on the total cost method, we also present our financial information on a modified cost of sales basis as APMs. These APMs break down the company's costs according to whether and where these costs were incurred to generate revenue. In this way, costs with highly variable components can be better distinguished from costs with high fixed cost components and the company's Profit and Loss Statement can be better controlled, especially, in the strong growth phase. ABOUT YOU works with four cost items defined as APMs: cost of sales, fulfillment costs, marketing costs and administrative expenses. These items are defined in "*6.4.2 Factors That Can Be Influenced by the Company*".

Adjusted EBITDA margin is calculated as the ratio of Adjusted EBITDA to revenue. The measure Adjusted EBITDA is not recognized under IFRS and should not be considered as a substitute for net results or earnings after taxes, cash flow from operating activities or any other performance indicator as determined or defined by IFRS. Adjusted EBITDA is used by ABOUT YOU as a key financial measure to assess the operating performance of the ABOUT YOU Group. The way we measure Adjusted EBITDA may not be consistent in the way these measures, similar measures or measures with similar names are determined by other companies. Accordingly, Adjusted EBITDA as presented herein may not be comparable to these measures, similar measures or measures with similar names as presented by other companies.

For the purpose of our Profit Forecast 2021/22, Adjusted EBITDA is defined as revenue minus cost of sales, fulfillment costs, marketing costs and administrative expenses plus equity-settled share-based payment expenses, restructuring costs and non-operating one-off items. Moreover, transaction costs related to the Private Placement and Admission to Trading are not part of Adjusted EBITDA.

	Revenue
-	Cost of sales
=	Gross profit
-	Fulfillment costs
-	Marketing costs
-	Administrative expenses

=	**EBITDA**
+	Equity-settled share-based compensation expenses(1)
+	Restructuring costs(2)
+	Non-operating one-off items(3)
	Adjusted EBITDA

(1) Share-based payments consist of cash-settled share-based payment transactions resulting from the Company's virtual stock options program and equity-settled share-based payment transactions resulting from the Company's management investment participation program.
(2) Restructuring costs for example refer to organizational changes and related costs.
(3) Non-operating one-off items are other non-recurring costs which are a component of operating losses and pertain to specific project costs that management views as non-routine and does not expect to recur beyond the life of the related project. They include IT transformation costs, business integration costs and related consultant's fees.

6.2 Underlying Principles

The Profit Forecast 2021/22 was prepared in accordance with the principles of the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland e. V.*, "**IDW**") IDW Accounting Practice Statement: Preparation of Profit Forecasts and Estimates in Accordance with the Specific Requirements of the Regulation on Prospectuses (IDW AcPS AAB 2.003) (*IDW Rechnungslegungshinweis: Erstellung von Gewinnprognosen und -schätzungen nach den besonderen Anforderungen der Prospektverordnung* (IDW RH HFA 2.003)).

Although Adjusted EBITDA is not an IFRS measure of profit or loss for the period, operating performance or liquidity, the Adjusted EBITDA margin Forecast was prepared based on IFRS as adopted by the European Union. With respect to the accounting policies used, reference is made to the relevant notes in the audited consolidated financial statements of the Company as of and for the fiscal year ended February 28, 2021.

The Profit Forecast 2021/22 has been compiled and prepared solely for the inclusion in this Prospectus for the admission to trading of the Company's shares and represents our best estimate as of the date of the Profit Forecast 2021/22 was published.

In preparing the Profit Forecast 2021/22, we have considered several factors taking into account the operational and financial performance for the Profit Forecast 2021/22. The expected development of these factors is based on assumptions made by the Management Board and set forth below.

6.3 Adjusted EBITDA Margin Forecast of ABOUT YOU

Based on the assumptions detailed below, the Company expects a negative Adjusted EBITDA margin for the fiscal year ending February 28, 2022, slightly below the prior fiscal year.

6.4 Factors and Assumptions

6.4.1 Factors Beyond the Group's Control and Related Assumptions

The Profit Forecast 2021/22 is subject to factors beyond the Company's control. These factors and the Management Board's assumptions regarding their development and impact on the Company are as follows:

6.4.1.1 *Factor: Unforeseen Events*

For purposes of the Profit Forecast 2021/22, the Company assumes that no significant unforeseeable events such as force majeure including fires, floods, hurricanes, storms, earthquakes and terrorist or cyber-attacks, strikes, embargoes, extraordinary macroeconomic or geopolitical events or war, terrorist attacks or a further pandemic will occur that could lead to significant constraints in the ongoing business operations of the ABOUT YOU Group.

6.4.1.2 *Factor: COVID-19 Pandemic and Economic Development*

The COVID-19 pandemic has resulted in a deterioration of the political, socio-economic and financial situation in Europe and Germany. The ongoing global COVID-19 pandemic has an impact on the overall economy, the markets in which the ABOUT YOU Group operates, and the ABOUT YOU Group's business.

COVID-19 or other pandemics could lead to further restrictions, *e.g.*, in the availability of labor in ABOUT YOU's warehouses. Our business depends on our ability to source and distribute products in a timely manner. As a result, we rely on the free flow of goods through open and operational ports. Labor disputes or other disruptions at ports could create extended delivery times or reduced product availability and thus lower customer satisfaction or reduce revenue. However, in the case of another shutdown caused by the COVID-19 pandemic, the impact on the overall economy and consumer sentiment, on the markets in which the ABOUT YOU Group operates and on the ABOUT YOU Group’s, business cannot be reasonably estimated or reliably quantified at this time. We explicitly point out that the COVID-19 pandemic may have a significant impact on our forecasted Adjusted EBITDA margin at fiscal year ending February 28, 2022. For purposes of the Profit Forecast 2021/22, we assume that COVID-19 will partially continue to impact our business once government restrictions and lockdowns as a response to the virus spread are lifted. In the fiscal year ended February 28, 2021, the COVID-19-induced growth of the online fashion market was less pronounced compared to other consumer markets but is expected to continue post COVID-19. Online penetration increased from 19% in 2019 to 27% in 2020 and the European online fashion market is expected to grow at a CAGR of 10% between 2020 and 2022 (*source: Euromonitor International, Retailing 2021 ed, retail value RSP, current prices, fixed 2020 exchange rate*). As the fashion market recovers from the effects of the COVID-19 pandemic and consumers continue to enjoy their online shopping experience, we assume that our strong growth trajectory will continue in the fiscal year ending February 28, 2022.

6.4.1.3 *Factor: Legislative and Other Regulatory Measures*

We are subject to a variety of regulations, including but not limited to consumer protection laws, data protection laws, regulations governing e-commerce and competition laws, and future regulations might impose additional requirements and other obligations on our business. Therefore, we are required to comply with a wide range of legal and regulatory requirements as well as international trade laws and regulations in the markets we operate in, relating to, among other things, trading with fashion, the use of the internet in general and the e-commerce sector in particular, online payments, consumer protection, data protection and employment matters, product liability claims and breaches of corporate social responsibility and the application of such laws and regulations by local authorities may vary. Moreover, changes in tax treatment engaged in e-commerce in the jurisdictions in which we operate could adversely affect the commercial use of our sites and our financial results.

For purposes of the Profit Forecast 2021/22, we assume that no changes in the legal and regulatory framework will occur in the fiscal year ending February 28, 2022. We further assume that we will be in compliance with all laws and regulations. Moreover, for the Profit Forecast 2021/22 we assume that we will incur no material penalties from any litigation and regulatory proceedings, including tax proceedings.

6.4.1.4 *Factor: Development of the Fashion Market and Online Business*

The European and German fashion markets are expected to continue growing in the future, after a COVID-19 related decline in 2020. The fashion market was among the first consumer markets to shift online and the transition is still ongoing. We expect COVID-19 to accelerate the shift from offline to online channels, which will increase the addressable market of ABOUT YOU. The growing share of fashion purchases from Gen Y&Z will also support the expected growth of the online fashion market. Online specialists are expected to gain significant market share, which will increase competitive opportunities vis-à-vis market players with a less pronounced online focus. In the Commerce segment, opportunities will arise from further penetration of existing markets and entry into new geographical markets. We, furthermore, expect a shift towards more sustainable consumer behavior in the area of transparency and sustainability.

In addition to the Commerce segment, there is potential in the further scaling of our TME segment. We expect further professionalization of our salesforce which will enable existing customer segments to be better addressed and new customer segments to be better developed.

For the purpose of the Profit Forecast 2021/22, we estimate that online penetration of the fashion market will increase in comparison to the previous fiscal year.

6.4.1.5 *Factor: Competition*

For the purpose of the Profit Forecast 2021/22, the Company assumes that the competitive environment in the online fashion market in which the ABOUT YOU Group operates will remain generally unchanged compared to the previous fiscal year.

6.4.1.6 *Factor: Dependency on Third Parties (e.g., Suppliers, Logistics, Platform and other Marketplaces)*

We work with several third parties, in particular with suppliers and logistic services providers. Given that these third parties are independent from us, we have only limited or no control over their operations. We do however have onboarding requirements and ongoing control with regards to our environmental, social and governance ("**ESG**") standards. Moreover, the Company is related to credit risks. In response to the COVID-19 pandemic, we are monitoring receivables and credit risk with particular vigilance. ABOUT YOU does not consider itself to be exposed to any significant credit risk with respect to any individual contractual party. The concentration of credit risk is limited due to the broad and heterogeneous customer base. However, with regards to logistics, insufficient capacities in warehouses could lead to longer delivery times or reduced product availability and thus lower customer satisfaction or reduced sales.

For the purposes of the Profit Forecast 2021/22, the Company assumes that dependency on third parties will remain generally unchanged compared to the previous fiscal year.

6.4.1.7 *Factor: IT-Systems and Information*

The operations of the ABOUT YOU Group are dependent on the integrity and security of the IT systems and management of information. The loss of confidential data could result in legal disputes and reduced customer satisfaction. This could be triggered by internal (*e.g.*, system errors) or external factors (*e.g.*, DDoS attacks). For the purpose of the Profit Forecast 2021/22, we assume there will not be any increase in comparison to the prior fiscal year in the risk of cybercrime or hacker attacks or any internal interruptions which could influence the business operations of the ABOUT YOU Group.

6.4.1.8 *Foreign Currency Rates*

Currency risks arise from incoming payments in foreign currencies from customer business and from payment obligations to suppliers that are to be settled in a foreign currency. The latter largely arise from the purchase of goods in US dollars or pounds sterling and the subsequent sale of goods in the respective currencies of the sales regions. Currency risks are limited by refinancing in matching currencies for return refunds to customers and local VAT liabilities. Remaining risks from open currency positions are assessed using adequate risk measurement methods. If necessary, further risk reduction is achieved primarily through the use of forward exchange contracts.

For the purpose of the Profit Forecast 2021/22, we assume no increasing effects from foreign currency rates in comparison to the prior fiscal year.

6.4.2 Factors That Can Be Influenced by the Company

The Profit Forecast 2021/22 is subject to factors that can be influenced by the Company. These factors and the Management Board's assumptions regarding their development and impact on the Company are as follows:

6.4.2.1 *Factor: Revenue*

The Company generates revenue through the ABOUT YOU online stores from the sale of merchandise and fashion products and items. Moreover, revenue from services and other related business areas result primarily from the use of ABOUT YOU's B2B solutions including SaaS, media services and enabling services in the area of fulfillment and store management.

For the Profit Forecast 2021/22, the Company anticipates an improvement of the customer experience through further developments of the core product, scaling of the ABOUT YOU online stores in existing markets and entry into new markets, expansion of the product range in existing and new categories as well as scaling of B2B products, especially in the SaaS area.

For the Profit Forecast 2021/22, the Company anticipates a further significant year-on-year increase in revenue in comparison to the prior fiscal year. This revenue growth will be largely driven by the RoE (>70%) and TME (~50%) segments. Healthy growth of revenue is also expected to continue in the DACH segment (>20%). However, especially revenue growth in the RoE segment is dependent on investments (see "*6.4.2.4 Factor: Marketing Costs*"), which are expected to be funded by the anticipated positive Adjusted EBITDA developments in the DACH and TME segments.

6.4.2.2 *Factor: Cost of Sales*

Cost of sales mainly comprises the cost of merchandise, expenses for inbound logistics, inventory write-downs and other cost of sales. Cost of sales represents the cost of goods sold less rebates, discounts and bonuses granted by suppliers. Inbound logistics expenses comprise all expenses incurred before inventories are stored in the fulfillment centers and consist mainly of customs and inbound transportation expenses (including related personnel expenses). Inventory write-downs reflect write-downs of inventories to net realizable value to account for risks arising from reduced demand or quality of goods. Other cost of sales mainly includes IT costs for B2B services and related personnel expenses. Other cost of sales also includes personnel, IT and infrastructure expenses in connection with the procurement of inventories. Cost of sales is reduced by the estimated amount of the cost of goods sold that is expected to be returned by customers.

For purposes of the Profit Forecast 2021/22, we assume cost of sales as percentage of revenue will slightly decrease compared to the previous fiscal year.

6.4.2.3 *Factor: Fulfillment Costs*

Fulfillment costs mainly comprise expenses for outbound and returns logistics, payment transaction expenses, and service costs. Outbound logistics includes expenses for warehousing, packaging, pick & pack and delivery costs, as well as the personnel and IT infrastructure expenses associated with these processes. Expenses for returns logistics mainly consist of inbound logistics expenses for returns and the costs for the returns centers. Payment transaction expenses are all expenses related to the payment process, including expenses for external payment providers, bank fees for transactions, and the associated personnel and IT infrastructure. Service costs are the expenses for call centers as well as service-related IT and personnel costs (B2C as well as B2B). Fulfillment costs thus include selling expenses with the exception of marketing costs. The ratio of fulfillment costs is calculated as the ratio of fulfillment costs to revenue.

For the purpose of the Profit Forecast 2021/22, we assume fulfillment costs as percentage of revenue will slightly increase compared to the previous fiscal year.

6.4.2.4 *Factor: Marketing Costs*

Marketing costs essentially comprise external expenses for online and offline advertising, cooperation and production costs, and the personnel and IT infrastructure expenses associated with these processes. Online advertising costs relate mainly to social media channels, CRM, search engine advertising, and affiliate marketing. Offline advertising mainly comprises costs from TV, radio, and billboard campaigns as well as offline shows and events. Cooperation costs refer to various costs incurred through cooperation with external parties such as influencers or brands. Production costs include expenses for editorial content, video productions, product and model photography.

Due to further investments in long-term growth and further scaling of the international business in the RoE segment, corresponding expenses for branding and new customer acquisition are expected in the fiscal year 2021/22. Therefore, total marketing costs are assumed to significantly increase in comparison to the prior fiscal year. For the purpose of the Profit Forecast 2021/22, we assume marketing costs as percentage of revenue will moderately increase compared to the previous fiscal year.

6.4.2.5 *Factor: Administrative Expenses*

Administrative expenses mainly comprise personnel expenses, office infrastructure, and legal and consulting costs. The administrative expenses originate from cross-company departments such as Human Resources and Recruiting, Finance, Business Intelligence, and Legal, as well as from departments with internal functions (such as Facility, IT Security, Infrastructure, or Office Management). Furthermore, cost centers with strategy, planning, management or control functions, as well as other operating expenses and other operating income that are not related to the aforementioned cost items, are subsumed under this item.

We assume that we will continue to be able to hire the highly qualified personnel, in a timely manner, in order to ensure that we continue to have adequate capabilities as compared to the fiscal year 2020/21. For the purpose of the Profit Forecast 2021/22, we further assume that administrative expenses as percentage of revenue will slightly decrease compared to the previous fiscal year.

6.4.2.6 *Factor: Acquisitions*

For the purpose of the Profit Forecast 2021/22, we assume that there are no significant acquisitions that will have an impact on the adjusted EBITDA margin in fiscal year ending February 28, 2022.

6.4.3 Other Explanatory Notes

The Profit Forecast 2021/22 does not cover any extraordinary events or results from non-recurring operations within the meaning of IDW Accounting Practice Statement (IDW RH HFA 2.003).

As this Profit Forecast 2021/22 relates to a period that has not yet ended and is based on several assumptions regarding uncertain future events and actions, it inherently involves considerable uncertainties. As a result of such uncertainties, the actual Adjusted EBITDA generated by the Company for the fiscal year ending February 28, 2022 may deviate from the Profit Forecast 2021/22, even substantially.

7. MARKETS AND COMPETITION

7.1 Markets

We believe we are the fastest-growing online fashion platform of scale in Europe and the leading player among Gen Y&Z. We offer more than 400,000 fashion products from more than 2,000 brands via our websites and apps to customers in 23 European markets. With our 8.45 million active customers as of February 28, 2021, who placed a total of 23.22 million orders with a total AOV of €57.07 through our online offerings in the fiscal year ended February 28, 2021, we believe we hold a strong market position.

Additionally, we have opened up our infrastructure allowing third parties to leverage our proprietary technology platform through our technology, media and enabling (TME) solutions. Many medium- and large-sized businesses do not have the in-house capabilities and opportunities to create their own, individual e-commerce platform and thus require external service providers, leading by our estimates to a more than €55 billion transaction volume opportunity for our Tech solutions in European online fashion alone.

7.1.1 The Online Fashion Market

The fashion market is one of the largest consumer industries. In 2019, the total market volume of the European fashion market amounted to approximately €400 billion, while the aggregate online fashion market volume in Europe amounted to approximately €75 billion (*source: Euromonitor International, Retailing 2021 ed, retail value RSP, current prices, fixed 2020 exchange rate*).

The following table provides a breakdown of the size of the markets in which ABOUT YOU is operating as of the date of this Prospectus:

	Online fashion market size in 2019
	(in € billion)
DACH	21
CEE	4
BeNe	5
SEU	14
Nordics	4
Total	**48**

(*source: Euromonitor International, Retailing 2021 ed; Company information*).

7.1.2 Key Trends

While the overall online fashion market is expected to increase driven by multiple factors, there are a number of key trends, which particularly impact the online fashion market and together influence the performance of individual online fashion retailers:

7.1.2.1 *Increasing Online Penetration*

In the fashion market, the transition from offline to online is ongoing. Between 2016 and 2019, the European online fashion sales volume grew at a CAGR of 13% (*source: Euromonitor International, Retailing 2021 ed, retail value RSP, current prices, fixed 2020 exchange rate*). Compared to an online penetration of more than 35% in consumer electronics, online penetration in European fashion was still relatively low at 19% in 2019 (*source: Euromonitor International, Apparel and Footwear 2021 ed, Consumer Electronics 2021 ed as of Jan-21*), suggesting continued upside potential. Eastern Europe in particular, where online penetration was still relatively low in 2019 with 13% (*source: Euromonitor International, Retailing 2021 ed, retail value RSP, current prices, fixed 2020 exchange rate*), shows significant catch-up potential. Between 2020 and 2022, online fashion sales in Eastern Europe is expected to grow at a CAGR of 13% compared to 9% in Western Europe (*source: Euromonitor International, Retailing 2021 ed, retail value RSP, current prices, fixed 2020 exchange rate*).

In 2020, the effects of the COVID-19 pandemic led to an accelerated shift from offline to online due to various COVID-19-related restrictions on offline businesses. Compared with other consumer markets that have traditionally been more offline, such as home and gardening, beauty and personal care, pet care and consumer health, with an average growth of 24% between 2019 and 2020, the COVID-19-induced growth of the European online fashion market was less pronounced with 18% but is expected to continue post COVID-19 (*source: source:*

Euromonitor International, Retailing 2021 ed, retail value RSP, current prices, fixed 2020 exchange rate), especially as categories severely hit by COVID-19 recover. Online penetration increased to 27% in 2020 and the European online fashion market is expected to grow at a CAGR of 10% between 2020 and 2022 (*source: Euromonitor International, Retailing 2021 ed, retail value RSP, current prices, fixed 2020 exchange rate*) as customers continue to enjoy their online shopping experience. About 65% of consumers intend to continue shopping online after COVID-19 (*source: Euromonitor Int. COVID-19 Voice*).

The CEE online fashion market is expected to grow even faster from 20% in 2020 to 23% in 2022 (*source: Euromonitor International, Retailing 2021 ed, retail value RSP, current prices, fixed 2020 exchange rate*). We believe that all the strong online growth prerequisites are already in place in this area. These consist of a prevalent perception of online as a safe and convenient purchase channel, a decrease in effective delivery costs, the wide adoption of online payment and internet access and smartphone penetration catching up to Western European levels.

7.1.2.2 *Discovery shopping*

We believe that discovery shopping will become the most attractive (online) shopping experience. In contrast to transactional shopping (*i.e.*, customers know exactly what product they want to buy in terms of brand, style, size etc.) and need-based shopping (*i.e.*, customers know what they want to buy in terms of a specific product category), discovery shopping aims at customers who do not know yet what they want to buy but instead want to feel inspired and discover outfits, brands and trends (online). As discovery and need-based shopping in Germany have a 77% approximate offline market share (*source: Market study conducted by Ipsos on behalf of ABOUT YOU*), we believe that discovery shopping is ripe for digitalization. In other digital industries, such as video streaming or music streaming, the evolution from transactional to discovery can already be observed. We believe the same can already be observed in more matured markets like China. We believe market share growth levers for online discovery shopping are improved reactivation measures, personalization, inspiring content, VIP and loyalty programs, such as preferred treatment and wallet points, additional services, such as curated shopping or second-hand pieces, adding new brands and next-level tech features.

7.1.2.3 *Gen Y&Z*

We believe that favorable demographic developments will further accelerate the migration from offline to online shopping in the European fashion market, primarily driven by Gen Y&Z, who have a high affinity for the internet in general and e-commerce. With older Gen Y&Zs only in their thirties, most members of this generation are at the beginning of their careers and will be an increasingly important economic driver for decades to come. Gen Y&Z have been influenced by media and technology unlike any previous generation. They are the first generation of digital natives, and we believe their affinity for technology will shape the direction of e-commerce including the online fashion market.

Gen Y&Z behave differently and typically prefer social media to traditional window shopping when looking for inspiration. Based on a survey of Gen Y&Z in the United States, which we believe is representative of trends in our markets as well, 64% of Gen Y&Z often make impulse purchases and 37% are inspired by influencers more than by traditional ads (*source: 5WPR 2020 Consumer Culture Report*). With 70% of Gen Y&Z using Instagram daily and 57% discovering new fashion trends on social media (*source: 5WPR 2020 Consumer Culture Report*), Gen Y&Z will, in our opinion, contribute to a sustainable shift from offline to online shopping. Additionally, we expect Gen Y&Z to soon reach their prime spending years. In 2020, Gen Y&Z overtook the boomers' (*i.e.*, people born between 1946 and 1964) overall spend and by 2035 people born after 1980 will represent more than 54% of total spending in Europe (*source: World Data Lab*).

7.2 Competition

The market for online fashion is highly competitive and rapidly changing. We face competition from both online and offline retailers including general e-commerce retailers, fashion e-commerce retailers, vertically integrated fashion companies and offline fashion retailers operating under various brands.

The competitors we face differ between our geographic markets as well as different product categories and extend to other multi-brand platforms, general as well as fashion e-commerce retailers, marketplace providers and, especially with regard to discovery shopping, department stores and offline fashion retailers. Our broader peers in fashion e-commerce include Zalando, ASOS, Farfetch, Revolve, GFG, boohoo and Boozt.

Within the online fashion market, we believe that platform models, like ours, will win due to their strong scaling capabilities across all relevant layers. The access layer, comprising customer acquisition, digital shopping experience, transaction handling and CRM, as well as the enabling layer, which comprises technology, fulfillment, payment processing and customer service, are already led by platform models and will, in our opinion, further increase in relevance. We estimate that fashion brands and vertical fashion retailers, however, still narrowly dominate the product layer, comprising among other things collection design, sourcing and buying, branding and merchandising. We estimate that, also in the aftermath of the COVID-19 pandemic, a few large platform players will dominate the access and enabling layer and a further shift in margin will happen on the product layer as fashion brands and vertical fashion retailers increasingly work together with platform models because platforms own the access and enabling layer.

Our TME solutions, which we market to other e-commerce businesses, both in the fashion industry and in non-fashion business sectors, compete with a number of market participants offering different services, including:

- For Tech solutions: SAP Hybris, shopify, shopifyplus, Salesforce Demandware, Magento, BigCommerce;

- For Media solutions: Zalando Marketing Services, Amazon Marketing Services; and

- For Enabling solutions: THG Ingenuity, Arvato, YOOX NET-A-PORTER, Zalando Fulfillment Solutions, PFS.

8. BUSINESS

8.1 Our Vision

Our vision is to become a globally leading fashion platform by digitizing the offline shopping stroll, creating incremental revenues for fashion brands and providing technology solutions to help our partners grow their online business.

8.2 Overview of Our Business

We believe we are the fastest-growing online fashion platform of scale in Europe and the leading online fashion player among Gen Y&Z. In our opinion, our influencer-led discovery model, which aims to inspire customers who do not know yet what they want to buy, allows for an inspirational and personalized online shopping experience and makes us the preferred destination for a young, fashion-conscious customer base, who wants to discover fashion online. We believe the success of our platform is evidenced by reaching more than 30 million monthly active users (*i.e.*, unique active users per month, across all devices and countries) in November 2020. With our hybrid model of own and third-party inventory, we have, in our opinion, also become a key partner to fashion brands, as we believe we are able to offer a large selection of different products to a broad customer base and to engage with a young, digital native and social media driven audience, which fashion brands benefit from. Since 2018, we have opened up our infrastructure allowing third parties to leverage our proprietary technology platform through our technology, media and enabling (TME) solutions.

The European fashion market is one of the largest consumer markets with a market volume of approximately €400 billion in 2019 (*source: Euromonitor International, Retailing 2021 ed, retail value RSP, current prices, fixed 2020 exchange rate*). While online penetration of the fashion market stands at 27% as of 2020 (*source: Euromonitor International, Retailing 2021 ed, retail value RSP, current prices, fixed 2020 exchange rate*), we believe the online fashion market will continue to exhibit strong growth, driven primarily by the continued rise of smartphone and social media usage. We believe digital native Gen Y&Z, who are more inspired by influencers than by traditional advertising and who often make impulse purchases, will contribute to a lasting shift from offline to online. Gen Y&Z already represent a large share of spending in Europe and are expected to account for 54% of spending by 2035 (*source: World Data Lab*). We believe that given our innovative offering and digital proposition aimed in particular at Gen Y&Z, we are ideally positioned to benefit from the accelerating online shift in the European fashion market.

Our commerce business, which accounted for more than 90% of our group revenue in the fiscal year ended February 28, 2021, extends to 23 European markets with approximately 8.45 million active customers (*i.e.*, customers who made at least one purchase through our apps and websites within the last 12 months) and includes more than 400,000 items from more than 2,000 different brands. Our home region of Germany, Austria and Switzerland, which comprises our AY DACH reportable segment, accounted for 59% of our Commerce revenue during this period. In this segment we have achieved rapid growth and established what we believe to be one of the largest e-commerce offerings for fashion in this region, ranking second in terms of brand awareness compared to other online fashion pure-plays (*source: Market study conducted by Ipsos on behalf of ABOUT YOU*). Our AY DACH segment has been profitable on an Adjusted EBITDA basis since the fiscal year ended February 29, 2020. We have gradually expanded our offering to additional target geographies, starting with Belgium and the Netherlands in 2017. From 2018 we expanded our offering in CEE including Poland, Czech Republic, Slovakia, Hungary and Romania, followed by Estonia, Latvia, Lithuania, Slovenia, Croatia and Bulgaria leading to market leadership in CEE in terms of brand awareness compared to other online fashion pure-plays in the 16-49 age group (*source: Market study conducted by Ipsos on behalf of ABOUT YOU*). Building on this recent expansion into CEE markets, we plan to rapidly increase our market penetration in new markets, in particular in SEU and the Nordics, to further establish our fashion offering in Europe. We report our fashion business outside of our home region separately under our AY RoE segment, which accounted for 41% of our Commerce revenue in the fiscal year ended February 28, 2021 and generated an Adjusted EBITDA loss, due to the expansion into new geographies, of €83.3 million.

To meet the constantly changing demand for fashion products, our commerce business, which focuses on the online sale of fashion products, operates through a hybrid business model consisting of 1P and 3P. We believe the combination of our 1P model with 3P allows for an attractive value proposition for both customers and brands. To ensure fast delivery times (typically between one and four days) and negotiate favorable purchase prices with suppliers (compared to 3P products), we hold the products that we have identified to be most in-demand based on our analytics of customer and market data in our own inventory. While most of the products in our inventory are marketed under third-party brands, we have also developed exclusive brands and (limited) exclusive collections in close cooperation with influencers, celebrities and brands ("**COOPs**") and established our two own labels "ABOUT YOU" and "EDITED", which we typically sell at a higher gross margin. In addition, through our 3P model we offer third-party fashion brands the option to market their products through our online stores without holding these products in our own inventory. After receiving a purchase order from a customer we purchase the relevant products (for a logical second) from the third-party fashion brand for resale to our customer and determine the price for resale consistent with our pricing strategy. As a result of the factors above we recognize the full 3P selling price as revenue. Due to this 3P model, we can offer our customers a vast selection of relevant fashion products with almost no inventory risk and full pricing control, while our brands benefit from our ability to engage with what we believe is a young and digital native audience. For our customers it is not noticeable whether a product is 1P or 3P as we are externally responsible for the fulfillment of the delivery promise. In the fiscal year ended February 28, 2021 products marketed under our own inventory model made up 25% of our online offering while generating 81% of our Commerce revenue, while items marketed under our 3P model made up 75% of our online fashion offering while accounting for 19% of our Commerce revenue.

To source the fashion products our customers desire, we rely on a partner base of different third-party fashion providers. We believe we have become a key partner for many of these third parties as we not only provide them with access to our customer base in 23 European markets, but also offer comprehensive value-added services. Our extensive marketing solutions connect brands with customers and provide comprehensive online and offline advertising opportunities for our partners. Further adjacent services to increase reach include product boosting, events, media productions and content placements within our discovery section (*i.e.*, the section on our websites/apps, where customers can feel inspired and discover outfits, brands and trends). We believe through our influencer-led discovery model, which aims to inspire customers who do not know yet what they want to buy, we are able to generate further reach and additional sales in our core target group Gen Y&Z. In addition, we have created an asset-light fulfillment infrastructure, relying on trusted third-party logistics providers, who handle the storage and shipment of our fashion products and offer these fulfillment services to our brand partners as well. It is our belief that these factors make us an essential player in the fashion industry and part of a select number of companies that will shape the future of this industry.

To further develop the online fashion shopping experience, we have created an AI-powered, vertically integrated, proprietary technology platform specifically designed to assist in the presentation, curation, marketing and fulfillment of fashion products. To adapt our offering to the individual needs of our customers, we analyze a broad range of customer data, tracking individual journeys and ensuring efficient spending of our marketing resources. We believe our online fashion stores are intuitive to use and provide engaging online shopping windows that accentuate the quality of our products. We have also adapted to the increasing relevance of mobile devices for e-commerce as approximately 85% of user sessions (*i.e.*, online store visits via our websites or apps) were conducted via mobile devices in the fiscal year ended February 28, 2021. To complete the shopping experience, we offer all payment methods that are common in our markets, free deliveries and returns, a dedicated customer service and 100-day return rights in most of our markets.

To derive the full value from our expertise with respect to e-commerce technology and marketing, we recently established our TME segment. This segment encompasses B2B e-commerce software solutions (Tech), different advertising formats for brands (Media) as well as enabling services for third-party brands, including e-commerce operations and marketing growth services (Enabling). To help our partners grow, we have developed the "ABOUT YOU Commerce Suite", our proprietary SaaS solution suite for e-commerce companies. This software solution allows our partners to run their own online shop based on our technology as well as to steer all e-commerce operations along the entire value chain at scale, supporting strong growth and monetizing our technology infrastructure. In 2020, clients running their businesses on our ABOUT YOU Commerce Suite generated a total transaction volume of more than €1.5 billion. Furthermore, with our Media offering, we provide our partners with comprehensive marketing tools by helping these brands develop individual 360° multichannel marketing campaigns, executed in particular through our online storefronts. Additionally, through our Enabling services we open our ABOUT YOU core processes to suppliers and non-suppliers and offer them fulfillment services, content production, data and marketing steering as well as customer service and many other e-commerce adjacent services along the ABOUT YOU value chain. We believe by providing our partners with value-added services that distinguish us from other online offerings, we can form longstanding partnerships and create a leading online fashion ecosystem. At the same time, our TME services allow us to generate growing margins that significantly exceed those of our online fashion segment. In the fiscal year ended February 28, 2021, our TME segment generated revenue of €83.5 million, an increase of 60.6% compared to the prior fiscal year, and Adjusted EBITDA of €10.1 million driven by the strong performance of our Tech solutions, for which we recorded an Adjusted EBITDA margin of more than 50%.

Since our launch in 2014, we have seen rapid growth. Between the fiscal year ended February, 28, 2015, and the fiscal year ended February 28, 2021, our revenue increased at a CAGR of more than 90%, and we believe that this makes us one of the fastest-growing fashion e-commerce companies of scale in Europe. During the fiscal year ended February 28, 2021, we were able to continue our growth trajectory, recording a strong increase in revenue to €1,166.5 million during this period. The profitability of our two segments AY DACH and TME will help fund our continued growth investments. Going forward, we aim to continue our rapid expansion while increasingly benefitting from economies of scale.

8.3 Our Market Opportunity

The European fashion market is one of the largest consumer markets. In 2019, it had a market volume of approximately €400 billion, while the online fashion market volume amounted to approximately €75 billion (*source: Euromonitor International, Retailing 2021 ed, retail value RSP, current prices, fixed 2020 exchange rate*). For our 23 European markets, the total market size was approximately €48 billion in 2019 (*source: Euromonitor International, Retailing 2021 ed, retail value RSP, current prices, fixed 2020 exchange rate, Company information).*

The fashion market was among the first consumer markets to shift online and the transition is still ongoing. Between 2016 and 2019, European online fashion sales volume grew at a CAGR of 13% (*source: Euromonitor International, Retailing 2021 ed, retail value RSP, current prices, fixed 2020 exchange rate*). Compared to an online penetration of more than 35% in consumer electronics, online penetration in European fashion was still relatively low at 19% in 2019 (*source: Euromonitor International, Apparel and Footwear 2021 ed, Consumer Electronics 2021 ed as of Jan-21*), suggesting upside potential. In 2020, the effects of the COVID-19 pandemic led to an accelerated shift from offline to online due to various COVID-19-related restrictions on offline businesses. Compared with other consumer markets that have traditionally been more offline, such as home and gardening, beauty and personal care, pet care and consumer health, the COVID-19-induced growth of the online fashion market was less pronounced but is expected to continue post COVID-19, especially as categories severely hit by COVID-19 recover. Online penetration increased to 27% in 2020 and the European online fashion market is expected to grow at a CAGR of 10% between 2020 and 2022 (*source: Euromonitor International, Retailing 2021 ed, retail value RSP, current prices, fixed 2020 exchange rate*) as customers continue to enjoy their online shopping experience. Eastern Europe is expected to continue growing at an accelerated pace, also driven by increasing online penetration (*source. Euromonitor International, Retailing 2021 ed, retail value RSP, current prices, fixed 2020 exchange rate*).

We estimate the expected growth of the online fashion market will also be supported by the growing share of fashion purchases from Gen Y&Z. Based on a survey of Gen Y&Z in the United States, which we believe is representative of trends in our markets as well, 64% of Gen Y&Z make impulse choices and 37% are more inspired by influencers than by traditional ads (*source: 5WPR 2020 Consumer Culture Report*). People born after 1980 currently represent 41% of European spending and are expected to account for a share of 54% by 2035 (*source: World Data Lab*). These younger people are digital natives and aspire to express their individual style through fashion products. More than older generations, they frequently seek an emotional connection with brands that are unique, trending and compatible with their personal values. Servicing this younger generation of consumers has proven difficult for traditional fashion retailers, including many existing e-commerce companies. These players often try to capture broad demographics with ubiquitous brands and traditional advertisements and have proven slow to react to changing trends. Younger people, however, increasingly look to social media and digital content from influencers and celebrities as a source of inspiration and discovery and to inform their purchasing decisions. These younger people no longer simply search for specific fashion products or within product categories, but want to discover products they never knew they were looking for and as a result often make impulse purchases. We believe that our curated assortment of individual brands, inspiring presentation, personalization and creative content combine to form a modern online offering that is ideally suited to meet the continuing trends in the European fashion market and capture a growing share of wallet.

Due to the rapid shift from offline to online, an efficient technology platform and immersive, user-friendly online storefront with inspiring content have become key to competing in the fashion market. Despite growing online penetration, however, building a strong e-commerce infrastructure is still highly complex and costly. A proprietary e-commerce infrastructure requires high levels of investment, typically requires a longer go-to-market process, and is usually difficult to scale and roll out internationally. Many medium- and large-sized businesses do not have the in-house capabilities and opportunities to create their own, individual e-commerce platform and thus require external service providers, leading by our estimates to a more than €55 billion transaction volume opportunity for our Tech solutions in European online fashion alone. Most e-commerce platform providers focus on developing only a single or handful of functions of the e-commerce operating system (*e.g.*, the frontend commerce platform). This modular approach requires a number of plug-ins and application programming interfaces (APIs) from alternative providers to develop into an end-to-end international e-commerce operating platform, exposing businesses to high execution risks. We believe our tech offering covering the entire value chain is ideally suited to help our partners grow their online businesses.

8.4 Our Value Proposition

8.4.1 Our Value Proposition to Consumers

We believe that consumers value our offering due to the following benefits we provide:

- **Extensive Online Experience**: In our experience consumers shop for fashion based on visuals and access our websites and apps to discover fashion and be inspired. Therefore, we seek to offer an engaging online experience, including a user-friendly interface geared towards mobile shopping and technology-enabled features that support a smooth website and app experience. By analyzing our customer data we can offer a highly personalized shopping experience adapted to our customers' individual styles, thus making them feel valued.

- **Individual Style**: We have compiled a broad, relevant assortment of what we believe to be in-style fashion products that fit the needs of our young, diversified customer base. By offering these customers the products they need to express themselves, we believe we have become a go-to destination for Gen Y&Z.

- **Creative Content**: We have embraced the opportunities offered by influencers, who create their own styles that our young customer base can emulate. By integrating these independent influencers into our branding and content creation, we aim to deliver inspirational content and ensure that customers find immersive, curated offerings they trust.

- **Convenient Shopping Experience**: We understand that convenience is key to providing a shopping experience that distinguishes us from traditional brick-and-mortar fashion retailers. By offering a broad variety of payment methods depending on local customs, free and fast deliveries (typically ranging from one to four days), a dedicated customer service in local languages and a free and 100-day-return-right in most of our markets, we believe that we have created an online as well as mobile / in-app shopping experience that substantially surpasses the convenience of physical fashion stores.

- **Optimized Pricing**: We know that our young customer group expects great value for their fashion purchases. By purchasing at scale and marketing a growing share of our own labels and by leveraging our state of the art technology we can offer our customers prices for our fashion products that are optimized based on their demand elasticity.

8.4.2 Our Value Proposition to Fashion Partners

We believe that fashion brands see us as a preferred partner due to the following strengths of our business model:

- **Incremental Brand Revenue**: Our offering is not only online, but fully mobile and with a clear focus on discovery shopping, which is on the rise within the online fashion industry given the growing importance of social media over traditional window shopping or offline shopping strolls (*source: Market study conducted by Ipsos on behalf of ABOUT YOU*). Unlike other providers, we do not create a substitute for offline purchases, but generate additional revenue through our online offering. With 70% of our users regularly interacting with our discovery content, we believe we are well positioned to inspire our users, to outperform our competitors and to provide even established brands with attractive growth potential.

- **Positive Brand Effects**: We have curated an exclusive selection of brands and believe that our partners value the ability to market their fashion products in an elevated brand environment that ensures consistent branding. We believe our constantly growing online offering and large influencer network provide them with the opportunity to market their fashion products to a young, fashion-conscious consumer base. By ranking second in our home markets and leading in CEE in terms of brand awareness (*source: Market study conducted by Ipsos on behalf of ABOUT YOU*), we believe we are able to reach a broad customer base and generate loyal customer cohorts.

- **Scalability in Hybrid Model**: By operating our hybrid model combining own inventory and third-party inventory, we enable our fashion partners to create and enhance their brands via our online shops as well as social media to capture their individual target group. Through our 1P model, brands can offer a significant part of their wholesale budget, which allows for improved plan ability and reduces stock risk. Through our 3P model brands can offer a broader product selection via our online platform while at the same time benefitting from our fulfillment solutions. Most of our top 30 brands are already leveraging our hybrid model.

- **Leading European Fashion Platform**: Many of our partners are young and upcoming fashion brands in the e-commerce sector. In a diverse and constantly evolving market, we offer our partners extensive insight into consumer preferences and market trends. With an, in our view, innovative business model and access to 23 European markets, we help our partners expand their online presence and sales internationally, which in turn translates into close and long-term partnerships for us with our brands.

8.4.3 Our Value Proposition to E-Commerce Businesses

We believe that third-party e-commerce businesses see us as a preferred partner due to the following strengths of our TME solutions:

- **State of the Art Technology**: As an online fashion provider and technology company, we built our state of the art technology platform from the ground up to further develop online fashion shopping. Based on an API-driven architecture our proprietary technology platform provides a headless e-commerce backend allowing our clients to fully run their own online-shop based on our technology and provides our partners with access to the latest product and technology innovations, to deliver what we believe is a next generation digital commerce setup.

- **Low Execution Risk, Time to Market and Cost of Ownership**: Traditionally, e-commerce businesses require multiple service providers to develop and operate an end-to-end operating platform. Based on our own digital platform our technology delivers a proven and scalable enablement platform for end-to-end commerce, with all the required components for international e-commerce coming from only one digital ecosystem, thereby reducing our partners' execution risk, time to market and total cost of ownership. Furthermore, our platform is easily scalable both in terms of functionality and in total turnover, with our own ABOUT YOU business providing evidence for the scalability of the technology and quick international roll-outs.

- **Tailored Full-Service Offering**: With our services we cover all the necessary requirements to enable fast and efficient growth across international markets and all devices, such as integrated fulfillment and logistics services, marketing, shop management, customer service and content creation. By leveraging both the expertise from our own core business and the capabilities of our dedicated SaaS and retail tech teams, we believe we provide turnkey service solutions for all areas critical for e-commerce success, which are customizable to the specific use case of our partners.

- **Individual Branding**: Based on our headless e-commerce platform our B2B customers are free to build their individual end-customer-facing frontend, meaning our B2B customers are able to build their own frontend in-house to establish their own individual branding.

- **Extensive Marketing:** Having built up an e-commerce business ourselves, we are able to leverage our know-how and expertise to interconnect our state of the art technology with our marketing services.

8.5 Our Strengths

We believe that we possess the following competitive strengths and that these have been the primary drivers of our success in the past and will continue to set us apart from our competitors in the future:

8.5.1 *Leading Position in the Large and Growing Online Fashion Market*

We believe we have created a leading online shopping destination in the large and growing online fashion market by combining both critical size and fast growth. By growing our revenue at a CAGR of 92.4% between the fiscal year ended February, 28, 2015, and the fiscal year ended February 28, 2021, which we believe is higher than any of our peers' in fashion e-commerce, we demonstrated exceptional success and execution track record. Furthermore, we believe we are best suited to address consumers' need for discovery shopping online – which we estimate to be the highest growing and most prevalent shopping behavior of our target customer group.

In our peer group companies are typically associated with either online fashion and beauty products, marketplaces or platforms on which third-parties can offer their products or e-commerce enabling services. In contrast, our combined offering of online fashion products and B2B TME solutions covers all three business areas of online fashion, marketplace and platform as well as e-commerce enabling services. We believe we are therefore well positioned among our peers to capture the broader e-commerce opportunity.

8.5.2 *Leading Fashion Platform for Gen Y&Z Providing a Most Inspiring and Personalized Shopping Experience*

With a growing share of fashion purchases, digital native Gen Y&Z, who are expected to account for 54% of European spending by 2035, have become Europe's most valuable customer group. Our entire offering and marketing are geared towards these younger customers, in particular towards women. Our target customers are online natives with a high affinity for digital marketing and branding, who often purchase their fashion products on impulse when accessing our offering. We believe they see our websites and apps as a source of inspiration and a way to discover the latest fashion trends and fashion products for every occasion. We believe that we have extensive expertise and capabilities when it comes to the latest marketing and advertising technology, in particular with regards to mobile devices. Our ABOUT YOU app has been downloaded more than 26 million times since 2015 and ranked among the top 3 iOS apps in the shopping category in the German iOS App Store (as of January 5, 2021) *(source: iOS App Store)*. The total mobile traffic to our apps and websites amounted to approximately 85% during this period. The high share of mobile traffic proves our strong positioning for mobile sales and we expect that we will play a leading role in driving the transition of fashion retail to mobile sales in our target markets.

We have significantly invested in our "ABOUT YOU" brand and believe that this has created a preferred brand for young customers looking for in-demand fashion products that fit their style. Between March 1, 2018 and February 28, 2021, we invested €486.7 million in aggregate in marketing expenses, focusing on online campaigns and marketing also in cooperation with influencers and celebrities. Our marketing efforts that focus on our "ABOUT YOU" brand are geared towards our target customer group, conveying a credible, consistent branding message. As a result of these efforts, with a brand awareness of up to 90% for female customers between the ages of 16-36, we rank first among online in the majority of our markets surveyed (*source: Market study conducted by Ipsos on behalf of ABOUT YOU*). In addition, we are perceived as the most youthful online fashion pure player in 12 out of 15 countries surveyed (*source: Market study conducted by Ipsos on behalf of ABOUT YOU*), which, in our opinion, demonstrates our ability to embody Gen Y&Z's needs and aspirations unlike any other player.

As younger people increasingly look to social media and digital content from influencers and celebrities as a source of inspiration to inform their purchasing decisions, we have established an extensive network of cooperations with influencers and other content creators to promote our fashion products and serve as shopping guides. As of February 28, 2021, our proprietary database comprised more than 10,000 influencers and well-known celebrities such as Lena Gercke and Heidi Klum. Based on our longstanding relationships with these influencers, we created approximately 100 exclusive outfits on average per month in the fiscal year ended February 28, 2021, and ramped up our influencer cooperations to more than 1,000 per month in the fourth quarter of the fiscal year ended February 28, 2021. By February 2021, we had already signed more than 65 cooperations with celebrities and brands for the fiscal year ending February 28, 2022, including with international celebrities such as Kendall Jenner.

We complement our marketing capabilities in the rapidly evolving fashion market through exclusive events, festivals and content such as award shows aimed at influencers and celebrities, digital runway shows and exclusive streaming content. Each of these events creates extensive media contacts and social media visibility, enhances our brands and helps to drive demand for our fashion products.

8.5.3 Profitable DACH Core

In our home region of Germany, Austria and Switzerland (DACH), where we initially launched and developed our proven business model, we experienced rapid growth. Driven by the strong performance of our home region, our total revenue increased at a CAGR of more than 90% between the fiscal year ended February 28, 2015, and the fiscal year ended February 28, 2021. Our AY DACH segment generated revenue in the amount of €660.0 million in the fiscal year ended February 28, 2021, which accounts for 59% of our Commerce revenue.

We leverage our critical mass in the market to achieve better pricing from suppliers and fulfillment services to reduce our sourcing and fulfillment costs. We believe we have a high brand recognition and loyal customer base, which led to our costs for acquiring new customers and costs for customer retention having converged at a low level. Accordingly, our margins have improved. Our AY DACH segment has been profitable on an Adjusted EBITDA basis since the fiscal year ended February 29, 2020 with an Adjusted EBITDA of €36.8 million in the fiscal year ended February 28, 2021.

8.5.4 Proven Go-To-Market Playbook and Market Leadership in CEE

Building on the expansion in our home region, we have developed an agile and efficient go-to-market playbook to support our expansion plans. Due to our tech enabled, single platform and scalable e-commerce infrastructure it generally takes only three core full-time employees, three months preparation and an investment of approximately €100,000 to start the soft launch phase in a new market, in which we collect data and analyze future market potential. Our flexible tech-infrastructure and advanced data capabilities with regard to product placement, customer behavior, market surveillance and pricing strategies, allowed us to launch approximately 20 markets in less than four years. We are constantly adapting and improving our playbook, which functions as a key stepping-stone to capture additional markets. During the COVID-19 pandemic, we adapted our approach to digital-only marketing and were able to launch our offering in 13 markets during the fiscal year ended February 28, 2021, while our teams worked from home.

After establishing our brand in our home region and launching our business in Belgium and the Netherlands, we expanded our business into CEE countries (Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Lithuania, Latvia, Poland, Romania, Slovakia and Slovenia), which are scaling with higher capital efficiency than our home region and show potential to reach profitability faster. Revenue per inhabitant has increased steeply, especially in the CEE countries we launched in 2020 (Bulgaria, Croatia, Estonia, Latvia, Lithuania, Slovenia), with a profit contribution starting at a much higher level than in our home markets. While we are not yet EBITDA profitable in our CEE markets, we expect our revenue in CEE to continue growing more quickly than in our core markets in the medium term. We attained market leadership in online fashion retail in terms of brand awareness in CEE in less than three years (*source: Market study conducted by Ipsos on behalf of ABOUT YOU*). We believe that customers in CEE in particular value our combination of modern branding, inspirational and personalized shopping experience, broad assortment for fashion products, influencer-led discovery and our comprehensive fulfillment service proposition.

8.5.5 Scalable Hybrid Business Model, Making Us the Partner of Choice for Fashion Brands

To meet the constantly changing demand for fashion products, we operate our commerce business through a scalable hybrid model combining 1P and 3P.

To ensure fast delivery times (typically between one and four days) and to offer our customers competitive prices while at the same time achieving higher margins, we hold what we have identified as the most in-demand items in our own stock. The assortment of our 1P model consists of both items purchased from third-party brands with strong unit economics and own label products as well as exclusive influencer cooperation products, which both typically generate higher gross margins. In the fiscal year ended February 28, 2021, we generated 81% (DACH: 69%, BeNe: 83%, CEE: 99%) of our Commerce revenue from fashion products held in our own inventory, while these products accounted for only approximately 25% of items being offered on our websites and apps as of February 28, 2021. We believe our 1P model enables us to derive the maximum value from the products that are most important to our customers.

To offer a broad selection of relevant fashion products, we enable third-party fashion brands to market their products through our websites and apps. Our 3P model allows us to significantly expand the size of our offerings with our partners being able to choose from either fulfilling the order from their own warehouses (drop-shipping) or relying on us for fulfillment (fulfillment by ABOUT YOU – FbAY – in which case third-party inventory products are stored in ABOUT YOU's warehouses, from where we subsequently take care of the fulfillment process). At the same time, we only purchase these products once customers have actually placed an order for the relevant products, thus significantly limiting our inventory risk. Utilizing our extensive fashion expertise, we can match fashion brands and customers, helping the former achieve market success and providing the latter with fashion products they love. As a result, fashion brands can market their products in our ecosystem and thereby ensure a presence with, in our view, one of the leading online fashion retailers.

As our operating model and technology have been tailored to this hybrid model of 1P and 3P since the beginning of our operations, internal management and steering as well as customer experience of our 1P model and 3P model are interconnected and indistinguishable for our customers. By offering fashion brands the opportunity to both sell at scale through our 1P model and to test and grow new products and brands under our 3P model, we believe, we have become the partner of choice for many of the leading fashion brands in Europe.

8.5.6 Proprietary Technology Platform Driven by Artificial Intelligence and Machine Learning to Enhance Customer Experience and Drive Scale

As a technology company, we built our technology platform to further develop online fashion shopping. Given the short history of our business, we were able to start with a clean slate and build a state-of-the-art and powerful tech platform from the ground up. We have developed proprietary software and algorithms that automatically forecast demand for existing and new fashion products and steer marketing and pricing accordingly. Based on artificial intelligence (AI) and machine learning engines and applications, among other things, our technology platform directs all key steps along the e-commerce value chain. From inventory management to deciding whether to hold products in 1P or to offer them under our 3P model, our algorithms help limit inventory risk, while ensuring that we have sufficient quantities of the most in-demand products in stock to achieve short delivery times and avoid shipment splits. In addition, our technology platform helps us maintain competitive prices by analyzing price changes of our competitors and automatically steers our fulfillment process, in particular warehousing and deliveries. We believe that our integrated technology platform, which spans the entire e-commerce value chain, represents the next generation digital commerce setup and provides us with significant room to further scale our business.

To provide for an engaging online storefront, we have designed immersive websites and apps, which we constantly update to match the high expectations of our customer base. We use our know-how with respect to our customers in order to optimize our websites and apps, which we fully provide in local languages, helping us improve their shopping experience. To distinguish ourselves from competitors, we focus on curated and personalized content, making us, in our opinion, a preferred shopping destination for customers who seek to create their own styles. We believe that our personalized shop frontends, comprising intelligent back-end solutions and engaging websites and apps in one digital ecosystem, are particularly well received by the younger generation of fashion consumers.

We believe the best proof of our technology capabilities is our “ABOUT YOU Commerce Suite” as part of our tech offering. In this business segment we offer our core technological platform to medium and large-sized brands and retailers for their own direct-to-consumer (D2C) e-commerce operations. These businesses would otherwise have to have large development or engineering teams in-house or rely on several separate e-commerce components, often serviced across multiple third-party providers leading to higher total costs of ownership. As the outsourcing of e-commerce operations delivers clear benefits to brands and retailers through lower costs of ownership, quicker time to market and easy deployment and scaling, we expect to see increasing demand for our end-to-end service offering.

Especially where our Commerce Suite is combined with our marketing solutions, we usually see an increase in our client’s revenue and profits after migrating to our technological platform, which we believe underlines the need for our product. In 2020, a total transaction volume of more than €1.5 billion was generated by clients running their businesses on our ABOUT YOU Commerce Suite. The SaaS revenue volume of new contracts for our Commerce Suite that were signed in the fiscal year ended February 28, 2021 amounted to more than €100 million, indicating that the future transaction volume running on our Commerce Suite will be multiple times higher than the €1.5 billion today. By leveraging our proprietary technology platform and know-how as an online fashion provider, we can provide advanced e-commerce solutions covering the entire value chain. Through this offering, we extend a fully cloud-based, headless e-commerce platform to provide cross-channel e-commerce, price management, order management and other core processes for online offerings to third-party brands to help them scale their online businesses quickly and cost-efficiently.

We believe that our technology offering not only helps us establish long-term partnerships with relevant brands and retailers, but also provides us with the opportunity to enhance our profitability. In the fiscal year ended

February 28, 2021, we grew our revenue for the TME segment by 60.6% compared to the fiscal year ended February 29, 2020. Additionally, the EBITDA margin for our technology offering amounted to more than 50%, and we see the potential to significantly improve this margin.

8.5.7 Strong Unit Economics and Growth Profile

We have a growing and loyal active customer base. We believe our discovery proposition catalyzes our customer relationships which is evident in an increase of orders per active customer over time as observed in our annual cohorts. Further, overall cohort sizes have increased over time while showcasing high retention rates of 103% on average for our commerce business in the fiscal year ended February 28, 2021 and breaking even with a positive return on investment after approximately 180 days. These positive retention rates and the high cohort profitability are consistent across regions despite our significant customer growth.

Through our marketing efforts, we have been able to continuously convert user sessions into sustained customer growth, continuing to increase the engagement of both old and new customers. We believe our strong customer focus ensures customer loyalty, which drives repeat purchases and increases spending over time. Hereby, we improve the ratio of CAC to LTV and make our customer cohorts more profitable (for further information see "*5.3.7 Marketing*"). In particular, during the COVID-19 pandemic our advanced marketing systems effectively steered marketing spending, resulting in a large number of new customers at a very low CAC. We believe, these newly acquired customers have developed into our most loyal customer cohorts.

To track and improve the efficiency of our marketing efforts and increase customer loyalty for our young, conscientious customer base, we monitor customer cohorts based on the fiscal year of their first purchase by analyzing their repeat purchases. Transactional revenue by customer cohort, which we define as transactional customer revenues generated through our online shops only (*i.e.*, excluding internal / non-transactional revenue streams), has steadily increased since the fiscal year ended February 28, 2017. Each successive cohort is larger and more profitable than the preceding.

8.5.8 Founder-Led Management Team with Proven Track Record

Our management team, led by our founders Tarek Müller, Hannes Wiese and Sebastian Betz, combines entrepreneurial spirit with longstanding industry experience and a lasting commitment to our vision. These members of the Management Board developed the initial concept behind ABOUT YOU and have managed our business since inception. They are supported by an entrepreneurial team of young professionals, who are on average only 28 years old and can therefore easily connect with our young customer group. We expect that our experienced, entrepreneurial management team will continue to achieve both above-average growth and increasing profitability for our constantly expanding business.

8.6 Our Strategy

To achieve continued success, we have identified the following key elements of our strategy:

8.6.1 Capture the E-Commerce Fashion Market with an Accelerating Offline to Online Shift

The European fashion market is one of the largest consumer markets, with a market size of approximately €400 billion in 2019 (*source: Euromonitor International, Retailing 2021 ed, retail value RSP, current prices, fixed 2020 exchange rate*). Within this market the online fashion sales volume amounted to approximately €75 billion in 2019 (*source: Euromonitor International, Retailing 2021 ed, retail value RSP, current prices, fixed 2020 exchange rate*). With a share of 19% in 2019 online penetration in European fashion was still relatively low compared to an online penetration of more than 35% in consumer electronics (*source: Euromonitor International, Apparel and Footwear 2021 ed, Consumer Electronics 2021 ed as of Jan-21*), suggesting significant potential for further growth. Accelerated by COVID-19-related restrictions on offline business, penetration increased to 27% in 2020 (*source: Euromonitor International, Retailing 2021 ed, retail value RSP, current prices, fixed 2020 exchange rate*), leading to a higher base for continued growth. Online shopping is particularly prevalent among younger consumers, who currently represent 41% of European spending. Driven by their growing engagement and budgets, the European online fashion market is forecast to grow at a CAGR of 10% between 2020 and 2022 (*source: Euromonitor International, Retailing 2021 ed, retail value RSP, current prices, fixed 2020 exchange rate*).

Our offering is not only online, but fully mobile and geared towards a younger generation of consumers. Due to a decline in traditional discovery sources (*e.g.*, print and physical stores), growing online and media consumption by Gen Y&Z as well as a professionalization of the influencer ecosystem, discovery shopping is on the rise within the online fashion industry given the increasing importance of social media over traditional window shopping or offline shopping strolls (*source: Market study conducted by Ipsos on behalf of ABOUT YOU*). We believe we are ideally positioned to benefit from this trend. We offer our customers an inspirational, influencer-led discovery proposition and proprietary brands and content that keep them engaged. We believe we have positioned ourselves as a leading online offering for a younger generation, and from this position we plan to capture a significant share of the European fashion market and build the number one fashion offering globally.

8.6.2 Expansion into Additional Markets

With an extensible platform built for scale and geographic expansion, we continuously assess opportunities to expand into new geographic markets. To implement our expansion plans, we draw on our agile and efficient go-to-market playbook, which enables us to roll out new markets quickly and at low cost. Our adaptable and data-driven soft launch phase allows us to collect and analyze cohort data, LTV, CAC, analyze future potential and build up a local influencer network before making a ramp-up decision based on our estimates to efficiently and quickly reach a market leading position. To capture a new market, we launch large-scale social media and marketing campaigns to generate initial brand awareness. After having achieved a certain level of brand awareness, we seek to drive conversion and increase the number and engagement of our active customers through further marketing campaigns, including discounts and vouchers on our product range. Subsequently, we rely on performance marketing, such as search engine marketing or retargeting, to further increase our conversion rate. We believe our approach proved to be highly successful in launching and scaling our CEE markets. Between 2018 and 2020, we were able to launch our offering in eleven different CEE markets and secure leading market positions based on brand awareness in each of these geographies (*source: Market study conducted by Ipsos on behalf of ABOUT YOU*).

On our path to capturing the European online fashion market, we recently launched a further expansion into SEU and the Nordics. These countries are still in "soft launch mode" but we intend to ramp them up in the course of 2021. By leveraging our state of the art technology, operational excellence and marketing playbook we expect to scale up these markets quickly to generate high revenue streams. We believe that we will eventually become a key player in the fashion markets in these geographies. During the first seven days of our teaser campaign in Spain, for example, we already recorded a gross revenue per inhabitant which was 54% higher than during the first seven days of our prior teaser campaign in BeNe, while our marketing spend was 32% lower.

8.6.3 Expand our Offering of Own Labels and Exclusive Products and Add New Product Categories

To distinguish us from our competitors and to achieve higher margins, we have complemented our offering of third-party fashion products with our own labels as well as exclusive cooperation products for our online platform. We believe these exclusive products enable us to create fashion propositions that are tailored to the likes and styles of our core customer groups. Similarly, we believe our strong social media footprint and expertise with influencers enable us to identify trends and promising personalities to test the market with specific apparel drops at an early stage. By offering such products with an exclusive branding, we aim to achieve higher margins for our own label products, increase customer loyalty and attract new customers.

We have constantly expanded our portfolio of exclusive brands, which typically generate higher gross margins. Going forward, we intend to further expand our portfolio of exclusive brands and the range of products offered thereunder. We expect that this exclusive assortment will make us the key fashion provider for our loyal customers.

We believe that the trust and credibility we have achieved for our offering of fashion products ideally position us to expand our current fashion offering as well as add entirely new product categories. Since our launch, we have focused on covering the mid-price fashion segment with our product offering and plan to expand our product range both upwards into the more expensive premium fashion segment and selectively downwards into the more affordable discount segment. With this expansion we aim to cover additional price points and appeal to a broader range of customers.

In addition to expanding the range of our fashion offering, we also plan to introduce new product categories. In the medium term, we plan to further expand our offering of third-party beauty products such as perfume and cosmetics and add home decoration and home textiles to our online offering. Following the successful introduction of these categories, we plan to constantly grow our offering in order to build a broader fashion and lifestyle offering that we promote through our extensive influencer network.

8.6.4 Scaling and Expanding our TME Business

Through our TME offering we are monetizing our proprietary tech infrastructure, marketing our website inventory and productizing our value chain. As a large share of our TME service offering, however, is still at an early stage, we are only now starting to reap its full benefits by marketing and continuously optimizing our products. Our aim is to reinforce and expand our TME business lines in the e-commerce infrastructure market and build a solid and loyal customer base not only as a fashion company but also as a tech enterprise.

To drive the further growth of these business lines, we plan to strengthen our sales team, leverage our access to decision makers at more than 2,000 brands, increase revenues per client, develop new products and expand our existing product range and up- and cross-sell these to new and existing client as well as lead base while creating synergy effects through a greater interaction of our Tech, Media and Enabling sub-segments. Additionally, in the long term we plan to expand our TME offering internationally as our current clients are centered around our home region. We believe that through a targeted scaling of our TME product ecosystem and driven by our strong tech offering, our TME segment will be able to achieve a sustainable Adjusted EBITDA margin of approximately 30%.

8.6.5 Continue to Improve Adjusted EBITDA Margin to Achieve Profitability for ABOUT YOU

Our Adjusted EBITDA margin for the fiscal year ended February 28, 2021 amounted to (3%). Our current target is to achieve profitability based on Adjusted EBITDA margin at the group level within the next three fiscal years. We plan to reach this aim by improving our gross margin while at the same time reducing our fixed costs as well as our costs for marketing and fulfillment (in each case, as a percentage of revenues). We target a long-term Adjusted EBITDA margin of approximately 15%.

To increase our group gross margin we plan to grow our share of own labels, which typically sell at higher margins than third-party brands and to benefit from TME scaling effects by increasing our revenue from a growing number of customers, which we believe will add incremental high margin revenue streams. We aim to decrease our fulfillment costs by benefitting from volume discounts from suppliers by increasing our sales volume as well as distribution center automation and location optimization. As a result of a continuous shift to recurring customers and by constantly optimizing our technology, we plan to further reduce our marketing costs. As our AY RoE segment matures, we expect customer acquisition costs and customer retention costs to decline. By constantly adding to our online offering, we expect our fixed costs as a percentage of revenue to decline, allowing us to optimize our administrative expenses.

This planning is based on our current geographic footprint. Strategic decisions to enter additional markets or to target faster growth in order to solidify our competitive position may mean that we reach EBITDA breakeven later or record a negative EBITDA for certain periods even after achieving breakeven.

8.7 Our Business

We believe we are the fastest-growing online fashion offering of scale in Europe, operating in 23 countries as of the date of this Prospectus. Our platform combines fashion and technology to create a personalized shopping experience. With a broad range of brands and products, we enable our customers to express their personality through fashion. Building on a vast network of third-party fashion providers as well as influencers and celebrities, we believe our individualized offering and immersive online fashion stores have made us a go-to destination for a young, fashion-conscious customer base. We believe these customers value our individual, discovery-driven and creative content, evidenced by reaching more than 30 million monthly active users in November 2020. In addition to our fashion products, we offer our partners proprietary technology, media and enabling services based on our own state of the art technology platform to help them grow their online businesses.

Our operations are accounted for under three segments, (i) AY DACH, (ii) AY RoE and (iii) TME. The following table provides a breakdown of revenue of these three segments for the periods presented:

	For the fiscal year ended February 28/29,		
	2019	2020	2021
		(audited) (in € million)	
AY DACH	375.6	509.9	660.0
AY RoE	69.7	188.9	463.5
TME	26.5	52.0	83.5
Sum of segment revenues	**471.7**	**750.8**	**1,207.0**

For further information on our three segments, see "*5.6 Segment Discussion*".

8.7.1 Our Commerce Offering

We originally launched our business to create the next generation online fashion offering by digitizing the offline shopping stroll. At the heart of our fashion offering are our websites and apps. We have constantly invested in the design of our online fashion stores, in particular expanding curated and personalized elements in order to help customers identify fashion products they love. The carefully assorted range of fashion products in our commerce offering comprises three categories:

- Fashion products marketed under third-party brands, where we hold the relevant products in stock;
- Fashion products marketed under third-party brands, which are classified in our marketplace and are not held in stock; and
- Exclusive brands and own labels, which are also held in stock.

We believe that this combination best fits our business model, as it allows us to achieve a critical size for our offering, while at the same time limiting our inventory risk. For the, in our opinion, most attractive market segments, we can derive additional value by developing exclusive brands and capturing a significant market share for these brands.

8.7.1.1 Demand Side

Our online fashion offering is fully mobile and with a clear focus on discovery shopping, which is on the rise within the online fashion industry due to a decline in traditional discovery sources (*e.g.*, print and physical stores), growing online and media consumption by Gen Y&Z as well as a professionalization of the influencer ecosystem (*source: Market study conducted by Ipsos on behalf of ABOUT YOU*). With 70% of our users regularly interacting with our inspirational discovery content, we believe we are well positioned to outperform our competitors. To capitalize on this advantage, we constantly seek to make our websites and apps more immersive and engaging. While we believe we are leading among discovery-oriented online platforms, our online storefronts are built to cater to each shopping mission of customers accessing our websites and apps:

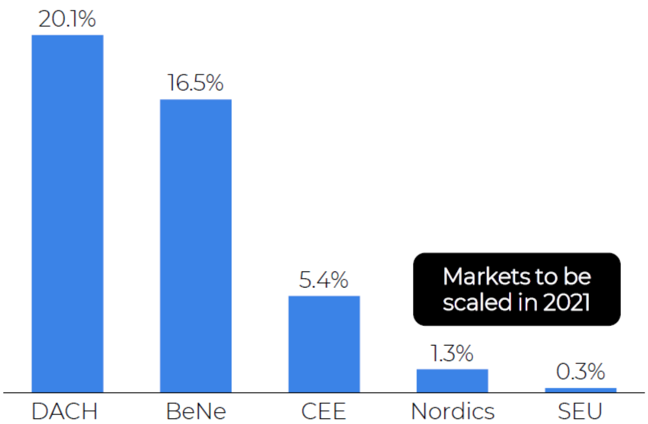
- **Discovery**: Most of our customers want to discover new fashion products and be inspired (*e.g.*, look through the latest fashion trends for the summer season). To attract and retain such customers, our online shops focus on highlighting inspiring and personalized content. Among others, we regularly publish new assorted outfits presented by influencers who fit the relevant style, providing our customers with role models they can follow. In addition, we regularly launch suitable outfits for special seasons and events (*e.g.*, Christmas, Easter and Valentine's Day).
- **Need-based**: Additionally, our customers can browse through specific types of fashion categories (*e.g.*, browse through shoes and dresses to find the right outfit for their next office event) as well as different sections on our websites and apps, each dedicated to specific styles and subdivided into relevant product categories. We personalize the sorting of results for our category pages based on the individual style and taste of our user as well as available sizes and size recommendations. In addition, we provide curated content such as background information on certain types of brands, style guides on different pieces of fashion and body type consulting to help find the right products for the respective body shape of our customers. However, to draw our users back into the more inspirational funnel with higher customer-lifetime-value, we integrate several discovery elements here as well.

- **Transactional**: Less frequently, our customers visit our websites with a certain product they intend to buy already in mind (*e.g.*, a specific dress in their size). To help them find the desired products, we cooperate with major search engine providers such as Google and optimize our use of search terms in order to ensure that our relevant products are properly placed and attract potential customers to our websites and apps. Here we also offer targeted search capabilities such as filters and search algorithms and detailed product descriptions that enable easy product discovery. As a result, customers searching for specific products will generally be able to find matching items at competitive prices on our websites and apps, which we believe leads to high conversion rates and a growing base of monthly active users.

Our offering of fashion products focuses largely on Gen Y&Z, which increasingly look to social media and digital content from influencers and celebrities as a source of inspiration and discovery. These younger people no longer simply search for specific fashion products or within product categories, but want to discover products they never knew they were looking for and as a result often make impulse purchases. We believe that these mobile and digital-natives will transform online-shopping.

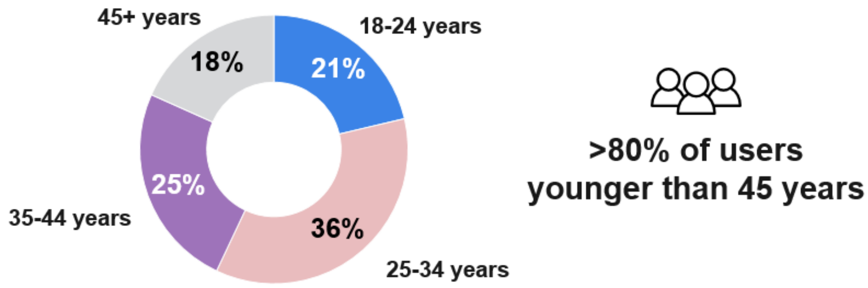
The effectiveness of our value proposition to customers is reflected in our operational metrics. Approximately 85% of our orders of two or more items (excludes orders of one item in two sizes) contain two or more brands, as customers browse through our online offering to search and find inspiration instead of shopping for only one specific brand, which leads to incremental revenues for brands. In addition, our customers' shopping behavior leaning towards discovery-based online shopping experience is underlined by the fact that on average, a user visits approximately 15 pages per session.

The following graphic demonstrates the huge growth potential in Europe showing our active customers as a percentage of Gen Y&Z inhabitants of countries we are active in as of end of FY20/21:



(*source: Company information, Eurostat*).

Within Gen Y&Z we have identified female customers as the most relevant demographic in the quickly evolving fashion market, as approximately 80% of users were female in the fiscal year ended February 28, 2021. The following table sets forth the distribution of our users, *i.e.* online visitors to our websites and apps, by age during the same period:



(*source: Company information*).

8.7.1.2 *Marketing*

Our marketing activities aim at driving the maximum relevant traffic to our websites and apps and enhancing awareness of our "ABOUT YOU" brand as well as the fashion products we sell. We consider these activities a key component of our operations. In line with our goal to further advance the online fashion market, we eschew marketing campaigns through mass media in favor of targeted, modern marketing solutions, in social media and influencer marketing. As a result, our marketing expenses declined significantly from 28.1% and 22.4% of our revenue in the fiscal years ended February 28, 2019 and February 29, 2020 to 16.3% of our revenue in the fiscal year ended February 28, 2021 while our new customer cohort sizes are still heavily growing. The DACH region indicates efficiency gains in marketing with a decreasing marketing costs as a percentage of revenue from 28% in the fiscal year ended February 28, 2018 to only 10% in the fiscal year ended February 28, 2021. We believe that further enhancing our brand will help us reduce customer acquisition costs, increase customer loyalty and thereby increase both the number of our existing and new customers. Going forward, we intend to continue to strengthen our brand and to use our targeted marketing efforts to successfully expand our product offering to adjacent product categories as well as adjacent geographic markets.

Our marketing efforts are enabled by a significant share of proprietary technology in marketing. Due to the high level of automation we are able to be more efficient in handling budget.

To maximize our reach and brand awareness we have established three key marketing strategies: We build our brand through entertainment and content, interact with customers through our content and social media channels, and drive our conversions as well as optimize our customer lifetime value through sophisticated LTV and CAC steering.

8.7.1.2.1 Brand Building through Entertainment

To reach a young, fashion-conscious customer base, we have established strong relationships with many influencers and celebrities. We believe that our customers, in particular Gen Y&Z, value their recommendations and value the fashion guidance they provide. As of the date of this Prospectus, our database comprises more than 10,000 influencers.

We leverage this network by entering into cooperations with influencers to include them in our marketing efforts. To this end, we may agree on product placements and recommendations on influencers' online streams, invite them to events we sponsor or simply provide them with merchandise so they can create content that is picked up by their followers. In the fourth quarter of the fiscal year ended February 28, 2021, we ramped up our influencer cooperations to more than 1,000 cooperations per month. Given our rapid international expansion, the share of COOPs in DACH amounts to less than a third of the COOPS total share while the number of COOPS is still growing rapidly through almost all of our markets. Between January and March 2021 we have increased the number of COOPs by more than 50% compared to the three preceding months. We believe that due to our strong technology and automated processes we can further scale the number of COOPS with influencers. Our technology allows us to constantly crawl social networks to find new and relevant influencers. For many of our COOPs, we were the first commercial mass market company working together with upcoming influencers.

In addition to using our network of influencers for the marketing of our established products, we design exclusive fashion collections in cooperation with relevant influencers and agree branding as well as the marketing strategy for these products. We believe that our exclusive cooperation agreements allow us to fully capture the potential of influencer marketing and provide us with an assortment of what we view as in-style fashion products that none of our competitors can match. Furthermore we produce exclusive outfit pictures with our influencer partners and upload them on our website to inspire our customers. In the fiscal year ended February 28, 2021, we uploaded approximately 100 exclusive outfits per month.

To build our brand and generate high organic reach, we host large-scale events and shows such as our "ABOUT YOU AWARDS", which we estimate is Europe's largest influencer event with more than 1.5 billion media contacts, or our "ABOUT YOU Fashion Week", which we believe to be Europe's largest business-to-consumer fashion show event. With events like "ABOUT YOU Pangea Festival", an international fashion, art and music festival with more than 500 million media contacts, we believe we build deep emotional connections between our customers and our brand. In addition, we create our own TV shows ("Das Fashion Duell" and "Style your star") and exclusive content for streaming, including celebrity documentaries such as "It's ABOUT YOU – Tokio Hotel" or "Lena Gercke Doku – It's about you". Due to the ongoing COVID-19 pandemic, we decided to temporarily move our large-scale events from the analog to the digital stage. Our "ABOUT YOU Fashion Week" was therefore largely held digitally this year. In addition, we host various events throughout the year to promote launches of new exclusive influencer collections and to keep generating organic reach. After COVID-19 we plan to run a hybrid model for our events, combining the benefits of a digital format, including livestreams and great digital content, with the opportunity to buy a ticket and experience the event live and on site.

As our organic traffic already contributes approximately 73% of our Commerce revenue, we are able to reduce our dependency on paid channels such as Facebook or Google as well as search engine marketing, product comparison and retargeting.

8.7.1.2.2 Customer Interaction through Content and Social Media

We use our vast influencer network to launch campaigns and post content through their social media channels. Influencers either promote our products through posts or short videos, discussing and presenting our items, which are sometimes combined with vouchers to help drive conversions. To complement influencer marketing we use our own social media channels for exclusive content creation and marketing. We can use these marketing efforts to create cost-efficient, exclusive content for our websites and apps and ensure that our "ABOUT YOU" brand becomes synonymous with relevant fashion in the eyes of our young customer base.

Our influencer and social media driven marketing efforts are aimed at building a continuous dialogue with our customers, given their high levels of engagement with fashion. To further drive this beneficial interaction, we integrate our influencer community into our ABOUT YOU events and website. The website integration is carried out through exclusive outfit shootings by creating outfits with the influencer consisting of products we sell. These outfits are uploaded to ABOUT YOU and can be accessed by users only on our websites and apps and are meant to further inspire them. We typically post more than 6,000 content elements (*i.e.*, elements relating to a story or an outfit) per year. Furthermore, we constantly work on creating capsule collections to be sold exclusively on ABOUT YOU to make our platform even more relevant for young fashion-enthusiasts who value exclusivity. For new customers attracted through our influencer brands we generate an uplift of the customer lifetime value (*i.e.*, the total revenue we can reasonably expect from a single customer account) of approximately 58% compared to the average new customer.

8.7.1.2.3 Conversion through Sophisticated LTV / CAC Steering

To drive our customer acquisition and to monetize our high brand awareness we rely on different performance marketing strategies, all of which are developed by our in-house performance marketing employees. We automatically analyze the data on visits and conversions through our proprietary technology and machine learning based algorithms. This analysis helps us to dynamically optimize the allocation of our online marketing budget in real time, helping us to efficiently utilize our resources. Our main focus here is on the development of internal proprietary tech solutions tailor-made for marketing, scaling and internationalization in our e-commerce sector to facilitate low CAC. During the beginning of the COVID-19 pandemic, for example, we were able to rapidly adapt to changing category demand and market conditions due to our highly automated performance marketing, allowing us to acquire new customers at very low costs.

After acquiring a new customer, we aim to maximize the respective customer LTV of this customer. Our customer LTV calculations are mainly based on four key drivers: transaction frequencies, net AOVs, profitability and return rate expectations. To ensure an effective steering, our LTV / CAC calculations focus on marginal contribution per transaction / customer, which means fixed cost components are excluded. To maintain our loyal customer base and drive customer LTVs, we have built an in-house customer relationship tech solution. With our tailor-made welcome back cycles via newsletter, smartphone push ecosystem with personalized messages, inspiration and recommendations, and print mailings we believe we have integrated a sophisticated churn prevention system, which is also connected to our customer experience monitoring with an automated "sorry process" in case anything in the process is not meeting our standard service levels.

8.7.1.3 *Supply Side*

The breadth and quality of our offering of fashion products is the result of a structured, and data-driven approach backed by our capabilities for data gathering and analysis. Our sourcing strategy, which has been designed with a view to minimizing inventory risk and obtaining the best prices as well as delivery times, differs between products marketed under third-party brands and products marketed under our own labels and exclusive influencer COOPs.

For fashion products we hold in our inventory, we utilize our proprietary technology and extensive market insights to forecast demand and ensure we have sufficient quantities of these products in stock. For products marketed under our 3P model we offer the relevant third-party brand the opportunity to list its products on our websites and apps. We only purchase these products after we have actually received an order for them from a customer. Our partners can choose to drop-ship the relevant items themselves or to rely on us for the fulfillment process through our fulfillment by ABOUT YOU (FbAY) model. As we provide the same degree of product photos, product descriptions, packaging and customer service for all of our products regardless of whether a fashion product is part of our 1P or 3P model, customers enjoy an indistinguishable shopping experience.

To help us achieve the optimum pricing for our fashion products (*i.e.*, the price which allows us the maximum gross profit from the respective product), we have developed machine learning algorithms that continuously monitor and automatically adjust prices by utilizing data obtained on the offerings of our competitors as well as previous customer behavior. We believe that these efforts help us set prices at the level that is best for both our customers and our own business needs, helping us derive the maximum value from our product offering and reflecting the latest trends in the online fashion market. In the fiscal year ended February 28, 2021, we generated the majority of our Commerce revenue from products sold under third-party brands, while products sold under our own labels and COOPs accounted for more than 5% of our revenue.

8.7.1.3.1 Third-Party Brands

Our experienced category management and sourcing team leverages data based analysis tools to constantly monitor the assortments of relevant third-party fashion brands and competitors to ensure that our fashion offering includes all products required to provide a broad offering of in-style fashion. These experts also identify new fashion trends and ensure we can source the relevant products to meet such trends as soon as they become available, helping us to keep our offering fashionable. We do, however, not engage in the production and initial sourcing of any of the fashion products marketed under third-party brands.

Based on our proprietary technology, we automatically curate third-party products and create inventory type-specific demand forecasts. Whether a product will go live is then decided upon on the basis of demand for specific brands or categories as well as based on product data standards and product count limitations that we set for single partners. In addition, we analyze whether a product meets our profitability thresholds and conversion requirements. In Germany, for example, 23% of the products in our 3P model which are available in our own database are automatically excluded for sale on the basis of the criteria just mentioned and the remaining products are included for sale in our online shops. After the end of a season, we make machine learning-based liquidation and delisting decisions with regard to our inventory and plan future seasons using our integrated feedback loop.

We stay in constant contact with our over 2,000 third-party brands across the globe and these partners often seek us out when they plan to launch a collection of new fashion products. We continuously seek to optimize our partner base by adding new third-party brands with an attractive fashion assortment, if we are convinced that these brands will be capable of meeting our quality standards and performance expectations, in particular with respect to delivery reliability. By maintaining direct contact with a broad base of third-party brands, we can also ensure that we do not become overly dependent on any single brand, giving us a higher bargaining power when negotiating our sourcing prices. These brands include well-known brands for different price points (*i.e.*, premium, casual and fast fashion) as well as specialized brands for, among other things, sports apparel and underwear.

8.7.1.3.2 Own Labels and COOPs

By constantly analyzing trends in social media we can identify particularly trending and in-demand items. Capitalizing on the longstanding experience of our fashion experts and sourcing team as well as trusted partnerships with proven fashion suppliers, we believe we are generally able to develop relevant fashion products that meet the needs of the Gen Y&Z. Our careful selection process significantly reduces the risk of excess inventories and recording losses on such inventories. The supplier selection for our offering of COOPs is handled by our experienced sourcing team, which has longstanding contacts with suppliers. When identifying new fashion products that would complement our offering, we design these products in-house or in cooperation with trusted partners, before approaching a suitable supplier.

In addition to third-party fashion brands, we have created our two own labels. Under our own label "ABOUT YOU", we market what we believe to be versatile, easy-to-wear everyday fashion products and accessories. We use our "EDITED" brand to sell, in our view, trend-focused fashion products for young and fashion-conscious women. In the fiscal year ended February 28, 2021, revenue generated by our own labels and COOPs accounted for more than 5% of our Commerce revenue, of which own labels accounted for 71% and COOPs for 29%.

To derive the maximum value from our extensive network of influencers, we have developed 24 additional exclusive brands in close cooperation with a number of prominent influencers. For example, under the "LeGer" brand, we have teamed up with German influencer Lena Gercke to design and market fashion products that seek to be effortlessly feminine and timeless. To expand the relevance of our offering to men, we have partnered with well-known German influencer Daniel Fuchs. The fashion products designed under this cooperation are marketed under the "DAN FOX Apparel" brand, providing us with exclusive access with what we believe is the first mass market personal brand targeting men in Germany. In addition, we cooperate with various brands that are either exclusively available on our and their own brand websites or that design exclusive collections for us to be sold on our websites and apps only. As part of these cooperations, we *inter alia* acquire shares in third-party businesses or enter into cooperation agreements, including The HAUS, Soko München and LeGer. We believe our assortment of exclusive brands and influencer or celebrity collections has enabled us to achieve a strong position with unmatched brands that are fast becoming key players in our most relevant markets. So far, we have grown more than five capsules into regular brands. Going forward, we plan to significantly expand this offering to additional price points and styles. For the fiscal year ending February 28, 2022, we have already signed over 65 COOPs, including with international celebrities such as Kendall Jenner.

8.7.1.3.3 Our Quality Control

A rigid quality control is crucial to our sourcing process, as reliability and product quality are essential in ensuring that our customers are satisfied with their shopping experience.

We therefore apply strict guidelines to third-party brands and suppliers, and these brands and suppliers have to contractually agree that they will comply with our high standards at all times. Such standards include a commitment to the timely and reliable delivery of products meeting the required specifications as well as adherence to relevant laws and regulations (*e.g.*, labor laws, product safety requirements and environmental standards). We delist any fashion products or third-party brands and suppliers who fail to meet these standards or whose offering is no longer sufficiently relevant. Before doing so, however, we take into account a broad range of criteria, including the effects on our overall product offering, product quality, delivery time and reliability, price as well as corporate conduct.

For our own labels, we have established rigorous monitoring processes to ensure compliance with social performance standards using the amfori BSCI platform. Furthermore, our ABOUT YOU label compliance manager inspects most of our manufacturers annually, and our buying team visits once per season. To be on-boarded as an ABOUT YOU manufacturing partner, we require full disclosure of the contact details of all production facilities involved in form of a standardized request for information (RFI). Additionally, we include the amfori BSCI code of conduct as a mandatory part of every contract.

8.7.2 Our Operations

8.7.2.1 *Our Logistics*

Our fulfillment processes are asset-light so that we can focus on our core competency of identifying and marketing relevant fashion products. We seek to ensure high customer satisfaction and cost efficiency and believe that the quality of our services and our ability to anticipate and satisfy our customers' needs and expectations are a key competitive advantage. We offer free logistics customer service in the local language in each of our markets and provide our customers with the opportunity to track and trace their deliveries. To drive high customer satisfaction, we aim to keep our delivery times short and constantly work on improving delivery times. In our home region, we typically deliver products within one to two days and a half. Average delivery times in SEU and CEE vary from three to four days and a half.

Despite an extensive footprint expansion, we were able to reduce our total logistics cost per order from €10.2 in the fiscal year ended February 28, 2018 to €8.1 weighted logistics cost per order including forward and return logistics as well as non-order related logistics costs for our commerce offering in the fiscal year ending February 28, 2021. This reduction was largely driven by the continued improvement of our logistics network, as we benefit from economies of scale and efficiency gains and learning over time.

8.7.2.1.1 Supplier Logistics and Inventory Management

Our fulfillment process differs for our 1P and 3P model:

To ensure fast delivery times (typically between one and four days) and negotiate favorable purchase prices with suppliers (compared to 3P products), we hold what we have identified as the most in-demand products in 1P. The exact volume of products we source is based on our constantly updated forecasts, which in turn are compiled by using artificial intelligence and machine learning engines and applications to analyze our extensive customer database. This set-up enables us to meet growing demand for certain brands and products well in advance. Overall, growing demand allows us to increase order frequency, hence reduce the reach of individual orders, which also reduces general inventory risk. Fulfillment for 1P products is solely handled by us. Returns are processed by us and returned products go back into our own inventory.

By offering a wide assortment of products marketed under our 3P model, we believe we can sufficiently expand our offering of fashion to provide our customers appropriate choices, allowing us to meet the demands of a diverse customer base. At the same time, not building up inventories of these products allows us to offer them with little to no inventory risk, ensures that our business model remains relatively asset light and enables us to maintain a negative net working capital.

There are two methods of fulfillment for 3P products:

- Our partners can choose fulfillment by us (FbAY), in which case third-party products are stored in our warehouses, from where we subsequently take care of the delivery process. Our suppliers can thus benefit from our well-established logistics and service network. Returns under this fulfillment model are processed by us as well but remain partner inventory.

- Our partners can choose to drop-ship the relevant items themselves, in which case the products are stored at the warehouses of the respective third-party brand or a partner engaged by such brand. Our partners then directly deliver their products to third-party carriers who will handle the last mile. As a result, these products never enter our warehouses and we do not take care of the delivery process. In this case, returns are processed solely by our partners and remain partner inventory.

We guarantee the same customer experience across 1P and 3P by ensuring that 3P partners generally use consistent ABOUT YOU branding of the packaging and invoices.

8.7.2.1.2 Warehousing

We typically do not operate any warehouses ourselves. Instead, we rely on trusted partners such as BAUR, an affiliate of Otto, Ingram Logistics, and D&S Logistics. These partners store our inventories and organize the delivery of our fashion products, provided that all parts of these operations are automatically managed by our technology solutions and fully integrated with all other parts of our operations. We currently have three warehousing facilities in operation, two of which are located in Altenkunstadt in Germany, and all of which were implemented with an investment of less than €10 million. We recently entered into a contract with a third-party provider to have a warehouse established and operated in Dunajska Streda, in Slovakia. We expect the first outbound shipments to commence in October 2021. We have two additional warehousing facilities planned in Western and Eastern Europe for 2022 and 2023.

8.7.2.1.3 Last-Mile Delivery

For our last-mile deliveries we rely on a network of 25 local and international last-mile carriers, such as DHL or Hermes, an affiliate of Otto. All deliveries within Europe are free of charge. Given our growing scale, we already benefit from favorable shipping rates. In order to offer our customers a convenient shopping experience, last-mile delivery carriers adapt to local delivery standards and deliver our products right to the doorstep of our customers or in certain markets to package lockers. For products sold under our 3P model, the relevant third-party brand is responsible for actually effecting delivery, while we assume the delivery risk as the retailer of the relevant products. As sustainability forms an integral part of our business model we rely on ecological packaging, among other things, and compensate for all CO2 emissions that cannot be reduced directly for both 3P and 1P deliveries. Thereby, our fulfillment including all customer shipments including returns are also CO2 neutral.

8.7.2.1.4 Our Return Services

In addition to free deliveries, we also offer our customers free returns within a period of 100 days from delivery for most countries. This policy is far more generous than the legally required return periods. The ability to easily return undesired products free of charge is a fundamental pillar of our value proposition to customers and we believe that it significantly helps us to enhance customer trust, drive conversions and increase our LTV.

We seek to minimize the costs associated with this free return policy and reduce avoidable returns through enhanced product content. We present our fashion products and available information as transparently as possible, *e.g.*, by providing high-quality images and personal size recommendations. In addition, we may decide to de-list items with a high return rate. At the same time, we aim to simplify returns and encourage multi-size orders where value-adding to keep customers engaged and satisfied. Our focus on reducing avoidable returns allows us to increase our LTV / CAC over time.

8.7.2.2 *Our Payment Services*

In order to provide our customers with a convenient online shopping experience, we offer a broad range of different payment options, including Bancontact, carte bancaire (Mastercard, VISA), credit card (Diners Club, Discover, Mastercard, VISA), debit card (Maestro), cash on delivery, direct debit, gift cards, iDEAL, Klarna, Paydirekt, PayPal, PayU, Postfinance, Ratepay (Invoice) and online bank transfer. Most payment options are free of charge, in line with our efforts to provide our customers with the maximum choice and convenience. To serve our diverse customer base and local market specifics, we adapt our various payment options to preferences of our local target markets. Our payment flow is further supported by our proprietary technology platform to increase customer satisfaction and to significantly improve conversion. For example, we offer a 1-click purchase option to returning customers in certain key markets, provide for automated refunds and make cash on delivery available based on past order quality. As cash on delivery is one of the most popular payment methods in CEE, we believe we have secured an important competitive advantage by offering this payment method.

8.7.2.3 *Our Content Creation*

To keep our customers engaged and maintain our position as an, in our opinion, preferred destination for fashion discovery, we strive to constantly design and publish new inspiring content for our websites and apps. Between September and November 2020, 70% of users accessing these websites and apps engaged with our inspirational content, and we generated more than 3.7 times as much revenue with these customers, compared to users who simply search for fashion products (*source: Company information*). In line with our goal of digitizing the fashion shopping stroll, we aim to create the most engaging, up-to-date content of any competitor in our markets.

Our content steering team is responsible for the onsite delivery of content from a performance perspective on all our platforms. Based on our proprietary tech platform using artificial intelligence and machine learning engines and applications, we analyze customer data to optimize content based on, among other things, gender, categories and content type and to offer a maximum of personalized content to our customers. As a result, we believe we are able to generate high return on content and to allocate significantly more space to content than our competitors.

Our team of content creators comprises artists, videographers, photographers and post-production experts. Utilizing their individual skills, we film, create and produce all of our content in-house. By keeping content creation in-house, we can ensure a product presentation with a consistent look and feel which allows us to achieve short lead-times with only limited costs. To present third-party fashion brands, we closely cooperate with them on content creation, and we believe that our partners particularly value our capabilities in this area. By agreeing on the desired branding, we can ideally present the products of third-party fashion brands and integrate them into our overall fashion ecosystem.

Our content creation process includes styling, photographing, photo-editing and content management. We also develop original content, including brand storytelling, tailored merchandise descriptions, convenient size and fit information and detailed measurements information. We believe our proprietary content adds to our consumer experience and helps us maximize sales and product retention rates. Leveraging our influencer network and utilizing our proprietary technology to identify the right content, we can display in-demand content produced in cooperation with these influencers and celebrities on our websites and apps, to further increase the relevance of our online storefronts to followers of these persons.

We place the content we produce across all consumer touchpoints, in particular our websites and apps, newsletters and social media channels such as Instagram, Facebook and TikTok. In addition, third-party fashion brands and influencers from our influencer network often promote our content through their own social media accounts, increasing consumers' awareness of our websites and apps. In 2020, our COOPs, such as fashion hauls (short videos or, *e.g.*, Instagram "story" in which influencers discuss and present items which they have recently purchased, usually through wearing them) were targeting more than 400 million followers.

8.7.2.4 <u>*Our Customer Service*</u>

In line with our philosophy of providing an engaging shopping experience, we consider customer service a key element of our value chain. To provide such customer service, we have created an asset-light customer service set-up while keeping full control and guaranteeing efficiency through our proprietary technology. Through our outsourced first level support, we pursue a multi-channel support approach, responding by email and live chat, through our hotlines and via social media. The first point of contact for customers is provided in 19 local languages by more than 700 customer service agents. The average waiting time to reach customer service amounts to 39 seconds, which significantly contributes to customer satisfaction.

We believe the quality of our customer service helps us ensure that only a comparably small number of customer complaints result in returns. The result of our clear focus on customer service has been the generally high satisfaction among our customers, evidenced by a constantly increasing share of customers willing to recommend our customer experience. We assess such satisfaction by submitting customer surveys as part of our post-sale customer service, providing us with crucial feedback on the success of our customer service.

8.7.3 Our Technology

We are a technology company and believe that we have the most up-to date technology platform. This platform is supported by a triple digit number of highly qualified software and technology experts as of February 28, 2021, providing us with significant potential as we continually seek to enhance, expand and optimize our technology platform. Our commitment to technology is demonstrated by our continued investment in our platform. Between the fiscal years ended February 28, 2019 and February 28, 2021, we recorded capitalized development costs in an aggregate amount of €33.3 million in connection with the development of our technology platform, evidencing the high focus we put on our software and technology infrastructure.

8.7.3.1 <u>*Our Technology Platform*</u>

Our Co-founder and Co-CEO Sebastian Betz who is responsible for our technology and website experiences has shaped ABOUT YOU as an agile tech-first platform since its launch in 2014. Our technology platform is cloud-based and both scalable and fully integrated across our value chain. Due to our ownership across the whole technology value-chain, the share of external solutions is limited. Our state-of-the art infrastructure is hosted with Amazon Web Services and uses high availability zones. Our technology platform enables end-to-end e-commerce operations and entails all the required components for international digital commerce, including, among others, e-commerce, price and inventory management, content, marketing, product information management, order management, customer management, warehouse and store integration, and checkout and payment integration.

We have developed our "frontend agnostic" backend-end technology to support our e-commerce operations. Our resilient infrastructure focuses on a reduction of downtimes while providing for maximum availability. With an uptime of more than 99.9% and no major security incident, our infrastructure has proven to be highly reliable. Our infrastructure allows us to scale real-time and supports more than 1 billion page views per month, more than 120 million user sessions per month and more than 2.5 million transactions per month across 23 countries.

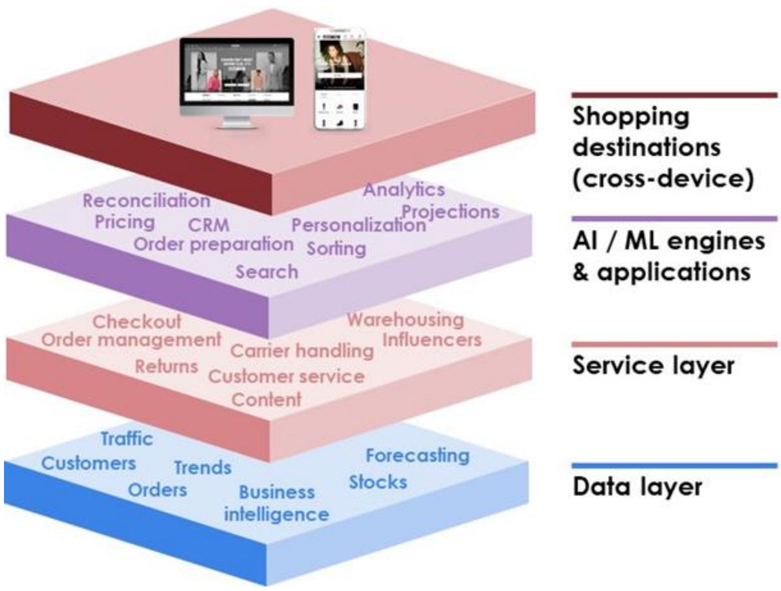
Our integrated digital platform and scalable infrastructure enable us to efficiently roll out our offering internationally, demonstrated by the launch of 13 new markets during the COVID-19 pandemic while teams were working from home. In addition, our tech infrastructure enables complete data collection and data-based decision making across the entire organization. Such automated and integrated processes include readjustments in campaign steering in case of overstock on selected products or categories, automated sorry voucher emails in case of delayed shipments from our third-party carriers and complete shop personalization. By leveraging our machine learning capabilities, we are able to automatically adapt our pricing to the current market environment considering demand, seasonality, price elasticity and opportunity costs at our warehouses.

Further, our tech platform allows for a deep integration of customer-facing features such as our size finder technology: Our size finder is providing size recommendations based on various input factors which include data entered by the customer (*e.g.*, body shape, height, fit of sizes of certain brands) as well as machine-learning based findings based on customer behaviour. We have deeply integrated the size finder technology in our shop, and as a result we see significant revenue uplifts of approximately 29% from customers using size recommendations.

Our data-centric approach and machine-learning capabilities drive our continuously improving LTV and CAC as well as increase app-interactions by creating personalized shopping experiences. In addition, our proprietary machine learning algorithms enable us to aggregate behavioral and user data to one sorting score to offer customers personalized product listing sorting and increase our profit contribution. Based on algorithms we provide customers with personalized size recommendations, which, when relied on, leads to significantly higher revenue generated by these customers.

We believe that our ability to collect and analyze data provides us with a key competitive advantage, which is why we have designed our technology platform with a view to integrating the collection of data from multiple relevant access points (*e.g.*, by tracking user journeys as well as the information provided by our websites and apps). By utilizing cloud based solutions, such as Amazon Web Services, Google Cloud Platform and Azure, and integrating the data gathering and analysis across our value chain, we have created what we consider a best in class setup.

The diagram below shows our technology operations structured by its layers:



This integrated digital ecosystem offers an API-driven and state of the art e-commerce platform allowing us to create what we believe is a leading individual shopping destination across all devices by leveraging the following advantages:

- Data layer: At the core of our technology platform, our in-depth knowledge of expected customer behavior as well as current and future inventory levels enables us to base our sourcing decisions on advanced forecasting techniques. Among others, we gather and analyze data on orders, consumer behavior, transactions and market intelligence. As a result we can provide a personalized shopping experience to our customers.

- Service layer: Our core IT services allow us to expose all necessary functionalities via API to our frontends. This architecture approach gives us the possibility to scale our development teams and infrastructure and allows us to be flexible and fast in developing new features.

- AI / ML engines and applications: Based on our algorithms, which apply artificial intelligence and machine learning, we can provide a personalized experience to our customers. We can lever the collected data to provide highly efficient sortings for product listings, product recommendations, and price calculations.

8.7.3.2 *Our Websites and Apps*

We have developed our websites and apps, which are programed and updated in-house, as a highly resilient storefront for our online offering to provide an engaging user experience. Our apps are at the center of our connection to a younger, online native generation which is reflected in mobile traffic accounting for approximately 85% of the visits to our shops. We believe our users value our mobile-first strategy as showcased in the ABOUT YOU app being the best rated app among fashion peers with a store rating of 4.8 (iOS) and 4.7 (Android) and ranked among the top 3 iOS apps in the shopping category in the German iOS App Store (as of January 5, 2021) (*source: iOS App Store*). We have created country-specific apps for all of our markets that serve as a tool to keep our customers engaged with our fashion offering, allowing them to search for fashion products online and enjoy our curated content anywhere and anytime. As of the date of this Prospectus, our apps have been downloaded more than 26 million times and we registered over 700,000 downloads per month in the fiscal year ended February 28, 2021. Based on the total number of sessions in December 2020, we saw a 1.6 times uplift in the conversion rate in our apps compared to mobile browsers.

Our apps provide us with valuable data on which fashion products and content are most relevant to our customers and our ability to track cross-device journeys (*i.e.*, customers utilizing both our websites and apps during the course of a certain purchase) enables us to analyze and improve the success of our marketing efforts, product offering and website and app content.

We closely monitor the market for technological developments and when we identify a new technology trend, which would complement our offering, we design new tech products either in-house or in cooperation with trusted partners. As part of these cooperations, we might acquire shares in third-party tech businesses or enter into cooperation agreements that include investments of a single-digit million amount in such tech companies.

8.7.3.3 *Security*

When expanding and operating our technology platform, we constantly focus on security and reliability. To this end, we have implemented various state of the art security measures, in particular:

- cloud storage;

- firewalls;

- automated backups;

- specialized software solutions to defend against so-called distributed denial-of-service attacks;

- bug bounty program;

- encryption of sensitive data;

- SSL certification;

- specialized solutions to protect from bots;

- disaster recovery processes;
- access to infrastructure via VPN network;
- information sharing based on a strict need-to-know principle;
- recommendation of code reviews by at least two programmers for critical changes;
- multi-factor authentication for critical parts of our infrastructure;
- central password authentication, when possible;
- penetration and security testing;
- internal audits;
- mandatory IT security onboarding for new employees; and
- internal awareness campaigns.

8.7.4 Our Technology, Media and Enabling Solutions

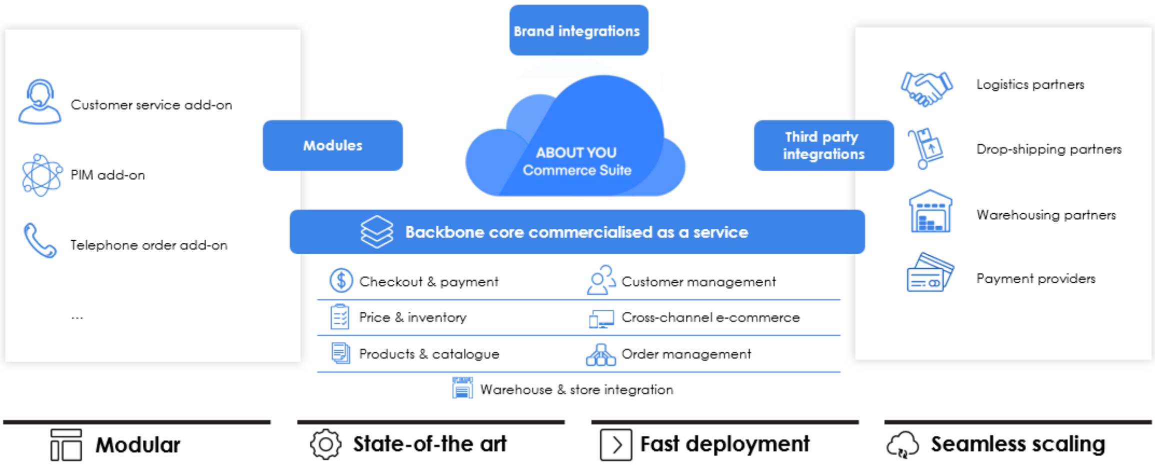
To derive the full benefit from our proprietary technology and e-commerce offering, we have developed a special offering of our TME solutions we can market to other e-commerce businesses. Our technology platform serves as the basis of our TME segment's value proposition in form of our "ABOUT YOU Commerce Suite". Our Commerce Suite offers a full-feature and cross-platform set to provide a full-feature headless e-commerce backend system. Furthermore, our technology platform enables our Commerce Suite customers to leverage our Enabling services such as marketing, fulfillment, customer service, operations, marketplace, and shop management.

Our TME solutions are aimed at other e-commerce businesses, both in the fashion industry and in non-fashion business sectors. Many medium and large-sized businesses lack the necessary in-house capabilities and opportunities to create their own, individual e-commerce platform, leading by our estimates to a more than €55 billion transaction volume opportunity for our technology solutions in European online fashion alone. As of the date of this Prospectus, a double digit number of tech partners, which usually generate high double-digit to triple-digit gross merchandise volumes, have already decided to take more than 60 shops live in 24 countries (including localized domains) utilizing our solutions to boost the success of their offerings.

In the fiscal year ended February 28, 2021, we generated €83.5 million in revenue from this innovative segment. Tech accounted for 38%, Media for 34% and Enabling for 28% of our TME segment revenue. We only recently launched our TME solutions and believe there is significant growth for this segment. Moreover, we can achieve far higher margins for our service proposition, evidenced by the fact that our TME segment is already profitable with an Adjusted EBITDA of €10.1 million and an Adjusted EBITDA margin of 12.0% in the fiscal year ended February 28, 2021. Going forward, we see the potential to launch this segment as an independent operation to cement our position as, in our opinion, key innovators in the e-commerce industry.

8.7.4.1 Our Technology Solutions – ABOUT YOU Commerce Suite

To help our partners grow, we have developed the "ABOUT YOU Commerce Suite", our proprietary SaaS solution for e-commerce companies. The following graphic shows the main features of our Commerce Suite, divided by modules, brand and third-party integrations.



Our technology suite is built as a fully cloud-based and headless e-commerce. Our scalable state-of-the-art tech backend includes, among others, checkout and payment processes, pricing and inventory management, product information, search, order management, catalogue management and customer service panel. Our technology delivers automatic scaling, which allows our partners to build their individual platform on an advanced backend performance while being able to deliver what we consider high-quality brand experience through a flexible frontend. To ensure data security and segregation, clients are hosted on isolated and dedicated resources.

We have demonstrated significant growth for our Tech offering in the past and acquired more than €100 million in new SaaS contract volume with 13 additional clients in the fiscal year ended February 28, 2021. Additionally, we have created a new client lead pipeline worth up to approximately €40 million annual recurring revenue from inbound requests only. These leads have been generated with a still nascent sales team which we aim to grow significantly in the short and medium term.

8.7.4.2 *Our Media Solutions*

Building on our extensive marketing and technology expertise, we offer our partners a wide range of Media solutions, such as content marketing concepts including story development and creative production, brand and category teasers, influencer hauls and newsletter design. The resulting campaigns are executed within our media ecosystem, which consists of placements within our discovery section on our website an apps as well as external channels such as Instagram and TikTok. In addition, we provide our partners with content placements in addition to product listing ads, advanced targeting possibilities due to personalization and access to the relevant target group Gen Y&Z. Our self-service tool for product listing ads for brands enables them to define budgets and locals, focus on specific products and track and steer their marketing campaigns in real-time. We believe these services are not only relevant to partners in the fashion industry, but to e-commerce businesses in general.

8.7.4.3 *Our Other Enabling Solutions*

To complement our ABOUT YOU Commerce Suite tech offering, our Enabling solutions provide a 360° set of e-commerce services, including shop operations, customer service, the operation of online third-party inventory for third-parties and logistics solutions. Through our services we provide access, among others, to our own fulfillment solutions (FbAY) covering 25 European markets, an international service team handling customer support, connections to Europe’s largest marketplaces and a back office handled by dedicated professionals. Our partners can choose the services they need, which allows us to cater to a wide range of businesses at various stages of maturity. In addition, our partners benefit from access to our extensive marketing capabilities and marketing technologies, allowing them to accelerate their growth by reaching their target customers more efficiently and effectively.

8.7.5 Our Commitment to Sustainability

Sustainability forms an integral part of our business model. To comply with ESG criteria, we have developed a comprehensive responsibility model focusing on the three areas “Planet”, “People”, and “Society. We have joined a number of key initiatives seeking to drive responsibility in the fashion industry, among others the “Sustainable Apparel Coalition” and “Science Based Targets Initiative” to drive sustainability efforts and the

"Charta der Vielfalt" (Charta for Diversity) to promote inclusion and diversity. We regularly report on our efforts and progress with regard to our responsibility model in our responsibility report.

"Planet" subsumes our sustainability efforts to leave a positive impact on the planet's environment by designing an eco-friendly and circular business model. Our own operations (including all fulfillment services such as shipping and returns) have been neutral with respect to CO2-emissions since October 2020, as evidenced by a certification issued by ClimatePartner. To track our environmental footprint, we use specific performance indicators such as emission targets and energy consumption. In order to reinforce our engagement we have set science-based emission reduction targets in line with the Paris Climate Agreement of 1.5°C which have been approved by the Science-Based Target initiative: *e.g.*, we are committed to ensuring that 90% of our suppliers (by emissions) will have science-based targets by 2025, covering purchased goods & services as well as transportation and distribution. In addition, since January 2021, all of our sites, including stores and offices, are solely powered by renewable energy. To drive sustainability in the fashion industry, we constantly seek to increase the share of sustainable fashion products in our offering, which comprised more than 25,000 products by the end of our fiscal year ended February 28, 2021. Furthermore, we emphasize the importance of circularity by fostering ways to increase the number of times fashion products are worn. We have therefore created our "Second Love" offering of second-hand products to help keep used fashion in circulation and to limit the need for the production of additional products. By the end of the fiscal year ended February 28, 2021, more than 400,000 quality-proved second-hand items were available in this category. As of the date of this Prospectus we hold no own second-hand inventory and offer these products by integrating professional second-hand retailers on our platform. In the long term, our goal is to become one of Europe's largest retailers for quality-checked, second-hand items.

"People" refers to our activities to create an inclusive environment for top-talent to thrive. We believe that diversity is a key part of building a sustainable organization and to thriving long-term. To this end, we seek to foster an inclusive environment, comprising employees from more than 65 nationalities. 53% of our leading executives are women and 62% of our overall workforce is female. We utilize special performance indicators to track the diversity and satisfaction of our workforce.

"Society" refers to our efforts to ensure agency, accountability, and stewardship within both ABOUT YOU and the wider community. We constantly seek ways to make a positive impact on society. For example, we donated more than 150,000 masks as part of our efforts to combat the spread and effects of the COVID-19 pandemic.

8.8 Intellectual Property

8.8.1 Trademarks and Registered Designs

As of the date of this Prospectus, we have registered approximately 130 trademarks, including combined word and figurative trademarks (*kombinierte Wort- und Bildmarken*), for our most important brand "ABOUT YOU". We constantly monitor our trademarks by commissioning the services of specialized third-party service providers in order to maintain and to protect these key assets, including by pursuing any infringements by third parties.

8.8.2 Domains

We are the legal or beneficial owner of various domains, including the following domains that are essential to our business:

- www.aboutyou.de;
- www.aboutyou.nl;
- www.aboutyou.cz;
- www.aboutyou.ch;
- www.aboutyou.at;
- www.aboutyou.be;
- www.aboutyou.com.

In addition to these above-listed domains, our more than 900 domains also relate to *e.g.*, our ecosystem (*e.g.*, for our events), our TME business (*e.g.*, for our Commerce Suite) or international expansion (*e.g.*, ABOUT YOU domains in countries we are not active in yet).

8.8.3 Proprietary Software

Our operations utilize a broad range of proprietary software in order to be able to adapt and deliver quickly along our value chain, including our "Customer Service Panel" for efficient operations on customer and order data for our support, "Product Sorting" for optimized sorting algorithms and "Brand Advertising Tool" to enable brands to steer onsite campaigns. Additionally, our whole customer-facing online shop was built by us. We constantly update our software solutions and add functionality and data. Moreover, our websites and apps have been specifically designed by our dedicated in-house team to ensure an immersive, convenient and stable shopping experience.

8.9 Material Agreements

8.9.1 Fulfillment Agreements

8.9.1.1 *Fulfillment Agreement with BAUR Versand (GmbH & Co KG)*

On June 29, 2018, former ABOUT YOU GmbH entered into a fulfillment agreement with BAUR Versand (GmbH & Co KG), which is part of the Otto Group, comprising the provision of logistics/warehouse and other services including conception and technical connection. The agreement was transferred to ABOUT YOU AG & Co. KG on March 5, 2021, by way of universal succession pursuant to section 131 para. 1 no. 1 German Transformation Act. Under this agreement BAUR Versand (GmbH & Co KG) is responsible for the operation, control and support of backend processes and logistical handling at the site Altenkunstadt, Germany, including the warehousing, which comprises stock placement, warehousing, commissioning, shipping processing, inventory and stock removal, and certain IT services. The remuneration payable to BAUR Versand (GmbH & Co KG) consists of fixed and variable components, which are payable upon fulfillment of the respective services. The fulfillment agreement entered into force on July 1, 2018 and has a minimum term until February 28, 2024. After expiry of the minimum term, the contract is automatically extended for an indefinite period, whereby each party has the right to terminate the contract with 24 months' notice on February 28/29 of each calendar year, however initially not before the end of the minimum term.

8.9.1.2 *Fulfillment Agreement with Ingram Micro Slovakia, s. r. o.*

On December 9, 2020, former ABOUT YOU GmbH entered into a fulfillment agreement with Ingram Micro Slovakia, s. r. o. comprising the provision of warehousing and fulfillment services. The agreement was transferred to ABOUT YOU AG & Co. KG on March 5, 2021, by way of universal succession pursuant to section 131 para. 1 no. 1 German Transformation Act (*Umwandlungsgesetz*). Under this agreement Ingram Micro as logistics service provider is responsible for the operation, control and support of the site Kostolné Kračany, Slovakia, including handling the logistics at the site, storage of goods in stock, yard management, order picking, preparation and handover of goods for dispatch and removal of goods from stock. The remuneration payable to Ingram Micro consists of fixed and variable components, which are payable on a monthly basis. The fulfillment agreement entered into force on December 9, 2020 and has a minimum term until February 28, 2027. After expiry of the minimum term, the contract is automatically extended for an indefinite period, whereby each party has the right to terminate the contract with 24 months' notice to the end of the month, however for the first time at the end of the minimum term, with such notice to be served no later than February 28, 2025.

8.9.2 Shareholder Loan Agreements

Former ABOUT YOU GmbH entered into three separate shareholder loan agreements with Otto and GFH on November 30, 2020 and with Aktieselskabet af 12.6.2018 on December 4, 2020 as lenders. The agreements were transferred to ABOUT YOU AG & Co. KG on March 5, 2021, by way of universal succession pursuant to section 131 para. 1 no. 1 German Transformation Act (*Umwandlungsgesetz*). Otto granted an unsecured and subordinated loan to ABOUT YOU AG & Co. KG in the aggregate amount of €42.4 million, GFH granted an unsecured and subordinated loan in the aggregate amount of €9.7 million and Aktieselskabet af 12.6.2018 granted an unsecured and subordinated loan in the aggregate amount of €22.9 million. All loans carry interest at a rate of 10% p.a. The loans including interest are due for repayment on December 31, 2021 (the repayment date). However, the borrower is entitled to fully or partially repay the loans at any date prior to the repayment date together with the accrued interest on the respective amount of the loans. The lenders have the right to terminate the agreements and request immediate repayment of all or part of the loans, accrued interest and/or any other amounts outstanding under the agreements, if (i) an initial public offering of existing and/or new shares or other equity(-like) instruments in an entity which directly and/or indirectly holds all or substantially all of the assets attributable to the borrower is completed; (ii) the borrower fails to pay any sum due under the agreement or fails to comply with any other provision of the agreement; (iii) any event occurs having a material adverse effect on the financial situation of the borrower; (iv) a resolution is passed or an order of the court of competent jurisdiction is made that the borrower be wound up or dissolved; (v) the borrower is over-indebted or unable to pay its debts as they fall due; and/or (vi) any expropriation, attachment or a comparable action occurs in relation to any material part of the assets of the borrower and the respective measure is not discharged, stayed or dismissed within 15 days or any security granted in relation to any assets of the borrower is realized.

On February 17, 2021 the shareholder loan agreements between former ABOUT YOU GmbH and Otto, GFH and Aktieselskabet af 12.6.2018 were amended. The loans including interest are now due for repayment on February 28, 2023. The borrower is entitled to fully or partially repay the loans together with accrued but unpaid interest prior to the repayment date.

8.10 Compliance Management

We have established a compliance management system aimed at ensuring lawful conduct by its employees. Our compliance system is designed to identify potential violations in advance and to systematically prevent their occurrence and is supervised by our compliance officer. This compliance system comprises, among other things, compliance guidelines offering an overview of our compliance regime and our mandatory compliance policies, regular training courses on relevant compliance risks and measures as well as adequate measures to allow employees to report potential compliance violations. Our compliance system is, among other things, aimed at preventing bribery and corruption, and violations of anti-money laundering and data protection laws and regulations.

8.11 Employees

As of the date of this Prospectus, we employ a total of 1,138 employees (full-time equivalent), of which 1,133 work in Germany and 5 in Austria, and of which 231 work for our Tech management resort and 907 for our Business and marketing management resort.

The following table provides a breakdown of our average number of employees (full-time equivalent) by function and geography for the periods indicated:

	As of the fiscal year ended,		
	February 28, 2019	**February 29, 2020**	**February 28, 2021**
		(unaudited)	
Function			
Management Resort Tech[(1)]	132	170	231
Management Resort Business and Marketing	438	516	818
Total	**570**	**686**	**1,049**
Geography			
Germany	565	681	1,044
Austria	5	5	5
Total	**570**	**686**	**1,049**

(1) Across all management resorts, approximately one third of our workforce is involved in tech.

8.12 Insurance Coverage

We have taken out a number of group insurance policies that are customary in our industry (*e.g.*, property and loss of earnings insurance, business liability insurance, including insurance for product liability and transport insurance) and cover all entities of ABOUT YOU. Our insurance policies contain market-standard exclusions and deductibles. We regularly review the adequacy of our insurance coverage and consider our insurance coverage market-standard insurance coverage customary in our industry. There is, however, no guarantee that we will not suffer any losses for which no insurance coverage is available or that the losses will not exceed the amount of insurance coverage under existing insurance policies.

We have also taken out a directors and officers ("**D&O**") insurance policy that covers the current and future members of the Management Board and Supervisory Board as well as equivalent bodies of other entities of ABOUT YOU, with a market standard coverage including various sub-limits depending on the specific nature of claims. The D&O insurance provides for a deductible for all members of the Management Board in line with the AktG.

8.13 Litigation

In the course of our business activities, we are regularly exposed to numerous legal risks, particularly in the areas of product liability, competition, intellectual property disputes and tax matters (see "*1.3 Regulatory, Legal and Tax Risks*"), and the Company and its subsidiaries are regularly parties to legal disputes.

Since November 2018, ABOUT YOU Verwaltungs AG (formerly ABOUT YOU GmbH) has been the defendant in a pending court proceeding on alleged trademark infringement against SAFE-1 Immobilieninvest GmbH ("**SAFE-1**") and Y/O/U Label GmbH before the Commercial Court of Vienna, Austria (*Handelsgericht Wien*) which seeks to prohibit the Company from using the element "ABOUT YOU" in words and images, to remove the goods and services marked with the described elements, to render an account and to surrender the profits obtained due to the alleged trademark infringement. Pending determination by the court, the preliminary aggregate amount in dispute (*Streitwert*), excluding any further impact on our business, was estimated at €560,112. By order of the Commercial Court of Vienna dated May 23, 2019, the proceedings were suspended to await a final ruling in another proceeding related to the Company's claims against the plaintiffs trademarks. On February 23, 2021, the claimants filed a continuation request.

Since March 19, 2021, ABOUT YOU GmbH (now ABOUT YOU Verwaltungs AG) has been the defendant in a pending court proceeding on alleged trademark infringement against SAFE-1 before the higher regional court of Dusseldorf (*Landgericht Düsseldorf*) claiming that the Company infringed trademark rights by using the element "ABOUT YOU" and requesting the Company to refrain from using as well as the partial deletion of the element "ABOUT YOU", ABOUT YOU Limited, the domain www.aboutyou.de and the Company`s name. The first hearing is scheduled for September 1, 2021. Pending determination by the court, the preliminary aggregate amount in dispute (*Streitwert*), excluding any further impact on our business, was estimated at €201,973.

Since October 2020, ABOUT YOU Verwaltungs AG (formerly ABOUT YOU GmbH) has been the defendant in a pending court proceeding on alleged trademark infringement against UTENOS TRIKOTAŽAS, AB, a Lithuanian public limited liability company, before the Vilnius regional court which seeks to prohibit the Company from using the element "ABOUT YOU" and the domain aboutyou.lt as well as damages in the amount of €10,000. The Company submitted a rejoinder (*Replik*) to the court on January 12, 2021 requesting that the court dismiss the claimant's claims in their entirety and to order the claimant to pay the costs incurred by the Company. The first hearing will take place on June 30, 2021 at the earliest.

Since November 2020, ABOUT YOU Verwaltungs AG (formerly ABOUT YOU GmbH) has been subject to information proceedings of the Commissioner for Data Protection and Freedom of Information of Hamburg (*Hamburgische Beauftragte für Datenschutz und Informationsfreiheit*) following a complaint that the Company allegedly uses tracking services (Google Analytics) on its webpage www.aboutyou.de without consent of the user. As of the date of this Prospectus, the Company submitted a written statement (*Stellungnahme*) to the Commissioner for Data Protection and Freedom of Information of Hamburg (*Hamburgische Beauftragte für Datenschutz und Informationsfreiheit*) on January 12, 2021 requesting to discontinue the proceedings in the absence of a breach of data protection law, followed by a second written statement on April 30, 2021, providing further information.

Other than the above, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the last 12 months prior to the date of this Prospectus which may have, or have had in the recent past, significant effects on the Company's and/or ABOUT YOU Group's financial position or profitability.

9. REGULATORY AND LEGAL ENVIRONMENT

We operate in several countries in the European Union as well as in Switzerland. Therefore, our business is subject to various regulatory requirements under European Union law, the applicable national laws of the European countries in which we operate as well as the laws of Switzerland.

While the relevant laws and regulations are typically of a national scope, within the European Union, a considerable degree of regulatory harmonization exists in a number of areas relevant to our business. The European Union has created a common regulatory framework that applies not only in our most important market Germany but in all member states of the European Union and comprises directives and regulations. Directives only become effective once they are transposed into national law in the respective member state of the European Union and the implementation of directives may vary between member states. Regulations, however, do not require implementation into national law and apply directly and uniformly in all member states of the European Union. In addition, Switzerland has enacted a national regulatory framework that is somewhat similar to the framework applicable in the European Union.

The following description provides an overview of selected regulations applicable to our business.

9.1 Data Protection and Data Privacy

The collection, processing and other use of personal data is extensively regulated by European Union (*e.g.*, the Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("**General Data Protection Regulation**")) and national legislation (*e.g.*, the German Federal Data Protection Act (*Bundesdatenschutzgesetz* (the "**Data Protection Act**")) in Germany).

In general, European data protection and data privacy laws regulate when and how personal data may be collected, for which purposes it may be processed, for how long such data may be stored and to whom and how they may be transferred. The General Data Protection Regulation contains strict requirements for obtaining the consent of data subjects (*i.e.*, the persons to whom personal data relates) to the use and processing of their personal data. Such consent may be withdrawn at any time and without cause, preventing the continued use of the affected data. In addition, a transfer of personal data to entities outside Europe is subject to specific requirements.

The General Data Protection Regulation also requires organizational measures, such as the installation of a data protection officer (*Datenschutzbeauftragter*) who, among other things, must monitor compliance with the General Data Protection Regulation. In addition, it may require so-called privacy impact assessments, at least in cases where the data processing is likely to result in a high risk to the rights and freedoms of individuals.

In addition to the General Data Protection Regulation and the Data Protection Act, various sector-specific statutes set forth rules which apply to certain industries or businesses and prevail over the general provisions of the Data Protection Act. In Germany, operators of online platforms have to comply with the specific requirements of the German Tele Media Act (*Telemediengesetz* (the "**Tele Media Act**")), which takes into consideration particular aspects of online communication. For example, the Tele Media Act provides for additional information obligations which are stricter than the general requirements of the Data Protection Act (*e.g.*, a requirement to include an imprint on websites and apps).

The following selected areas of data protection and data privacy are of particular relevance to our business:

9.1.1 Individual Rights of Data Subjects

Under the General Data Protection Regulation, data subjects have a right to require information about what data have been recorded with respect to them, how their data is being processed, the right to data portability as well as the right to restrict certain processing of their data. Furthermore, the General Data Protection Regulation establishes a so-called "right to be forgotten". Therefore, data subjects may require that data relating to such data subjects are deleted when there is a problem with the underlying legality of the processing or where the data subjects have withdrawn their consent to the use and storage of such data.

9.1.2 Web Analysis

Web analysis technology, such as cookies or tracking tools (*e.g.*, Google Analytics), enables us to utilize traffic to our websites and apps to personalize our offering and marketing efforts to better match the interests of our users. Even though most web analysis tools allow for the anonymization of data (*i.e.*, by collecting only a part of the users' IP addresses) and do not allow for a subsequent allocation of such data to individual users, the use of such tools may still be subject to data privacy laws.

On May 28, 2020, the Federal Court of Germany (*Bundesgerichtshof*), based on a decision by the European Court of Justice of October 1, 2019, ruled that under German law, the use of certain cookies requires a clear affirmative act of the user and that a pre-activated checkbox does not fulfil this requirement. The use of cookies may be restricted further by a new regulation of the European Parliament and of the Council, which is currently undergoing the European legislative process. This legislation provides for an opt-in regime, pursuant to which the use of certain cookies requires a clear affirmative act establishing a freely given, specific, informed and unambiguous indication of users of websites and apps.

9.1.3 Profiling

The General Data Protection Regulation imposes various restrictions on profiling. Profiling can be defined as any form of automated processing of personal data intended to evaluate certain personal aspects relating to a natural person or to analyze or predict such person's performance at work, economic situation, location, health, personal preferences, reliability or behavior.

9.1.4 Email Advertisements

Subject to certain exceptions, email advertisements (*e.g.*, newsletters) may only be sent to recipients who have given their explicit prior consent to receiving such communication. In Germany, case law demands that in certain cases consent must be obtained through a so-called double opt in procedure. This procedure requires that recipients give their consent twice (*i.e.*, firstly by filling out an online registration form and secondly by confirming their email address after they have registered).

When obtaining consent, the respective sender has to clearly inform the recipients of the scope and consequences of their consent. For example, a declaration of consent may not be hidden in general terms and conditions but must be clearly highlighted. Consent may be withdrawn at any time without cause.

As an exception from the consent requirement, personalized product recommendations may be sent to customers by email without their explicit prior consent, provided that such recommendations only relate to products identical or similar to those previously purchased by these customers and that these customers have been duly informed about their right to object to receiving such recommendations.

9.1.5 Social Plugins

Operators of online platforms use social plugins (*e.g.*, Facebook's "Like" or "Share" buttons) to promote their websites and apps through social media and to communicate with their customers and followers. The use of such social plugins may, however, infringe data privacy laws, depending on the technical design of the relevant plugin. Therefore, some German data protection authorities recommend the use of a two-click-solution, pursuant to which users must first activate the relevant social plugins before being able to actually click on the relevant buttons.

9.1.6 Payment Processes

Directive (EU) 2015/2366 of the European Parliament and of the Council of November 25, 2015 on payment services in the internal market, among other things, covers online-based payment services, provides for a uniform regulation of payments via Internet and mobile phones and increased customer protection and requirements for user authentication.

9.1.7 Consequences of Non-Compliance

Non-compliance with the General Data Protection Regulation may result in severe fines. Depending on the individual infringement, fines of up to the higher of 4% of the annual worldwide turnover for the last year and €20.0 million may be imposed. In addition, the General Data Protection Regulation grants individual data subjects the right to claim damages for violations of their rights under the General Data Protection Regulation.

9.1.8 New Proposal for a Data Privacy Regulation

On January 10, 2017, the European Commission released a proposal for a regulation of the European Parliament and of the Council concerning the respect for private life and the protection of personal data in electronic communications. While the proposal is still subject to legislative procedure and debate, it contains several provisions aimed at ensuring the confidentiality of electronic communications and also sets forth strict requirements for unsolicited communication as part of direct marketing efforts.

9.2 Cybersecurity

We have to comply with various cybersecurity requirements. In particular, the General Data Protection Regulation and the Data Protection Act stipulate that entities that collect and process personal data, including operators of online platforms, must implement certain technical and organizational measures to ensure that such data is processed and stored safely, remains confidential and can be restored and accessed again after interruptions. These measures may include physical security against unauthorized access and manipulation (*e.g.*, secure storage and transportation of physical data carriers), password security, authorization concepts, logging of subsequent changes of data, separation of data that has been collected for different purposes, reasonable encryption and protection against accidental loss, destruction or damage of data. Furthermore, the effectiveness of such measures must be tested regularly.

In addition, operators of online platforms must ensure that appropriate compliance measures cover the detection and control of technology related risks. In Germany, the German Act to Increase the Security of Information Technology Systems (*Gesetz zur Erhöhung der Sicherheit informationstechnischer Systeme*) amended the Tele Media Act in 2015. German law requires operators of websites and apps to protect their technology, in particularly any data they collect and store, against outside attacks in accordance with the current standards of technology.

Directive (EU) 2016/1148 of the European Parliament and of the Council of July 6, 2016 concerning measures for a high common level of security of network and information systems, among other things, requires digital service providers, including online platforms, to:

- carefully review their existing network security mechanisms;
- implement state of the art security measures aimed at ensuring a level of security appropriate to the risk of the respective provider; and
- establish proper notification measures to promptly notify the competent authority of any incident which has a substantial impact on the services offered in the European Union.

Furthermore, the General Data Protection Regulation generally requires us to inform the competent supervisory authorities of any breach of personal data stored or processed by us within 72 hours of becoming aware of such breach. Where the relevant breach is likely to result in a high risk to the rights and freedoms of the affected data subjects, we are also required to inform these data subjects of the breach without undue delay.

9.3 Consumer Protection

As an online retailer of consumer products in the fashion industry, our products must comply with various consumer protection laws. Throughout the European Union, consumer protection is extensively regulated on the basis of various directives, in particular:

- Council Directive 93/13/EEC of April 5, 1993 on unfair terms in consumer contracts, as amended;
- Directive 1999/44/EC of the European Parliament and of the Council of May 25, 1999 on certain aspects of the sale of consumer goods and associated guarantees, as amended;
- Directive (EC) 2000/31 of the European Parliament and of the Council of June 8, 2000 on certain legal aspects of information society services, in particular electronic commerce, in the internal market, as amended;
- Directive (EC) 2005/29 of the European Parliament and of the Council of May 11, 2005 concerning unfair business-to-consumer commercial practices in the internal market, as amended; and

- Directive (EU) 2011/83 of the European Parliament and of the Council of October 25, 2011 on consumer rights, as amended (the "**Consumer Rights Directive**").

The aforementioned European directives on consumer protection and the national laws implementing or complementing these directives impose extensive duties and responsibilities on us, in particular:

9.3.1 Information Requirements

Online platforms are subject to extensive and formalized information requirements. For example, they have to provide potential customers with detailed and accurate information on the main characteristics of their products, price and payment details and on statutory withdrawal rights (see "*9.3.3 Withdrawal Rights*"). Operators of online platforms have to observe these requirements when designing and structuring their websites and apps as well as their ordering, payment and logistics processes.

As a result of changing legislation, operators of online platforms are regularly required to adapt their offerings and processes. For example, the Consumer Rights Directive requires online operators to ensure that during the order process, consumers explicitly acknowledge that their order implies an obligation to pay. If placing an order requires activating a button or a similar function, such button must be labeled "order with obligation to pay" or be similarly labeled, and the operator must ensure that consumers are made aware of certain key information relating to the purchase directly before placing orders by activating such button.

9.3.2 Warranty Rights

Online retailers including ABOUT YOU Group, are responsible for the conformity of their products with the agreed condition and liable to consumers for any lack thereof at the time of delivery. In case of product defects, consumers may require the relevant retailer to repair or replace the relevant products free of charge.

9.3.3 Withdrawal Rights

Consumers have the right to withdraw from online purchases without cause within 14 days from the day on which such consumers come into possession of the relevant products. Online operators are required to inform consumers of their statutory withdrawal rights and failure to do so results in an extension of the withdrawal period by twelve months. Consumers must exercise their withdrawal rights by explicitly declaring their withdrawal (*e.g.*, in writing, per email or telephone). A return of the relevant products without comment does not constitute a valid declaration of withdrawal.

Following a valid exercise of the statutory withdrawal right, consumers are required to return the relevant products within 14 days. During the same period, sellers are required to reimburse the purchase price, including shipping costs, if any. Such sellers are, however, not required to reimburse consumers for any additional costs, if consumers have expressly opted for a more expensive type of delivery (*e.g.*, express delivery). Consumers generally have to bear the expenses for the return, unless the seller has agreed to bear them or failed to properly inform consumers that they will have to bear such expenses in case of a withdrawal. In addition, consumer are required to compensate online operators for any losses in the value of the returned products, unless (i) such losses were caused by the customary handling of the products in order to examine their condition, features and functionalities or (ii) the sellers failed to properly inform the consumers of their statutory withdrawal rights.

9.3.4 Advertising

Advertising efforts (*e.g.*, promotional games, newsletters and personalized product recommendations) are heavily regulated, in particular if distributed via email or telephone. Advertisements may not be misleading, harassing, coercing or unreasonably or otherwise unduly influence consumers. These criteria leave wide room for interpretation, resulting in significant uncertainty as to how regulators, governmental agencies and other competent bodies will apply them.

9.3.5 Consequences of Non-Compliance

Failure to comply with the provisions on consumer protection may give rise to civil liability, administrative orders or fines, and may even result in the invalidity of the relevant purchase agreements. Competitors and consumer protection associations could issue formal warnings, and the latter may also assert claims for injunctive relief.

9.4 Product Safety

9.4.1 Requirement to ensure Product Safety

Online retailers in the home & living industry who market their products in the European Union have to act with due care to help ensure that their products are safe. To this end, Directive 2001/95/EC of the European Parliament and of the Council of December 3, 2001 on general product safety, as amended (the "*Product Safety Directive*"), which has been implemented in Germany by the German Act on Product Safety (*Produktsicherheitsgesetz*) as well as various governmental regulations (*Rechtsverordnungen*) on the safety of specific products and product groups, imposes various obligations on manufacturers and retailers.

Under the Product Safety Directive, retailers are required to act with due care to ensure compliance of their products with the applicable safety requirements, in particular by not marketing products, if they know, or should have presumed, that such products do not comply with such safety requirements. The Product Safety Directive applies to all products which are intended for consumers, or likely to be used by consumers even if not intended for them, whether new, used or reconditioned. However, the Product Safety Directive does not apply to second-hand products supplied as antiques or as products that need to be repaired or reconditioned prior to being used, if the retailer clearly informs the consumer of this condition.

In addition, retailers are generally required to participate in the monitoring of the safety of their products, especially by passing on information with respect to product risks, by keeping and providing the documentation necessary for tracing the origins of their products, and by cooperating with manufacturers and competent governmental authorities to mitigate risks from defective products. Retailers may also become subject to the even more extensive regulations relating to producers under the Product Safety Directive, for example if they modify their products in a way that affects the safety of such products.

Moreover, the Act on Food, Feed and Consumer Products (*Lebensmittel-, Bedarfsgegenstände- und Futtermittelgesetzbuch*) as well as the Governmental Regulation on Consumer Products (*Bedarfsgegenständeverordnung*) have to be observed by any retailer when performing its business in Germany. Both acts are primarily aimed at protecting the health of consumers that get into contact with certain products and grant extensive powers to the competent authorities in order to supervise the compliance of the manufacturers and the distributors of products with their legal duties. Apparel, shoes and accessories generally qualify as consumer products within the meaning of both acts.

9.4.2 Consequences of Non-Compliance

A violation of European or national product safety laws and related regulations may be sanctioned with fines and in severe cases even with criminal sanctions.

The German Product Liability Act (*Produkthaftungsgesetz* (the "**Product Liability Act**")) provides for an additional liability regime with respect to products that cause injury or death of a natural person or damage to property and such liability generally applies irrespective of fault (*verschuldensunabhängig*). Under the Product Liability Act, retailers are generally considered manufacturer with respect to establishing their product liability obligations. The Product Liability Act provides for a liability limit (*Haftungshöchstbetrag*) in an amount of €85.0 million. In addition, in case of damage to property, the owner of such property is required to bear damages in an amount of €500.00 himself.

9.5 Textile Labeling

Retailers who make textile products available on the European Union market have to comply with various requirements with respect to the use of textile fiber names as well as labeling and marking of the composition of textile products.

On the EU level, these aspects are governed by the Regulation (EU) No 1007/2011 of the European Parliament and of the Council of September 27, 2011 on textile fiber names and related labeling and marking of the fiber composition of textile products, as amended (the "**Regulation on Textile Labeling**"). It contains rules concerning the use of textile fiber names, the composition of multi-fibers and the content and form of labeling textiles as well as non-textile parts of animal origin (*e.g.*, fur or leather) in textile products. Additionally, it contains rules regarding the monitoring of the implementation of the respective requirements including market surveillance checks by the competent authorities.

In Germany the Act on Textile Labeling (*Textilkennzeichnungsgesetz*) creates the necessary conditions for the effective enforcement of the Regulation on Textile Labeling and in particular provides for the competence and powers of the authorities involved in market surveillance and regulatory offences. The law also imposes certain storage obligations on manufacturers and distributors with regard to documents relating to facts on which the labelling or marking of the fiber composition is based.

The Regulation on Textile Labeling does not apply to the labeling of textile parts of footwear. Directive 94/11/EC of European Parliament and Council on the approximation of the laws, regulations and administrative provisions of the Member States relating to labeling of the materials used in the main components of footwear for sale to the consumer, as amended, regulates the information on the composition of footwear shall be conveyed by means of labeling. Additionally, the German Consumer Goods Ordinance (*Bedarfsgegenständeverordnung*) has to be observed. Footwear products have to be labeled by the manufacturer or the retailer making the products available on the European Union market. The ordinance contains rules about the content and form of labeling and also provides for penalties for the violation of these duties.

As consumer products, apparel, shoes and accessories also fall under the German Act on Product Safety (*Produktsicherheitsgesetz*), which contains a regulation that requires the manufacturer, his authorized representative and the importer to provide the consumer with the necessary information to assess the risks of certain products as well as the names and contact address of the manufacturer or, if he is not domiciled in the European Economic Area, of the name and contact address of his authorized representative or the importer.

9.6 Trademarks

The registration and protection of trademarks is regulated by international, European and national legislation:

- On an international level, trademark registration and protection are, among other things, governed by the Madrid Agreement Concerning the International Registration of Marks of April 14, 1891, as amended (the "**MMA**"), the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks of June 27, 1989, as amended (the "**PMMA**"), and the Paris Convention for the Protection of Industrial Property of March 20, 1883, as amended.

- On a European Union level, trademarks are governed by Directive (EU) 2015/2436 of the European Parliament and of the Council of December 16, 2015 to approximate the laws of the member states relating to trademarks and, with respect to the creation of a union wide trademark registration and protection regime, by Regulation (EU) 2017/1001 of the European Parliament and of the Council of June 14, 2017 on the European Union trademark, as amended.

- In Germany, trademarks are governed by the German Federal Trademark Act (*Markengesetz*).

Trademarks may be registered with a national trademark authority (*e.g.*, the German Patent and Trade Mark Office (*Deutsches Patent- und Markenamt*)), the European Union Intellectual Property Office for union wide registration, and, following either national or union-wide registration, via the World Intellectual Property Organization in countries which are parties to the MMA or PMMA for ten-year periods. Such registrations may be renewed repeatedly.

Upon receiving an application, the competent trademark authority will examine whether there are grounds for refusal of granting the trademark registration (*e.g.*, due to a lack of distinctive character of the relevant trademark). Furthermore, proprietors of earlier trademarks may oppose the application for registration within three months of the publication of the application (*e.g.*, if the new trademark and the products or services sold thereunder are identical or similar to their trademark and the products or services sold thereunder). Upon registration of a European Union trademark, the proprietor may prohibit any third-party from using such trademark commercially without his prior consent. In addition, national trademark laws of the member states of the European Union stipulate that the proprietor of a European trademark is entitled to, among other things, receive compensation for damages arising from the illegal use of his trademark.

9.7 Internet Domains

The reservation, transfer and renewal of generic top level Internet domains (*e.g.*, ".com") and national top level Internet domains (*e.g.*, ".de") are administered by the Internet Corporation for Assigned Names and Numbers ("**ICANN**"), which is a US based non-profit organization. The reservation, transfer and renewal of second level Internet domains are administered by certain registrars which are accredited by ICANN. In Germany, Internet domains ending with ".de" are administered by DENIC eG ("**DENIC**"), a German non-profit organization. Reservations of second level Internet domains are made by DENIC depending on who is the first applicant for the relevant domain.

If a domain infringes on trademarks or name rights, the proprietor of the relevant trademarks or name rights can under certain conditions file an injunction to prevent the registration or use of such domain. Such proprietor may also be entitled to compensation for damages arising from infringements on such rights. Furthermore, specific dispute resolution proceedings are available for disputes over domains, including with respect to infringements of trademark or name rights. For example, the Uniform Domain Name Dispute Resolution Policy of the ICANN applies to disputes over the abusive reservation and use of domains for generic and certain national top level domains.

In Germany, DENIC refers to the German courts for any disputes arising from the reservation and use of national domains. German courts may, *inter alia*, approve requests for the cancellation of domains, but not for the transfer of the disputed domains. However, if an entry on the disputed domain has been made with DENIC, such domain is transferred automatically to the claimant upon cancellation of the relevant domain by the courts. In addition, holders of domains who are also proprietors of trademarks corresponding to such domains can under certain conditions defend their domains *vis-à-vis* third parties against abusive reservation or use on the grounds of trademark protection.

10. SHAREHOLDER INFORMATION

10.1 Major Shareholders

As of the date of this Prospectus, the following shareholders of the Company directly hold an interest in the Company's share capital and voting rights that would qualify as a notifiable interest within the meaning of Sections 33 *et seqq.* of the German Securities Trading Act (*Wertpapierhandelsgesetz* ("**WpHG**")), if these provisions were already applicable to the Company:

- Otto (GmbH & Co KG), with its registered office in Hamburg, Germany;
- Aktieselskabet af 12.6.2018, with its registered office in Aarhus, Denmark;
- GFH Gesellschaft für Handelsbeteiligungen m.b.H., with its registered office in Hamburg, Germany;
- Tarek Müller Beteiligungsgesellschaft mbH, Hamburg, Germany; and
- Sebastian Betz Beteiligungsgesellschaft mbH, Hamburg, Germany (all these shareholders, together with Hannes Wiese Beteiligungsgesellschaft mbH, Hamburg, Germany, the "**Major Shareholders**").

The following table sets forth the ultimate controlling shareholders of the Major Shareholders within the meaning of Sections 33 *et seqq.* WpHG and their shareholdings immediately prior to the Private Placement, as of the date of this Prospectus (taking into acocunt the Post-Placement Compensation described in "*10.2 Share Conversion and Post-Placement Compensation*", which was effected on June 14, 2021) and upon settlement of the Private Placement described in "*2.6 Background to the Private Placement*". The shareholdings do not include any attribution based on the shareholders' agreements described in "*10.3 Shareholders' Agreements*".

		Ownership of the Company		
Ultimate Shareholder	**Direct Shareholder**	**Immediately prior to the Private Placement (%)**	**As of the Date of this Prospectus (%)**	**Upon settlement of the Private Placement (%)**
Michael Otto Stiftung and Prof. Dr. Michael Otto(1)	Otto (GmbH & Co KG)(2), (3)	42.1	42.7	36.4
Anders Holch Povlsen(4)	Aktieselskabet af 12.6.2018(2)	22.8	23.1	19.7
Benjamin Otto(5)	GFH Gesellschaft für Handelsbeteiligungen m.b.H.(3)	9.6	9.7	7.1
Tarek Müller(6)	Tarek Müller Beteiligungsgesellschaft mbH	4.7	4.3	3.0
Sebastian Betz(7)	Sebastian Betz Beteiligungsgesellschaft mbH	4.1	3.7	2.6
Hannes Wiese(8)	Hannes Wiese Beteiligungsgesellschaft mbH	2.9	2.7	1.7
Treasury shares(9)		10.0	10.0	8.5
Other shareholders(10)		3.7	3.8	1.8
Public float		–	–	19.2
Total(11)		**100.0**	**100.0**	**100.0**

(1) The voting rights held by or attributed to Otto (GmbH & Co KG) are attributed to the Michael Otto Foundation (Michael Otto Stiftung) and Prof. Dr. Michael Otto, in each case through Verwaltungsgesellschaft Otto mbH, Otto Aktiengesellschaft für Beteiligungen, Kommanditgesellschaft Delta Beteiligungsgesellschaft m.b.H. & Co., Delta Beteiligung (Handel) G.m.b.H. and Kommanditgesellschaft ATLAS Vermögensverwaltungsgesellschaft & Co. pursuant to Section 34 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*). Otto (GmbH & Co KG) was allocated 545,000 shares from the holdings of the Selling Shareholders as part of the Private Placement.

(2) Any voting rights held by or attributed to Otto (GmbH & Co KG) and Heartland A/S, the parent company of Aktieselskabet af 12.6.2018, respectively, are the subject of a shareholders' agreement and thus attributed to the respective other party due to an acting in concert within the meaning of Section 34 para. 2 of the German Securities Trading Act (*Wertpapierhandelsgesetz*), see "*10.3.1 Shareholders' Agreement Otto / Heartland*".

(3) Any voting rights held by or attributed to Otto (GmbH & Co KG) and GFH Gesellschaft für Handelsbeteiligungen m.b.H., respectively, are the subject of a shareholders' agreement and thus attributed to the respective other party due to an acting in concert within the meaning of Section 34 para. 2 of the German Securities Trading Act (*Wertpapierhandelsgesetz*), see "*10.3.2 Voting Pool Agreement Otto / GFH*".

(4) The voting rights held by or attributed to Aktieselskabet af 12.6.2018 are attributed to Mr. Anders Holch Povlsen through Heartland A/S, the parent company of Aktieselskabet af 12.6.2018, and Brightfolk A/S pursuant to Section 34 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*). Aktieselskabet af 12.6.2018 was allocated 240,000 shares from the holdings of the Selling Shareholders as part of the Private Placement.

(5) The voting rights held by or attributed to GFH Gesellschaft für Handelsbeteiligungen m.b.H. are attributed to Mr. Benjamin Otto pursuant to Section 34 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*).

(6) The voting rights held by Tarek Müller Beteiligungsgesellschaft mbH are attributed to Mr. Tarek Müller pursuant to Section 34 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*). 28.5% of the shares underlying the voting rights immediately prior to the Private Placement are subject to a re-vesting scheme as described in "*13.4.1.1 Re-Vesting Scheme*" below.
(7) The voting rights held by Sebastian Betz Beteiligungsgesellschaft mbH are attributed to Mr. Sebastian Betz pursuant to Section 34 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*). 28.5% of the shares underlying the voting rights immediately prior to the Private Placement are subject to a re-vesting scheme as described in "*13.4.1.1 Re-Vesting Scheme*" below.
(8) The voting rights held by Hannes Wiese Beteiligungsgesellschaft mbH are attributed to Mr. Hannes Wiese pursuant to Section 34 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*). 28.5% of the shares underlying the voting rights immediately prior to the Private Placement are subject to a re-vesting scheme as described in "*13.4.1.1 Re-Vesting Scheme*" below.
(9) Treasury shares do not provide for shareholder rights as long as they are held by the Company.
(10) Collectively refers to other shareholders individually holding less than 3% of the voting rights in the Company immediately prior to the Private Placement, as of the date of this Prospectus and upon settlement of the Private Placement.
(11) Rounded figures of the individual shareholdings may not add up to 100.0% based on rounding differences.

The shares held by each Major Shareholder and attributed to the relevant ultimate shareholder have the same voting rights as any other ordinary shares in the Company.

Otto owns more than 30% of the voting rights in the Company and is, therefore, considered to hold a controlling interest in the Company pursuant to the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*). In addition, Otto entered into shareholders' agreements with each of the other Controlling Shareholders, which, among other things, set forth alignments on the exercise of voting rights. Therefore, the Company is controlled by each Controlling Shareholder and their relevant ultimate shareholder.

10.2 Share Conversion and Post-Placement Compensation

Until shortly before the Private Placement, the Company had two separate classes of shares issued and outstanding (A and B shares). Prior to the Private Placement, B shares were eliminated in a three-step process. First, the Company's share capital was increased from Company's resources without any issuance of new shares, resulting in an increase of the notional amount of the Company's share capital attributable to the existing shares. Second, all B Shares were converted to A-Shares and, with effect as of the conversion, the existing shareholders transferred to the Company without compensation a certain number of shares in the Company preliminarily calculated on the basis of contractual agreements. Most of the transferred shares were subsequently redeemed (*eingezogen*) by the Company, resulting in a reduction in the total number of shares and a corresponding increase of the notional amount of the Company's share capital, and 15,758,072 shares were retained as treasury shares. Third, the Company effected a share-split without any change to the Company's share capital, resulting in a notional amount of the Company's share capital attributable to each share of €1.00.

On June 14, 2021, immediately following the determination of the placement price for the Private Placement, there were compensatory measures in the form of share transfers between the members of the Management Board, on the one hand, and the other pre-Private Placement shareholders, on the other hand. In total 1,726,725 shares were transferred from the Management Board members to the other pre-Private Placement shareholders.

10.3 Shareholders' Agreements

10.3.1 Shareholders' Agreement Otto / Heartland

On February 22/26, 2021, Otto and Heartland A/S, the parent company of Aktieselskabet af 12.6.2018 ("**Heartland**"), entered into a voting and shareholders' agreement, which was amended on March 29, 2021 (and became effective as of that date) and May 25, 2021, confirming the parties' support of the Company's growth strategy and governing their cooperation, as to certain subject matters, as shareholders of the Company (the "**Shareholders' Agreement**"). Under the Shareholders' Agreement, the parties will exercise all their voting rights, including voting rights held by a third-party that has pooled its interests with one of the parties of the Shareholders' Agreement, in favor of the governance structure, as set forth in the Shareholders' Agreement, and certain matters set forth in the Shareholders' Agreement. The Shareholders' Agreement does not provide for a general pooling of the voting rights of the parties to the Shareholders' Agreement.

The Shareholders' Agreement stipulates that the Company shall have a supervisory board consisting of six members to be elected by the shareholders' meeting. Under the agreement, Otto may nominate and request the dismissal of up to three supervisory board members, of whom two may be Otto executives or employees, as long as it controls, including through affiliates or pooling agreements, at least 40% of the Company's share capital (excluding treasury shares). Heartland may nominate and request the dismissal of one supervisory board member. The other two supervisory board members shall be independent and jointly agreed by the parties. Otto may request the dismissal of one of the independent members at any time; however, Otto is not entitled to make such a request if, after the dismissal of the relevant independent member, the supervisory board would no longer comprise an independent member. The parties would welcome (i) the election of an Otto representative as the chairman of the supervisory board, (ii) the election of the Heartland nominee as the vice chairman and (iii) a representative of each party being a member of the audit committee (*Prüfungsausschuss*) and of the presiding & nomination committee (*Präsidialausschuss*). The chairman of the supervisory board (but not the vice chairman) shall have a casting vote in case of a tie. Any change to the rules of procedure of the supervisory board requires a unanimous decision of the supervisory board. In addition, the articles of association may not lower any statutory qualified majority requirements for resolutions of the shareholders' meeting.

With respect to capital authorizations, the Shareholders' Agreement stipulates that the parties will vote in favor of the renewal of the existing authorizations, *i.e.*, authorized capital as well as the authorization to issue convertible/option bonds and the underlying conditional capital. Any capital increase using authorized capital by means of contribution in kind (*Sacheinlage*) by a shareholder holding more than 25% of the Company's share capital (excluding treasury shares) with the exclusion of subscription rights shall require the approval of 75% of the supervisory board, *i.e.*, five out of the six members.

According to the Shareholders' Agreement, Heartland is entitled in the course of the Private Placement to purchase from the Underwriters such number of newly issued shares as required for Heartland to hold, directly or indirectly, up to 25.1% of the Company's share capital (excluding treasury shares) immediately following the Private Placement against payment of the Placement Price.

The Shareholders' Agreement may be terminated by each party as of the end of each calendar year giving 12 months prior written notice, for the first time with effect as of December 31, 2030. In the event that Heartland, together with its affiliates and trustees, ceases to hold at least one sixth of the Company's issued share capital, either party may terminate the Shareholders' Agreement with twelve months prior written notice to the other party.

10.3.2 Voting Pool Agreement Otto / GFH

On March 23, 2021, Otto and GFH entered into a pool agreement to coordinate the exercise of voting rights from all shares held by them in the Company, which was amended on June 7 and 8, 2021 (the "**Pool Agreement**").

Under the Pool Agreement, the parties formed a pool in the legal form of an internal partnership under civil law without joint assets (*Innengesellschaft bürgerlichen Rechts ohne Gesamthandsvermögen*) (the "**Pool**"). The Pool covers all shares with voting rights in the Company currently held by any party or dependent company (*abhängiges Unternehmen*) within the meaning of Section 17 AktG and those acquired in the future as a result of the exercise of subscription rights, regardless of how they are acquired, as well as all shares with voting rights held by a third party for a pool member on the basis of a trust or similar agreement (together the "**Pooled Shares**"). Under the Pool Agreement, the pool members undertake to register their shares in any shareholders' meeting or other form of resolution-making of the Company as well as to align and uniformly exercise their voting rights from the Pooled Shares in accordance with the resolutions of the pool meeting.

Each pool member may send a representative to the meeting of the pool members (the "**Pool Meeting**") who may be replaced at any time. Otto will be the chairman of the Pool. A quorum will be present at Pool meetings if (i) Otto is present or represented and the deadline and formal requirements for convening Pool Meetings are met or (ii) all pool members are present or represented and no pool member objects based on formal or notice deficiencies. Resolutions of the pool members are to be adopted by a simple majority of votes, with each Pooled Share carrying one vote. If no resolution has been adopted by the pool meeting, the pool members may exercise their voting rights at their sole discretion.

Under the Pool Agreement, before transferring or entering into an obligation to transfer any Pooled Shares to a third party outside the Pool, GFH must offer the relevant Pooled Share to Otto. This right of first refusal does not apply to shares sold by GFH as part of the Greenshoe Option up to an amount of €50 million (applying a price per share using the lower of the mid-point of the price range in the Private Placement or the Placement Price) or for sales via a stock exchange or as part of a block trade in an amount of up to €25 million and up to 0.4% of the Company's issued shares, in each case taking into account all sales outside the Private

Placement during the last twelve months prior to the relevant sale, and outside a blocked period of two months prior to the day of a shareholders' meeting as published in the Company's financial calendar.

If the Company's shares are admitted to trading on a stock exchange, GFH may require Otto to purchase from GFH shares in the Company for a total purchase price of €50 million on the basis of a price per share equal to the Placement Price. GFH may exercise this put option within 30 days following the first 270 days from commencement of trading. Alternatively, GFH may sell shares in the Company in an amount of €50 million (calculated on the basis of a price per share equal to the Placement Price) via a stock exchange or as part of a block trade during the same period.

The Pool Agreement may be terminated by either party with twelve months' prior notice as of the end of Otto's fiscal year; however, the earliest effective date of any termination by GFH is February 28, 2027.

11. GENERAL INFORMATION ON THE COMPANY AND ABOUT YOU GROUP

11.1 Formation, Incorporation, Commercial Name and Registered Office

The Company was incorporated as a limited liability company (*Gesellschaft mit beschränkter Haftung*) under German law by memorandum of association (*Gesellschaftsvertrag*) dated July 1, 2016. Its legal name was Neununddreißigste Otto Vorrats-Verwaltungsgesellschaft mbH, with its registered office in Hamburg, Germany, and registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, under the docket number HRB 143389.

By resolution of the shareholders' meeting of May 9, 2018, the memorandum of association was amended and the Company's legal name was changed to ABOUT YOU Holding GmbH.

By resolution of the shareholders' meeting of March 11, 2021, the Company changed its legal form to a stock corporation (*Aktiengesellschaft*) under German law and its legal name to ABOUT YOU Holding AG. The change in legal form and legal name was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, under the Company's new docket number HRB 168067 on March 30, 2021.

A shareholders' meeting held on June 14, 2021 approved a resolution to change the Company's legal form to a European company (*Societas Europaea (SE)*) organized under European and German law by way of a merger by acquisition (*Verschmelzung durch Aufnahme*) and change its legal name to "ABOUT YOU Holding SE". To transform the Company into a European company (*Societas Europaea (SE)*), the Company (as acquiror) will merge with its 100% subsidiary, ABOUT YOU Tiger Holding AG with registered office in Vienna, Austria (as transferor). The transformation into a European company (*Societas Europaea (SE)*) is expected to be registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, in June 2021.

The Company's legal name is ABOUT YOU Holding AG. The Company is the holding company of ABOUT YOU Group that primarily operates under the commercial name "ABOUT YOU".

The Company has its registered office at Domstraße 10, 20095 Hamburg, Germany (telephone: +49 (0) 40 638 569 – 0), LEI 894500DKEE3GY8870322. The Company's registered seat is Hamburg, Germany, and the Company is registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, under docket number HRB 168067.

11.2 Governing Law

The Company is organized under German law. When the intended transformation into a European company (*Societas Europaea (SE)*) becomes effective, the Company will be subject to European legislation on SEs, in particular to the SE Regulation. As a company that will be having its registered seat in Germany, the ABOUT YOU Holding SE will also be subject to German law. In certain areas, the SE Regulation provides discretion to the members states to set forth national rules applicable to an SE. In Germany, these provisions are mainly included in the German Act on the SE-Implementation (*SE-Ausführungsgesetz* ("**SEAG**"). If any matter is not covered or only partially covered by the SE Regulation, the provisions of German law that apply to a German stock corporation (*Aktiengesellschaft*) also apply to the Company. Therefore, the Company will be generally governed by German law, subject to the provisions of the SE Regulation. Thus, besides the SEAG, the AktG as well as other laws applicable to a German stock corporation (*Aktiengesellschaft*), in particular the German Transformation Act (*Umwandlungsgesetz* ("**UmwG**")), the HGB, the WpHG and the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz* ("**WpÜG**")), will continue to apply to the Company.

11.3 Fiscal Year and Duration

The Company's fiscal year runs from March 1 of any given year until the last day in February of the following year. The Company has been established for an unlimited duration.

11.4 History of ABOUT YOU Group

ABOUT YOU Verwaltungs AG, formerly ABOUT YOU GmbH, now part of the ABOUT YOU Group, was founded in Germany, in May 2014 with initial activities in Germany. The founders Tarek Müller, Hannes Wiese and Sebastian Betz started ABOUT YOU aiming to become the first company to digitize the traditional shopping stroll with a personalized shopping experience on the smartphone. Set up as a mobile-born tech company, ABOUT YOU developed its own proprietary state-of-the-art tech stack. This enabled the company to quickly and efficiently expand its commerce operations to 23 European markets. Since 2018, ABOUT YOU has opened up its infrastructure allowing third parties to leverage its technology platform through the Technology, Media and Enabling (TME) solutions. In April 2019 ABOUT YOU GmbH acquired 100% of the shares in ad-tech company Adference GmbH to further expand our tech offering.

With effect as of March 1, 2020, ABOUT YOU Verwaltungs AG (at this time ABOUT YOU GmbH) transferred all of its assets and liabilities and all other rights and obligations (except for shareholdings in other entities, an intercompany agreement and tax assets and liabilities) to ABOUT YOU Operations GmbH & Co. KG (now ABOUT YOU AG & Co. KG), another entity of the ABOUT YOU Group by way of a hive-down (*Ausgliederung*). The hive-down was registered in the commercial register on March 5, 2021.

11.5 Corporate Purpose

§ 2 of the Articles of Association defines the Company's corporate purpose as follows:

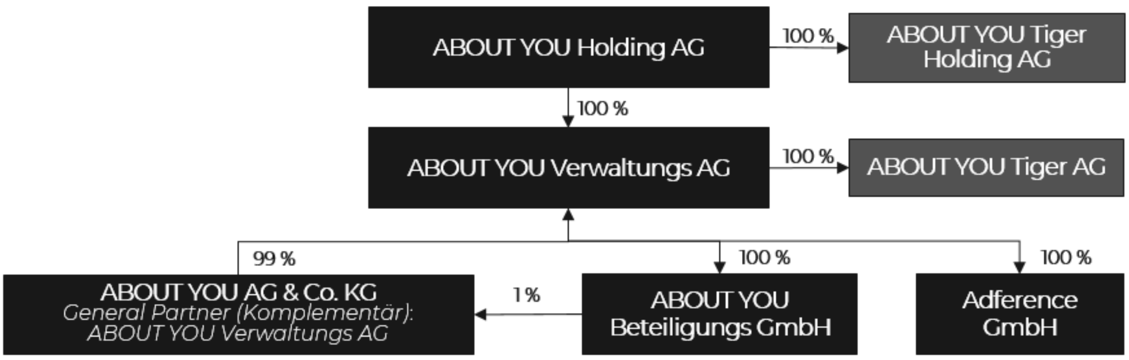
- Purpose of the Company is the purchase and sale of goods and services via the internet and over-the-counter retail as well as miscellaneous activities relating to e-commerce as well as all related transactions, furthermore/in particular the exercise of a holding function for companies operating in the aforementioned field of business.

- The Company may conduct any business which directly or indirectly may serve the corporate purpose. The Company may establish branch offices at home and abroad, may acquire a participating interest in or entire businesses and/or may take over the representation and/or management of such businesses. The business purpose of subsidiaries and/or associated companies may also comprise a corporate purpose beyond the limitations of the preceding bullet.

- The Company may limit its activities to one or several of the activities listed in the first bullet. Furthermore, the Company may exercise its activities entirely or partially via its subsidiaries, associated companies or joint venture companies. It may transfer or spin-off its business entirely or partially to dependent companies (*abhängige Unternehmen*). The Company may limit its business to acting as a holding company and/or to the administration of own assets.

11.6 Group Structure

The Company is the holding company of ABOUT YOU Group. ABOUT YOU Group's business is conducted by the Company and its subsidiaries, in particular ABOUT YOU AG & Co. KG and Adference GmbH. As of the date of this Prospectus, ABOUT YOU Group comprises the Company, ABOUT YOU Verwaltungs AG, ABOUT YOU Beteiligungs GmbH, Adference GmbH, ABOUT YOU AG & Co. KG, all of which are based in Germany as well as ABOUT YOU Tiger Holding AG and ABOUT YOU Tiger AG, which are based in Austria. To transform the Company and ABOUT YOU Verwaltungs AG into European companies (*Societas Europaea (SE)*), the Company (as acquiror) will merge with ABOUT YOU Tiger Holding AG (as transferor), while ABOUT YOU Verwaltungs AG (as acquiror) will merge with ABOUT YOU Tiger AG (as transferor).



11.7 Significant Subsidiaries

The following table presents an overview of the Company's significant subsidiaries:

	As of the date of this Prospectus		As of and for the fiscal year ended February 28, 2021			
Legal name	**Company's share of capital**	**Issued capital**	**Capital reserves[2]**	**Result for the year[2]**	**Payables to the Company[2]**	**Receivables from the Company[2]**
	(unaudited) (in %)	**(unaudited) (in €)**	**(unaudited, unless otherwise indicated) (in € million)**			
ABOUT YOU Verwaltungs AG[1]	100.0	147,363	78.3	1.1	0.0	0.0
ABOUT YOU AG & Co. KG[1]	100.0	11,000	80.5[3]	(54.1)[3]	0.0	0.0
Adference GmbH[1]	100.0	31,250	1.4[4]	–[4]	0.0[4]	0.0[4]

(1) Founded in Germany.
(2) Prepared in accordance with generally accepted accounting principles of the HGB.
(3) Audited.
(4) As of the end of Adference GmbH's fiscal year, December 31, 2020.

11.8 Auditor

KPMG, Fuhlentwiete 5, 20355 Hamburg, Germany, audited and issued unqualified independent auditor's reports (*uneingeschränkte Bestätigungsvermerke des unabhängigen Abschlussprüfers*) on:

- the German language unconsolidated financial statements of the Company as of and for the fiscal year ended February 28, 2021 prepared in accordance with generally accepted accounting principles of the HGB; and

- the German language consolidated financial statements of the Company as of and for the fiscal years ended February 28, 2021, February 29, 2020 and February 28, 2019 prepared in accordance with IFRS.

KPMG is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Rauchstraße 26, 10787 Berlin, Germany.

12. SHARE CAPITAL OF THE COMPANY AND APPLICABLE REGULATIONS

12.1 Share Capital of the Company and Applicable Regulations

12.1.1 Current Share Capital; Shares

As of the date of this Prospectus, the share capital of the Company amounts to €157,582,058.00 and is divided into 157,582,058 bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*), each such share representing a notional value of €1.00. The share capital has been fully paid up. The Company's shares were created pursuant to the laws of Germany, including applicable European Union law.

The shares of the Company are denominated in Euros.

Each share of the Company carries one vote at the shareholders' meeting of the Company. There are no restrictions on voting rights and the shares carry full dividend rights.

For information on the Company's existing shareholders, see "*10. Shareholder Information*".

12.1.2 Development of the Share Capital

The Company was initially incorporated as a German limited liability company (*Gesellschaft mit beschränkter Haftung – GmbH*) on October 17, 2016 with a share capital of €100,000.00.

On September 27, 2018, the Company's shareholders' meeting resolved to increase the Company's share capital against contributions in cash and in kind from €100,000.00 by €4,141,685.00 to €4,241,685.00. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, on October 2, 2018.

On November 4, 2019, the Company's shareholders' meeting resolved to increase the Company's share capital against cash contributions from €4,241,685.00 by €20,349.00 to €4,262,034.00. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, on December 10, 2019.

During the fiscal year ended February 28, 2021, the Company's share capital was increased from €4,262,034.00 as of March 1, 2020 to €4,276,503.00 as of February 28, 2021 by resolution of the Company's shareholders' meeting of January 28, 2021 to increase the Company's share capital against cash contributions by €14,469.00. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, on February 15, 2021. Accordingly, as of February 28, 2021, the Company's share capital amounted to €4,276,503.00 divided into 4,276,503 shares.

On May 27, 2021, the Company's shareholders' meeting resolved to increase the Company's share capital by €153,305,555.00 to €157,582,058.00 from the Company's reserves (*Kapitalerhöhung aus Gesellschaftsmitteln*). The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, on May 28, 2021.

On May 31, 2021, the Company's shareholders' meeting resolved, among other things, on a redemption of shares without reduction of the share capital, a share split and a change of the form of the Company's shares from registered shares to bearer shares. The share redemption, the share split and the change in the form of the Company's shares were registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, on June 3, 2021. As a result, as of June 3, 2021, the Company's unchanged share capital in the amount €157,582,058.00 was divided into 157,582,058 bearer shares with no par value (*Stückaktien*), each such share fully paid-up and representing a notional value of €1.00.

As part of the Placement Capital Increase, which was resolved by a shareholders' meeting of the Company on June 14, 2021, 28,571,429 New Shares will be issued from a capital increase against cash contributions. Upon entry of the Placement Capital Increase in the commercial register, the Company's share capital will be increased from €157,582,058.00 by €28,571,429 to €186,153,487.00. The consummation of the Placement Capital Increase is expected to be registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, on or about June 15, 2021.

12.1.3 Authorized Capital

Pursuant to § 4(4) of the Articles of Association, the Management Board is authorized, subject to the consent of the Supervisory Board, to increase the Company's share capital on one or more occasions on or before May 30, 2026, by up to in total €78,791,000.00, against contributions in cash and/or in kind, by issuing new no-par value bearer shares (Authorized Capital 2021).

The Management Board is authorized, with the consent of the Supervisory Board, to define the further content of shareholders' rights and the terms and conditions for the new stock issuance. Profit participation rights of new shares may be determined in deviation from Section 60 para. 2 AktG; in particular, the new shares may participate in the profits from the beginning of the fiscal year preceding their issuance provided that the Company's shareholders‘ meeting has not already resolved on the appropriation of profits for such fiscal year when the new shares are issued.

As a rule, shareholders must be granted statutory preemptive rights to the new shares. The preemptive rights may also be granted by way of indirect preemptive rights within the meaning of Section 186 para. 5 sentence 1 AktG. The Management Board is, however, authorized, subject to the consent of the Supervisory Board and the following provisions, to fully or partially exclude shareholders' preemptive rights:

- to exclude fractional amounts;

- to the extent this is required in order to grant to holders or creditors, respectively, of conversion or option rights attached to convertible and/or option bonds or convertible profit participation rights, that are or were issued by the Company or a national or foreign subsidiary in which the Company either directly or indirectly holds a majority in terms of voting rights and capital, or, in case of an own conversion right of the Company, to holders or creditors, respectively, being obligated hereby, preemptive rights to the extent they would be entitled to after exercising the conversion or option rights or after fulfilling a conversion or option obligation, respectively;

- pursuant to Section 186 para. 3 sentence 4 AktG with respect to capital increases against cash contributions, if the issue price of the new shares is not substantially below the stock exchange price and the shares that are issued when this authorization for the exclusion of preemptive rights is used, in total do not exceed 10% of the registered share capital, namely neither at the time this authorization becomes effective nor at the time it is used. To this limit of 10%, new and existing shares of the Company that are issued or sold during the term of this authorization on the basis of different authorization with exclusion of preemptive rights pursuant to Section 186 para. 3 sentence 4 AktG or by applying it accordingly, have to be imputed; furthermore, shares of the Company are to be imputed, that are or still can be issued for the purpose of servicing conversion or option rights or fulfilling conversion or option obligations attached to convertible and/or option bonds or convertible participation rights to the extent that the bonds or participation rights are issued during the term of this authorization on the basis of a different authorization with exclusion of preemptive rights by applying Section 186 para. 3 sentence 4 AktG accordingly;

- when increasing the share capital in exchange for contributions in kind, in particular to acquire companies, parts of companies or shareholdings, in the context of joint ventures and mergers and/or for the purpose of acquiring other assets, including rights and claims; and

- to issue the new shares as contributions in cash and/or in kind as part of participation programs and/or share-based remuneration to the extent no other authorization for the exclusion of shareholders' preemptive rights is used for this purpose. The shares may only be issued to persons who participate in the participation program as a member of the Company's Management Board, as a member of the management of a company dependent from the Company or as an employee of the Company or a company dependent from the Company, or to whom the share-based remuneration is or was granted as a member of the Company's Management Board, as a member of the management of a company dependent from the Company or as an employee of the Company or a company dependent from the Company, or to third parties who grant to such persons the economic ownership of the shares and/or the economic fruits from the shares and/or are (directly or indirectly) wholly owned by such persons. In particular, the new shares may also be issued on preferential terms (including an issue at the lowest issue price within the meaning of Section 9 para. 1 AktG) and/or against contribution of remuneration claims. The new shares may also be issued through a credit institution or a company operating in accordance with Section 53 para. 1 sentence 1 or Section 53b para. 1 sentence 1 or 7 of the German Banking Act (*Kreditwesengesetz*) which assumes these shares subject to an obligation to offer them to the persons mentioned above. In total, the shares that are issued when this authorization for the exclusion of preemptive rights is used, must not exceed 10% of the registered share capital, neither at the time this authorization becomes effective nor at the time it is used. The nominal amount of any contingent capital of the Company resolved pursuant to Section 192 para. 2 no. 3 AktG is to be taken into account when calculating the aforementioned 10% threshold. To the extent it is intended to grant shares to members of the Company's Management Board in the scope of this authorization, the Company's Supervisory Board will decide on the respective grant in accordance with the allocation of responsibilities under the AktG;

or any combination thereof.

12.1.4 Conditional Capital

12.1.4.1 Conditional Capital 2021/I

To serve stock options granted to members of the Management Board under a long-term incentive plan (see "*13.2.2 Remuneration of the Members of the Management Board*"), the Company's shareholders' meeting of May 31, 2021 created a conditional capital. Pursuant to § 4(5) of the Articles of Association, the share capital of the Company is conditionally increased by up to €3,310,500.00 through the issuance of up to 3,310,500 new bearer shares with no par value (*Stückaktien*) (Conditional Capital 2021/I). Such conditional capital will only be utilized to the extent that members of the Management Board exercise their right to subscribe for shares of the Company and the Company does not grant treasury shares or cash payments to fulfil the subscription rights.

12.1.4.2 Authorization to Issue Convertible and/or Option Bonds / Conditional Capital 2021/II

The Management Board is authorized, with the consent of the Supervisory Board, to issue bearer and/or registered convertible bonds and/or option bonds (together, "**Bonds**") with a total nominal amount of up to €2.2 billion on one or more occasions on or prior to May 30, 2026 with a limited or unlimited term, and to grant the holders or creditors of such Bonds conversion or option rights for a total of up to 75,480,000 new bearer shares with no par value corresponding to a *pro rata* amount of the share capital of up to €75,480,000.00 in accordance with the terms and conditions of the Bonds and/or to provide for corresponding conversion rights for the Company.

The Bonds may be issued against contributions in cash and/or in kind. The authorization of the Company's shareholders' meeting of May 31, 2021 includes additional provisions on the issuance and terms of the Bonds. When such Bonds are issued, the shareholders are generally entitled to statutory preemptive rights. The Management Board is, however, authorized, with the consent of the Supervisory Board, to exclude shareholders' preemptive rights in whole or in part if certain conditions are met (*e.g.*, to exclude fractional amounts, for limited issuances against cash payments applying Section 186 para. 3 sentence 4 AktG accordingly, to settle dilution protection features of convertible/ option bonds or convertible profit participation rights or for issuances against contributions in kind).

To serve conversion rights or obligations or option rights, the Company's shareholders' meeting of May 31, 2021 created a conditional capital. Pursuant to § 4(6) of the Articles of Association, the share capital of the Company is conditionally increased by up to €75,480,000.00 through the issuance of up to 75,480,000 new bearer shares with no par value (*Stückaktien*) (Conditional Capital 2021/II).

The conditional capital increase serves to grant shares to holders or creditors of convertible bonds as well as to holders of option rights from option bonds issued on or prior to May 30, 2026 by the Company or a national or foreign subsidiary in which the Company directly or indirectly holds a majority of the voting rights and capital on the basis of the authorization in accordance with the resolution of the Company's shareholders' meeting of May 31, 2021. It will only be carried out to the extent that the conversion or option rights from the aforementioned bonds are actually exercised or conversion obligations from such bonds are fulfilled and to the extent that no other forms of fulfillment are used. The new shares are issued at the option or conversion price to be determined in each case in accordance with the aforementioned authorization resolution of the Company's shareholders' meeting of May 31, 2021.

The new shares participate in the Company's profits from the beginning of the fiscal year in which they are created through the exercise of conversion or option rights or through the fulfillment of conversion obligations. They already participate in the profits of the Company from the beginning of the fiscal year preceding their issuance instead if, at the time of the issuance, a resolution on the appropriation of the profits for the relevant fiscal year has not been passed yet. The Management Board is authorized, with the consent of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase.

12.1.5 Authorization to Purchase and Use Treasury Shares

As of the date of this Prospectus, the Company holds 15,758,072 treasury shares.

The Company's shareholders' meeting held on June 14, 2021 resolved to authorize the Management Board, with the consent of the Supervisory Board, to acquire, in addition to the treasury shares held by the Company, up to 15,758,205 further treasury shares of the Company on or prior to June 13, 2026. The shares acquired on the basis of this authorization, together with any other treasury shares held by the Company or attributable to it in accordance with Sections 71a *et seq.* AktG, may at no time exceed 10% of the existing share capital of the Company.

Treasury shares may be acquired via a stock exchange, by means of a public tender offer addressed to all shareholders, by means of a public invitation to submit tenders, from participants in share-based incentive or remuneration programs or entities owned by such participants, respectively, in connection with the settlement of such programs and/or from the holders of (former) preference shares in the Company in connection with, or subsequent to, a cancellation of profit or liquidation preferences of preference shares and their conversion into ordinary shares, in each case in accordance with the additional provisions of the authorizing resolution.

The Management Board, with the consent of the Supervisory Board, may utilize acquired treasury shares, including treasury shares already held by the Company, in a number of ways, including:

- for sale, provided that the sales price per share is not significantly lower than the stock exchange price of the Company's shares (Section 71 para. 1 no. 8 AktG in conjunction with Section 186 para. 3 sentence 4 AktG);
- in return for contributions in kind, in particular for the acquisition of companies, parts of companies or equity interests in companies or in mergers, or for the acquisition of other assets, including rights and receivables;
- to fulfill option and/or conversion rights or obligations attached to convertible and/or option bonds and/or convertible profit participation rights, which are granted by the Company or by entities dependent from the Company or entities in which the Company holds a majority interest;
- to grant to holders or creditors of option and/or conversion rights attached to convertible and/or option bonds and/or convertible profit participation rights, which are granted by the Company or by entities dependent from the Company or entities in which the Company holds a majority interest, or, in case of an own conversion right of the Company, to holders or creditors, respectively, being obligated hereby, preemptive rights on shares to the extent such holders or creditors would be entitled to following the exercise of the conversion or option rights or following the fulfillment of the conversion or option obligations, respectively; and/or
- within the framework of employee participation programs and/or as share-based remuneration;

in each case in compliance with the provisions of the authorizing resolution.

The Management Board is authorized, subject to the consent of the Supervisory Board, to cancel treasury shares in whole or in part, with no further resolution of the shareholders' meeting being required.

Subject to the provisions of the authorizing resolution, the Company may also utilize derivatives in connection with the acquisition of treasury shares.

All share acquisitions based on derivatives will however be limited to a maximum volume of 5% of the share capital of the Company at the time of the granting of the authorization or – if such amount is lower – at the time of the exercise of the authorization.

12.2 Employee Participation Programs

12.2.1 Legacy Virtual Share Incentive Program

Beginning with the fiscal year 2017/2018, we implemented a virtual share incentive program, pursuant to which we granted a virtual participation in the Company to certain key employees below the board level, and which was amended in 2021 by amendment agreements with the relevant employees (the "**VESOP**").

Under the VESOP, the beneficiaries are entitled to a bonus upon completion of the Private Placement, which will then be converted into a certain number of virtual shares (the "**Virtual Shares**") to be granted to the beneficiaries. The number of Virtual Shares will be determined by dividing the total gross bonus of the beneficiaries by the final price per share of the Company achieved in the course of the Private Placement.

The beneficiaries are generally only entitled to exercise their Virtual Shares after expiry of a twelve-month lock-up period following completion of the Private Placement and only at certain predefined exercise dates. The Company may elect to effect such settlement in cash or, as currently expected, in newly issued or treasury shares.

The Virtual Shares are subject to anti-dilution protection. If the total number of shares in the Company is increased or reduced between the settlement date and the exercise date, in certain specified cases, the number of Virtual Shares held by a participant will be adjusted accordingly.

The value of claims under the VESOP amounts to approximately €47 million in aggregate after completion of the Private Placement.

12.2.2 New Incentive Programs

Following the Admission to Trading, we intend to implement a new incentive program for certain key employees below the board level, consisting of virtual stock options and restricted stock units. Depending on the level of the beneficiaries, different incentives are offered. Some beneficiaries may be able to choose between virtual stock options and restricted stock units. We anticipate a total volume of the new incentive programs for the year of the Admission to Trading and the five years thereafter in the amount of approximately €90 million based on fair market value at grant.

12.2.2.1 *Virtual Stock Option Plan*

We intend to implement a virtual stock option program under which beneficiaries have the right to receive a payment equal to the difference of the share price at exercise and the predefined exercise price of the virtual stock option. The virtual options will be exercisable after a cliff vesting period of three years with a subsequent waiting period of one year, followed by an exercise period of four years. The company may settle the virtual stock options in cash or in shares.

12.2.2.2 *Restricted Stock Units*

In addition to a virtual stock option program, we intend to implement a restricted stock unit program. Restricted stock units provide the right to receive a payment or a specific number of shares predefined after a certain period of time. The restricted stock units will not be subject to performance targets and will vest, depending on the beneficiary's grade, either in three annual installments or after three years (cliff vesting). Upon vesting, beneficiaries will receive a cash payment equivalent to the Company's share price or shares.

12.2.3 Employee Share Ownership Program

Following the Admission to Trading, we further intend to set up a special share ownership program for the benefit of all employees below the board level. Under the program, beneficiaries will be entitled to receive free shares in the Company. All rights granted to the beneficiaries will be subject to a vesting period. The duration of the vesting period has not been decided yet, but is expected to be set at 1 or 2 years. We anticipate a total grant volume of the share ownership in the amount of approximately € 2.5 million.

12.3 General Provisions Governing a Liquidation of the Company

Apart from a liquidation as a result of insolvency proceedings, the Company may only be liquidated with a vote of 75% or more of the share capital represented at the vote. Furthermore, the commencement of insolvency proceedings regarding the assets of the Company, the rejection of insolvency proceedings for insufficient assets to cover the costs of the proceedings, a cancellation of the Company for lack of funds or the imposition of a final decision of the registry court about a material defect in the Articles of Association could lead to a cancellation of the Company. In the event of the Company's liquidation, the AktG and – after the intended transformation into a European company (*Societas Europaea* (*SE*)) – together with Article 63 of the SE Regulation, provide that any assets remaining once all of the Company's liabilities have been settled are distributed among the Company's shareholders in proportion to their shareholdings. The AktG stipulates certain protections for creditors in the event of a liquidation of the Company.

12.4 General Provisions Governing a Change in the Share Capital

Pursuant to the AktG and – after the intended transformation into a European company (*Societas Europaea* (*SE*)) – together with Articles 5, 57 and 59 of the SE Regulation, a German stock corporation and as well as a European company (*Societas Europaea* (*SE*)) requires a resolution of the shareholders' meeting passed by a majority of at least 75% of the share capital represented at the vote to increase the share capital and change the articles of association accordingly.

The shareholders' meeting may also create authorized capital. This requires a resolution passed by a majority of at least 75% of the share capital represented at the vote, authorizing the Management Board to issue a specific number of shares within a period of no more than five years. The aggregate nominal amount of the new shares may not exceed 50% of the share capital existing at the time the authorization is granted (*i.e.*, at the time the authorized capital is registered in the commercial register (*Handelsregister*)).

In addition, the shareholders' meeting can create conditional capital through a resolution passed with a majority of at least 75% of the share capital represented at the vote, for the purposes of (i) granting exchange or subscription rights to holders of convertible bonds or other securities granting a right to subscribe for shares; (ii) preparing for a merger with other companies; or (iii) granting subscription rights to managers and employees of the Company or an affiliated company by way of an approval resolution or authorization resolution. The nominal amount of conditional capital may not exceed 10% of the share capital at the time the resolution is passed in cases where it is created to grant subscription rights to managers and employees, and may not exceed 50% in all other cases.

Resolutions to reduce the Company's share capital require a majority of at least 75% of the share capital represented at the vote.

12.5 General Provisions Governing Subscription Rights

Pursuant to Section 186 AktG and – after the intended transformation into a European company (*Societas Europaea* (*SE*)) – together with Article 5 of the SE Regulation, all shareholders generally have the right to subscribe for new shares of the Company issued in case of a capital increase. The same applies to convertible bonds, bonds with warrants, profit participation rights and participating bonds. Subscription rights are freely transferable and may be traded on German stock exchanges for a prescribed period before the deadline for subscription expires. Yet shareholders do not have the right to demand admission to trading for subscription rights. The Company's shareholders' meeting may resolve to exclude shareholders' subscription rights with a vote of 75% or more of the share capital represented at the vote. The exclusion of shareholders' subscription rights, in full or in part, also requires a report from the Management Board to the shareholders' meeting that justifies the exclusion and demonstrates that the Company's interest in excluding subscription rights outweighs the interests of the shareholders to be granted subscription rights. An exclusion of shareholders' subscription rights is, in particular, permissible if:

- the Company increases its share capital against cash contributions;
- the amount of the capital increase of the issued shares under exclusion of subscription rights does not exceed 10% of the outstanding share capital, both at the time when the authorization takes effect and at the time when it is exercised; and
- the price at which the new shares are issued is not materially lower than the stock exchange price of the Company's shares.

12.6 Exclusion of Minority Shareholders

12.6.1 Squeeze-Out under Stock Corporation Law

Pursuant to Sections 327a *et seq.* AktG and – after the intended transformation into a European company (*Societas Europaea* (*SE*)) – together with Article 9 para. 1 lit. (c) (ii) of the SE Regulation, which govern the so-called "squeeze-out under stock corporation law", upon request of a shareholder holding 95% or more of the Company's share capital, the Company's shareholders' meeting may resolve to transfer the shares of minority shareholders to such majority shareholder against payment of an adequate compensation in cash. The amount of the cash payment offered to minority shareholders must to reflect "the circumstances of the Company" at the time the shareholders' meeting passes the resolution. The amount of the cash payment is based on the full value of the Company, which is generally determined using the capitalized earnings method. Minority shareholders are entitled to file for a valuation proceeding (*Spruchverfahren*), wherein the court will review the fairness (*Angemessenheit*) of the cash payment.

12.6.2 Squeeze-Out and Tender Rights under Takeover Law

Under Sections 39a and 39b WpÜG, in case of a so-called "squeeze-out under takeover law", an offeror holding at least 95% of the voting share capital of a target company (as defined in the WpÜG) following a takeover bid or mandatory offer, may, within three months of the expiration of the deadline for acceptance of the offer, petition the regional court (*Landgericht*) of Frankfurt am Main, Germany, to order the transfer of the remaining voting shares to such offeror against payment of an adequate compensation. Such transfer does not require a resolution of the shareholders' meeting. The consideration paid in connection with the takeover or mandatory offer is considered adequate if the offeror has obtained at least 90% of the share capital that was subject to the offer. The nature of the compensation must be the same as the consideration paid under the takeover offer or mandatory offer, while at all times compensation in cash must also be offered.

In addition, following a takeover offer or mandatory offer, the shareholders in a target company who have not accepted the offer may do so up to three months after the acceptance period has expired (Section 39c WpÜG), provided the offeror is entitled to petition for the transfer of the outstanding voting shares in accordance with Section 39a WpÜG.

The provisions for a squeeze-out under stock corporation law cease to apply once an offeror has petitioned for a squeeze-out under takeover law, and only apply again when these proceedings have been definitively completed.

12.6.3 Squeeze-Out under Reorganization Law

Pursuant to Section 62 para. 5 sentence 1 UmwG, a majority shareholder holding at least 90% of the Company's share capital may require the Company's shareholders' meeting to resolve to transfer the shares of the minority shareholders to such majority shareholder against payment of an adequate compensation in cash, provided that (i) the majority shareholder is a stock corporation (*Aktiengesellschaft*), a partnership limited by shares (*Kommanditgesellschaft auf Aktien*), or a European company (*Societas Europaea* (*SE*)) having its seat in Germany; and (ii) the squeeze-out is performed to facilitate a merger under the UmwG between the majority shareholder and the Company. The shareholders' meeting held to approve the squeeze-out must take place within three months of the conclusion of the merger agreement.

The procedure for a squeeze-out under the UmwG is essentially identical to the "squeeze-out under stock corporation law" described above, including the minority shareholders' right to judicial review of the appropriateness of the cash compensation.

12.6.4 Integration

Pursuant to Section 319 *et seq.* AktG and – after the intended transformation into a European company (*Societas Europaea* (*SE*)) – together with Article 9 para. 1 lit. (c) (ii) of the SE Regulation, the Company's shareholders' meeting may vote for an integration (*Eingliederung*) into another stock corporation that has its registered office in Germany, provided the prospective parent company holds at least 95% of the shares of the Company. The former shareholders of the Company are entitled to adequate compensation, which generally must be provided in the form of shares in the parent company. In such case, Section 305 para. 3 sentence 1 AktG stipulates that shares must be issued based on the appropriate valuation in case a merger had taken place between the two companies. Fractional amounts may be paid out in cash.

12.7 Shareholder Notification Requirements; Mandatory Offers; Managers' Transactions

Once the Company's shares are admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post admission obligations (Prime Standard), the Company will be subject to WpHG provisions governing, among other things, disclosure requirements for significant shareholdings, the WpÜG provisions governing takeover bids and mandatory offers, as well as the MAR provisions governing, among other things, directors' obligations to disclose transactions in the Company's shares, debt instruments, related derivatives or other related financial instruments.

12.7.1 Notification Requirements of Shareholders

12.7.1.1 *Notification Thresholds and Attribution Rules*

Pursuant to Section 33 para. 1 WpHG, anyone who acquires or whose shareholding in any other way reaches or exceeds 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the total number of voting rights in the Company, is required to notify BaFin and the Company of such occurrence. Subsequent notifications are required if such person (i) acquires additional shares or in any other way reaches or exceeds a higher threshold, or (ii) sells or in any other way falls below the aforementioned thresholds.

All such notifications must be submitted without undue delay, and no later than within four trading days. The four-day notification period starts at the time the person or entity subject to the notification requirement has knowledge of or, in consideration of the circumstances should have had knowledge of, his proportion of voting rights reaching, exceeding or falling below the aforementioned thresholds. The WpHG contains a conclusive presumption that the person or entity subject to the notification requirement has knowledge at the latest two trading days after such an event occurs. Moreover, a person or entity is deemed to already hold shares as of the point in time such person or entity has an unconditional and due claim of transfer related to such shares. If a threshold has been reached or crossed due to a change in the total number of voting rights, the notification period starts at the time the person or entity subject to the notification requirement has knowledge about such change, or upon the publication of the revised total number of voting rights by the Company, at the latest.

In connection with these requirements, Section 34 WpHG contains various attribution rules. For example, voting rights attached to shares held by a subsidiary are attributed to its parent company. Similarly, voting rights attached to shares held by a third party for the account of a person or entity are attributed to such person or entity. Voting rights which a person or entity is able to exercise as a proxy according to such person's or entity's discretion are also attributed to such person or entity. Furthermore, any coordination by a person or entity with a third party on the basis of an agreement or in any other way generally results in an attribution of the full amount of voting rights held by, or attributed to, the third party as well as to such person or entity. Such acting-in-concert generally requires a consultation on the exercise of voting rights or other efforts designed to effect a permanent and material change in the business strategy of the Company (*e.g.*, fundamental changes to ABOUT YOU Group's business model or a sale of a substantial part of ABOUT YOU Group's assets). Accordingly, the exercise of voting rights does not necessarily have to be the subject of acting-in-concert. Coordination in individual cases, however, is not considered as acting in concert.

Except for the 3%-threshold, Section 38 para. 1 WpHG sets forth similar notification requirements towards BaFin and the Company, if the aforementioned thresholds are reached, exceeded or undercut, because the shareholder holds financial instruments that (i) confer to him (a) the unconditional right to acquire already issued shares of the Company to which voting rights are attached when due or (b) discretion to exercise his right to acquire such shares, or (ii) relate to such shares and have a similar economic effect as the aforementioned instruments, whether or not conferring a right to a physical settlement. Thus, the latter mentioned notification requirements also apply, for example, to share swaps against cash consideration and contracts for difference. In general, the number of voting rights from financial instruments is calculated by reference to the full nominal amount of shares underlying the financial instrument, except where such financial instrument is only settled in cash. Details for such calculations are set forth in Commission Delegated Regulation (EU) 2015/761 of December 17, 2014 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to certain regulatory technical standards on major holdings.

In addition, a person or entity is subject to a notification requirement towards the Company and BaFin if the sum of the voting rights from shares and (financial) instruments held or attributed to such person or entity reaches, exceeds or falls below the aforementioned thresholds, again except for the 3% threshold.

12.7.1.2 *Exceptions to Notification Requirements*

There are certain exceptions to these notification requirements. For example, a company is exempt from notification obligations if its parent company has filed a group notification pursuant to Section 37 para. 1 WpHG. If the Company's parent company itself is a subsidiary, then the relevant company is exempt from notification obligations if its parent's parent company has filed such group notification. Moreover, shares or instruments held by a credit institution or a credit securities services company with a registered seat in the European Union or in a member state of the EEA are not taken into account for determining the notification obligation or proportion of voting rights held, provided (i) the shares or instruments are held in such credit institution's or credit securities services company's trading book, (ii) they amount to no more than 5% of the Company's voting rights, do not grant the right to acquire more than 5% of the voting rights, or do not have a similar economic effect and (iii) it is ensured that the voting rights pertaining to such shares or instruments are not exercised or otherwise utilized.

12.7.1.3 *Fulfillment of Notification Requirements*

If any notification obligation is triggered, the notifying person or entity is required to fully complete the notification form set forth as an annex to the German Securities Trading Notification Regulation (*Wertpapierhandelsanzeigeverordnung*). The notice must be submitted to BaFin electronically via BaFin's MVP portal (which requires prior registration) either in the German or the English language. The MVP portal will then create documents which must be sent to the Company via electronic means of communications. Irrespective of the event triggering the notification, the notice must include (i) the number and proportion of voting rights, (ii) the number and proportion of instruments and (iii) the aggregate number and proportion of voting rights and instruments held by, or attributed to, the notifying person or entity. In addition, the notice must include certain attribution details (*e.g.*, the first name, surname and date of birth of the notifying individual or the legal name, seat and country of a notifying entity, the event triggering the notification, the date on which the threshold was reached or crossed and whether voting rights or instruments are attributed).

As a domestic issuer in Germany, the Company is required to publish such notices without undue delay, but no later than three trading days after receipt, via media outlets or outlets where it can be assumed that the notice will be disseminated in the entire European Union and in all member states of the EEA. Such publications may only be made in the German and/or the English language. The Company is also required to inform BaFin about this publication, specifying the time of publication and the media used, and to submit the information received in the notice to the German Company Register (*Unternehmensregister*) for storage.

12.7.1.4 *Consequences of Violations of Notification Requirements*

Rights of shares held by shareholders, or from which voting rights are attributed to shareholders, do not exist for as long as the notification requirements are not fulfilled or not fulfilled appropriately. This temporary nullification of rights applies, in particular, to dividend, voting and subscription rights. Yet it does not apply to entitlements to dividend and liquidation gains if the notifications were not omitted willfully and have since been submitted. If the shareholder willfully or grossly negligently fails to disclose the correct proportion of voting rights held, the rights attached to shares held by or attributed to such shareholder cease to exist for a period of six months after such shareholder has correctly filed the necessary notification, except if the variation was less than 10% of the actual voting right proportion and no notification with respect to reaching, exceeding or falling below the aforementioned thresholds, including the 3% threshold, was omitted. In addition, a fine may be imposed for failure to comply with notification obligations. Pursuant to Sections 38 para. 1 and 39 para. 1 WpHG, the same rules apply if a shareholder fails to file a notice or provides false information with regard to holdings in instruments or aggregate holdings in shares and instruments.

12.7.1.5 *Special Notification Requirements for more than 10% of the Voting Rights*

Pursuant to Section 43 WpHG, a shareholder who reaches or exceeds the threshold of 10% of the voting rights of the Company, or a higher threshold, is required to notify the Company within 20 trading days regarding the objective being pursued through the acquisition of such voting rights, as well as regarding the source of funds used for the purchase. Changes in those objectives must also be reported within 20 trading days. The Articles of Association have not made use of the option to release shareholders from this disclosure obligation. In calculating whether the 10%-threshold has been reached, the aforementioned attribution rules apply. The Company is required to publish any notification pursuant to Section 43 WpHG without undue delay following the receipt of such notification, and in any event no later than within three trading days therefrom. Furthermore, the Company is required to publish any acts of non-compliance with notification obligations by a shareholder in the same manner.

12.7.2 Mandatory Offers

Pursuant to the WpÜG, every person whose share of voting rights reaches or exceeds 30% of the voting rights of the Company is required to publish this fact, including the percentage of its voting rights, within seven calendar days of crossing this threshold. Such publication must be furnished on the Internet and by means of an electronic system for disseminating financial information. The WpÜG contains a series of provisions intended to ensure the attribution of shareholdings to the person who actually controls the voting rights attached to such shares.

Once the share of voting rights reaches or exceeds 30% of the voting rights of the Company, such shareholder is required to make a mandatory tender offer to all shareholders of the Company. Under certain conditions, BaFin may grant an exemption from this rule. If the relevant shareholder fails to give notice of reaching or exceeding the 30%-threshold or fails to submit the mandatory tender offer, such shareholder is barred from exercising the rights associated with these shares (including voting rights and, in case of willful failure to send the notice and failure to subsequently send the notice in a timely manner, the right to dividends) for the duration of the delinquency. A fine may also be imposed in such cases.

12.7.3 Managers' Transactions

A person discharging managerial responsibilities within the meaning of Article 3 para. 1 no. 25 MAR (*i.e.*, the members of the Management Board and the Supervisory Board), must notify the Company and BaFin of transactions undertaken for their own account relating to the Company's shares or to financial instruments based on the Company's shares (subject to a €20,000.00 *de minimis* exception per calendar year for all such transactions). This also applies to persons closely associated with a person discharging managerial responsibilities within the meaning of Article 3 para. 1 no. 26 MAR. Such notifications must be made promptly and no later than three business days after the date of the relevant transaction. The Company must ensure that such notifications are made public promptly and no later than two business days after it received the notification.

During a closed period of 30 calendar days before the announcement of an interim financial report or a year-end report which the Company is required to make public according to (i) the rules of the trading venue where the Company's shares are admitted to trading or (ii) national law, persons discharging managerial responsibilities are prohibited from conducting for their own account or for the account of a third party any transactions directly or indirectly relating to shares or debt instruments of the Company, or to derivatives or other financial instruments linked to such securities. According to BaFin's interpretative guidance, quarterly reports and quarterly statements for the first and third quarter of a fiscal year in accordance with section 53 of the Frankfurt Stock Exchange rules, do not trigger a closed period.

12.8 Short Selling Regulation (Ban on Naked Short-Selling)

Pursuant to Regulation (EU) No 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps, as amended (the "**Short Selling Regulation**"), the European Commission's delegated regulation for the purposes of detailing the Short Selling Regulation, and the German EU Short Selling Implementation Act (*EU-Leerverkaufs-Ausführungsgesetz*) of November 15, 2012, the short-selling of the Company's shares is only permitted under certain conditions. In addition, under the provisions of the Short Selling Regulation, significant net-short selling positions in the Company's shares must be reported to BaFin and published if they exceed a specific percentage. The reporting and publication process is detailed in the German Regulation on Net-Short Positions (*Netto-Leerverkaufspositionsverordnung*) of December 17, 2012. The net short-selling positions are calculated by offsetting the short positions of a natural person or legal entity in the Company's shares with its long positions in such shares. The details are regulated in the Short Selling Regulation and the other regulations the European Commission enacted on short-selling. In certain situations described in the Short Selling Regulation, BaFin may restrict short-selling and comparable transactions.

13. GOVERNING BODIES OF THE COMPANY

13.1 Overview on the Governing Bodies of the Company

As a German stock corporation (*Aktiengesellschaft*), and after the Company's intended transformation a European company (*Societas Europaea* (*SE*)), with a two-tier management and control system, the Company's governing bodies are the Management Board, the Supervisory Board and the shareholders' meeting. The responsibilities and powers of these governing bodies are determined by the AktG, the Articles of Association and the rules of procedure of both the Supervisory Board and the Management Board. Once the Company has been transformed into a European company (*Societas Europaea* (*SE*)), the powers will also be governed by SE Regulation and the SEAG. Save for certain exceptions the SE-Regulation and the AktG share very similar fundamental principles and provide therefore for comparable regulation. For certain agreements between the major shareholders Otto and Heartland regarding the Company's governance, see "*10.3.1 Shareholders' Agreement Otto / Heartland*".

The shareholders' meeting elects the members of the Supervisory Board, which in turn appoints the members of the Management Board. The Supervisory Board represents the Company in and out of court *vis-à-vis* the members of the Management Board. The Supervisory Board is responsible for the appointment of members of the Management Board, the revocation of appointments, and the conclusion of service agreements of members of the Management Board as well as for the change and termination of these service agreements.

Simultaneous membership in the Supervisory Board and the Management Board is not permitted under the AktG, as the Supervisory Board is tasked with supervising the management of the Company by the Management Board. In exceptional cases and for an interim period of not more than one year, a member of the Supervisory Board may, however, assume a vacant seat on the Management Board. During this period, such individual may not perform any duties pertaining to his position on the Supervisory Board.

The Management Board is responsible for managing the Company in accordance with applicable laws, the Articles of Association and the rules of procedure of the Management Board, including the schedule of responsibilities. The Management Board represents the Company in dealings with third parties. As set out in Section 111 AktG and – after the intended transformation into a European company (*Societas Europaea* (*SE*)) – together with Article 40 of the SE Regulation, the Supervisory Board advises and oversees the Management Board's administration of the Company, but is itself generally not authorized to manage or represent the Company.

The Articles of Association may designate types of transactions that may only be conducted with the prior consent of the Supervisory Board. In addition, the Supervisory Board may itself determine that certain types of transactions are subject to its prior approval. In the current rules of procedures of the Management Board, the Supervisory Board has set forth that, among other things, the following matters are subject to prior consent by the Supervisory Board:

- Approval or amendment of the annual budget and the multi-year plan;
- Fundamental changes to the organization, structure and/or strategy of the ABOUT YOU Group;
- Raising financial liabilities (*e.g.*, by taking out loans or borrowings or issuing bonds), to the extent exceeding in the individual case an amount of €5,000,000.00, excluding the extension of existing financial liabilities as well as granting loans, with the exception of intra-group loans, and assuming sureties, guarantees or other liabilities for third parties, with the exception of assuming liability for other companies of the ABOUT YOU Group;
- Starting new or discontinuing existing lines of business and the establishment of new or closure or relocation of existing operations or branches;
- Acquisition or disposal of companies, parts of companies or interests in companies, with the exception of intra-group transactions;
- Conclusion, material amendment or termination of employment/service contracts with employees or executives insofar as they have a fixed term (after amendment, if applicable) of more than two years or provide for total annual (target) compensation (including variable remuneration components) of more than €500,000.00 (gross); in case of variable remuneration components, the annual pro rata allocation or target amount is to be considered in this regard;

- Acquisition, sale or encumbrance of real estate, rights equivalent to real estate and rights to real estate, in each case with the exception of intra-group legal transactions;

- Transferring or encumbering any technology or sale of industrial property rights (patents, patent applications, utility models, design patents, trademarks) owned or licensed by ABOUT YOU Group, other than (i) the granting of licenses in the ordinary course of business and (ii) intragroup transactions;

- Conclusion, amendment or termination of agreements regarding the rendering of media services insofar as these are rendered against granting of shares in any company of the ABOUT YOU Group or otherwise deviate from the conditions used in normal business affairs;

- Conclusion, amendment or termination of intercompany agreements within the meaning of Sections 291, 292 AktG except for agreements with or among companies of the ABOUT YOU Group that are directly or indirectly wholly-owned by the Company;

- Conclusion, material amendment or termination of other contracts not concluded in the ordinary course of business with an annual volume of more than €2,500,000.00 in individual cases or, in the case of a fixed term of more than one year, with a total volume over the fixed term of more than €5,000,000.00 in individual cases;

- Investments exceeding the total annual volume set out in this regard in the approved annual budget by more than 10%;

- Initiation of legal disputes with an object value of more than €1,000,000.00.

The Management Board is also required to obtain the prior consent of the Supervisory Board to certain transactions concluded by subsidiaries of the Company, if such transactions require consent of the Supervisory Board had they been undertaken by the Company. Pursuant to Section 111b para. 1 AktG and – after the intended transformation into a European company (*Societas Europaea* (*SE*)) – together with Article 9 para. 1 lit. (c) (ii) of the SE Regulation, the Management Board is also required to obtain the prior consent of the Supervisory Board or an appointed committee thereof on transactions with related parties, if the value of the transaction exceeds 1.5% of the company's total (consolidated) fixed and current assets book value as recorded in its latest approved annual (consolidated) financial statements or if the aggregate value of several transactions with the same related party during the current fiscal year, which individually have not exceeded the 1.5% threshold, exceeds the threshold. Exempt from the requirement of prior consent of the Supervisory Board or an appointed committee are, in particular, transactions (i) that are made in the ordinary course of business and on an arm's length basis, (ii) with wholly owned subsidiaries, either directly or indirectly, or with subsidiaries in which no other related party holds a stake or (iii) that require the approval of, or authorization by, the general shareholders' meeting. The Company must publish any related party transactions requiring Supervisory Board approval without undue delay. In addition, the Supervisory Board may make other types of transactions and measures subject to its prior consent by amending the rules of procedure of the Management Board or the Supervisory Board or through a resolution of the Supervisory Board. By comparison, measures or transactions specifically addressed in the annual budget or multi-year planning as approved by the Supervisory Board do not require separate consent by the Supervisory Board, unless the relevant measure or transaction exceeds the amount or limit provided for such measure or transaction in the approved annual budget or multi-year planning.

Each member of the Management Board and Supervisory Board owes a duty of loyalty, duty of legality and duty of care to the Company. In discharging these duties, each member of these bodies must consider a broad spectrum of interests, particularly those of the Company and its shareholders, employees and creditors. In addition, the Management Board must also take into consideration the shareholders' rights to equal treatment and equal access to information. If members of the Management Board or Supervisory Board breach their duties, they may be jointly and severally liable with the other members of the Management Board or the Supervisory Board to the Company for any damages the Company has incurred.

Under German law, shareholders generally have no right to directly assert claims against members of the Management Board or Supervisory Board if they believe that such members have violated their duties to the Company (*i.e.*, only the Company has the right to enforce such claims against the members of the Management Board or Supervisory Board). With respect to claims against members of the Management Board, the Company is represented by the Supervisory Board, and with respect to claims against members of the Supervisory Board, the Company is represented by the Management Board. The Federal Court of Germany (*Bundesgerichtshof*) has ruled that the Supervisory Board is generally required to assert claims against members of the Management Board, if it is likely that such claims can be pursued and enforced successfully, unless significant interests of the Company conflict with the pursuit of such claims and outweigh the interests of the Company asserting such claims against members of the Management Board.

If either the Supervisory Board or the Management Board decides not to pursue claims of the Company against members of the respective other governing body for violations of their duties, such claims must nevertheless be asserted if the shareholders' meeting adopts a resolution to this effect with a simple majority of the votes validly cast. The shareholders' meeting may also appoint a special representative (*besonderer Vertreter*) to assert such claims. Shareholders whose aggregate shareholdings amount to 10% of the Company's share capital or a *pro rata* share of €1 million in the Company's share capital may also motion for the competent court to appoint such a special representative. If there are facts that justify the suspicion that the Company was harmed by dishonesty or a gross violation of laws or the Articles of Association, shareholders whose aggregate shareholdings amount to 1% of the Company's share capital or a *pro rata* share of €100,000.00 of the Company's share capital may under certain conditions assert claims of the Company against members of the Management Board or Supervisory Board in their own names. Yet such claims become inadmissible once the Company itself files a suit to assert such claims.

In addition, the Company's shareholders' meeting may appoint special auditors (*Sonderprüfer*) to audit transactions, particularly management transactions, with a simple majority of the votes validly cast. If the shareholders' meeting rejects a motion to appoint special auditors, the competent court appoints such special auditors upon a motion by shareholders whose aggregate shareholdings amount to 1% of the Company's share capital or a *pro rata* share of €100,000.00 of the Company's share capital, if there are facts that justify the suspicion that the relevant occurrence involved acts of dishonesty or gross violations of the law or the Articles of Association. If the shareholders' meeting has resolved to appoint special auditors, the competent court appoints different special auditors upon a motion by shareholders whose aggregate shareholdings amount to 1% of the Company's share capital or a *pro rata* share of €100,000.00 of the Company's share capital, if such appointment appears necessary due to reasons concerning the original special auditors.

Via the shareholders' forum of the German Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the German Company Register (*Unternehmensregister*), shareholders and shareholder associations may solicit other shareholders to file a motion, jointly or by proxy, for the appointment of special auditors, for the appointment of a special representative, the convention of a shareholders' meeting, or the exercise of voting rights in a shareholders' meeting.

The Company may only waive or settle claims for damages against members of the Management Board or the Supervisory Board, if at least three years have elapsed since such claims arose and if the shareholders' meeting has consented to such waiver or settlement by a simple majority vote, provided that a minority of the shareholders whose aggregate shareholdings amount to at least 10% of the Company's share capital does not object to such resolution in the minutes of the shareholders' meeting.

Under German law, neither individual shareholders nor other persons may use their influence on the Company to cause a member of the Management Board or the Supervisory Board to act in a manner that would be detrimental to the Company. Any person who uses its influence over the Company to cause a member of the Management Board or the Supervisory Board, an authorized representative (*Prokurist*) or an authorized agent (*Handlungsbevollmächtigter*) to act to the detriment of the Company or its shareholders may be liable to compensate the Company and the affected shareholders for the resulting losses. In particular, a controlling shareholder may not use its influence to cause the Company to act contrary to its own interests, unless (i) the Company and the controlling shareholder enter into a domination agreement (*Beherrschungsvertrag*) or (ii) the controlling shareholder compensates the Company for any disadvantages resulting from its influence. Moreover, the members of the Management Board and the Supervisory Board are jointly and severally liable in addition to the person using its influence if such members acted in breach of their duty of care towards the Company.

13.2 Management Board

Under the Articles of Association, the Management Board comprises one or more members. The Supervisory Board determines the exact number of the members of the Management Board. The Supervisory Board has set the current size of the Management Board to three members.

The Supervisory Board may appoint members of the Management Board for a maximum term of up to five and – after the intended transformation into a European company (*Societas Europaea* (*SE*)) – of up to six years. Reappointments or extensions, each for a maximum term of up to five and – after the intended transformation into a European company (*Societas Europaea* (*SE*)) – of up to six years, are permissible.

The Supervisory Board may revoke the appointment of a member of the Management Board prior to the expiration of the relevant member's term for good cause (*wichtiger Grund*) (*e.g.*, a gross breach of fiduciary duties, inability to properly manage the Company or if the Company's shareholders' meeting has passed a vote of no-confidence with respect to such member, unless the vote of no-confidence was clearly passed for arbitrary reasons).

The Management Board has a quorum if at least half of its members are present or participate in the vote. Members of the Management Board who abstain from voting are counted for purposes of calculating the quorum. If the Management Board comprises three or more members, the chairman of the Management Board has a casting vote in case of a tie. The Management Board generally passes resolutions in meetings. If no member of the Management Board objects, resolutions may also be passed outside meetings (*i.e.*, orally, by telephone or in writing (*Textform*)).

The Company is represented *vis-à-vis* third parties and in court proceedings by two members of the Management Board or a member of the Management Board jointly with any authorized representative (*Prokurist*), if the Management Board comprises several members. If only a single member of the Management Board is appointed or if the Supervisory Board has authorized a single member of the Management Board to represent the Company alone, such member may solely represent the Company *vis-à-vis* third parties.

The rules of procedure for the Management Board provide for an allocation of responsibilities among the members of the Management Board. The Supervisory Board may amend or repeal this allocation of responsibilities at any time.

Additional provisions regarding, among other things, the composition of the Management Board, the duties of its members, the overall responsibility of the Management Board, the plan regarding the allocation of responsibilities for particular functions and the Management Board's internal organization are set forth in the rules of procedure of the Management Board, which were adopted by the Supervisory Board on June 4, 2021.

13.2.1 Members of the Management Board

The following table sets forth the current members of the Management Board, their respective age and position, and the duration of their remaining term:

Name	Age	First Appointed	Appointed until	Responsibilities
Tarek Müller	32	March 15, 2021	April 15, 2025	Co-CEO, Marketing and Brand
Hannes Wiese..............................	39	March 15, 2021	April 15, 2025	Co-CEO, Operations and Finance
Sebastian Betz	30	March 15, 2021	April 15, 2025	Co-CEO, Tech and Product

Tarek Müller was born in Hamburg, Germany, on October 28, 1988.

Mr. Müller founded his first online store at the age of 15 years. As CEO and founder, the entrepreneur built up numerous e-commerce models in various industries as well as B2B businesses. As the Company's Co-CEO he is responsible for marketing and brand.

Alongside his office as a member of the Management Board, Mr. Müller is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside ABOUT YOU Group:

Currently:

- LeGer GmbH (managing director);
- Tarek Müller Beteiligungsgesellschaft mbH (managing director);
- Müller Betz Holding GmbH (i.L.), Liquidator (i.L. stands for "in Liquidation" which means the company is being wound-up in the ordinary course and will cease to exist once the liquidation process has been

completed, *i.e.*, sale of all assets, settlement of all debts and distribution of the remaining funds to the shareholders).

- HASPA Finanzholding (member of the board of trustees)

Previously:

- 105 VIERTEL gGmbH (managing director).

Other than listed above, Mr. Müller has not been a member of any administrative, management or supervisory body of any other company or partnership outside ABOUT YOU Group within the last five years.

Hannes Wiese was born in Henstedt-Ulzburg, Germany, on June 29, 1981.

Hannes Wiese graduated in business management and worked as a senior consultant at Roland Berger Strategy Consultants. After joining the Otto Group as head of the group's strategy department, he developed ABOUT YOU with his co-founders, where he is responsible as Co-CEO for the areas of operations and finance.

Alongside his office as a member of the Management Board, Mr. Wiese is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside ABOUT YOU Group:

Currently:

- Hannes Wiese Beteiligungsgesellschaft mbH (managing director).

Other than listed above, Mr. Wiese has not been a member of any administrative, management or supervisory body of any other company or partnership outside ABOUT YOU Group within the last five years.

Sebastian Betz was born in Heppenheim, Germany, on August 28, 1990.

Mr. Betz is a multiple founder and expert for complex software applications and strategically challenging technology projects. Since the age of 15 he has been an entrepreneur and has successfully founded and scaled technology as well as SaaS businesses. As the Company's Co-CEO he is responsible for Tech and Product.

Alongside his office as a member of the Management Board, Mr. Betz is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside ABOUT YOU Group:

Currently:

- Sebastian Betz Beteiligungsgesellschaft mbH (managing director).

Other than listed above, Mr. Betz has not been a member of any administrative, management or supervisory body of any other company or partnership outside ABOUT YOU Group within the last five years.

The members of the Management Board can be reached at the Company's offices at Domstraße 10, 20095 Hamburg, Germany (telephone: +49 (0) 40 638 569 – 0).

13.2.2 Remuneration of the Members of the Management Board

The remuneration system for the members of the Management Board consists of a fixed remuneration as well as a long-term variable component in the form of stock options.

For an overview of the shareholdings of the members of the Management Board, see "*13.4.1 Shareholdings of the Members of the Management Board*".

13.2.2.1 Fixed Remuneration

Each member of the Management Board receives a fixed base compensation in cash which is paid in twelve equal installments as a monthly salary. The annual fixed compensation amounts to €270,000.

13.2.2.2 *Long-Term Variable Remuneration*

In June 2021, the Company implemented a new long-term incentive program (the "**LTIP 2021**"), pursuant to which the Company granted 1,702,128 stock options relating to the Company's shares (each a "**Stock Option**" and together "**Stock Options**") to each of the members of the Management Board as an additional remuneration component.

Each Stock Option relates to one share of the Company and has an exercise price of €23.50 (the "**Exercise Price**"). The Stock Options can be settled in shares out of conditional capital, or, at the election of the Company, in treasury shares or in cash.

The Stock Options will vest in certain annual tranches over a period of six years commencing on March 1, 2021 and ending on February 28, 2027 (Stock Options with a vesting date on, or prior to, February 28, 2025, the "**Tranche 1 Options**", Stock Options with a vesting date on February 28, 2026 or February 28, 2027 the "**Tranche 2 Options**"). The Stock Options are subject to certain leaver provisions and have a fixed term ending on June 30, 2029. Upon expiry of such term, unexercised Stock Options will be forfeited without compensation.

In addition to time vesting, vesting of the Stock Options depends on the extent to which the performance targets in relation to the relevant performance parameters is achieved during the applicable performance period.

The relevant performance targets for the performance vesting of Tranche 1 Options are as follows:

- A CAGR for the consolidated sales growth over the relevant performance period of approximately 37%, subject to certain upward adjustments in case of material acquisitions or an increase of the sales growth figures in the Company's relevant future mid-term business plan.
- A certain amount for the cumulated Adjusted EBITDA over the performance period, subject to certain adjustments in case of material acquisitions or adjustments of the Adjusted EBITDA figures in the Company's relevant future mid-term business plan.
- Certain ESG targets.

The relevant performance period for Tranche 1 Options commences with the fiscal year ended February 28, 2022 and ends with the fiscal year ended February 28, 2025.

The relevant performance targets for the performance vesting of Tranche 2 Options are as follows:

- A CAGR for the consolidated sales growth over the relevant performance period of approximately 21% subject to certain upward adjustments in case of material acquisitions or an increase of sales growth figures in the Company's relevant future mid-term business plan.
- A certain amount for the cumulated Adjusted EBITDA over the performance period, subject to certain adjustments in case of material acquisitions or adjustments of the relevant Adjusted EBITDA figures in the Company's relevant future mid-term business plan.
- Certain ESG targets.

The relevant performance period for Tranche 2 Options commences with the fiscal year ended February 28, 2026 and ends with the fiscal year ended February 28, 2027.

The performance parameters are weighted 60%, 30% and 10% in the order listed above.

If any performance target has not been fully achieved, a certain share of the related Stock Options based on the level of achievement and the performance parameter's weight is forfeited without compensation. In the case of the financial targets, the percentage of forfeited Stock Options increases linearly from 0% forfeiture at a performance target achievement of at least 100% to 20% forfeiture at a performance target achievement of 85%. In case of a performance target achievement of less than 85%, all Stock Options of the related tranche forfeit. In the case of ESG targets, none of the Stock Options related to the respective ESG target forfeit in case of a performance target achievement of at least 100%, and all Stock Options related to the respective ESG target forfeit in case of a performance target achievement of less than 100%.

Tranche 1 Options may be exercised for the first time after expiry of a four-year waiting period ending on June 30, 2025 and Tranche 2 Options after a six-year waiting period ending on June 30, 2027. After expiry of the relevant waiting period, and subject to the fulfilment of the exercise conditions (including the completion of the Private Placement and achievement of the share price hurdle set out below), vested Stock Options can be exercised during customary exercise windows, unless the exercise would fall into customary black-out periods.

To exercise the Stock Options, the three-month volume weighted average price of the shares of the Company in Xetra-trading or comparable successor trading systems (the "**VWAP**") of the Company's shares has to amount to 200% of the Exercise Price either at the beginning of the relevant exercise window or (ii) on three trading days during any previous exercise window for the relevant tranche. In addition, the share price hurdle needs to be reached or exceeded no later than February 28, 2027.

The settlement value per Stock Option is the difference between (i) the share price at exercise, which is calculated as the 3-trading day VWAP at the beginning of the relevant exercise window and (ii) the Exercise Price (the "**Settlement Value**") and is capped at 200% of the Exercise Price. Upon exercise of Stock Options, each member of the Management Board would have a claim for a number of shares of the Company corresponding to (i) the aggregate Settlement Value for the exercised Stock Options, divided by (ii) the share price at exercise, less €1.00 if new shares from conditional capital are used for the share settlement.

13.2.2.3 *Other Benefits of Members of the Management Board*

In addition to the compensation set out above, the members of the Management Board receive certain other monetary and non-monetary benefits (*e.g.*, monthly subsidies for private pension, health and/or long-term care insurance and a monthly allowance in lieu of a company car). Furthermore, the members of the Management Board are covered by our D&O insurance. The Company believes that the terms of this insurance policy are in line with market practice (see "*8.12 Insurance Coverage*").

13.3 Supervisory Board

In accordance with the Company's Articles of Association and Sections 95 and 96 AktG and – after the intended transformation into a European company (*Societas Europaea* (*SE*)) – pursuant to Articles 9 para. 1 lit. (c)(ii) of and 40 para. 3 of the SE Regulation in conjunction with Section 17 of the SEAG, the Supervisory Board comprises six members. All of the members are appointed by the Company's shareholders' meeting and represent the shareholders. Pursuant to Section 100 para. 5 AktG and – after the intended transformation into a European company (*Societas Europaea* (*SE*)) – together with Article 9 para 1 lit. (c) (ii) of the SE Regulation, the members of the Supervisory Board as a whole must be familiar with the industry in which the Company conducts its business.

The Supervisory Board has set a target figure for the proportion of women in the Supervisory Board of at least one third and at least two female members.

According to the Articles of Association, members of the Supervisory Board may be elected for a maximum term lasting until the end of the shareholders' meeting which resolves on the discharge (*Entlastung*) of the relevant members of the Supervisory Board for the fourth fiscal year after the commencement of the term of office. The fiscal year in which the term of office commenced is not counted towards the aforementioned number of four years. For members of the Supervisory Board who leave office before the end of their term, a successor must be elected for the remaining term of the leaving member, unless the Company's shareholders' meeting specifies a different term for such successor. Reelections of members of the Supervisory Board are permissible.

When electing members of the Supervisory Board, the shareholders' meeting may also appoint substitute members who replace any members of the Supervisory Board leaving their office before the end of their term. Unless stipulated otherwise in the election, the substitute members, in the order of their election, replace members of the Supervisory Board ending their term prematurely which were elected by the same shareholders' meeting. In such case, the office of the substitute member would end, once a successor for the former member of the Supervisory Board is elected through a by-election. Otherwise, the term of office corresponds to the remaining term of office of the former member. If the term of office of the substitute member ends due to a by-election, the substitute member regains its previous position as a substitute member for other members of the Supervisory Board.

The Supervisory Board elects a chairman and a deputy chairman from among its members to serve for the duration of those members' terms, unless a shorter period is determined at the time of their respective election.

If the chairman or his deputy leaves office before the end of his term, the Supervisory Board must hold a new election without undue delay.

Each member of the Supervisory Board and each substitute member may resign from office with or without cause by giving written notice one month in advance to the chairman of the Supervisory Board, or, in case of a resignation by the chairman, to the deputy chairman. The chairman of the Supervisory Board or, in case of a resignation of the chairman, the deputy chairman, may approve a shorter notice period or a waiver of the notice period. In case of a resignation for cause, the one-month notice period does not apply.

The Supervisory Board must hold at least two meetings in each calendar half-year. Meetings of the Supervisory Board are generally called at least ten calendar days in advance by the chairman of the Supervisory Board, not taking into account the day on which the invitation is sent and the day of the meeting itself. Notice of meetings may be given in writing, by telefax, or via electronic communication. In urgent cases, the chairman may shorten this period and may convene the meeting orally or by telephone.

The rules of procedure of the Supervisory Board provide that resolutions of the Supervisory Board are generally passed in meetings. At the order of the chairman, resolutions of the Supervisory Board may also be passed in writing, by telefax, by telephone or by electronic communication (or a combination of these forms of voting). Absent members of the Supervisory Board may also participate in the voting by submitting their votes in writing through another member of the Supervisory Board.

The Articles of Association provide that the Supervisory Board has a quorum if at least half of the total number of members provided for in the Articles of Association participates in the vote. Any members who abstain from voting are considered present for purposes of calculating the quorum. Unless otherwise provided for by mandatory law or the Articles of Association, resolutions of the Supervisory Board are passed with a simple majority of the votes cast. The Articles of Association require a unanimous vote of the members of the Supervisory Board for the adoption or amendment of the rules of procedure for the Supervisory Board. The exercise of an authorized capital under exclusion of the preemptive rights for contributions in kind by a shareholder holding more than 25% of the share capital requires a vote of 75% of the total number of the members of whom the Supervisory Board has to consist. If a vote by the Supervisory Board results in a tie, the chairman has a deciding vote. Such resolutions are documented by the chairman and circulated to all members of the Supervisory Board.

The Supervisory Board may adopt rules of procedure and form committees in accordance with applicable laws and the Articles of Association. The Supervisory Board determines the composition, competences and procedures of such committees, if any. To the extent permitted by law and by the Articles of Association, the Supervisory Board may delegate any of its duties, decision-making powers and rights to the chairman, to any of the Supervisory Board member(s) or to any committee(s) established from among its members. The rules of procedure of the Supervisory Board were adopted on June 4, 2021.

13.3.1 Members of the Supervisory Board

13.3.1.1 *Current Members of the Supervisory Board*

The following table sets forth the current members of the Supervisory Board, their respective age and position, and the duration of their remaining term:

Name	Age	First Appointed	Appointed until	Responsibilities
Sebastian Klauke	42	2021	2026	Chairman of the Supervisory Board
Niels Jacobsen	63	2021	2026	Deputy chairman of the Supervisory Board
Christina Johansson	55	2021	2026	Member of the Supervisory Board
Christian Leybold	44	2021	2026	Member of the Supervisory Board
Petra Scharner-Wolff	50	2021	2026	Member of the Supervisory Board
André Schwämmlein	39	2021	2026	Member of the Supervisory Board

Sebastian Klauke was born in Rheda-Wiedenbrück, Germany, in 1979. After studying in Münster, Germany, London, United Kingdom, and Freiburg, Germany, the graduate physicist (*Diplom-Physiker*) joined the

Boston Consulting Group in 2006, where he worked as a consultant and project manager for four years. In 2010, Mr. Klauke co-founded Autoda.de, the first German online shop for used cars, which was sold to the competitor MeinAuto in 2013. In the following he worked as a freelance consultant for technology and e-commerce start-ups.

As of 2014, Mr. Klauke acted as partner and managing director of BCG Digital Ventures GmbH, a subsidiary of the Boston Consulting Group. In 2017 he was appointed Chief Digital Officer of the Otto Group and in 2019 he became a member of the Otto Group executive board, where he is responsible for E-Commerce, Technology, Business Intelligence and Corporate Ventures.

Alongside his office as chairman of the Supervisory Board, Mr. Klauke is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside ABOUT YOU Group:

Currently:

- OTTO (GmbH & Co KG) (member of the executive board)
- Kienbaum und Partner GmbH (member of the advisory board)
- ABOUT YOU Holding AG (member of strategy committee)
- eVenture Beteiligungs-Verwaltungsgesellschaft mbH (managing director)
- OVC Venture Capital GmbH (managing director)
- Klauke Beteiligungsgesellschaft mbH (managing director)

Previously:

- SportScheck GmbH (member of the supervisory board)
- LURIC Investments GmbH (managing director)
- Collins Verwaltungs GmbH (managing director)
- ABOUT YOU Holding AG (chairman of the shareholder committee)
- BCG Digital Ventures GmbH (managing director)

Further, Mr. Klauke is and was member of several internal advisory boards (*Beiräte*) of Otto's subsidiaries.

Other than as listed above, Mr. Klauke has not been a member of any administrative, management or supervisory body of any other company or partnership outside ABOUT YOU Group within the last five years.

Niels Jacobsen was born in Fredericia, Denmark, in 1957. He holds a Master of Science degree in Business Administration from Aarhus University, Denmark. He has extensive leadership experience from major international companies. His competencies include business management and in-depth knowledge of financial matters, accounting, risk management and M&A. Previous positions include president of Orion A/S and vice president overseeing corporate affairs for both Atlas Danmark A/S and Thrige-Titan A/S.

In April 2017, he stepped down as president & CEO of William Demant Holding A/S to become CEO of William Demant Invest A/S, the wholly-owned holding company for all William Demant Foundation investment activities.

Alongside his office as member of the Supervisory Board, Mr. Jacobsen is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside ABOUT YOU Group:

Currently:

- KIRKBI A/S (deputy chairman of the board of directors)

- Nissens A/S (chairman of the board of directors)
- Thomas B. Thrige Foundation (chairman of the board of directors)
- ECA Danish Export Credit Agency (EKF Danmarks Eksportkredit) (member of the board of directors)

Additional duties related to William Demant Invest A/S:

- Demant A/S (deputy chairman of the board of directors)
- Jeudan A/S (chairman of the board of directors)
- Össur hf. (chairman of the board of directors)
- Vision RT Ltd. (chairman of the board of directors)
- Founders A/S (chairman of the board of directors)
- Boston Holding A/S (member of the board of directors)

Previously:

- Sennheiser Communications A/S (member of the board of directors)
- A. P. Møller - Mærsk A/S (member of the board of directors, deputy chairman of the board of directors)
- LEGO A/S (chairman of the board of directors)

Other than as listed above, Mr. Jacobsen has not been a member of any administrative, management or supervisory body of any other company or partnership outside ABOUT YOU Group within the last five years.

Christina Johansson was born in Ljungby, Sweden, in 1966. She holds a master of science degree in business administration and economics from the University of Växjö/Lund, Sweden. Ms. Johansson has more than 20 years of managerial experience in finance departments of listed companies. Following her studies, she started her career at Securitas AG as financial controller and treasury manager in 1993, before joining Amcor Ltd. in 1996, where she held senior finance positions in Amcor Rentsch, Amcor WhiteCap and Bericap until 2005.

In 2005, Ms. Johansson joined ZEAG AG as chief financial officer and deputy chief executive officer, before joining Pöyry Oy in 2007, as division chief financial officer at Pöyry Energy until 2013. In 2014, she joined SR Technics Switzerland AG as chief financial officer and deputy chief executive officer and, in 2016, she joined Bucher Industries AG as chief executive officer until 2018. In 2018, Ms. Johansson joined Bilfinger SE as member of the executive board and chief financial officer. In 2021, she also assumed the duties of chief executive officer and labor director on an interim basis, retaining her other functions.

Alongside her office as member of the Supervisory Board, Ms. Johansson is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside ABOUT YOU Group:

Currently:

- Emmi AG (member of the administrative council)
- Optikart AG (member of the administrative council)

Previously:

- Bucher Industries AG (member of the board of directors)
- SR Technics Switzerland AG (member of the board of directors)

Other than as listed above, Ms. Johansson has not been a member of any administrative, management or supervisory body of any other company or partnership outside ABOUT YOU Group within the last five years.

Christian Leybold was born in Lindau (Bodensee), Germany, in 1977. He holds a Master of Science in Electrical and Computer Engineering from the University of Illinois at Urbana-Champaign, USA.

He started his career with management consulting firms in Paris and Berlin and held various research positions at the Daimler Chrysler Research Center India in Bangalore and the Coordinated Science Laboratory at the University of Illinois. Mr. Leybold is the co-founder and managing partner of Headline (formerly known as e.ventures). He joined the San Francisco Team in 2003 and spent several years in California before moving back to Europe in 2006. Mr. Leybold helped bringing Silicon Valley-style investing to Europe and leads European Internet Consumer investments based out of the Berlin office.

Alongside his office as a member of the Supervisory Board, Mr. Leybold is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside ABOUT YOU Group:

Currently:

- brumbrum S.p.A. (advisory board member)
- JOW Inc. (advisory board member)
- Karmalicious AB (advisory board member)
- Natural Cycles AG (advisory board member)
- Friendsurance Holding GmbH (advisory board observer)
- SharpTx Ltd. (advisory board member)
- e.ventures Co-Invest I Komplementär GmbH (managing director)
- e.ventures europe II Komplementär GmbH (managing director)
- e.ventures europe V Komplementär GmbH (managing director)
- e.ventures europe VI Komplementär GmbH (managing director)
- e.ventures Managementgesellschaft mbH (managing director)
- e.ventures Advisory GmbH (managing director)
- eVenture Carry GmbH (managing director)
- Verwaltungsgesellschaft eVenture Carry II GmbH (managing director)
- Leybold Vermögensverwaltung GmbH (managing director)

Previously:

- eVenture Capital Partners 1 GmbH (managing director)
- eVenture Growth SLP, LLC (managing director)
- Farfetch.com Ltd. (board member)
- Wine in Black GmbH (board member)
- 9Flats GmbH (board member)
- Auctionata Paddle8 AG (formerly Auctionata Beteiligungs AG / Auctionata AG, a portfolio company of the e.ventures funds. The company entered insolvency proceedings in 2017. The proceedings are ongoing.) (supervisory board member)

- ASAP54.COM LTD (board member)
- Vicampo.de GmbH (board member)
- Friendsurance GmbH (board member)
- Experteer GmbH (board member)
- Blinkist GmbH (board member)

Other than listed above, Mr. Leybold has not been a member of any administrative, management or supervisory body of any other company or partnership outside ABOUT YOU Group within the last five years.

Petra Scharner-Wolff was born in Göttingen, Germany, in 1971. After completing her master's degree in business management at the University of Göttingen, she joined the Nymphenburg Group in Munich as a management consultant in 1995. In 1999, Ms. Scharner-Wolff moved to financial controlling at the Otto Group in Hamburg, where she became Vice-President of Group Controlling Affiliates in 2002 with responsibility for financial controlling of all Group companies globally.

In 2007 Ms. Scharner-Wolff joined the executive board of the Schwab Group in Hanau. She became Speaker of the Schwab Group executive board in 2009. Responsible for the Planning and Controlling, Finance and Accounting, IT, Stock Management and Technology as well as HR divisions, she drove the successful establishment of the Sheego fashion concept. In 2012, Scharner-Wolff moved back to Hamburg as a member of the Otto management board where she was responsible for HR, Controlling and IT. Ms. Scharner-Wolff has been member of the Otto Group executive board since 2015 and is responsible for Finance, Controlling and Human Resources.

Alongside her office as a member of the Supervisory Board, Ms. Scharner-Wolff is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside ABOUT YOU Group:

Currently:

- Otto (GmbH & Co KG) (Chief Financial Officer)*
- Creddis GmbH (managing director)*
- Otto Group Digital Solutions ecom GmbH (managing director)*
- RAINBOW Versandhandelsgesellschaft mbH (managing director)*
- Zweiundfünfzigste Otto Vorrats-Verwaltungsgesellschaft mbH (managing director)*
- Dreiundfünfzigste Otto Vorrats-Verwaltungsgesellschaft mbH (managing director)*
- Vierundfünfzigste Otto Vorrats-Verwaltungsgesellschaft mbH (managing director)*
- Fünfundfünfzigste Otto Vorrats-Verwaltungsgesellschaft mbH (managing director)*
- Hermes Zweite Beteiligungs-Verwaltungsgesellschaft mbH (managing director)*
- Concert Topco Limited (member of the board of directors)*
- AI Concert & Cy S.C.A. (member of the supervisory board)*
- Hermes Europe GmbH (member of the supervisory board)*
- Otto KW Handelsgesellschaft mbH (managing director)*
- Otto Finance GmbH (managing director)*
- Otto Gießen Beteiligungs GmbH (managing director)*

- Otto Gießen Grundstücks-Verwaltungs GmbH (managing director)*
- OFFICE PLANET GmbH (managing director)*
- Otto Finance Beteiligungs-Verwaltungsgesellschaft mbH (managing director)*
- Baur-Immobilien-Verwaltungs-GmbH (managing director)*
- Die Quh GmbH (managing director)*
- eVenture Beteiligungs-Verwaltungsgesellschaft mbH (managing director)*
- OTTO AUSTRIA Grundstücksverwaltungs GmbH (managing director)*
- OTTO-CHEER Beteiligungs-Verwaltungsgesellschaft mbH (managing director)*
- OTTO-EUROPE Beteiligungs-Verwaltungs GmbH (managing director)*
- SCHWAB Grundstücks-Verwaltungs GmbH (managing director)*
- OTTO-ASIA Beteiligungs-Verwaltungs GmbH (managing director)*
- Otto eCommerce-Beteiligungs- und Verwaltungsgesellschaft mbH (managing director)*
- OVC Venture Capital GmbH (managing director)*
- OTTO Warenverteilcenter GmbH (managing director)*
- FORUM Grundstücksgesellschaft m.b.H. (managing director)*
- GUSTO Grundstücks-Vermietungsgesellschaft mbH (managing director)*
- bpx Grundstücks-Verwaltungsgesellschaft Wandsbeker Straße mbH (managing director)*
- Grundstücksgesellschaft für Grossverkaufsstätten m.b.H. (managing director)*
- Grundstücks-Verwaltungsgesellschaft OTTO CENTER mbH (managing director)*
- Neue OGW Grundstücksverwaltung GmbH (managing director)*
- Zweite Mercator Vermietungsgesellschaft mbH (managing director)*
- Grundstücks-Verwaltungsgesellschaft Bramfeld mbH (managing director)*
- Grundstücks-Verwaltungsgesellschaft Versandbetrieb Bramfeld mbH (managing director)*
- HDI-Gerling Industrie Versicherung AG (member of the advisory board)
- Allianz Global Corporate & Specialty SE (member of the advisory board)
- SCHUFA Holding AG (member of the supervisory board)
- Commerzbank AG (member of the central advisory board)
- acatech (Deutsche Akademie der Technikwissenschaften) (member of the advisory board)
- HELM AG (member of the supervisory board)
- Jung Stiftung für Wissenschaft und Forschung (member of the executive board)

*Otto Group companies

Previously:

- SportScheck GmbH (member of the supervisory board)
- LURIC Investments GmbH (managing director)
- PEG-Payment Entwicklungsgesellschaft mbH (managing director)
- Funnel Plus GmbH (managing director)
- Hermes UK Beteiligungs- und Verwaltungsgesellschaft mbH (managing director)
- Hermes Auslieferungsbasis Ohrdruf GmbH (managing director)
- Hermes Auslieferungsbasis Haldensleben GmbH (managing director)
- Otto Import Solutions GmbH (managing director)
- Collins Verwaltungs GmbH (managing director)
- Hermes Europe GmbH (member of the supervisory board)
- Otto Finance GmbH, at that time corporation in Luxembourg (changed seat to Germany, maintaining its legal identity) (member of the board of directors)
- WG Datenmanagement GmbH (managing director)
- Mercator Receivables Finance GmbH (managing director)
- Otto Group Digital Solutions ecom GmbH (managing director)
- adSoul GmbH (managing director)
- Neununddreißigste Otto Vorrats-Verwaltungsgesellschaft mbH (today: ABOUT YOU Holding AG) (managing director)
- ARGOSYN SAS (president of the board of directors)
- Vierunddreißigste Otto Vorrats-Verwaltungsgesellschaft mbH (today: Otto Group data.works GmbH) (managing director)
- Dreiunddreißigste Otto Vorrats-Verwaltungsgesellschaft mbH (today: ondemandcommerce GmbH) (managing director)

Further, Ms. Scharner-Wolff is and was member of several internal advisory boards (*Beiräte*) of Otto's subsidiaries.

Other than as listed above, Ms. Scharner-Wolff has not been a member of any administrative, management or supervisory body of any other company or partnership outside ABOUT YOU Group within the last five years.

André Schwämmlein was born in Nürnberg in 1981. He received a master's degree in industrial engineering from the University of Erlangen-Nuremberg, Germany. Already during his time at university, Mr. Schwämmlein founded an IT-start up.

From 2007 to 2010, Mr. Schwämmlein worked as a strategy consultant at the Boston Consulting Group. In 2012, Mr. Schwämmlein and two co-founders founded the FlixBus platform for long-distance bus travel, and he is still one of the company's managing directors today. He is responsible for the operational management as well as the coordination of the bus partner structure and the global development of the long-distance bus network. The company had more than 100 million customers in the past years and is represented in 28 European countries and the USA.

Alongside his office as member of the Supervisory Board, Mr. Schwämmlein is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside ABOUT YOU Group:

Currently:

- FlixMobility GmbH (chief executive officer)
- Scout24 AG (member of the supervisory board)
- SEK Ventures GmbH (managing director).

Other than as listed above, Mr. Schwämmlein has not been a member of any administrative, management or supervisory body of any other company or partnership outside ABOUT YOU Group within the last five years.

The members of the Supervisory Board can be reached at the Company's offices at Domstraße 10, 20095 Hamburg, Germany (telephone: +49 (0) 40 638 569 – 0).

13.3.2 Supervisory Board Committees

Under the Articles of Association, the Supervisory Board may establish committees from among its members. Each committee must comprise at least three members of the Supervisory Board. To the extent permitted by law and by the Articles of Association, the Supervisory Board may delegate any of its duties, decision-making powers and rights to these committees.

As of the date of this Prospectus, the Supervisory Board has established the following committees:

13.3.2.1 Audit Committee

The audit committee has the following responsibilities:

- reviewing the financial reporting of the Company, monitoring its accounting processes, the effectiveness of internal control systems, the risk management system and the internal audit system as well as the auditing of the financial statements, in particular the selection and independency of the auditors and the additional services rendered by the auditors, and of the compliance systems;
- preparing resolutions of the Supervisory Board in connection with (i) the annual financial statements and the consolidated financial statements of the Company and (ii) the Supervisory Board's proposal to the shareholders' meeting regarding the election of the Company's auditors, including conducting the selection process;
- discussing interim financial statements with the Management Board and, if relevant, with the auditors;
- instructing the auditors and cooperating with the auditors; and
- approving measures and transactions of the Management Board, to the extent such approval is required pursuant to the rules of procedure of the Management Board.

The audit committee comprises three members. The following table sets forth the current members of the audit committee:

Name	Responsibilities
Christina Johansson	Chairman of the audit committee
Sebastian Klauke	Member of the audit committee
Niels Jacobsen	Member of the audit committee

The chairman of the Supervisory Board may not simultaneously hold the position of chairman of the audit committee.

The audit committee performs its duties in compliance with applicable laws, in particular Regulation (EU) No 537/2014 of the European Parliament and the Council of April 16, 2014 on specific requirements regarding the statutory audit of public-interest entities, as amended, the Articles of Association and the rules of procedure of the Supervisory Board.

The chairman of the audit committee regularly conducts discussions with the auditors. As a rule, the chief financial officer of the Company also attends these discussions. In certain cases, discussions may also take place without the chief financial officer. In connection with the fulfillment of its responsibilities, the audit committee may request information from the auditor, the Management Board, the audit department and the senior executives of the Company directly reporting to the Management Board.

13.3.2.2 *Presidential and Nomination Committee*

The presidential and nomination committee has the following responsibilities:

- preparing the Supervisory Board's proposals to the shareholders' meeting regarding the election of Supervisory Board members and identifying suitable Supervisory Board candidates;
- preparing resolutions of the Supervisory Board on specific objectives regarding its composition and the skills and expertise profile;
- preparing the self-assessment of the Supervisory Board and its committees;
- preparing resolutions of the Supervisory Board on selecting, appointing, dismissing and remunerating the members of the Management Board as well as entering into, amending and terminating their service agreements;
- preparing resolutions of the Supervisory Board pursuant to Sections 87a and 162 AktG;
- resolving on certain transactions and measures *vis-à-vis* members of the Management Board pursuant to Section 112 AktG;
- granting consent pursuant to Section 88 AktG;
- granting loans to the persons listed in Sections 89, 115 AktG;
- approving contracts of members of the Supervisory Board pursuant to Section 114 AktG; and
- approving measures and transactions of the Management Board, to the extent such approval of the presidential and nomination committee is provided for in the rules of procedure of the Management Board.

The presidential and nomination committee comprises three members. The chairman of the Supervisory Board is also the chairman of the presidential and nomination committee. The following table sets forth the current members of the presidential and nomination:

Name	Responsibilities
Sebastian Klauke	Chairman of the presidential and nomination committee
Niels Jacobsen	Member of the presidential and nomination committee
Christian Leybold	Member of the presidential and nomination committee

13.3.3 Remuneration and Other Benefits of the Members of the Supervisory Board

The chairman of the Supervisory Board receives a fixed annual remuneration of €140,000.00, while the deputy chairman receives €100,000.00 and all other members of the Supervisory Board receive €70,000.00. Any additional remuneration for membership in committees of the Supervisory Board is credited against the increased remuneration of the chairman and the deputy chairman of the Supervisory Board.

For membership in a committee of the Supervisory Board, the relevant members of the Supervisory Board receive an additional fixed annual remuneration of €10,000.00. In addition to this remuneration for committee membership, the chairman of a committee receives an additional fixed annual remuneration of €15,000.00, provided that in case of the chairman of the audit committee, such additional fixed remuneration amounts to €40,000.00.

In addition to the remuneration set forth above, the Company reimburses the members of the Supervisory Board for all reasonable out-of-pocket expenses incurred when fulfilling their duties as members of the Supervisory Board, and for any value added taxes payable on such out-of-pocket expenses and remuneration.

Furthermore, the members of the Supervisory Board are covered by the D&O insurance policy of ABOUT YOU Group. The Company believes that the terms of this insurance policy are in line with market standards (see "*8.12 Insurance Coverage*").

13.4 Shareholdings of the Members of the Management Board and the Supervisory Board

13.4.1 Shareholdings of the Members of the Management Board

As of the date of this Prospectus, Tarek Müller, through his wholly-owned subsidiary TMB, holds 6,745,914, Hannes Wiese, through his wholly-owned subsidiary HWB, holds 4,216,095, and Sebastian Betz, through his wholly-owned subsidiary SBB, holds 5,902,776 shares in the Company.

TMB, HWB and SBB participate as Selling Shareholders in the Private Placement. For an overview of the effects of the Private Placement, see "*10.1 Major Shareholders*".

13.4.1.1 Re-Vesting Scheme

Prior to any sales as part of the Private Placement, 28.5% of the shares in the Company held by each Management Board member's investment vehicle at the time of the Private Placement are subject to a post-Private Placement re-vesting scheme, *i.e.*, while these shares already grant full shareholder rights, they can still be forfeited and become subject to mandatory transfer to the Company without compensation to the extent the following vesting criteria are not met ("**Vesting Shares**").

Vesting Shares will vest in equal quarterly installments from the time of the Private Placement through April 15, 2025 in accordance with the Company's fiscal quarters based on a fiscal year ending at the end of February. In addition to this time vesting for all Vesting Shares, for 40% of the Vesting Shares ("**Performance Vesting Shares**"), vesting shall be performance-based applying the performance targets and the performance measurement for Tranche 1 Options as outlined in "*13.2.2.2 Long-Term Variable Remuneration*" above. The performance period commences with the fiscal year ended February 28, 2022 and ends with the fiscal year ended February 28, 2025 (inclusive).

None of the Vesting Shares may be disposed of prior to the expiry of both the time vesting and performance periods. In case of a so-called bad leaver event, all Vesting Shares and in case of a so-called good leaver event, any Vesting Shares that have not time-vested shall be transferred to the Company without compensation.

13.4.1.2 *Lock-up*

In addition to the lock-up of the members of the Management Board outlined in "*2.6.7.2 Lock-up Agreements of the Existing Shareholders*", Shares held by the Management Board members (through their wholly-owned investment vehicles) that are neither Vesting Shares nor sold as part of the Private Placement, are subject to a staggered lock-up obligation vis-à-vis the Company, under which 50% of such shares are locked for one year and the other 50% for two years after the Private Placement.

13.4.2 Shareholdings of the Members of the Supervisory Board

As of the date of this Prospectus, no supervisory board member holds shares in the Company. However, upon settlement of the Private Placement, Sebastian Klauke will hold 8,696, Niels Jacobsen will hold 17,391, Christian Leybold will hold 21,300, Petra Scharner-Wolff will hold 13,000 and André Schwämmlein will hold 35,000 shares in the Company; Christina Johansson will continue not to hold shares in the Company.

13.5 Certain Information regarding the Members of the Management Board and the Supervisory Board

In the last five years, no member of the Management Board or the Supervisory Board has been:

- convicted of fraudulent offenses; or
- the subject of any official public incrimination and/or sanctions involving such person by statutory or regulatory authorities (including designated professional bodies); or
- disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

None of the members of the Supervisory Board has entered into a service agreement with a company of ABOUT YOU Group that provides for benefits upon termination of employment or office. During the fixed term of the members of the Management Board, the Company is excluded from an ordinary termination of each member's service agreement. The Company may, however, terminate a service agreement if the relevant member is dismissed for good cause in accordance with Section 84 para. 3 AktG. In case of such termination, the Management Board member is entitled to a severance payment equal to 24 months (or the remaining duration of the service agreement, if shorter) of base salary.

There are no family relationships between the members of the Management Board and the Supervisory Board, either among themselves or in relation to the members of the respective other body.

13.6 Shareholders' Meetings

13.6.1 Convening of Shareholders' Meetings

Pursuant to Section 175 AktG, the annual shareholders' meeting of the Company must be held within the first eight months of each fiscal year. After the intended transformation into a European company (*Societas Europaea* (*SE*)), the annual shareholders' meeting will have to take place within the first six month of each fiscal year pursuant to Article 54 para. 1 SE Regulation. At the option of the body convening the shareholders' meeting, the meeting is held either at the registered seat of the Company, in a German city with a stock exchange or at a place in Germany located within a radius of 50 kilometers around these locations. The Company's shareholders' meeting is generally convened by the Management Board. Notice must be issued in the German Federal Gazette (*Bundesanzeiger*) at least 30 days before the day of the shareholders' meeting. The day of the meeting and the day of the publication of the convocation in the German Federal Gazette (*Bundesanzeiger*) are not taken into account when calculating this 30-day period. This period is extended for the period for registration by the shareholders (see "*13.6.2 Shareholders' Rights to Participate in Shareholders' Meetings*"). For shareholders' meetings held in 2021, the notice period may be reduced as further described in section "*13.6.5 Virtual Shareholders' Meetings*" below.

A shareholders’ meeting may also be convened by the Supervisory Board. In addition, shareholders whose aggregate shareholdings amount to at least 5% of the Company’s share capital may request that a shareholders’ meeting be held. Shareholders or shareholder associations may solicit other shareholders to submit such request, jointly or by proxy, in the shareholders’ forum of the German Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the German Company Register (*Unternehmensregister*). If, following a request submitted by shareholders whose aggregate shareholdings amount to at least 5% of the Company’s share capital, a shareholders’ meeting of the Company is not held in a timely manner, the competent local court (*Amtsgericht*) may authorize the shareholders who have requested such meeting or their representatives to convene a shareholders’ meeting of the Company.

13.6.2 Shareholders’ Rights to Participate in Shareholders’ Meetings

Pursuant to the Articles of Association, all shareholders of the Company who have duly submitted notification of attendance and evidence of their shareholdings are entitled to attend the shareholders’ meeting and to exercise their voting rights. The registration for the shareholders’ meeting must be received by the Company at the address specified in the convening notice at least six days prior to the day of the shareholders’ meeting. The convening notice may provide for a shorter period to be measured in days. When calculating this period, the day of the meeting and the day of the receipt of the notice are not taken into account.

The shareholder’s registration must be submitted in the German language or the English language in writing (*Textform*), or by way of other electronic means as specified by the Company in greater detail. The evidence of shareholdings must be provided in the form of proof set forth in Section 67c para. 3 AktG. Such evidence must refer to the beginning of the 21st day prior to the shareholders’ meeting (so-called record date).

Voting rights may be exercised by proxy. The granting of the proxy, its revocation and the evidence of authorization to be provided to the Company must be submitted in writing (*Textform*), unless the convening notice provides for a less strict form. Details on the granting of proxy, its revocation and the evidence to be provided to the Company are provided together with the convening notice for the shareholders’ meeting. The Management Board may allow shareholders to cast their votes in writing or by electronic communication without attending the shareholders’ meeting (absentee vote) and may determine the scope and the procedure of the exercising of rights in such way. The Management Board may also provide that shareholders may participate in the shareholders’ meeting without being present in person at the place of the shareholders’ meeting or being represented, and may exercise all or specific shareholders’ rights, in full or in part, by electronic communication (online participation).

13.6.3 Conduct of Shareholders’ Meetings

The shareholders’ meeting is chaired by the chairman of the Supervisory Board or by another member of the Supervisory Board or any other person determined by the chairman of the Supervisory Board. In the event that neither the chairman of the Supervisory Board nor any other member of the Supervisory Board or other person determined by the chairman of the Supervisory Board takes over the position of chairman of the shareholders’ meeting, the chairman of the shareholders’ meeting is elected by the Supervisory Board members present at the shareholders’ meeting. In the event that no member of the Supervisory Board is present at the shareholders’ meeting and no other person determined by the chairman of the Supervisory Board takes over the position of chairman of the shareholders’ meeting, the chairman of the shareholders’ meeting is elected by the shareholders’ meeting under the chairmanship of the shareholder with the highest shareholding present at the shareholders’ meeting.

The chairman of the shareholders’ meeting chairs the proceedings of the meeting and directs the course of the proceedings. In particular, the chairman may exercise rules of order and make use of assistants. The chairman determines the sequence of speakers and the consideration of the items on the agenda as well as the form, procedure and further details of voting. The chairman may also, to the extent permitted by law, decide on the bundling of factually related items for resolution into a single vote. At the beginning of, or at any time during, the shareholders’ meeting, the chairman may set a reasonable limit on the time allowed to speak or to ask questions, or on the combined time to speak and ask questions. The chairman may also determine an appropriate time frame for the course of the entire shareholders’ meeting, for individual agenda items or individual speakers. If necessary, the chairman may close the list of requests to speak and order the end of the debate in the shareholders’ meeting.

13.6.4 Resolutions of the Shareholders' Meeting

Resolutions of the shareholders' meeting are passed with a simple majority of the votes validly cast, unless the AktG requires a different majority. For example, under the AktG the dismissal of a supervisory board member elected by the shareholders' meeting requires a majority of 75% of the votes validly cast. Instances in which a majority of at least 75% of the share capital represented at the vote is required under the AktG in addition to a simple majority of the votes validly cast include:

- amendments to the Articles of Association, *e.g.*, in case of:
  - amendments to the corporate purpose of the Company;
  - capital increases resolved by the shareholders' meeting;
  - the creation of conditional or authorized capital;
  - capital reductions;
- the approval to conclude or amend corporate agreements (*Unternehmensverträge*);
- an issuance of, or authorization to issue, convertible and profit sharing certificates and other profit sharing rights;
- an authorization on the use of treasury shares;
- a liquidation of the Company or a subsequent continuation of the liquidated Company;
- the approval of contracts within the meaning of Section 179a AktG (transfer of the entire assets of the Company) and management actions of special significance that require the approval of the shareholders' meeting in compliance with legal precedents;
- an integration of the Company into another corporation; and
- any actions within the meaning of the UmwG.

After the transformation of the Company into a European company (*Societas Europaea* (*SE*)), pursuant to Articles 5, 57 and 59 of the SE Regulation, and Section 51 of the SEAG in conjunction with the AktG, the majority requirements described above apply accordingly. The Articles of Association do not provide for any amendment of the statutory majority requirements.

Neither European law nor German law or the Articles of Association limits the rights of foreign shareholders or shareholders not domiciled in Germany to hold shares or exercise voting rights associated therewith.

13.6.5 Virtual Shareholders' Meetings

Pursuant to the German Act on Reducing the Effects of the COVID-19 Pandemic in Civil, Insolvency and Criminal Procedure Law (*Gesetz zur Abmilderung der Folgen der COVID-19-Pandemie im Zivil-, Insolvenz- und Strafverfahrensrecht*) dated March 27, 2020 as extended by the Act on the Further Reduction of the Procedure for the Relief of Reaming Debt (*Gesetz zur weiteren Verkürzung des Restschuldbefreiungsverfahrens*) dated December 22, 2020 (the "**COVID-19-Act**"), the Management Board may decide, with the approval of the Supervisory Board, to hold shareholders' meetings on or before December 31, 2021 as virtual shareholders' meetings without the physical presence of shareholders or their representatives, provided that the following requirements are fulfilled:

- the entire shareholders' meeting is broadcast via audio and video transmission;
- shareholders may exercise their voting rights via electronic communication (absentee voting or electronic participation) and by authorizing proxy representatives;
- shareholders are granted the right to ask questions via electronic communication; and

- shareholders who have exercised their voting rights are offered the opportunity to object to resolutions of the shareholders' meeting without the requirement to attend in person at the shareholders' meeting.

Under the COVID-19-Act, the Management Board, with the consent of the Supervisory Board, may shorten certain periods in connection with the convocation of, registration and providing evidence of shareholding for, shareholders' meetings held on or before December 31, 2021. In particular, the shareholders' meeting may be convened as late as on the 21^{st} day prior to the day of the meeting. In accordance with Articles 53 and 54 of the SE Regulation, these rules for German stock corporations will apply to ABOUT YOU Holding SE as well.

13.7 German Corporate Governance Code

The German Corporate Governance Code, as amended on December 16, 2019 (the "**Code**"), contains recommendations and suggestions for the management and supervision of German companies listed on a stock exchange. The Code incorporates nationally and internationally recognized standards of good and responsible corporate governance. The purpose of the Code is to increase the transparency of the German system of corporate governance and supervision for investors. The Code includes recommendations and suggestions for management and supervision with regards to shareholders and shareholders' meetings, management and supervisory boards, transparency, accounting and auditing.

There is no obligation to comply with the recommendations or suggestions of the Code. Pursuant to Section 161 para. 1 AktG, the Management Board and the Supervisory Board are, however, required to declare that the Company has either complied or will comply with the recommendations of the Code, or which recommendations have not or will not be complied with, and explain why the Management Board and the Supervisory Board do not or will not comply with certain recommendations. This declaration must be submitted annually and must be made permanently accessible to the shareholders. There is no requirement to disclose any deviations from the suggestions of the Code.

As of the date of this Prospectus, the Company complies with all recommendations of the Code, apart from the following:

- Section F.2 of the Code – Reporting: With respect to the consolidated financial statements, the group management report as well as any mandatory interim financial information required under statutory laws or applicable stock exchange rules, in each case to be published in, or to be prepared for, the fiscal year ending February 28, 2022, the Company has decided, in deviation from Section F.2 of the Code, to publish the respective financial information within the respective publication periods stipulated by mandatory law or the applicable stock exchange rules for such financial information. The Company believes that a publication within such periods will sufficiently satisfy the need for information of the shareholders, creditors and other stakeholders as well as the public. Starting with the financial information to be published for the fiscal year ending February 28, 2023, the Company intends to comply with the publication timelines provided for in Section F.2 of the Code.

14. CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

In accordance with IAS 24, transactions with persons or companies that are members of the same group as the Company or that are in control of or controlled by the Company must be disclosed unless they are already included as consolidated companies in the Company's consolidated financial statements. Control exists if a shareholder owns more than half of the voting rights in the Company or, by virtue of an agreement, has the power to control the financial and operating policies of the Company's management. The disclosure requirements under IAS 24 also extend to transactions with associated companies, including joint ventures, as well as transactions with persons who have significant influence over the Company's financial and operating policies, including close family members and intermediate entities. This includes the members of the Management Board and the Supervisory Board and close members of their families, as well as those entities over which the members of the Management Board and the Supervisory Board or their close family members are able to exercise a significant influence or in which they hold a significant share of the voting rights.

Set forth below in is a detailed description of such transactions with related parties for the fiscal years ended February 28, 2021, February 29, 2020, and February 28, 2019 and up to and including the date of this Prospectus. Business relationships between companies of ABOUT YOU Group are not included. Further information with respect to related party transactions, including quantitative amounts, are contained in the notes to the audited consolidated financial statements of the Company as of and for the fiscal years ended February 28, 2021, February 29, 2020, and February 28, 2019, which are all included in this Prospectus in the Section "16. Financial Information" on pages F-1 et seq.

14.1 Transactions with Related Parties

We have ongoing commercial relationships and conduct transactions with related parties in the ordinary course of business on an arm's length basis. As part of these relationships, Otto Group companies act as suppliers of fashion products but also as service providers, *e.g.*, for fulfillment services (see "*8.9.1.1 Fulfillment Agreement with BAUR Versand (GmbH & Co KG)*"). We also purchase fashion products from the Bestseller group which is affiliated to Heartland ("**Bestseller**").

In the fiscal year ended February 28, 2021, ABOUT YOU purchased goods worth €21.0 million (fiscal year ended February 29, 2020: €23.0 million; fiscal year ended February 28, 2019: €26.9 million) from shareholders, mainly goods for resale. In addition, services worth €22.7 million (fiscal year ended February 29, 2020: €30.4 million; fiscal year ended February 28, 2019: €46.7 million) mainly relating to logistics were purchased from shareholders. In addition, in the fiscal year ended February 28, 2021, ABOUT YOU purchased goods amounting to €113.1 million (fiscal year ended February 29, 2020: €87.2 million; fiscal year ended February 28, 2019: €53.2 million) from other related parties. The goods were mainly purchased for resale. Services with a value of €125.6 million (fiscal year ended February 29, 2020: €81.5 million; fiscal year ended February 28, 2019: €46.0 million) mainly relating to logistics were also purchased from related parties.

In the fiscal year ended February 28, 2021, transactions with shareholders with a total volume of €4.7 million (fiscal year ended February 29, 2020: €4.9 million; fiscal year ended February 28, 2019: €8.8 million) were conducted under the Media4Equity program, which increased ABOUT YOU's share premium by this amount.

In addition, we provide business services from our TME segment to companies of the Otto Group and Bestseller. The scope of these services encompasses each of the TME revenue streams, i.e. Tech services, Media services and Enabling services. In total, we serve approximately 10 different entities that are classified as related parties. In the fiscal year ended February 28, 2021, we generated total revenues of €22.6 million from these TME services to related parties, which accounted for approximately one quarter of our total TME revenues. A significant proportion of related party revenues are recurring revenues from Software as a Service products of our Tech business. These revenues are governed by arm's length long-term contracts:

- Under a 2019 framework agreement, ABOUT YOU provides technology services to Otto and its several affiliates, such as the provision and licensing of software products, the provision of infrastructure services through scalable hosting, and service and support for the products. Additionally, Otto may request further services, such as integration, development and other support services. In March 2021, ABOUT YOU AG & Co. KG entered into an additional project agreement with the Otto Group for the launch of 16 online shops with a total budget of €20.3 million over the fiscal years 2021/22, 2022/23 and parts of 2023/24 for the integration and implementation of the SaaS products within the Otto Group companies' systems and an additional minimum license fee for providing the Technology services in an amount of €10.2

million for each of the years 2023/24, 2024/25 and 2025/26; thereafter the agreement extends for another twelve months if not terminated.

- In December 2020, we entered into an agreement with an affiliate of Bestseller under which we provide different Technology services under our ABOUT YOU Commerce Suite for more than 20 domains of the shop "the founded", as well as adjacent Enabling services with an estimated license fee volume of €3.0 million over the fiscal years 2021/22, 2022/23 and parts of 2023/24; thereafter the agreement extends for another twelve months if not terminated.

Furthermore, former ABOUT YOU GmbH entered into three separate shareholder loan agreements with Otto and GFH on November 30, 2020 and with Aktieselskabet af 12.6.2018 on December 4, 2020 as lenders, which have been transferred to ABOUT YOU AG & Co. KG on March 5, 2021. Otto granted an unsecured and subordinated loan to ABOUT YOU AG & Co. KG in the aggregate amount of €42.4 million, GFH in the aggregate amount of €9.7 million and Aktieselskabet af 12.6.2018 in the aggregate amount of €22.9 million. All loans carry interest at a rate of 10% p.a. On February 17, 2021 the shareholder loan agreements were amended with the result that repayment including interest is now due on February 28, 2023. The borrower is entitled to fully or partially repay the loans together with accrued but unpaid interest prior to the repayment date. For further information about the agreements, see "*8.9.2 Shareholder Loan Agreements*".

Due to a shareholder relationship, ABOUT YOU was legally bound to a contract entered into during the fiscal year ended February 28, 2019. In this context, a capital withdrawal and a capital contribution in the same amount on the basis of compensation payments for services obtained were recognized. On balance, this had no effect on our results. The contract was terminated effective December 31, 2020 and accordingly there have been no further compensation payments thereafter.

On June 3, 2021, the Major Shareholders transferred a total of 3.8 million shares in the Company to the Company against no consideration in the context of the conversion of former B shares (see "*10.2 Share Conversion and Post-Placement Compensation*").

14.2 Relationships with Members of the Management Board and the Supervisory Board

In the fiscal year ended February 28, 2021, the members of the Management Board received an aggregate remuneration of €0.8 million (fiscal year ended February 29, 2020: €0.8 million). The total remuneration of the members of the Management Board amounted to an aggregate of €0.9 million in the fiscal year ended February 28, 2019.

For a description of the current remuneration of the members of the Management Board, see "*13.2.2 Remuneration of the Members of the Management Board*".

For a description of the current remuneration of the members of the Supervisory Board, see "*13.3.3 Remuneration and Other Benefits of the Members of the Supervisory Board*".

Prior to the Company's conversion from a limited liability company to a stock corporation on March 30, 2021, the Company did not have a supervisory board.

15. TAXATION IN THE FEDERAL REPUBLIC OF GERMANY

The tax legislation of the investor's country of residence and of Germany as the Company’s country of incorporation may have an impact on the income received from the securities. Tax consequences may differ according to the provisions of different tax treaties and the investor’s particular circumstances. Therefore, investors are urged to consult their own tax advisors as to tax consequences of the acquisition, ownership and disposition of shares in the Company.

Income received from shares in the Company is subject to taxation. In particular, the tax laws of any jurisdiction with authority to impose taxes on the Company’s shareholders and the tax laws of the Company’s state of incorporation, statutory seat and place of effective management (i.e., Germany) may have an impact on the income received from shares in the Company.

The following section outlines certain key German tax principles that may be relevant with respect to the acquisition, holding or transfer of shares in the Company. It is important to note that the legal situation may change, possibly with retroactive effect. This summary is not and does not purport to be a comprehensive or exhaustive description of all tax considerations that may be relevant to shareholders of the Company. This presentation is based upon domestic German tax laws in effect as of the date of this Prospectus and the provisions of double taxation treaties currently in force between Germany and other countries. We cannot rule out that the German tax authorities or courts will interpret these laws and provisions differently than what is described in this section.

This section does not replace the need for individual shareholders of the Company to seek personal tax advice. Therefore, prospective shareholders are advised to consult their own tax advisors regarding the tax implications of acquiring, holding or transferring shares of the Company and what procedures are necessary to secure the repayment of German withholding tax (Kapitalertragsteuer), if possible. Only qualified tax advisors are in a position to adequately consider the particular tax situation of individual shareholders of the Company.

15.1 General Taxation of Dividends

Shareholders are taxed in particular in connection with the holding of shares (taxation of dividend income), upon the sale or disposal of shares (taxation of capital gains) and the gratuitous transfer of shares (inheritance and gift tax).

15.1.1 No Taxation in Case of Payments from a Tax-Recognized Contribution Account

In the future, the Company may pay dividends out of a tax-recognized contribution account (*steuerliches Einlagekonto*). To the extent the Company pays dividends from such tax-recognized contribution account in accordance with the statutory requirements, such dividends are not subject to withholding tax, personal income tax or corporate income tax, as the case may be (including the solidarity surcharge and church tax, if applicable). Any dividends paid out of a tax-recognized contribution account in accordance with the statutory requirements would, however, lower the acquisition costs of the shares, which may result in a higher amount of taxable capital gains upon the shareholder’s sale of the shares. Special rules apply to the extent that dividends from the tax-recognized contribution account exceed the then lowered acquisition costs of the shares (the details are outlined below).

15.1.2 Withholding Tax

Dividends distributed by the Company that are not paid out of the tax-recognized contribution account (*steuerliches Einlagekonto*) in accordance with the statutory requirements are subject to a deduction at source (withholding tax) at a 25% rate plus a solidarity surcharge of 5.5% on the amount of withholding tax (amounting in total to a rate of 26.375%) and church tax (*Kirchensteuer*), if applicable. The basis for determining the dividend withholding tax is the dividend approved for distribution by the Company’s shareholders’ meeting.

In general, dividend withholding tax is withheld regardless of whether and, if so, to what extent the shareholder must report the dividend for tax purposes and regardless of whether the shareholder is a resident of Germany or of a foreign country.

As the Company’s shares are admitted to be held in collective safe custody (*Sammelverwahrung*) with a central securities depository (*Wertpapiersammelbank*) pursuant to Section 5 of the German Act on Securities Accounts (*Depotgesetz*) and are entrusted to such central securities depository for collective safe custody in Germany, the following entities are responsible and authorized to collect withholding tax in Germany and to remit it to the relevant tax authority for the account of the relevant shareholder: (i) a domestic bank or financial service institute (*inländisches Kredit- oder Finanzdienstleistungsinstitut*), a domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*) or a domestic securities trading bank (*inländische Wertpapierhandelsbank*), including the domestic branches of foreign banks or financial service institutes, which holds the shares in custody or that manages such shares and that pays out or credits the shareholder's investment income or that pays the investment income to a foreign entity, or (ii) the central securities depository (*Wertpapiersammelbank*) to which the shares were entrusted for collective custody if it pays the investment income to a foreign entity, or (iii) the Company itself if and to the extent shares that are held in collective safe custody (*girosammelverwahrt*) by the central securities depository (*Wertpapiersammelbank*) are treated as shares being held separately (*abgesetzte Bestände*) (each person within the meaning of (i) through (iii) a "**Dividend Paying Agent**"). Aside from shares being held separately (*abgesetzte Bestände*), the Company generally does not assume any responsibility for the withholding of withholding tax. That means that the Company is released from liability for violation of its legal obligation to withhold and pay the taxes at source, if it provides evidence that it has not breached its duties intentionally or gross negligently.

Where dividends are distributed to a company resident in another member state of the European Union within the meaning of Article 2 of Council Directive 2011/96/EU of November 30, 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different member states, as amended (the "**Parent-Subsidiary Directive**"), withholding of the dividend withholding tax may not be required (withholding tax exemption) or may be refunded, in each case only upon application and provided that certain additional requirements are met. This also applies to dividends distributed to a permanent establishment located in another member state of the European Union of such parent company or of a parent company that is tax resident in Germany, if the interest in the dividend-paying subsidiary is part of the respective permanent establishment's business assets. Further prerequisites for the exemption from withholding at the source or a refund of withholding tax under the Parent-Subsidiary Directive are that the shareholder has directly held at least 10% of the Company's registered share capital continuously for twelve months at the time at which the withholding tax arises in accordance with the statutory provisions and that the German Federal Central Office of Taxation (*Bundeszentralamt für Steuern*), with its registered office in An der Küppe 1, 53225 Bonn, Germany, has certified to the creditor of the dividends, based upon an application filed by such creditor on the officially prescribed form, that the prerequisites for exemption have been met. The exemption from, or the refund of, withholding taxes on dividends is subject to German anti-treaty shopping rules. These rules, *inter alia*, generally require that a shareholder maintains its own administrative substance in the country of its tax residence and conducts its own business activities. If there is a holding of at least 10% of the Company's registered share capital and the shares held in collective safe custody by Clearstream are treated as so-called stock being held separately (*abgesetzte Bestände*), the German tax authorities will, based on a decree issued in 2013, not object when the main paying agent (*Hauptzahlstelle*) of the Company disburses dividends without deducting withholding tax, assuming a valid exemption certificate (*Freistellungsbescheinigung*) and proof that the relevant shares have been held separately are presented. An exemption certificate is granted upon application with the German Federal Central Office of Taxation (*Bundeszentralamt für Steuern*) at the aforementioned offices, subject to the aforementioned requirements.

The dividend withholding tax rate for dividends paid to shareholders without a tax residence in Germany will be reduced in accordance with any applicable double taxation treaty between Germany and the relevant shareholder's country of residence, provided that the shares are neither held as part of the business assets of a permanent establishment or a fixed base in Germany nor as part of the business assets for which a permanent representative in Germany has been appointed. The reduction in the dividend withholding tax is generally obtained by applying to the German Federal Central Office of Taxation (*Bundeszentralamt für Steuern*) at the aforementioned offices for a refund of the difference between the dividend withholding tax withheld, including the solidarity surcharge, and the amount of withholding tax actually owed under the applicable double taxation treaty, which usually amounts to between 5% and 15%. Depending on the applicable double taxation treaty, a reduced withholding tax rate may be applicable in the tax withholding process, if the shareholder has applied for an exemption certificate (*Freistellungsbescheinigung*) from the German Federal Central Office of Taxation (*Bundeszentralamt für Steuern*). The applicable double taxation treaty may also provide for a full exemption from the German dividend withholding tax, if the relevant shareholder has directly held at least 10% of the Company's registered share capital and if further prerequisites are met. Forms for the refund and exemption procedure are available at the German Federal Central Office of Taxation (*Bundeszentralamt für Steuern*). Any such reduction of withholding taxes is subject to the German anti-treaty shopping rules.

Corporations (*i.e.*, entities that are considered corporations from a German tax viewpoint) that are not tax residents in Germany should upon application receive a refund of two fifths of the dividend withholding tax that was withheld and remitted to the tax authorities subject to certain requirements. This applies regardless of any further reduction or exemption provided for under the Parent-Subsidiary Directive or a double taxation treaty.

Foreign corporations will generally have to meet certain stringent substance criteria defined by statute in order to receive an exemption from, or (partial) refund of, German dividend withholding tax.

Pursuant to special rules on the restriction of withholding tax credit, the aforementioned relief in accordance with applicable double taxation treaties as well as the credit of withholding tax described for shares held as private and as business assets (see "*15.2 Taxation of Dividends of Shareholders with a Tax Residence in Germany*") is subject to the following three cumulative prerequisites: (i) the relevant shareholder must qualify as beneficial owner of the shares in the Company for a continuous period of at least 45 days occurring within a period of 45 days prior and 45 days after the due date of the dividends ("**Minimum Holding Period**"), (ii) the shareholder has to bear at least 70% of the change in value risk related to the shares in the Company during the Minimum Holding Period without having, in particular, entered into hedging transactions (acting by itself or through a related party), which directly or indirectly lower the change in value risk by more than 30%, and (iii) the shareholder is not required to fully or largely, directly or indirectly, transfer the dividends to third parties (the tests under (i) through (iii) together the "**Minimum Risk Test**").

Should any of the three prerequisites of the Minimum Risk Test not be met, the following applies:

- As regards the taxation of dividends of shareholders with a tax residence in Germany, three fifths of the withholding tax imposed on the dividends may not be credited against the shareholder's (corporate) income tax liability, but may, upon application, be deducted from the shareholder's tax base in an assessment procedure for the relevant assessment period. A shareholder that has received gross dividends without any deduction of withholding tax (*i.e.*, due to a tax exemption without qualifying for a full tax credit) or that has already obtained a refund of taxes withheld, has to notify the competent local tax office accordingly, file a withholding tax return for an amount of 15% of the relevant dividends in accordance with the statutory formal requirements and pay withholding tax in the amount stated on the aforementioned withholding tax return. The special rule on the restriction of withholding tax credit does not apply to a shareholder whose overall dividend earnings within an assessment period do not exceed €20,000.00 or who has been the beneficial owner of the shares in the Company for at least one uninterrupted year upon receipt of the dividends.

- As regards the taxation of dividends of shareholders without a tax residence in Germany who have applied for a full or partial refund of the withholding tax pursuant to a double taxation treaty, no refund is available. This restriction does not apply to a shareholder (i) that directly holds at least 10% of the shares in the Company and that is subject to taxes on income or profits in the country of its tax residence without being exempted therefrom, or (ii) that has been the beneficial owner of the shares in the Company for at least one uninterrupted year upon receipt of the dividends, or (iii) if the applicable tax rate pursuant to the applicable double taxation treaty is at least 15%.

- In addition to the aforementioned statutory provisions, the German Federal Ministry of Finance (*Bundesministerium der Finanzen*) has published a decree outlining the treatment of transactions where the credit of withholding tax will be denied even when the statutory minimum tests described above are met, in order to prevent abuse.

Prospective shareholders should seek their own professional advice as to whether they can obtain a tax credit or tax refund with respect to withholding taxes on dividends.

In case of individual shareholders holding shares in the Company as private assets, the Dividend Paying Agent which keeps or administrates the shares and pays or credits the capital income is required to create so-called pots for offsetting losses (*Verlustverrechnungstöpfe*) to allow for negative capital income to be set off against current and future positive capital income. A set off of negative capital income at one Dividend Paying Agent against positive capital income at another Dividend Paying Agent is only possible in the course of the income tax assessment at the level of the respective shareholder. In such case, the relevant shareholder has to apply for a certificate confirming the amount of losses not offset with the Dividend Paying Agent where the pot for offsetting losses exists. The application is irrevocable and must reach the Dividend Paying Agent until December 15 of the respective year, as otherwise the losses will be carried forward by the respective Dividend Paying Agent to the following year.

Withholding tax will not be withheld by a Dividend Paying Agent if the shareholder provides such Dividend Paying Agent with an application for exemption (*Freistellungsauftrag*) to the extent such shareholder's capital income does not exceed the annual savers' allowance (*Sparerpauschbetrag*) of €801.00 (€1,602.00 for jointly filing individuals) as outlined on the application for exemption. Furthermore, no withholding tax will be levied if the shareholder provides the Dividend Paying Agent with a non-assessment certificate (*Nichtveranlagungsbescheinigung*) to be applied for with the competent tax office.

15.2 Taxation of Dividends of Shareholders with a Tax Residence in Germany

15.2.1 Individuals who hold the Shares as Private Assets

For individuals who are tax resident in Germany (generally, individuals whose domicile or usual residence is located in Germany) and who hold their shares in the Company as private assets, the withholding tax of 25% plus solidarity surcharge of currently 5.5% thereon, resulting in a total tax rate of 26.375% (plus church tax, if applicable) will generally serve as a final tax (*i.e.,* once such tax has been deducted, the shareholder's income tax liability on the dividends will be settled, and he or she will no longer have to declare them on his annual tax return (*Abgeltungsteuer* (the "**Flat Tax**"))).

The purpose of the Flat Tax is to provide for separate and final taxation of capital investment income earned (*i.e.,* taxation that is irrespective of the individual's personal income tax rate). Shareholders may apply to have their entire capital investment income, including dividends paid by the Company, assessed in accordance with the general rules and with an individual's personal income tax rate if this results in a lower tax burden. In this case, the base for taxation is the gross dividend income less the annual savers' allowance (*Sparerpauschbetrag*) of €801.00 (€1,602.00 for jointly filing individuals). Subject to the Minimum Risk Test and the related rules as described above, any tax and solidarity surcharge withheld is credited against the income tax and solidarity surcharge so determined, and any overpayment refunded. Income-related expenses cannot be deducted from capital gains in either case. The only possible deduction is the annual savers' allowance (*Sparerpauschbetrag*) of €801.00 (€1,602.00 for jointly filing individuals) on the entire private capital income. Furthermore, dividend income can only be offset by losses from capital income, except for losses generated by the disposal of shares.

If the individual owns (i) at least 1% of the shares in the Company and – by virtue of his professional activity (*berufliche Tätigkeit*) for the Company – is able to exercise a significant entrepreneurial influence on the business activity of the Company, or (ii) at least 25% of the shares in the Company, the tax authorities may upon application allow for the dividends to be taxed under the partial-income method applying the individual income tax rate instead of the Flat Tax (see "*15.2.2.2 Sole Proprietors (Individuals)*").

Entities required to collect withholding taxes on capital investment income are required to likewise withhold the church tax on payments to shareholders who are subject to church tax, unless the shareholder objects in writing to the German Federal Central Office of Taxation (*Bundeszentralamt für Steuern*) against the sharing of his private information regarding his affiliation with a religious denomination (*Sperrvermerk*). If church tax is withheld and remitted to the tax authority as part of the withholding tax deduction, the church tax on the dividends is also deemed to be discharged when it is deducted. The withheld church tax cannot be deducted in the tax assessment as a special expense (*Sonderausgabe*). 26.375% of the church tax withheld on the dividends is, however, deducted from the withholding tax (including the solidarity surcharge) withheld. If no church tax is withheld along with the withholding of the withholding tax, the shareholder who owes church tax is required to declare his dividends in his income tax return. The church tax on the dividends will then be imposed by way of a tax assessment.

Contrary to the above, dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) in accordance with the statutory requirements and are paid to shareholders who are tax resident in Germany whose shares are held as private assets, do not form part of the shareholder's taxable income, but reduce the acquisition costs for such shares. If the dividend payment funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) in accordance with the statutory requirements exceeds the shareholder's acquisition costs, the German tax authorities take the view that negative acquisition costs can arise. Such negative acquisition costs may result in a higher capital gain in case of a disposal of the shares. This will not apply if (i) the shareholder or, in the event of a gratuitous transfer, its legal predecessor, or, if the shares have been gratuitously transferred several times in succession, one of his legal predecessors at any point during the five years preceding the disposal (or the deemed disposal) directly or indirectly held at least 1% of the share capital of the Company (a "**Qualified Participation**") and (ii) the dividend payment funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) exceeds the acquisition costs of the shares. In case of a Qualified Participation, a dividend payment funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) is considered a disposal of the shares and is taxable as a capital gain if and to the extent the dividend payment funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) exceeds the acquisition costs of the shares. In this case the taxation corresponds to the taxation of capital gains of shareholders maintaining a Qualified Participation (see "*15.4 Taxation of Capital Gains*").

15.2.2 Shares Held as Business Assets

The Flat Tax does not apply to dividends from shares of the Company held as business assets of shareholders who are tax resident in Germany. In this case, the taxation depends on whether the shareholder is a corporation, an individual or a partnership. Subject to the Minimum Risk Test, the withholding tax withheld and paid to the tax authorities, including the solidarity surcharge (and church tax, if applicable), is credited against the income or corporate income tax and the solidarity surcharge (and church tax, if applicable) of the shareholder, and any overpayment will be refunded.

Dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) and paid to shareholders who are tax resident in Germany and whose shares are held as business assets are generally fully tax-exempt in the hands of such shareholders. At the same time such dividend payments lead to a corresponding reduction of the acquisition costs/book value for the relevant shares. To the extent the dividend payments funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) exceed the acquisition costs/book value of the shares, a taxable capital gain should occur. The taxation of such gain corresponds to the taxation of shareholders whose shares are held as business assets (see "*15.4 Taxation of Capital Gains*").

15.2.2.1 Corporations

In general, dividends received by corporations that are tax resident in Germany are effectively 95% exempt from corporate income tax and solidarity surcharge. 5% of the dividends are treated as a non-deductible business expenses and, as such, are subject to corporate income tax (plus the solidarity surcharge) with a total tax rate of 15.825%.

Portfolio dividends (*i.e.*, dividends earned on direct shareholdings in a distributing corporation of less than 10% of its share capital at the beginning of the respective calendar year ("**Portfolio Participation**")) are fully taxed at the corporate income tax rate plus solidarity surcharge thereon of 15.825%. The acquisition of a shareholding of at least 10% during a calendar year is deemed to have occurred at the beginning of the respective calendar year. Participations which a shareholder holds through a commercial partnership are only attributable to such shareholder on a *pro rata* basis at the ratio of the interest share of the shareholder in the assets of the relevant partnership.

Any dividends (after deducting business expenses related to the dividends) are fully subject to trade tax, unless the corporation held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period, entitling it to an intercorporate privilege for trade tax purposes. In such case, the aforementioned exemption of 95% of the dividend income applies also for trade tax purposes. The trade tax rate applicable on the amount of 5% of the respective dividends (being treated as non-deductible business expenses and therefore subject to trade tax) depends on the tax rate imposed by the local municipalities in which the shareholder maintains its operations or permanent establishment.

15.2.2.2 Sole Proprietors (Individuals)

If the shares in the Company are held as part of the business assets of a sole proprietor (individual) with his tax residence in Germany, only 60% of any dividend are subject to progressive income tax (plus solidarity surcharge (*Solidaritätszuschlag*)) at a total tax rate of up to approximately 47.5% (plus church tax (*Kirchensteuer*), if applicable), the so-called partial income method (*Teileinkünfteverfahren*). Correspondingly, only 60% of the expenses economically related to the dividends are tax deductible. The partial income method does, however, not apply with respect to church tax (if applicable). If the shares are held as business assets of a domestic commercial permanent establishment, the full amount of the dividend income (after deducting business expenses that are economically related to the dividends) is also subject to trade tax, unless the respective shareholder held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period. In the latter case, the net dividends (after deducting directly related expenses) are exempt from trade tax. Trade tax is, however, generally credited, in full or in part, as a lump sum against the relevant shareholder's personal income tax liability, depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of such shareholder.

15.2.2.3 *Partnerships*

If a shareholder is a partnership, the personal income tax or corporate income tax, as the case may be, and the solidarity surcharge (and church tax, if applicable) are levied at the level of each partner rather than at the level of the partnership. The taxation of each partner depends upon whether the partner is a corporation or an individual. If the partner is a corporation, dividends are generally effectively 95% tax exempt. Dividends from a Portfolio Participation of the relevant partner are, however, fully subject to taxation (see "*15.2.2.1 Corporations*"). If the partner is an individual and the shares are held as business assets of the partnership, only 60% of the dividend income is subject to income tax. In this case, the partial income method does not apply with respect to church tax, if applicable (see "*15.2.2.2 Sole Proprietors (Individuals)*"). Upon application and subject to further conditions, an individual who is a partner can have his personal income tax rate lowered for earnings not withdrawn from the partnership.

In addition, if the shares are held as business assets of a domestic permanent establishment of an actual or presumed commercial partnership, the full amount of dividend income is generally also subject to trade tax at the level of the partnership. In the case of partners who are individuals, the trade tax that the partnership pays on the relevant partner's portion of the partnership's income is generally credited as a lump sum, in full or in part, against the individual's personal income tax liability depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of such shareholder. If the partnership held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period, the dividends (after deduction of business expenses economically related thereto) should generally not be subject to trade tax. In this case, trade tax should, however, be levied on 5% of the dividends to the extent they are attributable to the profit share of such corporate partners to whom at least 10% of the shares in the Company are attributable on a look-through basis, since this portion of the dividends should be deemed to be non-deductible business expenses. The remaining portion of the dividend income attributable to partners other than such specific corporate partners (which includes individual partners and should, according to a literal reading of the law, also include corporate partners to whom, on a look-through basis, only portfolio participations are attributable) should not be subject to trade tax. Due to a lack of case law and administrative guidance, the application of the rules for the taxation of Portfolio Participations is, however, unclear. Consequently, shareholders are strongly recommended to consult their own tax advisors.

15.2.2.4 *Financial and Insurance Sector*

Special rules apply to companies operating in the financial and insurance sectors, as well as pension funds (see "*15.5 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds*").

15.3 Taxation of Dividends of Shareholders without a Tax Residence in Germany

Dividends paid to shareholders of the Company (individuals and corporations) without a tax residence in Germany are taxed in Germany, provided that the shares are held as part of the business assets of a permanent establishment or a fixed base in Germany or as part of the business assets for which a permanent representative in Germany has been appointed. Subject to the Minimum Risk Test and the related rules, the withholding tax (including solidarity surcharge) withheld and remitted to the German tax authorities is credited against the respective shareholder's personal income tax or corporate income tax liability, and any overpayment will be refunded. The same applies to the solidarity surcharge. These shareholders are essentially subject to the same rules applicable to tax resident shareholders, as discussed above.

In all other cases, the withholding of the dividend withholding tax discharges any tax liability of the shareholder in Germany. A refund or exemption is granted only as discussed with respect to dividend withholding tax (see "*15.1.2 Withholding Tax*").

Dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) are generally not taxable in Germany.

15.4 Taxation of Capital Gains

15.4.1 Taxation of Capital Gains of Shareholders with a Tax Residence in Germany

15.4.1.1 *Shares Held as Private Assets*

Gains on the sale or disposal of shares of the Company that are held as private assets by shareholders with a tax residence in Germany and which were acquired after December 31, 2008, are generally taxable regardless of the length of time held. The tax rate is generally a uniform 25% plus the current 5.5% solidarity surcharge thereon (resulting in an aggregate tax rate of 26.375%) as well as any church tax, if applicable.

The taxable capital gains are the difference between (i) the proceeds from the disposal of the shares after deducting the direct sales costs and (ii) the acquisition costs of the shares. Under certain conditions, payments from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) reduce the acquisition costs of the shares and may lead to negative acquisition costs, which can increase capital gains. Losses on the sale or disposal of shares can only be used to offset gains made on the sale or disposal of shares (in the Company or in other stock corporations) during the same assessment period or in subsequent assessment periods. In case of a derecognition or transfer of worthless shares (or other capital assets), the utilization of such losses is further restricted and can only be offset in an amount of up to €20,000.00 per calendar year.

If the shares are held in custody or administered by a domestic bank or financial service institute, a domestic securities trading company or a domestic securities trading bank including the domestic branches of foreign banks and financial service institutes, or if such entity or branch sells the shares and pays out or credits the capital gains (each a "**Domestic Paying Agent**"), such Domestic Paying Agent withholds a withholding tax of 25% plus the current 5.5% solidarity surcharge thereon and any church tax, if applicable, and remits such taxes to the tax authority. In such a case, the tax on the capital gain will generally be discharged. If the shares were only held in custody or administered by the respective Domestic Paying Agent continuously after acquisition, the amount of taxes withheld is generally based on the difference between the proceeds from the sale, after deducting expenses directly related to the sale, and the amount paid to acquire such shares. The withholding tax rate of 25% plus the current 5.5% solidarity surcharge thereon and any church tax, if applicable, will, however, be applied to 30% of the gross sales proceeds, if (i) the shares were not administered by the same custodian bank since acquisition, and (ii) the original cost of the shares cannot be verified or such verification is not admissible. In this case, the shareholder is entitled to, and in case the actual gain is higher than 30% of the gross proceeds required to, verify the original costs of the shares in his annual tax return.

Entities required to collect withholding taxes on capital investment income are also required to withhold the church tax for shareholders who are subject to church tax, unless the shareholder objects in writing to the German Federal Central Office of Taxation (*Bundeszentralamt für Steuern*) against the sharing of his private information regarding his affiliation with a denomination (*Sperrvermerk*). If church tax is withheld and remitted to the tax authority as part of the withholding tax deduction, then the church tax on the capital gain is also deemed to be discharged when it is deducted. The withheld church tax cannot be deducted in the tax assessment as a special expense (*Sonderausgabe*). 26.375% of the church tax withheld on the capital gain is, however, deducted from the withholding tax (including the solidarity surcharge) withheld.

If withholding tax or, if applicable, church tax on capital gains is not withheld by a Domestic Paying Agent, the respective shareholder is required to declare the capital gains in his income tax return. The income tax, the solidarity surcharge and any applicable church tax on the capital gains will then be collected by way of assessment.

In general, it is not possible to deduct income-related expenses in connection with capital gains, except for expenses directly related in substance to the disposal, which can be deducted when calculating the capital gains. Only the annual savers' allowance (*Sparerpauschbetrag*) of €801.00 (€1,602.00 for jointly filing individuals) may be deducted from the entire capital investment income.

A shareholder may request that his entire capital investment income, along with his other taxable income, are subject to the progressive income tax rate instead of the uniform tax rate for private capital investment income if this lowers his tax burden. In such case, the base for taxation would be the gross income less the annual savers' allowance (*Sparerpauschbetrag*) of €801.00 (€1,602.00 for jointly filing individuals). The prohibition on deducting income-related costs and the restrictions on offsetting losses also apply to tax assessments based on the progressive income tax rate. Any tax withheld is credited against the income tax so determined, and any overpayment refunded subject to the general requirements such as the Minimum Risk Test (if applicable) and the related rules.

Regardless of the holding period and the time of acquisition, gains from the disposal of shares are not subject to a uniform withholding tax but to progressive income tax in case of a Qualified Participation. In this case, 60% of the proceeds from the sale or disposal of shares are subject to the individual income tax rate. Correspondingly, only 60% of the expenses economically related to the proceeds from the sale or disposal of shares are tax-deductible.

In case of a Qualified Participation, withholding tax (including the solidarity surcharge and church tax, if applicable) is also withheld by the Domestic Paying Agent. The tax withheld, however, is not treated as a final tax. Hence, the shareholder is required to declare the gains from the sale in his income tax return. The withholding tax (including solidarity surcharge) withheld and remitted to the German tax authorities is credited against the respective shareholder's personal income tax liability, and any overpayment will be refunded.

Withholding tax will not be withheld by a Domestic Paying Agent if the shareholder provides such Domestic Paying Agent with an application for exemption (*Freistellungsauftrag*), to the extent such shareholder's capital income does not exceed the annual savers' allowance (*Sparerpauschbetrag*) of €801.00 (€1,602.00 for jointly filing individuals). Furthermore, no withholding tax will be levied if the shareholder provides the Domestic Paying Agent with a non-assessment certificate (*Nichtveranlagungsbescheinigung*) to be applied for with the competent tax office.

15.4.1.2 *Shares Held as Business Assets*

The Flat Tax does not apply to proceeds from the sale or disposal of shares held as business assets by shareholders tax resident in Germany. If the shares form part of a shareholder's business assets, taxation of the capital gains realized will then depend upon whether the shareholder is a corporation, sole proprietor or partnership. Dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) reduce the original acquisition costs. This may give rise to a higher taxable capital gain in case of a sale or disposal of shares. If the dividend payments funded from the Company's tax-recognized contribution account exceed the original acquisition costs for tax purposes, a taxable capital gain may arise.

1. **Corporations**: In general, capital gains earned from the sale or disposal of shares by corporations domiciled in Germany are effectively 95% exempt from corporate income tax (including the solidarity surcharge) and trade tax, irrespective of the stake represented by the shares and the holding period of the shares. 5% of the capital gains are treated as a non-deductible business expenses and, as such, are subject to corporate income tax (plus the solidarity surcharge thereon) and to trade tax. Losses from the sale of shares and any reductions in profits connected therewith generally do not qualify as tax-deductible business expenses.

2. **Sole proprietors (Individuals)**: If the shares of the Company form part of the business assets of a sole proprietor (individual) who is tax resident in Germany, only 60% of the capital gains on their sale are subject to the individual's personal tax rate plus the solidarity surcharge thereon (partial income method). Correspondingly, only 60% of losses from such sales and 60% of expenses economically related to such sales are deductible. For church tax, if applicable, the partial income method does not apply. If the shares are held as business assets of a commercial permanent establishment located in Germany, 60% of the capital gains are also subject to trade tax. As a general rule trade tax can be fully or partially credited as a lump sum against the shareholder's personal income tax liability, depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of such shareholder.

3. **Commercial Partnerships**: If the shareholder is a partnership, personal income tax or corporate income tax, as the case may be, is assessed at the level of each partner rather than at the level of the partnership. The taxation of each partner depends upon whether the respective partner is a corporation or an individual. If the partner is a corporation, the tax principles applying to capital gains realized by corporations apply as outlined in subsection 1 above. If the partner is an individual, the tax principles applying to capital gains realized by sole proprietors (individuals) apply as outlined in subsection 2 above. Upon application and provided that additional prerequisites are met, an individual who is a partner may obtain a reduction of his personal income tax rate for profits not withdrawn from the partnership. In addition, capital gains from the sale or disposal of shares attributable to a permanent establishment maintained in Germany by an actual or presumed commercial partnership are subject to trade tax at the level of the partnership. In such case, generally only 60% of the gains are subject to trade tax to the extent the partners in the partnership are individuals, while effectively 5% are subject to trade tax to the extent the partners are corporations and shares in corporations are sold. Under the principles discussed above, losses on sales and other reductions in profits related to the shares sold are generally not deductible if the partner is a corporation, and 60% thereof are taken into account if they are attributable to the share in the profits of an individual. If the partner is an individual, the trade tax the partnership pays on his share of the partnership's income is generally credited as a lump sum, in full or in part, against his personal income tax liability, depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of the respective taxpayer.

Special rules apply to capital gains realized by companies operating in the financial and insurance sectors, as well as pension funds (see "*15.5 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds*").

If a Domestic Paying Agent is involved, the proceeds from the sale or disposal of shares of the Company held as business assets are generally subject to the same withholding tax rate as those of shareholders whose shares are held as private assets (see "*15.4.1.1 Shares Held as Private Assets*"). The Domestic Paying Agent may, however, refrain from withholding the withholding tax if (i) the shareholder is a corporation, association or estate with its tax residence in Germany, or (ii) the shares form part of the shareholder's domestic business assets, and the shareholder informs the Domestic Paying Agent of this on the officially prescribed form and meets certain additional prerequisites. If the Domestic Paying Agent nevertheless withholds taxes, the withholding tax withheld and remitted (including the solidarity surcharge and church tax, if applicable) will be credited against the relevant shareholder's income tax or corporate income tax liability (including the solidarity surcharge and church tax, if applicable) and any excess amount will be refunded, subject to the Minimum Risk Test and related rules.

15.4.2 Taxation of Capital Gains of Shareholders without a Tax Residence in Germany

Capital gains realized by a shareholder without a tax residence in Germany are only subject to German income tax if the selling shareholder holds a Qualified Participation or if the shares form part of the business assets of a permanent establishment in Germany or of business assets for which a permanent representative is appointed.

The German Federal Fiscal Court (*Bundesfinanzhof*) has stated that if the shareholder is a corporation that is neither tax resident in Germany nor maintains a permanent establishment or has appointed a permanent representative in Germany, the capital gains on the disposal of a Qualified Participation are not subject to German taxation. The German tax authorities have adopted this view.

If the shareholder is an individual and holds a Qualified Participation as a private asset, only 60% of the gains on the disposal of the shares are subject to progressive income tax, plus solidarity surcharge thereon. Where a Domestic Paying Agent is involved, withholding tax on capital gains is generally levied at a rate of 25%, plus 5.5% solidarity surcharge thereon. If, however, (i) the shares are not held through a permanent establishment or fixed place of business or as business assets for which a permanent representative is appointed in Germany and (ii) a Domestic Paying Agent is involved, then the German tax authorities have taken the view that the Domestic Paying Agent is, in general, not required to withhold tax on capital investment income, plus solidarity surcharge thereon. In case of a Qualified Participation, the capital gains must be declared in a tax return and are taxed by way of a tax assessment, subject to an exemption under a double taxation treaty or under domestic law.

For gains or losses on the disposal of shares that can be allocated to a domestic permanent establishment or fixed place of business, or which are part of business assets for which a permanent representative in Germany has been appointed, the aforementioned principles for shareholders with a tax residence in Germany whose shares are business assets apply accordingly (see "*15.4.1.2 Shares Held as Business Assets*"). The Domestic Paying Agent may refrain from deducting withholding tax, if the shareholder declares to the Domestic Paying Agent on the official form that the shares form part of domestic business assets and certain other requirements are met.

Most double taxation treaties provide for an exemption from German taxes, assigning the right of taxation to the shareholder's country of tax residence in the former case.

15.5 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds

As an exception to the aforementioned rules, dividends paid to, and capital gains realized by, certain companies in the financial and insurance sector are generally fully taxable. This applies to dividends received on, as well as gains from the disposal of, shares that are allocated to the trading portfolio of credit institutions and financial services institutions (*Handelsbestand*) within the meaning of Section 340e para. 3 HGB, as well as to shares that, upon acquisition of such shares, are allocated to the current assets (*Umlaufvermögen*) of a financial enterprise (*Finanzunternehmen*) within the meaning of the German Banking Act (*Kreditwesengesetz*), 50% or more of which are directly or indirectly held by a credit institution or financial services institution. The same applies to shares of the Company held as investments by life insurance providers, health insurance providers and pension funds as well as for shares held by a financial institution, financial service institution and financial institution which is tax resident in another member state of the European Union or in a member state of the EEA, and which has a permanent establishment in Germany. An exemption to the foregoing (*i.e.*, and thus a 95% effective tax exemption) does, however, apply to dividends obtained by the aforementioned companies to which the Parent-Subsidiary Directive applies. Further relief from German taxation might be obtained pursuant to an applicable double taxation treaty, subject to further prerequisites.

15.6 Amendments to the Solidarity Surcharge

The solidarity surcharge (*Solidaritätszuschlag*) has been abolished or reduced for certain German taxpayers, depending on their amount of payable income tax. The new rules apply from the beginning of the assessment period for the fiscal year ended December 31, 2021. Pursuant to the new law, the solidarity surcharge remains in place for purposes of withholding tax, the Flat Tax regime and corporate income tax. Shareholders are advised to monitor additional future developments.

15.7 Inheritance and Gift Tax

The transfer of shares to another person by inheritance or gift is generally only subject to German inheritance or gift tax if:

1. the decedent, donor, heir, beneficiary or other transferee maintained his domicile or habitual abode in Germany, or had its place of management or registered office in Germany at the time of the transfer, or is a German citizen who has spent no more than five consecutive years (this term is extended to ten years for German expatriates with residence in the United States) prior to the transfer outside Germany without maintaining a residence in Germany (special rules apply to certain former German citizens who neither maintain their domicile nor have their habitual abode in Germany); or

2. the shares were held by the decedent or donor as part of business assets for which a permanent establishment was maintained in Germany or for which a permanent representative in Germany had been appointed; or

3. the decedent or donor, either individually or collectively with related parties, held, directly or indirectly, at least 10% of the Company's registered share capital at the time of the inheritance or gift.

The few German double taxation treaties relating to inheritance tax and gift tax currently in force usually provide that the German inheritance tax or gift tax can only be levied in the cases of No. 1 above, and also with certain restrictions in case of No. 2 above. Special provisions apply to certain German nationals living outside Germany and former German nationals.

The fair value of the shares represents the tax assessment base, which generally corresponds to the stock exchange price of the Company's shares. Depending on the degree of relationship between decedent or donor and recipient, different tax-free allowances and tax rates apply.

15.8 Other Taxes

No German transfer tax, value-added tax, stamp duty or similar taxes are assessed on the purchase, sale or other transfer of shares of the Company. Provided that certain requirements are met, an entrepreneur may, however, opt for the payment of value-added tax on transactions that are otherwise tax-exempt. Net wealth tax is currently not imposed in Germany.

On February 14, 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a directive for a common financial transaction tax in certain participating member states of the European Union, including Germany. Such directive could under, depending on the actual circumstances, apply to certain transactions in the Company's shares, including with respect to secondary market transactions. The issuance and subscription of shares should, however, be exempt. The Commission's Proposal remains subject to negotiations between the participating member states of the European Union and it is currently unclear in what form and when the Commission's Proposal will be implemented, if at all. Recently, the German Federal Minister of Finance submitted a proposal to introduce a financial transaction tax, which has also not been adopted or implemented in Germany yet. In addition, the German Federal Finance Ministry further prepared the implementation of a financial transaction tax by the creation of a new department (*Referat*) within the German Federal Finance Ministry. Such new transaction tax is referred to as "*Finanztransaktionssteuer (FTT)*" (Financial Transaction Tax (FTT)). Prospective shareholders are advised to monitor future developments closely and should consult their own tax advisors in relation to the consequences of a financial transaction tax.

16. FINANCIAL INFORMATION

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Audited Consolidated Financial Statements as of February 28,2021
(ABOUT YOU Holding GmbH) (IFRS)

Consolidated Financial Statements as of February 28, 2021

ABOUT YOU Holding GmbH
Hamburg, Germany

(since March 11, 2021: ABOUT YOU Holding AG)

Consolidated Income Statement
from March 1, 2020, to February 28, 2021

EUR million	Note [item]	2020/21	2019/20	Change
Revenue	[VII.1]	1,166.5	743.4	423.1
Cost of materials	[VII.2]	(691.5)	(422.5)	(269.0)
Personnel expenses	[VII.3]	(59.8)	(34.9)	(24.9)
Other operating expenses	[VII.4]	(477.8)	(367.5)	(110.3)
Other operating income	[VII.5]	3.2	2.1	1.2
Own work capitalized		15.4	9.5	5.8
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**(44.0)**	**(69.9)**	**25.8**
Amortization of intangible assets and depreciation of property, plant and equipment	[VII.6]	(7.4)	(6.3)	(1.1)
Depreciation of right-of-use assets	[VII.6]	(4.0)	(3.2)	(0.9)
Earnings before interest and taxes (EBIT)		**(55.5)**	**(79.4)**	**23.9**
Net interest result	[VII.7]	(1.9)	(0.2)	(1.7)
Other financial result	[VII.7]	0.3	(0.7)	0.9
Earnings before taxes (EBT)		**(57.1)**	**(80.2)**	**23.1**
Income taxes	[VII.8]	(2.8)	0.4	(3.2)
Profit/(loss) for the period		**(59.9)**	**(79.8)**	**19.9**
Earnings per share – undiluted [EUR]	[VII.9]	(622.3)	(676.8)	54.4
Earnings per share – diluted [EUR]	[VII.9]	(622.3)	(676.8)	54.4

Consolidated Statement of Comprehensive Income
from March 1, 2020, to February 28, 2021

EUR million	2020/21	2019/20
Profit/(loss) for the period	(59.9)	(79.8)
Items that will be reclassified to profit/loss in subsequent reporting periods	0.0	0.0
Items that will not be reclassified to profit/loss in subsequent reporting periods	0.0	0.0
Income and expenses recognized directly in equity	0.0	0.0
Profit/(loss) for the period/total comprehensive income	**(59.9)**	**(79.8)**

Consolidated Statement of Financial Position as of February 28, 2021

Assets

EUR million	Note [item]	Feb. 28, 2021	Feb. 29, 2020	Change
Non-current assets		**48.3**	**39.3**	**9.0**
Intangible assets	[VIII.1]	32.6	23.4	9.2
Right-of-use assets	[VIII.4]	10.3	11.8	(1.6)
Property, plant and equipment	[VIII.2]	3.5	2.6	0.9
Financial assets	[VIII.3]	1.9	0.0	1.9
Other non-current financial assets		0.1	0.1	(0.1)
Deferred tax assets	[VII.8]	0.0	1.3	(1.3)
Current assets		**408.9**	**267.6**	**141.3**
Inventories	[VIII.5]	199.6	94.2	105.5
Trade and other receivables	[VIII.6]	50.9	69.8	(18.9)
Receivables from related parties	[VIII.7]	5.7	4.4	1.3
Other financial assets	[VIII.8]	0.0	0.0	(0.0)
Other non-financial assets	[VIII.8]	44.7	36.8	7.9
Cash and cash equivalents	[VIII.9]	107.9	62.4	45.6
Total assets		**457.2**	**306.9**	**150.3**

Equity & liabilities

EUR million	Note [item]	Feb. 28, 2021	Feb. 29, 2020	Change
Equity	[VIII.10-12]	**55.4**	**102.2**	**(46.8)**
Subscribed capital		4.3	4.3	0.0
Share premium		463.0	449.9	13.1
Retained deficit		(411.8)	(351.9)	(59.9)
Non-current provisions and liabilities		**87.6**	**10.2**	**77.4**
Non-current lease liabilities	[VIII.4]	7.6	8.5	(0.9)
Non-current liabilities to related parties	[VIII.13]	76.7	0.0	76.7
Deferred tax liabilities	[VII.8]	3.4	1.7	1.7
Current provisions and liabilities		**314.1**	**194.5**	**119.7**
Other provisions	[VIII.14]	2.5	0.0	2.5
Trade payables	[VIII.15]	142.9	104.3	38.6
Payables to related parties	[VIII.16]	66.9	21.8	45.1
Lease liabilities	[VIII.4]	3.2	3.2	(0.0)
Other financial liabilities	[VIII.17]	52.7	37.8	14.9
Other non-financial liabilities	[VIII.17]	46.0	27.4	18.6
Total equity and liabilities		**457.2**	**306.9**	**150.3**

Consolidated Statement of Changes in Equity from March 1, 2019, to February 28, 2021

EUR million	Note [item]	Subscribed capital	Share premium	Retained deficit	Total Equity
As of March 1, 2019		**4.2**	**444.9**	**(272.1)**	**177.1**
Profit/(loss) for the period		0.0	0.0	(79.8)	(79.8)
Shareholder investments	[XI]	0.0	18.2	0.0	18.2
Shareholders withdrawals	[XI]	0.0	(13.3)	0.0	(13.3)
Changes in consolidated group		0.0	0.0	0.0	0.0
Successive acquisitions/ partial disposals		0.0	0.0	0.0	0.0
Dividends		0.0	0.0	0.0	0.0
Other changes in comprehensive income		0.0	0.0	0.0	0.0
Share-based payments	[VIII.11]	0.0	0.0	0.0	0.0
As of February 29, 2020		**4.3**	**449.9**	**(351.9)**	**102.2**
Profit/(loss) for the period		0.0	0.0	(59.9)	(59.9)
Shareholder investments	[XI]	0.0	19.1	0.0	19.2
Shareholders withdrawals	[XI]	0.0	(14.4)	0.0	(14.4)
Changes in consolidated group		0.0	0.0	0.0	0.0
Successive acquisitions/partial disposals		0.0	0.0	0.0	0.0
Dividends		0.0	0.0	0.0	0.0
Other changes in comprehensive income		0.0	0.0	0.0	0.0
Share-based payments	[VIII.11]	0.0	8.4	0.0	8.4
As of February 28, 2021		**4.3**	**463.0**	**(411.8)**	**55.4**

Consolidated Statement of Cash Flows from March 1, 2020, to February 28, 2021

	EUR million	Note [item]	Feb. 28, 2021	Feb. 29, 2020
	Profit/(loss) for the period		**(59.9)**	**(79.8)**
+	Depreciation, amortization and write-downs	[VII.6]	11.4	9.5
+	Income taxes	[VII.8]	2.8	(0.4)
+	Net interest result	[VII.7]	1.9	0.2
-	Taxes paid	[VII.8]	0.2	(0.2)
-/+	Increase/decrease in inventories	[VIII.5]	(105.5)	(15.2)
-/+	Increase/decrease in trade and other receivables	[VIII.6]	17.6	(25.5)
-/+	Increase/decrease in other assets	[VIII.8]	(7.8)	(10.6)
+/-	Increase/decrease in refund liabilities		14.8	(5.5)
+/-	Increase/decrease in trade payables	[VIII.15]	83.7	62.7
+/-	Increase/decrease in other liabilities	[VIII.13-14 & 17]	21.2	17.4
+	Non-cash expenses		13.1	4.9
=	**Cash flows from operating activities**		**(6.4)**	**(42.4)**
-	Acquisition of intangible assets and property, plant and equipment	[VIII.1-2]	(16.9)	(10.5)
-	Acquisition of companies	[VIII.3]	(1.9)	(4.2)
-	Payments for other loans	[VIII.8]	(0.1)	(0.5)
+	Interest income	[VII.7]	0.0	0.0
=	**Cash flows from investing activities**		**(18.9)**	**(15.1)**
=	**Free cash flow**		**(25.4)**	**(57.6)**
+	Proceeds from issue of share capital	[VIII.10-12]	0.0	0.0
+	Proceeds from shareholder loans	[VIII.13]	75.0	0.0
+	Proceeds from shareholders	[XI]	14.4	13.3
-	Payments to shareholders	[XI]	(14.4)	(13.3)
-	Payment of lease liabilities	[VIII.4]	(3.9)	(3.3)
+/-	Interest paid	[VII.7]	(0.2)	(0.2)
=	**Cash flows from financing activities**		**70.9**	**(3.4)**
+	Cash and cash equivalents at beginning of the period	[VIII.9]	62.4	123.3
+	Net change in cash and cash equivalents		45.6	(61.0)
=	**Cash and cash equivalents at end of period**	[VIII.9]	**107.9**	**62.4**

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Notes to the Consolidated Financial Statements as of February 28, 2021

ABOUT YOU Holding GmbH

I. Basis of Preparation of Consolidated Financial Statements

ABOUT YOU Holding GmbH (hereafter: "ABOUT YOU Holding'" since March 11, 2021: "ABOUT YOU Holding AG"), registered at the address: Domstraße 10, 20095 Hamburg, Germany (under commercial register file number HRB 143389 at the Hamburg District Court), and its subsidiaries (jointly referred to hereafter as: "ABOUT YOU Group" or "ABOUT YOU") represent a fashion e-commerce and technology group operating in Europe.

ABOUT YOU Holding is the ultimate parent company of the ABOUT YOU Group. Besides the Parent Company, the ABOUT YOU Group encompasses three additional subsidiaries that are included in the consolidated financial statements.

These consolidated financial statements have been prepared for the financial year from March 1, 2020, to February 28, 2021 (hereafter: “2020/21”).

1. Basis of Accounting

The consolidated financial statements for the year ended February 28, 2021, of ABOUT YOU Holding have been prepared by applying the provisions of Regulation (EC) No 1606/2002 of the European Parliament and of the Council of July 19, 2002, in conjunction with Section 315e (3) of the German Commercial Code [HGB] in accordance with the International Financial Reporting Standards (IFRS) as adopted and issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. The applicable supplementary provisions of Section 315e (3) HGB in conjunction with Section 315e (1) HGB were also taken into account.

All IFRSs adopted and effective in the European Union as of the reporting date have been applied to these consolidated financial statements. The requirements of IFRS were fully satisfied, providing a true and fair view of the financial position, financial performance and cash flows of ABOUT YOU Group.

The consolidated financial statements are prepared on the basis of measuring assets and liabilities at amortized cost. An exception here are certain financial instruments, which are measured at fair value.

Individual items of the consolidated income statement and the statement of financial position have been aggregated to improve the clarity of presentation. These items are explained in the notes to the consolidated financial statements. The consolidated statement of profit or loss and OCI has been prepared in accordance with the nature of total cost method.

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to satisfy its existing liabilities and future obligations. The Group's free cash flow equaled EUR -25.4 million in the 2020/21 reporting year (PY: EUR -57.6 million). As of that date, current assets (including cash and cash equivalents) exceeded current liabilities by EUR 94.8 million (PY: EUR 73.1 million). Cash and cash equivalents amounted to EUR 107.9 million (PY: EUR 62.4 million). Additional start-up losses are anticipated for the 2021/22 reporting year in order to scale up business operations. The shareholder loan of EUR 75 million in 2020/21, maturing on February 28, 2023, provides sufficient financial resources to finance the projected losses in 2021/22.

2. Basis of Consolidation

The consolidated financial statements of ABOUT YOU Group include all material subsidiaries that are controlled by ABOUT YOU Holding pursuant to IFRS 10. In accordance with IFRS 10, the investor ABOUT YOU Holding controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Any positive difference arising from capital consolidation on the acquisition date is capitalized as derivative goodwill. Any negative differences arising from capital consolidation at the date of acquisition are immediately reclassified from equity to profit or loss. Costs incurred in conjunction with the acquisition of ownership interests are immediately recognized in profit or loss.

Any previously undisclosed reserves and liabilities identified when measuring assets and liabilities at fair value on initial consolidation are carried forward, amortized or reversed in accordance with the movements in assets and liabilities. Goodwill acquired in a business combination is tested for impairment in subsequent periods annually and after a triggering event, and reduced to its recoverable amount if impaired.

Expenses and income as well as receivables and liabilities between consolidated entities are eliminated.

The financial statements of ABOUT YOU Holding and its consolidated subsidiaries are prepared in accordance with uniform accounting policies. The financial statements of consolidated entities are generally prepared as of the reporting date of the ultimate parent company.

For consolidated companies whose reporting date differs from the reporting date of the consolidated financial statements, interim financial statements are prepared as of the reporting date.

3. Functional and Presentation Currency

The consolidated financial statements are presented in euros, the functional currency of ABOUT YOU Holding and its subsidiaries as well as the presentation currency of the Group. Transactions conducted in other currencies are translated into the functional currency at the exchange rate applicable on the date of the transaction. Foreign currency translation effects from converting transactions are shown in other financial result.

The amounts of the reporting year are reported in million euros (million EUR) unless stated otherwise. Due to rounding, it is possible that individual figures do not exactly add up to the totals shown and the presented percentages do not exactly reflect the absolute figures to which they relate.

4. Acquisitions during the Financial Year

ABOUT YOU Group acquired the following shares in the current reporting year, which were not included in the consolidated financial statements on account of their minor importance. The effects on revenue, earnings after taxes, assets and equity in relation to the ABOUT YOU Group amounted to less than 1%.

Acquisitions in 2020/21	Registered office, country	Date of acquisition	Ownership interest (Group) as of reporting date
Unconsolidated companies:			
ABOUT YOU Beteiligungs GmbH	Hamburg, Germany	January 7, 2021	100.0%
Tusaki Beteiligungsverwaltung GmbH	Vienna, Austria	February 20, 2021	100.0%
Quebo Beteiligungsverwaltung GmbH	Vienna, Austria	February 23, 2021	100.0%
The HAUS Apparel GmbH	Berlin, Germany	September 1, 2020	49.0%
LeGer GmbH	Hamburg, Germany	February 5, 2021	40.0%
Soko München GmbH	Munich, Germany	September 30, 2020	36.0%
Supreme GmbH	Rostock, Germany	February 3, 2021	23.0%

In addition, the operating business of former ABOUT YOU GmbH (now ABOUT YOU Verwaltungs GmbH) was largely spun off to newly founded ABOUT YOU GmbH & Co. KG. ABOUT YOU GmbH & Co. KG is fully consolidated.

The consolidated entities of the ABOUT YOU Group can be broken down as follows:

	Feb. 28, 2021	Feb. 29, 2020
Fully consolidated entities		
thereof in Germany	4	3
thereof outside Germany	0	0
Total	**4**	**3**

There were no entities accounted for using the equity method or proportionate consolidation as of February 28, 2021.

II. Accounting Policies

Intangible Assets

Internally generated intangible assets are recognized at the cost incurred during the development phase after establishing their technological and commercial feasibility until the date of completion. The capitalized costs include those directly attributable to the development phase.

Gains or losses on the disposal of intangible assets are recognized under other operating income or expenses. Purchased intangible assets are recognized at cost.

Impairment testing is conducted annually and in the case of a triggering event for all internally generated intangible assets still in the development phase. All internally generated and purchased intangible assets are amortized on a straight-line basis over their useful life as follows:

	Useful life in years
Software	3-5
Licenses	3-5

Property, Plant and Equipment

Items of property, plant and equipment are measured at cost and depreciated straight-line over their estimated useful lives. Changes in residual values or useful lives during the use of the assets are taken into account when measuring their depreciable amounts. Gains and losses arising from the sale of property, plant and equipment are recognized as other operating income or expenses.

Items of property, plant and equipment are depreciated using the following useful lives applicable across the Group:

	Useful life in years
Leasehold improvements	1-4
Technical equipment and machinery	4-30
Operating and office equipment	5-19

Impairment of Intangible Assets and Property, Plant and Equipment and Right-of-use Assets

All intangible assets are tested for impairment if there is any indication that an intangible asset may be impaired.

For impairment testing pursuant to IAS 36, the carrying amount of the intangible asset must be compared against the corresponding recoverable amount. An asset is impaired when its recoverable amount falls below its carrying amount. The value of the asset must be reduced to that amount through profit or loss. Otherwise, the carrying amount must be retained. The recoverable amount is the higher of an asset's fair value (pursuant to IFRS 13) less costs to sell and its value in use.

There were no indications in 2020/21 that an asset may be impaired. Annual impairment testing of goodwill did not reveal any indications of impairment.

Inventories

Inventories are measured at the lower of cost and net realizable value as of the reporting date. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale. Should the net realizable value be below the amortized cost, then a corresponding write-down is recognized, which is recognized as cost of materials. Besides the impairment losses derived from the sales market, write-downs are taken into consideration, especially due to qualitative reasons or reduced usability.

Financial Assets

After initial recognition, financial assets are classified into the following categories:

- at amortized cost
- at fair value through profit or loss (FVTPL)

A financial asset is recognized initially according to both of the IFRS 9 categories at amortized cost (AC) and at fair value through profit or loss (FVTPL)

The subsequent valuation of financial assets measured at amortized cost is carried out using the effective interest method.

Financial assets are measured at amortized cost if they are held under a business model with the objective of holding financial assets for the collection of contractual cash flows, and when the contractual terms of the financial asset generate cash flows that are solely payments of principal and interest on specified dates. Trade receivables, other receivables and other financial assets are allocated to this measurement category.

All other financial assets not falling within the above categories are measured at fair value through profit or loss. These are therefore held as part of a business model whose objective is not to hold financial assets to collect contractual cash flows, as their cash flows do not represent solely payments of principal and interest.

All financial instruments that are recognized in the financial statements at fair value are assigned to the following hierarchy levels pursuant to IFRS 13:

Level 1: quoted prices on active markets accessible for the Company for the same assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (that is unobservable inputs). Reclassifications between different hierarchy levels are recognized at the end of the reporting period in which the change occurs.

The financial instruments in the "recognized at fair value through profit or loss" category also include investments not listed on a stock exchange for which there are no market prices listed on an active market. Since there is insufficient current information to determine the fair value and the companies are still in the startup phase, the costs derived from the purchase prices for the shares acquired only as of the 2020 reporting year represent the best estimate of fair value. There are currently no plans to sell these investments (Level 3).

Receivables from private end-customers are sold at fair value as part of factoring in return for payment of a consideration. In this regard, payment service providers assume the entire credit risk while ABOUT YOU retains the risk of returns. The receivables sold to the payment service providers are shown as other receivables. Other receivables from the payment service provider are derecognized after receiving payment from the payment service provider.

Impairment of Financial Assets

The calculation of impairment losses of financial assets is based on an expected credit loss model according to IFRS 9. This requires considerable judgments regarding assessing the extent to which expected credit losses are influenced by changes in economic factors. The lifetime expected credit loss approach is to be applied to trade receivables and if the credit risk of a financial asset on the reporting date has increased significantly since initial recognition. The financial assets (cash and cash equivalents as well as other financial assets) in the general impairment model (General Approach) are subject to an expected significant increase in credit exposure in the case of more than 30 days overdue. Insofar as a material credit risk can be assumed, a credit standing-based impairment loss is recognized in consideration of forward-looking macroeconomic factors.

For trade receivables and assets, ABOUT YOU applies the simplified model to recognize risks provisioning, according to which the loss allowance is measured at an amount equal to the lifetime expected credit losses since initial recognition of the receivable. The general provision for bad debt for expected credit losses (ECL) is generally determined in this case according to the method of "dunning level migration", which can assign each dunning level an explicit probability of default. The logic here is that before receivables can be passed on to debt collection agencies, specific and clearly-defined credit management process steps have to be carried out first. It can be empirically verified that passing on to a debt collection agency is the last resort and only occurs in the case of receivables that are at least 90 days overdue. Nevertheless, not every receivable with a delay in pay of 90 days is automatically passed on for collection (e.g. in the case of granted deferments). The value adjustment rates used in this model are generally based on the rolling average of the past 5 years (historical values) and also include a forecast based on future macroeconomic and political conditions/individual risk assessments.

In addition, individual allowances are recognized for a financial asset if there are indications that a borrower presumably cannot fully satisfy the corresponding obligations or the financial asset is passed on to a debt collection agency.

Impairment losses on receivables and other financial assets are considered using an allowance account.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and cash in bank. They are recognized at nominal value.

Provisions

Provisions take account of all legal and constructive obligations of the ABOUT YOU Group to third parties arising from past events as of the reporting date that are likely to be settled and can be reliably estimated.

Provisions are measured at the amount required to settle the obligation, taking into account all identifiable risks. This amount is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Liabilities from Refunds from Expected Returns

ABOUT YOU grants the customer the right to return ordered goods free-of-charge within 100 days after receipt Refund liabilities (returned goods) reflect in this regard the risk of items being returned as per the contract. Refund liabilities are recognized on the date the products are sold. At the same time, on the date of sale a restitution claim is recognized for the expected returns in other assets in the amount of the goods sold less handling charges for the expected returns and losses arising from reuse or resale. The liability recognized as of the reporting date mainly refers to the sale of goods in February, which may be expected to be returned after the reporting date. This liability is disclosed under other financial liabilities.

Financial Liabilities

Financial liabilities are initially measured at fair value taking into account premiums, discounts and transaction costs.

Subsequent measurement of financial liabilities is carried out at amortized cost using the effective interest method.

Leases - Group as Lessee

At the inception of a lease, ABOUT YOU records a right-of-use asset and a lease liability for all leases, except short-term leases and leases where the underlying asset is of low value. For these leases, ABOUT YOU makes use of the exemption according to which the lease payments relating to these leases are recognized as an expense on a straight-line basis over the lease term.

At the inception of a lease, the lease payments included in the measurement of the lease liability are primarily fixed payments (net of any lease incentives received) and variable lease payments linked to an index or interest rate, which are initially measured using the index or interest rate in effect at the inception date. A change in the variable payments in conjunction with a change in the underlying index or interest rate results in a remeasurement of the lease liability at the effective date of that change. If the interest rate implicit in the lease cannot easily be determined, the present value of the lease payments is determined using the term and risk-equivalent incremental borrowing rate. The lease term is based on the non-cancellable period of a lease. Periods with amendment or termination options are taken into account if the option to exercise or not to exercise is reasonably certain.

Right-of-use assets are initially recognized in the amount of the corresponding lease liability plus initial direct costs less any lease incentives received. Costs for dismantling and removal are taken into account if they refer to the right-of-use. In subsequent reporting periods, right-of-use assets are written down on a straight-line basis over the underlying lease term of one to eight years.

Interest expenses for lease liabilities are recorded as interest and similar expenses. They are also included in cash flows from financing activities, while payments for the repayment of lease liabilities are shown as a separate item in cash flows from financing activities.

Income Taxes

Income taxes for the period comprises current and deferred taxes. Taxes are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or in other comprehensive income. In this case, the corresponding taxes are also recognized in equity or in other comprehensive income.

The current tax expense is calculated using the tax regulations applicable as of the reporting date in the countries in which the companies operate and generate taxable income. The amount of the current tax assets and liabilities provides the best estimate for the expected tax amount and takes into account uncertainties relating to current income taxes, to the extent such exist.

Deferred tax assets and liabilities are recognized to take account of future tax effects arising from temporary differences between the tax base used for assets and liabilities and the amounts stated in the IFRS financial statements and for tax loss carryforwards. Deferred tax assets and liabilities are measured based on regulations issued by the legislator at the end of the respective financial year for the financial years in which the temporary differences are expected to reverse or the loss carryforwards are expected to be utilized. Deferred tax assets arising from temporary differences and loss or interest carryforwards are only recognized when it is reasonably certain that they can be realized in the near future. Deferred tax assets are reviewed at each reporting date as to whether reductions are necessary if it is no longer probable that the related tax benefit will continue to be realized, or an impairment is to be reversed should the probability of future taxable profits improve. To the extent that deferred tax assets are unrecognized, they are reassessed at each reporting date and the tax claim is recognized to the extent that it has become probable that future earnings will allow the deferred tax asset to be recovered.

The valuation of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets or liabilities.

Deferred tax assets and liabilities are netted if they relate to taxes on income that are levied by the same tax authority, and there is entitlement to offset a current tax asset against a current tax liability.

III. Recognition of Income and Expenses

Revenue from the sale of merchandise includes the amount that is recognized as consideration for transferring the promised goods to the customer. Revenue is recognized when goods and services have been transferred, if the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company on the date of service performance. Thus, revenue is recognized in accordance with IFRS 15 when (or as) the performance obligation has been satisfied by transferring control of the good or service to the customer. The invoices are prepared at this point in time, which – depending on the selected payment method – is based on different due dates. Invoices are separated from these where the underlying merchandise is not yet under the customer's control as of period-end (see Section IV and VII.1).

The transaction price contains variable components in the form of granted rights of returns and rebates. The forecast returns are determined based on the expectations for individual customers and countries (see the explanations in IV.). Repurchase obligations shown under other liabilities.

Other assets are recognized in the amount of cost of the supplied goods taking into account the cost incurred for processing returns and potential loss on resale.

ABOUT YOU provides B2B services both in the advertising sectors as well as in the area of Software as a Service. Tech, Media and Enabling largely include Software as a Service, Brand and Advertising Solutions and Bricks and Mortar Retail. Revenue is recognized in Tech, Media and Enabling largely over a specific, contractually agreed period. The customer receives the benefits provided by the entity's performance as the entity performs. Thus, revenue recognition is based on service performance. The transaction price includes the contractually defined price less any discounts granted.

Operating expenses are recognized in profit or loss as incurred or when services are rendered.

Advertising and promotion expenses are recognized in profit or loss as incurred when ABOUT YOU Group obtains control of the related goods and/or services used.

IV. Use of Estimates and Assumptions

In preparing these IFRS consolidated financial statements, management has made estimates and assumptions that affect the reported amounts of assets and liabilities, contingent liabilities as well as income and expenses as of the reporting date. The actual figures may differ from the amounts based on the assumptions and estimates.

Significant estimates and assumptions relate in particular to:

- the useful lives of assets, see SectionVIII.1-2)
- impairment losses on merchandise and receivables, see Section VIII. 5 & VIII. 6)
- the determination of unrealized revenue; see below and Section VII. 1
- adjusting the measurement of share-based payment, see Section VIII. 11 and
- determination of the rates of return for measuring refund liabilities and restitution claims from expected returns (see explanatory notes below and Section VIII.17)

The right granted by ABOUT YOU to customers to return goods within 100 days after ordering means there is the risk with respect to quantifying the expected returns for orders that are made within the last 100 days of the reporting year. The key variable when determining the expected returns is the expected return rate. ABOUT YOU also uses customer and country-specific empirical values to estimate the rate of return for determining refund liabilities with regard to the relative frequency of the returns as well as the timeframe between the order and return. These empirical values are regularly updated.

The Company recognized revenue, cost of materials and fulfillment expenses as of the reporting date for those goods and services that were already realized prior to the reporting date, but for which the customer in all probability obtained control until after the reporting date. This was based on average delivery times, differentiated by order date, distribution channel and country of delivery.

V. New Financial Reporting Standards Issued by the IASB

All IFRSs adopted and effective in the European Union as of the reporting date have been applied to these consolidated financial statements. The following table lists the new, currently valid requirements that were published by the IASB:

Standard/ Interpretation	Contents	IASB effective date	Effects
Amendments to References to the Conceptual Framework in IFRS Standards	References to the Conceptual Framework in IFRS Standards	January 1, 2020	No material effect on assets, liabilities, financial position and financial performance
Amendments to IFRS 3	Definition of a "Business"	January 1, 2020	No material effect on assets, liabilities, financial position and financial performance
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform (IBOR reform)	January 1, 2020	No material effect on assets, liabilities, financial position and financial performance
Amendments to IAS 1 and IAS 8	Definition of "material"	January 1, 2020	No material effect on assets, liabilities, financial position and financial performance

VI. New or Amended IFRS Not Yet Applied

The following financial reporting standards and amendments were already adopted by the IASB on the date of release of the financial statements for publication. They are however not yet effective for the reporting year and were also not yet applied by ABOUT YOU.

Standard/Interpretation	Contents	IASB effective date	Effects
Amendments to IFRS 16	COVID-19-Related Rent Concessions	June 1, 2020	No material effect on assets, liabilities, financial position and financial performance
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9	January 1, 2021	No material effect on assets, liabilities, financial position and financial performance
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	IBOR Reform – Phase 2	January 1, 2021	No material effect on assets, liabilities, financial position and financial performance
Amendments to IFRS 3	Reference to the Conceptual Framework	January 1, 2022	No material effect on assets, liabilities, financial position and financial performance
Amendments to IAS 16	Property, plant and equipment – Proceeds before Intended Use	January 1, 2022	No material effect on assets, liabilities, financial position and financial performance
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022	No material effect on assets, liabilities, financial position and financial performance
Improvements to IFRS 2018-2020	Changes to IFRS 1, IFRS 9, IFRS 16 and IAS 41	January 1, 2022	No material effect on assets, liabilities, financial position and financial performance
IFRS 17 (including amendments to IFRS 17)	insurance policies	January 1, 2023	ABOUT YOU did not conduct any transactions falling within the scope of the new standard. Consequently, ABOUT YOU is not required to adopt IFRS 17.
Amendments to IAS 1 (including Deferral of Effective Date)	Classification of Liabilities as Current or Non-current	January 1, 2023	No material effect on assets, liabilities, financial position and financial performance
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Still open	No material effect on assets, liabilities, financial position and financial performance

VII. Notes to the Consolidated Statement of Profit or Loss and Other Comprehensive Income

1. Revenue

Revenue is broken down as follows:

EUR million	2020/21	2019/20
ABOUT YOU revenues from the sale of merchandise	1,099.4	699.5
Services and other related businesses	67.1	43.9
Revenue	**1,166.5**	**743.4**
Growth rate	56.9%	61.2%

The item entitled ABOUT YOU revenue from merchandise includes all revenues that the ABOUT YOU online shops generate from the sale of merchandise. The revenue from services and other related business segments is generated especially from using ABOUT YOU's media services, Software as a Service solutions (SaaS) and enabling services in the area of fulfillment and shop management. ABOUT YOU's revenue from merchandise is time-related revenue. The revenue from services and other associated business segments is mainly time-related revenue.

2. Cost of Materials

The cost of materials largely consists of the cost of sales, other purchased services, such as customs and cost of transportation, the costs for packaging and shipping materials and the effect of writing down inventories.

3. Personnel Expenses

Personnel expenses are broken down as follows:

EUR million	2020/21	2019/20
Wages and salaries	43.4	29.5
Share-based payment	8.4	0.0
Social security	8.0	5.4
Post-employment benefits	0.0	0.0
Personnel expenses	**59.8**	**34.9**

ABOUT YOU Group employed an average of 885 staff on a full-time equivalent basis in the 2020/21 reporting year (PY: 638).

Employees were categorized as follows in the financial year:

	2020/21	2019/20
Full-time employees	732	537
Temporary staff/trainees/placement students	153	101
Total employees	**885**	**638**

4. Other Operating Expenses

Other operating expenses break down as follows:

EUR million	2020/21	2019/20
Advertising expenses	140.4	127.7
Shipping costs	112.5	78.3
Warehouse and picking costs	89.1	60.7
Payment provider fees	17.1	13.7
Temporary staff expenses	12.7	9.0
Other expenses	106.0	78.2
Other operating expenses	**477.8**	**367.5**

The remaining expenses mainly include service costs, costs for creating shop content, IT services and all types of other operating expenses.

5. Other Operating Income

Other operating income amounted to EUR 3.2 million in the reporting year (PY: EUR 2.1 million) and largely includes bonus and SLA agreements with service providers and integration cost allowances.

6. Amortization of Intangible Assets and Depreciation of Property, Plant and Equipment

Amortization and depreciation relate to:

EUR million	2020/21	2019/20
Amortization of internally generated intangible assets	6.5	5.3
Depreciation of right-of-use assets	4.0	3.2
Depreciation of property, plant and equipment	0.9	0.7
Amortization of other intangible assets	0.0	0.1
Amortization and depreciation	**11.4**	**9.3**
Impairment losses	0.0	0.2
Depreciation, amortization and write-downs	**11.4**	**9.5**

7. Net Financial Result

Net financial result is broken down as follows:

EUR million	2020/21	2019/20
Interest and similar income	0.0	0.0
Interest and similar expenses	(1.9)	(0.2)
Net interest result	**(1.9)**	**(0.2)**
Foreign exchange gains (+) and losses (-)	0.3	(0.7)
Other financial result	**0.3**	**(0.7)**
Net financial result	**(1.6)**	**(0.8)**

The increase in interest and similar expenses to EUR 1.9 million (PY: EUR 0.2 million) was mainly on account of a newly extended shareholder loan.

8. Income Taxes

The income taxes include the current income taxes paid or owed in individual countries as well as deferred tax assets and liabilities. Current income taxes comprise trade tax, corporate income tax and the solidarity surcharge. As a corporation, the group parent ABOUT YOU Holding is liable for trade tax in Germany. The income tax rate is 16.4% (PY: 16.5%). Other taxes include corporate income tax at a rate of 15.0% (PY: 15.0%) and the solidarity surcharge of 5.5% (PY: 5.5%) on the owed corporate income tax. The combined total income tax rate equaled 32.2% in the current year (PY: 32.3%). The income tax incurred abroad is immaterial.

The income taxes is broken down as follows:

EUR million	2020/21	2019/20
Current taxes	**0.2**	**(0.8)**
Current year	0.0	(0.8)
Adjustment for prior years	0.2	0.0
Deferred taxes	**(3.0)**	**1.2**
Deferred taxes from temporary differences	(4.2)	(0.5)
Deferred taxes from loss carryforwards	1.2	1.7
Income taxes	**(2.8)**	**0.4**

The notional income tax expense that would have arisen by applying the income tax rate for group parent ABOUT YOU Holding of 32.2% (PY: 32.3%) to the Group's IFRS profit before tax from continuing operations can be reconciled to the income taxes as follows:

EUR million	2020/21	2019/20
Earnings before taxes (EBT)	(57.1)	(80.2)
Income tax rate for ABOUT YOU Holding	32.2%	32.3%
Anticipated tax expense (-) / tax income (+)	**18.4**	**25.9**
Effect of current year losses for which no deferred tax asset was recognized	(20.6)	(24.7)
Tax increase due to expenses not deductible for tax purposes	(0.7)	0.0
Current tax expense/income for prior years	0.2	(0.8)
Deferred tax expense/income for prior years	(0.1)	0.0
Income taxes	**(2.8)**	**0.4**

Corporate income and trade tax loss carryforwards can be used at domestic entities without any restrictions for a positive tax base of up to EUR 1 million per calendar year.

Any positive tax bases in excess of this amount can only be reduced by any existing loss carryforwards up to a maximum of 60%. The deduction of interest expenses for tax purposes is prohibited in Germany if the interest expense exceeds EUR 3 million, net interest paid exceeds 30% of taxable profit before interest, depreciation and amortization, and certain exemptions do not apply. The non-deductible interest expense for tax purposes can be carried forward to an unlimited extent and can be offset against tax income for tax purposes in future periods.

Deferred tax assets and liabilities arise from temporary differences and tax loss carryforwards as follows:

	Feb. 28, 2021	
EUR million	**Deferred tax assets**	**Deferred tax liabilities**
Intangible assets, right-of-use assets and property, plant and equipment	0.0	8.5
Receivables and other assets	0.0	0.8
Provisions	0.2	0.0
Liabilities	0.1	0.0
Loss carryforwards	5.7	0.0
Subtotal	**6.0**	**9.4**
Offset	(6.0)	(6.0)
Total	**0.0**	**3.4**

	Feb. 29, 2020	
EUR million	**Deferred tax assets**	**Deferred tax liabilities**
Intangible assets, right-of-use assets and property, plant and equipment	0.0	5.7
Receivables and other assets	0.1	0.0
Provisions	0.4	0.0
Liabilities	0.3	0.0
Loss carryforwards	4.4	0.0
Subtotal	**5.3**	**5.7**
Offset	(4.0)	(4.0)
Total	**1.3**	**1.7**

Deferred tax assets are recognized for (unused) tax loss carryforwards when it is considered probable that there will be sufficient future taxable profit against which the loss carryforward can be offset. These loss carryforwards can be carried forward in the full amount. Due to the loss history, only deferred tax liabilities were recognized, taking into account the minimum taxation.

Deferred tax assets for corporation and trade tax loss carryforwards amounting to EUR 392.3 million and EUR 390.0 million, respectively (PY: EUR 270 million and EUR 268.8 million, respectively), were not recognized as it is unlikely that future taxable profits will be available against which the Group can offset the tax loss carryforwards. Deferred tax assets amounting to EUR 7.8 million (PY: EUR 5.9 million) were also not recognized. The tax loss and interest carryforwards are available for an indefinite period.

The balance of deferred tax assets and liabilities developed as follows during the reporting year:

EUR million	2020/21	2019/20
As of March 1	**(0.4)**	**(1.6)**
Gain (+)/expenses (-) in the income statement	(3.1)	1.2
Deferred taxes recognized in other comprehensive income	0.0	0.0
Deferred tax expenses/income for previous years	0.1	0.0
Deferred taxes recognized directly in equity:	0.0	0.0
As of Feb. 28/29	**(3.4)**	**(0.4)**

9. Earnings per Share

Undiluted earnings per share (EPS) are calculated by dividing the income for the period attributable to the shareholders of ABOUT YOU Holding GmbH by the undiluted average weighted number of A shares. The B shares are characterized by the fact that, besides voting rights, they include annual interest on the respective contributions plus accrued interest of 10%. As preferred shares, these are not included in the determination of ordinary shares, which is relevant for EPS. The advance dividends to be paid to the preference shareholders lead to corresponding diminished income for the period, which is used to calculate EPS.

The plan to raise equity on the capital market is intended to dissolve the current A/B share structure in advance and convert the B shares into A shares of equal value.

Earnings per share (EPS) – undiluted

	Feb. 28, 2021	Feb. 29, 2020
Profit/loss attributable to the shareholders of ABOUT YOU Holding GmbH (in EUR million)	(151.1)	(163.7)
Undiluted weighted average number of shares (units)	242,711	241,927
Total (in EUR)	**(622.3)**	**(676.8)**

The calculation of diluted earnings per share is based on the loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding, as shown below:

Allocation of profit (loss) to the Ordinary Shareholders – undiluted

EUR million	Feb. 28, 2021	Feb. 29, 2020
Profit/(loss) for the period	(59.9)	(79.8)
Dividends on preferred shares	(91.1)	(83.9)
Profit (loss) attributable to bearers of ordinary shares	**(151.1)**	**(163.7)**

Weighted Average of Ordinary Shares – undiluted

in EUR	Note (item)	Feb. 28, 2021	Feb. 29, 2020
Issued ordinary shares as of March 1	[VIII.10]	242,654	241,685
Impact on the shares issued as part of the Media4Equity program	[VIII.12]	57	242
Weighted average of the ordinary shares as of February 28/29		**242,711**	**241,927**

Diluted earnings per share (EPS) are calculated by dividing the income for the period attributable to the shareholders of the Company by the diluted average weighted number of shares. The diluted earnings per share correspond to the undiluted earnings per share, as the potential ordinary shares from share-based compensation provide dilution protection.

VIII. Notes to the Consolidated Statement of Financial Position

1. Intangible Assets

As of February 28, 2021, intangible assets comprised the following:

EUR million	Feb. 28, 2021	Feb. 29, 2020
Internally generated intangible assets	25.9	17.1
Purchased intangible assets	2.6	2.3
Derived goodwill	4.1	4.1
Intangible assets	**32.6**	**23.4**

Intangible assets include internally generated intangible assets in the amount of EUR 6.5 million (PY: EUR 5.3 million), which are still under development. The internally generated intangible assets are tested annually for impairment during the development phase, subsequently only in the case of a triggering event.

Internally generated intangible assets were recognized in the amount of EUR 15.4 million in the reporting year (PY: EUR 9.5 million). This mainly included production costs for internally developed software and resulted in own work capitalized in the same amount. Research costs were incurred only in an insignificant amount.

Please see the attached movements in non-current assets for further information.

ABOUT YOU reported a goodwill in the total amount of EUR 4.1 million as of February 28, 2021 (PY: EUR 4.1 million).

Goodwill arising from the acquisition of Adference GmbH can be allocated to the TME segment. Since ABOUT YOU does not report goodwill internally, goodwill is tested for impairment on the level of the TME segment as the relevant CGU. Based on this cash-generating unit, the annual impairment test was carried out at the year-end. The recoverable amount was calculated by applying the value in use concept, which provided the basis for deriving the approved 3-year planning. The discount rate before taxes is 12.9%.

Annual impairment testing did not reveal any impairment of goodwill. Going beyond the impairment test, it was tested whether potential changes to key assumptions could lead to the carrying amount of the units exceeding their respective recoverable amount. This was not the case as of February 28, 2021.

Movement in Intangible Assets as of February 28, 2021

EUR million	Capitalized development costs	Concessions, industrial property rights and similar rights and assets as well as licenses for such rights and assets	Goodwill	Intangible assets under construction	**Intangible assets**
Cost					
Mar. 1, 2020	28.3	5.6	4.1	5.3	**43.3**
Additions	2.5	0.3	0.0	12.8	**15.7**
Reclassifications	11.7	0.0	0.0	(11.7)	**0.0**
Feb. 28, 2021	**42.5**	**5.9**	**4.1**	**6.5**	**59.0**
Amortization, depreciation and write-downs					
Mar. 1, 2020	**16.6**	**3.4**	**0.0**	**0.0**	**23.1**
Amortization & depreciation during the financial year	6.5	0.0	0.0	0.0	**6.5**
Feb. 28, 2021	**23.1**	**3.4**	**0.0**	**0.0**	**26.4**
Carrying amounts					
Mar. 1, 2020	**11.7**	**2.3**	**4.1**	**5.3**	**23.4**
Feb. 28, 2021	**19.4**	**2.6**	**4.1**	**6.5**	**32.6**

Movement in Intangible Assets
as of February 29, 2020

EUR million	Capitalized development costs	Concessions, industrial property rights and similar rights and assets as well as licenses for such rights and assets	Goodwill	Intangible assets under construction	**Intangible assets**
Cost					
Mar. 1, 2019	**20.8**	**5.6**	**0.0**	**3.3**	**29.7**
Additions	4.2	0.0	4.1	5.3	**13.6**
Reclassifications	3.3	0.0	0.0	(3.3)	**0.0**
Feb. 29, 2020	**28.3**	**5.6**	**4.1**	**5.3**	**43.3**
Amortization, depreciation and write-downs					
Mar. 1, 2019	**11.3**	**3.3**	**0.0**	**0.0**	**23.1**
Amortization & depreciation during the financial year	5.3	0.1	0.0	0.0	**5.4**
Feb. 29, 2020	**16.6**	**3.4**	**0.0**	**0.0**	**19.9**
Carrying amounts					
Mar. 1, 2019	**9.5**	**2.4**	**0.0**	**3.3**	**15.2**
Feb. 29, 2020	**11.7**	**2.3**	**4.1**	**5.3**	**23.4**

2. Property, Plant and Equipment

Property, plant and equipment were composed of the following as of February 28, 2021:

EUR million	**Feb. 28, 2021**	**Feb. 29, 2020**
Other land and buildings	0.0	0.1
Technical equipment and machinery	0.0	0.0
Other equipment, operating and office equipment	3.5	2.5
Property, plant and equipment	**3.5**	**2.6**

Changes in Property, Plant and Equipment as of February 28, 2021

EUR million	Land, leasehold rights and buildings, including buildings on third-party land	Technical equipment and machinery	Operating and office equipment	**Property, plant and equipment**
Cost				
Mar. 1, 2020	**0.2**	**0.0**	**4.1**	**4.4**
Additions	0.0	0.0	1.7	**1.8**
Disposals	0.0	0.0	0.1	**0.1**
Feb. 28, 2021	**0.2**	**0.0**	**5.8**	**6.1**
Amortization, depreciation and write-downs				
Mar. 1, 2020	**0.2**	**0.0**	**1.6**	**1.8**
Amortization & depreciation during the financial year	0.0	0.0	0.9	**0.9**
Disposals	0.0	0.0	0.1	**0.1**
Feb. 28, 2021	**0.2**	**0.0**	**2.4**	**2.6**
Carrying amounts				
Mar. 1, 2020	**0.1**	**0.0**	**2.5**	**2.6**
Feb. 28, 2021	**0.0**	**0.0**	**3.5**	**3.5**

Changes in Property, Plant and Equipment as of February 29, 2020

EUR million	Land, leasehold rights and buildings, including buildings on third-party land	Technical equipment and machinery	Operating and office equipment	Advance payments and low-value assets	**Property, plant and equipment**
Cost					
Mar. 1, 2019	**0.3**	**0.0**	**3.4**	**0.1**	**3.8**
Additions	0.0	0.0	1.0	0.0	**1.1**
Disposals	0.1	0.0	0.3	0.1	**0.4**
Feb. 29, 2020	**0.2**	**0.0**	**4.1**	**0.0**	**4.4**
Amortization, depreciation and write-downs					
Mar. 1, 2019	**0.2**	**0.0**	**1.0**	**0.1**	**1.3**
Amortization & depreciation during the financial year	0.0	0.0	0.7	0.0	**0.7**
Impairment losses during the financial year	0.0	0.0	0.2	0.0	**0.2**
Disposals	0.1	0.0	0.3	0.1	**0.4**
Feb. 29, 2020	**0.2**	**0.0**	**1.6**	**0.0**	**1.8**
Carrying amounts					
Mar. 1, 2019	0.1	0.0	2.4	0.0	**2.5**
Feb. 29, 2020	**0.1**	**0.0**	**2.5**	**0.0**	**2.6**

3. Financial Assets

ABOUT YOU held investments in various companies as of February 28, 2021. The names of the companies and the relative amount of ABOUT YOU's investment are shown in the list of shareholdings found in Section XIV.

4. Right-of-use Assets and Lease Liabilities

The leases of ABOUT YOU relate exclusively to building rental agreements (e.g. office buildings). The right-of-use assets totaled EUR 10.3 million at the end of the reporting period (PY: EUR 11.8 million). Depreciation and write-downs amounting to EUR 4.0 million were recognized in the reporting year (PY: EUR 3.2 million). Total lease liabilities amounted to EUR 10.8 million as of February 28, 2021 (PY: EUR 11.7 million).

The movement of the right-of-use assets per asset category is shown in the consolidated statement of movements in fixed assets.

The payments in connection with lease liabilities have the following due dates:

EUR million	Remaining term Up to 1 year	1-5 years	More than 5 years	Lease liabilities
Lease liabilities as of Feb. 29, 2020	3.2	8.5	0.0	**11.7**
Lease liabilities as of Feb. 28, 2021	3.2	7.6	0.0	**10.8**

These leases include term extension options and in some cases termination options. The contracts also provide for payments in connection with non-lease components (e.g. utilities and common charges), which ABOUT YOU separates. There are no variable payments that depend, for example, on the development of the consumer price index.

The options for extending leases are between 3 and 10 years. Exercising these options within the next 10 years could lead to an additional cash outflow of EUR 15.1 million.

ABOUT YOU signed a lease agreement as of the reporting date, which has not yet started. This concerned newly rented office space at the headquarters in Hamburg and commences in the 2021/22 reporting year.

ABOUT YOU also leases apartments for employees as well as rental cars. The corresponding leases are generally either short-term leases or leases for low-value assets. In accordance with the accounting policies explained, ABOUT YOU makes use of the exemption provided in IFRS 16.5 for these agreements and records lease payments in accordance with IFRS 16.6 on a straight-line basis over the respective lease term. In the financial year 2020/21, the expenses for such leases amounted to EUR 0.2 million. There were no significant changes in the portfolio from short-term leases in the financial year.

The interest expense for lease liabilities totaled EUR 0.2 million in 2020/21 (PY: EUR 0.1 million) and is reported in cash flows from financing activities. Repayment of lease liabilities totaled EUR 3.5 million and is reported in cash flows from financing activities. The total payments made in the reporting year in connection with leases amounted to EUR 3.9 million (PY: EUR 3.3 million).

Changes in Right-of-use Assets

as of February 28, 2021

EUR million	**Right-of-use assets**
Cost	
Mar. 1, 2020	**15.0**
Additions	2.9
Disposals	1.2
Feb. 28, 2021	**16.8**
Amortization, depreciation and write-downs	
Mar. 1, 2020	**3.2**
Amortization and depreciation during the reporting year	4.0
Disposals	0.7
Feb. 28, 2021	**6.5**
Carrying amount	
Mar. 1, 2020	**11.8**
Feb. 28, 2021	**10.3**

Changes in Right-of-use Assets

as of February 29, 2020

EUR million	**Right-of-use assets**
Cost	
Mar. 1, 2019	**0.0**
Additions	15.0
Feb. 29, 2020	**15.0**
Amortization, depreciation and write-downs	
Mar. 1, 2019	**0.0**
Amortization and depreciation during the reporting year	3.2
Feb. 29, 2020	**3.2**
Carrying amount	
Mar. 1, 2020	**0.0**
Feb. 29, 2020	**11.8**

5. Inventories

Inventories are broken down as follows:

EUR million	Feb. 28, 2021	Feb. 29, 2020
Merchandise	198.5	93.3
Raw materials and supplies	1.1	0.9
Inventories	**199.6**	**94.2**

The increase in inventories is due to reporting date effects and to the continuous expansion of the range of goods offered. In addition, the growth in inventories reflects the expected revenue performance.

Inventories included write-downs of EUR 22.3 million due to obsolescence (PY: EUR 14.2 million).

6. Trade and Other Receivables

Trade and other receivables break down as follows:

EUR million	Feb. 28, 2021	Feb. 29, 2020
Trade receivables	12.7	7.4
Allowances for trade receivables	(1.0)	(0.5)
Other receivables	39.3	62.9
Trade and other receivables	**50.9**	**69.8**

The increase in trade receivables is the result of strong growth in B2B revenues, in particular from technology services, and the increase in end-customer revenue.

Other receivables amounting to EUR 39.3 million mainly consists of receivables from payment service providers resulting from the sale of receivables from customers purchased on account and similar payment types as well as payments in transit. Receivables from private end-customers were sold at fair value as part of factoring in return for payment of a consideration. In this regard, payment service providers assume the entire credit risk while ABOUT YOU retains the risk of returns.

In total, the Group sold receivables worth EUR 587.2 million to payment service providers in the reporting year (PY: EUR 447.7 million). The receivables from customers were derecognized during the course of this because substantially all the risks and rewards of ownership, primarily the credit risk, were transferred to the payment service provider. It has been agreed that customers settle their liabilities through payment directly to the payment service provider. Other receivables are derecognized only upon receiving the payment provider's payment on the individually agreed-upon payment due dates.

Other receivables dropped considerably in 2020/21 despite the strong growth in revenues. This is partly due to the reporting date and partly to improved factoring conditions, which lead to earlier payments of the receivables to ABOUT YOU.

The impairment losses on trade receivables are as follows:

EUR million	2020/21	2019/20
Accumulated loss allowance as of March 1	**(0.5)**	**(1.1)**
Addition	0.5	0.0
Used	0.0	0.6
Accumulated loss allowances as of February 28/29	**(1.0)**	**(0.5)**

Trade and other receivables fall due within one year.

7. Receivables from Related Parties

Receivables from related parties amount to EUR 5.7 million in the 2020/21 financial year (PY: EUR 4.4 million). All receivables from related parties refer to trade receivables and are due within one year.

8. Other Assets

Other assets break down as follows:

EUR million	Feb. 28, 2021	Feb. 29, 2020
Security deposits	0.0	0.0
Other financial assets	**0.0**	**0.0**
Claim for restitution of expected returns	29.9	23.3
Prepaid expenses	3.3	0.8
Other tax receivables	7.3	11.4
Miscellaneous other assets	4.1	1.3
Other non-financial assets	**44.7**	**36.8**
Other assets	**44.7**	**36.8**

The claim for restitution of expected returns corresponds to the cost of the goods supplied which are expected to be returned less costs incurred for handling returns and losses arising from reuse or resale. Prepaid expenses include the costs for a planned capital market transaction.

The receivables from other taxes are mainly VAT receivables.

Other assets have a remaining term of up to one year. Impairment losses in the amount of EUR 0.5 million (PY: EUR 0.5 million) were recognized for other financial assets.

9. Cash and Cash Equivalents

ABOUT YOU's cash and cash equivalents comprise the categories shown below.

EUR million	Feb. 28, 2021	Feb. 29, 2020
Cash in bank	107.9	62.3
Cash on hand	0.0	0.0
Cash and cash equivalents	**107.9**	**62.4**

10. Equity

Movements in the Group's equity are presented in the consolidated statement of changes in equity.

ABOUT YOU HOLDING has ordinary ("A shares") and preferred shares ("B shares"). The nominal amount of each share equals EUR 1. The share capital consists of 243,343 A shares (PY: 242,654) and 4,033,160 B shares (PY: 4,019,380). The B shares are characterized by the fact that, besides voting rights, they include annual interest on the contribution plus accrued interest of 10%. This interest yield is due for payment when the shareholders' meeting resolves to pay out a corresponding dividend from the retained earnings. Any dividend remaining after paying the interest is paid out to the owners of the A shares. Insofar, the A shares participate in the Company's profit and loss. Furthermore, the B shares have precedence over A shares in the case of liquidation, but are subordinate to the Company's creditors. In the case of liquidation, the entitlement of the B shareholders is limited to a maximum of the contribution made plus accrued but not yet paid out interest.

As part of the Media4Equity program, AY Holding's subscribed capital was in increased in the amount of EUR 14,469 by issuing 689 A shares and 13,780 B shares in the financial year 2020/21. Likewise, the share premium was increased by EUR 4.7 million through profit or loss pursuant to IFRS 2.

11. Share-Based Payment

ABOUT YOU has granted its staff virtual shares. The virtual shares entitle the holder to receive a bonus according to whether there is an IPO or other sale. The purpose of virtual shares is to reward longstanding and highly valued staff for their individual performance by granting them the option of benefiting from the Company's performance by providing shares in ABOUT YOU or cash compensation.

In the case of a private sale, the bonus is provided by means of cash compensation. Insofar as there is an IPO, the bonus is then provided as shares in ABOUT YOU, which are then subject to a lock-up period typical for the market. A strong increase in the probability of the bonus event occurring meant this was recognized for the first time in 2020/21. The low probability of an aforementioned event meant there was no recognition pursuant to IFRS 2 in the prior years. Given the fact that share-based payments were offered already in prior years, first-time recognition in 2020/21 caused a corresponding catch-up effect for these previous years, as the tranches from the prior years in 2020/21 were now initially recognized. Initial measurement means there are no shares that have been forfeited. More information can be found as a supplement to the determination of the grant date fair value.

Since a bonus event in the form of an IPO is viewed as being more probable and, thus, it is expected that this will be satisfied by shares in ABOUT YOU, all virtual shares granted in the context of the various tranches were classified pursuant to IFRS 2 as equity-settled share-based payments.

The current enterprise value as of the grant date was used as a basis for measuring the virtual shares of each tranche.

The total amount of the virtual shares from the agreement developed as shown below during 2020/2021:

Tranche (EUR million) (Grant date)	2020/2021 (Mar. 1, 2020)	2019/2020 (Mar. 1, 2019)	2018/2019 (Mar. 1, 2018)	2017/2018 (Mar. 1, 2017)
Sum of virtual shares	**4.2**	**3.5**	**2.5**	**2.2**
Sum of outstanding virtual shares at the beginning of reporting period 2020/2021 (Mar. 1, 2020)	0.0	3.5	2.5	2.2
Sum of virtual shares granted in reporting period 2020/2021	4.2	0.0	0.0	0.0
Sum of virtual shares forfeited in reporting period 2020/2021	0.0	0.0	0.0	0.0
Sum of virtual shares exercised in reporting period 2020/2021	0.0	0.0	0.0	0.0
Sum of virtual shares expired in reporting period 2020/2021	0.0	0.0	0.0	0.0
Sum of virtual shares at the end of reporting period 2020/2021 (Feb. 28, 2021)	4.2	3.5	2.5	2.2
Sum of virtual shares that can be exercised at the end of reporting period 2020/2021 (Feb. 28, 2021)	0.0	0.0	0.0	0.0

The grant date fair value of each tranche is determined retroactively using a Monte Carlo simulation. For this purpose, the enterprise value is simulated in consideration of peer group volatility and the risk-free yield curve on the expected exit date. Subsequently, the fair value of the virtual investment was calculated for each path and in consideration of the payment preferences, value-added factor and dilution factor. The average pay-off is then discounted down to the present value using the risk-free rate.

Tranche (EUR million) (Grant date)	2020/2021 (Mar. 1, 2020)	2019/2020 (Mar. 1, 2019)	2018/2019 (Mar. 1, 2018)	2017/2018 (Mar. 1, 2017)
Volatility of peer group	42.6%	38.9%	34.7%	37.3%
Risk-free interest rate (ECB)	-0.74%	-0.53%	-0.40%	-0.61%
Remaining term (in years)	1.33	2.33	3.33	4.33
Total grant date fair value (in EUR)	3.4	2.8	1.5	2.2
Value-adding factor	1.00	1.08	1.49	2.86
Dilution factor	1.0000	0.9998	0.9950	0.7086

The expenses for the share-based payment arrangements were recognized proportionately over the vesting period and led to a corresponding increase in equity.

As of February 28, 2021, ABOUT YOU recognized a EUR 8.4 million (PY: EUR 0.0 million) increase in equity for share-based payments. The expense equaled EUR 8.4 million for the period from March 1, 2020, to February 28, 2021 (PY: EUR 0.0 million). Thus, the residual amount of the total grand date fair value of EUR 1.6 million is attributable to the 2021/22 period, in which a bonus event is expected.

Expenses from share-based payments with compensation through equity mechanisms are eliminated when determining the adjusted EBITDA.

12. Media4Equity Program

As part of the Media4Equity program, ABOUT YOU granted investments for media services instead of money in the amount of EUR 4.7 million (PY: EUR 4.9 million). This represents a share-based payment within the meaning of IFRS 2 with compensation through equity-settled share-based payments. The program did not lead to any non-cash expenses. The amount of the investment is determined according to the net media volume. The basis for determining the net media volume and, thus, the amount of the investments granted is the gross medial volume. This is determined according to the partner's list price for the provided media services. The net media volume is calculated using the gross media volume less a reduction typical for the market. More information on the shares in the ordinary capital from this transaction can be found in Section VIII.10.

The Media4Equity agreements will be continued also in 2021/22. The terms stipulated in the Media Service Agreements apply until February 28, 2022, (German Media Pool GmbH, Fashion Media Pool GmbH) and at least February 28, 2022 (SevenVentures GmbH), respectively. It has also been agreed that all Media4Equity agreements will be terminated should an IPO be prepared. This takes place on the last day of the month preceding that month in which the A and B shares are converted into a class of ordinary shares.

13. Non-Current Financial Liabilities

Non-current liabilities included leases amounting to EUR 7.6 million (PY: EUR 8.5 million) as well as non-current, subordinate loan liabilities payable to related parties equaling EUR 76.7 million (PY: EUR 0 million), which are subject to 10% interest.

The movement in non-current liabilities is shown in the consolidated statement of liabilities.

14. Current Provisions

Other provisions included provisions for costs relating to the preparation of equity-raising measures amounting to EUR 2.5 million (PY: EUR 0.0 million).

Movements in current provisions:

EUR million	2020/21	2019/20
Provisions as of March 1	**0.0**	**0.1**
Addition	2.5	0.0
Reversal	0.0	(0.1)
Provisions as of Feb. 28/29	**2.5**	**0.0**

15. Trade Payables

Trade payables amounted to EUR 142.9 million (PY: EUR 104.3 million). The trade payables as of the reporting date included liabilities denominated in foreign currency of EUR 5.5 million. Please see the attached consolidated statement of liabilities for further information.

The increase in trade payables was due to reporting date effects and the general increase in business volume. Furthermore, new payment terms were agreed on with a number of suppliers in order to improve net working capital.

16. Payables to Related Parties

Liabilities to related parties include non-current liabilities from loans amounting to EUR 76.7 million (PY: EUR 0.0 million) as well as non-current liabilities equaling EUR 44.8 million (PY: EUR 16.2 million). There are current liabilities payable to shareholders in the amount of EUR 22.1 million (PY: EUR 5.7 million).

All current liabilities to related parties are trade payables, especially for merchandise and logistics services. The increase of these liabilities was due both to reporting date effects as well as the sharp rise in business volume. In addition, new payment periods were also agreed on with various related parties.

17. Other Liabilities

Other liabilities are broken down as follows:

EUR million	Feb. 28, 2021	Feb. 29, 2020
Miscellaneous financial liabilities	0.2	0.1
Liabilities from refunds from expected returns	52.5	37.7
Other financial liabilities	**52.7**	**37.8**
Liabilities to employees	2.4	0.8
Other tax liabilities	24.1	18.1
Deferred income	10.3	5.7
Miscellaneous liabilities	9.2	2.8
Other non-financial liabilities	**46.0**	**27.4**
Other liabilities	**98.7**	**65.2**

The liabilities to employees mainly comprise wages and salaries and outstanding leave. The liabilities from other taxes mainly relate to VAT liabilities from taxable revenue in the rest of the Community. Deferred income mainly includes deferred revenue for merchandise already invoiced, but which – based on empirical values – will reach the customer only after the reporting date (see Section IV).

The maturities of other liabilities are shown in the consolidated statement of liabilities.

18. Financial Instruments

Financial liabilities and financial assets can be categorized as follows in accordance with the provisions of IFRS 9, in which case the carrying amount approximately correspond to the fair values:

EUR million	**Category according to IFRS 9****	**Feb. 28, 2021**	**Feb. 29, 2020**
Assets			
Cash and cash equivalents	AC	107.9	62.4
Trade and other receivables	AC	50.9	69.8
Receivables from related parties	AC	5.7	4.4
Financial assets	FVTPL	1.9	0.0
Other financial assets	AC	0.0	0.0
Equity & liabilities			
Trade payables	AC	142.9	104.3
Non-current liabilities to related parties	AC	76.7	0.0
Payables to related parties	AC	66.9	21.8
Non-current lease liabilities	AC	7.6	8.5
Lease liabilities	AC	3.2	3.2
Other financial liabilities	AC	52.7	37.8

**) AC – Amortized Costs

FVTPL – Fair Value Through Profit and Loss

Non-current liabilities to related parties include loans granted by shareholders in the reporting year with a nominal value of EUR 75.0 million. The fair value of the item corresponds approximately to the carrying amount due to initial issuance being so close to the reporting date.

The following table shows the breakdown of net gains from financial instruments and includes the effects from impairments and interest:

	Gains (+)/losses (-) through profit or loss			
EUR million	Interest	Impairment losses	Gain (+) / loss (-) from measurement	**Net income (loss)**
Financial assets and liabilities at fair value through profit or loss	0.0	0.0	0.0	**0.0**
Financial assets at amortized cost	0.0	(1.0)	0.0	**(1.0)**
Financial liabilities measured at amortized cost	(1.7)	0.0	0.0	**(1.7)**
Lease liabilities	(0.2)	0.0	0.0	**(0.2)**
Total	**(1.8)**	**(1.0)**	**0.0**	**(2.9)**

IX. Notes to the Consolidated Statement of Cash Flows

The statement of cash flows shows the movements in cash and cash equivalents at the Group during the reporting period as a result of cash inflows and outflows. Cash flows are presented in accordance with their origin and use as cash flows from operating activities, investing activities or financing activities.

Changes in cash flows from operating activities are derived indirectly based on the consolidated profit or loss for the year. Cash inflows and outflows from investing and financing activities are determined directly.

Significant non-cash transactions in 2020/21 related to Media4Equity transactions (see Section VIII.12) with a total volume of EUR 4.7 million (PY: EUR 4.9 million). In addition, non-cash events included share-based compensation amounting to EUR 8.4 million (see Section VIII.11).

The following table shows the reconciliation of liabilities from financing activities

EUR million	**As of Mar. 1, 2020**	Cash change	Cash change consolidation	**As of Feb. 28, 2021**
Lease liabilities	**11.7**	(3.9)	2.9	**10.8**
Non-current payables to related parties	**0.0**	75.0	1.7	**76.7**

X. Other Disclosures

1. Financial Risk Management

ABOUT YOU is exposed to credit risk, liquidity risk and market risk in the course of its operating activities. The objective of financial risk management is to mitigate the risks arising from operating activities using selected hedging instruments. Group management is responsible for managing these risks. This function is in charge of setting up and monitoring risk management; to do so, policies were introduced for identifying and analyzing group risks. There were no outstanding hedges as of the reporting date.

2. Credit Risk

Credit risk is the risk of financial loss if a customer or counterparty fails to meet its contractual obligations. Any default on payment leads to impairment losses on assets, financial assets or receivables.

A financial asset is considered to be in default if the customer presumably cannot fulfill the corresponding obligations. Credit assessments are carried out to avoid the default risk, whose maximum amount for the respective financial assets corresponds to the recognized carrying amounts.

For identifiable risks of default, especially in the case of trade receivables, appropriate allowances for receivables are recognized using the applicable concept of expected credit losses pursuant to IFRS 9.

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9; however, the identified impairment loss was immaterial.

As a reaction to the COVID-19 pandemic, the receivables portfolio and credit risk were constantly monitored. ABOUT YOU is not exposed to a major default risk from an individual counterparty. The concentration of the creditworthiness risk is limited due to the broad and heterogeneous customer base.

Other receivables as part of the purchase on account and similar types of payment do not constitute any noteworthy concentration of default risks. This is because ABOUT YOU transfers all default risks to its factoring partners.

3. Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. This risk can result from inadequate availability of funds where necessary, inaccurate liquidity forecasts or a unilateral investment strategy for the cash reserves of the Company.

ABOUT YOU manages the liquidity risk by regularly reviewing liquidity requirements using an integrated platform for forecasting funds required in the short, medium and long term.

Financial management makes sure liquidity is maintained at all times. Furthermore, it ensures that sufficient funds are always available for operations and capital expenditures. In this regard, minimizing financing costs is a key secondary condition for efficient financial management. The general rule is to refinance open positions with matching maturities. The necessary basic data is determined on a rolling basis using monthly liquidity planning with a planning horizon of twelve months as well as daily planning with a horizon of at least four weeks. Both budgets are subject to regular variance analysis. There is no concentration risk with regard to the presented liquidity risks.

As a reaction to the COVID-19 pandemic, the liquidity risk was constantly monitored. ABOUT YOU is not exposed to any major liquidity risks.

The following tables present the contractually agreed (undiscounted) interest and principal payments for non-derivative financial liabilities.

Figures budgeted for new, future liabilities were excluded. Financial liabilities repayable at any time are always allocated to the earliest maturity date.

As of February 28, 2021, contractual cash flows from financial liabilities were as follows:

	Remaining term			
EUR million	**Up to 1 year**	**1-5 years**	**More than 5 years**	**Total**
Trade payables	142.9	0.0	0.0	**142.9**
Lease liabilities	3.2	7.6	0.0	**10.8**
Payables to related parties	74.4	84.2	0.0	**158.6**
Other financial liabilities	52.7	0.0	0.0	**52.7**

As of February 29, 2020, contractual cash flows from financial liabilities were as follows:

	Remaining term			
EUR million	**Up to 1 year**	**1-5 years**	**More than 5 years**	**Total**
Trade payables	104.3	0.0	0.0	**104.3**
Lease liabilities	3.2	8.5	0.0	**11.7**
Payables to related parties	21.8	0.0	0.0	**21.8**
Other financial liabilities	37.8	0.0	0.0	**37.8**

4. Market Risk

Market risk as defined by IFRS 7 is largely limited to currency risk at ABOUT YOU Group. The interest rate risk is of minor significance at ABOUT YOU Group due to its capital structure.

Currency risk arises from proceeds in foreign currency from transactions with customers as well as financial obligations to suppliers payable in foreign currency. The latter predominantly result from purchases of goods in US dollars or British pounds and subsequent sale of goods in the respective currency of the sales region.

Currency risk is hedged through refinancing with matching currencies. Any remaining risks from open currency positions are assessed using adequate risk methods. If necessary, risk is reduced further, primarily through forward exchange contracts.

As of February 28, 2021, outstanding liabilities in foreign currency amounted to EUR 5.5 million (PY: EUR 4.3 million). Even significant changes in exchange rates would therefore only have a minor effect on ABOUT YOU Group's financial position, financial performance and cash flows.

5. Capital Management

The Group's capital management objectives are to ensure its ability to meet all financial obligations in the short term and to maintain a strong capital base for continuous financing of growth as well as to increase the Company's value over the long term. It also ensures that all group entities are able to operate under the going concern principle.

Capital management as well as the associated objectives and definition are based on performance indicators determined on the basis of the IFRS consolidated financial statements. ABOUT YOU defines the indicator 'equity ratio' as the ratio of equity to total assets, and the indicator 'net current assets' as the sum total of inventories and trade and other receivables as well as receivables and financial receivables from affiliates and related parties and other liabilities less trade and other payables. The equity ratio equaled 12.1% as of the reporting date. Net current assets amounted to EUR -13.2 million as of the reporting date (PY: EUR 10.8 million).

The calculation of net working capital is shown in the following table:

	EUR million	2020/21	2019/20
+	Inventories	199.6	94.2
+	Trade and other receivables	50.9	69.8
+	Receivables from related parties	5.7	4.4
+	Other assets	44.7	36.8
=	**Current assets excl. cash and cash equivalents**	**301.0**	**205.2**
-	Other provisions	2.5	0.0
-	Trade payables	142.9	104.3
-	Payables to related parties	66.9	21.8
	Lease Liabilities	3.2	3.2
-	Other liabilities	98.7	65.2
=	**Current provisions and liabilities**	**314.1**	**194.5**
=	**Net working capital**	**(13.2)**	**10.8**

XI. Related Party Disclosures

At ABOUT YOU Group, related parties as defined by IAS 24 are persons or entities that control or have significant influence over ABOUT YOU Group or are controlled or significantly influenced by ABOUT YOU Group.

The shareholder structure means there was no controlling influence by one shareholder as of the reporting date.

Accordingly, the members of the Otto family and the Michael Otto Foundation, entities controlled or significantly influenced by this family and the foundation, the members of management of Otto (GmbH & Co KG) as well as the subsidiaries, associates and joint ventures of Otto Group are defined as related parties.

Furthermore, the management entities of the managing directors Tarek Müller, Sebastian Betz and Hannes Wiese with an ownership interest in ABOUT YOU Holding are classified as related parties.

In addition, *Aktieselskabet af 5.5.2010* and the subsidiary and joint venture of Bestseller A/S are defined as related parties.

In the reporting period, ABOUT YOU conducted transactions with related parties in the ordinary course of business. These transactions were conducted on an arm's length basis.

The total remuneration of ABOUT YOU Group's management equaled EUR 0.8 in the reporting year, all of which are current payables.

ABOUT YOU purchased goods worth EUR 113.1 million (PY: EUR 87.2 million) from related parties. These goods were largely merchandise that was produced for resale. In addition, services valued at EUR 125.6 million (PY: EUR 81.5 million) were purchased from related parties. These purchased services especially included logistics and support services. Furthermore, revenue of EUR 9.8 million (PY: EUR 8.9 million) and other income of EUR 0.2 million (PY: EUR 0.7 million) was generated with related entities. Revenue was generated especially by ABOUT YOU's media services, the Company's Software as a Service solutions (SaaS) as well as from individual enabling services in the area of fulfillment and shop management. Other income was largely generated from the SLA agreements with logistic providers. There were current receivables from related parties in the amount of EUR 5.3 million (PY: EUR 4.5 million). Simultaneously, there were liabilities to related parties in the amount of EUR 44.8 million (PY: EUR 16.2 million).

Related parties that are controlled by ABOUT YOU Holding are listed in the list of subsidiaries.

ABOUT YOU has set up a stock ownership plan for management under which ordinary shares are awarded to management. In this regard, ordinary shares are awarded to management. The shares are tied to a contractually stipulated vesting period of 5 years and are non-forfeitable over this period; accelerated vesting is applicable in the case of an IPO. The shares were acquired by management at fair value as of the granting date; accordingly, the expenses are recognized proportionally.

In 2020/21, transactions with shareholders with a total volume of EUR 4.7 million (PY: EUR 4.9 million) were conducted under the Media4Equity program, which increased the Group's share premium by this amount.

In addition, ABOUT YOU purchased EUR 21.0 million (PY: EUR 23.0 million) in goods from shareholders, although this largely involved goods for resale. Furthermore, services valued at EUR 22.7 million (PY: EUR 30.4 million) were purchased from shareholders. In the case of purchased services, these were mainly logistics services. Revenue amounting to EUR 12.8 million (PY: EUR 2.0 million) was generated with shareholders, which was in particular due to using ABOUT YOU Software as a Service (SaaS) solutions, related implementation services as well as the Company's additional enabling services. There was no other income with shareholders in the reporting year (PY: EUR 0.6 million). There were lending relationships with the shareholders of ABOUT YOU Holding in the amount of EUR 75.0 million as of February 28, 2021, which included arm's length interest charges of 10% p.a. The loan matures on February 28, 2023. The loan is not collateralized. There were current receivables from shareholders amounting to EUR 0.4 million (PY: EUR 0.0 million). Simultaneously, there were current liabilities in the amount of EUR 22.1 million (PY: EUR 5.7 million).

At the instigation of a shareholder, ABOUT YOU concluded an agreement in 2018/19 for obtaining payment services. The advantageous amount for the Company – which was derived from a competitive offer – equaling EUR 14.4 million (PY: EUR 13.3 million) was recognized as a withdrawal by the shareholder; simultaneously, the payment made by the shareholder equaling EUR 14.4 million (PY: EUR 13.3 million) was classified as a payment to the share premium account. This had no effect on the income statement: This contract was terminated effective December 31, 2020.

XII. Contingent Liabilities

ABOUT YOU did not disclose any contingent liabilities as of the reporting date.

XIII. Auditor's Fees

The total fee charged by the auditor of ABOUT YOU Group breaks down as follows:

EUR million	Feb. 28, 2021	Feb. 29, 2020
Fee for auditing financial statements	0.2	0.1
Fee for other assurance services	0.0	0.0
Fee for tax advisory services	1.7	0.4
Fee for other services	0.2	0.0
Auditor's fees	**2.1**	**0.5**

The tax advisory services were mainly for ongoing income tax and VAT advice. Other services included primarily advisory services.

XIV. List of Subsidiaries

The following presentation provides a list of ABOUT YOU Group's subsidiaries as of February 28, 2021:

	Registered office, country	Ownership interest (Group) as of reporting date	Equity of last financial year in EUR million	Profit/(loss) of last financial year in EUR million
Fully consolidated entities				
ABOUT YOU Verwaltungs GmbH[1]	Hamburg, Germany	100.0%	79.5	1.1
Adference GmbH[2]	Lüneburg, Germany	100.0%	1.5	0.0
ABOUT YOU GmbH & Co. KG[3]	Hamburg, Germany	100.0%	26.4	(54.1)
Unconsolidated companies:				
ABOUT YOU Beteiligungs GmbH[4]	Hamburg, Germany	100.0%	0.0	0.0
Tusaki Beteiligungsverwaltung GmbH[5]	Vienna, Austria	100.0%	n/a	n/a
Quebo Beteiligungsverwaltung GmbH[6]	Vienna, Austria	100.0%	n/a	n/a
The HAUS Apparel GmbH[7]	Berlin, Germany	49.0%	(0.0)	(0.0)
LeGer GmbH[8]	Hamburg, Germany	36.0%	n/a	n/a
Soko München GmbH[9]	Munich, Germany	36.0%	n/a	n/a
Supreme GmbH[10]	Rostock, Germany	23.0%	0.1	0.0

[1] Information on equity and earnings as of February 28, 2021, pursuant to the German Commercial Code [HGB]
[2] Information on equity after the profit and loss transfer agreement and earnings as of December 31, 2020, pursuant to the German Commercial Code [HGB]
[3] Information on equity and earnings as of February 28, 2021, pursuant to the German Commercial Code [HGB]
[4] Information on equity and earnings as of February 28, 2021, pursuant to the German Commercial Code [HGB]
[5] Figures not yet available on account of newly establishing the company
[6] Figures not yet available on account of newly establishing the company
[7] Information on the equity and earnings as of December 31, 2019 (the company reported a deficit not covered by equity), pursuant to the German Commercial Code [HGB]
[8] Figures not yet available on account of newly establishing the company
[9] Figures not yet available on account of newly establishing the company
[10] Information on equity and earnings as of December 31, 2020, pursuant to the German Commercial Code [HGB]

XV. Segment Reporting

1. Basic Information

Segment information is presented pursuant to the provisions of IFRS 8 according to the management approach. Accordingly, segment reporting is guided by internal reporting to the respective main decision-makers. Furthermore, this includes information presented to these decision-makers as part of regular reporting and is used by them for allocating resources to the Group's individual areas. In compliance with the Group's internal management, segment reporting is broken down by the Group's business segments. Segment reporting was conducted internally over the past 3 reporting years and is being communicated externally for the first time in this reporting year.

2. Business Segments

The ABOUT YOU Group has the following business segments:

- **ABOUT YOU DACH**: The DACH segment includes the ABOUT YOU online shops in Germany, Austria and Switzerland.
- **ABOUT YOU RoE** (Rest of Europe): The RoE segment includes the ABOUT YOU online shops in Belgium, the Netherlands, Poland, Czech Republic, Slovakia, Hungary, Romania, Estonia, Latvia, Lithuania, Slovenia, Croatia, Bulgaria, France, Spain, Italy, Denmark, Sweden, Finland and Ireland.
- **TME** (Tech, Media, Enabling): The TME segment includes essentially three service businesses – Software as a Service resp- SaaS (Tech), Brand and Advertising Solutions (Media) and 360° Services along the E-commerce value change of the company as well as revenue-generating services and business segments (Enabling).

3. Segment Information

Segment data are generally determined using the accounting policies applied in the consolidated financial statements. However, the revenue of the ABOUT YOU online shops is not recognized in the segment data upon fulfillment of performance, but rather according to the ordering date. This is important in the internal reporting and management of ABOUT YOU DACH and RoE in order to clearly capture the effectiveness of the various marketing and product line measures on customer behavior in the shops. Likewise, returns are calculated back to the associated order date. This is also important for internal management in order to precisely capture the effectiveness of measures on a net level (after returns).

Management measures the success of the segments by the revenue recognized as of the order date and the adjusted EBITDA derived as of the order date.

The presented indicators represent in each case a contribution to the earnings of the segments.

The calculated revenue primarily includes the revenue of the online shops and service business. Of the revenue, a share of 53.7% was attributable to Germany in the current reporting year, which represents the largest share.

In this regard, adjusted EBITDA corresponds to the earnings adjusted for non-recurring items before taking into account finance income/costs, income taxes as well as before amortization/depreciation and impairment losses and the reversal of impairment losses. The adjustments totaling EUR 8.5 million (PY: EUR 0.0 million) included expenses for share-based payments amounting to EUR 8.4 million (PY: EUR 0.0 million). Furthermore, the adjustments in 2020/21 contained EUR 0.2 million (PY: EUR 0.0 million) in transaction costs. These costs were deducted when calculating the adjusted EBITDA. No adjustments were made to EBITDA in 2018/19 and 2019/20.

The **revenue** of the segments as well as reconciliation are shown in the following table.

EUR million	2020/21	2019/20	2018/19
ABOUT YOU DACH (Germany, Austria, Switzerland)	660.0	509.9	375.6
ABOUT YOU RoE	463.5	188.9	69.7
TME	83.5	52.0	26.5
Reconciliation	(40.6)	(7.4)	(10.5)
Revenue	**1,166.5**	**743.4**	**461.2**

The **adjusted EBITDA** of the segments as well as reconciliation and adjustments are shown in the following table.

EUR million	2020/21	2019/20	2018/19
ABOUT YOU DACH (Germany, Austria, Switzerland)	36.8	0.4	(43.7)
ABOUT YOU RoE	(83.3	(55.2)	(39.2)
TME	10.1	(17.4)	(15.4)
Reconciliation	0.8	2.4	(8.2)
Adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA)	**(35.5)**	**(69.9)**	**(106.5)**
Adjustments	(8.5)	0.0	0.0
Earnings before interest, taxes and depreciation and amortization (EBITDA)	**(44.0)**	**(69.9)**	**(106.5)**

The figures on segment level show that all three segments have experienced strong growth and, thus, helped drive the dynamic development of group revenue. However, the segments differ by their level of maturity and profitability structure. Both already profitable segments (ABOUT YOU DACH and TME) are financing the strong growth in the international markets (RoE) from a Group perspective. This also explains the considerable improvement in adjusted EBITDA on group level combined with ongoing strong protracted growth of the group revenue.

Since the segment values for ABOUT YOU DACH and RoE were recognized according to order date and not performance fulfillment, there is a reconciliation of segment figures to the IFRS Group values. Furthermore, pursuant to IFRS 8, revenue generated with external business partners as well as the earnings from ABOUT YOU Group's inter-segment transactions per segment are reported to the chief operating decision-maker. Inter-segment transactions concern the exchange of goods and services between the segments. Reconciliation of segment revenue to IFRS consolidated revenue is explained by presenting the end-customer transactions as of the order date. Depending on the reporting date, this deviation can be positive or negative. There was a EUR -14.5 million deviation for 2020/21 (PY: EUR 7.0 million and EUR -1.9 million in the year before that). The reconciliation also includes revenue between the segments, which was deconsolidated on group level. This inter-segment revenue equaled EUR 26.1 million in 2020/21 (PY: EUR 14.3 million and EUR 8.6 million in the year before that). The external revenue of the individual segments equaled EUR 652.7 million in the ABOUT YOU DACH segment, EUR 461.8 million in the ABOUT YOU RoE segment and EUR 66.5 million in the TME segment in the reporting year.

Non-current assets are largely located in Germany.

The ABOUT YOU DACH segment reported non-cash transactions as part of the Media4Equity transactions amounting to EUR 4.5 million in the reporting year (PY: EUR 4.5 million; in 2018/19: EUR 6.3 million). There were inter-segment transactions within DACH (Germany, Austria, Switzerland) revenue amounting to EUR 7.3 million (PY: EUR 5.7 million; 2018/19: EUR 4.2 million). These transactions largely involved providing advertising/marketing space in the ABOUT YOU online shops for the media business of the TME segment.

The ABOUT YOU RoE segment reported non-cash transactions as part of the Media4Equity transactions amounting to EUR 0.2 million in the reporting year (PY: EUR 0.5 million; in 2018/19: EUR 2.2 million). There were inter-segment transactions within RoE revenue amounting to EUR 1.7 million (PY: EUR 0.7 million; 2018/19: EUR 0.3 million). These transactions largely involved providing advertising/marketing space for the media business of the TME segment, which increasingly includes the international ABOUT YOU shops in the marketing activities for B2B advertising customers.

There were no material non-cash expenses in the TME segment in the reporting year or prior year (2018/19: EUR 0.3 million). There were inter-segment transactions within TME revenue amounting to EUR 17.0 million (PY: EUR 8.0 million; 2018/19: EUR 4.2 million). These transactions mainly included content production in the media segment for the marketing activities of ABOUT YOU DACH and RoE, the internal use of Software as a Service products and implementation services by the technology segment as well as further internal services by the enabling segment.

XVI. Events after the Reporting Period

It was resolved on March 11, 2021, to convert ABOUT YOU Verwaltungs GmbH into ABOUT YOU Verwaltungs AG and ABOUT YOU Holding GmbH into ABOUT YOU Holding AG. The resolutions of transformation were submitted to the commercial register at the end of March 2021.

Hamburg, April 9, 2021

Tarek Müller **Hannes Wiese** **Sebastian Betz**

Statement of Liabilities (consolidated)
as of February 28, 2021

EUR million	Remaining term: Up to 1 year	1-5 years	More than 5 years	Total	thereof secured by liens or similar rights
1. Trade payables	142.9	0.0	0.0	142.9	0.0
2. Payables to related parties	66.9	76.7	0.0	143.5	0.0
3. Lease liabilities	3.2	7.6	0.0	10.8	0.0
4. Other liabilities	98.7	0.0	0.0	98.7	0.0
– thereof other financial liabilities	52.7	0.0	0.0	52.7	0.0
– thereof other non-financial liabilities	46.0	0.0	0.0	46.0	0.0
– thereof for taxes	24.1	0.0	0.0	24.1	0.0
Total	**311.6**	**84.3**	**0.0**	**395.9**	**0.0**

Statement of Liabilities (consolidated)
as of February 29, 2020

EUR million	Remaining term: Up to 1 year	1-5 years	More than 5 years	Total	thereof secured by liens or similar rights
1. Trade payables	104.3	0.0	0.0	104.3	0.0
2. Payables to related parties	21.8	0.0	0.0	21.8	0.0
3. Lease liabilities	3.2	8.5	0.0	11.7	0.0
4. Other liabilities	65.2	0.0	0.0	65.2	0.0
– thereof other financial liabilities	37.8	0.0	0.0	37.8	0.0
– thereof other non-financial liabilities	27.4	0.0	0.0	27.4	0.0
– thereof for taxes	18.1	0.0	0.0	18.1	0.0
Total	**194.4**	**8.5**	**0.0**	**203.0**	**0.0**

ESEF documents of ABOUT YOU Holding GmbH as of February 28, 2021

The reproduction of the consolidated financial statements and the combined management report (“ESEF documents”) prepared for publication purposes with the file name „AboutYou_KA_28.02.2021_V3.zip“ (SHA256-Hashwert: 3938492f09a7017b7a6a1e78d1b85030cce4a32a2a8e2d8cff8815846bd5312d) can be downloaded by the issuer from the electronic client portal with access protection.

Independent Auditor‘s Report

To ABOUT YOU Holding GmbH, Hamburg

Opinions

We have audited the consolidated financial statements of ABOUT YOU Holding GmbH, Hamburg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of February 28, 2021, and the consolidated income statement, consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and the consolidated statement of changes in equity for the financial year from March 1, 2020, to February 28, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management of ABOUT YOU Holding GmbH report combined with the Parent Company's management report for the financial year from March 1, 2020, to February 28, 2021.

In our opinion, on the basis of the knowledge obtained in the audit,

– the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as of February 28, 2021, and of its financial performance for the financial year from March 1, 2020, to February 28, 2021, and

– the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report” section of our auditor’s report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group’s position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group’s position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor’s report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with the German Generally Accepted Standards of Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group’s position it provides.
- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Legal and Regulatory Requirements

Report on the Assurance in accordance with Section 317 (3b) HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes

We have performed an assurance work in accordance with Section 317 (3b) HGB to obtain reasonable assurance about whether the electronic reproduction of the consolidated financial statements and the combined group management report (hereinafter the “ESEF documents”) contained in the file that can be downloaded by the issuer from the electronic client portal with access protection, „AboutYou_KA_28.02.2021_V3.zip“ (SHA256-Hashwert: 3938492f09a
7017b7a6a1e78d1b85030cce4a32a2a8e2d8cff8815846bd5312d) and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format (“ESEF format”). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned electronic file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from March 1, 2020, to February 28, 2021, contained in the “Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report” above.

We conducted our assurance work on the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned electronic file in accordance with Section 317 (3b) HGB and the Exposure Draft of the IDW Assurance Standard: Assurance in accordance with Section 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410). Accordingly, our responsibilities are further described below. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company’s management is responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company’s management is responsible for the internal controls they consider necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Company's management is also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited combined management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance of the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the electronic file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and the audited combined management report.

Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Hamburg, April 9, 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft

Hagenmüller Wirtschaftsprüferin [German Public Auditor]	Rienecker Wirtschaftsprüferin [German Public Auditor]

Audited Consolidated Financial Statements as of February 29, 2020
(ABOUT YOU Holding GmbH) (IFRS)

Consolidated Financial Statements as of February 29, 2020

ABOUT YOU Holding GmbH
Hamburg, Germany

Consolidated Statement of
Financial Position
as of February 29, 2020

Assets

in KEUR	Note [Item]	29.02.2020	28.02.2019	Delta
Non-current assets		**39,281**	**17,732**	**21,549**
Intangible assets	[VIII.1]	23,398	15,189	8,208
Right-of-use assets	[VIII.3]	11,845	0	11,845
Property, plant and equipment	[VIII.2]	2,624	2,462	162
Financial assets		0	0	0
Other non-current financial assets		118	81	38
Deferred tax assets		1,297	0	1,297
Current assets		**267,595**	**276,960**	**-9,365**
Inventories	[VIII.4]	94,178	79,014	15,164
Trade and other receivables	[VIII.5]	69,835	42,971	26,864
Receivables from related parties	[VIII.6]	4,416	5,369	-953
Other financial assets	[VIII.7]	12	56	-44
Other non-financial assets	[VIII.7]	36,792	26,204	10,588
Cash and cash equivalents	[VIII.8]	62,361	123,346	-60,985
Total assets		**306,876**	**294,692**	**12,184**

Equity & liabilities

in KEUR		29.02.2020	28.02.2019	Delta
Equity	**[VIII.9]**	**102,205**	**177,098**	**-74,893**
Subscribed capital		4,262	4,242	20
Share premium		449,858	444,935	4,923
Retained deficit		-351,915	-272,079	-79,837
Non-current provisions and liabilities		**10,203**	**1,751**	**8,451**
Non-current lease liabilities	[VIII.3]	8,530	0	8,530
Other non-current liabilities	[VIII.12]	0	157	-157
Deferred tax liabilities		1,673	1,595	78
Current provisions and liabilities		**194,468**	**115,842**	**78,626**
Other provisions	[VIII.10]	32	138	-106
Trade payables	[VIII.12]	104,278	34,474	69,804
Payables to related parties	[VIII.13]	21,757	34,398	-12,641
Lease liabilities	[VIII.3]	3,219	0	3,219
Other financial liabilities	[VIII.14]	37,808	43,286	-5,478
Other non-financial liabilities	[VIII.14]	27,375	3,547	23,828
Total equity and liabilities		**306,876**	**294,692**	**12,184**

Consolidated Income Statement
from March 1, 2019 to February 29, 2020

in KEUR	Note [item]	29.02.2020	28.02.2019	Delta
Revenue	[VII.1]	743,391	461,201	282,190
Cost of materials	[VII.2]	-422,496	-271,644	-150,852
Personnel expenses	[VII.3]	-34,904	-26,468	-8,436
Other operating expenses	[VII.4]	-367,481	-284,539	-82,942
Other operating income	[VII.5]	2,063	6,559	-4,497
Own work capitalized		9,550	8,397	1,152
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**-69,878**	**-106,494**	**36,616**
Amortization of intangible assets and depreciation of property, plant and equipment	[VII.6]	-6,314	-5,890	-424
Depreciation of right-of-use assets	[VII.6]	-3,185	0	-3,185
Earnings before interest and taxes (EBIT)		**-79,377**	**-112,384**	**33,007**
Net interest result	[VII.7]	-153	-1,957	1,804
Other financial result	[VII.7]	-681	186	-867
Earnings before taxes (EBT)		**-80,211**	**-114,155**	**33,944**
Income taxes	[VII.8]	375	-499	873
Profit/loss for the period		**-79,837**	**-114,654**	**34,817**

Consolidated Statement of Comprehensive Income from March 1, 2019 to February 29, 2020

in KEUR	29.02.2020	28.02.2019
Profit/loss for the period	-79,837	-114,654
Items that will be reclassified to profit/loss in subsequent reporting periods	0	0
Items that will not be reclassified to profit/loss in subsequent reporting periods	0	0
Income and expenses recognized directly in equity	0	0
Profit/loss for the period / Total comprehensive income	**-79,837**	**-114,654**

Consolidated Statement of Cash Flows
from March 1, 2019 to February 29, 2020

	in KEUR	Note [Item]	29.02.2020	28.02.2019
	Profit/loss for the period		**-79,837**	**-114,654**
+	Depreciation, amortization and write-downs		9,499	5,890
+	Income taxes	[VII.8]	-375	499
+	Net interest result	[VII.7]	153	1,957
-	Taxes paid		-185	0
-/+	Increase/decrease in inventories	[VIII.4]	-15,164	-37,264
-/+	Increase/decrease in trade and other receivables	[VIII.5]	-25,461	6,394
-/+	Increase/decrease in other assets	[VIII.7]	-10,582	-1,157
+/-	Increase/decrease in refund liabilities	[VIII.14]	-5,524	9,191
+/-	Increase/decrease in trade payables	[VIII.12]	62,688	17,008
+/-	Increase/decrease in other liabilities	[VIII.14]	17,429	-4,024
+	Non-cash expenses		4,923	8,838
=	**Cash flows from operating activities**		**-42,437**	**-107,321**
-	Acquisition of intangible assets and property, plant and equipment	[VIII.1-2]	-10,505	-9,460
-	Acquisition of companies		-4,179	0
-	Payments for other loans		-450	0
+	Interest income	[VII.7]	2	0
=	**Cash flows from investing activities**		**-15,132**	**-9,460**
=	**Free cash flow**		**-57,569**	**-116,782**
+	Proceeds from issue of share capital	[VIII.9]	21	250,000
-	Repayment of shareholder loans		0	-13,649
+	Proceeds from shareholders		13,327	10,875
-	Payment to shareholders		-13,327	-10,875
-	Payment of lease liabilities		-3,281	0
+/-	Interest paid	[VII.7]	-155	-1,957
=	**Cash flows from financing activities**		**-3,415**	**234,393**
+	Cash and cash equivalents at beginning of the period	[VIII.8]	123,346	5,638
+	Net change in cash and cash equivalents		-60,985	117,612
+	Effect of changes in ownership interests on cash held		0	96
=	**Cash and cash equivalents at end of period**		**62,361**	**123,346**

Consolidated Statement of Changes in Equity from 01.03.2018 to 29.02.2020

in KEUR	Note [Item]	Subscribed Capital	Share Premium	Balance sheet result	Total Equity
Stand 01.03.2018		73	190,163	-157,425	32,811
Profit/loss for the period		0	0	-114,654	-114,654
Shareholder investments	[XI]	4,142	260,875	0	265,017
Shareholders withdrawals	[XI]	0	-10,875	0	-10,875
Changes in consolidated group		0	0	0	0
Successive acquisitions/partial disposals		0	0	0	0
Dividends		0	0	0	0
Other changes in comprehensive income		27	4,772	0	4,799
Status 28.02.2019		4,242	444,935	-272,079	177,098
Profit/loss for the period		0	0	-79,837	-79,837
Shareholder investments	[XI]	20	18,249	0	18,270
Shareholders withdrawals	[XI]	0	-13,327	0	-13,327
Changes in consolidated group		0	0	0	0
Successive acquisitions/partial disposals		0	0	0	0
Dividends		0	0	0	0
Other changes in comprehensive income		0	0	0	0
Status 29.02.2020		4,262	449,858	-351,915	102,205

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Notes to the Consolidated Financial Statements as of February 29, 2020

ABOUT YOU Holding GmbH

I. Basis of Preparation of Consolidated Financial Statements

ABOUT YOU Holding GmbH (hereafter: 'ABOUT YOU Holding'), registered at the address: Domstraße 10, 20095 Hamburg, Germany (under commercial register file number HRB 143389 at Hamburg District Court), and its subsidiaries (jointly referred to hereafter as: 'ABOUT YOU Group' or 'ABOUT YOU') represent a fashion and technology group operating in Europe.

ABOUT YOU Holding GmbH, Hamburg, is the parent company and also the ultimate controlling party of ABOUT YOU GmbH.

These consolidated financial statements have been prepared for the financial year from March 1, 2019 to February 29, 2020.

1. Basis of Accounting

The consolidated financial statements for the year ended February 29, 2020 of ABOUT YOU Holding have been prepared applying the provisions of Regulation (EC) No 1606/2002 of the European Parliament and of the Council of July 19, 2002 in conjunction with Section 315e (3) of the German Commercial Code [HGB] in accordance with the International Financial Reporting Standards (IFRS) as adopted and issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. The applicable supplementary provisions of Section 315e (3) HGB in conjunction with Section 315e (1) HGB were also taken into account. Consolidated financial statements have not been prepared or published in accordance with any other accounting policies.

All IFRSs adopted and effective in the European Union as of the reporting date have been applied to these consolidated financial statements. The requirements of IFRS were fully satisfied, providing a true and fair view of the financial position, financial performance and cash flows of ABOUT YOU Group.

The consolidated financial statements are prepared in principle on the basis of measuring assets and liabilities at amortized cost.

Individual items of the consolidated income statement and the statement of financial position have been aggregated to improve the clarity of presentation. These items are explained in the notes to the consolidated financial statements. The consolidated statement of profit or loss and OCI has been prepared in accordance with the nature of expense method.

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet the mandatory repayment terms. The Group's free cash flow in the financial year 2019/20 amounts to KEUR -57,569 (previous year KEUR -116,782). As of that date, current assets exceeded current liabilities by KEUR 73,127 (PY: KEUR 161,118), cash and cash equivalents amount to KEUR 62,361 (PY: KEUR 123,346). As described in the group management report, further significant start-up losses are anticipated for financial year 2020/21 to scale up business operations. In view of the financial resources available, the Group will be in a position to finance the projected start-up losses from its own funds.

The consolidated financial statements as of February 29, 2020 originally prepared on May 29, 2020 have been amended as follows:

At the instigation of a shareholder, ABOUT YOU concluded a contract for the purchase of payment services during the financial year 2018/19. In the amount of the benefit to the shareholder derived from a settlement offer of KEUR 13,327, a withdrawal by the shareholder was recognised instead of other operating expenses; at the same time, the settlement made by the shareholder in the amount of KEUR 13,327 was classified as a contribution to the capital reserve (instead of other operating income). This led to a change in the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement. Similarly, the previous year's figures were adjusted in the amount of KEUR 10,875.

Furthermore, the refund liabilities for returns were reclassified from trade payables to other liabilities. the previous year's values were adjusted retroactively. This resulted in a decrease in trade payables of KEUR 37,746, while other liabilities increased by the same amount. The previous year's figures of trade payables and other liabilities were adjusted in the amount of KEUR 43,270.

The date that the consolidated financial statements and the group management report as of February 29, 2020 Report are authorized for issue by the management is April 6, 2021.

2. Basis of consolidation

The consolidated financial statements of ABOUT YOU Group include all significant subsidiaries that provide ABOUT YOU Holding with the control pursuant to IFRS 10 or joint control together with other parties pursuant to IFRS 11 and IAS 28. Pursuant to IFRS 10, the investor ABOUT YOU Holding controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Initial consolidation of ABOUT YOU Holding's and ABOUT YOU GmbH's capital occurred in line with the requirements of reverse acquisition under IFRS 3.

Any positive difference arising from offsetting is recognized as goodwill acquired in a business combination. Any negative differences arising from capital consolidation at the date of acquisition are immediately reclassified from equity to profit or loss. Costs incurred in acquiring the equity interests are immediately recognized in profit or loss.

Any previously undisclosed reserves or charges identified when measuring assets and liabilities at fair value on initial consolidation are carried forward, amortized or reversed in accordance with the movements in assets and liabilities. Goodwill acquired in a business combination is regularly tested for impairment in subsequent periods and written down to its recoverable amount if appropriate.

Expenses and income as well as receivables and liabilities between consolidated entities are eliminated.

The financial statements of ABOUT YOU Holding and its consolidated subsidiaries are prepared in accordance with uniform accounting policies.

The financial statements of consolidated entities are generally prepared as of the reporting date of the ultimate parent company.

For consolidated companies whose reporting date differs from the reporting date of the consolidated financial statements, interim financial statements are prepared as of the reporting date.

3. Functional and Presentation Currency

The consolidated financial statements are presented in euros, the functional currency of ABOUT YOU Holding and presentation currency of the Group. Transactions conducted in other currencies are translated into the functional currency at the exchange rate applicable on the date of the transaction. Unless otherwise stated, all amounts for the reporting year are shown in thousands of euros (KEUR).

No annual financial statements were prepared in foreign currency as of February 29, 2020.

4. Acquisitions during the Financial Year

ABOUT YOU GmbH acquired 100% of the shares in Adference GmbH, Lüneburg on April 26, 2019. Since then, there has been control over the entity. The acquisition of the aforementioned entity resulted in goodwill in the amount of EUR 4.1 million.

5. Consolidated entities

The consolidated entities of the ABOUT YOU Group can be broken down as follows:

	February 29, 2020	**February 28, 2019**
Fully consolidated entities		
thereof in Germany	3	2
thereof outside Germany	0	0
Total	**3**	**2**

There were no entities accounted for using the equity method or proportionate consolidation as of February 29, 2020.

II. Accounting Policies

Intangible Assets

Internally generated intangible assets are recognized at the cost incurred during the development phase after establishing their technological and commercial feasibility until the date of completion. The recognized costs include those directly attributable to the development phase.

Gains or losses on disposal of intangible assets are recognized under other operating income or expenses.

Purchased intangible assets are recognized at cost.

All internally generated and purchased intangible assets are amortized on a straight-line basis over their useful life as follows:

	Useful life in years
Software	3 - 5
Licenses	3 - 5

Property, Plant and Equipment

Items of property, plant and equipment are measured at cost and depreciated straight-line over their estimated useful lives. Changes in residual values or useful lives during the use of the assets are taken into account when measuring their depreciable amounts. Gains and losses arising from the sale of property, plant and equipment are recognized as other operating income or expenses.

Items of property, plant and equipment are depreciated using the following useful lives applicable across the Group:

	Useful life in years
Leasehold improvements	1 - 4
Technical equipment and machinery	4 - 30
Operating and office equipment	5 – 19

Impairment of Intangible Assets, Property, Plant and Equipment and Right-of-use Assets

All intangible assets are tested for impairment if there is any indication that an intangible asset may be impaired.

For impairment testing pursuant to IAS 36, the carrying amount of the intangible asset must be compared against the corresponding recoverable amount. An asset is impaired when its recoverable amount falls below its carrying amount. The book value of the asset must be reduced to that amount through profit or loss. Otherwise, the carrying amount must be retained. The recoverable amount is the higher of an asset's fair value (pursuant to IFRS 13) less costs to sell and its value in use.

There were no indications in 2019/20 that an asset may be impaired.

Inventories

Inventories are measured at the lower of cost and net realizable value as of the reporting date. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale.

The procedure for the valuation of inventories was changed to the standard price method in the financial year. The effect recognized through profit or loss at the time of transition amounted to KEUR 1,376.

Financial Assets

After initial recognition, financial assets are classified into the following categories:

- at amortized cost
- at fair value through other comprehensive income (FVOCI) or
- at fair value through profit or loss (FVTPL)

At initial recognition, financial assets are measured at acquisition cost. This excludes trade receivables that are initially recognized by ABOUT YOU at their transaction price.

Financial assets are measured at amortized cost if they are held under a business model with the objective of holding financial assets for the collection of contractual cash flows, and when the contractual terms of the financial asset generate cash flows that are solely payments of principal and interest on specified dates. Trade receivables and other financial assets are allocated to this measurement category.

Financial assets categorized as at fair value through other comprehensive income (FVOCI) refer to financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Transfer is recognized in other comprehensive income on the date the asset is derecognized. However, impairment losses and foreign exchange gains or losses are recognized in profit or loss.

All other financial assets not falling within the above categories are measured at fair value through profit or loss. These are therefore held within a business model whose objective is not to hold financial assets to collect contractual cash flows, or their cash flows do not represent solely payments of principal and interest.

Impairment of Financial Assets

The calculation of impairment losses of financial assets is based on an expected credit loss model according to IFRS 9. The lifetime expected credit loss approach is to be applied to trade receivables and if the credit risk of a financial asset on the reporting date has increased significantly since initial recognition.

Subsequent measurement of financial assets measured at amortized cost is carried out using the effective interest method.

Impairment losses on receivables and other financial assets are considered using an allowance account.

Evidence of impairment could include for example delay or default on payments of principal or interest, deteriorations in credit ratings, a high probability of insolvency on the part of the borrower or changes in political or macroeconomic conditions. The amount of the impairment loss is based on empirical values or individual risk assessments. If the receivables are deemed uncollectible, the items are derecognized.

Cash and Cash Equivalents

Cash and cash equivalents include cash in bank and on hand. They are recognized at nominal value.

Provisions

Provisions take account of all legal and constructive obligations of the ABOUT YOU Group to third parties arising from past events as of the reporting date that are likely to be settled and can be reliably estimated.

Provisions are measured at the amount required to settle the obligation, taking into account all identifiable risks. This amount is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Liabilities from Refunds from Expected Returns

Liabilities from refunds from expected returns (returned goods) reflect the risk of items being returned according to contract. Liabilities from refunds from expected returns are recognized on the date the products are sold. At the same time, on the date of sale a restitution claim is recognized for the expected returns in the amount of the goods sold less handling charges for the expected returns. The liability recognized as of the reporting date mainly refers to the sale of goods in February which may be returned after the reporting date.

Financial Liabilities

Financial liabilities are initially measured at fair value taking into account premiums, discounts and transaction costs.

After initial recognition, they are measured at amortized cost. Non-current financial liabilities are measured at amortized cost using the effective interest method.

Leases - Group as Lessee

At the commencement of a lease, ABOUT YOU records a right-of-use asset and a lease liability for all leases, except short-term leases and leases where the underlying asset is of low value. For these leases, ABOUT YOU makes use of the exemption according to which the lease payments relating to these leases are recognized as an expense on a straight-line basis over the lease term.

At the commencement of a lease, the lease payments included in the measurement of the lease liability are primarily fixed payments (net of any lease incentives received) and variable lease payments linked to an index or interest rate, which are initially measured using the index or interest rate in effect at the inception date. A change in the variable payments in conjunction with a change in the underlying index or interest rate results in a remeasurement of the lease liability at the effective date of that change. If the interest rate implicit in the lease is based cannot easily be determined, the present value of the lease payments is determined using the term and risk-equivalent incremental borrowing rate. The lease term is based on the non-cancellable period of a lease. Periods with amendment or termination options are taken into account if the exercise of the option is reasonably certain.

Right-of-use assets are initially recognized in the amount of the corresponding lease liability plus initial direct costs less any lease incentives received. Costs for dismantling and removal are taken into account if they refer to the right-of-use. In subsequent reporting periods, right-of-use assets are depreciated on a straight-line basis over the underlying lease term of one to seventeen years.

Depreciation of right-of-use assets is presented in amortization, depreciation and impairment losses in the consolidated income statement. Interest expenses for lease liabilities are recorded as interest and similar expenses. They are also included in cash flows from financing activities, while payments for the repayment of lease liabilities are shown as a separate item in cash flows from financing activities.

Income Taxes

Income taxes for the period comprises current and deferred taxes. Taxes are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or in other comprehensive income. In this case, the corresponding taxes are also recognized in equity or in other comprehensive income.

The current tax expense is calculated using the tax regulations applicable as of the reporting date in the countries in which the companies operate and generate taxable income.

Deferred tax assets and liabilities are recognized to take account of future tax effects arising from temporary differences between the tax base used for assets and liabilities and the amounts stated in the IFRS financial statements and for tax loss carryforwards. Deferred tax assets and liabilities are measured based on regulations issued by the legislator at the end of the respective financial year for the financial years in which the temporary differences are expected to reverse or the loss carryforwards are expected to be utilized. Deferred tax assets arising from temporary differences and loss or interest carryforwards are only recognized when it is reasonably certain that they can be realized in the near future.

Deferred tax assets and liabilities are offset if they relate to taxes on income that are levied by the same tax authority.

III. Recognition of Income and Expenses

Revenue and other operating income are recognized when goods and services have been transferred, if the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Group. Revenue is reduced by sales deductions.

Revenue is recognized in accordance with IFRS 15 when (or as) the performance obligation has been satisfied by transferring control of the good or service to the customer.

The supply of merchandise that is expected to be returned on the basis of empirical values is not recognized in profit or loss. Other assets are recognized in the amount of cost of the supplied goods taking into account the cost incurred for processing returns and potential loss on resale.

Operating expenses are recognized in profit or loss as incurred or when services are rendered.

Advertising and promotion expenses are recognized in profit or loss as incurred when ABOUT YOU Group obtains control of the related goods and/or services used.

Interest is recognized as an expense or income in the period in which it is incurred.

IV. Use of Estimates and Assumptions

In preparing these IFRS consolidated financial statements, management has made estimates and assumptions that affect the reported amounts of assets and liabilities, contingent liabilities as well as income and expenses as of the reporting date. The actual figures may differ from the amounts based on the assumptions and estimates.

Significant estimates and assumptions relate in particular to:

- the useful lives of assets,
- impairment losses on merchandise and receivables; see explanatory notes VIII.4 and VIII.5,
- the determination of unrealized revenue; see comments below,
- determination of the rates of return for measuring refund liabilities for returns and restitution claims from expected returns; see explanatory notes below and note VIII.12,
- testing goodwill for impairment,
- the realizable values of deferred tax assets; see explanatory note VII.8.

ABOUT YOU also uses customer and country-specific empirical values to estimate the rate of return for determining refund liabilities for returns. These are regularly updated.

The Company recognized revenue and cost of materials as of the reporting date for those goods and services that were already realized prior to the reporting date, in relation to which the customer however did more than likely not obtain control until after the reporting date. This was based on average delivery times, differentiated by order date, distribution channel and country of delivery.

V. New Financial Reporting Standards Issued by the IASB

All IFRSs adopted and effective in the European Union as of the reporting date have been applied to these consolidated financial statements.

New IFRSs concern the initial application of IFRS 16 Leases. Amendments refer to minor improvements to IFRS 3, IFRS 9, IFRS 11, IAS 12, IAS 19, IAS 23 and IAS 28.

Furthermore, IFRIC 23 "Uncertainty over Income Tax Treatments" will be applied for the first-time in financial year 2019/20.

All new or amended reporting IFRSs mentioned above have been mandatory since March 1, 2019.

The initial application of IFRS 16 has significant effects on the financial position, financial performance and cash flows of ABOUT YOU as well as on the disclosures in the financial statements. The other standards and interpretations applicable for the first time in financial year 2019/20 have no material effect on the presentation of the financial position, financial performance and cash flows of ABOUT YOU or on the disclosures in the financial statements.

Transition to IFRS 16

IFRS 16 Leases sets out the principles for the recognition, measurement, presentation and disclosure in the notes regarding leases and replaces the previous standards and interpretations IAS 17, IFRIC 4, SIC-15 and SIC-27.

For the lessee, IFRS 16 (in contrast to IAS 17) provides for a single accounting model that mainly affects the statement of financial position. The new model results in the lessee having to recognize assets and liabilities from all leases in the statement of financial position, with the exception of leases with a maximum term of twelve months (short-term leases) and leases involving low-value assets. For these leases, ABOUT YOU makes use of the exemption according to which the lease payments relating to these leases are recognized as an expense on a straight-line basis over the lease term.

The transition to IFRS 16 also led to changes in the presentation of the consolidated income statement (under IAS 17, lease expenses were presented in other operating expenses; under IFRS 16, lease expenses are replaced by depreciation of right-of-use assets, presented as amortization, depreciation and impairment losses, and interest expenses for lease liabilities presented together with other interest expenses), and the consolidated statement of cash flows (the majority of lease payments are no longer recognized in cash flows from operating activities but in cash flows from financing activities).

ABOUT YOU applied IFRS 16 for the first time to the financial year beginning on March 1, 2019. This change in accounting policy is in accordance with the transitional provisions in IFRS 16.C. ABOUT YOU applied the modified retrospective approach (i.e., right-of-use assets and lease liabilities recognized at the time of the first-time application on March 1, 2019) without restating the presented comparative figures. In addition, ABOUT YOU has decided that right-of-use assets are to be recognized at an amount equal to the lease liability, adjusted by the amount of deferred lease payments. Accordingly, the application of IFRS 16 as of March 1, 2019 had no effect on retained earnings.

ABOUT YOU has opted not to recognize existing leases with a remaining term of up to twelve months at the date of first-time application as short-term leases. Furthermore, ABOUT YOU makes a distinction between non-lease components and lease components.

At the time of first-time application (March 1, 2019), ABOUT YOU recognized lease liabilities amounting to EUR 9.7 million. The corresponding right-of-use assets were recognized in the equivalent amount of EUR 9.7 million.

The weighted average incremental borrowing rate applied as of March 1, 2019 was 1.52%. Applying this discount rate to operating lease commitments (EUR 10.0 million) reported in accordance with IAS 17 would have resulted in a present value of EUR 9.7 million. The difference is mainly attributable to leases with a remaining term of up to twelve months, which were not recognized in lease liabilities.

For the lessor, IFRS 16 continues to distinguish between finance leases and operating leases for accounting purposes. Consequently, this does not result in any change to the accounting policies. Furthermore, ABOUT YOU currently acts exclusively as lessee, not as lessor.

VI. New or Amended IFRS Not Yet Applied

The following financial reporting standards and amendments were already adopted by the IASB on the date of release of the financial statements for publication. They are however not yet effective for the reporting year and were also not yet applied by ABOUT YOU.

Standard/Interpretation	Name/description	IASB effective date
IFRS 17 [11]	Insurance Contracts	January 1, 2021
Amendments to IFRS 3 [12]	Definition of a Business	January 1, 2020
Amendments to IAS 1 and IAS 8 [2]	Definition of Materiality	January 1, 2020
Amendments to References to the Conceptual Framework in IFRS Standards [2]	Updating the reference to the Conceptual Framework 2018 in numerous standards, interpretations and guidance documents	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7[2]	Interest Rate Benchmark Reform	January 1, 2020
Amendment to IAS 1 [2]	Classification of Liabilities as Current or Non-current	January 1, 2020

[11] ABOUT YOU did not conduct any transactions falling within the scope of the new standard. Consequently, ABOUT YOU is not required to adopt IFRS 17.

[12] Application is not expected to have a material effect on the consolidated financial statements.

VII. Notes to the Consolidated Statement of Profit or Loss and Other Comprehensive Income

1. Revenue

Revenue amounts to:

	2019/20 in KEUR	2018/19 in KEUR
ABOUT YOU revenues from the sale of merchandise	699,451	439,061
Services and other related businesses	43,940	22,140
Revenues	**743,391**	**461,201**
Growth	61.2%	62.8%

The 61% increase in revenue is caused mainly by growth in customers and a commensurate increase in orders.

The reason for significant growth in these revenue drivers is the continuous market penetration of existing markets and development of new markets.

2. Cost of Materials

The cost of materials increased at a slightly lower pace relative to revenue in the reporting year to KEUR 422,496 (PY: KEUR 271,644).

3. Personnel Expenses

Personnel expenses are broken down as follows:

	2019/20 in KEUR	2018/19 in KEUR
Wages and salaries	29,549	22,466
Social security	5,350	4,002
Post-employment benefits	5	0
Personnel expenses	**34,904**	**26,468**

In reporting year 2019/20, ABOUT YOU Group employed an average of 638 staff on a full-time equivalent basis (PY: 526).

Employees were categorized as follows in the financial year:

	2019/20	2018/19
Full-time employees	537	452
Temporary staff/trainees/placement students	101	74
Total employees	**638**	**526**

4. Other Operating Expenses

Other operating expenses break down as follows:

	2019/20 in KEUR	2018/19 in KEUR
Advertising expenses	127,656	125,126
Shipping costs	78,315	63,942
Warehouse and picking costs	60,669	42,731
Payment provider fees	13,679	11,044
Temporary staff expenses	9,005	5,247
Other expenses	78,158	36,449
Other operating expenses	**367,481**	**284,539**

Advertising expenses mostly consist of online marketing costs. The increase in other expenses is due in part to higher IT costs.

5. Other Operating Income

Other operating income amounted to KEUR 2,063 in the financial year (prev: KEUR 6,559) and mainly consists of bonus and SLA with service providers and advertising cost subsidies.

6. Amortization of Intangible Assets and Depreciation of Property, Plant and Equipment

Amortization and depreciation relate to:

	2019/20 in KEUR	2018/19 in KEUR
Amortization of internally generated intangible assets	5,300	4,629
Depreciation of right-of-use assets	3,185	0
Depreciation of property, plant and equipment	713	588
Amortization of other intangible assets	117	673
Systematic depreciation and amortization	**9,315**	**5,890**
Impairment losses	184	0
Depreciation, amortization and write-downs	**9,499**	**5,890**

7. Net Financial Result

Finance income/costs are broken down as follows:

	2019/20 in KEUR	2018/19 in KEUR
Interest and similar income	2	0
Interest and similar expenses	-155	-1,957
Net interest result	**-153**	**-1,957**
Foreign exchange gains (+) and losses (-)	-681	186
Other financial result	**-681**	**186**
Net financial result	**-834**	**-1,772**

The decline in other interest and similar expenses to KEUR 155 (PY: KEUR 1,957) results mainly from the repayment of loans extended by shareholders in prior years.

8. Income Taxes

The income taxes includes the current income taxes paid or owed in individual countries as well as deferred tax assets and liabilities. Current income taxes comprise trade tax, corporate income tax and the solidarity surcharge.

The income taxes is broken down as follows:

	2019/20 in KEUR	2018/19 in KEUR
Current taxes	-844	0
Deferred taxes	1,219	-499
Income taxes	**375**	**-499**

The notional income taxes that would have arisen in applying the tax rate for the group parent ABOUT YOU Holding of 32.3% to the Group's IFRS profit before tax from continuing operations can be reconciled to the income taxes as follows:

	2019/20 in KEUR	**2018/19 in KEUR**
Earnings before taxes (EBT)	-80,211	-114,155
Income tax rate for ABOUT YOU Holding	32.3%	32.3%
Anticipated tax expense (-) / tax income (+)	**+25,908**	**+36,872**
Effect of current year losses for which no deferred tax asset was recognized	-24,689	-36,872
Tax increases due to expenses not deductible for tax purposes	0	-499
Current tax expense / income for prior years	-844	0
Deviation	**375**	**-499**
Income taxes	**375**	**-499**

As a corporation, the group parent ABOUT YOU Holding As is liable for trade tax in Germany. The tax rate is 16.45%. Other taxes include corporate income tax at a rate of 15% and the solidarity surcharge of 5.5% on the owed corporate income tax.

Corporate income and trade tax loss carryforwards can be used at domestic entities without any restrictions for a positive tax base of up to EUR 1 million per calendar year.

Any positive tax bases in excess of this amount can only be reduced by any existing loss carryforwards up to a maximum of 60%. The deduction of interest expenses for tax purposes is prohibited in Germany if the interest expense exceeds EUR 3 million, net interest paid exceeds 30% of taxable profit before interest, depreciation and amortization, and certain exemptions do not apply. The non-deductible interest expense for tax purposes can be carried forward to an unlimited extent and can be offset against tax income for tax purposes in future periods.

Deferred tax assets and liabilities arise from temporary differences and tax loss carryforwards as follows:

	Feb. 29, 2020	
	Deferred tax assets in KEUR	Deferred tax liabilities in KEUR
Intangible assets, right-of-use assets and property, plant and equipment	0	5,651
Receivables and other assets	137	0
Provisions	408	0
Liabilities	313	0
Loss carryforwards	4,418	0
Subtotal	**5,276**	**5,651**
Offset	-3,979	-3,979
Total	**1,297**	**1,673**

	February 28, 2019	
	Deferred tax assets in KEUR	Deferred tax liabilities in KEUR
Intangible assets, rights of use assets and property, plant and equipment	0	4,293
Receivables and other assets	141	0
Provisions	408	0
Liabilities	0	565
Loss carryforwards	2,715	0
Subtotal	**3,264**	**4,858**
Offset	-3,624	-3,624
Total	**0**	**1,595**

Deferred tax assets are recognized for (unused) tax loss carryforwards when it is considered probable that there will be sufficient future taxable profit against which the loss carryforward can be utilized. These loss carryforwards can be carried forward in full.

The deferred tax income arising from (the reversal of) temporary differences is KEUR 1,219 (PY: KEUR -499).

VIII. Notes to the Consolidated Statement of Financial Position

1. Intangible Assets

As of February 29, 2020, intangible assets comprised the following:

	Feb. 29, 2020 in KEUR	Feb. 28, 2019 in KEUR
Internally generated intangible assets	17,066	12,817
Purchased intangible assets	2,262	2,373
Derived goodwill	4,069	0
Intangible assets	**23,398**	**15,189**

Intangible assets include internally generated intangible assets in the amount of KEUR 5,331 (PY: KEUR 3,310) that are still under development.

In the reporting year, internally generated intangible assets were recognized in the amount of KEUR 9,550 (PY: KEUR 8,397). This resulted in other own work capitalized in the same amount.

Please see the attached movements in non-current assets for further information.

Movements in intangible assets as of February 29, 2020

in KEUR	Capitalized development costs	Concessions, industrial property rights and similiar rights and assets as well as licenses to such rights and assets	Goodwill	Intangible assets under construction	**Intangible assets**
Cost					
Mar. 01, 2019	20,777	5,623	0	3,310	**29,711**
Additions	4,221	4	4,069	5,331	**13,625**
Reclassifications	3,310	0	0	-3,310	**0**
Feb. 29, 2020	28,308	5,627	4,069	5,331	**43,336**
Amortization, depreciation and write-downs					
Mar. 01, 2019	11,271	3,251	0	0	**23,123**
Amortization & depreciation during the financial year	5,300	116	0	0	**5,417**
Feb. 29, 2020	16,571	3,367	0	0	**19,938**
Carrying amounts					
Mar. 01, 2019	9,506	2,372	0	3,310	**15,189**
Feb. 29, 2020	**11,737**	**2,260**	**4,069**	**5,331**	**23,398**

Movements in intangible assets as of February 28, 2019

in KEUR	Capitalized development costs	Concessions, industrial property rights and similiar rights and assets as well as licenses to such rights and assets	Goodwill	Intangible assets under construction	**Intangible assets**
Cost					
Mar. 01, 2018	14,063	5,282	1,812	4	**21,161**
Additions	5,087	156	3,310	0	**8,553**
Reclassifications	1,627	185	-1,812	0	**0**
Disposals	0	0	0	2	**2**
Feb. 28, 2019	20,777	5,623	3,310	2	**29,713**
Amortization, depreciation and write-downs					
Mar. 01, 2018	6,642	2,579	0	3	**9,223**
Amortisation & depreciation during the financial year	4,629	672	0	1	**5,302**
Disposals	0	0	0	2	**2**
Feb. 28, 2019	11,271	3,251	0	2	**14,523**
Carrying amounts					
Mar. 01, 2018	7,421	2,703	1,812	1	**11,938**
Feb. 28, 2019	**9,506**	**2,372**	**3,310**	**1**	**15,189**

2. Property, Plant and Equipment

Property, plant and equipment were composed of the following as of February 29, 2020:

	Feb. 29, 2020 in KEUR	**Feb. 28, 2019 in KEUR**
Other land and buildings	58	54
Technical equipment and machinery	27	31
Other equipment, operating and office equipment	2,539	2,377
Property, plant and equipment	**2,624**	**2,462**

Movements in property, plant and equipment as of February 29, 2020

in KEUR	Land leasehold rights and buildings, including buildings on third-party land	Technical equipment and machinery	Operating and office equipment	Advance payments and low-value assets	**Property, plant and equipment**
Cost					
Mar. 01, 2019	254	34	3,394	72	**3,755**
Additions	35	0	1,024	0	**1,059**
Disposals	65	3	289	72	**430**
Feb. 29, 2020	224	31	4,129	0	**4,385**
Amortization, depreciation and write-downs					
Mar. 01, 2019	201	3	1,032	58	**1,293**
Amortization & depreciation during the financial year	31	2	666	14	**713**
Impairment losses during the financial year	0	0	184	0	**184**
Disposals	65	1	291	72	**429**
Feb. 29, 2020	167	4	1,591	0	**1,761**
Carrying amounts					
Mar. 01, 2019	54	31	2,363	14	**2,462**
Feb. 29, 2020	**58**	**27**	**2,539**	**0**	**2,624**

Movements in property, plant and equipment as of February 28, 2019

in KEUR	Land leasehold rights and buildings, including buildings on third-party land	Technical equipment and machinery	Operating and office equipment	Advance payments and low-value assets	Property, plant and equipment
Cost					
Mar. 01, 2018	250	25	2,509	78	**2,861**
Additions	4	9	896	0	**909**
Disposals	0	0	11	6	**16**
Feb. 28, 2019	254	34	3,394	72	**3,755**
Amortization, depreciation and write-downs					
Mar. 01, 2018	159	2	508	48	**716**
Amortization & depreciation during the financial year	42	1	529	16	**588**
Disposals	0	0	5	1	**11**
Feb. 28, 2019	201	0	1,032	58	**1,293**
Carrying amounts					
Mar. 01, 2018	91	23	201	30	**2,145**
Feb. 28, 2019	**54**	**31**	**2,363**	**14**	**2,462**

3. Right-of-use Assets and Lease Liabilities

The leases of ABOUT YOU relate exclusively to building rental agreements (e.g. office buildings).

The right-of-use assets totaled KEUR 11,845 at the end of the reporting period. Depreciation amounting to KEUR 3,185 were recognized in the reporting year.

Total lease liabilities amounted to KEUR 11,748 as of February 29, 2020.

The payments in connection with lease liabilities have the following due dates:

	Feb. 29, 2020 in KEUR	**Feb. 28, 2019 in KEUR**
Due within one year	3,219	0.0
Due between one and five years	8,530	0.0
Due after more than five years	0.0	0.0
Lease liabilities	**11,748**	**0.0**

These leases include term extension options and in some cases termination options, which ABOUT YOU nevertheless considers these to be insignificant. The contracts also provide for payments in connection with non-lease components (e.g. utilities and common charges). There are no variable payments that depend, for example, on the development of the consumer price index.

ABOUT YOU had not entered into any leases that had not yet commenced as of the reporting date.

ABOUT YOU also leases apartments for employees as well as rental cars. The corresponding leases are generally either short-term leases or leases for low-value assets. In accordance with the accounting policies explained, ABOUT YOU makes use of the exemption provided for in IFRS 16.5 for these agreements and records lease payments in accordance with IFRS 16.6 on a straight-line basis over the respective lease term. In the financial year 2019/20, the expenses for such leases amounted to EUR 0.1 million. There were no significant changes in the portfolio from short-term leases in the financial year.

The interest expense for lease liabilities amounted to a total of KEUR 131 (PY: KEUR 0) in financial year 2019/20 and is reported in cash flows from financing activities. Repayment of lease liabilities totaled KEUR 3,281 and is reported in cash flows from financing activities. The total payments made in the financial year in connection with leases amounted to KEUR 3,412.

The right of use assets developed as follows:

Changes in Right-of-use Assets as of February 29, 2020

In KEUR	Right-of-use assets
Cost	
Mar. 01, 2019	**0**
Additions	**15,029**
Feb. 29, 2020	**15,029**
Amortization, depreciation and write-downs	
Mar. 01, 2019	**0**
Amortization and depreciation during the reporting year	**3,185**
Feb. 29, 2020	**3,185**
Carrying amount	
Mar. 01, 2019	**0**
Feb. 29, 2020	**11,845**

4. Inventories

Inventories are broken down as follows:

	Feb. 29, 2020 in KEUR	Feb. 28, 2019 in KEUR
Merchandise	93,281	78,321
Raw materials and supplies	898	693
Inventories	**94,178**	**79,014**

Inventories include write-downs of KEUR 14,196 due to obsolescence (PY: KEUR 13,823).

5. Trade and Other Receivables

Trade and other receivables break down as follows:

	Feb. 29, 2020 in KEUR	Feb. 28, 2019 in KEUR
Trade receivables	7,450	2,335
Allowance for trade receivables	-518	-1,081
Other receivables	62,904	41,717
Trade and other receivables	**69,835**	**42,971**

Other receivables mainly consist of receivables from payment service providers resulting from the sale of receivables from customers as well as payments in transit.

In the reporting year, the Group transferred trade receivables to payment service providers in exchange for cash and cash equivalents in the amount KEUR 447,744 (PY: KEUR 344,765). The receivables were derecognized because substantially all the risks and rewards of ownership, primarily risk of default, were transferred to the payment service provider. It has been agreed that customers settle their liabilities through payment directly to the payment service provider.

Impairment loss on trade receivables

	Feb. 29, 2020 in KEUR	Feb. 28, 2019 in KEUR
Accumulated loss allowances as of March 1	**-1,081**	**-603**
Additions	0	-1,081
Used	563	603
Accumulated loss allowances as of February 29	**-518**	**-1,081**

All receivables are due within one year.

6. Receivables from Related Parties

The Receivables from related parties amount to KEUR 4,416 (PY: KEUR 5,369).

All receivables from related parties refer to trade receivables and are due within one year.

No impairment losses were recognized for receivables from related parties.

7. Other Assets

Other assets break down as follows:

	Feb. 29, 2020 in KEUR	Feb. 28, 2019 in KEUR
Security deposits	12	8
Other financial assets	**12**	**8**
Receivables from employees	0	48
Claim for restitution of expected returns	23,285	23,742
Prepaid expenses	750	1,052
Other tax receivables	11,448	1,386
Miscellaneous other assets	1,308	24
Other non-financial assets	**36,792**	**26,252**
Other assets	**36,804**	**26,260**

The claim for restitution of expected returns corresponds to the cost of the goods supplied which are expected to be returned less costs incurred for handling returns and losses arising from reuse or resale.

All other assets are due within one year.

Impairment losses in the amount of KEUR 451 (PY: KEUR 0) were recognized for other assets.

8. Cash and Cash Equivalents

ABOUT YOU's cash and cash equivalents comprise the categories shown below. These were available in full as of the reporting date.

	Feb. 29, 2020 in KEUR	Feb. 28, 2019 in KEUR
Cash in bank	62,347	123,325
Cash on hand	14	21
Cash and cash equivalents	**62,361**	**123,346**

9. Equity

Movements in the Group's equity are presented in the consolidated statement of changes in equity.

10. Non-Current Financial Liabilities

Non-current provisions and liabilities comprise liabilities from leases in the amount of KEUR 8,530 (PY: KEUR 0) and deferred income in the amount of KEUR 0 (PY: KEUR 157).

11. Current Provisions

Other provisions consist of provisions for litigation costs and litigation risks in the amount of KEUR 32 (PY: KEUR 138).

The amount of provisions expected to be used for litigation costs and litigation risk depend on the stage of proceedings.

Movements in current provisions:

	Feb. 29, 2020 in KEUR	Feb. 28, 2019 in KEUR
Provisions as of March 1	**138**	61
Addition	0	86
Reversal	-106	-9
Provisions as of February 29	**32**	**138**

12. Trade Payables

Trade payables amounted to KEUR 104,278 (previous year KEUR 34,474). The trade payables as of the reporting date include liabilities denominated in foreign currency of EUR 4.3 million.

Please see the attached statement of liabilities for further information.

13. Payables to Related Parties

The payables to related parties amounts to KEUR 21,757 (PY: KEUR 34,398). All payables to related parties refer to trade payables.

14. Other Liabilities

Other liabilities can be broken down as follows:

	Feb. 29, 2020 in KEUR	Feb. 28, 2019 in KEUR
Miscellaneous financial liabilities	62	16
Liabilities from refunds from expected returns	37,746	43,270
Other financial liabilities	**37,808**	**43,286**
Liabilities to employees	841	1,101
Other tax liabilities	18,097	1,325
Deferred Income	5,652	692
Miscellaneous liabilities	2,785	429
Other non-financial liabilities	**27,375**	**3,547**
Other liabilities	**65,183**	**46,833**

The liabilities to employees mainly comprise wages and salaries and outstanding leave. The liabilities from other taxes mainly relate to VAT liabilities from taxable intra community revenue.

The maturities of the other liabilities can be found in the consolidated statement of liabilities.

15. Financial Instruments

Financial liabilities and financial assets can be categorized as follows in accordance with the provisions of IFRS 9:

	Category according to IFRS 9**	Carrying amount as of Feb. 29, 2020	Carrying amount as of Feb. 28, 2019
Assets			
Cash and cash equivalents	AC	62,361	123,346
Trade and receivables	AC	69,835	42,971
Receivables from related parties	AC	4,416	5,369
Other financial assets	AC	12	56
Equity and liabilities			
Trade payables	AC	104,278	34,474
Payables to related parties	AC	21,757	34,398
Non-current Lease liabilities	AC	8,530	0
Lease liabilities	AC	3,219	0
Other financial liabilities	AC	37,808	43,286

** AC – Amortized cost

IX. Notes to the Consolidated Statement of Cash Flows

The statement of cash flows shows the movements in cash and cash equivalents at the Group during the reporting period as a result of cash inflows and outflows. Cash flows are presented in accordance with their origin and use as cash flows from operating activities, investing activities or financing activities.

Changes in cash flows from operating activities are derived indirectly based on consolidated profit (loss) for the year. Cash inflows and outflows from investing and financing activities are determined directly.

In the reporting year, ABOUT YOU generated negative cash flows from operating activities of EUR 42.4 million (PY: EUR -107.3 million). The main reason for the large amount of net cash used in operating activities were the start-up losses incurred for establishing the company.

The negative cash flows from investing activities were mainly caused by investments in internally generated software. Payments for investments in intangible assets and property, plant and equipment amounted to EUR 10.5 million (PY: EUR 9.5 million). Payments for the acquisition of companies amounted to EUR 4.2 million (PY: EUR 0 million).

In accordance with the provisions of IFRS 16 Leases, the cash flow from financing activities shows the repayment portion of the lease payments (EUR 3.3 million) and the cash flow from financing activities shows the interest payments associated with lease liabilities (EUR 0.1 million). In prior periods, lease payments were fully allocated to cash flows from operating activities.

Overall, ABOUT YOU had cash and cash equivalents in the amount of EUR 62.4 million as of February 29, 2020 (PY: EUR 123.3 million).

Consequently, free cash flow amounted to EUR -57.6 million in the reporting year (PY: EUR -116.8 million).

Significant non-cash transactions in financial year 2019/20 relate to Media4Equity transactions at a total volume of EUR 4.9 million (PY: EUR 8.8 million).

X. Other Disclosures

1. Financial Risk Management

ABOUT YOU is exposed to credit risk, liquidity risk and market risk (primarily currency risk) in the course of its operating activities. The objective of financial risk management is to mitigate the risks arising from operating activities using selected derivative and non-derivative hedging instruments. Group management is responsible for managing these risks.

2. Credit Risk

Credit risk is the risk of financial loss if a customer or counterparty fails to meet its contractual obligations. Any default on payment leads to impairment losses on assets, financial assets or receivables. At ABOUT YOU, credit risk mainly arises from trade receivables. The Group limits its exposure to credit risk from trade receivables by means of a general bad debt provision based on empirical values and the age structure of receivables. Uncollectible receivables are written off in full.

There is no appreciable concentration of credit risk, because ABOUT YOU carries out factoring and transfers all credit risk to the factoring partner.

In addition, cash and cash equivalents are exposed to credit risk to the extent that financial institutions are no longer able to fulfill their obligations. The maximum risk exposure corresponds to the carrying amounts of these financial assets as of the applicable reporting date. The Company mitigates this risk through bank deposits at various banks with high credit ratings.

3. Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. This risk can result from inadequate availability of funds where necessary, inaccurate liquidity forecasts or a unilateral investment strategy for the cash reserves of the Company.

ABOUT YOU manages the liquidity risk by regularly reviewing liquidity requirements using an integrated platform for forecasting funds required in the short, medium and long term.

The following tables present the contractually agreed (undiscounted) interest and principal payments for non-derivative financial liabilities.

Figures budgeted for new, future liabilities were excluded. Financial liabilities repayable at any time are always allocated to the earliest maturity date.

As of February 29, 2020, contractual cash flows from financial liabilities were as follows:

	Due within one year in KEUR	Due between one and five years in KEUR	Due after more than five years in KEUR	Total in KEUR
Trade payables	104,278	0	0	104,278
Lease liabilities	3,219	8,530	0	11,748
Payables to related parties	21,757	0	0	21,757
Other financial liabilities	37,808	0	0	37,808

As of February 28, 2019, contractual cash flows from financial liabilities were as follows:

	Due within one year in KEUR	Due between one and five years in KEUR	Due after more than five years in KEUR	Total in KEUR
Trade payables	34,474	0	0	34,474
Payables to related parties	34,398	0	0	34,398
Other financial liabilities	43,286	157	0	43,443

4. Market Risk

Market risk as defined by IFRS 7 is largely limited to currency risk at ABOUT YOU Group. Interest rate risk is of minor significance at ABOUT YOU Group due to its capital structure.

Currency risk arises from proceeds in foreign currency from transactions with customers as well as financial obligations to suppliers payable in foreign currency. The latter predominantly result from purchases of goods in US dollars or British pounds and subsequent sale of goods in the respective currency of the sales region.

Currency risk is hedged through refinancing with matching currencies. Any remaining risks from open currency positions are assessed using adequate risk methods. If necessary, risk is reduced further, primarily through forward exchange contracts.

As of February 29, 2020, outstanding liabilities in foreign currency amounted to EUR 4.3 million (PY: EUR 2.6 million). Even significant changes in exchange rates would therefore only have a minor effect on ABOUT YOU Group's financial position, financial performance and cash flows.

5. Capital Management

The Group's capital management objectives are to ensure its ability to meet all financial obligations in the short term and to maintain a strong capital base for continuous financing of growth as well as to increase the

Company's value over the long term. It also ensures that all group entities are able to operate under the going concern principle.

Capital management as well as the associated objectives and definition are based on performance indicators determined on the basis of the IFRS consolidated financial statements. ABOUT YOU defines the indicator 'equity ratio' as the ratio of equity to total assets, and the indicator 'net current assets' as the sum total of inventories and trade and other receivables as well as receivables from affiliates and related parties and other liabilities less trade and other payables. The equity ratio was 33.3% as of the reporting date and net current assets amounted to EUR 10.8 million as of the reporting date (PY: EUR 37.7 million).

XI. Related Party Disclosures

At ABOUT YOU Group, related parties as defined by IAS 24 are persons or entities that control or have significant influence over ABOUT YOU Group or are controlled or significantly influenced by ABOUT YOU Group.

Accordingly, the members of the Otto family and the Michael Otto Foundation, entities controlled or significantly influenced by this family and the foundation, the members of management of Otto (GmbH & Co KG) as well as the subsidiaries, associates and joint ventures of Otto Group are defined as related parties.

Furthermore, the management entities of the managing directors Tarek Müller, Sebastian Betz and Hannes Wiese with an ownership interest in ABOUT YOU Holding are classified as related parties.

In addition, Aktieselskabet af 5.5.2010 and the subsidiary and joint venture of Bestseller Group are defined as related parties.

In the reporting period, ABOUT YOU conducted transactions with related parties in the ordinary course of business. These transactions were conducted on an arm's length basis.

The total remuneration of ABOUT YOU Group's management was KEUR 810 in the financial year, all of which are current payables.

ABOUT YOU has set up a stock ownership plan for management under which ordinary shares are awarded to management. No related expenses will have to be recognized in future however, as their fair value has already been presented in full in the statement of financial position.

We have purchased goods in the amount of KEUR 110,123 (PY: KEUR 80,080) from Otto (GmbH & Co KG) as well as the subsidiaries of Otto and Bestseller Group.

At the instigation of a shareholder, ABOUT YOU concluded a contract for the purchase of payment services in the 2018/19 financial year. A withdrawal by the shareholder was recognized in the amount of the benefit to the shareholder derived from a settlement offer of KEUR 13,327 (PY: KEUR 10,875); at the same time, the contribution made by the shareholder in the amount of KEUR 13,327 (PY: KEUR 10,875) was classified as a payment into the capital reserve.

Related parties that are controlled by ABOUT YOU Holding are listed in the list of subsidiaries.

XII. Transactions with Shareholders

In financial year 2019/20, transactions with shareholders at a total volume of EUR 4.9 million were conducted under the Media4Equity program (PY: EUR 8.8 million).

There were no lending relationships with the shareholders of ABOUT YOU Holding as of February 29, 2020.

XIII. Contingent Liabilities

ABOUT YOU has financial obligations from phantom stocks issued to selected employees. Exercise of these shares is tied to an IPO. These are classified as contingent liabilities. A provision has not been recognized as exercise is currently not likely.

XIV. Auditor's Fees

The total fee charged by the auditor of ABOUT YOU Group breaks down as follows:

	2019/20 in KEUR	2018/19 in KEUR
Fee for auditing financial statements	102	61
Fee for other assurance services	0	0
Fee for tax advisory services	433	42
Fee for other services	0	7
Auditor's fees	**535**	**110**

XV. List of Subsidiaries

The following presentation provides a list of ABOUT YOU Group's subsidiaries as of February 29, 2020:

Fully consolidated entities	Registered office, country	Ownership interest (Group) as of reporting date
ABOUT YOU GmbH	Hamburg, Germany	100.00%
Adference GmbH	Lüneburg, Germany	100.00%

XVI. Events after the Reporting Period

The coronavirus has been spreading worldwide since January 2020 (coronavirus pandemic) and constitutes a non-adjusting event in the annual financial statements as of February 29, 2020. Knowledge of the potential effects of the pandemic on the Company gained after the reporting date but before the date of preparation was therefore taken into account in the accounting treatment and measurement in the annual financial statements.

However, there were no discernible effects on the stated amount of assets and liabilities as of February 29, 2020.

The longer the pandemic lasts, the more intense the effects on the global economic development may be. However, it is currently not possible to assess how events will develop. If the pandemic continues for a longer period of time or intensifies further, corresponding negative consequences for the development of the Company can be expected.

In the management's view, revenue, margins and earnings development may be particularly negatively affected in financial year 2020/21.

Depending on the duration and intensity of the pandemic, delivery bottlenecks may occur at the supplier level, which may lead to further sales-related disadvantages.

Hamburg, April 6, 2021

Tarek Müller **Hannes Wiese** **Sebastian Betz**

Statement of Liabilities (consolidated) as of February 29, 2020

Type of liability	Remaining term less than one year	Remaining term between one and five years	Remaining term more than five years	Total	thereof secured by liens or similar rights
	TEUR	TEUR	TEUR	TEUR	TEUR
1. Trade payables	104,278	0	0	104,278	0
2. Payables to related parties	21,757	0	0	21,757	0
3. Lease liabilities	3,219	8,530	0	11,748	0
4. Other liabilities	65,183	0	0	65,183	0
– thereof other financial liabilities	37,808	0	0	37,808	0
– thereof other non-financial liabilities	27,375	0	0	27,375	0
– thereof taxes	18,097	0	0	18,097	0
Total	194,436	8,530	0	202,966	0

Statement of Liabilities (consolidated) as of February 28, 2019

Type of liability	Remaining term less than one year	Remaining term between one and five years	Remaining term more than five years	Total	thereof secured by liens or similar rights
	TEUR	TEUR	TEUR	TEUR	TEUR
1. Trade payables	34,474	0	0	34,474	0
2. Payables to related parties	34,398	0	0	34,398	0
3. Lease liabilities					
4. Other liabilities	46,833	157	0	46,990	0
– thereof other financial liabilities	43,286	157	0	43,286	0
– thereof other non-financial liabilities	3,547	0	0	3,547	0
– thereof taxes	1,325	0	0	1,325	0
Total	115,705	157	0	115,862	0

Independent Auditor's Report

To ABOUT YOU Holding GmbH, Hamburg

Opinions

We have audited the consolidated financial statements of ABOUT YOU Holding GmbH, Hamburg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of February 29, 2020, and the consolidated income statement, consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and the consolidated statement of changes in equity for the financial year from March 1, 2019 to February 29, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of ABOUT YOU Holding GmbH for the financial year from March 1, 2019 to February 29, 2020.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as of February 29, 2020, and of its financial performance for the financial year from March 1, 2019, to February 29, 2020, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Responsibilities of Management for the Consolidated Financial Statements and the Group Management Report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with the German Generally Accepted Standards of Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Information on the Audit of Subsequent Events

We issue this Independent Auditor's Report for the amended consolidated financial statements and amended group management report on the basis of our statutory audit completed on June 12, 2020, and our supplementary audit completed on April 8, 2021, which concerned the changes in the consolidated statement of financial position as of February, 29, 2020, with respect to the disclosure of liabilities for expected returns and the presentation of transactions with a shareholder in the consolidated income statement, the consolidated statement of changes in equity and consolidated statement of cash flows from March 1, 2019, to February 29, 2020, with the corresponding adjustment of prior year's figures and the amended management report.

The disclosure of expected returns amounting to KEUR 37,746, which was previously shown under trade payables, is now reported under other liabilities. At the instigation of a shareholder, an agreement was concluded for obtaining payment services. The advantageous amount for the Company – which was derived from a competitive offer – equaling KEUR 13,327 was recognized as a withdrawal by the shareholder; simultaneously, the payment made by the shareholder equaling KEUR 13,327 was classified as a payment to the share premium account. This led to a change in the presentation of the consolidated statement of changes in equity and consolidated statement of cash flows as well as a reduction in other operating income and other operating expenses in the amount of KEUR 13,327 in the consolidated income statement.

The effects of the amended consolidated financial statements on the Company's position and the presentation of opportunities and risks of future development have been included in the amended group management report. The "Corporate governance statement" section is no longer applicable.

We refer to the management's presentation of the amendments as stated in the amended notes to the financial statements, Section I 1. “Basic Principles”, and in the amended management report in the section entitled “Basis of our Business Model”.

Hamburg, June 12, 2020, limited to the amendments stated in the information on the audit of subsequent event: April 8, 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Hagenmüller	Wegner
Wirtschaftsprüferin	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Audited Consolidated Financial Statements as at February 28, 2019
(ABOUT YOU Holding GmbH) (IFRS)

Consolidated financial statements as at 28 February 2019

ABOUT YOU Holding GmbH
Hamburg

until 18 Mai 2018: Neununddreißigste Otto Vorrats-Verwaltungsgesellschaft mbh, Hamburg

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as of February 28, 2019

Assets	Note [para.]	Feb. 28, 2019 in KEUR	Feb. 28, 2018 in KEUR	Mar. 1, 2017 in KEUR
Non-current assets		**17,732**	**14,107**	**9,471**
Non-current (fixed) assets		**17,651**	**14,083**	**9,471**
Intangible assets	[VIII.1]	15,189	11,938	8,160
Property, plant and equipment	[VIII.2]	2,462	2,145	1,311
Other non-current assets		81	24	0
Deferred tax assets		**0**	**0**	**0**
Current assets		**276,960**	**127,282**	**61,810**
Inventories	[VIII.3]	79,014	41,750	18,018
Trade and other receivables	[VIII.4]	42,971	53,895	994
Receivables and financial receivables from affiliates and related parties	[VIII.5]	5,369	840	29,254
Other assets	[VIII.6]	26,260	25,160	11,499
Cash and cash equivalents	[VIII.7]	123,346	5,638	2,046
Total assets		**294,692**	**141,390**	**71,282**

Equity and liabilities	Note [para.]	Feb. 28, 2019 in KEUR	Feb. 28, 2018 in KEUR	Mar. 1, 2017 in KEUR
Equity	**[VIII.8]**	**177,098**	**32,811**	**-24,468**
Share capital		4,242	73	73
Reserves		444,935	190,163	17,566
Retained loss carried forward		-157,425	-42,106	29,770
Retained earnings		-114,654	-115,319	-71,877
Non-current provisions and liabilities		**157**	**65**	**0**
Other non-current liabilities	[VIII.9]	157	65	0
Deferred tax liabilities	**[VII.8]**	**1,595**	**1,096**	**0**
Current provisions and liabilities		**115,842**	**107,418**	**95,749**
Other provisions	[VIII.10]	138	61	67
Trade payables	[VIII.11]	77,744	62,030	31,238
Liabilities and financial liabilities to affiliates and related parties	[VIII.12]	34,398	37,645	61,130
Other liabilities	[VIII.13]	3,563	7,682	3,314
Total equity and liabilities		**294,692**	**141,390**	**71,282**

Consolidated statement of profit or loss and other comprehensive income for the year ended February 28, 2019

	Note	Feb. 28, 2019	Feb. 28, 2018	Change
	[para.]	in KEUR	in KEUR	in KEUR
Revenue	[VII.1]	461,201	283,240	177,961
Other operating income	[VII.2]	17,434	764	16,671
Gross revenue		**478,635**	**284,004**	**194,631**
Other own work capitalized		8,397	5,861	2,536
Cost of materials	[VII.3]	-271,644	-175,355	-96,289
Personnel expenses	[VII.4]	-26,468	-19,467	-7,001
Other operating expenses	[VII.5]	-295,414	-200,981	-94,433
Investment income		0	0	0
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**-106,494**	**-105,938**	**-555**
Amortization of intangible assets and depreciation of property, plant and equipment	[VII.6]	-5,890	-4,343	-1,547
Earnings before interest and taxes (EBIT)		**-112,384**	**-110,281**	**-2,102**
Net finance costs	[VII.7]	-1,772	-3,941	2,170
Earnings before taxes (EBT)		**-114,155**	**-114,223**	**67**
Income tax expense	[VII.8]	-499	-1,096	597
Total comprehensive income (loss)		**-114,654**	**-115,319**	**665**

Consolidated statement of cash flows for the year ended February 28, 2019

	Note [para.]	2018/ 19 in KEUR	2017/ 18 in KEUR
Consolidated earnings after tax (EAT)		**-114,653.81**	**-115,318.54**
Depreciation and amortization	[VII.6]	5,889.98	4,343.22
Gain (loss) on sale of property, plant and equipment and intangible assets	[VIII.1-2]	2.70	4.94
Increase/decrease in inventories	[VIII.3]	-37,263.75	-23,732.35
Increase/decrease in trade and other receivables	[VIII.4]	6,393.89	-24,486.55
Increase/decrease in other assets	[VIII.6]	-1,156.76	-13,661.05
Increase/decrease in refund liabilities	[VIII.11]	9,191.49	17,211.51
Increase/decrease in trade payables	[VIII.11]	17,008.01	27,480.88
Increase/decrease in other liabilities	[VIII.13]	-4,027.01	4,367.40
Income tax expense	[VII.8]	498.59	1,095.94
Net finance costs	[VII.7]	1,771.51	3,941.13
Non-cash expenses		8,837.94	11,056.42
Cash flows from operating activities		**-107,507.22**	**-107,697.06**
Acquisition of intangible assets and property, plant and equipment	[VIII.1-2]	-9,462.74	-8,955.33
Proceeds from sale of intangible assets and property, plant and equipment	[VIII.1-2]	2.33	1.93
Interest received	[VII.7]	0.00	0.00
Cash flows from investing activities		**-9,460.41**	**-8,953.40**
Free cash flow		**-116,967.63**	**-116,650.46**
Proceeds from issue of share capital	[VIII.8]	250,000.00	161,540.78
Repayment of shareholder loans	[VIII.12]	-13,649.35	-37,326.42
Net finance costs	[VII.7]	185.84	40.74
Interest paid	[VII.7]	-1,957.35	-4,012.48
Cash flows from financing activities		**234,579.14**	**120,242.61**
Cash and cash equivalents at beginning of period	[VIII.7]	5,638.28	2,046.13
Net increase/decrease in cash and cash equivalents		117,611.51	3,592.15
Effect of changes in ownership interests on cash held		96.35	0.00
Cash and cash equivalents at end of period	**[VIII.7]**	**123,346.14**	**5,638.28**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserves	Retained earnings	Total equity
2018/19	in KEUR	in KEUR	in KEUR	in KEUR
Balance at March 1, 2018	**72.95**	**190,163.03**	**-157,424.83**	**32,811.15**
Total comprehensive income	0.00	0.00	-114,653.81	-114,653.81
Contributions and distributions	4,141.69	250,000.00	0.00	254,141.69
Changes in ownership interests	0.00	0.00	0.00	0.00
Successive acquisitions/partial disposals	0.00	0.00	0.00	0.00
Dividends	0.00	0.00	0.00	0.00
Other changes in comprehensive income	27.05	4,772.18	0.00	4,799.23
Balance at February 28, 2019	**4,241.69**	**444,935.21**	**-272,078.642**	**177,098.25**
2017/18				
Balance at March 1, 2017	**72.95**	**17,565.84**	**-42,106.29**	**-24,467.50**
Total comprehensive income	0.00	0.00	-115,318.54	-115,318.54
Contributions and distributions	0.00	172,556.42	0.00	172,556.42
Changes in ownership interests	0.00	0.00	0.00	0.00
Successive acquisitions/partial disposals	0.00	0.00	0.00	0.00
Dividends	0.00	0.00	0.00	0.00
Other changes in comprehensive income	0.00	40.78	0.00	40.78
Balance at February 28, 2018	**72.95**	**190,163.03**	**-157,424.83**	**32,811.15**

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Notes to the consolidated financial statements as of February 28, 2019

ABOUT YOU Holding GmbH

I. Basis of preparation of consolidated financial statements

ABOUT YOU Holding GmbH (hereafter: 'ABOUT YOU Holding'; until May 18, 2018: Neununddreißigste Otto Vorrats-Verwaltungsgesellschaft mbh), registered at the address: Domstraße 10, 20095 Hamburg, Germany (under commercial register file number HRB 143389 at Hamburg District Court), and its subsidiaries (jointly referred to hereafter as: 'ABOUT YOU Group' or 'ABOUT YOU') represent a fashion and technology group operating in Europe.

ABOUT YOU Holding GmbH, Hamburg, is the parent company and also the ultimate controlling party of ABOUT YOU GmbH.

These consolidated financial statements have been prepared for the financial year ended February 28, 2019.

1. Basis of accounting

The consolidated financial statements for the year ended February 28, 2019 of ABOUT YOU Holding have been prepared for the first time in applying the provisions of Regulation (EC) No 1606/2002 of the European Parliament and of the Council of July 19, 2002 in conjunction with Section 315e (3) of the German Commercial Code [HGB] in accordance with the International Financial Reporting Standards (IFRS) as adopted and issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. The applicable supplementary provisions of Section 315e (3) HGB in conjunction with Section 315e (1) HGB were also taken into account. Consolidated financial statements have not been prepared or published in accordance with any other accounting policies.

All IFRSs adopted and effective in the European Union as of the reporting date have been applied to these consolidated financial statements. The requirements of IFRS were fully satisfied, providing a true and fair view of the financial position, financial performance and cash flows of ABOUT YOU Group.

The consolidated financial statements are prepared on the basis of measuring assets and liabilities at amortized cost.

Individual items of the consolidated statement of profit or loss and other comprehensive income and the statement of financial position have been aggregated to improve the clarity of presentation. These items are explained in the notes to the consolidated financial statements. The consolidated statement of profit or loss and OCI has been prepared in accordance with the nature of expense method.

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet the mandatory repayment terms of the banking facilities. The Group has recognized a net loss after tax of KEUR 114,654 for the year ended February 28, 2019 [KEUR: thousand euros]. As of that date, current assets exceeded current liabilities by KEUR 161,118 and cash and cash equivalents amounted to KEUR 123,346. As described in the group management report, further significant start-up losses are anticipated for financial year 2019/20 to scale up business operations. In view of the financial resources available, the Group will be in a position to finance the projected start-up losses from its own funds.

2. Initial preparation of consolidated financial statements

In the investor agreement dated July 18, 2018, the shareholders of ABOUT YOU Holding agreed on a redistribution of ownership interests and a capital increase with subsequent cash and non-cash contribution to ABOUT YOU Holding.

With the agreement taking effect as of September 27, 2018, all the ownership interests in ABOUT YOU GmbH were contributed in the form of a non-cash contribution. As a consequence, the possibility of control of ABOUT YOU GmbH by ABOUT YOU HOLDING has existed since that date.

The contribution of ownership interests in ABOUT YOU GmbH to ABOUT YOU Holding by the shareholders of ABOUT YOU GmbH does not qualify as an acquisition in the consolidated financial statements in accordance with International Financial Reporting Standards or a business combination within the meaning of IFRS 3 (as ABOUT YOU Holding has no business operations), but merely as a reorganization of legal entities.

A reorganization of legal entities does not fall within the scope of IFRS 3 and therefore would have to be presented on a carryover basis. This therefore represents a gap in IFRS. Pursuant to IAS 8.10, in the absence of an applicable IFRS, an accounting policy is to be applied that results in information that is relevant to the economic decision-making needs of users.

Therefore, the provisions on reverse acquisition under IFRS 3 were applied analogously. This means that ABOUT YOU GmbH is recognized as the acquirer while ABOUT YOU Holding is presented as the acquiree and thus as a subsidiary. The actual legal circumstances are not accounted for and are therefore 'reversed'.

3. Basis of consolidation

The consolidated financial statements of ABOUT YOU Group include all significant subsidiaries that provide ABOUT YOU Holding with the possibility of control pursuant to IFRS 10 or joint control together with other parties pursuant to IFRS 11 and IAS 28. Pursuant to IFRS 10, the investor ABOUT YOU Holding controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Initial consolidation of ABOUT YOU Holding's and ABOUT YOU GmbH's capital occurred in line with the requirements of reverse acquisition under IFRS 3 on account of the circumstances described in the section 'Acquisitions during the financial year'.

Any positive difference arising from offsetting is recognized as goodwill acquired in a business combination. Any negative differences arising from capital consolidation at the date of acquisition are immediately reclassified from equity to profit or loss. Costs incurred in conjunction with the acquisition of ownership interests are immediately recognized in profit or loss.

Any previously undisclosed reserves and liabilities identified when measuring assets and liabilities at fair value on initial consolidation are carried forward, amortized or reversed in accordance with the movements in assets and liabilities. Goodwill acquired in a business combination is regularly tested for impairment in subsequent periods and reduced to its recoverable amount if impaired.

Expenses and income as well as receivables and liabilities between consolidated entities are eliminated.

The financial statements of ABOUT YOU Holding and its consolidated subsidiaries are prepared in accordance with uniform accounting policies.

The financial statements of consolidated entities are generally prepared as of the reporting date of the ultimate parent company.

4. Foreign currency translation

The consolidated financial statements are presented in euros, the functional currency of ABOUT YOU Holding and presentation currency of the Group. Transactions conducted in other currencies are translated into the functional currency at the exchange rate applicable on the date of the transaction. Unless otherwise stated, all amounts for the reporting year are shown in thousands of euros (KEUR).

No financial statements were prepared in foreign currency as of February 28, 2019.

5. Consolidated entities

The consolidated entities of the ABOUT YOU Group can be broken down as follows:

	February 28, 2019	February 28, 2018
Fully consolidated entities		
thereof in Germany	2	2
thereof outside Germany	0	0
Total	**2**	**2**

There were no entities accounted for using the equity method or proportionate consolidation as of February 28, 2019.

II. Accounting policies

Intangible assets

Internally generated intangible assets are recognized at the cost incurred during the development phase after establishing their technological and commercial feasibility until the date of completion. The recognized costs include those directly and indirectly attributable to the development phase.

Gains or losses on disposal of intangible assets are recognized under other operating income or expenses.

Purchased intangible assets are recognized at cost.

All other internally generated and purchased intangible assets are amortized on a straight-line basis over their useful life as follows:

	Useful life in years
Software	3 - 5
Licenses	3 - 5

Property, plant and equipment

Items of property, plant and equipment are measured at cost and depreciated straight-line over their estimated useful lives. Changes in residual values or useful lives during the use of the assets are taken into account when measuring their depreciable amounts. Gains and losses arising from the sale of property, plant and equipment are recognized as other operating income or expenses.

Items of property, plant and equipment are depreciated using the following useful lives applicable across the Group:

	Useful life in years
Leasehold improvements	1 - 4
Plant and machinery	4 - 30
Furniture and fixtures, office equipment	5 – 19

Impairment of intangible assets and property, plant and equipment

All intangible assets are tested for impairment if there is any indication that an intangible asset may be impaired.

For impairment testing pursuant to IAS 36, the carrying amount of the intangible asset must be compared against the corresponding recoverable amount. An asset is impaired when its recoverable amount exceeds its carrying amount. The value of the asset must be reduced to that amount through profit or loss. Otherwise, the carrying amount must be retained. The recoverable amount is the higher of an asset's fair value (pursuant to IFRS 13) less costs to sell and its value in use.

There were no indications in 2018/19 that an asset may be impaired.

Inventories

Inventories are measured at the lower of cost and net realizable value as of the reporting date. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale.

Financial assets

After initial recognition, financial assets are classified into the following categories:

- at amortized cost
- at fair value through other comprehensive income (FVOCI) or
- at fair value through profit or loss (FVTPL)

At initial recognition, financial assets are measured at fair value. This excludes trade receivables that are initially recognized by ABOUT YOU at their transaction price.

Financial assets are measured at amortized cost if they are held under a business model with the objective of holding financial assets for the collection of contractual cash flows, and when the contractual terms of the financial asset generate cash flows that are solely payments of principal and interest on specified dates. Trade receivables and other financial assets are allocated to this measurement category.

Financial assets categorized as at fair value through other comprehensive income (FVOCI) refer to financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. However, impairment losses and foreign exchange gains or losses are recognized in profit or loss.

All other financial assets not falling within the above categories are measured at fair value through profit or loss. These are therefore held within a business model whose objective is not to hold financial assets to collect contractual cash flows, and their cash flows do not solely represent payments of principal and interest.

There are no financial assets not measured at amortized cost other than those receivables assigned under factoring agreements that have not yet been settled by the purchaser of receivables.

Impairment of financial assets

Provision is made for impairments of receivables and other financial assets through an allowance account. Impairment losses are recognized if there is objective evidence of risk of default on these financial assets.

Evidence of impairment could include for example delay or default on payments of principal or interest, deteriorations in credit ratings, a high probability of insolvency on the part of the borrower or changes in political or macroeconomic conditions.

The amount of the impairment loss is based on empirical values or individual risk assessments. If the receivables are deemed uncollectible, the items are derecognized.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand. They are recognized at nominal value.

Provisions

Provisions take account of all legal and constructive obligations of the ABOUT YOU Group to third parties as of the reporting date arising from past events that are likely to be settled and can be reliably estimated.

Provisions are measured at the amount required to settle the obligation, taking into account all identifiable risks. This amount is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Refund liabilities

Refund liabilities (returned goods) reflect the risk of items being returned according to contract. Refund liabilities are recognized on the date the products are sold. At the same time, on the date of sale a restitution claim is recognized for the expected returns in the amount of the goods sold less handling charges for the expected returns. The liability recognized as of the reporting date mainly refers to the sale of goods in February which may be returned after the reporting date.

Financial liabilities

Financial liabilities are initially measured at fair value taking into account premiums, discounts and transaction costs.

After initial recognition, they are measured at amortized cost. Non-current financial liabilities are carried at amortized cost using the effective interest method.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognized to take account of future tax effects arising from temporary differences between the tax base used for assets and liabilities and the amounts stated in the IFRS financial statements and for tax loss carryforwards. Deferred tax assets and liabilities are measured based on regulations issued by the legislator at the end of the respective financial year for the financial years in which the temporary differences are expected to reverse or the loss carryforwards are expected to be utilized. Deferred tax assets arising from temporary differences and loss or interest carryforwards are only recognized when it is reasonably certain that they can be realized in the near future.

Deferred tax assets and liabilities are offset if they relate to taxes on income that are levied by the same tax authority and current taxes can be offset against each other.

III. Recognition of income and expenses

Revenue and other operating income are recognized when goods and services have been transferred, if the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Group. Revenue is reduced by reductions in earnings.

Revenue is recognized in accordance with IFRS 15, effective for the first time for the current reporting period, when (or as) the performance obligation has been satisfied by transferring control of the good or service to the customer.

The supply of merchandise that is expected to be returned on the basis of empirical values is not recognized in profit or loss. Other assets are recognized in the amount of cost of the supplied goods taking into account the cost incurred for processing returns and potential loss on resale.

Operating expenses are recognized in profit or loss as incurred or when services are rendered.

Rental and lease expenses classified as operating lease expenses are recognized as incurred when the rented or leased assets are used. Advertising and promotion expenses are recognized in profit or loss as incurred when ABOUT YOU Group obtains control of the related goods and/or services used.

Interest is recognized as an expense or income in the period in which it is incurred. Interest expenses (borrowing costs) relating to the acquisition and production of qualifying assets are capitalized pursuant to IAS 23.

IV. Use of estimates and assumptions

In preparing these IFRS consolidated financial statements, management has made estimates and assumptions that affect the reported amounts of assets and liabilities, contingent liabilities as well as income and expenses as of the reporting date. The actual figures may differ from the amounts based on the assumptions and estimates.

Significant estimates and assumptions relate in particular to:

- the useful lives of assets,
- impairment losses on merchandise and receivables; see explanatory notes VIII.3 and VIII.4,
- the determination of unrealized revenue; see comments below,
- determination of the rates of return for measuring refund liabilities and restitution claims from expected returns; see explanatory notes below and note VIII.11,
- the realizable values of deferred tax assets; see explanatory note VII.8.

ABOUT YOU also uses customer and country-specific empirical values to estimate the rate of return for determining refund liabilities. These are regularly updated.

The Company recognized revenue and cost of materials as of the reporting date for those goods and services that were already realized prior to the reporting date, in relation to which the customer however did more than likely not obtain control until after the reporting date. This was based on average delivery times, differentiated by order date, distribution channel and country of delivery.

V. New financial reporting standards issued by the IASB

New IFRSs concern first-time adoption of IFRS 15 *Revenue from Contracts with Customers*, IFRS 9 *Financial Instruments* and IFRIC 22 *Foreign Currency Transactions and Advance Consideration*. Amendments refer to minor improvements to IFRS 1, IFRS 12 and IAS 28 (Annual Improvements to IFRS Standards 2014–2016 Cycle) and amendments to IFRS 2, IFRS 4, IFRS 15 and IAS 40.

Except for transition to IFRS 15 and IFRS 9, the standards effective for the first time for financial year 2018/19 did not have a material effect on the Group's financial position, financial performance and cash flows. Both IFRS 9 and IFRS 15 were applied retrospectively.

Transition to IFRS 15

ABOUT YOU applied IFRS 15 *Revenue from Contracts with Customers* for the first time to the financial year beginning on March 1, 2018. The new standard was applied entirely retrospectively, so that the prior-year figures had to be restated.

IFRS 15 introduces a five-step model for determining whether a performance obligation is satisfied at a point in time (or over time) and the amount of revenue to be recognized, which is used by ABOUT YOU for the assessment of transactions.

The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognized when the customer obtains control of the goods and services. IFRS 15 also contains requirements for the presentation of performance obligations in a contract or performance in excess. All revenues of ABOUT YOU arise from contracts with customers and therefore fall within the scope of the new standard.

The standard requires that all promised goods and services are measured and performance obligations identified at contract inception. The promised goods and services of ABOUT YOU (goods, free shipment and return, 100-day right of return, free service) represent a bundle of distinct goods or services, i.e. the performance obligation identified.

The right of return granted is taken into account by ABOUT YOU such that revenue is recognized only in the amount of anticipated return. ABOUT YOU also uses customer and country-specific empirical values to estimate the rate of return and regularly updates these. This was already ABOUT YOU's practice prior to introduction of the new standard.

As in the past, a claim for restitution of goods that are likely to be returned is recognized under other assets. The amount recognized for the assets corresponds to the cost of the goods supplied which are expected to be returned, taking into account costs incurred for handling returns and losses arising from reuse or resale.

Contrary to previous practice, ABOUT YOU will in future recognize receivables from customers already paid for goods that are likely to be returned as liabilities, instead of reducing receivables by that amount. This adjustment has also been made with regard to prior years.

The transaction price to be recognized as revenue is always based on the cost price of supply. But revenue is reduced by reductions in earnings. Discounts on the entire order are allocated to the individual goods in accordance with their stand-alone selling prices. However, discounts granted only on certain items are only allocated to these items.

ABOUT YOU satisfies its performance obligations at a point in time, i.e. when the customer obtains control of the promised goods and services. This is usually the case on transfer of the goods to the customer. ABOUT YOU already considered in the past that partial deliveries may reach customers at different points in time. Accordingly, sales revenue for an order may be recognized at different points in time. Significant financing components or contract costs do not arise at ABOUT YOU. Application of the new standard therefore has no effect on the carrying amounts of assets and liabilities reported in the consolidated statement of financial position.

Transition to IFRS 9

ABOUT YOU applied IFRS 9 *Financial Instruments* for the first time to the financial year beginning on March 1, 2018.

IFRS 9 introduces a uniform approach for the classification and measurement of financial assets. Classification is based on the contractual cash flow characteristics and the business model for managing the assets. The standard furthermore introduces a new model for risk provisioning that also takes account of expected credit losses. In addition, IFRS 9 contains new provisions on hedge accounting in order to provide more useful information on risk management activities of entities that use financial instruments.

If the cash flows from a financial asset consist solely of payments of principal and interest and the business model's objective is to hold the asset, it is subsequently measured at amortized cost. If the business model's objective is to sell the asset, it is measured at fair value through other comprehensive income. In all other cases, the financial asset is measured at fair value through profit or loss.

The new classification rules have not resulted in any changes at ABOUT YOU, as there were no financial assets to be reclassified. ABOUT YOU did not make use of the option to irrevocably designate these instruments as at fair value through other comprehensive income.

Apart from the classification rules for financial assets, the impairment model for these assets has also changed. All financial assets not classified as at fair value through profit or loss are subject to the new impairment rules.

As a first step, for all financial assets that were not already impaired on issue, a loss allowance must be recognized for these financial instruments at an amount equal to 12-month expected credit losses. This does not lead to any additional risk provisioning (loss allowance) at ABOUT YOU on the date of transition.

In a second step, if the credit risk on a financial instrument has increased significantly since initial recognition, a loss allowance must be recognized at an amount equal to the lifetime expected credit losses. In a third step, a loss allowance must also be recognized at an amount equal to the lifetime expected credit losses. This approach is reserved for financial assets that were already impaired on acquisition. Contrary to the impairment model in the second step, the effective interest rate is determined on the basis of net value.

The standard uses a simplified approach for trade receivables. As these are current receivables and therefore do not contain a significant financing component, impairment (a loss allowance) is measured at an amount equal to lifetime expected credit losses on initial recognition. As ABOUT YOU already determined such impairment in the past, the new impairment model has no effect in this regard.

The requirements for classifying financial liabilities do not result in any changes at ABOUT YOU. All financial liabilities are measured at amortized cost.

	Category according to IAS 39*	Carrying amount as of Feb. 31, 2018	Category according to IFRS 9**	Carrying amount as of March 1, 2018	Effect of first-time adoption of IFRS 9
Assets					
Cash and cash equivalents	LaR	5,638	AC	5,638	0
Trade receivables	LaR	5,086	AC	5,086	0
Other receivables	LaR	48,809	FV	48,809	0
Other assets	LaR	25,160	AC	25,160	0
Equity and liabilities					
Trade payables	FLAC	62,030	AC	62,030	0
Other liabilities	FLAC	7,682	AC	7,682	0

* LaR – Loans and receivables

FLAC – Financial liabilities measured at amortized cost

** AC – Amortized cost

FV – Fair value

VI. New or amended IFRSs not yet applied

The following financial reporting standards and amendments were already adopted by the IASB on the date of release of the financial statements for publication. They are however not yet effective for the reporting year and were also not yet applied by ABOUT YOU.

Standard/Interpretation	Name/description	IASB effective date
IFRS 16	Leases	January 1, 2019
IFRS 17[13]	Insurance Contracts	January 1, 2021
Amendments to IAS 28 [14]	Long-term interests in Associates and Joint Ventures	January 1, 2019
Amendments to IFRS 9 [2]	Prepayment Features with Negative Compensation	January 1, 2019
Annual Improvements to IFRSs [2]	2015–2017 Cycle	January 1, 2019
Amendments to IAS 19 [2]	Plan Amendment, Curtailment or Settlement	January 1, 2019
Amendments to IFRS 3 [2]	Definition of a Business	January 1, 2020
Amendments to IAS 1 and IAS 8 [2]	Definition of Materiality	January 1, 2020
IFRIC 23[2]	Uncertainty over Income Tax Treatments	January 1, 2019
Amendments to References to the Conceptual Framework in IFRS Standards[2]	Updating the reference to the Conceptual Framework 2018 in numerous standards, interpretations and guidance documents	January 1, 2020
Amendments to IFRS 10 and IAS 28[2]	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	tbd

[13] ABOUT YOU did not conduct any transactions falling within the scope of the new standard. Consequently, ABOUT YOU is not required to adopt IFRS 17.

[14]Application is not expected to have a material effect on the consolidated financial statements.

IFRS 16

IFRS 16, the new accounting standard for leases, replaces IAS 17 and the related interpretations IFRIC 4, SIC 15 and SIC 27. The new standard eliminates a lessee's classification of leases as either operating leases or finance leases. With the introduction of IFRS 16, the lessee recognizes all leases and the related contractual rights and obligations in the statement of financial position. For the lessor, IAS 17 largely remains applicable. Leases in which substantially all the risks and rewards of ownership are transferred continue to be classified as finance leases by the lessor, all other leases are classified as operating leases. IFRS 16 also contains additional requirements for presentation and on disclosures in the notes as well as sale and leaseback transactions.

IFRS 16 will have material effects on the consolidated financial statements. The recognition of right-of-use assets and lease liabilities from operating leases previously recognized pursuant to IAS 17 will result in an increase in total assets and liabilities. It is expected that the increase in total assets and liabilities will amount to approximately EUR 12.5 million as of the transition date (March 1, 2019). This will have a one-off (non-recurring effect) on certain KPIs as of the transition date, particularly the equity ratio, which is expected to decrease by about two percentage points. In addition, net interest income will decrease due to the interest expense to be recognized. Due to the depreciation of right-of-use assets instead of the recognition of lease expenses, EBITDA will rise significantly (with an anticipated effect of about EUR 3.0 million). EBIT will also improve as a result of the lower depreciation expense for right-of-use assets compared to the lease expense for prior years. EBIT will rise by about EUR 0.3 million.

Furthermore, lease payments will no longer be presented under cash flows from operating activities but under cash flows from financing activities and the disclosures in the notes will be expanded. Reclassification will affect the consolidated statement of cash flows by about EUR 3.0 million.

VII. Notes to the consolidated statement of profit or loss and other comprehensive income

1. Revenue

Revenue is broken down as follows (in thousands of euros [KEUR]):

	2018/19 in KEUR	2017/18 in KEUR
Revenue from the sale of merchandise (including deferred revenue)	451,474	280,273
Income from other services	9,727	2,967
Revenue	**461,201**	**283,240**

Revenue can be presented by region as follows:

	2018/19 in KEUR	2017/18 in KEUR
DACH region (Germany, Austria and Switzerland)	389,931	267,422
Rest of Europe	71,270	15,818
Revenue	**461,201**	**283,240**

The 63% increase in revenue is caused mainly by growth in customers and a commensurate increase in orders.

The reason for significant growth in these revenue drivers is the continuous market penetration of existing markets and development of new markets.

2. Other operating income

Other operating income is broken down as follows:

	2018/19 in KEUR	2017/18 in KEUR
Proceeds from promotional allowances	11,822	10
Proceeds from intercompany clearing for related party transactions	5,108	732
Income from the reversal of provisions and liabilities	59	6
Gains on sale of non-current assets	45	0
Other operating income	400	16
Other operating income	**17,434**	**764**

3. Cost of materials

Cost of materials breaks down as follows during the financial year:

	2018/19 in KEUR	2017/18 in KEUR
Expenses for merchandise	271,375	174,923
Cost of purchased services	269	432
Cost of materials	**271,644**	**175,355**

The cost of materials increased at a slightly lower pace relative to revenue in the reporting year to KEUR 271,644 (PY: KEUR 175,355). The gross profit margin was 41.1% in the reporting year (PY: 38.1%).

4. Personnel expenses

Personnel expenses are broken down as follows:

	2018/19 in KEUR	2017/18 in KEUR
Wages and salaries	22,466	16,779
Social security, pension and other benefits	4,002	2,688
Personnel expenses	**26,468**	**19,467**

In reporting year 2018/19, ABOUT YOU Group employed an average of 526 staff on a full-time equivalent basis (PY: 393).

Employees were categorized as follows in the financial year:

	2018/19	2017/18
Full-time employees	452	320
Temporary staff/trainees/placement students	74	73
Total employees	**526**	**393**

5. Other operating expenses

Other operating expenses break down as follows:

	2018/19 in KEUR	2017/18 in KEUR
Advertising expenses	125,126	101,879
Shipping costs	63,942	35,291
Contract, warehousing and order picking costs	42,731	22,078
Payment provider fees	21,918	10,140
Intercompany clearing charges	18,445	15,127
Rental and lease expenses	5,774	1,921
Temporary staff expenses	5,247	3,177
Maintenance, servicing and repair	1,633	589
Travel/hospitality expenses	1,522	1,193
Other expenses	9,077	9,586
Other operating expenses	**295,414**	**200,981**

Advertising expenses mostly consist of online marketing costs. The rental and lease expenses presented refer to real estate and vehicle contracts.

6. Amortization of intangible assets and depreciation of property, plant and equipment

Amortization and depreciation relate to:

	2018/19 in KEUR	2017/18 in KEUR
Amortization of internally generated intangible assets	4,629	3,233
Amortization of other intangible assets	673	682
Depreciation of property, plant and equipment	588	427
Depreciation and amortization expense	**5,890**	**4,343**

No impairment losses were incurred in the financial year.

7. Finance income/costs

Finance income/costs are broken down as follows:

	2018/19 in KEUR	2017/18 in KEUR
Interest and similar income	0	0
Interest and similar expenses	-1,957	-4,012
Interest income/loss	**-1,957**	**-4,012**
Foreign exchange gains	186	87
Other income and expenses	0	-16
Other finance income/costs	**-186**	**-71**
Net finance costs	**-1,772**	**-3,941**

The decline in other interest and similar expenses to KEUR 1,957 (PY: KEUR 4,012) results mainly from the repayment of loans extended by shareholders in prior years.

8. Income tax expense

The income tax expense includes the current income taxes paid or owed in individual countries as well as deferred tax assets and liabilities. Current income taxes consist of trade tax, corporate income tax and the solidarity surcharge.

The income tax expense is broken down as follows:

	2018/19 in KEUR	2017/18 in KEUR
Current tax expense	0	0
Deferred tax expense	499	1,096
Income tax expense	**499**	**1,096**

The notional income tax expense that would have arisen in applying the tax rate for the group parent ABOUT YOU Holding of 32.2% to the Group's IFRS profit before tax from continuing operations can be reconciled to the income tax expense as follows:

	2018/19 in KEUR	2017/18 in KEUR
Earnings before taxes (EBT)	-114,155	-114,223
Tax rate for ABOUT YOU Holding	32.3%	32.3%
Notional income tax expense	**0**	**0**
Deferred tax expense	499	1,096
	499	**1,096**
Income tax expense	**499**	**1,096**

As a corporation, the group parent ABOUT YOU Holding As is liable for trade tax in Germany. The tax rate is 15%. Other taxes include corporate income tax at a rate of 15% and a solidarity surcharge of 5.5% on the corporate income tax payable.

Corporate income and trade tax loss carryforwards can be used at domestic entities without any restrictions for a positive tax base of up to EUR 1 million.

Any positive tax bases in excess of this amount can only be reduced by any existing loss carryforwards up to a maximum of 60%. The deduction of interest expenses for tax purposes is prohibited in Germany if the interest expense exceeds EUR 3 million, net interest paid exceeds 30% of taxable profit before interest, depreciation and amortization, and certain exemptions do not apply. The non-deductible interest expense for tax purposes can be carried forward to an unlimited extent and can be offset against tax income for tax purposes in future periods.

Deferred tax assets and liabilities arise from temporary differences and tax loss carryforwards as follows:

	February 28, 2019	
	Deferred tax assets in KEUR	Deferred tax liabilities in KEUR
Non-current assets	0	4,293
Receivables and other assets	141	0
Provisions	408	0
Liabilities	0	565
Loss carryforwards	2,715	0
Total	**3,264**	**4,858**

	2018-02-28	
	Deferred tax assets in KEUR	Deferred tax liabilities in KEUR
Non-current assets	0	3,063
Receivables and other assets	0	0
Provisions	0	0
Liabilities	0	0
Loss carryforwards	1,967	0
Total	**1,967**	**3,063**

Deferred tax assets are recognized for (unused) tax loss carryforwards when it is considered probable that there will be sufficient future taxable profit against which the loss carryforward can be utilized. These loss carryforwards can be carried forward to an unlimited extent up to the amount of KEUR 81,472.

The deferred tax expense arising from (the reversal of) temporary differences is KEUR -499 (PY: KEUR 1,096).

VIII. Notes to the consolidated statement of financial position

1. Intangible assets

As of February 28, 2019, intangible assets comprised the following:

	Feb. 28, 2019 in KEUR	Feb. 28, 2018 in KEUR	March 1, 2017 in KEUR
Internally generated intangible assets	12,817	9,233	6,605
Purchased intangible assets	2,373	2,705	1,555
Intangible assets	**15,189**	**11,938**	**8,160**

Intangible assets include internally generated intangible assets in the amount of KEUR 3,310 (PY: KEUR 1,812) that are still under development.

In the reporting year, internally generated intangible assets were recognized in the amount of KEUR 8,397 (PY: 5,861), resulting in other own work capitalized of the same amount.

Please see the attached movements in non-current assets for further information.

2. Property, plant and equipment

Property, plant and equipment were composed of the following as of February 28, 2019:

	Feb. 28, 2019 in KEUR	Feb. 28, 2018 in KEUR	March 1, 2017 in KEUR
Other land and buildings	54	91	83
Plant and machinery	31	23	25
Other equipment, furniture and fixtures, office equipment	2,377	2,031	1,201
Prepayments and assets under construction	0	0	2
Property, plant and equipment	**2,462**	**2,145**	**1,311**

3. Inventories

Inventories are broken down as follows:

	Feb. 28, 2019 in KEUR	Feb. 28, 2018 in KEUR	March 1, 2017 in KEUR
Merchandise	78,321	41,569	17,836
Raw materials and consumables	693	181	181
Inventories	**79,014**	**41,750**	**18,018**

Inventories include write-downs of KEUR 13,823 due to obsolescence (PY: KEUR 6,950).

4. Trade and other receivables

Trade and other receivables break down as follows:

	Feb. 28, 2019 in KEUR	Feb. 28, 2018 in KEUR	March 1, 2017 in KEUR
Trade receivables before impairment loss	2,335	5,689	947
Impairment losses on trade receivables	-1,081	-603	-300
Other receivables	41,717	48,809	347
Trade and other receivables	**42,971**	**53,895**	**994**

Other receivables mainly consist of receivables from payment service providers resulting from the sale of receivables from customers as well as payments in transit.

In the reporting year, the Group transferred trade receivables to payment service providers in exchange for cash and cash equivalents in the amount KEUR 344,765 (PY: KEUR 255,406). The receivables were derecognized because substantially all the risks and rewards of ownership, primarily risk of default, were transferred to the payment service provider. It has been agreed that customers settle their liabilities through payment directly to the payment service provider.

Impairment loss on trade receivables

	Feb. 28, 2019 in KEUR	Feb. 28, 2018 in KEUR
Accumulated impairment losses as of March 1	**-603**	**-300**
Allocated to provisions	-1,081	-603
Used	603	300
Accumulated impairment losses as of February 28	**-1,081**	**603**

The maturities of trade and other receivables are as follows:

	Due within one year in KEUR	Due between one and five years in KEUR	Due after more than five years in KEUR	Total in KEUR
Balance at February 28, 2019	42,971	0	0	42,971
Balance at February 28, 2018	53,895	0	0	53,895
Balance at March 1	994	0	0	994

5. Receivables from related parties

	Feb. 28, 2019 in KEUR	Feb. 28, 2018 in KEUR	March 1, 2017 in KEUR
Receivables from other related parties	5,369	840	29,254
Receivables from related parties	**5,369**	**840**	**29,254**

All receivables from related parties refer to trade receivables and are due within one year.

No impairment losses were recognized for receivables from related parties.

6. Other assets

Other assets break down as follows:

	Feb. 28, 2019 in KEUR	Feb. 28, 2018 in KEUR	March 1, 2017 in KEUR
Claim for restitution of expected returns	23,742	22,292	9,528
Prepayments	1,052	50	55
Other tax receivables	1,386	2,554	1,596
Security deposits	8	12	1
Receivables from employees	48	116	54
Miscellaneous other assets	24	136	264
Other assets	**26,260**	**25,160**	**11,499**

The claim for restitution of expected returns corresponds to the cost of the goods supplied which are expected to be returned less costs incurred for handling returns and losses arising from reuse or resale.

Maturities of other assets:

	Residual maturity of less than one year in KEUR	Residual maturity of between one and five years in KEUR	Residual maturity of more than five years in KEUR	Total in KEUR
Balance at February 28, 2019	26,260	0	0	26,260
Balance at February 28, 2018	25,160	0	0	25,160
Balance at March 1	11,499	0	0	11,499

No impairment losses were recognized for other assets.

7. Cash and cash equivalents

ABOUT YOU's cash and cash equivalents comprise the categories shown below. These were available in full as of the reporting date.

	Feb. 28, 2019 in KEUR	Feb. 28, 2018 in KEUR	March 1, 2017 in KEUR
Cash at bank	123,325	5,597	2,044
Cash in hand	21	41	2
Total	**123,346**	**5,638**	**2,046**

8. Equity

Movements in the Group's equity are presented in the consolidated statement of changes in equity.

9. Non-current provisions and liabilities

The non-current provisions and liabilities consist of deferred income in the amount of KEUR 157 (PY: KEUR 65).

10. Current provisions

Other provisions consist of provisions for litigation costs and litigation risk in the amount of KEUR 138 (PY: KEUR 52) as well as other provisions amounting to EUR 0 (PY: KEUR 9).

The amount of provisions expected to be used for litigation costs and litigation risk depend on the stage of proceedings.

Movements in current provisions:

	Feb. 28, 2019 in KEUR	Feb. 28, 2018 in KEUR
Provisions as of March 1	**61**	**67**
Allocated	86	0
Reversed	-9	-6
Provisions as of February 28	**138**	**61**

11. Trade payables

	Feb. 28, 2019 in KEUR	Feb. 28, 2018 in KEUR	March 1, 2017 in KEUR
Refund liabilities	43,270	34,079	16,867
Trade payables	27,891	20,024	12,862
Provisions for outstanding invoices	6,583	7,928	1,510
Trade payables	**77,744**	**62,030**	**31,238**

The trade payables include liabilities denominated in foreign currency of EUR 2.6 million.

Please see the attached statement of liabilities for further information.

12. Payables to related parties

Payables to related parties break down as follows:

	Feb. 28, 2019 in KEUR	Feb. 28, 2018 in KEUR	March 1, 2017 in KEUR
Liabilities to shareholders	0	778	344
Liabilities to other related parties	34,398	36,867	60,786
Payables to related parties	**34,398**	**37,645**	**61,130**

All payables to related parties refer to trade payables.

13. Other liabilities

Other liabilities can be broken down as follows:

	Feb. 28, 2019 in KEUR	Feb. 28, 2018 in KEUR	March 1, 2017 in KEUR
Liabilities to employees	1,101	778	543
Miscellaneous financial liabilities	16	0	0
Other financial liabilities	**1,117**	**778**	**543**
Other tax liabilities	1,325	1,772	785
Prepayments	692	4,910	1,809
Miscellaneous liabilities	429	221	177
Miscellaneous other liabilities	**2,446**	**6,903**	**2,771**
Other liabilities	**3,563**	**7,682**	**3,314**

The liabilities to employees mainly comprise wages and salaries and outstanding leave.

The other liabilities fall due as follows:

	Feb. 28, 2019 in KEUR	Feb. 28, 2018 in KEUR	March 1, 2017 in KEUR
Due within one year	3,563	7,682	3,314
Due between one and five years	0	0	0
Due after more than five years	0	0	0
Other liabilities	**3,563**	**7,682**	**3,314**

IX. Notes to the consolidated statement of cash flows

The statement of cash flows shows the movements in cash and cash equivalents at the Group during the reporting period as a result of cash inflows and outflows. Cash flows are presented in accordance with their origin and use as cash flows from operating activities, investing activities or financing activities.

Changes in cash flows from operating activities are derived indirectly based on consolidated profit (loss) for the year. Cash inflows and outflows from investing and financing activities are determined directly.

In the reporting year, ABOUT YOU generated negative cash flows from operating activities of EUR 107.5 million (PY: EUR 107.7 million). The main reason for the large amount of net cash used in operating activities were the start-up losses incurred for establishing the company.

The negative cash flows from investing activities were mainly caused by investments in internally generated software. Investments in acquisitions amounted to EUR 9.5 million (PY: EUR 9.0 million).

Overall, ABOUT YOU had cash and cash equivalents in the amount of EUR 123.3 million as of February 28, 2019 (PY: EUR 5.6 million).

Consequently, free cash flow amounted to EUR -117.0 million in the reporting year (PY: EUR 116.7 million).

Significant non-cash transactions in financial year 2018/19 relate to Media4Equity transactions at a total volume of EUR 8.8 million (PY: EUR 11.0 million).

X. Other disclosures

1. Financial risk management

ABOUT YOU is exposed to credit risk, liquidity risk and market risk (primarily currency risk) in the course of its operating activities. The objective of financial risk management is to mitigate the risks arising from operating activities using selected derivative and non-derivative hedging instruments. Group management is responsible for managing these risks.

2. Credit risk

Credit risk is the risk of financial loss if a customer or counterparty fails to meet its contractual obligations. Any default on payment leads to impairment losses on assets, financial assets or receivables. At ABOUT YOU, credit risk mainly arises from trade receivables. The Group limits its exposure to credit risk from trade receivables by means of a general bad debt provision based on empirical values and the age structure of receivables. Uncollectible receivables are written off in full.

There is no appreciable concentration of credit risk.

In addition, cash and cash equivalents are exposed to credit risk to the extent that financial institutions are no longer able to fulfill their obligations. The maximum risk exposure corresponds to the carrying amounts of these financial assets as of the applicable reporting date. The Company mitigates this risk through bank deposits at various banks with high credit ratings.

3. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. This risk can result from inadequate availability of funds where necessary, inaccurate liquidity forecasts or a unilateral investment strategy for the cash reserves of the Company.

ABOUT YOU manages the liquidity risk by regularly reviewing liquidity requirements using an integrated platform for forecasting funds required in the short, medium and long term.

The following tables present the contractually agreed (undiscounted) interest and principal payments for non-derivative financial liabilities.

Figures budgeted for new, future liabilities were excluded. Financial liabilities repayable at any time are always allocated to the earliest maturity date.

As of February 28, 2019, contractual cash flows from financial liabilities were as follows:

	Due within one year in KEUR	Due between one and five years in KEUR	Due after more than five years in KEUR	Total in KEUR
Trade and other payables	112,142	0	0	112,142
Other liabilities	3,563	157	0	3,719

As of February 28, 2018, contractual cash flows from financial liabilities were as follows:

	Due within one year in KEUR	Due between one and five years in KEUR	Due after more than five years in KEUR	Total in KEUR
Trade and other payables	99,675	0	0	99,675
Other liabilities	7,682	65	0	7,746

4. Market risk

Market risk as defined by IFRS 7 is largely limited to currency risk at ABOUT YOU Group. Interest rate risk is of minor significance at ABOUT YOU Group due to its capital structure.

Currency risk arises from proceeds in foreign currency from transactions with customers as well as financial obligations to suppliers payable in foreign currency. The latter predominantly result from purchases of goods in US dollars or British pounds and subsequent sale of goods in the respective currency of the sales region.

Currency risk is hedged through refinancing with matching currencies. Any remaining risks from open currency positions are assessed using adequate risk methods. If necessary, risk is reduced further, primarily through forward exchange contracts.

As of February 28, 2019, outstanding liabilities in foreign currency amounted to EUR 2.6 million (PY: EUR 1.1 million). Even significant changes in exchange rates would therefore only have a minor effect on ABOUT YOU Group's financial position, financial performance and cash flows.

5. Capital management

The Group's capital management objectives are to ensure its ability to meet all financial obligations in the short term and to maintain a strong capital base for continuous financing of growth as well as to increase the Company's value over the long term. It also ensures that all group entities are able to operate under the going concern principle.

Capital management as well as the associated objectives and definition are based on performance indicators determined on the basis of the IFRS consolidated financial statements. ABOUT YOU defines the indicator 'equity ratio' as the ratio of equity to total assets, and the indicator 'net current assets' as the sum total of inventories and trade and other receivables as well as receivables and financial receivables from affiliates and related parties and other liabilities less trade and other payables. The equity ratio was 60.1% as of the reporting date and net current assets amounted to EUR 37.7 million as of the reporting date.

XI. Related party transactions

At ABOUT YOU Group, related parties as defined by IAS 24 are persons or entities that control or have significant influence over ABOUT YOU Group or are controlled or significantly influenced by ABOUT YOU Group.

Accordingly, the members of the Otto family and the Michael Otto Foundation, entities controlled or significantly influenced by this family and the foundation, the members of management of Otto (GmbH & Co KG) as well as the subsidiaries, associates and joint ventures of Otto Group are defined as related parties.

Furthermore, the management entities of the managing directors Tarek Müller, Sebastian Betz and Hannes Wiese with an ownership interest in ABOUT YOU Holding are classified as related parties.

In addition, *Aktieselskabet af 5.5.2010* and the subsidiary and joint venture of Bestseller Group are defined as related parties.

In the reporting period, ABOUT YOU conducted transactions with related parties in the ordinary course of business. These transactions were conducted on an arm's length basis.

The total remuneration of ABOUT YOU Group's management was KEUR 888 in the financial year, all of which are current payables.

ABOUT YOU has set up a stock ownership plan for management under which ordinary shares are awarded to management. No related expenses will have to be recognized in future however, as their fair value has already been presented in full in the statement of financial position.

Revenue of KEUR 122,798 was generated with shareholders in the reporting year (PY: KEUR 100,979) while the cost of materials amounted to KEUR 72,841 (PY: KEUR 65,918).

In addition, other operating income of KEUR 10,875 was generated with shareholders.

Related parties that are controlled by ABOUT YOU Holding are listed in the list of subsidiaries.

XII. Transactions with shareholders

In financial year 2018/19, transactions with shareholders at a total volume of EUR 8.8 million were conducted under the Media4Equity program (PY: EUR 11.0 million).

There were no lending relationships with the shareholders of ABOUT YOU Holding as of February 28, 2019.

XIII. Contingent liabilities

ABOUT YOU has financial obligations from phantom stocks issued to selected employees. Exercise of these shares is tied to an IPO. These are classified as contingent liabilities. A provision has not been recognized as exercise is currently not likely.

XIV. Operating leases

The Group has operating lease commitments from the lease of real estate, furniture and fixtures and office equipment as well as vehicles. These leases have a remaining term of between one and ten years. Some include renewal or purchase options as well as price adjustment clauses, which however have no effect on their classification as operating leases.

The operating lease payments of KEUR 2,380 in the reporting year were recognized in profit or loss.

Commitments arising from non-cancellable operating leases mainly relate to leases of real estate, operating facilities, furniture and fixtures, office equipment and vehicles.

Future operating lease payments fall due as follows:

	Due within one year in KEUR	Due between one and five years in KEUR	Due after more than five years in KEUR	Total in KEUR
Future operating lease payments	3,125	8,175	25	11,324

Future operating lease payments in the amount of KEUR 11,317 are attributable to the lease of real estate.

XV. Auditor's fees

The total fee charged by the auditor of ABOUT YOU Group breaks down as follows:

	2018/19 in KEUR	2017/18 in KEUR
Audit of financial statements	61	37
Other tax advisory services	42	0
Other advisory services	7	1
Auditor's fees	**110**	**38**

XVI. List of subsidiaries

The following presentation provides a list of ABOUT YOU Group's subsidiaries as of February 28, 2019:

Fully consolidated affiliated entities	Registered office, country	Ownership interest (Group) as of reporting date
ABOUT YOU GmbH	Hamburg, Germany	100.00%

XVII. Events after the reporting period

ABOUT YOU GmbH acquired all ownership interests in Adference GmbH, Lüneburg, as of April 26, 2019.

Hamburg, September 30, 2019

Management

Movements in non-current assets (consolidated)

as of February 28, 2019

	Cost					Accumulated amortization, depreciation and impairment losses					Carrying amount	
							Amortization, depreciation and impairment losses during the financial year					
	Mar. 1, 2018	Additions	Reclassifications	Disposals	Feb. 28, 2019	Mar. 1, 2018	during the financial year	Reclassifications	Disposals	Feb. 28, 2019	Feb. 28, 2019	Feb. 28, 2018
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I.												
Concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets	19,344,944.48	5,243,050.41	1,812,203.17	0.00	26,400,198.06	9,220,540.46	5,301,012.90	0.00	0.00	14,521,553.36	11,878,644.70	10,124,404.02
Prepayments	1,812,203.17	3,310,309.98	-1,812,203.17	0.00	3,310,309.98	0.00	0.00	0.00	0.00	0.00	3,310,309.98	1,812,203.17
Low-value assets	4,190.29	0.00	0.00	1,838.75	2,351.54	2,902.29	834.00	0.00	1,838.75	1,897.54	454.00	1,288.00
	21,161,337.94	8,553,360.39	0.00	1,838.75	29,712,859.58	9,223,442.75	5,301,846.90	0.00	1,838.75	14,523,450.90	15,189,408.68	11,937,895.19
II.												
Land, leasehold rights and buildings, including buildings on third-party land	249,941.09	4,387.16	0.00	0.00	254,328.25	158,672.09	41,881.16	0.00	0.00	200,553.25	53,775.00	91,269.00
Plant and machinery	25,276.70	9,082.90	0.00	0.00	34,359.60	1,854.70	1,468.90	0.00	0.00	3,323.60	31,036.00	23,422.00
Furniture and fixtures, office equipment	2,508,684.47	895,912.22	0.00	10,459.03	3,394,137.66	507,690.47	529,255.22	0.00	5,426.03	1,031,519.66	2,362,618.00	2,000,994.00
Prepayments and assets under construction	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Low-value assets	77,512.57	0.00	0.00	5,558.14	71,954.43	47,811.57	15,532.00	0.00	5,558.14	57,785.43	14,169.00	29,701.00
	2,861,414.83	909,382.28	0.00	16,017.17	3,754,779.94	716,028.83	588,137.28	0.00	10,984.17	1,293,181.94	2,461,598.00	2,145,386.00
	24,022,752.77	9,462,742.67	0.00	17,855.92	33,467,639.52	9,939,471.58	5,889,984.18	0.00	12,822.92	15,816,632.84	17,651,006.68	14,083,281.19

Movements in the Group's non-current assets in financial year 2017/18

	Cost					Accumulated amortization, depreciation and impairment losses					Carrying amount	
	Mar. 1, 2017	Additions	Reclassifications	Disposals	Feb. 28, 2018	Mar. 1, 2017	Amortization, depreciation and impairment losses during the financial year	Reclassifications	Disposals	Feb. 28, 2018	Feb. 28, 2018	Feb. 28, 2017
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets												
1. Concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets	13,146,007.05	5,881,752.43	317,185.00	0.00	19,344,944.48	5,305,431.05	3,915,109.41	0.00	0.00	9,220,540.46	10,124,404.02	7,840,576.00
2. Prepayments	317,185.00	1,812,203.17	-317,185.00	0.00	1,812,203.17	0.00	0.00	0.00	0.00	0.00	1,812,203.17	317,185.00
3. Low-value assets	4,590.29	0.00	0.00	400.00	4,190.29	2,378.29	924.00	0.00	400.00	2,902.29	1,288.00	2,212.00
	13,467,782.34	7,693,955.60	0.00	400.00	21,161,337.94	5,307,809.34	3,916,033.41	0.00	400.00	9,223,442.75	11,937,895.19	8,159,973.00
II. Property, plant and equipment												
1. Land, leasehold rights and buildings, including buildings on third-party land	178,920.49	71,020.60	0.00	0.00	249,941.09	95,484.49	63,187.60	0.00	0.00	158,672.09	91,269.00	83,436.00
2. Plant and machinery	25,276.70	0.00	0.00	0.00	25,276.70	655.70	1,199.00	0.00	0.00	1,854.70	23,422.00	24,621.00
3. Furniture and fixtures, office equipment	1,320,663.91	1,197,216.70	2,143.87	11,340.01	2,508,684.47	165,115.91	347,050.57	0.00	4,476.01	507,690.47	2,000,994.00	1,155,548.00
4. Prepayments and assets under construction	2,143.87	0.00	-2,143.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,143.87
5. Low-value assets	78,466.35	0.00	0.00	953.78	77,512.57	33,011.35	15,754.00	0.00	953.78	47,811.57	29,701.00	45,455.00
	1,605,471.32	1,268,237.30	0.00	12,293.79	2,861,414.83	294,267.45	427,191.17	0.00	5,429.79	716,028.83	2,145,386.00	1,311,203.87
	15,073,253.66	8,962,192.90	0.00	12,693.79	24,022,752.77	5,602,076.79	4,343,224.58	0.00	5,829.79	9,939,471.58	14,083,281.19	9,471,176.87

Statement of liabilities (consolidated)
as of February 28, 2019

	Type of liability	Remaining term less than one year	Remaining term between one and five years	Remaining term more than five years	Total	thereof secured by liens or similar rights
		kEUR	**EUR**	**EUR**	**kEUR**	**EUR**
1.	Trade payables	77,744	0	0	77,744	0
	Prior year	*62,030*	*0*	*0*	62,030	*0*
2.	Liabilities to affiliates	34,398	0	0	34,398	0
	Prior year	*37,645*	*0*	*0*	37,645	*0*
3.	Other liabilities	3,563	157	0	3,720	0
	Prior year	*7,682*	*0*	*0*	7,682	*0*
	– thereof taxes:	1,325	0	0	1,325	0
	Prior year	1,772	0	0	1,772	0
Total		**115,705**	**157**	**0**	**115,862**	**0**
Prior year		***107,357***	***0***	***0***	***107,357***	***0***

Statement of liabilities (consolidated)
as of February 28, 2018

	Type of liability	Remaining term less than one year	Remaining term between one and five years	Remaining term more than five years	Total	thereof secured by liens or similar rights
		kEUR	**EUR**	**EUR**	**kEUR**	**EUR**
1.	Trade payables	62,030	0	0	62,030	0
	Prior year	*31,238*	*0*	*0*	31,238	*0*
2.	Liabilities to affiliates	37,645	0	0	37,645	0
	Prior year	*61,130*	*0*	*0*	61,130	*0*
3.	Other liabilities	7,682	0	0	7,682	0
	Prior year	*3,314*	*0*	*0*	3,314	*0*
	– thereof taxes:	1,772	0	0	1,772	0
	Prior year	785	0	0	785	0
Total		**107,357**	**0**	**0**	**107,357**	**0**
Prior year		***95,682***	***0***	***0***	***95,682***	***0***

Independent Auditor's Report

To ABOUT YOU Holding GmbH, Hamburg

Opinions

We have audited the consolidated financial statements of ABOUT YOU Holding GmbH, Hamburg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of February 28, 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from March 1, 2018 to February 28, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of ABOUT YOU Holding GmbH for the financial year from March 1, 2018 to February 28, 2019.

In our opinion, on the basis of the knowledge obtained in the audit,

– the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as of February 28, 2019, and of its financial performance for the financial year from March 1, 2018 to February 28, 2019, and

– the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and the group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and the German Generally Accepted Standards of Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Responsibilities of Management for the Consolidated Financial Statements and the Group Management Report

Management is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial **Statements and of the Group Management Report**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with the German Generally Accepted Standards of Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

– Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

– Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

– Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

– Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

– Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

– Perform audit procedures on the prospective information presented by management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hamburg, December 23, 2019

KPMG AG

Wirtschaftsprüfungsgesellschaft

[original German version signed by:]

Hagenmüller	Wegner
Wirtschaftsprüferin	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

Annual Financial Statements as of February 28, 2021
(ABOUT YOU Holding GmbH) (HGB)

Annual Financial Statements as of February 28, 2021

ABOUT YOU Holding GmbH
Hamburg, Germany

(since March 11, 2021: ABOUT YOU Holding AG)

ABOUT YOU Holding GmbH, Hamburg

(since March 11, 2021: ABOUT YOU Holding AG)

Balance sheet as of February 28, 2021

A s s e t s

	Feb. 28, 2021	Feb. 29, 2020
	EUR	EUR
A. Non-current assets		
Financial assets		
Shares in affiliated companies	874,550,766.81	869,570,985.46
B. Current assets		
I. Receivables and other assets		
Other assets	0.00	948.67
II. Cash and cash equivalents	4,675,005.44	5,107,068.72
	4,675,005.44	5,108,017.39
	879,225,772.25	874,679,002.85

E q u i t y a n d   l i a b i l i t i e s

	Feb. 28, 2021	Feb. 29, 2020
	EUR	EUR
A. Equity		
I. Subscribed capital	4,276,503.00	4,262,034.00
II. Share premium	435,161,275.81	870,434,300.46
III. Retained profit/deficit	434,892,880.32	-40,777.91
	874,330,659.13	874,655,556.55
B. Provisions		
Other provisions	1,389,757.03	17,567.70
C. Liabilities		
Trade payables	473.50	5,878.60
D. Deferred tax liabilities	3,504,882.59	0.00
	879,225,772.25	874,679,002.85

ABOUT YOU Holding GmbH, Hamburg

(since March 11, 2021: ABOUT YOU Holding AG)

Income statement for the period
from March 1, 2020, to February 28, 2021

	2020/21	2019/20
	EUR	EUR
1. Other operating income	17,572.72	0.00
2. Other operating expenses	-1,776,590.50	-8,980.76
3. Other interest and similar income	0.00	310.88
4. Other interest and similar expenses	-15,247.40	0.00
5. Earnings before taxes	-1,774,265.18	-8,669.88
6. Income taxes	-3,504,882.59	0.00
7. Profit/loss for the period	-5,279,147.77	-8,669.88
8. Retained loss carried forward	-40,777.91	-32,108.03
9. Reversal of share premium	440,212,806.00	0.00
10. Retained profit/deficit	434,892,880.32	-40,777.91

ABOUT YOU Holding GmbH

(since March 11, 2021: ABOUT YOU Holding AG)

Notes to the Financial Statements as of February 28, 2021

1. Basis of Preparation of Financial Statements

ABOUT YOU Holding GmbH (since March 11, 2021: ABOUT YOU Holding AG) has its registered office in Hamburg and is entered in the Commercial Register of the Hamburg District court under file number HRB 143389.

2. Accounting Policies

ABOUT YOU Holding GmbH is a small corporation as defined by Section 267 (1) of the German Commercial Code [HGB]. The annual financial statements have been prepared in accordance with the statutory regulations applicable for large corporations.

The income statement has been prepared in accordance with the nature of expense method.

Financial Assets

Financial assets are measured at cost or the lower fair value, if necessary.

Receivables and other Assets

Receivables and other assets are recognized at nominal value less appropriate allowances.

Cash and Cash Equivalents

Cash and cash equivalents are recognized at nominal value.

Other Provisions

Other provisions are recognized for other contingent liabilities at their necessary settlement amounts based on reasonable commercial judgment.

Liabilities

Liabilities are valued at their settlement amounts.

Deferred Taxes

Deferred tax assets and liabilities are recognized for temporary differences between the figures stated for financial reporting and tax purposes that are expected to reverse in the future, to the extent permissible pursuant to Section 274 HGB. The existing disclosure option was not exercised in the case of deferred tax assets.

3. Notes to the Statement of Financial Position

Fixed Assets

The movements in fixed assets are shown in the statement of movements in fixed assets attached to these notes.

Financial Assets

The shares in affiliated companies reported under financial assets can be broken down as follows on February 28, 2021:

Registered name/office of the Company	Share in capital	Equity on Feb. 28, 2021	Earnings in 2020/21
	%	EUR	EUR
ABOUT YOU Verwaltungs GmbH, Hamburg (formerly: ABOUT YOU GmbH)	100	79,472,290.85	-1,055,107.21

Other Provisions

Other provisions largely include outstanding fees for advisory services.

Liabilities

As in the prior year, all liabilities are due in up to one year.

Deferred Taxes

Deferred tax liabilities amounting to EUR 3.5 million (PY: EUR: 0.0 million) are due to the different amounts recognized for the investment in About You Operations GmbH & Co. KG for financial reporting and tax purposes. The different amounts recognized are in conjunction with a contribution made in the prior year and, thus, the associated request for using the book value in the tax accounts in the reporting year. In compliance with Section 8b of the German Corporation Tax Act [KStG], deferred tax liabilities in the amount of 5 % of the difference were recognized.

4. Other Disclosures

Employees

The Company does not employ any staff.

Managing Directors

Tarek Müller, Chief Marketing Officer, Hamburg

Hannes Wiese, Chief Operating Officer, Hamburg

Sebastian Betz, Chief Technical Officer, Hamburg

There is no remuneration for management activities on the level of ABOUT YOU Holding GmbH.

Auditor's Fee

The total fee payable to the auditor for the reporting year amounted to KEUR 80 (PY: KEUR 37) for audit services.

Group Affiliation

As the ultimate parent within the Group, ABOUT YOU Holding GmbH prepares the consolidated financial statements for the largest and smallest group of companies. The consolidated financial statements as of February 28, 2021, are available at www.bundesanzeiger.de.

Events after the Reporting Period

It was resolved on March 11, 2021, to convert ABOUT YOU Holding GmbH into ABOUT YOU Holding AG. The resolutions of transformation were submitted to the commercial register at the end of March 2021.

Management's Responsibility Statement

To the best of our knowledge, and in accordance with the applicable financial reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company, and the combined management report includes a true and fair review of the development and performance of the business and the position of the ABOUT YOU Group and ABOUT YOU Holding GmbH, together with a description of the principal opportunities and risks associated with the expected future development of the ABOUT YOU Group and ABOUT YOU Holding GmbH.

Hamburg, April 9, 2021

Tarek Müller **Hannes Wiese** **Sebastian Betz**

ABOUT YOU Holding GmbH, Hamburg

(since March 11, 2021: ABOUT YOU Holding AG)

Movements in fixed assets in financial year 2020/21 (detailed gross presentation)

	Cost			
	Mar. 1, 2020	Additions	Disposals	Feb. 28, 2021
	EUR	EUR	EUR	EUR
Financial assets				
Shares in affiliated companies	869,570,985.46	4,979,781.35	0.00	874,550,766.81

Depreciation				Book value	
Mar. 1, 2020	Depreciation	Disposals	Feb. 28, 2021	Feb. 28, 2021	Feb. 29,2020
EUR	EUR	EUR	EUR	EUR	EUR
0.00	0.00	0.00	0.00	874,550,766.81	869,570,985.46

ESEF documents of ABOUT YOU Holding GmbH as of February 28, 2021

The reproduction of the consolidated financial statements and the combined management report (“ESEF documents”) prepared for publication purposes with the file name „AboutYou_KA_28.02.2021_V3.zip“ (SHA256-Hashwert: 3938492f09a7017b7a6a1e78d1b85030cce4a32a2a8e2d8cff8815846bd5312d) can be downloaded by the issuer from the electronic client portal with access protection.

Independent Auditor’s Report

To ABOUT YOU Holding GmbH, Hamburg

Opinions

We have audited the annual financial statements of ABOUT YOU Holding GmbH, Hamburg, which comprise the balance sheet as of February 28, 2021, and the income statement for the financial year from March 1, 2020, to February 28, 2021, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the combined management report of ABOUT YOU Holding GmbH for the financial year from March 1, 2020, to February 28, 2021.

In our opinion, on the basis of the knowledge obtained in the audit,

– the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of February 28, 2021, and of its financial performance for the financial year from March 1, 2020, to February 28, 2021, in accordance with German legally required accounting principles, and

– the accompanying combined management report as a whole provides an appropriate view of the Company’s position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the combined management report in accordance with Section 317 HGB and German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report” section of our auditor’s report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the combined management report.

Responsibilities of Management for the Annual Financial Statements and the Combined Management Report

Management is responsible for the preparation of annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, management is responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these annual financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the combined management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.

– Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Legal and Regulatory Requirements

Report on Assurance in accordance with Section 317 (3b) HGB on the Electronic Reproduction of the Annual Financial Statements and the Combined Management Report Prepared for Publication Purposes

We have performed an assurance work in accordance with Section 317 (3b) HGB to obtain reasonable assurance about whether the electronic reproduction of the annual financial statements and the combined group management report (hereinafter the "ESEF documents") contained in the file that can be downloaded by the issuer from the electronic client portal with access protection "AY-Hold_JA_28.02.2021_V3.xhtml" (SHA256-hash value: 4efba 8728e4dd1006354b2879ccffe3e276c34f294988e04eea41479dd6d0ac2) and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the annual financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the annual financial statements and the combined management report contained *in the above-mentioned electronic file* and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this reasonable assurance conclusion and our audit opinion on the accompanying annual financial statements and the accompanying combined management report for the financial year from March 1, 2020, to February 28, 2021, contained in the "Report on the Audit of the Annual Financial Statements and of the Combined Management Report" above.

We conducted our assurance work of the reproduction of the annual financial statements and the management report contained in the above-mentioned electronic file in accordance with Section 317 (3b) HGB and the Exposure Draft of the IDW Assurance Standard: Assurance in accordance with Section 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410). Accordingly, our responsibilities are further described below. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's management is responsible for the preparation of the ESEF documents including the electronic reproduction of the annual financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB.

In addition, the Company's management is responsible for the internal controls they consider necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Company's management is also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited annual financial statements and audited combined management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance of the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the electronic file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.

– Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited annual financial statements and the audited combined management report.

Hamburg, April 9, 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Hagenmüller	Rienecker
Wirtschaftsprüferin	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

17. GLOSSARY

1P	Part of our hybrid business model comprising our own inventory.
3P	Part of our hybrid business model comprising third-party inventory.
5WPR 2020 Consumer Culture Report ...	5WPR, 2020 Consumer Culture Report.
ABOUT YOU or ABOUT YOU Group ...	The Company, together with its consolidated subsidiaries.
Adjusted EBITDA	EBITDA adjusted for (i) equity-settled share-based compensation expenses, (ii) restructuring costs and (iii) one-time effects.
Adjusted EBITDA margin Forecast	The forecast of Adjusted EBITDA margin of the Company and its consolidated subsidiaries for the fiscal year ending February 28, 2022.
Admission to Trading	The admission to trading of the Company's shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard).
AktG	The German Stock Corporation Act (*Aktiengesetz*).
AOV	Average order value.
APM	Alternative perfomance measures.
Articles of Association	The articles of association of the Company.
AY Commerce or Commerce	Our commerce business, which includes our fashion sales to consumers via our websites and apps and is made up of the two segments AY DACH and AY RoE.
AY DACH or DACH	ABOUT YOU DACH, reportable segment comprising ABOUT YOU's home region of Germany, Austria and Switzerland.
AY RoE	ABOUT YOU Rest of Europe, reportable segment comprising ABOUT YOU's sales regions outside DACH.
BaFin	The German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*).
Base Shares	The Existing Shares together with the New Shares.
BeNe	Belgium and the Netherlands.
Bestseller	Bestseller group which is affiliated to Heartland.
Bonds	Bearer and/or registered convertible bonds and/or option bonds.
CAC	Customer acquisition costs.
CAGR	Compound annual growth rate, which indicates the annual mean rate of growth for each year of the relevant period.
CEE	Central Eastern Europe.
Clearstream	Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany.

Code	The German Corporate Governance Code, as amended on December 16, 2019.
Commerce	Our commerce business, which includes our fashion sales to consumers via our websites and apps and is made up of the two segments AY DACH and AY RoE.
Commission's Proposal	The proposal published by the European Commission on February 14, 2013.
Company	ABOUT YOU Holding AG, with its registered office at Domstraße 10, 20095 Hamburg, Federal Republic of Germany, legal entity identifier 7LTWFZYICNSX8D621K86, and registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, under docket number HRB 168067.
Consumer Rights Directive	Directive (EU) 2011/83 of the European Parliament and of the Council of October 25, 2011 on consumer rights, as amended.
Controlling Shareholders	Otto (GmbH & Co KG), Hamburg, Germany, Aktieselskabet af 12.6.2018, Aarhus, Denmark and GFH Gesellschaft für Handelsbeteiligungen m.b.H., Hamburg, Germany.
COOPs	Cooperation with influencers, celebrities and brands.
COVID-19	A strain of the coronavirus and the infectious disease caused by it.
COVID-19-Act	German Act on Reducing the Effects of the COVID-19 Pandemic in Civil, Insolvency and Criminal Procedure Law (*Gesetz zur Abmilderung der Folgen der COVID-19-Pandemie im Zivil-, Insolvenz- und Strafverfahrensrecht*) dated March 27, 2020.
D&O	Directors and officers.
Data Protection Act	The German Federal Data Protection Act (*Bundesdatenschutzgesetz*).
DENIC	DENIC eG.
Destatis	Destatis, Pressrelease #081 from 24 February 2021.
Deutsche Bank	Deutsche Bank Aktiengesellschaft, Mainzer Landstraße 11-17, 60329 Frankfurt am Main, Germany, LEI 7LTWFZYICNSX8D621K86.
Dividend Paying Agent	A domestic bank or financial service institute (*inländisches Kredit- oder Finanzdienstleistungsinstitut*), a domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*) or a domestic securities trading bank (*inländische Wertpapierhandelsbank*), including the domestic branches of foreign banks or financial service institutes, which holds the shares in custody or that manages such shares and that pays out or credits the shareholder's investment income or that pays the investment income to a foreign entity, or the central securities depository (*Wertpapiersammelbank*) to which the shares were entrusted for collective custody if it pays the investment income to a foreign entity, or the Company itself if and to the extent shares that are held in collective safe custody (*girosammelverwahrt*) by the central securities depository.

Domestic Paying Agent	A domestic bank or financial service institute, a domestic securities trading company or a domestic securities trading bank (including the domestic branches of foreign banks and financial service institutes).
DST	Digital services tax.
Dual Mandates	Overlap in personnel between Otto and the Company.
EBITDA	Earnings before interest, taxes, depreciation and amortization.
EEA	European Economic Area.
Enabling	ABOUT YOU's enabling services for third-party brands, including e-commerce operations and marketing growth services, and part of TME.
ESG	Environmental, social and governance aspects.
Euro and €	The single European currency adopted by certain participating member states of the European Union, including Germany.
Euromonitor	All references to Euromonitor International data are sourced from their database "Passport", which includes data from Euromonitor`s Retailing 2021edition.
Euromonitor Int. COVID-19 Voice	Euromonitor International Ltd., International COVID-19 Voice of the Industry Survey, July 2020.
Existing Shares	3,260,871 existing bearer shares with no par value (*Stückaktien*) from the holdings of the Selling Shareholders which were part of the Private Placement.
Flat Tax	For individuals who are tax resident in Germany (generally, individuals whose domicile or usual residence is located in Germany) and who hold their shares in the Company as private assets, the withholding tax of 25% plus solidarity surcharge of currently 5.5% thereon, resulting in a total tax rate of 26.375% (plus church tax, if applicable) will generally serve as a final tax (*i.e.*, once such tax has been deducted, the shareholder's income tax liability on the dividends will be settled, and he or she will no longer have to declare them on his annual tax return (*Abgeltungsteuer*)).
FMP	Fashion Media Pool GmbH, Berlin, Germany.
Gen Y&Z	Generation Y (*i.e.*, people born between the early 1980s and the mid-to-late 1990s) and Generation Z (*i.e.*, people born between the mid-to-late 1990s and the early 2000s).
General Data Protection Regulation	Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.
Germany	The Federal Republic of Germany.
GFH	GFH Gesellschaft für Handelsbeteiligungen mbH, Hamburg, Germany.
GMPVC	GMPVC German Media Pool GmbH, Berlin, Germany.

Goldman Sachs	Goldman Sachs Bank Europe SE, Marienturm, Taunusanlage 9-10, 60329 Frankfurt am Main, Germany, LEI 8IBZUGJ7JPLH368JE346.
Greenshoe Option	The option to acquire up to 4,774,845 shares of the Company at the Placement Price, less agreed commissions, which the Lending Shareholders have granted the Stabilization Manager, acting for the account of the Underwriters.
Heartland	Heartland A/S, the parent company of Aktieselskabet af 12.6.2018.
HGB	The German Commercial Code (*Handelsgesetzbuch*).
HWB	Hannes Wiese Beteiligungsgesellschaft mbH, Hamburg, Germany.
ICANN	The Internet Corporation for Assigned Names and Numbers.
IDW	The Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland e. V.*).
IFRS	International Financial Reporting Standards, as adopted by the European Union.
iOS App Store	Apple App Store, ABOUT YOU Mode Online Shop.
ISIN	International Securities Identification Number.
J.P. Morgan	J.P. Morgan AG, Taunustor 1 (TaunusTurm), 60310 Frankfurt am Main, Germany, LEI 549300ZK53CNGEEI6A29.
Joint Bookrunners	The Joint Global Coordinators, together with Numis Securities, Société Générale and UBS.
Joint Global Coordinators	Deutsche Bank, Goldman Sachs and J.P. Morgan.
LEI	Legal entity identifier.
Lending Shareholders	GFH Gesellschaft für Handelsbeteiligungen m.b.H., Hamburg, Germany, SevenVentures GmbH, Unterföhring, Germany, GMPVC German Media Pool GmbH, Berlin, Germany and Fashion Media Pool GmbH, Berlin, Germany.
LTIP 2021	A new log-term incentive program implemented by the Company in June 2021.
LTV	Customer lifetime value.
Major Shareholders	Otto (GmbH & Co KG), Hamburg, Germany, Aktieselskabet af 12.6.2018, Aarhus, Denmark, GFH Gesellschaft für Handelsbeteiligungen m.b.H., Hamburg, Germany, Tarek Müller Beteiligungsgesellschaft mbH, Hamburg, Germany, Sebastian Betz Beteiligungsgesellschaft mbH, Hamburg, Germany and Hannes Wiese Beteiligungsgesellschaft mbH, Hamburg, Germany.
Management Board	The management board (*Vorstand*) of the Company.
MAR	Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, as amended.

Market study conducted by Ipsos on behalf of ABOUT YOU	Market study conducted by Ipsos SA. The survey was conducted online by Ipsos on behalf of ABOUT YOU, using the Ipsos Access Panel and selected partner panels. Ipsos interviewed a total of 12,000 persons aged 16-69 in 15 countries (CZ, SK, HU, RO, LV, LT, EE, BG, SI, HR, DE, AT, CH, NL, and BE) between February 23 and March 18, 2021. Mailout was done national representative based on age (16-69 years old), gender, and region. The sample consists of 800 individuals in each country and results can be taken as representative of their population aged 16-69 buying clothing for themselves during the past 12 months.
Media4Equity	Advertising contracts under which the remuneration consists of the granting of shares instead of a payment in cash.
Media	ABOUT YOU's media solutions, which include different online and offline advertising formats for our partners, and part of TME.
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments, as amended.
MiFID II Requirements	MiFID II, Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 of April 7, 2016 supplementing MiFID II and local implementing measures.
Minimum Holding Period	A continuous period of at least 45 days occurring within a period of 45 days prior and 45 days after the due date of the dividends.
Minimum Risk Test	(i) The relevant shareholder must qualify as beneficial owner of the shares in the Company for a continuous period of at least 45 days occurring within a period of 45 days prior and 45 days after the due date of the dividends, (ii) the shareholder has to bear at least 70% of the change in value risk related to the shares in the Company during the Minimum Holding Period without having, in particular, entered into hedging transactions (acting by itself or through a related party), which directly or indirectly lower the change in value risk by more than 30%, and (iii) the shareholder is not required to fully or largely, directly or indirectly, transfer the dividends to third parties.
MMA	The Madrid Agreement Concerning the International Registration of Marks of April 14, 1891, as last amended on September 28, 1979.
New Shares	28,571,429 newly issued bearer shares with no par value (*Stückaktien*) from the Placement Capital Increase against cash contributions resolved by a shareholders' meeting of the Company on June 14, 2021.
Net Operating Losses or NOLs	Net operating losses.
Nordics	The Nordic market, *i.e.*, Denmark, Finland and Sweden.
Numis Securities	Numis Securities Ltd., The London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT, United Kingdom, LEI 213800P3F4RT97WDSX47.
Order	The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.

Otto or Otto Group	Otto (GmbH & Co KG), Werner-Otto-Straße 1–7, 22179 Hamburg, Germany, HRA 62024, together with its consolidated subsidiaries.
Over-Allotment	The allocation of 4,774,845 Over-Allotment Shares as part of the allocation of the Placement Shares.
Over-Allotment Shares	4,774,845 existing bearer shares with no par value (*Stückaktien*) from the holdings of the Lending Shareholders in connection with the Over-Allotment.
Parent-Subsidiary Directive	Article 2 of Council Directive 2011/96/EU of November 30, 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different member states, as amended.
Performance Vesting Shares	Vesting Shares that are performance-based.
Placement Capital Increase	A capital increase against cash contributions of 28,571,429 newly issued bearer shares with no par value (*Stückaktien*) resolved by a shareholders' meeting of the Company on June 14, 2021.
Placement Price	The price per Placement Share in the Private Placement, *i.e.*, €23.00.
Placement Shares	The Base Shares together with the Over-Allotment Shares.
PMMA	The Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks of June 27, 1989, as last amended on October 3, 2007.
Pool	Pool under the Pool Agreement in the legal form of an internal partnership under civil law without joint assets (*Innengesellschaft bürgerlichen Rechts ohne Gesamthandsvermögen*).
Pool Agreement	Pool agreement between Otto and GFH from March 23, 2021 to coordinate the exercise of voting rights from all shares held by them in the Company.
Pool Meeting	The meeting of the Pool members.
Pooled Shares	All shares with voting rights in the Company currently held by any party or dependent company (*abhängiges Unternehmen*) within the meaning of Section 17 AktG and those acquired in the future as a result of the exercise of subscription rights, regardless of how they are acquired, as well as all shares with voting rights held by a third party for a pool member on the basis of a trust or similar agreement.
Portfolio Participation	Portfolio dividends *i.e.*, dividends earned on direct shareholdings in a distributing corporation of less than 10% of its share capital at the beginning of the respective calendar year.
Private Placement	The placement of 36,607,145 bearer shares of the Company with no par value (*Stückaktien*), each such share representing a notional value of €1.00.
Product Liability Act	The German Product Liability Act (*Produkthaftungsgesetz*).

Profit Forecast 2021/22	The forecast of Adjusted EBITDA margin of the Company and its consolidated subsidiaries for the fiscal year ending February 28, 2022, together with the explanatory notes.
Prospectus	This prospectus.
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC, as amended.
QIBs	Qualified institutional buyers as defined in Rule 144A.
Qualified Participation	At least 1% of the share capital of the Company.
Regulation on Textile Labeling	Regulation (EU) No 1007/2011 of the European Parliament and of the Council of September 27, 2011 on textile fiber names and related labeling and marking of the fiber composition of textile products, as amended.
Regulation S	Regulation S under the Securities Act.
Relevant Change of Control	If within any given five year period, more than 50% of the subscribed capital, membership rights, ownership rights or voting rights in a corporate entity are directly or indirectly transferred to an acquirer or to its related parties or to a group of acquirers with convergent interest, or if a comparable event occurs.
Relevant Persons	Investors who have professional experience in matters relating to investments falling within the Order, investors who are high net worth entities falling within Article 49 para. 2 lit. a) through d) of the Order; and other persons to whom it may otherwise lawfully be communicated.
Rule 144A	Rule 144A under the Securities Act.
SaaS	Software as a Service.
SAFE-1	SAFE-1 Immobilieninvest GmbH.
SBB	Sebastian Betz Beteiligungsgesellschaft mbH, Hamburg, Germany.
SE Regulation	Council Regulation (EC) No. 2157/2001 of October 8, 2001 on the statue for a European company (SE).
SEAG	The German Act on the SE Implementation (*SE-Ausführungsgesetz*).
Securities Act	The United States Securities Act of 1933, as amended.
Selling Shareholders	Tarek Müller Beteiligungsgesellschaft mbH, Hamburg, Germany, Sebastian Betz Beteiligungsgesellschaft mbH, Hamburg, Germany, and Hannes Wiese Beteiligungsgesellschaft mbH, Hamburg, Germany.
SEU	Southern Europe, *i.e.*, France, Spain and Italy.

Settlement Value	The settlement value per Stock Option is the difference between (i) the share price at exercise, which is calculated as the 3-trading day VWAP at the beginning of the relevant exercise window and (ii) the Exercise Price and is capped at 200% of the Exercise Price.
Share	Each share of the Company.
Shareholders' Agreement	Voting and shareholders' agreement between Otto and Heartland A/S, the parent company of Aktieselskabet af 12.6.2018 entered from February 22/28, 2021, confirming the parties' support of the Company's growth strategy and governing their cooperation as shareholders of the Company.
Short Selling Regulation	Regulation (EU) No 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps, as amended.
Société Générale	Société Générale, 29 boulevard Haussmann, 75009 Paris, France, LEI O2RNE8IBXP4R0TD8PU41.
Stabilization Manager	J.P. Morgan.
Stabilization Period	The period starting from the date the Company's shares commence trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and ending no later than 30 calendar days thereafter.
Stock Option(s)	Stock option(s) relating to the Company's shares granted to members of the Management Board under the LTIP 2021.
Supervisory Board	The supervisory board (*Aufsichtsrat*) of the Company.
TMB	Tarek Müller Beteiligungsgesellschaft mbH, Hamburg, Germany.
Target Market Assessment	Compatibility with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II, and eligibility for distribution through all distribution channels permitted by MiFID II.
Tax Loss Carry-Forwards	NOLs for German corporate income tax purposes in the aggregate amount of approximately €356 million and NOLs for German trade tax purposes in the aggregate amount of approximately €354 million each at the end of the fiscal year ended February 29, 2020.
Tech	ABOUT YOU's e-commerce software solutions, which are offered to third parties, and part of TME.
Tele Media Act	The German Tele Media Act (*Telemediengesetz*).
Tranche 1 Options	Stock Options with a vesting date on, or prior to, February 28, 2025.
Tranche 2 Options	Stock Options with a vesting date on February 28, 2026 or February 28, 2027.
TME	A specialized B2B service offering comprising e-commerce technology, media and other enabling solutions.
UBS	UBS Europe SE, Bockenheimer Landstraße 2-4, 60306 Frankfurt am Main, Germany, LEI 5299007QVIQ7IO64NX37.

UmwG	The German Transformation Act (*Umwandlungsgesetz*).
Underwriters	The Joint Global Coordinators, together with Numis Securities, Société Générale and UBS.
United States	The United States of America.
VAT	Value-added tax.
VESOP	The virtual share incentive program, pursuant to which we granted a virtual participation in the Company to certain key employees below the board level, and which was amended in 2021 by amendment agreements with the relevant employees, implemented in the fiscal year 2017/2018.
VWAP	The three-month volume weighted average price of the shares of the Company in Xetra-trading or comparable successor trading systems.
Vesting Shares	Shares in the Company held by each Management Board member's investment vehicle at the time of the Private Placement (including shares which are part of the Private Placement), which are subject to a post-Private Placement re-vesting scheme, *i.e.*, while these shares already grant full shareholder rights, they can still be forfeited and become subject to mandatory transfer to the Company without compensation.
Virtual Shares	Virtual shares of the Company.
World Data Lab	World Data Lab, database on generations spending.
WpHG	The German Securities Trading Act (*Wertpapierhandelsgesetz*).
WpÜG	The German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*).

18. RECENT DEVELOPMENTS AND TREND INFORMATION

18.1 Recent Developments

By February 2021, we had already signed more than 65 cooperations with celebrities and brands for the fiscal year ending February 28, 2022, including international celebrities such as Kendall Jenner. We are currently negotiation a further celebrity partnership through the acquisition of shares in the third-party business, similar to our cooperation with The HAUS.

By resolution of the shareholders' meeting of March 11, 2021, the Company changed its legal form to a stock corporation (*Aktiengesellschaft*) under German law and its legal name to ABOUT YOU Holding AG. The change in legal form and legal name was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, under the Company's new docket number HRB 168067 on March 30, 2021.

On May 27, 2021, the Company's shareholders' meeting resolved to increase the Company's share capital by €153,305,555.00 to €157,582,058.00 from the Company's reserves (*Kapitalerhöhung aus Gesellschaftsmitteln*). The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, on May 28, 2021.

On May 31, 2021, the Company's shareholders' meeting resolved, among other things, on a redemption of shares without reduction of the share capital, a share split and a change of the form of the Company's shares from registered shares to bearer shares. The share redemption, the share split and the change in the form of the Company's shares were registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, on June 3, 2021. As a result, as of June 3, 2021, the Company's unchanged share capital in the amount €157,582,058.00 was divided into 157,582,058 bearer shares with no par value (*Stückaktien*), each such share fully paid-up and representing a notional value of €1.00.

As part of the Placement Capital Increase, which was resolved by a shareholders' meeting of the Company on June 14, 2021, 28,571,429 New Shares will be issued from a capital increase against cash contributions. Upon entry of the Placement Capital Increase in the commercial register, the Company's share capital will be increased from €157,582,058.00 by €28,571,429 to €186,153,487.00. The consummation of the Placement Capital Increase is expected to be registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, on or about June 15, 2021.

Between June 8 and June 14, 2021, in anticipation of the expected Admission to Trading, the Company, together with the Joint Bookrunners, conducted the Private Placement of in total 36,607,145 shares in the Company (28,571,429 New Shares, 3,260,871 existing shares from the holdings of the Selling Shareholders and 4,774,845 existing shares from the holdings of the Lending Shareholders). The Company expects to receive net proceeds of approximately €627.0 million from the Private Placement resulting from the sale of the New Shares at the Placement Price of €23.00 per share.

A shareholders' meeting held on June 14, 2021 approved a resolution to change the Company's legal form to a European company (*Societas Europaea (SE)*) organized under European and German law by way of a merger by acquisition (*Verschmelzung durch Aufnahme*) and change its legal name to "ABOUT YOU Holding SE". To transform the Company into a European company (*Societas Europaea (SE)*), the Company (as acquiror) will merge with its 100% subsidiary, ABOUT YOU Tiger Holding AG (as transferor). The transformation into a European company (*Societas Europaea (SE)*) is expected to be registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, in June 2021.

Except as described above, there have been no significant changes to our financial position between February 28, 2021 and the date of this Prospectus.

18.2 Trend Information

In 2020, the effects of the COVID-19 pandemic led to an accelerated shift from offline to online due to various COVID-19-related restrictions on physical retail stores. At the same time total fashion market demand decreased significantly as a result of economic uncertainties. Compared with other consumer markets that have traditionally been more offline, such as home and gardening, beauty and personal care, pet care and consumer health, the COVID-19-induced growth of the European online fashion market was less pronounced but is expected to continue post COVID-19. Online penetration increased from 19% in 2019 to 27% in 2020 and the European online fashion market is expected to grow at a CAGR of 10% between 2020 and 2022 (*source: Euromonitor International, Retailing 2021 ed, retail value RSP, current prices, fixed 2020 exchange rate*). As the fashion market recovers from the effects of the COVID-19 pandemic and consumers continue to enjoy their online shopping experience, we expect our strong growth trajectory to continue in the fiscal year ending February 28, 2022.

For the period between March and April 2021, we have continued to observe strong momentum across all segments. Our revenue growth for this period compared to the same prior-year period was slightly ahead of growth observed for the full fiscal year ended February 28, 2021, driven in particular by very strong trading in March 2021.

Driven by our fast international expansion, the further penetration of our home markets and the continuous development and establishment of our TME solutions, we expect our group revenue to grow by 40-50% in the fiscal year ending February 28, 2022. For our AY DACH segment we expect a moderate revenue increase of approximately mid-20s percentage, which is lightly lower than the previous fiscal year, while we expect revenue for our AY RoE to further significantly increase in the mid-70s percentage range and in the low-60s percentage range in the year after, driven by 13 market launches over the last twelve months and additional market entries this year. Additional significant revenue growth of approximately 50% is expected in our TME segment.

In the medium term, we expect our group revenue growth to trend from a percentage rate in the mid-40s to a percentage rate in the low to mid-20s while our target is to generate approximately €5 billion in revenue by the fiscal year ending February 28, 2026. Revenue growth for AY DACH is anticipated to trend from a percentage rate in the mid-20s to a percentage rate in the mid-teens in the medium term while revenue growth for AY RoE is expected to gradually trend towards high-20s / low-30s percentage, as we establish our offering in recently entered markets. In the medium term, we expect revenue growth for TME to gradually decrease from the 40-50% area to high-teens / low-20s percentage. With more than €100 million in new SaaS contract volume acquired in the fiscal year ended February 28, 2021, which is to be rolled out over the next two years, our high-margin Tech sub-segment continues to provide a strong outlook.

For the fiscal year ending February 28, 2022, we anticipate that our gross margin, which was affected by the COVID-19 pandemic and further market entries in the prior fiscal year, will increase to a level slightly below the gross margin we recorded in the fiscal year ended February 29, 2020. By increasing our share of own labels and exclusive brands, which demonstrate a gross margin uplift of 14 and 16 percentage points compared to our group margin, benefitting from strong margins in our TME segment and economies of scale, we target a gross margin of approximately 45% in the medium term and a gross margin of approximately 47% in the long-term. In the mid-term we expect to increase the 1P share of revenue in DACH to approximately 75%, in line with what we see for our more mature brands and partners, and to stabilize the 1P share in BeNe around 80%. In our newer CEE markets, we expect to increase the 3P share of revenue to offer an even broader assortment and to arrive at a 1P share of approximately 85% in the mid-term.

For the fiscal year ending February 28, 2022, we expect fulfillment costs as a percentage of revenue to increase and be slightly below the percentage recorded in the fiscal year ended February 29, 2020. Our fulfillment cost ratio is expected to be slightly below the level of the fiscal year ended February 28, 2019. In the medium term, our fulfillment cost ratio is expected to remain in the low 20s area with marginal increases. Supported by automation of our distribution centers and localization optimization, our long-term target is to achieve a fulfillment cost ratio of approximately 20%.

To support our continued international expansion, we expect marketing costs as a percentage of revenue for the next two years to moderately increase compared to the previous fiscal year and trend towards a percentage rate in the high-teens area. In the medium term, however, we expect our marketing costs to benefit from a continuous shift towards existing customers and further technology optimization and to trend towards 11-13% of revenue. Our long-term target is to achieve a marketing cost ratio of approximately 9%.

We assume that we will continue to be able to hire highly qualified personnel, in a timely manner, in order to ensure that we continue to have adequate capabilities as compared to the fiscal year ended February 28, 2021. Through operating leverage and selective cost efficiencies, we expect our administrative expenses to decrease again in the medium term and trend down towards a percentage rate in the low / mid-single digits. Our long-term target is to achieve a steady cost ratio of approximately 3%.

As a result of our further international expansion, we expect our Adjusted EBITDA and Adjusted EBITDA margin to slightly decrease below the level recorded in the fiscal year ended February 28, 2021 and come to a similar level as recorded in the fiscal year ended February 29, 2020 in absolute terms. We aim to achieve profitability on an Adjusted EBITDA basis within the next three years, while our long-term target is to deliver an Adjusted EBITDA margin of 15% (Adjusted EBITDA margin for AY Commerce of 13%). This planning is based on our current geographic footprint. Strategic decisions to enter additional markets or to target faster growth in order to solidify our competitive position which may mean that we reach Adjusted EBITDA breakeven later or record a negative Adjusted EBITDA for certain periods even after achieving breakeven.

For the fiscal year ending February 28, 2022, we estimate a total capital expenditure of approximately €34 million and expect our net working capital to remain negative in a low single digit area as a percentage of revenue. In the medium term, we expect our capital expenditures to decrease as a percentage of revenue to approximately 1%.