



GROUP MANAGEMENT REPORT  
2019

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

**Key figures of Bijou Brigitte  
Bijou Brigitte Group**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
	TEUR	TEUR	TEUR	TEUR	TEUR
1. Revenue	330.391	336.273	326.595	321.615	333.952
Change	-1,4%	1,8%	-2,9%	-1,5%	3,8%
2. Total operating performance	331.010	336.982	327.232	322.204	335.016
3. Personnel costs	86.827	90.255	89.430	90.563	90.753
Change	-2,5%	3,9%	-0,9%	1,3%	0,2%
4. Number of employees <sup>1)</sup>	2.896	2.994	2.933	2.895	2.863
Change	-3,8%	3,4%	-2,0%	-1,3%	-1,1%
5. EBITDA	51.441	49.869	45.951	44.752	103.460
6. EBIT	38.006	36.738	32.583	31.544	42.771
% of total operating performance (EBIT mc)	11,5%	10,9%	10,0%	9,8%	12,8%
7. Earnings before taxes	38.348	36.801	32.683	31.708	37.367
Change	-5,7%	-4,0%	-11,2%	-3,0%	17,8%
% of sales (return on sales)	11,6%	10,9%	10,0%	9,9%	11,2%
8. Consolidated net profit	25.067	24.026	21.668	21.548	25.421
Change	-4,7%	-4,2%	-9,8%	-0,6%	18,0%
9. Value creation	125.523	127.430	122.412	122.522	134.161
Change	-3,5%	1,5%	-3,9%	0,1%	9,5%
10. Accumulation	1.412	371	-1.987	-2.107	2.072
Change	209,0%	-73,7%	-635,0%	-6,0%	198,3%
11. Fixed assets	56.919	60.272	57.864	56.274	53.914
12. Rights of use					157.099
13. Capital expenditure	12.554	17.254	11.602	12.281	10.303
14. Depreciation and amortisation	13.436	13.131	13.367	13.209	60.689
Total assets	276.944	279.301	275.635	270.142	429.667
15. Change	-0,8%	0,9%	-1,3%	-2,0%	59,1%
Equity	240.812	242.237	239.478	234.663	229.490
% of total assets	87,0%	86,7%	86,9%	86,9%	53,4%
16. Return on equity	11,6%	11,0%	9,9%	10,1%	12,5%
17. Cash flow	30.509	38.318	40.208	30.054	145.462
18. Earnings per share (€)	3,18	3,05	2,75	2,74	3,27
19. Dividend per share(€)	3,00	3,00	3,00	3,00	0
20. Total number of stores	1.082	1.096	1.060	1.050	1.042

<sup>1)</sup> Average for the year – adjusted to full-time employees

<sup>2)</sup> From operating activities

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## FUNDAMENTALS OF THE GROUP

### Business activity and corporate structure

Bijou Brigitte modische Accessoires AG is one of the leading European fashion jewellery chains and looks back on a corporate history spanning 56 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 1,042 stores in 22 countries. There are stores in Austria, Belgium, Bulgaria, the Czech Republic, Egypt, Finland, France, Germany, Greece, Great Britain, Hungary, Italy, Jordan, Luxembourg, the Netherlands, Poland, Portugal, Romania, Saudi Arabia, Slovakia, Spain and Switzerland. German stores made up around 43.0% of the total store network in 2019 (previous year: 42.8%).

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. In 2010, the company rolled this sales channel out internationally. Bijou Brigitte has had an online shop since 2006, which is constantly updated to meet customer requirements. The online shop is now present in selected European countries.

Material external influencing factors include competition and general economic performance, with the latter being reflected in the purchasing power of customers.

### Internal management system

The business activity of the Bijou Brigitte Group 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 the Bijou Brigitte Group are sales and 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.

The Management Board tracks the performance of key indicators using regular, quarterly internal reporting so as to be able to react promptly 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

### Overall economic and sector-related conditions

Global economic growth fell to 2.9% compared with the previous year, mainly as a result of ongoing trade tensions.<sup>1</sup>

The sluggish economic development of the previous year continued in the European economy. Economic growth slowed significantly in comparison with recent years, standing at 1.2% in the eurozone and at 1.5% in the EU 27.<sup>2</sup>

The German economy grew again in 2019, for the tenth consecutive year. However, economic growth 0.6% higher than in the previous year means that Europe's largest national economy has lost a significant amount of momentum. The growth in 2019 was underpinned primarily by consumption. Adjusted for prices, private consumer spending was 1.6% up on the previous year.<sup>3</sup>

Spain's economic performance also showed less momentum than in recent years, closing 2019 with economic growth of 1.9%. Private consumption showed weak growth of 0.8% in 2019.<sup>4</sup>

The growth of Italy's economy was choked in 2019, recording 0.1% in the reporting year. Despite the deadlocked situation, the government, in office since September 2019, has been restrained in issuing new measures. This is partly due to the pressure to enact savings from Brussels, but also due to the concern around reproducing too many tensions in the coalition following the previous government. Private consumption remains stable, but reserved.<sup>5</sup>

In Portugal overall economic performance increased again, by 2.0%. Private consumption slowed in comparison with the previous year.<sup>6</sup>

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<sup>1</sup> International Monetary Fund: World Economic Outlook, January 2020

<sup>2</sup> eurostat: News release euroindicators 41/2020, 10 March 2020

<sup>3</sup> German Federal Statistical Office: Press release no. 018, 15 January 2020

<sup>4</sup> GTAI: Economic outlook – Spain (November 2019), 27 November 2019

<sup>5</sup> GTAI: Economic outlook – Italy (November 2019), 27 November 2019

<sup>6</sup> GTAI: Economic outlook – Portugal (December 2019), 24 December 2019

## EUR/USD

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. The US dollar fluctuated between 1.20 and 1.04 to the euro over the year. The average US dollar to euro exchange rate was 1.13 in the reporting year, as against 1.18 in the previous year. At 1.20 at the end of 2019, the euro had appreciated by around 4.3% against the end of 2018.

## German retail industry

In addition to the general economic conditions, the company's performance is primarily determined by the trend in retail. The persistent fall in foot traffic in city centres and the movement of sales online meant a decline in sales of 2.0% in stationery fashion retail in 2019 compared with the previous year.<sup>7</sup> The German online and mail order sector once again reported double-digit growth (11.6%) in 2019, continuing with the dynamic development seen in previous years.<sup>8</sup>

## Competition

There was no material change to the competitive environment in 2019, as new competitors entered or left the market on an ongoing basis. Fashion chains, department stores and fashion jewellery retailers continued to ensure lively competition, as in the previous year.

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<sup>7</sup> TextilWirtschaft: Sales in 2019: minus 2%, 8 January 2020

<sup>8</sup> Bundesverband E-Commerce und Versandhandel Deutschland e.V. (bevh): Press release, 21 January 2020

## Business trend and position

### Business development of the Group as a whole

The Bijou Brigitte Group increased its sales by 3.8% to EUR 334.0 million in the 2019 financial year, above the sales forecast raised in October of between EUR 325 million and EUR 333 million. This represents a year-on-year increase of EUR 12.3 million (previous year: EUR 321.6 million). Adjusted for store closures, the Group reported an increase in sales in all segments.

### Bijou Brigitte Group: development in sales

2015 - 2019, in TEUR	2019	2018	2017	2016	2015
Revenue	333,952	321,615	326,595	336,273	330,391

Earnings before taxes (EBT) amounted to EUR 37.4 million for the reporting period, following EUR 31.7 million in the same period last year (EUR + 5.7 million; + 17.8%). Earnings therefore exceeded the range of between EUR 25 million and EUR 32 million forecast in October. Net profit after taxes amounted to EUR 25.4 million in 2019, compared with EUR 21.5 million in the previous year.

### Business trend by segment

Revenues grew in Germany, increasing by 3.7% during the reporting year to EUR 162.3 million (previous year: EUR 156.6 million). Segment profit before taxes improved by 4.6% to EUR 23.9 million (previous year: EUR 22.9 million). Capital expenditure decreased from EUR 5.9 million in the previous year to EUR 5.5 million in the reporting year, with the majority of funds invested in store modernisation.

In the Spanish segment, sales rose by 3.0% from EUR 45.2 million to EUR 46.5 million. Pre-tax earnings rose from EUR 1.7 million to EUR 2.6 million. At EUR 1.0 million, investment volume in the Spanish segment was at the same level during the reporting period as in the previous year. Store modernisation was the major focus of investments.

Sales in the Italian segment amounted to EUR 33.2 million in the 2019 financial year, virtually on a par with the previous year's level (previous year: EUR 33.4 million; -0.6%). The decline in sales is due to a lower number of branches compared to the previous year. Pre-tax earnings rose from EUR 1.4 million in the previous year to EUR 2.2 million in the reporting year. Capital expenditure totalled EUR 0.5 million, with funds being primarily invested in the renovation of existing stores (previous year: EUR 1.3 million).

The sales trend in the Portuguese segment was also positive. With an adjusted value of EUR 10.8 million, revenue was 10.2% up on the previous year's level (EUR previous 9.8 million). Segment profit before taxes improved by 2.4% to EUR 1.4 million (previous year: EUR 1.4 million). Capital expenditure totalled EUR 0.2 million in the reporting year (previous year: EUR 0.5 million) and was primarily used for renovating stores.

Sales in the "Other countries" segment, which combines various European countries, increased 5.8% to EUR 81.1 million in the reporting year (previous year: EUR 76.7 million). Segment profit before taxes improved to EUR 5.2 million, compared with EUR 3.1 million in the previous year. Capital expenditure totalled EUR 3.2 million (previous year: EUR 4.1 million) and was primarily used for modernising stores.

## Earnings position

### Bijou Brigitte Group: earnings positions overview

in EUR millions	2019	2018
Revenue	334.0	321.6
Other operating income	4.5	4.8
Cost of materials	69.6	66.0
Personnel costs	90.8	90.6
Impairment of intangible assets and depreciation of property, plant and equipment	-60.7	-13.2
Other operating expenses	75.7	125.7
Financial result	-5.4	0.2
Earnings before income taxes	37.4	31.7
Net profit after taxes	25.4	21.5

Group sales in the financial year 2019 increased by 3.8% to EUR 334.0 million (previous year: EUR 321.6 million), with virtually all segments recording an increase in revenue. Despite its low number of store locations, the Italian segment generated the same level of sales as in the previous year. Adjusted for store closures, all segments showed growth.

Other operating income fell 5.5% from EUR 4.8 million to EUR 4.5 million, mainly due to the absence of compensation for a store closure in the previous year.

The proportion of material costs to Group sales amounted to 20.9% in 2019 (previous year: 20.5%). This rise is due to the US dollar exchange rate effect.

Personnel costs increased by 0.2% from EUR 90.6 million in 2018 to EUR 90.8 million in 2019. This is due primarily to the adjustment in wages and salaries. On average 2,863 staff were employed last year at the Bijou Brigitte Group (converted to full-time employees; previous year: 2,895).

Impairment of intangible assets and depreciation of property, plant and equipment amounted to EUR 60.7 million in financial year 2019, compared to EUR 13.2 million in the previous year. This increase reflects the first-time application of IFRS 16. In the reporting period, amortisation of rights of use amounted to EUR 48.3 million. Depreciation and amortisation on property, plant and equipment and intangible assets fell to EUR 12.4 million in the reporting period (EUR 13.2 million).

Other operating expenses decreased by 39.8% from EUR 125.7 million to EUR 75.7 million in the reporting year. This trend is attributable to the first-time application of IFRS 16. Expenses resulting from leases are no longer reported under this item and are instead reported as amortisation of rights of use.

The first-time application of IFRS 16 has also reduced the financial result to EUR –5.4 million, compared to TEUR 165 in the previous year. This difference is mainly attributable to expense due to the compounding of interest on lease liabilities.

In the 2019 financial year, the Bijou Brigitte Group generated earnings before income taxes of EUR 37.4 million (previous year: EUR 31.7 million). Accordingly, return on sales rose from 9.9% (previous year) to 11.2%. After deducting for taxes, consolidated net profit increased by EUR 3.9 million from EUR 21.5 million to EUR 25.4 million (+ 18.0%) in 2019.

### **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 23.6 million in the 2019 financial year (previous year: EUR 22.1 million). In the separate financial statements of Bijou Brigitte modische Accessoires AG, balance sheet profit for the reporting period came to EUR 31.3 million (previous year: EUR 31.1 million) with the addition of profit carried forward totalling EUR 7.7 million (previous year: EUR 9.0 million).

Part of the corporate philosophy of the Bijou Brigitte Group is to allow appropriate participation of the shareholders in the company's success. The global coronavirus pandemic and the restrictions on public life associated with it will have an impact on the future net assets and the financial and earnings position of Bijou Brigitte. The duration of the pandemic and its impact on the economic development of the individual countries cannot be quantified at this time. The magnitude of the impact largely depends on the duration of store closures in the affected countries. Based on the positive 2019 financial year on the one hand and the unforeseeable impact of the coronavirus pandemic on future business on the other, the Management and Supervisory Boards of Bijou Brigitte modische Accessoires AG will propose to the Annual General Meeting on 23 June 2020 a dividend of EUR 1.50 per no-par-value share for the 2019 financial year (previous year: EUR 3.00). This proposal is subject to possible adjustments depending on the development of the coronavirus crisis. This would equal a dividend payout ratio of 47.80% for the total number of shares in relation to the Group's net income for the year. It would also correspond to a dividend yield of 3.1% (previous year: 9.0%) based on the closing price at the end of the year.

The dividend distribution would therefore total EUR 12.2 million for 8,100,000 common shares. The company's remaining balance sheet profit of EUR 19.2 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 3.27 (previous year: EUR 2.74). The price-earnings ratio was 14.80 (previous year: 12.2) with a closing price for the year of EUR 48.40.

## 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: financial positions overview

in EUR millions	2019	2018
Cash flow from operating activities	90.8	30.1
Depreciation, amortisation and impairment	12.4	13.2
Cash flow from investing activities	-10.1	-12
Capital expenditure	10.3	12.3
Cash flow from financing activities	-72.5	-26.7

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. 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 primarily from operating activities.

## Development of financial situation

Cash flow from operating activities amounted to EUR 90.8 million in the 2019 financial year compared with EUR 30.1 million in the previous year. This trend was mainly due to the first-time application of IFRS 16. In the 2019 financial year, amortisation of rights of use amounted to EUR 48.3 million. Depreciation and amortisation on property, plant and equipment and intangible assets fell to EUR 12.4 million in the reporting period (EUR 13.2 million).

With regard to capital expenditure activity, cash flow amounted to EUR –10.1 million (previous year: EUR –12.0 million). This was due to the decrease in the volume of investment to a total of EUR 10.3 million (previous year: EUR 12.3 million). The reported capital expenditure total was therefore within the forecast range of between EUR 10 million and EUR 15 million. The focus of investment was on the renovation and modernisation of existing stores and the opening of new stores at home and abroad.

In the 2019 financial year, cash flow from financing activities amounted to EUR –72.5 million (previous year: EUR –26.7 million). This change is primarily associated with the payment of dividends and with IFRS 16, in line with which lease repayments are now reported under financing activities. Bijou Brigitte does not have any loans with banks or other credit institutions. Available overdraft facilities are minimal at EUR 3.1 million, as in the previous year, and were not utilised in the past financial year.

## Share buy-back

On 6 September 2018, the Management Board of Bijou Brigitte modische Accessoires AG decided, with the consent of the Supervisory Board, on a share buy-back programme exercising the authorisation granted by the Annual General Meeting on 2 July 2014 to purchase own shares. The share buy-back programme was concluded on 30 April 2019 in respect of the forthcoming Annual General Meeting on 18 June 2019. The total number of shares purchased by Bijou Brigitte modische Accessoires AG as part of the share buy-back programme during the period from 7 September 2018 to 30 April 2019 comes to 101,951. This represents 1.26% of Bijou Brigitte modische Accessoires AG's share capital. The average

purchase price paid per share on the stock exchange amounted to EUR 38.7679; all in all, the total price (excluding ancillary purchase costs) for the own shares bought back amounted to EUR 3,952,430.45.

On 26 June 2019, the Management Board of Bijou Brigitte modische Accessoires AG announced another share buy-back programme with the consent of the Supervisory Board, exercising the authorisation granted by the Annual General Meeting on 18 June 2019 to purchase own shares. In the period from 27 June 2019 until the authorisation expires on 17 June 2024, up to ten per cent of the share capital of EUR 8.1 million registered at the time of the resolution can be purchased. As part of the current share buy-back programme, Bijou Brigitte purchased 57,887 shares in 2019. The average purchase price paid per share on the stock exchange amounted to EUR 42.2746; all in all, the total price (excluding ancillary purchase costs) for the own shares bought back amounted to EUR 2,447,151.60. Overall, i.e. including preceding buy-back programmes, 374,722 shares were bought back by the end of the year at a purchase price of around EUR 21.5 million. This corresponds to 4.63% of the share capital. The bought-back shares can be used for all purposes set out in the authorisation resolution passed by the Annual General Meeting on 18 June 2019. The buy-back takes place in accordance with Regulation (EU) 596/2014 of 16 April 2014 and the Delegated Regulation (EU) 2016/1052 of 8 March 2016. Bijou Brigitte provides information on the current status of the share buy-back on its website at [www.group.bijou-brigitte.com](http://www.group.bijou-brigitte.com) under "Investor Relations/Financial Calendar & Stocks".

## Net assets

Non-current assets increased in comparison with the previous year (EUR 61.2 million) to EUR 215.8 million in the reporting year. This effect was mainly due to the first-time application of IFRS 16.

For the 2019 financial year, Bijou Brigitte had forecast inventories of between EUR 53 million and EUR 63 million. Inventories were within the forecast range at EUR 60.1 million (previous year: EUR 58.7 million) due to the active portfolio management.

Current assets (not including cash and cash equivalents) declined year on year to EUR 68.4 million (previous year: EUR 71.8 million). This is due primarily to a decrease in income tax receivables. In the reporting period, cash and cash equivalents totalled EUR 145.5 million compared to EUR 137.1 million in the previous year, making up 33.9% of total assets (previous year: 50.8%).

### **Bijou Brigitte Group: overview of assets**

in EUR millions	31.12.2019	31.12.2018
Non-current assets	215.8	61.2
Inventories	60.1	58.7
Current assets*	68.4	71.8
Cash and cash equivalents	145.5	137.1
Equity	229.5	234.7
Non-current liabilities	127.0	5.4

\*Excluding securities, cash and cash equivalents

For the 2019 financial year, Bijou Brigitte had forecast an equity ratio of between 45% and 52%. The reported ratio of 53.4% (previous year: 86.9%) was therefore above the forecast range. As of the reporting date of 31 December 2019, the equity of the Bijou Brigitte Group amounted to EUR 229.5 million compared to EUR 234.7 million on 31 December 2018.

When comparing successive reporting dates, non-current liabilities rose from EUR 5.4 million (31 December 2018) to EUR 127.0 million (31 December 2019). This is due to the first-time application of IFRS 16.

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

The Bijou Brigitte Group generated sales of EUR 334.0 million in the 2019 financial year. This represents a year-on-year increase of 3.8%. The sales forecast was therefore exceeded, with almost all segments recording a significant rise in revenue. Despite its low number of store locations, the Italian segment generated the same level of sales as in the previous year. Adjusted for store closures, all segments showed growth. The good customer approach on the sales floors and expansion of the marketing measures in 2019 contributed to strengthening brand awareness and successfully countering the decline in visitor numbers.

Group earnings before income taxes improved EUR 5.7 million during the reporting period to EUR 37.4 million, up from EUR 31.7 million in the same period of the previous year. Pre-tax earnings are therefore above the forecast range of EUR 25 million to EUR 32 million. The Group reduced its network by eight stores, bringing it to 1,042 stores.

The Management Board assesses the situation of the Bijou Brigitte Group as stable. The company is financially on a very solid footing due to its high equity ratio.

#### Bijou Brigitte Group: balance sheet structure

in EUR millions	2019	2018
<b>Assets</b>	<b>429.7</b>	<b>270.1</b>
Cash	145.5	137.1
Inventories, receivables, other financial assets	60.1	71.8
Non-current assets	215.8	61.2
<b>Liabilities</b>	<b>429.7</b>	<b>270.1</b>
Current liabilities	73.1	30.1
Non-current liabilities	127.0	5.4
Equity	229.5	234.7

## Non-financial performance indicators

### Changes to the store network

In a market environment that remains difficult, the Group reduced its store network by eight stores. This reduction is in line with the forecast amended in December. A total of 32 stores were renovated. Furthermore, smaller optimisation measures with regard to shop design were implemented in 38 more stores. Ten stores were able to improve their location by relocating within their shopping centre. A total of 44 stores were closed. The majority of closures were in Germany, Spain and Italy. Bijou Brigitte opened 36 new stores across the Group. On the German market there were 13 new stores, with a further four being opened in both France and Romania. Three stores were also opened in the Spanish segment, with one new store being opened in Portugal. The Bijou Brigitte Group's network of stores in Germany and abroad totalled 1,042 as of the reporting date of 31 December 2019 (31 December 2018: 1,050).

### Other information

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

The declaration on corporate governance pursuant to Sections 289f and 315d of the HGB is available to be read and inspected by the public at any time on the website [www.group.bijou-brigitte.com](http://www.group.bijou-brigitte.com) under the heading "Investor Relations/Corporate Governance". The declaration contains disclosures relating to corporate governance practices, a description of the organisation and working procedures as well as information on the remuneration of the Management and Supervisory Boards, as well as information about the proportion of women and the declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG).

## Principles of the remuneration system

Remuneration for the Management Board of Bijou Brigitte modische Accessoires AG is determined by the Supervisory Board in terms of its level and structure. There is no separate personnel committee at Bijou Brigitte. The Supervisory Board monitors the trend in salary levels within the company. The non-performance-related component consists of an agreed fixed basic salary, which is paid in twelve monthly instalments.

Performance-related remuneration consists of two components:

- the variable management bonus driven by the result from ordinary activities of the Group in a respective financial year,
- the variable long-term bonus measured over several years and for which an upper limit is agreed. The variable long-term bonus is based on the successful improvement of the Group's pre-tax earnings (see Notes: Remuneration of the Supervisory and Management Boards).

The remuneration structure makes no provisions for share options, pension payments or other comparable components in any Management Board contracts. The remuneration of the Supervisory Board is laid down in fixed amounts in the articles of association of Bijou Brigitte modische Accessoires AG. Supervisory Board members do not receive any performance-related remuneration.

Further details regarding the remuneration of the Management Board and Supervisory Board can be found in the appendix to these consolidated financial statements.

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

Bijou Brigitte modische Accessoires AG is equipped with subscribed capital (share capital) amounting to EUR 8.1 million. The amount of share capital has not changed in the 2019 financial year. It is divided into 8,100,000 no-par-value shares. 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 modische Accessoires AG have invested in the company as shareholders, there are no special characteristics to the knowledge of the company 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.

Furthermore, in accordance with the resolution of the Annual General Meeting held on 18 June 2019, the Management Board is authorised under the conditions laid down in Section 71(1)(8) AktG to purchase, resell or withdraw up to ten per cent of the share capital of EUR 8.1 million registered at the time of the resolution for purposes other than securities trading. The authorisation is valid until the adoption of a new resolution granting authorisation, but no later than 17 June 2024.

## 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 an applicable Group-wide directive. Risk management is an integral part of the centralised and decentralised planning, management and control processes.

### Overall statement of the Management Board

In the reporting year, Bijou Brigitte AG once again monitored the macroeconomic environment, developments in the retail sector and its in-house processes on an ongoing basis to identify risks and opportunities early on. Newly added risk categories included "Tax arrears repayments due to mispostings or software errors", "Epidemics", and the risk that the increased international focus on sustainability could lead to increased procurement costs. In addition, the procurement risks "Loss of supplier due to sudden cessation of business, force majeure or epidemics" and "Non-compliance with delivery times" were reclassified from low to medium. The overall assessment of all other risks remained unchanged. With its structured processes, systematic risk management has ensured the efficient management of overall risks in the Group. From today's perspective, there are no risks to the continued existence of the company as a going concern. No risks were assessed as very high in the reporting year.

### **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 duties.

## **Risk strategy**

The aim of the risk strategy of Bijou Brigitte modische Accessoires AG 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 standardised risk management sub-processes: identifying and reporting risks at an early stage, assessing risks in the same way, managing risks and developing measures, monitoring risks and implementing the measures.

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

## **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**

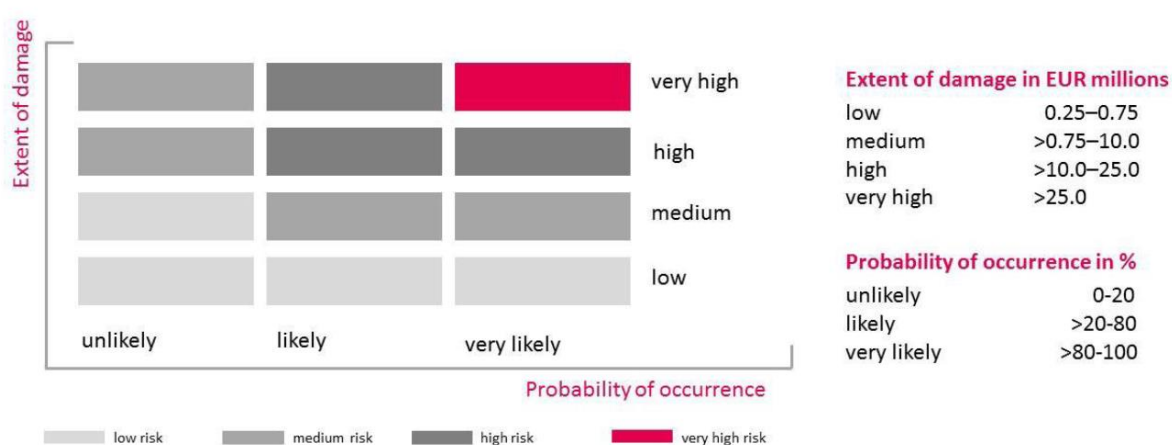
Accounting for the countermeasures taken, the identified risks are subject to a standardised assessment in terms of their probability of occurrence and scale of potential damage, and classified as low, medium, high or very high.

## 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. No transactions are performed that violate the 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 provide a clear summary of the major risks. The risks are also ranked in order of priority. A risk report is prepared once a year and sent to the Management Board. In the event of an exceptional risk situation, the Management Board and Supervisory Board are informed immediately.



## 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

Serving as a tool of the Management Board, Internal Audit monitors risk management and the internal control system by means of systematic and regular audits. As a process-independent body, it audits business transactions, the installed systems and the implemented checks in a risk-oriented way. The Supervisory Board of Bijou Brigitte AG regularly deliberates the material issues pertaining to accounting and risk management. Furthermore, the Supervisory Board deals with the commissioning and focus of audits.

### Explanation and assessment of significant opportunities and risks

#### **Economic risks**

The current economic forecast of Bijou Brigitte is set out in detail in the section titled "Expected trend in general economic conditions".

Economic developments and the associated changes in consumer behaviour have a material impact on the Group's net assets, financial and earnings position. The retail industry relies to a considerable degree on consumer spending and confidence. Declines due to an economic slowdown and political factors such as military conflict, change of government or civil unrest, particularly in regions in which the company has a strong presence, also constitute a material risk to business activities along with the development of sales and profit. Moreover, material changes in the regulatory environment (e.g. trade restrictions, tax legislation, economic and political sanctions) may also result in the potential loss of sales or cost increases.

Bijou Brigitte continuously monitors the overall economic, political and regulatory situation in all key markets to be able to identify potential problem areas at an early stage and adjust business activities correspondingly quickly. Possible adjustments include moving investments to other, more attractive markets, changing product prices, closing unprofitable stores or focusing more on controlling costs. The Group assesses economic growth and macroeconomic risks as generally high.

### **Market and industry risks**

The development of competition is one of the material risks facing Bijou Brigitte. Increasing competitive pressure from textile companies or fashion jewellery specialists can result in higher marketing costs and loss of market share, which would in turn damage the profitability and market position of the Group. The challenge lies in withstanding competitive pressure, defending both market share and unit productivity. Unexpected consumer preferences and changes in the popularity of the brand can lead to both risks and opportunities. Changes in consumer behaviour can also be the result of changes in attitudes and values, as well as societal factors. As a result, Bijou Brigitte is constantly looking for new opportunities to increase the added value for customers, thereby realising significant opportunities to increase sales. Targeted promotional and marketing measures, for instance, are intended to help strengthen and position the brand, as well as acquire new customers and retain existing ones. The Group is also continually expanding its online activities in order to adapt to customers' new buying behaviour. Bijou Brigitte classifies the risks described above as medium overall.

The failure to recognise brand trends and a collection that lacks a target group affinity can result in a loss of sales and the need for depreciation. Bijou Brigitte engages in regular store checks, fashion trade fairs and product range analyses to counteract these risks and considers them to be low overall.

### **Investment risks**

As part of its growth strategy, Bijou Brigitte aims to develop new markets and to further expand its network of stores. Investment risks here may arise from store expansion and maintenance work, long-term rental contracts and personnel costs. In order to avoid any false investments, test stores are normally set up first to measure the earnings potential of the new market. Moreover, the risk can be reduced further through cooperation with franchise partners. The overall risk here is assessed as low thanks to the successful measures in place.

Opportunities as regards a positive deviation from the forecast could arise if more store openings than currently appear realistic can be implemented due to favourable developments in individual property markets.

### **Procurement risks**

Bijou Brigitte sources the majority of goods from the Far East. The company manages potential purchasing risks that may arise from the rising cost of commodities and materials, disruptions along the supply chain and quality issues. As part of its existing quality management system, the purchasing department checks defect ratios on a monthly basis to ensure Bijou Brigitte's quality standards. Furthermore, purchasing activities are now supported by trading offices in China. By regularly reviewing purchase prices and, if necessary, adjusting sales prices, this risk can be limited. Changes in legislation in the supplier's country can also lead to higher procurement costs. Bijou Brigitte is also exposed to the risk of loss of a supplier due to sudden cessation of business, force majeure or epidemics, which could lead to sales losses during the changeover period. Another consequence of this is that it may not be possible to maintain delivery times, which could then lead to increased freight costs. Given the large number of different supplier countries and enforcement procedures, Bijou Brigitte is taking action to mitigate these risks. The Group classifies the procurement risks described above as medium overall.

The broad-based network of suppliers means potential risks associated with dependency on individual suppliers or their failure to deliver are minimised. Factors that can have a negative impact on Bijou Brigitte include rising personnel or commodities costs incurred by suppliers, failure to adhere to brand/design laws, statutory provisions or delivery times. 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. Meeting today's challenges may lead to increased costs resulting from changes in the sales chain. Bijou Brigitte carries out regular checks to ensure that the legal requirements are being fulfilled. The procurement risks listed are assessed as low overall.

### **Materials management**

Other risks that the company actively manages include the shortage, surplus or unavailability of individual items, which can arise due to poor planning, excessive delivery times or incorrect deliveries. 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. Bijou Brigitte assesses the overall risk here as low.

### **Information technology**

Risks arise above all from delays in the provision of key data, the loss or manipulation of data and the disclosure of confidential information. In order to minimise such risks, Bijou Brigitte has implemented back-up processes, virus and access protection as well as encryption systems. IT systems are also monitored and enhanced on an ongoing basis. The overall risk here is assessed as low.

## Currency risks

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. The company is also exposed to currency risks in the distribution countries that can result in sales losses through exchange rates. 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 overall risk here is assessed as medium.

As regards the company forecast, there is a chance of a positive deviation, if the euro develops more strongly during the present financial year than has been assumed or generally forecast. Exchange rate fluctuations, which can have both a positive and a negative impact on Bijou Brigitte, are considered extremely likely to occur.

## Personnel risks

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. In order to optimise its workforce and the allocation of resources, Bijou Brigitte stepped up its HR marketing measures in the year under review. Changes in employment law regulations in the various distribution countries also pose a potential risk. The Group's legal department, which has recruited additional personnel, is responsible for combating this risk as early on as possible to avoid penalty fees and additional payments. Legal developments are permanently monitored and labour regulations are regularly reviewed internally. Personnel risks are generally assessed as medium.

The occupational safety of Bijou Brigitte's employees is a top priority for the Group. Thanks to regular initial and continuing training sessions on health issues, 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.

### **Interest, default and liquidity risks**

Bijou Brigitte does not have any loans with banks or other credit institutions. Available overdraft facilities are minimal and were not utilised in the past financial year. Accordingly, there are no material interest rate risks. Due to its extremely good equity base, the Group can make and implement capital expenditure decisions independent of the debt and equity markets. The company assesses the individual financial risks as low. Liquidity risks may arise as a result of the insolvency of a bank where Bijou Brigitte has cash deposits. This risk is minimised by spreading the risk over various credit institutions and carefully selecting these. Bijou Brigitte assesses the individual interest rate, default and liquidity risks as low.

### **Cybercrime in payment transactions**

Advancing digitalisation in all business areas is leading to rising requirements in terms of the trustworthiness, integrity and availability of electronically processed information and the associated use of information technology. Bijou Brigitte also has technical security measures in place to prevent cybercrime. This includes secure gateways, encrypted email communication, the production of emergency protocols and regular awareness training for all staff, particularly in the Treasury department. The risk is assessed here as low on the whole.

### **Epidemics**

Epidemics represent a risk for Bijou Brigitte because they affect multiple areas and their impact cannot initially be quantified. Bijou Brigitte sources the majority of goods from the Far East. As the most recent example of coronavirus from China shows, epidemics can cause disruptions within the supply chain. A loss of suppliers can lead to increased freight costs and/or delivery failures, which can impact sales/profit. Government measures or travel restrictions can also impede the work of purchasing and also prevent prompt recognition and implementation of brand trends. Epidemics can also influence consumer confidence. Emergency measures imposed by authorities, such as the ordering of branch closures, and uncertainty among consumers have a direct effect on the sales of the Bijou Brigitte Group. Since epidemics can disrupt procurement, purchasing, and sales, the individual risk category "Epidemics" has been newly added and, given the current development of coronavirus, has been classified as high.

### CSR reporting obligations

The sustainability report pursuant to CSR reporting requirements is available to be read and inspected by the public at any time on the website [www.group.bijou-brigitte.com](http://www.group.bijou-brigitte.com) under the heading "Investor Relations/Sustainability".

## FORECAST REPORT

### Expected trend in general economic conditions

According to the IMF, global economic growth will accelerate to 3.3% in 2020.<sup>9</sup> The European economy is also expected to record further growth in 2020 and 2021, although according to the forecast it will face difficult times ahead. The global economic framework conditions are less supportive of growth than previously, and political uncertainties are high. The EU Commission therefore expects GDP growth in the eurozone of 1.2% in 2020 and 2021.<sup>10</sup>

The Spanish economy showed weak growth in 2019. Spain's economy is also expected to grow less in 2020 than in previous years, facing economic growth of 1.8%.<sup>11</sup> Portugal's economic performance continues to grow, but its momentum is weakening. In a European comparison the country is well-positioned with expected growth of 1.7% for 2020.<sup>12</sup> The economic outlook for Italy remains mixed. According to the European Union's forecasts, the Italian economy is expected to grow by only 0.4% in 2020.<sup>13</sup>

Germany has experienced an entire decade of continuous economic growth. The labour market and gross domestic product are growing overall. However, industrial production has noticeably weakened. The federal government expects restrained economic development in 2020, anticipating growth of 1.1%.<sup>14</sup> Consumer confidence in Germany was again more optimistic at the beginning of 2020. As a result, the market research company GfK anticipates a 1.0% increase in private consumer spending in Germany in 2020.<sup>15</sup>

According to the forecast released by the German Trade Association (HDE), sales in the retail industry will increase by 2.5% year-on-year in 2020. Online retail remains growth

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<sup>9</sup> IMF: World Economic Outlook, January 2020

<sup>10</sup> European Commission – Press release: Autumn forecast 2019, 7 November 2019

<sup>11</sup> GTAI: Economic outlook – Spain (November 2019), 27 November 2019

<sup>12</sup> GTAI: Economic outlook – Portugal (December 2019), 24 December 2019

<sup>13</sup> GTAI: Economic outlook – Italy (November 2019), 27 November 2019

<sup>14</sup> BMWi – Annual Economic Report 2020, p.7

<sup>15</sup> GfK: Press release "Consumer optimism returns", 29 January 2020

driver.<sup>16</sup> E-commerce sales reached a record level in 2019. Because of this development, bevh also expects sales growth in 2020, which will likely be 10% lower in 2020 than in the previous year due to the subdued economic outlook.<sup>17</sup>

In particular, economic risks lie in the external environment; the escalation of international trade conflicts, a further decline in investment demand, intensification of the industrial slowdown and geopolitical risks all have a dampening effect on global trade. The Brexit negotiations have also created a high degree of political uncertainty recently and have negatively affected growth momentum in Europe. The impact of the coronavirus epidemic is not yet quantifiable and has not been accounted for in the forecast sources.

### Outlook for the Bijou Brigitte Group

Compared with the previous year, Bijou Brigitte began 2020 with an increase in sales in the first two calendar months. The spread of the coronavirus in Europe and the restrictions associated with it will have an impact on the future net assets and the financial and earnings position of Bijou Brigitte. In view of the current course of business and the possible further effects of the coronavirus, two scenarios for 2020 as a whole have been drawn up.

Assuming that the measures taken by governments to slow the spread of the coronavirus will last only until the end of May 2020, that sales in the following months will develop to the level of the previous year, and that appropriate savings potentials can be realised (rent, staff costs), the Bijou Brigitte Group anticipates in the best case sales of between EUR 260 million and EUR 275 million for the 2020 financial year (2019 financial year: EUR 334.0 million). For Group earnings before income taxes, a value of between EUR –12 million and EUR –2 million is forecast (2019 financial year: EUR 37.4 million). Inventories as of 31 December 2020 are expected to be between EUR 53 million and EUR 63 million. Assuming that current and non-current liabilities remain at the previous year's level and no additional own shares are bought back, the Group expects an equity ratio of between 48% and 55%. The Bijou Brigitte Group will invest less in the modernisation of its outlets and in a reduced

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<sup>16</sup> German Trade Association (HDE): Annual Forecast for the Retail Industry, 31 January 2020

<sup>17</sup> Bundesverband E-Commerce und Versandhandel Deutschland e.V. (bevh): Press release, 21 January 2020

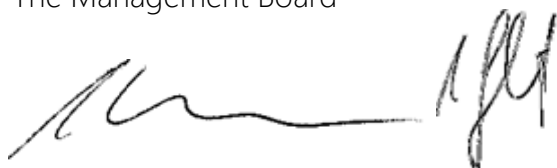
number of new stores in Germany in the current year. The planned capital expenditure volume for 2020 will amount to between EUR 5 million and EUR 10 million (2019 financial year: EUR 10.3 million). The company expects the number of stores in the Bijou Brigitte Group at the close of 2020 to be lower than in the previous year.

In the second scenario, it is assumed that the measures taken by governments, and the resulting decline in sales of well over 90% compared with the same period last year, will last longer than the end of May 2020. In this case, Bijou Brigitte anticipates that each passing month without fixed operating activities will reduce Group earnings before taxes by an additional EUR 12 million to a maximum of EUR 19.5 million. This will depend on the extent to which the running costs can be reduced. With the exception of the falling equity ratio, we have not assumed a change in the other financial ratios and non-financial performance indicators.

Hamburg, 31 March 2020

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 2019**

<b>ASSETS</b>				<b>LIABILITIES</b>			
	Notes	31.12.2019 EUR	31.12.2018 EUR		Notes	31.12.2019 EUR	31.12.2018 EUR
<b>ASSETS</b>				<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Non-current assets</b>				<b>Equity</b>			
Intangible assets	(1)	3.842.593,00	3.733.009,50	Subscribed capital	(12)	8.100.000,00	8.100.000,00
Property, plant and equipment	(2)	50.071.356,78	52.540.560,91	Capital reserve		3.579.043,17	3.579.043,17
Rights of use	(3)	157.098.698,87	0,00	Retained earnings		36.550.490,68	40.246.542,39
Non-current financial assets	(4)	2.779.803,81	2.738.777,70	Treasury shares		-22.603.780,33	-19.092.720,27
Deferred taxes	(5)	2.037.431,42	2.216.985,80	Foreign currency translation reserve		526.943,07	563.799,74
		<u>215.829.883,88</u>	<u>61.229.333,91</u>	Group equity earned		203.337.652,96	201.265.934,29
						<u>229.490.349,55</u>	<u>234.662.599,32</u>
<b>Current assets</b>				<b>Non-current liabilities</b>			
Inventories	(6)	60.119.860,31	58.736.072,09	Non-current provisions	(14)	4.500.646,25	4.414.514,05
Trade receivables	(7)	1.964.653,33	2.089.751,38	Lease liabilities	(15)	121.772.085,57	0,00
Tax receivables	(8)	1.621.013,54	5.153.285,55	Deferred taxes	(13)	765.611,61	956.077,76
Other financial assets	(9)	4.237.984,33	4.205.166,26			<u>127.038.343,43</u>	<u>5.370.591,81</u>
Other current receivables	(10)	431.438,96	1.620.250,04	<b>Current liabilities</b>			
Cash and cash equivalents	(11)	145.462.249,63	137.107.680,79	Current provisions	(14)	1.954.769,21	2.828.091,21
		<u>213.837.200,10</u>	<u>208.912.206,11</u>	Tax liabilities	(16)	434.927,80	346.547,02
				Trade payables	(17)	10.784.554,28	8.810.992,05
				Lease liabilities	(15)	41.042.316,23	0,00
				Other financial liabilities	(17)	7.097.038,93	7.087.084,95
				Other current liabilities	(17)	11.824.784,55	11.035.633,66
						<u>73.138.391,00</u>	<u>30.108.348,89</u>
						<u>429.667.083,98</u>	<u>270.141.540,02</u>
		<u>429.667.083,98</u>	<u>270.141.540,02</u>				

## Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg

### Consolidated income statement for the financial year 1 January to 31 December 2019

	Notes	2019 EUR	2018 EUR
Revenue	(18)	333.952.480,76	321.614.557,55
Other own work capitalised	(19)	1.063.241,54	588.989,44
Other operating income	(20)	4.526.192,95	4.787.463,30
Cost of materials	(21)	-69.634.140,65	-65.965.700,74
Personnel costs	(22)	-90.753.004,27	-90.562.779,31
Depreciation and amortisation of intangible assets and property, plant and equipment	(23)	-60.689.392,09	-13.208.825,03
Other operating expenses	(24)	<u>-75.694.459,06</u>	<u>-125.710.164,49</u>
Operating profit		<u>42.770.919,18</u>	<u>31.543.540,72</u>
Interest and similar expenses	(25)	-6.041.909,57	-250.643,35
Interest income	(25)	<u>637.642,31</u>	<u>415.532,12</u>
Financial result	(25)	<u>-5.404.267,26</u>	<u>164.888,77</u>
Earnings before taxes (EBIT)		37.366.651,92	31.708.429,49
Income taxes	(26)	<u>-11.945.438,25</u>	<u>-10.160.881,12</u>
Group earnings after taxes		<u><u>25.421.213,67</u></u>	<u><u>21.547.548,37</u></u>
Appropriation of profits to shareholders of the parent company		25.421.213,67	21.547.548,37
Earnings per share	(27)		
Basic		3,27	2,74
Diluted		3,27	2,74

**Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg****Consolidated statement of comprehensive income  
for the financial year 1 January to 31 December 2019**

	<u>Notes</u>	<u>2019 EUR</u>	<u>2018 EUR</u>
<b>Group earnings</b>		<b><u>25.421.213,67</u></b>	<b><u>21.547.548,37</u></b>
<b>Amounts that can be transferred to the income statement in the future</b>			
Hedging of cash flows			
Realised earnings from the disposal of financial assets	(12)	0,00	0,00
Unrealised earnings from the measurement of financial assets	(12)	0,00	0,00
Currency translation differences	(12)	<u>-36.856,68</u>	<u>194.307,90</u>
<b>Other income</b>		<b><u>-36.856,68</u></b>	<b><u>194.307,90</u></b>
<b>Comprehensive income</b>		<b><u><u>25.384.356,99</u></u></b>	<b><u><u>21.741.856,27</u></u></b>
<b>Comprehensive income attributable to:</b>			
shareholders of the parent company		25.384.356,99	21.741.856,27

**Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg****Consolidated cash flow statement for 2018 and 2019**

	2019 TEUR	2018 TEUR
<b>1. Cash flow from operating activities</b>		
Net profit after taxes	25.421	21.548
Income tax expense (+)	11.945	10.161
Impairment and depreciation of non-current assets (+)	12.392	13.209
Impairment and amortisation of rights of use (+)	48.297	0
Addition to non-current assets (-)	-358	0
Financial result	5.404	-165
Other non-cash expenses and income	-5.964	-245
Income taxes paid (-)	-8.336	-11.521
Cash inflows from interest (+)	487	350
Earnings from the disposal of non-current assets	573	295
Change in provisions	-141	662
Change in inventories, trade receivables and other assets	-1.666	-3.116
Change in trade payables and other liabilities	2.773	-1.124
Cash flow from operating activities	<u>90.827</u>	<u>30.054</u>
<b>2. Cash flow from investing activities</b>		
Proceeds from the disposal of intangible assets and property, plant and equipment	209	254
Cash outflows (-) for investments in property, plant and equipment	-9.197	-10.426
Cash outflows (-) for investments in intangible assets	-1.106	-1.855
Cash flow from investing activities	<u>-10.094</u>	<u>-12.027</u>
<b>3. Cash flow from financing activities</b>		
Cash outflows (-) for payment of dividends by Bijou Brigitte AG	-23.350	-23.655
Cash outflow (-) for the acquisition of treasury shares	-3.511	-2.902
Repayment portion of lease payments (-)	-45.531	0
Cash outflows (-) for interest	-99	-98
Cash flow from financing activities	<u>-72.491</u>	<u>-26.655</u>
<b>4. Cash and cash equivalents at the end of the period</b>		
Changes in cash and cash equivalents (subtotal of 1–3)	8.242	-8.628
Exchange rate differences	112	466
Cash and cash equivalents at the start of the period	<u>137.108</u>	<u>145.270</u>
Cash and cash equivalents at the end of the period	<u>145.462</u>	<u>137.108</u>
<b>5. Composition of cash and cash equivalents</b>		
Cash and cash equivalents	<u>145.462</u>	<u>137.108</u>

**Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg****Consolidated statement of changes in equity for 2018 and 2019**

	Subscribe d capital TEUR	Capital reserve TEUR	Retained earnings TEUR	Treasury shares TEUR	Foreign currency translation reserve TEUR	Group equity earned TEUR	Total TEUR
<b>As of 1.1.2018</b>	8.100	3.579	40.247	-16.191	369	203.374	239.478
Group earnings	0	0	0	0	0	21.548	21.548
Other income	0	0	0	0	194	0	194
Total earnings	0	0	0	0	194	21.548	21.742
Purchase of treasury shares				-2.902			-2.902
Dividends	0	0	0	0	0	-23.655	-23.655
<b>As of 31.12.2018</b>	8.100	3.579	40.247	-19.093	563	201.267	234.663
Changes to accounting policies			-3.696				-3.696
<b>As of 1.1.2019 (retrospectively adjusted)</b>	8.100	3.579	36.551	-19.093	563	201.267	230.967
Group earnings	0	0	0	0	0	25.421	25.421
Other income	0	0	0	0	-37	0	-37
Total earnings	0	0	0	0	-37	25.421	25.384
Purchase of treasury shares	0	0	0	-3.511	0	0	-3.511
Dividends	0	0	0	0	0	-23.350	-23.350
<b>As of 31.12.2019</b>	8.100	3.579	36.551	-22.604	526	203.338	229.490

## **Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg**

### **Notes to the Consolidated Financial Statements for 2019**

#### **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 4 July 2014. 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 2019 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 2019 financial year have been considered to the extent that they are relevant for these consolidated financial statements. The comparative figures for the 2018 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 31 March 2020 and submitted to the Supervisory Board for approval at its meeting on 23 April 2020. 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 2019 financial year in the form required by the EU:

<b><u>Standard/Interpretation</u></b>	<b><u>Date of application *</u></b>
IFRS 16: Leases	1 January 2019 (endorsed on 31 October 2017)
Amendments to IFRS 9: Prepayment Features with Negative Compensation	1 January 2019 (endorsed on 22 March 2018)
IFRIC 23: Uncertainty over Income Tax Treatments	1 January 2019 (endorsed on 23 October 2018)
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	1 January 2019 (endorsed on 8 February 2019)
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	1 January 2019 (endorsed on 13 March 2019)
Annual Improvements 2015-2017: Improvements to IFRS 3, IFRS 11, IAS 12 and IAS 23	1 January 2019 (endorsed on 14 March 2019)

\* Financial years commencing on or after the given date

The new IFRS 16 covering lease accounting was published on 13 January 2016 by the IASB. IFRS 16 replaces IAS 17 – Leases and the associated interpretations, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases – Incentives, and SIC-27 Evaluating the Substance of Transactions in the Legal Form of a Lease. The major changes brought by IFRS 16 relate to accounting by the lessee. Under IFRS 16, a lessee recognises the carrying amount of right-of-use assets and lease liabilities for all leases. This means that the lessee no longer needs to make a distinction between financing and operating leases as previously required under IAS 17. However, relief options are granted to lessees in respect of short-term leases (less than or equal to twelve months) as well as agreements on low-value assets. The regulations for lessor accounting have remained largely unchanged.

The changes to IFRS 9 allow the measurement of financial assets with repayment options at amortised cost if there is an appropriate adjustment for the early termination and the accounting of modifications of financial liabilities not leading to derecognition are clarified.

The interpretation of IFRIC 23 includes instructions for accounting for actual and deferred tax liabilities and assets according to IAS 12, for which there are uncertainties relating to the income tax treatment.

The changes to IAS 28 make clear that IFRS 9 Financial instruments, including its impairment rules relating to non-current investments in associates or joint ventures, must be applied.

The changes to IAS 19 explicitly specify that following a change, curtailment or settlement of a defined benefit pension plan during the year, the current service cost and net interest for the remaining financial year must be recalculated using the current actuarial assumptions on which the necessary revaluation of the net debt was based. Additional clarifications have also been accepted that show how a change, curtailment or settlement of a plan affects the asset ceiling.

The Annual Improvements 2015-2017 include clarification of the recognition of a status change of interests (IFRS 3/IFRS 11) in relation to the recording of income tax consequences arising from financial instruments reported as equity (IAS 12), and on the reporting of borrowing costs relating to the production or procurement of an asset for which debt capital was taken on and not utilised in full (IAS 23).

Apart from the application of IFRS 16, the first-time application of these new regulations or amendments had no material effect on the net assets, financial and earnings position of the Bijou Brigitte Group or on the presentation of the financial statements and the disclosures made in the notes to the consolidated financial statements.

The Bijou Brigitte Group applied IFRS 16 (new lease accounting) for the first time as of 1 January 2019 and has changed its accounting policies as a consequence.

The Bijou Brigitte Group is not a lessor under finance leases and is not therefore required to fulfil any of the new mandatory disclosures for lessors.

#### Effects of the first-time application of IFRS 16

The effects of the first-time application of the new leasing standard IFRS 16 on the Group's financial statements are explained below.

IFRS 16 was applied retrospectively for the first time in line with the standard's transitional provisions, but without adjusting the previous year's figures. All reclassifications and adjustments resulting from the first-time application are therefore recorded in the opening balance sheet as of 1 January 2019.

The Bijou Brigitte Group does not have any leases that were previously classified as finance leases pursuant to IAS 17.

Through the initial application of IFRS 16, the Group has thus only recognised lease liabilities that were previously classified as operating leases under IAS 17.

These lease liabilities were measured at the present value of the remaining lease payments, discounted with the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate, which was applied to the lease liability as of 1 January 2019, amounts to 3.52%.

All rights of use have been reported in the amount of the related lease liabilities, adjusted for any lease payments made in advance that were recognised in the balance sheet as of 31 December 2018.

The Group made use of the following reliefs upon first-time application of IFRS 16:

- Adoption of previous assessments of whether a lease is onerous as an alternative to carrying out impairment tests. There were onerous contracts totalling TEUR 4,342 as of 1 January 2019.
- The non-consideration of initial direct costs in measuring rights of use at the time of first-time application.
- The retrospective determination of term of lease in the case of contracts with extension and termination options.

Measurement of lease liabilities:

	2019 TEUR
Operating lease obligations reported as of 31 December 2018	203,206
Finance lease liabilities recognised as of 31 December 2018	0
Discounted at lessee's incremental borrowing rate as of 1 January 2019 (first-time application of IFRS 16)	175,826
Adjustments due to leasing expenses paid in advance	-938
<b>Lease liabilities recognised as of 1 January 2019</b>	<b>174,888</b>
Of these,	
Current lease liabilities	47,832
Non-current lease liabilities	127,056
	<b>174,888</b>

Measurement of rights of use:

	2019 TEUR
<b>Lease liabilities recognised as of 1 January 2019</b>	174,888
Adjustments due to leasing expenses paid in advance	+ 938
Adjustments due to impairments for onerous contracts	-4,342
<b>Rights of use recognised as of 1 January 2019</b>	<b>171,484</b>

The change of accounting policy had the following impact on the following items in the balance sheet as of 1 January 2019:

		in EUR millions
Rights of use	Increase of	171.5
Deferred tax assets	Increase of	0.8
Deferred income	Decrease of	0.9
Non-current provisions	Decrease of	0.6
Non-current lease liabilities	Increase of	127.1
Current lease liabilities	Increase of	47.8

The net effect on the retained earnings as of 1 January 2019 was a decrease of EUR 3.7 million.

The following accounting standards were not applied in the 2019 financial year because they had not yet been or will not be endorsed by the EU:

<b><u>Standard/Interpretation</u></b>	<b><u>Expected date of application</u></b>
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its 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 31 December 2019 that do not yet have to be applied by companies in the EU with a financial year-end of 31 December 2019. 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.

<b><u>Standard</u></b>	<b><u>Expected date of application *</u></b>
IFRS 17: Insurance Contracts	1 January 2023**
Amendments to IFRS 3: Definition of a Business	1 January 2020**
Amendments to IAS 1 and IAS 8: Definition of Materiality	1 January 2020 (endorsed on 29 November 2019)
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020 (endorsed on 29 November 2019)
Amendments to IFRS 9, IAS 39 and IFRS 7: Reform of the reference interest rates – possible impact on the financial reporting	1 January 2020 (endorsed on 15 January 2020)

\* 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.

(For further details on accounting and valuation guidelines, see carrying amounts, 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 carried to the extent that their use is probable.

(For further details on accounting and valuation guidelines, see carrying amounts, 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.

(For further details on accounting and valuation guidelines, see carrying amounts, 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, Czech Republic
- 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 LIMITED, London, United Kingdom
- Bijou Brigitte Oy, Helsinki, Finland
- 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

There were no changes to the scope of consolidation of Bijou Brigitte modische Accessoires AG in the 2019 financial year compared with the consolidated financial statements as of 31 December 2018.

Bijou Brigitte modische Accessoires AG wholly owns every company 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, holding the remaining 1% of capital as a wholly owned subsidiary of Bijou Brigitte modische Accessoires AG.

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 interim results 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 should be compensated for again.

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 methods**

### **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:

	1 EUR =	Closing rate 31.12.		Average exchange rate	
		2019	2018	2019	2018
Bulgaria	BGN	1.9558	1.9558	1.9558	1.9558
China	CNY	7.8282	7.8754	7.7232	7.8071
Hong Kong	HKD	8.7146	8.9801	8.7666	9.2481
United Kingdom	GBP	0.8530	0.9033	0.8762	0.8870
Poland	PLN	4.2570	4.3019	4.3000	4.2683
Romania	RON	4.7830	4.6675	4.7500	4.6547
Switzerland	CHF	1.0875	1.1250	1.1116	1.1511
Czech Republic	CZK	25.420	25.772	25.660	25.670
Hungary	HUF	330.710	321.630	325.843	320.023
USA	USD	1.1192	1.1465	1.1191	1.1797

### 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. 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 years
Purchased rights	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 prospective changes in estimates are taken into consideration.

## **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	19 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.

## **Rights of use**

In the Bijou Brigitte Group, these are lease agreements that give the lessee the right to use sales areas. The Group leases sales areas mainly as retail stores and in some cases as office and storage areas. The lease agreements are generally concluded for fixed periods of 5 to 12 years but include extension options and extraordinary termination rights for the lessee. 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 and corresponding lease liability as of the date on which the Group is able to use the leased asset (see also “Leases”).

The rights of use 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 is subject to straight-line amortisation over the term of the lease, since this corresponds to its useful life.

## **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 rights of use 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 of the asset in question cannot be estimated, then the estimate is based on the recoverable amount of the cash-generating unit (store level) to which the asset belongs.

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 assets of a store treated as a cash-generating unit. As a rule, the cash flow projections planned in detail over five years and the subsequent years are discounted by weighted pre-tax interest rates of between 6.4% (previous year: 9.8%) and 8.5% (previous year: 12.8%). These are classified as follows for 2019:

	<b>Weighted pre-tax interest rates</b>
Germany	6.4% (previous year: 9.8%)
Spain	7.6% (previous year: 11.5%)
Italy	8.5% (previous year: 12.8%)
Portugal	7.9% (previous year: 11.8%)
France	6.5% (previous year: 11.0%)
Eastern Europe	7.2% (previous year: 9.8%)

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:

	<b>Country risk premium</b>	<b>Tax rate</b>
Germany	0.0% (previous year: 0.0%)	29.8% (previous year: 29.8%)
Spain	1.3% (previous year: 1.8%)	25.0% (previous year: 25.0%)
Italy	1.8% (previous year: 2.5%)	27.9% (previous year: 27.9%)
Portugal	1.8% (previous year: 2.5%)	21.0% (previous year: 21.0%)
France	0.4% (previous year: 0.6%)	25.0% (previous year: 33.3%)
Eastern Europe	1.0% (previous year: 1.4%)	15.7% (previous year: 15.7%)

## **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.

The financial assets and liabilities 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 carried at fair value can be classified according to the significance of factors and information upon which their measurement is based and in (measurement) levels. 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.

The financial instruments measured at fair value and recognised in the consolidated balance sheet (as well as disclosures on the fair value of financial instruments) are all based on the information and input factors of the aforementioned level 2.

Financial assets and liabilities are only netted and reported as a net amount if there is a legal entitlement to netting and the intention is to settle on a net basis or to clear the associated liability by liquidating the asset concerned.

## **Inventories**

Inventories are carried at cost of acquisition, or at the lower net realisable value using the weighted average.

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

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, the trade receivables from the sale of goods are subject to the new expected credit loss model provided for in IFRS 9. The impairment losses for financial assets are based on assumptions regarding the default risk and the expected loss rates. 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 89 (previous year: TEUR 90) following allocation of TEUR 6 (previous year: TEUR 10) and release of TEUR 7 (previous year: TEUR 0) in the financial year.

## **Cash and cash equivalents**

This item comprises cash, bank balances on call and other short-term deposits. 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 proceeds received less direct issue costs.

When Bijou Brigitte AG acquires its own shares, the consideration paid is deducted from equity and the attributable transaction costs recorded in other operating expenses. The incidental acquisition costs were also deducted from equity last year. 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 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 this excludes expenses and income that are not or never will be taxable or tax-deductible in future years. 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 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 claims 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 claims 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 claims is reviewed annually on the balance sheet date and reduced if it is no longer likely that sufficient taxable income is available to realise the claim in whole or in part. Deferred tax assets are therefore only carried in the amount of expected future taxable income to offset temporary differences or to make use of available tax losses.

Deferred tax claims and liabilities are offset if there is an enforceable right to offset current tax claims 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 created is based on the best estimate on the balance sheet date for the payments to be rendered, taking into account the risks and uncertainties surrounding the fulfilment of current obligations.

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. Revenue from the sale of merchandise over the internet to end consumers is recorded at the time the risks and opportunities associated with the merchandise are 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 Group introduced a customer loyalty program called BB-Club in Germany in March 2019 and in Spain in October 2019. 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 only register online, but would like a physical customer card can get one in store and then connect to their already existing digital card online. On joining the BB-Club customers receive additional advantages in the form of discounts, gifts on particular 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 discount is recorded as a sales reduction at the time of redemption.

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.

Given that the Group is entirely financed by its own funds, with the exception of a liability arising solely from a long-term rental agreement, there are no interest expenses incurred that have to be attributed and capitalised when recognising qualifying assets, as in the previous year.

### **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.

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 the leasing rates are not accounted for in the lease liability until they become effective. The lease liability is adjusted against the right of use as soon as changes in the index or interest rate affect the leasing rates.

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 these payments is realised.

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.

## 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
<b>Cost 1.1.2018</b>	<b>12,536</b>	<b>1,671</b>	<b>1,787</b>	<b>15,994</b>
Currency translation differences	0	0	0	0
Additions	1,357	498	0	1,855
Disposals	-286	-18	0	-304
<b>Cost 31.12.2018</b>	<b>13,607</b>	<b>2,151</b>	<b>1,787</b>	<b>17,545</b>
<b>Accumulated amortisation 1.1.2018</b>	<b>10,341</b>	<b>1,199</b>	<b>1,762</b>	<b>13,302</b>
Amortisation				
Additions	598	195	14	807
Disposals	-286	-17	0	-303
Impairment	6	0	0	6
<b>Accumulated amortisation 31.12.2018</b>	<b>10,659</b>	<b>1,377</b>	<b>1,776</b>	<b>13,812</b>
<b>Net carrying amount 31.12.2018/1.1.2019</b>	<b>2,948</b>	<b>774</b>	<b>11</b>	<b>3,733</b>
<b>Cost 1.1.2019</b>	<b>13,607</b>	<b>2,151</b>	<b>1,787</b>	<b>17,545</b>
Currency translation differences	0	0	0	0
Additions	14	588	504	1,106
Disposals	-498	-49	0	-547
<b>Cost 31.12.2019</b>	<b>13,607</b>	<b>2,151</b>	<b>1,787</b>	<b>17,545</b>
<b>Accumulated amortisation 1.1.2019</b>	<b>10,659</b>	<b>1,377</b>	<b>1,776</b>	<b>13,812</b>
Amortisation				
Additions	615	286	37	938
Disposals	-498	-23	0	-521
Impairment	33	0	0	33
<b>Accumulated amortisation 31.12.2019</b>	<b>10,809</b>	<b>1,640</b>	<b>1,813</b>	<b>14,262</b>
<b>Net carrying amount 31.12.2019</b>	<b>2,314</b>	<b>1,050</b>	<b>478</b>	<b>3,842</b>

The impairment of rights acquired against payment in the amount of TEUR 33 (previous year: TEUR 6) 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	Plants under construction TEUR	Total TEUR
<b>Cost 1.1.2018</b>	<b>20,420</b>	<b>28</b>	<b>112,124</b>	<b>167</b>	<b>132,739</b>
Currency translation differences	0	0	-115	0	-115
Additions	1	0	10,284	141	10,426
Disposals	0	0	-9,530	-16	-9,546
Transfers	0	0	75	-75	0
<b>Cost 31.12.2018</b>	<b>20,421</b>	<b>28</b>	<b>112,838</b>	<b>217</b>	<b>133,504</b>
<b>Accumulated depreciation</b>					
<b>1.1.2018</b>	<b>7,155</b>	<b>27</b>	<b>70,384</b>	<b>0</b>	<b>77,566</b>
Depreciation					
Additions	531	1	10,400	0	10,932
Disposals	0	0	-8,999	0	-8,999
Write-downs	0	0	1,463	1	1,464
<b>Accumulated depreciation</b>					
<b>31.12.2018</b>	<b>7,686</b>	<b>28</b>	<b>73,248</b>	<b>1</b>	<b>80,963</b>
<b>Net carrying amount</b>		<b>0</b>	<b>39,590</b>	<b>216</b>	<b>52,541</b>
<b>31.12.2018/1.1.2019</b>	<b>12,735</b>				
<b>Cost 1.1.2019</b>	<b>20,421</b>	<b>28</b>	<b>112,838</b>	<b>217</b>	<b>133,504</b>
Currency translation differences	0	0	41	0	41
Additions	53	0	9,015	129	9,197
Disposals	0	0	-10,541	-8	-10,549
Transfers	0	0	132	-132	0
<b>Cost 31.12.2019</b>	<b>20,474</b>	<b>28</b>	<b>111,485</b>	<b>206</b>	<b>132,193</b>
<b>Accumulated depreciation</b>					
<b>1.1.2019</b>	<b>7,686</b>	<b>28</b>	<b>73,248</b>	<b>1</b>	<b>80,963</b>
Depreciation					
Additions	528	0	10,374	0	10,902
Disposals	0	0	-9,904	-1	-9,905
Additions	0	0	-358	0	-358
Write-downs	0	0	519	0	519
<b>Accumulated depreciation</b>					
<b>31.12.2019</b>	<b>8,214</b>	<b>28</b>	<b>73,879</b>	<b>0</b>	<b>82,121</b>
<b>Net carrying amount</b>	<b>12,260</b>	<b>0</b>	<b>37,606</b>	<b>206</b>	<b>50,072</b>
<b>31.12.2019</b>					

The impairment of operating and office equipment in the amount of TEUR 519 (previous year: TEUR 1,464) relates to stores in which business development did not fulfil original cash flow expectations. Impairment related to the segments as follows:

	2019	2018
	TEUR	TEUR
Germany	44	158
Spain	20	273
Italy	65	307
Portugal	0	60
Other countries	390	666

### (3) Rights of use

	Buildings
	TEUR
<b>Acquisition costs 1.1.2019</b>	<b>175,826</b>
Currency translation differences	82
Additions	33,944
Disposals	-118
<b>Acquisition costs 31.12.2019</b>	<b>209,734</b>
<b>Accumulated depreciation 31.12.2019</b>	<b>4,342</b>
Depreciation	
Additions	47,482
Disposals	-5
Write-downs	816
<b>Accumulated depreciation 31.12.2019</b>	<b>52,635</b>
<b>Net carrying amount 31.12.2019</b>	<b>157,099</b>

The impairment of rights of use in the amount of TEUR 816 relates to stores in which business development did not fulfil cash flow expectations.

The current component of the rights of use amounts to TEUR 3,405.

#### (4) Non-current financial assets

	2019	2018
	EUR	EUR
Rent deposits paid	<u>2,779,803.81</u>	<u>2,738,777.70</u>

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 0.31675% (previous year: 2.1%) until expiration of the respective lease.

#### (5) Deferred taxes

Deferred tax assets and liabilities are measured according to 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 34.0% were applied for foreign taxes (previous year between 10.0% and 34.0%).

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

	2019	2018
	EUR	EUR
As of 1 January (deferred tax assets)	-1,260,908.03	-996,904.47
Currency translation differences	-741.72	5,711.43
Deferred taxes recognised in the income statement	-10,170.06	-269,714.99
<i>of which temporary differences</i>	-35,267.72	-476,724.08
 <i>of which loss carryforwards</i>	 25,097.66	 207,009.09
As of 31 December (deferred tax assets)	<u>-1,271,819.81</u>	<u>-1,260,908.03</u>

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 -1 (previous year: TEUR -6) in other income.

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

	2019		2018	
	Assets EUR	Liabilities EUR	Assets EUR	Liabilities EUR
Intangible assets	214,240.00	276,789.71	690,541.83	181,574.14
Property, plant and equipment	430,707.72	1,347,447.02	791,518.49	1,457,478.44
Rights of use	0.00	39,172,893.42	0.00	0.00
Inventories	1,035,122.70	1,668,291.23	1,303,539.15	1,804,557.63
Receivables	0.00	3,252.74	0.00	3,758.02
Non-current financial assets	4,842.59	0.00	44,018.41	0.00
Cash and cash equivalents	0.00	35,003.66	0.00	27,810.42
Provisions	1,572,025.92	8,381.72	1,683,272.94	7,499.48
Lease liabilities				
Trade payables	40,323,386.08	0.00	0.00	0.00
Other liabilities	0.00	15,248.61	0.00	12,511.78
	5,475.86	0.00	4,782.41	0.00
Loss carryforwards	213,327.05	0.00	238,424.71	0.00
	43,799,127.92	42,527,308.11	4,756,097.94	3,495,189.91
Netting	-41,761,696.50	-41,761,696.50	-2,539,112.15	-2,539,112.15
Carrying amount	2,037,431.42	765,611.61	2,216,985.79	956,077.76

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 1,116 from tax loss carryforwards (previous year: TEUR 1,086), 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 15,530 (previous year: TEUR 14,723). These loss carryforwards are indefinite or can be used between 2020 and 2028. Deferred tax assets of TEUR 319 TEUR (previous year: TEUR 897) were recognised for temporary differences despite losses in the current year, as the company in question expects to generate taxable profit in the future.

Deferred tax assets of TEUR 1,451 are expected to be realised in the course of the coming financial year (previous year: TEUR 1,762), while TEUR 1,730 of deferred tax liabilities are expected to be realised (previous year: TEUR 1,856).

No deferred tax liabilities were carried for temporary differences in connection with shareholdings in subsidiaries totalling TEUR 7,625 (previous year: TEUR 7,610) since it is unlikely that these temporary differences will reverse in the foreseeable future.

## (6) Inventories

Inventories are classified as follows:

	2019 EUR	2018 EUR
Raw materials, consumables and supplies	3,022,984.60	3,507,423.90
Merchandise	57,096,875.71	55,228,648.19
	60,119,860.31	58,736,072.09

Furthermore, there are advance payments on inventories in the amount of TEUR 18 (previous year: TEUR 10). These are reported under other current receivables. Total impairment of the net realisable value of the inventories amounts to TEUR 2,499 (previous year: TEUR 2,243).

## (7) Trade receivables

	2019 EUR	2018 EUR
Trade receivables	2,053,497.09	2,180,437.95
Value adjustments	-88,843.76	-90,686.57
	<u>1,964,653.33</u>	<u>2,089,751.38</u>

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:

	2019 EUR	2018 EUR
As of the beginning of the year	90,686.57	80,293.21
Additions (expenses for value adjustments)	5,597.94	10,393.36
Utilisation	0.00	0.00
Reversals	-7,440.75	0.00
As of the end of the year	<u>88,843.76</u>	<u>90,686.57</u>

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

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

	2019	2018
	EUR	EUR
Other receivables due from third parties	<u>4,237,984.33</u>	<u>4,205,166.26</u>

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 deposits to be paid within one year.

## (10) Other current receivables

	2019	2018
	EUR	EUR
Other tax receivables	90,369.80	87,578.40
Accrued income	323,536.85	1,522,679.08
Advance payments on inventories	<u>17,532.31</u>	<u>9,992.56</u>
	<u>431,438.96</u>	<u>1,620,250.04</u>

Other tax receivables comprise tax refund claims on advance tax payments rendered (TEUR 28; previous year: TEUR 46) and input tax deductible in the subsequent year (TEUR 63; previous year: TEUR 42).

## (11) Cash and cash equivalents

	2019	2018
	EUR	EUR
Current accounts and cash on hand	74,865,626.92	52,584,675.90
Call money	13,874,450.34	10,410,807.06
Short-term fixed deposits	<u>56,722,172.37</u>	<u>74,112,197.83</u>
	<u>145,462,249.63</u>	<u>137,107,680.79</u>

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 2019 financial year, the equity ratio was 53.4%. 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.

No new resolution authorising the Management Board to increase the share capital was passed at the Annual General Meeting on 18 June 2019.

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 8.1 million) 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.

The company held 374,722 common shares (previous year: 290,853 common shares) on the balance sheet date. This corresponds to a 4.63% share of the subscribed capital (previous year 3.59%). The costs of acquisition totalled TEUR 22,604 (previous year: TEUR 19,093) and have been deducted from equity as treasury shares.

	<u>in shares</u>
Shares issued as of 1 January 2018	7,885,116
Shares repurchased and not cancelled in the course of the share buy-back programme in the 2018 financial year	75,969
Shares issued as of 31 December 2018/1 January 2019	7,809,147
Shares repurchased and not cancelled in the course of the share buy-back programme in the 2019 financial year	83,869
Shares issued as of 31 December 2019	7,725,278

## 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.

The amount deducted for treasury shares increased by TEUR 3,511 (previous year: TEUR 2,902) in the amount of own shares purchased in the reporting year to TEUR 22,604 (previous year: TEUR 19,093).

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	2019	2018
	TEUR	TEUR
Hong Kong	2,158	1,725
Hungary	-1,132	-1,000
Poland	747	-839
United Kingdom	40	454
China	-45	-47
Czech Republic	370	283
Other countries	-37	-12
<b>Total</b>	<b>527</b>	<b>564</b>

### (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 2019	5,922,416.63	787,287.51	532,901.12	7,242,605.26
Currency translation	35,536.58	0.00	483.57	36,020.15
Additions not recognised in the income statement	163,744.67	0.00	0.00	163,744.67
Additions	90,908.84	120,231.91	326,434.65	537,575.40
Additions due to compounding	72,832.92	0.00	0.00	72,832.92
Reversals	-97,261.43	-109,716.86	-361,959.72	-568,938.01
Utilisation	-879,323.12	-85,547.38	-63,554.43	-1,028,424.93
As of 31 December 2019	5,308,855.09	712,255.18	434,305.19	6,455,415.46

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

	2019 EUR	2018 EUR
More than one year	4,500,646.25	4,414,514.05
Within one year	1,954,769.21	2,828,091.21
	<u>6,455,415.46</u>	<u>7,242,605.26</u>

The additions to provisions include interest in the amount of TEUR 73 (previous year: TEUR 99) 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 495 (previous year: TEUR 585).

### **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 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, the timing of which cannot be anticipated.

### **Other provisions**

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

### **(15) Lease liabilities**

	2019 EUR
Non-current	121,772,085.57
Current	41,042,316.23
	<u>162,814,401.80</u>

Non-current lease liabilities with a maturity between 1 and 5 years amount to TEUR 101,338, and with a maturity of over 5 years to TEUR 20,434.

The total payments made for leases in 2019 amounted to TEUR 51,400.

#### **(16) Tax liabilities**

Tax liabilities relate to income taxes.

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

	2019 EUR	2018 EUR
Trade payables	<u>10,784,554.28</u>	<u><b>8,810,992.05</b></u>
Other financial liabilities	<u>7,097,038.93</u>	<u><b>7,087,084.95</b></u>
Tax liabilities for other taxes	6,124,900.58	5,535,014.97
Other liabilities for social security	2,168,028.65	2,169,830.21
Contractual liabilities	<u>3,531,855.32</u>	<u>3,330,788.48</u>
Other current liabilities	<u>11,824,784.55</u>	<u><b>11,035,633.66</b></u>
	<u><b>29,706,377.76</b></u>	<u><b>26,933,710.66</b></u>

The contractual liabilities include advance payments received from customers based on contracts with customers. Other financial liabilities consist mainly of liabilities for personnel in the amount of TEUR 4,008 (previous year: TEUR 3,895), for bonuses and commissions in the amount of TEUR 702 (previous year: TEUR 583) and for outstanding invoices, in particular for space and energy costs, and the preparation and audit of the financial statements in the amount of TEUR 2,022 (previous year: TEUR 2,228). They are due in less than one year.

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.

The points awarded to customers from the BB-Club loyalty programme are not reported because the number of BB-Club members, and their collected points, are immaterial given the total number of customers of the Group. Since the programme was only introduced in 2019 and only in two selected markets, the Group does not yet have enough experience to estimate with sufficient certainty the probability of redemption of a coupon before it expires.

## D. Notes to the consolidated income statement

### (18) Revenue / segment reporting

The breakdown of revenue is shown in segment reporting. Segment reporting (see page 38) conforms to the provisions of IFRS 8 and is therefore prepared using the “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

	2019	2018
	EUR	EUR
Exchange rate gains	1,012,432.52	1,047,308.60
Other operating income	985,559.56	1,175,326.78
Income from damage compensation	671,064.90	735,580.43
Income from rent	592,945.13	642,465.48
Income from the reversal of provisions	568,938.01	207,243.54
Income from the write-up of property, plant and equipment	357,688.88	0.00
Income from the disposal of property, plant and equipment	185,848.36	248,263.14
Income from the reversal of advance payments received	151,715.59	490,689.82
Income from rental allowances	0.00	33,510.09
Income from state subsidies	0.00	207,075.42
	<u>4,526,192.95</u>	<u>4,787,463.30</u>

The exchange rate gains in the amount of TEUR 964 (previous year: TEUR 853) relate to financial liabilities measured at amortised cost.

### (21) Cost of materials

	2019	2018
	EUR	EUR
Expenses for services purchased	3,701.73	9,281.31
Expenses for goods purchased	<u>69,630,438.92</u>	<u>65,956,419.43</u>
	<u>69,634,140.65</u>	<u>65,965,700.74</u>

## (22) Personnel costs

	2019	2018
	EUR	EUR
Wages and salaries	73,545,424.77	73,122,546.16
Social security contributions	17,207,579.50	17,440,233.15
	<u>90,753,004.27</u>	<u>90,562,779.31</u>

Social security contributions contain expenses in the amount of TEUR 5,942 (previous year: TEUR 6,521) 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%).

An average of 4,468 (previous year: 4,546) people were employed over the year; this corresponds to 2,863 (previous year: 2,895) full-time equivalents. Of these employees, 1,567 (previous year: 1,579) 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.

	2019	2018
Administration, shipment, shopfitting, production	506	529
Sales in Germany	455	438
Sales abroad	1,902	1,928
	<u>2,863</u>	<u>2,895</u>

## (23) Depreciation and amortisation of intangible assets and property, plant and equipment, and rights of use

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 segment reporting (page 38).

In the case of assets carried on the balance sheet as of 31 December 2019, an impairment and depreciation of TEUR 1,368 (previous year: TEUR 1,470), broken down into TEUR 33 (previous year: TEUR 6) for intangible assets, TEUR 519 (previous year: TEUR 1,464) for property, plant and equipment, and TEUR 816 for the rights of use, was calculated and recognised in the income statement as impairment and depreciation of intangible assets, property, plant and equipment, and rights of use.

**(24) Other operating expenses**

	2019	2018
	EUR	EUR
Commission on sales	31,544,532.84	30,733,449.08
Occupancy costs	11,137,788.82	62,893,403.44
Bank and consultancy fees	8,546,958.91	7,912,663.37
Miscellaneous operating expenses	5,675,132.40	5,992,978.97
Costs of delivering goods and packaging	4,204,109.65	4,086,893.71
Maintenance and repairs	3,329,366.30	2,559,792.10
Advertising and decoration expenses	3,296,325.86	3,132,351.17
Travel and entertainment costs	2,157,321.97	2,224,446.90
Postage and telephone	1,445,175.22	1,422,074.37
Commission on sales for concessions	1,148,230.87	1,150,973.65
Other taxes and levies	1,067,712.39	996,649.63
Exchange rate losses	906,705.53	1,289,280.20
Accounting losses from the disposal of assets	640,256.87	543,383.88
Insurance	420,542.57	406,037.89
Fees and dues	174,298.86	157,630.86
Expenses from deconsolidation	0.00	208,155.27
	<u>75,694,459.06</u>	<u>125,710,164.49</u>

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 742 (previous year: TEUR 1,202) relate to financial liabilities measured at amortised cost.

**(25) Financial result**

	2019	2018
	EUR	EUR
Interest and similar expenses	-98,936.77	-97,826.56
Interest expenses on operating taxes	0.00	0.00
Discounting of non-current receivables	-3,376.91	-53,822.77
Accrual of non-current provisions	-72,832.92	-98,994.02
Interest expense for leases	-5,866,762.97	0.00
	<u>-6,041,909.57</u>	<u>-250,643.35</u>
Interest income	637,642.31	415,532.12
Financial result	<u>-5,404,267.26</u>	<u>164,888.77</u>

Commissions totalling TEUR 98 (previous year: TEUR 98) were spent on sureties.

## (26) Income taxes

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

	2019	2018
	EUR	EUR
Actual tax expense	11,955,608.31	10,430,596.11
Deferred tax income (-)/tax expense (+) (see point 5)	-10,170.06	-269,714.99
Recognised income tax expense	<u>11,945,438.25</u>	<u>10,160,881.12</u>

Reconciliation of expected with reported income tax expense:

	2019	2018
	EUR	EUR
Group earnings before income taxes	37,366,651.92	31,708,429.49
Expected tax expense of 31.6% (2018: 31.6%)	11,807,862.01	10,019,863.72
Tax decreases due to tax-exempt income	-205,961.77	-533,543.31
Tax increases due to non-tax-deductible expenses	1,452,415.43	1,440,820.91
Impact of differences in national tax rates	-1,112,585.69	-863,016.47
Use of tax loss carryforwards	-5,014.03	0.00
Other effects	-88,607.16	49,509.91
Taxes for previous years	97,329.46	47,246.36
Recognised income tax expense	<u>11,945,438.25</u>	<u>10,160,881.12</u>

As in the previous year, a total tax rate of 31.6% was used to determine the expected tax rate in the 2019 financial year. This tax rate is composed of the corporate income tax rate (15%), the solidarity surcharge (5.5% of 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 2019, the average number of outstanding shares came to 7,771,702 (previous year: 7,868,573 shares). 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:

	2019	2018
	EUR	EUR
Group earnings	<u>25,421,299.66</u>	<u>21,547,548.37</u>
Group earnings allocable to shareholders	<u>25,421,299.66</u>	<u>21,547,548.37</u>
Common shares entitled to dividends (average)	7,771,702	7,868,573
<b>Earnings per share</b>		
Basic	<u>3.27</u>	<u>2.74</u>
Diluted	<u>3.27</u>	<u>2.74</u>

Due to the first-time application of IFRS 16, earnings per share declined in the 2019 financial year by 0.22 cents per share.

## **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 four geographical regions: Germany, Spain, Italy 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. Earnings in the segments correspond to the period result as defined by IFRS 8. Transfer pricing for inter-company 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 2019

Figures in TEUR	External revenue		Inter-segment revenue		Total revenue		Other expenses for premises and personnel costs		Other operating expenses and income		Depreciation and amortisation		Interest income		Interest expenses		Segment earnings/Group earnings before taxes		Income taxes		Segment earnings/Group earnings		Segment investments	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Germany<sup>(1)</sup></b>	162.330	156.608	43.059	40.189	205.389	196.797	-42.421	-65.240	-110.162	-103.555	-27.199	-5.381	925	904	-2.620	-662	<b>23.912</b>	<b>22.863</b>	-8.636	-8.281	<b>15.276</b>	<b>14.582</b>	5.460	5.909
<b>Spain</b>	46.541	45.175	0	0	46.541	45.175	-16.501	-24.675	-17.845	-17.188	-8.892	-1.647	109	63	-861	-76	<b>2.551</b>	<b>1.652</b>	-443	-418	<b>2.108</b>	<b>1.234</b>	962	994
<b>Italy</b>	33.199	33.388	0	0	33.199	33.388	-12.875	-18.281	-12.205	-12.151	-5.328	-1.575	20	8	-601	-22	<b>2.210</b>	<b>1.367</b>	-688	-528	<b>1.522</b>	<b>839</b>	494	1.290
<b>Portugal</b>	10.765	9.765	0	0	10.765	9.765	-2.988	-4.395	-4.125	-3.586	-1.960	-380	18	9	-279	-16	<b>1.431</b>	<b>1.397</b>	-334	-306	<b>1.097</b>	<b>1.091</b>	196	536
<b>Other countries</b>	81.117	76.679	0	0	81.117	76.679	-27.101	-40.865	-29.186	-27.902	-17.310	-4.226	171	121	-2.500	-724	<b>5.191</b>	<b>3.083</b>	-1.844	-628	<b>3.347</b>	<b>2.455</b>	3.191	4.087
	<u>333.952</u>	<u>321.615</u>	<u>43.059</u>	<u>40.189</u>	<u>377.011</u>	<u>361.804</u>	<u>-101.886</u>	<u>-153.456</u>	<u>-173.523</u>	<u>-164.382</u>	<u>-60.689</u>	<u>-13.209</u>	<u>1.243</u>	<u>1.105</u>	<u>-6.861</u>	<u>-1.500</u>	<b><u>35.295</u></b>	<b><u>30.362</u></b>	<u>-11.945</u>	<u>-10.161</u>	<b><u>23.350</u></b>	<b><u>20.201</u></b>	<u>10.303</u>	<u>12.816</u>
<b>Consolidation</b>	0	0	-43.059	-40.189	-43.059	-40.189	0	0	44.916	40.976	0	0	-605	-689	819	1.249	<b>2.071</b>	<b>1.347</b>	0	0	<b>2.071</b>	<b>1.347</b>	0	-535
<b>Total</b>	<u>333.952</u>	<u>321.615</u>	<u>0</u>	<u>0</u>	<u>333.952</u>	<u>321.615</u>	<u>-101.886</u>	<u>-153.456</u>	<u>-128.607</u>	<u>-123.406</u>	<u>-60.689</u>	<u>-13.209</u>	<u>638</u>	<u>416</u>	<u>-6.042</u>	<u>-251</u>	<b><u>37.366</u></b>	<b><u>31.709</u></b>	<u>-11.945</u>	<u>-10.161</u>	<b><u>25.421</u></b>	<b><u>21.548</u></b>	<u>10.303</u>	<u>12.281</u>

<sup>(1)</sup> 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 in the amount of TEUR 52 in the Germany segment (previous year: TEUR 158), TEUR 81 in the Spain segment (previous year: TEUR 273), TEUR 80 in the Italy segment (previous year: TEUR 307), TEUR 0 in the Portugal segment (previous year: TEUR 60), and TEUR 1,155 in the Other countries segment (previous year: TEUR 672).

Material non-cash-effective segment expenses amount to TEUR 3,111 in the Germany segment (previous year: TEUR 2,275), TEUR 359 in the Spain segment (previous year: TEUR 296), TEUR 420 in the Italy segment (previous year: TEUR 266), TEUR 209 in the Portugal segment (previous year: TEUR 58) and TEUR 1,371 in the Other countries segment (previous year: TEUR 794).

Intangible assets and property, plant and equipment amounted to TEUR 29,192 within Germany (previous year: TEUR 29,349), and to TEUR 24,721 outside Germany (previous year: TEUR 26,925). TEUR 4,819 is attributable to the Spain segment (previous year: TEUR 5,361), TEUR 3,877 to the Italy segment (previous year: TEUR 4,615), TEUR 1,172 to the Portugal segment (previous year: TEUR 1,241) and TEUR 14,853 to the Other countries segment (previous year: TEUR 15,708).

Rights of use amounted to TEUR 77,136 within Germany (previous year: TEUR 0) and to TEUR 79,963 outside Germany (previous year: TEUR 0). TEUR 16,350 is attributable to the Spain segment (previous year: TEUR 0), TEUR 10,963 to the Italy segment (previous year: TEUR 0), TEUR 5,094 to the Portugal segment (previous year: TEUR 0), and TEUR 47,556 to the Other countries segment (previous year: TEUR 0).

## Financial instruments

Legend for abbreviations in the following tables

IFRS 9		
Abkürzung	englisch	Bedeutung in deutscher Sprache
AC	Amortised cost	Fortgeführten Anschaffungskosten
FVtOCI	Fair value through other comprehensive income	Ergebnisneutrale Bewertung zum beizulegenden Zeitwert
FVtPL	Fair Value through profit or loss	Ergebniswirksame Bewertung zum beizulegenden Zeitwert

in TEUR	Valuation category according to IFRS 9	Carrying amount as of 31.12.2019	Carrying amount according to IFRS 9				Fair value as of 31.12.2019	Carrying amount as of 31.12.2018	Carrying amount according to IFRS 9				Fair value as of 31.12.2018
			Amortised cost	Cost of acquisition	Market value (not affecting income statement)	Market value (affecting income statement)			Amortised cost	Cost of acquisition	Market value (not affecting income statement)	Market value (affecting income statement)	
<b>Assets</b>													
Other non-current financial assets	AC	2.780	2.780			2.780	2.739	2.739				2.739	
Trade receivables	AC	1.965	1.965			1.965	2.090	2.090				2.090	
Other financial assets	AC	4.238	4.238			4.238	4.205	4.205				4.205	
Cash and cash equivalents	AC	145.462	145.462			145.462	137.108	137.108				137.108	
<b>Liabilities</b>													
Trade payables	AC	10.785	10.785			10.785	8.811	8.811				8.811	
Other financial liabilities	AC	7.097	7.097			7.097	7.097	7.097				7.097	

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 category AC amounts to TEUR 172,327 (previous year: TEUR 162,040).

## Net earnings by valuation category

in TEUR	2019						2018					
	From interest	At market value	From subsequent valuation Currency translation	Impairment	From disposals	Net earnings	From interest	At market value	From subsequent valuation Currency translation	Impairment	From disposals	Net earnings
Amortised cost	629	0	222	2	0	853	361	0	-348	-10	0	3
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
<b>Total</b>	<b>629</b>	<b>0</b>	<b>222</b>	<b>2</b>	<b>0</b>	<b>853</b>	<b>361</b>	<b>0</b>	<b>-348</b>	<b>-10</b>	<b>0</b>	<b>3</b>

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.

The financial result of the valuation category amortised cost (AC) also includes interest income and expenses from interest accrued and discounted on non-current receivables in the amount of TEUR 147 (previous year: TEUR 12).

In the 2019 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 euro were to have appreciated

(depreciated) by 10% compared with the US dollar as of 31 December 2019, then earnings and equity would have been TEUR 414 higher (lower) (31 December 2018: TEUR 280 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:

	<b>TEUR</b>
<b>Rights of use</b>	
Buildings 31.12.2019	157,099
Additions	33,944
Depreciation	47,482
Write-downs	816
<b>Lease liabilities</b>	
Non-current	121,772
Current	<u>41,042</u>
	<u>162,814</u>
Total cash outflows	51,400
Interest expenses	5,867
Expenses for variable lease payments not included in the lease liabilities	176

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 176 in the financial year (previous year: TEUR 122).

## **Order commitments**

As of the balance sheet date, there is an order commitment in the amount of TEUR 10,574 (previous year: TEUR 10,981). This order commitment relates solely to merchandise. For the most part, the transaction currencies for the order commitment are the functional currencies of the business partners.

## **Events after the balance sheet date**

The spread of the coronavirus since February 2020 in Europe and the associated restrictions in public, economic and private sectors in all European countries will have a negative impact in the Group's future net assets, financial position and results of operations.

In March 2020 the closure or restriction of many shops, also including the stores of the Bijou Brigitte Group, was ordered by the individual European governments. This will have a negative impact on the sales and earnings of the Group. Alongside immediate sales, the availability of goods and logistics are also exposed to increased risk.

The extent of the impact on the future net assets, financial position and results of operations depends upon the length of shop closures in the affected countries and the impact on logistics and goods availability, as well as the development of purchasing power. However, given the Bijou Brigitte Group's positive liquidity situation we do not expect an increased risk to the company as a going concern if the closures are of a limited length, and we refer to our statements in the Group management report.

## **Remuneration of employees in key positions**

The total remuneration of Management Board members and other employees in key positions in the departments of finance, HR, IT and sales totalled TEUR 2,688 (previous year: TEUR 2,767). Employees in key positions only receive short-term remuneration.

## **Transactions with related parties**

Parties related to the company include members of the Management and Supervisory Boards and their immediate family.

Friedrich-Wilhelm Werner, the company's founder, chairman of the Management Board until 31 December 2008 and company employee until 31 March 2019, 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. He was employed in the strategy division for his consulting work for which he received a salary of forty-two thousand euros between 1 January 2019 and 31 March 2019.

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 200) to the foundation in 2019.

## **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)

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)
- Ed. Heckewerth Nachf. GmbH & Co. KG, Hiddenhausen (Member of Advisory Board)
- Hamburgische Investitions- und Förderbank, Hamburg (Member of the 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

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

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 2019 (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 2019 consisted of a non-performance-based and a performance-based component. Long-term incentive components did not come into effect during the financial year. Total non-performance-based remuneration in 2019 came to TEUR 1,087 (previous year: TEUR 1,093), of which Mr Roland Werner received TEUR 526, Mr Marc Gabriel TEUR 303 and Mr Jürgen Gödecke TEUR 258. Total performance-based remuneration in 2019 came to TEUR 754 (previous year: TEUR 671), of which Mr Roland Werner received TEUR 377, Mr Marc Gabriel TEUR 189 and Mr Jürgen Gödecke TEUR 188. The same amount of total performance-based remuneration was awarded during the financial year as in the previous year.

## Advances and loans granted

The Management Board did not receive any advances or loans in 2019.

## Auditors' fees

Fees for the auditor (PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hamburg) amounted to TEUR 158 in the financial year (previous year: TEUR 163). This is made up of the following components:

	2019 TEUR	2018 TEUR
Fees for audit services	158	163
Other services	0	0
	<u>158</u>	<u>163</u>

## **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 1.50 (previous year: EUR 3.00) per common share for the EUR 8,100,000.00 of share capital entitled to receive dividends in 2019. As a result, total dividend distribution amounts to EUR 12,150,000.00 (previous year: EUR 24,300,000.00). The distribution is reduced in the amount of dividends for treasury shares. This proposal is subject to possible adjustments depending on the development of the coronavirus crisis.

This dividend is recognised as a component of equity in the consolidated financial statements. The dividend liability is recognised in the 2020 financial year.

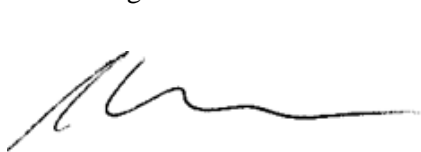
## **German Corporate Governance Code (Section 161 AktG)**

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](http://www.group.bijou-brigitte.com).

Hamburg, 31 March 2020

Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg

The Management Board



-----  
Roland Werner



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Marc Gabriel



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Jürgen Gödecke

**INDEPENDENT AUDITORS' REPORT**

For Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg

**AUDIT REPORT FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND GROUP MANAGEMENT REPORT***Audit opinion*

We have audited the consolidated financial statements of Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg, and its subsidiaries (the Group) – comprising the consolidated balance sheet as of 31 December 2019, 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 until 31 December 2019 as well as the Notes to the consolidated financial statements, including a summary of the most important accounting principles. We have also audited the Group management report for Bijou Brigitte modische Accessoires Aktiengesellschaft for the financial year from 1 January to 31 December 2019. In accordance with German regulations, we have not audited the content of the parts of the Group management report listed in the audit report under “Additional information”.

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

- the consolidated financial statements in this report comply with all relevant standards of the IFRS, as adopted by the EU, and the additional requirements of German law pursuant to Section 315e (1) of the HGB, and give a true and fair view of the Group’s net assets, financial and earnings position in accordance with these requirements as of 31 December 2019, as well as the earnings position from 1 January to 31 December 2019, and
- the Group management report contained in this annual report conveys a true picture of the Group’s position. The Group 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 of the Group management report does not extend to the content of the parts of the Group management report listed under “Additional information”.

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

### *Basis for the audit opinion*

We conducted the audit of the consolidated financial statements and the Group management report in accordance with Section 317 of the HGB and the EU Auditor Regulation (No. 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC) and the 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 Group 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. Pursuant to Article 10 (2) (f) of the EU Auditor Regulation, we also declare that we have not provided any prohibited non-audit services as described in Article 5 (1) of the EU Auditor 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 Group management report.

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

Particularly important audit issues consist of issues that, in our professional opinion, were the most significant for the audit of the consolidated financial statements for the financial year from 1 January to 31 December 2019. 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.

In our opinion, these issues were the most important to our audit:

- ① Impairment of property, plant and equipment
- ② Valuation of inventories
- ③ Impact on lease accounting from first-time application of IFRS 16

We have structured our presentation of these two particularly important audit issues as follows:

- ① Facts and problems
- ② Audit methods and findings
- ③ Reference to further information

Below, we present the most important audit issues:

**① Impairment of property, plant and equipment**

- ① Property, plant and equipment amounting to EUR 50.1 million (11.7% of total assets) is recognised under the balance sheet item “Property, plant and equipment” in the company’s consolidated financial statements. Property, plant and equipment are subject to impairment testing whenever it is deemed necessary in order to determine if there is a need for depreciation. Impairment testing is done at the level of the cash-generating unit to which the relevant asset is assigned. During the impairment test, the carrying amount of the relevant asset is compared with its recoverable amount. The recoverable amount is always determined using the value in use. As a rule, the valuation is based on the cash value of the cash-generating unit’s future cash flows. Cash values are determined using discounted cash flow models. The starting point is the Group’s approved planning, which is updated with assumptions regarding long-term growth rates. Expectations regarding future market development and assumptions regarding the development of macroeconomic factors are also taken into account. Discounting is based on the cash-generating unit’s weighted average cost of capital. After taking the fair value less the costs of disposal into consideration, impairment testing resulted in impairments to the cash-generating units amounting to TEUR 552 in total, which are recognised under the item “Depreciation of intangible assets and property, plant and equipment and amortisation of rights of use”.

The result of this valuation depends significantly on the legal representatives’ evaluation of the relevant cash-generating unit’s future cash flows, the amount of discretion applied to the discounting rate and the growth rates applied, as well as other assumptions. The considerable uncertainty of estimates and the discretion applied therefore have an impact on the result. In light of this, and due to the complexity of the evaluation, this issue was of particular importance to our audit.

- ② Our audit included examining the method according to which impairment testing was performed. After comparing the future cash flows used in the calculation with the Group’s approved medium-term planning, we assessed the suitability of the calculation method, in particular by checking it against general and industry-specific market expectations and taking into account time series analyses. We discussed and examined additional adjustments to the planning for the purposes of impairment testing with the responsible employees at the company. We also evaluated the correct consideration of Group function costs. Knowing that even relatively small changes to the discounting rate applied can have a significant impact on the values determined using this method, we extensively examined the parameters employed to determine the discounting rate to be applied and investigated the calculation scheme. In order to properly assess the existing estimation uncertainties, we examined the sensitivity analyses prepared by the company.

All of the evaluation parameters and assumptions employed by the legal representatives meet our expectations and are within a range that we believe to be reasonable.

- ③ Information provided by the company regarding impairment testing relating to the balance sheet item “Property, plant and equipment” can be found in sections B (impairment of non-current assets) and C (property, plant and equipment) of the Notes to the consolidated financial statements.

② Valuation of inventories

- ① The consolidated financial statements of Bijou Brigitte modische Accessoires AG recognise inventories amounting to EUR 60.1 million on the balance sheet (14.0% of total assets). This item, which is significant due to its size, is subject to particular risk due to the complexity of the systems, processes and estimates required to record and measure such a large number of articles. In light of this, applying appropriate accounting standards must be considered as a complex process and is particularly subject to the estimates and the assumptions of the legal representatives in terms of the sales prices to be achieved in the future. In the financial year, the values determined led to a need to depreciate inventories amounting to TEUR 2,499. This was reported under “cost of materials”.

- ② Taking into account the knowledge that there is a higher risk of false information in the accounting due to the complexity of the estimates and assumptions involved, we have assessed the processes and controls in place at the Group to measure the inventories. Our specific audit approach included auditing controls and material audit procedures. Specifically, we:

- assessed the environment in which the IT systems operate to record and measure inventories, including the controls implemented for system changes,
- assessed the recording and measuring systems, including recording in the general ledger, and
- performed spot checks on supplier invoices and attributable costs.

We also assessed the estimates of the legal representatives regarding sales prices to be achieved in the future. We are convinced that the systems and processes in place, along with the controls, are appropriate, and that the estimates and assumptions made by the legal representatives are sufficiently documented and justified to allow for a correct measurement of the inventories.

- ③ Information provided by the Group regarding measurement of the inventories can be found in sections B (inventories) and C (inventories) of the Notes to the consolidated financial statements.

**③ Impact on lease accounting from first-time application of IFRS 16**

- ① As of the reporting date rights of use of EUR 157.1 million and lease liabilities of EUR 162.8 million are reported in the company's consolidated financial statements. The lease liabilities therefore represent 28% of total assets. The first-time application of the new accounting policies relating to leases (IFRS 16) led to material impacts on the opening balance sheet values and their forward projection during the financial year. The changeover to IFRS 16 was carried out using the modified retrospective approach. The comparable figures from the same periods of the previous year were not adjusted. The company set up Group-wide processes and checks for the full and correct reporting of leases. A centrally used IT-based tool was used on first-time application to display the leases. The new accounting standard IFRS 16 requires that the legal representatives make estimates and discretionary decisions for certain areas, the appropriateness of which was assessed as part of our audit. In particular, this concerns estimates regarding the exercise of options with impact on the term of the lease.

In light of this, and due to the complexity of the new requirements of IFRS 16, lease accounting was of particular importance to our audit.

- ② Among other areas, our audit included an assessment of the suitability and effectiveness of the processes and checks set up by the Group for recording leases. This also applies to the use of the centrally used IT-based tool for displaying the leases and to the necessary adjustments to the existing system for processing the transactions.

With the support of our internal specialists, we have also assessed the impact of the first-time application of IFRS 16. We jointly investigated the implementation of the requirements of IFRS 16 and the design of the processes set up to display the transactions in line with IFRS 16 and the IT-based tool for supporting the implementation of the new standards. Random checks allowed us insight into lease agreements, to investigate the identification of lease components and assess whether they are recorded fully and accurately in the newly applied IT tool for displaying leases.

In particular, we assessed the estimates for the exercise options with impact on the term of the lease using surveys of employees of the company and accessing suitable evidence.

We are convinced that the systems and processes in place and aligned to IFRS 16, along with the controls, are appropriate. We were also able to establish that the estimates and

assumptions made by the legal representatives are sufficiently documented and justified to allow for correct accounting of the leases on first-time application of IFRS 16.

- ③ The company's statements relating to the accounting of leases and the impact of the first-time application of IFRS 16 can be found in Sections B (Impact of first-time application of IFRS 16) and C (Rights of use) of the Notes to the consolidated financial statements.

#### *Additional information*

The legal representatives are responsible for the additional information. Additional information includes the following parts of the Group management report, the content of which has not been audited:

- the declaration on corporate governance pursuant to Sections 289f and 315d of the German Commercial Code (HGB) contained in the Group management report under "Other information" and
- the separate non-financial report pursuant to Sections 289b (3) and 315b (3) of the HGB.

Additional information also includes the remaining parts of the annual report – without further reference to external information sources – excluding the audited consolidated financial statements, the audited Group management report and our audit report.

Our audit opinions on the consolidated financial statements and the Group management report do not extend to other 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 other information and to assess whether it

- presents material inconsistencies to the consolidated financial statements, the Group management report or our findings from the audit, or if the information
- otherwise seems to present a material misrepresentation.

#### *Responsibilities of the legal representatives and the Supervisory Board for the consolidated financial statements and the Group management report*

The legal representatives are responsible for preparing consolidated financial statements that comply with all relevant standards of the IFRS, as adopted by the EU, and the additional

requirements of German law pursuant to Section 315e (1) of the HGB, and which give a true and fair view of the Group's net assets, financial and earnings position in accordance with these requirements. The legal representatives are also responsible for internal controls that they have deemed necessary to enable the preparation of consolidated financial statements that are free from material misrepresentations – whether intentional or unintentional.

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 Group management report, which must 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 Group management report in accordance with the applicable German legal requirements and to provide sufficient suitable evidence for the statements made in the Group management report.

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

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

It is our aim to achieve sufficient certainty about whether the consolidated financial statements as a whole are free from material misrepresentations – whether intentional or unintentional – and whether the Group management report 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 Group management report.

Sufficient certainty is a high level of certainty, but not a guarantee that an audit, performed in accordance with Section 317 of the HGB and the EU Auditor Regulation and taking into account the German standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer [IDW]), will always uncover material misrepresentations. Misrepresentations may be the result of violations or inaccuracies, and are considered material if it can be sensibly assumed that they could influence, individually or

collectively, the economic decisions that readers may make based on the consolidated financial statements or the Group 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 intentional or unintentional – in the consolidated financial statements and the Group 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 that material misrepresentations are not discovered is higher in the case of violations than inaccuracies, due to the fact that violations may include fraudulent cooperation, counterfeiting, intentionally incomplete data, misleading representations or the shutdown of internal controls.
- gain an understanding of the internal control systems relevant for auditing the consolidated financial statements and the precautions and measures relevant for auditing the Group 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 information contained in the consolidated financial statements or the Group management report in our audit report, or if the information is 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 overall presentation, the structure and the content of the consolidated financial statements, including the information and whether the consolidated financial statements present the underlying business transactions and events in such a way that the consolidated financial statements, taking into account all relevant standards of the IFRS, as adopted by the EU, and the additional requirements of German law pursuant to Section 315e (1) of the HGB, give a true and fair view of the Group's net assets and financial and earnings position.

- 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 Group 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.
- determine whether the Group management report is consistent with the consolidated financial statements, whether it complies with legal regulations and evaluate the image it portrays of the Group's position.
- audit the forward-looking statements presented by the legal representatives in the Group 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.

Together with those responsible for monitoring the audit, we discuss the planned scope and time planning for the audit and significant audit findings, including any shortcomings in the internal control system that we may discover during our audit.

We provide a statement to those responsible for monitoring the audit that we have complied with all relevant requirements relating to independence, and discuss all relations and other issues that could sensibly be expected to have an impact on our independence and the security measures in place.

We determine, from the facts of the issues that we have discussed with those responsible for monitoring the audit, which facts are the most important in the audit of the consolidated financial statements for the current reporting period and which therefore represent especially 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 STATUTORY REQUIREMENTS*

***Other information pursuant to Section 10 EU Auditor Regulation***

We were selected to audit the consolidated financial statements at the Annual General Meeting on 18 June 2019. We were appointed to audit the statements by the Supervisory Board on 28 November 2019. We have audited the consolidated financial statements of Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg, every year since 2014.

Pursuant to Section 11 of the EU Auditor 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.

***RESPONSIBLE AUDITOR***

Thorsten Dzulko is the auditor responsible for this audit.

Hamburg, 16 April 2020

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Thorsten Dzulko  
Auditor

ppa. Benjamin Mechel  
Auditor