fashionette

ANNUAL REPORT 2022

fashionette KEY FIGURES

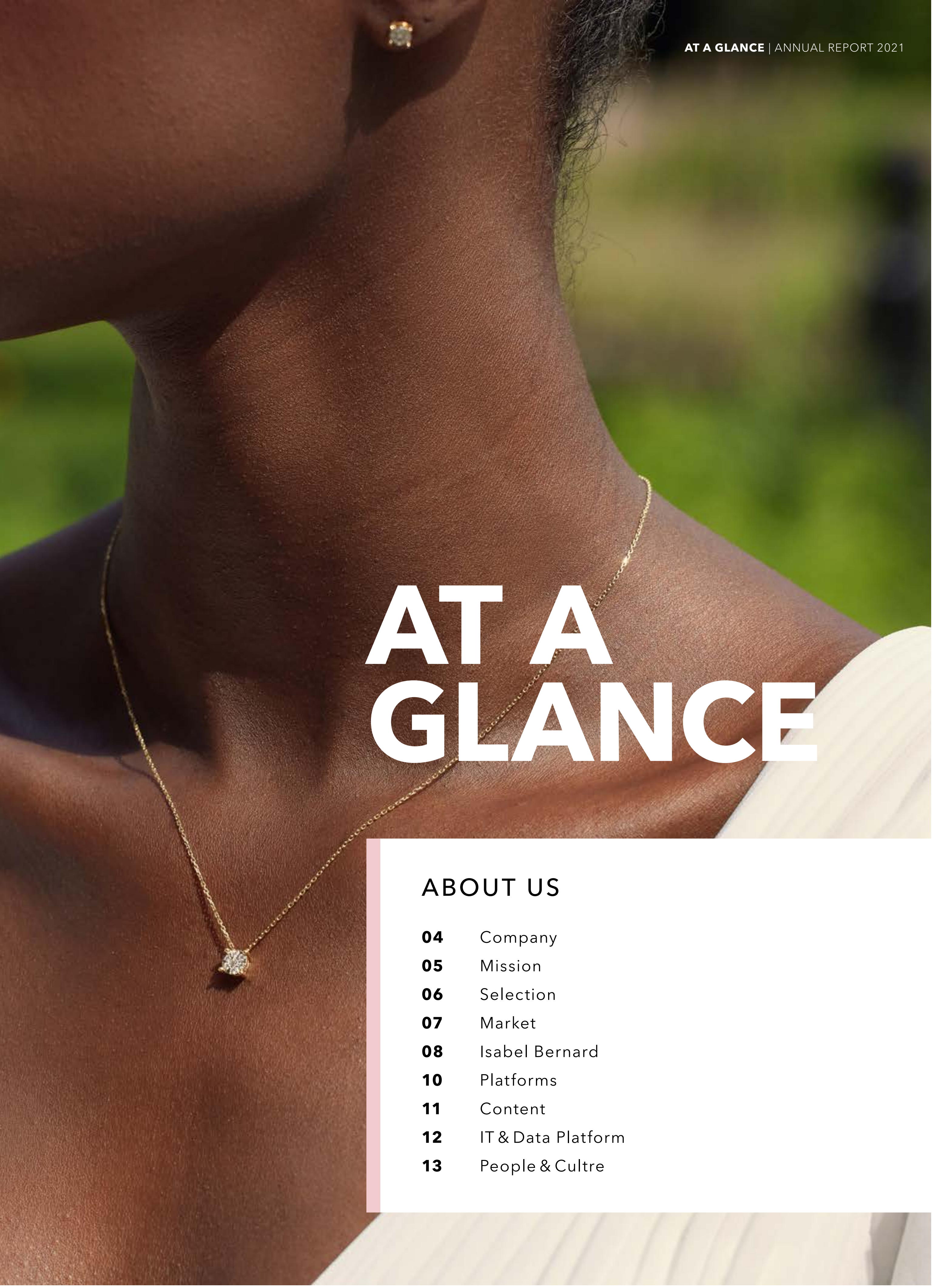
NON-FINANCIAL PERFORMANCE INDICATORS *PRO FORMA VIEW (BRANDFIELD 2021 FULL YEAR)	2022	2021
Number of orders (in thousands)	1,538	1,396
Average shopping basket (in EUR)	176	174
Active customers (in thousands, LTM)	1,077	976
New customers (in thousands)	804	760
Number of employees (at end of year)	264	266

FINANCIAL PERFORMANCE INDICATORS	2022	2021
Net sales (in EUR thousand)	164,745	133,757
Gross profit (in EUR thousand)	62,403	51,414
Gross profit margin (share in %)	37.9 %	38.4%
Reported EBITDA (in EUR thousand)	-2,001	1,586
Reported EBITDA margin (share in %)	-1,2 %	1,2%
Adjusted EBITDA (in EUR thousand)	436	4,381
Adjusted EBITDA margin (share in %)	0.3 %	3.3%
Cash flow from operating activities (in EUR thousand)	2,216	-14,193
Cash and cash equivalents at the end of the period (in EUR thousand)	3,736	6,797

FINANCIAL POSITION	2022	2021
Working capital (in EUR thousand)	34,889	38,018
Equity ratio (in % of total assets)	51.9 %	53.0 %
Cash flow from operating activities (in EUR thousand)	2,216	-14,193
Cash flow from investing activities (in EUR thousand)	-1,058	-18,226
Cash flow from financing activities (in EUR thousand)	-4,201	7,344
Net debt (in EUR m)	9.9	8.7

Unless explicitly stated otherwise, all information contained in the Annual Report refers to consolidated figures.

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 luxury goods. With its online platforms fashionette.com and brandfield.com, the fashionette Group offers not only inspiration, but also a curated range of luxury handbags, shoes, small leather goods, sunglasses, watches and jewelry from more than 350 brands, including its own premium brands such as Isabel Bernard Paris.

With more than 15 years of experience in luxury goods, the fashionette Group has developed a software-based, proprietary IT and data platform that uses state-of-the-art software and Artificial Intelligence (AI) to provide personalized online shopping for luxury fashion accessories for those who like to customize their outfits. For more information about fashionette AG, please feel free to visit **corporate.fashionette.com** or the online platforms **fashionette.com** and **brandfield.com**.

> " … a selected range of premium and luxury fashion accessories from more than 350 brands"

Our MISSION

We enable personalized, data-driven online shopping for luxury goods for those who want to complete and individualize their outfits with strong brands like Gucci, Valentino or Versace.

We believe that everyone should have the opportunity to express their personality and highlight their individuality. That is why we combine a high-quality range of fashion accessories and designers with attractive prices, multiple payment options and a unique shopping experience.

2023: Start of the platform strategy in the luxury segment – a milestone
Fashionette emerged from the luxury handbag sector. Over the past years, shoes, sunglasses and jewelry have been added to the luxury range. The largest market, however, is the **luxury fashion** market – which fashionette has not served so far, although it is the largest market of all product categories (shoes, bags, sunglasses and accessories).

The Management Board and Supervisory Board therefore decided in April 2023 to enter the luxury fashion market. This entry will take place exclusively as a platform approach, which means that instead of having our own warehouse here, we will rely exclusively on partners (luxury retailers, luxury manufacturers) that we connect to our platform.

This step represents a **milestone for fashionette AG: On the one hand, it will have a significant impact on our future growth.** On the other hand, it will give us a range of luxury products that only very few suppliers worldwide have. Accordingly, we will also forge ahead with internationalization to a much greater extent. After all, the extended, massively expanded luxury range will only be successful for fashionette AG if we increasingly reach international customers here and turn them into regular customers.

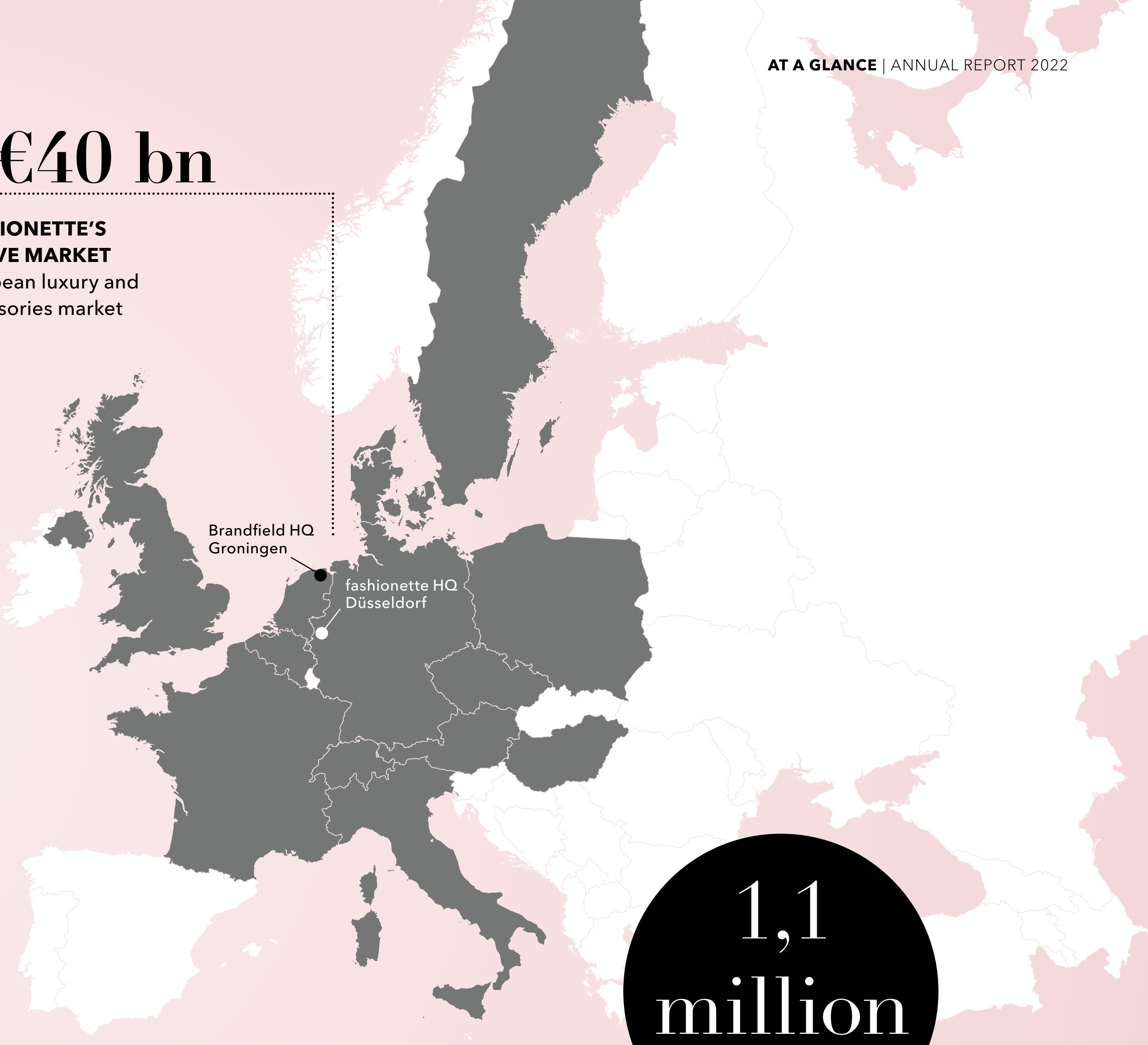
Our SELECTION

Our goal is to provide our customers with a curated selection of luxury fashion accessories to complement and accentuate their outfits. This includes top brands such as Gucci, Versace, MCM, Valentino, Prada and many more. The range in the luxury segment has now grown to over 350 brands, so that we fully cover the needs surrounding luxury products and have clearly positioned ourselves in this segment.

With our successful premium own-brand Isabel Bernard, we are manifesting our strong own-brand approach, which will not only contribute significantly to our profitability, but also support us in continuously optimizing our personalized shopping experience. Through our platform strategy, which will be launched this year, we are significantly expanding our luxury range, adding more exclusive brands and, most importantly, establishing our luxury fashion business.

>€40 bn

FASHIONETTE'S ACTIVE MARKET
European luxury and accessories market



1,1 million
customers in 2022

Our MARKET

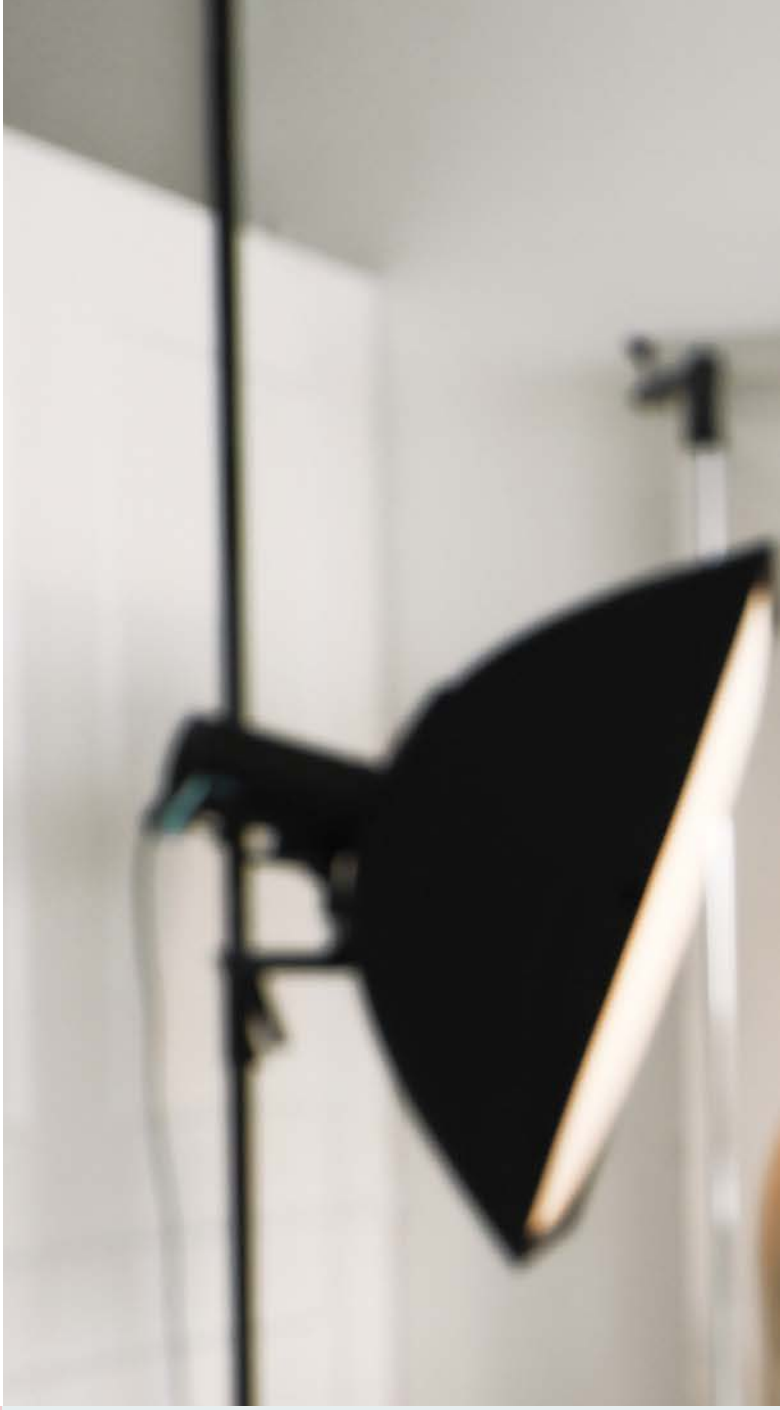
To date, fashionette AG has been very strongly focused on Western Europe, and over 90% of our customers are female. For 2023, we have resolved to drive our **internationalization** and consistently enter new countries. There are two reasons for this change in the previous strategy:

1. We are focusing more and more on **luxury products**, which primarily means brands like Gucci, Prada, Valentino or MCM. And these brands are in demand worldwide, regardless of nationality, language or culture. Our **change in strategy** towards luxury also means that we are significantly increasing the average price, generating higher margins and consistently separating ourselves from low-cost suppliers.

2. Through the **platform strategy for luxury fashion**, we as fashionette AG have the opportunity for the first time to connect partners in the luxury sector worldwide and thus significantly expand the product range. This will inevitably allow us to reach more customers who are specifically looking for individual luxury products. Accordingly, it is the consequence to orient fashionette purely internationally in the future in order to realize the respective growth potential.

Within our markets, the development of the fashionette Group has been positive: Together, we are represented in 14 European countries and have reached a new record with 1.5 million orders. The more than 1.1 million active customers show that the fashionette Group was able to grow significantly even in a difficult environment and that the luxury sector is comparatively stable even in times of crisis. The net sales achieved of around EUR 165 million also set a record, representing a significant increase compared to the previous year (EUR 134 million).

Our PLATFORMS



fashionette

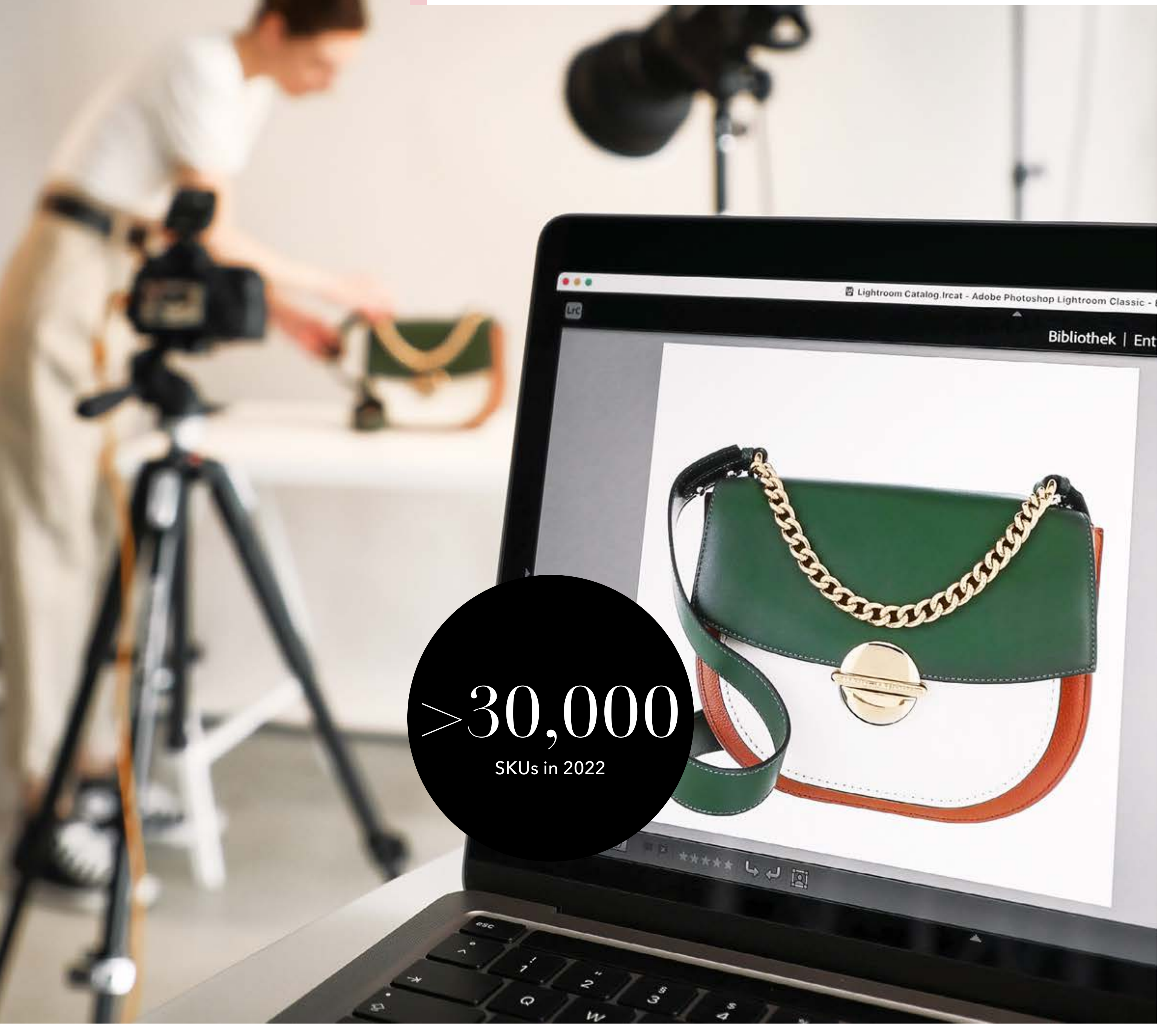
Founded as a designer handbag rental company in 2008, fashionette has developed into one of the leading online platforms for luxury products in the DACH region (Germany, Austria and Switzerland). The product range focuses on fashion accessories in the luxury segment and is mainly aimed at women.

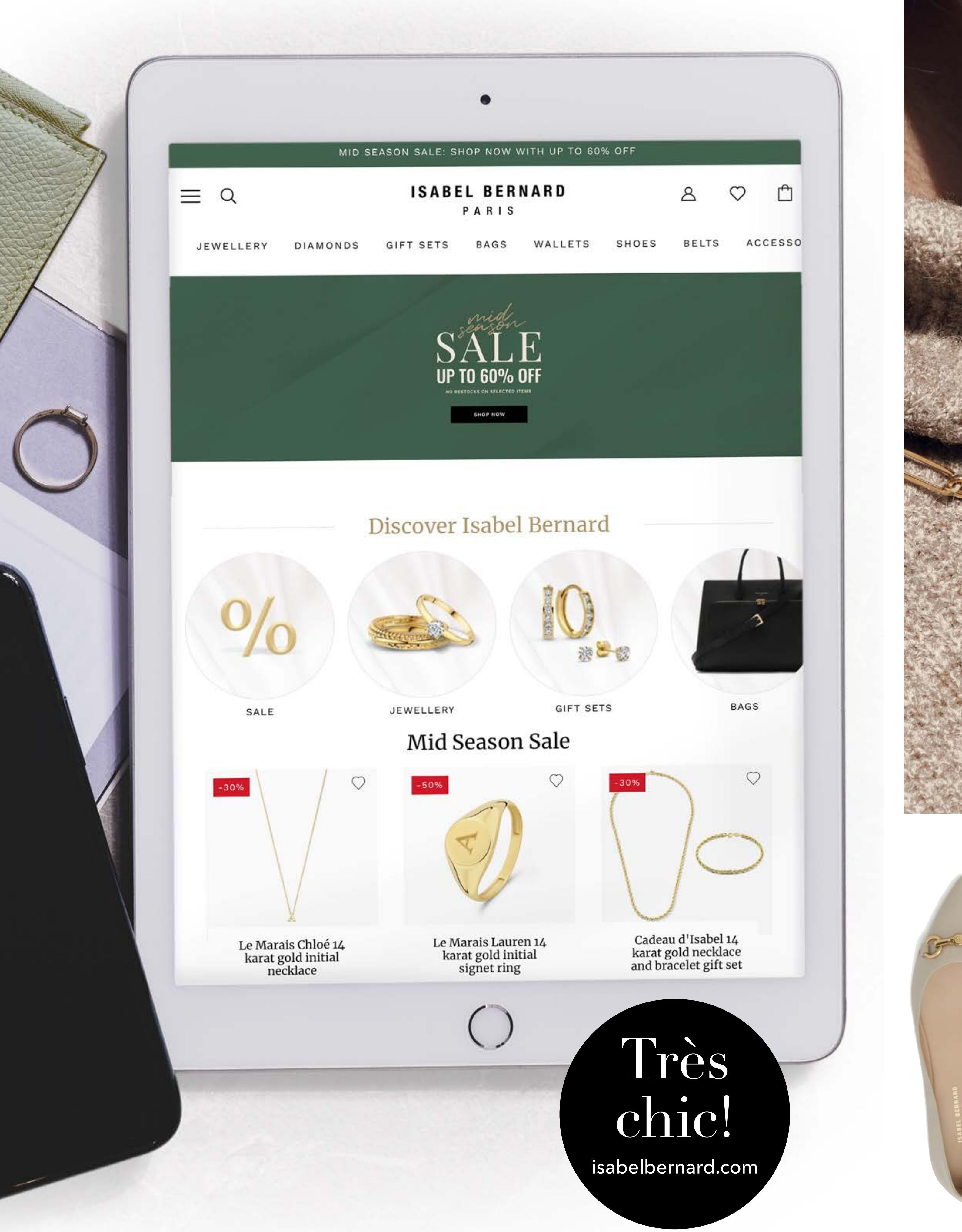
BRANDFIELD

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 and own brands. In addition to its own online shop, customers can also stroll through brick-and-mortar shops in the Netherlands or shop in the online shops of Brandfield's own brands, such as Isabel Bernard.

Our CONTENT

Our passion for fashion accessories is something we share with our customers. To give them the most realistic impression of our products, we check the quality of each product, describe them and offer other valuable details to help our customers make the right choice. Our photographers shoot the products in our own studio – with and without models, for our product detail pages or for social media or newsletters, for example. Automated processes and tools, such as the size comparison tool or Artificial Intelligence (AI)-based product listing pages, round off our balance between self-created content and data-based automation.




MID SEASON SALE: SHOP NOW WITH UP TO 60% OFF
ISABEL BERNARD
PARIS
JEWELLERY
DIAMONDS
GIFT SETS
BAGS
WALLETS
SHOES
BELTS
ACCESSO
mid season
SALE
UP TO 60% OFF
Discover Isabel Bernard
SALE
JEWELLERY
GIFT SETS
BAGS
Mid Season Sale
-30%
-50%
-30%
Le Marais Chloé 14 karat gold initial necklace
Le Marais Lauren 14 karat gold initial signet ring
Cadeau d'Isabel 14 karat gold necklace and bracelet gift set
Très chic!
isabelbernard.com

ISABEL BERNARD

a successful premium own brand with Parisian aesthetics

Acquired as part of the acquisition of Brandfield Group, the Netherlands, Isabel Bernard is a modern jewelry and premium accessories brand that combines Parisian aesthetics with strong data analytics on its online platform. Founded in 2018, the premium own brand has since grown consistently year on year to become fashionette AG's most successful own premium brand. While Isabel Bernard initially specialized in jewelry, the product range has been successfully expanded over the years to include high-quality leather bags, shoes and belts. The first sunglasses collection will follow in the spring of 2023 to round off Isabel Bernard's product range in the accessories segment.

Our IT & DATA PLATFORM

We have revolutionized the way people shop for luxury fashion accessories by combining our in-depth knowledge of fashion accessories from a more emotional industry with our outstanding expertise in data analytics and Artificial Intelligence (AI). Based on more than a decade of continuous development, our team of technology experts and product specialists have refined our IT and data platform to perfectly meet our customers' needs and deliver a personalized shopping experience. Data streams from all areas of the business are effortlessly integrated into our highly scalable data lake. This continuous development is key to providing our customers with exactly what they are looking for, inspiring them and offering them a personalized luxury fashion accessories shopping experience. And this is the foundation on which we have been able to grow significantly, bucking the industry trend.

40 %
females in management roles

Our
PEOPLE & CULTURE

EMPLOYEES AT FASHIONETTE

69 %
FEMALE

31 %
MALE

We are a value-oriented company. Transparency, integrity, equality, responsibility and mutual respect are at the heart of everything we do. Both our employees and our business partners are guided by these indispensable values to be part of the transition to a fair, sustainable and circular economy.

We firmly 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 support a culture of equal opportunities.

We therefore strive to balance the economic needs of our company with the professional, private and family needs of our employees. Support programs, flexible working hours and work places as well as sustainable employee mobility in the form of subsidies for public transport or Company bicycles are just a few examples of how we put our vision of a work-life balance into practice.

2022 ANNUAL REPORT

>350
total brands in 2022

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Letter from the MANAGEMENT BOARD

Dear Shareholders,

2022 was a challenging year in terms of both online retail and consumer behavior due to the war in Ukraine, rising energy costs and strained supply chains, as well as the general economic development. Against this backdrop, we can be quite satisfied with how our sales and growth have developed.

Due to its **positioning in the luxury sector**, fashionette AG has performed significantly better than other companies in the online sector. The positioning on the luxury segment was particularly helpful here, as this segment is less affected by economic fluctuations and slumps.

The earnings side developed significantly below expectations, however. This was mainly because fashionette invested more in software, big data and marketing and did not cut costs early on. At the same time, competitors offered significantly more aggressively priced products, which led to a decline in the percentage gross margin. Our positive increase in customer numbers, the low return rates as well as our name recognition in the luxury sector have ensured that fashionette has been able to sustainably strengthen its competitive position. The company's equity is solid at over 52%, operating cash flow was clearly positive in contrast to 2021, and current loans were consistently repaid.

As you may know, I have only been on Management Board as the **new CEO** of fashionette since March 2023. In my now more than ten years in eCommerce, I am confident that we will make the change towards profitability at fashionette this year. After all, the weak earnings are unacceptable to me and require active management. In March 2023, we already initiated measures aimed at actively reducing costs and increasing the absolute margin on products. In addition, we already closed the **Beauty business unit** in the first quarter, as well as the **Smartwatches unit**. This was done due to the fact that both areas have recorded losses so far and, in our view, do not belong to the core business of luxury. Fashionette will therefore position itself in the luxury segment in the future. Part of this strategic decision is that we will immediately divest ourselves of low-priced suppliers and products in order to implement our strategy in the luxury segment with all consistency. Our Dutch company Brandfield has also developed very positively, among other reasons thanks to its own strongly growing premium brand Isabel Bernard Paris.

The share performed negatively in financial year 2022 and in our view the valuation does not reflect the true value of the company and its potential. And the turnaround towards profitability is a fixed target for this year. Incidentally, it was this potential that prompted me to become a **major shareholder** in fashionette AG through my company, The Platform Group, and to successfully implement these plans.

Besides the strategy of profitability and brand expansion in the luxury segment, we want to include the **luxury fashion** segment of fashionette. So far, there are no fashion offers on fashionette, although this is the largest area in the luxury segment. In order to implement this expansion in a cost-efficient and capital-saving way, the fashion area will be established by means of a **platform strategy**. This means that retailers and manufacturers from the luxury segment will leave their stock to us and we will sell it to customers through our international channels. Here, too, we will only include brands that live up to our claim for luxury. The goal is

DR. DOMINIK BENNER

Chairman of the Management Board
of fashionette AG since March 2023

PERSONAL INFORMATION

Resident in Wiesbaden, Germany
Married, 3 children

EDUCATION

- Studies in Business Administration at the University of St. Gallen, Switzerland (B.A., M.A.),
- Doctorate at the University of St. Gallen, Switzerland (Dr. oec. HSG),
- Doctoral Fellowship at Insead, Fontainebleau, France.

PROFESSIONAL CAREER

Since 2023	**fashionette AG, Dusseldorf, Germany** Chairman of the Board of Management, Chief Executive Officer
Since 2013	**The Platform Group GmbH & Co. KG, Wiesbaden, Germany** Managing Director, Chief Executive Officer
2011 - 2013	**Juwi AG, Wörrstadt, Germany** Managing Director of several investments
2008 - 2011	**Bilfinger Berger SE, Mannheim, Germany** Authorized signatory in the area of residential property management

to have already connected over 300 partners (retailers or manufacturers) to our platform in 2023. **Overall, the launch of the platform strategy in 2023 represents a milestone for fashionette AG. In addition to internationalization, future growth will be achieved through this.**

Internally, too, we launched a comprehensive **cost and efficiency program** in the first quarter of 2023 in order to reduce material costs, leverage synergies and no longer fill vacant positions. We are currently calculating a sustainable, lasting effect on earnings of at least EUR 2.2 million per year from this program. As a result, the number of employees will also decrease significantly.

Even though there is still a lot of work ahead of us, we have it in our own hands to better exploit the potential that presents itself and to finally make fashionette AG a profitable company in the luxury sector again. The platform strategy we have started, which will begin generating initial sales and earnings in September 2023, is a key to this. I would be delighted to have you, dear shareholders, continue to accompany us on this path.

Sincerely yours,

Dr. Dominik Benner
Chairman of the Management Board

Report of the SUPERVISORY BOARD

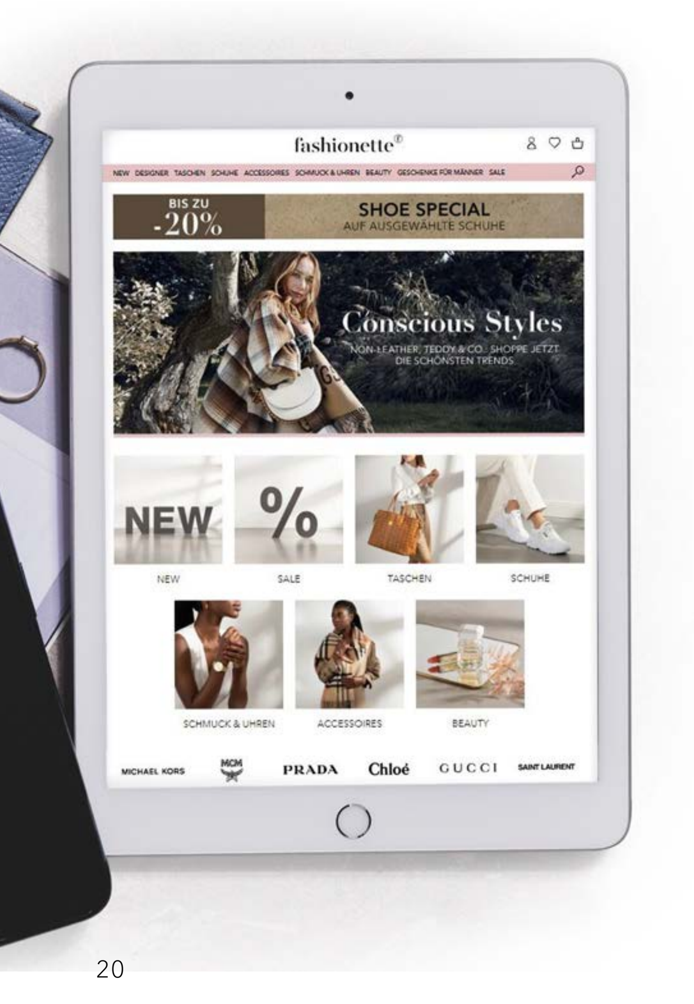
Dear Shareholders,

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 extraordinary commitment has contributed in no small way to the fact that the fashionette Group was able to achieve sales growth of around 7 percent in a difficult industry environment.

TRUSTING COOPERATION WITH THE MANAGEMENT BOARD

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

In the past financial year, the Supervisory Board continued its open and trusting 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 significant developments and pending decisions that were of particular importance to the Company. The respective Chairman of the Management Board informed the Chairman of the Supervisory Board without delay about all important events that were of importance to 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 about critical issues by the Chairman of the Supervisory Board.



In addition, the Management Board informed the Supervisory Board by video conference about the financial and business development each month.

There was a change in the Management Board in the past financial year. The Chairman of the Management Board, Daniel Raab, resigned from office prematurely for personal reasons as of 30 June 2022. Georg Hesse was appointed his successor by the Supervisory Board as a new member of the Management Board with effect from 1 July 2022 and was appointed Chairman of the Management Board.

We would like to thank Daniel Raab for his good cooperation with the Supervisory Board and his tireless commitment to fashionette AG.

There was yet another change in the Management Board in the current financial year. On 9 February 2023, the Supervisory Board and the current members of the Management Board, Georg Hesse and Thomas Buhl, mutually agreed on the resignation of the Management Board members with effect from the end of 28 February 2023. Both have agreed to continue to be available to the Company in an advisory capacity for a transitional period in order to ensure a smooth handover of business to the new Management Board. Both are making their offices available in order to enable fashionette to realign its strategy under new leadership. In this context, the Supervisory Board appointed Dr. Dominik Benner a new member of the Management Board and Chairman of the Management Board on 9 February 2023 with effect from 1 March 2023. Dr. Dominik Benner is Managing Partner and CEO of The Platform Group GmbH & Co. KG, Wiesbaden, which has been the company's new major shareholder since December 2022.

We would like to thank Georg Hesse and Thomas Buhl for their good cooperation with the Supervisory Board and their impressive commitment to the well-being of fashionette AG. We would also like to welcome Dr. Dominik Benner to fashionette and look forward to working with him in the future.

COMPOSITION OF THE SUPERVISORY BOARD

Following Genui's departure as a shareholder, Supervisory Board member Dr. Oliver Serg resigned his mandate at the end of 20 December 2022. We would like to express our sincere thanks to Oliver Serg for his collegial cooperation on the Supervisory Board and his high level of commitment to the good of the Company. The Supervisory Board is thus currently composed of four members. They are appointed until the Annual General Meeting that decides on the financial year ending 31 December 2023.

The Supervisory Board will be supplemented by a fifth member at the 2023 Annual General Meeting at the latest.

MEETINGS OF THE SUPERVISORY BOARD

In financial year 2022, the Supervisory Board fully performed the duties incumbent upon it under the law and the Articles of Association and regularly monitored and advised the Management Board. This was based on the regular written and oral reports of the Management Board on all issues relevant to the Company and the Group regarding company planning, business development, in particular the business and financial situation, the acquisition strategy, the risk situation, risk management and compliance. If necessary, the Supervisory Board discussed the proposals and matters of the Management Board without involving the Management Board.

A total of eight Supervisory Board meetings were held, including three extraordinary Supervisory Board meetings, in financial year 2022. Due to COVID-19 requirements and urgency, six of the eight meetings were held as video conferences.

In the following table, we disclose the participation of the Supervisory Board members in individualized form:

	03/02/22	23/03/22	30/03/22	25/04/22	14/06/22	14/06/22	22/09/22	14/11/22	21/12/22
Stefan Schütze Chairman	x	x	x	x	x	x	x	x	x
Dr. Oliver Serg Deputy Chairman (untill 20.12.2022)	x	x	-	x	x	x	x	x	
Ingo Arnold	x	x	x	x	x	x	x	x	x
Karoline Huber	x	x	x	x	x	x	x	x	x
Rolf Sigmund Deputy Chairman (from 21.12.2022)	x	x	x	x	x	x	x	x	x

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 members of the Supervisory Board and the Management Board to provide professional support for the latter's activities.

The Management Board reported both in writing and verbally in the meetings and discussions held during the year as well as in telephone conferences, on the preparation of the financial reporting as well as the adjustment to the forecast as a result of a subdued year-end business.

The Supervisory Board discussed these matters and, where necessary, passed the respective resolutions.

According to Section 15 para. 4 of the Articles of Association, resolutions may also be passed outside of meetings. The Supervisory Board made use of this once in financial year 2022, on 16 May 2022, by way of a written circular resolution.

In financial year 2022, the Supervisory Board approved all matters requiring its consent after they had been examined in detail and discussed with the Management Board.

FOCUS TOPICS

In the first meeting of the year on 3 February 2022, the Supervisory Board discussed the budget prepared by the Management Board for 2022 in detail. With regard to the remuneration of the Management Board, the Supervisory Board meeting on 3 February 2022 also resolved on the targets for the bonus agreements with the Management Board members for financial year 2022.

In an extraordinary meeting on 23 March 2022, Daniel Raab, Chairman of the Management Board, informed the Supervisory Board that he was considering leaving the company before the expiry of his contract, whereby he was tending toward fulfilling his contract. The Supervisory Board then asked Daniel Raab to make a decision promptly and inform the Supervisory Board accordingly.

On 30 March 2022, the Chairman of the Management Board, Daniel Raab, informed the Supervisory Board in another extraordinary meeting that he had decided to step down from the Management Board prematurely as of 30 September 2022. The Supervisory Board regretted this decision, but at the same time respected it. The Supervisory Board then decided to commission a personnel consultancy to search for a successor for the position of Chairman of the Management Board in the near future.

At the meeting on 25 April 2022 (balance sheet meeting) at which the Annual Financial Statements were to be approved, the Supervisory Board discussed the Annual Financial Statements for financial year 2021 in detail. The auditor was available to answer questions from the Supervisory Board. On the basis of the adopted Annual Financial Statements, the Supervisory Board passed the necessary resolutions to determine the performance bonus for the Management Board for financial year 2021. In addition, the Supervisory Board dealt in detail with the draft invitation to the Annual General Meeting and the procedure for the Annual General Meeting.

On 16 May 2022, the Supervisory Board resolved by written circular to make use of the option of a virtual Annual General Meeting and to create the corresponding conditions for this.

In an extraordinary meeting on 14 June 2022, the Supervisory Board resolved to conclude a termination agreement with the Chairman of the Management Board, Daniel Raab, for the purpose of his premature resignation from office at the end of 30 June 2022. Furthermore, the Supervisory Board appointed Georg Hesse a member of the Management Board and appointed him Chairman of the Management Board with effect from 1 July 2022.

The Management Board presented the new fashionette marketing campaign to the Supervisory Board at the meeting on 22 September 2022. The Supervisory Board and Management Board then discussed the general brand positioning of fashionette.

At the meeting on 23 November 2022, the Supervisory Board focused on discussing the preliminary budget for 2023. The Supervisory Board intensively discussed the Company's planning presented by the Management Board, focusing in particular on ways to increase profitability and operating cash flow.

Following the resignation of the Vice Chairman of the Supervisory Board Oliver Serg with effect from 20 December 2022, Supervisory Board member Rolf Sigmund was unanimously elected the new Vice Chairman of the Supervisory Board in an extraordinary meeting on 21 December 2022. The discussion of the preliminary budget for 2023 from the previous meeting on 23 November 2023 was then continued. The Supervisory Board approved the preliminary 2023 budget as presented.

CORPORATE GOVERNANCE

fashionette AG is listed in the Scale segment of the Open Market on the Frankfurt Stock Exchange and is therefore not subject to the requirements of the German Corporate Governance Code. Notwithstanding this, good Corporate Governance is an essential basis for responsible company management.

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

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

ANNUAL FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2022

The Annual Financial Statements of fashionette AG, the Consolidated Financial Statements and the Combined Management Report of fashionette AG for financial year 2022 prepared by the Management Board, including the accounting, were audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, which was elected auditor by the Annual General Meeting on 24 June 2022, and issued with an unqualified audit opinion.

The auditor submitted the required Declaration of Independence to the Supervisory Board before the audit began. The documents to be audited and the auditor's audit reports were available to each member of the Supervisory Board at the balance sheet meeting on 19 May 2023 and were forwarded to each member of the Supervisory Board in good time for preparation. The auditor attended the meeting to review and discuss the Annual Financial Statements and the Consolidated Financial Statements. The auditor reported on the most important results of the audits and was available for additional information.

In its meeting on 19 May 2023, the Supervisory Board adopted the Annual Financial Statements and approved the Consolidated Financial Statements after a thorough examination of the documents and taking the audit reports into account. Furthermore, the Supervisory Board examined the planning documents, the risk situation and the risk management system of fashionette AG. All risk areas recognizable from the point of view 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 had taken the measures required by Section 91 (2) of the German Stock Corporation Act (AktG) in an appropriate manner, in particular by setting up a monitoring system. Furthermore, the auditor confirmed that the monitoring system is fundamentally suited for the early detection of developments that could endanger the continued existence of the Company and for taking action against any undesirable developments that are 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 trusting cooperation in the past year. The Supervisory Board would also like to thank all shareholders for their trust and support.

Düsseldorf, 19 May 2023
For the Supervisory Board

Stefan Schütze
Chairman of the Supervisory Board

The SUPERVISORY BOARD

STEFAN SCHÜTZE

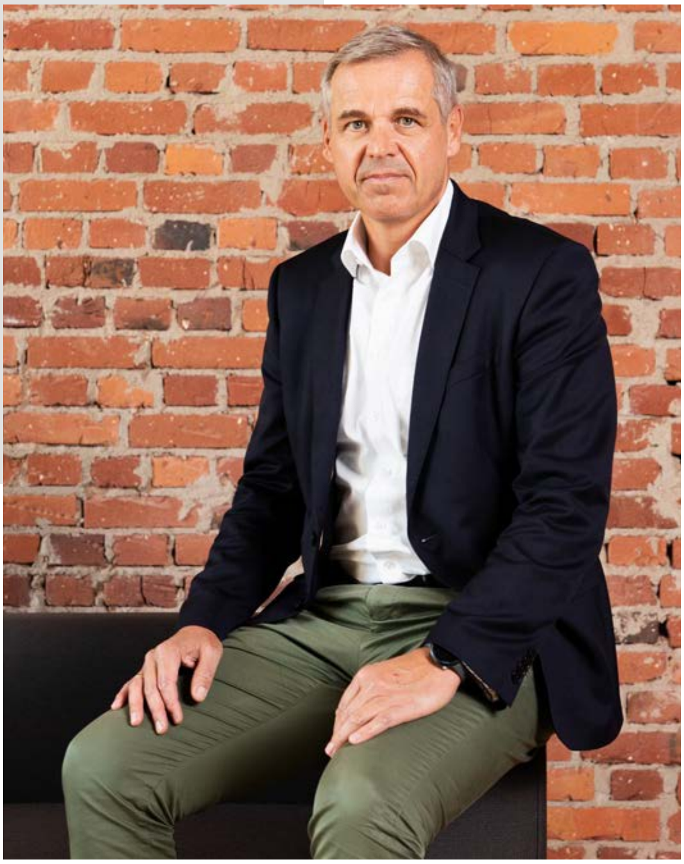
CHAIRMAN OF THE SUPERVISORY BOARD
- Resides in Bodolz, Germany
- Member of the Supervisory Board of fashionette AG since September 2020
- C3 Management GmbH, Frankfurt am Main, Managing Partner since May 2021

CURRENT MEMBERSHIPS IN OTHER STATUTORY GERMAN SUPERVISORY BOARDS
- 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

ROLF SIGMUND

DEPUTY CHAIRMAN OF THE SUPERVISORY BOARD
- Resides in Düsseldorf, Germany
- Member of the Supervisory Board of fashionette AG since 2020
- Self-employed consultant

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



INGO ARNOLD

MEMBER OF THE SUPERVISORY BOARD

- 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

MEMBER OF THE SUPERVISORY BOARD

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

fashionette AG on the CAPITAL MARKET

BURDENS FROM GEOPOLITICAL DEVELOPMENTS AND INFLATION

The international stock markets look back on a difficult year 2022. Although the outbreak of war in Ukraine in the spring unsettled investors, the stock markets initially recovered faster than expected. However, as a result of the geopolitical upheavals, inflation rates rose massively, to which the central banks reacted with significant interest rate hikes, weighing on the stock markets. Stable corporate profits and a strong economy in the United States and Germany were unable to boost share prices. The first signs of declining inflation, hopes of an end to interest rate hikes by central banks and an easing of the Chinese government's restrictive zero-COVID policy provided general recovery tendencies towards the end of 2022. Over the year, technology stocks in particular lost value. Even highly capitalized technology companies recorded declines not seen since the dotcom crash. The Scale All Share Index, which also includes fashionette shares, posted a loss of 36.3%.

FASHIONETTE SHARE INFORMATION

With rising inflation and increasing recession and geopolitical risks, small caps in particular came under additional pressure as part of the related sector rotation from growth to value stocks.

Starting from an opening price of EUR 22.00 on 3 January, the fashionette share reached its high of EUR 22.50 for financial year 2022 that same day. In addition to a weaker consumer climate with cuts in disposable income and an inflationary economic situation accompanied by increased cost pressure, a persistently negative sentiment towards growth stocks and small caps weighed on the fashionette AG share price. The share price reached a low of EUR 3.50 on 26 September 2022. Overall, the fashionette share price recorded a decline of 80.0% and ended the stock market year at a closing price of EUR 4.40.

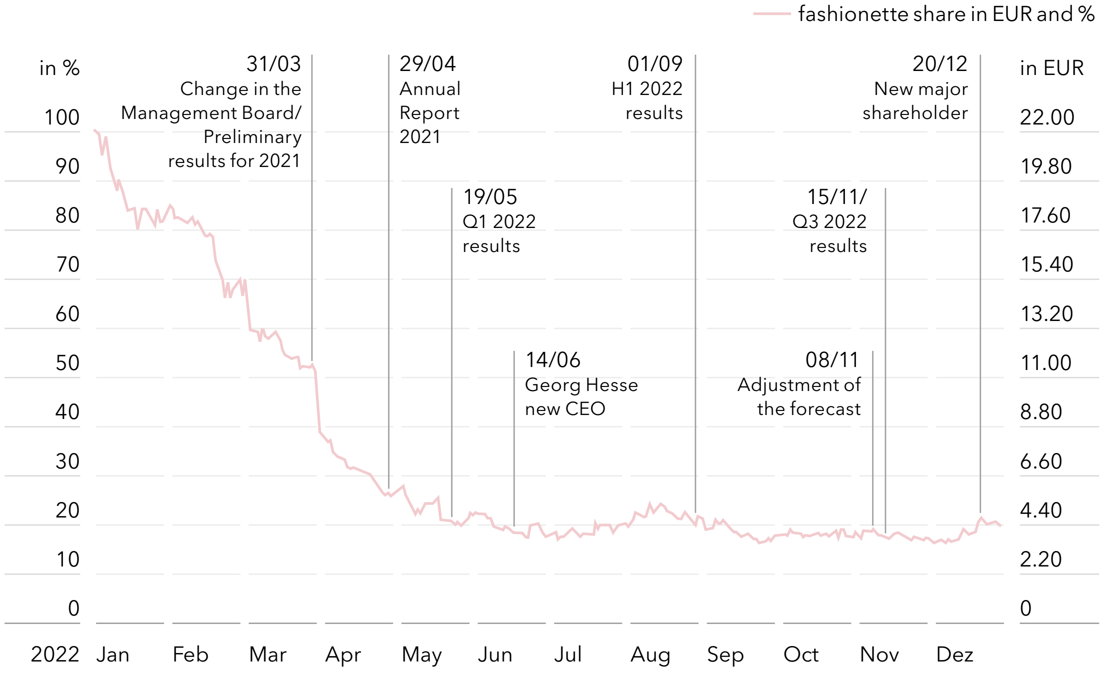
The market capitalization of fashionette AG amounted to EUR 27.3 million as of 30 December 2022, based on 6,200,000 shares outstanding. At the end of 2021, the market capitalization was EUR 136.4 million with the same number of shares. The average daily trading volume of the fashionette share was 25,306 shares on all German trading venues in financial year 2022. In the same period of the previous year, the average daily trading volume was 20,176 shares.

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

SHARE PRICE DEVELOPMENT

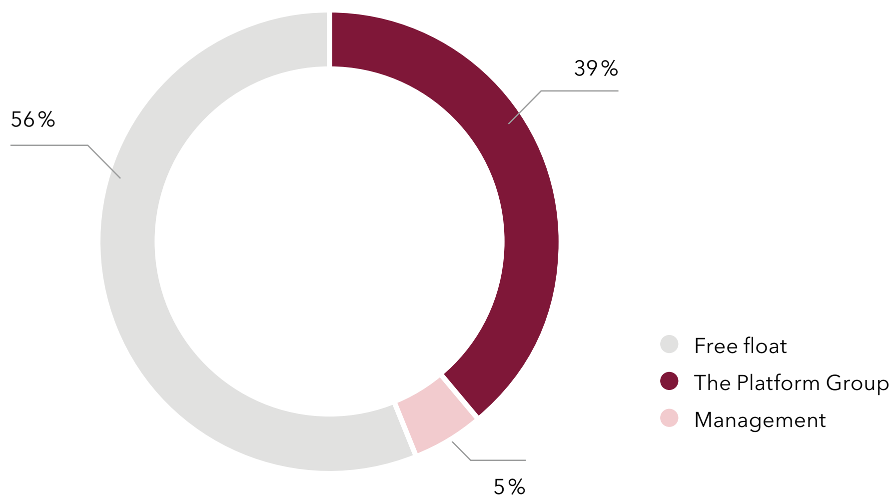
Opening price	3 January 2022	EUR 22.00
Low	26 September 2022	EUR 3.50
High	3 January 2022	EUR 22.50
Closing price	30 December 2022	EUR 4.40
Share price development		-80.0%
Market capitalization		EUR 27.3 million

SHARE: PRICE PERFORMANCE



SHAREHOLDER STRUCTURE

As of 31 December 2022, fashionette AG was aware of the shares in the voting share capital that are subject to reporting requirements pursuant to Section 20 (5) of the German Stock Corporation Act (AktG) and have been reported voluntarily. According to the definition of Deutsche Börse AG, free float includes all shares that are not held by major shareholders (percentage of the share capital of more than 5%).



The shareholder structure of fashionette AG changed completely in the past financial year 2022. At the end of 2022, the strategic investor The Platform Group held around 39% of the shares as the new main shareholder, which it had acquired shortly before from the old shareholder Genui I GmbH & Co. KG (GENUI) in December 2022. Around 5% of the shares held were owned by the management as of 31 December 2022. An additional 56% were in free float.

ANALYSTS' RECOMMENDATIONS

NuWays AG, which belongs to Hauck Aufhäuser Lampe, is an investment bank that analyzed and evaluated the fashionette AG share in the past financial year 2022. The analyst Christian Salis of NuWays is of the opinion that fashionette is well equipped to master the difficult environment, while the structural growth drivers remain intact due to the shift of retail to e-commerce.

STATUS IN 2022	INSTITUT	ANALYST	RECOMMENDATION	PRICE TARGET
16 November 2022	NuWays	Christian Salis	Buy	EUR 22.00

INVESTOR RELATIONS ACTIVITIES

fashionette strives to inform all capital market participants equally, promptly and transparently about the latest developments.

fashionette maintains contact with institutional investors and analysts by holding a number of one-on-one meetings, phone calls, roadshows and conferences. In addition to attending the Berenberg EU Opportunities Conference in London, the HAIB Stockpicker Summit in Berlin, the Hamburg Investor Day HIT and the Equity Forum Autumn Conference in person, the Management Board also presented the Company's business model, operational development and growth prospects at digital events. These included virtual roadshows by Montega Research and Hauck Aufhäuser Lampe as well as a virtual Internet Retail Conference by Alster Research.

The Investor Relations section of the fashionette AG website at ir.fashionette.com is an important communication tool for capital market participants. The website provides further information on strategy and business development, news, financial reports and presentations as well as upcoming events. Earnings calls are made available as webcasts following the events.

CONTACT INVESTOR RELATIONS

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

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

FINANCIAL CALENDAR 2023*

24 May
Quarterly Statement Q1 2023

27 June
Annual General Meeting

21 August
Half-year financial report H1 2023

19 September
Berenberg & Goldman Sachs German Conference 2023 in München-Unterschleißheim

15 November
Quarterly Statement Q3 2023

27 - 29 November
Analystenkonferenz im Rahmen des Deutschen Eigenkapitalforums 2022 in Frankfurt/Main, Deutschland

*Probable dates

Our RESPONSIBILITY

Employees of fashionette

At fashionette, we are aware that our employees are the key to the Company's success. Their performance, well-being and knowledge have a significant impact on our customers' satisfaction and ultimately on our financial and operational performance. We promote diversity and fight discrimination. We support a culture of equal opportunities.

We strive to balance the business needs of the Company with the professional, personal 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 foster a positive work environment by rewarding high performers with incentives and recognition.

At fashionette, we also offer the possibility of flexible working hours and locations. We support our employees by trying to create the best conditions for them to feel good and stay healthy. Our approach encompasses their physical, mental and social well-being, which is why we offer our employees access to physicians. Showers in our office buildings allow our employees to jog or ride their bicycles to work. We provide our employees with free drinks, fruit, cereal and ice cream. At Brandfield, we offer sports activities (Brandfit), healthy food, free drinks and an organized lunch. We also offer our employees regular team events and discounts on staff purchases.

FLEXIBILITY AT WORK

fashionette follows a flexible working approach. Therefore, all employees whose work can be done regardless of office facilities, equipment and personal interaction are entitled to work outside the office three days a week. With this work-from-home approach, fashionette was well prepared and equipped for any work from home conversions necessary during the pandemic. In addition to a flexible arrangement, we also offer part-time positions and various parental leave arrangements that comply with the legal requirements.

EMPLOYEES OF FASHIONETTE

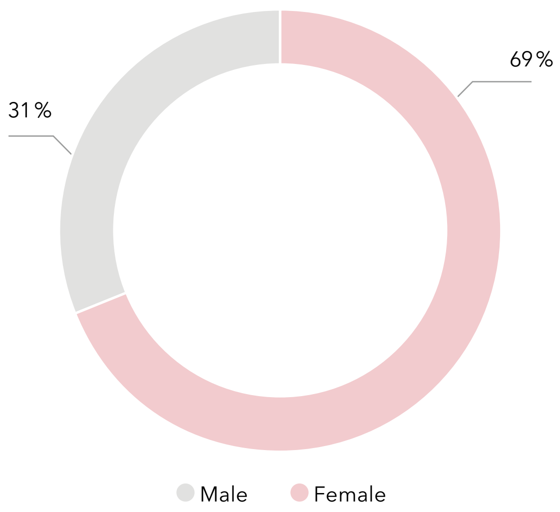
As of 31 December 2022, the Group employed 264 people (2021: 266). Of these, 173 were employed by fashionette (2021: 168) and 91 by Brandfield (2021: 98).

STATISTICS OF OUR EMPLOYEES

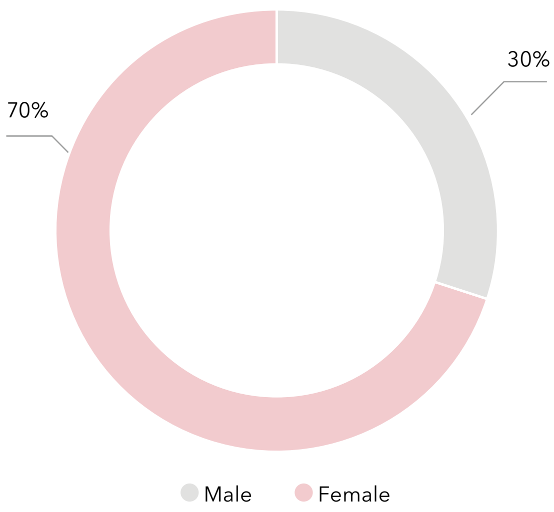
BY THE END OF THE YEAR	2022	2021
Total number of employees[1]	**264**	**266**
Female	69 %	69 %
Male	31 %	31 %
Management position[2]		
Female	70 %	41 %
Male	30 %	59 %

1 fashionette and Brandfield at the end of the year. Number of employees based on headcount.
2 Includes two levels below the Management Board

TOTAL NUMBER OF EMPLOYEES



MANAGEMENT POSITION



Our Sustainability Efforts

At fashionette, we strive to strike a balance between the expectations of our shareholders and the concerns of our customers, employees and other stakeholders.

FASHIONETTE FOR THE ENVIRONMENT SDGS:

PROCUREMENT

In accordance with the "Five Freedoms" of the OIE (World Organisation for Animal Health) and the guidelines of the Fur Free Retailer Program, we have defined procurement standards for animal and species protection. Thus, no products are sold on fashionette AG's online platforms that contain materials from exotic animals. We also refrain from offering products made from protected corals, shells, snails and turtle shells as well as angora wool and non-certified mohair wool. Furthermore, in line with applicable EU regulations, we require our jewelry suppliers to demonstrate the safe origin of diamonds and gemstones, as well as the nickel-free, lead-free and cadmium-free nature of their products. As part of the Procurement Directive, beauty product suppliers commit to complying with EU regulations regarding formulations, ingredients, packaging, labeling and package inserts, and to prohibiting animal testing.

PACKAGING

THE PAPER PRODUCTS WE USE FOR OUR PACKAGING ARE

100 %

RECYCLABLE

We are committed to reducing our greenhouse gas emissions and therefore use 100% recyclable self-adhesive shipping boxes. Our packaging is FSC-certified and has carried the RESY seal since December 2019. This means that the paper products we use for our packaging come from responsibly managed forests and are 100% recyclable. Our shipping boxes no longer contain plastic. In addition, the shipping boxes can be immediately reused for returns without the need to use additional tape. This helps to keep the ecological footprint as small as possible.

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 the direct and indirect greenhouse gas emissions caused by DHL's direct operations and the activities of its transport subcontractors.

RESALE

We are aware that the fashion industry is very resource-intensive. The extraction and use of raw materials for textiles have a significant impact on our environment. They increase energy consumption and generate CO2 emissions. By implementing specific measures such as eco-design and reuse of materials, we are able to reduce our environmental impact and save costs at the same time. Therefore, we want to support a circular economy that can also bring benefits to our customers in the form of more durable and innovative products. This is why fashionette has teamed up with four organizations (Rebelle, Mädchen Flohmarkt, Packmee and Buddy & Selly) to resell damaged items after they have been returned. These resale platforms work on a circular model, reselling fashion accessories to extend the lifecycle of an item.

RECRUITMENT AND RETENTION OF EMPLOYEES

We are convinced that a good relationship with our employees is essential to creating a trusting and safe environment. We have an open working culture that allows us to talk to our employees to find out what motivates them, what their ambitions are and what we as a Company can do to support them. We have several ways to enhance their development, both in other departments and within their own departments or at the management level. Employee retention begins with continuous contact with new employees even before they start working at fashionette and afterwards during the welcome days. In addition to the lively exchange within the teams and between the departments, the values of the Company and the many benefits also contribute to the loyalty of our employees.

FURTHER TRAINING OPPORTUNITIES

We are convinced that developing our people makes for a high-performing culture. To achieve this, we offer our employees a wide range of learning and development opportunities. These include online learning resources and language courses designed to increase our employees' professional and personal effectiveness.

DIVERSITY AND INCLUSION

We strongly believe that diversity, inclusion and equality are key to our Company's success. We value diversity, unique experiences and inclusion of all employees, as this has an extremely positive impact on our work, other employees, productivity, motivation and the shopping experience.

SUPPORT FOR THE COMMUNITY

fashionette supports organizations such as the Düsseldorfer Kindertafel and Voedselbanken.nl. The organizations work to ensure that children who are not adequately provided for at home receive a hot meal, through voluntary sponsorships for school lunches, for example.

FASHIONETTE FOR EMPLOYEES SDGS:

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

Corporate Governance at fashionette

Our Code of Conduct has been communicated to all employees

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's values and the contents of our Code of Conduct. Our Code of Conduct is available on the Company website and has been communicated to all employees. It forms the basis of all Group policies, sets expectations and provides guidance on how fashionette wants to do business.

The Code of Conduct is divided into five chapters and summarizes the essential principles and rules that guide our actions and business activities.

- Integrity of our business conduct
- Integrity of our behavior towards each other
- Integrity of our social actions
- Integrity in the handling of information
- Integrity in dealing with Company property

All full-time employees receive compliance training. Mandatory compliance training is conducted in English and German. Due to the ongoing COVID-19 pandemic during the reporting period, training was conducted via e-learning session instead of in person.

Our Code of Conduct for business partners, which is also published on the Company website, forms the basis for fair and safe labor practices, environmental protection, and ethical business conduct throughout our value chain. We expect our business partners to ensure the health and safety of their employees. Nor do we tolerate human rights abuses, any form of corruption, child labor, forced labor or other involuntary labor.

COMPLIANCE AND RISK MANAGEMENT

fashionette has two Compliance Officers who monitor, document and report on the risks arising from violations of Group policies and ethical standards in business. fashionette's compliance management system includes policy management, a helpdesk tool (Company email for internal and external stakeholders) and training on compliance matters.

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

DATA PROTECTION AND CYBER SECURITY

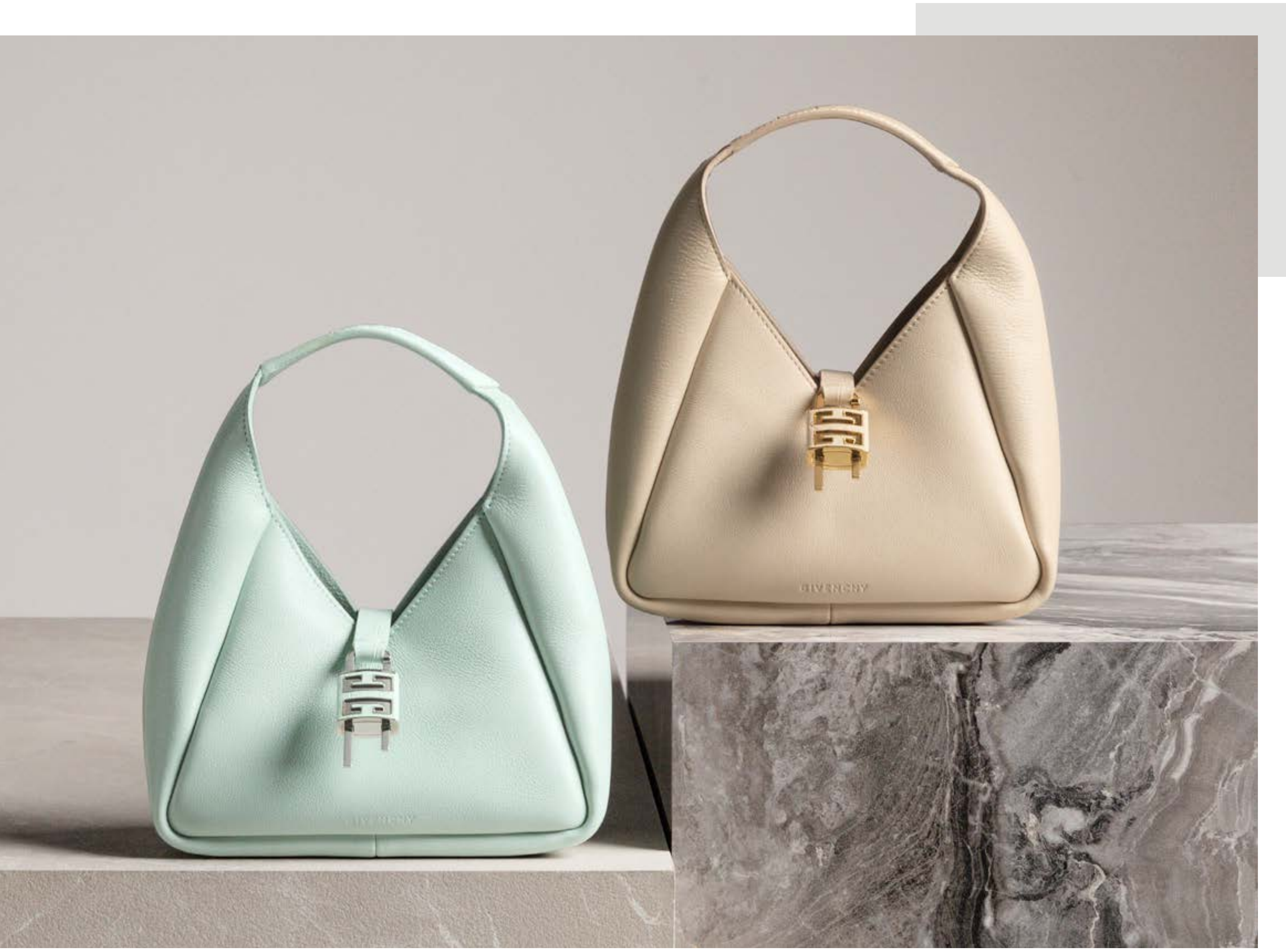
At fashionette, we constantly monitor, review and invest in our IT systems to protect the Company from cyber security threats. We implement a system of controls to protect against unauthorized access to our systems. This includes policies and processes for maintaining and regularly updating servers and security devices, restricting and monitoring access to our customers' data and other sensitive information.

We test our systems for vulnerabilities regularly. Backup facilities and contingency plans are in place and are reviewed regularly to ensure that all data is protected. Every employee shares responsibility for cyber security. In addition, we make sure that we educate and sensitize our employees in order to prevent data protection-related incidents. To this end, we offer regular training and information. Employees are informed regularly about how to mitigate data security risks, the importance of password management, the latest breaches and software updates.

At fashionette, we constantly monitor, review and invest in our IT systems

DATA PROTECTION

The protection of personal data is a high priority for us and is part of our Company Code of Conduct. Personal data must be treated confidentially and may only be collected, processed and used within the framework of the relevant data protection regulations. We train all employees on the subject of data protection regularly.



COMBINED MANAGEMENT REPORT

This Management Report comprises both the IFRS Group Management Report and the Management Report of fashionette AG as of 31 December 2022. 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 explicitly stated otherwise, all information in the Annual Report refers to consolidated IFRS figures. Brandfield also refers to Brandfield B.V. Groningen, NL, and Fastylo Holding B.V., Groningen, NL. The comments on the HGB Annual Financial Statements of fashionette AG are contained in the section entitled "Supplementary Management Report of fashionette AG".

CHAPTER CONTENTS

Overview of FINANCIAL YEAR 2022

In 2022, fashionette continued to pursue its goal of growing faster than the market by constantly expanding its luxury range and geographical expansion. With the acquisition of Brandfield in 2021, particularly active in the Benelux countries, fashionette has expanded its own geographical presence and advanced marketing and customer acquisition in Europe.

The challenges arising from geopolitical and macroeconomic developments over the past year have mainly affected the gross profit and thus the Group's earnings power.

FINANCIAL PERFORMANCE INDICATORS

CONSOLIDATED RESULTS OF OPERATIONS (CONDENSED, IN EUR MILLION)	2022	2021	Δ
Net sales	164.8	133.8	23.2 %
(Adjusted) EBITDA	0.4	4.4	-90.1 %
(Reported) EBITDA	-2.0	1.6	>-100 %
Profit or loss for the period	-6.3	-1.7	>-100 %
CONSOLIDATED FINANCIAL POSITION (CONDENSED, IN EUR MILLION)			
Net debt	9.9	8.7	13.8 %
Cash flow from operating activities	2.2	-14.2	>100 %
Cash flow from investing activities	-1.1	-18.2	>100 %
Cash flow from financing activities	-4.2	7.3	>-100 %
CONSOLIDATED NET ASSETS (CONDENSED, IN EUR MILLION)			
Total assets	87.7	96.4	-9.0 %
Total liabilities	42.1	45.3	-7.1 %

Outlook for financial year 2023

The outlook for financial year 2023 is significantly influenced by the fact that fashionette AG is making the following changes to its strategy:

1. **Focus on the luxury segment:** We have consistently implemented our strategy of divesting from lower-priced product groups and brands since March. As a result, our average price will increase significantly in financial year 2023 and we will consciously forego unprofitable sales. After all, unlike other online companies, we are convinced that you cannot make a profit with low-priced online products.

2. **Milestone platform:** The luxury fashion segment is a market worth over EUR 109 billion[2]. fashionette has not been active in it so far. The decision to enter the market was made in April 2023, purely as a platform strategy. The goal is to connect partners (luxury retailers, luxury manufacturers) worldwide to our platform and thus increase scalability in other countries. The first revenues and earnings will be generated through the platform strategy starting in September.

In addition, a **cost-cutting and efficiency program** was launched in March 2023 in order to actively reduce costs in all business units and departments, to no longer fill positions that are being eliminated and to leverage synergy effects within the Group. The cost reduction and efficiency program that has been started also has concrete effects with regard to the current business units of fashionette AG:

1. The decision was made to close the **Beauty business** unit on a cross-Company basis in March 2023. The previous sales and earnings expectations were not met, and the business unit posted significantly negative results.

2. The **smartwatches business** was closed in April 2023. This was done against the backdrop that this area is subject to strong price comparisons and the gross margin is too low. Here, too, a negative profit contribution was achieved over two years, which is no longer sustainable.

SALES

The Management Board of fashionette AG expects net sales to grow by 5 to 8% in financial year 2023 (2022: EUR 165 million). This growth is expected in both segments, DACH and BENELUX.

EARNINGS

The Management Board expects adjusted EBITDA of EUR 2.0 million to EUR 3.0 million to be achieved (2022: EUR 0.4 million), of which approx. 80% will be from the DACH region and approx. 20% the BENELUX region.

The number of new customers in 2023 is expected to be 3% to 6% (2022: 6%) higher than the previous year and the active customer base is expected to grow to over 1.1 million (2022: 1.08 million).

The average basket of goods is projected to develop to over EUR 200 (2022: EUR 176).

With regard to employee numbers, we currently assume approx. 210 employees (2022: 264).

2. https://www.statista.com/outlook/cmo/luxury-goods/luxury-fashion/worldwide#:~:text=Revenue%20in%20the%20Luxury%20Fashion,(CAGR%202023%2D2028)

The FASHIONETTE GROUP

Business model and business activity

fashionette is one of the leading points of contact for luxury fashion accessories in the DACH region (Germany, Austria and Switzerland) and the Benelux countries (Belgium, the Netherlands and Luxembourg). The fashionette Group is active in Europe with its retail brands and online platforms "fashionette" and "Brandfield." The Company employed 264 people in Germany and the Netherlands at the end of 2022 and generated net sales of EUR 165 million despite the geopolitical and macroeconomic conditions.

With over 1.08 million active customers and more than 350 luxury brands under one roof, fashionette is one of the leading e-commerce Groups for luxury fashion accessories in Europe. The Group offers its customers a curated selection of high-end luxury fashion accessories, such as handbags, shoes, small leather goods, sunglasses, watches, and jewelry. fashionette follows a data-driven, AI-based business model based on intelligent algorithms for efficient inventory management and a personalized shopping experience.

The Company's identity describes the fashionette Group's mission: we enable personalized online shopping of luxury fashion accessories for those who want to complete, accentuate and individualize their outfits.

We believe that every person should have the opportunity to express their personality and highlight their individuality. That's why we combine a wide and diverse range of fashion accessories and designers with attractive prices for every budget, multiple payment options and a unique shopping experience.

fashionette targeted two attractive markets in financial year 2022: the European luxury goods market[3] and the European accessories market[4].

The European luxury goods market[3] is forecast to grow to EUR 127.1 billion by 2028, with online penetration of 20.5% in 2023.

The European accessories market is expected to grow to EUR 87.6 billion in market revenue by 2026 (approximately EUR 82.9 billion in 2023). Online penetration for 2023 is expected to reach 36.9%.[4]

The Corporate Governance and business success of fashionette are based on the common Company values and the Code of Conduct, which was drawn up in October 2021 and revised in March 2023.

Group Structure

The Group is headed by its holding company, fashionette AG, a listed company with its registered office in Düsseldorf, Germany, entered in the Commercial Register under 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 consisted of two members who were jointly responsible for the management of the Group. Daniel Raab was Chairman of the Management Board until 30 June 2022 and responsible for Strategy, Category Management, Finance, Brand Management, Human Resources, Investor Relations and Sustainability. Georg Hesse took over as Chairman on 1 July 2022 and was responsible for the divisions. COO/CTO Thomas Buhl was responsible for Operations, Performance Marketing, Business Intelligence, Product Management and IT. Both Management Board members stepped down on 28 February 2023. Dr. Dominik Benner took over responsibility for the Company as

3. https://de.statista.com/outlook/cmo/luxusgueter/europa
4. https://de.statista.com/outlook/cmo/accessoires/europa

the sole member of the Management Board of fashionette AG on 1 March 2023. On 15 March 2023 Laura Vogelsang was appointed to the Management Board.

PERFORMANCE AND CONTROL SYSTEM

fashionette manages its operating business through the segments DACH, Benelux and Other based on the key figures net sales, gross profit and gross profit margin, adjusted EBITDA and adjusted EBITDA margin. The DACH segment includes the countries Germany, Austria and Switzerland. The Benelux segment includes the Netherlands, Belgium and Luxembourg. The other European countries such as the UK, Italy, France, Sweden and other countries outside Europe are included in the segment Other.

Key performance indicators

FINANCIAL PERFORMANCE INDICATORS

The key financial performance indicators used to manage fashionette AG are net sales, 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. Reported EBITDA is adjusted for share-based payment expenses and income, non-recurring income and expenses, and income and expenses 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 shopping basket, the number of active customers and the number of new customers.

NON-FINANCIAL PERFORMANCE INDICATORS	2022	2021	Δ
Number of orders (in thousands)	1,538	1,113	38.2 %
Average order value (in EUR)	176	196	-10.5 %
Active customers (in thousands, LTM)	1,076	976	10.3 %
New customers (in thousands)	804	552	45.7 %

Number of orders – Defined as the number of customer orders placed on any of the Group's websites or third party marketplaces during the reporting period, after cancellations and before returns. Recorded on the day the order is placed, therefore recorded and delivered orders can differ.

Average order value – Defined as the ratio of the order value to the number of orders in the reporting period.

Active customers – Defined as the number of customers who have placed at least one non-cancelled order on any of the Group's websites or third party marketplaces in the last twelve months in the reporting period, irrespective of returns.

New customers – Defined as the number of orders placed by customers who placed a first non-cancelled order on any of the Group's websites or third party marketplaces during the reporting period, irrespective of returns.

Economic **REPORT**

Macroeconomic development

OVERALL ECONOMIC DEVELOPMENT

fashionette is active in the online trade of luxury fashion accessories in 14 European countries. The economic development in Germany and Europe as well as the general conditions in the market segment for luxury fashion accessories are therefore of great importance to fashionette.

GLOBAL ECONOMY

According to the International Monetary Fund (IMF), global economic growth in 2022 was only 3.4% after 6.2% in the previous year. The expected recovery from the effects of the corona pandemic was slowed down by Russia's attack on Ukraine at the end of February 2022. In addition, rising inflation and restrained demand in the People's Republic of China also had a negative impact. Thus, weak global growth led to an unexpectedly rapid end to the low interest rate policy. Although the effects of the corona pandemic had weakened in most countries in 2022, supply bottlenecks for raw materials and intermediate products continued to slow down the global economy. According to the IMF, economic output in the euro area rose by 3.5% in 2022, after 5.3% the previous year. In response to the massive sanctions imposed by the West, Russia had almost completely cut off the supply of cheap gas to Europe, so that prices for energy and food in particular rose drastically.[x] According to the Statistical Office of the European Union (Eurostat), average inflation in the euro area climbed from 5.1% in December 2021 to 9.2% in December 2022. It was at 8.6% in January 2023.[5]

GERMANY

In Germany, the IMF expects economic output to increase by 1.9% in 2022 after 2.6% in the previous year.[6] According to the Federal Statistical Office (Destatis), economic development was burdened in particular by the consequences of the war in Ukraine, increased energy prices as well as increasing material and supply bottlenecks and generally massive price increases. The dynamics weakened significantly at the end of the year. In particular, private consumer spending declined noticeably after the discontinuation of benefits such as fuel discounts and 9-euro tickets.[7] At 7.9%, the inflation rate in 2022 was significantly above the average of previous years. In 2021, inflation had still averaged 3.1%.[8] According to the Federal Employment Agency, the German labor market remained robust: the unemployment rate averaged 5.3% in 2022, compared to 5.7% in the previous year.[9]

Industry conditions

According to the consulting firm Bain & Company, the global luxury goods market took another leap forward in 2022 despite uncertain economic and consumer conditions. In the process, the personal luxury goods market followed the V-shaped recovery of the previous year with accelerated growth of around 22% to EUR 353 billion on a long-term average. The European market recorded the largest sales growth of 27% to EUR 94 billion. [10] [11]

5. https://www.imf.org/-/media/Files/Publications/WEO/2023/Update/January/English/text.ashx
6. https://ec.europa.eu/eurostat/documents/2995521/16056046/2-23022023-AP-DE.pdf/f2de0b01-bac5-407d-f1dd-c78d7ec9a420
7. https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/02/PD23_070_811.html
8. https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/01/PD23_022_611.html
9. https://www.arbeitsagentur.de/presse/2023-02-jahresrueckblick-2022
10. https://www.bain.com/about/media-center/press-releases/2022/global-luxury-goods-market-takes-2022-leap-forward-and-remains-poised--for-further-growth-despite-economic-turbulence/
11. https://www.bain.com/globalassets/noindex/2023/bain_digest_renaissance-in-uncertainty-luxury-builds-on-its-rebound.pdf

BEAUTY

According to Bain & Company, the global market for beauty products still grew twice as fast as before the pandemic, at around 16% to EUR 69 billion in 2022. The make-up and fragrance categories led the growth.[12] As of March 2023, the decision was made to close this division as the previous sales and earnings expectations were not met.

ONLINE CHANNEL

According to Bain & Company, global online trade in luxury goods increased by around 20% to EUR 75 billion in 2022. With customers willing to return to face-to-face shopping after the pandemic, the market share of online retail in the luxury goods market remained at the previous year's level. While all personal luxury goods reached or exceeded their pre-pandemic level, the leather goods and jewelry categories, which are particularly important to fashionette, developed the strongest.[13] In contrast, the German E-Commerce and Distance Selling Trade Association (bevh) determined that German e-commerce was unable to build on the strong previous year in 2022. After the online trade in Germany had initially started the past financial year strongly by posting double-digit growth rates, the outbreak of war in Ukraine led to an abrupt decline in sales. As a result, e-commerce turnover fell by 9% to EUR 90 billion. The share of e-commerce in non-food retail was around 15%, below the previous year's figure of around 20%. Customers were particularly reluctant to make typical impulse purchases such as fashion. According to the bevh, the noticeable reluctance to buy is due in particular to people's general uncertainty in connection with the increased cost of living. Despite the current crises, e-commerce in Germany reached new highs in terms of customer numbers and satisfaction in 2022. Choice, availability and transparency in online retailing are particularly appreciated by customers.[14]

Business development

fashionette AG achieved growth in net sales of 23.4% to EUR 164,745 thousand in financial year 2022 (2021: EUR 133,757 thousand). The number of new customers rose by 45.7% to 804 thousand and the number of active customers increased from 976 thousand to 1,077 thousand.

Net sales of 64.9% (2021: 72.2%) were generated in the DACH region, while the share in Benelux is 24.3% (2021: 18.2%) and Others at 10.9% (2021: 9.4%). This shift is mainly due to the fact that Brandfield, with a significant share of Benelux, is included for the whole year in financial year 2022 and only in the second half of the year in the same period of the previous year. This is also reflected in the net sales growth rates in the regions. The DACH region achieved growth of 10.6%, while Benelux achieved 62.8% growth.

CONSOLIDATED EARNINGS POSITION (CONDENSED, IN EUR THOUSAND)	2022	2021	Δ
Net sales	164,745	133,757	23.2 %
Cost of materials/cost of goods purchased	102,342	82,343	24.3 %
Gross profit	62,403	51,414	21.4 %
Gross profit margin	37.9 %	38.4 %	-0.6 PP
Other operating income	2,279	2,438	-6.5 %
Personnel expenses	12,770	9,887	29.2 %
Other operating expenses	53,914	42,378	27.2 %
(Reported) EBITDA	-2,001	1,586	> -100 %
(Reported) EBITDA margin	-1.2 %	1.2%	-2.4 PP

12. https://www.bain.com/globalassets/noindex/2023/bain_digest_renaissance-in-uncertainty-luxury-builds-on-its-rebound.pdf
13. https://www.bain.com/globalassets/noindex/2023/bain_digest_renaissance-in-uncertainty-luxury-builds-on-its-rebound.pdf
14. https://www.bevh.org/presse/pressemitteilungen/details/umsaetze-im-e-commerce-mit-waren-und-dienstleistungen-erneut-ueber-100-milliarden-euro.html

Earnings before interest, taxes, depreciation and amortization (EBITDA), essentially adjusted for one-off consulting costs, expenses not attributable to the operating business and write-offs of disclosed hidden reserves in inventories, decreased by 90.1% to EUR 436 thousand (2021: EUR 4,381 thousand) with an adjusted EBITDA margin of 0.3% (2021: 3.3%). Reported EBITDA was EUR -2,001 thousand (2021: EUR 1,586 thousand) with a reported EBITDA margin of -1.2% (2021: 1.2%). The decrease in (reported) EBITDA of EUR 3,587 thousand was mainly due to changes in geopolitical and macroeconomic conditions, which led to price pressure and competitive intensity, among other things, and negatively impacted the Group's absolute gross profit and gross margin.

As in the previous year's financial statements, the write-offs of the disclosed hidden reserves in the inventory assets were taken into account in the cost of materials. With a write-off of EUR 723,000 (previous year: EUR 723,000), the hidden reserves in the inventory assets from the Brandfield transaction have been fully written off. These non-recurring effects are not taken into account in adjusted EBITDA.

The reconciliation to the adjusted EBITDA and the distribution of the special effects to the items of the income statement are as follows:

RECONCILIATION OF EBITDA

RECONCILIATION TO ADJUSTED EBITDA (IN EUR THOUSAND)	2022	2021	Δ
(Reported) EBITDA	-2,001	1,586	>-100 %
Non-recurring effects			
One-time consulting fees	822	1,210	
Expenses not attributable to business activity	385	589	
Share-based payment	507	273	
Depreciation of hidden reserves on inventories	723	723	
Total one-time effects	2,437	2,795	
(Adjusted) EBITDA	436	4,381	-90.1 %
(Adjusted) EBITDA margin	0.3 %	3.3 %	-3.0 PP

Economic situation

In financial year 2022, fashionette AG achieved growth in net sales of 23.2% to EUR 164,745 thousand (2021: EUR 133,757 thousand). Cost of materials increased by 24.3% to EUR 102,342 thousand (2021: EUR 82,343 thousand) due to higher volumes, and the gross profit increased by 21.9% to EUR 62,403 thousand (2021: EUR 51,414 thousand).

Other operating income decreased by 6.5% to EUR 2,279 thousand (2021: EUR 2,438 thousand) due to reduced claims for damages from inventory differences.

Personnel expenses increased by 29.2% in the reporting year to a total of EUR 12,770 thousand (2021: EUR 9,887 thousand). The average number of employees increased by 22.2% to 264 (31 December 2021: 216)

Amortization of intangible assets and depreciation of property, plant and equipment amounted to EUR 4,382 thousand in financial year 2022 (2021: EUR 2,097 thousand). This includes EUR 640 thousand (2021: EUR 320 EUR thousand) in amortization on the capitalized brand and customer relationships from the Brandfield acquisition. In financial year 2022, an impairment loss of EUR 1,778 thousand was recognized on the goodwill determined and capitalized as part of the first-time consolidation of Brandfield.

Other operating expenses increased by 27.2% to EUR 53,914 thousand (2021: EUR 42,378 thousand). The expenses are divided into selling expenses of EUR 21,088 thousand (2021: EUR 16,665 thousand), marketing expenses of EUR 24,729 thousand (2021: EUR 19,333 thousand), technology expenses of EUR 2,639 thousand (2021: EUR 1,645 thousand) and general and administrative expenses of EUR 5,458 thousand (2021: EUR 4,734 thousand). In relation to net sales, distribution expenses increased by 0.3 percentage points to 12.8%, marketing expenses by 0.5 percentage points to 15.0%, technology expenses by 0.4 percentage points to 1.3% and general and administrative expenses by 0.2 percentage points to 1.3%.

RESULTS BY SEGMENTS

The condensed segment results show in particular the shift from the DACH region to Benelux & Other due to the merger with Brandfield. The segments' share of net sales and profit can be summarized as follows:

SEGMENT REPORTING 2022 (IN EUR THOUSAND)	DACH	BENELUX	OTHER	CONSOLI-DATION	FASHIONETTE GROUP
(External) net sales	106,854	39,952	17,939	0	164,745
Net sales between the segments	217	399	0	-616	0
(Segment) net sales	107,071	40,351	17,939	-616	164,745
(Adjusted) EBITDA	-149	909	-324	0	436
(Adjusted) EBITDA margin	-0.1 %	2.3 %	-1.8 %		0.3 %

SEGMENT REPORTING 2021 (IN EUR THOUSAND)	DACH	BENELUX	OTHER	CONSOLI-DATION	FASHIONETTE GROUP
(External) net sales	96,601	24,539	12,616	0	133,757
Net sales between the segments	337	0	0	-337	0
(Segment) net sales	96,939	24,539	12,616	-377	133,757
(Adjusted) EBITDA	3,370	321	690	0	4,381
(Adjusted) EBITDA margin	3.5 %	1.3 %	5.5 %		3.3 %

As a result of the merger with Brandfield, the share of net sales has shifted to non-German speaking countries, mainly the Benelux countries. Net sales in the Benelux region amounted to EUR 39,952 thousand (2021: EUR 24,539 thousand). The share of net sales of Brandfield in the Benelux region amounted to EUR 32,357 thousand (2021: EUR 16,371 thousand), representing 80.0% (2021: 66.7%) of total Benelux net sales. Adjusted EBITDA in the Benelux segment was mainly generated by Brandfield. The segment Other includes all countries outside DACH and Benelux. The segment became reportable for the first time in financial year 2022 with a share of net sales of 10.6%.

FINANCIAL POSITION

Finance and liquidity management plays an important role in the growth of fashionette AG as well as in limiting financial risks and optimizing the cost of capital. The financing strategy is geared towards securing liquidity for the implementation of the Company strategy and covering operational financing needs.

The Group had cash and cash equivalents of EUR 5,053 thousand as of 31 December 2022 (31 December 2021: EUR 6,817 thousand). Cash and cash equivalents developed as follows in financial year 2022:

- Cash flow from operating activities amounted to EUR 2,216 thousand (2021: EUR -14,194 thousand), mainly due to a reduction in working capital of EUR 4,171 thousand (2021: build-up of EUR 15,792 thousand), including a reduction in inventories of EUR 7,691 thousand (2021: build-up of EUR 16,438 thousand). Cash flow includes one-time consulting expenses of EUR 822 thousand and one-time non-recurring expenses of EUR 385 thousand.

- Cash flow from investing activities amounted to EUR -1,058 thousand (2021: EUR -18,226 thousand) and mainly included investments in intangible assets.

- Cash flow from financing activities of EUR -4,201 thousand (2021: EUR 7,344 thousand) included repayments of long-term loans of EUR 1,800 thousand (2021: EUR 450 thousand), interest payments of EUR 1,679 thousand (2021: EUR 1,437 thousand) and lease liabilities of EUR 722 thousand (2021: EUR 290 thousand

CONDENSED CASH FLOW STATEMENT (IN EUR THOUSAND)	**2022**	**2021**
Cash flow from operating activities	2,216	-14,194
Cash flow from investing activities	-1,058	-18,226
Cash flow from financing activities	-4,201	7,344
Change in cash and cash equivalents with an effect on pay-ments	-3,044	-25,075
Cash and cash equivalents at the beginning of the period	6,797	31,829
Other changes in cash and cash equivalents with an effect on payments	-17	43
Cash and cash equivalents as of 31 December 2022	3,736	6,797

In 2022, fashionette AG recorded an outflow of cash and cash equivalents of EUR -3,044 thousand (2021: EUR -25,075 thousand). Cash and cash equivalents amounted to EUR 3,736 thousand as of 31 December 2022 (31 December 2021: EUR 6,797 thousand). As of the balance sheet date, there were EUR 1,305 thousand (31 December 2021: EUR 10 thousand) in utilized credit lines with banks. Liabilities to banks amounted to EUR 9,750 thousand (31 December 2021: EUR 11,550 thousand), of which EUR 1,800 thousand is current (December 31, 2021: EUR 1,800 thousand) and EUR 7,950 thousand non-current (December 31, 2021: EUR 9,750 thousand). Liabilities from rental agreements amounted to EUR 3,897 thousand (31 December 2021: EUR 4,309 thousand). Short-term credit lines totaling EUR 13,000 thousand (31 December 2021: EUR 13,000 thousand) existed with the principal banks as of 31 December 2022.

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

FINANCIAL POSITION

The net assets, financial position and results of operations of the Group are presented in the following condensed balance sheet:

ASSETS (IN EUR THOUSAND)	**2022**		**2021**	
Fixed assets	21.191	24.3 %	22.789	23.6 %
Current assets	66.381	75.7 %	73.621	76.4 %
Assets	**87.672**	**100.0 %**	**96.410**	**100.0 %**

LIABILITIES (IN EUR THOUSAND)	**2022**		**2021**	
Equity	45.490	51.9 %	51.065	53.0 %
Non-current liabilities	12.661	14.4 %	15.181	15.7 %
Current liabilities	29.521	33.7 %	30.164	31.3 %
Liabilities	**87.672**	**100.0 %**	**96.410**	**100.0 %**

At the end of financial year 2022, the total assets of fashionette AG decreased by 9.1% to EUR 87,672 thousand (31 December 2021: EUR 96,410 thousand). Fixed assets decreased by 6.6% to EUR 21,291 thousand (31 December 2021: EUR 22,789 thousand), the share of fixed assets in the balance sheet total increased to 24.3% (31 December 2021: 23.6%).

Current assets decreased by EUR 7,240 thousand to EUR 66,381 thousand in financial year 2022 (31 December 2021: EUR 73,621 thousand). Inventories decreased by EUR 7,590 thousand to EUR 36,678 thousand (31 December 2021: EUR 44,268 thousand) and trade and other receivables increased by EUR 1,122 thousand to EUR 19,022 thousand (31

December 2021: EUR 17,900 thousand). Cash and cash equivalents decreased by EUR 1,764 thousand to EUR 5,053 thousand in financial year 2022 (31 December 2021: EUR 6,817 thousand).

Equity decreased to EUR 45,490 thousand as of 31 December 2022 (31 December 2021: EUR 51,065 thousand), mainly due to the loss, including the impairment of goodwill. The equity ratio decreased by 1.1 percentage points to 51.9% (31 December 2021: 53.0%).

Non-current liabilities decreased by EUR 2,520 thousand to EUR 12,661 thousand (31 December 2021: EUR 15,181 thousand), mainly due to repayments of long-term loans and reduction of lease liabilities. Deferred tax liabilities amounted to EUR 1,477 thousand as of 31 December 2022 (31 December 2021: EUR 1,653 thousand). The share of non-current liabilities in total capital decreased to 14.4% (31 December 2021: 15.7%).

Trade payables and other liabilities decreased by EUR 2,033 thousand to EUR 25,107 thousand (31 December 2021: EUR 27,140 thousand). Current loans increased by EUR 1,375 thousand to EUR 3,870 thousand (31 December 2021: EUR 2,495 thousand), of which EUR 1,800 thousand was the current portion of non-current loans, EUR 1,305 thousand was utilization of credit lines and EUR 765 thousand was lease liabilities. Total current liabilities as of 31 December 2022 amounted to EUR 29,521 thousand (31 December 2021: EUR 30,164 thousand) and the share of total capital increased to 33.7% (31 December 2020: 31.3%).

OVERALL STATEMENT BY THE MANAGEMENT BOARD ON THE ECONOMIC DEVELOPMENT

The business environment and economic development were challenging for fashionette in financial year 2022. Due to its **positioning in the luxury sector**, fashionette AG has developed significantly better than average for the industry, so that we are very satisfied with how sales developed. The positioning in the luxury segment was particularly helpful here, as this segment is less affected by economic fluctuations and slumps.

With regard to consumer development and the development of the European luxury fashion segment, we currently see positive consumer and purchasing developments on the part of our customers, so that we assume a positive environment for the year 2023.

As a result of the significant inflation trend, which is reflected in both material purchases as well as in personnel and material costs, significant cost savings must be made. The cost and efficiency program launched in March 2023 takes this into account and will most likely directly bring about a significant savings effect of EUR 2.2 million per year. This is an important building block that will lead to the turnaround in the earnings situation in financial year 2023. Against the backdrop of the strict profitability orientation, the Beauty business unit was already closed in the first quarter of 2023, as was the Smartwatches unit. This is because both areas have recorded losses so far and, in our view, are not part of the core business of luxury. Fashionette will therefore position itself even more strongly in the luxury segment in the future. This also means that we will divest ourselves of low-priced suppliers and products in order to consistently implement our strategy in the luxury segment.

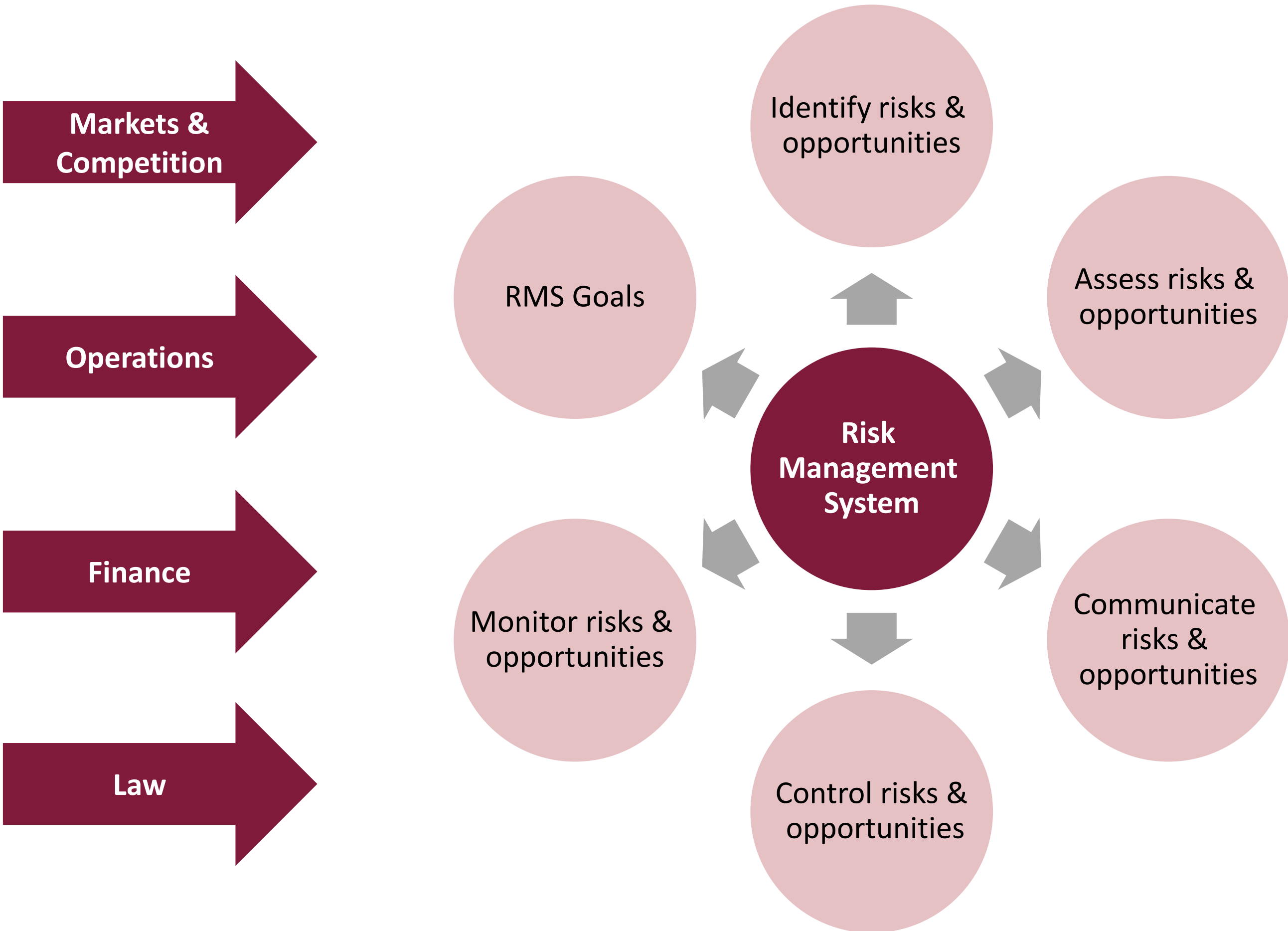
In the context of the overall economic development and the luxury goods industry, growth is also expected for 2023 despite the crisis. The fashion segment in particular is a stable, growing product group in the luxury sector. So far, there are no fashion offers on fashionette, although this is the largest area in the luxury segment. In order to implement this expansion in a cost-efficient and capital-saving manner, the fashion area is being established by means of a platform strategy. This means that retailers and manufacturers from the luxury segment will leave their stock to us and we will sell it to customers through our international channels. Here, too, we will only include brands that meet our standards for luxury. The goal is to have already connected over 300 partners (retailers or manufacturers) to our platform in 2023. Overall, the launch of the platform strategy in 2023 is a milestone for fashionette AG. In addition to internationalization, future growth will be achieved through this.

In addition, we have significantly expanded activities with regard to our sustainability efforts. To this end, a separate project group was also initiated in 2023, which has developed precise steps and specifications to consistently optimize fashionette AG's activities across the company. We continue to work on topics such as resale and procurement. We look forward to further developing our sustainability strategy and sharing it with you in the next Annual Report.

Thanks to our continuous development, we reaffirm our goal of becoming the leading data-driven e-commerce Group for luxury fashion accessories in Europe. We want to offer our customers an outstanding, personalized shopping experience with innovative technology behind it. Only by meeting the needs and desires of our customers can we increase the value of the company in the long term. Profitable growth is made possible through careful management of our internal resources and the ever-changing dynamics of our consumers.

Opportunity and RISK REPORT

At the time of preparing the Annual Financial Statements for the year 2022, the Management Board and the Supervisory Board are not aware of any risks that could jeopardize the continued existence of the Company. The development of the Company's net assets, financial position and results of operations is dependent on various opportunities and risks typical of the industry. This Opportunity and Risk Report presents the opportunities and risks considered significant for fashionette and Brandfield and provides an overview of the implemented risk and opportunity management system. As an instrument for the Management Board and Supervisory Board, fashionette and Brandfield have implemented a risk management system with the following elements:



GOAL OF THE RMS

The goal of the risk management system is to create transparency for the Management Board and the Supervisory Board with regard to risks and opportunities, to build a common understanding of risks and opportunities within the Company, to promote our risk and opportunity culture and to ensure risk-conscious action.

IDENTIFICATION AND MONITORING OF OPPORTUNITIES AND RISKS

The identification of opportunities and risks takes place every six months in workshops and serves to recognize, evaluate and document all possible internal and external risks and subsequently to sensitize all employees to them.

ASSESSMENT OF OPPORTUNITIES AND RISKS

All risks identified are assessed and inventoried with regard to their probability of occurrence and potential impact within a period of one year. The inventory is carried out in company-specific clusters. The summary of the individual clusters is presented using the following heat map:

RISIKO HEATMAP

PROBABILITY	1	2	3	4	5
very likely (9-10)	0	2	0	0	0
likely (7-8)	1	0	3	0	0
possible (5-6)	0	0	2	4	1
unlikely (3-4)	1	1	5	4	1
extremely unlikely (1-2)	0	1	1	0	0
EFFECT	very low (1-2)	low (3-4)	medium (5-6)	high (7-8)	very high (9-10)

RISIKOFAKTORKLASSE (RFK)	MARKETS	OPERATIONS	FINANCE	LAW	TOTAL
1 – low	2	1	1	1	**5**
2 – medium	5	6	7	3	**21**
3 – high	0	1	0	0	**1**
4 – very high	0	0	0	0	**0**
Total	**7**	**8**	**8**	**4**	**27**

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

PRESENTATION OF RISKS

In the reporting period, no risks were identified that could jeopardize the continued existence of the Group. The following table shows the risk clusters, including a comparison with the previous year:

ID - Risk cluster		Assessment / Risk Class	2022 Effect	2022 Probability	2021 Effect	2021 Probability
Markets & Competition						
1.	COVID-19 Pandemic	Medium	High	Unlikely	High	Possible
2.	Market and competitive structure	Medium	Medium	Possible	Medium	Possible
3.	Customs and external trade provisions	Low	Very low	Likely	Very low	Likely
4.	Customer base	Medium	High	Possible	Very low	Extremely unlikely
5.	Market Volume	Medium	Medium	Possible	low	Unlikely
6.	Product range expansion	Low	Very low	Unlikely	Very low	Possible
7.	Own brands	Medium	High	Unlikely	High	Unlikely
Operations						
8.	Logistics	High	Very High	Possible	Very High	Possible
9.	Personnel	Medium	Medium	Likely	Medium	Likely
10.	IT security	Medium	Very High	Unlikely	Very High	Unlikely
11.	Operational management	Medium	Medium	Unlikely	Medium	Unlikely
12.	IT Infrastructure and systems	Medium	High	Unlikely	High	Unlikely
13.	Suppliers	Medium	High	Possible	High	Possible
14.	Not meeting planned sales level	Medium	High	Possible	Medium	Possible
15.	Termination of contracts	Low	Low	Extremely unlikely	Low	Extremely unlikely
Finance						
16.	Liquidity risks to bad debt	Medium	Low	Very likely	Low	Very likely
17.	Risks related to shares and shareholder structure	Medium	Low	Very lIkely	Very low	Likely
18.	Tax risks	Medium	Medium	Unlikely	Medium	Unlikely
19.	Currency risks	Medium	Medium	Unlikely	Medium	Unlikely
20.	Risks from insurance cover	Low	Medium	Extremely unlikely	Medium	Extremely unlikely
21.	Liquidity risk from bank financing	Medium	Medium	Likely	Medium	Unlikely
22	Interest rate risk	Medium	Medium	Likely	not valued	not valued

Law						
23.	Damage to reputation	Medium	High	Possible	High	Possible
24.	Compliance	Medium	Medium	Unlikely	Medium	Unlikely
25.	Legal disputes	Medium	Medium	Unlikely	Medium	Unlikely
26.	Unprotected intellectual property	Medium	Medium	Unlikely	Medium	Unlikely

1. MARKETS AND COMPETITION

1.1 Market and competitive structure

fashionette operates in a dynamic, fragmented and highly competitive market segment. The many different competitors operate under different brands and include fashion generalists as well as specialists for accessories in both online and offline retail. Market forecasts for fashionette's key markets in Europe show positive growth rates with increasing online penetration. For 2023, there is a risk of recession with increasing competition. This could have a negative impact on the sales and earnings situation and thus also on the competitive situation. fashionette is convinced that, with its proprietary, data-driven business model, it can dynamically and flexibly anticipate new trends, changes in demand or technological progress, as well as secure and expand market shares against current and new competitors.

2. OPERATIONAL

2.1 Logistics

As an online platform, fashionette is dependent on supply from sources as well as an external logistics service provider in order to be able to guarantee an appealing assortment and deliver promptly. In order to avoid supply bottlenecks, fashionette's procurement process is based on long-term advance planning and rolling forecasts. Both the planned goods receipt and the planned goods issue are constantly coordinated with our logistics partner to ensure that the warehouse and logistics capacities are aligned with the expected business development.

2.2 IT Security & IT Infrastructure and Systems

As in the past, fashionette has continuously invested considerable funds and internal resources in the further development of its own IT platform and IT infrastructure. Its IT systems are continuously monitored and checked. Policies, processes and control systems protect against unauthorized access and manage the maintenance and regular updating of servers and security devices, the restriction and monitoring of access to our customers' data and other sensitive information. Employees are informed and sensitized with information about data security risks, the latest breaches and other updates in regular training courses.

3. FINANCIAL

Liquidity, default, currency and interest rate risk

There are no financial risks (default risk and liquidity risk) due to the current liquidity situation.

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. As part of its liquidity management, the Company has also concluded agreements with factoring companies that bear the default risk of the debtors. The termination of current factoring agreements could have a negative impact on the liquidity situation and also on the turnover and earnings situation. fashionette is exposed to risks from changes in exchange rates. The means of payment on both the sales and procurement sides is mainly the euro. The other foreign currencies, mainly the Swiss franc, the British pound and the US dollar, are all considered to be stable currencies.

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

4. LEGAL

4.1 Compliance

fashionette AG is listed on the Regulated Unofficial Market of the Frankfurt Stock Exchange and is therefore subject to many additional legal regulations and obligations. Compliance risks can be understood in general terms as risks arising from breaches of rules. Risks can arise with regard to the Company's reputation, liability, the law and profitability. These in turn can result in serious financial damage. This is because disregarding compliance guidelines can result in fines, loss of sales due to loss of reputation or claims for damages. fashionette has two Compliance Officers who monitor, document and report on the risks arising from violations of Group guidelines and ethical standards in business life. fashionette's compliance management system includes policy management, a helpdesk tool and compliance-related training.

Overall Opportunity Situation

The material opportunities for the Company have not changed since the publication of the Prospectus. No opportunities that could lead to the significant overachievement of its ambitious targets are currently known.

PRESENTATION OF SIGNIFICANT OPPORTUNITIES

Risks that could affect the competitive situation and economic development of the Company are offset by opportunities that represent the potential to also favor growth and profitability.

DEMAND FOR LUXURY FASHION ACCESSORIES

With its positioning in the European market for luxury fashion accessories, fashionette has a proven business model. 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 luxury fashion accessories offers higher growth potential than generalized product segments and markets due to the lower online penetration.

PROPRIETARY, DATA-DRIVEN PLATFORM

The following capabilities of the proprietary, data-driven online platform are critical to demand for the Company's luxury fashion accessories: providing a relevant and broad product offering, speed of order delivery, attractiveness of luxury fashion accessories and price offerings, and successful product marketing and service excellence to customers. By expanding the range of luxury fashion accessories, optimizing the shopping experience and continuing to focus on operational excellence and quality service, fashionette is confident that it will continue to benefit from an increase in demand for luxury fashion accessories.

BRAND AWARENESS

fashionette is a leading provider of luxury fashion accessories in Germany with high brand awareness. The long-standing market presence of the "fashionette" brand and the continuous investments in marketing and brand building have enabled the Company to establish many long-term relationships with numerous designer brands and suppliers in Europe, thus creating market entry barriers for new competitors. The ability to compare luxury fashion accessories from different designer brands, to identify current trends and to minimize the risk of counterfeit products contributes to the trust in the "fashionette" brand and thus to its awareness. fashionette is convinced that website visitors become active customers through the shopping experience and that corresponding repeat purchases are strengthened and can thus make a decisive contribution to sales and operating results.

CUSTOMER LOYALTY

fashionette is convinced that an inspiring shopping experience increases customer loyalty and builds loyal and lasting relationships with its customers. Customer loyalty is essential to increasing the frequency of repeat purchases and consequently order volume at lower marketing costs relative to sales. To increase the average order value, the Company is constantly expanding the selection of current product categories and investing in additional value-added content and a continuously improved shopping experience. fashionette is convinced that by increasing the average order value, it will be able to make further marketing investments and increase operational profitability at the same time.

FORECAST REPORT

Future Macroeconomic and Industry-Specific Situation

OVERALL ECONOMIC DEVELOPMENT

According to the International Monetary Fund (IMF), the global economy at the beginning of 2023 is no longer in as bad a position as expected in October 2022, but growth will still be significantly below historical averages. The central banks' interest rate hikes to combat persistent inflation and the war in Ukraine will continue to weigh on economic development. On the other hand, the unexpectedly high resilience of many economies is likely to have a positive effect. Overall, global economic growth is expected to slow from 3.4% in the previous year to 2.9% in 2023, 0.2 percentage points higher than forecast in October. Assuming falling energy and commodity prices and rising interest rates, the IMF expects global inflation to fall from an average of 8.8% in 2022 to 6.6% in 2023 and 4.3% in 2024. For the euro area, the IMF expects gross domestic product (GDP) to increase by 0.7% after a forecast increase of 0.2 percentage points. The increase in the growth forecast for Germany by 0.4 percentage points to 0.1% is particularly significant, after a declining economic development had previously been expected.[16]

INDUSTRY CONDITIONS

The consulting firm Bain & Company believes that the global luxury goods market will be more resilient in 2023 than it was during the financial crisis in 2009 and that sales growth is possible even in the event of a recession in major economies. The refined customer focus in recent years supports the industry's resilience, as does the broader customer base and multi-touchpoint ecosystem. Depending on the economic recovery in China and the resilience of the US and Europe to economic headwinds, the global luxury goods market is expected to grow by up to 8% to as much as EUR 380 billion in 2023.[16 17]

The German E-Commerce and Distance Selling Trade Association (bevh) expects the advantages of digital shopping, such as service, transparency and availability, to help e-commerce sales continue to grow faster than retail sales overall in 2023. For 2023, the bevh forecasts sales growth of around 5% to around EUR 95 billion.[19]

Outlook

fashionette AG will undergo significant, strategic changes in 2023. On the one hand, the positioning in the luxury segment must be consistently implemented, which will also lead to significant changes in the product range and the selection of brands. Low-priced articles will be sold off, low cost price ranges and brands will no longer be ordered. Higher prices enable fashionette AG to achieve higher, absolute margins and thus more profit potential.

On the other hand, the cost and efficiency program will bring about significant cost savings, which will have a direct impact on earnings. This also includes that we have already closed the Beauty and Smartwatches business units as of March/April 2023, as neither unit generated positive earnings contributions and they do not belong to the Luxury segment in our view. These two areas will be reported under discontinued operations in future Annual Reports.

The decision made in April 2023 with the Supervisory Board and the Management Board to enter the luxury fashion segment and to start a platform strategy for this purpose for the first time in fashionette's history represents a milestone. The outlook for financial year 2023 therefore takes this development and the associated sales and earnings potential into account.

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18. https://www.bain.com/globalassets/noindex/2023/bain_digest_renaissance-in-uncertainty-luxury-builds-on-its-rebound.pdf
19. https://www.bevh.org/presse/pressemitteilungen/details/umsaetze-im-e-commerce-mit-waren-und-dienstleistungen-erneut-ueber-100-milliarden-euro.html

In light of the above-mentioned changes and the assumption that there will also be organic growth, the Management Board of fashionette AG is confident for the new financial year 2023. In the opinion of the Management Board, the significant growth of recent years underscores the great expansion potential of the Group. For fashionette, the focus is on the customer's shopping experience. Customers are not only offered what they are looking for, but are also given ideas on how to combine these items with other fashion products to find or complement the perfect look in the luxury sector. The Management Board is convinced that a personalized shopping experience and a curated product selection via fashionette AG's proprietary online platform will make the difference in a dynamically growing market. And there are currently very few online companies that are even active and established in the luxury segment. These are good prerequisites for being able to realize the growth potential for the future in the luxury segment.

The relevant opportunities and risks that influence the outlook are explained in the Opportunity and Risk Report of this Management Report.

The outlook is based on the current assessment of the impact arising from the geopolitical situation and the global economy. It assumes that there will be no further material deterioration. The uncertainties arising from the development of the current geopolitical situation could have a material impact on fashionette's operational and financial performance. Other factors to be considered:

- Weakening consumer sentiment and discretionary income due to the macroeconomic conditions
- An inflationary environment that puts additional strain on consumers' disposable income
- Increased cost pressure

SALES

The Management Board of fashionette AG expects net sales to grow by 5 to 8% in financial year 2023 (2022: EUR 164.8 million). This growth is expected to come mainly from the two segments, DACH and BENELUX.

YIELD

The Management Board expects adjusted EBITDA of EUR 2.0 million to EUR 3.0 million (2022: EUR 0.4 million), of which approx. 70% from the DACH region and approx. 30% from the BENELUX & OTHER region.

The Company expects to have 3% to 6% more new customers in 2023 (2022: 6%) than in the previous year and the active customer base to grow to over 1.1 million (2022: 1.08 million).

The average shopping cart is projected to increase to more than EUR 200 (2022: EUR 176).

With regard to the number of employees, we currently assume approx. 210 employees (2022: 264).

Düsseldorf, 16 May 2023

Dr. Dominik Benner
Chairman of the Management Board

Laura Vogelsang
Member of the Management Board

Supplementary management report of FASHIONETTE AG

The Annual Financial Statements of fashionette AG were prepared in accordance with the provisions of the German Commercial Code. 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 sales, gross profit and the gross profit margin, reported EBITDA and the reported EBITDA margin, as well as 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, the average shopping basket, the number of active customers and the number of new customers.

NON-FINANCIAL PERFORMANCE INDICATORS	2022	2021	Δ
Number of orders (in thousands)	872	774	12.6 %
Average shopping basket (in EUR)	240	244	-1.6 %
Active customers (in thousands, LTM)	492	454	8.3 %
New customers (in thousands)	307	302	1.4 %

Number of orders
Defined as the number of customer orders placed on any of the Group's websites or third party marketplaces during the reporting period, after cancellations and before returns. Recorded on the day the order is placed, so recorded and delivered orders may differ.

Average shopping cart
Defined as the ratio of order value to the number of orders in the reporting period.

Active customers
Defined as the number of customers who have placed at least one non-cancelled order on one of the Group's websites or third party marketplaces in the last twelve months during the reporting period, regardless of returns.

Business performance

In financial year 2022, fashionette AG achieved growth in net sales after credit notes for returns and discounts of 5.7% to EUR 115,153 thousand (2021: EUR 108,925 thousand). The number of new customers rose by 1.4% to 307 thousand, while the number of active customers increased by 8.3% to 492 thousand (2021: 454 thousand).

With a share of net sales of 84.4% (2021: 84.2%), the DACH region, the most important geographical market for fashionette, recorded growth of 5.9%. The non-German-speaking countries grew by 4.8% to EUR 17,978 thousand (2021: EUR 17,158 thousand). The number of orders increased by 12.6% to 871,604 (2021: 773,842). fashionette had 492,029 active customers (31 December 2021: 454,167) at the end of financial year 2022.

PROFIT AND LOSS ACCOUNT (ABRIDGED)

	2022 (IN EUR K)	2021 (IN EUR K)	Δ
Gross sales	209,811	188,370	11.4 %
Credits	94,658	79,445	19.1 %
Net sales	115,153	108,925	5.7 %
Cost of materials / cost of goods purchased	75,951	69,550	9.2 %
Gross profit	39,202	39,375	-0.4 %
Gross profit margin	34.0 %	36.1 %	-2.1 PP
Other operating income	2,202	2,327	-5.4 %
Personnel expenses	9,214	8,089	13.9 %
Other operating expenses	34,687	32,360	7.2 %
(Reported) EBITDA	-2,497	1,254	>-100 %
(Reported) EBITDA margin	-2.2 %	1.2 %	-3.3 PP

Earnings before interest, taxes, depreciation and amortization (EBITDA), mainly adjusted for non-recurring effects for consulting expenses and expenses not attributable to business activities, decreased by 179% in the past financial year 2022 to EUR -1,757 thousand (2021: EUR 2,226 thousand) with an adjusted EBITDA margin of -1.5% (2021: 2.0%). Reported EBITDA decreased by 299% to EUR -2,497 thousand (2021: EUR 1,254 thousand) with a reported EBITDA margin of -2.2% (2021: 1.2%).

Special effects are mainly included in the form of one-time expenses for consulting services and non-recurring expenses totaling EUR 739 thousand (2021: EUR 973 thousand). These non-recurring effects are not included in adjusted EBITDA.

The reconciliation to the adjusted EBITDA and the distribution of the special effects to the items of the Profit and Loss Account are as follows:

RECONCILIATION TO (ADJUSTED) EBITDA

	2022 (IN EUR K)	2021 (IN EUR K)	Δ
(Reported) EBITDA	-2,497	1,254	>-100 %
Non-recurring effects			
Non-recurring consulting expenses	355	423	
Expenses not attributable to business activity	385	549	
Total non-recurring effects	**739**	**972**	
EBITDA (adjusted)	-1,757	2,226	>-100 %
EBITDA margin (adjusted)	-1.5%	2.0 %	-3.5 PP

EARNINGS POSITION

In financial year 2022, fashionette AG achieved growth in net sales after credit notes for returns and discounts of 5.7% to EUR 115,143 thousand (2021: EUR 108,925 thousand). The deviation in net sales from the previous year's forecast is mainly due to the development of the geopolitical situation in the past financial year as well as the changed macroeconomic conditions and the inflationary environment.

The cost of materials increased by 9.2% to EUR 75,951 thousand (2021: EUR 69,550 thousand). The gross profit margin was 34.0% in the past financial year due to the geopolitical and macroeconomic development in financial year 2022 and the resulting price and competitive pressure. As in the previous year, cost of materials includes inventory differences that lead to claims for damages against the logistics service provider in the amount of EUR 827,000 (2021: EUR 926,000). These claims for damages are reported under other operating income.

Other operating income fell by 5.4% to EUR 2,202 thousand (2021: EUR 2,327 thousand) due to reduced claims for damages from inventory differences.

Personnel expenses increased by 13.9% to a total of EUR 9,214,000 (2021: EUR 8,089,000) in the reporting year due to the 2.4% increase in the average number of employees to 173 (2021: 169), among other factors. In addition, personnel expenses include non-recurring/special effects and full-year effects from the increase in headcount in 2021.

Amortization of intangible assets and depreciation of property, plant and equipment remained at the previous year's level of EUR 2,446 thousand (2021: EUR 2,503 thousand). Of this, EUR 1,415 thousand was attributable to the straight-line amortization of goodwill in accordance with the German Commercial Code (HGB) (2021: EUR 1,415 thousand).

Other operating expenses increased by 7.2% in relation to growth in revenue to EUR 34,687 thousand (2021: EUR 32,360 thousand), mainly due to the increase in distribution costs and other operating costs.

The above mentioned movements resulted in a net loss of EUR 6,016 thousand (2021: net profit of EUR 2,394 thousand).

FINANCIAL POSITION

As of 31 December 2022, fashionette AG had cash and cash equivalents of EUR 4,774 thousand (31 December 2021: EUR 5,004 thousand). Cash and cash equivalents developed as follows in financial year 2022:

- Cash flow from operating activities amounted to EUR 3,971 thousand (2021: EUR -15,531 thousand), which is mainly the result of the decrease in inventories.
- Cash flow from investing activities, mainly in intangible assets, amounted to EUR -881 thousand (2021: EUR -18,842 thousand).
- Cash flow from financing activities amounted to EUR -3,304 thousand (2021: EUR 7,742 thousand) and includes EUR 1,800 thousand (2021: EUR 450 thousand) in repayments and EUR 1,504 thousand (2021: EUR 1,330 thousand) in interest paid, including interest on factoring.

In financial year 2022, fashionette AG recorded a net outflow of cash and cash equivalents including exchange rate-related changes of EUR 231 thousand (2021: EUR 26,835 thousand). Cash and cash equivalents amounted to EUR 4,762 thousand on 31 December 2022 (31 December 2021: EUR 4,994 thousand). As of the balance sheet date, liabilities to banks amounted to EUR 9,762 thousand (31 December 2021: EUR 11,561 thousand), of which EUR 1,812 thousand (previous year: EUR 1,811 thousand) had a remaining term of one year and EUR 7,950 thousand (previous year: EUR 9,750 thousand) had a remaining term of between one and five years.

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

ASSET POSITION

The asset position is shown in the following condensed balance sheet:

BALANCE SHEET	31/12/2022 (IN EUR K)	31/12/2021 (IN EUR K)	Δ
Fixed assets	33,578	35,079	-4.3 %
Current assets	46,205	54,463	-15.2 %
Prepaid expenses	973	863	12.8 %
ASSETS	**80,756**	**90,405**	**-10.7 %**
Equity	57,959	63,975	-9.4 %
Provisions	1,661	1,697	-2.1 %
Liabilities	21,136	24,733	-14.5 %
LIABILITIES	**80,756**	**90,405**	**-10.7 %**

The balance sheet total of fashionette AG decreased by 10.7% to EUR 80,756 thousand (31 December 2021: EUR 90,405 thousand) at the end of the financial year 2022, in particular as a result of a reduction in inventories, the loss generated and the repayment of loan liabilities.

Fixed assets decreased by 4.3% to EUR 33,578 thousand (31 December 2021: EUR 35,079 thousand) mainly due to the straight-line amortization of goodwill in accordance with HGB.

Current assets decreased by EUR 8,258 thousand to EUR 46,205 thousand in financial year 2022 (31 December 2020: EUR 54,463 thousand). Inventories fell by EUR 8,424 thousand to EUR 28,467 thousand (31 December 2021: EUR 36,891 thousand). Trade receivables including receivables from affiliated companies and other assets increased by EUR 395 thousand to EUR 12,963 thousand (31 December 2021: EUR 12,568 thousand). Cash and cash equivalents decreased by EUR 230 thousand to EUR 4,774 thousand in financial year 2022 (31 December 2021: EUR 5,004 thousand).

Equity decreased by 9.4% to EUR 57,959 thousand (31 December 2021: EUR 63,975 thousand), mainly due to the net loss for 2022. The equity ratio increased by 1.0 percentage point to 71.8% as of 31 December 2022 (31 December 2021: 70.8%).

Other provisions decreased by EUR 36,000 thousand to EUR 1,661 thousand (31 December 2021: EUR 1,697 thousand) compared to the previous year.

Liabilities decreased by 14.5% to EUR 21,136 thousand (31 December 2021: EUR 24,733 thousand) due to repayments of loans in the amount of EUR 1,800 thousand as well as reduced trade payables and advance payments received. The share of liabilities in total capital fell to 26.2% (31 December 2020: 27.4%).

OPPORTUNITIES AND RISKS

The opportunities and risks for fashionette AG are the same as for the Group. We therefore refer to the Opportunity and Risk Report of this Combined Management Report.

OUTLOOK FOR FASHIONETTE AG

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

For 2023, the Management Board of fashionette AG expects an increase in net sales of around 3% to 6%. The number of new customers is expected to be around 3% to 6% higher than in the previous year, and the other non-financial performance indicators are also expected to develop positively. The adjusted EBITDA margin (adjusted earnings before interest, taxes, depreciation and amortization) is expected to be in the low single-digit percentage range.

Düsseldorf, 16 May 2023

Dr. Dominik Benner
Chairman of the Management Board

Laura Vogelsang
Member of the Management Board

FINANCIAL STATEMENTS
of fashionette AG

For the financial year ending December 31, 2022

In accordance with IFRS as adopted by the EU

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

IFRS Consolidated Statement of Financial Position			
in EUR thousand	**Annex information**	**31/12/2022**	**31/12/2021**
Assets			
Property, plant and equipment	(6), (8)	4,109	4,570
Intangible assets	(7)	5,780	6,542
Goodwill	(7)	9,554	11,332
Other financial assets including derivatives	(18)	298	-
Deferred tax assets	(26)	1,550	345
Non-current assets		**21,291**	**22,789**
Inventories	(9)	36,678	44,268
Right of return	(10)	3,307	3,372
Tax refund claims	(26)	1,188	277
Trade and other receivables (current)	(11)	19,022	17,900
Advance payments		1,134	988
Cash and cash equivalents	**(12)**	5,053	6,817
Assets held for sale			
Current assets		**66,381**	**73,621**
Total assets		**87,672**	**96,410**
Equity			
Subscribed capital	(13)	6,200	6,200
Capital reserve	(13)	60,035	59,528
Other reserves	(13)	403	226
Retained earnings		-14,889	-13,188
Profit (loss)		-6,259	-1,700
Equity of the owners of the parent company		**45,490**	**51,065**
Equity		**45,490**	**51,065**
Debts			
Loans and borrowings (long-term)	(15)	11,082	13,374
Provisions for employee benefits (non-current)		49	74
Other provisions (non-current)	(17)	52	52
Liabilities from derivatives (non-current)	(18)	-	27
Deferred tax liabilities	(26)	1,477	1,653
Long-term debt		**12,661**	**15,181**
Tax liabilities	(26)	8	1
Loans and borrowings (short-term)	(15)	3,870	2,495
Trade payables and other liabilities (short-term)	(16)	25,107	27,140
Contractual liabilities		201	214
Other provisions (short-term)	(17)	336	314
Current liabilities		**29,521**	**30,164**
Debts		**42,182**	**45,345**
Total assets		**87,672**	**96,410**

*For changes in presentation in the financial year and previous year, please see Notes 11 and 12.
The above Consolidated Statement of Financial Position should be read in conjunction with the notes below.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

IFRS Consolidated Statement of Comprehensive Income (total cost method)			
in EUR thousand	**Annex information**	**01/01/2022 - 31/12/2022**	**01/01/2021 - 31/12/2021**
Sales revenues	**(19)**	**164,745**	**133,757**
Other income	(23)	2,279	2,438
Cost of materials	(20)	-102,342	-82,343
Personnel expenses	(22)	-12,770	-9,887
Depreciation and amortization	(6), (7)	-4,382	-2,097
Other expenses	(24)	-53,914	-42,378
Financial income	(25)	14	15
Financial expenses	(25)	-1,679	-1,441
Profit (loss) before taxes (EBT)		**-8,049**	**-1,937**
Income tax income and expenses	(26)	1,790	237
Profit (loss) for the period		**-6,259**	**-1,700**
Other result			
Items that have been or may be subsequently reclassified to profit or loss			
Cash flow hedges - effective portion of fair value changes	(18)	177	-19
Other comprehensive income after taxes		**177**	**-19**
Total result		**-6,082**	**-1,719**
Allocation of profit (loss):			
Owner of the parent company		-6,259	-1,700
Non-controlling interests			
Allocation of the total result:			
Owner of the parent company		-6,082	-1,719
Non-controlling interests			-
Earnings per share (in EUR)			
Basic earnings per share	(27)	-1,01	-0,27
Diluted earnings per share	(27)	-1,01	- 0,27

The above Consolidated Statement of Financial Position should be read in conjunction with the notes below.

CONSOLIDATED STATEMENT OF CASH FLOWS

IFRS Consolidated Statement of Cash Flows			
in EUR thousand	**Notes**	**01/01/2022 - 31/12/2022**	**01/01/2021 - 31/12/2021**
Profit (loss) for the period		**-6,259**	**-1,700**
Depreciation and amortization	(6), (7)	4,382	2,097
Financial expenses (income)	(25)	1,665	1,425
Income tax expenses (income)	(26)	-1,790	-237
Decrease (increase) in trade and other receivables	(11)	-1,472	-6,831
Decrease (increase) in inventories	(9)	7,691	-16,438
Increase (decrease) in trade payables and other liabilities	(16)	-2,048	7,478
Increase (decrease) in other provisions	(17)	22	15
Loss from the sale of property, plant and equipment		-	4
Other non-cash income (expenses)		524	881
Income taxes paid		-500	-888
Cash flow from operating activities		**2,216**	**-14,193**
Acquisition of a subsidiary		-	-17,001
Acquisition of property, plant and equipment	(6)	-208	-162
Acquisition of intangible assets	(7)	-865	-1,076
Interest received		14	14
Cash flow from investing activities		**-1,058**	**-18,226**
Proceeds from loans and borrowings		-	12,000
Repayment of loans and borrowings		-1,800	-2,928
Interest paid		-1,679	-1,437
Payments for lease liabilities		-722	-290
Cash flow from financing activities		**-4,201**	**7,344**
Net increase or (decrease) in cash and cash equivalents		-3,044	-25,074
Effects of exchange rate changes on cash and cash equivalents		-17	43
Net cash and cash equivalents at the beginning of the period		6,797	31,829
Net cash and cash equivalents at the end of the period		**3,736**	**6,797**
Breakdown of cash and cash equivalents			
Cash and cash equivalents	(12)	5,053	6,817
Securities			
Current liabilities to credit institutions		-1,317	-20
Net cash and cash equivalents at the end of the period		**3,736**	**6,797**

*For changes in presentation in the financial year and previous year, please see Notes 11 and 12.
The above Consolidated Statement of Financial Position should be read in conjunction with the notes below.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

IFRS Consolidated Statement of Changes in Equity	**Attributable to the owners of the parent company**							
in EUR thousand	**Notes**	**Subscribed capital**	**Capital reserve**	**Reserve from hedging transactions**	**Transaction costs reserve**	**Retained earnings**	**Total**	**Total equity**
Balance on 01/01/2021		**6,200**	**59,255**	**0**	**244**	**-13,188**	**52,511**	**52,511**
Total result								
Profit (loss) for the period						-1,700	-1,700	-1,700
Other result	(18)			-19			-19	-19
Total result		**0**	**0**	**-19**	**0**	**-1,700**	**-1,719**	**-1,719**
Transaktionskosten							0	0
Equity-settled share-based payment transactions	(21)		273				273	273
Ausgeübte Aktienoptionen							0	0
Total transactions with owners of the company		**0**	**273**	**0**	**0**	**0**	**273**	**273**
Balance on 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 parent company**							
in EUR thousand	**Notes**	**Subscribed capital**	**Capital reserve**	**Reserve from hedging transactions**	**Transaction costs reserve**	**Retained earnings**	**Total**	**Total equity**
Balance on 01/01/2022		**6,200**	**59,528**	**-19**	**244**	**-14,889**	**51,065**	**51,065**
Total result								
Profit (loss) for the period						-6,259	-6,259	-6,259
Other result	(18)			177			177	177
Total result		**0**	**0**	**177**	**0**	**-6,259**	**-6,082**	**-6,082**
Equity-settled share-based payment transactions	(21)		507				507	507
Total transactions with owners of the company		**0**		**0**	**0**	**0**	**507**	**507**
Balance on 31/12/2022		**6,200**	**60,035**	**159**	**244**	**-21,148**	**45,490**	**45,490**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

fashionette AG ("fashionette" or "the company") is a corporation incorporated in Germany. The company is registered in the Commercial Register of the Local Court of Düsseldorf under the number HRB 91139. The registered office of the company is located at 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 online platform for premium and luxury fashion accessories. fashionette's goal is to offer a personalized online shopping experience in the premium and luxury fashion accessories sector to all customers in Europe.

2 Principles of Preparation

2.1 CONFIRMATION OF COMPLIANCE WITH IFRS

These Consolidated Financial Statements of fashionette cover the current reporting year from 1 January 2022 to 31 December 2022 with a comparative period from 1 January 2021 to 31 December 2021. The Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows as well as the Notes to the Consolidated Financial Statements, including significant accounting policies and other explanatory notes, are presented for the current reporting period and the comparative period. The Consolidated Financial Statements of fashionette have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union. The term IFRS also includes all applicable International Accounting Standards (IAS) as well as the interpretations of the International Financial Reporting Interpretation Committee (IFRIC). The Financial Statements were approved by management at 16.05.2022 and forwarded to the Supervisory Board for review and approval.

The assets and liabilities in the Consolidated Statement of Financial Position were classified as current/non-current in accordance with IAS 1 based on the criteria defined in IAS 1.54 et seq.

fashionette has elected to present the Consolidated Statement of Comprehensive Income using the total cost method.

fashionette has elected to present the Consolidated Statement of 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." In the presentation of items of other comprehensive income, items that are to be reclassified to profit or loss are presented separately from items that will never be reclassified. Assets and liabilities are classified by maturity. fashionette recognizes consolidated cash flows from operating activities using the indirect method. Individual items in the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Financial Position are combined for clarity of presentation. These items are explained in the Notes to the Consolidated Financial Statements.

Unless stated otherwise, all amounts have been rounded to the nearest thousand. As amounts are stated in thousands of euros, rounding in accordance with commercial principles can result in rounding differences. In some cases, such rounded amounts and percentages do not add up to 100% of the totals shown and the subtotals in the tables can differ slightly from the non-rounded figures.

2.2 CLOSING

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

2.3 GOING CONCERN

The Consolidated Financial Statements have been prepared on a going concern basis in accordance with IAS 1.25.

2.4 ASSESSMENT BASIS

The Consolidated Financial Statements have been prepared on a historical cost basis. This does not generally apply to derivative financial instruments, as these are recognized at fair value at the balance sheet date. A corresponding explanation is provided in the context of the respective accounting policies.

2.5 FUNCTIONAL AND PRESENTATION CURRENCY

The Consolidated Financial Statements are prepared in euros, fashionette's functional currency.

2.6 CLASSIFICATION AS CURRENT OR NON-CURRENT

An asset is classified as current if it is expected to be realized 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 applied the following accounting policies consistently 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 purchase method of accounting when the acquired activities and assets meet the criteria of an entity and control has transferred to the Group. To determine whether a particular group of activities and assets constitutes a business, the Group assesses whether the acquired group of assets and activities includes at least one input and one substantive process and whether the acquired Group has the ability to generate benefits.

The consideration transferred upon acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill arising is tested annually for impairment and on an ad hoc basis when triggering events occur. Gains on an acquisition at a price below fair value are recognized in profit or loss after further testing. Transaction costs are expensed as incurred unless they relate to the issuance of debt or equity securities.

3.1.2 SUBSIDIARIES

Tochtergesellschaften sind Gesellschaften, die von dem Konzern beherrscht werden. Der Konzern beherrscht ein Subsidiaries are entities that are controlled by the Group. The Group controls an entity when it is exposed, 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 that control commences until the date that control ceases.

3.1.3 BUSINESS TRANSACTIONS ELIMINATED IN THE COURSE OF CONSOLIDATION

Intra-Group balances and transactions and all unrealized income and expenses (other than gains or losses on transactions in foreign currencies) arising from intra-Group transactions are eliminated.

3.2 FOREIGN CURRENCIES

3.2.1 SUBSIDIARIES OF THE GROUP

Subsidiaries which are included in the Group's financial statement report in the functional currency of the Group.

3.2.2 TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in foreign currencies are translated into the Group's functional currency using the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into the functional currency using the exchange rate at the date when the fair value was determined. Non-monetary items that are measured in a foreign currency are translated at the exchange rate at the date of the transaction. Translation differences are generally recognized in profit or loss and reported under other operating expenses.

3.3 PROPERTY, PLANT AND EQUIPMENT

3.3.1 APPROACH AND VALUATION

Property, plant and equipment are initially recognized at cost and subsequently measured at cost less accumulated depreciation and impairment losses.

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

Gains or losses on the disposal of an item of property, plant and equipment are recognized in profit or loss.

3.3.2 SUBSEQUENT EXPENSES

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. All other expenditure on property, plant and equipment is immediately recognized as an expense.

3.3.3 SCHEDULED DEPRECIATION

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual value on a straight-line basis over their estimated useful lives and is generally recognized in profit or loss.

The estimated useful lives of property, plant and equipment for the reporting year and comparative years are as follows:

Rights of use	2-8 years
Operating and business equipment	3-15 years
Tenant fixtures	5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date and adjusted if necessary.

3.3.4 DERECOGNITION

Property, plant and equipment are derecognized either on disposal or when no future economic benefits are expected from their continued use. Gains or losses arising from the disposal or retirement of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the asset and are recognized in the income statement under other income or other expenses.

3.4 INTANGIBLE ASSETS

3.4.1 GESCHÄFTS- ODER FIRMENWERT

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 assets, trademarks and customer relationships, which are acquired by the Group and have finite useful lives are initially recognized at cost and subsequently measured less accumulated amortization and accumulated impairment losses.

3.4.3 SUBSEQUENT EXPENSES

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the asset to which it relates. All other expenses, including expenses for internally generated goodwill and brands, are recognized in profit or loss in the reporting period in which they are incurred.

3.4.4 AMORTIZATIONS

Amortization is calculated to write off the cost of intangible assets less their estimated residual value on a straight-line basis over their estimated useful lives and is generally recognized in profit or loss. Goodwill is not amortized.

The estimated useful lives for the year under review and the comparative years are as follows:

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

Amortisationsmethoden, Nutzungsdauer und Restwerte werden zu jedem Bilanzstichtag überprüft und gegebenenfalls angepasst.

3.4.5 DERECOGNITION

An intangible asset is to be derecognized upon disposal or when no further economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is included in profit or loss when the asset is derecognized. The recognition is done under other income or other expenses.

3.5 LEASES

The Group assesses at contract inception whether the contract creates or contains a lease. This is the case if the contract entitles the Group to control the use of an identified asset for a certain period of time in return for payment of a fee. The Group acts solely as lessee.

At the commencement date or upon modification of a contract that includes a lease component, the Group allocates the contractually agreed consideration to each lease component based on its relative stand-alone selling prices.

The Group recognizes rights of use and lease liabilities at the commencement date. Rights-of-use assets are initially measured at cost, which is the initial amount of the lease liability, adjusted for any lease payments made on or before the date of origination, plus any direct costs initially incurred and an estimate of the costs of dismantling and removing the underlying asset or restoring the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement of the lease term to the end of the lease term, unless ownership of the underlying asset is transferred to the Group at the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise an option to purchase. In this case, the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined on the same basis as for property, plant and equipment. In addition, the right-of-use asset is periodically reduced for any impairment losses and adjusted for certain revaluations of the lease liability.

The lease liability is initially measured at the present value of lease payments not yet made at the commencement date, discounted at the interest rate implicit in the lease or, if that rate is not readily determinable, at 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 using interest rates from various external funding sources to which it makes certain adjustments to reflect the terms of the lease and the nature of the leased asset.

The following lease payments are taken into account in the measurement of the lease liability:

- fixed payments (including de facto fixed payments),
- variable lease payments that are linked to an index or (interest) rate and whose initial measurement is based on the index or interest rate applicable on the provision date,
- amounts expected to be payable under a residual value guarantee; and
- the exercise price of a call option if the Group is reasonably certain that it will exercise it, lease payments during an optional renewal period if the Group is reasonably certain that it will exercise a renewal option, and penalties for early termination of a lease unless the Group is reasonably certain that it will not terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured if there is a change in the future lease payments due to a change in an index or (interest) rate, if there is a change in the Group's estimate of the amounts expected to be payable under a residual value guarantee, if the Group changes its estimate of whether it will exercise a purchase, renewal or termination option, or if there is a change in the de facto fixed lease payments.

On such remeasurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset or recognized in profit or loss if the carrying amount of the right-of-use asset decreases to zero.

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

- the contract involves the use of an identified asset – this can be stated explicitly or implicitly and should be physically distinct or represent the significant capacity portion of a physically distinct asset. If the supplier has the substantive right of substitution, then the asset is not identified.
- the Group is entitled to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Group has the right to decide on the use of the asset. The Group is entitled to do so if it has the significant decision-making rights to change the nature and purpose of the use of the asset throughout the period of use. If all decisions about how and for what purpose the asset will be used are predetermined, the Group has the right to decide on the use of the asset when it either:

  a) is entitled to operate the asset, or
  b) has designed the asset in a way that already specifies how and for what purpose it will be used.

The Group reports its leases in the Consolidated Statement of Financial Position under "Property, plant and equipment."

The Group has elected not to recognize rights-of-use and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognizes 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 realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is based on the cost of individual inventories where possible. Otherwise, they are based on the simple weighted average price. Impairments due to the limited marketability of items are taken into account through value adjustments.

3.7 IMPAIRMENT

3.7.1 NON-DERIVATIVE FINANCIAL ASSETS

Financial instruments
The Group generally measures the allowance for credit losses at an amount equal to the credit losses expected after twelve months (general approach) in respect of the following:

- Bank balances for which the default risk (i.e. the risk that a credit default will occur over the expected life of the financial instrument) has not increased significantly since initial recognition. No adjustments were required as of 31 December 2022.
- The Group recognizes impairment losses in the amount of the expected credit losses over the term (simplified approach) in respect of the following:
- financial assets measured at amortized cost.

In determining whether there has been a significant increase in the credit risk of a financial asset since initial recognition and in estimating expected credit losses, 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 an informed credit assessment that includes forward-looking information.

The Group considers that the risk of default 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 if:

- it is unlikely that the debtor will be able to meet its credit obligations to the Group in full without the Group resorting to measures such as the realization of collateral (if any), or
- the financial asset is more than 2 years past due.

Expected credit losses over the term are the expected credit losses resulting from all possible default events over the expected term of a financial instrument.

Expected credit losses for the next twelve months are the portion of expected credit losses that may occur within twelve months after the reporting date (or a shorter period if the expected life of the instrument is less than twelve months).

The maximum period over which the expected credit losses are measured corresponds to the maximum contractual term over which the Group is exposed to default risk.

Measurement of expected credit losses
Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all defaults (i.e. the difference between the payments contractually owed to the entity and the payments the Group expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

Financial assets with impaired credit ratings
The Group assesses at each reporting date whether the credit quality of financial assets carried at amortized cost is impaired. The credit quality of a financial asset is impaired when one or more events have occurred that have an adverse effect on the estimated future cash flows of the financial asset.

Indicators of impaired credit quality of a financial asset include the following observable data:

- significant financial difficulties of the debtor,
- a breach of contract such as a default or delay of more than 30 days,
- the restructuring of a loan or credit by the Group on terms that the Group would not grant or accept under normal circumstances,

- high probability that the debtor will enter insolvency or other reorganization proceedings, or
- the disappearance of an active market due to financial difficulties

Presentation of the allowance for expected credit losses in the Consolidated Statement of Financial Position
Impairment losses on financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Depreciation
The gross carrying amount of a financial asset is written down if the Group does not have a reasonable expectation that all or part of the financial asset will be recoverable. This is based on historical experience with the realization of similar assets. For business customers, the Group assesses the timing and amount of the write-off on an individual basis, depending on whether the Group reasonably believes that a financial asset is recoverable. The Group does not expect significant realization of the amount written off. However, financial assets that have been written off may continue to be subject to enforcement actions in order to comply with the Group's procedures for recovering amounts due.

3.7.2 NON-FINANCIAL ASSETS
The carrying amounts of the Group's non-financial assets (other than inventories and deferred tax assets) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Goodwill is tested for impairment annually and on an ad hoc basis when triggering events occur.

For the purpose of impairment testing, assets are grouped into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows from other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to the 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 higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are 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 recognized when the carrying amount of an asset or CGU exceeds its recoverable amount.

An impairment loss is recognized in profit or loss. It is allocated by first reducing the carrying amount of goodwill allocated to the CGU and then reducing the carrying amounts of the other assets of the CGU proportionately.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss may be reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined for the asset, net of depreciation or amortization, had no impairment loss been recognized.

3.8 SUBSCRIBED CAPITAL
When the ordinary shares are issued, the directly attributable costs incurred are recognized as a reduction of equity in accordance with IAS 32. The total transaction costs are allocated as incremental costs based on the ratio of the new shares issued to the total of all shares. Only the amount allocated to the issue of new shares is recognized as a reduction in equity. Income taxes on the transaction costs of an equity transaction are accounted for in accordance with IAS 12.

3.9 RPROVISIONS
A provision is a liability of uncertain timing or amount. The Group recognizes provisions when it has a present obligation to a third party as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are discounted if the effect is material.

Provisions for which the outflow of funds is probable within the next year are classified as current, all other provisions as non-current.

The amount of the provision is 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. Accretion is recognized as a finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data as well as the weighting of possible outcomes according to their associated probabilities.

3.10 FINANCIAL INSTRUMENTS

3.10.1 RECOGNITION AND INITIAL MEASUREMENT

Trade receivables are recognized for the first time when they arise. All other financial assets and financial liabilities are initially recognized when the Group becomes party to the contractual provisions of the financial 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 transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability, unless it is an item at fair value through profit or loss. A trade receivable without a significant financing component is initially measured at the transaction price.

3.10.2 CLASSIFICATION AND SUBSEQUENT MEASUREMENT

Financial assets

Upon initial recognition, a financial asset is measured at amortized cost; at fair value through other comprehensive income – debt instrument; at fair value through other comprehensive income – equity instrument; or at fair value through profit or loss.

Financial assets are not reclassified after 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 after the change in business model.

A financial asset is measured at amortized cost if both of the following conditions are met and it is not designated as of fair value through profit or loss:

- The financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows at specified times that are solely payments of principal and interest on the principal outstanding.

A debt instrument is measured at fair value through other comprehensive income if both of the following conditions are met and it is not designated as of fair value through profit or loss:

- It is held within a business model whose objective is to collect the contractual cash flows and sell financial assets; and
- the contractual terms of the financial asset give rise to cash flows at specified times that are solely payments of principal and interest on the principal outstanding.

All financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss. This includes all derivative financial assets. Upon initial recognition, the Group may irrevocably designate a financial asset that otherwise qualifies for measurement at amortized cost or fair value through other comprehensive income as of fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – subsequent measurement and gains and losses

Financial assets measured at fair value through profit or loss

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

Financial assets measured at amortized cost
These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign currency translation gains and losses and impairment losses are recognized in profit or loss. Gains or losses on derecognition are recognized in profit or loss.

Debt instruments measured at fair value through other comprehensive income
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, gains and losses from currency translation and impairments are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. Upon derecognition, the gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Financial liabilities – classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss. A financial liability is designated as of fair value through profit or loss if it is classified as held for trading, if it is a derivative or if it is designated as such upon initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses and gains and losses from currency translation are recognized in profit or loss. Gains or losses on derecognition are also recognized in profit or loss.

3.10.3 DERECOGNITION

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

Financial liabilities
The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognizes a financial liability when its terms change and the cash flows of the liability are substantially different. In this case, a new financial liability is recognized at fair value based on the changed terms.

When a financial liability is derecognized, the difference between the carrying amount extinguished and the consideration received (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3.10.4 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments and hedge accounting
The Group uses derivative financial instruments to hedge a portion of its interest rate risk. 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. Subsequently, derivatives are measured at fair value; changes in this value are generally recognized in profit or loss.

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

At the inception of the designated hedge relationship, the Group documents its risk management objectives and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including an assessment of whether the changes in cash flows of the hedged item and the hedging instrument will offset each other.

Cash flow hedges

For derivatives designated as cash flow hedges, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and reported cumulatively in the hedging reserve. The effective portion of changes in the fair value of the derivative recognized in other comprehensive income is limited to the cumulative change in the fair value of the hedged item determined on a present value basis from the inception of the hedge. The ineffective portion of changes in the fair value of the derivative is recognized 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 requirements for hedge accounting or the hedging instrument expires, is sold, terminated or exercised, hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount accumulated in the hedging reserve remains in equity until it is reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss.

When the hedged future cash flows are no longer expected to occur, the amounts accumulated in the hedging reserve are immediately reclassified to profit or loss.

3.11 SALES REVENUE

Revenue is measured based on the consideration promised in a contract with a customer. This does not include amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of an asset to a customer.

Further information on the nature and timing of performance obligations under contracts with customers, including significant payment terms, and the related revenue recognition policies are described in Note 19.

3.12 SHARE-BASED PAYMENT

The grant date fair value of equity-settled share-based payment transactions granted to employees is generally recognized as an expense over the expected vesting period with an accompanying increase in equity. The amount recognized as an expense is adjusted to reflect the number of awards that are expected to satisfy the service conditions attached to them rather than market conditions. The amount ultimately recognized is based on the number of awards that are expected to meet the related service and non-market conditions upon vesting.

3.13 PERSONNEL EXPENSES

Short-term employee benefits are recognized as an expense in the period in which the underlying service is rendered. The Group recognizes a liability when it has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and a reliable estimate can be made of the amount of the obligation.

3.14 FINANCIAL INCOME AND FINANCIAL EXPENSES

The Group's financial expenses include interest from loans and borrowings, interest from factoring and interest from leasing. Interest expenses are recognized in the financial statements at the time they are incurred using the effective interest method.

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

- the gross carrying amount of the financial asset; or
- the amortized 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 (if the asset's credit rating is not impaired) or to the amortized cost of the liability. For financial assets that have an impaired credit rating after initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the credit quality of the asset is no longer impaired, interest income is again calculated on a gross basis.

3.15 INCOME TAXES

Tax expense comprises current and deferred taxes. Current taxes and deferred taxes are recognized in profit or loss except to the extent that it relates 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 under IAS 37.

3.15.1 ACTUAL TAXES

Current taxes are the expected taxes payable or receivable on the taxable income or tax loss for the financial year, based on tax rates enacted or substantively enacted at the reporting date, and any adjustments to taxes payable in respect of previous years. The amount of the expected tax liability or tax receivable reflects the best estimate, taking tax uncertainties, if any, into account. 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 (Uncertainties in Income Tax Treatment) using the best estimate or most likely amount. The best estimate method is used in each case. By far the most important cause of estimation uncertainties in uncertain tax positions are tax audits, in which the competent tax authorities may take a view that differs from the legal position of fashionette. Uncertain tax positions are taken into account 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 only netted under certain conditions.

3.15.2 DEFERRED TAXES

Deferred taxes are recognized in respect of temporary differences that arise between the carrying amount of assets and liabilities for financial reporting purposes and their tax base. Deferred taxes are not recognized for:

- temporary differences arising on initial recognition of an asset or liability 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, provided that the Group is able to control 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 from the initial recognition of goodwill.

Temporary differences relating to a right-of-use asset and a lease liability for a specific lease are considered together (the lease) for the purpose of recognizing deferred tax.

Deferred tax assets for unused tax losses, unused tax credits and deductible temporary differences are recognized only to the extent that it is probable that future taxable profit will be available against which the unused tax asset can be utilized. Future taxable profits are determined based on the reversal of corresponding taxable temporary differences. If the amount of taxable temporary differences is not sufficient to fully recognize a deferred tax asset, future taxable profits are recognized based on the business plans of the Group's individual subsidiaries, adjusted for the reversal of existing temporary differences. Deferred tax assets are reviewed at each reporting date and reduced accordingly when it is no longer considered probable that the tax benefits will be utilized. These reductions are reversed if the probability of future taxable profits increases.

Unrecognized deferred tax assets are reviewed at each reporting date and recognized to the extent that it has become probable that future taxable profit will be available against which the deferred tax asset can be utilized.

Deferred taxes are measured at the tax rates that are expected to apply to the period when the temporary differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date and taking any uncertainties related to income taxes into account. The measurement of deferred taxes takes into account the tax consequences that follow from the manner in which the Group expects, at the balance sheet date, to recover the carrying amount of its assets or settle its liabilities.

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

3.16 NEW AND AMENDED IFRS

All new or amended IFRICs and interpretations with mandatory first-time application in the EU from 1 January 2022 had no material impact on the Consolidated Financial Statements.

The following table shows the amendments to IFRS that must be applied for financial years beginning after the effective date. The amended standards and interpretations are not expected to have a material impact on fashionette's Consolidated Financial Statements.

STANDARD (AMENDMENTS)	TITLE OF THE STANDARD OR AMENDMENTS	ENTRY INTO FORCE
IAS 8.30, EU Endorsement has been made up to the date of release for publication		
IFRS 17 (including A)	Insurance contracts	1 January 2023
IAS 1 (A)	Classification of debt as current or non-current	1 January 2024
IAS 1 (A) and IFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
IAS 8 (A)	Definition of accounting estimates	1 January 2023
IAS 12 (A)*	Deferred taxes relating to assets and liabilities arising from a single transaction	1 January 2023
IFRS 17 (A)	First-time adoption of IFRS 17 and IFRS 9 - comparative information	1 January 2023
IFRS16	Lease liability in a sale and leaseback transaction	1 January 2024

*Deferred taxes on IFRS 16 transactions were applied

4 Use of judgements and estimates

In preparing the 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. The actual results can differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recorded prospectively.

In determining the fair value of an asset or liability, the Group uses observable market data to the extent possible. Based on the inputs used in the valuation techniques, the fair values are categorized into different levels of the fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2: Valuation parameters that are not the quoted prices considered in Level 1 but are observable for the asset or liability either directly (i.e. as a price) or indirectly (i.e. as a derivative of prices)
- Level 3: Valuation parameters for assets or liabilities that are not based on observable market data

These Consolidated Financial Statements include the following material items whose carrying amounts are highly dependent on judgements and underlying assumptions and estimates:

DISCRETIONARY DECISIONS

Information about judgements made in the application of accounting policies that have the most significant effect on the amounts recognized in the Consolidated Financial Statements is included in the following notes:

- Notes 6 & 8 – **Lease term:** Determining whether the exercise of renewal options is reasonably certain.

ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

Information about assumptions and estimation uncertainties as of 31 December 2022 that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

- Note 7 – **Goodwill:** significant assumption about the recoverable amounts of the CGU and the underlying 3-year budget
- Note 18.2.1 – **Measurement of the allowance for expected credit losses for trade receivables:** key assumptions in determining the weighted average loss rate
- Note 26 – **Recognition of deferred tax assets:** availability of future taxable profit against which deductible temporary differences can be utilized.

5 Business segments

5.1 SEGMENT STRUCTURE

The Group has three strategic areas that represent its operating segments. These areas offer similar products but are managed separately due to different marketing strategies. The operating segments BENELUX and OTHER are aggregated into one reportable segment BENELUX & OTHER due to similar economic characteristics.

The operating activities of the individual reportable segments are described below:

BERICHTSPFLICHTIGE SEGMENTE	BETRIEBLICHE TÄTIGKEIT
DACH (Germany, Austria, Switzerland)	Buying and selling luxury fashion accessories
BENELUX (The Netherlands, Belgium, Luxembourg)	Buying and selling luxury fashion accessories
Other (rest of Europe, outside of Europe)	Buying and selling luxury fashion accessories

The Group’s CEO reviews the internal management reports of each division at least quarterly.

5.2 INFORMATION ON REPORTABLE SEGMENTS

The following is information on each reportable segment as reported to the Management Board. Segment performance is measured by the Management Board based on segment revenue as well as adjusted segment EBITDA, as management believes this information is most relevant in assessing the performance of the respective segments relative to other companies in the same industry. (EBITDA = earnings before interest, depreciation, amortization 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 19.

in EUR thousand	REPORTABLE SEGMENTS									
	DACH		BENELUX		OTHER		ELIMINATION OF INTER-SEGMENT REVENUE		TOTAL	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
External revenues	106,854	96,601	39,952	24,559	17,939	12,616			164,745	133,757
Revenues between the segments	217	338	399	0	0	0	-616	-337	0	0
Segment revenues	**107,071**	**96,939**	**40,351**	**24,539**	**17,939**	**12,616**	**-616**	**-337**	**164,745**	**133,757**
Reported segment EBITDA	**-1,212**	**2,129**	**-138**	**-991**	**-651**	**449**	**0**	**0**	**-2,001**	**1,586**
Non-recurring consulting expenses	454	359	269	795	99	57			822	1,210
Expenses that are not attributable to operating activities	212	496	126	44	46	49			385	589
Share-based payment	208	230	166	20	61	23			507	273
Depreciation of inventories	117	156	486	453	120	114			723	723
Adjusted segment EBITDA	**-149**	**3,370**	**909**	**321**	**-324**	**690**	**0**	**0**	**436**	**4,381**

RECONCILIATION OF EBITDA TO EBT (EARNINGS BEFORE TAXES)		
	2022	2021
Total reported EBITDA of the reportable segments	-2,001	1,586
Depreciation and amortization	-4,382	-2,097
Financial income	14	15
Financial expenses	-1,679	-1,441
Profit (loss) before taxes (EBT)	**-8,049**	**-1,937**

5.3 INFORMATION ON REGIONS

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

In the information on regions, the Group's revenue is broken down according to the company's country of domicile and other countries. The segment revenues were determined on the basis of the geographical location of the customers.

Revenues

GEOGRAPHIC INFORMATION	REVENUE	
	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
	EUR thousand	EUR thousand
Germany	89,824	82,685
All foreign countries	74,921	51,072
Netherlands	35,237	22,132
Austria	11,727	9,430
United Kingdom	6,051	5,258
Switzerland	5,303	4,487
France	4,632	3,356
Italy	2,368	1,882
Other countries	9,603	4,584
Total	**164,745**	**133,757**

5.4 IMPORTANT CUSTOMERS

fashionette does not have any customers who account for at least 10% of total sales.

6 Property, plant and equipment

Property, plant and equipment (including rights of use) break down into the following items:

PROPERTY, PLANT AND EQUIPMENT	RIGHT OF USE	OPERATING AND BUSINESS EQUIPMENT	TENANT FIXTURES	PREPAYMENTS MADE	TOTAL
Acquisition and production costs	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
Balance as of 31/12/2021	**5,158**	**1,295**	**18**	**0**	**6,471**
Additions	587	208	0	0	**795**
Disposals	278	0	0	0	**278**
Balance as of 31/12/2022	**5,467**	**1,503**	**18**	**0**	**6,988**

PROPERTY, PLANT AND EQUIPMENT	RIGHT OF USE	OPERATING AND BUSINESS EQUIPMENT	TENANT FIXTURES	PREPAYMENTS MADE	TOTAL
Accumulated depreciation and impairment losses	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
Balance as of 31/12/2021	**1,224**	**672**	**5**	**0**	**1,901**
Depreciation	724	242	11	0	**978**
Disposals	0	0	0	0	**0**
Balance as of 31/12/2022	**1,948**	**915**	**16**	**0**	**2,879**

	RIGHT OF USE	OPERATING AND BUSINESS EQUIPMENT	TENANT FIXTURES	PREPAYMENTS MADE	TOTAL
Carrying amounts	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
Balance as of 31/12/2021	3,934	623	13	0	4,570
Balance as of 31/12/2022	3,519	588	2	0	4,109

7 Intangible assets and goodwill

7.1 RECONCILIATION OF CARRYING AMOUNTS AND AMORTIZATION

Intangible assets are broken down into the following items:

INTANGIBLE ASSETS	GOODWILL	PATENTS, LICENSES AND SIMILAR RIGHTS AND ASSETS	BRAND	CUSTOMER RELATIONS	PREPAYMENTS MADE	TOTAL
Acquisition and production costs	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
Balance as of 31/12/2021	**11,332**	**7,131**	**3,934**	**637**	**152**	**23,186**
Access		886			4	**890**
Disposals					-25	**-25**
Reclassifications		93	38		-131	**0**
Balance as of 31/12/2022	**11,332**	**8,110**	**3,972**	**637**	**0**	**24,050**

INTANGIBLE ASSETS	GOODWILL	PATENTS, LICENSES AND SIMILAR RIGHTS AND ASSETS	BRAND	CUSTOMER RELATIONS	PREPAYMENTS MADE	TOTAL
Accumulated depreciation and impairment losses	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
Balance as of 31/12/2021	**0**	**4,992**	**249**	**71**	**0**	**5,312**
Depreciation		986	499	142		**1,627**
Impairment	1,778					**1,778**
Balance as of 31/12/2022	**1,778**	**5,978**	**748**	**212**	**0**	**8,716**

INTANGIBLE ASSETS	GOODWILL	PATENTS, LICENSES AND SIMILAR RIGHTS AND ASSETS	BRAND	CUSTOMER RELATIONS	PREPAYMENTS MADE	TOTAL
Carrying amounts	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
Balance as of 31/12/2021	11,332	2,139	3,685	566	152	**17,874**
Balance as of 31/12/2022	9,554	2,132	3,224	425	0	**15,334**

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

7.2 IMPAIRMENT TEST

The Group reviews whether there is a need for impairment of non-current non-financial assets, e.g. intangible assets. The annual result for 2022 as well as the continuing macroeconomic and geopolitical developments are an indication, so that due to changed forecasts for earnings and cash flow as well as changes in the interest rate and growth rate, a lower amount compared to the carrying amount has resulted for the goodwill from the acquisition of the Brandfield Group.

The Group has identified separate cash-generating units by the regions DACH, Benelux and Other and thereunder by fashionette and Brandfield. The strategic focus is on the DACH and Benelux regions and the related units fashionette and Brandfield. The impairment test for goodwill is carried out on the basis of the cash-generating units. The test is based on cash flow forecasts with specific estimates for a detailed phase of three years, a rough planning phase of three years, a normalized year and a subsequent perpetual growth rate. The detailing phase reflects the current development as well as management estimates regarding future developments. The rough planning phase assumes declining growth and a steady state was assumed for the calculation of the perpetual annuity. The Group recognized goodwill of EUR 11,332 thousand from the acquisition of the Brandfield Group as of 31 December 2021. This was allocated to two cash-generating units. The major part of the carrying amount of the goodwill was allocated to the cash-generating unit BENELUX-Brandfield (EUR 8,885 thousand). The other part was allocated to the DACH-Brandfield cash-generating unit (EUR 2,447 thousand). In financial year 2022, an impairment requirement of EUR 1,778 thousand was recognized in depreciation, amortization and impairment for the BENELUX-Brandfield cash-generating unit, which belongs to the BENELUX reportable segment. The impairment test for the cash-generating unit DACH-Brandfield did not result in any need for impairment of the allocated goodwill. The following basic assumptions were made for the impairment tests:

Assumptions on impairment of the CGU BENELUX-Brandfield as of 31/12/2022	DETAIL YEAR 1-3	DETAIL YEAR 4-6	TV YEAR 7 FF.
Discount rate	11.70%	11.70%	11.70%
Growth rate	n/a	n/a	2.00%
EBITDA growth rate	48.7%	4.1%	n/a

The detailed planning assumes a stagnating EBITDA growth rate in the first planning year, starting from financial year 2022, and growth to the pre-2022 level in the two subsequent years.

Assumptions on impairment of the ZGE DACH-Brandfield as of 31/12/2022	DETAIL YEAR 1-3	DETAIL YEAR 4-6	TV YEAR 7 FF.
Discount rate	12.36%	12.36%	12.36%
Growth rate	n/a	n/a	2.00%
EBITDA growth rate	9.9%	2.8%	n/a

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

The carrying amount of the goodwill from the acquisition of the Brandfield Group developed as follows in 2022::

Book values	GOODWILL		
	ZGE BENELUX-BRANDFIELD	ZGE DACH-BRANDFIELD	TOTAL
	EUR thousand	EUR thousand	EUR thousand
As of 31/12/2021	**8,885**	**2,447**	**11,332**
Access/Disposals from mergers	0	0	**0**
Impairment	-1,778	0	**-1,778**
As of 31/12/2022	**7,107**	**2,447**	**9,554**

8 Leases

fashionette leases four commercial buildings as well as four warehouses and two shops. The lease term is between two and eight years.

Some property leases contain a renewal option that can be exercised by the Group up to five years prior to the expiry of the non-cancellable lease term. The Group seeks to include renewal options in new leases wherever possible in order to maintain operational flexibility. The existing renewal options can only be exercised by the Group and not by the lessors. The Group assesses whether it is reasonably certain that the renewal options will be exercised at the inception of the lease. fashionette reassesses whether it is reasonably certain that the options will be exercised if a material event or change in circumstances within its control occurs.

In addition, the Group leases other warehouses with contract terms of up to one year or indefinite contracts with the option of termination at notice. As these are short-term leases, the Group has decided not to recognize rights of use and lease liabilities for these leases.

Information on leases where the Group is the lessee is set out below.

LEASES	PROPERTY, PLANT AND EQUIPMENT	TOTAL
Rights of use	EUR thousand	EUR thousand
Balance as of 31/12/2021	**3,934**	**3,934**
2022		
Balance as of 01/01/2022	3,934	**3,934**
Depreciation amount of the financial year	724	**724**
Access to rights of use	587	**587**
Derecognition of rights of use	278	**278**
Balance as of 31/12/2022	**3,519**	**3,519**

In valuing the leasing liabilities, fashionette discounts the leasing payments with a risk-free interest rate plus an individual credit spread for each contract. The spot rate for a European AAA bond is used to calculate the risk-free interest rates for each lease. The term chosen for the spot rate is half the term of the lease. The reason for this is that the AAA bonds are fixed loans with full amortization and the lease payments are made monthly. The use of half the term instead of the full term of the lease thus serves as a maturity adjustment.

To determine the default risk premium, the credit spreads of the individual fashionette loans were first determined.

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

The following table shows the amounts recognized in the income statement for leases:

LEASES	**01/01/2022 - 31/12/2022**	**01/01/2021 - 31/12/2021**
	EUR thousand	EUR thousand
Amounts recognized in the income statement		
1. Interest expenses for lease liabilities	112	97
2. Expenses for short-term leases	20	21
3. Expenses for leases of an asset of low value, except short-term leases of assets of low value	9	1
Amounts recognized in the cash flow statement		
1. Total cash outflows for leases	833	387

9 Inventories

Inventories are broken down into the following items:

INVENTORIES	**31/12/2022**	**31/12/2021**
	EUR thousand	EUR thousand
1. Raw materials and consumables	862	763
2. Finished goods	35,816	43,505
Total	**36,678**	**44,268**

Write-downs on inventories amounting to EUR 255 thousand were recognized as expenses (2021: EUR 7 thousand) in 2022.

As of 31 December 2022, part of fashionette's inventories was assigned as collateral for liabilities to banks in the amount of EUR 1,305 thousand (31/12/2021: EUR 10 thousand). The collateral includes the assignment of ownership of the warehouse with a changing stock of finished goods as well as the outstanding receivables. No other collateral for liabilities was granted in the financial year or in previous years. Further details can be found in Note 15.

10 Right of return

Rights of return amounted to EUR 3,307 thousand as of 31 December 2022 (31/12/2021: EUR 3,372 thousand) and have not changed significantly. The corresponding refund liabilities are reported in trade payables (Note 16).

11 Trade receivables and other receivables

Trade receivables and other receivables are comprised as follows:

RECEIVABLES FROM DELIVERIES AND SERVICES	31/12/2022	31/12/2021
	EUR thousand	EUR thousand
Receivables from deliveries and services		
1. Receivables from deliveries and services	11,974	10,215
Total	**11,974**	**12,991**

OTHER ASSETS	31/12/2022	31/12/2021
	EUR thousand	EUR thousand
Other financial assets		
1. receivables from factoring providers	2,370	2,774
2. Receivables from payment service providers	868	839
3. Prepayments made	12	32
4. Deposits	227	115
5. Other financial assets	154	190
Total other financial assets	**3,631**	**3,950**
Other non-financial assets		
1. Receivables from indemnities	980	1,119
2. Receivables from input taxes and value added tax	745	882
3. Prepaid expenses and deferred charges	770	636
4. Supplier credits	170	284
5. Other non-financial assets	751	814
Total other non-financial assets	**3,416**	**3,735**
Total	**7,047**	**7,685**

The Group participates in a factoring program under which it is paid in advance by a bank for its invoices and at the same time assigns its receivables from customers. Under this arrangement, a bank agrees to pay outstanding invoice amounts of qualifying customers owed to the Group and is paid by the customer at a later date. The main objective of this program is to ensure efficient payment processing and improve the Group's liquidity by enabling payments from customers before they are due.

The Group derecognizes the original outstanding receivables from its customers in accordance with IFRS 9. As of 31 December 2022, the Group had receivables from factoring companies in the amount of EUR 2,370 thousand (31/12/2021: EUR 2,774 thousand).

The bank's payments are to be included in cash flow from operating activities as they continue to be part of the Group's normal operating cycle and are fundamentally operational in nature, i.e. payments for the sale of goods.

Receivables from payment service providers that will be available in the short term were reclassified in financial year 2022. In contrast to the previous year, these receivables are reported under other financial assets, item 2 Receivables from payment service providers. The previous year's figure as of 31 December 2021 was increased by EUR 305 thousand from EUR 533 thousand to EUR 839 thousand. The effect on 31 December 2022 is EUR 386 thousand. Furthermore, a credit balance with a credit card provider was reported under other financial assets, item 5. As of 31 December 2022, this was EUR 17 thousand and as of 31 December 2021, EUR 28 thousand. A cash deposit for rent in the amount of EUR 48 thousand (31/12/2021: EUR 48 thousand) was reported under other financial assets, item 4 security deposits.

The previous disclosure of the items mentioned above was made under cash and cash equivalents (see Note 12).

12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances. The following table shows the individual amounts of cash and cash equivalents:

CASH AND CASH EQUIVALENTS	31/12/2022	31/12/2021
	EUR thousand	EUR thousand
1. Cash	177	305
2. Bank balances	4,873	6,512
3. Money transfer	3	0
Total	**5,053**	**6,817**

In the previous year, bank balances included short-term receivables from payment service providers, credit balances with a credit card provider and a cash deposit for rent as available funds. As explained in Note 11, these were reclassified as current assets. As of 31 December 2022, EUR 450 thousand in total and as of 31 December 2021, EUR 381 thousand were classified as current assets. This results in a bank balance on 31 December 2021 that differs from the 2021 Consolidated Financial Statements from previously EUR 6,894 thousand to EUR 6,512 thousand.

13 Equity

The changes in the various components of equity from 1 January 2022 to 31 December 2022 are presented in fashionette's Consolidated Statement of Changes in Equity.

13.1 SUBSCRIBED CAPITAL

There were 6,200,000 subscribed shares (31/12/2021: 6,200,000 subscribed shares) in 2022. The nominal value of each share is equal to one euro. All shares are fully paid up. The company does not hold any treasury shares.

13.2 CAPITAL RESERVE

By resolution of the Annual General Meeting on 24 June 2022, the Conditional Capital 2020/I was cancelled and a new Conditional Capital 2022/I was created.

The share capital of the company is to be conditionally increased by up to EUR 620,000.00 by issuing up to 620,000 new no-par value bearer shares (Conditional Capital 2022/I).

The Conditional Capital 2022/I exclusively serves the purpose of issuing shares of the company from the Stock Option Program 2022 for members of the company's Management Board, members of the management of affiliated companies of the company as well as for employees of the company and of affiliated companies of the company. The term ends on 23 June 2027. This Conditional Capital is entered in the commercial register as Conditional Capital 2022/I.

With the new version of the Conditional Capital 2020/I as Conditional Capital 2022/I, the current Stock Option Program 2020 was cancelled.

The Stock Option Programs granted were classified as equity-settled share-based payment plans in accordance with IFRS 2. Accordingly, EUR 507 thousand was recognized in the capital reserve in financial year 2022 (2021: EUR 273 thousand). Further information on the Stock Option Programs can be found in Note 21.

13.3 RESERVES

In financial year 2022, EUR -258 thousand (2021: EUR 27 thousand) with a corresponding effect on deferred taxes of EUR 81 thousand was recognized in the hedging reserve. The reserves from hedging transactions show an asset value of EUR 231 thousand as of 31 December 2022. The effect results from an interest rate swap that was agreed as part of a loan agreement as of November 2021. Further details can be found in Note 18.

14 Capital management

The Group's strategy is to maintain the confidence of investors, creditors and market participants through a solid capital base and to ensure sustainable future business development.

As part of capital management, the Group strives not only to ensure the continuation of the company as a going concern, but also to increase the value of the company in the long term.

At the end of financial year 2022, the Group had unused credit facilities of EUR 11,695 thousand with a total credit line of EUR 13,000 thousand. The Group was able to meet its financial obligations at all times during the reporting year and the subsequent period. Further details can be found in Note 15.

15 Loans and borrowings

Loans and borrowings break down as follows:

LOANS AND BORROWINGS	31/12/2022	31/12/2021
	EUR thousand	EUR thousand
Long-term debt		
1. Secured bank loans	0	0
2. Unsecured bank loans	7,950	9,750
3. Leasing liabilities	3,132	3,624
Total non-current liabilities	**11,082**	**13,374**
Current liabilities		
1. Secured bank loans	1,305	10
2. Unsecured bank loans	1,800	1,800
3. Leasing liabilities	732	685
Total current liabilities	**3,870**	**2,495**
Total	**14,952**	**15,869**

Further information on interest rate risks, currency risks and liquidity risks of the Group can be found in Note 18.2.

Terms and repayment schedule

LOANS AND BORROWINGS	CURRENCY	MATURITY	TYPE OF INTEREST	EFFECTIVE INTEREST RATE	NOMINAL VALUE	CARRYING AMOUNT
Balance as of 31/12/2022				in %	EUR thousand	EUR thousand
1. Secured bank loans	EUR	n/a	variable	1-month EURIBOR + 3.3%	1,305	1,305
2. Unsecured bank loans	EUR	30/09/2026	variable	3-month EURIBOR + 1.75% / +2%	12,000	9,750
3. Leasing liabilities	EUR	n/a	fixed	2.55-2.85	3,897	3,897
Total					**17,202**	**14,952**

LOANS AND BORROWINGS	CURRENCY	MATURITY	TYPE OF INTEREST	EFFECTIVE INTEREST RATE	NOMINAL VALUE	CARRYING AMOUNT
Balance as of 31/12/2021				in %	EUR thousand	EUR thousand
1. Secured bank loans	EUR	n/a	variable	1-month EURIBOR + 3.3%	10	10
2. Unsecured bank loans	EUR	30/09/2026	variable	3-month EURIBOR + 1.75% / +2%	12,000	11,550
3. Leasing liabilities	EUR	n/a	fixed	2.55-2.85	4,309	4,309
Total					**16,319**	**15,869**

As of 31 December 2022, fashionette had outstanding credit facilities from secured and unsecured bank loans amounting to EUR 11,695 thousand (31/12/2021: EUR 12,990 thousand).

Information on the issuance of inventories as collateral for bank liabilities can be found in Note 9.

Loan covenants

fashionette must ensure the fulfilment of its financial obligations and compliance with the financial covenants under the loan agreements.

As of 31 December 2022, fashionette had secured bank loans with a carrying amount of EUR 1,305 thousand (31/12/2021: EUR 10 thousand) and unsecured bank loans with a carrying amount of EUR 9,750 thousand (31/12/2021: EUR 11,550 thousand).

fashionette undertakes to comply with several financial covenants with regard to the secured bank loans.

Failure to comply with a financial covenant constitutes good cause for terminating the loan and entitles the borrower to demand the provision or increase of collateral as a substitute. This can lead to immediate repayment of the outstanding amount.

Reconciliation of movements in debt to cash flows from financing activities

The following table shows a reconciliation between the opening and closing balances in the consolidated balance sheet. The changes in cash flows from financing, loans and borrowings, and leasing liabilities are shown separately.

LOANS AND BORROWINGS (RECONCILIATION OF MOVEMENTS IN DEBT)	SECURED BANK LOANS	UNSECURED BANK LOANS	LEASING COMMITMENTS	TOTAL
	EUR thousand	EUR thousand	EUR thousand	**EUR thousand**
Balance as of 31/12/2021	10	11,550	4,309	**15,869**
Changes in cash flow from financing activities				
Proceeds from loans and borrowings	1,295			**1,295**
Repayment of borrowings		- 1,800		**-1,800**
Payments for lease liabilities			- 722	**- 722**
Interest paid	- 63	- 280	- 112	**- 455**
Total change in cash flow from financing activities	**1,232**	**- 2,080**	**- 833**	**-1,682**
Other changes related to debt				
New leases			**151**	**151**
Changes in lease liabilities			159	**159**
Interest expenses	63	280	112	**455**
Total other changes related to debt	**63**	**280**	**422**	**765**
Balance as of 31/12/2022	**1,305**	**9,750**	**3,897**	**14,952**

16 Trade payables and other liabilities

Trade payables and other liabilities are comprised as follows:

LIABILITIES FROM DELIVERIES AND SERVICES	31/12/2022	31/12/2021
	EUR thousand	EUR thousand
1. Trade Payables	11,144	13,548
2. Refund liabilities	5,517	5,754
3. Acurred expenses	1,709	1,383
Total	**18,370**	**20,684**

OTHER LIABILITIES	31/12/2022	31/12/2021
	EUR thousand	EUR thousand
Other financial liabilities		
1. Liabilities from credit cards	13	11
2. Other financial liabilities	1	1
Total other financial liabilities	**14**	**12**
Other non-financial liabilities		
1. Liabilities from input tax and value added tax	4,873	4,870
2. Liabilities to personnel	553	596
3. Wage taxes and social security contributions	273	185
4. Advance payments received	237	522
5. Deferred income	10	0
6. Other non-financial liabilities	777	272
Total other non-financial liabilities	**6,723**	**6,444**
Total	**6,737**	**6,456**

Further information on fashionette's currency and liquidity risks can be found in Note 18.2.

17 Other provisions

Other provisions are comprised as follows:

OTHER PROVISIONS	WARRANTIES	OBLIGATION TO DISMANTLE	ARCHIVING COSTS	TOTAL
	EUR thousand	EUR thousand	EUR thousand	EUR thousand
Balance as of 31/12/2021	**279**	**52**	**35**	**366**
Provisions formed	301	0	0	301
Provisions used	279	0	0	279
Balance as of 31/12/2022	**301**	**52**	**35**	**388**
Maturity				
Current	301	0	0	301
Non-current	0	52	35	87
Total other provisions	**301**	**52**	**35**	**388**

18 Financial instruments and risk management

18.1 FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and fair values of financial assets and 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 fair value. The fair values are calculated on the basis of stochastic models taking the discounted expected future cash flows of the mutual payment obligations on the measurement date into account.

FINANCIAL INSTRUMENTS	NOTE	FAIR VALUE - HEDGING INSTRUMENTS	FINANCIAL ASSETS AT AMORTIZED COST	OTHER FINANCIAL LIABILITIES	TOTAL	FAIR VALUE
Balance as of 31/12/2022		EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
Financial assets not measured at fair value through profit or loss		**0**	**20,659**	**0**	**20,659**	**n/a**
1. Trade receivables and other assets	(11)		15,605		**15,605**	n/a
2. Cash and cash equivalents	(12)		5,053		**5,053**	n/a
Zum beizulegenden Zeitwert bewertete finanzielle Vermögenswerte		**298**	**0**	**0**	**298**	**298**
1. Interest rate swaps used for hedging purposes	(18)	231			**231**	231
2. Other forward exchange transactions		67			**67**	67
Financial liabilities not measured at fair value through profit or loss		**0**	**0**	**29,439**	**29,439**	**n/a**
1. Secured bank loans	(15)			1,305	**1,305**	n/a
2. Unsecured bank loans	(15)			9,750	**9,750**	n/a
3. Trade payables and other liabilities	(16)			18,384	**18,384**	n/a
Financial liabilities at fair value through profit or loss	**(16)**	**0**	**0**	**0**	**0**	**0**
1. Interest rate swaps used for hedging purposes		0			**0**	0

FINANCIAL INSTRUMENTS	NOTE	FAIR VALUE - HEDGING INSTRUMENTS	FINANCIAL ASSETS AT AMORTIZED COST	OTHER FINANCIAL LIABILITIES	TOTAL	FAIR VALUE
Balance as of 31/12/2021		EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
Financial assets not measured at fair value through profit or loss		**0**	**20,982**	**0**	**20,982**	**n/a**
1. Trade receivables and other assets	(11)		14,165		**14,165**	n/a
2. Cash and cash equivalents	(12)		6,817		**6,817**	n/a
Financial liabilities not measured at fair value through profit or loss		**0**	**0**	**32,256**	**32,256**	**n/a**
1. Secured bank loans	(15)			10	**10**	n/a
2. Unsecured bank loans	(15)			11,550	**11,550**	n/a
3. Trade payables and other liabilities	(16)			20,696	**20,696**	n/a
Financial liabilities at fair value through profit or loss		**27**	**0**	**0**	**27**	**27**
1. Interest rate swaps used for hedging purposes	(18)	27			**27**	27

In accordance with IFRS 7.29, the Group does not disclose the fair values of financial instruments if the carrying amounts of the 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 estimated future cash flows. The estimates of future variable rate cash flows are based on published swap rates, forward rates and interbank lending rates. The estimated cash flows are discounted using a yield curve from comparable sources that reflects the appropriate benchmark interbank rate index used by market participants in pricing interest rate swaps. The fair value estimate is subject to a default risk adjustment reflecting the Group's and counterparty's default risk, which is calculated based on credit spreads derived from current credit default swap or bond prices.

If reclassifications to other levels of the valuation hierarchy are required, they are made at the end of the financial year in which the event requiring the reclassification occurs. No reclassification took place in any period.

18.2 FINANCIAL RISK MANAGEMENT

The Management Board of fashionette bears the main responsibility for establishing and supervising the principles of fashionette's risk management. The Management Board is also responsible for the preparation and supervision of the management guidelines.

fashionette's risk management policies have been developed to identify and analyze the Group's risks, to implement appropriate risk limits and controls, and to monitor the evolution of risks and compliance with limits. Through training and the establishment of management standards and procedures, a disciplined and constructive control environment is created in which all employees know their roles and responsibilities. The Group has adapted its internal risk management and internal control procedures to the requirements of a public company. This includes detailed documentation of processes, controls performed and related management reviews. If necessary, the processes are adapted and additional controls are introduced.

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

18.2.1 DEFAULT RISK

Default risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum default risk generally arises from the Group's trade receivables, other financial assets and cash and cash equivalents. The Group monitors its risks on a regular basis.

Expected credit losses with counterparties

The Group assigns a default risk to each category. This is done on the basis of data deemed suitable for predicting the risk of loss.

The maximum default risk is shown in the following table:

MAXIMUM DEFAULT RISK OF FINANCIAL ASSETS	31/12/2022	31/12/2021
	TEUR	TEUR
Receivables from deliveries and services	11,974	10,215
Other financial assets	3,631	3,950
Cash and cash equivalents	5,053	6,817

Other financial assets mainly comprise receivables from factoring companies, security deposits, advance payments made and receivables from payment service providers. The default risk of these assets is considered very low. Therefore, no significant impairment losses were identified for other financial assets for any of the reporting periods.

Cash and cash equivalents comprise cash on hand and bank balances. The corresponding credit rating is monitored regularly. Due to the very good credit rating of the banks, the cash and cash equivalents have a very low risk of default. Therefore, no material impairment losses were identified for any of the reporting periods.

The Group applies the so-called "simplified approach" to trade receivables and recognizes the expected credit losses over the entire remaining term upon addition. Under the simplified approach, the Group determines the expected credit losses of trade receivables by category. The historical default rates are determined on the basis of historical defaults of the last three financial years and taking future-oriented macroeconomic indicators into account.

The Group does not distinguish between receivables from companies and receivables from individual customers.

Under the simplified approach, a value adjustment is made on an individual basis if one or more events have occurred that have a negative impact on the debtor's creditworthiness. These events include payment delays, an impending insolvency or concessions by the debtor due to payment difficulties. Trade receivables are written off directly if their realizability is no longer reasonably expected. This is the case if the debtor is classified as insolvent, for example.

The expected credit losses on trade receivables recognized in profit or loss are as follows:

EXPECTED CREDIT LOSSES	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021
	EUR thousand	EUR thousand
Balance as of 01/01	**88**	**87**
Net revaluation of allowances	-16	0
Balance as of 31/12	**72**	**88**

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

EXPECTED CREDIT LOSS	GROSS VALUE	SPECIFIC ALLOWANCE	WEIGHTED AVERAGE LOSS	GROSS CARRYING AMOUNT	LOSS ALLOWANCE	NET CARRYING AMOUNT
31/12/2022	EUR thousand	EUR thousand	in %	EUR thousand	EUR thousand	EUR thousand
Dunning level 0	5,527	0	0.14%	5,527	8	5,519
Dunning level 1	553	0	0.02%	553	0	553
Dunning level 2	289	0	0.04%	289	0	289
Dunning level 3	275	0	0.08%	275	0	274
Dunning level 4	2,230	0	2.24%	2,230	50	2,181
Dunning level 5	284	284	-	0	0	0
Total	**9,158**	**284**		**8,874**	**58**	**8,816**
EXPECTED CREDIT LOSS	**GROSS VALUE**	**SPECIFIC ALLOWANCE**	**WEIGHTED AVERAGE LOSS**	**GROSS CARRYING AMOUNT**	**LOSS ALLOWANCE**	**NET CARRYING AMOUNT**
31/12/2021	EUR thousand	EUR thousand	in %	EUR thousand	EUR thousand	EUR thousand
Dunning level 0	6,138	0	0.30%	6,138	19	6,119
Dunning level 1	456	0	0.01%	456	0	456
Dunning level 2	167	0	0.01%	167	0	167
Dunning level 3	155	0	0.06%	155	0	155
Dunning level 4	1,653	0	2.96%	1,653	49	1,604
Dunning level 5	202	202	-	0	0	0
Total	**8,771**	**203**		**8,569**	**68**	**8,501**

18.2.2 LIQUIDITY RISK

Liquidity risk is the risk that fashionette may not be able to meet its financial obligations as contractually required by delivering cash or other financial assets.

The Group's objective is to maintain cash and cash equivalents at a level above the expected cash outflows from financial liabilities.

Bedeutung des Liquiditätsrisikos

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

LIQUIDITY RISK	CARRYING AMOUNT	TOTAL	< 1 YEAR	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS	INTEREST RATE
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	
Balance as of 31/12/2022							
Secured bank loans	1,305	1,305	1,305	-	-	-	1M EURIBOR + 3,3%
Unsecured bank loans	9,750	10,745	2,133	4,100	4,512	-	3M EURIBOR + 1,75% / +2%
Leasing liabilities	3,897	4,191	861	808	2,102	420	2,55-2,85
Trade payables and other liabilities	18,384	18,384	18,384	-	-	-	n/a
Total	**33,336**	**34,625**	**22,683**	**4,908**	**6,614**	**420**	
Balance as of 31/12/2021							
Secured bank loans	10	10	10	-	-	-	1M EURIBOR + 3,3%
Unsecured bank loans	11,550	12,151	1,969	1,944	8,238	-	3M EURIBOR + 1,75% / +2%
Leasing liabilities	4,309	4,707	794	744	2,008	1,161	2,55-2,85
Trade payables and other liabilities	20,696	20,696	20,696	-	-	-	n/a
Interest rate swaps used for hedging purposes	27	27	-	-	27	-	
Total	**36,593**	**37,591**	**23,470**	**2,688**	**10,273**	**1,161**	

fashionette has daily cash reporting and rolling weekly cash forecasts to ensure an overview of short-term liquidity compared to planned cash outflows. In addition, the Group maintains credit lines to compensate for short-term liquidity problems.

The interest payments for the secured and unsecured bank loans in the table above correspond to the interest rate on the balance sheet date. The interest rate can change if market interest rates change.

18.2.3 MARKET RISK

Market risk is the risk that fashionette's earnings or the value of its portfolio of financial instruments will be adversely affected by changes in market prices, such as exchange rates or interest rates. The financial instruments affected by market risk essentially comprise financial assets and liabilities.

Interest rate risk

The risk reflects the risk that the fair value or future cash flows of a financial instrument will change due to fluctuations in market interest rates. fashionette had loans and borrowings on the balance sheet with interest rates with variable parameters.

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

CARRYING AMOUNTS OF INTEREST-BEARING FINANCIAL LIABILITIES (IN EUR THOUSAND)	31/12/2022		31/12/2021	
	FIXED INCOME INSTRUMENTS	VARIABLE RATE INSTRUMENTS	FIXED INCOME INSTRUMENTS	VARIABLE RATE INSTRUMENTS
Loans and borrowings	0	11,055	0	11,560
Hedging transactions (interest rate swap)	0	3,250	0	3,850
Loans and borrowings (after hedging transactions)	0	7,805	0	7,710

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

	PROFIT OR LOSS		EQUITY, AFTER TAXES	
	LOANS AND BORROWINGS (+50 BP)	LOANS AND BORROWINGS (-50 BP)	LOANS AND BORROWINGS (+50 BP)	LOANS AND BORROWINGS (-50 BP)
	EUR thousand	EUR thousand	EUR thousand	EUR thousand
31/12/2022	-24	33	-212	-270
31/12/2021	-40	40	82	-27

fashionette is subject to interest rate risks arising from entering into variable-rate liabilities. To reduce the volatility of interest payments, the risk management strategy provides for the conversion of interest payments into fixed interest payments by concluding payer swaps. To avoid accounting anomalies, fashionette relies on cash flow hedges for these swaps and the corresponding liabilities. The hedged risk is limited to the interest rate risk. The default risk 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 the economic relationship between the hedged item and the hedging instrument, fashionette applies the "critical terms match" method. This takes the relevant reference interest rates, maturities, fixed interest rates as well as the nominal amounts into account. The retrospective determination of hedge ineffectiveness is based on the hypothetical derivative method. Potential sources of ineffectiveness arise from counterparty default risk and fashionette.

The following table shows the maturity profile of the hedging instruments held as of 31 December 2022 (previous year):

HEDGING INSTRUMENTS AS OF 31/12/2022	DUE DATES		
	< 6 MONTHS	6-12 MONTHS	> 12 MONTHS
	EUR thousand	EUR thousand	EUR thousand
1 Interest rate swaps			
Nominal amount			3,250
Average fixed interest rate			1,76%

HEDGING INSTRUMENTS AS OF 31/12/2021	DUE DATES		
	< 6 MONTHS	6-12 MONTHS	> 12 MONTHS
	EUR thousand	EUR thousand	EUR thousand
1 Interest rate swaps			
Nominal amount			3,850
Average fixed interest rate			1,76%

The effects of hedge accounting on fashionette's net assets, financial position and results of operations are shown in the following table:

31/12/2022	CARRYING AMOUNT OF HEDGING INSTRUMENTS			
	ASSET	LIABILITY	POSITION	NOMINAL AMOUNT
	EUR thousand	EUR thousand		EUR thousand
Interest rate hedge	231	0	Ford. from derivatives (long-term)	**3.250**

31/12/2022	RESERVE FROM HEDGING TRANSACTIONS		
	RECOGNIZED IN OTHER COMPREHENSIVE INCOME	RECLASSIFIED TO PROFIT OR LOSS	POSITION RECLASSIFICATION
	EUR thousand	EUR thousand	
Interest rate hedge	-252	-6	Other interest expenses

31/12/2022	CHANGE IN VALUE FOR CALCULATING HEDGE INEFFECTIVENESS		COVERED INEFFECTIVENESS OF THE HEDGE	
	HEDGING INSTRUMENT	HEDGED INSTRUMENT	INEFFECTIVE AMOUNT	POSITION
	EUR thousand	EUR thousand	EUR thousand	EUR thousand
Interest rate hedge	231	-241	0	n/a

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

CHANGES IN THE RESERVE FROM HEDGING TRANSACTIONS	RESERVE FOR HEDGING RELATIONSHIPS
	EUR thousand
Balance as of 01/01/2022	**27**
Gains or losses recognized in the reserve	-252
Reclassified to profit or loss	6
Balance as of 31/12/2022	**-231**

Currency risk

fashionette is exposed to a foreign currency risk in business transactions to the extent that the currencies in which the trade receivables and payables are denominated and the respective functional currency of fashionette do not match. The functional currency of fashionette is the euro. Sales revenues are partly denominated in CHF, GBP, SEK and USD, while the majority of sales revenues are still generated in euros. Procurement is also partly carried out in similar currencies.

The following table shows fashionette's currency risks (in thousands of each currency):

MARKET RISK	31/12/2022				31/12/2021			
	CHF	GBP	SEK	USD	CHF	GBP	SEK	USD
Receivables from deliveries and services	1,384	224	674	-	1,179	550	981	-
Cash and cash equivalents	117	342	136	-	175	506	393	-
Liabilities from deliveries and services	-1	-86		-129	-2	-115	-35	-128
Net risk on the balance sheet	**1,499**	**481**	**810**	**-129**	**1,352**	**941**	**1,339**	**-128**
Net risk	**1,499**	**481**	**810**	**-129**	**1,352**	**941**	**1,339**	**-128**

The following significant exchange rates have been applied in the following financial statements:

	AVERAGE PRICE		SPOT RATE ON THE BALANCE SHEET DATE	
	2022	2021	31/12/2022	31/12/2021
CHF	1.0047	1.0811	0.9847	1.0331
GBP	0.8527	0.8598	0.8869	0.8403
SEK	10.6296	10.1460	11.1218	10.2503
USD	1.0530	1.1829	1.0666	1.1324

In 2022, currency translation resulted in income of EUR 447 thousand (2021: EUR 509 thousand) and expenses of EUR 660 thousand (2021: EUR 542 thousand).

A reasonably possible appreciation (depreciation) of the CHF, GBP, SEK and USD against all other currencies as of 31 December would have affected the valuation of the financial instruments denominated in a foreign currency and impacted the result for the period by the amounts shown below. In this analysis, it was assumed that all other influencing factors remain constant.

in EUR thousand	PROFIT OR LOSS	
	STRENGTHENING	WEAKENING
31/12/2022	**-183**	**224**
CHF (10% movement)	-138	169
GBP (10% movement)	-49	60
SEK (10% movement)	-7	8
USD (10% movement)	11	-13
31/12/2021	**-222**	**272**
CHF (10% movement)	-119	145
GBP (10% movement)	-102	124
SEK (10% movement)	-12	15
DKK (10% movement)	-	-
USD (10% movement)	10	-13

Other market risks

fashionette is not exposed to any other significant market risks.

19 Sales revenues

The following tables show the revenue from contracts with customers broken down by main geographical markets and main products.

REVENUE FROM CONTRACTS WITH CUSTOMERS	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021
	EUR thousand	EUR thousand
Main geographical markets		
DACH	105,854	96,601
BENELUX	39,965	24,539
Other	17,939	12,616
Total	**164,745**	**133,757**
Main product lines		
Income from the sale of merchandise*	164,745	133,757
Total	**164,745**	**133,757**
Timing of revenue recognition		
Products transferred at a certain point in time	164,745	133,757
Total	**164,745**	**133,757**

* included therein: Income from marketing services (2022: EUR 1,219 thousand, 2021: EUR 1,086 thousand)

Contract liabilities

Contract liabilities mainly relate to payments received from customers for products not yet delivered as of the reporting date in the amount of EUR 61 thousand (2021: EUR 74 thousand) and payments received for gift cards sold and not yet redeemed by customers in the amount of EUR 140 thousand (2021: EUR 140 thousand).

Performance obligations and methods for recognizing revenue

Revenue is measured based on the consideration promised in a contract with a customer. fashionette recognizes revenue when it transfers control of an asset to a customer. Any return options are taken into account in appropriate cases and when material. The following table provides information about the nature and timing of significant performance obligations under contracts with customers, including significant payment terms, and the related revenue recognition methodology.

MAIN TYPE OF PRODUCT	TYPE AND TIME OF FULFILMENT OF THE PERFORMANCE OBLIGATION, INCLUDING THE MAIN PAYMENT CONDITIONS	REVENUE RECOGNITION ACCORDING TO IFRS 15
Merchandise	**B2B:** Control of the product remains with fashionette until the sales representative makes a successful sale. Since fashionette mainly uses the Incoterm DDP, the customers receive the power of disposal over the product at the time of handover. At this point, the invoices are created and the sales revenue is recognized. Invoices are generally payable within 14 days. **B2C:** Customers are given control of the product at the time of delivery. The products are payable directly or by invoice, depending on the payment method chosen by the customer.	Sales revenue is recognized when the product is accepted by the customer. Discounts are deducted directly from the sales revenue.

In addition, marketing services are provided to a small extent with B2B customers. Sales revenue is recognized when the marketing service is fully performed (2022: EUR 1,342 thousand, 2021: EUR 1,086 thousand).

20 Cost of materials

COST OF MATERIALS	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021
	EUR thousand	EUR thousand
1 Cost of materials	102,344	82,343
Total	**102,344**	**82,343**

In financial year 2022, cost of materials amounted to EUR 102,344 thousand (2021: EUR 82,343 thousand). The increase is mainly due to the full-year cost of materials from the acquisition of Brandfield as of 1 July 2021.

21 Share-based payment arrangements

In financial year 2020, fashionette AG granted its Management Board members and employees a total of up to 310,000 subscription rights as part of a Stock Option Program (SOP 2020). A total of 247,968 of these 310,000 subscription rights were issued in financial year 2020. This variable remuneration plan begins in 2020 and entitles beneficiaries to subscribe to shares after a four-year waiting period, subject to the achievement of certain performance targets.

By resolution of the Annual General Meeting on 24 June 2022, the Conditional Capital 2020/I was cancelled and a new Conditional Capital 2022/I was created. As a result, the existing share-based remuneration program SOP 2020 was cancelled in financial year 2022 and it was mutually agreed with the beneficiaries that no claims can be asserted on the basis of the grant agreement made under SOP 2020. As of the effective date of the cancellation of the 2020 SOP, the share-based payment plan was recalculated in accordance with IFRS 2, taking the known and estimated achievement of agreed performance targets at the time of cancellation into account, and the resulting remuneration was transferred to the capital reserve until the end of the term of the 2020 SOP (accelerated exercise). Accordingly, EUR 491 thousand of share-based payments from the 2020 Stock Option Program were transferred to the capital reserve in financial year 2022.

As part of a new Stock Option Program (SOP 2022), the Group has granted its Management Board members and employees a total of up to 620,000 subscription rights. Of these 620,000 subscription rights, a total of 280,000 were issued in financial year 2022. This variable remuneration plan starts in 2022 and entitles beneficiaries to receive shares after a four-year vesting period, subject to the achievement of certain performance targets. The Group treats the 2022 Stock Option Program as an equity-settled plan.

The number and weighted average exercise prices of the stock options under the Stock Option Programs developed as follows:

STOCK OPTION PROGRAM 2020	NUMBER OF OPTIONS 2022	WEIGHTED AVERAGE EXERCISE PRICES 2022 (IN EUR)	NUMBER OF OPTIONS 2021	WEIGHTED AVERAGE EXERCISE PRICES 2021 (IN EUR)
Outstanding as of 1 January	247,986	30	247,986	30
Issued during the financial year	280,000	4,46	-	-
Forfeited during the financial year	-247,986	30	-	-
Exercised during the financial year	-		-	-
Outstanding on 31 December	**280,000**	**4,46**	**247,986**	**30**
Exercisable on 31 December	-	-	-	-

The 2020 stock option program was cancelled by resolution of the Annual General Meeting on 24 June 2022. The 247,968 shares issued in 2020 were forfeited during financial year 2022.

STOCK OPTION PROGRAM 2022	NUMBER OF OPTIONS 2022	WEIGHTED AVERAGE EXERCISE PRICES 2022 (IN EUR)	NUMBER OF OPTIONS 2021	WEIGHTED AVERAGE EXERCISE PRICES 2021 (IN EUR)
Outstanding as of 1 January	-	-	-	-
Issued during the financial year	280,000	4,46	-	-
Forfeited during the financial year	-		-	-
Exercised during the financial year	-		-	-
Outstanding on 31 December	**280,000**	**4,46**	**-**	**-**
Exercisable on 31 December	-	-	-	-

The options outstanding as of 31 December 2022 had an exercise price of EUR 4.46 and a weighted average contractual life of 3.75 years.

The fair value of the stock options was determined using a Monte Carlo simulation.

The following parameters were used to determine the fair values at the time the shares were granted:

	STOCK OPTION PROGRAMS	
	BOARD MEMBERS & EMPLOYEES	
	2022	2021
Fair value on the grant date (in EUR)	1.08	-
Share price on the grant date (in EUR)	3.93	-
Exercise price (in EUR)	4.46	-
Expected volatility (average weighting, in %)	58.66	-
Expected maturity (average weighting, in %)	4.00	-
Expected dividends (in %)	0.00	-
Risk-free interest rate (in %)	1.83	-

Volatility was determined on the basis of the historical closing prices of fashionette AG shares.

The expenses for the 2020 Stock Option Program amounted to EUR 491 thousand in financial year 2022 (2021: EUR 273 thousand) and EUR 16 thousand for the 2022 Stock Option Program (2021: EUR 0 thousand). In total, the expenses for share-based payments amounted to EUR 507 thousand in financial year 2022 (2021: EUR 273 thousand).

22 Personnel expenses

fashionette will employ an average of 268 people (2021: 216) in financial year 2022.

Personnel expenses consist of the following items:

PERSONNEL EXPENSES	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021
	EUR thousand	EUR thousand
1. Wages and salaries	10,358	8,114
2. Social security contributions	1,852	1,447
3. Equity-settled share-based payment transactions	507	273
4. Contributions to defined contribution plans	53	53
Total	**12,770**	**9,887**

23 Other income

Other income consists of the following items:

OTHER INCOME	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021
	EUR thousand	EUR thousand
1. Income from damages	878	1,218
2. Income from currency translation	447	509
3. Insurance compensation	500	468
4. Income from overdue fines	247	0
5. Income from the reversal of provisions	164	52
6. Income from receivables written of	32	181
7. Other	11	10
Total	**2,279**	**2,438**

The decrease in other operating income is mainly due to reduced compensation payments from the loss of inventories in financial year 2022.

24 Other expenses

Die sonstigen Aufwendungen setzen sich aus den folgenden Posten zusammen:

OTHER EXPENSES	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021
	EUR thousand	EUR thousand
1. Marketing expenses	24,729	19,333
2. Distribution costs	21,088	16,665
3. Technology expenses	2,639	1,645
4. Administrative costs	2,111	1,432
5. Expenses for currency translation	660	542
6. Legal, audit and consulting fees	606	688
7. Rent and service charges	453	435
8. Insurance costs	291	232
9. Depreciation of receivables	269	224
10. Travel and entertainment expenses	185	126
11. Expenses from the acquisition of Brainfield	0	653
12. Other	883	401
Total	**53,914**	**42,378**

The increase in other expenses compared to the previous year is mainly due to the other expenses from the acquisition of Brandfield on 1 July 2021 included for the full year in 2022.

25 Financial income and financial expenses

The financial result is composed as follows:

FINANCIAL INCOME	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021
	EUR thousand	EUR thousand
Other interest income	14	15
Total	**14**	**15**

FINANCIAL EXPENSES	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021
	EUR thousand	EUR thousand
Interest expenses from factoring	1,187	1,247
Interest expenses from leasing	112	97
Interest expenses from current accounts and bank loans	329	89
Other interest expenses	51	8
Total	**1,679**	**1,441**

All financial income and expenses resulted from financial assets and liabilities not measured at fair value through profit or loss.

Interest from loans
Further information on fashionette's interest rate risk can be found in Note 18.2.3.

26 Income taxes

Amounts recognized in profit or loss
The following amounts were recognized in profit or loss:

TAXES RECOGNIZED IN PROFIT OR LOSS	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021
	EUR thousand	EUR thousand
Current year	-41	-44
Adjustments for previous years	368	173
Actual tax income (expense)	**328**	**130**
Creation or reversal of temporary differences (incl. consideration of tax loss carryforwards)	1,462	107
Deferred tax income (expense)	**1,462**	**107**
Total	**1,790**	**237**

The applicable income tax rate in the parent company's country of residence was 31.225% (2021: 31.225%) in 2022.

As of 31 December 2022, tax refund claims amounted to EUR 1,188 thousand (31/12/2021: EUR 277 thousand) and mainly resulted from refund claims from advance income tax payments made for the year 2022 as well as refund claims from loss carrybacks.

As of 31 December 2022, tax liabilities amounted to EUR 8 thousand (31/12/2021: EUR 1 thousand).

IFRIC 23 must be applied in determining taxable profit (tax loss), the tax base, unused tax losses, unused tax credits and tax rates when there is uncertainty regarding the income tax treatment under IAS 12. In this context, the Group has assumed that a tax authority will audit all amounts that it has the power to audit and that it has all relevant information to audit them. In addition, the Group has assessed whether it is probable that the relevant tax authority will accept each tax treatment or group of tax treatments that it has used or intends to use in its income tax returns. As a result, the Group does not expect any material impact on the Consolidated Financial Statements.

Amounts recognized in other comprehensive income

In financial year 2022, deferred tax income of EUR 81 thousand was recognized in other comprehensive income, resulting from the recognition of a deferred tax asset for the effects of the effective portion of the existing interest rate swap.

Reconciliation of the effective tax rate

The reconciliation of the effective tax rate is as follows:

RECONCILATION OF THE EFFECTIVE TAX RATE	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021
	EUR thousand	EUR thousand
Profit before tax from continuing operations	**-8,049**	**-1,937**
Tax using the company's domestic tax rate (31,225%)	2,513	605
impact from tax rates in foreign legal systems	-94	0
Tax effect of:		
No-deductible expenses	16	-57
Permanent differences	9	0
Differences from impairment of goodwill	-555	0
Differences from share-based compensation	-158	0
Changes in estimates related to prior years	0	-2
Trade tax additions	-63	-54
Prior year taxes	0	-173
Other	45	-82
Total	**1,790**	**237**

Change in deferred taxes in the Consolidated Statement of Financial Position during the year

Deferred tax assets and deferred tax liabilities are broken down into the following items:

				BALANCE ON 31/12/2022		
DEFERRED TAX ASSETS AND LIABILITIES	**BALANCE ON 01/01/2022**	**RECOGNIZED IN PROFIT OR LOSS**	**RECOGNIZED IN OTHER COMPREHEN-SIVE INCOME**	**NET**	**DEFERRED TAX ASSETS**	**DEFERRED TAX LIABILITIES**
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
1. Leases	118	-1		117	117	
2. Right of return	50	0		50	50	
3. Other provisions	79	6		85	85	
4. Liabilities from derivatives	8		-8	0	0	
5. Other assets	71	-7		64	64	
6. Consolidation	19	0		19	19	
7. Tax loss carryforwards	0	1,216		1,216	1,216	
Latente Steueransprüche	**345**	**1,214**	**-8**	**1,550**	**1,550**	**0**
1. Property, plant and equipment	-17	7		-10		-10
2. Intangible assets	-1,025	153		-872		-872
3. Inventories	-173	173		0		0
4. Other provisions	-7	4		-3		-3
5. Receivables from deliveries and services	-341	-103		-444		-444
6. Other liabilities	-90	14		-76		-76
7. Receivables from derivatives	0		**-72**	-72		-72
Deferred tax liabilities	**-1,653**	**248**	**-72**	**-1,477**	**0**	**-1,477**
Total	**-1,308**	**1,462**	**-81**	**73**	**1,550**	**-1,477**

As of 31 December 2022, the Group had recognized deferred tax assets on tax loss carryforwards in the amount of the expected future tax relief. Deferred tax assets of EUR 409,000 were recognized on corporate tax loss carryforwards of EUR 2,583 thousand and deferred tax assets of EUR 808,000 were recognized on trade tax loss carryforwards of EUR 5,245 thousand.

Unrecognized deferred tax assets

All deferred tax assets were recognized.

27 Earnings per share

27.1.1 BASIC EARNINGS PER SHARE

Basic earnings per share were calculated based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding:

ATTRIBUTION OF PROFIT (LOSS) TO ORDINARY SHAREHOLDERS (BASIC)	01/01/2022 - 31/12/2022	01/01/2021- 31/12/2021
	EUR	EUR
Profit (loss) attributable to owners of the parent	-6,259,200	-1,700,170
Profit (loss) attributable to ordinary shareholders	**-6,259,200**	**-1,700,170**

GEWICHTETER DURCHSCHNITT DER STAMMAKTIEN (UNVERWÄSSERT)	01/01/2022 - 31/12/2022	01/01/2021- 31/12/2021
	Number of shares	Number of shares
Ordinary shares issued as of 1 January	6,200,000	6,200,000
Weighted average number of ordinary shares (basic) on 31 December	**6,200,000**	**6,200,000**

27.1.2 DILUTED EARNINGS PER SHARE

There were no dilutive effects in financial year 2021.

As of 31 December 2022, 280,000 options resulting from the Group's share-based payment arrangement were excluded from the calculation of the diluted weighted average number of ordinary shares as 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 the share options was determined based on the quoted market prices in the year the options were outstanding.

28 Related companies and persons

A. PARENT COMPANY AND ULTIMATE CONTROLLING COMPANY

As of the initial public offering in the financial year 2020, fashionette no longer has an ultimate controlling party. fashionette is currently not included in any consolidated financial statements at the level of its shareholders.

B. BUSINESS TRANSACTIONS WITH MEMBERS OF THE MANEGEMENT BOARD

The directors acting during the 2022 financial year were Daniel Raab (Chief Executive Officer) until June 30 2022, Georg Hesse (Chief Executive Officer) from July 01, 2022 and Thomas Buhl (Chief Operating Officer / Chief Technology officers). Georg Hesse and Thomas Buhl left on February 28, 2023. Mr. Dominik Benner became appointed as a new member of the Management Board and Chairman of the Management Board with effect from March 01, 2023. During the financial year 2022 Danial Raab was the Chief Executive Officer until 30.06.2022.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of key management personnel included the following:

REMUNERATION OF KEY MANAGEMENT PERSONNEL	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021
	EUR thousand	EUR thousand
Benefits due at short notice	1,078	703
Share-based payment	505	273
Total	**1,583**	**976**

*see Note 3.122

Remuneration of key management personnel includes salaries, benefits in kind and share-based payment.

Supervisory Board

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

The members of the Supervisory Board receive fixed basic remuneration of EUR 25 thousand for each financial year of the company. The Chairman of the Supervisory Board receives fixed basic remuneration of EUR 40 thousand, the Vice Chairman EUR 30 thousand.

The remuneration is due after the end of the Annual General Meeting that approves the annual financial statements for the financial year for which the remuneration is paid. Members of the Supervisory Board who hold office for only part of the financial year shall receive corresponding pro rata remuneration.

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 for members of the Management Board, which provides coverage against financial loss. The premiums for this insurance policy are paid by the company.

According to the Articles of Association (Section 11, para. 1), the Supervisory Board is comprised 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 year 2022.

The Supervisory Board was comprised of the following members during the financial year:

- Stefan Schuetze, Managing Director of C3 Management GmbH
  - Chairman of the Supervisory Board
- Dr. Oliver Serg, Managing Director of Genui GmbH
  - Vice Chairman of the Supervisory Board until 21 December 2022
- Karoline Huber, Independent Consultant and Interim Manager since April 2022 (Member of the Supervisory Board)
- Rolf Sigmund, Consultant (Member of the Supervisory Board)
- Ingo Arnold, CFO of freenet AG (Member of the Supervisory Board)

Dr. Oliver Serg waives the right to Supervisory Board remuneration as long as Genui GmbH is a shareholder of fashionette AG.

The members of the Supervisory Board of fashionette AG are also represented on the Supervisory Boards and supervisory bodies of the following companies:

Stefan Schütze:

- Coreo AG (Chairman of the Supervisory Board)
- Cyan AG (Vice Chairman of the Supervisory 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 business transactions with related companies and persons
There were no transactions with key management personnel or other related parties during the financial year presented in these financial statements.

29 Contingent liabilities

As of 31 December 2022, there were two separate guarantees with banks, as in the previous year.

To secure the payment claim of a service provider against the Group for contractual services rendered, fashionette entered into a guarantee in the amount of EUR 600 thousand.

To secure all claims arising from a tenancy, such as claims for reimbursement of conversion and extension costs and claims for damages, the Group entered into a directly enforceable guarantee with the landlord in the amount of EUR 152 thousand.

30 Auditor's fee

The total fees for the services rendered by the auditor for financial years 2022 and 2021 amounted to:

AUDIT FEE	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021
	EUR thousand	EUR thousand
Audit services	195	120
Other attestation services	0	0
Other Services	0	0
Total	**195**	**120**

31 List of shareholdings

Under the purchase agreement dated 29 April 2021, fashionette AG acquired 100% of the shares in the following companies. The legal and economic shareholding took place on the reporting date of 1 July 2021.

COMPANY	REGISTERED OFFICE	COUNTRY
Brandfield B.V.	Bornholmstraat 82, 9723 AZ Groningen	Netherlands
Brandfield B.V.	Bornholmstraat 82, 9723 AZ Groningen	Netherlands
Brandfield B.V.	Bornholmstraat 82, 9723 AZ Groningen	Netherlands
Fastylo Holding B.V.	Bornholmstraat 86, 9723 AZ Groningen	Netherlands

As of 01 January 2022 Brandfield Holdng B.V. was merged to Brandfield B.V. and Favorite Brands B.V. was merged to Fastylo Holding B.V. The table below shows the holdings.

COMPANY NAME	REGISTERED OFFICE	COUNTRY	ANNUAL RESULT 2022	EQUITY 31/12/2022	SHARES
			EUR thousand	EUR thousand	in %
Brandfield B.V.	Bornholmstraat 82, 9723 AZ Groningen	Netherlands	172	2.166	100
Fastylo Holding B.V.	Bornholmstraat 86, 9723 AZ Groningen	Netherlands	66	90	100

The information on profit and equity relates to the key financial figures of the individual companies in accordance with the applicable local accounting principles. The reported equity capital as of 31 December 2022 does not include the annual result for 2022.

32 Events after the balance sheet date

In a notification dated 9 February 2023, the Supervisory Board of fashionette AG and the company's Management Board members, Georg Hesse and Thomas Buhl, have mutually agreed on the resignation of the two Management Board members with effect from the end of 28 February 2023. The members of the Management Board will make their offices available in order to enable fashionette to realign its strategy under new leadership. In this context, the Supervisory Board appointed Dr. Dominik Benner a new member of the Management Board and Chairman of the company's Management Board on 9 February 2023 with effect from 1 March 2023.

No other events with a material effect on fashionette's net assets, financial position and results of operations occurred after the end of the financial year.

Duesseldorf, 16 May 2023

Dr. Dominik Benner
Management Board

Laura Vogelsang
Member of the Board

further INFORMATION

FURTHER INFORMATION

Assurance of the legal **REPRESENTATIVES**

To the best of our knowledge, and in accordance with the applicable reporting principles, the 2022 consolidated financial statements of fashionette AG give a true and fair view of the assets, liabilities, financial position and profit or loss of fashionette AG as required by the applicable accounting standards.

The consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Düsseldorf, 16 May 2023

Dr. Dominik Benner
Management Board

Laura Vogelsang
Member of the Board

Auditor's REPORT

To fashionette AG

AUDIT JUDGEMENTS

We have audited the consolidated financial statements of fashionette AG, Düsseldorf, and its subsidiaries (the Group), consisting of the following of the consolidated balance sheet as at 31 December 2022, the consolidated statement of comprehensive income, the consolidated cash flow statement and the Consolidated Statement of Changes in Equity for the financial year from 1 January 2022 to 31 December 2022 and the notes to the consolidated financial statements, including the presentation of the accounting policies.

In addition, we have audited the group management report of fashionette AG, which is combined with the management report of the company for the financial year from 1 to 31 December 2022.

In our opinion, based on the findings of our audit, the consolidated financial statements are as follows

- The accompanying consolidated financial statements comply in all material respects with IFRS as adopted by the EU

and the supplementary provisions of German law required to be applied under section 315e (1) of the German Commercial Code (HGB). The consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements and the financial position of the Group as at 31 December 2022 and of its financial performance for the year then ended until 31 December 2022 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 the German legal requirements and suitably presents the opportunities and risks of future development.

In accordance with section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations with regard to the propriety and of the consolidated financial statements and the Group management report.

BASIS FOR THE AUDIT JUDGEMENTS

We conducted our audit of the consolidated financial statements and the group management report in accordance with § 317 HGB in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under those provisions and principles is described in the section "Responsibility of the auditor for the audit of the consolidated financial statements and the group management report" of our auditor's report described in further detail. 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 are of the opinion that the information obtained by us that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements and to the Group management report.

OTHER INFORMATION

The legal representatives are responsible for the other information. The other information comprises the the following components of the annual report, of which we have prepared a version up to the date of issue of this report, are included in the annual report. The report of the supervisory board pursuant to § 171 (2) and (3) or (4) of the German Stock Corporation Act (AktG), information about the company and the share (Letter from the Management Board, fashionette AG on the capital market, Our responsibility) as well as the section "fashionette at a glance", but not the consolidated financial statements, not the consolidated financial statements included in the substantive audit Group management report disclosures and not our audit opinion thereon.

Our audit opinions on the consolidated financial statements and the group management report do not extend to the other information, and, accordingly, we do not express an opinion or any other form of conclusion on the financial statements on this. In connection with our audit, we have a responsibility to read the other information and, in doing so, consider assess whether the other information

- material inconsistencies with the consolidated financial statements, the group management report or our audit findings.

have knowledge or

- otherwise appear to be materially misrepresented.

RESPONSIBILITY OF THE LEGAL REPRESENTATIVES FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND GROUP MANAGEMENT REPORT

Management and legal represantatives are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs as adopted by the EU and the supplementary German statutory provisions applicable in accordance with section 315e (1) of the German Commercial Code (HGB) and that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group in accordance with these requirements.

Furthermore, the management is responsible that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group. Furthermore, the legal representatives are responsible for the internal controls they have determined to be necessary, to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error of fraudulent acts (i.e. manipulation of accounts and damage to assets) or errors. In preparing the consolidated financial statements, management is responsible for assessing the group's ability to continue as a going concern. Furthermore, they have the responsibility to assess facts in the following table to show the amounts to be disclosed in connection with the going concern assumption, if relevant. In addition, they shall be responsible for the preparation of the financial statements in accordance with the going concern principle unless there is an intention to liquidate the Group or to cease operations or there is no realistic alternative to it.

In addition, management and legal representatives are responsible for the preparation of the group management report and financial statements, which as a whole comprise and give a true and fair view of the net assets, financial position and results of operations of the Group in all material respects. Furthermore, the group management report and financial statement comply with the German legal requirements and presents fairly, in all material respects, the opportunities and risks of future development.The group management report und financial statements must accurately represent the financial position and performance of the company. Furthermore, the legal representatives are responsible for the arrangements and actions (systems) that they have determined are necessary to enable the preparation of a group management report in accordance with the applicable German statutory provisions, and to provide sufficient appropriate evidence. The Board of Directors is responsible for the preparation of the consolidated financial statements.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the financial statements and the Group management report.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT 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, misstatements due to fraud or error, and whether the Group management report and the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in all material respects. Furthermore, our objecitive is to obtain reasonable assurance about whether the consolidated financial statements and the management report are consistent with the consolidated financial statements and with the findings of our audit. The auditor's 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. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

Reasonable assurance is a high level of assurance, but is not a guarantee that an action taken in accordance with § Section 317 of the German Commercial Code (HGB) in accordance with the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW).

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Misstatements may result from fraudulent acts or errors and will be considered material if reasonably could be expected, individually or in the aggregate, to affect the amounts recognised in the consolidated financial statements and group management report may influence the economic decisions made by the addressees. During the audit, we exercise professional judgement and maintain a critical attitude. In addition

- We identify and assess the risks of material misstatement of the consolidated financial statements and the group management report due to fraudulent acts or errors, plan and perform audit procedures as we believe that our audit evidence is sufficient and appropriate to provide a basis for our opinion to serve as a basis for our audit judgements. The risk that material misstatements resulting from fraudulent activities could the risk that misrepresentations will not be detected is higher than the risk that material misstatements resulting from errors will not be detected. misrepresentations are not detected as fraudulent acts collusion, forgery, include intentional incompleteness, misleading representations or override of internal controls. can;
- We gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and the procedures relevant to the audit of the group management report in order to design audit procedures that areappropriate in the circumstances, planning procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the financial statements on the effectiveness of these systems;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as the reasonableness of the estimated values presented by the legal representatives and related details;
- we draw conclusions about the appropriateness of the accounting policies applied by the legal representatives, the continuation of the company's activities and, on the basis of the obtained Audit evidence as to whether a material uncertainty related to events or conditions exists. Furthermore, we draw conclusions about if there are significant doubts about the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to disclose our conclusion in the auditors statement. If such a statement seems to be inadequate, we draw attention to the related disclosures in the consolidated financial statements and the group management report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. We draw our conclusions based on the audit evidence obtained up to the date of our audit opinion. However, future events or circumstances may cause the Group to cease its operations or that the Group can no longer continue;
- We assess the overall presentation, structure and content of the consolidated financial statements, including the disclosures

and whether the consolidated financial statements present the underlying transactions and events in such a way that the Consolidated financial statements in accordance with IFRS, as adopted by the EU, and the additional requirements of § 315e German statutory provisions applicable under Section 1 of the German Commercial Code (HGB). Furthermore, we assess the overall presentation that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group;

- Obtain sufficient appropriate audit evidence regarding the entities' accounting information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error to submit. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions;
- We assess the consistency of the group management report with the consolidated financial statements, its compliance with laws and regulations, and the overall presentation of the consolidated financial statements, the picture it gives of the Group's situation;
- We perform audit procedures on the forward-looking statements presented by management in the group management report. Based on sufficient appropriate audit evidence, we perform the following procedures in particular the significant risks and uncertainties underlying the forward-looking statements made by the statutory representatives, assumptions and evaluate the appropriateness of the forward-looking statements made on the basis of these assumptions. An independent audit opinion on the forward-looking statements and the underlying assumptions is required.

we do not make any predictions. There is a substantial unavoidable risk that future events may differ materially from the The figures may deviate from the forward-looking statements. We discuss with those responsible for the monitoring, among other things, the planned scope and timing of the audit as well as significant audit findings, including any deficiencies in the internal control system, the we find during our audit."

Cologne, 17 May 2023

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft

Weigel	Judt
German Public Auditor	German Public Auditor

IMPORTANT NOTICE

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 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. This 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.

Imprint

CONTACT

fashionette AG
Lierenfelder Straße 45
40231 Düsseldorf
Germany
corporate.fashionette.com

CONTACT INVESTOR RELATIONS

ir@fashionette.de

CONTACT PRESS

Stefanie Küppenbender
Head of Brand & Communication
presse@fashionette.de

CONCEPT, DESIGN AND IMPLEMENTATION

IR-One AG&Co., Hamburg, Germany
Ute Pfeuffer, Munich, Germany

IMAGE REFERENCE

fashionette image pool

FINANCIAL CALENDAR 2023*

24 May
Interim Statement Q1 2023

27 June
Annual General Meeting

21 August
Interim report 1st half-year 2023

15 November
Interim Report Q3 2023

27 - 29 November
Analyst conference at the German Equity Forum 2022 in Frankfurt/Main, Germany

*Preliminary dates