BIJOU BRIGITTE

Group Management Report

2022

The English translation of the consolidated financial statements is made available for the sake of convenience. The German version is the definitive version.

Securities Identification Number 522 950 ISIN DE0005229504

Key figures of Bijou Brigitte						
Bijou Brigitte Group						
		2018	**2019**	**2020**	**2021**	**2022**
		TEUR	TEUR	TEUR	TEUR	TEUR
1.	Revenue	321.615	333.952	204.875	216.028	306.463
	Change (%)	-1,5	3,8	-38,7	5,4	41,9
2.	Total operating performance	322.204	335.016	205.106	216.423	307.110
3.	Personnel costs	90.563	90.753	72.120	68.794	79.746
	Change (%)	1,3	0,2	-20,5	-4,6	15,9
4.	Number of employees[1)]	2.895	2.863	2.542	2.256	2.271
	Change (%)	-1,3	-1,1	-11,2	-11,3	0,7
5.	EBITDA	44.752	103.460	31.863	75.445	98.392
6.	EBIT	31.544	42.771	-28.726	24.409	50.255
	% of total operating performance (EBIT margin)	9,8	12,8	-14,0	11,3	16,4
7.	Earnings before taxes	31.708	37.367	-33.727	19.866	46.320
	Change (%)	-3,0	17,8	-190,3	158,9	133,2
	% of sales (return on sales)	9,9	11,2	-16,5	9,2	15,1
8.	Consolidated net profit	21.548	25.421	-30.971	17.032	35.265
	Change (%)	-0,6	18,0	-221,8	155,0	107,1
9.	Value creation	122.522	134.161	43.813	93.313	130.620
	Change (%)	0,1	9,5	-67,3	113,0	40,0
10.	Retention	-2.107	2.072	-30.971	17.032	35.265
	Change (%)	-6,0	198,3	-1594,6	155,0	107,1
11.	Non-current assets	56.274	53.914	44.807	37.458	34.886
12.	Right-of-use assets	0	157.099	125.368	101.572	106.893
13.	Capital expenditure	12.281	10.303	5.076	3.138	6.943
14.	Depreciation and amortisation	13.209	60.689	60.589	51.037	48.138
15.	Total assets	270.142	429.667	357.396	354.969	400.384
	Change (%)	-2,0	59,1	-16,8	-0,7	12,8
16.	Equity	234.663	229.490	195.306	213.027	248.828
	% of total assets	86,9	53,4	54,6	60,0	62,1
17.	Return on equity	10,1	12,5	-13,7	8,7	16,5
18.	Cash flow [2)]	30.054	145.462	15.712	76.217	77.593
19.	Earnings per share (EUR)	2,74	3,27	-4,01	2,21	4,58
20.	Dividend per share (EUR)	3,00	0,00	0,00	0,00	5,00
21.	Total number of stores	1.050	1.042	990	926	902
1)	Average for the year – adjusted to full-time employees					
2)	From operating activities					

BIJOU BRIGITTE

Combined
Group Management Report

2022

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* Where necessary, the masculine form is used for titles and personal nouns in this text to improve readability. Corresponding terms apply to all genders equally. Using an abbreviated form of language is for editorial reasons only and does not imply any judgement.

FUNDAMENTALS OF

THE GROUP AND OF BIJOU BRIGITTE MODISCHE ACCESSOIRES AG

Business activity and corporate structure

For the 2022 financial year, a combined Group management report has been prepared for the first time. In previous years, separate management reports were prepared for the Group and for the parent company, Bijou Brigitte AG. The structure of the management report has been adjusted accordingly.

Bijou Brigitte modische Accessoires AG (referred to below as Bijou Brigitte AG) is one of the leading European fashion jewellery chains and looks back on a corporate history spanning 59 years as of this reporting year. The extensive product range comprises around 10,000 articles offering attractive value for money, ranging from fashion and exclusive jewellery to fashion accessories, men's and children's jewellery. Bijou Brigitte focuses on a fashion-conscious target group consisting primarily of female customers. In addition to the classic product range, two main jewellery collections are presented twice a year – Spring/Summer and Autumn/Winter – in sync with the change in seasons. Furthermore, seasonal items are offered to mark all special occasions, for example at Christmas, around Valentine's Day, Mother's Day, Oktoberfest and during the wedding season in the spring.

At the end of the reporting year, the Group had 902 stores in 18 countries. There are stores in Austria, Belgium, Bulgaria, Czechia, Egypt, France, Germany, Greece, Hungary, Italy, Montenegro, the Netherlands, Poland, Portugal, Romania, Saudi Arabia, Slovakia and Spain. As in the previous year, German stores made up around 46% of the total store network.

Sales are primarily made in Bijou Brigitte stores that are mainly located on highly frequented shopping streets and in shopping centres. The company has also been selling a selection of items in various department stores through licensed partners in Germany since 2008, and internationally since 2010. This sales channel did not represent a material portion of Group revenue or earnings in the financial year 2022. Bijou Brigitte has had an online shop since

2006, which is constantly updated to meet customer requirements. The online shop is now represented in Germany, France, Italy, the Netherlands and Spain. However, the share of Group revenue and earnings arising from this sales channel is also not material. Some of the German stores are operated by lessees, who sell jewellery in the name and on behalf of Bijou Brigitte and receive a revenue-based commission for so doing.

The main external influencing factors include cyclical and macroeconomic conditions and developments in the market and the industry. These affected the operations and earnings position of the Bijou Brigitte Group and Bijou Brigitte AG in the 2022 financial year, both through the continuing effect of the coronavirus pandemic and through the uncertain geopolitical situation.

Internal management system

The business activity of the Bijou Brigitte Group and Bijou Brigitte AG is based on a regionally aligned network of stores and locations. All major steps along the value chain, as well as its supporting processes, are centrally managed.

The most significant key financial indicators for both the Bijou Brigitte Group and Bijou Brigitte AG are sales and operating earnings before taxes (EBT) as well as the development of inventories, investment volumes and the equity ratio. The most significant key non-financial indicator is the number of stores.

Segment reporting conforms with the provisions of IFRS 8 and is therefore prepared using the so-called ‘management approach’. Internal reporting is based on segmentation by country. The Management Board tracks the performance of key indicators using regular internal reporting so as to be able to react to current business developments.

Research and development

A trading company like Bijou Brigitte does not incur any expenses for research and development in the classic sense.

ECONOMIC REPORT

FOR THE GROUP AND FOR BIJOU BRIGITTE AG

Overall economic and sector-related conditions

The global economy cooled substantially in the year under review as a consequence of higher energy prices and continuing high retail price inflation. The Russian war of aggression in Ukraine caused a rise in both geopolitical risk and politico-economic uncertainty. China's zero-Covid policy also led to production stoppages and further supply shortages.[1]

In the euro area, economic activity remained on an upward trend during the first half of 2022. From the summer onwards, however, the direct and indirect effects of the Russia-Ukraine war and the loss of purchasing power resulting from the high inflation rates led to a substantial deterioration of the macroeconomic climate. After adjusting for inflation, economic growth in the euro area was 3.5% in 2022, with retail price inflation at 8.4%.[2]

The German economy enjoyed a good start to 2022. This upward trend was curbed by the Russian war of aggression in Ukraine, which gave rise to a further rise in energy prices over the course of the year. During the first half of the year, the decline in household purchasing power was offset by the positive effects of the lifting of pandemic-related containment measures.[3] Overall, the German economy grew by 1.9 % relative to 2021.[4] Consumer spending rose by 4.3% relative to the previous year, not least due to a declining savings rate.[5] Despite the gloomier economic conditions, a robust German labour market saw the number of people in employment rise by 1.3% to EUR 45.6 million relative to 2021, mainly in service sectors.[6] German consumer prices rose by 7.9% year on year, driven by massive rises in energy and food prices.[7]

[1] German Council of Economic Experts: Annual Expert Report 2022/23, December 2022
[2] German Council of Economic Experts: Updated Macroeconomic Forecast, March 2023.
[3] German Council of Economic Experts: Annual Expert Report 2022/23, December 2022
[4] German Federal Statistical Office: press release no. 020, 13 January 2023
[5] German Council of Economic Experts: Updated Macroeconomic Forecast, March 2023.
[6] German Federal Statistical Office: press release no. 020, 13 January 2023
[7] German Federal Statistical Office: press release no. 022, 17 January 2023

In Spain, the economy recovered slower than expected from the effects of the pandemic, achieving annual growth of 4.5%. The European Commission expects that a return to pre-crisis levels will not occur until 2024. The labour market was relatively stable, due in part to the revival of tourism. Private consumption shrank over the year, with an annual growth rate of just 1.5%.[8]

In Italy, the economy was afflicted in 2022 by high energy and raw material costs, rising inflation and falling purchasing power, as well as disruptions to supply chains, especially at the year end. Year-on-year economic growth was 3.8%, while private consumption rose by 3.7%. There was little dynamism in the labour market, while retail began to look more optimistic again by the end of the year.[9]

Portuguese economic performance increased by 6.6% over the past year, making Portugal the second-strongest driver of growth in the EU. This positive development was due especially to the recovery of the service sector. Rising inflation took hold later in Portugal than in other EU countries. Food and rents, in particular, became more expensive, dragging down the climate for consumption. The labour market remained robust. Private consumption rose last year by 5.4%.[10]

Despite the upheavals in the global economy, the economy in France proved resilient, growing at a rate of 2.6%. Economic and geopolitical uncertainty, along with the rapid rise in the cost of energy and primary products, stifled the appetite for capital spending among both businesses and consumers. Sharp rises in petrol, energy and food prices increasingly darkened the mood among consumers from summer 2022 onwards, leading to a 2.8% rise in private consumption relative to the previous year.[11]

Bijou Brigitte buys the bulk of its merchandise in US dollars. If the US dollar appreciates (against the EUR), this also means an increase in purchasing costs. The USD-EUR exchange

[8] GTAI: Economic Outlook Spain, 1 December 2022
[9] GTAI: Economic Outlook Italy, 1 December 2022
[10] GTAI: Economic Outlook Portugal, 23 December 2022
[11] GTAI: Economic Outlook France, 30 November 2022

rate moved between 0.96 and 1.15 over the course of 2022. On average, a euro was worth USD 1.05, compared with USD 1.18 the previous year. At USD 1.07 at the end of 2022, the euro had depreciated by 5.3% against the end of 2021.

In addition to the general economic conditions, the overall trend in the retail industry is of major importance to the company's performance. Over the past year, this trend was largely driven by rises in consumer prices as a result of energy shortages and supply chain problems. However, price rises in retail-relevant non-food markets were substantially more moderate than in the retail sector as a whole.[12] Overall, German retail shrank by 0.6% in real terms relative to 2021, mainly as a result of the sharp increases in consumer prices for energy and food. By contrast, annual revenues for non-food were the highest since 1994, with price-adjusted growth of 2.0% relative to the previous year.[13] Indeed, sales of textiles, clothing, footwear and leather goods, with year-on-year growth of 27.0%, achieved the highest real-terms growth of any retail sector for which figures are recorded, although the pandemic-induced losses of previous years have still not been fully offset. In Germany, revenues from bricks-and-mortar retail saw a price-adjusted uptick of 1.3% compared to 2021.[14] Online retail was held back in the reporting year by general macroeconomic developments, although annual online revenues remained substantially above the amounts achieved in 2019, before the pandemic. This was driven in particular by day-to-day grocery and health products.[15] Internet and mail-order retail recorded a price-adjusted revenue decline of 8.5%.[16]

The competitive environment remained tough during the year. Retail remains the biggest attraction for visitors to city and town centres. However, town centre areas have suffered from declining footfall since the coronavirus pandemic. Almost 20% of Germans say that they visit town centres less often since the pandemic or have stopped going altogether. A range of measures are needed to make town centres more varied and thus more attractive

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[12] German Trade Association (HDE): Consumption Monitor - Prices 2022/2023, 15 December 2022
[13] German Federal Statistical Office: press release no. 039, 31 January 2023
[14] German Federal Statistical Office: press release no. 039, 31 January 2023
[15] Centre for Research in Retailing (IFH), Cologne: press release, 7 December 2022
[16] German Federal Statistical Office: press release no. 039, 31 January 2023

on a long-term basis. As well as attractive retail experiences, more green spaces and opportunities to linger are expected, as well as exciting options for eating out, culture and leisure.[17]

Business trend and position for the Group and Bijou Brigitte AG

Business development of the Group as a whole

As stated in the ad hoc press release of 6 September 2022, the 2022 forecast that was contained in the 2021 Group Management Report was revised. The forecast range for Group revenues was raised from EUR 260.0-280.0 million to EUR 280.0-300.0 million. The forecast range for Group pre-tax earnings was raised from EUR 0.0-15.0 million to EUR 20.0-35.0 million. The expected equity ratio was revised from 63.0-65.0% to 64.0-66.0%. In contrast to the original forecast, the number of stores in the Group was expected to be slightly below the previous year's level of 926 locations (as of 31 December 2021). Forecast capital expenditure remained unchanged with a range of EUR 3.0-8.0 million, as did the forecast range for inventories (EUR 53.0-63.0 million).

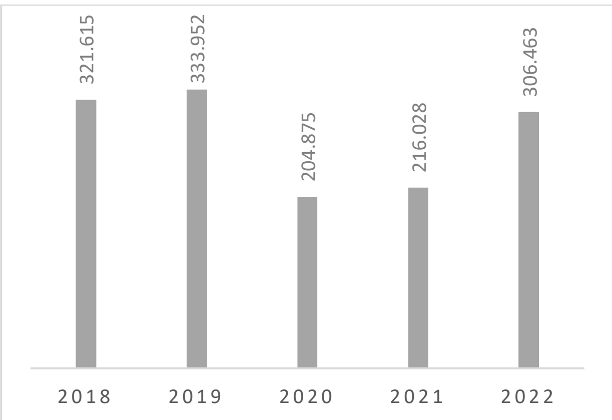
Revenues for the Bijou Brigitte Group rose by 41.9% in 2022 to EUR 306.5 million (previous year: EUR 216.0 million), slightly exceeding the upper value of the forecast range by 2.1%. This development is primarily attributable to the lifting of the protective measures taken against the coronavirus pandemic and the associated catch-up effect in the retail sector.

Earnings before taxes (EBT) were EUR 46.3 million, as compared to EUR 19.9 million in the previous year, and were thus well above the adjusted forecast of EUR 20.0-35.0 million. This was due in particular to an upswing in in-store business following the abolition of the coronavirus restrictions, as well as to strict cost management. The Group's post-tax earnings for 2022 were EUR 35.3 million, compared with EUR 17.0 million the previous year.

[17] HDE: New survey, 16 December 2022

Capital expenditure of EUR 6.9 million (excluding cash investments in connection with short-term treasury management) was, as expected, higher than the previous year's level (2021: EUR 3.1 million). This was mainly due to store refurbishments. Inventories stood at EUR 71.9 million, higher than both the previous year's level (2021: EUR 58.6 million) and the forecast range (EUR 53.0-63.0 million). This development was mainly the result of bringing forward purchases of merchandise to prevent potential supply shortages and to anticipate price rises due to exchange rate effects and increased shipping costs. The equity ratio rose to 62.1% in the reporting year (previous year: 60.0%), slightly below the forecast (64.0-66.0%). The number of stores developed in line with the revised forecast. At 902 locations, the total as of 31 December 2022 was somewhat lower than the figure of 926 as of 31 December 2021.

Bijou Brigitte Group: Development in sales
(in TEUR) 2018 – 2022



Business trend by segment

Due to the lifting on access restrictions to retail premises in the second quarter of 2022, revenues in the German segment rose by 55.0% during the reporting year to EUR 151.4 million (previous year: 97.7 million). Segmental earnings before taxes came to EUR 21.1 million (previous year: EUR 14.3 million) This effect resulted mainly from the upswing in in-store business. Capital expenditure rose from EUR 2.2 million the previous year to EUR 4.0 million in the year under review. Spending was mainly focused on the relaunch of the online shop and store refurbishments.

The Spanish market also continued to recover during the reporting year from the impacts of the pandemic. In the Spanish segment, sales rose by 24.4% from EUR 30.0 million to EUR 37.3 million. Pre-tax earnings increased from EUR 0.5 million to EUR 6.8 million. Capital expenditure totalled EUR 1.2 million in the Spanish segment in the reporting period (previous year: EUR 0.1 million). Investments were mainly made in improvements to stores.

Business in the Italian segment also revived swiftly once the coronavirus restrictions came to an end. At EUR 31.5 million, sales were up by 23.7% year on year (previous year: EUR 25.4 million). Pre-tax earnings also rose here from EUR 1.4 million in the previous year to EUR 5.1 million in the reporting year. Capital expenditure totalled EUR 0.5 million, with funds being primarily invested in improvements to existing stores (previous year: EUR 0.07 million).

At EUR 9.2 million, sales in the Portuguese segment were 46.7% above the previous year's level of EUR 6.3 million. Segmental earnings before taxes improved to EUR 2.4 million, compared with EUR 0.7 million in the previous year. Capital expenditure during the year of EUR 0.09 million mainly concerned IT projects (previous year: EUR 0.0 million).

The French segment posted a 21.2% increase in sales to EUR 26.4 million in the reporting year, compared with EUR 21.8 million in the previous year. Earnings before taxes in this segment amounted to EUR 1.6 million (previous year: EUR -0.3 million). Capital expenditure rose from EUR 0.1 million in 2021 to EUR 0.3 million and was mainly used for IT projects.

Sales in the "Other countries" segment, which combines various European countries, also recovered during the year from the effects of the pandemic, once the coronavirus restrictions were fully lifted. Sales rose by 45.5% to EUR 50.7 million (previous year: EUR 34.8 million). Segment profit before taxes improved to EUR 9.8 million, compared with EUR 2.0

million in the previous year. Capital expenditure totalled EUR 1.0 million (previous year: EUR 0.7 million) and was primarily used for new store openings and store refurbishments.

Business development for Bijou Brigitte AG

Mainly due to the lifting of the coronavirus restrictions, revenue at Bijou Brigitte AG rose by 50.0% in 2022 to EUR 203.3 million (previous year: EUR 135.6 million; previous year's forecast: EUR 175.0-190.0 million). Actual revenue thus exceeded the previous year's expectations. This is mainly due to catch-up effects in the retail sector.

Net profit for the reporting period was EUR 18.7 million, compared with EUR 12.2 million the previous year (+52.6%). This effect is mainly attributable to the upswing in sales and increased income from long-term equity investments.

Profits from the Dutch stores, which are run as permanent establishments of the German company and thus contribute to the annual profit of Bijou Brigitte AG, came to EUR 1.1 million in 2022, marking an increase of EUR 1.3 million relative to the loss of EUR -0.2 million in 2021. This change is primarily attributable to the upswing in sales in the Dutch stores following the end of the coronavirus restrictions, as well as to deferred tax effects.

Earnings before taxes and income from long-term equity investments (including interest) together came out at EUR 20.0 million, 15.9% higher than the previous year's figure of 17.3 million, and thus substantially surpassed the forecast, which was within a range from EUR -2.0 million to EUR 8.0 million. This was principally due to the positive business development in our stores after all pandemic-related restrictions had been lifted.

Capital expenditure was EUR 3.6 million, higher than in the previous year (2021: 2.2 million) and within the forecast range of EUR 2.0-4.0 million. It mainly concerned store refurbishments. Inventories were EUR 50.0 million, a rise of EUR 8.7 million from the previous year (2021: EUR 41.4 million). This was in excess of the forecast of EUR 38.0-42.0 million. This development arose principally because purchases were made early in order to prevent potential supply shortages. Exchange rate effects and higher shipping costs also affected the change in inventories. The equity ratio rose to 59.8%, compared with a figure of 57.3% in 2021. Due to the ongoing consolidation of the store network, the total number of 430 German and Dutch stores as of 31 December 2022 was below the forecast level and slightly under the figure for the previous year (31 December 2021: 438 locations).

Net assets, financial position and results of operations for the Group

Net assets

Non-current assets increased in comparison with the previous year (EUR 147.0 million) to EUR 149.3 million in the reporting year. This effect resulted principally from an increase in right-of-use assets.

At EUR 71.9 million, inventories were 22.6% above the previous year's level (previous year: EUR 58.6 million). The main reasons were the early purchasing of merchandise, in order to prevent potential supply shortages, and higher shipping costs and exchange rate effects.

Current assets (not including cash and cash equivalents) decreased year-on-year by EUR 50.9 million to EUR 149.5 million (previous year: EUR 98.6 million). This was due chiefly to the increases in inventories and in fixed-term deposits with a term of more than three months, which are disclosed in other financial assets. In the reporting period, cash and cash equivalents decreased to EUR 101.5 million compared to EUR 109.4 million in the previous year, accounting for 25.4% of total assets (previous year: 30.8%) If fixed-term deposits (disclosed in other financial assets) are included, the total of cash, cash equivalents and cash investments rose to EUR 171.5 million (previous year: EUR 139.5 million), accounting for 42.8% of total assets (previous year: 39.3%)

Bijou Brigitte Group: Overview of net assets

in EUR millions	**2022**	**2021**
Non-current assets	149.3	147
Inventories	71.9	58.6
Cash and cash equivalents	101.5	109.4
Other current assets	77.6	39.9
Equity	248.8	213.0
Non-current liabilities	81.6	77.0

As of 31 December 2022, Bijou Brigitte had an equity ratio of 62.1% (previous year: 60.0%) following a EUR 45.4 million increase in total assets. As of the reporting date, 31 December 2022, the Bijou Brigitte Group's equity amounted to EUR 248.8 million, compared to EUR 213.0 million as of 31 December 2021.

When comparing successive reporting dates, non-current liabilities rose from EUR 77.0 million (31 December 2021) to EUR 81.6 million (31 December 2022). This is primarily due to higher lease liabilities.

Financial position

Main features and objectives of financial management

The financial management of the Bijou Brigitte Group is controlled centrally by the Group parent company. Its area of responsibility ranges from the management of the capital structure and liquidity management to controlling financial risks.

Bijou Brigitte Group: Overview of financial position

in EUR millions	**2022**	**2021**
Cash flow from operating activities	77.6	76.2
of which depreciation, amortisation and impairment of fixed assets	9.3	10.2
Cash flow from investing activities	-46.8	5.7
of which investments in property, plant and equipment and intangible assets	-6.9	-3.1
Cash flow from financing activities	-39.7	-42.0

The aim of financial management is primarily to ensure a high equity ratio so as to safeguard the Group's financial independence from the need to borrow capital. At the same time, a high level of earnings should be ensured over the long term through a solid financial basis.

The Management Board and Supervisory Board take a decision annually regarding a dividend proposal once the respective annual financial statements are available and after considering the future business outlook.

Derivative financial instruments for hedging financial risks are not used. Exchange rate risks result for the Bijou Brigitte Group primarily from operating activities.

Development of financial situation

Cash flow from operating activities amounted to EUR 77.6 million in the 2022 financial year compared with EUR 76.2 million in the previous year. This development was mainly due to the upswing in sales, partly attenuated by the rise in inventories and the income tax payable. In the 2022 financial year, amortisation of right-of-use assets amounted to EUR 38.9 million (previous year: EUR 40.9 million). Depreciation and amortisation on property, plant and equipment and intangible assets amounted to EUR 9.3 million in the reporting period (previous year: EUR 10.2 million).

Cash flows from investing activities amounted to EUR –46.8 million (previous year: EUR 5.7 million). This was essentially due to inflows and outflows in relation to fixed-term deposits, which are disclosed in the cash flow from investing. The change in capital expenditure on property, plant and equipment and intangible assets (EUR 6.9 million; previous year: EUR 3.1 million) was caused by an increase in refurbishments and investments in digitalisation and IT projects.

In the 2022 financial year, cash flow from financing activities amounted to EUR –39.7 million following EUR –42.0 million in the previous year. This change was primarily due to the lower repayment portion of lease payments and reflects the decline in size of the store network.

Bijou Brigitte does not have any loans with banks or other credit institutions. As in the previous year, available overdraft facilities are minimal at EUR 0.1 million (previous year: EUR 3.1 million) and were not utilised during the financial year.

Earnings position

Bijou Brigitte Group: Overview of results

in EUR millions	**2022**	**2021**
Revenue	306.5	216.0
Other operating income	6.7	31.5
Cost of materials	63.2	47.4
Personnel costs	79.7	68.8
Amortisation, depreciation and impairment of intangible assets, property, plant and equipment, and right-of-use assets	48.1	51.0
Other operating expenses	72.5	56.3
Financial result	-3.9	-4.5
Earnings before income taxes	46.3	19.9
Net profit after taxes	35.3	17.0

In all markets, the lifting of coronavirus restrictions led to a rapid revival of business, meaning that Group sales increased by 41.9% to EUR 306.5 million in 2022 (previous year: EUR 216.0 million).

Other operating income declined from EUR 31.5 million to EUR 6.7 million, the high amount in the previous year having resulted from coronavirus relief grants.

The proportion of material costs to Group sales dropped to 20.6% in 2022 (previous year: 21.9%). This is attributable to the positive trend of the US dollar exchange rate in 2021, the effect of which, due to the lower purchasing costs in 2021, was reflected in a lower ratio of material costs only after a certain delay. Given the trend in the US dollar exchange rate in 2022, it is expected that the ratio of material costs will rise again slightly in 2023.

Personnel costs rose by 15.9% from EUR 68.8 million in 2021 to EUR 79.7 million in 2022, mainly due to the raising of the German minimum wage and general salary adjustments, as well as the cessation of short-time working allowances. In the past year, an average of 2,271 employees worked for the Bijou Brigitte Group (in terms of full-time equivalents; previous year: 2,256)

Depreciation, amortisation and impairment of intangible assets, property, plant and equipment and right-of-use assets amounted to EUR 48.1 million in the 2022 financial year, compared to

EUR 51.0 million in the previous year. The main reason for the decrease was the downsizing of the store network. In the reporting period, amortisation of rights of use amounted to EUR 38.9 million (previous year: EUR 40.9 million). Depreciation and amortisation on property, plant and equipment and intangible assets amounted to EUR 9.3 million in the reporting period (previous year: EUR 10.2 million).

Other operating expenses increased by 28.7% from EUR 56.3 million in the previous year to EUR 72.5 million in the reporting year. This was primarily attributable to the increase in sales commissions payable to lessees, following the return to normal business levels. Higher energy costs and the general rises in prices also led to the increase.

The Group's pre-tax earnings for 2022 rose to EUR 46.3 million, compared with EUR 19.9 million the previous year. Accordingly, the return on sales rose from 9.2% (previous year) to 15.1%. After tax, consolidated net profit increased by EUR 18.3 million in the 2022 financial year from EUR 17.0 million in the previous year to EUR 35.3 million.

Appropriation of profit and dividend proposal

Bijou Brigitte modische Accessoires AG's net income for the year calculated in accordance with the provisions of the German Commercial Code (HGB) amounted to EUR 18.7 million in the 2022 financial year (previous year: EUR 12.2 million). In the separate financial statements of Bijou Brigitte AG, balance sheet profit for the reporting period came to EUR 54.5 million (previous year: EUR 35.9 million) with the addition of profit carried forward totalling EUR 35.9 million.

Part of the corporate philosophy of the Bijou Brigitte Group is to allow appropriate participation of the shareholders in the company's success. In view of the positive result for the 2022 financial year, the Management Board and Supervisory Board of Bijou Brigitte modische Accessoires AG will propose to the Annual General Meeting on 20 June 2023 that a dividend of EUR 3.00 per common share (previous year: EUR 0.00) be paid in respect of the 2022 financial year together with an additional bonus dividend of EUR 2.00 per common share on the occasion of the company's 60th anniversary. This would equal a dividend payout ratio of 114.84% of the Group's net profit after taxes for the total number of shares. It would also correspond to a dividend yield (dividend / closing price at the end of the year) of 11.7% (previous year: 0.0%). The dividend distribution would therefore total EUR 40.5 million for 8,100,000 common shares. The company's remaining balance sheet profit of EUR 14.0 million will be carried forward to the new account, along with the amount that would be distributed to the common shares held by the company on the day of the Annual General Meeting but, pursuant to Section 71b of the German Stock Corporation Act (AktG), is excluded from distribution.

In accordance with IFRS, earnings per share were EUR 4.58 (previous year: EUR 2.21). With a year-end share price of EUR 42.60, the price-earnings ratio was 9.3.

Net assets, financial position and results of operations for Bijou Brigitte AG

Net assets

Inventories were EUR 50.0 million, a rise of EUR 8.7 million from the previous year (2021: EUR 41.4 million). This was mainly because the company opted to bring forward purchases of stock in order to prevent potential supply shortages. Receivables and other assets fell to EUR 12.8 million, EUR 0.5 million lower than the previous year's level (2021: EUR 13.3 million), mainly due to the fall in receivables from related companies.

Cash and cash equivalents rose during the period, partly due to the substantial growth in revenues, by EUR 18.3 million to EUR 76.2 million (46.3% of total assets), compared to EUR 57.9 million (41.6% of total assets) the previous year.

Net interest income declined to EUR 0.4 million, compared to EUR 0.5 million the previous year, mainly due to higher interest expenses with related companies.

As of the reporting date, 31 December 2022, Bijou Brigitte AG's equity amounted to EUR 98.6 million, compared to EUR 79.9 million as of 31 December 2021. At 59.8% of total assets, the equity ratio was higher than at the previous year-end (57.3%). This was principally attributable to the fact that no dividends were paid during the year.

As in previous years, Bijou Brigitte AG did not take out any short or long-term loans from credit institutions in 2022.

Financial position

Main features and objectives of financial management

Bijou Brigitte AG's financial management ranges from the management of the capital structure and liquidity management to controlling financial risks.

The aim of financial management is primarily to ensure a high equity ratio so as to safeguard Bijou Brigitte AG's financial independence from the need to borrow capital. At the same time, a high level of earnings should be ensured over the long term through a solid financial basis.

The Management Board and Supervisory Board take a decision annually regarding a dividend proposal once the respective annual financial statements are available and after considering the future business outlook. There is therefore no set ratio as regards dividend distribution.

Derivative financial instruments for hedging financial risks are not used. Exchange rate risks result for Bijou Brigitte AG mainly from operating activities.

Development of financial situation

Cash flow from operating activities amounted to EUR 16.8 million in the reporting year compared with EUR 23.5 million in the previous year. The change of EUR 6.7 million is principally attributable to the increase in inventories, the aim of which is to safeguard the business against potential disruptions to supply.

In 2022, Bijou Brigitte AG made capital expenditure of EUR 3.6 million (previous year: EUR 2.2 million). Spending increased chiefly because it became possible to refurbish more sites during the year.

Depreciation, amortisation and impairments were virtually unchanged at EUR 4.5 million (2021: EUR 4.6 million).

In the 2022 financial year, cash flow from financing activities amounted to EUR 5.1 million following EUR –15.6 million in the previous year. This change is mainly due to the transfer of cash from Group companies.

Results of operations

In the 2022 financial year, Bijou Brigitte AG revenues rose by 50.0% to EUR 203.3 million (previous year: EUR 135.6 million), principally due to the lifting of the measures imposed by the state to contain the pandemic. The operating return on sales before tax and dividends (operating profit as a percentage of revenue) was 9.9%, a decline relative to the previous year (2021: 12.7%). This was mainly due to the granting of EUR 20.4 million in Interim Aid III in the previous year.

Other operating income declined during the reporting year to EUR 4.2 million (previous year: EUR 23.7 million), which was mainly due to the award and payment of EUR 20.4 million in Interim Aid III in the previous year.

In 2022, the ratio of material costs to revenue rose to 34.4% (previous year: 33.3%), due to the negative trend in exchange rates during the year and the increase in shipping costs.

Personnel costs rose by EUR 8.4 million, from EUR 30.2 million in 2021 to EUR 38.6 million in 2022. This is mainly due to the cessation of short-time working allowances, the raising of the minimum wage and general salary increases. On average, 844 staff were employed last year at Bijou Brigitte AG (in terms of full-time equivalents; previous year: 824)

Other operating expenses rose during the period by EUR 12.5 million to EUR 75.3 million (previous year: EUR 62.7 million). This was primarily attributable to the increase in sales commissions payable to lessees, following the return to normal business levels. Higher energy costs and the general rises in prices also led to the increase.

Income from long-term equity investments was EUR 5.0 million in the reporting year (previous year: EUR 0.2 million). This was mainly due to the increased income from related companies.

No impairment charges were required on financial assets during the year (previous year: EUR 0.1 million).

As a result, the EUR 67.7 million increase in sales was translated into a EUR 6.4 million higher net profit for the year, despite higher costs in almost all expense items and considerably lower other operating income.

Overall statement of the Management Board on the economic situation of the Bijou Brigitte Group and Bijou Brigitte AG

Following the lifting of the state-imposed coronavirus restrictions, all segments of the Group achieved a relatively swift recovery from the effects of the pandemic and reported revenue increases accordingly. The Bijou Brigitte Group generated sales of EUR 306.5 million in the 2022 financial year. This is a rise of 41.9% relative to the previous year. Reported Group earnings before taxes rose from EUR 19.9 million in the previous year to EUR 46.3 million, principally as a result of higher sales. The store network decreased to 902 locations (previous year: 926 stores).

Bijou Brigitte AG generated sales of EUR 203.3 million in the 2022 financial year. This represents year-on-year growth of 50.0%. Revenue growth was driven mainly by the lifting of the measures imposed by the state to combat the coronavirus pandemic and the associated catch-up effects in the retail sector. Reported operating profit before taxes rose from EUR 17.3 million the previous year to EUR 20.0 million, mainly due to the upswing in in-store sales.

The Management Board considers the position in the 2022 financial year of both the Bijou Brigitte Group and of Bijou Brigitte AG to be stable and resilient. With a continued very high equity ratio and outstanding liquidity, the company is on an extremely solid economic footing for the new financial year.

Non-financial performance indicators

Changes to the store network

The consolidation of the store network was largely completed in the reporting year. A total of 21 stores were renovated and smaller optimisation measures relating to shop design were implemented in 39 more stores. Four stores were able to improve their location by relocating. A total of 40 stores were closed in the reporting year. The majority of closures were in Germany, Spain, France and Portugal. Bijou Brigitte opened 16 new stores across the Group. The Bijou Brigitte Group operated a network of 902 stores in Germany and abroad as of the reporting date of 31 December 2022 (31 December 2021: 926)

Within Bijou Brigitte AG, four new stores were opened in Germany and 12 were closed. The number of locations in this market thereby reduced from 425 in the previous year to 417. There were no store openings or closures in the Netherlands during the year, and the number of stores thus remained unchanged at 13. Including the franchise stores in Saudi Arabia (18), Egypt (3) and Montenegro (2), the number of Bijou Brigitte AG stores totalled 453 (previous year: 459). In Germany, refurbishments were carried out at two locations and improvement work at a further three in 2022. In the Netherlands, no refurbishment or improvement work was carried out, as in the previous year. The number of German concession operations rose to 396 in the past year (previous year: 378).

OPPORTUNITIES AND RISK REPORT

Opportunities and risk management

The early recognition of risks and opportunities, as well as the subsequent measures, is an important part of corporate governance at Bijou Brigitte. As part of the company's risk management system, appropriate principles and procedures have been set out in a directive, applicable throughout the Group, which is based on legal requirements and professional standards (such as those of the Institute of Public Auditors in Germany [IDW]). Risk management is an integral part of the centralised and decentralised planning, management and control processes. The risks and opportunities report in principle covers the entire statutory consolidation group of Bijou Brigitte AG.

Overall statement of the Management Board

In the 2022 financial year, the Bijou Brigitte Group continued to monitor the macroeconomic environment, developments in the retail sector, and its in-house processes in order to identify risks and opportunities early on. Structured systematic risk management processes have ensured the efficient management of overall risks in the Group. Developments that pose a threat to the company as a going concern can thus be recognised in good time and appropriate measures can be taken to ensure the company's continued existence. Risk management ensures that urgent risks are forwarded to the Management Board as appropriate at all times.

Permanent risk monitoring is the focus of the entire company, particularly as a result of the general geopolitical risks and uncertainties. Bijou Brigitte does not operate any stores, franchise stores or concessions in Russia or Ukraine. The Bijou Brigitte Group is therefore not directly impacted by the effects of the Russian invasion. However, the indirect effects, notably inflation risks, financial market movements and high purchase costs for energy and raw materials, may affect the Group's net assets, financial position and results and are therefore monitored continuously.

The Management Board continuously analysed and monitored the risk-bearing capacity of the Bijou Brigitte Group in the 2022 financial year, taking into account earnings and liquidity developments. Based on an assessment of all current risks and interdependencies, there were in the reporting year and remain no risks to the net assets, financial position and results of operations of the Bijou Brigitte Group that could jeopardise its continued existence.

Risk definition

Risks are events and developments that have a certain degree of probability of occurring and that have a major negative financial impact on the achievement of targets and the fulfilment of the company's mission.

Note, however, that this should not be equated with risk avoidance. Rather, it is a matter of managing opportunities and risks in an effective and efficient way. Essential risks to the operating business and its continuation as a going concern should be identified, assessed, and limited or reduced, while opportunities should be exploited to the best possible extent. The aim is to apply risk management systematically in order to minimise the potential threat posed by unknown and/or insufficiently managed risks.

Risk strategy

The aim of the Bijou Brigitte Group's risk strategy is to safeguard the continued existence of the company and, furthermore, to increase the company's value on a sustainable basis. Opportunities should be used in an optimal way and company risks should be proactively managed. Risks to the continued existence of the company must be avoided.

Risk management process

Bijou Brigitte has defined the following uniform risk management sub-processes, all of which are mandatory: identifying and reporting risks at an early stage, assessing risks in the same way, managing risks and developing measures, monitoring risks and tracking the implementation of measures.

The known risks from the previous year and newly identified risks for the current year are reviewed by the respective risk owners twice every year, adjusted where necessary, and the subsequent risk potentials reassessed. Risks are monitored over a period of twelve months.

Dealing with sudden risks

If new risks arise in the short term due to changes in general social, political, market or industry conditions or in the business itself, the relevant risk owner has a duty to inform the risk manager and the Management Board immediately. The new risk will then be assessed accordingly, and appropriate measures should be introduced in order to deflect or minimise the risk.

Roles and responsibilities

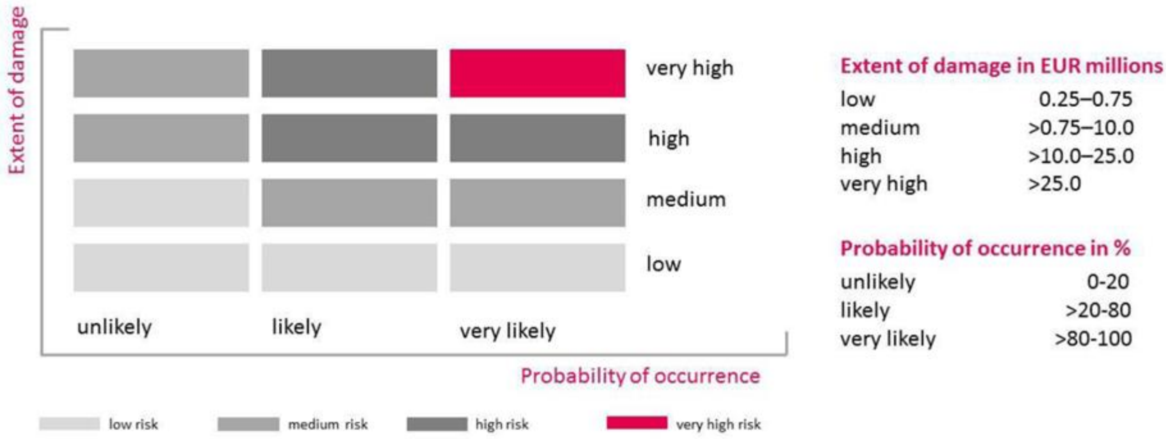
The Management Board defines the corporate strategy and objectives as a foundation on which the risk management system is set. The binding system requirements are therefore formulated top-down and apply to all operating units. The actual responsibility for recording and managing risks along the value chain starts bottom-up with the responsible specialists in the operating units. In the course of internal risk training, employees tasked with risk management were informed about the set-up and workflows in place, as well as how to implement processes.

Risk assessment

Accounting for the countermeasures taken, the identified risks are subject to a standardised assessment in terms of their probability of occurrence and scale of potential damage, and classified as low, medium, high or very high.

Potential risk interdependencies are also noted. In addition, risk owners use the risk survey to assess whether the risks that exist within their sphere of responsibility have cross-departmental impacts. Any such risk interdependencies that exist are also assessed. The departments/risk owners involved will then introduce appropriate joint measures to control the risk.

Risk aggregation and risk-bearing capacity



If multiple risks posing a very high total risk were to occur at the same time and over an extended period, this could jeopardise Bijou Brigitte's ability to continue as a going concern. In the risk-bearing capacity calculation, material risks are combined into an overall risk position (risk aggregation) and compared with the risk coverage potential. Adequate risk-bearing capacity is deemed to exist if the risk coverage potential is sufficient to cover all material risks on an ongoing basis. Risk coverage potential is defined as the maximum amount of capital available to address risks. At Bijou Brigitte, it is made up of shareholders' equity and/or cash and cash equivalents.

Risk management

The aim of risk management is to develop individual countermeasures to reduce the likelihood of a risk occurring and/or to limit the maximum amount of potential damage. A general distinction is drawn between four forms of management: prevention, acceptance, mitigation and transfer. No transactions are performed that violate the Group’s code of conduct or company guidelines. Furthermore, insurance policies may be taken out to compensate for financial risks.

Risk reporting

Risk reporting ensures that the findings of risk control are communicated in a timely, understandable and meaningful way. Risk causes and their countermeasures are presented in tables. A risk matrix is then created to allow swift identification of material risks. The risks are also ranked in order of priority. A risk report is prepared at least twice a year and sent to the Management Board and Supervisory Board. In the event of an exceptional risk situation, the Management Board and Supervisory Board are informed immediately.

Risk reporting covers not only accounting functions (evidence of appropriate behaviour) but also security functions (error prevention measures) and control functions (basis for the Supervisory Board's review, internal audit) etc.

Accounting-related internal control system

In order to ensure the appropriateness of the accounting and the reliability of the financial reporting in the consolidated financial statements, an accounting-related internal control system has been established. As an integral part of the Group accounting process, it comprises security and monitoring measures for preventative, supervisory and detection purposes in accounting and operating functions. Such measures include the separation of functions, the double-check principle, approval processes, IT checks, access restrictions in the IT system and system-supported methods to process Group accounting-related data. Process instructions, standardised reporting formats and IT-based reporting and consolidation processes serve as support for Group accounting and the accounting-related reporting for the subsidiaries included in the consolidated financial statements. Standard Group-wide accounting and valuation methods are ensured by comprehensive Group accounting requirements. Protection systems defend digital data from unauthorised access.

Independent monitoring[18]

Internal audit forms part of the internal control system. Key components of the internal control system comprise, in addition to compliance with statutory and in-house regulations, a clear definition of responsibilities, use of an effective IT control system and comprehensive application of the principle of dual control, which form the basis for a reliable and compliant accounting process. Internal audit regularly assesses RMS processes as part of its monitoring

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[18] This information constitutes information outside the scope of the management report as defined by Section A.5 of the German Corporate Governance Code. It thus goes beyond the legal requirements for
the management report and is therefore not subject to a review of its content by the auditor.

function. Monitoring the appropriateness and effectiveness of the RMS is a responsibility of the Supervisory Board, which is fulfilled by the audit committee of the Supervisory Board. The Group's external auditor also forms an assessment of the adequacy of the measures put in place for the early identification of risks to Group's ability to continue as a going concern in the context of its audit of the consolidated financial statements. After a thorough review and assessment of the current risk position and the measures taken to minimise and/or prevent risks, the Supervisory Board confirmed the appropriateness and effectiveness of the RMS in the Bijou Brigitte Group.

Explanation and assessment of significant opportunities and risks

Pandemic

The potential risks posed by governmental measures to contain infection rates during a pandemic can have huge effects on the entire Bijou Brigitte Group. In particular, potential shop closures during lockdowns and far-reaching access restrictions in the stores can lead to massive declines in sales while costs continue. The impact of the coronavirus pandemic continued to affect the global economy negatively in 2022, particularly by causing disruptions in supply chains. Possible new viruses or virus variants and a resulting global wave of infections could make it necessary for state governments to renew restrictions and safety measures, thereby creating massive uncertainty.

Bijou Brigitte permanently monitors the current political and economic development in the European countries and takes measures at an early stage to mitigate the risk as far as possible. This includes the consolidation of the entire store network, especially the closure of unprofitable stores, the securing of liquidity and the permanent implementation of cost-saving measures. E-commerce is being expanding on a continuous basis. All necessary protective measures are taken to minimise the risk of infection for employees and customers. To this end, Bijou Brigitte regularly adapts its safety concept to reflect the applicable regulations and conditions. The risk is downgraded from very high to high in the 2022 financial year.

Economy

The general economic conditions have an influence on the business activities and thus on the net assets, financial position and results of operations of the Bijou Brigitte Group. Unpredictable disturbances within the global economic interdependencies can lead to effects that are difficult to assess. Economic risks potentially lead to a reduction of purchasing power in the affected countries and regions and can thus cause a decline in demand for offered products. Economic risks could be associated with a high impact on results over the one-year observation period due to the associated fluctuations in sales.

Market conditions in Europe have changed significantly since the start of the Russia-Ukraine war; the energy and commodity markets have been particularly affected. Inflation is at an all-time high, and private households' purchasing power is accordingly restricted. It is also impossible to foresee the long-term changes, for example in consumer preferences and market conditions. Europe-wide action plans and strategies need to be developed in a global context to effectively address the challenges.

The Bijou Brigitte Group continuously monitors the macroeconomic, political and regulatory situation in all major markets in order to identify potential problem areas at an early stage and quickly adjust business activities accordingly. Possible adjustments include shifting investments to other, more attractive markets, consolidating the entire store network, especially closing unprofitable stores, and permanently implementing cost-saving measures. Overall, Bijou Brigitte continues to classify the economic and macroeconomic risks as high.

Market and industry

In addition to economic and industry-specific political conditions, risks are posed in particular by changes to consumer preferences and to brand perception, as well as increasing intensity of competition. A change in customer behaviour with regard to consumption habits, for example, is leading to a shift from bricks-and-mortar to online retailing. This is contributing to the already partial desolation of city centres and is accompanied by a decline in the number of visitors to shopping centres and high streets, which is in turn reflected in footfall in the stores. Possible changes in the legal framework can also have a negative impact on the development of sales. The bricks-and-mortar fashion market has been under pressure for years, with the ongoing coronavirus pandemic and the Russian war of aggression in Ukraine further exacerbating the situation. At the same time, sustainability is becoming an increasingly important topic, particularly among the younger demographic.

Bijou Brigitte permanently analyses the market situation as well as the sales development and customer frequencies in all of the Group's key markets. New offers and services are continuously developed in order to offer customers an attractive shopping experience and thus to increase customer frequency and customer loyalty over the long term. In addition, the focus is on the consistent expansion of online retailing and activities on social media channels. Currently, we are only seeing a slight change in customers' purchasing behaviour. Changes in customer behaviour or other consumer preferences therefore have no material impact on results. Nevertheless, the risk continued to be classified as high in the 2022 financial year.

Energy procurement

Since the start of the Russia-Ukraine war, the cost of buying energy (e.g. gas and electricity) has increased many times over all across Europe. This is leading to substantial cost rises in the Bijou Brigitte Group. There is currently no end in sight to the rise in electricity and gas prices. The overall risk is assessed as "medium". Bijou Brigitte continuously monitors developments in the European energy markets and is exploiting all reasonable opportunities to save energy, e.g. by switching lights to LEDs. This could give rise to savings of 20-30% on energy costs over the medium term.

Procurement

Bijou Brigitte sources the majority of its goods from the Far East. This gives rise to potential purchasing risks, which may stem, for example, from rising raw material, material and freight costs, disruptions in the supply chain and quality problems. The company counteracts these risks within the framework of its risk management. The broad-based network of suppliers means potential risks associated with dependency on individual suppliers or their failure to deliver are minimised. Selling prices are also adjusted – as far as possible – to reflect current market conditions. Events such as changes in the law and social upheaval in the countries from which we source our products may result in higher procurement costs and delivery delays. This risk is again classified as high in the 2022 financial year.

Failure to meet quality requirements or agreed delivery times, changes in procurement conditions in the supplier country due to wars or sanctions, or the potential loss of a supplier due to sudden business closure, force majeure or epidemics may all have a negative impact on Bijou Brigitte. Given the geographical spread of our supplier network, the probability of a complete collapse of supplies due to natural disasters or similar reasons is very low. Procurement risk is classified as medium in the current financial year.

Growing pressure from competitors and changes to the legal framework are additional risks that are classified as medium for the 2022 financial year. This may present Bijou Brigitte with opportunities, as competitors could withdraw from the market and permit Bijou Brigitte to further consolidate its market position.

Rising personnel or raw material costs for suppliers, a failure to comply with legal requirements regarding ingredients as well as trademark and design law, and the failure to recognise market trends can also lead to higher procurement costs or delivery delays. Bijou Brigitte continuously improves its procurement planning and explores alternative procurement markets. The classification of these risks was downgraded from medium to low in the 2022 financial year.

To keep any cost increases due to the general rise in raw material prices as low as possible, inventories are continuously optimised, procurement is planned in such a way as to reflect demand and alternative procurement sources are explored. This procurement risk is classified as low in the 2022 financial year.

Current raw material and capacity shortages may lead to delays in deliveries with label suppliers. This would affect several departments such as Import, IT, Visual Merchandising and the online shop. Bijou Brigitte continuously monitors delivery times and enlarges its portfolio of suppliers to minimise this risk. It was assessed for the first time in the risk analysis for the current financial year and continues to be classified as low.

Human resources

The demands on a successful HR management system are increasing due to the digital transition, demographic and social change and the rising demand for specialists and managers. Changes in the law along with recent court rulings mean that there is a need to regularly overhaul existing regulations on labour law.

Attracting, developing and retaining talent poses major challenges for companies, especially due to demographic change. This is countered with various personnel marketing measures. In addition, internal employees increasingly receive further training for vacancies that have arisen in other departments in order to fill the vacant positions internally, allowing staffing levels to be optimised. The existing applicant management system is being continuously developed to facilitate the administrative processes in recruiting. The selection process is also undergoing further improvement to ensure that the respective vacancies are filled by the right employees with the appropriate skills. Increasing use is also being made of digital recruitment options.

To retain qualified staff, the remuneration system is regularly adapted to the respective target groups and market conditions, and flexible working time models offered as far as possible. Vocational training is being continued both at the head office and in the stores. The staff shortage risk continues to be assessed as medium in the 2022 financial year.

Opportunities could arise through, e.g., stepping up HR marketing measures, so as to position Bijou Brigitte as an attractive employer and thus find suitable applicants.

Sustainability

If violations of legal or regulatory requirements lead to the closure of factories in the countries where our products are manufactured, this could result in longer lead times due to production stoppages or to revenue losses due to a complete loss of supplies. By the same token, changes in legislation on sustainable energy use in the producing countries may lead to higher procurement costs. Our Supplier Code of Conduct, which is binding on all suppliers, forms the basis for compliance with minimum labour standards, human rights and the protection of nature and the environment. Bijou Brigitte mitigates these risks by conducting regular on-site quality audits and consistently following up on violations of human rights. Having a balanced portfolio of suppliers and expanding the supplier network to other countries are also ways of helping reduce risk. This risk group is classified as “medium” for 2022.

Increasing responsibility with regard to the environment is playing an ever more important role for companies. Social responsibility, sustainability and environmental awareness represent essential prerequisites for the company’s long-term success. Cost increases may be required to meet current requirements, for example by switching to more environment-friendly packaging or as a result of additional product disclosures. Switching to sustainable packaging and shipping materials only gives rise to insignificant additional costs. Bijou Brigitte carries out regular checks to ensure that the legal requirements are being fulfilled. The risk is assessed as low.

Inadequate implementation or non-compliance with statutory rules and regulations, such as the Commercial Waste Regulation, the EU Taxonomy or required environmental certifications, may lead to the company incurring fines. This is why specialists at Bijou Brigitte work to ensure that the applicable laws and regulations are implemented to the extent required in a timely fashion. The risk is classified as “low”.

The assets on Bijou Brigitte's balance sheet (mostly leases) and its commercial and operating fixtures and equipment are not significantly affected by environmental risks. Implementation of our sustainability strategy consequently does not impact the intrinsic value of the assets. Fines or penalties are not foreseeable in this regard.

By continuously raising staff awareness of sustainability and consistently implementing all necessary statutory measures and requirements, the Bijou Brigitte Group will be able to continue making its contribution to protecting the environment. This could also be a positive sign for customers, shareholders and employees to be conscious of their responsibility for future generations and actively contribute to achieving European sustainability targets. Not least, sustainable business development could also represent a competitive advantage in the market.

Currency

A large proportion of merchandise is purchased in US dollars. If the US dollar appreciates (against the EUR), this also means an increase in purchasing costs. Short-term exchange rate fluctuations are evened out because the inventory acts as a sort of buffer. Longer-term exchange rate fluctuations are not protected through hedging transactions. The risk of a subsequent narrowing of the gross margin can sometimes be reduced by changing the selling price. The currency market is monitored continuously and the information gleaned is passed on to the purchasing department. Overall, the risk remained classified as medium in the 2022 financial year.

Conversely, a falling US dollar exchange rate could give rise to opportunities, as lower costs of supply could enable higher profit margins to be achieved.

Currency fluctuations in the non-euro area countries in which we sell could also lead to revenue losses. As these countries make only a small contribution to overall Group revenues, however, this risk is also classified as low in the financial year 2022.

Materials management

Other risks that the company actively manages include the shortage, surplus or unavailability of individual items. This can arise due to poor planning, excessive delivery times or incorrect deliveries by stores, in addition to stock discrepancies due to theft. A temporary failure of the IT systems in the shipping area carries the risk of a delayed store delivery. Risks may be identified at an early stage by closely monitoring inventory ranges, order quantities/articles and complaint rates. In case of shortages, similar articles may be immediately brought in by way of substitution. The IT administration is in-house and can react immediately in the event of problems. Overall, Bijou Brigitte assesses these risks as low.

Capital expenditure

Upgrades to existing stores, new store openings and the introduction of new sales concepts offer an opportunity to win over new customer groups and generate new revenues. Investment risks may arise from store expansion and maintenance work, long-term rental contracts and personnel costs. The introduction of new sales concepts also entails the risk that market acceptance of the new concept will be insufficient. In order to avoid any misinvestments, test stores are normally set up first to measure the earnings potential of the new market. Moreover, the risk can be reduced further by monitoring the market and competitive environment, by cooperating with franchise partners and by continuously monitoring the rental agreements. The overall risk here is assessed as low thanks to the successful measures in place.

Occupational health and safety

The occupational health and safety of Bijou Brigitte's employees is a top priority for the company. Thanks to regular initial and continuing training sessions on health issues, ongoing review of risk assessments and adjustment to the existing hygiene concepts as well as measures to ensure the best possible level of occupational safety, Bijou Brigitte considers the risk of employee endangerment or injury to be "low".

Information technology

Unauthorised intrusion into IT systems, malware, viruses and worms, as well as hardware and software manipulation, can lead to a loss of productivity and additional costs. Bijou Brigitte has a comprehensive IT security concept for permanent monitoring (BSI, DCSO) as well as for overseeing the control systems. Virus scanners, a firewall and a comprehensive access and authorisation concept are effective measures to combat cybercrime. This risk was included in the risk analysis for the first time in 2022 and assessed as medium.

Risks arise above all from delays in the provision of key data, the loss or manipulation of data, the breakdown of IT systems and the disclosure of confidential information. This can occur for a variety of reasons, such as theft, poor design or malfunctions, errors in licence management or infringements of the law. In order to minimise such risks, Bijou Brigitte has implemented back-up processes and archiving systems, virus and access protection, and encryption and testing systems. IT systems are also monitored and enhanced on an ongoing basis. Third-party service providers are employed in some areas. The overall risk here is assessed as low.

Interest, payment default and liquidity

Bijou Brigitte does not have any loans with banks or other credit institutions. Available overdraft facilities are minimal and have not been utilised in the current financial year. Accordingly, there are no material interest rate risks. Due to its good equity base, Bijou Brigitte can make and implement capital expenditure decisions independent of the debt and equity markets.

Errors in the preparation of the financial statements could give rise to extra work and potentially to penalties or surcharges. Regular account reconciliations, exchanges of information with tax advisers and relevant departments, and constant checks in accordance with the principle of dual control reduce these risks.

Liquidity risks may arise as a result of the insolvency of a bank where Bijou Brigitte has cash deposits or due to defaults by debtors. This risk is minimised by spreading risk over a variety of carefully selected credit institutions, as well as by monitoring incoming payments and performing checks on contractual partners. Overall, Bijou Brigitte assesses the interest rate, default and liquidity risks as low.

Opportunities could arise if interest rates increase. For instance, higher interest income could be earned on fixed-term deposits.

Cybercrime in payment transactions

Advancing digitalisation in all business areas is leading to rising requirements in terms of the confidentiality, integrity and availability of electronically processed information. To defend against cybercrime, especially with regard to unauthorised obtaining of company funds through fraud or digital fraud methods, Bijou Brigitte also implements technical security measures. This includes secure gateways, encrypted email communication, the production of emergency protocols and the use of central payment transaction tools, but also regular awareness training for all staff, particularly in the Treasury department. The risk is classified as low overall.

Data protection

The GDPR has been in force in the EU since May 2018 and must be implemented by all companies. Violations of this regulation can result in considerable fines. The data protection officer at Bijou Brigitte regularly reviews the adherence to the applicable regulations and the implementation of the internal data protection directive, especially regarding the processing of sensitive data. Furthermore, awareness for the entire topic of data protection is created among senior executives and employees, who also receive regular training with respect to the applicable regulations. The risk is classified as low.

Social media

Bijou Brigitte has an active presence on relevant social media channels such as Instagram, Facebook, Pinterest, YouTube and TikTok, to provide fashion-loving customers and followers with regular insights into the world of Bijou Brigitte.

Poor communication or defective products can result in negative customer reviews on the various social media channels. Negative reviews by influencers, failures to label paid advertising or violations of cooperation agreements can cause a loss of reputation and sales.

Inadequate implementation of existing legal requirements and general conventions can also harm the Group's image. Bijou Brigitte works to avoid these risks by ensuring that its employees receive regular training, pursuing a policy of open communication, and continually adapting company policies and work instructions to the applicable laws and regulations. The risks in this area were included in the risk analysis for the first time in 2022. They are classified as low overall.

Stepping up influencer marketing represents an opportunity for Bijou Brigitte to gain access to new customer groups. Coordinating social media activities with the online shop and physical stores may further expand Bijou Brigitte's international brand recognition. Influencer marketing in particular offers a chance to increase the visibility of the Bijou Brigitte brand. This could lead to an increase in visits to stores and the online shop, and thus contribute to potential revenue growth.

SEPARATE NON-FINANCIAL REPORT

The current sustainability report enables Bijou Brigitte to comply with the CSR reporting requirements pursuant to sections 289b et seq. and 315b et seq. of the German Commercial Code (HGB). The separate non-financial report for the 2022 financial year has been reviewed by the audit committee/Supervisory Board of Bijou Brigitte AG and is permanently available for consultation by the public on the website www.group.bijou-brigitte.com under the heading “Investor Relations/Sustainability”.

Sustainability-related opportunities and risks, especially climate-related risks, are, insofar as they exist and are material to the operations of Bijou Brigitte, set out in the "Opportunity and Risk Report" section of this management report.

OTHER INFORMATION

Declaration pursuant to Sections 289f and 315d of the German Commercial Code (HGB)

The declaration on corporate governance, the remuneration report and the remuneration system and the other disclosures required pursuant to Sections 289f and 315d of the HGB are permanently available for consultation by the public on the website www.group.bijou-brigitte.com under the heading "Investor Relations/Corporate Governance". The declaration contains disclosures relating to corporate governance practices, organisation and working procedures, the diversity plan and the remuneration of the Management and Supervisory Boards, as well as the declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG).

Disclosures relating to takeovers pursuant to Section 315(4) of the German Commercial Code (HGB)

Bijou Brigitte AG has subscribed capital (share capital) of EUR 8.1 million. The amount of share capital did not change in the 2022 financial year. It is divided into 8,100,000 bearer shares with no par value. Each common share conveys the same rights and constitutes one vote at the Annual General Meeting.

Friedrich-W. Werner, the company founder and former Chairman of the Management Board, holds 50.4% and thus the majority of the subscribed capital.

Insofar as employees of Bijou Brigitte AG have invested in the company as shareholders, there are, to the company's knowledge, no special characteristics as regards the option of exercising voting rights.

As per Section 6(2) of the company's articles of association, the Supervisory Board decides on the number of Management Board members and their appointment or the revocation of such appointment. Furthermore, the statutory provisions set out under Section 84 AktG on the appointment and dismissal of Management Board members shall apply.

Amendments to the articles of association are governed by Sections 133 and 179 AktG and thus require an appropriate resolution by the Annual General Meeting. In addition, Article 19 of the company's articles of association states that the Supervisory Board is only permitted to amend the articles of association with the consent of the Management Board where such amendments only relate to the wording. In this respect, no resolution is required from the Annual General Meeting.

Pursuant to the resolution of the Annual General Meeting on 17 June 2021, the Management Board is authorised, with the consent of the Supervisory Board, to increase the share capital of the company by up to EUR 4 million, in one or more stages, by issuing up to 4,000,000 new no-par value bearer shares in return for cash and/or contributions in kind in the period until 16 July 2026 (authorised capital).

For disclosures in relation to treasury shares, please refer to the notes to the consolidated financial statements.

FORECAST REPORT

FOR THE GROUP AND BIJOU BRIGITTE AG

Expected trend in general economic conditions

Although the difficulties in obtaining supplies are gradually easing, the global macroeconomic outlook remains gloomy on account of the continuing high uncertainty. Ongoing high inflation will continue to weigh down on private consumption in many economies this year, with the result that global economic growth for 2023 is forecast at 2.2%.[19] In Europe, economic stress is likely to remain high, particularly due to the effects of the Russian war of aggression in Ukraine. Nonetheless, over the course of the year we may see a slow recovery in real incomes and a stabilisation of private consumption. For the euro area, the German Council of Economic Experts predicts GDP growth of 0.9% and inflation of 5.9%.[20]

The German economy will continue to be weighed down this year by ongoing high inflation and the ensuing contraction in private consumption, although the drop in purchasing power may be at least partly offset by a falling savings rate and the continuing robustness of the labour market. Overall, GDP is expected to rise by 0.2%. At a forecast inflation rate of 6.6%, private consumption is likely to decline by 0.9%.[21]

The slow recovery of the Spanish economy is likely to continue in 2023, with the EU Commission predicting economic growth of just 1.0%. This year, the economy will thus continue to lag behind its pre-crisis level.[22] Due to high inflation and global uncertainty, economic growth in Portugal will be substantially weaker than last year, with a rise of 0.7% in GDP.[23] According to the European Commission, the Italian economy is expected to grow by 0.3%, as a result of high energy and raw material costs, reduced purchasing power and supply chain problems,[24] Economic growth in France is estimated at 0.4% for 2023, ongoing

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[19] German Council of Economic Experts: Updated Macroeconomic Forecast, March 2023.
[20] German Council of Economic Experts: Updated Macroeconomic Forecast, March 2023.
[21] German Council of Economic Experts: Updated Macroeconomic Forecast, March 2023.
[22] GTAI: Economic Outlook Spain, 1 December 2022
[23] GTAI: Economic Outlook Portugal, 23 December 2022
[24] GTAI: Economic Outlook Italy, 1 December 2022

price rises having undermined consumer confidence. A revival in consumption cannot be expected until 2024.[25]

According to a survey by the German Trade Association (HDE), almost half of all retailers expect this year's revenues to stay the same or rise slightly relative to last year. The HDE is predicting revenues for the retail sector as a whole to decline by 3.0% in real terms in 2023. High levels of uncertainty will continue to dominate the retail environment this year, and a further drop in the number of retail businesses is to be expected. Opportunities could arise through forging ahead with digitalisation. Online trade is likely to remain the industry's growth driver in 2023, with price-adjusted growth of 4.0%.[26] It is to be expected that consumers will respond to the high energy costs and rising grocery prices by abstaining from purchases of non-food items or shifting to cheaper products. In one survey, more than half the respondents stated that they would abstain from making a fashion/clothing purchase if prices rose by 10%, which could lead to a corresponding decline in the level of spontaneous and impulse purchases.[27]

Uncertainty about economic development remains significantly higher than before the pandemic and the Russian war of aggression in Ukraine. Key risk factors in this regard are the price trends for electricity and natural gas and a possible solidification of consumer price inflation. Cooperation between all EU member states is therefore essential in order to keep European power and energy markets stable.[28]

Outlook for the Bijou Brigitte Group and Bijou Brigitte AG

The macroeconomic and sectoral conditions outlined above could impact the future net assets, financial position and results of the Bijou Brigitte Group and Bijou Brigitte AG. Bijou Brigitte's operating forecast for the current financial year remains subject to considerable uncertainties. In particular, the effects of the Russian war of aggression in Ukraine on

[25] GTAI: Economic Outlook France, 30 November 2022
[26] German Trade Association (HDE): HDE forecast for 2023, 31 January 2023
[27] German Trade Association (HDE): Consumption Monitor - Prices 2022/2023, 15 December 2022
[28] German Council of Economic Experts: Annual Expert Report 2022/23, December 2022

European and world trade and the development of the global financial markets are almost impossible to predict at present.

Based on the assumption that the Russia-Ukraine war will not cause any further major economic upheavals, that the general rise in prices will gradually slacken off and consumer confidence will not worsen, the Bijou Brigitte Group could achieve revenue between EUR 320.0 million and EUR 340.0 million in the 2023 financial year (2022 financial year: EUR 306.5 million). Group earnings before taxes could be between EUR 38.0 million and EUR 54.0 million (2022 financial year: EUR 46.3 million). For inventories, an amount of between EUR 65.0 million and EUR 75.0 million is forecast for the reporting date of 31 December 2023. Assuming that current and non-current liabilities are above the previous year's level and that no further treasury shares are repurchased, the Group expects an equity ratio of between 60.0% and 62.0% (2022: 62.1%) for 2023. Capital expenditure in the 2023 financial year could be between EUR 7.0 million and EUR 12.0 million (2022: EUR 6.9 million). The company expects the number of stores in the Bijou Brigitte Group at the close of 2023 to be higher than in the previous year (31 December 2022: 902 stores).

For Bijou Brigitte AG, revenue of EUR 217.0-227.0 million is expected for the 2023 financial year (2022 financial year: EUR 203.3 million). Operating profit before taxes for 2023 could be between EUR 16.0 million and EUR 24.0 million (2022 financial year: EUR 20.0 million).

Capital expenditure for Bijou Brigitte AG is forecast at EUR 4.0-6.0 million for the 2023 financial year (2022: EUR 3.6 million). Inventories as of 31 December 2023 could be between EUR 48.0 million and EUR 52.0 million (2022: 50.0 million). The company expects the number of German and Dutch Bijou Brigitte stores to be slightly higher at the close of 2023 than at the end of the previous year (31 December 2022: 430 stores).

Overall, the focus for the 2023 financial year is on continuing to expand omnichannel activities and the strength of the Bijou Brigitte brand. The goal is to maintain last year's positive dynamic.

Hamburg, 26 April 2023

Bijou Brigitte modische Accessoires Aktiengesellschaft

The Management Board

Roland Werner
Chairman

Marc Gabriel
Member of the
Management Board

Jürgen Gödecke
Member of the
Management Board

Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg

Consolidated balance sheet as of 31 December 2022

ASSETS

	Notes	31.12.2022 EUR	31.12.2021 EUR	
ASSETS				
Non-current assets				
Intangible assets	(1)	3.346.280,35	3.628.487,36	
Property, plant and equipment	(2)	31.539.811,79	33.829.468,80	
Right-of-use assets	(3)	106.892.525,99	101.572.272,96	
Non-current financial assets	(4)	1.808.506,43	1.836.374,03	
Deferred taxes	(5)	5.757.931,75	6.088.780,99	
		149.345.056,31	146.955.384,14	
Current assets				
Inventories	(6)	71.916.583,03	58.649.610,30	
Trade receivables	(7)	1.691.738,76	1.557.021,37	
Tax receivables	(8)	304.985,10	1.210.023,69	
Other financial assets	(9)	74.851.285,93	35.550.194,44	*
Other current receivables	(10)	772.048,70	1.614.439,82	
Cash and cash equivalents	(11)	101.502.236,80	109.431.986,88	*
		251.038.878,32	208.013.276,50	
		400.383.934,63	354.968.660,64	

* The figures for the previous year have been adjusted in accordance with IAS 8. For more details, please refer to the Notes to the Consolidated Financial Statements under "B. Accounting principles; Error corrections".

LIABILITIES

	Notes	31.12.2022 EUR	31.12.2021 EUR
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity	(12)		
Subscribed capital		8.100.000,00	8.100.000,00
Capital reserve		3.579.043,17	3.579.043,17
Retained earnings		36.608.631,81	36.608.631,81
Treasury shares		-23.836.380,56	-23.836.380,56
Foreign currency translation reserve		-286.397,84	-822.418,14
Group equity generated		224.662.803,12	189.398.049,50
		248.827.699,70	213.026.925,78
Non-current liabilities			
Non-current provisions	(14)	3.808.651,24	4.060.101,30
Lease liabilities	(15)	76.077.786,52	72.180.963,41
Deferred taxes	(13)	1.707.548,11	767.796,01
		81.593.985,87	77.008.860,72
Current liabilities			
Current provisions	(14)	1.605.888,60	2.150.467,35
Tax liabilities	(16)	3.657.875,36	5.265.547,68
Trade payables	(17)	8.308.130,75	7.570.245,85
Lease liabilities	(15)	36.185.007,09	35.541.580,08
Other financial liabilities	(17)	8.348.834,56	5.712.397,39
Other current liabilities	(17)	11.856.512,70	8.692.635,79
		69.962.249,06	64.932.874,14
		400.383.934,63	354.968.660,64

Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg

Consolidated income statement
for the financial year from 1 January until 31 December 2022

	Notes	2022 EUR	2021 EUR
Revenue	(18)	306.463.197,95	216.028.200,42
Other own work capitalised	(19)	646.373,53	395.187,90
Other operating income	(20)	6.673.282,66	31.502.616,88
Cost of materials	(21)	-63.192.635,98	-47.400.930,88
Personnel costs	(22)	-79.745.838,17	-68.794.106,18
Depreciation, amortisation and impairment of intangible assets, property, plant and equipment and right-of-use assets	(23)	-48.137.847,48	-51.036.832,19
Other operating expenses	(24)	-72.451.969,25	-56.285.590,14
Operating profit		50.254.563,26	24.408.545,81
Interest and similar expenses	(25)	-4.553.627,29	-4.651.945,59
Interest income	(25)	619.102,40	109.529,63
Financial result	(25)	-3.934.524,89	-4.542.415,96
Earnings before taxes (EBIT)		46.320.038,37	19.866.129,85
Income taxes	(26)	-11.055.284,75	-2.834.557,68
Net profit after taxes		35.264.753,62	17.031.572,17
Appropriation of profits to shareholders of the parent company		35.264.753,62	17.031.572,17
Earnings per share	(27)		
Basic		4,58	2,21
Diluted		4,58	2,21

Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg

Consolidated statement of comprehensive income
for the financial year 1 January to 31 December 2022

	Notes	2022 EUR	2021 EUR
Group earnings		**35.264.753,62**	**17.031.572,17**
Amounts that can be transferred to the income statement in the future			
Currency translation differences	(12)	536.020,30	689.503,96
Other income		**536.020,30**	**689.503,96**
Comprehensive income		**35.800.773,92**	**17.721.076,13**
Comprehensive income attributable to:			
shareholders of the parent company		35.800.773,92	17.721.076,13

Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg

Consolidated Cash Flow Statement for 2021 and 2022

	2022 TEUR	2021 TEUR	
1. Cash flow from operating activities			
Net profit after taxes	35.265	17.032	
Income tax expense (+) / proceeds (–)	11.055	2.835	
Impairment and depreciation of non-current assets (+)	9.260	10.166	
Impairment and depreciation of right-of-use assets (+)	38.877	40.871	
Financial result	3.935	4.542	
Other non-cash expenses and income	-617	-725	
Income taxes paid (–) / income taxes received (+)	-10.487	1.100	
Cash inflows from interest (+)	606	97	
Cash outflows from interest (–)	-4.183	-4.380	
Earnings from the disposal of non-current assets	262	437	
Change in provisions	-796	40	
Change in inventories, trade receivables and other assets	-11.646	2.922	
Change in trade payables and other liabilities	6.062	1.280	
Cash flow from operating activities	77.593	76.217	
2. Cash flow from investing activities			
Proceeds from the disposal of intangible assets and property, plant and equipment	79	117	
Cash outflows (–) for investments in property, plant and equipment	-5.923	-2.137	
Cash outflows (–) for investments in intangible assets	-1.020	-1.001	
Cash outflows (–) for the acquisition of subsidiaries less acquired cash assets	0	-2.483	
Cash inflows (+)/outflows (-) for financial investments as part of short-term financial planning	-39.924	11.200	*
Cash flow from investing activities	-46.788	5.696	*
3. Cash flow from financing activities			
Repayment portion of lease payments (–)	-39.551	-41.862	
Cash outflows (–) for interest	-192	-118	
Cash flow from financing activities	-39.743	-41.980	
4. Cash and cash equivalents at the end of the period			
Changes in cash and cash equivalents (subtotal of 1–3)	-8.938	39.933	*
Changes due to exchange rates	1.008	1.143	
Cash and cash equivalents at the start of the period	109.432	68.356	*
Cash and cash equivalents at the end of the period	101.502	109.432	*
5. Composition of cash and cash equivalents			
Cash and cash equivalents	101.502	109.432	*

* The figures for the previous year have been adjusted in accordance with IAS 8. For more details, please refer to the Notes to the Consolidated Financial Statements under "B. Accounting principles; Error corrections".

Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg

Consolidated Statement of Changes in Equity for 2021 and 2022

	Subscribed capital TEUR	Capital reserve TEUR	Retained earnings TEUR	Treasury shares TEUR	Foreign currency translation reserve TEUR	Group equity generated TEUR	Total TEUR
As of 1.1.2021	8.100	3.579	36.609	-23.837	-1.512	172.367	195.306
Group earnings	0	0	0	0	0	17.032	17.032
Other income	0	0	0	0	689	0	689
Total earnings	0	0	0	0	689	17.032	17.721
As of 31.12.2021	8.100	3.579	36.609	-23.837	-823	189.399	213.027
As of 1.1.2022	8.100	3.579	36.609	-23.837	-823	189.399	213.027
Group earnings	0	0	0	0	0	35.265	35.265
Other income	0	0	0	0	536	0	536
Total earnings	0	0	0	0	536	35.265	35.801
As of 31.12.2022	8.100	3.579	36.609	-23.837	-287	224.664	248.828

Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg

Notes to the consolidated financial statements for 2022

A. Purpose of business

Bijou Brigitte modische Accessoires Aktiengesellschaft with registered offices in 22399 Hamburg (Germany), Poppenbütteler Bogen 1, (Bijou Brigitte AG), is recorded in the commercial register of the Hamburg District Court under the number HRB 38204. The current version of the articles of association is dated 17 June 2021. The financial year is the calendar year. The purpose of the company is the manufacture, import and sale of fashion jewellery, gold and silver jewellery, fashion accessories and complementary articles.

B. Accounting principles

Principles

The company's consolidated financial statements as of 31 December 2022 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and as adopted by the EU, including the International Accounting Standards (IAS) and the statements of the International Financial Reporting Interpretation Committee (IFRIC) and the Standard Interpretations Committee (SIC). During this process, all standards and interpretations to be applied to the 2022 financial year have been considered to the extent that they are relevant for these consolidated financial statements. The comparative figures for the 2021 financial year were determined according to the same principles.

Bijou Brigitte AG applies Section 315e of the German Commercial Code (HGB) and prepares and publishes the consolidated financial statements according to the International Financial Reporting Standards. Furthermore, all additional disclosures and explanations required by German commercial law are published even if they are not mandatory under IFRS.

The consolidated financial statements are prepared in euros (EUR). For the purposes of clarity, the statement of changes in equity and the cash flow statement, together with their explanations, have been presented in thousands of euros (TEUR).

The consolidated balance sheet has been divided into non-current and current items in accordance with IAS 1.51 ff. The consolidated income statement has been prepared using the total cost method. The composition of individual items in the consolidated balance sheet and consolidated income statement is explained in points C and D of the Notes.

The consolidated financial statements were prepared by the Management Board on 14 April 2023 and submitted to the Supervisory Board for approval at its meeting on 26 April 2023. It was therefore possible for the Supervisory Board to make changes to the consolidated financial statements up until this date.

Newly applicable accounting standards

The following accounting standards were applied for the first time in the 2022 financial year in the form required by the EU or applied early:

Standard/Interpretation	**Date of application***
Amendments to IFRS 3: Reference to the IFRS conceptual framework	1 January 2022 (endorsed 28 June 2021)
Amendments to IAS 37: Onerous contracts – costs of fulfilling a contract	1 January 2022 (endorsed 28 June 2021)
Amendments to IAS 16: Property, plant and equipment – revenue before intended use	1 January 2022 (endorsed 28 June 2021)
Annual improvements to IFRS 2018-2020: Improvements to IFRS 1, IFRS 9, IFRS 16 and IAS 41	1 January 2022 (endorsed 28 June 2021)

* Financial years commencing on or after the given date

The amendments to IFRS 3 update the reference in the standard to the IFRS conceptual framework. The standard now refers to the updated 2018 conceptual framework, instead of the 1989 conceptual framework. Two supplementary rules were also adopted. An acquirer, upon identifying assumed obligations that fall under the scope of IAS 37 or IFRIC 21, must apply the provisions of this standard in place of the conceptual framework. IFRS 3 was also expanded to include an explicit prohibition on the recognition of contingent assets acquired in a business combination.

The amendments to IAS 37 clarify that the costs of fulfilling a contract comprise all costs that relate directly to the contract. These include the incremental costs of fulfilling the contract, such as direct labour and materials, and an allocation of other costs directly related its fulfilment, such an allocation of the depreciation charges for property, plant and equipment used in fulfilling the contract.

The amendments to IAS 16 prohibit the deduction of the proceeds from selling items that are produced while bringing an item of property, plant or equipment to the location and condition intended by management from the cost of the asset. The proceeds of selling any such items and the cost of producing those items are directly recognised in profit or loss, as part of the operating result. The amendment also makes clear that the costs of testing whether the asset is functioning properly continue to be directly attributable costs.

The annual improvements to IFRS (2018-2020 cycle) contain the following amendments:

Where a subsidiary adopts IFRS later than its parent, IFRS 1 grants an option whereby the subsidiary may measure assets and liabilities at the carrying amounts previously used in the consolidated financial statements of the parent company (without consolidation adjustments or adjustments for the effects of the business combination). The amendment to IFRS 1 extends this option to the cumulative translation differences of the subsidiary. A similar option applies to joint ventures and associates, but not to subsidiaries of an investment entity.

The amendment to IFRS 9 concerns which fees are to be included in the "10% test" for derecognition of a financial liability. Costs and fees may be paid either to the lender or to a third party. The amendment clarifies that only costs and fees paid by the entity to the lender and vice versa may be included, including costs and fees paid or received by one on the other's behalf.

The amendment to IFRS 16 Leases concerns Illustrative Example 13 to the standard, which contains statements about the conditions under which payments by the lessor to the lessee meet the definition of lease incentives. Payments by the lessor to the lessee for the reimbursement of leasehold improvements were removed from the example, as such payments do not meet the definition of lease incentives. Rather, such payments represent compensation for improvements to an asset of the lessor.

The first-time application of these amendments and improvements had no effect on the net assets, financial position and results of operations of the Bijou Brigitte Group, the presentation of the financial statements or the disclosures made in the notes to the consolidated financial statements.

The following accounting standards were not applied in the 2022 financial year because they had not yet been or will not be endorsed by the EU:

Standard/Interpretation	**Expected date of application**
Amendments to IFRS 10 and IAS 28: Income recognition on transactions with an associate or joint venture	Postponed indefinitely**
IFRS 14: Regulatory Deferral Accounts	Adoption not planned

** EU endorsement is not yet in place.

Newly published accounting standards

The following list provides an overview of new and amended standards published up to 31 December 2022 that do not have to be applied by companies in the EU with a financial year-end of 31 December 2022. These standards have not been adopted early. Having reviewed the potential impact, the company does not expect any significant adjustments to the consolidated financial statements from the first-time application of these new or amended standards.

Standard	**Expected date of application***
IFRS 17: Insurance Contracts – Replacement of IFRS 4 and Amendments to IFRS 17: Postponement of the Mandatory Adoption Date	1 January 2023 (endorsed 19 November 2021)
Amendments and clarifications to IFRS 17: Insurance Contracts – Date of First Adoption of IFRS 17 and IFRS 9	1 January 2023 (endorsed 8 September 2022)
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2024**
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023 (endorsed 2 March 2022)
Amendments to IAS 8: Definition of Accounting Estimates	1 January 2023 (endorsed 2 March 2022)
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023 (endorsed 11 August 2022)
Amendments to IFRS 16: Subsequent Measurement of a Lease Liability in the Case of a Sale-and-Leaseback Transaction	1 January 2024**

* Financial years commencing on the given date.
** EU endorsement is not yet in place.

Room for discretion and estimates

The preparation of the consolidated financial statements using the Group accounting guidelines requires management to assess facts, estimates and assumptions that may have an effect on the value of assets, liabilities and financial obligations as of the balance sheet date as well as on income and expenses in the financial year. Although these estimates and assumptions have been made with the greatest of diligence on the basis of past experience and all available information, the actual results may vary.

Assumptions underpinning the estimates are subject to regular evaluation. Changes to estimates are made appropriate to the period.

Property, plant and equipment and intangible assets:

When measuring property, plant and equipment and intangible assets, the expected useful life of the asset needs to be estimated. Management uses past experience and its own judgement to determine the fair value of assets, as well as the useful lives of assets.

The Group assesses the estimated useful lives of property, plant and equipment on every balance sheet date. There was no cause for the management to make changes to the useful lives of any assets in the year under review.

When determining the impairment of property, plant and equipment and of intangible assets, estimates are also made with regard to the cause, timing and amount of the impairment. (Further details on accounting and valuation guidelines are provided below. For the carrying amounts, see points C. 1 and C. 2.)

Inventories:
Inventories are measured by estimating whether the carrying amounts exceed the net realisable values. These future net realisable values are estimated by assessing the future demand and price development, as well as the available inventory quantities.

Income taxes:
Income taxes are to be estimated for each tax jurisdiction in which the Group does business. In the process, the expected actual income tax for each taxable entity is to be calculated. Management must use its own judgement when calculating actual and deferred taxes. Deferred tax assets are recognised to the extent that it is probable that they can be utilised. (Further details on accounting and valuation guidelines are provided below. For the carrying amounts, see points C. 5, 13 and 26).

Provisions:
Recognition and valuation of provisions in connection with pending litigation or other outstanding claims are linked to estimates made by management. The carrying amounts reported in the balance sheet are the result of the respective assumptions and estimates applied. (Further details on accounting and valuation guidelines are provided below. For the carrying amounts, see point C. 14).

Scope of consolidation and consolidation methods

The scope of consolidation includes the following companies:

Parent company:
- Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg

Subsidiaries:
- Bijou Brigitte modische Accessoires Ges. mbH, Vienna, Austria
- Fashion Dream Limited, Hong Kong, China
- "Senso di Donna" Vertriebs GmbH, Hamburg, Germany
- Rubin GmbH, Buxtehude, Germany
- Bijou Brigitte Sp.z o.o., Warsaw, Poland
- Bijou Brigitte modische Accessoires S.L., Barcelona, Spain
- Bijou Brigitte Divatcikk Kereskedelmi Kft., Budapest, Hungary
- Bijou Brigitte Acessórios de Moda Unipessoal, Lda., Lisbon, Portugal
- Bijou Brigitte s.r.o., Prague, Czechia
- Bijou Brigitte s.r.l., Milan, Italy
- Bijou Brigitte Monoprosopi EPE, Athens, Greece
- Bijou Brigitte Accessoires de Mode SAS, Strasbourg, France
- Bijou Rubin Lille SARL, Wasquehal, France
- Bijou Rubin Beauvais SARL, Beauvais, France
- Bijou Rubin Paris SARL, Paris, France
- Bijou Rubin Limoges SARL, Poitiers, France
- Bijou Rubin Bordeaux SARL, Trélissac, France
- Bijou Rubin Villefranche SARL, Villefranche, France
- Bijou Rubin Grenoble SARL, Grenoble, France
- Bijou Rubin Nimes SARL, Nimes, France
- Bijou Rubin Toulouse SARL, Toulouse, France
- Bijou Rubin Menton SARL, Menton, France
- Bijou Rubin Calais SARL, Calais, France
- Bijou Rubin Annecy SARL, Annecy, France
- Bijou Rubin Angers SARL, Angers, France
- Bijou Rubin Nantes SARL, Tremblay-en France, France
- Bijou Rubin Rodez SARL, Rodez, France
- Bijou Rubin Valence SARL, Valence, France
- Bijou Rubin Mulhouse SARL, Mulhouse, France

  Bijou Brigitte s.r.o., Trenčín, Slovakia
- "BIJOU BRIGITTE" EOOD, Sofia, Bulgaria
- S.C. Bijou Brigitte S.R.L., Medias, Romania
- BIJOU BRIGITTE S.P.R.L., Brussels, Belgium
- Bijou Brigitte GmbH, St. Gallen, Switzerland
- Yiwu City Tai Ya Jewellery Company LTD., Yiwu, China
- BIJOU RUBIN S.P.R.L., Brussels, Belgium

- BIJOU BRIGITTE SARL, Weiswampach, Luxembourg
- Bijou Brigitte SCI, Strasbourg, France
- Dauber GmbH, Vienna, Austria
- Sommer GmbH, Vienna, Austria

There were no changes to the scope of consolidation of Bijou Brigitte modische Accessoires AG in the 2022 financial year compared with 2021.

Bijou Brigitte modische Accessoires AG wholly owns almost all of the companies directly or indirectly. The holdings in which Bijou Brigitte modische Accessoires AG has indirectly and directly invested are BIJOU BRIGITTE S.P.R.L., Brussels, and BIJOU RUBIN S.P.R.L., Brussels. Here, Bijou Brigitte modische Accessoires AG holds 99% of the capital in each company, with Rubin GmbH, Buxtehude, a wholly owned subsidiary of Bijou Brigitte modische Accessoires AG, holding the remaining 1% in each case. Bijou Brigitte modische Accessoires AG has an indirect investment in Dauber GmbH, Vienna, and Sommer GmbH, Vienna, both of which are wholly owned by Bijou Brigitte modische Accessoires Ges. mbH, Vienna, Austria.

The balance sheet date of Bijou Brigitte modische Accessoires AG and cut-off dates for the financial statements of its subsidiaries is 31 December of the respective calendar year. All financial statements of consolidated companies that are subject to audit were examined by independent auditors or the Group auditor.

Intra-Group profits and losses, sales revenue, expenses and income, as well as receivables and liabilities among consolidated companies and unrealised profits have been eliminated.

Tax accruals were made in accordance with IAS 12 for consolidation events with an effect on profit or loss to the extent that any differences arising will reverse over time.

The consolidated financial statements are based on the historical cost of acquisition and production, restricted by the measurement of financial assets and liabilities at fair value through profit or loss.

Accounting policies

Foreign currency translation

The annual financial statements of foreign subsidiaries have been translated into euros in accordance with the principle of functional currency in IAS 21. The functional currency of the company in question is the respective national currency. As a result, currency translation of equity is performed at the historical exchange rate. For the other balance sheet items, the exchange rate at the balance sheet date is used, while the average annual exchange rate is used for income, expenses and Group earnings. Differences arising from currency translation are recognised in other income pursuant to IAS 21.
Transactions denominated in a foreign currency are translated using the prevailing exchange rate on the day of the transaction. Any gains or losses arising from the settlement of such transactions as well as

from the translation of monetary assets and liabilities are reported in the income statement. These are recognised in other operating income or other operating expenses.

The exchange rates used by the Group to translate foreign currencies are taken from the following table:

		Closing rate 31.12		Average exchange rate	
	1 EUR =	**2022**	**2021**	**2022**	**2021**
Bulgaria	BGN	1.9521	1.9545	1.9546	1.9554
China	CNY	7.3679	7.2255	7.0760	7.6072
Hong Kong	HKD	8.3235	8.8317	8.2276	9.1832
United Kingdom	GBP	0.8871	0.8396	0.8547	0.8584
Poland	PLN	4.6865	4.5985	4.6907	4.5761
Romania	RON	4.9439	4.9480	4.9311	4.9240
Switzerland	CHF	0.9852	1.0362	1.0017	1.0798
Czechia	CZK	24.142	24.938	24.546	25.655
Hungary	HUF	400.390	370.100	393.057	358.932
USA	USD	1.0679	1.1323	1.0506	1.1812

Intangible assets

Intangible assets with determinable useful lives acquired against payment are capitalised at their cost of acquisition, while internally produced intangible assets with determinable useful lives are capitalised at their cost of production if the criteria for capitalisation pursuant to IAS 38 have been fulfilled. During the year, the development costs of internally generated software came to TEUR 542 (previous year: TEUR 524). The whole of this amount was capitalised. No research costs have been incurred, as in the previous year. Amortisation is performed in line with the expected useful life, applying the straight-line method over the following periods:

Purchased software	4-5 years
Internally produced software	3 -5 years
Rights acquired against payment	3-15 years

Amortisation is reported as amortisation of intangible assets. There are no intangible assets with an indefinite useful life.

The expected useful life, together with amortisation methods, are reviewed at the end of each financial year and in the case of exceptional events. All changes in estimates are taken into consideration prospectively.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is calculated for each asset using the straight-line method over the planned useful life based on cost.

Useful life has been estimated as follows for the following assets:

Buildings	20-40 years
Grounds	2-15 years
Technical equipment and machinery	3-10 years
Operating and office equipment	3-20 years

Depreciation and write-downs are reported as depreciation of property, plant and equipment.

Land is not depreciated.

Right-of-use assets

The rights of use are lease agreements under which the right to use sales premises is granted to the Bijou Brigitte Group as lessee. The Group leases sales premises mainly as retail stores and in some cases as office and storage areas. The lease agreements are generally concluded for fixed periods of one to twelve years. The rental terms are individually negotiated and thus differ considerably from one agreement to the next. Since 1 January 2019, leases have been recognised as a right-of-use asset and corresponding lease liability as of the date on which the Group is able to use the leased asset (see also “Leases”).

The right-of-use assets are measured at cost, thus comprising:

- the initial measurement amount of the lease liability
- all lease payments made as of or prior to provision, less any lease incentives received
- all initial direct costs incurred by the lessee

The right-of-use asset is subject to straight-line depreciation over the term of the lease, since this corresponds to its useful life. Renewal options are taken into account when determining the useful life, provided that there is sufficient certainty that the Group will exercise the option. Whether and for how long a renewal option will be exercised is often not known with sufficient certainty until shortly before the scheduled end of the lease, as it depends on the negotiations with the landlords. Exercising renewal options results in new obligations for the Group depending on the right-of-use asset and the length of the renewal. Renewal options typically include lease terms similar to the original lease term (1-12 years).

The majority of leases do not contain special termination rights enabling Bijou Brigitte to terminate leases ahead of schedule. It may, however, happen that leases are terminated before the end of the agreed term as a result of contract negotiations on a case-by-case basis. If the negotiations lead to changes in the terms of the contract that did not form part of the original lease, these contract changes are recognised in the balance sheet if they are legally binding.

Impairment of non-current assets

In accordance with IAS 36, the Group reviews the carrying amounts of its property, plant and equipment, intangible assets and right-of-use assets as of the balance sheet date in order to determine whether there are grounds for impairment. If such grounds exist, the recoverable amount of the asset is estimated so as to ascertain the size of any potential impairment loss. If the recoverable amount cannot be estimated for the individual asset, the recoverable amount of the cash-generating unit (store level) to which the asset belongs is estimated.

The recoverable amount is the higher of the net realisable value and the value of the expected cash inflow from the use of the asset. If the estimated recoverable amount of an asset (or cash-generating unit) is lower than the carrying amount, then the carrying amount of the asset (or cash-generating unit) is reduced to the recoverable amount. If, in the course of subsequent periods, the recoverable amount goes up again, then the asset value is restored (with the exception of goodwill) up to the maximum value that would have been reached had no impairment charge been made.

The process of determining the potential need for impairment is based on the present value of the expected cash inflow from the use of the assets of a given store (a store being treated as a cash-generating unit). Impairment tests are based on the company's plans and forecasts, with a detailed planning period of five years and a perpetuity thereafter. The planning assumptions made here correspond to those in the forecast report of the combined management report for the 2022 financial year. For the time after the detailed planning period, the forecast is extrapolated based on country-specific annual growth rates of between 0.5% and 1%. The cash flows forecast on this basis are generally discounted at weighted pre-tax discount rates of between 14.6% (previous year: 13.1%) and 16.7% (previous year: 15.4%).

For 2022, these rates were as follows:

	Weighted pre-tax discount rate
Germany	14.8% (previous year: 13.5%)
Spain	15.4% (previous year: 14.3%)
Italy	16.7% (previous year: 15.4%)
Portugal	14.6% (previous year: 14.2%)
France	14.8% (previous year: 13.3%)
Eastern Europe	14.7% (previous year: 13.1%)

The following specific country risk premiums and tax rates were used when calculating impairment so as to take into account the economic differences between the geographical fields of activity of the Group:

	Country risk premium	Tax rate
Germany	0.0% (previous year: 0.0%)	29.8% (previous year: 29.8%)
Spain	1.6% (previous year: 1.3%)	25.0% (previous year: 25.0%)
Italy	2.2% (previous year: 1.8%)	27.9% (previous year: 27.9%)
Portugal	1.5% (previous year: 1.8%)	21.0% (previous year: 21.0%)
France	0.9% (previous year: 0.4%)	25.0% (previous year: 25.8%)
Eastern Europe	1.9% (previous year: 1.0%)	15.7% (previous year: 15.7%)

The reversal of an impairment loss reflects an increase in the estimated performance of a store (value in use) since the most recent impairment was recognised. Reversals are recognised when the recoverable amount increases, due to a permanent change in the business plan for the store in question, the timing of the expected future cash flows or the discount rate.

The impairments recognised in 2022 and previous years concern stores that were or will be closed down and stores with a track record of losses for which, given their location, positive development can no longer be expected. In general, therefore, the impairments recognised in previous years by Bijou Brigitte are highly unlikely to be reversed. Furthermore, the future course of business of Bijou Brigitte, as set out in the forecast report contained in the combined management report for 2022, is subject to considerable uncertainty in respect of both the current year and future years. Given this background, Bijou Brigitte recognised no impairment reversals in 2022 despite the positive trend in that year.

Financial instruments

Financial instruments are contract-based economic transactions that give rise to both a financial asset for one entity and a financial liability or equity instrument for another entity.
Pursuant to IFRS 9, financial instruments fall into the following categories:

- Financial assets and liabilities measured at amortised cost
- Financial assets and liabilities measured at fair value directly in equity
- Financial assets and liabilities measured at fair value through profit or loss

The Group measures its financial assets at amortised cost. Financial instruments are initially recognised at fair value. In the case of financial assets or liabilities that are not carried at fair value through profit or loss, the transaction costs directly attributable to the purchase of the asset or the issuing of the liability are to be included.

Financial assets that arise directly from the provision of cash, goods or services to a debtor are carried at amortised cost or adjusted if applicable.

Financial assets measured at amortised cost are recognised in non-current assets unless they are due within twelve months of the balance sheet date.

Due to their short maturities, the carrying amounts of financial instruments such as cash, trade receivables and trade payables, as well as the current portion of non-current items, approximately correspond to the fair value of these financial instruments.

The Group only derecognises a financial asset if the contractual rights to the cash flow from the financial asset expire or it transfers the financial asset and all of the material opportunities and risks associated with ownership thereof to a third party.

Financial instruments measured at fair value can be classified and categorised into (measurement) levels according to the significance of the factors and information included in their measurements. Financial instruments are assigned to a particular level depending on the significance of their input factors for their overall measurement, i.e. to the lowest level that is significant to the measurement as a whole. The measurement levels are broken down hierarchically according to their input factors:

Level 1 – the prices listed in active markets for identical assets or liabilities (adopted without any changes);

Level 2 – input factors not related to the listed prices considered in level 1 that nonetheless can be observed directly (i.e. as price) or indirectly (i.e. derived from prices) for the asset or liability;

Level 3 – factors for the measurement of the asset or liability (non-observable input factors) that are not based on observable market data.

Financial assets and liabilities are reported as a net amount only if there is a legal entitlement to netting and the intention is to settle them on a net basis or to clear the associated liability by liquidating the asset concerned. No assets and liabilities were netted in 2022 or in the previous year.

Inventories

Inventories are carried at cost of acquisition, or at the lower net realisable value using the weighted average. Ancillary purchasing costs, i.e. the costs of in-house and outsourced logistics, including transportation to subsidiaries throughout Europe, are also included in the cost of inventories.

The net realisable value is the estimated revenue attainable in the course of normal business less the estimated necessary selling expenses.

Inventory impairments are recognised in the cost of materials.

Trade receivables

Trade receivables mainly include receivables from concession partners and are carried at the original invoice amount, which corresponds to the amount of the unconditional consideration at the time of recognition. Irrecoverable receivables are written off as soon as the payment default has been determined. The subsequent valuation of these, which tend to be current receivables, is based on categorisation pursuant to IFRS 9 at amortised cost using the effective interest method, less impairment losses.

As "other financial assets", trade receivables from the sale of goods are subject to the expected credit loss model provided for in IFRS 9. Impairment losses for financial assets are based on assumptions regarding credit risk and expected loss ratios. The Group exercises discretion when making these assumptions and selecting the input factors for the calculation of the impairments based on its past experience, the prevailing market conditions and forward-looking estimates at the end of each reporting period. The main assumptions and input factors utilised are:

- probabilities of default
- historical default rates
- customer credit ratings

In light of the Group's business model, the impairment system under IFRS 9 does not have any major impact on other financial assets, because the historical loss rates did not have any material impact on the Group and the default risk as of the balance sheet date has not increased significantly since the time of initial recognition. Specific valuation allowances amount to TEUR 227 (previous year: TEUR 130) following an addition of TEUR 97 (previous year: TEUR 0), utilisation of TEUR 0 (previous year: TEUR 0) and a release of TEUR 0 (previous year: TEUR 2) in the financial year.

Cash and cash equivalents

This item comprises cash, bank balances on call and other short-term deposits with an original time to maturity of less than three months. These are classified as financial instruments under the category of financial assets measured at cost. Cash and cash equivalents are also subject to the provisions governing impairment set out in IFRS 9, although the identified impairment loss was immaterial.

Equity

Borrowed capital and equity instruments are classified as financial liabilities or equity depending on the economic conditions of the contractual agreement.

An equity instrument is a contract that provides the basis for a residual claim to the assets of an entity once all associated liabilities have been deducted. Equity instruments are recorded as issue proceeds received less direct issue costs.

When Bijou Brigitte AG acquires its own shares, the consideration paid (including the attributable transaction costs) is deducted from equity. If such shares are sold again later, the consideration received is added to equity again with due attention being paid to income tax effects.

Financial liabilities

Financial liabilities are first recognised at fair value less transaction costs. In the course of subsequent measurements, financial liabilities are carried at amortised cost using the effective interest method. Financial liabilities are derecognised when settled. Refund liabilities and rights to recover the goods returned by customers are not recognised, because experience has shown that product returns by customers are not highly probable and that a significant reversal of the revenue will not occur. The validity of this assumption and the estimated number of returns are reassessed as of every balance sheet date.

Taxation

Income tax expense represents the sum of current tax expense and change to deferred taxes.

Current taxes

Current tax expense is determined on the basis of the taxable income for the year. Taxable income differs from the Group earnings reported in the consolidated income statement as it excludes expenses and income that are taxable or tax deductible in later years or never. Group liability for current taxes is calculated using the tax rates applicable as of the balance sheet date.

Judgements regarding the realisability of uncertain tax items and future tax relief are also based on assumptions and estimations. An asset or a liability arising from a tax risk item is recognised in accordance with IAS 12 if payment or reimbursement for the tax risk is likely. The uncertain tax item is measured at its expected value.

Deferred taxes

Deferred taxes are recognised according to the liability method for temporary differences arising from the differences between the carrying amount of assets and liabilities in the IFRS financial statements and their tax carrying amount. Furthermore, deferred tax assets are accrued on future usable tax losses.

Deferred tax assets and liabilities are determined on the basis of the expected tax rates (and tax laws) that will probably apply when the debt is satisfied or the asset is recovered. The measurement of deferred tax assets and liabilities reflects the tax consequences that would arise from the manner in which the Group expects to satisfy the liability or to realise the asset as of the balance sheet date.

Deferred tax liabilities that arise from temporary differences relating to investments in subsidiaries are recognised unless the time at which the temporary differences are reversed can be determined by the Group and it is likely that the temporary differences will not reverse in the foreseeable future due to this influence.

The carrying amount of deferred tax assets is reviewed annually on the balance sheet date and reduced if it is no longer likely that sufficient taxable income will be available to realise the asset in whole or in part. Deferred tax assets are therefore only recognised to the extent that future taxable profit is expected to be available against which the temporary differences can be utilised or the tax losses can be utilised.

Deferred tax assets and liabilities are offset if there is an enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax claims and tax liabilities at net.

Current and deferred taxes are recognised as expense or income through profit or loss unless they are related to items that were recognised in other income.

Provisions

Provisions are carried if the Group has a statutory or de facto obligation arising from past events, the fulfilment of which will probably give rise to an outflow of funds. If the management expects that a payment obligation will be reimbursed by a third party, for instance in the case of an insurance policy, the reimbursement claim is carried as a distinct asset and is recognised as other operating income, as long as the reimbursement is all but assured.

The amount of the provision recognised is the best estimate at the balance sheet date of the expenditure required to settle the present obligation, taking into account the risks and uncertainties underlying the obligation. Non-current provisions are discounted and carried at the present value of the expected expenses.

Income recognition

The Group operates a chain of retail stores that sell fashion jewellery and fashionable accessories. Revenue is recorded when a Group company or concession partner sells merchandise to an end consumer or a franchisee. Revenue from the sale of merchandise over the internet to end consumers is recorded at the time the power of disposal associated with the merchandise is transferred to the customer, hence at delivery. Payment is normally due immediately. Transactions are settled by bank transfer, credit card or debit card. Revenue is recognised less all sales reductions, excluding excise duties and after intra-Group sales have been eliminated.

The vast majority of gift vouchers sold to customers are valid for three years and are recognised as a contract liability. Amounts remaining on gift vouchers that have not been redeemed after three years are recognised as income, subject to an ex gratia period of one year.

The Group introduced a customer loyalty programme called BB-Club in Germany and Spain in 2019. In 2020, the programme was extended to Italy and France. Customers receive a physical BB-Club Card in store, which is activated by completing an application form or by registering online. This also creates a digital customer card in the BB-Club customer area. Customers who register online but would like a physical customer card can get one in store and then link it to their existing digital card online. On joining the BB-Club customers receive numerous advantages in the form of discounts, gifts on special occasions and invitations to exclusive events. Points are collected with every purchase (EUR 1.00 spent equals one point). Once 100 points have been collected, customers receive a discount coupon worth

EUR 10, which can be redeemed only with a new purchase of at least EUR 20.00 in store or in the online shop. The discount coupon is valid for three months after receipt. The anticipated contract liability is reviewed on an ongoing basis and recognised as a reduction to revenue.

Interest is recognised in the period in which it accrued.

Interest on borrowed capital

Interest on borrowed capital is recognised directly as an expense, provided that no qualifying assets as defined by IAS 23 are present for which interest on borrowed capital is to be capitalised.

Leases

Assets and liabilities resulting from leases are recognised at their present value as of their initial recognition.

The lease liabilities include the present value of the following lease payments:

- Fixed payments less any lease incentives receivable
- Variable lease payments linked to an index or an interest rate, initially measured with the index or interest rate as of the provision date

The lease payments are discounted at the Group's incremental borrowing rate of interest, since it is not possible to determine an implicit interest rate for the lease. As a starting point, the Group uses a risk-free interest rate to determine the incremental borrowing rate and adjusts it to the lessee's credit risk. Other adjustments also relate to the term of the lease and the economic environment (country risk).

The Group has not made use of the relief options for lessees in its lease accounting. The payments for short-term leases (less than or equal to twelve months) and for agreements on low-value assets have thus been recognised as outlined above. However, the Bijou Brigitte Group has applied the existing optional reliefs provided by the amendments to IFRS 16 (Rent concessions in connection with the Covid-19 pandemic) since 1 January 2020. As a result, without being individually examined, payment waivers and short-term moratoriums on lease payments received were, and continue to be, recognised as reductions in the lease obligations rather than as lease modifications, with the corresponding recognition of a profit. In cases where the lease period was modified or permanent rent concessions were obtained, the rent concessions were accounted for as a lease modification.

The Group is exposed to possible future increases in variable lease payments that may arise from a change in an index or an interest rate. These potential changes in lease instalments are not accounted for in the lease liability until they become effective. The lease liability is adjusted against the right-of-use asset as soon as changes in the index or interest rate affect the leasing rates. Such agreements are included in the majority of the leases in the Bijou Brigitte Group.

Each lease instalment is divided up into repayment and interest expense. The interest expense is recognised in the income statement under borrowing costs over the term of the lease, so that a fixed periodic interest rate applies for the remaining amount of the liability for each period.

Some real estate leases include variable payments depending on the sales realised by the stores based in these properties. The percentage rate for the sales-based variable payments varies in each agreement. The sales-related lease payments are recognised in profit and loss for the period in which the condition triggering the payments is met. Sales-related lease payments are of minor importance. These make up 0.3% of the total lease payments (previous year: 0.4%).

The valuation of the lease liabilities takes account of the non-cancellable basic lease term as well as extension options. The terms are determined based on the possibility for extension or cancellation by the lessee insofar as the (non-)exercise of the option by the Group is reasonably certain. The Group carries out a review on an ongoing basis.

State subsidies

State aid and subsidies that are requested and received in connection with the coronavirus pandemic are recognised when a binding award has been issued by the competent authority in the country concerned. Government subsidies that have already been received or definitively approved by the balance sheet date are recognised in other operating income. The bulk of this amount is the EUR 20.4 million of Interim Aid III that was applied for in Germany, which was disclosed in other operating income for the 2021 financial year. The application was submitted to the Hamburgische Investitions- und Förderbank on 28 October 2021 for the period from November 2020 to May 2021 with a funding rate of between 40% and 100% depending on the respective monthly declines in sales. The notification granting the full amount applied for along with the payment itself were received at the end of December 2021. Based on the recalculation performed in 2022 of the values and assumptions applied in the original application, it is expected that a repayment of EUR 0.4 million will be due to the grantor upon submission of the final account in 2023. This liability is disclosed in other financial liabilities.

In order to meet the requirements contained in the FAQ on "Coronavirus Interim Aid III", it was not possible to pay any dividends or award any variable remuneration to the members of the boards in respect of 2021.

Error corrections

In the 2022 financial year, it was found that, contrary to IAS 7.7, fixed-term deposits with an initial time to maturity of more than three months had previously been disclosed in current assets under "Cash and cash equivalents" and not under "Other financial assets". Consequently, the amount of cash and cash equivalents disclosed in the previous year had been TEUR 30,043 too high and the amount of other financial assets had been too low.

The cash flow statement was also adjusted in line with the amended balance sheet disclosures. In the cash flow statement, inflows and outflows from investments in fixed deposits with a term of more than three months are presented as cash flows from investing activities for both 2022 and 2021.

C. Notes to the consolidated balance sheet

(1) Intangible assets

Intangible assets are valued at acquisition cost less straight-line amortisation over the expected useful life. The carrying amounts of intangible assets as of the balance sheet date may be taken from the following table:

	Rights acquired against payment TEUR	Purchased software* TEUR	Internally produced software* TEUR	Total TEUR
Cost 1.1.2021	**12,574**	**2,618**	**3,259**	**18,451**
Currency translation differences	0	-1	0	-1
Additions	0	232	769	1,001
Disposals	-566	-5	-68	-639
Cost 31.12.2021	**12,008**	**2,844**	**3,960**	**18,812**
Accumulated amortisation and impairments 1.1.2021	**10,799**	**1,861**	**2,087**	**14,747**
Amortisation				
Additions	427	290	357	1,074
Disposals	-566	-3	-68	-637
Impairment	0	0	0	0
Accumulated amortisation and impairments 31.12.2021	**10,660**	**2,148**	**2,376**	**15,184**
Net carrying amount 31.12.2021/1.1.2022	**1,348**	**696**	**1,584**	**3,628**
Cost 1.1.2022	**12,008**	**2,844**	**3,960**	**18,812**
Currency translation differences	0	1	0	1
Additions	100	115	805	1,020
Disposals	-424	0	0	-424
Cost 31.12.2022	**11,684**	**2,960**	**4,765**	**19,409**
Accumulated amortisation and impairments 1.1.2022	**10,660**	**2,148**	**2,376**	**15,184**
Amortisation				
Additions	392	291	608	1,291
Disposals	-424	0	0	-424
Impairment	12	0	0	12
Accumulated amortisation and impairments 31.12.2022	**10,640**	**2,439**	**2,984**	**16,063**
Net carrying amount 31.12.2022	**1,044**	**521**	**1,781**	**3,346**

The impairment of rights acquired against payment in the amount of TEUR 12 (previous year: TEUR 0) relates to stores in which business development did not fulfil original cash flow expectations.

(2) Property, plant and equipment

The carrying amounts of property, plant and equipment as of the balance sheet date may be taken from the following table:

	Land and buildings TEUR	Technical equipment, machinery TEUR	Operating and office equipment TEUR	Plant under construction TEUR	Total TEUR
Cost 1.1.2021	**20,477**	**27**	**107,670**	**113**	**128,287**
Currency translation differences	0	0	143	0	143
Additions	0	0	2,045	92	2,137
Disposals	0	0	-8,606	-23	-8,629
Transfers	0	0	17	-17	0
Cost 31.12.2021	**20,477**	**27**	**101,269**	**165**	**121,938**
Accumulated depreciation and impairments 1.1.2021	**8,744**	**27**	**78,410**	**3**	**87,184**
Depreciation					
Additions	530	0	7,880	0	8,410
Disposals	0	0	-8,163	-3	-8,166
Additions	0	0	0	0	0
Impairment	0	0	681	0	681
Accumulated depreciation and impairments 31.12.2021	**9,274**	**27**	**78,808**	**0**	**88,109**
Net carrying amount 31.12.2021/1.1.2022	**11,203**	**0**	**22,461**	**165**	**33,829**
Cost 1.1.2022	**20,477**	**27**	**101,269**	**165**	**121,938**
Currency translation differences	0	0	-34	0	-34
Additions	0	0	5,789	134	5,923
Disposals	0	0	-7,462	-12	-7,474
Transfers	0	0	80	-80	0
Cost 31.12.2022	**20,477**	**27**	**99,642**	**207**	**120,353**
Accumulated depreciation and impairments 1.1.2022	**9,274**	**27**	**78,808**	**0**	**88,109**
Depreciation					
Additions	524	0	7,056	0	7,580
Disposals	0	0	-7,251	0	-7,251
Additions	0	0	0	0	0
Impairment	0	0	376	0	376
Accumulated depreciation and impairments 31.12.2022	**9,798**	**27**	**78,989**	**0**	**88,814**

Net carrying amount 31.12.2022	**10,679**	**0**	**20,653**	**207**	**31,539**

The impairment of operating and office equipment in the amount of TEUR 376 (previous year: TEUR 681) relates to stores in which business development did not fulfil original cash flow expectations. Write-downs related to the segments are as follows:

	2022	2021
	TEUR	TEUR
Germany	229	47
Spain	77	208
Italy	4	0
Portugal	0	35
France	41	164
Other countries	25	227

(3) Right-of-use assets

	Buildings TEUR
Cost 1.1.2021	**220,385**
Currency translation differences	-25
Additions	32,448
Disposals	-30,510
Cost 31.12.2021	**222,298**
Accumulated depreciation and impairments 1.1.2021	**95,017**
Depreciation	
Additions	39,505
Disposals	-15,163
Impairment	1,367
Accumulated depreciation and impairments 31.12.2021	**120,726**
Net carrying amount 31.12.2021	**101,572**
Cost 1.1.2022	**222,298**
Currency translation differences	-265
Additions	46,883
Disposals	-18,376
Cost 31.12.2022	**250,540**
Accumulated depreciation and impairments 1.1.2022	**120,726**
Depreciation	
Additions	37,543
Disposals	-15,956
Impairment	1,334
Accumulated depreciation and impairments 31.12.2022	**143,647**
Net carrying amount 31.12.2022	**106,893**

The additions and disposals of historical costs and depreciation shown above include all changes from the accounting of leases. This presentation also includes reassessments of contract terms and modifications of leases.

The impairment of right-of-use assets in the amount of TEUR 1,334 (previous year: TEUR 1,367) relates to stores in which business development did not fulfil original cash flow expectations.

(4) Non-current financial assets

	2022 EUR	2021 EUR
Rent deposits paid	1,808,506.43	1,836,374.03

This balance sheet item is only used to report long-term deposits paid, in particular rental deposits. These serve to secure rental agreements and were discounted at an interest rate of 3.770% (previous year: 0.5090%) until expiration of the respective lease.

(5) Deferred taxes

Deferred tax assets and liabilities are measured in accordance with IAS 12. Deferred taxes are calculated for all temporary differences between the balance sheet and tax carrying amounts, from consolidation measures and for realisable loss carryforwards. The calculation of deferred taxes is based on the expected tax rates in the countries at the time of realisation. The domestic deferred tax assets and liabilities were calculated using an income tax rate of 31.6% as in the previous year. Tax rates of between 9.0% and 27.9% were applied for foreign taxes, as in the previous year.

Development of deferred taxes
(net amount of deferred tax assets after deduction of deferred tax liabilities):

	2022 EUR	2021 EUR
As of 1 January (deferred tax assets)	5,320,984.89	2,588,622.60
Currency translation differences	-1,833.99	1,447.57
Deferred taxes recognised in the income statement	-1,268,767.26	2,730,914.72
of which temporary differences	*491,145.95*	*2,315,033.10*
of which loss carryforwards	*-1,759,913.21*	*415,881.62*
As of 31 December (deferred tax assets)	4,050,383.64	5,320,984.89

Deferred tax assets and liabilities are netted if there is a legal set-off claim for actual tax receivables and liabilities and the deferred taxes are due to the same tax authority.

The change in deferred taxes arising from currency translation differences was recorded as TEUR -2 (previous year: TEUR 1) in other income.

The deferred tax assets and liabilities are distributed among the following balance sheet items:

	2022		2021	
	Assets EUR	Liabilities EUR	Assets EUR	Liabilities EUR
Intangible assets	808,046.17	230,576.82	486,776.07	233,265.37
Property, plant and	386,390.80	1,695,850.80	363,628.01	1,610,579.81
equipment	0.00	28,465,693.51	0.00	27,272,981.73
Right-of-use assets				
Inventories	769,936.66	2,148,845.95	955,419.93	1,797,593.86
Receivables	0.00	3,063.26	0.00	3,031.68
Non-current financial assets	39,393.75	0.00	4,828.44	0.00
Cash and cash equiva-	0.00	137,937.23	0.00	25,813.29
lents				
Provisions	1,344,626.66	43,028.19	1,536,287.50	402.52
Lease liabilities				
Trade	30,656,777.44	0.00	28,354,269.34	0.00
payables				
Other liabilities				
	0.00	27,073.86	16,137.16	0.00
	25,908.14	0.00	16,019.93	0.00
Loss carryforwards	2,771,373.65	0.00	4,531,286.86	0.00
	36,802,453.26	32,752,069.62	36,264,653.24	30,943,668.26
Netting	-31,044,521.51	-31,044,521.51	-30,175,872.25	-30,175,872.25
Carrying amount	5,757,931.75	1,707,548.11	6,088,780.99	767,796.01

Deferred tax assets are considered for tax loss carryforwards to the extent that their utilisation for future taxable income is probable. As of the balance sheet date, the Group had TEUR 11,845 from tax loss carryforwards (previous year: TEUR 19,106), for which deferred tax assets were accrued. The usefulness of tax loss carryforwards is based on the general earnings development of the regions concerned. The planning calculation is based on a time horizon of five years. Loss carryforwards for which no deferred taxes were accrued amount to TEUR 4,591 (previous year: TEUR 7,496). The ability to utilise these loss carryforwards is not limited in time. Deferred tax assets for temporary differences in the amount of TEUR 113 (previous year: TEUR 1,756) were not recognised as of 31 December 2022. Deferred tax assets of TEUR 0 (previous year: TEUR 565) were recognised in spite of current-year losses.

Deferred tax assets of TEUR 1,100 are expected to be realised in the course of the coming financial year (previous year: TEUR 1,441), while TEUR 2,360 of deferred tax liabilities are expected to be realised (previous year: TEUR 1,827).

No deferred tax liabilities were recognised for temporary differences in connection with shareholdings in subsidiaries totalling TEUR 7,451 (previous year: TEUR 6,614) since it is unlikely that these temporary differences will reverse in the foreseeable future.

(6) Inventories

Inventories are classified as follows:

	2022 EUR	2021 EUR
Raw materials, consumables and supplies	3,152,228.50	2,897,240.84
Merchandise	68,764,354.53	55,752,369.46
	71,916,583.03	58,649,610.30

Furthermore, there are advance payments on inventories in the amount of TEUR 88 (previous year: TEUR 21). These are reported under other current receivables. Total impairment of the net realisable value of the inventories amounts to TEUR 1,727 (previous year: TEUR 1,959). The difference of TEUR 232 between the impairment losses and reversals of impairments recognised in the financial year is disclosed in cost of materials. The reversals of inventory impairments are due to the positive development of business in 2022. The carrying value of the inventories, which are recognised at the lower of cost and net realisable value, was EUR 2.9 million as of the reporting date.

(7) Trade receivables

	2022 EUR	2021 EUR
Trade receivables	1,918,614.19	1,687,133.89
Value adjustments	-226,875.43	-130,112.52
	1,691,738.76	1,557,021.37

The value adjustments relate to receivables that are probably uncollectible. All trade receivables were due within one year.

Value adjustments on trade receivables have developed as follows:

	2022 EUR	2021 EUR
As of the beginning of the year	130,112.52	131,883.46
Additions (expenses for value adjustments)	96,762.91	0.00
Reversals	0.00	-1,770.94
As of the end of the year	226,875.43	130,112.52

Expenses and income from value adjustments are recognised under other operating expenses or income.

The majority of the receivables that arise in Bijou Brigitte's stores are settled immediately in the store. The outstanding receivables on the balance sheet date mainly relate to receivables from concession and franchise partners that are settled in the short term and for which no significant impairments are expected.

There is no concentration of credit risk, which means that it is not necessary to take any risk precautions beyond the value adjustments already made.

(8) Tax receivables

Tax receivables relate to income taxes.

(9) Other financial assets

	2022 EUR	2021* EUR
Other receivables due from third parties	4,884,806.94	5,507,251.18
Short-term fixed deposits	69,966,478.99	30,042,943.26
	74,851,285.93	35,550,194.44

* The comparative figures for 2021 have been adjusted in line with the methodology for 2022.

Other receivables due from third parties are only current and consist largely of cash in transit, receivables from credit card transactions, credit from ancillary rental costs and rental deposits due to be repaid to the Bijou Brigitte Group within one year.

Short-term fixed deposits comprise funds with an original maturity of more than three months but no more than twelve months.

(10) Other current receivables

	2022	2021
	EUR	EUR
Other tax receivables	209,593.19	822,066.98
Receivables from the employment agency	41,381.32	104,066.58
Accrued income	432,832.55	667,396.47
Advance payments on inventories	88,241.64	20,909.79
	772,048.70	1,614,439.82

Other tax receivables comprise tax refund claims on advance tax payments rendered (TEUR 169; previous year: TEUR 792) and input tax deductible in the subsequent year (TEUR 40; previous year: TEUR 30).

(11) Cash and cash equivalents

	2022	2021*
	EUR	EUR
Current accounts and cash on hand	95,461,254.11	99,476,484.13
Call money	6,040,982.69	539,711.88
Short-term fixed deposits	0.00	9,415,790.87
	101,502,236.80	109,431,986.88

* The comparative figures for 2021 have been adjusted in line with the methodology for 2022.

Short-term fixed deposits include financial securities originally due within three months. All cash and cash equivalents also represent the cash equivalents relevant to the cash flow statement as defined by IAS 7.

(12) Equity

The individual equity components and their changes are shown in the consolidated statement of changes in equity.

The Group manages its equity structure with the aim of being able to function independently of the capital market. The aim continues to be to achieve a high equity ratio of between 45% and 55%. In the 2022 financial year, the equity ratio was 62.15% (previous year: 60.01%). The capital structure is reviewed twice a year. In doing so, it is ensured that all Group companies can generate sustainable cash surpluses and operate on the basis of being a going concern. The Group's overall strategy has not changed compared with the previous year.

The Group is not subject to any minimum capital requirements.

Subscribed capital

The subscribed capital of Bijou Brigitte modische Accessoires AG remains unchanged at EUR 8,100,000.00. It is divided into 8,100,000 non-par common shares. The subscribed capital has been fully paid in.

A resolution by the Annual General Meeting on 18 June 2019 once again authorised the Management Board, with the consent of the Supervisory Board, to purchase own shares in the company up to a total of ten per cent of the company's share capital at the time of this resolution (this being EUR 8,100,000.00) or, if this amount is lower, the share capital existing at the time the authorisation is exercised. These treasury shares may be utilised for any legally permissible purpose. This authorisation is valid until 17 June 2024.

As in the previous year, the company held 401,292 common shares on the balance sheet date. This corresponds to a 4.95% share of the subscribed capital (previous year 4.95%). The costs of acquisition totalled TEUR 23,836 (previous year: TEUR 23,836) and have been deducted from equity as treasury shares.

	in shares
Shares issued as of 1 January 2021	7,698,708
Shares repurchased and not cancelled in the course of the share buy-back programme in the 2021 financial year	0
Shares issued as of 31 December 2021/1 January 2022	7,698,708
Shares repurchased and not cancelled in the course of the share buy-back programme in the 2022 financial year	0
Shares issued as of 31 December 2022	7,698,708

Authorised capital

Pursuant to the resolution of the Annual General Meeting on 17 June 2021, the Management Board is authorised, with the consent of the Supervisory Board, to increase the share capital of the company by up to EUR 4,000,000.00, in one or more stages, by issuing up to 4,000,000 new bearer shares with no par value in return for cash and/or contributions in kind in the period until 16 July 2026 (authorised capital).

Reserves

The **capital reserve** pertains to the premium of TEUR 3,579 (previous year: TEUR 3,579) arising from the capital increase in the nominal amount of TEUR 511 in 1989.

Retained earnings comprise the legal reserves of the parent company of TEUR 246 and other retained earnings of TEUR 36,363.

At TEUR 23,836, the amount deducted for treasury shares did not change in the reporting year.
The **foreign currency translation reserve** includes all currency differences arising from the translation of the annual financial statements of foreign subsidiaries whose functional currency is not the euro.

Currency translation differences are broken down by country as follows:

Country	2022	2021
	TEUR	TEUR
Hong Kong	2,870	1,982
Hungary	-2,044	-1,683
Poland	-1,649	-1,482
China	-22	-18
Czechia	701	484
Other countries	-142	-105
Total	**-286**	**-822**

(13) Deferred tax liabilities

See point 5.

(14) Provisions

	Provisions for stores EUR	Provisions for personnel EUR	Other provisions EUR	Total EUR
As of 1 January 2021	**4,979,445.72**	**816,114.20**	**375,015.45**	**6,170,575.37**
Currency translation	665.49	0.00	1,716.05	2,381.54
Additions not recognised in the income statement	15,395.45	0.00	0.00	15,395.45
Additions	59,900.00	112,792.01	376,910.08	549,602.09
Additions due to compounding	133,979.46	0.00	0.00	133,979.46
Reversals	-13,453.17	-65,656.34	0.00	-79,109.51
Utilisation	-386,431.65	-149,835.07	-45,989.03	-582,255.75
As of 31 December 2021 / 1 January 2022	**4,789,501.30**	**713,414.80**	**707,652.55**	**6,210,568.65**
Currency translation	-4,246.55	0.00	904.54	-3,342.01
Additions not recognised in the income statement	48,680.32	0.00	0.00	48,680.32
Additions	140,600.00	79,814.61	53,186.09	273,600.70
Additions due to compounding	16,847.14	0.00	0.00	16,847.14
Reversals	-70,290.23	-36,776.86	-589,293.79	-696,360.88
Utilisation	-219,740.74	-170,244.58	-45,468.76	-435,454.08
As of 31 December 2022	**4,701,351.24**	**586,207.97**	**126,980.63**	**5,414,539.84**

Provisions classified according to when they are likely to be utilised:

	2022 EUR	2021 EUR
More than one year	3,808,651.24	4,060,101.30
Within one year	1,605,888.60	2,150,467.35
	5,414,539.84	6,210,568.65

The additions to provisions include interest in the amount of TEUR 17 (previous year: TEUR 134) for the stores. Provisions to be utilised after one year relate solely to obligations to restore store space to its original condition. The current component of this provision amounts to TEUR 460 (previous year: TEUR 440).

Provisions for stores

Provisions for stores mainly consist of existing obligations from ancillary rental costs and costs associated with store closures. Provisions for ancillary rental costs are quantified on the basis of past experience of corresponding additional demands in previous years. The costs associated with store closures are calculated using estimates based on the cost of restoring shop floor space to its original condition and taking account of past experience. Provisions for restoring store space to its original condition are capitalised with no effect on profit or loss as part of the cost of acquisition of the relevant assets.

The timing or amount of the definitive costs incurred by a store closing is unknown. An average residual lease term of eight years is assumed.

Provisions for personnel

Provisions for personnel primarily comprise obligations for compensation to be paid for personnel leaving the company and long service awards, the timing of which is not foreseeable.

Other provisions

Other provisions mainly include costs for ongoing litigation and compensation claims, the occurrence of which cannot be anticipated.

(15) Lease liabilities

The lease liabilities recorded are broken down as follows:

	2022 EUR	2021 EUR
Non-current	76,077,786.52	72,180,963.41
Current	36,185,007.09	35,541,580.08
	112,262,793.61	107,722,543.49

Non-current, non-discounted lease liabilities with a maturity between one and five years amount to TEUR 71,738 (previous year: TEUR 66,839) and with a maturity of over five years to TEUR 10,981 (previous year: TEUR 10,376).

The total payments made for leases in 2022 amounted to TEUR 43,733 (previous year: 46,287):

Reconciliation of financial liabilities

	Lease liabilities
	TEUR
As of 1.1.2021	**134,841**
Changes affecting payments	-41,862
Currency translation	37
Additions	14,658
Interest expenses	4,380
Interest paid*	-4,380
Other changes	49
As of 31.12.2021	**107,723**

As of 1.1.2022	**107,723**
Changes affecting payments	-39,551
Currency translation	-90
Additions	44,394
Interest expenses	4,183
Interest paid*	-4,183
Reduction due to contractual amendments	-476
Other changes	263
As of 31.12.2022	**112,263**

* Reported in the cash flow statement under cash flow from operating activities

(16) Tax liabilities

Tax liabilities relate to income taxes.

(17) Trade payables, other financial liabilities and other current liabilities

	2022 EUR	2021 EUR
Trade payables	8,308,130.75	7,570,245.85
Other financial liabilities	8,348,834.56	5,712,397.39
Tax liabilities for other taxes	6,891,888.81	4,224,860.07
Other liabilities for social security	1,923,583.26	1,552,713.35
Contractual liabilities	3,041,040.63	2,915,062.37
Other current liabilities	11,856,512.70	8,692,635.79
	28,513,478.01	**21,975,279.03**

Other financial liabilities consist mainly of liabilities for personnel in the amount of TEUR 3,597 (previous year: TEUR 3,399), for bonuses and commissions in the amount of TEUR 803 (previous year: TEUR 0) and for outstanding invoices, in particular for premises costs, energy costs and the preparation and audit of the financial statements, in the amount of TEUR 3,309 (previous year: TEUR 1,905). They are due in less than one year.

Contract liabilities include advance payments received (vouchers) under contracts with customers in the amount of TEUR 2,691 (previous year: TEUR 2,714) and the discount coupons from the BB-Club loyalty programme still valid on the reporting date in the amount of TEUR 350 (previous year: TEUR 201).

Contractual liabilities developed as follows in the financial year:

	Contractual liabilities
	TEUR
As of 1.1.2021	2,714
Currency translation differences	-6
Additions from new vouchers	4,908
Disposals from redeemed vouchers	-4,314
Disposals due to expired vouchers	-611
As of 31.12.2022	2,691

In the reporting period, TEUR 940 of redeemed vouchers and TEUR 611 of unredeemed expired vouchers, which had been included in the balance of contract liabilities at the beginning of the period, were recognised as income.

Refund liabilities and rights to recover the goods returned by customers are not recognised, because experience has shown that product returns by customers are not highly probable and that a significant reversal of the revenue will not occur. The validity of this assumption and the estimated number of returns are reassessed as of every balance sheet date.

D. Notes to the consolidated income statement

(18) Revenue / segment reporting

The breakdown of revenue is shown in segment reporting. Segment reporting conforms with the provisions of IFRS 8 and is therefore prepared using the so-called 'management approach'. Internal reporting is based on segmentation by country.

(19) Other own work capitalised

The amount results primarily from the capitalisation of own work in expanding stores. This is recognised in property, plant and equipment under "Other equipment, operating and office equipment".

(20) Other operating income

	2022 EUR	2021 EUR
Income from government grants due to Covid-19	459,011.64	23,769,195.07
Income from lease liability discounts	818,684.07	2,441,248.23
Income from the disposal of property, plant and equipment and the modification of right-of-use assets	81,373.03	1,476,573.18
Exchange rate gains	2,176,230.53	1,232,725.39
Other operating income	713,992.08	799,172.60
Income from the reversal of advance payments received	611,445.66	607,892.59
Income from rent	638,742.99	547,735.05
Income from damage compensation	477,441.78	531,894.65
Income from the reversal of provisions	696,360.88	79,109.51
Income from deconsolidation	0.00	17,070.61
	6,673,282.66	31,502,616.88

The exchange rate gains in the amount of TEUR 1,854 (previous year: TEUR 1,159) relate to financial liabilities measured at amortised cost.

(21) Cost of materials

	2022 EUR	2021 EUR
Expenses for services purchased	123,517.29	80,484.94
Expenses for goods purchased	63,069,118.69	47,320,445.94
	63,192,635.98	47,400,930.88

(22) Personnel costs

	2022 EUR	2021 EUR
Wages and salaries	65,197,116.33	54,860,395.82
Social security contributions	14,548,721.84	13,933,710.36
	79,745,838.17	68,794,106.18

Social security contributions contain expenses in the amount of TEUR 5,315 (previous year: TEUR 5,319) for pension schemes. The employer contribution rate to the statutory pension insurance in Germany amounted to 9.30% of the gross wage (previous year: 9.30%). The increase in personnel costs in 2022 is due in particular to the increase in the statutory minimum wage in Germany.

An average of 3,445 (previous year: 3,453) people were employed over the year; this corresponds to 2,271 (previous year: 2,256) full-time equivalents. Of these employees, 1,282 (previous year: 1,255) work in Germany. In accordance with the 1991 OECD directive on the publication duties of multinational companies, by which the purpose of disclosing the number of employees is to give a full and fair view of the actual employment situation, the number of employees was converted to full-time equivalents.

	2022	2021
Administration, shipment, shopfitting, production	441	437
Sales in Germany	389	372
Sales abroad	1,441	1,447
	2,271	2,256

(23) Depreciation, amortisation and impairment of intangible assets and property, plant and equipment as well as of right-of-use assets

Depreciation, amortisation and impairment can be seen under points 1, 2 and 3. Depreciation, amortisation and impairment are distributed across the individual geographical regions as presented in the segment reporting.

In the case of assets carried on the balance sheet as of 31 December 2022, a total impairment and depreciation charge of TEUR 1,722 (previous year: TEUR 2,048), broken down into TEUR 12 (previous year: TEUR 0) for intangible assets, TEUR 376 (previous year: TEUR 681) for property, plant and equipment, and TEUR 1,334 (previous year: TEUR 1,367) for right-of-use assets, was calculated and recognised in the income statement as impairments and depreciation of intangible assets, property, plant and equipment, and right-of-use assets.

(24) Other operating expenses

	2022 EUR	2021 EUR
Commission on sales/leases	29,872,627.56	22,162,529.94
Occupancy costs	10,229,677.12	8,569,129.60
Bank and consultancy fees	8,417,867.14	7,365,757.36
Miscellaneous operating expenses	6,233,760.19	4,694,169.11
Costs of delivering goods and packaging	3,771,413.71	3,137,844.23
Maintenance and repairs	3,081,786.87	2,077,801.30
Advertising and decoration expenses	3,257,350.56	1,993,507.36
Exchange rate losses	1,979,412.34	1,342,232.07
Postage and telephone	1,107,984.94	1,218,728.65
Travel and entertainment costs	1,520,450.59	1,122,256.24
Commission on sales for concessions	957,704.87	839,851.42
Other taxes and levies	775,997.88	781,918.21
Accounting losses from the disposal of assets	216,892.11	454,464.02
Insurance	460,670.23	419,544.91
Repayment of coronavirus aid	459,520.35	0.00
Fees and dues	108,852.79	105,855.72
	72,451,969.25	56,285,590.14

Miscellaneous operating expenses primarily comprise costs for leased personnel, broker commissions, office and operating supplies as well as third-party services.

The exchange rate losses in the amount of TEUR 1,876 (previous year: TEUR 1,263) relate to financial liabilities measured at amortised cost.

(25) Financial result

	2022 EUR	2021 EUR
Interest and similar expenses	-192,094.54	-117,490.77
Interest expenses on operating taxes	-57.00	-56.00
Discounting of non-current receivables	-161,929.98	-20,167.39
Accrual of non-current provisions	-16,847.14	-133,979.45
Interest expense for leases	-4,182,698.63	-4,380,251.98
	-4,553,627.29	-4,651,945.59
Interest income	619,102.40	109,529.63
Financial result	-3,934,524.89	-4,542,415.96

Commissions of TEUR 101 (previous year: TEUR 77) were incurred in respect of sureties.

26) Income taxes

Income taxes reported include the actual taxes paid or owed in individual countries as well as deferred taxes.

	2022 EUR	2021 EUR
Actual tax expense	9,786,517.49	5,565,472.40
Deferred tax income (-)/tax expense (+) (see point 5)	1,268,767.26	-2,730,914.72
Recognised income tax expense	11,055,284.75	2,834,557.68

Reconciliation of expected with reported income tax expense:

	2022 EUR	2021 EUR
Group earnings before income taxes	46,320,038.37	19,866,129.85
Expected tax expense of 31.6% (2021: 31.6%)	14,637,132.12	6,277,697.03
Tax decreases due to tax-exempt income	-267,225.22	-268,162.52
Tax increases due to non-tax-deductible expenses	682,618.71	720,354.43
Impact of differences in national tax rates	-2,074,867.45	-400,551.31
Effects from the recognition and measurement of deferred tax assets	-1,536,217.51	-3,398,336.83
Other effects	-414,598.15	-85,569.97
Use of tax loss carryforwards	30,829.48	0.00
Taxes for previous years	-2,387.23	-10,873.15
Recognised income tax expense	11,055,284.75	2,834,557.68

As in the previous year, a total tax rate of 31.6% was used to determine the expected tax rate in the 2022 financial year. This tax rate is composed of the corporate income tax rate (15%), the solidarity surcharge (5.5% on corporate income tax) and the average trade tax rate for the locations of Bijou Brigitte AG (15.8%).

(27) Earnings per share

Earnings per share were calculated in accordance with IAS 33.

In order to maintain the basic earnings per share, the result for the period to which the shareholder is entitled is divided by the number (weighted average) of common shares in circulation during the year. Shares held by the company reduce the number of outstanding shares. As of 31 December 2022, the average number of outstanding shares came to 7,698,708, the same as in the previous year. Since there were no warrants or option rights, the diluted earnings per share correspond to the basic earnings per share.

Earnings per share are calculated as follows:

	2022 EUR	2021 EUR
Group earnings	35,264,753.62	17,031,572.17
Group earnings allocable to shareholders	35,264,753.62	17,031,572.17
Common shares entitled to dividends (average)	7,698,708	7,698,708
Earnings per share		
Basic	4.58	2.21
Diluted	4.58	2.21

E. Other notes

Segment reporting

According to IFRS 8, segment reporting is to be prepared in line with the “management approach”. Bijou Brigitte AG considers itself in this regard as a single-product company, where no distinctions are made between product groups, either in sales or in internal reporting, since the customer is offered the entire range as a product. As a result, earnings are geographically segmented in order to provide plausible data and a basis for management to make decisions.

The Group is primarily active in five geographical regions: Germany, Spain, Italy, France and Portugal. Since the product range, business processes, target groups and sales processes are in essence very similar in the remaining countries, sales countries falling under the Other countries segment, which is subject to reporting, are combined and summarised in accordance with IFRS 8.13 and IFRS 8.16.

The respective segments presented cover all of the activities in a country. External revenue is allocated according to the location of the respective sales markets.

The valuation principles for segment reporting are based on the IFRS used in the consolidated financial statements. Valuation differences between the reported segments and the Group do not arise from the harmonisation of internal and external reporting. Figures are allocated to segments entirely by the accounting units. The profit or loss reported by segment corresponds to the profit or loss for the period as referred to in IFRS 8. Transfer pricing for intra-group revenue is determined on the basis of market prices.

Segment investments include additions to intangible assets and property, plant and equipment.

Pursuant to IFRS 8.23, no assets and liabilities were measured for the segments subject to reporting, since such figures are not internally reported to the respective company decision-maker.

Segment reporting 2022

Figures in TEUR	External revenue 2022	External revenue 2021	Inter-segment revenue 2022	Inter-segment revenue 2021	Total revenue 2022	Total revenue 2021	Other expenses for premises and personnel costs 2022	Other expenses for premises and personnel costs 2021	Other operating expenses and income 2022	Other operating expenses and income 2021	Depreciation and amortisation 2022	Depreciation and amortisation 2021	Interest income 2022	Interest income 2021	Interest expenses 2022	Interest expenses 2021	**Segment earnings/Group earnings before taxes 2022**	**Segment earnings/Group earnings before taxes 2021**	Income taxes 2022	Income taxes 2021	**Segment earnings/Group earnings 2022**	**Segment earnings/Group earnings 2021**	Segment investments 2022	Segment investments 2021
Germany[1]	151.358	97.668	39.667	28.094	191.025	125.762	-42.346	-33.750	-101.971	-51.576	-24.534	-24.800	849	626	-1.943	-1.946	**21.080**	**14.316**	-7.108	-5.445	**13.972**	**8.871**	3.960	2.178
Spain	37.298	29.980	0	0	37.298	29.980	-11.488	-11.937	-13.427	-10.901	-4.997	-6.068	92	15	-683	-587	**6.795**	**502**	-1.735	3.158	**5.060**	**3.660**	1.153	110
Italy	31.472	25.447	0	0	31.472	25.447	-10.260	-9.649	-11.498	-9.798	-3.940	-4.056	2	5	-644	-503	**5.132**	**1.446**	-1.510	-483	**3.622**	**963**	469	71
Portugal	9.237	6.296	0	0	9.237	6.296	-2.343	-2.057	-3.235	-2.138	-1.173	-1.308	63	6	-126	-130	**2.423**	**669**	-568	56	**1.855**	**725**	88	0
France	26.432	21.809	0	0	26.432	21.809	-9.508	-7.715	-9.755	-8.224	-4.912	-5.468	5	2	-620	-751	**1.642**	**-347**	1.556	171	**3.198**	**-176**	323	124
Other countries	50.666	34.828	0	0	50.666	34.828	-14.235	-12.545	-17.070	-9.623	-8.582	-9.337	115	21	-1.046	-1.330	**9.848**	**2.014**	-1.690	-292	**8.158**	**1.722**	950	655
	306.463	216.028	39.667	28.094	346.130	244.122	-90.180	-77.653	-156.956	-92.260	-48.138	-51.037	1.126	675	-5.062	-5.247	**46.920**	**18.600**	-11.055	-2.835	**35.865**	**15.765**	6.943	3.138
Consolidation	0	0	-39.667	-28.094	-39.667	-28.094	0	0	39.066	29.331	0	0	-507	-565	508	595	**-600**	**1.267**	0	0	**-600**	**1.267**	0	0
Total	306.463	216.028	0	0	306.463	216.028	-90.180	-77.653	-117.890	-62.929	-48.138	-51.037	619	110	-4.554	-4.652	**46.320**	**19.867**	-11.055	-2.835	**35.265**	**17.032**	6.943	3.138

[1] The Germany segment also includes the purchasing companies in Hong Kong and China.

Revenue is primarily from the sale of merchandise.

The revenue with other segments reported under consolidation is only included in the Germany segment.

Depreciation and amortisation include impairments of TEUR 854 in the Germany segment (previous year: TEUR 316), TEUR 226 in the Spain segment (previous year: TEUR 716), TEUR 129 in the Italy segment (previous year: TEUR 69), TEUR 0 in the Portugal segment (previous year: TEUR 115), TEUR 224 in the France segment (previous year: TEUR 256), and TEUR 289 (previous year: TEUR 576) in the Other Countries segment.

Material non-cash segment expenses amount to TEUR 1,309 for the Germany segment (previous year: TEUR 1,610), TEUR 256 in the Spain segment (previous year: TEUR 212), TEUR 226 in the Italy segment (previous year: TEUR 230), TEUR 56 in the Portugal segment (previous year: TEUR 54), TEUR 151 in the France segment (previous year: TEUR 155) and TEUR 328 for the Other Countries segment (previous year: TEUR 428)

Intangible assets and property, plant and equipment amounted to TEUR 22,988 within Germany (previous year: TEUR 23,888), and to TEUR 11,898 outside Germany (previous year: TEUR: 13,570). Of this, TEUR 2,329 is attributable to the Spain segment (previous year: TEUR 2,001), TEUR 1,651 to the Italy segment (previous year: TEUR 1,934), TEUR 459 to the Portugal segment (previous year: TEUR 545), TEUR 3,345 to the France segment (previous year: TEUR 4,510) and TEUR 4,115 to the Other Countries segment (previous year: TEUR 4,580).

Right-of-use assets amounted to TEUR 48,563 within Germany (previous year: TEUR 48,502) and TEUR 58,330 outside Germany (previous year: TEUR 53,071). Of this amount, TEUR 9,514 is attributable to the Spain segment (previous year: TEUR 7,412), TEUR 11,328 to the Italy segment (previous year: TEUR 8,249), TEUR 3,447 to the Portugal segment (previous year: TEUR 1,570), TEUR 11,787 (previous year: 14,327) to the France segment and TEUR 22,253 (previous year: TEUR 21,513) to the Other Countries segment.

Financial instruments

Legend for abbreviations in the following tables

	IFRS 9	
Abbreviation	**English**	**German**
AC	Amortised cost	Amortised cost
FVtOCI	Fair value through other comprehensive income	Measurement at fair value through other comprehensive income
FVtPL	Fair value through profit or loss	Measurement at fair value through profit or loss

in TEUR	Valuation category pursuant to IFRS 9	Carrying amount 31.12.2022	Carrying amount according to IFRS 9: Amortised cost	Carrying amount according to IFRS 9: Cost of acquisition	Carrying amount according to IFRS 9: Market value (not affecting income statement)	Carrying amount according to IFRS 9: Market value (affecting income statement)	Fair value as of 31.12.2022	Carrying amount 31.12.2021	Carrying amount according to IFRS 9: Amortised cost	Carrying amount according to IFRS 9: Cost of acquisition	Carrying amount according to IFRS 9: Market value (not affecting income statement)	Carrying amount according to IFRS 9: Market value (affecting income statement)	Fair value as of 31.12.2021
Assets													
Other non-current financial assets	AC	1.809	1.809				1.809	1.836	1.836				1.836
Trade receivables	AC	1.692	1.692				1.692	1.557	1.557				1.557
Other financial assets	AC	74.851	74.851				74.851	35.550	35.550				35.550
Cash and cash equivalents	AC	101.502	101.502				101.502	109.432	109.432				109.432
Liabilities													
Trade payables	AC	8.308	8.308				8.308	7.570	7.570				7.570
Other financial liabilities	AC	8.349	8.349				8.349	5.712	5.712				5.712

Most cash and cash equivalents, trade receivables and other financial assets have short residual maturities. As a result, their carrying amounts as of the balance sheet date approximately correspond to the fair value.

Trade payables and other financial liabilities usually have short residual maturities. For this reason, the carrying amounts correspond to the fair values.

The total of the carrying amounts in the AC category amounts to TEUR 196,511 (previous year: 161,657).

Net earnings by valuation category

in TEUR	2022: From interest	2022: From subsequent valuation: At fair value	2022: From subsequent valuation: Currency translation	2022: From subsequent valuation: Impairment	2022: From disposals	2022: Net earnings	2021: From interest	2021: From subsequent valuation: At fair value	2021: From subsequent valuation: Currency translation	2021: From subsequent valuation: Impairment	2021: From disposals	2021: Net earnings
Amortised cost	367	0	-22	-97	0	248	47	0	-103	2	0	-54
Measurement at fair value through other comprehensive income	0	0	0	0	0	0	0	0	0	0	0	0
Measurement at fair value through profit or loss	0	0	0	0	0	0	0	0	0	0	0	0
Total	**367**	**0**	**-22**	**-97**	**0**	**248**	**47**	**0**	**-103**	**2**	**0**	**-54**

The interest from financial instruments is recognised in the financial result and dividends are reported as other operating income.

Net earnings from currency translation and from impairments to trade receivables are recognised as other operating expenses or income.

In the 2022 financial year, as in the previous year, the Group did not have any assets measured at fair value through other comprehensive income.

Financial risk factors

In the course of its normal business operations, the Bijou Brigitte Group is exposed to a number of financial risks such as exchange rate fluctuations, interest and liquidity risks. The risk management system monitors these risks in order to minimise negative effects on Group earnings.

Pursuant to Section 91 (2) of the German Stock Corporation Act (AktG), the Management Board set up a monitoring system so as to identify developments that may endanger the continued existence of the company in a timely fashion. The monitoring system and its organisation cover the entire Group managed by the company.

The company has identified material risks and introduced appropriate monitoring measures.

The monitoring measures are primarily implemented at the head office in Hamburg; the corresponding developments in the subsidiaries are also monitored here. Monitoring mainly involves analysing business assessments, which are updated on a daily basis in some cases. If anything unusual becomes apparent, appropriate measures are taken by the responsible employees to obtain a detailed analysis of the events and to clarify these, locally if necessary.

Measures are monitored directly by members of the Management Board, first-level managers and the internal audit department to ensure the communication of identified risks.

Currency risks

Currency risks as defined by IFRS 7 arise through financial instruments of a monetary nature and denominated in a currency other than the functional currency; exchange rate differences arising from the translation of financial statements into the Group currency are not included.

Exchange rate risks faced by the Bijou Brigitte Group result solely from operational activities.

Individual Group companies primarily perform their daily business in their respective functional currency. For this reason, the exchange rate risk from normal business operations is estimated to be low. Furthermore, the currencies of foreign subsidiaries are mainly stable and not subject to any significant exchange rate fluctuations. In the event of business transactions processed in currencies subject to substantial exchange rate fluctuations, such as the US dollar, the currency’s performance is continuously monitored and, if necessary, foreign exchange hedges are made. The company does not currently see any need for action.

Currency sensitivity analyses are based on the following assumptions:

All original monetary financial instruments, with the exception of a portion of trade payables, are denominated in functional currencies. As a result, only exchange rate fluctuations for trade payables denominated in US dollars have an impact on earnings and equity. If the value of the euro had been 10% higher (lower) relative to the US dollar as of 31 December 2022, then earnings and equity would have been TEUR 241 higher (lower) (31 December 2021: TEUR 213 higher (lower)).

Interest, default and liquidity risks

Group earnings and operating cash flow are practically free from interest-rate changes and default risks associated with sales. Default risks do not exceed the carrying amounts of financial instruments. Liquidity risks stem primarily from the Group's expansion activities. Risks associated with the Group's expansion are monitored by the Management Board and are currently deemed to be negligible in view of the company's excellent liquidity and equity ratio. Furthermore, the majority of outstanding receivables are attributable to payment transactions with concession partners with a high credit rating. There are therefore usually no payment delays.

Other relevant disclosures can be found in the risk report in the Group management report.

A sensitivity analysis was not performed for reasons of materiality.

Leases

The following amounts in connection with leases are included in the balance sheet and income statement:

	2022	2021
	TEUR	TEUR
Right-of-use assets		
Buildings 31.12.	106,893	101,572
Additions	46,883	32,448
Depreciation	37,543	39,505
Impairment	1,334	1,367
Lease liabilities		
Non-current	76,078	72,181
Current	36,185	35,542
	112,263	107,723
Total cash outflows	43,733	46,287
Interest expenses	4,183	4,380
Expenses for variable lease payments not included in the lease liabilities	144	192

Conditional lease payments as part of a lease are recognised as expenses in the period in which they are incurred. The variable payments depending on the sales realised amounted to TEUR 144 in the financial year (previous year: TEUR 192).

Events after the balance sheet date

No events of significance have occurred since the reporting date.

Transactions with related parties

Bijou Brigitte AG's related parties are the members of the Management Board, the members of the Supervisory Board, other employees in key positions in the areas of finance, human resources, IT and sales, as well as their close relatives. The benefits granted in the financial year, which were exclusively short-term in nature, amounted to TEUR 2,956 (previous year: 1,939). No other benefits were granted.

Friedrich-Wilhelm Werner, the company's founder and chairman of the Management Board until 31 December 2008, father of the current chairman of the Management Board, Roland Werner, Hamburg, is the company's majority shareholder with 50.4% (previous year: 50.4%) of the subscribed capital, has control over Bijou Brigitte as the "ultimate controlling party" within the meaning of IAS 24.13 and is thus also a related party of Bijou Brigitte AG.

Roland Werner, the Chairman of the Management Board, is a close relative of Friedrich-Wilhelm Werner and, as a member until 30 August 2022 of the Supervisory Board of Deutsche EuroShop AG, Hamburg, was among the key management personnel of Deutsche EuroShop AG. Transactions carried out between Bijou Brigitte AG and Deutsche EuroShop AG until the end of August 2022 are therefore disclosable transactions pursuant to IAS 24. During the financial year 2022, Bijou Brigitte AG rented 21 stores (2021: 21) in the shopping centres of Deutsche EuroShop AG. Rental expenses of TEUR 981 arose under this commercial relationship in the period from January to August 2022 (2021: TEUR 1,515). Right-of-use assets of TEUR 2,886 and lease liabilities of TEUR 3,086 existed in connection with these rental agreements as of 31 December 2021.

As overlapping personnel enables Bijou Brigitte AG to exercise significant influence over the board of trustees of the Bijou Brigitte Foundation, established in 2010, the Bijou Brigitte Foundation is also deemed to be a related party. The Group donated a total of TEUR 200 (previous year: TEUR 0) to the foundation in 2022.

No balances were outstanding with related enterprises or persons at the balance sheet date, with the exception of liabilities to members of the Management Board in relation to performance-related pay, which were disclosed in current provisions.

Supervisory Board

Dr Friedhelm Steinberg, self-employed lawyer, Hamburg

Chairman

President of the Hamburg Stock Exchange, Hamburg

Member of the following supervisory boards:

- Fondsbörse Deutschland Beteiligungsmakler AG, Hamburg (Chairman)
- BÖAG Börsen AG, Hamburg-Hanover (Deputy Chairman)
- Deutsche Zweitmarkt AG, Hamburg (Chairman) / absorbed by Fondbörse Deutschland Beteiligungsmakler AG as of 30.09.2022
- Member of comparable domestic and foreign supervisory boards:
- Exchange Council of Hamburg Stock Exchange, Hamburg (Chairman)
- Medical Chamber Pension Scheme, Hamburg (Member of Supervisory Committee)
- HanseMerkur Holding AG, Hamburg (Member of Advisory Board) until 30.06.2022

- Ed. Heckewerth Nachf. GmbH & Co. KG, Hiddenhausen (Member of Advisory Board)
- Hamburgische Investitions- und Förderbank, Hamburg (Member of Advisory Board)
- Tierpark Hagenbeck Gemeinnützige Gesellschaft mbH, Hamburg (Member of the Foundation Board)

Claus-Matthias Böge, Managing Director of CMB Böge Vermögensverwaltung GmbH, Hamburg

Deputy Chairman

Member of the following supervisory boards:

- Hamborner REIT AG, Duisburg (Deputy Chairman)

Matthias Ebermann, electrician, head of technical store support at Bijou Brigitte AG, Hamburg

Employee representative

Management Board

Roland Werner, merchant, Hamburg

- Chairman of the Management Board as principal occupation
- Member of the Supervisory Board of Deutsche EuroShop AG, Hamburg until 30.08.2022

Marc Gabriel, merchant, Hamburg

- Member of the Management Board as principal occupation

Jürgen Gödecke, merchant, Drage

- Member of the Management Board as principal occupation

Remuneration of the Supervisory and Management Boards

Total remuneration of the Supervisory Board came to TEUR 90 in 2022 (previous year: TEUR 90). Dr Friedhelm Steinberg received TEUR 45 (previous year: TEUR 45), Mr Claus-Matthias Böge TEUR 30 (previous year: TEUR 30) and Mr Matthias Ebermann TEUR 15 (previous year: TEUR 15).

Total remuneration of the Management Board in 2022 consisted of performance-based and non-performance-based components. As in the previous year, long-term incentive components did not come into effect during the financial year. Total non-performance-based remuneration in 2022 came to TEUR 1,132 (previous year: TEUR 1,097), of which Mr Roland Werner received TEUR 545 (previous year: TEUR 532), Mr Marc Gabriel TEUR 313 (previous year: TEUR 305) and Mr Jürgen Gödecke TEUR 274 (previous year: TEUR 260). Total performance-based remuneration in 2022 came to TEUR 880 (previous year: TEUR 0), of which Mr Roland Werner received TEUR 440 (previous year: TEUR 0), Mr Marc Gabriel TEUR 220 (previous year: TEUR 0) and Mr Jürgen Gödecke TEUR 220 (previous year: TEUR 0).

The total performance-related remuneration awarded in the 2022 financial year will be paid out in the following year less the advance payments made in 2022.

Advances and loans granted

The Management Board did not receive any advances or loans in 2022.

Auditors' fees

Fees for the auditor (Ebner Stolz GmbH & Co.KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg) amounted to TEUR 230 for the financial year. Fees for the auditor in the previous year (PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hamburg) amounted to TEUR 300. This is made up of the following components:

	2022 TEUR	2021 TEUR
Audit services	230	292
Other assurance services	0	8
	230	300

Additional audit fees of TEUR 60 were incurred with PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hamburg during the financial year, in relation to the previous year.

Other assurance services comprise the preparation of an audit certificate for the application for state aid in the Netherlands.

Other financial obligations

Some of the German stores are operated by lessees, who sell jewellery in the name and on behalf of Bijou Brigitte and are remunerated for so doing, essentially through a revenue-based commission. Such remuneration totalled TEUR 30,002 in 2022 and is disclosed in other operating expenses. The lease and agency agreements entered into in this regard have a notice period of three months.

Dividend per share

With the consent of the Supervisory Board, the Management Board proposes to the Annual General Meeting the distribution of a dividend of EUR 3.00 (previous year: EUR 0.00) per common share for the EUR 8,100,000.00 of share capital entitled to receive dividends in 2022, together with an additional bonus dividend of EUR 2.00 per common share on the occasion of the firm's 60th anniversary. As a result, total dividend distribution amounts to EUR 40,500,000.00 (previous year: EUR 0.00). The distribution is reduced in the amount of dividends for treasury shares.

This dividend is recognised as a component of equity in the consolidated financial statements. The dividend liability is recognised in the 2023 financial year.

German Corporate Governance Code (Section 161 AktG)

The Management and Supervisory Boards of Bijou Brigitte modische Accessoires Aktiengesellschaft have issued a declaration of conformity pursuant to Section 161 AktG and made this publicly available on the Bijou Brigitte website www.group.bijou-brigitte.com.

Hamburg, 26 April 2023

Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg

The Management Board

Roland Werner	Marc Gabriel	Jürgen Gödecke

Independent auditors' report

for Bijou Brigitte modische Accessoires AG, Hamburg

Audit report for the consolidated financial statements and combined management report

Audit opinion

We have audited the consolidated financial statements of **Bijou Brigitte modische Accessoires AG, Hamburg**, and its subsidiaries (the Group) – comprising the consolidated balance sheet as of 31 December 2022, the consolidated statement of comprehensive income, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from 1 January to 31 December 2022 as well as the notes to the consolidated financial statements, including a summary of the most important accounting policies. We have also audited the combined parent company and group management report (the "combined management report") for Bijou Brigitte modische Accessoires AG, Hamburg for the financial year from 1 January to 31 December 2022. In accordance with German statutory requirements, we have not audited the content of the separate non-financial report for 2022 pursuant to Sections 289b and 315b of the German Commercial Code (HGB), which has been published on the company's website and is referred to in the "Separate non-financial report" section of the combined management report, the corporate governance statement pursuant to Section 315d HGB in conjunction with Section 289f HGB, which is published on the company's website and referred to in the "Other disclosures" section of the combined management report in the subsection entitled "Statement pursuant to Sections 289f and 315d HGB", or the statements in the "Independent Monitoring" subsection of the risk and opportunity report in the combined management report.

In our opinion, based on the findings of our audit,

- the consolidated financial statements in this report comply in all material respects with IFRS as applicable in the EU and the additional requirements of German law pursuant to Section 315e (1) HGB, and give a true and fair view of the Group's net assets, financial position and results of operations in accordance with these requirements as of 31 December 2022, as well as the results of operations for the financial year from 1 January to 31 December 2022, and
- the combined management report contained in this annual report as a whole conveys a true picture of the Group's position. The combined management report is consistent with the consolidated financial statements in all material respects, meets all of the requirements under German law and accurately portrays the risks and opportunities of future development. Our audit opinion on the combined management report does not cover those components of the combined management report mentioned above whose content was not audited.

In accordance with Section 322 (3) (1) HGB, we declare that our audit has not led to any reservations regarding the correctness of the consolidated financial statements or the combined management report.

Basis for the audit opinion

We conducted the audit of the consolidated financial statements and the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014) in compliance with German standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer [IDW]). Our responsibilities according to these regulations and standards are described in more detail in our audit report under "Responsibility of the auditor in the audit of the consolidated financial statements and the combined management report". Pursuant to European and German commercial and professional regulations, we are independent from the Group companies and have fulfilled all other German professional obligations in line with these requirements. Moreover, pursuant to Article 10 (2) (f) of the EU Audit Regulation, we also declare that we have not provided any prohibited non-audit services as described in Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and suitable to serve as a basis for our audit opinions of the consolidated financial statements and the combined management report.

Particularly important audit issues in the audit of the consolidated financial statements

Particularly important audit issues are issues that, in our professional opinion, were the most significant for our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2022. These issues were taken into consideration during the audit of the consolidated financial statements as a whole and in the process of forming an opinion; we do not express a separate opinion for these issues.

We set out below the audit issues we considered to be particularly important:

1) Right-of-use assets and lease liabilities (IFRS 16)
2) Valuation of inventories

1) Right-of-use assets and lease liabilities (IFRS 16)

a) Risk in relation to the consolidated financial statements

As at the balance sheet date, the consolidated financial statements of Bijou Brigitte modische Accessoires AG, Hamburg disclosed right-of-use assets of EUR 106.9 million arising from leases and lease liabilities of EUR 112.3 million. Right-of-use assets and lease liabilities thus represent 26.7% and 28.0% of the Group's total assets and liabilities, respectively. The Group has put processes in place to ensure that the recording of leases is complete and accurate.

Accounting for right-of-use assets and lease liabilities involves the use of estimates and judgement by management, in particular regarding the discount rates applied and the estimation as to whether any contractual options are likely be exercised.

The company's disclosures on right-of-use assets and lease liabilities are contained in sections B. (Right-of-use assets), B. (Leases), C. 3, C. 15 and E. (Leases) of the consolidated financial statements and in the section entitled "Group net assets, financial position and results of operations" in the combined management report.

Given the significance of this matter to the Group's financial position and the complexity of the requirements under IFRS 16, the accounting treatment of the right-of-use assets and lease liabilities arising from the leases entered into was especially important.

b) Audit approach and conclusions

In the context of our audit, we assessed the appropriateness and effectiveness of the processes put in place by the Group to ensure that leases were fully recorded. We also conducted sample tests to check whether the relevant lease data was fully and accurately determined and recorded in the IT system. In so doing, we also reviewed in particular the completeness and accuracy of changes recorded due to contract amendments or the exercise of contractual options compared with the previous year. We also checked whether the software that was employed correctly calculated the right-of-use assets and lease liabilities using the saved interest rates and transferred the result to the correct items in the balance sheet and income statement. In this regard, we also checked the assumptions and parameters underlying the incremental borrowing rates.

The processes put in place by the legal representatives are fundamentally adequate to ensure the complete and accurate recording of the right-of-use assets and lease liabilities recognised in the balance sheet. We were also able to establish that the estimates and assumptions made by the legal representatives were appropriate and that the software that was employed enabled leases to be correctly accounted for in accordance with IFRS 16.

2) Valuation of inventories

a) Risk in relation to the consolidated financial statements

The consolidated financial statements of Bijou Brigitte modische Accessoires AG, Hamburg disclose inventories of EUR 71.9 million (18.0% of total assets), mainly comprising merchandise. The inventories contain a large number of small merchandise items, and stock control and inventory accounting are performed in a software system that has been heavily adapted to the particular needs of the Group and contains additional in-house components. The valuation of inventories at the balance sheet date requires judgement to be exercised by the legal representatives in relation to estimates and assumptions regarding future achievable sales prices, which are one of the criteria for the recognition of impairments. Application of the valuation rules indicated a total impairment loss of EUR 1.7 million as at 31. December 2022.

The company's disclosures on inventory valuation are contained in sections B. (Inventories) and C. 6 of the notes to the consolidated financial statements and in the "Group net assets, financial position and results of operations" section of the combined management report.

Given the complexity that arises from the large number of individual articles, the absolute and relative magnitude of the inventories in the balance sheet, and the need to exercise judgement when estimating future achievable sales prices, we considered this matter to be of particular importance to the audit.

b) Audit approach and conclusions

In the course of our audit, we formed the view that cost was properly recorded, including with respect to the fixed rates of ancillary purchasing costs that were applied. We also audited the subsequent valuation of inventories, which was based exclusively on standardised reports from the stock control system, which take into account the sales-related marketability and inventory range as well as the sales prices to be achieved in the future. In particular, we:

- evaluated the stock control system that underlay the recording and valuation of inventories, including the controls that were in place
- performed sample tests on supplier invoices and attributable costs
- reviewed the standardised reports used for subsequent valuation to ensure that they appropriately reflected the underlying accounting rules and the estimates made by management in this regard.

In our opinion, the stock control system implemented by the legal representatives, the controls it contains, the valuation schema used for subsequent valuation and the assumptions and judgements made in connection therewith enable the inventories to be valued correctly.

Additional information

The legal representatives and the Supervisory Board are responsible for the additional information. The additional information comprises:

- the separate non-financial report published on the company's website pursuant to Section 289b and Section 315b HGB, as referred to in the combined management report in the section entitled "Separate non-financial report".
- the corporate governance statement published on the company's website, as referred to in the "Other disclosures" section of the combined management report in the subsection entitled "Statement pursuant to Sections 289f and 315d HGB"
- the "Independent monitoring" subsection of the risks and opportunities report contained in the combined management report.
- the report of the Supervisory Board,

- the statement of assurance regarding the consolidated financial statements pursuant to Section 297 (2) (4) HGB and the statement of assurance regarding the combined management report pursuant to Section 289 (1) (5) in conjunction with Section 315 (1) (5) HGB.
- the remaining parts of the published annual report, with the exception of the consolidated financial statements, the combined management report disclosures whose content was audited, and our audit opinion thereon.

The Supervisory Board is responsible for the report of the Supervisory Board. The legal representatives and the Supervisory Board are responsible for the statement on the German Corporate Governance Code pursuant to Section 161 AktG [Aktiengesetz, German Stock Corporation Act], which forms part of the corporate governance statement published on the company's website and is referred to in the "Other disclosures" section of the combined management report in the subsection entitled "Statement pursuant to Sections 289f and 315d HGB". The legal representatives are also responsible for the additional information.

Our audit opinions on the consolidated financial statements and the combined management report do not extend to the additional information and we therefore do not provide an audit opinion or any other kind of audit conclusion for it.

In connection with the audit, it is our responsibility to read the above-mentioned additional information and to assess whether it

- presents material inconsistencies to the consolidated financial statements, the audited contents of the combined management report or our findings from the audit, or
- otherwise seems to present a material misrepresentation.

If, based on the work we have performed, we conclude that there is a material misrepresentation of this other information, we are obliged to report that fact. We have nothing to report in this regard.

Responsibilities of the legal representatives and the Supervisory Board for the consolidated financial statements and the combined management report

The legal representatives are responsible for preparing consolidated financial statements that comply in all material respects with IFRS as adopted by the EU and the additional requirements of German law pursuant to Section 315e (1) HGB, and which give a true and fair view of the Group's net assets, financial position and results of operations in accordance with these requirements. The legal representatives are also responsible for such internal control as they have deemed necessary to enable the preparation of consolidated financial statements that are free from material misrepresentations, whether due to fraud (i.e. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the legal representatives are responsible for determining the Group's ability to continue as a going concern. They are also responsible for disclosing relevant matters relating to the continuation of the business as a going concern. In addition, they are responsible for applying accounting principles appropriate for a going concern, unless they intend to liquidate the Group, discontinue operations or there is no other realistic alternative.

The legal representatives are also responsible for preparing the combined management report, which must as a whole convey a true picture of the Group's position and be consistent with the consolidated financial statements in all material respects, comply with German regulations and suitably present the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they have deemed necessary in order to enable the preparation of a combined management report in accordance with the applicable German legal requirements and to provide sufficient suitable evidence for the statements made in the combined management report.

The Supervisory Board is responsible for monitoring the Group's accounting processes for preparing the consolidated financial statements and the combined management report.

Responsibility of the auditor for the audit of the consolidated financial statements and the combined management report

It is our aim to achieve reasonable assurance about whether the consolidated financial statements as a whole are free from material misrepresentations, whether due to fraud or error, and whether the combined management report as a whole conveys a true picture of the Group's position and is consistent with the consolidated financial statements and the findings of the audit in all material respects, meets all German legal requirements and suitably presents the opportunities and risks of future development, and to prepare an audit report that contains our audit opinions regarding the consolidated financial statements and the combined management report.

Reasonable assurance is a high level of certainty, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with the German standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer [IDW]), will always detect a material misrepresentation. Misrepresentations may arise from fraud or error, and are considered material if it can be reasonably assumed that they could influence, individually or collectively, the economic decisions that users may make based on these consolidated financial statements or this combined management report.

We maintain a critical attitude and exercise due discretion during the audit. We also:

- identify and assess the risks of material misrepresentations, whether due to fraud or error, in the consolidated financial statements and the combined management report, plan and perform audit procedures based on these risks and obtain audit evidence that is sufficient and suitable to serve as a basis for our audit opinions. The risk of not detecting a material misrepresentation resulting from fraud is higher than the risk of not detecting a material misrepresentation resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- gain an understanding of the internal control systems relevant for auditing the consolidated financial statements and the precautions and measures relevant for auditing the combined management report in order to plan auditing processes that are appropriate for the relevant circumstances, but not, however, with the aim of providing an audit opinion on the effectiveness of the systems.
- evaluate the suitability of the accounting methods applied by the legal representatives and the tenability of estimated values and associated information presented by the legal representatives.

- draw conclusions about the suitability of the accounting principles for the continuation of a going concern applied by the legal representatives and, based on audit evidence that we have obtained, whether material uncertainty exists in relation to events or circumstances that could lead to significant doubts regarding the Group's ability to continue as a going concern. If we conclude that there is material uncertainty, we are obliged to point out the relevant disclosures contained in the consolidated financial statements or the combined management report in our audit report, or if these disclosures are inappropriate, to modify our audit opinion. We draw our conclusions based on evidence obtained by the date of our audit report. However, future events or circumstances may lead to the Group not being able to continue as a going concern.
- evaluate the presentation, the structure and the content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in such a way that the consolidated financial statements, taking into account IFRS as applicable in the EU and the additional requirements of German law pursuant to Section 315e (1) HGB, give a true and fair view of the Group's net assets, financial position and results of operations.
- gather sufficient suitable audit evidence for the accounting information of the companies or the business transactions within the Group in order to provide audit opinions on the consolidated financial statements and the combined management report. We are responsible for providing instruction on, monitoring and performing the audit of the consolidated financial statements. We are solely responsible for our audit opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with legal regulations and the view it portrays of the Group's position.
- audit the forward-looking statements presented by the legal representatives in the combined management report. Using sufficient suitable audit evidence, we assess in particular the significant assumptions underlying forward-looking statements provided by the company's legal representatives and evaluate whether the forward-looking statements have been derived correctly from these assumptions. We do not provide a separate audit opinion for the forward-looking statements or the underlying assumptions. There is a considerable, unavoidable risk that future events may differ significantly from the forward-looking statements.

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 the internal control system that we identify during our audit.

We make a statement to those charged with governance that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that may reasonably be thought to bear on our independence and, where relevant, the actions taken or safeguards implemented to address threats to our independence.

From the matters communicated with those charged with governance, we determine those matters that were the most important in the audit of the consolidated financial statements for the current reporting period and which therefore represent particularly important audit issues. We describe these issues in the audit report, unless there are laws or legal regulations that prevent the issue from being made public.

Other legal and regulatory requirements

Report on the audit of the electronic reproductions of the consolidated financial statements and the combined management report prepared for the purpose of disclosure pursuant to Section 317 (3a) HGB

Audit opinion

Pursuant to Section 317 (3a) HGB, we have performed a reasonable assurance audit to determine whether the reproductions of the consolidated financial statements and combined management report (hereinafter also referred to as “ESEF documents”) contained in the file "BijouBrigitteAG-KA-2022-12-31.de.zip and prepared for the purpose of disclosure comply in all material respects with the requirements of Section 328 (1) HGB on the electronic reporting format (ESEF format). In accordance with German legal requirements, this audit extends only to the transfer of the information in the consolidated financial statements and the combined management report to ESEF format and therefore does not extend to either the information contained in these reproductions or to any other information contained in the aforementioned file.

In our opinion, the reproductions of the consolidated financial statements and combined management report contained in the file referred to above and prepared for disclosure purposes comply, in all material respects, with the requirements of Section 328 (1) HGB regarding the electronic reporting format. We do not express any opinion on the information contained in these reproductions or on the other information contained in the file referred to above beyond this opinion and our opinions on the attached consolidated financial statements and the attached combined management report for financial year from 1 January to 31 December 2022 contained in the “Report on the audit of the consolidated financial statements and the combined management report” above.

Basis for the audit opinion

We conducted our audit of the reproductions of the consolidated financial statements and the combined management report contained in the above-mentioned file in accordance with Section 317 (3a) HGB with reference to the IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for Disclosure Purposes in accordance with Section 317 3a HGB (IDW EPS 410 (06.2022)). Our responsibility in accordance therewith is further described in the "Responsibility of the auditor for the audit of the ESEF documents" section. Our auditing practice has applied the quality assurance system requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in Auditing Practice (IDW QS 1).

Responsibilities of the legal representatives and the Supervisory Board for the ESEF documents

The legal representatives of the company are responsible for the preparation of the ESEF documents with the electronic reproductions of the consolidated financial statements and the combined management report in accordance with Section 328 (1) (4) (1) HGB and for the mark up of the consolidated financial statements in accordance with Section 328 (1) (4) (2) HGB.

Furthermore, the company's legal representatives are responsible for the internal controls as they deem necessary to enable the preparation of the ESEF documents that are free from material violations, whether due to fraud or error, of Section 328 (1) HGB relating to the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Auditor's responsibility for the audit of the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documentation is free from material violations, whether due to fraud or error, of the requirements of Section 328 (1) HGB. We maintain a critical attitude and exercise due discretion during the audit. We also:

- identify and assess the risks of material violations – whether due to fraud or error – of the requirements of Section 328 (1) HGB, plan and perform audit procedures based on these risks and obtain audit evidence that is sufficient and suitable to serve as a basis for our audit opinion.
- obtain an understanding of the internal controls relevant to the audit of the ESEF documents 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 those controls.
- assess the technical validity of the ESEF documentation, i.e. whether the file containing the ESEF documentation complies with the requirements of Commission Delegated Regulation (EU) 2019/815, in the version applicable on the reporting date, regarding the technical specification for that file.
- assess whether the ESEF documentation allows a consistent XHTML representation of the audited consolidated financial statements and the audited combined management report.
- assess whether the mark-up of the ESEF documents with inline XBRL technology (iXBRL) provides an adequate and complete machine-readable XBRL copy of the XHTML rendering in accordance with Articles 4 and 6 of Commission Delegated Regulation (EU) 2019/815, in the version applicable on the reporting date.

Other information pursuant to Article 10 of the EU Audit Regulation

We were selected to audit the consolidated financial statements at the Annual General Meeting on 21 June 2022. We were engaged by the Audit Committee of the Supervisory Board on 27 January 2023. We have been the auditor of Bijou Brigitte modische Accessoires AG, Hamburg, since the 2022 financial year.

Pursuant to Section 11 of the EU Audit Regulation (audit report), we declare that the audit opinions contained in this audit report are consistent with the additional report provided to the audit committee.

Other matters - Use of the audit report

Our audit report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the audited ESEF documents. The consolidated financial statements and the combined management report as converted into the ESEF format – including the versions to be published in the German Register of Companies – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report, and do not replace them. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

Responsible auditor

Thomas Wülfing is the auditor responsible for this audit.

Hamburg, 26 April 2023

Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Florian Riedl	Thomas Wülfing
Wirtschaftsprüfer [German Public Auditor]	Wirtschaftsprüfer [German Public Auditor]