BIJOU BRIGITTE

Group Management Report

2021

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

Securities Identification Number 522 950 ISIN DE0005229504

		2017	2018	2019	2020	2021
Key figures of Bijou Brigitte						
Bijou Brigitte Group						
		TEUR	TEUR	TEUR	TEUR	TEUR
1.	Revenue	326.595	321.615	333.952	204.875	216.028
	Change	-2,9%	-1,5%	3,8%	-38,7%	5,4%
2.	Total operating performance	327.232	322.204	335.016	205.106	216.423
3.	Personnel costs	89.430	90.563	90.753	72.120	68.794
	Change	-0,9%	1,3%	0,2%	-20,5%	-4,6%
4.	Number of employees[1)]	2.933	2.895	2.863	2.542	2.256
	Change	-2,0%	-1,3%	-1,1%	-11,2%	-11,3%
5.	EBITDA	45.951	44.752	103.460	31.863	75.445
6.	EBIT	32.583	31.544	42.771	-28.726	24.409
	% of total operating performance (EBIT ma	10,0%	9,8%	12,8%	-14,0%	11,3%
7.	Earnings before taxes	32.683	31.708	37.367	-33.727	19.866
	Change	-11,2%	-3,0%	17,8%	-190,3%	158,9%
	% of sales (return on sales)	10,0%	9,9%	11,2%	-16,5%	9,2%
8.	Consolidated net profit	21.668	21.548	25.421	-30.971	17.032
	Change	-9,8%	-0,6%	18,0%	-221,8%	155,0%
9.	Value creation	122.412	122.522	134.161	43.813	93.313
	Change	-3,9%	0,1%	9,5%	-67,3%	113,0%
10.	Accumulation	-1.987	-2.107	2.072	-30.971	17.032
	Change	-635,0%	-6,0%	198,3%	-1594,6%	155,0%
11.	Non-current assets	57.864	56.274	53.914	44.807	37.458
12.	Right-of-use assets	0	0	157.099	125.368	101.572
13.	Capital expenditure	11.602	12.281	10.303	5.076	3.138
14.	Depreciation and amortisation	13.367	13.209	60.689	60.589	51.037
	Total assets	275.635	270.142	429.667	357.396	354.969
15.	Change	-1,3%	-2,0%	59,1%	-16,8%	-0,7%
	Equity	239.478	234.663	229.490	195.306	213.027
	% of total assets	86,9%	86,9%	53,4%	54,6%	60,0%
16.	Return on equity	9,9%	10,1%	12,5%	-13,7%	8,7%
17.	Cash flow [2)]	40.208	30.054	145.462	15.712	76.217
18.	Earnings per share (€)	2,75	2,74	3,27	-4,01	2,21
19.	Dividend per share(€)	3,00	3,00	0,00	0,00	0,00
20.	Total number of stores	1.060	1.050	1.042	990	926
1)	Average for the year – adjusted to full-time employees					
2)	From operating activities					

CONTENTS*

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

FUNDAMENTALS OF THE GROUP

Business activity and corporate structure

Bijou Brigitte modische Accessoires AG is one of the leading European fashion jewellery chains and looks back on a corporate history spanning 58 years as of this reporting year. The extensive product range comprises around 10,000 articles offering attractive value for money, ranging from fashion and exclusive jewellery to fashion accessories, men's and children's jewellery. Bijou Brigitte focuses on a fashion-conscious target group consisting primarily of female customers. In addition to the classic product range, two main jewellery collections are presented twice a year – Spring/Summer and Autumn/Winter – in sync with the change in seasons. Furthermore, seasonal items are offered to mark all special occasions, for example at Christmas, around Valentine's Day, Mother's Day, Oktoberfest and during the wedding season in the spring.

At the end of the reporting year, the Group had 926 stores in 21 countries. There are stores in Austria, Belgium, Bulgaria, Czechia, Egypt, France, Germany, Greece, Hungary, Italy, Jordan, Luxembourg, Montenegro, the Netherlands, Poland, Portugal, Romania, Saudi Arabia, Slovakia, Spain and Switzerland. German stores made up around 46% of the total store network in 2021 (previous year: approx. 44%).

Sales are primarily made in Bijou Brigitte stores that are mainly located on highly frequented shopping streets and in shopping centres. The company has also been selling a selection of items in various department stores through licensed partners in Germany since 2008. In 2010, the company rolled this sales channel out internationally. Bijou Brigitte has had an online shop since 2006, which is constantly updated to meet customer requirements. The online shop is now represented in Germany, France, Italy, the Netherlands and Spain.

The main external influencing factors include the economic and macroeconomic conditions as well as market and industry developments, which had a far-reaching impact on the Bijou Brigitte Group's business development and earnings position in the 2021 reporting year, especially due to the coronavirus pandemic.

Internal management system

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

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

The Management Board tracks the performance of key indicators using regular internal reporting so as to be able to react to current business developments.

Research and development

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

ECONOMIC REPORT

Overall economic and sector-related conditions

The global economy recovered temporarily from the consequences of the coronavirus crisis in the reporting year. The economic development was, however, accompanied in particular by increased raw material and energy prices as well as supply shortages, which led to a significant increase in consumer price inflation.

Economic activity picked up strongly over the summer in the euro area, with services being an important driver of growth, yet supply and capacity shortages, along with high energy and raw material prices also characterised the European economy. For 2021, the German Council of Economic Experts expected consumer price inflation to reach 2.4% and gross domestic product (GDP) to grow by 5.2% in its annual report for the euro area.

The German economy experienced a temporary recovery from the consequences of the pandemic from the summer of 2021, but lingering pandemic-related restrictions and supply-side constraints served to dampen growth, meaning that price-adjusted GDP was only able to grow by 2.9% in the reporting year, still 1.8% below the pre-crisis level. Price-adjusted private consumer spending remained at the low level of the previous year and is thus also far from its pre-crisis level. At 44.9 million, the number of persons in active employment remained virtually on a par with the previous year's level, although there were some significant shifts between the individual sectors. While the public services, education and healthcare sectors recorded a 2.2% increase in employment, the trade, transport and hospitality sectors saw this decline by 1.8%. In the reporting year, consumer prices in Germany increased on average by 3.1% compared to the previous year.

After seeing strong growth in the second quarter of 2021, the Spanish economy slowed down in the second half of the year, eventually growing by 4.6% in the reporting year. The European Commission assumes that there won't be a return to pre-crisis levels until 2023. While the unemployment rate is only falling slowly, a large number of employees were able to return from short-time work. Spending and travel restrictions meant that many consumers accumulated savings, thus fuelling a 4.8% increase in private consumption.

Italy was able to quickly recover the losses from the coronavirus crisis last year. The economy grew by 4.2% year-on-year and a return to pre-crisis levels is expected as early as mid-2022. Economic policy changes, rising commodity prices and a shortage of skilled workers are the biggest economic risks that could disrupt this development. The labour market was relatively stable and there was no wave of redundancies caused by the pandemic-related restrictions. A higher savings rate in Italy as well led to a 3.1% increase in consumer spending in 2021.

The Portuguese economy developed positively in 2021, posting year-on-year growth of 4.5%. The labour market was robust despite the pandemic and private consumption also recovered last year as restrictions were gradually eased, seeing growth of 4.6%.

At 6.7%, France achieved one of the highest GDP growth rates in the eurozone in 2021, a development driven by strong catch-up effects, not least an uptick in tourism. Consumption also recovered with the lifting of pandemic restrictions, seeing a 4.3% increase year-on-year.

EUR/USD

A large proportion of merchandise is purchased in US dollars. If the US dollar appreciates (against the EUR), this also means an increase in purchasing costs. The US dollar fluctuated between 1.12 and 1.23 to the euro over 2021. The average US dollar to euro exchange rate was 1.18 in the reporting year, as against 1.14 in the previous year. At 1.13 at the end of 2021, the euro had depreciated by around 7.4% against the end of 2020.

German retail industry

In addition to the general economic conditions, the trend in bricks-and-mortar retail is of major importance to the company’s performance. Large parts of the stationary non-food retail sector suffered significant declines in sales due to the effects of months of lockdowns and new access restrictions. This meant that the situation in the retail sector remained extremely tense throughout the year. The temporary recovery in sales experienced during the summer months along with the Christmas business, which initially got off to a good start in November 2021, gave the entire industry hope for a satisfactory end to the year. However, the introduction of 2G rules (only persons who were vaccinated or had recovered were allowed to enter stores) considerably dampened what would normally be the busiest time of the year in terms of sales. Consequently, the German retail sector as a whole was only able to grow by 1.8% in 2021. Retail stores in Germany saw sales fall by 0.7% in a year-on-year comparison. Sales in the retail sector of clothing stores actually shrank by 9.0% compared to 2020 and by 30.0% compared to the pre-crisis year of 2019. Looking back at the past year, on the other hand, considerable growth could be seen in numerous areas, above all in e-commerce. German online trade again grew at a double-digit rate in 2021, increasing by 19.2%.

Competition

The competitive environment in the year under review was similar to the previous year. Fashion chains, department stores and fashion jewellery retailers, like Bijou Brigitte, were hugely affected by the restrictions associated with the coronavirus pandemic. One of the biggest challenges for the bricks-and-mortar trade in the reporting year was the decline in shopping frequency, which was sharp at times. When it comes to visiting bricks-and-mortar stores, the importance of a shopping trip is currently waning as customers are more likely to visit shopping centres and high-street shops when they are looking for specific products. This has a negative impact on the so-called "city centre location". Multi-channel retailers now dominate the market, while purely bricks-and-mortar retailers continue to lose sales, a trend that continued apace in 2021.

Business trend and position

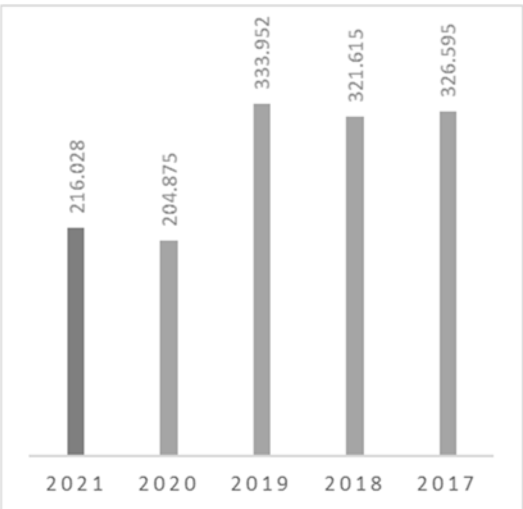
Business development of the Group as a whole

The Bijou Brigitte Group's sales developed as expected, increasing by 5.4% to EUR 216.0 million in the 2021 financial year (previous year: EUR 204.9 million). This development is largely attributable to the end of the lockdown put in place to contain the pandemic and the associated opening of bricks-and-mortar stores.

Earnings before income taxes (EBT) in the reporting period amounted to EUR 19.9 million after EUR –33.7 million in the same period of the previous year, thus developing as forecast. Net profit after taxes amounted to EUR 17.0 million in the 2021 financial year, compared with EUR -31.0 million in the previous year.

As expected, the volume of investment seen, at EUR 3.1 million, was below the previous year's level (2020: EUR 5.1 million) due to fewer new openings. As forecast, inventories remained largely on a par with the previous year's level of EUR 58.6 million (2020: EUR 61.7 million). Contrary to the forecast, the equity ratio rose to 60.0% in a year-on-year comparison (2020: 54.6%). The number of stores developed as expected and, at 926 locations as at the reporting date of 31 December 2021, was below the corresponding number in the previous year (31 December 2020: 990 locations).

Bijou Brigitte Group: Development in sales
(in EUR thousand) 2021–2017



Business trend by segment

The prolonged lockdown in Germany until well into the second quarter of 2021 as well as the far-reaching access restrictions in stationary retail stores meant that sales in this segment fell by 8.4% to EUR 97.7 million in the reporting year (previous year: EUR 106.7 million). Segment profit before taxes came to EUR 14.3 million (previous year: EUR –7.3 million). This effect mainly stems from the granting of interim aid III in the amount of EUR 20.4 million. Capital expenditure decreased from EUR 2.6 million in the previous year to EUR 2.2 million in the reporting year, with the majority of funds invested in digitalisation and IT projects.

The Spanish market, on the other hand, was able to recover quickly from the effects of the pandemic in the reporting year. In the Spanish segment, sales rose by 28.9% from EUR 23.3 million to EUR 30.0 million. Pre-tax earnings increased from EUR –11.3 million to EUR 0.5 million. Capital expenditure totalled EUR 0.1 million in the Spanish segment in the reporting period (previous year: EUR 0.5 million). Investments were mainly made in the stores' IT systems.

The economy in the Italian segment also recovered quickly once the lockdown came to an end. At EUR 25.4 million, sales in the 2021 financial year saw a year-on-year increase (previous year: EUR 18.3 million; +39.1%). Pre-tax earnings also rose here from EUR –4.4 million in the previous year to EUR 1.4 million in the reporting year. Capital expenditure totalled EUR 0.07 million, with funds being primarily invested in store IT (previous year: EUR 0.4 million).

At EUR 6.3 million, sales in the Portuguese segment were 18.6% above the previous year's level of EUR 5.3 million. Segment profit before taxes improved to EUR 0.7 million, compared with EUR –2.0 million in the previous year. No investments were made in the reporting year (previous year: EUR 0.06 million).

The French segment posted an 8.9% increase in sales to EUR 21.8 million in the reporting year, compared with EUR 20.0 million in the previous year, after the pandemic-related restrictions were eased. Earnings before taxes in this segment amounted to EUR –0.3 million (previous year: EUR –4.8 million). Capital expenditure fell from EUR 0.3 million in 2020 to EUR 0.1 million and was mainly used for IT equipment in the stores.

Sales in the “Other countries” segment, which combines various European countries, was able to recover from the effects of the pandemic in the reporting year once the containment measures were largely lifted. Sales rose by 11.2% to EUR 34.8 million (previous year: EUR 31.3 million). Segment profit before taxes improved to EUR 2.0 million, compared with EUR –4.8 million in the previous year. Capital expenditure totalled EUR 0.7 million (previous year: EUR 1.3 million) and was mainly used for IT equipment in the stores.

Earnings position

Bijou Brigitte Group: Earnings position overview

in EUR millions	**2021**	**2020**
Revenue	216.0	204.9
Other operating income	31.5	9.5
Cost of materials	47.4	48.2
Personnel costs	68.8	72.1
Amortisation, depreciation and impairment of intangible assets, property, plant and equipment, and right-of-use assets	51.0	60.6
Other operating expenses	56.3	62.4
Financial result	-4.5	-5.0
Earnings before income taxes	19.9	-33.7
Net profit after taxes	17.0	-31.0

With the exception of the German segment, the lifting of the containment measures led to a rapid economic recovery in many European counties, meaning that Group sales increased by 5.4% to EUR 216.0 million in the 2021 financial year (previous year: EUR 204.9 million).

Other operating income increased from EUR 9.5 million to EUR 31.5 million. This increase is primarily attributable to the utilisation of government coronavirus aid, especially interim aid III in the amount of EUR 20.4 million in Germany.

The proportion of material costs to Group sales amounted to 21.9% in 2021 (previous year: 23.5%). This is due in particular to lower devaluations and positive exchange rate effects.

Personnel costs fell by 4.6% from EUR 72.1 million in 2020 to EUR 68.8 million in the 2021 financial year. In the past year, an average of 2,256 employees worked for the Bijou Brigitte Group (converted to full-time equivalents; previous year: 2,542). The decline in personnel costs is mainly explained by the pandemic-related closure of stores as well as the short-time work ordered by the Group and the resulting payments of short-time allowances.

Depreciation, amortisation and impairment of intangible assets, property, plant and equipment and right-of-use assets amounted to EUR 51.0 million in the 2021 financial year, compared to EUR 60.6 million in the previous year. The main reason for the decrease was the downsizing of the stores network. In the reporting period, amortisation of rights of use amounted to EUR 40.9 million (previous year: EUR 47.4 million). Depreciation and amortisation on property, plant and equipment and intangible assets amounted to EUR 10.2 million in the reporting period (previous year: EUR 13.2 million).

Other operating expenses decreased by 9.8% from EUR 62.4 million in the previous year to EUR 56.3 million in the reporting year. This development is mainly attributable to the reduction of sales commissions as well as the realisation of savings potentials.

Group earnings before income taxes rose to EUR 19.9 million in the 2021 financial year from EUR –33.7 million in the previous year. Accordingly, the return on sales rose from –16.5% (previous year) to 9.2%. After deducting for taxes, consolidated net profit increased by EUR 48.0 million in the 2021 financial year from EUR –31.0 million in the previous year to EUR 17.0 million.

Appropriation of profit and dividend proposal

Bijou Brigitte modische Accessoires AG’s net income for the year calculated in accordance with the provisions of the German Commercial Code (HGB) amounted to EUR 12.2 million in the 2021 financial year (previous year: loss for the year EUR 7.7 million). In the separate financial statements of Bijou Brigitte modische Accessoires AG, balance sheet profit for the reporting period came to EUR 35.9 million (previous year: EUR 23.6 million) with the addition of profit carried forward totalling EUR 23.6 million.

The coronavirus pandemic and the restrictions on public life associated with it have had a considerable impact on the net assets, financial position and results of operations of Bijou Brigitte in the 2021 financial year. The duration of the pandemic and its long-term impact on the economic development of the individual countries cannot be quantified at this time. The magnitude of the impact largely depends on the duration of measures to contain the incidence of infection in the affected countries. Because interim aid III, which was approved and paid in December 2021, has the condition that no profit or dividend payments can be made, the Management Board and Supervisory Board of Bijou Brigitte modische Accessoires AG will propose to the Annual General Meeting on 21 June 2022 that the dividend payment be suspended for the 2021 financial year.

The company’s remaining balance sheet profit of EUR 35.9 million will be carried forward to the new account.

In accordance with IFRS, earnings per share were EUR 2.21 (previous year: EUR –4.01). With a year-end price of EUR 21.70, the price-earnings ratio was 9.8.

Financial position

Main features and objectives of financial management

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

Bijou Brigitte Group: Financial position overview

in EUR millions	2021	2020
Cash flow from operating activities	76.2	15.7
of which depreciation, amortisation and impairment of fixed assets	10.2	13.2
Cash flow from investing activities	–5.5	–5.0
of which investments in property, plant and equipment and intangible assets	–3.1	–5.1
Cash flow from financing activities	–42.0	–43.9

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

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

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

Development of financial situation

Cash flow from operating activities amounted to EUR 76.2 million in the 2021 financial year compared with EUR 15.7 million in the previous year. This development was mainly due to the utilisation of government aid, especially interim aid III, as well as to sales increases in all segments except Germany, and the realisation of cost savings. In the 2021 financial year, amortisation of right-of-use assets amounted to EUR 40.9 million (previous year: EUR 47.4 million). Depreciation and amortisation on property, plant and equipment and intangible assets amounted to EUR 10.2 million in the reporting period (previous year: EUR 13.2 million).

With regard to capital expenditure activity, cash flow amounted to EUR –5.5 million (previous year: EUR –5.0 million). It includes payments of EUR 2.5 million for the acquisition of subsidiaries. The remaining development of capital expenditure in property, plant and equipment and intangible assets (EUR 3.1 million; previous year EUR 5.1 million) was due to fewer new store openings and fewer renovations. Investments were mainly made in digitalisation and IT projects.

In the 2021 financial year, cash flow from financing activities amounted to EUR –42.0 million following EUR –43.9 million in the previous year. This change is mainly due to the lack of payments for the acquisition of treasury shares.

Bijou Brigitte does not have any loans with banks or other credit institutions. Available overdraft facilities are minimal at EUR 3.1 million, as in the previous year, and were not utilised in the past financial year.

Net assets

Non-current assets decreased in comparison with the previous year (EUR 175.0 million) to EUR 147.0 million in the reporting year. This effect was mainly due to the reduction in the network of stores.

At EUR 58.6 million, inventories were 4.9% under the previous year's level (previous year: EUR 61.7 million). Flexible purchasing management adapted at short notice enabled inventories to be reduced in a year-on-year comparison.

Current assets (not including cash and cash equivalents) decreased year-on-year to EUR 68.5 million (previous year: EUR 72.8 million). This is primarily due to lower tax receivables, fewer other current receivables and the decrease in inventories. In the reporting period, cash and cash equivalents increased to EUR 139.5 million compared to EUR 109.6 million in the previous year, making up 39.3% of total assets (previous year: 30.7%).

Bijou Brigitte Group: Overview of assets

in EUR millions	2021	2020
Non-current assets	147.0	175.0
Inventories	58.6	61.7
Cash and cash equivalents	139.5	109.6
Other current assets	9.9	11.1
Equity	213.0	195.3
Non-current liabilities	77.0	101.4

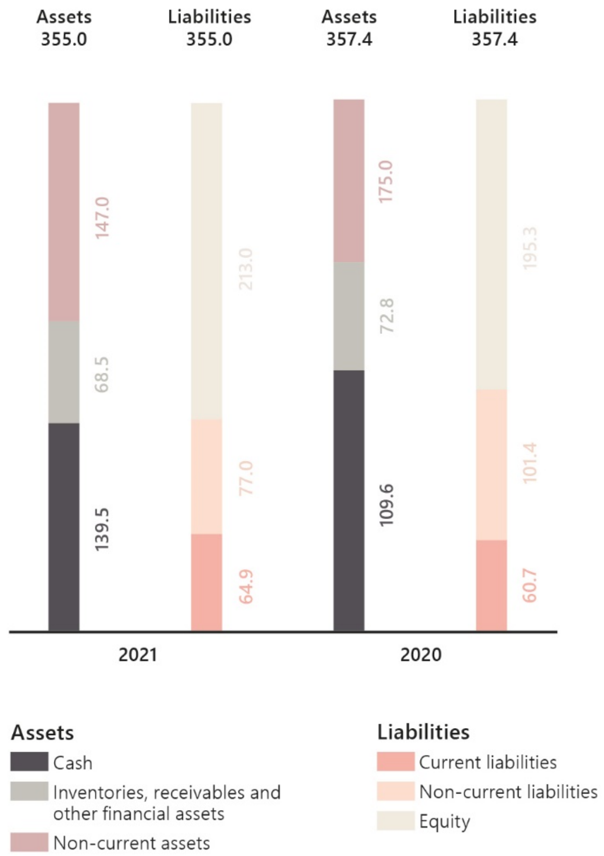
In the 2021 financial year, Bijou Brigitte had an equity ratio of 60.0% (previous year: 54.6%). As of the reporting date 31 December 2021, the Bijou Brigitte Group's equity amounted to EUR 213.0 million, compared to EUR 195.3 million as of 31 December 2020.

When comparing successive reporting dates, non-current liabilities fell from EUR 101.4 million (31 December 2020) to EUR 77.0 million (31 December 2021). This is primarily due to lower leasing liabilities as a result of the reduced stores network.

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

The Bijou Brigitte Group generated sales of EUR 216.0 million in the 2021 financial year. This represents a year-on-year increase of 5.4%. While in Germany, the Group's largest and most important market, the government-ordered closure of shops during the lockdown had a hugely negative impact, all other segments of the Group were able to recover relatively quickly from the effects of the pandemic and reported corresponding increases in sales. Reported Group earnings before income taxes rose from EUR –33.7 million in the previous year to EUR 19.9 million, a fact mostly due to the granting of interim aid III in the amount of EUR 20.4 million as well as higher income. In the year under review, Bijou Brigitte used all reasonable means to keep the financial losses for the Group as low as possible. The company made use of numerous government aid programmes. Wherever possible, short-time work or comparable instruments were used. The stores network decreased to 926 locations (previous year: 990 stores).

Balance sheet structure 2021
(in EUR millions)



The Management Board assesses the situation of the Bijou Brigitte Group as stable. With a continued very high equity ratio, the company is on a solid economic footing for the new financial year.

Non-financial performance indicators

Changes to the store network

One of the measures taken during the year under review to secure the Bijou Brigitte Group's economic and financial basis was the consolidation of the stores network. In order to reduce costs, the Group largely reduced store renovations in all segments in 2021. A total of five stores were renovated and smaller optimisation measures relating to shop design were implemented in four more stores. Two stores were able to improve their location by relocating. A total of 73 stores were closed in the reporting year. The majority of closures were in Spain, Germany, Italy and France. Bijou Brigitte opened nine new stores across the Group. The Bijou Brigitte Group's network of stores in Germany and abroad totalled 926 as of the reporting date of 31 December 2021 (31 December 2020: 990).

Other information

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

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

Principles of the remuneration system

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

Performance-related remuneration consists of the following components:

- the variable management bonus driven by the result from ordinary activities of the Group in a respective financial year

- the variable long-term bonus measured over several years. The variable long-term bonus is based on the successful improvement of the Group's pre-tax earnings (see Notes: Remuneration of the Supervisory and Management Boards)
- a performance-based eco-premium with long-term incentive effect measured over several years

  *In accordance with the currently applicable remuneration system, the eco-premium will first be paid out for the 2026 financial year at the earliest for all Management Board contracts to be concluded in the future, provided that the relevant requirements are met.

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

Further details regarding the remuneration of the Management Board and Supervisory Board can be found in the appendix to these consolidated financial statements. The remuneration report under Section 162 of the German Stock Corporation Act (AktG) as well as the remuneration systems for the members of the Management Board and the Supervisory Board are available to be read and inspected by the public at any time on the website www.group.bijou-brigitte.com under the heading "Investor Relations/Corporate Governance".

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

Bijou Brigitte modische Accessoires AG is equipped with subscribed capital (share capital) amounting to EUR 8.1 million. The amount of share capital did not change in the 2021 financial year. It is divided into 8,100,000 no-par-value shares. Each common share conveys the same rights and constitutes one vote at the Annual General Meeting.

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

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

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

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

Pursuant to the resolution of the Annual General Meeting on 17 June 2021, the Management Board is authorised, with the consent of the Supervisory Board, to increase the share capital of the company by up to EUR 4 million, in one or more stages, by issuing up to 4,000,000 new non-par bearer shares in return for cash and/or contributions in kind in the period until 16 July 2026 (authorised capital).

OPPORTUNITIES AND RISK REPORT

Opportunities and risk management

The early recognition of risks and opportunities, as well as the subsequent measures, is an important part of corporate governance at Bijou Brigitte. As part of the company's risk management system, appropriate principles and procedures have been set out in an applicable Group-wide directive. Risk management is an integral part of the centralised and decentralised planning, management and control processes.

Overall statement of the Management Board

The Bijou Brigitte Group also monitored the macroeconomic environment in the 2021 financial year, developments in the retail sector and its in-house processes on an ongoing basis to identify risks and opportunities early on. With its structured processes, systematic risk management has ensured the efficient management of overall risks in the Group. Developments that pose a threat to the company as a going concern can thus be recognised in good time and appropriate measures can be taken to ensure the company's continued existence. Risk management ensures that urgent risks are forwarded to the Management Board as appropriate at all times. In particular, due to the pandemic and the associated risks and uncertainties, permanent risk monitoring was the focus of the entire Group. New to risk assessment is the area of sustainability. This includes risks that may arise due to higher procurement costs for products, energy and packaging, as well as risks that may arise due to inadequate working conditions in the production countries or due to new laws and regulations on sustainability not being implemented. Data protection risk and risk in the online shop area were also included for the first time.

The Management Board continuously analysed and monitored the risk-bearing capacity of the Bijou Brigitte Group in the 2021 financial year, taking into account earnings and liquidity developments. From today's perspective, there are no risks to the net assets, financial position and results of operations of the Bijou Brigitte Group that could jeopardise its continued existence.

Risk definition

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

Risk strategy

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

Risk management process

Bijou Brigitte has defined the following standardised risk management sub-processes: identifying and reporting risks at an early stage, assessing risks in the same way, managing risks and developing measures, monitoring risks and implementing the measures.

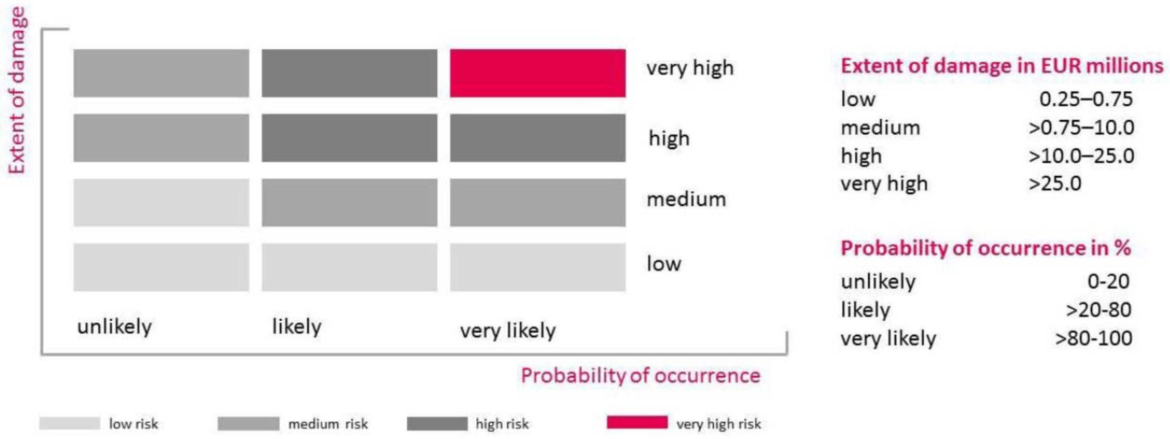
The known risks from the previous year and newly identified risks for the current year are reviewed by the respective risk owners twice every year, adjusted where necessary, and the subsequent risk potentials reassessed. Risks are monitored over a period of twelve months.

Roles and responsibilities

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

Risk assessment

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



Risk management

The aim of risk management is to develop individual countermeasures to reduce the likelihood of a risk occurring and/or to limit the maximum amount of potential damage. No transactions are performed that violate the Group's code of conduct or company guidelines. Furthermore, insurance policies may be taken out to compensate for financial risks.

Risk reporting

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

Accounting-related internal control system

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

Independent monitoring

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

Explanation and assessment of significant opportunities and risks

Pandemics

The governmental measures to contain the infection caused by the coronavirus pandemic have huge effects on the entire Bijou Brigitte Group. The lockdowns across Europe, some of which are being repeated, is forcing Bijou Brigitte to completely close the affected locations in the respective countries and stop the business activities of the stores concerned for each decreed period. This is leading to a massive drop in sales while costs continue to be incurred. Bijou Brigitte permanently monitors the current political and economic development in the European countries and takes measures at an early stage to mitigate the risk as far as possible. This includes the consolidation of the entire store network, especially the closure of unprofitable stores, the securing of liquidity by suspending expansion activities and the permanent implementation of cost saving measures. Investments that are not absolutely necessary are largely put on hold and online retailing is continuously expanded. Where it meets the eligibility requirements and appears useful, Bijou Brigitte makes use of the available state interim aid and compensation payments. All necessary protective measures are taken to minimise the risk of infection to employees. The risk is classified as “very high”.

Economic risks

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

The coronavirus pandemic continued to have a significant impact on the global economy in 2021. The ongoing vaccination programmes give hope for a normalisation of the economic situation. However, new virus variants and associated new waves of infection continue to cause massive uncertainty. The long-term changes caused by the pandemic, for example changed consumer preferences as well as changed market economic conditions, are hardly foreseeable. There is also a need to shape the transformation towards a climate-neutral and digital economy and to harness the considerable potential of accelerated digitalisation. National action plans and strategies need to be developed in the European and global context to effectively address the challenges, all the while ensuring fiscal sustainability is guaranteed.

The Bijou Brigitte Group continuously monitors the macroeconomic, political and regulatory situation in all major markets in order to identify potential problem areas at an early stage and quickly adjust business activities accordingly. Possible adjustments include shifting investments to other, more attractive markets, consolidating the entire store network, especially closing unprofitable stores, and permanently implementing cost-saving measures. Overall, Bijou Brigitte classifies the economic and macroeconomic risks as high. The management believes that the war between Russia and Ukraine does not currently pose any significant risks for the Bijou Brigitte Group in view of the lack of economic ties with either Ukraine or Russia.

Market and industry risks

In addition to economic and industry-specific political conditions, risks are posed in particular by changes to consumer preferences and to brand perception, as well as increasing intensity of competition. A change in customer behaviour with regard to consumption habits, for example, is leading to a shift from bricks-and-mortar to online retailing. This contributes to the already partial desolation of city centres and is accompanied by a decline in the number of visitors to shopping centres and high streets, which is in turn reflected in the number of customers frequenting the stores. Possible changes in the legal framework can also have a negative impact on the development of sales. The bricks-and-mortar fashion market has been under pressure for years, with the ongoing coronavirus pandemic in 2021 further exacerbating the situation. At the same time, the topic of sustainability is becoming increasingly important; the younger target group in particular is discussing this topic. It is with this in mind that the question arises as to the significance of sustainability for consumers when buying fashion and the potential that the issue can have for the industry. In contrast, changing consumer preferences or changing brand perceptions can offer opportunities. As a result, Bijou Brigitte is constantly looking for new opportunities to increase the added value for customers, thereby realising significant opportunities to increase sales.

Bijou Brigitte permanently analyses the market situation as well as the sales development and customer frequencies in all of the Group's key markets. New offers and services are continuously developed in order to offer customers an attractive shopping experience and thus to increase customer frequency and customer loyalty over the long term. In addition, the focus is on the consistent expansion of online retailing and activities on social media channels. The risk is classified as "high".

Procurement risks

Bijou Brigitte sources the majority of goods from the Far East. This gives rise to potential purchasing risks, which may stem, for example, from rising raw material, material and freight costs, disruptions in the supply chain and quality problems. Rising personnel or raw material costs for suppliers, a failure to comply with trademark/design rights, legal requirements or agreed delivery times as well as legal changes in the supplier country have been exacerbated by the effects of the pandemic and may have a correspondingly negative impact on Bijou Brigitte. The company counteracts these risks within the framework of its risk management. The broad-based network of suppliers means potential risks associated with dependency on individual suppliers or their failure to deliver are minimised. Selling prices are also adjusted – as far as possible – to reflect current market conditions. The risk is classified as "high", up from "medium".

The procurement risk of "supplier failure due to sudden business closure, force majeure or epidemics" is also classified as "medium".

Rising raw material costs in almost all procurement areas, especially wood, paper, plastics and electrical appliances, lead to higher procurement costs. To keep these cost increases as low as possible, inventories are continuously optimised, procurement is planned in such a way as to reflect demand and alternative procurement sources are explored. This procurement risk was included for the first time in the risk assessment in the 2021 financial year. It is classified as "low".

Personnel risks

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

Attracting, developing and retaining talent poses major challenges for the company, especially due to demographic change. This is countered with various personnel marketing measures. In addition, internal employees increasingly receive further training for vacancies that have arisen in other departments in order to fill the vacant positions internally, allowing staffing levels to be optimised. The existing applicant management system is being continuously developed to facilitate the administrative processes in recruiting. The selection process is also undergoing further improvement to ensure that the respective vacancies are filled by the right employees with the appropriate skills. Increasing use is also being made of digital recruitment options. To retain qualified staff, the remuneration system is regularly adapted to the respective target groups and market conditions, and flexible working time models offered as far as possible. Vocational training is being continued both at the head office and in the stores. The risk of staff shortages is classified as “medium”.

Currency risks

A large proportion of merchandise is purchased in US dollars. If the US dollar appreciates (against the EUR), this also means an increase in purchasing costs. Short-term exchange rate fluctuations are evened out because the inventory acts as a sort of buffer. Longer-term exchange rate fluctuations are not protected through hedging transactions. The risk of a subsequent narrowing of the gross margin can sometimes be reduced by changing the selling price. The overall risk here is assessed as “medium”.

If the euro were to appreciate more strongly in the current business year than assumed in the planning, or more strongly than generally forecast, this could reduce the procurement costs for the goods to be purchased accordingly and imply opportunities for a higher gross margin.

aterials management

Other risks that the company actively manages include the shortage, surplus or unavailability of individual items, which can arise due to poor planning, excessive delivery times or incorrect deliveries. Risks may be identified at an early stage by closely monitoring inventory ranges, order quantities/articles and complaint rates. In case of shortages, similar articles may be immediately brought in by way of substitution. Bijou Brigitte assesses the overall risk here as low.

Investment risks

Investment risks may arise from store expansion and maintenance work, long-term rental contracts and personnel costs. In order to avoid any misinvestments, test stores are normally set up first to measure the earnings potential of the new market. Moreover, the risk can be reduced further through cooperation with franchise partners and by continuously monitoring the rental agreements. The overall risk here is assessed as low thanks to the successful measures in place.

Occupational safety risk

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

Abuse of authority

The transfer of authority to employees offers the opportunity to promote and value employees and to use their potential profitably for the company. On the other hand, the transfer of authority carries the risk that individual employees could abuse this opportunity. This abuse could take the form of theft, working time fraud or personal enrichment. Bijou

Brigitte implements numerous protective measures to counteract this risk. Ongoing monitoring as well as regular checks of the business processes by internal and store audit contribute significantly to risk reduction. Regular spot checks of the inventory, intensive induction of new employees and regular training in sensitive business areas are just as much a part of this as the consistent implementation of the double-check principle, for example in invoice checks, payment approvals and similar business transactions. The risk is classified as "low".

Information technology

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

Interest, default and liquidity risks

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

Cybercrime in payment transactions

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

Sustainability

Responsibility with regard to the environment is playing an ever more important role for companies. Social responsibility, sustainability and environmental awareness represent essential prerequisites for the company's long-term success. Meeting today's challenges may lead to increased costs resulting from changes in the sales chain. Bijou Brigitte carries out regular checks to ensure that the legal requirements are being fulfilled. The risk was newly included in the risk assessment in the 2021 financial year. It is classified as "low".

Inadequate implementation or non-compliance with statutory rules and regulations, such as the Commercial Waste Regulation, the EU Taxonomy or an environmental label, may lead to the company incurring fines. This is why specialists at Bijou Brigitte work to ensure that laws and regulations are implemented to the extent required in a timely fashion. The risk was assessed for the first time in 2021. It is classified as "low".

Rising procurement costs for energy (e.g., electricity, gas) as well as higher grid fees and CO_2 taxes translate into higher cost. Bijou Brigitte regularly participates in energy audits and does all it can to save energy wherever meaningful, e.g., by switching lamps to LED. The risk was included for the first time in the risk assessment in the 2021 financial year. It is classified as "medium".

Factories may end up being closed down due to inadequate working conditions in the production countries. This could result in longer delivery times due to loss of production or loss of sales due to no deliveries being made at all. By the same token, changes in legislation on sustainable energy use in the producing countries may lead to higher procurement costs. Bijou Brigitte mitigates these risks by conducting regular on-site quality audits and consistently following up on violations of employee rights. Having a balanced portfolio of suppliers and expanding the supplier network to other countries are also ways of helping reduce risk. This risk group is classified as "medium".

Online shop

The coronavirus pandemic in particular has brought e-commerce even further into the limelight. Bijou Brigitte is continuously working to make its online shops attractive, user-friendly and safe for its customers. Relaunching the shop system may result in a temporary downtime or temporarily reduced visibility of the online shop. This may entail considerable losses in sales in the online sector, which is why Bijou Brigitte monitors various KPIs on an ongoing basis, such as shop availability, visibility in Google search results or number of incoming orders. Numerous tests are carried out before a relaunch goes live and, once the relaunch has been completed, the online shop is closely monitored using the above-mentioned KPIs. The risk was newly included in the risk assessment in the 2021 financial year. It is classified as "low".

Data protection

The GDPR has been in force in the EU since May 2018 and must be implemented by all companies. Violations of this regulation can result in considerable fines. The data protection officer at Bijou Brigitte regularly reviews the adherence to the applicable regulations and the implementation of the internal data protection directive, especially regarding the processing of sensible data. Furthermore, awareness for the entire topic of data protection is created among senior executives and employees, who also receive regular training with respect to the applicable regulations. The risk was newly included in the risk assessment in the 2021 financial year. It is classified as "low".

CSR reporting obligations

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

FORECAST REPORT

Expected trend in general economic conditions

The global economy is steadily recovering from the coronavirus crisis, despite the effects that continue to resonate. Yet there remains a heightened level of uncertainty about economic development as a result of the Russian offensive against Ukraine, which is restraining growth. The German Council of Economic Experts therefore adjusted its forecast for economic growth in March 2022, stating that they now forecast global economic growth of only 3.3% in 2022. As regards the euro area, the German Council of Economic Experts now expects GDP growth of 2.9% instead of 4.3%, while inflation is forecast to reach 6.2%.

Spain is unable to escape the negative pull of the global economy either, especially in respect of price increases and supply shortages. However, the European Commission expects economic growth to reach 5.5% in 2022. Key economic indicators in Portugal are pointing towards recovery and GDP is forecast to increase by 5.3% in a year-on-year comparison. Italy's economy is rapidly making up for the losses suffered during the coronavirus crisis and could reach pre-crisis levels as early as mid-2022. Growth of 4.4% is forecast for 2022. In France, the catch-up effects from the lifting of restrictions are expected to subside in 2022. A further revival of tourism could see trade, restaurants, bars and transport recover further and GDP grow by 3.7%.

The global supply and capacity shortages continue to weigh heavily on the German economy. However, the supply-side shortages are expected to be mitigated in the course of 2022, allowing the economy to regain momentum with growth expected to come in at 4.6%. A reduction in the level of household savings could also have a conducive effect. Consumer prices are expected to continue rising, leading to an inflation rate of 2.6%. Private consumer spending is forecast to increase by 7.4%.

The German retail sector is still suffering greatly from the consequences of the pandemic. City centre retailers in particular will feel the after-effects of the coronavirus crisis in 2022. Assuming that the restrictions in the retail sector continue to become less significant in the course of the year, the German Trade Association (HDE) expects a nominal increase of 3% in sales for the entire sector. Bricks-and-mortar retailers, however, only expect sales to grow by 1.2%. If non-food retailers and clothing stores are considered separately, sales here are expected to decline by 0.6% and 2.0%, respectively. The largest share of growth is again expected to be generated by the online business, where the HDE forecasts year-on-year growth of 13.5%.

Uncertainty about economic development remains significantly higher than before the pandemic. In particular, the way in which the pandemic will progress as well as protracted supply and capacity shortages all represent major risks for a muted recovery of the economy. However, if the shortages can be addressed more quickly, there is a chance that the pent-up consumer and investment demand could fuel a dynamic upswing.

Added to this is the uncertainty caused by the Russian military offensive, the macroeconomic consequences of which are manifold and difficult to assess. Just how long the conflict lasts and the possibility of it intensifying or even widening are likely to be decisive factors for the extent of the impact, as is the effect of sanctions.

Outlook for the Bijou Brigitte Group

The ongoing pandemic and the current and potential future restrictions associated with it will have an impact on the future net assets, financial position and results of operations of the Bijou Brigitte Group. Predicting the further course of the pandemic and the associated effects on the future business development of Bijou Brigitte is difficult for the current fiscal year. The development of the conflict between Russia and Ukraine and its impact on the financial markets and on trade in Europe and the world cannot be predicted at present. Therefore, the forecast for the Bijou Brigitte Group's business development in the 2022 financial year was prepared under consideration of the following:

Assuming that the pandemic and the associated governmental measures to prevent the spread of the coronavirus end during the first half of the year, and that the Russia-Ukraine war results in no major economic upheavals, the Bijou Brigitte Group could achieve sales of between EUR 260.0 million and EUR 280.0 million in the 2022 financial year (2021 financial year: EUR 216.0 million). Group earnings before income taxes could reach between EUR 0 million and EUR 15.0 million (2021 financial year: EUR 19.9 million). Inventories as of 31 December 2022 could be between EUR 53.0 million and EUR 63.0 million. Assuming that current and non-current liabilities remain slightly below the previous year's level and no additional own shares are bought back, the Group expects an equity ratio of between 63.0% and 65.0% (2021: 60.0%). The investment volume in the 2022 financial year could be between EUR 3.0 million and EUR 8.0 million (2021: EUR 3.1 million). The company expects the number of stores in the Bijou Brigitte Group at the close of 2022 to be slightly lower than in the previous year (31 December 2021: 926 stores).

Hamburg, 22 April 2022

Bijou Brigitte modische Accessoires Aktiengesellschaft

The Management Board

Roland Werner
Chairman

Marc Gabriel
Member of the
Management Board

Jürgen Gödecke
Member of the
Management Board

Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg

Consolidated balance sheet as of 31 December 2021

ASSETS

	Notes	31.12.2021 EUR	31.12.2020 EUR
ASSETS			
Non-current assets			
Intangible assets	(1)	3.628.487,36	3.704.274,00
Property, plant and equipment	(2)	33.829.468,80	41.102.703,18
Right-of-use assets	(3)	101.572.272,96	125.367.801,59
Non-current financial assets	(4)	1.836.374,03	1.940.409,62
Deferred taxes	(5)	6.088.780,99	2.886.007,38
		146.955.384,14	175.001.195,77
Current assets			
Inventories	(6)	58.649.610,30	61.677.392,42
Trade receivables	(7)	1.557.021,37	1.085.213,95
Tax receivables	(8)	1.210.023,69	2.698.489,43
Other financial assets	(9)	5.507.251,18	4.205.466,05
Other current receivables	(10)	1.614.439,82	3.129.399,67
Cash and cash equivalents	(11)	139.474.930,14	109.599.226,64
		208.013.276,50	182.395.188,16
		354.968.660,64	357.396.383,93

LIABILITIES

	Notes	31.12.2021 EUR	31.12.2020 EUR
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity	(12)		
Subscribed capital		8.100.000,00	8.100.000,00
Capital reserve		3.579.043,17	3.579.043,17
Retained earnings		36.608.631,81	36.608.631,81
Treasury shares		-23.836.380,56	-23.836.380,56
Foreign currency translation reserve		-822.418,14	-1.511.922,10
Group equity generated		189.398.049,50	172.366.477,33
		213.026.925,78	195.305.849,65
Non-current liabilities			
Non-current provisions	(14)	4.060.101,30	4.301.945,72
Lease liabilities	(15)	72.180.963,41	96.827.786,66
Deferred taxes	(13)	767.796,01	297.384,78
		77.008.860,72	101.427.117,16
Current liabilities			
Current provisions	(14)	2.150.467,35	1.868.629,65
Tax liabilities	(16)	5.265.547,68	86.779,94
Trade payables	(17)	7.570.245,85	7.047.654,90
Lease liabilities	(15)	35.541.580,08	38.012.776,81
Other financial liabilities	(17)	5.712.397,39	6.383.223,69
Other current liabilities	(17)	8.692.635,79	7.264.352,13
		64.932.874,14	60.663.417,12
		354.968.660,64	357.396.383,93

Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg

Consolidated income statement
for the financial year 1 January to 31 December 2021

	Notes	2021 EUR	2020 EUR
Revenue	(18)	216.028.200,42	204.874.585,38
Other own work capitalised	(19)	395.187,90	231.005,88
Other operating income	(20)	31.502.616,88	9.519.287,80
Cost of materials	(21)	-47.400.930,88	-48.208.674,72
Personnel costs	(22)	-68.794.106,18	-72.119.853,20
Depreciation, amortisation and impairment of intangible assets, property, plant and equipment and right-of-use assets	(23)	-51.036.832,19	-60.589.249,61
Other operating expenses	(24)	-56.285.590,14	-62.433.494,85
Operating profit		24.408.545,81	-28.726.393,32
Interest and similar expenses	(25)	-4.651.945,59	-5.418.539,21
Interest income	(25)	109.529,63	418.378,43
Financial result	(25)	-4.542.415,96	-5.000.160,78
Earnings before taxes (EBIT)		19.866.129,85	-33.726.554,10
Income taxes	(26)	-2.834.557,68	2.755.378,47
Net profit after taxes		17.031.572,17	-30.971.175,63
Appropriation of profits to shareholders of the parent company		17.031.572,17	-30.971.175,63
Earnings per share	(27)		
Basic		2,21	-4,01
Diluted		2,21	-4,01

Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg

Consolidated statement of comprehensive income
for the financial year 1 January to 31 December 2021

	Notes	2021 EUR	2020 EUR
Group earnings		**17.031.572,17**	**-30.971.175,63**
Amounts that can be transferred to the income statement in the future			
Currency translation differences	(12)	689.503,96	-2.038.865,17
Other income		**689.503,96**	**-2.038.865,17**
Comprehensive income		**17.721.076,13**	**-33.010.040,80**
Comprehensive income attributable to:			
shareholders of the parent company		17.721.076,13	-33.010.040,80

Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg

Consolidated cash flow statement for 2020 and 2021

	2021 TEUR	2020 TEUR
1. Cash flow from operating activities		
Net profit after taxes	17.032	-30.971
Income tax expense (+) / proceeds (–)	2.835	-2.755
Impairment and depreciation of non-current assets (+)	10.166	13.218
Impairment and depreciation of right-of-use assets (+)	40.871	47.371
Addition to non-current assets (–)	0	-24
Financial result	4.542	5.000
Other non-cash expenses and income	-725	583
Income taxes paid (–) / income taxes received (+)	1.100	13
Cash inflows from interest (+)	97	399
Cash outflows from interest (–)	-4.380	-5.289
Earnings from the disposal of non-current assets	437	573
Change in provisions	40	-285
Change in inventories, trade receivables and other assets	2.922	-2.130
Change in trade payables and other liabilities	1.280	-9.991
Cash flow from operating activities	76.217	15.712
2. Cash flow from investing activities		
Proceeds from the disposal of intangible assets and property, plant and equipment	117	78
Cash outflows (–) for investments in property, plant and equipment	-2.137	-4.173
Cash outflows (–) for investments in intangible assets	-1.001	-903
Cash outflows (–) for the acquisition of subsidiaries less acquired currency	-2.483	0
Cash flow from investing activities	-5.504	-4.998
3. Cash flow from financing activities		
Cash outflow (–) for the acquisition of treasury shares	0	-1.233
Repayment portion of lease payments (–)	-41.862	-42.624
Cash outflows (–) for interest	-118	-87
Cash flow from financing activities	-41.980	-43.944
4. Cash and cash equivalents at the end of the period		
Changes in cash and cash equivalents (subtotal of 1–3)	28.733	-33.230
Changes due to exchange rates	1.143	-2.633
Cash and cash equivalents at the start of the period	109.599	145.462
Cash and cash equivalents at the end of the period	139.475	109.599
5. Composition of cash and cash equivalents		
Cash and cash equivalents	139.475	109.599

Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg

Consolidated statement of changes in equity for 2020 and 2021

	Subscribed capital TEUR	Capital reserve TEUR	Retained earnings TEUR	Treasury shares TEUR	Foreign currency translation reserve TEUR	Group equity generated TEUR	Total TEUR
As of 1.1.2020	8.100	3.579	36.551	-22.604	526	203.338	229.490
Group earnings	0	0	0	0	0	-30.971	-30.971
Other income	0	0	0	0	-2.038	0	-2.038
Total earnings	0	0	0	0	-2.038	-30.971	-33.009
Other changes	0	0	58	0	0	0	58
Purchase of treasury shares	0	0	0	-1.233	0	0	-1.233
Dividends	0	0	0	0	0	0	0
As of 31.12.2020	8.100	3.579	36.609	-23.837	-1.512	172.367	195.306
As of 1.1.2021	8.100	3.579	36.609	-23.837	-1.512	172.367	195.306
Group earnings	0	0	0	0	0	17.032	17.032
Other income	0	0	0	0	689	0	689
Total earnings	0	0	0	0	689	17.032	17.721
Purchase of treasury shares	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0
As of 31.12.2021	8.100	3.579	36.609	-23.837	-823	189.399	213.027

Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg

Notes to the Consolidated Financial Statements for 2021

A. Purpose of business

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

B. Accounting principles

Principles

The company's consolidated financial statements as of 31 December 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and as adopted by the EU, including the International Accounting Standards (IAS) and the statements of the International Financial Reporting Interpretation Committee (IFRIC) and the Standard Interpretations Committee (SIC). During this process, all standards and interpretations to be applied to the 2021 financial year have been considered to the extent that they are relevant for these consolidated financial statements. The comparative figures for the 2020 financial year were determined according to the same principles.

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

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

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

The consolidated financial statements were prepared by the Management Board on 31 March 2022 and submitted to the Supervisory Board for approval at its meeting on 20 April 2022. It was therefore possible for the Supervisory Board to make changes to the consolidated financial statements up until this date.

Newly applicable accounting standards

The following accounting standards were applied for the first time in the 2021 financial year in the form required by the EU or applied early:

Standard/Interpretation	Date of application *
Amendments to IFRS 4: Extension of the temporary exemption from the application of IFRS 9	1 January 2021 (endorsed on 15 December 2020)
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Reform of the reference interest rates (IBOR reform) – presentation of the result of phase 2	1 January 2021 (endorsed on 13 January 2021)
Amendment to IFRS 16 "Leases": Extension of the relief for Covid-19-related rent concessions beyond 30 June 2021	1 April 2021 (endorsed on 30 August 2021)

* Financial years commencing on or after the given date

The amendments to IFRS 4 extend the temporary exemption from the application of IFRS 9 in IFRS 4 to financial years commencing on or after 1 January 2023.

The IASB had included the IBOR project in its standard-setting programme so as to consider the possible impact of reforming the reference rates on financial reporting, and dividing it into two phases. The standard amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 are the result of the second phase and address issues that could affect financial reporting when a reference rate is reformed, including its replacement with alternative reference rates.

The amendment to IFRS 16 Leases extends the application period of the May 2020 amendments to IFRS 16 by one year, giving lessees the right not to assess whether a Covid-19 pandemic-related rent concession (e.g., rent deferral or waiver) constitutes a lease modification, but instead to account for it as if it were not. The relief may only be applied to rent concessions directly related to the Covid-19 pandemic that reduce lease payments due now until 30 June 2022 (previously until 30 June 2021).

Apart from the application of the changes to IFRS 16 in connection with the coronavirus pandemic, the first-time application of these new regulations or amendments had no material effect on the net assets, financial and earnings position of the Bijou Brigitte Group or on the presentation of the financial statements and the disclosures made in the notes to the consolidated financial statements.
Bijou Brigitte Group already adopted the existing optional relief provided by the amendments to IFRS 16 ahead of schedule (rent concessions related to the Covid-19 pandemic) as of 1 January 2020 and was therefore required to continue applying them in accordance with the additional amendment to IFRS 16 published in 2021.

Impact of the Covid-19 pandemic on the Group's accounting:

As a result of the coronavirus pandemic (Covid-19), the Group has been granted rent concessions in various forms in its capacity as a lessee, particularly payment waivers and the short-term deferral of lease payments.

The rent concessions granted in the form of a waiver of lease payments (without any changes to other terms and conditions of the lease) were not recognised as a lease modification, without them being analysed on a case-by-case basis, but rather as a partial derecognition of the lease liabilities together with the recognition of a corresponding profit. In cases in which contractual adjustments were also made (change in the terms of the lease, permanent rent reductions and other adjustments), the rent concessions were recognised as a lease modification.

Aid and subsidies that had not yet been applied for at the time the consolidated financial statements were prepared, or for which no binding commitment had been made by the responsible authorities, have not been recognised. Government subsidies in the amount of EUR 23.8 million that had already been received by 31 December 2021 or were approved with binding effect have been recognised in other operating income. At EUR 20.4 million, interim aid III applied for in Germany makes up the most substantial share of this amount. The application was submitted to the Hamburgische Investitions- und Förderbank on 28 October 2021 for the period from November 2020 to May 2021 with a funding rate of between 40% and 100% depending on the respective monthly declines in sales. The notification granting the full amount applied for along with the payment itself were received at the end of December 2021. In order to meet the requirements contained in the FAQ on the coronavirus interim aid III, it is not possible to pay out any dividends for 2021 and nor can any variable remuneration components be granted to the members of company bodies.

The following accounting standards were not applied in the 2021 financial year because they had not yet been or will not be endorsed by the EU:

Standard/Interpretation	**Expected date of application**
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Postponed indefinitely**
IFRS 14: Regulatory Deferral Accounts	Adoption not planned

** EU endorsement is not yet in place.

Newly published accounting standards

The following list provides an overview of new and amended standards published 31 December 2021 that do not yet have to be applied by companies in the EU with a financial year-end of 31 December 2021. These standards have not been adopted early. Having reviewed the potential impact, the company does not expect any significant adjustments to the consolidated financial statements from the first-time application of these new or amended standards.

Standard	**Expected date of application ***
Amendments to IFRS 3: Reference to the IFRS framework	1 January 2022 (endorsed on 28 June 2021)
Amendments to IAS 37: Onerous contracts – costs of fulfilling the contract	1 January 2022 (endorsed on 28 June 2021)
Amendments to IAS 16: Property, plant and equipment – revenue before intended use	1 January 2022 (endorsed on 28 June 2021)
Annual Improvements to the IFRS 2018–2020: Improvement to IFRS 1, IFRS 9, IFRS 16 and IAS 41	1 January 2022 (endorsed on 28 June 2021)
IFRS 17: Insurance Contracts – replacement for IFRS 4 and amendments to IFRS 17: Postponement of the mandatory date of application	1 January 2023 (endorsed on 19 November 2021)
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2023**
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023 (endorsed on 2 March 2022)
Amendments to IAS 8: Definition of Accounting Estimates	1 January 2023 (endorsed on 2 March 2022)
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023 (endorsed on 24 March 2022)

* Financial years commencing on the given date.

** EU endorsement is not yet in place.

Room for discretion and estimates

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

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

Please refer to the sub-section on leases as well as the sections entitled “Right-of-use assets” and “Impairment of non-current assets” in the accounting policies section for further details on leases.

Property, plant and equipment and intangible assets:

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

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

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

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

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

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

Scope of consolidation and consolidation methods

The scope of consolidation includes the following companies:

Parent company:
- Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg

Subsidiaries:
- Bijou Brigitte modische Accessoires Ges. mbH, Vienna, Austria
- Fashion Dream Limited, Hong Kong, China
- “Senso di Donna” Vertriebs GmbH, Hamburg, Germany
- Rubin GmbH, Buxtehude, Germany
- Bijou Brigitte Sp.z o.o., Warsaw, Poland
- Bijou Brigitte modische Accessoires S.L., Barcelona, Spain

- Bijou Brigitte Divatcikk Kereskedelmi Kft., Budapest, Hungary
- Bijou Brigitte-Acessórios de Moda Unipessoal, Lda., Lisbon, Portugal
- Bijou Brigitte s.r.o., Prague, Czechia
- Bijou Brigitte s.r.l., Milan, Italy
- Bijou Brigitte Monoprosopi EPE, Athens, Greece
- Bijou Brigitte Accessoires de Mode SAS, Strasbourg, France
- Bijou Rubin Lille SARL, Wasquehal, France
- Bijou Rubin Beauvais SARL, Beauvais, France
- Bijou Rubin Paris SARL, Paris, France
- Bijou Rubin Limoges SARL, Poitiers, France
- Bijou Rubin Bordeaux SARL, Trélissac, France
- Bijou Rubin Villefranche SARL, Villefranche, France
- Bijou Rubin Grenoble SARL, Grenoble, France
- Bijou Rubin Nimes SARL, Nimes, France
- Bijou Rubin Toulouse SARL, Toulouse, France
- Bijou Rubin Menton SARL, Menton, France
- Bijou Rubin Calais SARL, Calais, France
- Bijou Rubin Annecy SARL, Annecy, France
- Bijou Rubin Angers SARL, Angers, France
- Bijou Rubin Nantes SARL, Tremblay-en-France, France
- Bijou Rubin Rodez SARL, Rodez, France
- Bijou Rubin Valence SARL, Valence, France
- Bijou Rubin Mulhouse SARL, Mulhouse, France
- BIJOU BRIGITTE LIMITED, London, United Kingdom
- Bijou Brigitte s.r.o., Trenčín, Slovakia
- “BIJOU BRIGITTE” EOOD, Sofia, Bulgaria
- S.C. Bijou Brigitte S.R.L., Medias, Romania
- BIJOU BRIGITTE S.P.R.L., Brussels, Belgium
- Bijou Brigitte GmbH, St. Gallen, Switzerland
- Yiwu City Tai Ya Jewellery Company LTD., Yiwu, China
- BIJOU RUBIN S.P.R.L., Brussels, Belgium
- BIJOU BRIGITTE SARL, Weiswampach, Luxembourg
- Bijou Brigitte SCI, Strasbourg, France
- Dauber GmbH, Vienna, Austria
- Sommer GmbH, Vienna, Austria

The scope of consolidation of Bijou Brigitte modische Accessoires AG in the 2021 financial year reduced by one fully consolidated company compared with the consolidated financial statements as of 31 December 2020 and increased by two fully consolidated companies. The liquidation of BIJOU BRIGITTE LIMITED, London, United Kingdom, was completed on 30 November 2021 and the company was thus deconsolidated on that date. Bijou Brigitte modische Accessoires Ges. mbH, Vienna, Austria, acquired two companies, Dauber GmbH, Vienna, and Sommer GmbH, Vienna, with effect from 1 September 2021. Both companies were included in the scope of consolidation for the first time then. The purchase price totalling EUR 2.5 million was paid in full in the year of acquisition from the company's existing pool of liquidity. Acquiring these companies means that Bijou Brigitte modische Accessoires Ges. mbH has secured the long-term rental rights for its most important location. The acquisition of this company did not constitute a business combination within the meaning of IFRS 3.

Bijou Brigitte modische Accessoires AG wholly owns every company directly or indirectly. The holdings in which Bijou Brigitte modische Accessoires AG has indirectly and directly invested are BIJOU BRIGITTE S.P.R.L., Brussels, and BIJOU RUBIN S.P.R.L., Brussels. Here, Bijou Brigitte modische Accessoires AG holds 99% of the capital in each company, with Rubin GmbH, Buxtehude, holding the remaining 1% of capital as a wholly owned subsidiary of Bijou Brigitte modische Accessoires AG.

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

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

Tax accruals were made in accordance with IAS 12 for consolidation events with an effect on profit or loss to the extent that any differences arising should be compensated for again.

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

Accounting methods

Foreign currency translation

The annual financial statements of foreign subsidiaries have been translated into euros in accordance with the principle of functional currency in IAS 21. The functional currency of the company in question is the respective national currency. As a result, currency translation of equity is performed at the historical exchange rate. For the other balance sheet items, the exchange rate at the balance sheet date is used, while the average annual exchange rate is used for income, expenses and Group earnings. Differences arising from currency translation are recognised in other income pursuant to IAS 21.

Transactions denominated in a foreign currency are translated using the prevailing exchange rate on the day of the transaction. Any gains or losses arising from the settlement of such transactions as well as from the translation of monetary assets and liabilities are reported in the income statement. These are recognised in other operating income or other operating expenses.

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

		Closing rate 31.12.	Average exchange rate

	1 EUR =	**2021**	**2020**	**2021**	**2020**
Bulgaria	BGN	1.9545	1.9565	1.9554	1.9556
China	CNY	7.2255	8.0175	7.6072	7.8955
Hong Kong	HKD	8.8317	9.5143	9.1832	8.8947
United Kingdom	GBP	0.8396	0.9015	0.8584	0.8895
Poland	PLN	4.5985	4.5305	4.5761	4.4651
Romania	RON	4.9480	4.8670	4.9240	4.8410
Switzerland	CHF	1.0362	1.0858	1.0798	1.0711
Czechia	CZK	24.938	26.183	25.655	26.507
Hungary	HUF	370.100	364.840	358.932	354.058
USA	USD	1.1323	1.2273	1.1812	1.1467

Intangible assets

Intangible assets with determinable useful lives acquired against payment are capitalised at their cost of acquisition, while internally produced intangible assets with determinable useful lives are capitalised at their cost of production if the criteria for capitalisation pursuant to IAS 38 have been fulfilled. No research costs have been incurred, as in the previous year. Amortisation is performed in line with the expected useful life, applying the straight-line method over the following periods:

Purchased software	4–5 years
Internally produced software	3–5 years
Purchased rights	3–15 years

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

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

Property, plant and equipment

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

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

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

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

Land is not depreciated.

Right-of-use assets

In the Bijou Brigitte Group, these are lease agreements that give the lessee the right to use sales areas. The Group leases sales areas mainly as retail stores and in some cases as office and storage areas. The lease agreements are generally concluded for fixed periods of 5 to 12 years. The rental terms are individually negotiated and thus differ considerably from one agreement to the next. Since 1 January 2019, leases have been recognised as a right-of-use asset and corresponding lease liability as of the date on which the Group is able to use the leased asset (see also “Leases”).

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

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

The right-of-use asset is subject to straight-line amortisation over the term of the lease, since this corresponds to its useful life. Renewal options are taken into account when determining the useful life, provided that there is sufficient certainty that the Group will exercise option. The Covid-19 pandemic in particular has resulted in there often not being sufficient certainty of options being exercised and the renewal period duration until shortly before the scheduled end of the lease, as these depend on negotiations with the landlords. Exercising renewal options results in new obligations for the Group depending on the right-of-use asset and the length of the renewal. Renewal options typically include lease terms similar to the original lease term (5 to 12 years). However the Group is looking to renew for shorter periods of time, with correspondingly lower future commitments, not least in view of the current situation regarding the Covid-19 pandemic.

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

Impairment of non-current assets

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

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

The process of determining the potential need for impairment is based on the present value of the expected cash inflow from the use of assets of a store treated as a cash-generating unit. As a rule, the cash flow projections planned in detail over five years and the subsequent years are discounted by weighted pre-tax interest rates of between 13.1% (previous year: 9.8%) and 15.4% (previous year: 12.8%). These are classified as follows for 2021:

	Weighted pre-tax interest rates
Germany	13.5% (previous year: 9.8%)
Spain	14.3% (previous year: 11.5%)
Italy	15.4% (previous year: 12.8%)
Portugal	14.2% (previous year: 11.9%)
France	13.3% (previous year: 10.1%)
Eastern Europe	13.1% (previous year: 10.5%)

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

	Country risk premium	**Tax rate**
Germany	0.0% (previous year: 0.0%)	29.8% (previous year: 29.8%)
Spain	1.3% (previous year: 1.9%)	25.0% (previous year: 25.0%)
Italy	1.8% (previous year: 2.6%)	27.9% (previous year: 27.9%)
Portugal	1.8% (previous year: 2.6%)	21.0% (previous year: 21.0%)
France	0.4% (previous year: 0.6%)	25.8% (previous year: 25.8%)
Eastern Europe	1.0% (previous year: 1.4%)	15.7% (previous year: 15.7%)

Financial instruments

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

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

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

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

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

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

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

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

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

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

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

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

Financial assets and liabilities are only netted and reported as a net amount if there is a legal entitlement to netting and the intention is to settle on a net basis or to clear the associated liability by liquidating the asset concerned. As in the previous year, there was no netting in 2021.

Inventories

Inventories are carried at cost of acquisition, or at the lower net realisable value using the weighted average.
The net realisable value is the estimated revenue attainable in the course of normal business less the estimated necessary costs of sale.

Inventory impairments are recognised in the cost of materials.

Trade receivables

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

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

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

In light of the Group's business model, the impairment system under IFRS 9 does not have any major impact on other financial assets, because the historical loss rates did not have any material impact on the Group and the default risk as of the balance sheet date has not increased significantly since the time of initial recognition. Specific valuation allowances amount to TEUR 130 (previous year: TEUR 132) following allocation of TEUR 0 (previous year: TEUR 73), utilisation of TEUR 0 (previous year: TEUR 25) and release of TEUR 2 (previous year: TEUR 5) in the financial year.

Cash and cash equivalents

This item comprises cash, bank balances on call and other short-term deposits. These are classified as financial instruments under the category of financial assets measured at cost.

Cash and cash equivalents are also subject to the provisions governing impairment set out in IFRS 9, although the identified impairment loss was immaterial.

Equity

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

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

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

Financial liabilities

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

Taxation

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

Current taxes

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

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

Deferred taxes

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

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

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

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

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

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

Provisions

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

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

Income recognition

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

The vouchers sold to the customer are valid for three years and recognised as a contract liability. Amounts associated with vouchers not redeemed after three years are recognised as income.

The Group introduced a customer loyalty program called BB-Club in Germany and Spain in 2019. In 2020, the programme was extended to Italy and France. Customers receive a physical BB-Club Card in store, which is activated by completing an application form or by registering online. This also creates a digital customer card in the BB-Club customer area. Customers who only register online, but would like a physical customer card can get one in store and then connect to their already existing digital card online. On joining the BB-Club customers receive numerous advantages in the form of discounts, gifts on particular occasions and invitations to exclusive events. Points are collected with every purchase (EUR 1.00 spent equals one point). Once 100 points have been collected, customers receive a discount coupon worth EUR 10, which can be redeemed only with a new purchase of at least EUR 20.00 in store or in the online shop. The discount coupon is valid for three months after receipt. The anticipated contract liability is reviewed on an ongoing basis and recognised in a way that reduces revenue.

Interest is recognised in the period in which it accrued.

Interest on borrowed capital

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

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

Leases

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

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

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

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

The Group has not made use of the relief options for lessees in its lease accounting. The payments for short-term leases (less than or equal to twelve months) and for agreements on low-value assets have thus been recognised as outlined above.

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

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

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

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

C. Notes to the consolidated balance sheet

(1) Intangible assets

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

	Rights acquired against payment TEUR	Acquired software* TEUR	Internally produced software* TEUR	Total TEUR
Cost 1.1.2020	**13,123**	**2,383**	**2,598**	**18,104**
Currency translation differences	0	0	0	0
Additions	0	242	661	903
Disposals	-549	-7	0	-556
Cost 31.12.2020	**12,574**	**2,618**	**3,259**	**18,451**
Accumulated depreciation, amortisation and impairments 1.1.2020	**10,809**	**1,593**	**1,860**	**14,262**
Amortisation				
Additions	484	274	227	985
Disposals	-549	-6	0	-555
Impairment	55	0	0	55
Accumulated depreciation, amortisation and impairments 31.12.2020	**10,799**	**1,861**	**2,087**	**14,747**
Net carrying amount 31.12.2020/1.1.2021	**1,775**	**757**	**1,172**	**3,704**
Cost 1.1.2021	**12,574**	**2,618**	**3,259**	**18,451**
Currency translation differences	0	-1	0	-1
Additions	0	232	769	1,001
Disposals	-566	-5	-68	-639
Cost 31.12.2021	**12,008**	**2,844**	**3,960**	**18,812**
Accumulated depreciation, amortisation and impairments 1.1.2021	**10,799**	**1,861**	**2,087**	**14,747**
Amortisation				
Additions	427	290	357	1,074
Disposals	-566	-3	-68	-637
Impairment	0	0	0	0
Accumulated depreciation, amortisation and impairments 31.12.2021	**10,660**	**2,148**	**2,376**	**15,184**
Net carrying amount 31.12.2021	**1,348**	**696**	**1,584**	**3,628**

- The comparative figures for 2020 were adjusted in line with the reassessment for 2021.

The impairment of rights acquired against payment in the amount of TEUR 0 (previous year: TEUR 55) relates to stores in which business development did not fulfil original cash flow expectations.

(2) Property, plant and equipment

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

	Land	Technical	Operating and

	and buildings TEUR	equipment, machinery TEUR	office equipment TEUR	Plants under construction TEUR	Total TEUR
Cost 1.1.2020	**20,474**	**28**	**111,485**	**206**	**132,193**
Currency translation differences	0	0	-152	0	-152
Additions	3	0	4,150	20	4,173
Disposals	0	-1	-7,920	-6	-7,927
Transfers	0	0	107	-107	0
Cost 31.12.2020	**20,477**	**27**	**107,670**	**113**	**128,287**
Accumulated depreciation, amortisation and impairments 1.1.2020	**8,214**	**28**	**73,879**	**0**	**82,121**
Amortisation					
Additions	530	0	9,782	0	10,312
Disposals	0	-1	-7,090	0	-7,091
Additions	0	0	-24	0	-24
Impairment	0	0	1,863	3	1,866
Accumulated depreciation, amortisation and impairments 31.12.2020	**8,744**	**27**	**78,410**	**3**	**87,184**
Net carrying amount 31.12.2020/1.1.2021	**11,733**	**0**	**29,260**	**110**	**41,103**
Cost 1.1.2021	**20,477**	**27**	**107,670**	**113**	**128,287**
Currency translation differences	0	0	143	0	143
Additions	0	0	2,045	92	2,137
Disposals	0	0	-8,606	-23	-8,629
Transfers	0	0	17	-17	0
Cost 31.12.2021	**20,477**	**27**	**101,269**	**165**	**121,938**
Accumulated depreciation, amortisation and impairments 1.1.2021	**8,744**	**27**	**78,410**	**3**	**87,184**
Amortisation					
Additions	530	0	7,880	0	8,410
Disposals	0	0	-8,163	-3	-8,166
Additions	0	0	0	0	0
Impairment	0	0	681	0	681
Accumulated depreciation, amortisation and impairments 31.12.2021	**9,274**	**27**	**78,808**	**0**	**88,109**
Net carrying amount 31.12.2021	**11,203**	**0**	**22,461**	**165**	**33,829**

The impairment of operating and office equipment in the amount of TEUR 681 (previous year: TEUR 1,866) relates to stores in which business development did not fulfil original cash flow expectations. Write-downs related to the segments as follows:

	2021 TEUR	2020 TEUR
Germany	47	209

Spain	208	712
Italy	0	223
Portugal	35	37
France	164	399
Other countries	227	286

(3) Right-of-use assets

	Buildings TEUR
Acquisition costs 1.1.2020	**209,734**
Currency translation differences	-550
Additions	24,472
Disposals	-22,904
Acquisition costs 31.12.2020	**210,752**
Accumulated depreciation, amortisation and impairments 1.1.2020	**52,635**
Amortisation	
Additions	43,616
Disposals	-14,622
Impairment	3,755
Accumulated depreciation, amortisation and impairments 31.12.2020	**85,384**
Net carrying amount 31.12.2020	**125,368**
Costs 1.1.2021	**210,752**
Currency translation differences	-25
Additions	32,448
Disposals	-30,510
Costs 31.12.2021	**212,665**
Accumulated depreciation, amortisation and impairments 1.1.2021	**85,384**
Amortisation	
Additions	39,505
Disposals	-15,163
Impairment	1,367
Accumulated depreciation, amortisation and impairments 31.12.2021	**111,093**
Net carrying amount 31.12.2021	**101,572**

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

The impairment of licences in the amount of TEUR 1,367 (previous year: TEUR 3,755) relates to stores in which business development did not fulfil original cash flow expectations.

The current component of the right-of-use assets amounts to TEUR 4,081 (previous year: TEUR 3,369).

(4) Non-current financial assets

	2021 EUR	2020 EUR
Rent deposits paid	1,836,374.03	1,940,409.62

This balance sheet item is only used to report long-term deposits paid, in particular rental deposits. These serve to secure rental agreements and were discounted at an interest rate of 0.5090% (previous year: 0.05955%) until expiration of the respective lease.

(5) Deferred taxes

Deferred tax assets and liabilities are measured according to IAS 12. Deferred taxes are calculated for all temporary differences between the balance sheet and tax carrying amounts, from consolidation measures and for realisable loss carryforwards. The calculation of deferred taxes is based on the expected tax rates in the countries at the time of realisation. The domestic deferred tax assets and liabilities were calculated using an income tax rate of 31.6% as in the previous year. Tax rates of between 9.0% and 27.9% were applied for foreign taxes (previous year between 9.0% and 29.2%).

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

	2021 EUR	2020 * EUR
As of 1 January (deferred tax assets)	2,588,622.60	1,271,819.81
Currency translation differences	1,447.57	-21,123.52
Deferred taxes recognised in the income statement	2,730,914.72	1,337,926.31
of which temporary differences	*2,315,033.10*	*-2,564,151.87*
of which loss carryforwards	*415,881.62*	*3,902,078.18*
As of 31 December (deferred tax assets)	5,320,984.89	2,588,622.60

* The comparative figures for 2020 were adjusted to the methodology of 2021 in order to improve comparability. This did not have any effect on the balance sheet.

Deferred tax assets and liabilities are netted if there is a legal set-off claim for actual tax receivables and liabilities and the deferred taxes are due to the same tax authority.
The change in deferred taxes arising from currency translation differences was recorded as TEUR 1 (previous year: TEUR 21) in other income.

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

	2021		2020 *	
	Assets EUR	Liabilities EUR	Assets EUR	Liabilities EUR
Intangible assets	486,776.07	233,265.37	448,139.53	225,159.64
Property, plant and equipment	363,628.01	1,610,579.80	543,538.42	1,164,612.04
Right-of-use assets	0.00	27,272,981.73	0.00	34,447,365.06
Inventories	955,419.93	1,797,593.86	670,579.64	2,493,373.72
Receivables	0.00	3,031.68	0.00	1,926.38
Non-current financial assets	4,828.44	0.00	78.43	0.00
Cash and cash equivalents	0.00	25,813.29	0.00	1,112.87
Provisions	1,536,287.50	402.52	1,411,765.28	443.00
Lease liabilities	28,354,269.34	0.00	33,830,161.94	0.00
Trade payables	16,137.16	0.00	0.00	102,960.87
Other liabilities	16,019.93	0.00	5,907.71	0.00
Loss carryforwards	4,531,286.86	0.00	4,115,405.23	0.00
	36,264,653.24	30,943,668.25	41,025,576.18	38,436,953.58
Netting	-30,175,872.24	-30,175,872.24	-38,139,568.80	-38,139,568.80
Carrying amount	6,088,781.00	767,796.01	2,886,007.38	297,384.78

* The comparative figures for 2020 were adjusted to the methodology of 2021 in order to improve comparability. This did not have any effect on the balance sheet.

Deferred tax assets are considered for tax loss carryforwards to the extent that their utilisation for future taxable income is probable. As of the balance sheet date, the Group had TEUR 19,106 from tax loss carryforwards (previous year: TEUR 19,419), for which deferred tax assets were accrued. The usefulness of tax loss carryforwards is based on the general earnings development of the regions concerned. The planning calculation is based on a time horizon of five years. Loss carryforwards for which no deferred taxes were accrued amount to TEUR 7,496 (previous year: TEUR 13,428). These loss carryforwards are indefinite. Deferred tax assets for temporary differences in the amount of TEUR 1,756 (previous year: TEUR 3,712) were not recognised as of 31 December 2021. Deferred tax assets of TEUR 565 (previous year: TEUR 1,480) were recognised despite losses in the current year, as future taxable profits are assumed for the company concerned.

Deferred tax assets of TEUR 1,441 are expected to be realised in the course of the coming financial year (previous year: TEUR 1,046), while TEUR 1,827 of deferred tax liabilities are expected to be realised (previous year: TEUR 2,600).

No deferred tax liabilities were carried for temporary differences in connection with shareholdings in subsidiaries totalling TEUR 6,614 (previous year: TEUR 6,238) since it is unlikely that these temporary differences will reverse in the foreseeable future.

(6) Inventories

Inventories are classified as follows:

	2021 EUR	2020 EUR
Raw materials, consumables and supplies	2,897,240.84	3,165,234.70
Merchandise	55,752,369.46	58,512,157.72
	58,649,610.30	61,677,392.42

Furthermore, there are advance payments on inventories in the amount of TEUR 21 (previous year: TEUR 6). These are reported under other current receivables. Total impairment of the net realisable value of the inventories amounts to TEUR 1,959 (previous year: TEUR 3,306).

(7) Trade receivables

	2021 EUR	2020 EUR
Trade receivables	1,687,133.89	1,217,097.41
Value adjustments	-130,112.52	-131,883.46
	1,557,021.37	1,085,213.95

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

Value adjustments on trade receivables have developed as follows:

	2021 EUR	2020 EUR
As of the beginning of the year	131,883.46	88,843.76
Additions (expenses for value adjustments)	0.00	73,414.69
Utilisation	0.00	-25,079.64
Reversals	-1,770.94	-5,295.35
As of the end of the year	130,112.52	131,883.46

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

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

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

(8) Tax receivables

Tax receivables relate to income taxes.

(9) Other financial assets

	2021	2020
	EUR	EUR
Other receivables due from third parties	5,507,251.18	4,205,466.05

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

(10) Other current receivables

	2021	2020
	EUR	EUR
Other tax receivables	822,066.98	2,170,808.73
Receivables from the employment agency	104,066.58	505,084.78
Accrued income	667,396.47	447,643.44
Advance payments on inventories	20,909.79	5,862.72
	1,614,439.82	3,129,399.67

Other tax receivables comprise tax refund claims on advance tax payments rendered (TEUR 792; previous year: TEUR 2,171) and deductible input tax in the subsequent year (TEUR 30; previous year: TEUR 0).

(11) Cash and cash equivalents

	2021 EUR	2020 EUR
Current accounts and cash on hand	99,476,484.13	66,732,869.85
Call money	539,711.88	1,622,842.49
Short-term fixed deposits	39,458,734.13	41,243,514.30
	139,474,930.14	109,599,226.64

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

(12) Equity

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

The Group manages its equity structure with the aim of being able to function independently of the capital market. The aim continues to be to achieve a high equity ratio of between 45% and 55%. In the 2021 financial year, the equity ratio was 60.01% (previous year: 54.6%). The capital structure is reviewed twice a year. In doing so, it is ensured that all Group companies can generate sustainable cash surpluses and operate on the basis of being a going concern. The Group’s overall strategy has not changed compared with the previous year.

The Group is not subject to any minimum capital requirements.

Subscribed capital

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

A resolution by the Annual General Meeting on 18 June 2019 once again authorised the Management Board, with the consent of the Supervisory Board, to purchase own shares in the company up to a total of ten per cent of the company’s share capital at the time of this resolution (this being EUR 8.1 million) or, if this amount is lower, the share capital existing at the time the authorisation is exercised. These treasury shares may be utilised for any legally permissible purpose. This authorisation is valid until 17 June 2024.

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

	in shares
Shares issued as of 1 January 2020	7,725,278
Shares repurchased and not cancelled in the course of the share buy-back programme in the 2020 financial year	26,570
Shares issued as of 31 December 2020/1 January 2021	7,698,708
Shares repurchased and not cancelled in the course of the share buy-back programme in the 2021 financial year	0
Shares issued as of 31 December 2021	7,698,708

Reserves

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

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

Currency translation differences are broken down by country as follows:

Country	2021	2020
	TEUR	TEUR
Hong Kong	1,982	922
Hungary	-1,683	-1,622
Poland	-1,482	-1,350
United Kingdom	0	471
China	-18	-54
Czechia	484	175
Other countries	-105	-54
Total	**-822**	**-1,512**

(13) Deferred tax liabilities

See point 5.

(14) Provisions

	Provisions for stores EUR	Provisions for personnel EUR	Other Provisions EUR	Total EUR
As of 1.1.2021	4,979,445.72	816,114.20	375,015.45	6,170,575.37
Currency translation	665.49	0.00	1,716.05	2,381.54
Additions not recognised in the income statement	15,395.45	0.00	0.00	15,395.45
Additions	59,900.00	112,792.01	376,910.08	549,602.09
Additions due to compounding	133,979.46	0.00	0.00	133,979.46
Reversals	-13,453.17	-65,656.34	0.00	-79,109.51
Utilisation	-386,431.65	-149,835.07	-45,989.03	-582,255.75
As of 31.12.2021	4,789,501.30	713,414.80	707,652.55	6,210,568.65

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

	2021 EUR	2020 EUR
More than one year	4,060,101.30	4,301,945.72
Within one year	2,150,467.35	1,868,629.65
	6,210,568.65	6,170,575.37

The additions to provisions include interest in the amount of TEUR 134 (previous year: TEUR 32) for the stores. Provisions to be utilised after one year relate solely to obligations to restore store space to its original condition. The current component of this provision amounts to TEUR 440 (previous year: TEUR 420).

Provisions for stores

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

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

Provisions for personnel

Provisions for personnel primarily comprise obligations for compensation to be paid for personnel leaving the company, the timing of which cannot be anticipated.

Other provisions

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

(15) Lease liabilities

The lease liabilities recorded are broken down as follows:

	2021 EUR	2020 EUR
Non-current	72,180,963.41	96,827,786.66
Current	35,541,580.08	38,012,776.81
	107,722,543.49	134,840,563.47

Non-current, non-discounted lease liabilities with a maturity between 1 and 5 years amount to TEUR 66,839 (previous year: TEUR 87,169) and with a maturity of over 5 years to TEUR 10,376 (previous year: TEUR 17,334).

The total payments made for leases in 2021 amounted to TEUR 46,287 (previous year: TEUR 47,907).

Reconciliation of financial liabilities

	Lease liabilities
	TEUR
As of 1.1.2020	***162,814***
Changes	-42,624
Currency translation	-618
Additions	15,933
Other	-665
Interest expenses	5,289
Interest paid*	-5,289
Other changes	-665
As of 31.12.2020	***134,840***

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

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

(16) Tax liabilities

Tax liabilities relate to income taxes.

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

	2021 EUR	2020 EUR
Trade payables	7,570,245.85	7,047,654.90
Other financial liabilities	5,712,397.39	6,383,223.69
Tax liabilities for other taxes	4,224,860.07	2,528,112.69
Other liabilities for social security	1,552,713.35	1,688,692.13
Contractual liabilities	2,915,062.37	3,047,547.31
Other current liabilities	8,692,635.79	7,264,352.13
	21,975,279.03	**20,695,230.72**

Other financial liabilities consist mainly of liabilities for personnel in the amount of TEUR 3,399 (previous year: TEUR 3,524) and for outstanding invoices, in particular for space and energy costs, and the preparation and audit of the financial statements in the amount of TEUR 582 (previous year: TEUR 1,522). They are due in less than one year.

Contract liabilities include advance payments received (vouchers) under contracts with customers in the amount of TEUR 2,714 (previous year: TEUR 2,971) and the discount coupons from the BB-Club loyalty programme still valid on the reporting date in the amount of TEUR 201 (previous year: TEUR 76).

Contractual liabilities developed as follows in the financial year:

	Contractual liabilities
	TEUR
As of 1.1.2021	2,971
Additions from new vouchers	3,286
Disposals from redeemed vouchers	-2,935
Disposals due to expired vouchers	-608
As of 31.12.2022	2,714

In the reporting period, TEUR 793 of redeemed vouchers and TEUR 608 of unredeemed expired vouchers were recognised as income and included in the balance of contract liabilities at the beginning of the period.

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

D. Notes to the consolidated income statement

(18) Revenue / segment reporting

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

(19) Other own work capitalised

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

(20) Other operating income

	2021 EUR	2020 EUR
Income from government grants due to Covid-19	23,769,195.07	2,519,660.65
Income from lease liability discounts	2,441,248.23	993,508.77
Income from the disposal of property, plant and equipment and the modification of right-of-use assets	1,476,573.18	1,075,433.20
Exchange rate gains	1,232,725.39	1,743,958.64
Other operating income	799,172.60	795,227.46
Income from the reversal of		

advance payments received	607,892.59	747,482.33
Income from rent	547,735.05	603,330.64
Income from damage compensation	531,894.65	777,724.54
Income from the reversal of provisions	79,109.51	146,205.64
Income from deconsolidation	17,070.61	92,755.93
Income from the write-up of property, plant and equipment	0.00	24,000.00
	31,502,616.88	9,519,287.80

The exchange rate gains in the amount of TEUR 1,159 (previous year: TEUR 1,646) relate to financial liabilities measured at amortised cost.

(21) Cost of materials

	2021 EUR	2020 EUR
Expenses for services purchased	80,484.94	8,563.40
Expenses for goods purchased	47,320,445.94	48,200,111.32
	47,400,930.88	48,208,674.72

(22) Personnel costs

	2021 EUR	2020 EUR
Wages and salaries	54,860,395.82	57,119,128.22
Social security contributions	13,933,710.36	15,000,724.98
	68,794,106.18	72,119,853.20

Social security contributions contain expenses in the amount of TEUR 5,319 (previous year: TEUR 5,140) for pension schemes. The employer contribution rate to the statutory pension insurance in Germany amounted to 9.30% of the gross wage (previous year: 9.30%).

An average of 3,453 (previous year: 3,945) people were employed over the year; this corresponds to 2,256 (previous year: 2,542) full-time equivalents. Of these employees, 1,255 (previous year: 1,387) work in Germany. In accordance with the 1991 OECD directive on the publication duties of multinational companies, by which the purpose of disclosing the number of employees is to give a full and fair view of the actual employment situation, the number of employees was converted to full-time equivalents.

	2021	2020
Administration, shipment, shopfitting, production	437	470
Sales in Germany	372	412
Sales abroad	1,447	1,660
	2,256	2,542

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

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

In the case of assets carried on the balance sheet as of 31 December 2021, an impairment and depreciation of TEUR 2,048 (previous year: TEUR 5,676), broken down into TEUR 0 (previous year: TEUR 55) for intangible assets, TEUR 681 (previous year: TEUR 1,866) for property, plant and equipment, and TEUR 1,367 (previous year: TEUR 3,755) for right-of-use assets, was calculated and recognised in the income statement as impairments and depreciation of intangible assets, property, plant and equipment, and right-of-use assets.

(24) Other operating expenses

	2021 EUR	2020 EUR
Commission on sales	22,162,529.94	25,622,245.72
Occupancy costs	8,569,129.60	8,899,963.58
Bank and consultancy fees	7,365,757.36	7,317,471.96
Miscellaneous operating expenses	4,694,169.11	4,819,815.63
Costs of delivering goods and packaging	3,137,844.23	3,650,922.94
Maintenance and repairs	2,077,801.30	2,431,337.52
Advertising and decoration expenses	1,993,507.36	2,570,147.04
Exchange rate losses	1,342,232.07	1,594,499.11
Postage and telephone	1,218,728.65	1,319,967.06
Travel and entertainment costs	1,122,256.24	1,091,718.55
Commission on sales for concessions	839,851.42	600,324.09
Other taxes and levies	781,918.21	939,973.90
Accounting losses from the disposal of assets	454,464.02	835,349.65
Insurance	419,544.91	445,551.86
Fees and dues	105,855.72	149,750.82
Expenses from deconsolidation	0.00	144,455.42
	56,285,590.14	62,433,494.85

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

The exchange rate losses in the amount of TEUR 1,263 (previous year: TEUR 1,494) relate to financial liabilities measured at amortised cost.

(25) Financial result

	2021	2020
	EUR	EUR
Interest and similar expenses	-117,490.77	-87,221.46
Interest expenses on operating taxes	-56.00	-216.00
Discounting of non-current receivables	-20,167.39	-10,220.42
Accrual of non-current provisions	-133,979.45	-32,330.11
Interest expense for leases	-4,380,251.98	-5,288,551.22
	-4,651,945.59	-5,418,539.21
Interest income	109,529.63	418,378.43
Financial result	4,542,415.96	-5,000,160.78

Commissions totalling TEUR 77 (previous year: TEUR 80) were spent on sureties.

26) Income taxes

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

	2021	2020
	EUR	EUR
Actual tax expense	5,565,472.40	-1,417,452.16
Deferred tax income (-)/tax expense (+) (see point 5)	-2,730,914.72	-1,337,926.31
Recognised income tax expense	2,834,557.68	-2,755,378.47

Reconciliation of expected with reported income tax expense:

	2021	2020
	EUR	EUR
Group earnings before income taxes	19,866,129.85	-33,726,554.10
Expected tax expense of 31.6% (2020: 31.6%)	6,277,697.03	-10,657,591.10
Tax decreases due to tax-exempt income	-268,162.52	-136,441.12
Tax increases due to non-tax-deductible expenses	720,354.43	206,658.10

Impact of differences in national tax rates	-400,551.31	1,795,701.15
Effects from the recognition and measurement of deferred tax assets	-3,398,336.83	4,507,594.87
Other effects	-85,569.97	14,474.43
Taxes for previous years	-10,873.15	1,514,225.20
Recognised income tax expense	2,834,557.68	-2,755,378.47

As in the previous year, a total tax rate of 31.6% was used to determine the expected tax rate in the 2021 financial year. This tax rate is composed of the corporate income tax rate (15%), the solidarity surcharge (5.5% on corporate income tax) and the average trade tax rate for the locations of Bijou Brigitte AG (15.8%).

In 2020, taxes for previous years included tax on loss carrybacks in the amount of TEUR 1,460.

(27) Earnings per share

Earnings per share were calculated in accordance with IAS 33.

In order to maintain the basic earnings per share, the result for the period to which the shareholder is entitled is divided by the number (weighted average) of common shares in circulation during the year. Shares held by the company reduce the number of outstanding shares. As of 31 December 2021, the average number of outstanding shares came to 7,698,708 (previous year: 7,723,353 shares). Since there were no warrants or option rights, the diluted earnings per share correspond to the basic earnings per share.

Earnings per share are calculated as follows:

	2021 EUR	2020 EUR
Group earnings	17,031,572.17	-30,971,175.63
Group earnings allocable to shareholders	17,031,572.17	-30,971,175.63
Common shares entitled to dividends (average)	7,698,708	7,723,353
Earnings per share		
Basic	2.21	-4.01
Diluted	2.21	-4.01

E. Other notes

Segment reporting

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

The Group is primarily active in five geographical regions: Germany, Spain, Italy, France and Portugal. Since the product range, business processes, target groups and sales processes are in essence very similar in the remaining countries, sales countries falling under the Other countries segment, which is subject to reporting, are combined and summarised in accordance with IFRS 8.13 and IFRS 8.16.
The respective segments presented cover all of the activities in a country. External revenue is allocated according to the location of the respective sales markets.

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

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

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

Segment reporting 2021

	External revenue		Inter-segment revenue		Total revenue		Other expenses for premises and personnel costs		Other operating expenses and income		Depreciation and amortisation		Interest income		Interest expenses		**Segment earnings/Group earnings before taxes**		Income taxes		**Segment earnings/Group earnings**		Segment investments	
Figures in TEUR	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Germany[(1)]	97.668	106.677	28.094	27.533	125.762	134.210	-33.750	-35.719	-51.576	-77.735	-24.800	-26.730	626	917	-1.946	-2.241	**14.316**	**-7.298**	-5.445	1.819	**8.871**	**-5.479**	2.178	2.576
Spain	29.980	23.260	0	0	29.980	23.260	-11.937	-12.344	-10.901	-11.615	-6.068	-9.868	15	35	-587	-750	**502**	**-11.282**	3.158	-402	**3.660**	**-11.684**	110	453
Italy	25.447	18.299	0	0	25.447	18.299	-9.649	-8.851	-9.798	-8.037	-4.056	-5.288	5	36	-503	-528	**1.446**	**-4.369**	-483	1.169	**963**	**-3.200**	71	401
Portugal	6.296	5.309	0	0	6.296	5.309	-2.057	-2.476	-2.138	-2.756	-1.308	-1.893	6	21	-130	-205	**669**	**-2.000**	56	172	**725**	**-1.828**	0	61
France	21.809	20.018	0	0	21.809	20.018	-7.715	-7.971	-8.224	-8.980	-5.468	-6.983	2	3	-751	-855	**-347**	**-4.768**	171	-219	**-176**	**-4.987**	124	302
Other countries	34.828	31.312	0	0	34.828	31.312	-12.545	-13.653	-9.623	-11.242	-9.337	-9.827	21	88	-1.330	-1.523	**2.014**	**-4.845**	-292	216	**1.722**	**-4.629**	655	1.283
	216.028	204.875	28.094	27.533	244.122	232.408	-77.653	-81.014	-92.260	-120.365	-51.037	-60.589	675	1.100	-5.247	-6.102	**18.600**	**-34.562**	-2.835	2.755	**15.765**	**-31.807**	3.138	5.076
Consolidation	0	0	-28.094	-27.533	-28.094	-27.533	0	0	29.331	28.367	0	0	-565	-682	595	684	**1.267**	**836**	0	0	**1.267**	**836**	0	0
Total	216.028	204.875	0	0	216.028	204.875	-77.653	-81.014	-62.929	-91.998	-51.037	-60.589	110	418	-4.652	-5.418	**19.867**	**-33.726**	-2.835	2.755	**17.032**	**-30.971**	3.138	5.076

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

Revenue is primarily from the sale of merchandise.

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

Depreciation and amortisation include impairments in the amount of TEUR 316 (previous year: TEUR 700) in the Germany segment, TEUR 716 (previous year: TEUR 2,283) in the Spain segment, TEUR 69 (previous year: TEUR 453) in the Italy segment, TEUR 115 (previous year: TEUR 173) in the Portugal segment, TEUR 256 (previous year: TEUR 1,339) in the France segment and TEUR 576 (previous year: TEUR 728) in the “Other countries” segment.

Non-cash-effective segment expenses amount to TEUR 1,610 in Germany (previous year: TEUR 2,910), TEUR 212 for the Spain segment (previous year: TEUR 267), TEUR 230 for the Italy segment (previous year: TEUR 728), TEUR 54 for the Portugal segment (previous year: TEUR 492), TEUR 155 for the France segment (previous year: TEUR 225) and TEUR 428 for the “Other countries” segment (previous year: TEUR 579).

Intangible assets and property, plant and equipment amounted to TEUR 23,888 (previous year: TEUR 26,392) in Germany and to TEUR 13,570 abroad (previous year: TEUR 18,415). TEUR 2,001 is attributable to the Spain segment (previous year: TEUR 3,025), TEUR 1,934 to the Italy segment (previous year: TEUR 2,859), TEUR 545 to the Portugal segment (previous year: TEUR 811), TEUR 4,510 to the France segment (previous year: TEUR 6,235), TEUR 4,580 in the “Other countries” segment (previous year: TEUR 5,485).

Right-of-use assets amounted to TEUR 48,502 (previous year: TEUR 62,929) in Germany and to TEUR 53,071 abroad (previous year: TEUR 62,439). Of this amount, TEUR 7,412 (previous year: TEUR 10,464) is attributable to the Spain segment, TEUR 8,249 (previous year: TEUR 9,438) to the Italy segment, TEUR 1,570 (previous year: TEUR 2,801) to the Portugal segment, TEUR 14,327 (previous year: TEUR 17,171) to the France segment and TEUR 21,513 (previous year: TEUR 22,565), to the “Other countries” segment.

Financial instruments

Legend for abbreviations in the following tables

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

in TEUR	Valuation category pursuant to IFRS 9	Carrying amount 31.12.2021	Carrying amount according to IFRS 9				Fair value as of 31.12.2021	Carrying amount 31.12.2020	Carrying amount according to IFRS 9				Fair value as of 31.12.2020
			Amortised cost	Cost of acquisition	Market value (not affecting income statement)	Market value (affecting income statement)			Amortised cost	Cost of acquisition	Market value (not affecting income statement)	Market value (affecting income statement)	
Assets													
Other non-current financial assets	AC	1.836	1.836				1.836	1.940	1.940				1.940
Trade receivables	AC	1.557	1.557				1.557	1.085	1.085				1.085
Other financial assets	AC	5.507	5.507				5.507	4.205	4.205				4.205
Cash and cash equivalents	AC	139.475	139.475				139.475	109.599	109.599				109.599
Liabilities													
Trade payables	AC	7.570	7.570				7.570	7.048	7.048				7.048
Other financial liabilities	AC	5.712	5.712				5.712	6.383	6.383				6.383

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

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

The total of the carrying amounts in the category AC amounts to TEUR 161,657 (previous year: TEUR 130,260).

Net earnings by valuation category

in TEUR	2021 From interest	2021 From subsequent valuation: At market value	2021 From subsequent valuation: Currency translation	2021 From subsequent valuation: Impairment	2021 From disposals	2021 Net earnings	2020 From interest	2020 From subsequent valuation: At market value	2020 From subsequent valuation: Currency translation	2020 From subsequent valuation: Impairment	2020 From disposals	2020 Net earnings
Amortised cost	47	0	-103	2	0	-54	376	0	162	-68	0	470
Measurement at fair value through other comprehensive income	0	0	0	0	0	0	0	0	0	0	0	0
Measurement at fair value through profit or loss	0	0	0	0	0	0	0	0	0	0	0	0
Total	**47**	**0**	**-103**	**2**	**0**	**-54**	**376**	**0**	**162**	**-68**	**0**	**470**

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

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

The financial result of the valuation category amortised cost (AC) also includes interest income and expenses from interest accrued and discounted on non-current receivables in the amount of TEUR -8 (previous year: TEUR 9).

In the 2021 financial year, as in the previous year, the Group did not have any assets measured at fair value through other comprehensive income.

Financial risk factors

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

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

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

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

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

Currency risks

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

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

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

Currency sensitivity analyses are based on the following assumptions:

All original monetary financial instruments, with the exception of a portion of trade payables, are denominated in functional currencies. As a result, only exchange rate fluctuations for trade payables denominated in US dollars have an impact on earnings and equity. If the euro were to have appreciated (depreciated) by 10% compared with the US dollar as of 31 December 2021, then earnings and equity would have been TEUR 213 higher (lower) (31 December 2020: TEUR 414 higher [lower]).

Interest, default and liquidity risks

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

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

A sensitivity analysis was not performed for reasons of materiality.

Leases

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

	2021	2020
	TEUR	TEUR
Right-of-use assets		
Buildings 31.12.	101,572	125,368
Additions	32,448	24,472

Amortisation	39,505	43,616
Impairment	1,367	3,755
Lease liabilities		
Non-current	72,181	96,828
Current	35,542	38,013
	107,723	134,841
Total cash outflows	46,287	47,907
Interest expenses	4,380	5,289
Expenses for variable lease payments not included in the lease liabilities	192	191

Conditional lease payments as part of a lease are recognised as expenses in the period in which they are incurred. The variable payments depending on the sales realised amounted to TEUR 192 in the financial year (previous year: TEUR 191).

Events after the balance sheet date

The outbreak of war in Ukraine on 24 February 2022 is expected to create economic consequences for the whole of Europe. The extent to which these will have an impact on logistics, the availability of goods and the development of purchasing power cannot be predicted with a sufficient degree of certainty.

Even though Bijou Brigitte's business was not noticeably affected by the impact of the Russian war against Ukraine and the associated geopolitical tensions between the end of the financial year and the preparation of the consolidated financial statements on 22 April 2022, it cannot be ruled out that a continuation or further escalation of the war may have a negative impact on the Group's sales and earnings.

Transactions with related parties

Bijou Brigitte AG's related parties are the members of the Management Board, the members of the Supervisory Board, other employees in key positions in the areas of finance, human resources, IT and sales, as well as their close relatives. The benefits granted in the financial year, which were exclusively short-term in nature, amounted to TEUR 1,939 (previous year: TEUR 1,934). No other benefits were granted.

Friedrich-Wilhelm Werner, the company's founder and chairman of the Management Board until 31 December 2008, father of the current chairman of the Management Board, Roland Werner, Hamburg, is the company's majority shareholder with 50.4% (previous year: 50.4%) of the subscribed capital, and is therefore also a related party of Bijou Brigitte AG.

As overlapping personnel enables Bijou Brigitte AG to exercise significant influence over the board of trustees of the Bijou Brigitte Foundation, established in 2010, the Bijou Brigitte Foundation is also deemed to be a related party. The Group donated a total of TEUR 0 (previous year: TEUR 200) to the foundation in 2021.

There were no outstanding balances with related parties as of the balance sheet date.

Supervisory Board

Dr Friedhelm Steinberg, self-employed lawyer, Hamburg

Chairman

President of the Hamburg Stock Exchange, Hamburg

Member of the following supervisory boards:

- Fondsbörse Deutschland Beteiligungsmakler AG, Hamburg (Chairman)

- BÖAG Börsen AG, Hamburg-Hanover (Deputy Chairman)

- Deutsche Zweitmarkt AG, Hamburg (Chairman)

Member of comparable domestic and foreign supervisory boards:

- Exchange Council of Hamburg Stock Exchange, Hamburg (Chairman)

- Medical Chamber Pension Scheme, Hamburg (Member of Supervisory Committee)

- HanseMerkur Holding AG, Hamburg (Member of Advisory Board)

- Ed. Heckewerth Nachf. GmbH & Co. KG, Hiddenhausen (Member of Advisory Board)

- Hamburgische Investitions- und Förderbank, Hamburg (Member of the Advisory Board)

- Tierpark Hagenbeck Gemeinnützige Gesellschaft mbH, Hamburg (Member of the Foundation Board)

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

- Deputy Chairman

- Member of the following supervisory boards:
- Hamborner REIT AG, Duisburg (Deputy Chairman)

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

- Employee representative

Management Board

Roland Werner, merchant, Hamburg

Chairman of the Management Board as principal occupation

Member of the Supervisory Board of Deutsche EuroShop AG, Hamburg

Marc Gabriel, merchant, Hamburg

Member of the Management Board as principal occupation

Jürgen Gödecke, merchant, Drage

Member of the Management Board as principal occupation

Remuneration of the Supervisory and Management Boards

Total remuneration of the Supervisory Board in 2021 came to TEUR 90 (previous year: TEUR 90). Dr Friedhelm Steinberg received TEUR 45 (previous year: TEUR 45), Mr Claus-Matthias Böge TEUR 30 (previous year: TEUR 30) and Mr Matthias Ebermann TEUR 15 (previous year: TEUR 15).

Total remuneration of the Management Board in 2021 consisted solely of a non-performance-based component. As in the previous year, long-term incentive components did not come into effect during the financial year. Total non-performance-based remuneration in 2021 came to TEUR 1,097 (previous year: TEUR 1,104), of which Mr Roland Werner received TEUR 532 (previous year: TEUR 532), Mr Marc Gabriel TEUR 305 (previous year: TEUR 310) and Mr Jürgen Gödecke TEUR 260 (previous year: TEUR 262). Total performance-based remuneration in 2021 came to TEUR 0 (previous year: TEUR 22), of which Mr Roland Werner received TEUR 0 (previous year: TEUR 11), Mr Marc Gabriel TEUR 0 (previous year: TEUR 5.5) and Mr Jürgen Gödecke TEUR 0 (previous year: TEUR 5.5). The previous-year amounts relate exclusively the difference between the amount accrued in the 2019 financial year and the performance-related remuneration calculated according to the final consolidated financial statements as of 31 December 2019. The total performance-based remuneration awarded in 2019 was paid out during the previous financial year less the advance payments made in 2019.

Advances and loans granted

The Management Board did not receive any advances or loans in 2021.

Auditors' fees

Fees for the auditor (PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Hamburg) amounted to TEUR 300 in the financial year (previous year: TEUR 219). This is made up of the following components:

	2021 TEUR	2020 TEUR
Fees for audit services	292	219
Other assurance services	8	0
	300	219

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

Dividend per share

With the consent of the Supervisory Board, the Management Board proposes to the Annual General Meeting that the distribution of a dividend be suspended again for the 2021 financial year. As a result, total dividend distribution amounts to EUR 0.00 (previous year: EUR 0.00).

German Corporate Governance Code (Section 161 AktG)

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

Hamburg, 22 April 2022

Bijou Brigitte modische Accessoires Aktiengesellschaft, Hamburg

The Management Board

Roland Werner	Marc Gabriel	Jürgen Gödecke

Auditors' report

Bijou Brigitte modische Accessoires Aktiengesellschaft
Hamburg

Consolidated financial statements as of 31 December 2021
and Group management report for the 2021 financial year

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

for Bijou Brigitte modische Accessoires AG , Hamburg

AUDIT REPORT FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND GROUP MANAGEMENT REPORT

Audit opinion

We have audited the consolidated financial statements of Bijou Brigitte modische Accessoires AG, Hamburg, and its subsidiaries (the Group) – comprising the consolidated balance sheet as of 31 December 2021, the consolidated income statement, 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 until 31 December 2021 as well as the notes to the consolidated financial statements, including a summary of the most important accounting principles. We have also audited the Group management report for Bijou Brigitte modische Accessoires AG for the financial year from
1 January to 31 December 2021.

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

- the consolidated financial statements in this report comply with all relevant standards of the IFRS, as adopted by the EU, and the additional requirements of German law pursuant to Section 315e (1) of the German Commercial Code (HGB), and give a true and fair view of the Group's net assets, financial and earnings position in accordance with these requirements as of 31 December 2021, as well as the earnings position from 1 January to 31 December 2021, and
- the Group management report contained in this annual report conveys a true picture of the Group's position. The Group management report is consistent with the consolidated financial statements in all material respects, meets all of the requirements under German law and accurately portrays the risks and opportunities of future development.

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

Basis for the audit opinion

We conducted the audit of the consolidated financial statements and the Group management report in accordance with Section 317 of the HGB and the EU Auditor Regulation (No. 537/2014) in compliance with German standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer [IDW]). Our responsibilities according to these regulations and standards are described in more detail in our audit report under "Responsibility of the auditor in the audit of the consolidated financial statements and the

Group management report”. Pursuant to European and German commercial and professional regulations, we are independent from the Group companies and have fulfilled all other German professional obligations in line with these requirements. Moreover, pursuant to Article 10 (2) (f) of the EU Auditor Regulation, we also declare that we have not provided any prohibited non-audit services as described in Article 5 (1) of the EU Auditor Regulation.
We believe that the audit evidence we have obtained is sufficient and suitable to serve as a basis for our audit opinions of the consolidated financial statements and the Group management report.

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

Particularly important audit issues are issues that, in our professional opinion, were the most significant for our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2021. These issues were taken into consideration during our audit of the consolidated financial statements as a whole and as we formed an opinion; we do not express a separate opinion for these issues.

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

❶ Recoverability of right-of-use assets and property, plant and equipment

❷ Valuation of inventories

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

① Facts and problems

② Audit methods and findings

③ Reference to further information

Below, we present the most important audit issues:

❶ **Recoverability of right-of-use assets and property, plant and equipment**

① Property, plant and equipment amounting to EUR 33.8 million (10% of total assets) and right-of-use assets amounting to EUR 101.6 million (29% of total assets) are recognised under the respective balance sheet items
“Property, plant and equipment” and “Right-of-use assets” in the company’s consolidated financial statements. Both property, plant and equipment, and right-of-use assets are subject to impairment testing whenever it is deemed necessary in order to determine if there is a need for depreciation. Impairment

testing is done at the level of the cash-generating unit to which the relevant asset is assigned. During the impairment test, the carrying amount of the cash-generating unit is compared with its recoverable amount. The recoverable amount is always determined using the value in use.

As a rule, the valuation is based on the cash value of the cash-generating unit's future cash flows. Cash values are determined using discounted cash flow models. The starting point is the Group's approved planning, which is updated with assumptions regarding long-term growth rates. Expectations regarding future market development and assumptions regarding the development of macroeconomic factors are also taken into account. Discounting is based on the cash-generating unit's weighted average cost of capital. After taking the fair value less the costs of disposal into consideration, impairment testing resulted in impairments to the cash-generating units amounting to EUR 0.7 million for property, plant and equipment, and EUR 1.4 million for right-of-use assets, which are recognised together under the item "Impairment and depreciation of intangible assets, property, plant and equipment, and right-of-use assets".

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

② Our audit included examination of the method according to which impairment testing was performed. Following appraisal of the future cash flows used in the calculation, and taking the Group's planning into consideration, we assessed the suitability of the calculation method, in particular by reconciling it with general and industry-specific market expectations and taking time series analyses into account. Knowing that even relatively small changes to the discounting rate applied can have a significant impact on the values determined using this method, we extensively examined the parameters employed to determine the discounting rate to be applied and investigated the calculation scheme. In order to properly assess the existing estimation uncertainties, we examined the sensitivity analyses prepared by the company.

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

③ Information provided by the company regarding impairment testing relating to the balance sheet item "Right-of-use assets" can be found in sections B "Impairment of non-current assets", section C, subsection “(2) Property, plant and equipment”, “(3) Right-of-use assets”, and “(23) “Impairment and depreciation of intangible assets, property, plant and equipment, and right-of-use assets” of the notes to the consolidated financial statements.

❷ Valuation of inventories

① The consolidated financial statements of Bijou Brigitte modische Accessoires AG recognise inventories amounting to EUR 58.6 million on the balance sheet (17% of total assets). This item, which is significant due to its size, is subject to particular risk due to the complexity of the systems, processes and estimates required to record and measure such a large number of articles. In light of this, applying appropriate accounting standards must be considered as a complex process and is particularly subject to the estimates and the assumptions of the legal representatives in terms of the sales prices to be achieved in the future. In the financial year, the values determined led to a need to depreciate inventories amounting to TEUR 1,959. This was reported under “cost of materials”.

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

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

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

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

Additional information

The legal representatives are responsible for the additional information.

Additional information includes:

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

- the separate non-financial report pursuant to Sections 289b (3) and 315b (3) of the HGB
- the annual report – without further reference to external information sources – excluding the audited consolidated financial statements, the audited Group management report and our audit report.

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

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

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

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

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

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

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

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

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

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

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

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

- identify and assess the risks of material misrepresentations – whether intentional or unintentional – in the consolidated financial statements and the Group management report, plan and perform audit procedures based on these risks and obtain audit evidence that is sufficient and suitable to serve as a basis for our audit opinions. The risk that material misrepresentations are not discovered is higher in the case of violations than inaccuracies, due to the fact that violations may include fraudulent cooperation, counterfeiting, intentionally incomplete data, misleading representations or the shutdown of internal controls.

- gain an understanding of the internal control systems relevant for auditing the consolidated financial statements and the precautions and measures relevant for auditing the Group management report in order to plan auditing processes that are appropriate for the relevant circumstances, but not, however, with the aim of providing an audit opinion on the effectiveness of the systems.

- evaluate the suitability of the accounting methods applied by the legal representatives and the tenability of estimated values and associated information presented by the legal representatives.

- draw conclusions about the suitability of the accounting principles for the continuation of a going concern applied by the legal representatives and, based on audit evidence that we have obtained, whether material uncertainty exists in relation to events or circumstances that could lead to significant doubts regarding the Group's ability to continue as a going concern. If we conclude that there is material uncertainty, we are obliged to point out the information contained in the consolidated financial statements or the Group management report in our audit report, or if the information is inappropriate, to modify our audit opinion. We draw our conclusions based on evidence obtained by the date of our audit report. However, future events or circumstances may lead to the Group not being able to continue as a going concern.

- evaluate the overall presentation, the structure and the content of the consolidated financial statements, including the information and whether the consolidated financial statements present the underlying business transactions and events in such a way that the consolidated financial statements, taking into account all relevant standards of the IFRS, as adopted by the EU, and the additional requirements of German law pursuant to Section 315e (1) of the HGB, give a true and fair view of the Group's net assets and financial and earnings position.

- gather sufficient suitable audit evidence for the accounting information of the companies or the business transactions within the Group in order to provide audit opinions on the consolidated financial statements and the Group management report. We are responsible for providing instruction on, monitoring and performing the audit of the consolidated financial statements. We are solely responsible for our audit opinions.

- determine whether the Group management report is consistent with the consolidated financial statements, whether it complies with legal regulations and evaluate the image it portrays of the Group's position.

- audit the forward-looking statements presented by the legal representatives in the Group management report. Using sufficient suitable audit evidence, we assess in particular the significant assumptions underlying forward-looking statements provided by the company's legal representatives and evaluate whether the forward-looking statements have been derived correctly from these assumptions. We do not provide a separate audit opinion for the forward-looking statements or the underlying assumptions. There is a considerable, unavoidable risk that future events may differ significantly from the forward-looking statements.

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

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

We determine, from the facts of the issues that we have discussed with those responsible for monitoring the audit, which facts are the most important in the audit of the consolidated financial statements for the current reporting period and which therefore represent especially important audit issues. We describe these issues in the audit report, unless there are laws or legal regulations that prevent the issue from being made public.

OTHER LEGAL AND STATUTORY REQUIREMENTS

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

Audit opinion

Pursuant to Section 317 (3a) of the HGB, we have performed a reasonable assurance audit to determine whether the reproductions of the consolidated financial statements and Group management report (hereinafter also referred to as "ESEF documents") contained in the file BB_AG_KA+KLB_ESEF-2021-12-31.zip and prepared for the purpose of disclosure comply in all material respects with the requirements of Section 328 (1) of the German Commercial Code on the electronic reporting format (ESEF format). In accordance with German legal requirements, this audit extends only to the transfer of the information in the consolidated financial statements and the Group management report to ESEF format and therefore does not extend to either the information contained in these reproductions or to any other information contained in the aforementioned file.

In our opinion, the reproductions of the consolidated financial statements and Group management report contained in the file referred to above and prepared for disclosure purposes comply, in all material respects, with the requirements of Section 328 (1) of the HGB regarding the electronic reporting format. We do not express any opinion on the information contained in these reproductions or on the other information contained in the file referred to above beyond this opinion and our opinions on the attached consolidated financial statements and the attached Group management report for the financial year from
1 January to 31 December 2021 contained in the "Report on the audit of the consolidated financial statements and the Group management report"

above.

Basis for the audit opinion

We conducted our audit of the reproductions of the consolidated financial statements and the Group management report contained in the above-mentioned file in accordance with Section 317 (3a) HGB with reference to the IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for Disclosure Purposes in accordance with Section 317 3a of the HGB (IDW EPS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (revised), under which our responsibility is described in more detail in the section “Auditor's Responsibility for the Audit of ESEF Documents”. Our auditing practice has applied the quality assurance system requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in Auditing Practice (IDW QS 1).

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

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

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

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

Auditor’s responsibility for the audit of the ESEF documents

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

- identify and assess the risks of material violations – whether intentional or unintentional – of the requirements of Section 328 (1) of the HGB, plan and perform audit procedures based on these risks and obtain audit evidence that is sufficient and suitable to serve as a basis for our audit opinion.

- obtain an understanding of the internal controls relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those controls.

- assess the technical validity of the ESEF documentation, i.e. whether the file containing the ESEF documentation complies with the requirements of Commission Delegated Regulation (EU) 2019/815, in the version applicable on the reporting date, regarding the technical specification for that file.

- assess whether the ESEF documentation allows a consistent XHTML representation of the audited consolidated financial statements and the audited Group management report.

- assess whether the mark-up of the ESEF documents with inline XBRL technology (iXBRL) provides an adequate and complete machine-readable XBRL copy of the XHTML rendering in accordance with Articles 4 and 6 of Commission Delegated Regulation (EU) 2019/815, in the version applicable on the reporting date.

Other information pursuant to Section 10 EU Auditor Regulation

We were selected to audit the consolidated financial statements at the Annual General Meeting on 17 June 2021. We were appointed to audit the statements by the Supervisory Board on 26 November 2021. We have audited the consolidated financial statements of Bijou Brigitte modische Accessoires AG, Hamburg, every year since 2014.

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

NOTE ON OTHER MATTERS – USE OF THE AUDIT REPORT

Our audit report must always be read together with the audited consolidated financial statements and the audited Group management report as well as the audited ESEF documents. The consolidated financial statements and the Group management report as converted into the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic reproductions of the audited consolidated financial statements and the audited Group management report, and do not replace them. In particular, the "Report on the audit of the electronic reproductions of the consolidated financial statements and the Group management report prepared for the purpose of disclosure pursuant to Section 317 (3a) of the HGB" and our audit report contained therein may only be used in conjunction with the audited ESEF documents provided in electronic form.

RESPONSIBLE AUDITOR

Thorsten Dzulko is the auditor responsible for this audit.

Hamburg, 27 April 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Thorsten Dzulko Auditor	ppa. Harald van Voorst Auditor