fashionette

ANNUAL REPORT 2021

fashionette KEY FIGURES

NON-FINANCIAL PERFORMANCE INDICATORS[1] (PRO FORMA VIEW)	2021	2020
Number of orders (in thousands)	1,396	1,063
Average order value (in EUR)	174	184
Active customers (in thousands, LTM)	976	737
New customers (in thousands)	760	600
Number of employees (end of year)	266	257

FINANCIAL PERFORMANCE INDICATORS	2021	2020
Net revenue (in EUR k)	133,757	95,339
Gross profit (in EUR k)	51,414	37,733
Gross profit margin (share in %)	38.4%	39.6%
EBITDA reported (in EUR k)	1,586	5,872
EBITDA margin reported (share in %)	1.2%	6.2%
EBITDA adjusted (in EUR k)	4,381	9,270
EBITDA margin adjusted (share in %)	3.3%	9.7%
Cash flow from operating activities (in EUR k)	–13,813	5,628
Cash and cash equivalents at end of the period (in EUR k)	7,177	31,829

FINANCIAL POSITION	2021	2020
Working capital (in EUR k)	38,018	19,080
Equity ratio (as % of total assets)	53.0%	75.1%
Cash flow from operating activities (in EUR k)	–13,813	5,628
Cash flow from investing activities (in EUR k)	–18,226	–685
Cash flow from financing activities (in EUR k)	7,344	33,191
Net debt (in EUR k)	8,7	0,0

Unless expressly stated otherwise, all presentations in the annual report refer to consolidated figures (including the acquisition of Brandfield and consolidation as of July 1, 2021).
Furthermore, the results for the financial year and the years before are reported in accordance with IFRS and therefore differ from the Annual Report 2020.

1. Please refer to the section "The fashionette group" for the definition of the KPIs

AT A GLANCE

ABOUT US

Our COMPANY

fashionette AG is a leading European data-driven e-commerce group for premium and luxury fashion accessories. With its online platforms fashionette.com and brandfield.com the fashionette group not only offers inspiration but a curated assortment of premium and luxury handbags, shoes, small leather goods, sunglasses, watches and jewelry from more than 300 brands, including own brands. Reinforcing more than ten years of fashion accessory experience the fashionette group developed a compelling proprietary IT and data platform using cutting edge technology and artificial intelligence to make personalized online shopping of premium and luxury fashion accessories available to those who love to accentuate and individualize their outfits.
For more information about fashionette AG, please visit corporate.fashionette.com or the online platforms fashionette.com and brandfield.com.

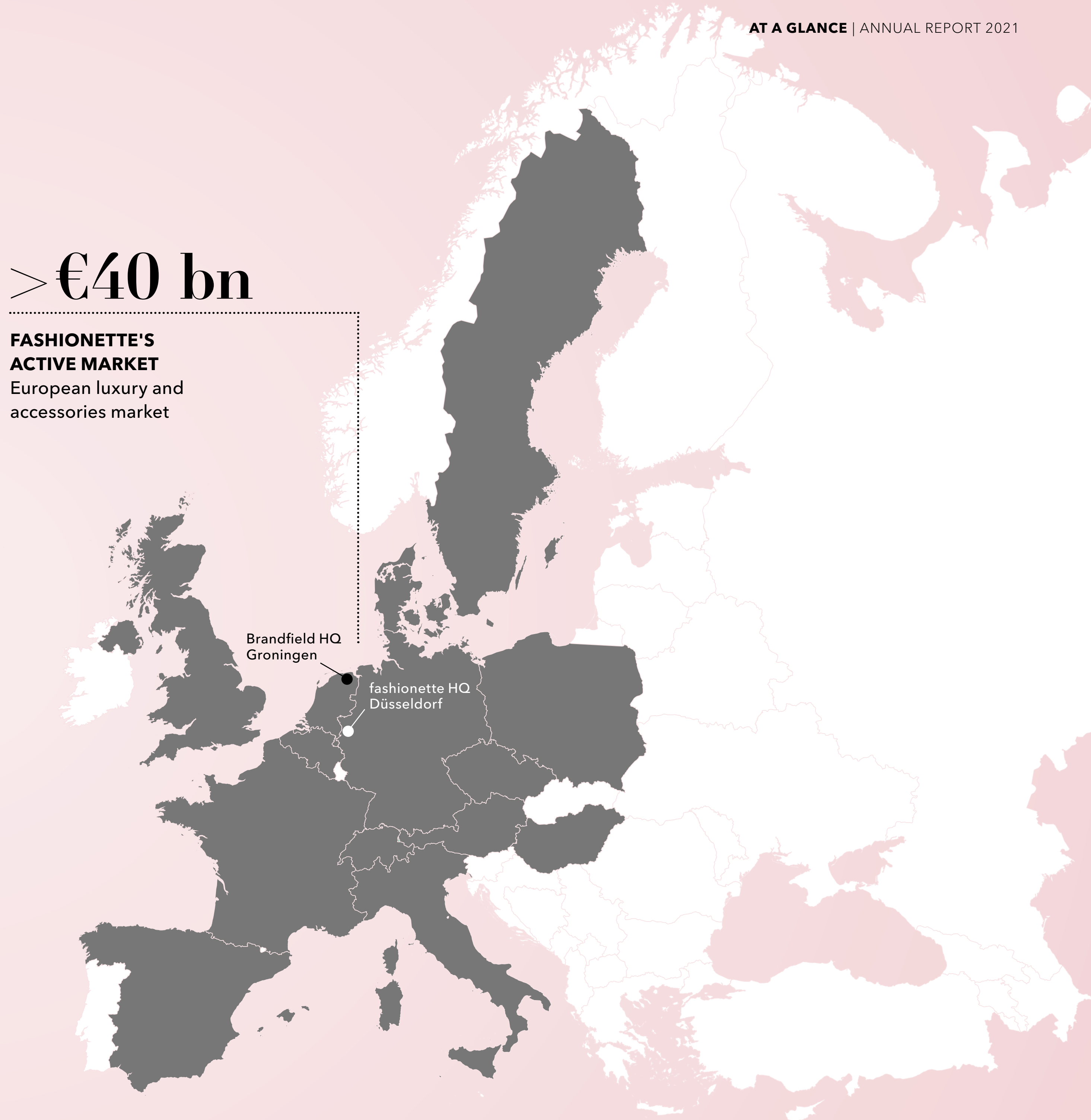
> "… curated assortment of premium and luxury accessories from more than 300 brands"

Our MISSION

We make personalized online shopping of premium and luxury fashion accessories available to everyone who loves to complete, accentuate and individualize their outfit.
We believe that everyone should have the possibility to express their personality and emphasize their individuality. Our wide range of multifarious fashion accessories and designers, attractive prices for every budget, customer-oriented payment options and unique customer experience keep this inspiration alive.

Our SELECTION

We aim to offer our customers a curated selection of premium and luxury fashion accessories which complete and accentuate their outfits. This includes a wide range of premium and luxury fashion accessories including handbags, shoes, small leather goods, sunglasses, watches, jewelry, and beauty products from more than 300 remarkable brands as well as our own.
With our beauty launch in November 2021, we have extended our selection to a completely new yet adjacent product category. This enabled us to increase our range of brands by 70% and to offer our customer an additional option to complete their outfits.
With our successful own brand Isabel Bernard, we demonstrate our strong own brand approach which will not only contribute significantly to our profitability but also help us to optimize our personalized shopping experience.



~1 mio
active customers in 2021

Our MARKET

All over Europe we set out to bring the best of two worlds together: the inspiring experience of strolling through international accessory stores and the convenience of shopping hundreds of brands boundless online from anywhere. This unique customer experience is available at both of our online platforms fashionette.com and Brandfield.com. Together we are present in 14 European countries and have shipped 1,1 million orders to 976 thousand active customers leading to EUR 134m in net revenue in 2021.

Our PLATFORMS

fashionette

Founded as a rental of designer handbags in 2008, fashionette.com has evolved to one of the leading online platforms for premium and luxury fashion accessories in the DACH region (Germany, Austria, and Switzerland). The assortment focuses on fashion accessories of the premium and luxury segment and targets mainly women.

BRANDFIELD

Brandfield is one of the leading online platforms for premium accessories in the Benelux region (Belgium, the Netherlands, and Luxembourg) and offers women and men a wide range of designer brands as well as own brands. Next to its own online shop customers can also stroll through stationary stores in the Netherlands or shop in dedicated online shops of Brandfield's own brands.

Our CONTENT

Our passion for fashion accessories is something we have in common with our customers. To give them the most realistic impression of our products we examine the quality of every product, describe it and add additional details to help customer make the right choice. Our photographers shoot the products in our own studio - with and without model. For example, for our product detail pages or for social media or newsletters. Automated processes and tools, like the size comparison tool or product listing pages based on artificial intelligence, round off our balance between hand-guided content creation and data-based content automation.

>25,000
SKUs in 2021

Our IT & DATA PLATFORM

We have revolutionized the way people can buy premium and luxury fashion accessories – by combining our profound knowledge about fashion accessories from a rather emotional driven industry with our outstanding know-how about data and analytics. Based on over a decade of analysis and refinement our selected team of technology experts and product specialists have engineered our IT & Data platform to perfectly serve our customers' needs and enable a personalized customer experience. Data streams from all business areas are incorporated effortlessly into our highly scalable data lake. Refinement is key to offering our customers exactly what they are looking for, to inspire them and to give our customers a personalized shopping experience of premium and luxury fashion accessories.

41 %
females in management roles

Our PEOPLE & CULTURE

EMPLOYEES AT FASHIONETTE

69 % FEMALE

31 % MALE

We are a value-driven company. Transparency, integrity, equality, responsibility, and mutual respect are at the core of our actions. Our employees and business partners alike shall be guided by this set of values that is imperative to being part of the transition to a fair, sustainable, and circular economy.

We truly believe that our success is based on our motivated employees. Their well-being and health are our top priority. We promote diversity and fight discrimination. We foster a culture of equal opportunities.

We therefore aim to balance the commercial needs of our company with the professional, private and family needs of our employees. Development programs, flexible working times and locations as well as sustainable employee mobility in terms of subsidies for public transportation or job bicycles are just some examples of how we turn our vision of a work-life-balance into reality.

2021 ANNUAL REPORT

>300
total brands in 2021

With our beauty launch in November 2021, we have extended our selection to a completely new yet adjacent product category. This enabled us to increase our range our of brands by 70% and to offer our customer an additional option to complete their outfits.

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& COMPANY SHARE

The fashionette group operates as a brand and a platform in the premium and luxury eCommerce space in Europe. fashionette was founded in 2008 while the official launch of the website took place in 2009, under fashionette.de. From the beginning, the assortment range was focused on premium and luxury fashion accessories. Already in 2013, fashionette broke even operationally with net revenue of EUR 13 million.

COMPANY & SHARE

Letter from the
MANAGEMENT BOARD

DANIEL RAAB
CEO

Daniel held various positions in companies including Wöhrl, Hermès and Gucci. From 2006 to 2013, he worked at Amazon Germany and US leading several categories, for example watches & jewelry or home appliances and getting a profound knowledge and understanding of online retail business. After Amazon, Daniel started working at ProSiebenSat1 Media SE as Director Investment Manager followed by Managing Director of ProSiebenSat.1 Commerce GmbH. From 2017 to 2019, Daniel Raab served as a Managing Director and Chief Executive Officer of Avenso GmbH. As of April 2019, Daniel Raab and Thomas Buhl have started working for fashionette together. Daniel Raab will step down from the CEO position by the end of September 2022, as it was announced on 31 March 2022.

AREAS OF RESPONSIBILITY
Strategy, Category Management, Finance, Brand Management, Human Resources, Investor Relations and Sustainability.

THOMAS BUHL
COO / CTO

Thomas spent a few years working in sales related roles at Karstadt Warenhaus AG. From 2002 to 2014, he worked for Amazon in Germany holding different leadership positions including category leader toys and books between 2010 to 2014. From 2017 to 2019, Thomas served as a Chief Operating Officer at Avenso GmbH. Since April 2019, Thomas has been working for fashionette as an MD and Member of the Management. He was appointed Chief Technology Officer and Chief Operating Officer of fashionette AG on 22 September 2020 for a term ending on 31 December 2023.

AREAS OF RESPONSIBILITY
Operations, Performance Marketing, Business Intelligence, Product Management and IT.

Dear customers, employees, and shareholders

2021 has been one of the most eventful and extraordinary busy years for fashionette. In an already dynamic market environment where preferences, wishes and demands are changing at an incredibly rapid pace, COVID-19 only heightened the need for being flexible. Therefore, we want to thank all employees for their agility and perseverance in the past year. What we continue to see is that these two are the most important factors for success in our business. For fashionette, 2021 marks the first year of being publicly listed and was full of exciting initiatives which our employees have successfully realized – on top of usual workload. For example, the successful acquisition of Brandfield and the launch of beauty – just to mention a few.

LOOKING BACK

We started 2021 as a newly listed company and already **in April** we communicated the signing of our first acquisition, the acquisition of an online Dutch retailer, specializing on premium fashion accessories, Brandfield. This acquisition has already significantly contributed to our three-pillar growth strategy and helped in further accelerating fashionette's dynamic and profitable growth. Throughout the latter part of the year, we focused on early-stage integration processes. For example, introduction of 7 of the top selling leather goods brands into Brandfield's selection and bringing numerous company's own brands, like Isabel Bernard, onto the platform fashionette.com.

READ MORE ABOUT OUR THREE-PILLAR GROWTH STRATEGY ON PAGE 31

Our **third quarter** was strategically and operationally important, as we completed the migration to fashionette.com's new logistics provider. Initially lower than expected level of efficiency forced us to correct our outlook in August 2021. Thanks to the measures initiated by our operations team and our logistics partner, we were able to reinstall our shipping promise in the end of September to pre-migration level of roughly two business days and prove that we can tackle and solve concrete problems, which has helped us make progress since.

The fourth quarter has been very eventful for us. As part of the beauty launch, we have added more than 100 premium and luxury beauty brands to our platform fashionette.com and increased its selection of brands by nearly 70%. With this initiative we have started our expansion into adjacent product categories, as it was outlined during the IPO and our three-pillar growth strategy. In addition to that we introduced a new sourcing policy for suppliers and established sourcing commitment to endorse animal and species welfare.

2021 FINANCIAL RESULTS

We have shown a very dynamic growth of 27% in **Q1** and 19% in **Q2** year-on-year. In **Q3** we have successfully integrated Brandfield which significantly contributed to the group's results, while operational processes at fashionette.com were affected by the migration to our new logistics service provider. Nonetheless, together with first time consolidation of Brandfield we experienced net revenue growth of 42%. In **Q4** we have achieved stellar growth of 61%.

For the full year 2021, fashionette AG reported net revenue of EUR 134 million or 40 % growth year-on-year. Adjusted EBITDA amounted to EUR 4,4 million. Therefore, we have reached the adjusted outlook for the financial year 2021, as given on 26 August 2021.

Our vision: We aim to become the number one European data-driven e-commerce group for premium and luxury fashion accessories. We are firmly convinced that we have created very sound conditions for gaining additional market share with our high-performance teams, increasing our regional footprint, expanding our selection and continuously optimizing our customer experience.

During our IPO, we have set out three strategic pillars as part of our focus on driving dynamic and profitable growth, where we deliver on

Selection expansion. We have and continue to successfully expand our product range. We introduced a curated selection of beauty and care products in the last fiscal year.By the end of 2021, we had more than 300 brands and 25,000 SKUs. With that, we put our proprietary IT and data platform, which is designed for scaling, in full effect.

Regional expansion. In most of our markets, we have highly fragmented competition. The IPO proceeds allowed us to embark on selective bolt-on acquisitions. For us, M&A is a fast and efficient way to grow our business, which we have demonstrated with the acquisition Brandfield. Brandfield is a European retailer specializing in premium fashion accessories with a net revenue share of approximately 75% in its core region the Netherlands and Belgium. Brandfield offers a wide range of premium fashion accessories such as jewelry, watches, and leather goods with more than 8,000 SKUs. The company generates approximately 40% of its net revenue through its own brands and contributes significantly to the overall financial performance of the fashionette group.

Continued investments into our proprietary IT and data platform are key to reinforce process optimization and customer experience. Throughout the year we continued to work on increasing the level of the personalization of our CRM activities. We inspire our customers every day with our fresh and unique content that we produce in-house with ten photographers and many content producers.

In 2021 we successfully delivered on all strategic growth pillars, as we aimed to become the number one European data-driven e-commerce group for premium and luxury fashion accessories. In this pursuit, we are also paying increased attention to sustainability. We already started using 100% recyclable and reusable packaging. We also participate in reducing greenhouse gas emissions by shipping many of our products CO^2-neutral with DHL "GoGreen". We place a strong focus on managing products and processes to reduce the volume of waste, materials and CO^2 emissions. fashionette stands for an environmentally friendly, socially responsible, and economically viable business.

"WE HAVE CHANGED OUR LOGISTICS PROVIDER AND GREW OUR OPERATIONS CONSIDERABLY WITH THE ACQUISITION OF BRANDFIEL. WE WILL CONTINUE TO SCALE OUR PLATFORM IN 2021."

THOMAS BUHL – CTO AND COO

2022 OUTLOOK

Based on our achievements in 2021 we are looking forward to what we have ahead of us. We will continue to drive dynamic and profitable growth. Strong customer demand led to a rise in online penetration in 2020 and 2021, and we expect this trend to continue. We are convinced that the shift in consumer demand from offline to online will continue. Indeed, the e-commerce conditions in general and in fashion and luxury retail are very good, and we expect this trend to continue mid-term. To exploit this considerable e-commerce market potential, we have invested in our scalable platform over many years and have the resources needed to continue pursuing our ambitions. However, the pandemic and current geo-political environment will remain an incalculable element of uncertainty in 2022, as consumer sentiment is very difficult to predict. In 2022, we will continue to scale our data-driven online platform and to invest into marketing, selection including the strengthening of our own brands as well as the improvement of customers' shopping experience.

For 2022, we expect net revenues to increase by around 16% to 21%, coming from EUR 154.8 million in a pro forma view in 2021 or increase by around 34% to 40%, on the consolidated basis. The adjusted EBITDA is expected to reach EUR 5 million to EUR 7.5 million, coming from EUR 5.7 million in 2021 (pro forma) or EUR 4.4 million in 2021 (consolidated).

After more than three years at fashionette, we have achieved major steps in growing our business and strengthening our operations. Thomas and I have established a young and dedicated team around us and have also built strong relationships with our customer and business partners. Our platforms have become leading destinations for premium and luxury and fashion accessories. We have done this by focusing on our customers' shopping experience and by always striving for long-term customer trust through every interaction. Thank you for your interest and the trust you place in us.

Dusseldorf, 25 April 2022

DANIEL RAAB, CEO

Report of the SUPERVISORY BOARD

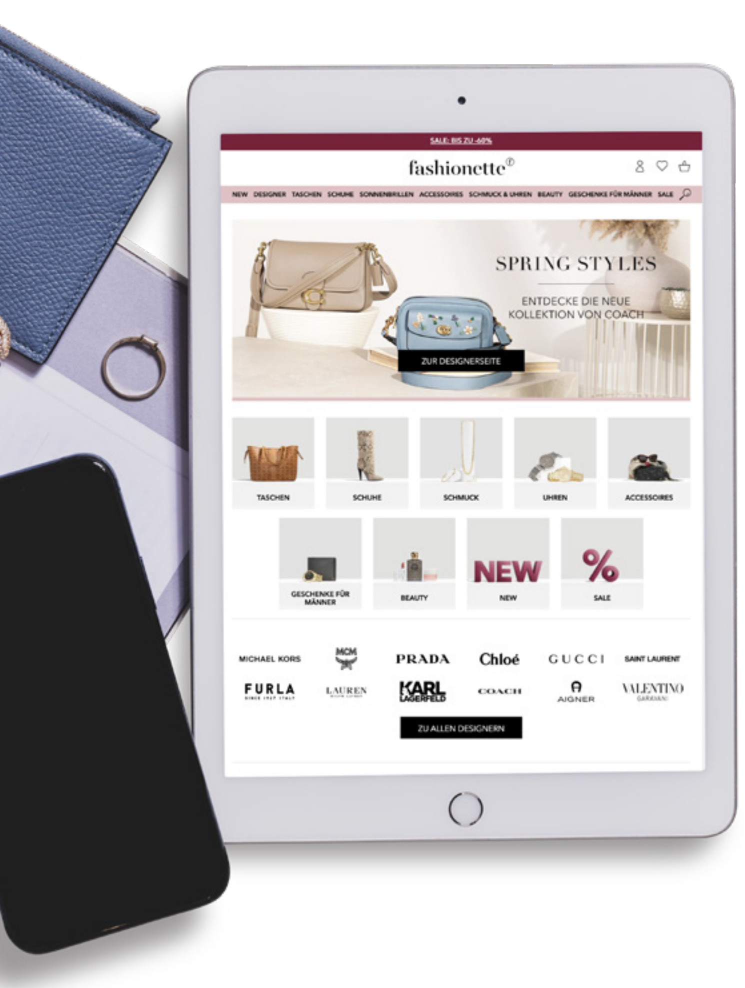
Dear shareholders,

On behalf of the entire Supervisory Board, I would like to take this opportunity to express our special thanks to all employees of the fashionette Group. Their relentless efforts and tremendous passion – despite all the professional and private restrictions – lay the foundation for successfully overcoming the challenges associated with the pandemic.

TRUSTFUL COOPERATION WITH THE MANAGEMENT BOARD

The Supervisory Board was and is at all times closely involved in the procedures and measures of the Management Board for the further development of the company and has been kept properly informed.

In the past financial year, the Supervisory Board continued its open and trustful cooperation with the Management Board. Even between meetings, the chairman of the Supervisory Board was in regular contact with the Management Board and was informed of all major developments and upcoming decisions that were of particular importance to the company.



The chairman of the Management Board informed the chairman of the Supervisory Board without delay about all important events that were of material significance for the assessment of the situation and development as well as for the management of the company. All members of the Supervisory Board were comprehensively informed of critical issues by the chairman of the Supervisory Board.

In addition, the Management Board has given financial and business updates to the Supervisory Board monthly via video conferences. There were no changes in the Management Board in the past financial year.

COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board of fashionette AG is composed of five members. The Supervisory Board members were elected at the Annual General Meeting in 2021 until the end of the Annual General Meeting that decides on the discharge for the financial year ending on 31 December 2023.

Following the Annual General Meeting on 25 June 2021, the board appointed meeting Stefan Schütze as Chairman of the Supervisory Board and Dr. Oliver Serg as Deputy Chairman.

We would like to express our sincere thanks to Christian van der Bosch, whose mandate ended with the 2021 Annual General Meeting. In the upcoming growth phase of the company, we are pleased that Ingo Arnold complements the Supervisory Board as a financial expert in the sense of Article 100 para. 5 German Stock Corporation Act (AktG).

Furthermore, Karoline Huber and Rolf Sigmund were reelected and remain members of the Supervisory Board.

In its composition, the newly constituted Supervisory Board has many years of board experience, comprehensive market knowledge, especially in the luxury market segment, as well as stock market experience and financing competence. With Ingo Arnold as financial expert, requirements are already fulfilled that are only mandatory for companies in the regulated market.

SUPERVISORY BOARD MEETINGS

In the 2021 financial year, the Supervisory Board of fashionette AG fully performed the duties incumbent upon it under the German Stock Corporation Act (AktG) and the Articles of Association and regularly monitored and advised the Management Board. This was based on the regular written and verbal reports submitted by the Management Board on all issues relevant to the company and the group concerning corporate planning, business development, in particular the business and financial situation, acquisition strategy, risk situation, risk management, and compliance. If necessary, the Supervisory Board discussed the proposals and matters of the Management Board without the Management Board.

A total of five Supervisory Board meetings were held in the financial year 2021. Due to the COVID-19 requirements, some of the Supervisory Board meetings were also held as telephone or video conferences.

In the following table, the participation of the Supervisory Board members is disclosed in individualized form:

	03.02.2021	29.04.2021	06.05.2021	25.06.2021	11.11.2021	PARTICP. IN %
Stefan Schütze Chairman	x	x	x	x	x	100
Dr. Oliver Serg Deputy Chairman	x	x	x	x	x	100
Karoline Huber			x	x	x	60
Rolf Sigmund	x	x	x	x	x	100
Christian van der Bosch until 25.06.2021	x	x	x			100
Ingo Arnold from 25.06.2021				x	x	100

In its meetings, the Supervisory Board discussed and reviewed the reports and draft resolutions of the Management Board in detail. In addition, various discussions took place between individual Supervisory Board members and the Management Board to provide expertise support for its activities.

The Management Board reported in writing as well as verbally in the meetings and discussions during the year as well as in telephone conferences on the preparation of the financial reporting as well as the forecast adjustment due to challenges in the transition after the change of the logistics partner. The Supervisory Board discussed these matters and, where necessary, made the appropriate resolutions.

According to Article 15 para. 4 of the Articles of Association, resolutions may also be passed outside of meetings.

In the financial year 2021, the Supervisory Board approved all transactions requiring its consent after they had been examined in detail and discussed with the executive board.

MAIN TOPICS

In the first meeting of the year on 3 February 2021, the Supervisory Board discussed the 2021 budget prepared by the Management Board. In particular, the effects of the COVID-19 pandemic and the associated uncertainties in planning business development were intensively discussed. The Management Board presented various scenarios for this purpose, which served as the basis for the Supervisory Board's deliberations.

With regards to the remuneration of the Management Board, resolutions were also passed at the Supervisory Board meeting on 3 February 2021 to set the targets for the bonus agreements with the Management Board members for the financial year 2021.

During the Supervisory Board meeting on 29 April 2021 to approve the annual financial statements, the Supervisory Board discussed the annual financial statements for the financial year 2020 in detail. The auditor was available to answer questions from the Supervisory Board. Based on the approved annual financial statements, the Supervisory Board passed the resolutions required to determine the Management Board's performance bonus for the financial year 2020.

The strategic goals of the acquisition of the Brandfield Group, the results of the due diligence and the status of the purchase price negotiations were also discussed in this meeting. After intensive deliberation, the Supervisory Board passed the necessary resolutions for continuing the transaction process of the transaction.

Furthermore, the Supervisory Board dealt with the agenda items and the process of the Annual General Meeting in its meetings on 29 April 2021 and 6 May 2021. After intensive consultations, the Management Board and Supervisory Board decided to make use of the possibility of a virtual Annual General Meeting and created the relevant conditions for this. In addition, the Management Board and Supervisory Board decided to propose to the Annual General Meeting that the Articles of Association are to be adapted to the requirements of the second Shareholder Rights Directive (ARUG II).

Following the Annual General Meeting on 25 June 2021, the fourth meeting of the Supervisory Board of fashionette AG took place. At this meeting, the Supervisory Board elected Stefan Schütze as chairman of the Supervisory Board and Dr. Oliver Serg as his deputy. The Management Board has also given updates regarding the logistic situation transition after the change of the logistics partner.

At the Supervisory Board meeting on 11 November 2021, the Supervisory Board focused on the discussion of the 2022 budget. The Supervisory Board intensively discussed the corporate planning presented by the Management Board and dealt in particular with the market prospects in the course of the planned internationalization strategy. In addition, the Supervisory Board discussed and agreed the re-financing agreements. Moreover, the Management Board has given an update regarding the logistic situation. Supervisory Board also dealt with the question which effects the Financial Market Integrity Strengthening Act (FISG) may have for its on activities and activities in relation to the Management Board and auditor.

With circular resolution of 23 December 2021, the basic salary for the two board members was adjusted and increased after prior discussion, and the bonus target for 2022 was set.

CORPORATE GOVERNANCE

fashionette AG is listed on the Regulated Unofficial Market (Open Market) with inclusion in the Scale segment of the Frankfurt Stock Exchange and is therefore not subject to the requirements of the German Corporate Governance Code. Irrespective of this, good corporate governance is an essential basis for responsible corporate management.

The Supervisory Board has not formed any committees at present. However, the Supervisory Board is of the opinion that focused and strategic support of the company requires the experience and competences of the entire board, which has been put together specifically to meet the company's business objectives.

No conflicts of interest of Supervisory Board members arose during the reporting period.

ANNUAL FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2021

The annual financial statements for fashionette AG, the consolidated financial statements and the combined management report of fashionette AG for the financial year 2021 prepared by the Management Board, including the accounting, were audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, appointed as auditors by the Annual General Meeting on 25 June 2021, and issued with an unqualified audit opinion. The auditor submitted the requested declaration of independence to the Supervisory Board prior to the commencement of the audit.

The documents to be examined and the auditor's reports were available to each member of the Supervisory Board at the financial statements meeting on 25 April 2022 and had been forwarded to each member of the Supervisory Board in good time for preparation. The auditor participated in the meeting to review and discuss the annual financial statements and the consolidated financial statements. The auditor reported on the main findings of the audits and was available to provide additional information. At its meeting on 25 April 2022, the Supervisory Board adopted the annual financial statements and approved the consolidated financial statements after a thorough examination of the documents and taking into account the audit reports.

Furthermore, the Supervisory Board examined the planning documents, the risk situation, and the risk management system of fashionette AG. All risk areas identifiable from the perspective of the Management Board and the Supervisory Board were discussed. The risk management system was intensively examined by the auditor. The auditor confirmed that the Management Board of the company had taken the measures required under Section 91 (2) of the German Stock Corporation Act (AktG) in a suitable manner, in particular, to set up a monitoring system. Furthermore, it confirmed, that the monitoring system was fundamentally suitable for recognizing developments that could potentially endanger the continuation of the company at an early stage and for taking action against any undesirable developments that were identified.

In conclusion, the Supervisory Board would like to express its gratitude to the Management Board and all employees of fashionette for the good and trustful cooperation in the past year. Furthermore, the entire board would like to thank all shareholders for their ongoing trust and support.

Dusseldorf, 25 April 2022

For the Supervisory Board

STEFAN SCHÜTZE,
CHAIRMAN OF THE SUPERVISORY BOARD

The SUPERVISORY BOARD

STEFAN SCHÜTZE

CHAIRMAN OF THE SUPERVISORY BOARD
- Resides in Bodolz, Germany
- Member of the Supervisory Board of fashionette AG since September 2020
- C3 Management GmbH, Frankfurt am Main, Managing Partner since May 2021

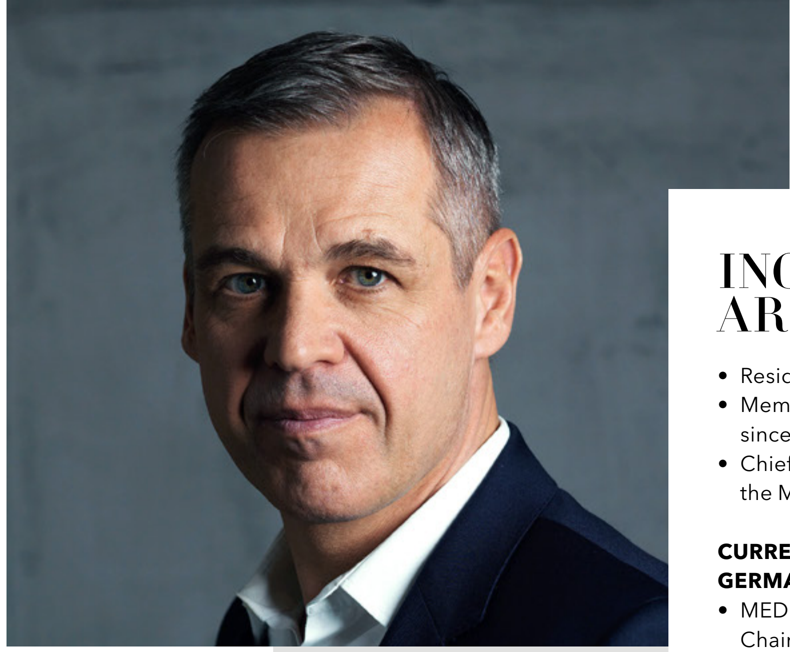
CURRENT MEMBERSHIPS IN OTHER STATUTORY GERMAN SUPERVISORY BOARDS
- MagForce AG, Berlin, Chairman of the Supervisory Board since August 2021
- CYAN AG, Munich, Deputy Chairman of the Supervisory Board since October 2017
- Coreo AG, Frankfurt am Main, Chairman of the Supervisory Board since May 2016

DR. OLIVER SERG

DEPUTY CHAIRMAN OF THE SUPERVISORY BOARD
- Resides in Hamburg, Germany
- Member of the Supervisory Board of fashionette AG since September 2020
- Managing Director of GENUI GmbH since 2015
- Managing Director of other GENUI companies

CURRENT MEMBERSHIPS IN OTHER STATUTORY GERMAN SUPERVISORY BOARDS
- CHRILIAN AG, Herborn, Member of the Supervisory Board since June 2008

CURRENT MEMBERSHIPS IN COMPARABLE GERMAN AND FOREIGN SUPERVISORY BODIES
- GHM TopCo GmbH, Hamburg, Member of the Advisory Board since January 2022
- Physio Group GmbH, Leipzig, Chairman of the Advisory Board since September 2020
- GNS Gesellschaft für Neurologie und seelische Gesundheit mbH, Gelsenkirchen, Member of the Advisory Board since June 2020
- Mindcurv Holding GmbH, Essen, Member of the Advisory Board since December 2019



INGO ARNOLD

- Resides in Hamburg, Germany
- Member of the Supervisory Board of fashionette AG since June 2021
- Chief Financial Officer and Deputy Chairman of the Management Board of Freenet AG since 2019

CURRENT MEMBERSHIPS IN OTHER STATUTORY GERMAN SUPERVISORY BOARDS
- MEDIA BROADCAST GmbH, Cologne, Chairman of the Supervisory Board since 2019

KAROLINE HUBER

- Resides in Männedorf, Switzerland
- Member of the Supervisory Board of fashionette AG since September 2020
- Self-employed consultant and interim manager since April 2022

ROLF SIGMUND

- Resides in Düsseldorf, Germany
- Member of the Supervisory Board of fashionette AG since 2020
- Self-employed consultant and Chairman of the Advisory Board of Börlind GmbH since December 2020

CURRENT MEMBERSHIPS IN COMPARABLE GERMAN AND FOREIGN SUPERVISORY BODIES
- Accenture Dienstleistungen GmbH, Kronberg im Taunus, Member of the Advisory Board of Accenture Strategy & Consulting since September 2021
- Börlind GmbH, Calw, Chairman of the Advisory Board since December 2020

fashionette AG on the CAPITAL MARKET

CAPITAL MARKETS BETWEEN ECONOMIC RECOVERY AND RISING INFLATION

At the beginning of 2021, global stock markets continued the share price gains from the fourth quarter of the previous year due to a combination of recovering economic activity, only slightly rising inflation, and financial stimulus. By contrast, inflation concerns and speculation about interest rate hikes by central banks caused volatility on the stock markets in the second quarter of 2021. The upward trend from the beginning of the third quarter until the beginning of September was followed by adverse effects from uncertainties about a scaling back of the monetary policy in the USA and the economic weakness in China. While the stock markets benefited in the fourth quarter mainly from good economic data and signs of a foreseeable end to the pandemic as a whole, growth stocks lost ground due to expectations of rising interest rates. Even though many tech stocks rose to an all-time high in 2021, there were always setbacks. Finally, in December, investors across the spectrum divested from tech stocks in light of the risks associated with higher interest rates. The so-called "stay-at-home" shares in particular came under pressure. The heterogeneous development of e-commerce companies on the stock exchange was reflected in the composition of the SDAX. The German small cap selection index, SDAX, gained 9.5% in 2021.

FASHIONETTE SHARE INFORMATION

fashionette AG's market capitalization amounted to EUR 136.4 million as of 30 December 2021, based on 6,200,000 shares outstanding. At year-end 2020, the market capitalization was EUR 201.5 million with the same number of shares. The average daily trading volume in fashionette shares amounted to 20,176 shares on all German trading venues in fiscal year 2021. In the period from fashionette's IPO on 29 October 2020 to the end of the same year, the average daily trading volume was 22,400 shares.

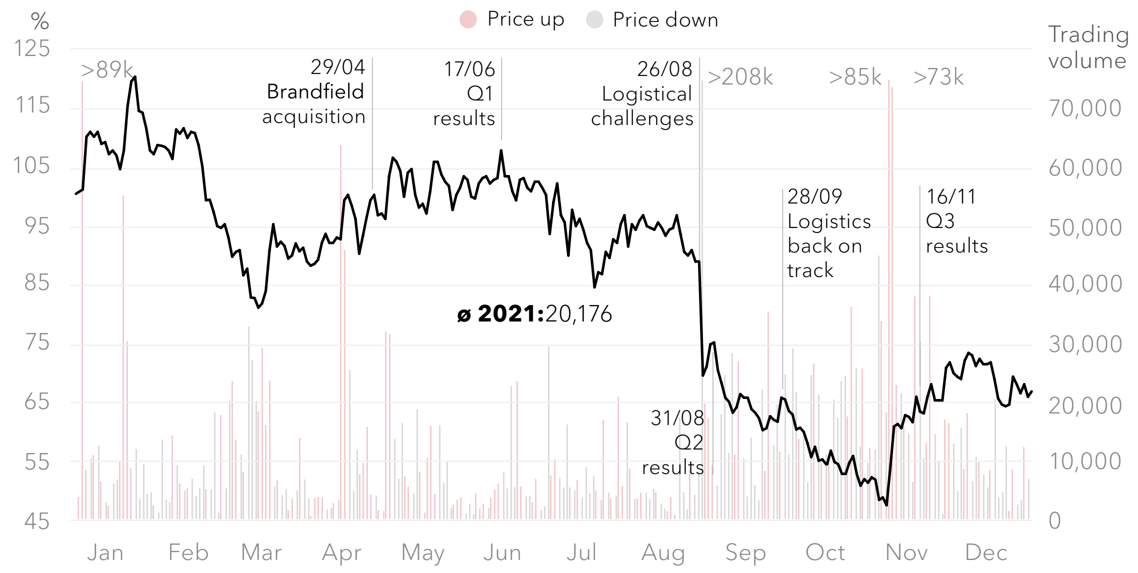
Starting at EUR 31.45 on 4 January, the share price reached its high for fiscal year 2021 at EUR 39.75 on 21 January. The fashionette share reached a low of EUR 15.15 on 5 November 2021. A combination of negative sentiment for e-commerce stocks and temporary logistical challenges weighed on fashionette's share price performance while the Company delivered strong operational performance above the industry average and successfully closed the acquisition of Brandfield. Overall, the fashionette's share price recorded a decrease of 32.2% ending the trading year at a closing price of EUR 22.00.

Hauck Aufhäuser Lampe Privatbank AG acted as designated sponsor and continuously supported the tradability of the fashionette AG share through binding bid and ask prices.

SHARE PRICE DEVELOPMENT

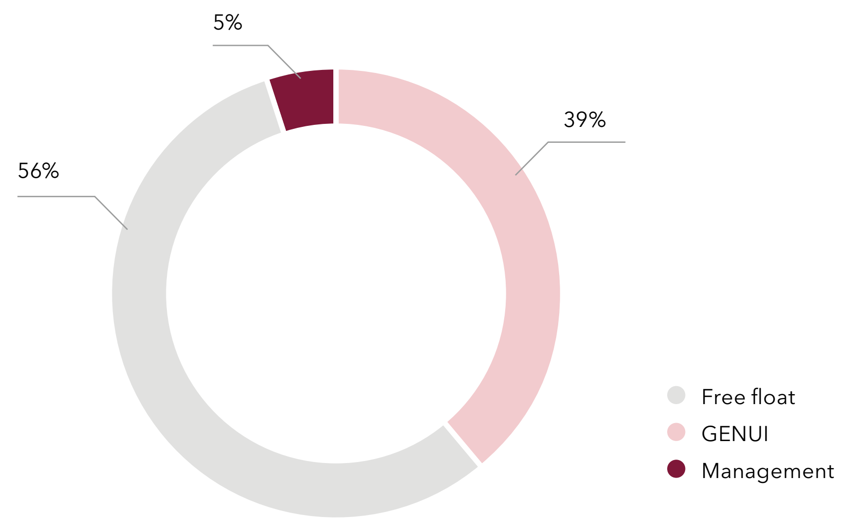
Opening price	4 January 2021	EUR 31.45
Low	5 November 2021	EUR 15.15
High	21 January 2021	EUR 39.75
Closing price	30 December 2021	EUR 22.00
Performance		–32.3%
Market capitalization		EUR 136.4 million

SHARE: PRICE PERFORMANCE AND TRADING VOLUME



SHAREHOLDER STRUCTURE

As of 31 December 2021, fashionette AG is aware of the shares in the voting share capital that are required to be disclosed to the Company pursuant to Section 20 (5) of the German Stock Corporation Act (AktG) that have been disclosed voluntarily or that are subject to lock-up periods after the IPO. According to the definition of Deutsche Börse AG, free float includes all shares that are not held by major shareholders (share of share capital exceeding 5%).



In our latest ownership analysis conducted in February 2022, we identified almost 95% of our shares outstanding. At around 39%, the pre-existing shareholder Genui GmbH & Co. KG (GENUI) holds the majority of shares outstanding. The institutional investors represent the second largest investor group, holding 47% of shares. The Management of fashionette AG holds 5% of the shares.

In terms of geographical distribution, the Unites States market currently accounts for 14% of institutional shareholdings, followed by Germany with 7%. Institutional investors from other continental European countries account for 18 % and less than 1% of institutional shareholders were identified in other regions of the world.

ANALYST RECOMMENDATIONS

Two analysts from investment banks and brokerage firms regularly publish research reports on fashionette. The two analysts have issued "buy" recommendations for fashionette shares with price targets of up to EUR 60.00, corresponding to a potential of over 170% from the closing price on 30 December 2021. In doing so, the analysts highlight the further upside that can come from accretive acquisitions of Brandfield, expansion of the product range, and market share gains.

2021 UPDATE	INSTITUTION	ANALYST	RECOMMENDATION	PRICE TARGET
3 December 2021	Hauck & Aufhäuser Lampe	Christian Salis	Buy	EUR 60.00
17 November 2021	Berenberg	Catharina Claes	Buy	EUR 46.00

INVESTOR RELATIONS ACTIVITIES

fashionette is committed to informing all capital market participants equally in a timely and transparent manner about current developments.

The fashionette Investor Relations department continuously engages with institutional investors in numerous one-on-one meetings, calls, roadshows, and conferences. Most of these events took place in a virtual environment in 2021.

The Investor Relations section of the fashionette AG website is a key communication tool with the investor community at ir.fashionette.com. The website offers additional information about the strategy and business developments, current, publications, financial reports and presentations as wells as upcoming events. Earnings calls are made available following the events as webcasts.

CONTACT INVESTOR RELATIONS

fashionette AG
Investor Relations
Lierenfelder Straße 45,
40231 Düsseldorf, Germany
ir@fashionette.de
www.ir.fashionette.com

FINANCIAL CALENDAR 2022

19 May
Quarterly Statement Q1 2022

24 June
Annual General Meeting

24 August
Half-year financial report H1 2022

17 November
Quarterly Statement Q3 2022

FASHIONETTE SHARE INFORMATION

Ticker symbol	FSNT
WKN (Securities identification number)	A2QEFA
ISIN (International securities identification number)	DE000 A2QEFA1
Stock exchange	Xetra, Frankfurt, Berlin, Dusseldorf, Hamburg, Hanover, Munich, Quotrix, Stuttgart, Tradegate
Market segment	EU-registered SME growth market "Scale" (Open market)
Number of shares	6,200,000
Share class	Ordinary bearer shares without par value (no-par value shares)
Designated Sponsor	Hauck & Aufhäuser Lampe Privatbank AG

Goals AND STRATEGY

fashionette is one of the leading destinations for premium and luxury fashion accessories in the DACH (Germany, Austria and Switzerland) and the Benelux regions (Belgium, the Netherlands, and Luxembourg). With our online platforms fashionette.com and brandfield.com, the fashionette group offers not only inspiration but a curated assortment of premium and luxury handbags, shoes, small leather goods, sunglasses, watches, jewellery, and beauty products from more than 300 brands, including own brands. Overall, the fashionette group with its retail brands "fashionette" and "Brandfield" is active in 14 European countries, including the DACH and Benelux regions as well as in France, Italy, Sweden, and the UK.

Our vision

To become the number one European data-driven e-commerce group for premium and luxury fashion accessories. We set out to bring the best of both worlds together: the inspiring experience of strolling through international accessory stores and the convenience of shopping hundreds of designer brands online from anywhere. Being guided by our customers' individual lifestyle choices we created our own unique proprietary IT and data platform that enables us to create a unique customer experience.

Every day we aim to create an even better shopping experience for our customers to become the one stop shop for premium and luxury fashion accessories in Europe.

Our mission

We make personalized online shopping of premium and luxury fashion accessories available to everyone who loves to complete, accentuate, and individualize their outfit.

We believe that everyone should be able to show who he or she is, emphasize individuality and confidence. Accessories express personality. We therefore make accessories available to a large group of people. We believe that everyone should have the opportunity to live their own lifestyle – without any limitations. Our wide range of multifarious accessories and designers, attractive prices for every budget and customer-oriented payment options keep this inspiration alive.

Our strategy

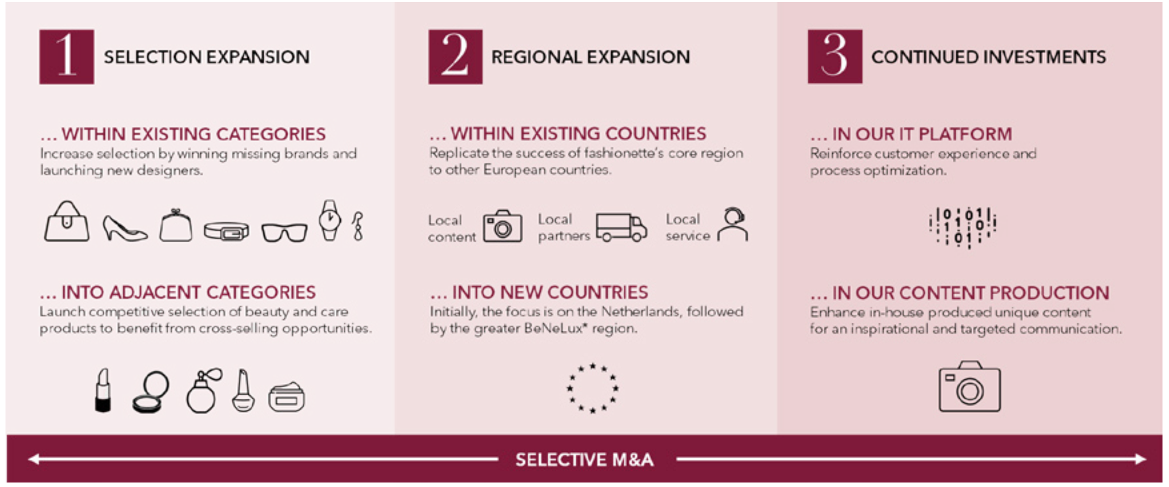
We aim to be the leading European data-driven e-commerce group for premium and luxury fashion accessories. Turning this vision into reality, we have developed strategic priorities that enable us to grow faster than the market.

The management consulting company Bain&Company[2] considers the successful rebound of the European luxury goods market in 2021 following the effects of COVID-19, a strong indicator of healthy growth in the medium term and expects an average annual growth rate of up to 8% through 2025. The global trend from offline to online retailing continued in the luxury goods market being a key channel of the recovery according to the management consultancies The Business of Fashion and McKinsey&Company. Online retailing in the luxury goods market in 2021 increased by 27% reaching EUR 62 billion. The share of online retail in the overall premium and luxury market is expected to increase further and reach 28% to 30% of the total market by 2025[3]. Among the best performing categories were the products that are significant for fashionette, such as leather goods, jewelry, and skincare. fashionette consistently pursues the goal of continuing its profitable growth at rates above the market average.

2. Bain&company: Press release "Luxury market rebounds in 2021, set to return to historic growth trajectory"

Our priorities include continuously expanding our selection within existing product categories, but also to new product categories – always aiming to offer our customers a curated selection of premium and luxury fashion accessories that complete and accentuate their outfits. In addition, we not only grow within our selection, but also expand to new markets both organically and inorganically. At the core of all this stands our own IT and data platform, in which we continuously invest to reinforce process optimization and the customer experience. In combination with our own unique content production, we build honest and inspiring customer relationships.

We are convinced that the optimization of the shopping experience and a continuous focus on operational excellence and high-quality customer service, combined with a significant increase in demand for our premium and luxury fashion accessories, will help us achieve the goals we have set for ourselves. The increase in active customers and an even stronger increase in the number of orders underscores that fashionette is not only attracting new customers but is also able to increase the frequency of purchases among its existing customers.



1. SELECTION EXPANSION

The fashionette group aims to expand its selection within its existing premium and luxury fashion accessories and venture into adjacent product categories. In doing so, fashionette offers opportunities to realize strong cross-selling potential.

What do we do about it:
Our priorities include continuously expanding our selection within existing and new categories. In doing so we seek to offer our customers a curated selection of premium and luxury fashion accessories that complete and accentuate their outfits. In 2021, the online platform fashionette.com grew its brand selection by more than 70% and finished the year with more than 300 brands and 25,000 SKUs.

The online platform fashionette.com has been offering premium and luxury beauty and care products from more than 100 established and independent beauty brands to further complete our customers' outfits since the fourth quarter 2021, in addition to the existing fashion accessories. Focusing on the goal of offering customers a curated selection of high-quality fashion accessories, the fashionette and Brandfield platforms offer opportunities with strong cross-selling potentials in adjacent product categories.

THE ONLINE PLATFORM FASHIONETTE.COM GREW ITS BRAND SELECTION BY MORE THAN

+70 %

3. https://altagamma.it/media/source/Altagamma%20-%20Bain%20Luxury%20Market%20Monitor%202021_1.pdf

2. REGIONAL EXPANSION

The fashionette group plans to achieve its goal of becoming the leading data-driven e-commerce group for premium and luxury fashion accessories in Europe by both by increasing its market share in existing countries and by entering the markets of other European countries.

What do we do about it:

Organic expansion

fashionette selectively tests the markets across Europe in a highly cost conscience way. Only limited marketing investments are made during early-stage testing. Instead, the goal is to understand the customer lifetime value (CLV) and respective customer acquisition costs (CAC). fashionette has also launched its platform in the Netherlands, Sweden, Italy and France. The choice of the country is largely driven by average disposable income per household, e-commerce adaptation rate and the competitive landscape.

The partnership with the logistic provider BFS Baur Fulfilment Solutions was terminated in 2020 and the new provider ITG took over the role in 2021. Currently, all customer orders are being processed at the company's logistics hub, in Oberhausen, in the northwest of Germany. ITG has more than 200 stations all around the world, giving fashionette an opportunity to easily internationalize warehouses without significant capex investments.

M&A

fashionette aims to continue to supplement the organic growth in the future through selective bolt-on acquisitions. These acquisitions will need to fulfil three criteria:

a) strategically beneficial either from a regional or an assortment perspective
b) financially accretive and the acquired entity must be profitable
c) a good cultural fit

An acquisition must strengthen our market position in accordance with our strategic focus and complement our range of competencies. The corporate culture of any potential acquisition target must be a good fit with fashionette's culture.

The acquisition of Brandfield in 2021 was a blueprint for the future acquisitions. The company is highly beneficial from a regional perspective given high sales exposure in the Benelux region. At the same time, Brandfield's high share of own brand and jewelry significantly contributed to fashionette's overall profitability for the year. The acquisition of Brandfield significantly contributed to the scaling of fashionette's data-driven online platform for premium and luxury fashion accessories through its complementary products offerings.

The acquisition of Brandfield in 2021 was a blueprint for future acquisitions.

3. INVESTMENT IN THE IT PLATFORM AND CONTENT

fashionette is convinced that its secure, robust, and scalable IT platform will enable it to continuously improve operational efficiency and effectiveness at the same time. This results in targeted and automated marketing campaigns, simplified decision making when it comes to selection purchasing and active support for inventory management.

What we do about it

The scalable results minimize dependency on third-party vendors and create the flexibility needed to respond to market changes and opportunities in an appropriate manner. This is where fashionette sees a profitable competitive advantage. The company is convinced that the optimization of the shopping experience on the fashionette and Brandfield platforms coupled with the continuous focus on operational excellence and high-quality customer service, will help the company achieve the goals it has set for itself.

Size comparison tool

This software tool gives our customers an accurate idea of the actual size of the product by comparing it to everyday objects. We see that the customers who use the tool, on average generate higher sales than those who don't. They actively use the tool for roughly 20 seconds for every given product. In addition, we have integrated the tool into our own image gallery. This allows us to increase the number of model shots in our jewelry assortment without generating additional costs. Having such a realistic impression of our fashion accessories helps to reduce returns and thus improves the environmental impact.

AI – reranking tool

For product listing pages we offer a technology for ranking the products with a high number of clicks and add-to-cart conversions, to achieve a higher ranking in the products listing page. The AI reranking tool helps to present the most relevant product for each individual customer. This allows fashionette to simplify and enhance the overall shopping experience for its customers.

Content automation

In 2021 we started a project to see if we could create convincing, inspiring and conversion optimizing product description texts automatically on the basis of product attribute values. This was a success for the handbags category as it allowed us to streamline content and created more scalable product descriptions with less manual effort. The product description went from the factual descriptions to selling-point focused descriptions. We will continue to roll this out this in other languages and product categories in 2022.

READ MORE ABOUT WHAT WE DO ON PERSONALIZATION ON PAGE 34

OUR PLATFORMS

fashionette.com

fashionette has a deep-rooted connection with premium and luxury fashion accessories. Founded as a rental of designer handbags in 2008, it has evolved to become the leading European data driven e-commerce group for premium and luxury fashion accessories. fashionette has established maket-leading brand recognition for premium and luxury handbags in its core market of Germany. The retail brand focuses on making personalized online shopping for premium and luxury fashion accessories available to everyone who loves to complete her or his outfit with style.

Brandfield.com

Brandfield has a strong connection with accessories and jewelry. Established in 2008, as an e-commerce company specializing in sunglasses and watches, Brandfield is a market leader in premium jewelry and accessories in the Benelux region. Brandfield uses data analytics to understand the consumers, thereby creating an engaging and authentic brand experience across all touchpoints, including online platforms and physical stores. The brand's aim is to give both women and men the opportunity to complement their outfits, express their personality and show their own style. With its broad and diverse portfolio in style items, expertise, and service, Brandfield ensures that its customers can be the best version of themselves, every day.

Isabelbernard.com

Isabel Bernard is a modern jewelry and premium accessories brand, that merges Parisian aesthetics with strong data analytics on its online platform. Founded as a brand in 2018 specializing in jewelry, it has achieved strong growth and expanded its product range to high-quality leather bags, shoes and belts. The brand helps to complete and accentuate a women's outfit with the right accessory. Isabel Bernard creates an authentic brand experience with its appealing story and aesthetics which is fueled by its robust data analytics. Isabel Bernard provides customers with luxury items, expertise, and superior service, therefore helping women to feel feminine and elegant.

Our market

In the last two years, the global premium and luxury fashion accessory industry has been impacted by COVID-19. However, already in 2021, the market for personal luxury goods has experienced a V-shaped recovery. In a market study The State of Fashion[4], it was estimated that global fashion sales will surpass the pre-pandemic levels in 2022, supported by pent-up buying demand and resumed social life. The market remains highly fragmented, and although some of the global brands are growing faster than the overall market, they still make up a relatively small percentage. The business landscape is currently undergoing impressive changes, some of which have been accelerated by COVID-19. Four major industry trends are of particular relevance to fashionette's strategy:

TREND: PERSONALIZATION BASED ON DATA INSIGHTS

E-commerce is expected to be a primary driver of sales growth in the short to medium term. The pandemic was a turning point for the industry. Recovery post COVID-19 is expected to be largely driven by e-commerce, as consumers are still showing reluctance to make physical store visits, due to safety concerns as well as ongoing lockdowns. In addition to this, as technological advances, consumers will have higher expectation for the experience, personalization, and customization. This trend has only been strengthened during the pandemic. Over the last few years, many global brands have started to implement more personalization across all channels but more so in the online channels.

What do we do about it

We are continuously investing into developing our platform technologies and various personalization techniques, we try to leverage our data capabilities to improve customer level of personalization. From the online platform perspective, we have employed such tools as size comparison tool, AI-reranking tool and content automation. We have also scaled our personalized newsletters to five markets (Germany, Austria, Switzerland, Belgium, the Netherlands). In 2021, we increased the sent emails with personalized product recommendations by 76% in comparison to 2020. The click-to-open rate increased by 22% compared to our standardized newsletters.

READ MORE ABOUT OUR IT INVESTMENTS ON PAGE 32

TREND: GEN Y AND X BECOMING MORE DOMINANT IN LUXURY

According to the market study conducted by the management consultancy Bain and Company[5], younger generations (Gen Y and Z[6]) should become more demographically dominant in luxury, representing 70% of global purchases. These are the generation that share a preference for shopping online over physical stores, the mobile phone plays an ever-larger role than before.

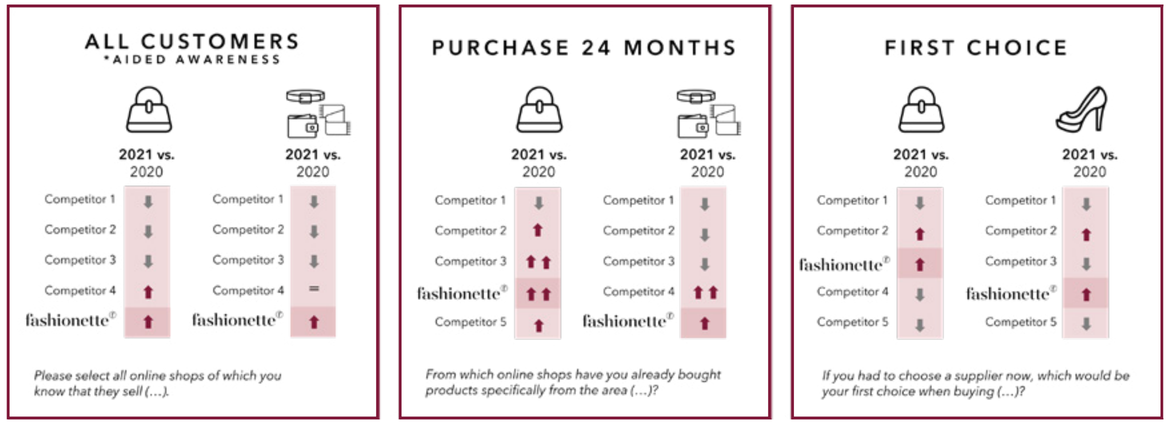
What do we do about it

Our priorities include continuously expanding our selection within existing and new categories. In doing so we seek to offer our customers a curated selection of premium and luxury fashion accessories that complete and accentuate their outfits. In 2021, the online platform fashionette.com grew its brand selection by more than 70% and finished the year with more than 300 brands and 25,000 SKUs.

In a study conducted in the summer of 2021, fashionette is one of the key online platforms among women starting from 18 years. fashionette is already known as one of the **top-5 retailers in Germany** in categories like designer handbags, shoes, leather accessories, sunglasses, jewelry, and watches. Among consumers who have purchased the relevant categories in the last 24 months, fashionette strongly improved in the area of designer handbags and designer shoes. For the first-choice vendor, fashionette came in third in designer handbags.

4. Written by The Business of Fashion and management consultancy McKinsey&Company
5. https://www.bain.com/globalassets/noindex/2021/bain_digest_from_surging_recovery_to_elegant_advance_the_evolving_future_of_luxury.pdf
6. Generation X, 1965–80; Generation Y, 1981–1995

MARKET STUDY [7]



TREND: ETHICS AND SUSTAINABILITY

The COVID-19 pandemic has had a major impact on Corporate Social Responsibility and how companies should interact with their employees and society in general. The focus on social responsibility projects has been increasing, especially on protecting the health and safety of employees and the local communities. At the same time, consumers are increasingly willing to alter their shopping behavior to reduce the environmental impact. Therefore, there has been a clear drive to resist a return to the volume-driven model across the fashion industry. To support the consumers on this, more companies are looking at ways of operating in a more sustainable way.

We at fashionette, act in a value-based manner and responsibly towards people and the environment. As our business grows, so does our responsibility and commitment to helping to shape a more sustainable economy.

What do we do about it

We seek to strike a balance between shareholder expectations and the concerns of our customers, employees, and other stakeholders. In 2021, we have defined sourcing standards for animal and species protection. We actively support a circular economy and partnered with four organizations: Rebelle, Mädchen Flohmarkt, Packmee and Buddy & Selly to resell damaged after return articles. These resale platforms operate under a circular model where accessories are resold, extending the life cycle of an item.

READ MORE ABOUT OUR SUSTAINABILITY EFFORTS ON PAGE 38

OUR TARGET AUDIENCE

Based on our mission fashionette addresses everyone who loves to complete its outfit with premium and luxury fashion accessories. Our mainly female customers, starting from circa 18 years, are highly interested in accentuating, and individualizing their outfits, often combining accessories from different product categories and mixing the premium and luxury segment. For example, in 2021 circa 75% of our returning customers have bought products from at least two different product categories. Additionally, our customers show a high brand affinity, but are not fixated on one brand only as seen in our 2021 customer data: Circa 85% our returning customers have bought products from at least two different brands.

7. Target audience: Women aged 18 and older who have purchased the designer accessories online and/or stationary within the last 24 months. Sample: Gross Sample: 2021: n = 3.166, Nationwide population-representative quota by age and income, of which: Netto Sample: 2021: n = 1.277

Our people & culture

At fashionette, we believe that our people are pivotal to the company's success. Their performance, well-being and knowledge have a significant impact on customer satisfaction and ultimately our financial and operational performance. We promote diversity and fight discrimination. We foster a culture of equal opportunities.

We aim to balance the commercial needs of the company with the professional, private and family needs of our employees. We offer our employees personal and leadership development programs, which we believe leads to higher employee satisfaction, lower stress levels and higher productivity. We cultivate a positive work environment by rewarding high-performing employees with incentives and group recognition.

At fashionette, we provide an opportunity for flexible working times and locations. We support our employees by aiming to provide the best conditions to ensure that they feel good and stay healthy. Our approach includes their physical, mental, and social well-being. We provide employees with access to doctors. Also, showers in our office buildings allows people to jog or cycle to work. We offer employees free drinks, fruits, breakfast cereal and ice cream. At Brandfield, we are also offering sport activities (Brandfit), healthy food, free drinks and an organized lunch. On top of this our office is equipped with table football and Xbox game consoles We offer employee discounts for all employees and regular team events.

WORK FLEXIBILITY

fashionette follows flexible work policy, therefore every employee whose work can be carried out independently of office facilities, equipment and personal interaction is eligible to work three days of the week outside of the office. With this working from home approach in place, fashionette is well prepared and equipped for any needed transitions to home-office mode necessary during the pandemic. In addition to a flexible scheme, we also offer part-time jobs and different schemes for parental leave, in accordance with statutory rules.

FASHIONETTE PEOPLE

On 31 December 2021, the company had 266 employees (2020: 257). Thereof, 168 were employed at fashionette (2020: 160) and 98 at Brandfield (2020: 97).

On a full-time equivalent basis, our company had 227 employees on December 31, 2021 (2020: 207), thereof 145 at fashionette (2020: 134) and 82 at Brandfield (2020: 73).

EMPLOYEES BY GENDER

AT YEAR END[1]	2021	2020
Total number of employees	**266**	**257**
Female	69%	69%
Male	31%	31%
Management position[2]		
Female	41%	39%
Male	59%	61%
Average age of employees (in years)	32	31
Average length of employment (in years)	2	2

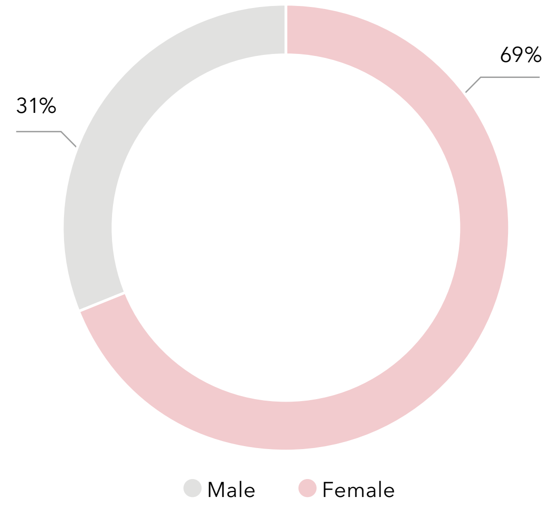
1 fashionette and Bradfield at year-end. Number of employees on a headcount basis.
2 Includes two levels below the Management Board

EMPLOYEES BY AGE GROUP

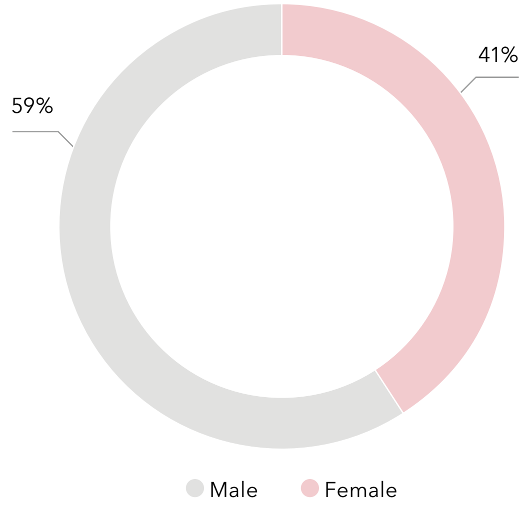
AT YEAR END	2021	2020
<30	117	141
30 to 50	139	107
>50 and up	10	9

incl. working students and trainees

EMPLOYEES AT FASHIONETTE



MANAGEMENT LEVEL



NUMBER OF EMPLOYEES BY FUNCTION

AT YEAR END	2021	2020
Number of employees by function	**266**	**257**
IT	16	15
Buying	31	29
Central functions	70	66
Logistics	35	38
Customer service[1]	48	43
Content and quality assurance[2]	55	48
Stores (Brandfield)	11	18

1 Customer care, after sales, risk and payment
2 Photographers, product content and quality assurance

WORK RELATED ACCIDENTS

AT YEAR END	2021	2020
Brandfield	1	0
fashionette	1	1

Definition: Number of reportable work-related accidents comparing to the number of full-time employees, average for the year. Accidents on the way to or from work are not included

Our sustainability efforts

At fashionette we aim to strike a balance between shareholder expectations and the concerns of our customers, employees, and other stakeholders. We make use of external frameworks to help us in tackling material topics. One of these frameworks is the UN Sustainable Development Goals (SDGs).

SOURCING

In accordance with the "Five Freedoms" of the OIE (World Organization for Animal Health) and the guidelines of the Fur Free Retailer Program, we have defined sourcing standards for animal and species protection. Consequently, we do not sell products that contain materials from exotic animals. Furthermore, we abstain from offering products made of protected corals, shells, snails, and turtle shells as well as angora wool and non-certified mohair wool.

In addition, and in accordance with applicable EU regulations, we oblige our jewelry supplies to prove that diamonds and gemstones have a safe origin and that their products are nickel-free, lead-free, and cadmium-free. With the sourcing policy, the beauty suppliers commit to following the EU regulations concerning beauty formulations, ingredients, packaging, labelling, and package inserts as well as to prohibit animal testing.

FASHIONETTE FOR THE ENVIRONMENT SDGS:

15 LIFE ON LAND

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

PACKAGING

We commit ourselves to the reduction of our greenhouse gas emissions, therefore we are using 100% recyclable shipping boxes with a self-adhesive feature. Our packaging is FSC-certified and has carried the RESY seal since December 2019. This means: the paper products we use for our packaging originate from responsibly managed forests and are 100% recyclable. Our shipping boxes no longer contain any plastic. In addition, the shipping boxes can be immediately reused for returns, without requiring additional adhesive tape. This helps to keep the environmental footprint as low as possible.

THE PAPER PRODUCTS WE USE FOR OUR PACKAGING ARE

100 %

RECYCLABLE

SHIPPING "GO GREEN"

We participate in the DHL environmental protection program GoGreen. The surcharge on each parcel is reinvested by DHL in climate protection projects to offset the greenhouse gases generated by transport. The GoGreen initiative addresses both direct and indirect greenhouse gas emissions caused by direct operations and by the activities of DHL's transport subcontractors.

RESALE

We understand that fashion industry is highly resource intensive. Extracting and using raw materials for textiles has a major impact on our environment. It increases energy consumption and produces CO2-emissions. By implementing specific measures such as eco-design and re-use of materials we could reduce our environmental impact, while also saving costs. Therefore, we aim to support a circular economy that can also deliver benefits to our customers in form of more durable and innovative products. Therefore, fashionette partnered up with four organizations (Rebelle, Mädchen Flohmarkt, Packmee and Buddy & Selly) to resell damaged after return items. These resale platforms operate under a circular model where accessories are resold, extending the life cycle of an item. The partnership allowed us to resell 65% of all damaged articles. Over the last two years we have significantly increased the number of B-quality items that were resold. While we were able to resell around 36% in 2020, we were already able to remarket 65% in 2021. This means that we have already almost doubled our reselling-rate within the last two years.

FASHIONETTE
FOR EMPLOYEES
SDGS:

ATTRACTION AND RETENTION OF EMPLOYEES

We believe that a good connection with our employees is essential to creating a trusted and safe environment. We have an open work culture that allows us to talk to our employees to find out what motivates them, their ambitions and what we as a company can do to support them. We have several opportunities for advancement, both to entirely different departments as well as within our own department or to the management level.

Employee retention begins with continuous contact with new hires already before they start working at fashionette and then during the welcome days. In addition to the active exchange in the teams and between the departments, the company's values and numerous benefits contribute to employee retention.

LEARNING

We are convinced that employee development enables a goal achieving culture. To accomplish this, we offer employees a wide range of learning and development opportunities. These include online learning resources and language courses that are designed to increase the professional and personal effectiveness of our employees. In Brandfield, all employees take part in an internal training for customer service and logistic departments. On average, in 2021 there were 15 hours of training per Brandfield employee. Every employee helps in the customer service department, we see that empowering every employee to handle customer conversations effectively has a remarkable impact on customer satisfaction.

> *We strongly believe that diversity, inclusion, and equality are key to the success of our company*

DIVERSITY AND INCLUSION

We strongly believe that diversity, inclusion, and equality are key to the success of our company. We value each employee's diversity, unique experiences and inclusion which have an extremely positive impact on our work, other employees, productivity, motivation and the customer experience.

SUPPORTING COMMUNITIES

fashionette supports organizations like Kindertafel Dusseldorf and Voedselbanken.nl. The organizations work to make sure that children who are not adequately cared for at home get a warm meal through voluntary sponsorships for lunchtime meals at schools for example.

Corporate governance at fashionette

CODE OF CONDUCT

At fashionette we are committed to acting with integrity towards our internal and external stakeholders by respecting the law and ensuring compliance with the company values and contents of our Code of Conducts (CoC). Our CoCs are available on the corporate website and have been communicated to all employees. It is the basis of all group policies and sets expectations and provides orientation on how fashionette wants to conduct business.

The Code of Conduct is structured in five chapters and summarizes the essential principles and rules that govern our actions and business activities.

- Integrity of our business conduct
- Integrity of our conduct with each other
- Integrity of our social actions
- Integrity in the handling of information
- Integrity in dealing with company assets

All full-time employees are trained on compliance. Mandatory compliance training courses are conducted in English and in German. Due to the ongoing COVID-19 pandemic in the reporting period, the face-to-face format was conducted via e-learning session.

Our Code of Conduct for business partners, which is published on the corporate website sets the baseline for fair and safe labour practises, environmental protection, and ethical business behaviour throughout our value chain. We expect our business partners to ensure health and safety of their employees. Equally, we do not tolerate human rights violations, any form of corruption, child labour, forced labour or other involuntary labour.

COMPLIANCE AND RISK MANAGEMENT

fashionette has two Compliance Officers to monitor, document and report on risks stemming from breaches of the group policies and ethical standards in business. fashionette's compliance management system includes policy management, a help desk tool (corporate email for internal and external stakeholders), and compliance-related trainings.

External and internal stakeholders can submit and report any compliance notices or violations to us at compliance@fashionette.com.

Cyber security and data protection

CYBER SECURITY

At fashionette, we are continuously monitoring, reviewing and investing in our information technology (IT) systems to protect the business from any cybersecurity threats. We employ a framework of controls to protect against unauthorised access to our systems. These include policies and processes for maintaining and regular updating of servers and security devices, restrict and monitor access to customer data, and other sensitive information.

We regularly test our systems for vulnerabilities. Back-up facilities and contingency plans are in place and are reviewed to ensure that data is protected. Every employee has responsibility for cybersecurity, and we know the importance of education and awareness-raising to prevent any privacy-related incidents. We provide regular trainings and communications. Employees are updated regularly on how to mitigate data security risks, importance of password management, latest breaches, and software updates.

DATA PROTECTION

Protection of personal data is of high priority for us and is part of our Company Code. Personal data must be treated confidentially and may only be collected, processed, and used within the framework of the relevant data protection regulations. We provide regular trainings on data privacy to all employees.

COMBINED MANAGEMENT REPORT

This management report comprises both the IFRS group management report and the management report of fashionette AG as at 31 December 2021. In it, we report on the course of business as well as the situation and the probable development of the fashionette AG Group and fashionette AG. Unless expressly stated otherwise, all presentations in the annual report refer to consolidated IFRS figures (including the acquisition of Brandfield and consolidation as of July 1, 2021). Brandfield refers to Brandfield Holding B.V. Groningen, NL, and Fastylo Holding B.V., Groningen, NL. The pro forma figures are values that would result if Brandfield had already been included in the consolidated financial statements of fashionette AG on 1 January 2021 instead of 1 July 2021. The comments on the HGB annual financial statements of fashionette AG are contained in the section "Supplementary Management Report of fashionette AG".

Furthermore, the results for the financial year and the years before are reported in accordance with IFRS and therefore differ from the Annual Report 2020.

COMBINED MANAGEMENT REPORT

Overview of
FINANCIAL YEAR 2021

In 2021, fashionette continued to address the priorities set out to grow faster than the market with the continuous expansion of the assortment and geographic footprint. The acquisition of Brandfield in the third quarter of 2021 significantly supported the expansion announced at the prior year's IPO and helped accelerate dynamic and profitable growth. With Brandfield, operating particularly in the Benelux countries, fashionette expanded its geographic footprint, pushing marketing and customer acquisition in Europe. In the fourth quarter of 2021, the online platform fashionette.com introduced the offering of premium and luxury beauty and care products from more than 100 established and independent beauty brands to benefit from cross-selling opportunities, increase purchase frequency and continue to drive profitable growth.

Challenges experienced coming from a change of the logistics service provider were overcome and following the swift return to the original shipping promise, the number of new customers showed 27% growth compared to the previous year in a pro forma view. The new logistics service provider enables greater internationalization and scalability of the business.

FINANCIAL PERFORMANCE INDICATORS

CONSOLIDATED FINANCIAL POSITION (CONDENSED, IN MILLIONS)	2021	2020	Δ
Net revenue	133,8	95,3	40.4%
Adjusted EBITDA	4,4	9,3	-52.7%
Reported EBITDA	1,6	5,8	-72.4%
Profit or loss for the period	-1,7	1,8	>-100%
CONSOLIDATED FINANCIAL POSITION (CONDENSED, IN MILLIONS)			
Net debt	8,7	0,0	> 100%
Cash flow from operating activities	-13,8	5,6	>-100%
Cash flow from investing activities	-18,2	-0,7	>-100%
Cash flow from financing activities	7,3	33,1	-77.9%
CONSOLIDATED ASSET POSITION (CONDENSED, IN MILLIONS)			
Total assets	96,4	69,9	37.9%
Total liabilities	45,3	16,4	>100%

Outlook for financial year 2022

The outlook is based on the assumption of a stable portfolio. The relevant opportunities and risks that influence the outlook are explained in the opportunities and risks report.

The outlook is based on the current assessment of the effects deriving from the geopolitical situation and the global economy. It assumes no additional major deterioration. Uncertainties resulting from the evolving nature of the current geopolitical situation, could have material impacts on fashionette's operational and financial performance. Other factors to consider:

- weakened consumer sentiment and discretionary income arising from macro-economic conditions
- inflationary environment putting additional strain on consumer's discretionary income
- increased cost pressure

SALES
The Management Board of fashionette AG expects net revenue growth of 16% to 21% (2021: EUR 154.8 million) on pro forma basis, or 34% to 40% on consolidated basis for financial year 2022 (2021: EUR 133.8 million). This growth is expected in both the DACH and Benelux & Other segments.

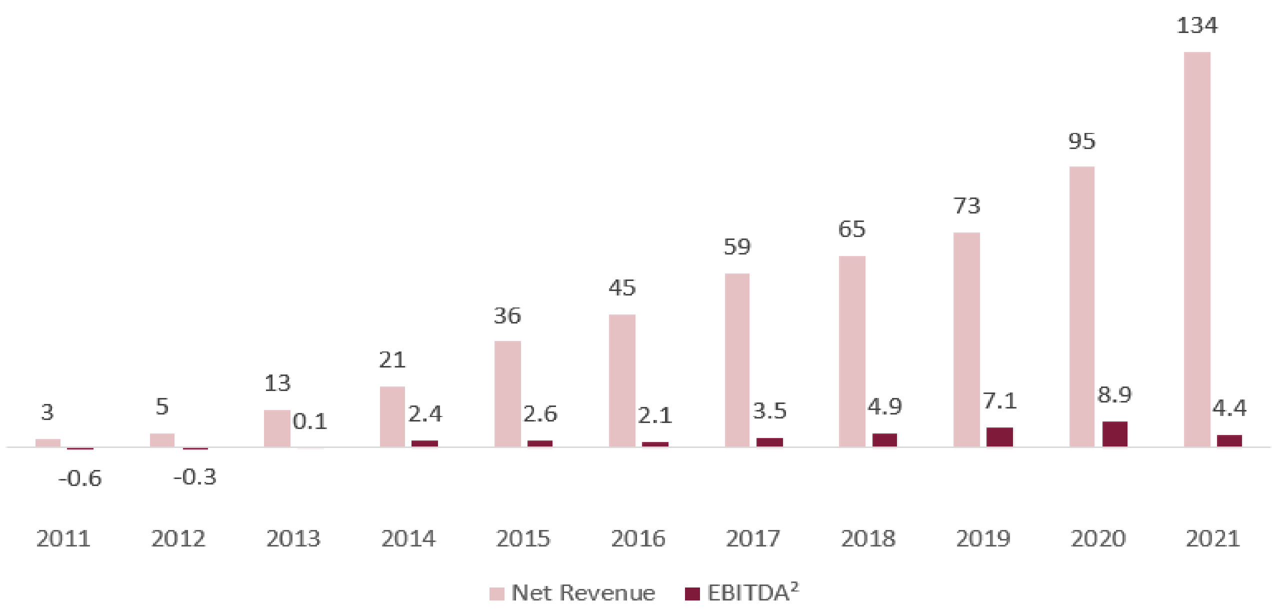
EARNINGS
The Management Board further expects an adjusted EBITDA to reach EUR 5 million to EUR 7.5 million (2021: EUR 5.7 million pro forma or EUR 4.4 million consolidated), of which approx. 75% in the DACH region and approx. 25% in the Benelux & Other regions.

The number of new customers in 2022 is expected to be around 18 % to 25 % (2021: 26.7 % on pro forma basis) higher than in the previous year and to further expand the active customer base. The other non-financial performance indicators are also expected to continue to develop positively as in the previous year.

The FASHIONETTE GROUP

The fashionette group operates as a brand and a platform in the premium and luxury eCommerce space in Europe. fashionette was founded in 2008 while the official launch of the website took place in 2009, under fashionette.de. From the beginning, the assortment range was focused on premium and luxury fashion accessories. Already in 2013, fashionette broke even operationally with net revenue of EUR 13 million.

FASHIONETTE EVOLUTION[1]



1. Presented on the basis of the applicable accounting standards at the time.
2. Adjusted EBITDA

Business model and business activity

fashionette is one of the leading destinations for premium and luxury fashion accessories in the DACH (Germany, Austria and Switzerland) and the Benelux regions (Belgium, the Netherlands and Luxembourg). With its retail brands and online platforms "fashionette" and "Brandfield", the fashionette group is active in 14 European countries. At the end of 2021, the company had 266 employees in Germany and the Netherlands and generated net revenue of EUR 134 million, despite the negative effects of the COVID-19 pandemic. The successful acquisition of Brandfield raised the share of net revenue generated outside of DACH to 28%.

With 976k active customers and more than 300 premium and luxury brands under one roof, fashionette is one of the leading e-commerce groups for premium and luxury fashion accessories in Europe. It offers its customers a curated assortment of premium and luxury fashion accessories, like handbags, shoes, small leather goods, sunglasses, watches, jewelry, and beauty products. fashionette has a data-driven business model that is based on intelligent algorithms for efficient inventory management and a personalized shopping experience.

Its identity describes the mission of fashionette group: we make personalized online shopping of premium and luxury fashion accessories available to everyone who loves to complete, accentuate and individualize their outfit.

fashionette believes that everyone should be able to show who she or he is, emphasize individuality and confidence. Accessories express personality. We therefore make accessories available to a large group of people. We believe that everyone should have the opportunity to live their own lifestyle – without any limitations. Our wide range of multifarious accessories and designers, attractive prices for every budget and customer-oriented payment options keep this inspiration alive.

fashionette targets two attractive markets, the European luxury goods and European accessories markets[8].

From 2020 to 2023, the European luxury goods market is forecasted to grow to EUR 100.9 billion with online penetration of 13.1%.

The European accessories market is estimated to grow from 2020 to 2023 to EUR 78.9 billion in market revenue. In the same period the online penetration is forecasted to reach 17.8% growing at CAGR of 11.1%.

fashionette's Corporate Governance and business success are based on its shared corporate values and its Code of Conduct which was written in October 2021.

Read more about our Corporate Governance on page 40.

Group structure

The group is headed by its holding company, fashionette AG, a stock listed company registered in Düsseldorf, Germany, and is registered in the Commercial Register under the registration number HRB 91139. The Company's business address is Lierenfelder Straße 45, 40231 Düsseldorf, Germany. fashionette has been listed on the Frankfurt Stock Exchange (Scale) since 29 October 2020.

The Management Board of fashionette AG consists of two members who are jointly responsible for managing the group. Daniel Raab, Chairman of the Management Board, is responsible for Strategy, Category Management, Finance, Brand Management, Human Resources, Investor Relations, and Sustainability. Thomas Buhl (COO/CTO) oversees Operations, Performance Marketing, Business Intelligence, Product Management, and IT by successfully contributing his experience from leading positions in the e-commerce industry.

8. Statista; Revenue estimates for location: Europe, Sectors Luxury Goods Footwear, Luxury Goods Eyewear, eCommerce Consumer Electronics, eCommerce Household Appliances, eCommerce Footwear, eCommerce Furniture & Homeware, Accessories Handbags (20 July 2020)

PERFORMANCE AND CONTROL SYSTEM

fashionette conducts its operating business via the two segments DACH and Benelux & Other using the key performance indicators net revenue, gross profit and margin, adjusted EBITDA and adjusted EBITDA margin. The DACH segment comprises the countries Germany, Austria and Switzerland. The Benelux & Other segment mainly comprises the Benelux region (Belgium, the Netherlands and Luxembourg) and other European countries such as the United Kingdom, Italy, France and Sweden. Additional minor revenues are also generated internationally.

Key performance indicators

FINANCIAL PERFORMANCE INDICATORS

The key financial performance indicators used to manage fashionette AG are net revenue, gross profit and the gross profit margin, reported EBITDA and the reported EBITDA margin. fashionette defines reported EBITDA as the sum of earnings before interest, taxes, depreciation, amortization and impairment losses. Reported EBITDA is adjusted to eliminate expenses and income for share-based payments, non-recurring income and expenses, and income and expenses that are not attributable to operating activities.

NON-FINANCIAL PERFORMANCE INDICATORS

The most important non-financial performance indicators for the management of fashionette AG are the number of orders, the average order value, the number of active customers and the number of new customers.

NON-FINANCIAL PERFORMANCE INDICATORS	2021	2020	Δ
Number of orders (in thousands)	1,113	608	83.1%
Average order value (in EUR)	196	261	-24.9%
Number of active customers (in thousands, LTM)	976	357	>100%
Number of the new customers (in thousands)	552	240	>100%

Number of orders - Defined as the number of customer orders placed on one of the Group's websites or third-party marketplaces in the measurement period after cancelations and irrespective of returns. An order is counted on the day the customer places the order. Orders placed and orders delivered may differ due to orders that are in transit at the end of the measurement period.

Average order value - Defined as the order value divided by the number of orders in the measurement period.

Active customers - Defined as the number of customers placing at least one not cancelled order in the last twelve months on one of the Group's websites or third-party marketplaces in the measurement period, irrespective of returns.

New customers - Defined as the number of orders placed by customers who have placed the first not cancelled order on one of the Group's websites or third-party marketplaces in the measurement period, irrespective of returns.

Economic REPORT

Macroeconomic development

fashionette is active in the area of online retail of premium and luxury fashion accessories in 14 European countries. The economic development in Germany and Europe as well as the underlying conditions in the market segment for premium and luxury fashion accessories are thus extremely important for fashionette.

GLOBAL ECONOMY

According to the International Monetary Fund (IMF), with vaccinations have proven to be effective, the global economy in 2021 continued its recovery from the impacts of the COVID-19 pandemic, even as infection rates resurged. While a second and third wave of infection reduced the momentum following renewed restrictions in the first half of the year, the rapid spread of the delta variant increased the uncertainty about a sustainable response to the pandemic in the further course of the year. Supply disruptions continued into the fourth quarter, hindering global production, particularly in Europe and the U.S.[9] 2021 global economic growth was 5.9% according to the IMF, following a decline of 3.1% in the previous year.[10] For the euro zone, the IMF raised its assessment by 0.6 percentage points compared with the original figure. Accordingly, growth in 2021 was 5.0% as a result of gradually rising vaccination rates and macroeconomic policies. Overall, household consumption in the euro zone recovered thanks to improved employment prospects.[11]

GERMANY

In Germany, the IMF expects economic output to increase by 3.1% for 2021. Growth prospects in Germany for 2021 were revised downwards by 0.5 percentage points compared to the July forecast as a result of supply chain shortages, higher commodity prices, and the expiration of a temporary VAT cut.[12] However, according to the Federal Statistical Office (Destatis), the German economy was able to recover after the decline in the previous year, despite the ongoing pandemic situation and increasing supply chain bottlenecks. Economic output has not yet returned to pre-crisis levels, however in 2021, consumer spending stabilized but was still below its pre-crisis level. Employment remained robust in a persistently difficult environment, with stable figures at the prior-year level.[13]

Industry conditions

According to the consulting firm Bain & Company, the global luxury goods market experienced a V-shaped recovery in 2021. Coming from the low levels of 2020, sales of luxury goods grew by around 29% and reached EUR 283 billion, corresponding to an increase of around 1% compared to the pre-crisis level in 2019. The European market recorded sales growth of 20% vs. 2020 to EUR 71 billion with spendings of European consumers growing at a slightly lower rate than that of Chinese counterparts.[14]

BEAUTY

According to the management consultancies The Business of Fashion and McKinsey & Company, the global market for beauty products grew by 13% to USD 518 billion in 2021 following the previous year's slump and will thus still be slightly below the pre-pandemic level. Skincare showed the strongest performance growing at 22%. In terms of channels, digital continued to grow fast and is taking share from brick-and-mortar retail. As such e-commerce was the fastest-growing channel for beauty sales.[15]

9. https://www.imf.org/-/media/Files/Publications/WEO/2022/Update/January/English/text.ashx
10. https://www.imf.org/-/media/Files/Publications/WEO/2021/October/English/text.ashx
11. https://www.imf.org/-/media/Files/Publications/REO/EUR/2021/October/English/text.ashx
12. https://www.imf.org/-/media/Files/Publications/WEO/2021/October/English/text.ashx
13. https://www.destatis.de/DE/Presse/Pressekonferenzen/2022/BIP2021/pm-bip.pdf?__blob=publicationFile
14. https://altagamma.it/media/source/Altagamma%20-%20Bain%20Luxury%20Market%20Monitor%202021_1.pdf
15. https://www.mckinsey.com/~/media/mckinsey/industries/retail/our%20insights/state%20of%20fashion/2022/the-state-of-fashion-2022.pdf

ONLINE CHANNEL

The global trend from offline to online retailing continued in the luxury goods market being a key channel of the recovery according to the management consultancies The Business of Fashion and McKinsey & Company. Online retailing in the luxury goods market in 2021 increased by 27% reaching EUR 62 billion. Among the best performing categories were the products that are significant for fashionette, such as leather goods, jewelry, and skincare.[16] The German E-Commerce and Distance Selling Trade Association (bevh) notes that e-commerce has become the new normal for customers and retailers in the second pandemic year. E-commerce sales increased by 19% in Germany in 2021 to a record high of around EUR 100 billion. E-commerce sales increased across all age groups of German society and most notably those above 50 became the largest consumer base. According to the figures, growth is stabilizing at a high level following the initial volatility at the start of COVID-19. E-commerce provides a greater choice and more additional services, which will prevail in the long term. Mobile-generated sales increased by 56.5% to around EUR 40 billion.[17]

Business Development

In fiscal year 2021, fashionette AG achieved growth in net revenue of 40.3% to EUR 133,757k (2020: EUR 95,339k) with increases in all product categories. The absolute increase of EUR 38,418k includes EUR 24,832k from additions to the scope of consolidation in conjunction with acquisition of the Brandfield group. The number of new customers increases by 130% to 552k, active customers grow from 357k to 976k, also driven by the acquisition of Brandfield, among other things.

With a share of net revenue of 72.2% (2020: 85.0%), the DACH region remains fashionette's most important geographical market with a growth-rate of 19.2%. Brandfield's share of net revenue in the DACH region thereby amounts to 5.0%. As a result of the business combination with Brandfield, the share of net revenue has shifted to the non-German-speaking countries, mainly Benelux. A growth-rate of 359,6% to EUR 24,539k (2020: EUR 5,339k) in the Benelux region underpins the strategic expansion. The share of net revenue in the Benelux region in total revenue is 18.3% (2020: 5.6%), based on revenue in non-German-speaking countries, the share is 66.0% (2020: 37.4%). Of this, Brandfield contributes a share of 66.7%. Overall, the non-German-speaking countries growth by 160.1% to EUR 37,155k (2020: EUR 14,286k). The share of net revenue in the other countries, mainly in Europe, has not changed from the previous year and is 9.4%. Nevertheless, the growth of net revenue is 41.0% to EUR 12,616k (2020: 8,947k).

CONSOLIDATED EARNINGS POSITION (CONDENSED, IN EUR K)	2021	2020	Δ
Net Revenue	133,757	95,339	40.3%
Cost of materials / Cost of merchandise purchased	82,343	57,606	42.9%
Gross profit	51,414	37,733	36.3%
Gross profit margin	38.4%	39.6%	-1.2 PP
Other operating income	2,438	950	>100%
Personnel expenses	9,887	7,555	30.9%
Other operating expenses	42,378	25,257	67.8%
EBITDA (reported)	1,586	5,872	-73.0%
EBITDA margin (reported)	1.2%	6.2%	-5.0 PP

16. https://altagamma.it/media/source/Altagamma%20-%20Bain%20Luxury%20Market%20Monitor%202021_1.pdf
17. https://www.bevh.org/presse/pressemitteilungen/details/e-commerce-ist-das-neue-normal-branchenumsatz-waechst-2021-auf-mehr-als-100-mrd-euro.html

Earnings before interest, taxes, depreciation and amortization (EBITDA), mainly adjusted for non-recurring consulting expenses, expenses not attributable to operating activities and write-off inventory step-up, decreased by 52.7% to EUR 4,381k (2020: EUR 9,270k) with an adjusted EBITDA margin of 3.3% (2020: 9.7%). Reported EBITDA decreased by 73% to EUR 1,586k (2020: EUR 5,872k) with a reported EBITDA margin of 1.2% (2020: 6.2%). The decrease in EBITDA (reported) of EUR 4,286k is mainly driven by the investments in further growth announced in the previous year, especially in marketing expenses, the change of logistics service provider with a negative effect on gross profit and expenses related to the Brandfield acquisition.

Special effects are mainly in form of consulting fees in connection with the acquisition of Brandfield and the IFRS conversion. In addition, one-off expenses from the change in logistics service provider were adjusted. As part of the purchase price allocation of the Brandfield Group, hidden reserves in inventories were uncovered, the write-down in the 2nd half of 2021, included in the cost of materials, was also adjusted. These non-recurring effects are not included in adjusted EBITDA.

The reconciliation to adjusted EBITDA and the allocation of non-recurring effects to the income statement items are as follows:

RECONCILIATION TO ADJUSTED EBITDA (IN EUR K)	2021	2020	Δ
EBITDA (reported)	1,586	5,872	-73.0%
Non-recurring effects			
Expenses in connection with the IPO	0	3,029	
Non-recurring consulting expenses	1,210	156	
Expenses not attributable to operating activities	589	158	
Share-based payment	273	55	
Write-off inventory step-up	723	0	
Total non-recurring effects	2,795	3,398	
EBITDA (adjusted)	4,381	9,270	-52.7%
EBITDA margin (adjusted)	3.3%	9.7%	-6.4 PP

Economic position

In fiscal year 2021, fashionette AG achieved growth in net revenue of 40.3% to EUR 133,757k (2020: EUR 95,339k) including the addition of Brandfield. The cost of materials increased by 42.9% to EUR 82,343k (2020: EUR 57,606k) due to higher volumes as well as addition of Brandfield (EUR 13,060k). The cost of materials of Brandfield includes the write-off of the inventory step-up of EUR 723k uncovered in the purchase price allocation with a negative effect on the gross margin of 0.5 percentage point. The cost of materials of fashionette includes an inventory reduction of EUR 926k due to inventory differences and theft. This resulted in damages receivable, reported in other operating income and other receivables. This has a further negative effect on the gross profit margin of 0.8 percentage points. After adjustment for these two effects, the operating gross profit margin in the financial year 2021 is 39.7% and thus on a par with the previous year.

Other operating income increased by more than 100% to EUR 2,438k (2020: EUR 950k) mainly driven by the compensation of damages from inventory differences and theft.

Personnel expenses increased by 30.9% to a total of EUR 9,887k (2020: EUR 7,555k) in the reporting year, thereof EUR 1,526k from the addition of Brandfield. The average number of employees increased by 45.9% to 216 including 88 employees of Brandfield (31 December 2020: 148).

As part of the IFRS conversion, the goodwill and the associated amortization in accordance with the German Commercial Code (HGB) were eliminated. In the fiscal year 2021 the amortization of intangible assets and depreciation of property, plant and equipment amounts to EUR 2,097k (2020: EUR 1,361k). This includes EUR 221k from the addition of Brandfield and EUR 320k amortization of the capitalized brand and customer relationships.

Other operating expenses increased by 67.8% to EUR 42,378k (2020: EUR 25,257k). The absolute increase of EUR 17,121k includes EUR 10,051k from the addition of Brandfield. The costs are classified as distribution costs of EUR 16,665k (2020: EUR 10,035k), marketing costs of EUR 19,333k (2020: EUR 8,772k), technology costs of EUR 1,645k (2020: EUR 1,074k) and non-adjusted general and administration costs of EUR 4,737k (2020: EUR 5,385k). As a percentage of net revenue, the distribution costs increase by 1.9 percentage point to 12.5%, marketing costs by 5.3 percentage point to 14.5%, technology costs by 0.1 percentage point to 1.2% and the general and administration costs decreased by 2.1 percentage point to 3.5%.

RESULTS BY SEGMENT

The condensed segment results highlights in particular the shift from the DACH region to Benelux & Other due to the business combination with Brandfield. The share of net revenue and earnings reported by the segments can be summarized as follows:

SEGMENT REPORTING 2021 (IN EUR K)	DACH	BENELUX & OTHER	CONS.	FASHIONETTE GROUP
Net revenue (external)	96,601	37,155	0	133,757
Net revenue between segments	337	0	-337	0
Net revenue (segment)	96,938	37,155	-337	133,757
Adjusted EBITDA	3,370	1,012	0	4,381
Adjusted EBITDA margin	3.5%	2.7%		3.3%

SEGMENT REPORTING 2020 (IN EUR K)	DACH	BENELUX & OTHER	CONS.	FASHIONETTE
Net revenue (external)	81,053	14,286	0	95,339
Net revenue between segments	0	0	0	0
Net revenue (segment)	81,053	14,286	0	95,339
Adjusted EBITDA	8,065	1,205	0	9,270
Adjusted EBITDA margin	9.9%	8.4%		9.7%

As a result of the business combination with Brandfield, the share of net revenue has shifted to the non-German-speaking countries, mainly Benelux. Net revenue in the Benelux region amounts to EUR 24.539k, representing a major part of the Benelux & Other segment. Brandfield's net revenue in the Benelux region amounts to EUR 16,371k, which is 66.7% of total Benelux revenue. Adjusted EBITDA in the Benelux & Other segment was mainly generated by Brandfield, while adjusted EBITDA in the DACH region was mainly generated by fashionette.

FINANCIAL POSITION

Financial and liquidity management plays an important role in the growth of fashionette AG as well as the limitation of financial risks and the optimization of capital costs. The financing strategy is geared towards securing liquidity for the implementation of the Company strategy as well as to meet operational financing requirements.

CASH FLOWS

In the past fiscal year 2021, fashionette AG generated a cash flow from operating activities of EUR -13,813k (2020: EUR 5,628k), mainly driven by increasing working capital of EUR 15,410k, thereof inventory built-up of EUR 16,438k. The Brandfield Group contributed a positive cash flow from operating activities in the amount of EUR 1,319k. The cash flow includes one-off consulting expenses of EUR 1,210k and non-recurring expenses of EUR 589k.

Cash flow from investing activities amount to EUR -18,226k (2020: EUR -685k) and primarily reflects the acquisition of Brandfield as well as the repayment of the loan liability of EUR 2,477k assumed from the former shareholders in this context.

Cash flow from financing activities of EUR 7,344k (2020: EUR 33,191k) mainly includes the partial refinancing of the Brandfield acquisition.

CONDENSED STATEMENT OF CASH FLOWS (IN EUR K)	2021	2020
Cash flow from operating activities	-13,813	5,628
Cash flow from investing activities	-18,226	-685
Cash flow from financing activities	7,344	33,191
Change in cash and cash equivalents	-24,694	38,134
Cash and cash equivalents at the beginning of the period	31,829	-6,273
Other changes in cash and cash equivalents	43	-32
Cash and cash equivalents at of December 31, 2021	7,177	31,829

In 2021, fashionette AG recorded an outflow of cash and cash equivalents of EUR -24,694k (2020 inflow: EUR 38,134k). Cash and cash equivalents as of 31 December 2021 amount to EUR 7,177k (31 December 2020: EUR 31,829k). As of the reporting date, there were no significant drawdowns at banks, EUR 20k (31 December 2020: EUR 6k). The non-current liabilities to banks amount to EUR 11,550k (31 December 2020: EUR 0) and liabilities from rental agreements amount to EUR 4,309k (31 December 2020: EUR 974k). There are short-term credit lines totaling EUR 13,000k with the principal banks.

In the opinion of the Management Board, fashionette AG has sufficient liquid funds to finance its further growth plans.

CREDIT FACILITY

In the last quarter of 2021, a partial refinancing of the Brandfield acquisition was successfully implemented with two banks. In this process, Landesbank Baden-Württemberg was added as a new principal bank. The financing amount is EUR 12 million, the term is 5 years. Deutsche Bank and Landesbank Baden-Württemberg each have a half share in the refinancing. The interest rates are fixed and variable and currently range between 1.2% to 1.9%. The loans are unsecured. In addition, the overdraft facilities have been restructured. The previous fixed-term overdraft facilities with Deutsche Bank and HypoVereinsbank of EUR 7.5 million each were replaced by three new overdraft facilities totaling EUR 11 million. Brandfield's previous financing through an overdraft facility with ABN AMRO in the amount of EUR 2 million continues to exist. The fashionette Group has a total of EUR 13 million in current account overdrafts.

FINANCIAL POSITION

The group's financial position is shown in the following condensed statement of financial position:

ASSET POSITION (IN EUR K)	2021		2020	
Non-current assets	22,789	23.6%	3,209	4.6%
Current assets	73,621	76.4%	66,755	95.4%
Total assets	**96,410**	**100.0%**	**69,964**	**100.0%**

EQUITY AND LIABILITIES (IN EUR K)	2021		2020	
Equity	51,065	53.0%	52,511	75.1%
Non-current liabilities	15,181	15.7%	1,089	1.6%
Current liabilities	30,164	31.3%	16,364	23.4%
Total equity and liabilities	**96,410**	**100.0%**	**69,964**	**100.0%**

At the end of fiscal year 2021, fashionette AG's total assets increased by 37.8% to EUR 96,410k (31 December 2020: EUR 69,964k), thereof EUR 18,963k from the addition of Brandfield. Non-current assets increased by >100% to EUR 22,789k (31 December 2020: EUR 3,209k), mainly due to the business combination with Brandfield in connection with capitalizing brand, customer relationship and goodwill as well as due to the elimination of the goodwill orginating from the separate financial statement of fashionette AG as part of the IFRS conversion as of 1 January 2019. The share of non-current assets in total assets increased to 23.6% (31 December 2020: 4.6%).

Current assets increased by EUR 6,866k to EUR 73,621k in fiscal year 2021 (31 December 2020: EUR 66,755k), thereof EUR 13,134k from the addition of Brandfield. Inventories increased by EUR 22,651k to EUR 44,268k (31 December 2012: EUR 21,617k), share of Brandfield EUR 7,548k. The Trade and other receivables increased by EUR 6,483k to EUR 17,519k (31 December 2020: EUR 11,036k), share from the addition of Brandfield EUR 2,348k. Cash and cash equivalents decreased by EUR 24,637k to EUR 7,198k in fiscal year 2021 (31 December 2020: EUR 31,835k) mainly due to working capital built-up and the acquisition of the Brandfield Group.

As part of the IFRS conversion as of 1 January 2019, goodwill was eliminated and reduced equity by an absolute amount of EUR 14,149k as of the reporting date 31 December 2020. This reduced the equity to EUR 52,511k and the equity ratio from 83.9% to 75.1% end of December 2020. At the end of the fiscal year 2021 the equity decreased by EUR 1,466k to EUR 51,065k, mainly driven by the Loss of 2021 full year. Due to the acquisition of Brandfield and the corresponding recognition of goodwill and intangible assets the equity ratio decreased by 22.1 percentage point to 53.0% as of 31 December 2021.

The non-current liabilities increased by EUR 14,092k to EUR 15,181k (31 December 2020: EUR 1,089k), mainly driven by the refinancing of the acquisition of Brandfield (EUR 9,750k) and increasing of the lease liabilities due to the new office of fashionette (EUR 2,822k). Deferred tax liabilities increased by EUR 1,366k to EUR 1,653k (31 December 2020: EUR 287k) in connection with the business combination with Brandfield. The share of the non-current liabilities in total equity and liabilities increased to 15.7% (31 December 2020: 1.6%).

The trade and other payables increased by EUR 11,584k to EUR 27,140k (31 December 2020: 15,556k), the addition of Brandfield contributes a share of EUR 8,104k. The short-term loans and borrowings increased by EUR 2,322k to EUR 2,495k (31 December 2020: EUR 173k), thereof EUR 1,800k current portion of refinancing Brandfield and EUR 512k lease liabilities. The total current liabilities as of 31 December 2021, amount to EUR 30,164k (31 December 2020: EUR 16,364) and the share in total equity and liabilities increased to 31.3% (31 December 2020: 23.4%).

OVERALL STATEMENT BY THE MANAGEMENT BOARD ON THE ECONOMIC DEVELOPMENT

Although the coronavirus pandemic and its impact have not left us untouched, we had a successful financial year in 2021 with strong results. The business combination of fashionette and Brandfield is a success. The inclusion of Brandfield for the first time took us to a whole new level: we are now a group with two platforms, with revenue of EUR 134 million. We continued our success story in Europe.

Additionally, we did not stay still in our sustainability efforts. We continue to work on such topics as resale and sourcing, whereby we defined sourcing standards for animal and species protection this year.

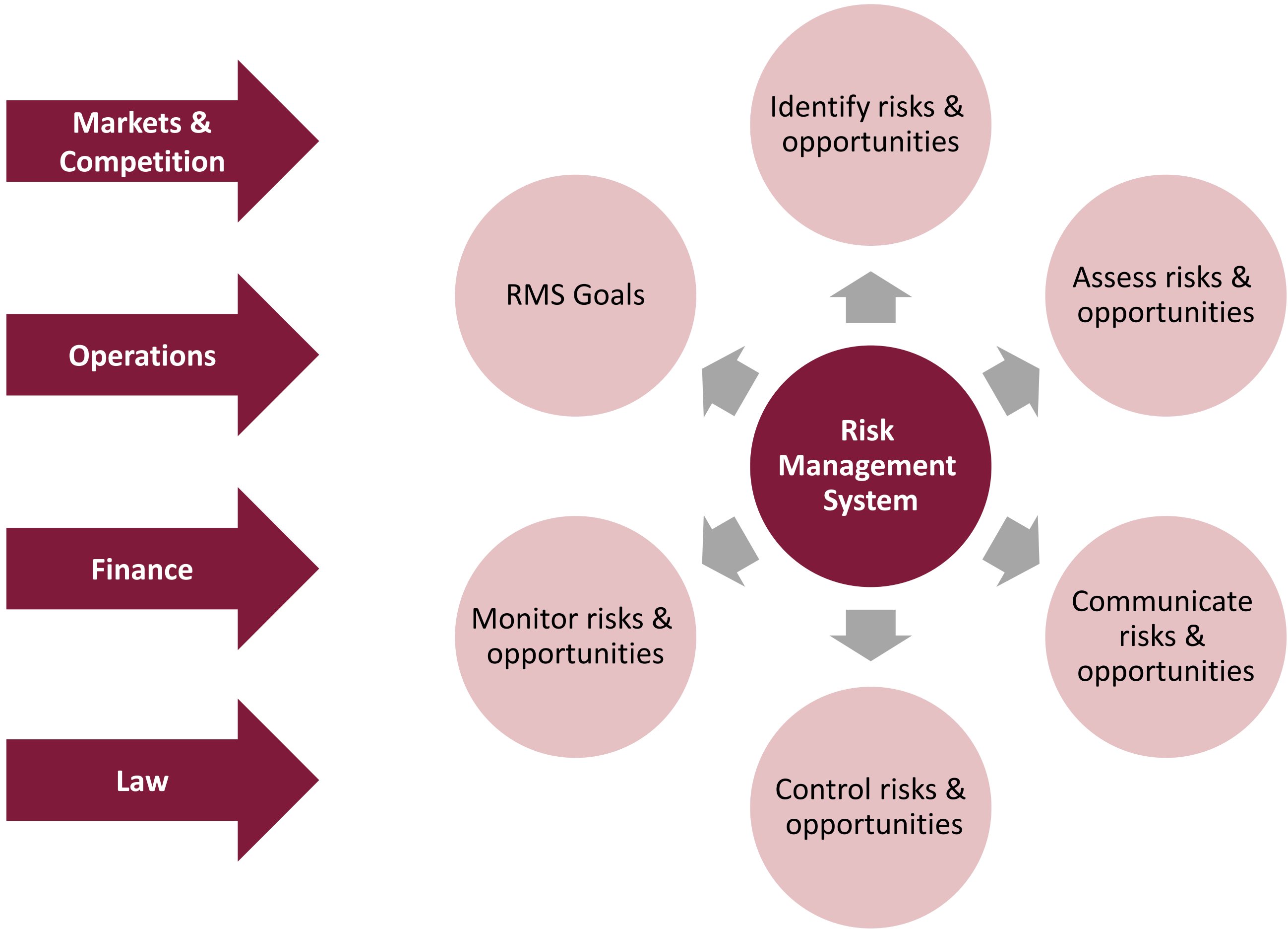
We achieved our adjusted outlook for 2021 which was published in August 2021, with a net revenue increase of 40% to EUR 134 million. In pro forma view net revenue increased by 21%, i.e., in a constant portfolio logic. This is the result of our continuous efforts to improve the shopping experience and thereby drive growth. The very positive development of the active customer base with an increase of 173% (pro forma basis 32%) is due in particular to the significant growth in the new customers by 130% (pro forma basis 27%). Given the general environment, the business performed well in the DACH and Benelux regions. The Others segment, by contrast, was impacted by the Brexit and resulting poor customer shopping experience.

Adjusted EBITDA in 2021 was EUR 4,4 million, resulting in an adjusted EBITDA margin of 3.3%. In comparison to the previous year, the result decreased by 53%. The main reason for this development is a change of the logistics service provider with a negative effect on gross profit on fashionette's side and further investment into marketing. Although there are challenges that lie ahead in 2022, challenged consumer sentiment and inflationary environment, for example, we are convinced that we have the proper foundation to deliver on our promises.

Thanks to our continuous progress, we are reasserting our commitment to becoming the number one European data-driven e-commerce group for premium and luxury fashion accessories. We want to be a leader in terms of customer experience and technology for our customers. Because only when we meet the demands and wishes of our customers, we can drive shareholder value in the long term. The profitable growth will be made possible by carefully managing our internal resources and ever-changing consumer dynamics. We make personalized online shopping of premium and luxury fashion accessories available to everyone who loves to complete, accentuate, and individualize their outfit. This is what we believe in and what we are working to achieve.

Opportunity and RISK REPORT

At the time of preparing the annual report for the 2021, the Management Board and the Supervisory Board are not aware of any risks that could impact the company as a going concern. The development of the Company's net assets, financial position and results of operations depends on various opportunities and risks that are typical to the sector. In this Opportunity and Risk Report, the opportunities and risks considered are essential for fashionette and Brandfield and they are presented along with an overview of the implemented risk and opportunity management system (RMS). As an instrument of the Management Board, fashionette and Brandfield have implemented a risk management system (RMS) with the following elements:



OBJECTIVE OF THE RMS (RISK MANAGEMENT SYSTEM)
The aim of the risk management system is to create transparency for the Management Board and Supervisory Board regarding risks and opportunities, to promote our risk and opportunity culture and to build a common understanding of the risks and opportunities within the company and to ensure risk-conscious action.

IDENTIFICATION AND MONITORING OF OPPORTUNITIES AND RISKS
The identification of risks and opportunities takes place every six months in workshops, with the aim to identify, evaluate and document all possible internal and external risks and subsequently to raise awareness among all employees.

EVALUATING OPPORTUNITIES AND RISKS
All identified risks are assessed and classified based on their probability of occurrence and potential impact within a period of one year. The classification is carried out in company-specific cluster. The summary of each cluster is presented using the following heat map:

RISK HEATMAP

Probability \ Effect	very low (1 - 2)	low (3 - 4)	medium (5 - 6)	high (7 - 8)	very high (9 - 10)
very likely (9 - 10)	0	1	0	0	0
likely (7 - 8)	2	0	0	0	0
possible (5 - 6)	2	1	1	3	1
unlikely (3 - 4)	0	2	4	1	0
extremly unlikely (1 - 2)	1	1	3	1	1

Risk classes	Market	Operations	Finance	Law	Sum
1 - low	4	1	2	1	**8**
2 - medium	3	6	5	3	**17**
3 - high	0	1	0	0	**1**
4 - very high	0	0	0	0	**0**
Sum	7	8	7	4	26

The probability of occurrence represents the probability with which a certain risk could occur within one year. The potential impact is assessed using qualitative scales. The qualitative assessment relates to the potential operational, financial, and legal impact on the group. Based on the valuation and the respective combination of probability and impact, risks and opportunities are classified as very low, low, medium, high and very high. The main risks and opportunities are described in detail in this report.

PRESENTATION OF RISKS

No risks were identified in the reporting period that could impact fashionette's and Brandfield's ability as a going concern. The following table shows the risk clusters, including the year-on-year comparison:

ID	Risk cluster	Assessment / Risk Class	2021 Effect	2021 Probability	2020 Effect	2020 Probability
	Markets & Competition					
1.	COVID-19 Pandemic	Medium	High	Possible	Low	Unlikely
2.	Market and competitive structure	Medium	Medium	Possible	Low	Unlikely
3.	Customs and external trade provisions	Low	Very low	Likely	Very low	Unlikely
4.	Customer base	Low	Very low	Extremely unlikely	Very low	Extremely unlikely
5.	Market Volume	Low	Low	Unlikely	Very low	Extremely unlikely
6.	Product range expansion	Low	Very low	Possible	Very low	Unlikely
7.	Own brands	Medium	High	Unlikely		
	Operations					
8.	Logistics	High	Very high	Possible	Medium	Unlikely
9.	Personnel	Medium	Medium	Likely	Very low	Unlikely
10.	IT security	Medium	Very high	Unlikely	Medium	Extremely unlikely
11.	Operational management	Medium	Medium	Unlikely	Low	Extremely unlikely
12.	IT Infrastructure and systems	Medium	High	Unlikely	Low	Extremely unlikely
13.	Suppliers	Medium	High	Possible	Low	Unlikely
14.	Not meeting planned sales level	Medium	Medium	Possible	Low	Extremely unlikely
15.	Termination of contracts	Low	Low	Extremely unlikely	Very low	Extremely unlikely
	Finance					
16.	Liquidity risks due to bad debts	Medium	Low	Very likely	Very low	Possible
17.	Risks related to shares, shareholder structure	Low	Very low	Likely	Very low	Unlikely
18.	Tax risks	Medium	Medium	Unlikely	Low	Extremely unlikely
19.	Currency risks	Medium	Medium	Unlikely	Very low	Unlikely
20.	Risks from lack of insurance cover	Low	Medium	Extremely unlikely	Low	Extremely unlikely
21.	Liquidity risks from bank financing	Medium	Medium	Unlikely	Low	Extremely unlikely
	Law					
22.	Damage to reputation	Medium	High	Possible	Low	Unlikely
23.	Compliance	Medium	Medium	Unlikely	Low	Extremely unlikely
24.	Legal disputes	Medium	Medium	Unlikely	Low	Extremely unlikely
25.	Unprotected intellectual property	Low	Low	Unlikely	Very low	Extremely unlikely

1. MARKETS & COMPETITION

1.1 Market and competitive environment

fashionette operates in a dynamic, fragmented and competitive market segment. The competitor landscape is very diverse, competitors operate under different brands and include generalists as well as specialists for accessories in both online and offline retail. In addition, fashionette's suppliers are predominantly manufacturers or retailers with their own direct-to-consumers sales channels. Therefore, it's possible that competitive intensity will increase over time if the suppliers use a more cost-effective access to goods to set up and/or expand online shops. Increasing competition in the European market for premium and luxury fashion accessories could have a negative impact on company growth profile, especially on sales and earnings, and thus also on the company's competitive positioning. fashionette is convinced that it can dynamically and flexibly anticipate new trends, changes in demand or technological progress with its proprietary, data-driven business model, as well as secure and expand market shares vis-à-vis existing and new competitors.

1.2 COVID-19 PANDEMIC

fashionette sells premium and luxury fashion accessories in Germany, Austria and Switzerland as well as in selected European countries and the UK. In times of economic uncertainty and recession, the economic conditions of the corresponding markets could affect the consumers' purchasing power and behavior and could have a negative impact on business growth and the development of profitability as a result of lower number of orders. Particularly due to the COVID-19 pandemic, further economic development is uncertain and could lead to changes in consumer demand. fashionette is convinced that it will be able to cope with possible market changes and continue to benefit from the trend towards online shopping and from changes in shopping behavior in connection with the COVID-19 pandemic.

2. OPERATIONS

2.1 Logistics

As an online retailer, fashionette is dependent on the suppliers as well as on an external logistics service provider in order to guarantee an appealing range and to be able to deliver it promptly. The COVID-19 pandemic affects the supply chain and logistics and increases uncertainty in terms of warehousing and fulfillment as well as fast delivery. Delays in order processing due to staff shortages due to high infection rates or quarantine can lead to sales losses, higher costs in logistics and falling customer satisfaction.

In order to avoid delivery bottlenecks, the procurement process of fashionette is based on long-term planning that is set up in advance. In this way, we ensure that the majority of seasonal goods are ordered and delivered early before the respective sales season. In addition, we have intensified the monitoring of our inventories in order to be able to react flexibly and at an early stage to interruptions in the supply chain. In order to keep our storage and logistics capacities at a high level, we have introduced a series of additional preventive measures for health and safety with our logistics service provider.

2.2 IT infrastructure and systems

fashionette continuously invests considerable financial and internal resources in development of its IT platform and IT infrastructure. To work successfully, we have developed an extensive infrastructure with various complex IT solutions and interfaces. This high level of interconnectivity could pose a significant risk to the business if data is not transferred due to a system failure. In addition, cybersecurity threats such as unauthorized access from inside or outside could disrupt our internal tools or customer-facing applications. If a cyber-attack is successful, fashionette could suffer a serious damage, which could lead to loss of sales, damage to reputation or significant recovery costs. Currently, fashionette employs a qualified IT team of 10 full-time employees and up to 10 external specialists. This enables us to constantly monitor, develop and improve our internal IT infrastructure and the support solutions of our third-party providers. There were no limiting incidents in 2021. To remain competitive, we will continue to make significant investments in our IT.

3. FINANCE

3.1 Liquidity, default and interest rate risk

Financial risks (default risk and liquidity risk) are not present due to the current liquidity situation. In addition to the existing long-term loans, fashionette has overdraft facilities totaling EUR 13,000k. The risk of variable interest rates (interest rate risk) from selected long-term variable-rate loans was countered by interest rate derivatives with matching maturities concluded in the reporting year.

As part of its liquidity management, the company has also entered into agreements with factoring companies that bear the default risk of the debtors. The termination of existing factoring agreements could have a negative impact on the liquidity situation and also on the sales and earnings.

fashionette is convinced that it will continue to generate profits through sales growth and profitability growth in the future, and that it will thus be able to finance its ongoing business activities and investments in international expansion.

4. LAW

4.1 Compliance

fashionette AG is listed on the Frankfurt Stock Exchange and is therefore subject to a large number of additional legal regulations and obligations. Compliance risks can generally be understood as risks arising from violations of rules. Risks relating to the company's reputation, liability, legal and profitability may arise. These, in turn, can cause serious financial damage. Failure to comply with compliance guidelines could result in fines, loss of sales due to loss of reputation or claims for damages. We follow the current case law on relevant topics and obtain assessments from experienced lawyers in this regard. In the previous year, two internal compliance officers were commissioned to start setting up a comprehensive compliance management system for the company in order to establish a compliance culture in close cooperation with the management, from which fixed compliance goals can be derived. In 2021, the first steps were already taken to inform employees on compliance issues, including in the form of training on data protection and occupational health and safety.

TOTAL OPPORTUNITY

The significant opportunities for the Company have not changed since the securities prospectus was published. Opportunities that could lead to significant overachievement of the ambitious targets are not known.

PRESENTATION OF SIGNIFICANT OPPORTUNITIES

Risks that can have an impact on the competitive situation and economic development of the company are matched with opportunities that represent the potential to also promote growth and profitability.

DEMAND FOR PREMIUM AND LUXURY FASHION ACCESSORIES

With its positioning in the European market for premium and luxury fashion accessories, fashionette has a proven and profitable business model. According to market research company Statista, fashionette is the first point of contact in Germany when buying a designer handbag. The company can benefit from this as well as from an accelerated trend towards online shopping with increases in sales and earnings. The European market for premium and luxury fashion accessories offers higher growth potential compared to generalist product segments and markets, due to the lower online penetration.

PROPRIETARY, DATA-DRIVEN PLATFORM

The following capabilities of the proprietary, data-driven fashionette online platform are decisive for the demand for premium and luxury fashion accessories of the company: provision of a relevant and wide range of products, speed in the delivery of orders, attractiveness of the premium and luxury fashion accessories and the price range as well as successful marketing of the products and excellence of the customer service. By expanding the range of premium and luxury fashion accessories, optimizing the shopping experience on the fashionette platform and continuously focusing on operational excellence and high-quality customer service, fashionette is convinced that it can continue to benefit from an increase in the demand for premium and luxury fashion accessories.

BRAND AWARENESS

fashionette is a leading online platform for premium and luxury handbags in Germany with high brand awareness. According to market research company Statista, fashionette is the best-known online platform for designer handbags in Germany. The long-standing market presence of the "fashionette" brand and the continuous investments in marketing and brand development have enabled the company to establish many long-term relationships with numerous brands and suppliers in Europe and thus create barriers to entry for new competitors. The ability to compare premium and luxury fashion accessories from different brands, to identify current trends and to minimize the risk of counterfeiting adds to trust in the "fashionette" brand and thus to its awareness. fashionette is convinced that the customer experience can turn website visitors into active customers and strengthen the corresponding repeat purchases and thus make a significant contribution to sales and operating results.

CUSTOMER LOYALTY

fashionette is convinced that it will increase customer loyalty with an inspiring customer experience and build loyal and lasting relationships with its customers. Customer loyalty is crucial to increase the frequency of repeat purchases and consequently the order volume with lower marketing costs in relation to sales. To increase the average order value, the company continuously expands the selection of existing product categories and additionally invests in useful content as well as a further improved customer experience. fashionette is convinced that it can simultaneously make considerable marketing investments while increasing the average order value as well as increasing profitability.

OUTLOOK

Future macroeconomic and sector-specific situation

According to the International Monetary Fund (IMF), the global economy is in a weaker position at the beginning of 2022 than expected in October 2021. Global growth is expected to slow from 5.9% in the previous year to 4.4% in 2022 – half a percentage point lower than in its October outlook. The main drivers were downward revisions in the two largest economies, particularly resulting from the earlier withdrawal of accommodative monetary policy and persistent supply constraints in the U.S., as well as pandemic-related disruptions associated with the COVID-19 zero-tolerance policy and ongoing financial stress among real estate developers in China. In October, the IMF also expected high inflation to persist longer than assumed, as supply chain disruptions and high energy prices continue to stayin place in 2022. Inflationary pressures are expected to ease in the course of 2022 as supply bottlenecks and commodity prices return to normal. For the euro region, the IMF expects the gross domestic product (GDP) to increase by 3.9% after a downward adjustment of 0.4. Here, the correction of 0.8 percentage points in the economic growth forecast for Germany to 3.8% was noticeable, mainly reflecting the vulnerability of the export-oriented economy to supply chain shocks.[18]

According to the management consulting firm Bain & Company, the global market for luxury goods is expected to grow by up to 9.5% to EUR 310 billion in 2022. The global trend from offline to online retailing will also continue to accelerate in the luxury goods market and will grow the most of all sales channels in the coming years.[19]

The management consultancies The Business of Fashion and McKinsey & Company[20] estimate the global beauty industry to top pre-pandemic levels in 2022 by exceeding USD 560 billion, corresponding to year-on-year growth of 8%. The beauty segment with the strongest expected growth is fragrances with 18%, followed by skincare at 10% and haircare at 6%. Non-digital channels are expected to lose market share with online sales accounting for 23% of the beauty market by 2022, corresponding to year-on-year growth of 20%.

The German E-Commerce and Distance Selling Trade Association (bevh) expects the reliable performance of digital retailers to help further increase the revenue share of e-commerce in the overall retail sector in 2022. It forecasts sales to grow by 12.0% to over EUR 110 billion.[21]

Outlook

The Management Board of fashionette AG is entering the year 2022 with confidence. In the opinion of the Management Board, the significant growth in the past years underscores the company's great expansion potential. For fashionette, the focus is on the customer's shopping experience. Customers are not only offered what they are looking for, but also ideas for combining these items with other fashion products in order to find or complement the perfect look. The Management Board is convinced that a personalized shopping experience and curated product selection through fashionette AG's proprietary online platform will make the difference in a dynamically growing market.

In this context, the proprietary technology platform coupled with customer relevant offering creates excellent framework conditions to further drive the profitable growth for fashionette.

The Management Board expects to benefit further from the accelerated shift of brick-and-mortar retail towards e-commerce in the European market segment for premium and luxury fashion accessories.

Therefore, fashionette AG is pursuing the goal of growing significantly faster than the online fashion market and further increasing the Company's market share in order to become Europe's leading online platform for high-quality fashion

18. https://www.imf.org/-/media/Files/Publications/WEO/2022/Update/January/English/text.ashx
19. https://altagamma.it/media/source/Altagamma%20-%20Bain%20Luxury%20Market%20Monitor%202021_1.pdf
20. https://www.mckinsey.com/~/media/mckinsey/industries/retail/our%20insights/state%20of%20fashion/2022/the-state-of-fashion-2022.pdf
21. https://www.bevh.org/presse/pressemitteilungen/details/e-commerce-ist-das-neue-normal-branchenumsatz-waechst-2021-auf-mehr-als-100-mrd-euro.html

accessories in the premium and luxury segment. The Management Board is convinced that this strategy will maximize the value of the Company in the long term.

The outlook is based on the assumption of a stable portfolio. The relevant opportunities and risks that influence the outlook are explained in the Opportunities and Risks, of this management report.

The outlook is based on the current assessment of the effects deriving from the geopolitical situation and the global economy. It assumes no additional major deterioration. Uncertainties resulting from the evolving nature of the current geopolitical situation, could have material impacts on fashionette's operational and financial performance. Other factors to consider:

- weakened consumer sentiment and discretionary income arising from macro-economic conditions
- inflationary environment putting additional strain on consumer's discretionary income
- increased cost pressure

SALES

The Management Board of fashionette AG expects net revenue growth of 16% to 21% (2021: EUR 154.8 million) on pro forma basis, or 34% to 40% on consolidated basis for financial year 2022 (2021: EUR 133.8 million). This growth is expected in both the DACH and Benelux & Other segments.

EARNINGS

The Management Board further expects an adjusted EBITDA to reach EUR 5 million to EUR 7.5 million (2021: EUR 5.7 million pro forma or EUR 4.4 million consolidated), of which approx. 75% in the DACH region and approx. 25% in the Benelux & Other regions.

The number of new customers in 2022 is expected to be around 18% to 25% (2021: 26.7% on pro forma basis) higher than in the previous year and to further expand the active customer base. The other non-financial performance indicators are also expected to continue to develop positively as in the previous year.

Dusseldorf, 31 March 2022

Daniel Raab　　Thomas Buhl

Supplementary management report of FASHIONETTE AG

The annual financial statements of fashionette AG were prepared in accordance with the German Commercial Code (HGB). fashionette AG is the parent company of the fashionette Group and is also operational.

Control system

FINANCIAL PERFORMANCE INDICATORS

The key financial performance indicators used to manage fashionette AG are net revenue, gross profit and the gross profit margin, reported EBITDA and the reported EBITDA margin and adjusted EBITDA and the adjusted EBITDA margin.

NON-FINANCIAL PERFORMANCE INDICATORS

The most important non-financial performance indicators for the management of fashionette AG are the number of orders, average order value, number of active customers and number of new customers.

NON-FINANCIAL PERFORMANCE INDICATORS	2021	2020	Δ
Number of orders (in thousands)	774	608	27.3%
Average order value (in EUR)	244	261	-6.5%
Number of active customers (in thousands, LTM)	454	357	27.2%
Number of the new customers (in thousands)	302	240	25.9%

Number of orders - Defined as the number of customer orders placed on one of the Group's websites or third-party marketplaces in the measurement period after cancelations and irrespective of returns. An order is counted on the day the customer places the order. Orders placed and orders delivered may differ due to orders that are in transit at the end of the measurement period.

Average order value - Defined as the order value divided by the number of orders in the measurement period.

Active customers - Defined as the number of customers placing at least one not cancelled order in the last twelve months on one of the Group's websites or third-party marketplaces in the measurement period, irrespective of returns.

New customers - Defined as the number of orders placed by customers who have placed the first not cancelled order on one of the Group's websites or third-party marketplaces in the measurement period, irrespective of returns.

Business Development

In fiscal year 2021, fashionette AG achieved growth in net revenue after credits for returns and discounts of 14.9 % to EUR 108,925k (2020: EUR 94,812k) with increases in all product categories. The 25.9% increase in new customers and the 27.2% increase in active customers contributed to the growth in revenue.

With a share of net revenue of 84.2% (2020: 85.0%), the DACH region, fashionette's most important geographical market, recorded growth of 13.8%. The non-German-speaking countries grew by 21.3 % to EUR 17,158k (2020: EUR 14,150k). The number of orders increased by 27.3 % to 773,842 (2020: 607,687). At the end of fiscal year 2021, fashionette had 454,167 active customers (31 December 2020: 357,084).

INCOME STATEMENT (CONDENSED, IN EUR K)	2021	2020	Δ
Total Revenue	188,370	165,584	15.9%
Credits	79,445	67,772	17.2%
Net Revenue	108,925	94,812	14.9%
Cost of materials / Cost of merchandise purchased	69,550	57,298	21.4%
Gross profit	39,375	37,514	5.0%
Gross profit margin	36.1%	39.6%	-3.5 PP
Other operating income	2,327	1,705	36.5%
Personnel expenses	8,089	7,500	7.9%
Other operating expenses	32,360	25,838	25.2%
EBITDA (reported)	1,254	5,881	-78.7%
EBITDA margin (reported)	1.2%	6.2%	-5.0 PP

Earnings before interest, taxes, depreciation and amortisation (EBITDA), adjusted mainly for non-recurring consulting expenses and expenses not attributable to operating activities, decreased by 75.0% to EUR 2,226k (2020: EUR 8,894k) with an adjusted EBITDA margin of 2.0% (2020: 9.4%) in the past fiscal year 2021. Reported EBITDA decreased by 78.7% to EUR 1,254k (2020: EUR 5,881k) with a reported EBITDA margin of 1.2% (2020: 6.2%).

Special effects are mainly in form of one-off expenses in connection with the change of logistics service provider and consulting expenses in connection with the IFRS conversion in total EUR 973k (2020: EUR 3,013k). These special effects are not included in the adjusted EBITDA.

The reconciliation to adjusted EBITDA and the allocation of non-recurring effects to the income statement items are as follows:

RECONCILIATION TO ADJUSTED EBITDA (IN EUR K)	2021	2020	Δ
EBITDA (reported)	1,254	5,881	-78.7%
Non-recurring effects			
Expenses in connection with the IPO	0	2,699	
Non-recurring consulting expenses	423	156	
Expenses not attributable to operating activities	549	158	
Total non-recurring effects	972	3,013	
EBITDA (adjusted)	2,226	8,894	-75.0%
EBITDA margin (adjusted)	2.0%	9.4%	-7.4 PP

EARNINGS SITUATION

In fiscal year 2021, fashionette AG achieved growth in net revenue after credit notes for returns and discounts of 14.9 % to EUR 108,925k (2020: EUR 94,812k). The 25.9% increase in the number of new customers in particular contributed to the growth in net revenue. The deviation in net revenue from the forecast is mainly caused by the challenges in connection with the change of logistics service provider, which were still be resolved in 2021.

The cost of materials increased by 21.4% to EUR 69,550k (2020: EUR 57,298k) mainly driven by the higher volumes. The cost of materials includes an inventory reduction of EUR 926k due to inventory differences and theft. This resulted in damages receivable against the logistics service provider, reported in other operating income and other receivables. This has a negative effect on the gross profit margin of 0.9 percentage points. Adjusted for this effect, the operating gross profit margin in 2021 is 37.0%.

Other operating income increased by 36.5% to EUR 2,327k (2020: EUR 1,705k), mainly driven by claims for damages from inventory differences and theft.

Personnel expenses increased by 7.9% to EUR 8,089k (2020: EUR 7,500k) in 2021, the average number of employees increased by 16.2% to 172 (31 December 2020: 148).

Depreciation and amortisation of intangible assets and property, plant and equipment remained at the previous year's level of EUR 2,503k (2020: EUR 2,434k). Of this, EUR 1,415k was attributable to the straight-line amortisation of goodwill in accordance with the German Commercial Code (2020: EUR 1,415k).

Other operating expenses increased in relation to the revenue growth by 25.2% to EUR 32,360k (2020: EUR 25,838k), mainly driven by the increase in sales, marketing and other operating costs.

The above movements resulted in a net loss for the year of EUR 2,394k (2020: net profit for the year EUR 872k).

LIQUIDITY POSITION

As of 31 December 2021, fashionette AG had cash and cash equivalents of EUR 5,386k (31 December 2020: EUR 21,835k). Cash and cash equivalents developed as follows in fiscal year 2021:

- Cash flow from operating activities amounted to EUR -15,305k (2020: EUR 5,241k) mainly driven by build-up of inventories.
- The investment in the acquisition of the Brandfield Group essentially led to a cash flow from investing activities of EUR -21,320k (2020: EUR -685k).
- In the fourth quarter of 2021, fashionette AG successfully implemented a refinancing of the Brandfield acquisition with two banks. In the process, Landesbank Baden-Württemberg was acquired as a new principal bank. The financing amount totals EUR 12 million and has a term of 5 years. Deutsche Bank and Landesbank Baden-Württemberg each have a half share in the refinancing. The interest rates are fixed and variable and currently range between 1.2% - 1.9%. The loans are unsecured. This mainly results in a cash flow from financing activities of EUR 10,220k (2020: EUR 33,578k).

In fiscal year 2021, fashionette AG recorded an outflow of cash and cash equivalents of EUR 26,405k (2020: inflow EUR 38,134k). The outflow mainly results from the Brandfield acquisition and the build-up of inventories. Cash and cash equivalents amounted to EUR 5,375k on 31 December 2021 (31 December 2020: EUR 31,829k). As at the reporting date, there were liabilities to banks of EUR 11,561k (31 December 2020: EUR 6k), of which EUR 1,811k (31 December 2020: EUR 6k) had a remaining term of one year and EUR 9,750k (31 December 2020: EUR 0) had a remaining term of between one and five years. As part of the refinancing of the Brandfield acquisition, working capital financing was restructured in the fourth quarter of 2021. The previous fixed-term overdraft facilities with Deutsche Bank and HypoVereinsbank, each amounting to EUR 7.5 million, were replaced by three new overdraft facilities totalling EUR 11 million. The loans are open-ended and unsecured.

From the perspective of the Management Board, fashionette AG has sufficient liquid funds to finance its further growth plans.

FINANCIAL POSITION

The financial position is shown in the following condensed statement of financial position:

ASSETS (IN EUR K)	31.12.2021	31.12.2020	Δ
Fixed assets	35,079	16,253	115.8%
Current assets	54,463	62,112	-12.3%
Prepaid expenses	863	713	21.0%
TOTAL ASSETS	90,405	79,078	14.3%
Equity	63,975	66,369	-3.6%
Provisions	1,697	1,074	58.0%
Liabilities	24,733	11,635	112.6%
TOTAL EQUITY AND LIABILITIES	90,405	79,078	14.3%

Total assets of fashionette AG increased by 14.3 % to EUR 90,405k (31 December 2020: EUR 79,078k) at the end of the financial year 2021, mainly as a result of the acquisition of the Brandfield Group.

The acquisition of the Brandfield Group led to an increase in fixed assets of 115.8% to EUR 35,079k (31 December 2020: EUR 16,253k). The share of fixed assets in total assets increased to 38.8% (31 December 2020: 20.6%).

Current assets decreased by EUR 7,649k to EUR 54,463k (31 December 2020: EUR 62,112k) mainly driven by increasing of inventories by EUR 15,038k to EUR 36,891k (31 December 2019: EUR 21,852k). Trade receivables and other assets increased by EUR 3,763k to EUR 12,187k (31 December 2020: EUR 8,424k). Cash and cash equivalents including other current securities (31 December 2021: EUR 0, 31 December 2020 EUR: 10,000k) decreased by EUR 26,450k to EUR 5,386k (31 December 2020: EUR 21,835k) mainly due to the acquisition of Brandfield and the build-up of working capital.

Equity decreased by 3.6% to EUR 63,975k (31 December 2020: EUR 66,369k), mainly driven by the net loss for 2021. The equity ratio as of 31 December 2021 is 70.8% (31 December 2020: 83.9%).

Other provisions increased to a total of EUR 1,697k (31 December 2020: EUR 1,074k), mainly due to outstanding invoices and audit costs.

Liabilities increased by >100% to EUR 24,733k (31 December 2020: EUR 11,635k), driven by the refinancing of the Brandfield acquisition. As a result, liabilities to banks increased by EUR 11,550k to EUR 11,561k (31 December 2020: EUR 6k). Trade payables, advance payments and other liabilities increased by 13.3% to EUR 13,172k (31 December 2020: EUR 11,629k). The share of liabilities in total capital increased to 27.4% (31 December 2020: 14.7%).

OPPORTUNITIES AND RISKS

The opportunities and risks for fashionette AG are the same as for the Group. We therefore refer to the opportunities and risks report of this combined management report.

OUTLOOK FOR FASHIONETTE AG

The outlook for fashionette AG with regard to the economic environment and the expectation for the operating business essentially corresponds to the outlook for the fashionette Group, see the Outlook section of this Combined Management Report.

For 2022, the Management Board of fashionette AG expects a net revenue growth of around 16% to 21%. The number of new customers is expected to be around 18% to 25% higher than in the previous year, and the other non-financial performance indicators are also expected to develop in the same way as in the year 2021. The adjusted EBITDA margin (adjusted earnings before interest, taxes, depreciation and amortisation) is expected to be in the mid-single-digit percentage range.

Dusseldorf, 31 March 2022

Daniel Raab

Thomas Buhl

FINANCIAL STATEMENTS

For the financial year ending 31 December 2021.
In accordance with IFRS as adopted by the EU.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

IFRS consolidated statement of financial position					
in kEUR	Notes	12/31/2021	12/31/2020	12/31/2019	1/1/2019
Assets					
Property, plant and equipment	(7), (9)	4,570	1,235	620	966
Intangible assets (excl. Goodwill)	(8)	6,542	1,819	2,143	2,384
Goodwill	(8)	11,332	-	-	-
Deferred tax assets	(27)	345	155	273	129
Non-current assets		22,789	3,209	3,036	3,480
Inventories	(10)	44,268	21,617	16,198	15,105
Right of Return Asset		3,372	1,982	2,078	1,828
Current tax assets		277	49	-	-
Trade and other receivables (short term)	(12)	17,519	11,036	11,401	9,389
Prepayments		988	236	164	60
Cash and cash equivalents	(13)	7,198	31,835	2,272	2,730
Current assets		73,621	66,755	32,113	29,111
Total assets		96,410	69,964	35,150	32,591
Equity					
Share capital	(14)	6,200	6,200	25	25
Share Premium	(14)	59,528	59,255	28,175	28,175
Reserves	(14)	226	244	-	-
Retained earnings		-13,188	-15,014	-17,689	-17,689
Profit (Loss)		-1,700	1,825	2,675	-
Equity attributable to owners of the company		51,065	52,511	13,186	10,511
Total equity		51,065	52,511	13,186	10,511
Liabilities					
Loans and borrowings (long term)	(16)	13,374	802	54	400
Employee benefits (long term)		74	-	-	-
Other provisions (long term)	(18)	52	-	-	-
Liabilities from Derivatives (long term)	(19)	27	-	-	-
Deferred tax liabilities	(27)	1,653	287	479	399
Non-current liabilities		15,181	1,089	533	799
Tax liabilities	(27)	1	467	1,081	286
Loans and borrowings (short term)	(16)	2,495	173	8,833	8,789
Trade and other payables (short term)	(17)	27,140	15,556	11,404	12,074
Contract liabilities	(20)	214	-	-	-
Other provisions (short term)	(18)	314	169	113	132
Current liabilities		30,164	16,364	21,431	21,281
Total liabilities		45,345	17,453	21,964	22,080
Total equity and liabilities		96,410	69,964	35,150	32,591

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

IFRS Consolidated Statement of Profit or Loss and Other Comprehensive Income (Profit by Nature)				
in kEUR	Notes	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Revenue	(20)	133,757	95,339	73,214
Other income	(24)	2,438	950	517
Raw materials and consumables used	(21)	-82,343	-57,606	-42,989
Employee benefits expense	(23)	-9,887	-7,555	-6,677
Depreciation and amortization expense	(7), (8)	-2,097	-1,361	-1,385
Other expenses	(25)	-42,378	-25,257	-17,182
Other finance income	(26)	15	18	21
Finance costs	(26)	-1,441	-1,484	-1,536
Profit before tax (EBT)		-1,937	3,046	3,982
Income tax expense	(27)	237	-1,221	-1,307
Profit (loss) for the period		-1,700	1,825	2,675
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Cash flow hedges – effective portion of changes in fair value	(19)	-19	-	-
Other comprehensive income for the period, net of tax		-19	-	-
Total comprehensive income for the period		-1,719	1,825	2,675
Profit attributable to:				
Owners of the Company		-1,700	1,825	2,675
Non-controlling interests		-	-	-
Total comprehensive income attributable to:				
Owners of the Company		-1,719	1,825	2,675
Non-controlling interests		-	-	-
Earnings (loss) per share (in EUR)				
Basic	(28)	-0.27	0.35	0.54
Diluted	(28)	-0.27	0.35	0.54

CONSOLIDATED STATEMENT OF CASH FLOWS

IFRS Consolidated Statement of cash flow for the period ended December 31st				
in kEUR	Notes	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Profit (loss) for the period		-1,700	1,825	2,675
Depreciation and amortization		2,097	1,361	1,385
Interest (income) expenses	(7), (8)	1,425	1,466	1,515
Income taxes	(26)	-237	1,221	1,307
Decrease (increase) in trade and other receivables	(27)	-6,451	424	-2,386
Decrease (increase) in inventories	(12)	-16,438	-5,419	-1,093
Increase (decrease) in trade and other payables	(10)	7,478	4,114	-510
Increase (decrease) in other provisions	(17)	15	56	-20
Loss on sale of property, plant and equipment	(18)	4	0	-2
Changes in other operating items	**(7)**	-	2,215	-
Other non-cash income (expenses)		881	152	-6
Income tax paid		-888	-1,787	-762
Cash Flow from operating activities	**(27)**	-13,813	5,628	2,103
Acquisition of subsidiaries	**(6)**	-17,001	-	-
Purchase of property, plant and equipment	(7)	-162	-108	-57
Acquisition of intangible assets	(8)	-1,076	-596	-742
Proceeds from sale of property, plant and equipment		-	-0	2
Interest received		14	18	21
Cash flow from investing activities		-18,226	-685	-776
Proceeds from borrowings		12,000	-	-
Repayments of borrowings		-2,928	-	-
Interest paid		-1,437	-1,421	-1,515
Proceeds from issuance of shares		-	37,200	-
IPO (income) expenses		-	-2,215	-
Payment of finance lease liabilities		-290	-373	-244
Cash flow from financing activities		7,344	33,191	-1,760
Net increase in cash and cash equivalents		-24,694	38,134	-433
Exchange rate and valuation-related changes in cash and cash equivalents		43	-32	6
Net cash and cash equivalents at the beginning of the period		31,829	-6,273	-5,846
Net cash and cash equivalents at the end of the period		7,177	31,829	-6,273
Breakdown of cash and cash equivalents				
Cash and Cash equivalents	(13)	7,198	21,835	2,272
Securities	(13)	-	10,000	-
Short-term liabilities to credit institutions		-21	-6	-8,545
Net cash and cash equivalents at the end of the period		7,177	31,829	-6,273

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

IFRS Consolidated Statement of Changes in Equity	Attributable to the owners of the Company							
in kEUR	Notes	Share capital	Share premium	Hedging reserve	Transaction cost reserve	Retained earnings	Total	Total equity
Balance as of 01.01.2021		6,200	59,255	-	244	-13,188	52,511	52,511
Total comprehensive income								
Profit (loss) for the period						-1,700	-1,700	-1,700
Other comprehensive income	(19)			-19			-19	-19
Total comprehensive income		-	-	-19	-	-1,700	-1,719	-1,719
Contributions and distributions								
Equity-settled share-based payment	(22)		273				273	273
Total contributions and distributions		-	273	-	-	-	273	273
Balance as of 31.12.2021		6,200	59,528	-19	244	-14,889	51,065	51,065

IFRS Consolidated Statement of Changes in Equity	Attributable to the owners of the Company							
in kEUR	Notes	Share capital	Share premium	Hedging reserve	Transaction cost reserve	Retained earnings	Total	Total equity
Balance as of 01.01.2020		25	28,175	-	-	-15,014	13,186	13,186
Total comprehensive income								
Profit (loss) for the period						1,825	1,825	1,825
Total comprehensive income		-	-	-	-	1,825	1,825	1,825
Contributions and distributions								
Issue of ordinary shares	(14)	1,200	36,000				37,200	37,200
Capital increase	(14)	4,975	-4,975				-	-
Transaction costs	(14)				244		244	244
Equity-settled share-based payment	(22)		55				55	55
Total contributions and distributions		6,175	31,080	-	244	-	37,499	37,499
Balance as of 31.12.2020		6,200	59,255	-	244	-13,188	52,511	52,511

IFRS Consolidated Statement of Changes in Equity	Attributable to the owners of the Company							
in kEUR	Notes	Share capital	Share premium	Hedging reserve	Transaction cost reserve	Retained earnings	Total	Total equity
Balance as of 01.01.2019		25	28,175	-	-	-17,689	10,511	10,511
Total comprehensive income								
Profit (loss) for the period						2,675	2,675	2,675
Total comprehensive income		-	-	-	-	2,675	2,675	2,675
Balance as of 31.12.2019		25	28,175	-	-	-15,014	13,186	13,186

NOTES

1 General information

fashionette AG ("fashionette" or "the Company") is incorporated in Germany. The Company is registered in the commercial register at the district court Düsseldorf under the number HRB 91139. The registered office of the Company is in Lierenfelder Straße 45, 40231 Düsseldorf, Germany.

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as "The Group" or "fashionette").

fashionette is a leading European data-driven e-commerce group for premium and luxury fashion accessories. The focus of fashionette is to make personalized online shopping of premium and luxury fashion accessories accessible to all customers in Europe.

Effective July 1, 2021, the Company acquired all shares in the following companies:

- Brandfield Holding B.V., Bornholmstraat 82, 9723 AZ Groningen, Netherlands (direct)
- Brandfield B.V., Bornholmstraat 82, 9723 AZ Groningen, Netherlands (indirect)
- Fastylo Holding B.V., Bornholmstraat 86, 9723 AZ Groningen, Netherlands (direct)
- Favorite Brands B.V., Bornholmstraat 86, 9723 AZ Groningen, Netherlands (indirect)

All companies have been fully consolidated since their respective acquisition date and thereby been included in these consolidated financial statements. For further information relating to the acquisition of subsidiaries refer to note 6. With this transaction, the fashionette AG group was established. Accordingly, the consolidated income statement and the cash flow statement of the previous years only include the amounts of fashionette AG and are therefore not comparable with the financial year 2021.

2 Basis of preparation

2.1 STATEMENT OF COMPLIANCE

These consolidated financial statements are fashionette's first consolidated financial statements in accordance with IFRS including the current reporting year from January 1, 2021 to December 31, 2021 with comparative periods, from January 1, 2020 to December 31, 2020 and January 1, 2019 to December 31, 2019 as well as an opening balance as of January 1, 2019. The consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, and notes to the consolidated financial statements, including significant accounting policies and other explanatory information, are presented for the current reporting period and the two comparative periods as well as for the opening balance sheet. The consolidated financial statements of fashionette have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as endorsed by the European Union as of December 31, 2021. The term IFRS also includes all valid International Accounting Standards (IAS) as well as the interpretations of the International Financial Reporting Interpretation Committee (IFRIC). The financial statements were authorized by management on March 31, 2022 and forwarded to the Supervisory Board for review and approval.

The assets and liabilities in the consolidated statement of financial position were classified in accordance with IAS 1 as current/non-current with the criteria defined by IAS 1.54 et seqq.

fashionette has decided to prepare a consolidated statement of profit or loss and other comprehensive income using the nature of expense method.

fashionette has elected to present consolidated comprehensive income using a 'one-statement' approach. The consolidated statement of financial position complies with the classification requirements of IAS 1 "Presentation of Financial Statements". When presenting items of other comprehensive income, items reclassified to profit or loss are presented separately from items that are never reclassified. Assets and liabilities are classified by maturity. fashionette presents consolidated cash flows from operating activities using the indirect method. Individual items of the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position are combined in order to improve the clarity of presentation. These items are explained in the notes to the consolidated financial statements.

All amounts have been rounded to the nearest thousand, unless otherwise indicated. As amounts are disclosed in thousands of euros, standard commercial rounding may result in rounding differences. In some cases, such rounded amounts and percentages may not correspond 100% to the stated sums when added together and subtotals in tables may differ slightly from non-rounded figures.

2.2 FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. These are the Group's first consolidated financial statements prepared in accordance with IFRSs and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

Accordingly, the Group has prepared financial statements that comply with IFRSs effective as of 31 December 2021, together with comparative period data for the year ended 31 December 2020 and 31 December 2019 as described in the summary of significant accounting policies. In preparing the financial statements, the Group's opening balance sheet was prepared as atof 1 January 2019, the date of the Group's transition to IFRS.

The estimates as of 1 January 2019 and 31 December 2019 are consistent with the estimates made for the same dates under HGBs. The estimates used by the Group to present these amounts in accordance with IFRS reflect conditions as of 1 January 2019, the date of transition to IFRS.

As there are no financial statements comparable to these consolidated financial statements, the obligation according to IFRS 1.23 in connection with IFRS 1.24ff to disclose reconciliations of the transition to reporting in accordance with IFRS is not applicable.

2.3 GOING CONCERN

The consolidated financial statements were prepared on a going concern basis according to IAS 1.25.

2.4 MEASUREMENT BASIS

The consolidated financial statements have been prepared on the basis of historical costs. This does generally not apply to derivative financial instruments, as they are recognised at fair value as of the balance sheet date. A corresponding explanation is provided in the context of the respective accounting policies.

2.5 FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Euro, which is fashionette's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2.6 CURRENT/ NON-CURRENT CLASSIFICATION

An asset is classified as current if it is expected to be realised or consumed within fashionette's normal operating cycle of one year. All other assets are classified as non-current.

A liability is classified as current if it is expected to be settled within fashionette's normal operating cycle. All other liabilities are classified as non-current.

3 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

3.1 CONSOLIDATION

3.1.1 BUSINESS COMBINATIONS

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment and on adhoc basis in case of triggering events. Any gain on a bargain purchase is recognised in profit or loss after further verification. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

3.1.2 SUBSIDIARIES

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

3.1.3 TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated.

3.2 FOREIGN CURRENCY

3.2.1 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated into the respective functional currency of the Group at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within other operating expenses.

3.3 PROPERTY, PLANT AND EQUIPMENT

3.3.1 RECOGNITION AND MEASUREMENT

Items of property, plant and equipment are initially recognised at cost and subsequently measured less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

3.3.2 SUBSEQUENT EXPENDITURE

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. All other expenditure for property, plant and equipment is recognised immediately as an expense.

3.3.3 DEPRECIATION

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Right-of-Use Assets	2-8 years
Fixtures and fittings	3-15 years
Leasehold improvements	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.3.4 DERECOGNITION

Property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from the continued use of the asset. The gain or loss arising from the sale or retirement of a property, plant and equipment is determined as the difference between the proceeds from the sale and the carrying amount of the asset and is recognized in profit or loss under other income or other expenses.

3.4 INTANGIBLE ASSETS

3.4.1 GOODWILL

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

3.4.2 OTHER INTANGIBLE ASSETS

Other intangible assets, including patents, licenses and similar rights and values, brands and customer relationships that are acquired by the Group and have finite useful lives are initially recognised by cost and subsequently measured less accumulated amortisation and any accumulated impairment losses.

3.4.3 SUBSEQUENT EXPENDITURE

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

3.4.4 AMORTISATION

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for current and comparative periods are as follows:

Patents, licenses and similar rights and values	2-10 years
Brands	5-10 years
Customer relationships	4.5 years
Software	3-5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.4.5 DERECOGNITION

An intangible asset shall be derecognised on disposal or when no further economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in the income statement when the asset is derecognised. This is recognised under other income or other expenses.

3.5 LEASES

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group solely acts as a lessee.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used throughout the period of use. When all the decisions about how and for what purpose the asset is used are predetermined, the Group has the right to direct the use of the asset if either:
  a) the Group has the right to operate the asset; or
  b) the Group designed the asset in a way that predetermines how and for what purpose it will be used.

The Group presents its leases in 'property, plant and equipment' in the statement of financial position.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.6 INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. The cost of inventories is based, where possible, on the individual inventory's cost. Otherwise it is based on the simple weighted average price. Impairment due to limited marketability of items is taken into account by means of write-downs.

3.7 IMPAIRMENT

3.7.1 NON-DERIVATIVE FINANCIAL ASSETS

Financial instruments

The Group generally measures loss allowances at an amount equal to 12-month expected credit losses (ECLs) (general approach) for the following:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition. However, no adjustment was necessary as of January 1, 2019, December 31, 2019, December 31, 2020 and December 31, 2021.

The Group recognises loss allowances at an amount equal to lifetime ECLs (simplified approach) for the following:

- financial assets measured at amortised cost.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 2 years past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 30 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 2 years past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3.7.2 NON-FINANCIAL ASSETS

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment and on adhoc basis in case of triggering events.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGU). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 SHARE CAPITAL

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity in accordance with IAS 32. Total transaction costs are allocated as incremental costs, based on the relation of new shares issued to total shares. Solely the amount allocated to the issue of new shares is recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

3.9 PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised if the Group has a present obligation to a third party based on a past event, an outflow of resources to settle the obligation is probable and the amount of the obligation can be reliably estimated. Provisions are discounted if the effect is material.

Provisions where the outflow of resources is likely to occur within the next year are classified as current, and all other provisions as non-current.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

3.10 FINANCIAL INSTRUMENTS

3.10.1 RECOGNITION AND INITIAL MEASUREMENT

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at Fair Value through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.10.2 CLASSIFICATION AND SUBSEQUENT MEASUREMENT

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting and contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.10.3 DERECOGNITION

Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.10.4 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments and hedge accounting
The Group holds derivative financial instruments to hedge part of its interest rate risk exposure. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationships between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges
When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in the hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve are immediately reclassified to profit or loss.

3.11 REVENUE
Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a good to a customer.

Further information on the nature and timing of the settlement of performance obligations arising from contracts with customers, including significant terms and conditions of payment, and the related revenue recognition principles are described in note 20.

3.12 SHARE-BASED PAYMENTS
The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number for awards that meet the related service and non-market performance conditions at the vesting date.

3.13 PERSONNEL EXPENSES
Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.14 FINANCE INCOME AND FINANCE COSTS
Finance cost of the Group includes interest expense from loans and borrowings, interest expenses from factoring and interest expenses from leasing. Interest expense is recognised in the financial statement in the period in which it is incurred using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3.15 INCOME TAXES

Income tax expense comprises current and deferred tax. Current and deferred taxes are recognized in profit or loss, except to the extent that they relate to a business combination or to an item recognized directly in equity or in other comprehensive income.

The Group has determined that interest and penalties on income taxes, including uncertain tax items, do not meet the definition of income taxes and are therefore accounted for in accordance with IAS 37.

3.15.1 CURRENT TAX

Current taxes are the expected tax liability or tax receivable on the taxable income or tax loss for the taxable income or tax loss for the financial year, based on tax rates or substantively enacted at the balance sheet date and any applicable on the reporting date, as well as any adjustments to the tax liability for prior years. The amount of the expected tax liability or tax receivable reflects the amount that is expected to be recovered or paid, taking into account best estimate, uncertainties, if any represents. Current tax liabilities also include any tax liabilities that arise as a result of the assessment of dividends.

Expected effects of uncertain deferred and current income tax positions are estimated in accordance with IFRIC 23 (Uncertainty over Income Tax Treatments) using the best estimate or the most likely amount. The best estimate method is used in each case. By far the most important causes of estimation uncertainty in the case of uncertain tax positions are tax audits, in which the relevant tax authorities may take a view that differs from fashionette's legal position. Uncertain tax positions are accounted for under the assumption that the tax authorities will investigate all relevant matters and that they have all relevant information.

Current tax assets and liabilities are offset only if certain criteria are met.

3.15.2 DEFERRED TAX

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences associated with investments in subsidiaries, associates and jointly controlled entities, to the extent that the Group is able to determine the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognizing deferred tax.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria of IAS 12.74 are met.

3.16 NEW AND AMENDED IFRS

A number of new and revised standards and amendments to standards have been issued by the reporting date and come into force in annual periods beginning on or after January 1, 2022. They are also available for early adoption. However, fashionette has not adopted any of the new or amended standards in preparing these consolidated financial statements.

The following table lists the recent changes to IFRS that are required to be applied for an annual period beginning after the effective dates. The amended standards and interpretations are not expected to have a significant impact on fashionette's consolidated financial statements.

STANDARD (AMENDMENTS)	TITLE OF STANDARD OR AMENDMENTS	EFFECTIVE DATE
IAS 8.30, EU Endorsement has been made by the date of release for publication		
IFRS 16 (A)	Covid-19-Related Rent Concessions (including extension)	April 1, 2021
IFRS 3 (A)	Reference to Conceptual Framework	January 1, 2022
IAS 16 (A)	Property, Plant and Equipment: Proceeds before intended Use	January 1, 2022
IAS 37 (A)	Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022
Improvements to IFRS 2018 – 2020	Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	January 1, 2022
IFRS 17 (Including A)	Insurance Contracts	January 1, 2023
IAS 1 (A)	Classification of Liabilities as Current or Non-current	January 1, 2023
IAS 1 (A) and IFRS Practice Statement 2	Disclosure of Accounting Policies	January 1, 2023
IAS 8 (A)	Definition of Accounting Estimates	January 1, 2023
IAS 12 (A)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
IFRS 17 (A)	Initial Application of IFRS 17 and IFRS 9—Comparative Information	January 1, 2023
IFRS 10 and IAS 28 (A)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Postponed indefinitely

4 Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

When measuring the fair value of an asset or a liability, fashionette uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs)

These consolidated financial statements include the following significant items whose carrying amounts depend substantially on judgements and the underlying assumptions and estimates:

Judgements
Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 7 & 9 – Lease term: whether the Group is reasonably certain to exercise extension options.

Assumptions and estimation uncertainties
Information about assumptions and estimation uncertainties at December 31, 2021 that have a significant risk resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 6 – Acquisition of subsidiaries: key assumption about underlying fair values of the acquired identifiable assets and liabilities assumed; major assumptions are the future development according to the 4-year budget as well as the value of trade name, customer base and technology
- Note 8 – Goodwill: key assumption about the recoverable amounts of the CGU and the underlying 3-year budget;
- Note 19.2.1 – Measurement of ECL allowance for trade receivables: key assumptions in determining the weighted-average loss rate;
- Note 27 – Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences can be used as well as the future utilization of tax losses carried forward for Favorite Brands B.V.

5 Operating segments

5.1 BASIS FOR SEGMENTATION

The Group has three strategic divisions, which are its operating segments. These divisions offer similar products but are managed separately because they require different marketing strategies. The operating segments BENELUX and Other are aggregated into one reportable segment BENELUX & Others due to similar economic characterstics.

The following summary describes the operations of each reportable segment:

REPORTABLE SEGMENTS	OPERATIONS
DACH (Germany, Austria, Switzerland)	Buying and selling of luxury fashion accessories
BENELUX & OTHER	Buying and selling of luxury fashion accessories

The Group's chief executive officer reviews the internal management reports of each division at least quarterly.

5.2 INFORMATION ABOUT REPORTABLE FOR SEGMENTS

Information related to each reportable segment is set out below as reported to the Board. Segment net revenue and adjusted EBITDA is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industry. (EBITDA = earnings before interest, depreciation, amortisation and income taxes). Segment revenue and expenses are allocated based on the geographic location of customers. Inter-segment revenue reflects the nature and timing of the fulfilment of the performance obligation, including significant payment terms, as described in Note 20.

in kEUR	REPORTABLE SEGMENTS					
	DACH			BENELUX & OTHER		
	2021	2020	2019	2021	2020	2019
External revenues	96,601	81,053	64,775	37,155	14,286	8,438
Inter-segment revenue	337	0	0	0	0	0
Segment revenue	96,939	81,053	64,775	37,155	14,286	8,438
Segment reported EBITDA	2,129	5,176	6,289	-543	696	593
Expenses in connection with IPO	0	2,575	0	0	454	0
Non-recurring consulting	359	132	162	852	23	21
Expenses not attributable to operating activities	496	134	169	93	24	22
Share-based payments	230	47	0	43	8	0
Write-off inventory	156	0	0	567	0	0
Segment Adjusted EBITDA	3,370	8,065	6,620	1,012	1,205	637

in kEUR	REPORTABLE SEGMENTS					
	ALL OTHER SEGMENTS			TOTAL		
	2021	2020	2019	2021	2020	2019
External revenues				133,757	95,339	73,214
Inter-segment revenue	-337	0	0	0	0	0
Segment revenue	-337	0	0	133,757	95,339	73,214
Segment reported EBITDA	0	0	0	1,586	5,872	6,882
Expenses in connection with IPO				0	3,029	0
Non-recurring consulting				1,210	156	183
Expenses not attributable to operating activities				589	158	191
Share-based payments				273	55	0
Write-off inventory				723	0	0
Segment Adjusted EBITDA	0	0	0	4,381	9,270	7,257

RECONCILIATION OF EBITDA TO EBT (EARNINGS BEFORE TAXES)			
	2021	2020	2019
Total reported EBITDA of the reportable segments	1,586	5,872	6,882
Depreciation and amortization expense	-2,097	-1,361	-1,385
Other finance income	15	18	21
Finance costs	-1,441	-1,484	-1,536
Profit (Loss) before taxes (EBT)	-1,937	3,046	3,982

5.3 GEOGRAPHIC INFORMATION

The Group sells its products worldwide but primarily in Germany and the Netherlands.

The geographic information analyses the Group's revenue by the Company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers.

Revenue

GEOGRAPHIC INFORMATION	REVENUE		
	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
	kEUR	kEUR	kEUR
Germany	82,685	70,311	57,294
All foreign countries	51,072	25,028	15,919
Netherlands	22,132	5,354	3,084
Austria	9,430	7,374	5,209
United Kingdom	5,258	6,386	3,697
Switzerland	4,487	3,368	2,272
Other countries	9,765	2,547	1,658
Total	133,757	95,339	73,214

5.4 MAJOR CUSTOMER

The Group does not have major customers which represent at least 10% of total revenues.

6 Acquisition of subsidiaries

For an additional description of the acquired companies see note 1.

Brandfield Group Acquisition

The management as well as the shareholders expect that the acquisitions will lead to dynamic growth in terms of increasing revenue and earnings and consequently to an increase in enterprise value.

The following table shows all directly acquired subsidiaries in the reporting period 2021:

Company	Location	Primary activity	Date of the acquisition	Purchased shares (%)
Brandfield Holding B.V.	Groningen, Netherlands	Brandfield is a (retail) trading company that focuses on the sale of style items, including watches, jewellery, sunglasses, bags and wallets through online sales as well as physical stores.	July 1, 2021	100
Brandfield B.V.				
Fastylo Holding B.V.				
Favorite Brands B.V.				

Revenue and net income of the combined entity for the reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the reporting period are presented in the following table:

	fashionette AG	Brandfield Group	Total
kEUR	January 1, 2021 – December 31, 2021	January 1, 2021 – December 31, 2021	January 1, 2021 – December 31, 2021
Revenue	108,925	46,270	155,195
Net income/ (loss)	-1,815	219	-1,596

In determining these amounts, management has assumed that the fair value adjustments that arose on the date of the acquisition would have been the same if the acquisition had occurred on January 1, 2021.

Brandfield Group

The following table summarises the recognized amounts of assets acquired, and liabilities assumed as well as the consideration transferred as of July 1, 2021:

RECONCILIATION OF GOODWILL	kEUR
Assets	
Property, plant and equipment	1,193
Intangible assets (excl. Goodwill)	4,983
Deferred tax assets	190
Non-current assets	6,366
Inventories	6,088
Right of Return Asset	178
Current tax assets	124
Trade and other receivables	1,623
Prepayments	835
Cash and cash equivalents	1,025
Current assets	9,873
Liabilities	
Loans and borrowings (long term)	3,187
Employee benefits	80
Deferred tax liabilities	1,481
Non-current liabilities	4,748
Tax liabilities	447
Loans and borrowings (short term)	519
Trade and other payables (short term)	4,477
Contract liabilities	129
Other provisions	174
Current liabilities	5,746
Net identifiable assets	5,744
Consideration transferred	17,076
Thereof: paid in cash and cash equivalents	17,076
Goodwill	11,332

RECONCILIATION OF CASH FLOW FROM INVESTING	kEUR
Consideration transferred for shares	17,076
Related transaction costs	653
Additions to cash and cash equivalents through business combination	-728
Acquisition of a subsidiary	17,001

The goodwill is mainly attributable to know-how of the workforce and growth opportunities with prospective customers. None of the goodwill recognised is expected to be deductible for tax purposes.

As of the acquisition date, the fair value of trade receivables amounts to kEUR 1,066 of which the full amount is expected to be collected.

For the six months ended December 31, 2021, Brandfield Group contributed revenue of kEUR 25,169 and a net income of kEUR 225 to fashionette's result.

The Group incurred costs of kEUR 653 in connection with the business combination, mainly for legal advice and due diligence. These costs are included in other operating expenses.

7 Property, plant and equipment

Property, plant and equipment (including right of use assets) can be broken down to the following items:

PROPERTY, PLANT AND EQUIPMENT	RIGHT OF USE	FIXTURES AND FITTINGS	LEASEHOLD IMPROVE-MENTS	ADVANCE PAYMENTS	TOTAL
Cost	kEUR	kEUR	kEUR	kEUR	kEUR
As of 01.01.2019	644	690	0	0	1,334
Additions		57			57
Disposals		7			7
As of 31.12.2019	644	741	0	0	1,385
Additions	947	108			1,056
Disposals		56			56
As of 31.12.2020	1,591	793	0	0	2,384
Additions	2,736	157	9	5	2,907
Disposals		14			14
Reclassification		5		-5	0
Acquisitions through business combinations	831	354	8		1,193
As of 31.12.2021	5,158	1,295	18	0	6,471

PROPERTY, PLANT AND EQUIPMENT	RIGHT OF USE	FIXTURES AND FITTINGS	LEASEHOLD IMPROVE-MENTS	ADVANCE PAYMENTS	TOTAL
Depreciation	kEUR	kEUR	kEUR	kEUR	kEUR
As of 01.01.2019	0	368	0	0	368
Depreciation	300	102			402
Disposals		6			6
As of 31.12.2019	300	465	0	0	764
Depreciation	342	99			440
Disposals		56			56
As of 31.12.2020	641	508	0	0	1,149
Depreciation	583	174	5		762
Disposals		9			9
As of 31.12.2021	1,224	672	5	0	1,901

	RIGHT OF USE	FIXTURES AND FITTINGS	LEASEHOLD IMPROVE-MENTS	ADVANCE PAYMENTS	TOTAL
Carrying amounts	kEUR	kEUR	kEUR	kEUR	kEUR
Carrying amounts on 01.01.2019	644	322	0	0	966
Carrying amounts on 31.12.2019	344	276	0	0	620
Carrying amounts on 31.12.2020	950	285	0	0	1,235
Carrying amounts on 31.12.2021	3,934	623	13	0	4,570

8 Intangible assets and goodwill

8.1 RECONCILIATION OF CARRYING AMOUNT AND AMORTIZATION

Intangible assets can be broken down to the following items:

INTANGIBLE ASSETS	GOODWILL	PATENTS, LICENSES AND SIMILAR RIGHTS AND VALUES	BRAND	CUSTOMER RELATION-SHIPS	ADVANCED PAYMENTS	TOTAL
Cost	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
As of 01.01.2019	0	4,457	0	0	0	4,457
Additions		686			56	742
As of 31.12.2019	0	5,143	0	0	56	5,199
Additions		95			501	596
Reclassification		13			-13	0
As of 31.12.2020	0	5,251	0	0	544	5,795
Additions		541			535	1,076
Reclassification		927			-927	0
Acquisitions through business combinations	11,332	412	3,934	637		16,315
As of 31.12.2021	11,332	7,131	3,934	637	152	23,186

INTANGIBLE ASSETS	GOODWILL	PATENTS, LICENSES AND SIMILAR RIGHTS AND VALUES	BRAND	CUSTOMER RELATION-SHIPS	ADVANCED PAYMENTS	TOTAL
Amortization	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
As of 01.01.2019	0	2,073	0	0	0	2,073
Amortisation	-0	983			0	983
As of 31.12.2019	-0	3,056	0	0	0	3,056
Amortisation	-0	920			0	920
As of 31.12.2020	-0	3,976	0	0	0	3,976
Amortisation	0	1,016	249	71	0	1,336
As of 31.12.2021	-0	4,992	249	71	0	5,312

	GOODWILL	PATENTS, LICENSES AND SIMILAR RIGHTS AND VALUES	BRAND	CUSTOMER RELATION-SHIPS	ADVANCED PAYMENTS	TOTAL
Carrying amounts	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Carrying amounts on 01.01.2019	0	2,384	0	0	0	2,384
Carrying amounts on 31.12.2019	0	2,087	0	0	56	2,143
Carrying amounts on 31.12.2020	0	1,275	0	0	544	1,819
Carrying amounts on 31.12.2021	11,332	2,139	3,685	566	152	17,874

The goodwill, brand and capitalised customer relationships, acquired in the business combination in 2021, represent the majority of the intangible assets.

8.2 IMPAIRMENT TEST

The Group consists of two cash-generating units (CGU). One is the CGU "fashionette" and the other is the CGU "Brandfield". The goodwill from the acquisition of the Brandfield Group is fully attributable to the Brandfield CGU and was therefore tested for impairment at this level. There were no triggering events in the reporting period. No impairment has been recognised in the reporting periods. The Goodwill is tested for impairment annually and on adhoc basis in case of triggering events.

The recoverable amount of the CGU is based on the value in use, which is estimated by discounted cash flow. The company assumes a substantial increase in demand due to additional market penetration and additionally developed markets as well as stable purchase prices. The key assumptions used in estimating the recoverable amounts are outlined below. The values assigned to the key assumptions represent management's assessment of future developments in the relevant industry and are based on historical values from external and internal sources. In addition, the expected revenue growth from optimising the customer shopping experience, expanding the brand and product offering and the continued focus on operational excellence and high quality customer service has been taken into account.

Impairment test input variables as of 31.12.2021	DETAIL YEAR 1 - 3	ROUGH YEAR 4 - 6	TV YEAR 7 CONT.
Discount rate (before tax)	11.01%	11.01%	11.01%
Sustainable growth rate	n/a	n/a	1.00%
EBITDA growth rate p.a.	21.3%	9.3%	n/a

The discount rates are pre-tax figure estimated on the basis of the historical average weighted cost of capital for the industry.

The cash flow forecasts contained specific estimates for a three-year detail period, a three-year rough planning period, a normalised year and a subsequent perpetual growth rate.

9 Leases

fashionette leases seven business premises, as well as four warehouses and two stores. The lease maturity runs from two up to eight years.

Some property leases contain an extension option exercisable by the Group up to five years before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in the lease liability of kEUR 2,576.

Moreover, the Group leases further warehouses with contract terms of up to one year or unlimited contracts with the option to terminate in due time. As these leases are short-term, the Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

LEASES	PP&E	TOTAL
Right-of-use assets	kEUR	kEUR
2019		
Balance at 01.01.2019	644	644
Depreciation charge for the year	300	300
Balance at 31.12.2019	344	344
2020		
Balance at 01.01.2020	344	344
Depreciation charge for the year	342	342
Additions to right-of-use assets	947	947
Balance at 31.12.2020	950	950
2021		
Balance at 01.01.2021	950	950
Depreciation charge for the year	583	583
Acquisitions through business combinations	831	831
Additions to right-of-use assets	2,736	2,736
Balance at 31.12.2021	3,934	3,934

When measuring lease liabilities, fashionette discounted lease payments using a risk-free rate plus a credit spread individual for each contract. For the calculation of the risk-free rates, the spot rate for a European AAA bond is selected for each lease. The selected term of the spot rate corresponds to half of the term of the lease contract. This is due to the fact that the AAA rated bonds are bullet payments with full amortization and the rental payments are monthly payments. The use of half the term instead of the entire term of the lease thus serves as a maturity adjustment.

To determine the credit risk premium, the credit spreads of each loan of fashionette were first determined.

To calculate the credit spreads, the spot rates (risk-free rates) at the issue date of the loans were first determined. The selected term of the spot rate corresponds to half of the term of the loan contract. Next the spot rate was subtracted from the borrowing rate of the loan agreement to obtain the respective credit spreads. Subsequently, the spreads were weighted on the basis of the loan volumes. Finally, the discount rate for each lease liability was determined as the individual risk-free rate plus the credit spread.

The following table presents the amounts related to leases recognized in profit or loss:

LEASES	**1/1/2021 - 12/31/2021**	**1/1/2020 - 12/31/2020**	**1/1/2019 - 12/31/2019**
	kEUR	kEUR	kEUR
Amounts recognized in profit or loss			
1. Interest on lease liabilities	97	15	15
2. Expenses relating to short-term leases	21	2	2
3. Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	1	0	0
Amounts recognized in the statement of cash flows			
1. Total cash outflow of leases	387	387	260

10 Inventories

Inventories can be broken down to the following items as follows:

INVENTORIES	**12/31/2021**	**12/31/2020**	**12/31/2019**	**1/1/2019**
	kEUR	kEUR	kEUR	kEUR
1. Raw materials	763	72	88	99
2. Finished products and goods	43.505	21.545	16.110	15.006
Total	44.268	21.617	16.198	15.105

Write downs of inventory recognised as an expense have been performed in 2021 amounting to kEUR 7 (2020: kEUR 113, 2019: kEUR 79).

As of December 31, 2021, part of the inventory of fashionette were assigned as collateral for liabilities to banks totaling kEUR 10 (31.12.2020: kEUR 0, 31.12.2019: kEUR 8,487, 01.01.2019: kEUR 8,545). The security comprises the assignment of ownership of the warehouse with changing stock of finished goods as well as outstanding receivables. There were no other collaterals for liabilities in the financial year or in the prior years. For further information see note 16.

11 Right of Return Assets

The right of return assets as of December 31, 2021 amounted to kEUR 3,372 (31.12.2020: kEUR 1,982, 31.12.2019: kEUR 2,078, 01.01.2019: kEUR 1,828). The increase over the financial years was mainly due to fashionette's increased business volume. A portion of the kEUR 1,390 increase in the financial year 2021 originated from the acquisition of Brandfield, amounting to kEUR 548. The corresponding refund liabilities are shown within trade payables (Note 17).

12 Trade and other receivables

Trade and other receivables can be broken down as follows:

TRADE RECEIVABLES	**12/31/2021**	**12/31/2020**	**12/31/2019**	**1/1/2019**
	kEUR	kEUR	kEUR	kEUR
Trade receivables				
1. Trade receivables	12,991	9,392	9,979	8,521
Total	12,991	9,392	9,979	8,521

OTHER ASSETS	**12/31/2021**	**12/31/2020**	**12/31/2019**	**1/1/2019**
	kEUR	kEUR	kEUR	kEUR
Other financial assets				
1. Receivables from payment providers	534	441	266	396
2. Prepaid expanses.	32	0	0	0
3. Deposits.	67	1	2	2
4. Other receivables financial.	160	0	0	0
Sum of other financial assets	793	442	268	398
Other non-financial assets				
1. Receivables from compensation for damages.	1,119	0	0	0
2. Receivables resulting from input taxes and VAT.	882	113	61	87
3. Deferred expanses and accrued income.	636	463	585	351
4. Vendor credits.	284	222	0	0
5. Other receivables non-financial.	814	404	508	32
Sum of other non-financial assets	3,735	1,202	1,154	470
Total	4,527	1,644	1,422	868

The Group participates in a factoring program under which it receives early payment of its invoices from a bank by factoring its receivables from customers. Under the arrangement, a bank agrees to pay amounts outstanding from a qualifying customer in respect of invoices owed to the Group and receives settlement from the customer at a later date. The principal purpose of this program is to facilitate efficient payment processing and improve the Group's liquidity by enabling payments from customers before their due date.

The Group derecognizes the original outstanding receivables from its customers in accordance with IFRS 9. As of December 31, 2021, the Group has receivables outstanding from factoring to the bank amounting to kEUR 2,774 (31.12.2020: kEUR 828, 31.12.2019: kEUR 3,564).

The payments from the bank are included within operating cash flows because they continue to be part of the normal operating cycle of the Group and their principal nature remains operating – i.e. payments for the sale of goods.

13 Cash and cash equivalents

Cash and cash equivalents comprise cash, cash at banks and short-term securities investments. The following table presents the individual amounts of cash and cash equivalents:

CASH AND CASH EQUIVALENTS	12/31/2021	12/31/2020	12/31/2019	1/1/2019
	kEUR	kEUR	kEUR	kEUR
1. Cash	304	0	0	1
2. Cash at bank.	6,894	21,835	2,272	2,729
3. Short-term securities investment.	0	10,000	0	0
Total	7,198	31,835	2,272	2,730

The short-term securities investment of kEUR 10,000 is a short-term risk-free cash investment with a term of 3 months for the purpose of reducing deposit fees.

14 Equity

The changes in the various components of equity from January 1, 2019 through December 31, 2021 are shown in fashionette's consolidated statement of changes in equity.

14.1 SHARE CAPITAL

There are 6,200,000 subscribed shares in 2021 (31.12.2020: 6,200,000 subscribed shares, 31.12.2019: 25,000 subscribed shares, 01.01.2019: 25,000 subscribed shares). The par value of each share is EUR 1. All shares are paid in full.

In the financial year 2020, fashionette was converted from a limited liability company (GmbH) into a stock corporation (Aktiengesellschaft - AG) by way of a conversion resolution dated September 22, 2020 and the corresponding entry in the commercial register on October 1, 2020. As a result, kEUR 4,975 of the share premium were converted into share capital. The capital increase was carried out by way of the creation of new shares with a nominal value of EUR 1.

At an extraordinary general meeting of the Company on October 16, 2020, a capital increase against cash contribution, by issuing 1,200,000 new shares with a nominal value of EUR 1 per share, was decided as part of the planned and implemented IPO (Initial Public Offering).

14.2 SHARE PREMIUM

By resolution of September 22, 2020, kEUR 4,975 were converted into share capital.

As a result of the issuing of 1,200,000 new shares at an issue price of EUR 31, the amount exceeding the nominal value of EUR 1 per share, amounting to kEUR 36,000, was recognized in the share premium.

The stock option programme (SOP) granted in the financial year 2021 has been classified as an equity-settled share-based payment plan in accordance with IFRS 2. Correspondingly, kEUR 273 were recognized in share premium in the financial year 2021 (2020: kEUR 55, 2019: kEUR 0). For further information on the stock option plan, refer to note 22.

14.3 RESERVES

As a result of the initial public offering in 2020, fashionette incurred costs in the amount of kEUR 2,834. According to IAS 32, these costs were evaluated with regard to their deductibility from equity (so called qualified costs). As a result, kEUR 544 of these costs were recognised as a reduction in equity within the transaction cost reserve. The corresponding deferred tax effect of kEUR 170 was also recognized in the transaction cost reserve. In accordance with a cost-sharing agreement, the existing shareholders reimbursed kEUR 618 to fashionette which have been treated as a capital contribution and were therefore recognized in the transaction cost reserve.

In the financial year 2021, kEUR 27, with a corresponding deferred tax effect of kEUR 8, were recognized in the hedging reserve. The effect results from an interest rate SWAP agreed within a loan contract as of November 2021. For further information, please refer to note 19.

15 Capital management

The Group's policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business.

Within the scope of capital management, the Group's business objective, in addition to ensuring the going concern of the Group, is to increase the value of the Group in the long term.

The Group's equity ratio decreased from 75% in 2020 to 53% in 2021 due to the acquisition of Brandfield and the corresponding recognition of goodwill and intangible. The Group plans to increase its equity ratio going forward.

As at the end of the financial year 2021, the Group had unused credit facilities in the amount of kEUR 12,990 out of a total line of credit of kEUR 13,000. These credit lines and financing were successfully negotiated and implemented from the end of 2021. The Group was able to meet its financial obligations at all times during the reporting year and thereafter. For further information, refer to note 16.

16 Loans and borrowings

Loans and borrowings can be broken down as follows:

LOANS AND BORROWINGS	12/31/2021	12/31/2020	12/31/2019	1/1/2019
	kEUR	kEUR	kEUR	kEUR
Non-current liabilities				
1. Secured bank loans	0	0	0	0
2. Unsecured bank loans	9,750	0	0	0
3. Lease liabilities	3,624	802	54	400
Total Non-current liabilities	13,374	802	54	400
Current liabilities				
1. Secured bank loans	10	0	8,487	8,545
2. Unsecured bank loans	1,800	0	0	0
3. Current portion of lease liabilities	685	173	346	244
Total Current liabilities	2,495	173	8,833	8,789
Total	15,869	974	8,887	9,189

For Information about fashionette's exposure to interest rate, foreign currency and liquidity risks please refer to note 19.2.

Terms and repayment schedule

LOANS AND BORROWINGS	ORIGINAL CURRENCY	MATURES IN	INTEREST TYPE	EFFECTIVE INTEREST RATE	NOMINAL VALUE	CARRYING AMOUNT
Balance as of 31.12.2021				in %	kEUR	kEUR
1. Deutsche Bank	EUR	9/30/2026	variable	3-month EURIBOR + 1,75%	6,000	5,775
2. LBBW	EUR	9/30/2026	variable	3-month EURIBOR + 2% (1,45)	6,000	5,775
3. ABN Amro	EUR	n/a	variable	1-month EURIBOR + 3,3%	10	10
4. Lease liabilities	EUR	n/a	fix	2,55-2,85	4,309	4,309
Total					16,319	15,869

LOANS AND BORROWINGS	ORIGINAL CURRENCY	MATURES IN	INTEREST TYPE	EFFECTIVE INTEREST RATE	NOMINAL VALUE	CARRYING AMOUNT
Balance as of 31.12.2020				in %	kEUR	kEUR
1. Deutsche Bank	EUR	6/30/2022	fix	2.92	0	0
2. Hypovereinsbank	EUR	6/30/2022	fix	2.60	0	0
3. Lease liabilities	EUR	n/a	fix	2,55-2,72	974	974
Total					974	974

LOANS AND BORROWINGS	ORIGINAL CURRENCY	MATURES IN	INTEREST TYPE	EFFECTIVE INTEREST RATE	NOMINAL VALUE	CARRYING AMOUNT
Balance as of 31.12.2019				in %	kEUR	kEUR
1. Deutsche Bank	EUR	6/30/2022	fix	2.92	3,450	3,450
2. Hypovereinsbank	EUR	6/30/2022	fix	2.60	5,037	5,037
3. Lease liabilities	EUR	n/a	fix	2,55-2,72	400	400
Total					8,887	8,887

LOANS AND BORROWINGS	ORIGINAL CURRENCY	MATURES IN	INTEREST TYPE	EFFECTIVE INTEREST RATE	NOMINAL VALUE	CARRYING AMOUNT
Balance as of 01.01.2019				in %	kEUR	kEUR
1. Deutsche Bank	EUR	6/30/2022	fix	2.92	2,500	2,500
2. Hypovereinsbank	EUR	6/30/2022	fix	2.60	6,045	6,045
3. Lease liabilities	EUR	n/a	fix	2,55-2,72	644	644
Total					9,189	9,189

As of December 31, 2021, the Group has outstanding credit lines from overdraft facilities from secured and unsecured bank loans amounting to kEUR 12,990 (31.12.2020: kEUR 15,000, 31.12.2019: kEUR 11,513, 01.01.2019: kEUR 11,455).

Regarding the assignment of inventories as collateral for liabilities to banks refer to note 10.

Loan covenant

fashionette must ensure that it can meet its financial obligations and that the financial covenants from the credit agreements are complied with.

As of December 31, 2021, the Group has secured bank loans with a carrying amount of kEUR 10 (31.12.2020: kEUR 0, 31.12.2019: kEUR 8,487, 01.01.2019: kEUR 8,545) and unsecured bank loans with a carrying amount of kEUR 11,550 (31.12.2020: kEUR 0, 31.12.2019: kEUR 0, 01.01.2019: kEUR 0)

fashionette was obliged to maintain several financial ratios regarding the secured bank loans.

Failure to comply with a financial covenant constitutes a material reason for terminating the loan and alternatively entitles to demand the provision or strengthening of collateral. This might lead to the immediate repayment of the outstanding amount.

Reconciliation of movements of liabilities to cash flows arising from financing activities

The following table provides a reconciliation between the opening and closing balances in the consolidated statement of financial position. The changes from financing cash flows, loans and borrowings and lease liabilities are presented separately.

LOANS AND BORROWINGS (RECONCILIATION OF MOVEMENTS)	SECURED BANK LOANS	UNSECURED LANK LOANS	LEASE LIABILITIES	TOTAL
	kEUR	kEUR	kEUR	kEUR
Balance as of 31.12.2020	-	-	974	974
Changes arising from obtaining control of subsidiaries	10	-	890	900
Changes from financing cash flows				
Proceeds from loans and borrowings	-	12,000	-	12,000
Repayment of borrowings	-	-450	-	-450
Payments of lease liabilities	-	-	-290	-290
Interest paid	-31	-53	-97	-181
Total changes from financing cash flows	-31	11,497	-387	11,079
Liability-related				
New lease liabilities			2,735	2,735
Interest expense	31	53	97	181
Total liability-related other changes	31	53	2,832	2,915
Balance as of 31.12.2021	10	11,550	4,309	15,869

LOANS AND BORROWINGS (RECONCILIATION OF MOVEMENTS)	SECURED BANK LOANS	UNSECURED LANK LOANS	LEASE LIABILITIES	TOTAL
	kEUR	kEUR	kEUR	kEUR
Balance as of 31.12.2019	8,487	-	400	8,887
Changes from financing cash flows				
Repayment of borrowings	-8,487	-	-	-8,487
Payments of lease liabilities	-	-	-373	-373
Interest paid	-176	-	-15	-191
Total changes from financing cash flows	-8,663	-	-387	-9,051
Liability-related				
New lease liabilities	-	-	947	947
Interest expense	176	-	15	191
Total liability-related other changes	176	-	962	1,138
Balance as of 31.12.2020	-	-	974	974

LOANS AND BORROWINGS (RECONCILIATION OF MOVEMENTS)	SECURED BANK LOANS	UNSECURED LANK LOANS	LEASE LIABILITIES	TOTAL
	kEUR	kEUR	kEUR	kEUR
Balance as of 01.01.2019	8,545	-	644	9,189
Changes from financing cash flows				
Repayment of borrowings	-58	-	-	-58
Payments of lease liabilities	-	-	-244	-244
Interest paid	-252	-	-15	-267
Total changes from financing cash flows	-310	-	-260	-569
Liability-related				
Interest expense	252	-	15	267
Total liability-related other changes	252	-	15	267
Balance as of 31.12.2019	8,487	-	400	8,887

17 Trade and other payables

Trade and other payables can be broken down as follows:

TRADE PAYABLES	12/31/2021	12/31/2020	12/31/2019	1/1/2019
	kEUR	kEUR	kEUR	kEUR
Trade payables				
1. Trade payables	13,548	7,789	5,252	6,567
2. Refund liabilities	5,754	3,344	3,505	3,019
3. Accrued expenses	1,383	582	70	83
Total	20,684	11,715	8,827	9,669

OTHER LIABILITIES	12/31/2021	12/31/2020	12/31/2019	1/1/2019
	kEUR	kEUR	kEUR	kEUR
Other financial liabilities				
1. Credit card accounts	11	6	58	31
2. Other liabilities financial	1	0	0	0
Sum of other financial liabilities	12	6	58	31
Other non-financial liabilities				
1. Liabilities resulting from input taxes and VAT	4,870	2,727	1,925	1,613
2. Accrued expenses (non-financial)	596	471	317	228
3. Payroll tax and social security contributions	185	282	99	102
4. Prepayments received	522	179	115	178
5. Deferred income	0	0	0	4
6. Other liabilities non-financial	272	176	63	249
Sum of other non-financial liabilities	6,444	3,835	2,519	2,374
Total	6,456	3,841	2,577	2,405

For information about fashionette's exposure to currency and liquidity risks please refer to note 19.2.

18 Other Provisions

Other provisions can be broken down as follows:

OTHER PROVISIONS	WARRANTIES	DISMANTLING COSTS	ARCHIVING COSTS	TOTAL
	kEUR	kEUR	kEUR	kEUR
As of 31.12.2020	148	0	21	169
Added	165	9	14	188
Acquisitions through business combinations	131	43	0	174
Utilized	165	0	0	165
As of 31.12.2021	279	52	35	366
Date of maturity				
Current	279	0	35	314
Non-current	0	52	0	52
Total Other provisions	279	52	35	366

OTHER PROVISIONS	WARRANTIES	DISMANTLING COSTS	ARCHIVING COSTS	TOTAL
	kEUR	kEUR	kEUR	kEUR
As of 31.12.2019	92	0	21	113
Added	141	0	0	141
Utilized	85	0	0	85
As of 31.12.2020	148	0	21	169
Date of maturity				
Current	148	0	21	169
Total Other provisions	148	0	21	169

OTHER PROVISIONS	WARRANTIES	DISMANTLING COSTS	ARCHIVING COSTS	TOTAL
	kEUR	kEUR	kEUR	kEUR
As of 01.01.2019	111	0	21	132
Added	85	0	0	85
Utilized	104	0	0	104
As of 31.12.2019	92	0	21	113
Date of maturity				
Current	92	0	21	113
Total Other provisions	92	0	21	113

19 Financial instruments and risk management

19.1 FINANCIAL INSTRUMENTS

The following table provides the carrying amounts and fair values of all financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value. The fair values are calculated on the basis of stochastic models taking into account the discounted expected future cash flows of the reciprocal payment obligations as of the measurement date.

FINANCIAL INSTRUMENTS	NOTE	FAIR VALUE - HEDGING INSTRUMENTS	FINANCIAL ASSETS AT AMORTIZED COSTS	OTHER FINANCIAL LIABILITIES	TOTAL	FAIR VALUE
Balance as of 31.12.2021		kEUR	kEUR	kEUR	kEUR	kEUR
Financial assets not measured at fair value		0	20,982	0	20,982	n/a
1. Trade and other receivables	(12)		13,784		13,784	n/a
2. Cash and cash equivalents	(13)		7,198		7,198	n/a
Financial liabilities not measured at fair value		0	0	32,256	32,256	n/a
1. Secured bank loans	(16)			10	10	n/a
2. Unsecured bank loans	(16)			11,550	11,550	n/a
3. Trade and other payables	(17)			20,696	20,696	n/a
Financial liabilities measured at fair value		27	0	0	27	27
1. Interest rate swaps used for hedging		27			27	27
Balance as of 31.12.2020						

FINANCIAL INSTRUMENTS	NOTE	FAIR VALUE - HEDGING INSTRUMENTS	FINANCIAL ASSETS AT AMORTIZED COSTS	OTHER FINANCIAL LIABILITIES	TOTAL	FAIR VALUE
Financial assets not measured at fair value		0	41,669	0	41,669	n/a
1. Trade and other receivables	(12)		9,834		9,834	n/a
2. Cash and cash equivalents	(13)		31,835		31,835	n/a
Financial liabilities not measured at fair value		0	0	11,721	11,721	n/a
1. Secured bank loans	(16)			0	0	n/a
2. Trade and other payables	(17)			11,721	11,721	n/a
As of 31.12.2019						
Financial assets not measured at fair value		0	12,519	0	12,519	n/a
1. Trade and other receivables	(12)		10,247		10,247	n/a
2. Cash and cash equivalents	(13)		2,272		2,272	n/a
Financial liabilities not measured at fair value		0	0	17,372	17,372	n/a
1. Secured bank loans	(16)			8,487	8,487	n/a
2. Trade and other payables	(17)			8,885	8,885	n/a
As of 01.01.2019						
Financial assets not measured at fair value		0	11,649	0	11,649	n/a
1. Trade and other receivables	(12)		8,919		8,919	n/a
2. Cash and cash equivalents	(13)		2,730		2,730	n/a
Financial liabilities not measured at fair value		0	0	18,245	18,245	n/a
1. Secured bank loans	(16)			8,545	8,545	n/a
2. Trade and other payables	(17)			9,700	9,700	n/a

In accordance with IFRS 7.29, the Group does not disclose the fair values of financial instruments if the carrying amounts of financial assets or liabilities are a reasonable approximation of the fair values.

The fair value of interest rate swaps, based on Level 2 of the fair value hierarchy, is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.

If reclassifications to other levels of the measurement hierarchy are necessary, they are made at the end of the fiscal year in which the event that requires the reclassification occurs. There were no reclassifications for all periods.

19.2 FINANCIAL RISK MANAGEMENT

fashionette's managing directors have overall responsibility for the establishment and oversight of fashionette's risk management framework. The managing directors are also responsible for developing and monitoring its risk management policies.

fashionette's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. fashionette, through its training and

management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Group has adjusted its internal risk management and internal controls processes to be compliant with the requirements of a public company. This involves a detailed documentation of processes, controls implemented and related management testing. Where necessary, processes are adjusted and additional controls are implemented.

fashionette's main financial liabilities include trade payables and loans and borrowings consisting of secured and unsecured bank loans as well as lease liabilities. The primary purpose of these financial liabilities is to finance fashionette's operations and provide guarantees to support its operations. Furthermore, the Group has other payables and cash directly related to its business activities. fashionette is mainly exposed to liquidity risk as well as low credit and market risk.

19.2.1 CREDIT RISK

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. The Group's maximum credit exposure is represented by the carrying amounts of financial assets deducted by the Group's insurances for specific assets. The Group monitors its risk regularly.

Expected credit loss assessment for counterparties

The Group allocates each exposure to a credit risk based on data that is determined to be predictive of the risk of loss.

The maximum credit risk is presented in the following table:

MAXIMUM CREDIT RISK OF FINANCIAL ASSETS	12/31/2021	12/31/2020	12/31/2019	1/1/2019
	kEUR	kEUR	kEUR	kEUR
Trade receivables	13,079	9,480	10,085	8,627
Other financial assets	793	442	268	398
Cash	7,198	31,835	2,272	2,730

Other financial assets mainly reflect deposits, prepaid expenses and receivables from payment providers for which the risk of default is low. No material impairment losses for other financial assets were therefore identified for any of the reported periods.

Cash and cash equivalents mainly consist of bank balances or short-term securities investment. The corresponding creditworthiness is monitored regularly. Due to the good credit rating of the banks, the cash and cash equivalents have a very low risk of default. No material impairment losses were therefore identified for any of the reported periods.

For trade receivables, the Group applies the so-called "simplified approach" and recognizes the expected credit losses over the entire remaining term already upon addition. Under the simplified approach, the Group determines the expected credit losses by category of the trade receivables, taking into account historical default rates on the basis of historical default data from the last three financial years and taking into account forward-looking macroeconomic indicators.

The Group does not differentiate between receivables from businesses and receivables from individual customers.

A bad debt provision is recognized on an individual basis under the simplified approach if one or more events with an adverse effect on the debtor's credit rating have occurred. These events are, among others, payment delays, an impending insolvency or concessions by the debtor due to payment difficulties. Trade receivables are written off directly when their recoverability is no longer reasonably expected. This is the case, for example, when the debtor is determined to be insolvent.

Expected credit losses on trade receivables recognized in profit or loss were as follows:

EXPECTED CREDIT LOSS	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
	kEUR	kEUR	kEUR
Balance at 01.01	87	106	106
Net measurement of loss allowance	0	-19	0
Balance at 31.12	88	87	106

The following tables provide information about the exposure to credit risk and expected credit losses for trade receivables from customers for each reporting date:

CREDIT RISK	WEIGHTED-AVERAGE LOSS RATE	GROSS CARRYING AMOUNT	LOSS ALLOWANCE	NET CARRYING AMOUNT
12/31/2021	in %	kEUR	kEUR	kEUR
Dunning level 0	0.30%	6,138	19	6,119
Dunning level 1	0.01%	456	0	456
Dunning level 2	0.01%	167	0	167
Dunning level 3	0.06%	155	0	155
Dunning level 4	2.96%	1,653	49	1,604
Total		8,569	68	8,501

CREDIT RISK	WEIGHTED-AVERAGE LOSS RATE	GROSS CARRYING AMOUNT	LOSS ALLOWANCE	NET CARRYING AMOUNT
12/31/2020	in %	kEUR	kEUR	kEUR
Dunning level 0	0.26%	6,551	17	6,533
Dunning level 1	0.01%	497	0	497
Dunning level 2	0.01%	168	0	168
Dunning level 3	0.04%	106	0	106
Dunning level 4	4.04%	1,327	54	1,274
Total		8,649	71	8,578

CREDIT RISK	WEIGHTED-AVERAGE LOSS RATE	GROSS CARRYING AMOUNT	LOSS ALLOWANCE	NET CARRYING AMOUNT
12/31/2019	in %	kEUR	kEUR	kEUR
Dunning level 0	0.23%	4,710	11	4,699
Dunning level 1	0.01%	218	0	218
Dunning level 2	0.00%	96	0	96
Dunning level 3	0.02%	73	0	73
Dunning level 4	5.67%	1,434	81	1,353
Total		6,531	92	6,439

CREDIT RISK	WEIGHTED-AVERAGE LOSS RATE	GROSS CARRYING AMOUNT	LOSS ALLOWANCE	NET CARRYING AMOUNT
1/1/2019	in %	kEUR	kEUR	kEUR
Dunning level 0	0.00%	4,092	0	4,092
Dunning level 1	0.00%	272	0	272
Dunning level 2	0.00%	73	0	73
Dunning level 3	0.00%	53	0	53
Dunning level 4	5.81%	1,584	92	1,491
Total		6,074	92	5,982

19.2.2 LIQUIDITY RISK

Liquidity risk is the risk that fashionette will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

fashionette aims to maintain the level of its cash at an amount in excess of expected cash outflows on financial liabilities

Exposure to liquidity risk

The following table presents the remaining contractual maturities of fashionette's financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments:

LIQUIDITY RISK	CARRYING AMOUNT	TOTAL	< 1 YEARS	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS	INTEREST RATE
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	
Balance as of 31.12.2021							
Secured bank loans	10	10	10	-	-	-	1M EURIBOR + 3,3%
Unsecured bank loan	11,550	12,151	1,969	1,944	8,238	-	3M EURIBOR + 1,75% / +2%
Finance lease liabilities	4,309	4,707	794	744	2,008	1,161	2,55-2,85
Trade and other payables	20,696	20,696	20,696	-	-	-	n/a
Interest rate swaps used for hedging	27	27	-	-	27	-	
Total	36,593	37,591	23,470	2,688	10,273	1,161	
Balance as of 31.12.2020							
Secured bank loans	-	-	-	-	-	-	2,60-2,92
Finance lease liabilities	974	1,062	195	141	422	305	2,55-2,72
Trade and other payables	11,721	11,721	11,721	-	-	-	n/a
Total	12,695	12,783	11,916	141	422	305	
As of 31.12.2019							
Secured bank loans	8,487	8,719	8,719	-	-	-	2,60-2,92
Finance lease liabilities	400	407	352	54	-	-	2,55-2,72
Trade and other payables	8,885	8,885	8,885	-	-	-	n/a
Total	17,772	18,011	17,956	54	0	0	
As of 01.01.2019							
Secured bank loans	8,545	8,775	8,775	-	-	-	2,60-2,92
Finance lease liabilities	644	666	260	352	54	-	2,55-2,72
Trade and other payables	9,700	9,700	9,700	-	-	-	n/a
Total	18,889	19,141	18,735	352	54	0	

fashionette has implemented a daily cash reporting to ensure a current view over the short-term liquidity compared to planned cash outflows. In addition, the Group maintains lines of credit in order to compensate for short-term liquidity issues.

The interest payments for the secured and unsecured bank loans in the table above reflect the interest rate at the reporting date. The interest rate may change if the market interest rates change as well as a specific leverage ratio will not be maintained.

19.2.3 MARKET RISK

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates – will affect fashionette's income or the value of its holdings of financial instruments. The financial instruments affected by market risk essentially comprise financial assets and liabilities

Interest rate risk

In general, interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. With regard to fashionette, certain recognised loans and borrowings have interest rates based on variable parameters.

The following table shows the fixed-interest or non-interest-bearing liabilities and the variable interest-bearing liabilities:

CARRYING AMOUNTS OF FINANCIAL LIABILITIES BEARING INTEREST (IN KEUR)	12/31/2021		12/31/2020	
	FIXED-INTEREST OR NON-INTEREST-BEARING	VARIABLE INTEREST RATE	FIXED-INTEREST OR NON-INTEREST-BEARING	VARIABLE INTEREST RATE
Loans and borrowings	0	11,560	0	0
Hedging	0	3,850	0	0
Loans and borrowings (net of hedges)	0	7,710	0	0
CARRYING AMOUNTS OF FINANCIAL LIABILITIES BEARING INTEREST (IN KEUR)	**12/31/2019**		**1/1/2019**	
	FIXED-INTEREST OR NON-INTEREST-BEARING	VARIABLE INTEREST RATE	FIXED-INTEREST OR NON-INTEREST-BEARING	VARIABLE INTEREST RATE
Loans and borrowings	8,487	0	8,545	0
Hedging	0	0	0	0
Loans and borrowings (net of hedges)	8,487	0	8,545	0

The sensitivity to interest rates is as follows for the secured and unsecured bank loans:

	PROFIT OR LOSS		EQUITY, NET OF TAX	
	LOANS AND BORROWINGS (+50 BP)	LOANS AND BORROWINGS (-50 BP)	LOANS AND BORROWINGS (+50 BP)	LOANS AND BORROWINGS (-50 BP)
	kEUR	kEUR	kEUR	kEUR
12/31/2021	-40	40	82	-27
12/31/2020	-	-	-	-
12/31/2019	-	-	-	-
1/1/2019	-	-	-	-

fashionette is exposed to interest rate risks resulting from concluding variable interest rate liabilities. For the purpose of reducing the volatility of interest payments, the risk management strategy proposes the conversion of interest payments into fixed rate payments by entering into payer swaps. To avoid accounting mismatches, fashionette applies cash flow hedge accounting to these swaps and the respective liabilities. The hedged risk is limited to the interest rate risk. Credit risk arising from the financial liabilities is not designated as part of the hedging relationship. fashionette applies a hedge ratio of 1:1.

With regard to the assessment of an economical relationship between the hedged item and the hedging instrument, fashionette performs the critical terms match method. Hereby, the corresponding reference interest rates, maturities, interest rate fixings as well as the nominal amounts are incorporated in the analysis. The retrospective determination of hedge ineffectiveness is performed on the basis of the hypothetical derivative method. Potential sources of ineffectiveness result from the counterparty's as well as fashionette's credit risk.

The following table shows the maturity profile of hedging instruments held at December 31, 2021:

HEDGING INSTRUMENTS	MATURITIES		
	< 6 MONTHS	6-12 MONTHS	> 12 MONTHS
	kEUR	kEUR	kEUR
Interest rate swaps			
Nominal Amount			3,850
Average fixed interest rate			1.76%

No hedging instruments were held at December 31, 2020.

The effects of hedge accounting on fashionette´s financial position and performance are displayed in the following table:

	CARRYING AMOUNT HEDGING INSTRUMENT			
	ASSET	LIABILITY	ACCOUNT	NOMINAL AMOUNT
	kEUR	kEUR		kEUR
Interest rate hedge		-27	Liabilities from derivatives (long term)	3,850

	CASHFLOW- HEDGE-RESERVE		
	RECORDED IN OCI	RECLASSIFIED INTO P&L	RECLASSIFICATION ACCOUNT
	kEUR	kEUR	
Interest rate hedge	31	4	Other interest expense

	CHANGE IN VALUE USED FOR		RECOGNIZED HEDGE	
	HEDGING INSTRUMENT	HEDGED INSTRUMENT	INEFFECTIVENESS AMOUNT	ACCOUNT
	kEUR	kEUR	kEUR	
Interest rate hedge	-27	-28	0	n/a

The following table shows a reconciliation of the cashflow hedge reserve from the opening to closing balance:

CHANGES IN CASHFLOW-HEDGE-RESERVE	CASHFLOW-HEDGE-RESERVE
	kEUR
Balance as of 01.01.2021	0
Gains and losses recorded in the reserve	31
Reclassified into Profit & Loss	-4
Balance as of 31.12.2021	27

Currency risk

fashionette is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which trade receivables and payables are denominated and the respective functional currency of fashionette. The functional currency of fashionette is Euro. Revenues are partly denominated in CHF, GBP, SEK, DKK and USD, while most of the revenue is still generated in Euro. Procurement is also partly denominated in similar currencies.

The following table shows fashionette's exposure to currency risk (in thousand of each currency):

MARKET RISK	31.12.2021				31.12.2020				
	CHF	GBP	SEK	USD	CHF	GBP	SEK	USD	
Trade receivables	1,179	550	981	-	832	925	443	3	
Cash and cash equivalents	175	506	393	-	133	403	115	-	
Trade payables	-2	-115	-35	-128	-	-37	-	-16	
Net statement of financial position exposure	1,352	941	1,339	-128	966	1,291	558	-12	
Net exposure	1,352	941	1,339	-128	966	1,291	558	-12	

MARKET RISK	31.12.2019				01.01.2019				
	CHF	GBP	SEK	USD	CHF	GBP	SEK	DKK	USD
Trade receivables	520	917	318	4	117	508	346	30	21
Cash and cash equivalents	168	225	560	-	361	585	792	-	-
Trade payables	-19	-8	-27	-10	-	-	-	-	-
Net statement of financial position exposure	669	1,134	851	-6	478	1,093	1,138	30	21
Net exposure	669	1,134	851	-6	478	1,093	1,138	30	21

The following significant exchange rates have been applied within these financial statements:

	AVERAGE RATE			EXCHANGE RATE AS OF			
	2021	2020	2019	31.12.2021	31.12.2020	31.12.2019	1.1.2019
CHF	1.08	1.07	1.11	1.03	1.09	1.09	1.13
GBP	0.86	0.89	0.88	0.84	0.90	0.85	0.89
SEK	10.15	10.48	10.59	10.25	10.58	10.45	10.25
DKK	7.44	7.45	7.47	7.44	7.44	7.47	7.47
USD	1.18	1.14	1.12	1.13	1.06	1.12	1.15

In 2021 foreign currency translation resulted in income of kEUR 494 (2020: kEUR 368, 2019: kEUR 215) and expenses of kEUR 480 (2020: kEUR 529, 2019: kEUR 255).

A reasonably possible strengthening (weakening) or CHF, GBP, SEK, DKK and USD against all other currencies at December 31, would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

in kEUR	PROFIT OR LOSS	
	STRENGTHENING	WEAKENING
12/31/2021	-222	272
CHF (10% movement)	-119	145
GBP (10% movement)	-102	124
SEK (10% movement)	-12	15
USD (10% movement)	10	-13
12/31/2020	-215	262
CHF (10% movement)	-81	99
SEK (10% movement)	-5	6
USD (10% movement)	1	-1
12/31/2019	-184	225
CHF (10% movement)	-56	68
GBP (10% movement)	-121	148
SEK (10% movement)	-7	9
USD (10% movement)	0	-1
1/1/2019	-162	198
CHF (10% movement)	-39	47
GBP (10% movement)	-111	136
SEK (10% movement)	-10	12
DKK (10% movement)	-0	0
USD (10% movement)	-2	2

Other market risks

fashionette is not significantly exposed to other market risks.

20 Revenue

The following tables present the revenue from contracts with customers disaggregated by primary geographical market and major products.

REVENUE FROM CONTRACTS WITH CUSTOMERS	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
	kEUR	kEUR	kEUR
Primary geographical markets			
DACH	96,601	81,053	64,775
BENELUX	24,539	5,354	3,084
Other	12,616	8,933	5,355
Total	133,757	95,339	73,214
Major products			
Income from the sale of merchandise*	133,757	95,339	73,214
Total	133,757	95,339	73,214
Timing of revenue recognition			
Products transferred at a point in time	133,757	95,339	73,214
Total	133,757	95,339	73,214

* incl. income from marketing services (2021: 1,086 kEUR, 2020: 547 kEUR, 2019: 370 kEUR)

Contract liabilities

The contract liabilities primarily relate to the advance consideration received from customers for products that have not been shipped as of the reporting date, amounting to kEUR 74 (2020: kEUR 0, 2019: kEUR 0), as well as the payments received for gift cards sold that have not been redeemed by the customers amounting to kEUR 140 (2020: kEUR 0, 2019: kEUR 0).

Performance obligations and revenue recognition policies
Revenue is measured based on the consideration specified in the contract with a customer. fashionette recognized revenue when it transfers control over a good to a customer. Relevant return options are considered where applicable and material.

The following table provides information about the nature and timing of the satisfaction of significant performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

TYPE OF SIGNIFICANT PRODUCT	NATURE AND TIMING OF SATISFACTION OF PERFORMANCE OBLIGATION, INCLUDING SIGNIFICANT PAYMENT TERMS	REVENUE RECOGNITION UNDER IFRS 15
Merchandise	B2B: Control of the product remains at fashionette until the commission agent makes a successful sale. Since fashionette mainly uses the incoterm DDP, customers obtain control of the product when they receive it. Invoices are generated and revenue is recognised at that point in time. Invoices are usually payable within 14 days. B2C: customers obtain control of the product when they receive it. Invoices are directly payable or via invoice depending on customers choice of payment method	Revenue is recognised when the product is accepted by the customer. Discounts are deducted directly from revenue.

In addition, marketing services are performed to a minor amount with B2B customers. Revenue is recognised when the marketing service is fully performed (2021: kEUR 1,086, 2020: kEUR 547, 2019: kEUR 370).

21 Raw materials and consumables used

During the financial year 2021, the cost of materials amounted to kEUR 82,343 (2020: kEUR 57,606, 2019: kEUR 42,989). The increase mainly results from the Group's business growth as well as the acquisition of Brandfield in the financial year 2021.

22 Share-based payments

In the financial year 2020, fashionette AG has granted its Management Board members and employees a total of up to 310,000 subscription rights as part of a stock option programme (SOP). Of these 310,000 subscription rights, a total of 247,968 were issued in the financial year 2020. This variable remuneration begins in 2020 and entitles the beneficiaries to receive shares after a four-year waiting period, subject to the achievement of defined performance targets.

The number and weighted average exercise prices of the share options under the share option programmes developed as follows:

	NUMBER OF OPTIONS 2021	WEIGHTED AVERAGE EXCERCISE PRICE 2021 (IN EUR)	NUMBER OF OPTIONS 2020	WEIGHTED AVERAGE EXCERCISE PRICE 2020 (IN EUR)
Outstanding at 1 January	247,968	30	-	-
Issued during the year	-	-	247,968	30
Outstanding at 31 December	247,968	30	247,968	30
Exercisable at 31 December	-	-	-	-

The options outstanding as at 31 December 2021 had an exercise price of EUR 30 and a weighted average contractual life of 2.87 years.

The fair value of the share options was determined using the Black-Scholes formula. Service and market-independent performance conditions associated with the transactions were not considered in determining the fair value.

The following parameters were used in determining the fair values on the date the share options were granted:

	STOCK OPTION PROGRAMMES	
	MEMBERS OF THE BOARD	
	2021	2020
Fair value at grant date (in EUR)	-	9.91
Share price at grant date (in EUR)	-	29.9
Exercise price (in EUR)	-	30.00
Expected volatility (weighted average, in %)	-	46.04
Expected life (weighted average, in %)	-	4.00
Expected dividends (in %)	-	0.00
Risk-free interest rate (in %)	-	-0.74

The volatility was determined on the basis of the historical closing prices of the fashionette AG share.

The expense for the share option programme amounted to kEUR 273 in the financial year 2021 (2020: kEUR 55; 2019: kEUR 0).

23 Employee benefit expenses

In the financial year 2021 fashionette employs on average 216 (2020: 148; 2019: 136) employees.

Employee benefits expense include the following items:

EMPLOYEE BENEFITS EXPENSE	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
	kEUR	kEUR	kEUR
1. Wages and salaries	8,114	6,473	5,694
2. Social security contributions	1,447	1,027	983
3. Equity-settled share-based payments	273	55	0
4. Expenses related to long-service leave	53	0	0
Total	9,887	7,555	6,677

24 Other income

Other income includes the following:

OTHER INCOME	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
	kEUR	kEUR	kEUR
1. Income from compensation for damages	1,218	0	0
2. Income from currency translation	509	368	215
3. Insurance compensation	468	286	263
4. Income from receivables written off	181	266	4
5. Income from reversal of provisions	52	17	29
6. Other	10	13	6
Total	2,438	950	517

The increase in other operating income results mainly from compensations for damages resulting from the loss of inventory amounting to kEUR 1,218 and insurance compensation of kEUR 468 in 2021.

25 Other expenses

Other expenses include the following:

OTHER EXPENSES	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
	kEUR	kEUR	kEUR
1. Marketing costs	19,333	8,772	7,292
2. Distribution costs	16,665	10,035	7,328
3. Technology costs	1,645	1,074	895
4. Administration costs	1,432	450	302
5. Legal, audit and consulting fees	688	387	377
6. Acquistion costs Brandfield	653	0	0
7. Expenses for currency translation	542	529	255
8. Rent & Utilities	435	226	144
9. Insurance costs	232	394	79
10. Value adjustment of receivables	224	490	200
11. Travel and hospitality costs	126	24	72
12. IPO costs	0	2,290	0
13. Miscellaneous other operating expenses	401	586	237
Total	42,378	25,257	17,182

The increase in other expenses mainly results from the Group's business growth as well as the acquisition of Brandfield in the financial year 2021.

26 Financial income and finance cost

Financial results are broken down as follows:

FINANCE INCOME	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
	kEUR	kEUR	kEUR
Other interest income	15	18	21
Total	15	18	21
FINANCE COST	**01.01.2021 - 31.12.2021**	**01.01.2020 - 31.12.2020**	**01.01.2019 - 31.12.2019**
	kEUR	kEUR	kEUR
Interest expense from factoring	1,247	1,283	1,267
Interest expense from leasing	97	15	15
Interest expense from current accounts and bank loans	89	176	252
Other interest expense	8	10	2
Total	1,441	1,484	1,536

All finance income and cost results from financial assets and liabilities not measured at FVTPL.

Interest from loans

For information on fashionette's exposure to interest rate risk please refer to note 19.2.3

27 Income taxes

Amounts recognised in profit or loss
The amounts recognised in profit or loss are as follows:

AMOUNTS RECOGNISED IN PROFIT OR LOSS	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
	kEUR	kEUR	kEUR
Current year	-44	-1,125	-1,368
Changes in estimates related to prior years	173	-0	-2
Current tax income (expense)	130	-1,125	-1,370
Origination and reversal of temporary differences and tax loss carry forwards (expense)	107	-96	63
Deferred tax income (expense)	107	-96	63
Total	237	-1,221	-1,307

In 2021 , the applicable income tax rate in the country of domicile of the holding companythe applicable income tax rate was 31.225% (2020: 31.225%, 2019: 31.225%).

As of December 31, 2021, the income tax liabilities amount to kEUR 1 (31.12.2020: kEUR 467, 31.12.2019: kEUR 1,081, 01.01.2019: kEUR 286).

IFRIC 23 is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. In this context, the Group assumed that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so. Furthermore, the Group considered whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing. As a result, the Group does not see any material impact for the consolidated financial statements.

Amounts recognised in other comprehensive income

In the financial year 2021, a deferred tax expense amounting to kEUR 8 was recognized in other comprehensive income corresponding to the recognition of a deferred tax asset on the effect of the effective portion of the existing interest-rate SWAP.

Amounts recognised directly in equity

In the financial year 2020, a deferred tax income amounting to kEUR 170 was recognized directly in equity corresponding to the capitalization of transaction costs according to IAS 32.

Reconciliation of effective tax rate

The reconciliation of effective tax rate is as follows:

RECONCILIATION OF EFFECTIVE TAX RATE	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
	kEUR	kEUR	kEUR
Profit before tax from continuing operations	-1,937	3,046	3,982
Tax using the company's domestic tax rate (31,225%)	605	-951	-1,243
Tax effect of:			
No-deductible expenses	-57	-11	-4
Changes in estimates related to prior years	-2	0	0
Trade tax additions	-54	-56	-60
Prior year taxes	-173	0	-1
Other	-82	-203	2
Total	237	-1,221	-1,307

Movement in deferred tax balances

Deferred tax assets and liabilities are attributable to the following items:

DEFERRED TAX ASSETS & LIABILITIES	1/1/2021	RECOGNIZED IN PROFIT OR LOSS	RECOGNIZED IN OCI	RECOGNIZED DIRECTLY IN EQUITY	ACQUIRED IN BUSINESS COMBINATION	12/31/2021 NET	12/31/2021 DEFERRED TAX ASSETS	12/31/2021 DEFERRED TAX LIABILITIES
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
1. Leasing	8	90			21	118	118	
2. Right of return	23	27				50	50	
3. Other provisions	46	-3			35	79	79	
4. Liabilities from Derivatives	0		8			8	8	
5. Other receivables	78	-7				71	71	
6. Consolidation	0	19				19	19	
7. Tax loss carry-forward	0	-134			134	0	0	
Deferred tax assets	155	-8	8	0	190	345	345	0
1. Property, plant and equipment	0	4			-21	-17		-17
2. Intangible assets	0	77			-1,102	-1,025		-1,025
3. Inventories	0	173			-346	-173		-173
4. Right of return	0	1			-1	0		0
5. Other provisions	0	-7				-7		-7
6. Trade receivables	-284	-57				-341		-341
7. Other payables	-3	-75			-12	-90		-90
Deferred tax liabilities	-287	115	0	0	-1,481	-1,653	0	-1,653
Total	-132	107	8	0	-1,292	-1,308	345	-1,653

DEFERRED TAX ASSETS & LIABILITIES	1/1/2020	RECOGNIZED IN PROFIT OR LOSS	RECOGNIZED IN OCI	RECOGNIZED DIRECTLY IN EQUITY	ACQUIRED IN BUSINESS COMBINATION	12/31/2020 NET	12/31/2020 DEFERRED TAX ASSETS	12/31/2020 DEFERRED TAX LIABILITIES
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
1. Leasing	17	-10				8	8	
2. Right of return	0	23				23	23	
3. Other provisions	29	18				46	46	
4. Trade receivables	227	-227				0	0	
5. Other receivables	0	78				78	78	
Deferred tax assets	273	-118	0	0	0	155	155	0
1. Inventories	-132	132				0		0
2. Right of return	-2	2				0		0
3. Trade receivables	-325	40				-284		-284
4. Other payables	-20	17				-3		-3
5. Other items	0	-170		170		0		0
Deferred tax liabilities	-479	22	0	170	0	-287	0	-287
Total	-206	-96	0	170	0	-132	155	-287

DEFERRED TAX ASSETS & LIABILITIES	1/1/2019	RECOGNIZED IN PROFIT OR LOSS	RECOGNIZED IN OCI	RECOGNIZED DIRECTLY IN EQUITY	ACQUIRED IN BUSINESS COMBINATION	12/31/2019 NET	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
1. Leasing	0	17				17	17	
2. Other provisions	35	-6				29	29	
3. Trade receivables	95	132				227	227	
Deferred tax assets	129	143	0	0	0	273	273	0
1. Inventories	-60	-73				-132		-132
2. Right of return	-19	17				-2		-2
3. Trade receivables	-317	-8				-325		-325
4. Other payables	-3	-17				-20		-20
Deferred tax liabilites	-399	-80	0	0	0	-479	0	-479
Total	-269	63	0	0	0	-206	273	-479

Unrecognised deferred tax assets
There are no unrecognised deferred tax assets.

28 Earnings per share

28.2.1 BASIC EARNINGS PER SHARE

The calculation of basic EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	01.01.2021-31.12.2021	01.01.2020-31.12.2020	01.01.2019-31.12.2019
	EUR	EUR	EUR
Profit (loss) for the year, attributable to the owners of the Company	-1,700,170	1,825,311	2,675,162
Profit (loss) attributable to ordinary shareholder	-1,700,170	1,825,311	2,675,162

WEIGHTED-AVERAGE NUMBER OF ORDINARY SHARES (BASIC)	01.01.2021-31.12.2021	01.01.2020-31.12.2020	01.01.2019-31.12.2019
	# shares	# shares	# shares
Issued ordinary shares at January 1,	6,200,000	5,000,000	5,000,000
Effect of shares issued on October 29, 2020	0	1,200,000	0
Weighted-average number of ordinary shares (basic) at December 31,	6,200,000	5,203,333	5,000,000

28.2.2 DILUTED EARNINGS PER SHARE

Dilutive effects did not occur during the financial years 2020 and 2019.

As at December 31, 2021, 33,103 options resulting from the Group's share-based payment programme were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive.

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options was based on quoted market prices for the year during which the options were outstanding.

29 Related parties

A. Parent and ultimate controlling party
As of the initial public offering in the financial year 2020, fashionette no longer has an ultimate controlling party. The previous ultimate controlling party was Genui Fund GmbH & Co. KG.

fashionette is currently not included in any consolidated financial statements at the level of its shareholders.

B. Transactions with key management personnel
As of December 31, 2021, the managing directors are Daniel Raab (Chief Executive Officer) and Thomas Buhl (Chief Operating Officer / Chief Technology Officer).

Dr. Fabio Labriola, Dr. Sebastian Siebert and Ronald Reschke were the previous managing directors until March 31, 2019.

Key management personnel compensation
Key management personnel compensation comprised the following.

KEY MANAGEMENT PERSONNEL COMPENSATION	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
	kEUR	kEUR	kEUR
Short-term employee benefits	703	1,017	661
Share-based payments*	273	55	0
Total	976	1,072	661

*See Notes 3.12

Compensation of the Group's key management personnel includes salaries, non-cash benefits and share-based payments.

Supervisory Board

The remuneration of the members of the Supervisory Board is governed by the Articles of Association of fashionette AG.

The members of the Supervisory Board receive a fixed basic remuneration for each fiscal year of the Company amounting to kEUR 25. The Chairman of the Supervisory Board receives a fixed basic remuneration of kEUR 40, the Vice Chairman receives a fixed basic remuneration of kEUR 30.

The remuneration is due after the end of the Annual General Meeting that approves the financial statements for the financial year for which the remuneration is paid. Members of the Supervisory Board, who are in office for only part of the financial year, receive a corresponding pro rata compensation.

In addition to the fixed remuneration, fashionette AG reimburses the members of the Supervisory Board for their reasonable out-of-pocket expenses incurred in the performance of their duties as well as the value-added tax payable on their remuneration and out-of-pocket expenses.

Furthermore, the members of the Supervisory Board are included in the D&O liability insurance policy for members of the Management Board, which provides coverage against financial loss. The premiums for this insurance policy are paid by the Company.

In accordance with the Articles of Association (§ 11 (1)), the Supervisory Board is composed of five members. It is not subject to co-determination by employees. All members of the Supervisory Board are elected by the Annual General Meeting as shareholder representatives.

Further details on the members of the Supervisory Board are provided below.

The Supervisory Board did not form any committees in financial years 2021 and 2020.

During the financial year, the Supervisory Board was composed of the following members:

Stefan Schütze, Managing Director at C3 Management GmbH

- Chairman of the Supervisory Board starting on 25.06.2021
- Vice Chairman of the Supervisory Board until 25.06.2021

Dr. Oliver Serg, Managing Director at Genui GmbH

- Vice Chairman of the Supervisory Board starting on 25.06.2021
- Chairman of the Supervisory Board until 25.06.2021

KarolineHuber,Self-employed consultant and interim manager starting April 2022

Christian van der Bosch, Investment Professional Genui GmbH (member of the Supervisory Board until 25.06.2021)

Rolf Sigmund, consultant (member of the Supervisory Board)

Ingo Arnold, CFO freenet AG (member of the Supervisory Board starting on 25.06.2021)

Dr. Oliver Serg and Christian van der Bosch waive their right to their annual Supervisory Board remuneration as long as Genui is a shareholder of fashionette AG.

The members of the Supervisory Board of fashionette AG are furthermore represented in supervisory boards as well as controlling bodies of the following companies:

Stefan Schütze:

- MagForce AG (Chairman of the Supervisory Board)
- Coreo AG (Chairman of the Supervisory Board)
- Cyan AG (Vice Chairman of the Supervisory Board)

Dr. Oliver Serg:

- Genui GmbH (Managing Director)
- Genui GP II GmbH (Managing Director)
- Genui GP GmbH (Managing Director)
- Genui Zweite Beteiligungsgesellschaft mbH (Managing Director)
- Genui Vierte Beteiligungsgesellschaft mbH (Managing Director)
- Cherry TopCo S.à r.l., Luxembourg (member of the Advisory Board)
- Genui Siebte Beteiligungsgesellschaft mbH (Managing Director)
- Genui Achte Beteiligungsgesellschaft mbH (Managing Director)
- Genui Sechzehnte Beteiligungsgesellschaft mbH (Managing Director)
- Genui 21. Beteiligungsgesellschaft mbH (Managing Director)
- Genui 22. Beteiligungsgesellschaft mbH (Managing Director)
- Genui 23. Beteiligungsgesellschaft mbH (member of the Advisory Board)
- Genui 25. Beteiligungsgesellschaft mbH (Managing Director)

- Genui 26. Beteiligungsgesellschaft mbH (Managing Director)
- Genui 27. Beteiligungsgesellschaft mbH (Managing Director)
- Mindcurv Holding GmbH (member of the Advisory Board)
- Physio Group GmbH (Chairman of the Advisory Board)
- Chrilian AG (member of the Supervisory Board)
- GHM TopCo GmbH (member of the Advisory Board)
- GNS Gesellschaft für Neurologie und seelische Gesundheit mbH (member of the Advisory Board)

Rolf Sigmund:

- Accenture Dienstleistungen GmbH (member of the Advisory Board)
- Börlind GmbH (Chairman of the Advisory Board)

Ingo Arnold:

- MEDIA BROADCAST GmbH (Chairman of the Advisory Board)

Other related party transactions
In accordance with a cost-sharing agreement, Genui reimbursed kEUR 618 to fashionette for transaction costs related to the initial public offering in the financial year 2020. This reimbursement has been treated as a capital contribution and was recognized in the transaction cost reserve.

There were no further transactions related to key management personnel or other related parties during the financial years presented in these financial statements.

30 Contingencies

As of December 31, 2021, the Group has entered into two separate guarantees with financial institutions.

In order to secure a service provider's claim to remuneration from the Group for fulfilled contractual services, the Group issued a guarantee of kEUR 600.

In order to secure all claims arising from a tenancy agreement such as claims for conversion and expansion costs as well as claims for damages, the Group provided the landlord with a directly enforceable guarantee of kEUR 152.

31 Auditor's fee

The total fees charged for services provided by the auditor for the financial years 2021, 2020 and 2019 amounted to:

AUDIT FEES	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
	kEUR	kEUR	kEUR
Audit services	120	62	37
Other attestation services	0	302	0
Other services	0	4	0
Total	120	368	37

32 Shareholding list

The following table presents the local GAAP financials for each company included:

COMPANY NAME	REGISTERED OFFICE	COUNTRY	PROFIT OR LOSS	EQUITY	SHARES HELD
			kEUR	kEUR	in %
Brandfield B.V.	Bornholmstraat 82, 9723 AZ Groningen	Netherlands	328	2,395	100
Brandfield Holding B.V.	Bornholmstraat 82, 9723 AZ Groningen	Netherlands	-115	1,838	100
Fastylo Holding B.V.	Bornholmstraat 86, 9723 AZ Groningen	Netherlands	5	-669	100
Favorite Brands B.V.	Bornholmstraat 86, 9723 AZ Groningen	Netherlands	759	-1,615	100

The presented companies all have a shortened financial year from 01.07.2021 to 31.12.2021. The presented figures for profit or loss and equity refer to the companies' local GAAP financials.

33 Events after the reporting period

The following subsequent events occurred after the end of the 2021 financial year.

Effective January 1, 2022, Brandfield Holding B.V. was merged into Brandfield B.V. downwards.

Effective January 1, 2022, Favorite Brands B.V. was merged upwards into Fastylo Holding B.V.

On March 31, 2022, fashionette's CEO Daniel Raab announced that he will leave the Company effective as of end of September 2022.

There were no further events that occurred after the end of the financial year and are of particular importance for fashionette's future results of operations, financial position, and net assets.

Düsseldorf, 31 March 2022

Management

Daniel Raab Thomas Buhl

Further INFORMATION

FURTHER INFORMATION

Assurance of the legal REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles, the 2021 Financial Statements of fashionette AG give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the Management Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Dusseldorf, 31 March 2022

Daniel Raab
CEO

Thomas Buhl
COO/CTO

Auditor's REPORT

To fashionette AG

AUDIT OPINIONS

We have audited the Consolidated Financial Statements of fashionette AG, Düsseldorf, and its subsidiaries (the Group), which comprise the Consolidated Statement of Financial Position as of 31 December 2021, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the financial year from 1 January 2021 to 31 December 2021, and the Notes to the Consolidated Financial Statements, including a description of the accounting and valuation policies. We have also audited the Group Management Report of fashionette AG, which was combined with the Management Report of the company, for the financial year from 1 January 2021 to 31 December 2021.

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

- the accompanying Consolidated Financial Statements comply in all material respects with IFRS as adopted by the EU and the additional requirements of German law pursuant to Section 315e (3) of the German Commercial Code (HGB) and give a true and fair view of the financial position of the Group as of 31 December 2021 and of its financial performance for the financial year from 1 January 2021 to 31 December 2021 in accordance with these requirements and
- the accompanying Group Management Report as a whole provides a suitable view of the Group's position. In all material respects, this Group Management Report is consistent with the Consolidated Financial Statements, complies with German legal requirements and accurately presents the opportunities and risks of future development.

In accordance with Section 322 (3) sentence 1 of the German Commercial Code (HGB), we declare that our audit has not led to any reservations concerning the correctness of the Consolidated Financial Statements and the Group Management Report.

BASIS FOR THE AUDIT JUDGMENTS

We conducted our audit of the Consolidated Financial Statements and the Group Management Report in accordance with Section 317 of the German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Our responsibility under those provisions and standards is further described in the "Auditor's Responsibility for the Audit of the Consolidated Financial Statements and the Group Management Report" of our auditor's report. We are independent of the Group companies in accordance with German commercial law and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the Consolidated Financial Statements and the Group Management Report.

OTHER INFORMATION

The legal representatives are responsible for the other information. The other information comprises the following components intended for the Annual Report, a version of which we have obtained by the time of issuing this auditor's opinion: the report of the Supervisory Board pursuant to Section 171 (2) and (3) or (4) of the German Stock Corporation Act (AktG), information on the company and the share (Letter from the Management Board, fashionette AG on the Capital Market, Strategic Positioning and Goals) and the section "fashionette at a glance."

Our audit opinions on the Consolidated Financial Statements and the Group Management Report do not cover the other information, therefore we do not express an audit opinion or any other form of conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in doing so, evaluate whether the other information

- is materially inconsistent with the Consolidated Financial Statements and the Group Management Report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The management is responsible for the preparation and fair presentation of these Consolidated Financial Statements in accordance with IFRSs as adopted by the EU and the additional requirements of German law pursuant to Section 315e (3) of the German Commercial Code (HGB) and for such internal control as it determines is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error. Furthermore, the management is responsible for such internal control as management determines is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the management is responsible for assessing the Group's ability to continue as a going concern. The management is also responsible for disclosing, as applicable, matters related to a going concern. Furthermore, they are responsible for preparing the financial statements on the basis of the going concern principle, unless factual or legal circumstances prevent this.

In addition, the management is responsible for the preparation of the Group Management Report, which as a whole provides a suitable view of the Group's position and is consistent in all material respects with the Consolidated Financial Statements, complies with German legal requirements, and suitably presents the opportunities and risks of future development. Furthermore, the management is responsible for the arrangements and measures (systems) that it determines are necessary to enable the preparation of a Group Management Report in accordance with the applicable German legal requirements and to provide sufficient appropriate evidence for the statements made in the Group Management Report.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

Our objective is to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Group Management Report as a whole provides an accurate view of the Group's position and is consistent, in all material respects, with the Consolidated Financial Statements and the audit findings, complies with German legal requirements, and appropriately presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinion on the Consolidated Financial Statements and the Group Management Report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 of the German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these Consolidated Financial Statements and the Group Management Report.

During the audit, we exercise professional judgment and maintain a critical attitude. Furthermore,

- we identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Group Management Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting material misstatements is higher in the case of non-compliance than in the case of inaccuracy, as non-compliance may involve fraud, forgery, intentional omissions, misleading representations, or the override of internal controls;
- we obtain an understanding of internal control relevant to the audit of the Consolidated Financial Statements and the arrangements and actions relevant to the audit of the Group Management Report in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those systems;
- we evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;
- we conclude on the appropriateness of the going concern basis of accounting used by the management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that could cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements and the Group Management Report or, if such disclosures are inadequate, to modify our respective audit opinion. We draw our conclusions based on the audit evidence obtained up to the date of our audit opinion. However, future events or conditions may result in the Group being unable to continue as a going concern;
- we assess the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that the Consolidated Financial Statements give a true and fair view of the asset, financial and earnings position of the Group in accordance with IFRSs as adopted by the EU, and the additional requirements of German law pursuant to Section 315e para. 3 of the German Commercial Code (HGB);
- we obtain sufficient appropriate audit evidence regarding the accounting information of the entities or business activities within the Group to express opinions on the Consolidated Financial Statements and on the Group Management Report. We are responsible for directing, supervising and performing the audit of the Consolidated Financial Statements. We are solely responsible for our audit opinions;
- we assess the consistency of the Group Management Report with the Consolidated Financial Statements, its compliance with the law and the view it conveys of the Group's position;
- we perform audit procedures on the forward-looking statements made by the management in the Group Management Report. In particular, based on sufficient appropriate audit evidence, we reproduce the significant assumptions made by the management regarding the forward-looking statements and evaluate the appropriateness of the information derived from these assumptions. We do not express an independent opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events could differ materially from the forward-looking statements.

We discuss with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal control that we identify during our audit.

Dortmund, 28 April 2022

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft

Muzzu	Schmolders
German Public Auditor	German Public Auditor

Imprint

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FINANCIAL CALENDAR 2022

19 May
Quarterly Statement Q1 2022

24 June
Annual General Meeting

24 August
Half-year financial report H1 2022

17 November
Quarterly Statement Q3 2022

DISCLAIMER
This document contains forward-looking statements. These statements reflect the current views, expectations and assumptions of the management of fashionette AG and are based on information currently available to the management of fashionette AG. Forward-looking statements do not guarantee the occurrence of future results and developments and are subject to known and unknown risks and uncertainties. Actual results and developments may therefore differ materially from the expectations and assumptions reflected in this document due to various factors. These factors include, in particular, changes in the general economic conditions and the general competitive environment. In addition, developments on the financial markets and changes in exchange rates as well as changes in national and international laws, in particular with regard to tax regulations, as well as other factors influence the future results and developments of the Company. fashionette AG does not assume any responsibility, liability or guarantee whatsoever for the correctness of the forward-looking statements in this document or the assumptions on which they are based. fashionette AG does not undertake to update the statements contained in this document.

This Annual Report has also been translated into English. The German version and the English translation are available for download on the Internet at www.corporate.fashionette.de. In the event of any discrepancies, the German version of the Annual Report shall take precedence over the English translation.