

# fashionette<sup>®</sup>

## PROSPECTUS

### for the public offering

of

1,200,000 newly issued ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*)  
from a capital increase against contributions in cash resolved by  
an extraordinary shareholders' meeting (*außerordentliche Hauptversammlung*) of the Company on 16 October 2020

and of

1,500,000 existing ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*)  
from the holdings of the Selling Shareholder in a base deal

and of

up to 500,000 existing ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*)  
from the holdings of the Selling Shareholder subject to its exercise of an upsize option  
upon its decision, in consultation with the Sole Bookrunner, based on market demand on the date of pricing

and of

up to 405,000 existing ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*)  
from the holdings of the Selling Shareholder in connection with a possible over-allotment

– each such share with a notional value of EUR 1.00 in the Company's share capital and with full dividend rights as of 1 January 2020 –

of

**fashionette AG**  
Düsseldorf, Germany

**Price Range: EUR 30.00 – EUR 38.00**

International Securities Identification Number (ISIN): DE000A2QEFA1

German Securities Code (*Wertpapierkennnummer (WKN)*): A2QEFA

Common Code: 224551541

Trading symbol: FSNT

*Sole Global Coordinator and Sole Bookrunner*

**Hauck & Aufhäuser Privatbankiers Aktiengesellschaft**

The date of the Prospectus is 20 October 2020.

### Warning regarding the validity of the Prospectus

*The validity of the Prospectus will expire on the end of the date of the closing of the offer period which is expected to occur on 27 October 2020. The obligation to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Prospectus is no longer valid.*

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## SUMMARY OF THE PROSPECTUS

### A. Introduction and Warnings

This prospectus ("**Prospectus**") relates to ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) of fashionette AG, a stock corporation (*Aktiengesellschaft* or *AG*) established under the laws of the Federal Republic of Germany ("**Germany**"), having its registered seat in Düsseldorf, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Düsseldorf, Germany ("**Commercial Register**"), under the registration number HRB 91139, with business address at Grafenberger Allee 295, 40237 Düsseldorf, Germany, and Legal Entity Identifier ("**LEI**") 391200T7OHCG8YPRQW61 (telephone: +49 (0) 211 26008777; website: corporate.fashionette.com) ("**Company**"), with International Securities Identification Number ("**ISIN**") DE000A2QEFA1 ("**Shares**").

Subject of the Prospectus is the public offering of 3,605,000 Shares ("**Offer Shares**") consisting of

- 1,200,000 newly issued Shares from a capital increase against contributions in cash ("**IPO Capital Increase**") resolved by an extraordinary shareholders' meeting (*außerordentliche Hauptversammlung*) of the Company on 16 October 2020 ("**New Shares**");
- 1,500,000 existing Shares from the holdings of Genui Fund GmbH & Co. KG, a German limited partnership (*Kommanditgesellschaft* or *KG*) with a German limited liability company (*Gesellschaft mit beschränkter Haftung* or *GmbH*) as general partner (*persönlich haftender Gesellschafter*), having its registered seat in Hamburg, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, under the registration number HRA 117986, with business address at Neuer Wall 80, 20354 Hamburg, Germany, and LEI 391200LEOKOX9LM1JT39 (telephone: +49 (0) 40 32086690; website: www.genui.de) ("**GENUI**" or "**Selling Shareholder**"), in a base deal ("**Base Shares**");
- up to 500,000 existing Shares from the holdings of the Selling Shareholder subject to its exercise of an upsize option ("**Upsize Option**") upon its decision, in consultation with the Sole Bookrunner (as defined below), based on market demand on the date of pricing ("**Upsize Shares**" and, together with the Base Shares, "**Sale Shares**"); and
- up to 405,000 existing Shares from the holdings of the Selling Shareholder in connection with a potential over-allotment ("**Over-Allotment Shares**").

The Offer Shares are offered by the Company, the Selling Shareholder and Hauck & Aufhäuser Privatbankiers Aktiengesellschaft, a German stock corporation (*Aktiengesellschaft* or *AG*), having its registered seat in Frankfurt am Main, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main, Germany, under the registration number HRB 108617, with business address at Kaiserstraße 24, 60311 Frankfurt am Main, Germany, and LEI 529900OZP78CYPYF471 (telephone: +49 (0) 69 21610; website: www.hauck-aufhaeuser.com) ("**Hauck & Aufhäuser**" or "**Sole Bookrunner**"). The Company, the Selling Shareholder and the Sole Bookrunner assume responsibility for the contents of the Prospectus.

On 20 October 2020, the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – "**BaFin**"), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Germany (telephone: +49 (0) 228 41080; website: www.bafin.de), approved the Prospectus as the competent authority under Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended ("**Prospectus Regulation**").

***This summary should be read as an introduction to the Prospectus. Investors should base any decision to invest in the Shares on the review of the Prospectus as a whole. Investors in the Shares may lose all or part of their invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this summary, including any translation thereof, but only where this summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Shares.***

### B. Key information on the Issuer

#### Who is the Issuer of the securities?

<b>Issuer information</b>	The Company is a stock corporation ( <i>Aktiengesellschaft</i> or <i>AG</i> ) incorporated and existing under German law. The Company has its registered seat in Düsseldorf, Germany, and the LEI 391200T7OHCG8YPRQW61.
<b>Principal activities</b>	The Company considers itself as one of the leading destinations for premium and luxury fashion accessories including handbags, shoes, sunglasses, watches and jewelry (" <b>Premium and Luxury Fashion Accessories</b> ") in Germany, Austria and Switzerland (" <b>DACH Region</b> "). It currently operates websites under the " <i>fashionette</i> " brand addressing eight countries (Germany, Austria, Switzerland, France, Italy, Netherlands, Sweden and the United Kingdom) with the DACH Region as its core region accounting for 88.6% of its revenue in 2019. The Company aims to become the leading online platform for Premium and Luxury Fashion Accessories in Europe. By offering a selection of Premium and Luxury Fashion Accessories that, in the view of the Company, both trans-

cent short term fashion trends and have a long-lasting appeal, this online platform shall assist customers to complete their outfits. For this purpose, the Company aims at offering a wide but well assorted and curated range of Premium and Luxury Fashion Accessories. In the view of the Company, it can offer products to its customers at a superior service level and a competitive price. The Company believes it is well positioned to capture the large market opportunity in the European market for Premium and Luxury Fashion Accessories ("**European Premium and Luxury Fashion Accessories Market**") and considers the following key strengths will continue to contribute to its success and to distinguish it from peers:

- The Company believes to have a proven and successful operating model while being well positioned to take advantage of the beneficial market characteristics of the European Premium and Luxury Fashion Accessories Market, as well as being able to continue to benefit from an accelerating shift from offline to online.
- The Company considers itself as the online market leader for premium and luxury handbags in Germany with market leading brand recognition.
- The Company opines that the average order value provides opportunities for significant marketing investment while still achieving an attractive EBITDA margin.
- The Company believes that it has developed an efficient marketing strategy achieving low customer acquisition costs but high customer lifetime values and steady increase in average order value by customer lifetime.
- The Company believes to focus on a highly attractive customer group with the potential to capture a higher share of wallet of this highly attractive customer group through category expansion.
- The Company believes that its online platform ("**Fashionette Platform**") provides an attractive opportunity with a strong cross-sell potential into adjacent categories.
- It is the Company's understanding to offer a 360-degree customer experience with a strong track record of high customer satisfaction ratings.
- The Company believes to have a very attractive financial profile to enable dynamic growth and proven profitability.
- The Company believes to have low logistics costs as a percentage of revenue.
- It is the Company's understanding that its scalable and data driven proprietary technology platform supports all business processes.
- The Company believes that its mobile websites provide a high mobile traffic share and provide opportunities to invest in a native application to further improve customer experience.
- The Company believes to have a management board (*Vorstand*) ("**Management Board**") with a proven track record of scaling business in a rather traditionally emotion-based industry.

It is the Company's understanding that the key element of its strategy is to continue to focus on its profitable growth at above-market rates. The Company aims to be the leading online platform for Premium and Luxury Fashion Accessories in the highly fragmented European Premium and Luxury Fashion Accessories Market. To achieve this, the Company plans to

- accelerate its organic growth by growing the Company's market share through the expansion of its product selection, product categories and geographic expansion; and
- opportunistically seize inorganic growth opportunities through selected acquisitions.

**Major shareholders**

As of the date of the Prospectus, the Company's existing shareholders ("**Existing Shareholders**") are GENUI, THINK BIG INVEST UG (HAFTUNGSBESCHRÄNKT), Berlin, Germany ("**THINK BIG**"), and Alocaris UG (haftungsbeschränkt), Berlin, Germany ("**Alocaris**"). As of the date of the Prospectus, GENUI directly holds the majority of the Company's share capital and voting rights and, therefore, has a controlling influence (*beherrschender Einfluss*) on the Company within the meaning of Section 17 para. 1 of the German Stock Corporation Act (*Aktiengesetz*).

**Control**

GENUI holds the majority of the Company's share capital and voting rights and, therefore, directly controls the Company. GENUI is controlled by Genui GP GmbH, Hamburg, Germany ("**Genui GP**"), as its sole general partner (*persönlich haftender Gesellschafter*). Genui GP is wholly owned and, therefore, controlled by Genui GmbH, Hamburg, Germany ("**Genui GmbH**"). None of the shareholders of Genui GmbH has, as of the date of the Prospectus, a controlling influence on Genui GmbH. As of the date of the Prospectus, Genui GmbH is, therefore, the ultimate controlling shareholder of the Company and controls the Company indirectly.

**Managing directors**

The members of the Management Board are Daniel Raab and Thomas Buhl.

**Statutory auditors**

The Company's statutory auditor is Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany, Dortmund office, Westfalendamm 11, 44141 Dortmund, Germany ("**Ernst & Young**").

**What is the key financial information regarding the Issuer?**

The following selected key financial information regarding the Company has been taken or derived from the Company's (i) audited annual financial statements as of and for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 prepared in accordance with the German generally accepted accounting principles of the German Commercial Code (*Handelsgesetzbuch* – "HGB") ("**Audited Financial Statements**"), (ii) audited cash flow statements and statements of changes in equity for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 (without prior-year comparative figures for the financial year ended 31 December 2016) prepared in accordance with the German generally accepted accounting principles of the HGB ("**Audited Cash Flow and Changes in Equity Statements**"), (iii) unaudited interim financial statements as of and for six months ended 30 June 2020 prepared in accordance with the German generally accepted accounting principles of the HGB ("**Unaudited Interim Financial Statements**") and (iv) accounting records or internal management reporting systems. As of the date of the Prospectus, the Company does not have subsidiaries and therefore does not prepare consolidated financial statements.

Ernst & Young audited the German language Audited Financial Statements in accordance with Section 317 HGB and in compliance with the German generally accepted standards for financial statement audits promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer* – "IDW") and issued German language unqualified independent auditor's reports (*Bestätigungsvermerke des unabhängigen Abschlussprüfers*) thereon. In addition, Ernst & Young audited the Audited Cash Flow and Changes in Equity Statements in accordance with "IDW Auditing Practice Statement: Audit of Additional Elements of Financial Statements (IDW AuPS 9.960.2)" promulgated by the IDW and issued unqualified auditor's reports thereon.

Where financial information is labelled "audited" in the following tables, it has been taken from the Audited Financial Statements or the Audited Cash Flow and Changes in Equity Statements. The label "unaudited" in the following tables indicates financial information that has been taken or derived from (i) the Unaudited Interim Financial Statements or (ii) the Company's accounting records or internal management reporting systems or (iii) has been calculated based on financial information from the aforementioned sources.

**Key financial information from the income statement**

	Financial year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	(audited, unless stated otherwise)			(unaudited)	
	(EUR in thousand)				
Revenue	58,751.5	65,241.3	73,160.3	32,842.3	39,135.5
EBITDA <sup>(1),(2)</sup>	3,507.8	4,998.2	6,771.0	2,462.4	2,838.1
Net income/loss for the year/period	(312.5)	302.2	1,399.7	97.0	334.1

<sup>(1)</sup> Defined as revenue plus other operating income less cost of materials, personnel expenses and other operating expenses.

<sup>(2)</sup> Unaudited.

**Key financial information from the balance sheet**

	As of 31 December			As of 30 June
	2017	2018	2019	2020
	(audited)			(unaudited)
	(EUR in thousand)			
Total assets	43,437.2	44,814.5	45,848.2	42,946.2
Equity	26,595.4	26,897.6	28,297.3	28,631.5

**Key financial information from the cash flow statement**

	Financial year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	(audited)			(unaudited)	
	(EUR in thousand)				
Cash flow from					
operating activities	5,799	(638)	1,843	(1,146)	4,290
investing activities	(1,691)	(1,159)	(776)	(448)	(317)
financing activities	(1,219)	(1,355)	(1,500)	(668)	(690)

**What are the key risks that are specific to the Issuer?**

- The Company faces intense competition in the market it operates in, which may intensify even further.
- The Company may fail to maintain, protect and enhance the reputation of the Company, its brands and the popularity of the Fashionette Platform.
- The economic conditions may deteriorate, in particular due to the worldwide pandemic triggered by the Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2).
- Acceptance of the Company's online offering may decrease or fail to improve.
- The tastes for the Premium and Luxury Fashion Accessories can be volatile and difficult to predict.
- User behavior on mobile devices is rapidly evolving and the Company may fail to successfully adapt to these changes.

- If the Fashionette Platform does not achieve a high ranking in organic search results, this could reduce commercially required site visits.
- The marketing investments of the Company to generate site visits and to build or retain a loyal customer base may prove ineffective in the future.
- The Company may be subject to negative publicity, including inaccurate adverse information.
- The Company's existing liabilities to banks could limit the cash flows available for its operations, and any default with respect to liabilities to banks could lead to insolvency.
- The Company may require additional capital which might not be available on economically acceptable terms, or at all.
- The Company is and may in the future be involved in litigation or other proceedings in the course of its business activities.

### C. Key information on the securities

#### What are the main features of the securities?

<b>Type, class, par value</b>	The Offering relates to ordinary bearer shares ( <i>Inhaberaktien</i> ) with no par value ( <i>Stückaktien</i> ) of the Company; ISIN DE000A2QEFA1; German Securities Code ( <i>Wertpapierkennnummer (WKN)</i> ) A2QEFA; Common Code 224551541; Trading symbol: FSNT.
<b>Number of securities</b>	As of the date of the Prospectus, the Company's share capital amounts to EUR 5,000,000 and is divided into 5,000,000 existing Shares (" <b>Existing Shares</b> "). The Company's share capital has been fully paid up. All Shares are bearer shares ( <i>Inhaberaktien</i> ) with no par value ( <i>Stückaktien</i> ). Each Share represents a notional value of EUR 1.00 in the Company's share capital.
<b>Currency</b>	The Shares are denominated in Euros.
<b>Rights attached and transferability</b>	Each Share carries one vote at the Company's shareholders' meeting ( <i>Hauptversammlung</i> ). There are no restrictions on voting rights. All Shares carry full dividend rights from 1 January 2020. The Shares are freely transferable in accordance with the legal requirements for bearer shares ( <i>Inhaberaktien</i> ). There are no restrictions on the transferability of the Shares other than certain lock-up agreements entered into between the Company, the Sole Bookrunner and the Existing Shareholders.
<b>Seniority</b>	The Shares are subordinated to all other securities and claims in case of an insolvency of the Company.
<b>Dividend policy</b>	The Company currently does not intend to pay any dividends in the near future and intends to continue to invest in the development of its business. The Company's ability and intention to pay dividends in the future will be made in accordance with applicable laws and will depend on the amount of net retained profits available to the Company. The Company is not in a position to make any statements on the amount of future retained profits or on whether retained profits will exist at all in the future. The Company, therefore, is unable to guarantee that dividends will be paid in future years.

#### Where will the securities be traded?

The Company will apply for inclusion of the Shares to trading in the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (Scale segment) with simultaneous inclusion in the Basic Board of the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) ("**Listing**"). In the future, the Company aims to have the Shares admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

#### What are the key risks attached to the securities?

- Following the Offering (as defined below), the Selling Shareholder will retain a significant influence over the Company and the interests of the Selling Shareholder may conflict with those of the Company and its other shareholders.
- The articles of association of the Company provide for significant amounts of authorized and contingent capital. Future issuances of shares could adversely affect the market price of the Shares and lead to a substantial dilution.
- There is no guarantee that following the Offering a liquid market for the Shares will develop.

### D. Key information on the offer of securities to the public

#### Under which conditions and timetable can I invest in this security?

<b>Offer conditions</b>	This offering (" <b>Offering</b> ") relates to the sale of the Offer Shares, i.e., a total of 3,605,000 Shares, consisting of <ul style="list-style-type: none"> <li>• 1,200,000 New Shares;</li> <li>• 1,500,000 Base Shares;</li> </ul>
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- up to 500,000 Upsize Shares; and
- up to 405,000 Over-Allotment Shares.

The total number of Over-Allotment Shares will not exceed 15% of the final number of New Shares and Base Shares placed in the Offering.

**Scope of the Offering**

The Offering consists of an initial public offering of the Offer Shares in Germany ("**IPO**") and private placements in certain jurisdictions outside Germany ("**Private Placement**"). In the Private Placement, the Offer Shares will be offered (i) in the European Economic Area to "qualified investors" (as defined in Art. 2 lit. e) of the Prospectus Regulation), (ii) in the United States of America ("**United States**") to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act of 1933, as amended ("**Securities Act**")) ("**QIBs**"), and (iii) in other countries (except for Canada, Australia and Japan) to institutional investors.

The Offer Shares have not been, and will not be, registered under the Securities Act. Outside the United States, the Offer Shares will be offered only in "offshore transactions" (as defined in and pursuant to Regulation S of the Securities Act). In the United States, the Offer Shares will be offered only in private placement transactions to a limited number of QIBs pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act and who have received and agreed to the terms of a U.S. investor representation letter to the Company, the Sole Bookrunner and the Selling Shareholder.

**Offer period**

The offer period during which purchase orders for the Offer Shares may be submitted is expected to commence on 21 October 2020 and is expected to end on 27 October 2020 ("**Offer Period**"). On the last day of the Offer Period, purchase orders may be submitted (i) until 12:00 hrs Central European Time ("**CET**") by retail investors (natural persons) and (ii) until 16:00 hrs CET by institutional investors. Institutional investors may place purchase orders directly with the Sole Bookrunner during the Offer Period. Retail investors may make purchase orders in the IPO two days after the beginning of the Offer Period, i.e., beginning on 23 October 2020, through the special subscription functionality (*Zeichnungsfunktionalität*) DirectPlace of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) ("**Subscription Functionality**").

**Timetable of the Offering**

The following is the expected timetable of the Offering, which may be extended or shortened:

<b>20 October 2020</b>	Approval of the Prospectus by BaFin  Publication of the Prospectus on the Company's website (corporate.fashionette.com) under the "IPO" section  Application for Listing
<b>21 October 2020</b>	Commencement of the Offer Period
<b>23 October 2020</b>	Commencement of the Subscription Functionality
<b>27 October 2020</b>	Close of the Offer Period  Determination of the Offer Price (as defined below) and the final number of Offer Shares placed in the Offering  Publication of the Offer Price and the final number of Offer Shares placed in the Offering in the form of an ad hoc announcement on an electronic information dissemination system and on the Company's website (corporate.fashionette.com) under the "Investor Relations" section  Allotment of Offer Shares to investors
<b>28 October 2020</b>	Decision of Deutsche Börse Aktiengesellschaft, Frankfurt am Main, Germany, on the Listing
<b>29 October 2020</b>	Registration of the consummation of the IPO Capital Increase regarding the New Shares with the Commercial Register  Commencement of trading in the Shares in the Regulated Unofficial Market ( <i>Freiverkehr</i> ) of the Frankfurt Stock Exchange ( <i>Frankfurter Wertpapierbörse</i> ) (Scale segment) and simultaneously in the Basic Board of the Regulated Unofficial Market ( <i>Freiverkehr</i> ) of the Frankfurt Stock Exchange ( <i>Frankfurter Wertpapierbörse</i> )
<b>30 October 2020</b>	Book-entry delivery of the Offer Shares placed in the Offering against payment of the Offer Price (settlement and closing)

<b>Price range</b>	EUR 30.00 to EUR 38.00 per Offer Share (" <b>Price Range</b> ").
<b>Offer price</b>	The offer price for the Offering (" <b>Offer Price</b> ") has not yet been fixed as of the date of the Prospectus and is expected to be determined by the Company and the Selling Shareholder, after consultation with the Sole Bookrunner, on 27 October 2020. The Offer Price will be set on the basis of purchase orders submitted by investors during the Offer Period that have been collected in the order book during the bookbuilding process. These orders will be evaluated according to the prices offered and the expected investment horizons of the respective investors. This method of setting the Offer Price is, in principle, aimed at achieving the highest Offer Price.
<b>Amendments to the terms of the Offering</b>	The Company and the Selling Shareholder reserve the right, after consultation with the Sole Bookrunner, to increase or decrease the total number of Offer Shares, to increase or decrease the upper limit and/or the lower limit of the Price Range and/or to extend or shorten the Offer Period. Changes in relation to the number of Offer Shares, changes in the Price Range and/or the extension or shortening of the Offer Period will not invalidate any offers to purchase that have already been submitted. Under certain conditions, the Sole Bookrunner may terminate the Underwriting Agreement (as defined below), even after commencement of trading of the Shares in the Regulated Unofficial Market ( <i>Freiverkehr</i> ) of the Frankfurt Stock Exchange ( <i>Frankfurter Wertpapierbörse</i> ) up to delivery and settlement. In such case, the Offering will not take place and any allotments already made to investors will be invalidated.
<b>Stabilization measures, Over-Allotment, Greenshoe option</b>	<p>In connection with the placement of the Offer Shares and to the extent permitted by the applicable legal requirements the Sole Bookrunner, or persons acting on its behalf, will act as stabilization manager and may make over-allotments and take stabilization measures to support the market price of the Shares and thereby counteract any selling pressure. The Sole Bookrunner is under no obligation to take any stabilization measures. Where stabilization measures are taken, these may be terminated at any time and without notice. Such measures must be terminated no later than 30 calendar days from the date of the Listing.</p> <p>Under the possible stabilization measures, investors may, in addition to the New Shares and the Sale Shares, be allotted the Over-Allotment Shares (up to 15% of the total number of the New Shares and Base Shares) from the holdings of the Selling Shareholder granted by the Selling Shareholder to the Sole Bookrunner under a securities loan (<i>Wertpapierdarlehen</i>).</p> <p>In order to cover a potential over-allotment, the Selling Shareholder granted the Sole Bookrunner an option to purchase up to 405,000 Existing Shares at the Offer Price (less agreed commissions) in order to satisfy the retransfer obligation of the Sole Bookrunner under the securities loan ("<b>Greenshoe Option</b>").</p>
<b>Plan for distribution</b>	The allotment of Offer Shares to retail investors and institutional investors will be decided by the Company after consultation with the Sole Bookrunner. With respect to the purchase orders via the Subscription Functionality, the Company and the Sole Bookrunner will adhere to the "Principles for the Allotment of Share Issues to Private Investors" ( <i>Grundsätze für die Zuteilung von Aktienemissionen an Privatanleger</i> ) issued on 7 June 2000 by the German Commission of Stock Exchange Experts ( <i>Börsensachverständigenkommission</i> ).
<b>Dilution</b>	EUR 23.19 per Share or 68.20% (assuming completion of the Offering at the mid-point of the Price Range).
<b>Total expenses</b>	Assuming an Offer Price at the mid-point of the Price Range and placement of the maximum number of New Shares, the costs of the Company related to the Offering of the New Shares and the Listing, including underwriting, placement and discretionary commissions payable to the Sole Bookrunner, are expected to total approximately EUR 2,389.3 thousand. Assuming (i) an Offer Price at the mid-point of the Price Range, (ii) placement of the maximum number of Base Shares, (iii) full exercise of the Upsize Option by the Selling Shareholder, and (iv) full exercise of the Greenshoe Option by the Selling Shareholder, the costs of the Selling Shareholder related to the Offering of the Sale Shares and the Over-Allotment Shares, including underwriting, placement and discretionary commissions payable to the Sole Bookrunner, are expected to total approximately EUR 4,525.1 thousand.
<b>Expenses charged to investors</b>	Only customary transaction and handling fees charged by the investors' brokers.
<b>Who is the offeror and/or the person asking for admission to trading?</b>	
<b>Offeror</b>	The Company, the Selling Shareholder and the Sole Bookrunner, each of them incorporated and with its registered seat in, and operating under the laws, of Germany.
<b>Admission to</b>	The Company, together with the Sole Bookrunner, intends to apply for the Listing.

## trading

### Why is the Prospectus being produced?

**Reasons for the Offering and the Listing** The reason for the Offering is to use the entire net proceeds resulting from the sale of the New Shares placed in the Offering to fund the Company's continued long term organic and inorganic growth. The Company believes that through the Listing it will increase its own visibility, enhance its external profile and improve its brand recognition. Further, the Company assumes that the Listing will improve its access to capital markets and diversify its shareholder base, all of which will allow it to grow as a business. The Selling Shareholder intends to partially divest its shareholding in the Company to ensure sufficient free float and trading liquidity in the Shares and to facilitate stabilization measures.

**Total net proceeds** Assuming placement of the maximum number of New Shares, the Company estimates that at the mid-point of the Price Range, net proceeds would amount to approximately EUR 38,410.7 thousand. Assuming (i) placement of the maximum number of Base Shares, (ii) full exercise of the Upsize Option by the Selling Shareholder, and (iii) full exercise of the Greenshoe Option by the Selling Shareholder, the Selling Shareholder estimates that at the mid-point of the Price Range, net proceeds would total approximately EUR 77,244.9 thousand.

**Underwriting agreement** On 19 October 2020, the Company, the Selling Shareholder and the Sole Bookrunner entered into an underwriting agreement relating to the offer and sale of the Offer Shares in connection with the Offering ("**Underwriting Agreement**"). In the Underwriting Agreement, the Sole Bookrunner agreed, subject to certain conditions, to acquire the Offer Shares at the Offer Price with a view to offering them to investors in the Offering.

**Interests material to the issue / offer including conflicting interest** Hauck & Aufhäuser has been appointed by the Company and the Selling Shareholder as Sole Bookrunner. Hauck & Aufhäuser is advising the Company and the Selling Shareholder on the Offering and is coordinating the structuring and execution of the Offering. In addition, Hauck & Aufhäuser has been appointed to act as designated sponsor and capital market partner. Hauck & Aufhäuser will receive a commission for its activities upon successful completion of the Offering. Hauck & Aufhäuser therefore has an interest in the successful completion of the Offering and that as many Offer Shares as possible are placed at the highest price possible. GENUI will receive the net proceeds from the sale of the Base Shares, from the potential sale of the Over-Allotment Shares and the potential sale of the Upsize Shares in the Offering. Accordingly, GENUI has an interest in the successful completion of the Offering and that as many Offer Shares as possible are placed at the highest price possible. The Existing Shareholders, i.e. GENUI and the members of the Management Board via THINK BIG and Alocaris, hold Existing Shares. Therefore, they have an interest that the Listing occurs and the Existing Shares can be traded on a stock exchange. Other than the interests described above, there are no material interests with respect to the Offering or the Listing. None of the aforementioned interests in the Offering constitute a conflict of interests or a potential conflict of interests. Consequently, there are no conflicts of interests with respect to the Offering or the Listing.

**A. Einleitung mit Warnhinweisen**

Dieser Prospekt ("**Prospekt**") bezieht sich auf nennwertlose, auf den Inhaber lautende Stammaktien (Stückaktien) der fashionette AG, einer Aktiengesellschaft nach dem Recht der Bundesrepublik Deutschland ("**Deutschland**"), mit Satzungssitz in Düsseldorf, Deutschland, eingetragen im Handelsregister des Amtsgerichts Düsseldorf, Deutschland ("**Handelsregister**"), unter der Registernummer HRB 91139, mit Geschäftsanschrift Grafenberger Allee 295, 40237 Düsseldorf, Deutschland, und Rechtsträgerkennung ("**LEI**") 391200T7OHC8YPRQW61 (Telefon: +49 (0) 211 26008777; Internetseite: corporate.fashionette.com) ("**Gesellschaft**"), mit internationaler Wertpapier-Identifikationsnummer ("**ISIN**") DE000A2QEFA1 ("**Aktien**").

Gegenstand des Prospekts ist das öffentliche Angebot von 3.605.000 Aktien ("**Angebotsaktien**"), bestehend aus

- 1.200.000 neu ausgegebenen Aktien aus einer Kapitalerhöhung gegen Bareinlagen ("**IPO-Kapitalerhöhung**"), die in einer außerordentlichen Hauptversammlung der Gesellschaft am 16. Oktober 2020 beschlossen wurde ("**Neue Aktien**");
- 1.500.000 bestehenden Aktien aus dem Bestand der Genui Fund GmbH & Co. KG, einer deutschen Kommanditgesellschaft (KG) mit einer deutschen Gesellschaft mit beschränkter Haftung (GmbH) als persönlich haftender Gesellschafterin, mit Satzungssitz in Hamburg, Deutschland, eingetragen im Handelsregister des Amtsgerichts Hamburg, Deutschland, unter der Registernummer HRA 117986, mit Geschäftsanschrift Neuer Wall 80, 20354 Hamburg, Deutschland, und LEI 391200LEOK0X9LM1JT39 (Telefon: +49 (0) 40 32086690; Internetseite: www.genui.de) ("**Veräußernde Aktionärin**" oder "**GENUI**"), in einem Base Deal ("**Basisaktien**");
- bis zu 500.000 bestehenden Aktien aus dem Bestand der Veräußernden Aktionärin, vorbehaltlich der Ausübung einer Aufstockungsoption ("**Aufstockungsoption**"), über die die Veräußernde Aktionärin am Tag der Preisfestlegung, in Abstimmung mit dem Sole Bookrunner (wie unten definiert), basierend auf der Marktnachfrage entscheiden wird ("**Aufstockungsaktien**" und, zusammen mit den Basisaktien, "**Verkaufsaktien**"); und
- bis zu 405.000 bestehenden Aktien aus dem Bestand der Veräußernden Aktionärin im Zusammenhang mit einer möglichen Mehrzuteilung ("**Mehrzuteilungsaktien**").

Die Angebotsaktien werden angeboten durch die Gesellschaft, die Veräußernde Aktionärin und Hauck & Aufhäuser Privatbankiers Aktiengesellschaft, eine deutsche Aktiengesellschaft (AG), mit Satzungssitz in Frankfurt am Main, Deutschland, eingetragen im Handelsregister des Amtsgerichts Frankfurt am Main, Deutschland, unter der Registernummer HRB 108617, mit Geschäftsanschrift Kaiserstraße 24, 60311 Frankfurt am Main, Deutschland, und LEI 529900OOZP78CYPYF471 (Telefon: +49 (0) 69 21610; Internetseite: www.hauck-aufhaeuser.com) ("**Hauck & Aufhäuser**" oder "**Sole Bookrunner**"). Die Gesellschaft, die Veräußernde Aktionärin und der Sole Bookrunner übernehmen Verantwortung für die Inhalte des Prospekts.

Die Bundesanstalt für Finanzdienstleistungsaufsicht ("**BaFin**"), Marie Curie Straße 24-28, 60439 Frankfurt am Main, Deutschland (Telefon: +49 (0) 228 4108 0; Internetseite: www.bafin.de), hat den Prospekt als zuständige Behörde gemäß der Verordnung (EU) 2017/1129 des Europäischen Parlaments und des Rates vom 14. Juni 2017 über den Prospekt, der beim öffentlichen Angebot von Wertpapieren oder bei deren Zulassung zum Handel an einem geregelten Markt zu veröffentlichen ist, in der jeweils gültigen Fassung ("**Prospektverordnung**"), am 20. Oktober 2020 gebilligt.

*Diese Zusammenfassung sollte als Einleitung zu dem Prospekt verstanden werden. Anleger sollten sich bei der Entscheidung, in die Aktien zu investieren, auf den Prospekt als Ganzes stützen. Anleger, die in die Aktien investieren, könnten das gesamte angelegte Kapital oder einen Teil davon verlieren. Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in dem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger nach nationalem Recht die Kosten für die Übersetzung des Prospekts vor Prozessbeginn zu tragen haben. Nur diejenigen Personen haften zivilrechtlich, die diese Zusammenfassung samt etwaigen Übersetzungen vorgelegt und übermittelt haben. Dies gilt jedoch nur für den Fall, dass diese Zusammenfassung, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, irreführend, unrichtig oder widersprüchlich ist oder dass sie, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, nicht die Basisinformationen vermittelt, die in Bezug auf Anlagen in die Aktien für die Anleger eine Entscheidungshilfe darstellen würden.*

**B. Basisinformationen über den Emittenten**

**Wer ist der Emittent der Wertpapiere?**

**Informationen über den Emittenten** Die Gesellschaft ist eine Aktiengesellschaft (AG), die nach deutschem Recht gegründet wurde und deutschem Recht unterliegt. Die Gesellschaft hat ihren Satzungssitz in Düsseldorf, Deutschland, und die LEI 391200T7OHC8YPRQW61.

**Haupttätigkeiten** Die Gesellschaft betrachtet sich selbst als eine der führenden Destinationen für Premium- und Luxus-Modeaccessoires wie Handtaschen, Schuhe, Sonnenbrillen, Uhren und Schmuck ("**Premium- und Luxus-Modeaccessoires**") in Deutschland, Österreich und der Schweiz ("**DACH-Region**"). Sie betreibt derzeit Internetseiten unter der Marke "fashionette", die sich an acht Länder (Deutschland, Österreich, Schweiz, Frankreich, Italien, Niederlande, Schweden und Großbritannien) richten, wobei die DACH-Region als Kernregion 88,6 % ihrer Umsatzer-

löse im Jahr 2019 ausmacht.

Das Ziel der Gesellschaft ist es, die führende Online-Plattform für Premium- und Luxus-Modeaccessoires in Europa zu werden. Diese Online-Plattform soll Kunden bei der Vervollständigung ihrer Outfits unterstützen, indem darauf eine Auswahl an Premium- und Luxus-Modeaccessoires angeboten werden, die aus der Sicht der Gesellschaft sowohl über kurzfristige Modetrends hinausgehen als auch langfristig attraktiv sein sollen. Zu diesem Zweck verfolgt die Gesellschaft das Ziel, ein breites und abgestimmtes Sortiment an Premium- und Luxus-Modeaccessoires zu einem wettbewerbsfähigen Preis anzubieten.

Die Gesellschaft ist der Ansicht, dass sie gut positioniert ist, um die große Marktchance auf dem europäischen Markt für Premium- und Luxus-Modeaccessoires ("**Europäischer Markt für Premium- und Luxus-Modeaccessoires**") zu nutzen, und ist der Ansicht, dass die folgenden zentralen Stärken weiterhin zu ihrem Erfolg beitragen und sie von ihren Mitbewerbern unterscheiden werden:

- Die Gesellschaft ist der Ansicht über ein ein bewährtes und erfolgreiches Geschäftsmodell zu verfügen und gut positioniert zu sein, um die vorteilhaften Markteigenschaften des Europäischen Marktes für Premium- und Luxus-Modeaccessoires zu nutzen, und deswegen von einer sich beschleunigenden Verlagerung von Off-line- auf Online-Märkte profitieren.
- Die Gesellschaft sieht sich als Online-Marktführer für Premium- und Luxus-Handtaschen in Deutschland mit marktführender Markenbekanntheit.
- Der durchschnittliche Bestellwert bietet nach Ansicht der Gesellschaft Möglichkeiten für beträchtliche Marketinginvestitionen bei gleichzeitiger Erzielung einer attraktiven EBITDA-Marge.
- Die Gesellschaft meint, eine effiziente Marketingstrategie entwickelt zu haben und somit niedrige Kundengewinnungskosten, eine hohe Kundenerhaltungsdauer sowie einen stetigen Anstieg des durchschnittlichen Auftragswerts nach Kundenlebensdauer erzielen zu können.
- Die Gesellschaft ist der Ansicht, dass sie sich auf eine hochattraktive Kundengruppe konzentriert mit dem Potenzial, durch eine Erweiterung der Produktkategorien einen höheren Anteil des Portemonnaies dieser hochattraktiven Kundengruppe zu gewinnen.
- Die Gesellschaft ist der Ansicht, dass ihre Plattform ("**Fashionette-Plattform**") eine attraktive Möglichkeit mit einem starken Cross-Selling-Potential in angrenzende Produktkategorien bietet.
- Die Gesellschaft bietet nach ihrer Auffassung, eine 360-Grad-Kundenerfahrung mit einer starken Erfolgsgeschichte mit hohen Kundenzufriedenheitsbewertungen.
- Die Gesellschaft ist der Ansicht, dass sie über ein sehr attraktives Finanzprofil verfügt, um ein dynamisches Wachstum und eine nachgewiesene Rentabilität zu ermöglichen.
- Die Gesellschaft hat nach ihrer Auffassung niedrige Logistikkosten bezogen auf ihre Umsatzerlöse.
- Die skalierbare und datengesteuerte Technologieplattform der Gesellschaft unterstützt, nach deren Auffassung, alle Geschäftsprozesse.
- Nach Auffassung der Gesellschaft bieten ihre mobilen Websites einen hohen Anteil an mobilem Datenverkehr und die Möglichkeit, in eine Anwendung zu investieren, um das Kundenerlebnis weiter zu verbessern.
- Die Gesellschaft meint, einen erfahrenen Vorstand ("**Vorstand**") mit einer nachgewiesenen Erfolgsbilanz bei der Skalierung von Geschäften in einer traditionell emotionalen Industrie zu haben.

Nach Auffassung der Gesellschaft besteht das Schlüsselement ihrer Strategie der Gesellschaft darin, sich weiterhin auf ein über der Marktentwicklung liegendes Wachstum zu konzentrieren. Die Gesellschaft strebt an, die führende Online-Plattform für Premium- und Luxus-Modeaccessoires im stark fragmentierten Europäischen Markt für Premium- und Luxus-Modeaccessoires zu sein. Um dies zu erreichen, plant die Gesellschaft

- ihr organisches Wachstum zu beschleunigen, indem der Marktanteil der Gesellschaft durch die Erweiterung der Produktauswahl, der Produktkategorien und der geografischen Expansion erhöht wird; und
- anorganische Wachstumschancen durch ausgewählte Akquisitionen opportunistisch wahrzunehmen.

**Haupt-  
anteilseigner**

Zum Datum dieses Prospekts sind die bestehenden Aktionäre der Gesellschaft ("**Bestehende Aktionäre**") GENUI, THINK BIG INVEST UG (HAFTUNGSBESCHRÄNKT), Berlin, Deutschland ("**THINK BIG**") und Alocaris UG (haftungsbeschränkt), Berlin, Deutschland ("**Alocaris**"). Zum Datum dieses Prospekts hält GENUI direkt die Mehrheit des Grundkapital und der Stimmrechte der Gesellschaft und übt deshalb beherrschenden Einfluss im Sinne des § 17 Abs. 1 des Aktiengesetzes (AktG) auf die Gesellschaft aus.

**Beherrschung**

GENUI hält die Mehrheit des Grundkapitals und der Stimmrechte der Gesellschaft und beherrscht die Gesellschaft daher unmittelbar. GENUI wird von der Genui GP GmbH, Hamburg, Deutschland ("**Genui GP**"), ihrer alleinigen persönlich haftenden Gesellschafterin, beherrscht. Die Genui GP ist eine hundertprozentige Tochter der Genui GmbH, Hamburg, Deutschland ("**Genui GmbH**"), und wird daher durch diese beherrscht. Zum Datum des Prospekts beherrscht kein Gesellschafter der Genui GmbH die Genui GmbH. Daher ist die Genui GmbH zum Datum des Prospekts die ultimativ beherrschende Aktionärin der Gesellschaft und beherrscht die Gesellschaft mittelbar.

<b>Geschäftsführer</b>	Die Mitglieder des Vorstands sind Daniel Raab und Thomas Buhl.
<b>Abschlussprüfer</b>	Der gesetzliche Abschlussprüfer der Gesellschaft ist Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Deutschland, Büro Dortmund, Westfalendamm 11, 44141 Dortmund, Deutschland (" <b>Ernst &amp; Young</b> ").

**Welches sind die wesentlichen Finanzinformationen über den Emittenten?**

Die folgenden ausgewählten Finanzkennzahlen wurden (i) den geprüften Jahresabschlüssen der Gesellschaft für die zum 31. Dezember 2019, 31. Dezember 2018 und 31. Dezember 2017 endenden Geschäftsjahre der Gesellschaft, die in Übereinstimmung mit den deutschen Rechnungslegungsgrundsätzen des Handelsgesetzbuches ("**HGB**") erstellt wurden ("**Geprüfte Jahresabschlüsse**"), (ii) den geprüften Kapitalfluss- und Eigenkapitalveränderungsrechnungen für die zum 31. Dezember 2019, 31. Dezember 2018 und 31. Dezember 2017 endenden Geschäftsjahre (ohne Vorjahresvergleichszahlen für das zum 31. Dezember 2016 endende Geschäftsjahr) der Gesellschaft, die in Übereinstimmung mit den deutschen Rechnungslegungsgrundsätzen des HGB erstellt wurden ("**Geprüfte Kapitalfluss- und Eigenkapitalveränderungsrechnungen**"), (iii) dem ungeprüften Zwischenabschluss für den zum 30. Juni 2020 endenden Sechsmonatszeitraum, der in Übereinstimmung mit den deutschen Rechnungslegungsgrundsätzen des HGB erstellt wurde ("**Ungeprüfter Zwischenabschluss**"), und (iv) den Buchhaltungsunterlagen und internen Management-Berichtssystemen der Gesellschaft entnommen oder daraus abgeleitet. Zum Datum des Prospekts hat die Gesellschaft keine Tochtergesellschaften und erstellt daher keine Konzernabschlüsse.

Ernst & Young hat die in deutscher Sprache erstellten Geprüften Jahresabschlüsse gemäß § 317 HGB sowie unter Beachtung der vom Institut der Wirtschaftsprüfer ("**IDW**") festgestellten Grundsätze ordnungsmäßiger Abschlussprüfung geprüft und in deutscher Sprache uneingeschränkte Bestätigungsvermerke des unabhängigen Abschlussprüfers erteilt. Zudem hat Ernst & Young die Geprüften Kapitalfluss- und Eigenkapitalveränderungsrechnungen unter Beachtung des IDW Prüfungshinweises: Prüfung von zusätzlichen Abschlusselementen (IDW PH 9.960.2) geprüft und mit uneingeschränkten Bescheinigungen versehen. Finanzinformationen, die in den folgenden Tabellen als "geprüft" gekennzeichnet sind, wurden den Geprüften Jahresabschlüssen oder den Geprüften Kapitalfluss- und Eigenkapitalveränderungsrechnungen entnommen. Die Kennzeichnung "ungeprüft" in den folgenden Tabellen weist auf Finanzinformationen hin, die (i) dem Ungeprüften Zwischenabschluss oder (ii) den Buchhaltungsunterlagen oder internen Management-Berichtssystemen der Gesellschaft entnommen oder daraus abgeleitet wurden oder (iii) auf der Grundlage von Finanzinformationen aus den vorstehend genannten Quellen berechnet wurden.

**Wesentliche Daten aus der Gewinn- und Verlustrechnung**

	Geschäftsjahr endend zum 31. Dezember			Sechs Monate endend zum 30. Juni	
	2017	2018	2019	2019	2020
	(geprüft, soweit nicht anders angegeben)			(ungeprüft)	
	(in Tausend EUR)				
Umsatzerlöse	58.751,5	65.241,3	73.160,3	32.842,3	39.135,5
EBITDA <sup>(1),(2)</sup>	3.507,8	4.998,2	6.771,0	2.462,4	2.838,1
Jahresüberschuss/-fehlbetrag	(312,5)	302,2	1.399,7	97,0	334,1

<sup>(1)</sup> Definiert als Umsatzerlöse zuzüglich sonstiger betrieblicher Erträge abzüglich Materialaufwand, Personalaufwand und sonstige betriebliche Aufwendungen.

<sup>(2)</sup> Ungeprüft.

**Wesentliche Daten aus der Bilanz**

	Zum 31. Dezember			Zum 30. Juni
	2017	2018	2019	2020
	(geprüft)			(ungeprüft)
	(in Tausend EUR)			
Aktiva	43.437,2	44.814,5	45.848,2	42.946,2
Eigenkapital	26.595,4	26.897,6	28.297,3	28.631,5

**Wesentliche Daten aus der Kapitalflussrechnung**

	Geschäftsjahr endend zum 31. Dezember			Sechs Monate endend zum 30. Juni	
	2017	2018	2019	2019	2020
	(geprüft)			(ungeprüft)	
	(in Tausend EUR)				
Cashflows aus der					
laufenden Geschäftstätigkeit	5.799	(638)	1.843	(1.146)	4.290
Investitionstätigkeit	(1.691)	(1.159)	(776)	(448)	(317)
Finanzierungstätigkeit	(1.219)	(1.355)	(1.500)	(668)	(690)

**Welches sind die zentralen Risiken, die für den Emittenten spezifisch sind?**

- Die Gesellschaft sieht sich auf dem Markt, auf dem sie tätig ist, einem intensiven Wettbewerb ausgesetzt, der sich möglicher-

weise noch verschärft wird.

- Es ist möglich, dass es der Gesellschaft nicht gelingt, den Ruf der Gesellschaft, ihrer Marken und die Popularität der Fashionette-Plattform aufrechtzuerhalten, zu schützen und zu verbessern.
- Die wirtschaftlichen Bedingungen könnten sich verschlechtern, insbesondere aufgrund der weltweiten Pandemie, die durch das Virus SARS-CoV-2 ausgelöst wurde.
- Die Akzeptanz des Online-Angebots der Gesellschaft könnte abnehmen oder sich nicht verbessern.
- Der Geschmack der Kunden für die Premium- und Luxus-Modeaccessoires kann unbeständig und schwer vorhersehbar sein.
- Das Nutzerverhalten auf mobilen Geräten entwickelt sich rasch weiter, und es kann sein, dass es der Gesellschaft nicht gelingt, sich erfolgreich an diese Veränderungen anzupassen.
- Wenn die Fashionette-Plattform kein hohes Ranking in organischen Suchergebnissen erreicht, könnte dies den kommerziell erforderlichen Website-Traffic reduzieren.
- Die Marketinginvestitionen der Gesellschaft zur Generierung von Website-Traffic und zum Aufbau oder Erhalt eines beständigen Kundenstamms könnten sich zukünftig als nicht mehr effektiv erweisen.
- Die Gesellschaft könnte negativer öffentlicher Aufmerksamkeit ausgesetzt sein, einschließlich falscher negativer Informationen.
- Die bestehenden Verbindlichkeiten gegenüber Kreditinstituten der Gesellschaft könnten die für den Geschäftsbetrieb verfügbaren Cashflows einschränken, und jede Nichterfüllung in Bezug auf Verbindlichkeiten gegenüber Kreditinstituten könnte zur Insolvenz führen.
- Die Gesellschaft benötigt möglicherweise zusätzliches Kapital, das möglicherweise nicht zu wirtschaftlich akzeptablen Bedingungen oder überhaupt nicht zur Verfügung steht.
- Die Gesellschaft ist bzw. kann künftig im Rahmen ihrer Geschäftstätigkeit in Rechtsstreitigkeiten oder andere Verfahren verwickelt sein.

### C. Basisinformationen über die Wertpapiere

#### Welches sind die wichtigsten Merkmale der Wertpapiere?

<b>Art, Gattung, Nennwert</b>	Das Angebot bezieht sich auf nennwertlose, auf den Inhaber lautende Stammaktien ( <i>Stückaktien</i> ) der Gesellschaft; ISIN DE000A2QEFA1; Wertpapierkennnummer (WKN) A2QEFA; Common Code 224551541; Börsenkürzel: FSNT.
<b>Anzahl der Wertpapiere</b>	Zum Zeitpunkt des Prospekts beträgt das Grundkapital der Gesellschaft EUR 5.000.000 und ist eingeteilt in 5.000.000 bestehende Aktien (" <b>Bestehende Aktien</b> "). Das Grundkapital der Gesellschaft ist vollständig eingezahlt. Alle Aktien sind auf den Inhaber lautende Stammaktien ohne Nennbetrag (Stückaktien). Jede Aktie entspricht einem anteiligen Betrag am Grundkapital der Gesellschaft von EUR 1,00.
<b>Währung</b>	Die Aktien sind in Euro denominated.
<b>Verbundene Rechte und Übertragbarkeit</b>	Jede Aktie berechtigt zu einer Stimme in der Hauptversammlung der Gesellschaft. Es bestehen keine Stimmrechtsbeschränkungen. Alle Aktien sind ab dem 1. Januar 2020 in voller Höhe gewinnanteilsberechtig. Die Aktien sind in Übereinstimmung mit den gesetzlichen Anforderungen für Inhaberaktien frei übertragbar. Es bestehen keine Beschränkungen für die Übertragbarkeit der Aktien mit Ausnahme bestimmter Lock-up-Vereinbarungen zwischen der Gesellschaft, dem Sole Bookrunner und den Bestehenden Aktionären.
<b>Rang</b>	Die Aktien sind im Fall einer Insolvenz der Gesellschaft gegenüber allen anderen Wertpapieren und Forderungen nachrangig.
<b>Dividendenpolitik</b>	Die Gesellschaft beabsichtigt derzeit nicht, in naher Zukunft Dividenden auszuschütten, und weiterhin in die Entwicklung ihres Geschäfts zu investieren. Die Fähigkeit und Absicht der Gesellschaft, in Zukunft Dividenden auszuschütten, wird in Übereinstimmung mit den geltenden Gesetzen erfolgen und hängt von der Höhe des der Gesellschaft zur Verfügung stehenden Bilanzgewinns ab. Die Gesellschaft ist derzeit nicht in der Lage, Aussagen über die Höhe zukünftiger Gewinne oder darüber zu machen, ob es in Zukunft überhaupt Gewinne geben wird. Die Gesellschaft kann daher nicht garantieren, dass in zukünftigen Jahren Dividenden gezahlt werden.

#### Wo werden die Wertpapiere gehandelt?

Die Gesellschaft wird die Einbeziehung der Aktien in den Handel im Freiverkehr der Frankfurter Wertpapierbörse (Segment Scale) mit gleichzeitiger Einbeziehung in das Basic Board des Freiverkehrs der Frankfurter Wertpapierbörse beantragen ("**Listing**"). In der Zukunft strebt die Gesellschaft die Zulassung der Aktien zum Handel am regulierten Markt an der Frankfurter Wertpapierbörse an.

#### Was sind die zentralen Risiken, die für die Wertpapiere spezifisch sind?

- Nach dem Angebot (wie nachstehend definiert) behalten die Bestehenden Aktionäre einen erheblichen Einfluss auf die Gesellschaft, und die Interessen der Bestehenden Aktionäre können mit denen der Gesellschaft und ihrer anderen Aktionäre in

Konflikt geraten.

- Die Satzung der Gesellschaft sieht erhebliche Volumina an genehmigtem und bedingtem Kapital vor. Zukünftige Aktienemissionen könnten den Marktpreis der Aktien nachteilig beeinflussen und zu einer erheblichen Verwässerung führen.
- Es gibt keine Garantie dafür, dass sich nach dem Angebot ein liquider Markt für die Aktien entwickeln wird.

#### D. Basisinformationen über das öffentliche Angebot von Wertpapieren

##### Zu welchen Konditionen und nach welchem Zeitplan kann ich in dieses Wertpapier investieren?

**Angebotskonditionen** Das Angebot ("**Angebot**") bezieht sich auf den Verkauf der Angebotsaktien, d.h. insgesamt 3.605.000 Aktien, bestehend aus

- 1.200.000 Neuen Aktien;
- 1.500.000 Basisaktien;
- bis zu 500.000 Aufstockungsaktien; und
- bis zu 405.000 Mehrzuteilungsaktien.

Die Gesamtanzahl der Mehrzuteilungsaktien wird 15 % der finalen Anzahl an Neuen Aktien und Basisaktien, die in dem Angebot platziert werden, nicht überschreiten.

**Umfang des Angebots** Das Angebot besteht aus einem erstmaligen öffentlichen Angebot der Angebotsaktien in Deutschland ("**Öffentliches Angebot**") und Privatplatzierungen in bestimmten Ländern außerhalb Deutschlands ("**Privatplatzierung**"). Im Rahmen der Privatplatzierung werden die Angebotsaktien (i) im Europäischen Wirtschaftsraum "qualifizierten Anlegern" (wie in Art. 2 lit. e) der Prospektverordnung definiert), (ii) in den Vereinigten Staaten von Amerika ("**Vereinigte Staaten**") "qualifizierten institutionellen Käufern" (*qualified institutional buyers*) (im Sinne von Rule 144A unter dem U.S. Securities Act von 1933 in der jeweils geltenden Fassung ("**Securities Act**") ("**QIBs**") und (iii) in anderen Ländern (außer Kanada, Australien und Japan) institutionellen Investoren angeboten.

Die Angebotsaktien wurden und werden nicht gemäß dem Securities Act registriert. Außerhalb der Vereinigten Staaten werden die Angebotsaktien nur im Rahmen von Offshore-Transaktionen (*offshore transactions*) (wie definiert in und gemäß der Regulation S des Securities Act) angeboten. In den Vereinigten Staaten werden die Angebotsaktien nur in Privatplatzierungen gemäß einer Ausnahme von den Registrierungsanforderungen des Securities Act, oder in Transaktionen, die nicht den Registrierungsanforderungen des Securities Act unterfallen, einer begrenzten Zahl an QIBs angeboten, die einen sogenannten U.S. investor representation letter an die Gesellschaft, die Veräußernde Aktionärin und den Sole Bookrunner erhalten und deren Bedingungen zugestimmt haben.

**Angebotszeitraum** Die Angebotsfrist, innerhalb der Kaufangebote für die Angebotsaktien abgegeben werden können, beginnt voraussichtlich am 21. Oktober 2020 und endet voraussichtlich am 27. Oktober 2020 ("**Angebotszeitraum**"). Am letzten Tag des Angebotszeitraums können Kaufangebote übermittelt werden (i) bis um 12:00 Uhr Mitteleuropäische Zeit ("**MEZ**") für Privatinvestoren (natürliche Personen) und (ii) bis um 16:00 Uhr MEZ für institutionelle Investoren. Institutionelle Investoren können ihre Kaufangebote innerhalb der Angebotsfrist unmittelbar bei dem Sole Bookrunner abgeben. Privatinvestoren können ihre Kaufangebote im Rahmen des Öffentlichen Angebots zwei Tage nach Beginn des Angebotszeitraums, d.h. ab dem 23. Oktober 2020, über die Zeichnungsfunktionalität DirectPlace der Frankfurter Wertpapierbörse ("**Zeichnungsfunktionalität**") abgeben.

**Zeitplan des Angebots** Nachstehend ist der voraussichtliche Zeitplan des Angebots dargestellt, der verlängert oder verkürzt werden kann:

<b>20. Oktober 2020</b>	Billigung des Prospekts durch die BaFin Veröffentlichung des Prospekts auf der Website der (corporate.fashionette.com) unter der Rubrik "Börsengang" Antrag für das Listing
<b>21. Oktober 2020</b>	Beginn des Angebotszeitraums
<b>23. Oktober 2020</b>	Beginn der Zeichnungsfunktionalität
<b>27. Oktober 2020</b>	Ende des Angebotszeitraums Bestimmung des Angebotspreises (wie nachstehend definiert) und der endgültigen Anzahl der im Rahmen des Angebots platzierten Angebotsaktien Veröffentlichung des Angebotspreises und der endgültigen Anzahl der im Rahmen des Angebots platzierten Angebotsaktien in Form einer Ad hoc-Mitteilung über ein elektronisches Informationsverbreitungssystem und auf der Website der Gesellschaft (corpo-

	<p>rate.fashionette.com) unter der Rubrik "Investor Relations"</p> <p>Zuteilung der Angebotsaktien an die Investoren</p> <p>28. Oktober 2020 Entscheidung der Deutsche Börse Aktiengesellschaft, Frankfurt am Main, Deutschland, über das Listing</p> <p>29. Oktober 2020 Eintragung der Durchführung der IPO-Kapitalerhöhung bezüglich der Neuen Aktien im Handelsregister</p> <p>Aufnahme des Handels der Aktien im Freiverkehr der Frankfurter Wertpapierbörse (Segment Scale) und gleichzeitig in das Basic Board des Freiverkehrs der Frankfurter Wertpapierbörse</p> <p>30. Oktober 2020 Buchmäßige Lieferung der im Rahmen des Angebots platzierten Angebotsaktien gegen Zahlung des Angebotspreises (Abwicklung und Vollzug)</p>
<b>Preisspanne</b>	EUR 30,00 bis EUR 38,00 je Angebotsaktie (" <b>Preisspanne</b> ").
<b>Angebotspreis</b>	Der Angebotspreis für das Angebot (" <b>Angebotspreis</b> ") ist zum Datum des Prospekts noch nicht festgelegt worden und wird voraussichtlich am 27. Oktober 2020 von der Gesellschaft und der Veräußernden Aktionärin nach Rücksprache mit dem Sole Bookrunner festgelegt werden. Der Angebotspreis wird auf der Grundlage von Kaufaufträgen festgelegt, die von Investoren während des Angebotszeitraums eingereicht und während des Bookbuilding-Verfahrens im Orderbuch gesammelt wurden. Diese Aufträge werden entsprechend den angebotenen Preisen und den erwarteten Anlagehorizonten der jeweiligen Investoren bewertet. Diese Methode zur Festsetzung des Angebotspreises zielt grundsätzlich darauf ab, den höchsten Angebotspreis zu erzielen.
<b>Änderungen der Angebotsbedingungen</b>	Die Gesellschaft und die Veräußernde Aktionärin behalten sich das Recht vor, nach Rücksprache mit dem Sole Bookrunner die Gesamtzahl der Angebotsaktien zu erhöhen oder zu verringern, die Obergrenze und/oder die Untergrenze der Preisspanne zu erhöhen oder zu senken und/oder die Angebotsfrist zu verlängern oder zu verkürzen. Änderungen in Bezug auf die Anzahl der Angebotsaktien, Änderungen der Preisspanne und/oder die Verlängerung oder Verkürzung der Angebotsfrist machen bereits eingereichte Kaufangebote nicht ungültig. Unter bestimmten Bedingungen kann der Sole Bookrunner den Übernahmevertrag (wie unten definiert) auch nach Aufnahme des Handels der Aktien im Freiverkehr der Frankfurter Wertpapierbörse bis zur Lieferung und Abwicklung kündigen. In einem solchen Fall findet das Angebot nicht statt, und bereits erfolgte Zuteilungen an Anleger werden für ungültig erklärt.
<b>Stabilisierungsmaßnahmen, Mehrzuteilung, Green-shoe-Option</b>	<p>Im Zusammenhang mit der Platzierung der Angebotsaktien wird der Sole Bookrunner oder in seinem Namen handelnde Personen im Rahmen der anwendbaren gesetzlichen Bestimmungen als Stabilisierungsmanager fungieren und kann Mehrzuteilungen vornehmen und Stabilisierungsmaßnahmen ergreifen, um den Marktpreis der Aktien zu stützen und dadurch einem Verkaufsdruck entgegenzuwirken. Der Sole Bookrunner ist nicht verpflichtet, Stabilisierungsmaßnahmen zu ergreifen. Sofern Stabilisierungsmaßnahmen ergriffen werden, können diese jederzeit und ohne Vorankündigung beendet werden. Solche Maßnahmen müssen spätestens 30 Kalendertage nach dem Datum des Listings beendet werden.</p> <p>Im Rahmen der möglichen Stabilisierungsmaßnahmen können Investoren zusätzlich zu den Neuen Aktien und den Verkaufaktien die Mehrzuteilungsaktien (bis zu 15 % der Gesamtzahl der Neuen Aktien und der Basisaktien) aus den Beständen der Veräußernden Aktionärin zugeteilt werden, die die Veräußernde Aktionärin dem Sole Bookrunner im Rahmen eines Wertpapierdarlehens gewährt.</p> <p>Um eine potentielle Mehrzuteilung abzudecken, hat die Veräußernde Aktionärin dem Sole Bookrunner eine Option zum Kauf von bis zu 405.000 Aktien zum Angebotspreis (abzüglich vereinbarter Provisionen) gewährt, um die Rückübertragungsverpflichtung des Sole Bookrunners im Rahmen des Wertpapierdarlehens zu erfüllen ("<b>Greenshoe-Option</b>").</p>
<b>Plan für den Vertrieb</b>	Die Zuteilung der Angebotsaktien an Privatanleger und institutionelle Investoren wird von der Gesellschaft nach Rücksprache mit dem Sole Bookrunner beschlossen. In Bezug auf über die Zeichnungsfunktionalität abgegebene Kauforders werden die Gesellschaft und der Sole Bookrunner die "Grundsätzen für die Zuteilung von Aktienemissionen an Privatanleger" der Börsensachverständigenkommission vom 7. Juni 2000 beachten.
<b>Verwässerung</b>	EUR 23,19 je Aktie oder 68,20 % (unter Annahme des Vollzugs des Angebots zum Mittelwert der Preisspanne).
<b>Gesamtkosten</b>	Geht man von einem Angebotspreis in der Mitte der Preisspanne und der Platzierung der maximalen Anzahl Neuer Aktien aus, dürften sich die Kosten der Gesellschaft im Zusammenhang mit dem Angebot der Neuen Aktien und

dem Listing, einschließlich der an den Sole Bookrunner zu zahlenden Zeichnungs-, Platzierungs- und Ermessensprovisionen, auf etwa TEUR 2.389,3 belaufen. Unter der Annahme (i) eines Angebotspreises in der Mitte der Preisspanne, (ii) der Platzierung der maximalen Anzahl von Basisaktien, (iii) der vollständigen Ausübung der Aufstockungsoption durch die Veräußernde Aktionärin und (iv) der vollständigen Ausübung der Greenshoe-Option durch die Veräußernde Aktionärin, dürften sich die Kosten der Veräußernden Aktionärin im Zusammenhang mit dem Angebot der Verkaufsaktien und der Mehrzuteilungsaktien, einschließlich Zeichnungs-, Platzierungs- und Ermessensprovisionen, die an den Sole Bookrunner zu zahlen sind, auf etwa TEUR 4.525,1 belaufen.

**Kosten, die den Investoren in Rechnung gestellt werden**

Ausschließlich marktübliche Transaktions- und Abwicklungskosten, die durch die Broker der Investoren in Rechnung gestellt werden.

**Wer ist der Anbieter und/oder die Zulassung zum Handel beantragende Person?**

**Anbieter**

Die Gesellschaft, die Veräußernde Aktionärin und der Sole Bookrunner, jeweils in Deutschland gegründet, dort mit eingetragenem Sitz und deutschem Recht unterliegend.

**Zulassung zum Handel**

Die Gesellschaft, zusammen mit dem Sole Bookrunner, beabsichtigt, das Listing zu beantragen.

**Weshalb wird dieser Prospekt erstellt?**

**Gründe für das Angebot und die Zulassung zum Handel**

Der Grund für das Angebot besteht darin, den gesamten Nettoerlös aus dem Verkauf der im Rahmen des Angebots platzierten Neuen Aktien zur Finanzierung des anhaltenden langfristigen, organischen und anorganischen Wachstums der Gesellschaft zu verwenden. Die Gesellschaft ist der Ansicht, dass es durch das Listing ihre eigene Visibilität erhöhen, ihr äußeres Profil stärken und ihren Bekanntheitsgrad verbessern wird. Darüber hinaus geht die Gesellschaft davon aus, dass das Listing ihren Zugang zu den Kapitalmärkten verbessern und ihre Aktionärsbasis diversifizieren wird, was dazu beitragen wird, dass die Gesellschaft wachsen kann. Die Veräußernde Aktionärin beabsichtigt, ihre Beteiligung an der Gesellschaft im Zuge des Angebots teilweise zu veräußern, um einen ausreichenden Streubesitz und Handelsliquidität in den Aktien sicherzustellen und Stabilisierungsmaßnahmen zu erleichtern.

**Gesamt-nettoerlöse**

Unter der Annahme der Platzierung der maximalen Anzahl Neuer Aktien schätzt die Gesellschaft, dass sich der Nettoerlös in der Mitte der Preisspanne auf etwa TEUR 38.410,7 belaufen würde. Unter der Annahme (i) der Platzierung der maximalen Anzahl von Basisaktien, (ii) der vollständigen Ausübung der Aufstockungsoption durch die Veräußernde Aktionärin und (iii) der vollständigen Ausübung der Greenshoe-Option durch die Veräußernde Aktionärin schätzt die Veräußernde Aktionärin, dass sich der Nettoerlös in der Mitte der Preisspanne auf etwa TEUR 77.244,9 belaufen würde.

**Übernahmevertrag**

Am 19. Oktober 2020 schlossen die Gesellschaft, die Veräußernde Aktionärin und der Sole Bookrunner einen Übernahmevertrag im Zusammenhang mit dem Angebot und dem Verkauf der Angebotsaktien im Rahmen des Angebots ("Übernahmevertrag"). In dem Übernahmevertrag hat sich der Sole Bookrunner dazu verpflichtet, unter bestimmten Bedingungen die Angebotsaktien zum Angebotspreis zu zeichnen und zu erwerben, um sie Investoren im Rahmen des Angebots anzubieten.

**Wesentliche Interessen an der Emission/dem Angebot einschließlich Interessenkonflikten**

Hauck & Aufhäuser wurde von der Gesellschaft und der Veräußernden Aktionärin als Sole Bookrunner beauftragt. Hauck & Aufhäuser berät die Gesellschaft und die Veräußernde Aktionärin bei dem Angebot und koordiniert die Strukturierung und Durchführung des Angebots. Darüber hinaus wurde Hauck & Aufhäuser als Designated Sponsor und Capital Market Partner ernannt. Hauck & Aufhäuser wird nach erfolgreichem Abschluss des Angebots eine Provision für ihre Tätigkeit erhalten. Hauck & Aufhäuser hat daher ein Interesse daran, dass das Angebot erfolgreich durchgeführt wird und möglichst viele Angebotsaktien zum höchstmöglichen Preis platziert werden. GENUI wird den Nettoerlös aus dem Verkauf der Basisaktien, aus dem potentiellen Verkauf der Mehrzuteilungsaktien und aus dem potentiellen Verkauf der Aufstockungsaktion im Rahmen des Angebots erhalten. Dementsprechend hat GENUI ein Interesse daran, dass das Angebot erfolgreich abgeschlossen wird und dass so viele Angebotsaktien wie möglich zum höchstmöglichen Preis platziert werden. Die Bestehenden Aktionäre, d.h. GENUI und die Mitglieder des Vorstandes über THINK BIG und Alocaris, halten Bestehende Aktien. Sie haben daher ein Interesse daran, dass das Listing erfolgt und die Bestehenden Aktien an einer Börse gehandelt werden können. Abgesehen von den oben beschriebenen Interessen gibt es keine wesentlichen Interessen in Bezug auf das Angebot. Keine der oben beschriebenen Interessen in Bezug auf das Angebot und das Listing stellt einen Interessenkonflikt oder einen

potenziellen Interessenkonflikt dar. Folglich gibt es keine Interessenkonflikte in Bezug auf das Angebot oder das Listing.

## 1 RISK FACTORS

An investment in the shares of fashionette AG, Düsseldorf, Germany ("**Company**"), is subject to risks. According to Article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public, the risk factors featured in the prospectus ("**Prospectus**") must thus be limited to risks which are specific to the issuer and/or the securities and which are material for taking an informed investment decision. The following risks are, therefore, only those risks that are specific to the Company and to the Company's shares ("**Shares**"). In addition, the Company faces various risks generally faced by any company operating in the markets in which the Company operates. Furthermore, any investment in the Shares bears general risks relevant to investments in this type of security. The market price of the Shares could decline if any of these risks were to materialize, in which case investors could lose some or all of their investment.

The following risk factors are divided into categories based on their respective nature. Within each such category, the order of risk factors is based on the Company's current assessment with respect to the probability of occurrence and expected magnitude of impact of such risk factors. Two of the most material risk factors (i.e., those the Company believes are most likely to have a material adverse impact) are mentioned at the beginning of each category. Irrespective of this order, however, any of the risks described below could have a material adverse effect on the business, financial condition, cash flows, results of operations and prospects of the Company as well as on the price of the Shares.

The Company has further assessed the relative materiality of each risk compared to other risks over all categories based on the relevant risk's potential impact on the Company, the Shares and the probability of its occurrence. Therefore, at the end of each risk factor, a statement is included whether the risk has an "adverse effect", a "material adverse effect" or a "highly adverse effect" on the business, financial condition, cash flows, results of operations and prospects of the Company as well as on the price of the Shares. As both impact and probability were taken into account when determining the potential influence, it is possible that for instance a risk with a comparatively higher probability of occurrence to have a "highly adverse effect", but a comparatively lower impact is considered a "material adverse effect" or only an "adverse effect". The same might apply to a risk having a comparatively low probability of occurrence while concurrently evincing a comparatively considerable impact.

### 1.1 Risks related to the Company's business activities and industry

#### 1.1.1 The Company faces intense competition in the market it operates in, which may intensify even further.

The Company distributes premium and luxury fashion accessories including handbags, shoes, sunglasses, watches and jewelry ("**Premium and Luxury Fashion Accessories**") from over 150 international brands in Germany, Austria, Switzerland ("**DACH Region**"), some other selected countries of the European Union ("**EU**") and in the United Kingdom ("**UK**"). The European market for Premium and Luxury Fashion Accessories ("**European Premium and Luxury Fashion Accessories Market**") in which the Company operates is highly competitive, fragmented and rapidly changing. The Company faces competition from a diversified group of competitors operating under various brands. The Company competes with a diverse group of retailers, including, but not limited to:

- multi-category pure-play online fashion retailers and marketplaces (e.g., Farfetch, Net-a-Porter, MyTheresa, Yoox, Zalando) as well as pure-play online fashion shopping clubs (e.g., Best Secrets, Veepee);
- pure-play online retailers for certain product categories such as handbags and sunglasses (e.g., Wardow and Edel Optics);
- multi-category online retailers and marketplaces trying to increase their presence across a range of categories including handbags and accessories (e.g., AboutYou, Amazon.com, Boozt, ebay.com, Otto);
- offline-focused vertically integrated retailers and department stores, including their respective online offerings (e.g., Breuninger, Peek & Cloppenburg, GALERIA Karstadt Kaufhof, John Lewis, The KaDeWe Group, Galeries Lafayette);
- retail fashion & accessories stores of designer brands (e.g., Gucci, Michael Kors), including their respective online offerings;
- traditional retail chains with a special focus on certain product categories such as jewelry and watches (e.g., Christ, Wempe), including their respective online offerings;
- individual fashion stores and fashion outlets (e.g., The Style Outlets, Outletcity Metzingen);
- mail order retailers from Europe and Non-European companies seeking to enter the geographical focus markets of the Company, who are expanding their own virtual shelf space using their own websites; and
- fashion price comparison websites (e.g., Stylight, Mybestbrands).

In addition, most of the Company's suppliers are producers or distributors of fashion products that also sell Premium and Luxury Fashion Accessories directly to end-customers. The Company could experience additional competitive pressure if such suppliers initiate or successfully expand their own online retail operations, since they have access to their merchandise at lower costs and could therefore sell it at lower prices while maintaining higher margins on their revenue than the Company can. The Company believes

these factors make the European Premium and Luxury Fashion Accessories Market particularly competitive and potentially even more competitive in the future.

Many of the Company's competitors have longer operating histories, far greater brand recognition, larger fulfillment infrastructures, greater technical capabilities, faster and less costly shipping networks, significantly greater financial, marketing and other resources and a larger customer base compared to the Company. These advantages may allow the Company's competitors to derive higher revenue and profits from their existing customer base, acquire customers at lower costs or respond faster to new or emerging technologies and changes in consumer habits. The Company may undertake more far-reaching marketing campaigns and adopt more aggressive pricing policies, which may adversely impact the Company's competitive position. In addition, many of the traditional retail chains of Premium and Luxury Fashion Accessories are increasingly investing in their online offerings, leading to growing competition in the European Premium and Luxury Fashion Accessories Market. Furthermore, new competitors may emerge, or retailers for Premium and Luxury Fashion Accessories that currently operate in other countries may choose to enter or expand into the Company's markets. Furthermore, some of the competitors of the Company may merge or form strategic partnerships, increasing their size even further.

Moreover, in some countries the Company's offering of Premium and Luxury Fashion Accessories is so attractive to customers precisely because the Company allows them to pay by installments (see "1.1.15 *There could be a mass reversal of Premium and Luxury Fashion Accessories purchased in installments.*"). Competitors could turn to offer this type of payment to a large extent too, thus making it more difficult for the Company to stand out.

Competitive pressure from the Company's current or future competitors or an inability to adapt effectively and quickly to a changing competitive landscape could adversely affect demand for the Company's Premium and Luxury Fashion Accessories, force the Company to cut prices and thereby adversely affect its growth and its margins.

In conclusion, the Company competes for customers mainly on the basis of the breadth and quality of its product offering, the attractiveness of its prices, the strength of the brands offered and the quality of its services, including its customer service, the convenience and functionality of its online selling platform ("**Fashionette Platform**"), its marketing effectiveness and financial capabilities as well as the speed of the Company's deliveries. If the Company fails to compete effectively in any one of these areas, it may lose existing customers and fail to attract new customers.

If the Company is unable to maintain its competitive position, in particular against intense competition from other retailers in the European Premium and Luxury Fashion Accessories Market, it could lose market share to its competitors. This could have a highly adverse effect on the business, financial condition, results of operations and prospects of the Company.

#### **1.1.2 The Company may fail to maintain, protect and enhance the reputation of the Company, its brands and the popularity of the Fashionette Platform.**

The recognition and reputation of the Company, in particular the brand "*fashionette*", among customers and suppliers are critical for the growth and continued success of its business as well as for its competitiveness in the European Premium and Luxury Fashion Accessories Market. Maintaining "*fashionette*" as a strong and well reputed brand is key in the European Premium and Luxury Fashion Accessories Market and competition among online retailers where typically the market participants with the strongest brands are favored. While lesser brands may also be able to operate profitably, the market participant with the strongest brand typically captures a larger market share. Therefore, any developments that harm the brand, the reputation of the Company or the popularity of the Fashionette Platform could have a highly adverse effect on its business.

Thus, if the Company proves unable to present the Premium and Luxury Fashion Accessories on the Fashionette Platform in an inspiring and attractive way as well as at competitive prices and favorable conditions or if customers regard the fulfillment capabilities of the Company, in particular delivery, returns and payment, as not entirely convenient, the Company may be unable to win new customers, may lose existing customers or may be faced with reduced volumes of purchases on the Fashionette Platform, any of which could have a highly adverse effect on the business, financial condition and results of operations of the Company.

As competition intensifies, the Company anticipates that maintaining and enhancing its reputation and the popularity of the Fashionette Platform will become increasingly difficult and expensive. Many factors, some of it being outside the Company's control, are important for maintaining and enhancing the Company's competitiveness, including the ability to:

- compile an attractive offering of Premium and Luxury Fashion Accessories sold at attractive prices and favorable conditions;
- increase brand awareness through marketing and brand promotion activities;
- preserve the reputation of the Company;
- increase purchase frequency;
- attractively present and market the Premium and Luxury Fashion Accessories as part of an inspiring and convenient shopping experience;

- maintain, monitor and improve its relationships with suppliers;
- manage new and existing technologies and sales channels; and
- maintain and improve the efficiency, reliability and quality of the Company's delivery and fulfillment processes to ensure comparably short delivery times.

Any failure to offer high-quality Premium and Luxury Fashion Accessories and excellent customer service could damage the reputation, the brands of the Company and the popularity of the Fashionette Platform and hence result in the loss of customers. Since all of the Premium and Luxury Fashion Accessories of the Company are supplied by third-party suppliers (see "1.1.10 *The brands and other suppliers could discontinue supply to the Company on financially viable terms and fail to supply it with high quality and compliant merchandise, or fail to comply with applicable laws or regulations.*"), the Company may also receive negative publicity in case of inappropriate actions of its suppliers (e.g., violations of product safety regulation, environmental standards, labor laws or a use of child and slave labor). This becomes increasingly relevant as there are currently plans in the German government to enact a so-called supply chain act (*Lieferkettengesetz*). According to the current drafts, a company will be liable if it neglects its duty of care to avoid human rights violations along its supply chain. An actual or even only alleged infringement of this law could taint a supplier's reputation severely as well as that of those companies selling its products.

Moreover, the Company is active on social media (e.g., Facebook and Instagram) for the promotion of the offered Premium and Luxury Fashion Accessories and marketing efforts, and any negative publicity may be accelerated through social media due to its immediacy and accessibility as a means of communication. Such negative publicity, even if factually incorrect or based on isolated incidents, could damage the reputation of the Company, diminish the value of its brands, undermine the trust and credibility it has established and have a negative impact on its ability to attract new or retain existing customers. Given the rapid nature of social media, the Company may be unable to react to such negative publicity in a timely manner.

Any failure to maintain, protect and enhance the reputation and brands of the Company could have a highly adverse effect on its customer base, business, financial condition and prospects.

### **1.1.3 The economic conditions may deteriorate, in particular due to the COVID-19 Pandemic.**

The Company sells the Premium and Luxury Fashion Accessories via the Fashionette Platform in the DACH Region and also in some other selected countries of the EU as well as the UK. Its growth and the margins depend on the regional economic conditions of these markets and their impact on consumer spending, which is likely to decline during periods of economic uncertainty and recessions. The still unclear outcome of the negotiations on the withdrawal of the UK from the EU ("**Brexit**") could have an adverse effect on the revenue development of the Company in that area amounting to 5.1% of the Company's whole revenue in 2019. The same applies for the potential impact of the worldwide pandemic triggered by the Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2) ("**COVID-19 Pandemic**"). Even though the COVID-19 Pandemic entailed to a severe decline of sales in the European Premium and Luxury Fashion Accessories Market for a short period of time, the Company's sales quickly recovered and the Company has even benefited from the general shift towards online offerings resulting from the measures and changes of behavior in the context of the COVID-19 Pandemic. However, the COVID-19 Pandemic significantly increased economic and demand uncertainty and it is possible that the current outbreak or continued spread of COVID-19 Pandemic may cause an economic slowdown or even a global recession. Given that the Premium and Luxury Fashion Accessories being crucial for the Company's product offering are neither essential nor required for everyday use, consumers may be reluctant to make such investments in periods of economic downturns. As a result, the European Premium and Luxury Fashion Accessories Market may be more adversely affected by such developments compared to other markets. Even markets with currently stable economies, e.g., Germany, may experience downturns as such caused by the COVID-19 Pandemic and it is unclear what further repercussions the COVID-19 Pandemic might entail to. A decline in consumer spending and purchasing power could lead to customers ordering less, selecting only cheaper products, or not ordering online at all.

Any deterioration of economic conditions in particular the further economic repercussions of the COVID-19 Pandemic could have a highly adverse effect on the business, financial condition, and results of operations of the Company.

### **1.1.4 Acceptance of the Company's online offering may decrease or fail to improve.**

The Company depends on the continued development and growth of the European Premium and Luxury Fashion Accessories Market. Its revenue has grown significantly in the past, increasing from EUR 58,751.5 thousand for the financial year ended 31 December 2017 to EUR 65,241.3 thousand in the financial year ended 31 December 2018 and to EUR 73,160.3 thousand for the financial year ended 31 December 2019. The Company believes that the European Premium and Luxury Fashion Accessories Market will only continue to grow if acceptance of internet retail continues to increase, and the availability and user-friendliness of product offerings on the internet continue to attract a wider group of consumers. In particular in view of the still ongoing COVID-19 Pandemic there is no guarantee that the European Premium and Luxury Fashion Accessories Market will recover and continue to grow at rates experienced in the recent past, or at all. Slowing growth, stagnation or contraction in the European Premium and Luxury Fashion Accessories Market could significantly adversely affect its revenue and prospects and could have a highly adverse effect on its business, financial condition and results of operations. The Company's success will largely depend on its ability to attract consumers having his-

torically purchased the Premium and Luxury Fashion Accessories through traditional brick and mortar retailers and a number of factors may deter them from purchasing such products online, including:

- preference for a more personal experience when purchasing Premium and Luxury Fashion Accessories;
- actual or perceived gaps in the product offering;
- an inability to offer the Premium and Luxury Fashion Accessories at competitive prices;
- concerns about buying the Premium and Luxury Fashion Accessories, in particular larger products, without a physical storefront or face-to-face interaction with sales personnel and the ability to physically examine the particular Premium and Luxury Fashion Accessory;
- an actual or perceived lack of security of online transactions and concerns regarding the privacy of personal information;
- the fear of buying fake products;
- delivery times associated with online orders;
- delayed shipments or shipments of incorrect or damaged Premium and Luxury Fashion Accessories;
- any inconvenience associated with returning or exchanging items purchased online; and
- a lack of usability, functionality and features of websites of the Company.

If the shopping experience provided by the Company fails to meet the expectations of existing or future customers, this could lead to lower demand for the Premium and Luxury Fashion Accessories offered and adversely affect its business. This could have a highly adverse effect on the financial condition, cash flows, results of operations and prospects of the Company.

#### **1.1.5 The tastes for the Premium and Luxury Fashion Accessories can be volatile and difficult to predict.**

As a platform for Premium and Luxury Fashion Accessories, the Company is subject to variable industry conditions. Consumer demand can quickly change depending on many factors, including the behavior of both online and brick and mortar competitors, promotional activities of competitors, rapidly changing tastes and preferences, frequent introductions of new products and services, advances in technology, the internet and macroeconomic factors, many of which are beyond its control. With this constantly changing environment, the future business strategies, practices and results of the Company may not meet expectations or respond quickly enough to consumer demand, and the Company may face operational difficulties in adjusting to any changes.

Moreover, the Premium and Luxury Fashion Accessories available on the Fashionette Platform are subject to rapidly changing design trends and constantly evolving consumer tastes and demands. The success of the Company is dependent on its ability to anticipate, identify and respond to the latest design trends and customer demands and to translate such trends and demands into product offerings in a timely manner. The failure of the Company to anticipate, identify or react swiftly and appropriately to new and changing styles, trends or consumer preferences, to accurately anticipate and forecast demand for certain product offerings or to provide relevant and timely product offerings to list on the Fashionette Platform may lead to lower demand for its merchandise.

In addition, the ability to sell a sufficient number of Premium and Luxury Fashion Accessories at satisfactory price levels depends in particular on the ability of the Company to predict and respond to trends and changing consumer preferences in a timely manner. The Company operates in the European Premium and Luxury Fashion Accessories Market, which is highly sensitive to changes in consumer preference, fluctuations in fashion trends and weather patterns. Consumer preferences regarding design, quality and price tend to change rapidly and accurately forecasting the selection and required quantities of the Premium and Luxury Fashion Accessories in future periods is a challenging venture. The Company endeavors to predict these trends correctly in advance and avoid overstocking or understocking of Premium and Luxury Fashion Accessories. However, the demand for Premium and Luxury Fashion Accessories can change significantly between the time respective Premium and Luxury Fashion Accessories are ordered and the date of sale. In addition, the lead times the Company must incur in taking delivery of merchandise from many of its suppliers pose challenges by increasing, in some cases significantly, the time it takes to respond to changes in product trends, consumer demand and market prices. As a result, the Company may face the risk of not having the appropriate selection or the required quantities of the Premium and Luxury Fashion Accessories in order to satisfy customer demand. The Company will also face the risk of carrying excess inventory which it might be unable to sell during the relevant selling seasons, or only by offering significant discounts. In addition, significant discounting may damage both the relationship with suppliers and brands whose Premium and Luxury Fashion Accessories the Company sells at discounts.

The realization of any of these risks could have a highly adverse effect on the demand for the Company's products and its revenue.

#### **1.1.6 User behavior on mobile devices is rapidly evolving and the Company may fail to successfully adapt to these changes.**

Purchases by customers using mobile devices have increased significantly, and the Company expects this trend to continue. In the second quarter of the financial year ending 31 December 2020, approximately 81% of its site visits came from mobile devices (up

from approximately 77% in the second quarter of the financial year ended 31 December 2019) which corresponded to a 72% share in revenue from mobile orders. Thereby, the Company particularly depends on the interoperability of the Fashionette Platform with popular mobile operating systems that it does not control, such as iOS and Android. Changes in such systems that degrade the functionality of the Fashionette Platform or give preferential treatment to competing sites could adversely affect its mobile offering. If customers of the Company experience difficulties accessing and using the Fashionette Platform on their mobile devices, or if they choose not to use the mobile offerings to the extent the Company anticipates or prefer other mobile solutions not supported by the Company, its customer and revenue growth, if any, could be limited, which could have a highly adverse effect on its business, financial condition and results of operations.

In addition, to optimize the mobile shopping experience, the Company may also develop its own proprietary app and ask its customers to download it for their particular device as opposed to accessing the Fashionette Platform from an internet browser. As new mobile devices and platforms are released, it is difficult to predict the problems the Company could encounter in developing mobile websites and apps that operate on such devices and platforms, and the Company might need to devote significant resources and investments to create, support and maintain such mobile websites and apps. In addition, the Company could experience difficulties in integrating apps into mobile devices or problems with providers of mobile operating systems or download stores if the Company's apps receive unfavorable treatment compared to competing applications. There is also no assurance that the Company will experience the same conversion rates from visitors browsing its mobile websites and apps as from those browsing its desktop websites and apps.

The Company's inability to successfully adapt to changing user behavior or to successfully manage existing and introduce new technologies could have a highly adverse effect on the demand for the Company's products and its results of operations.

**1.1.7 The Fashionette Platform may not manage to achieve a high ranking in organic search results, which could reduce commercially required site visits.**

A significant number of the Company's customers access the Fashionette Platform by clicking on a link contained in organic search results generated by search engines such as Google as well as other search and product search engines and the Company endeavors to increase such relevant traffic by increasing the ranking of the Fashionette Platform in organic searches, a process known as search engine optimization. However, the algorithms and ranking criteria of such search engines are confidential. Consequently, the Company does not have complete information on such algorithms and ranking criteria, making its efforts at search engine optimization considerably more difficult. Furthermore, search engines frequently modify their algorithms and ranking criteria to prevent their organic search results from being manipulated, which could impair its search engine optimization efforts. If the Company proves unable to quickly recognize and adapt its techniques to such modifications in search engine algorithms or if its search engine optimization efforts prove otherwise ineffective, the Company may need to increase its spending on other forms of marketing or may potentially suffer a significant decrease in traffic to the Fashionette Platform.

In addition, search engines may consider its search engine optimization efforts manipulative or deceptive and therefore see them as a violation of their terms of services. This may result in the Fashionette Platform being excluded from organic search results. The same may occur if search engines modify their terms of service to prohibit its search engine optimization efforts.

Any exclusion of the Fashionette Platform from organic search results could significantly reduce its ability to attract relevant traffic to the Fashionette Platform. An inability to achieve a high ranking for the Fashionette Platform in organic search engine results could have a highly adverse effect on the Company's customer base and in return on the business and results of operations of the Company.

**1.1.8 The marketing investments of the Company to generate site visits and to build or retain a loyal customer base may prove ineffective in the future.**

The Company has made, and will continue to do so, significant investments in its marketing efforts as to enhance site visits, customer acquisition and customer loyalty. In order to reach a predominately female but nonetheless diverse customer base, the Company employs a wide range of both paid and unpaid marketing endeavors. The paid marketing endeavors encompass various agreements with services providers for online and email marketing, tracking and targeting, search engine advertising and optimization (in particular Google), affiliate programs, video platforms (e.g., YouTube), social media platforms (e.g., Facebook and Instagram), price comparison websites (e.g., Idealo), advertising in magazines and television, cooperation regarding promotion campaigns, commercial production and licensing of rights, framework agreements with image agencies, data processing and management and address trade and scoring services. The non-paid marketing measures include search engine optimization, non-paid social media (e.g., Facebook and Instagram) as well as newsletters in the form of emails. Although these marketing efforts do not require the Company to make payments to any third parties, they still require significant investments in content and people.

The allocation of marketing investments is driven by analyzing the data the Company collects from relevant traffic to the Fashionette Platform as well as purchases from customers. However, the Company may prove unable to accurately measure the effectiveness of its marketing expenses given the time lag between the first customer contact and the placement of an order as well as the time of the order and revenue realization. Furthermore, the Company cannot assure that its assumptions regarding required customer ac-

quisition costs and resulting revenue, including those relating to the effectiveness of its marketing investments, will prove to be correct.

Furthermore, the Company cannot guarantee that its current marketing channels will continue to be effective, permissible and generally available to it in the future. Its online partners might be unable to deliver the anticipated number of customer visits, or visitors that are attracted to the Fashionette Platform by such campaigns might not make the anticipated purchases. In addition, new regulation may adversely affect certain marketing channels, in particular regulation aimed at controlling and censoring social media and increasing data protection of natural persons. If the Company proves unable to attract sufficient traffic on the Fashionette Platform, translate a sufficient number of website visitors into purchasers with sufficiently large basket sizes, build and maintain a loyal customer base, increase repeat purchases from customers, or do any of the foregoing on a cost-effective basis, its future growth could be limited or its revenue could even decline.

The occurrence of any of the aforementioned events, alone or in combination, could have a highly adverse effect on the Company's customer base and in return on the Company's financial condition, cash flows and results of operations.

#### **1.1.9 The Company may be subject to negative publicity, including inaccurate adverse information.**

Customers value readily available information on websites like [www.trustpilot.com](http://www.trustpilot.com) concerning online retailers and often act on such information without further investigation or authentication or regard to its accuracy. Social media and websites immediately publish posts from users, often without filters or checks on the accuracy of the content posted. Allegations against the Company may be posted on social media, in Internet chat rooms, on blogs or websites by anyone on an anonymous basis. In addition, the Company may be the target of harassment or other detrimental conduct by third parties, including its competitors or social pressure groups. The reputation of the Company may be negatively affected as a result of the public dissemination of anonymous allegations or demeaning statements about its business and products, even if these allegations or statements are unfounded and it may be required to spend significant time and money to address such allegations. Inaccurate adverse information may harm its business and the Company may not be able to redress or correct inaccurate posts in a timely manner, or at all.

The Company's business and products may also become subject of negative media coverage and public attention, which may develop strong dynamics. In addition, third parties may communicate complaints to regulatory agencies and the Company may be subject to government or regulatory investigation as a result of such complaints. There is no assurance that the Company will be able to conclusively refute such allegations in a timely manner, or at all.

Negative publicity and complaints could have a highly adverse effect on the Company's customer base and in return on the Company's financial condition, results of operations and prospects.

#### **1.1.10 The brands and other suppliers could discontinue selling to the Company on financially viable terms or even at all and fail to supply it with high quality and compliant merchandise or fail to comply with applicable laws or regulations.**

The Company only offers a limited set of products, mainly jewelry, under its fully-owned brands (*Eigenmarken*) and procures the vast majority of its Premium and Luxury Fashion Accessories by concluding contracts with brands and manufacturers (such as Michael Kors, MCM, Aigner, Ralph Lauren, Joop, Off-White and others) and other suppliers. Since these purchases are mostly not subject to elaborate individual framework agreements governing an individual order process, long-term commercial conditions, exclusivity and/or long-term supply commitments, the Company typically places orders with the respective supplier on an informal basis and on open account purchase terms. This puts the suppliers in a position to easily discontinue selling to the Company on financially viable terms, failing to supply it with high quality and compliant merchandise, or failing to comply with applicable laws and regulations. Therefore, maintaining strong relationships with these brands and suppliers and establishing good relationships with new brands and other suppliers is important to offer a convenient shopping experience to the customers of the Company and to grow its business.

If important brands or other suppliers cease doing business with the Company, stop supplying popular items to it, are legally restricted from selling Premium and Luxury Fashion Accessories to the Company, or significantly change to its disadvantage the terms based on which the Company supplies its Premium and Luxury Fashion Accessories, its popularity and as a result, its revenue and results of operations could be negatively affected. A loss of one or more popular brands from among the items the Company offers on the Fashionette Platform could result in the loss of existing or potential customers and significant revenue. This could in return reduce the Company's customer base which could have a highly adverse effect on the results of operations and prospects of the Company.

#### **1.1.11 The Company may not be able to maintain and expand its offering of Premium and Luxury Fashion Accessories to meet the evolving demands of its customers.**

Third-party suppliers manufacture all Premium and Luxury Fashion Accessories offered by the Company. The Company does not operate any manufacturing facilities itself. In the future, the Company intends to introduce new products and product categories to its current offering. Therefore, the Company relies on third-party suppliers and cannot guarantee that it will at all times be able to source and successfully introduce attractive products at suitable prices for its offering of Premium and Luxury Fashion Accessories. Certain competitors which offer Premium and Luxury Fashion Accessories may obtain exclusive marketing rights, preventing the

Company from including relevant and appealing new Premium and Luxury Fashion Accessories in its portfolio.

Customer preferences regarding price, quality and design of the Premium and Luxury Fashion Accessories may alter rapidly, requiring the Company to quickly adapt the product offering to meet such evolving customer demands. However, there is no guarantee that the Company will be able to source and successfully introduce new and innovative Premium and Luxury Fashion Accessories in time. Should the Company's competitors be able to introduce particularly attractive Premium and Luxury Fashion Accessories for which they hold exclusive marketing rights, the Company may not be able to provide its customers with a comparable offering.

An inability to maintain and expand its offering of Premium and Luxury Fashion Accessories could have a material adverse effect on the business, financial condition and prospects of the Company and prevent or even restrict the Company's future growth.

**1.1.12 The Company may be unable to efficiently manage its inventory levels or source its products in sufficient quantity and reasonable time.**

The Company's Premium and Luxury Fashion Accessories predominantly correspond to a certain seasonal and occasional very short-lived taste of its customers (see "1.1.13 *The business of the Company is subject to seasonal fluctuations.*"). As a result, there is a risk of its stock becoming outdated if the Company does not take countermeasures quickly enough and ensures the sale of the respective stocks. In addition, if the Company fails to correctly anticipate the demand for the Premium and Luxury Fashion Accessories offered, including changes resulting from shifting customer preferences, or if it does not accurately anticipate the time it will take to obtain new Premium and Luxury Fashion Accessories, the inventory levels may be too high or too low. If the Company underestimates demand and fails to source the requested products from its suppliers in sufficient quantity and reasonable time, this may result in a loss of customers being unsatisfied with the delivery times or lack of delivery. However, if the Company overestimates demand, it may experience excess inventories, incur higher costs for maintaining such inventories and ultimately be forced to record losses for write-offs on its inventories. In order to sell excess inventories, it may choose to sell Premium and Luxury Fashion Accessories at significant discounts, which may adversely affect its profit margins and the level of prices it can demand for other Premium and Luxury Fashion Accessories.

An inability to efficiently manage its inventory levels or source its products in sufficient quantity and reasonable time could lead to increased costs and reduce the Company's customer base and therefore have a material adverse effect on the business, financial condition, cash flows and results of operations of the Company. In addition, a continued inability to procure sufficient quantities of products in high demand could also prevent or permanently restrict the Company's future growth.

**1.1.13 The business of the Company is subject to seasonal fluctuations.**

The business of the Company is seasonal and consequently its revenue tends to fluctuate from quarter to quarter. For example, the Company considers the fourth quarter of the calendar year as especially important for generating revenue. In addition, certain special events, in particular Black Friday and the holiday season (December up until shipping cut-off before Christmas day), result in peak demand for the Premium and Luxury Fashion Accessories. In the future, such seasonality may become even more pronounced (e.g., if customers focus more strongly on certain special events).

As a result of this seasonality, any factor that adversely affects demand for the Company's Premium and Luxury Fashion Accessories during periods where it generally experiences particularly high demand (e.g., unfavorable economic conditions at the relevant time, supply problems or logistics and other fulfillment constraints resulting in higher delivery times, malfunctions of the Company's websites and special offers from its competitors) may have a disproportionate effect on its performance and it may incur losses due to write-offs on excess inventory. In addition, any negative effects of weak overall demand during those periods are likely to be exacerbated by industry-wide price reductions designed to clear out excess merchandise. Seasonality also renders it difficult for the Company to accurately forecast the precise demand for the Premium and Luxury Fashion Accessories and thus source sufficient volumes of them. If the Company fails to anticipate high demand for the Premium and Luxury Fashion Accessories and does not meet such demand, it may lose out on customers and revenue and not be able to grow its business.

If the Company does not achieve to appropriately manage seasonal fluctuations, this could lead to higher costs and lower demand and could therefore have a material adverse effect on the business and results of operations of the Company.

**1.1.14 The Company may experience significant returns.**

The Company may experience significant returns which might increase its costs and harm its business. Currently, the Company offers its customers free returns within a period of 30 days from delivery which exceeds the legally required return periods. The Company believes that to offer such free return periods is an expression of its high service standards and that customer returns are a natural consequence of selling Premium and Luxury Fashion Accessories online. However, if the Company faces significant levels of returns (e.g., due to consumers being dissatisfied with its Premium and Luxury Fashion Accessories or customer service), there is no guarantee that it can return the relevant Premium and Luxury Fashion Accessories to its suppliers or otherwise utilize returned goods in a cost efficient manner. Continued growth is very likely to increase the absolute number of returns, which may force it to allocate additional resources to the handling of such returns and may further complicate its operations. If the Company responds to these conun-

drums by modification of its return policies, this may result in customer dissatisfaction or an increase in the number of returns, which could adversely affect the customer base and business of the Company. Significant returns could furthermore lead to significantly increased costs and have a material adverse effect on the business, financial condition, cash flows and results of operations of the Company.

#### **1.1.15 There could be a mass reversal of Premium and Luxury Fashion Accessories purchased in installments.**

The Company is currently offering its customers in the DACH Region, the Netherlands and the UK the option of paying off the purchased Premium and Luxury Fashion Accessories in installments for an additional charge. Although approximately 80% of the nominal amount of these installment receivables are factored, the remaining receivables may be in risk if a customer defaults. In certain cases, the Company mandates a debt collection agency (*Inkassounternehmen*) to handle the payment. If a customer finally proves to be unable to deliver payments, the purchase may have to be reversed if possible. In this case, the Company has the right to reclaim the sold Premium and Luxury Fashion Accessories. However, they are in most cases only suitable for resale to a limited extent because they have already been used or because they may no longer correspond to seasonal tastes (see "1.1.13 *The business of the Company is subject to seasonal fluctuations.*"). At the same time, in this case the Company must repay the installments already paid and cope with the associated outflow of liquidity. The resulting economic disadvantages for the Company will be especially perceptible on a financial level in the event that numerous customers reverse their purchases. In particular, crisis events with broad economic repercussions can lead to such customer behavior (see "1.1.3 *The economic conditions may deteriorate, in particular due to the COVID-19 Pandemic.*"). The mass reversal of Premium and Luxury Fashion Accessories purchased from the Company in installments could have an adverse effect on its financial condition and results of operations.

#### **1.1.16 Investments in the Fashionette Platform and the associated IT-infrastructure may not yield the desired results and the Company might fail to adapt to technological developments and industry trends.**

Partially in cooperation with its leasing service provider Ciklum SA, the Company has developed proprietary software to facilitate the business operations, data gathering analysis and online marketing capabilities and has invested significant capital and man hours into building and updating the Fashionette Platform and its surrounding IT-infrastructure. Furthermore, the aforementioned endeavors aim to constantly improve the scalability of its organization and the Fashionette Platform in particular. In order to remain competitive, the Company expects to continue to make significant investments in its IT. However, there is no guarantee that the resources it has invested or will invest in the future will enable it to develop suitable IT-solutions and maintain and expand the Fashionette Platform and its IT-infrastructure as intended, which may adversely affect its ability to compete or require it to purchase expensive software solutions from third-party developers. If the investments in the Fashionette Platform and IT-infrastructure do not yield the desired results, this could have a highly adverse effect on the business, financial condition, cash flows, results of operations and prospects of the Company.

Furthermore, the future success of the Company also depends on its ability to adapt its services and IT-infrastructure to meet rapidly evolving consumer trends and demands while continuing to improve the Fashionette Platform's performance, features and reliability. The emergence of alternative platforms and niche competitors who may be able to optimize such services or strategies, may require the Company to continue to invest in new and costly technology and the Company may prove unsuccessful or less successful than its competitors, in developing technologies that operate effectively across multiple devices and platforms and that are appealing to consumers, which would negatively impact the business of the Company and its financial performance. New developments in other areas, such as cloud computing providers, could also make it easier for competitors to enter markets of the Company due to lower up-front technology costs. In addition, the Company may not be able to maintain its existing systems or replace its current systems or introduce new technologies and systems as quickly or profitable as necessary to compete effectively.

Failure to invest in and adapt to technological developments and industry trends may reduce the Company's customer base, lead to higher costs, reduce the Company's growth potential and thereby have a material adverse effect on the results of operations, financial condition, and prospects of the Company.

#### **1.1.17 The Company may experience security breaches and disruptions due to hacking, viruses, fraud and malicious attacks.**

The Company operates IT-systems and in particular the Fashionette Platform through which it collects, maintains, transmits and stores sensitive information about its customers, suppliers and other third parties (e.g., personal and supplier data) as well as proprietary information and business secrets. The Company also employs third-party service providers that store, process and transmit such information on its behalf, in particular payment details. Furthermore, the Company relies on encryption and authentication technology licensed from third parties to securely transmit sensitive and confidential information. While the Company takes steps to protect the security, integrity and confidentiality of sensitive and confidential information (e.g., password policies and firewalls), its security practices may prove insufficient and third parties may access its IT-systems without authorization (e.g., through Trojans, spyware, ransomware or other malware attacks), which may result in unauthorized use or disclosure of such information. Such attacks might lead to blackmailing attempts, forcing it to pay substantial amounts to release its captured data or resulting in the unauthorized release of such data. Given that techniques used in these attacks change frequently and often are not recognized until

launched against a target, it may be impossible to properly secure the Company's IT-systems, in particular the Fashionette Platform. In addition, technical advances or a continued expansion and increased complexity of the Fashionette Platform could increase the likelihood of security breaches.

Security breaches may also occur as a result of non-technical issues, including intentional or inadvertent breaches by employees of the Company or third-party service providers. Insufficient security practices, such as inadequate policies to enforce password complexity, the saving of username and password combinations on local browsers, the use of default credentials or their reuse coupled with the use of cloud services, the use of unauthorized and unprotected software as well as inadequate physical protection against unauthorized access may make the IT-systems of the Company vulnerable and lead to unauthorized disclosure of sensitive information.

Any leakage of sensitive information could lead to a misuse of data (e.g., unsolicited emails or other messages based on spam lists fed with such data). Inefficient management of administrator and user accounts may increase the risk of fraud and malfunctions. In addition, any such breach could violate applicable privacy, data security and other laws, and cause significant legal and financial risks, negative publicity and adversely affect its business and reputation. In addition, the Company may need to devote significant resources to protect itself against security breaches or to address such breaches, which could lead to significantly higher costs. Also, there is no guarantee that the Company's resources will be sufficient to do so. Furthermore, customers may lose confidence in the Company's reliability and capability to safely operate its IT-Systems.

Security breaches and disruptions could have a material adverse effect on the business, financial condition, cash flows, results of operations and prospects of the Company.

#### **1.1.18 The Company depends on the services of its third-party logistics service provider for the delivery of its Premium and Luxury Fashion Accessories.**

The Company depends on the services of BFS Baur Fulfillment Solutions GmbH, Burgkunstadt, Germany ("BFS Baur"), as its third-party logistics service provider for the delivery of its Premium and Luxury Fashion Accessories to its customers. In 2016, the Company entered into a comprehensive fulfillment agreement with BFS Baur according to which BFS Baur provides for all logistical services with respect to the storage of goods, inventory, management, shipping and returns management of the Company at its logistics center in Weismain, Germany. The cooperation with BFS Baur was terminated by the Company on 24 September 2020 and will, therefore, end on 30 September 2021. Thereafter, the Company will work with the logistics services provider ITG GmbH Internationale Spedition und Logistik, Schwaig, Germany ("ITG"). ITG will provide the Company with the same fulfillment services as BFS Baur. ITG's logistics center is located in Oberhausen, Germany.

As the Company has completely outsourced its logistics to BFS Baur/ITG, the adequate operation and management of the logistics center is of utmost importance for the Company's business. All parcels to the Company's customers are delivered from the logistics center and any inbound receipt of merchandise, storage, picking, packaging, outbound shipping and the receipt, screening, and handling of returns is handled there. If BFS Baur, ITG or any other future third-party logistics services provider does not operate and optimize the logistics center successfully and efficiently, it could result in excess or insufficient logistical capacity, in the inability to handle peak demand, increased costs or harm the Company's business in other ways. For example, customers may experience shipping delays and its products may be damaged or lost in transit. If its Premium and Luxury Fashion Accessories are not delivered in a timely manner or damaged or lost in transit, or if the Company proves unable to provide adequate customer support, the customers could become dissatisfied and cease buying its Premium and Luxury Fashion Accessories. Since logistics processes are complex and depend on sophisticated know-how and computerized systems, also any failure or interruption, partial or complete, of these systems, for example as a result of software malfunctions, natural disasters, acts of terrorism, vandalism or sabotage, could impact the Company's ability to timely deliver its customers' purchases and harm its reputation. In addition, the functioning of the logistics center could also be endangered by adversities such as strikes, pandemics like the COVID-19 Pandemic, or fires. Any failure of the BFS Baur, ITG or any other future third-party logistics services provider to efficiently operate and manage logistics center and its logistics capacity could have a material adverse effect on the Company's business.

As the Company continues to grow, the logistics capacities at the current and future logistics center may be unable to keep up with the growth and the Company may have to contract additional third-party logistics services providers. Given that online penetration in the retail segment continues to increase, encompassing also the distribution of the Premium and Luxury Fashion Accessories, there is no guarantee that their services and prices will be satisfactory to the Company or its customers or that other third-party logistics service provider are adequately or at all available. Competition for delivery capacities may also intensify even further and the inability to maintain and expand a network of high-quality third-party logistics services providers at limited costs could adversely affect the Company's business. In addition, also BFS Baur, ITG or any other future third-party logistics services provider may increase its prices, which would adversely affect the Company's profitability.

If the Company should expand its logistics capabilities in Germany, Europe or elsewhere, add new businesses or product categories with different logistical requirements or change the mix of Premium and Luxury Fashion Accessories that it sells, the logistics infrastructure of the Company may also become increasingly complex and operating it will become even more challenging. Any such difficulties or other factors may require the Company to change the current set-up or relocate its logistics operations. Any failure to suc-

cessfully address such challenges in a cost-effective and timely manner could severely disrupt the Company's business and harm its reputation.

In addition, the transition from BFS Baur to ITG in 2021 may not succeed smoothly. This may result in the inability of the Company to deliver goods for a certain period of time or only with considerable delay.

As the current and future business of the Company depends on the smooth functioning of the logistics center and of the Company's ability to appropriately manage its need for logistics infrastructure, any failure to do so could have a material adverse effect on the business, financial condition, results of operations and prospects of the Company and could return also prevent or restrict the Company's further growth potential.

**1.1.19 Delivery times of the Company's Premium and Luxury Fashion Accessories may vary and the Company could be unable to meet customer expectations or demands.**

Delivery times of the Company's Premium and Luxury Fashion Accessories may vary due to a variety of factors such as the product ordered, the range of the logistics center to the respective customer, how fast suppliers deliver products to the logistics center, the number of items in a customer's shopping basket, the country in which a customer ordering Premium and Luxury Fashion Accessories is located and the performance of the third-party shipping company carrying out the distribution. There can be no assurance that customers will not expect or demand faster delivery times than the Company can provide in the future. If the Company is unable to meet customer expectations or demands in respect of delivery times or convenience, or if its competitors are able to deliver the same or equivalent Premium and Luxury Fashion Accessories faster or more conveniently, the Company could lose current or potential customers, its brand and reputation could suffer, and it could experience shortfalls in revenue. This could have a material adverse effect on the business and results of operations of the Company.

**1.1.20 Future growth poses various risks and challenges to the Company's business and it may not be able to manage future growth efficiently.**

The Company's revenue continues to increase. The Company's revenue increased from EUR 58,751.5 thousand in the financial year ended 31 December 2017 to EUR 65,241.3 thousand in the financial year ended 31 December 2018 and further to EUR 73,160.3 thousand in the financial year ended 31 December 2019. This signifies an increase of 24.5% within two business years.

If the Company experiences continued growth at similar or even higher levels as currently envisaged, its Fashionette Platform may prove insufficient for the expansion. In such case, the Company may be required to further scale the Fashionette Platform as well as expand and upgrade its fulfillment infrastructure, customer service and related functions. The Company's existing teams may not be adequately staffed to handle an increase in the workload. In addition, the Company's workforce management may prove insufficient for the expanding business and growth plans. Given the shortage of accordingly qualified personnel in the German labor market there is no guarantee that the Company will be able to hire the required number of employees to expand the Company's business in a timely manner and on acceptable terms. Additionally, the Company may have to reorganize its fulfillment structure currently handled by BFS Baur and in future handled by ITG.

The anticipated growth of business will place significant demands on the Company's management. Continued growth may also require to expand and improve the Company's operational, IT, financial, accounting, compliance and management controls and reporting systems, which may not always be possible or prove lengthy or costly. If the Company proves unable to successfully handle future growth, it may be required to take steps to retard its growth, which may adversely affect its business and competitive position.

If the Company experiences significant future growth, it may not only be required to make additional investments in the Fashionette Platform, but will also have to expand its relationships with various suppliers and other third parties the Company does business with and to expend time and effort to integrate new suppliers and other third parties into the Company's operations. This expansion of business could exceed the capacities of its suppliers and third parties willing to do business with the Company and if they are unable to keep up with this growth, the Company's operations could be adversely affected. Furthermore, the ability to hire a sufficient number of new employees, in particular IT-experts, to manage expanding operations of the Company in a timely manner depends on the overall ability of qualified employees and the Company's ability to offer them sufficiently attractive employment terms compared to other employers.

In addition, an expansion of the Fashionette Platform as well as the relationship with a growing number of third parties and a growing workforce will make the Company's operations more complex and challenging. There is no guarantee that the Company will be able to meet such challenges and the risk of disruptions and compliance violations may increase.

The inability to manage future growth efficiently could significantly reduce the Company's further growth potential and therefore have a material adverse effect on the business and prospects of the Company.

**1.1.21 The Company might elect to pursue new business opportunities, develop new websites or apps, or offer new products, sales formats or services, which could prove to be non-cost-effective or otherwise unsuccessful.**

If the Company chooses to expand its offering to include other types of products or develop any new businesses, websites, apps, promotions, sales formats or services and believes to be compatible with, adjacent to, or complementary to its existing business, there can be no guarantee that any such endeavor will succeed.

The Company's ability to monetize new technologies and other new business lines in a timely manner and operate them profitably depends on a number of factors, many of which are beyond its control, including:

- the ability to manage the financial and operational aspects of developing and launching new technology, including making appropriate investments in the software systems, information technologies and operational infrastructure;
- the ability to secure required governmental permits and approvals;
- the competitors (including the existing retailers and brands who may launch competing technologies) developing and implementing similar or better technology;
- the ability to effectively manage any third-party challenges to the intellectual property of the Company;
- the ability to collect, combine and leverage data about the consumers collected online and through the new technology in compliance with data protection laws; and
- the general economic and business conditions affecting consumer confidence and spending and the overall strength of the business.

The Company may not be able to develop new technologies or business lines or operate them profitably, and these new and innovative technology initiatives may never generate material revenue. In addition, the substantial management time and resources that the technology development requires may result in disruption to the existing business operations and materially adversely affect the financial condition of the Company.

Any such initiative that is not favorably received by consumers or suppliers could damage the reputation and brand of the Company, and any expansion or alteration of its operations could require significant additional expenses and divert management and other resources, which could in turn negatively affect its results of operations and reduce the Company's customer base. In addition, if the Company expands into new geographic markets and needs to develop a new brand for this purpose, or if it were to try to reposition its brand in existing geographic markets, consumers might not accept this revised brand image. If the Company launches but fails to generate satisfactory returns from any such initiative, this could have a material adverse effect on its business, results of operations and prospects.

**1.1.22 The Company might prove unable to accurately assess its performance through certain non-financial and financial key performance indicators, which might affect its ability to determine and implement appropriate strategies.**

The Company assesses its operating performance through a set of non-financial and financial key performance indicators, including site visits, mobile visit share, number of orders, average order value, active customers, new customers, customer acquisition cost, marketing cost ratio and fulfillment cost ratio ("**KPIs**"). These KPIs may not be comparable to similarly named indicators used by the Company's competitors.

Capturing accurate data to calculate the KPIs may be difficult, in particular due to the limited operating history of the Company. Furthermore, the Company obtains certain information from third-party service providers helping it to assess the performance of its business (e.g., Econda, Google Analytics, etc.). Consequently, the relevant third-party service providers may not fully disclose the methods of how they compile such information and the Company cannot guarantee that such information is correct.

There is no guarantee that the information the Company has collected thus far is accurate or reliable. In addition, accurately tracking cross-device journeys is particularly difficult and the Company therefore currently cannot fully trace customer journeys and connect them to its own marketing efforts. As a result, its KPIs may not reflect its actual operating or financial performance and are not reliable indicators of its current or future revenue or profitability. Potential investors should therefore not place undue reliance on these KPIs in connection with an investment in the Shares. The management of its business depends on the KPIs and other indicators derived from them, and if these are inaccurate, the Company may end up making bad business and strategic decisions. Furthermore, if the Company reports KPIs that are significantly wrong, investors may lose confidence in the accuracy and reliability of information in the Company reports.

The inability to accurately assess its performance and to determine and implement appropriate strategies could have a material adverse effect on the business, financial condition and prospects of the Company.

**1.1.23 The Company may be unable to effectively communicate with its customers through email and other messages as well as social media.**

The Company uses newsletters in the form of emails and other messaging services as an unpaid marketing channel to promote the Fashionette Platform and inform customers of the Premium and Luxury Fashion Accessories offered. However, changes in how webmail services organize and prioritize emails could reduce the number of customers opening emails. For example, Google Inc.'s Gmail service provides a feature that organizes incoming emails into categories (e.g., primary, social and promotions). Such tools and features could result in emails of the Company and its other messages being shown as "spam" or lower priority to its customers, which could reduce the likelihood of customers opening or responding positively to them. Actions by third parties to block, impose restrictions on, or charge for the delivery of, emails and other messages, as well as legal or regulatory changes limiting the Company's right to send such messages or imposing additional requirements, could impair the ability to communicate with its customers. If the Company is unable to send emails or other messages to its customers, if such messages are delayed, or if customers do not receive or decline to open them, the Company can no longer use this unpaid marketing channel. This could impair marketing efforts of the Company or make them more expensive if the Company has to increase spending on paid marketing channels to compensate and as a result, the Company's business could be adversely affected.

Malfunctions of the Company's email and messaging services could result in erroneous messages being sent and customers no longer wanting to receive any messages from it. Furthermore, process of the Company to obtain consent from visitors to the Fashionette Platform to receive newsletters and other messages from it and to allow it to use its data may be insufficient or invalid. As a result, such individuals or third parties may accuse it of sending unsolicited advertisements and other messages. In addition, the Company's use of email and other messaging services could result in claims being brought against it.

Since the Company also communicates on social media (e.g., Facebook and Instagram) with its customers, changes to the terms and conditions of the relevant providers could limit its ability to communicate through this channel. The respective social media may change their algorithms or interfaces without notifying it, which may reduce its visibility. In addition, there could be a decline in the use of such social media by its customers, in which case the Company may be required to find other, potentially more expensive communication channels.

An inability to communicate through emails and other messages as well as social media could have a material adverse effect on the Company's customer base, its business, financial condition and results of operations and reduce its potential for further growth.

**1.1.24 There could be product defects and product recalls.**

As third-party suppliers manufacture the Premium and Luxury Fashion Accessories offered by the Company, the Company has only limited control over the quality of these products. As a result, the Company may inadvertently sell defective or counterfeit Premium and Luxury Fashion Accessories, which could cause death, disease or injury to its customers or damage its property, forcing it to recall such Premium and Luxury Fashion Accessories or resulting in product liability claims and/or administrative fines or criminal charges against it. This also applies if the Company resells Premium and Luxury Fashion Accessories which were previously returned by its customers in the event that these Premium and Luxury Fashion Accessories have been damaged or exchanged for counterfeit products.

The Company might not be adequately insured against such risks or will not be able to take recourse against the suppliers from whom it sourced the respective Premium and Luxury Fashion Accessories, in particular if these are located in foreign countries such as China or India or do not have sufficient capital to indemnify it. In addition, any negative publicity resulting from product recalls or the assertion that it sold defective Premium and Luxury Fashion Accessories could damage its brands and reputation which in turn could have a material adverse effect on customers' confidence in the quality of the offered products, which could in turn reduce demand.

The sale of defective Premium and Luxury Fashion Accessories could have a material adverse effect on the business, financial condition and prospects of the Company.

**1.1.25 The Company's complex payment systems could fail to function properly.**

The Company offers a broad range of payment options, in particular credit card payments (e.g., VISA, MasterCard and American Express), PayPal, invoicing and installment plans payment options. Due to the variety and complexity of these payment methods, the Company may experience failures in its checkout process being able to adversely affect its conversion rate (i.e., the share of potential customers visiting the Fashionette Platform who actually place an order) and business.

Generally, the Company relies on third parties to provide payment processing services and on third-party payment processors and encryption and authentication technology licensed from third parties that is designed to effect secure transmission of personal information of its customers. If these companies become unwilling or unable to provide these services or increase their fees (e.g., bank and intermediary fees for credit card payments), its operations may be disrupted and its operating costs could increase. In addition, its invoice and billing systems may malfunction due to the implementation of new payment methods and technology, errors in exist-

ing codes or other IT-issues, which may impair its ability to create correct invoices, avoid the recording of duplicate invoices or payments and collect payments in a timely manner, or at all.

Malfunctions of its payment systems could have a material adverse effect on the financial condition, cash flows and results of operations of the Company.

**1.1.26 The Company may be subject to credit card fraud or other fraudulent behavior and lawsuits due to theft of its customers' credit or debit card information.**

If purchases or payments are not properly authorized or payment confirmations are transmitted in error, the relevant customers may turn out to have insufficient funds or be able to defraud it. This could adversely affect the Company's operations and result in increased legal expenses and fees. High levels of fraud could result in the Company having to comply with additional requirements or higher payment processing fees or fines. Furthermore, permitting new and innovative online payment options may increase the risk of fraud. Going forward, the Company plans to increase the number of customers to whom it offers deferred payment methods (e.g., invoicing). As a result of such changes in the payment offering, the Company may become even more subject to fraudulent behavior.

The Company may in the future become subject to lawsuits or other proceedings for purportedly fraudulent transactions arising out of the actual or alleged theft of its customers' credit or debit card information if the security of its third-party credit card payment processors is breached. The Company's third-party credit card payment processors are also subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for it to comply.

The materialization of any of these risks could significantly increase the Company's costs and have a material adverse effect on the financial condition of the Company.

**1.1.27 Dissatisfaction with the Company's customer service could prevent it from retaining its customers.**

Having no offline retail stores or show rooms, the Company does not have any face-to-face contact with its customers who may quickly become frustrated when they cannot find a representative to talk to. To provide customer service, the Company pursues a multi-channel support approach, responding by email, through its hotlines and via social media. The satisfaction of its customers depends in particular on the effectiveness of its customer service, in particular the ability of the Company to deal with complaints (e.g., with respect to products, return policies, technical problems, payment and shipping, product defects, invoicing and returns) in a timely and satisfying manner. In addition, as the Company continues to grow, it may need to add customer service capabilities and may not be able to do so in a timely manner, or at all. Any unsatisfactory response or lack of responsiveness (e.g., due to interruptions of hotlines) by its customer service team could adversely affect customer satisfaction and loyalty.

Dissatisfaction with the customer service of the Company could have a material adverse effect on its customer base and in turn on its business, results of operations and prospects.

**1.1.28 The Company may fail to operate, maintain, integrate and upgrade its IT-infrastructure, or to adopt and apply technological advances.**

The Company's success depends on its Fashionette Platform being accessible to potential and existing customers at all times. It may become increasingly difficult to maintain and improve the availability of the Fashionette Platform, especially during peak usage times and as the product offering becomes more complex and the number of visitors increases. The Company has every now and then experienced disruptions, outages, or other issues (e.g., due to changes in the IT-infrastructure, human or software errors or overwhelming traffic). Such interruptions, whether due to system failures, human input errors, computer viruses or physical or electronic break-ins, and denial-of-service attacks on the Company, third-party vendors or communications infrastructure, could affect the availability of the services on the Fashionette Platform and prevent or inhibit the ability of consumers to access the Fashionette Platform or complete purchases.

If the Company fails to effectively address capacity constraints, respond adequately to disruptions, to upgrade its IT-infrastructure or if websites become unavailable or fail to load quickly, customers may decide to shop elsewhere, and may not return, which would adversely affect its business.

Given that the Internet and mobile devices are characterized by rapid technological advances, the Company's future success will depend on its ability to adapt the Fashionette Platform and other parts of the ability to adapt the Fashionette Platform and other parts of the Company's IT, software and technology stack to such advances (e.g., advances in the field of machine learning, artificial intelligence, augmented reality and virtual reality) and to sustain their interoperability with relevant operating systems. However, the variety of technical and other configurations across mobile devices and platforms (e.g., screen resolutions, functionality, features and memory) makes it more difficult to develop websites and apps that are suitable for multiple channels. In addition, any changes in popular operating systems (e.g., iOS or Android) may reduce the functionality of the Fashionette Platform or might grant preferential treatment to competitors. Any failure to adapt to technological advances in a timely manner and to integrate offerings through Fash-

ionette Platform or other online channels could decrease their attractiveness and adversely affect the business of the Company.

The materialization of any of these risks could have a material adverse effect on the business, results of operations and prospects of the Company.

**1.1.29 The Company depends on its personnel to grow and to operate its business and may not be able to retain and replace existing personnel or to attract new personnel.**

The Company depends upon the continued services of the members of its governing bodies, senior management and other qualified personnel in particular regarding its IT personnel being requisite for running the Fashionette Platform. It may not be able to retain the services of its qualified employees (e.g., due to higher salaries paid by its competitors) and there is no guarantee that it will be able to attract suitable replacements in a timely manner, or at all. The Company may also incur significant additional costs to recruit such suitable replacements. Changes in the Company's management board (*Vorstand*) ("**Management Board**") whose members heavily contributed to the Company's development would be disruptive to its further development.

Hence, the continued growth of the Company hinges on its ability to expand its business by identifying, attracting, recruiting, training, integrating, managing and motivating new personnel, which may require significant time, investments, and management attention. Competition for personnel is intense, particularly for IT-experts and other qualified personnel in the e-commerce sector. In addition, new employment and immigration regulations may adversely affect its ability to find the required personnel. For example, the Company has already experienced difficulties in finding qualified IT and accounting experts and is forced to fill some of the shortages with temporary workers, a practice that may be costly and not always available to it. In addition, employer rating websites are of increasing importance in the e-commerce sector and if the Company receives negative ratings from current or former employees, this could adversely affect its ability to attract new personnel, even if these ratings are unjustified or malicious.

An inability to retain and replace existing personnel or to attract new personnel could have a material adverse effect on the ability of the Company to operate its business, and prospects of the Company.

**1.1.30 The Company's insurance coverage might prove insufficient in case of interruptions or disturbances of its business operations.**

The Company's property and loss of earnings insurance (*Sach- und Ertragsausfallversicherung*) provides for numerous limitations and exclusions and exists only up to an amount of up to EUR 25.0 million (depending on scenario). In particular, if the Fashionette Platform fails to work properly due to interruptions or security breaches, this could potentially lead to interruptions of the Company's business operations or cause it to incur significant costs, all of which may not be fully covered by such insurance. In addition, the Company's insurance coverage is subject to various retention amounts and limits. Furthermore, if any of the insurance providers of the Company becomes insolvent, the Company may not be able to successfully claim payment from such insurance provider. In the future, the Company may not be able to obtain coverage at current levels, or at all, and premiums for the insurance may increase significantly.

A lack of adequate insurance coverage could significantly increase the Company's costs and have a material adverse effect on its financial condition and results of operations.

**1.1.31 A lack of credit insurance at acceptable terms may lead the suppliers to seek to reduce the credit exposure to it.**

Suppliers may take out credit insurance to protect their receivables against the risk of bad debt, insolvency or protracted default. The credit levels available to them when selling the Premium and Luxury Fashion Accessories to the Company remain dependent on the general economic environment and its financial position. If there is a decrease in the availability of credit insurance to the suppliers, if such insurance becomes more expensive, no additional insurance is available despite the continued growth or if credit insurance is withdrawn in its entirety, suppliers may be unwilling to assume credit risk themselves and decide to reduce the credit exposure (e.g., by changing the terms of doing business with the Company or refusing to do business with it at all).

A lack of credit insurance at acceptable terms could significantly increase the Company's costs and have an adverse effect on its financial condition and results of operations.

**1.1.32 The sourcing and logistics costs of the Company are subject to movements in the prices for raw materials and fuel, and the Company may not be able to pass on price increases to its customers.**

The Company's sourcing and logistics costs are typically influenced by a variety of factors, many of which being beyond its control, including raw material and fuel prices, labor costs, rent levels, import tariffs and fluctuations in foreign exchange rates, the capacity and utilization rates of its suppliers and carriers, which in turn depend on general demand, as well as the quantities of Premium and Luxury Fashion Accessories the Company demands and its specifications. Simultaneously, the Company's supply contracts with brands and suppliers are mostly short-term in nature (see "*1.1.10 The brands and other suppliers could discontinue selling to the Company on financially viable terms or even at all and fail to supply it with high quality and compliant merchandise or fail to comply*").

with applicable laws or regulations.""). Therefore, such brands and suppliers can easily pass on their cost increases to the Company even in the event of renegotiations. As a result, the Company's sourcing costs may vary considerably in the short-term and increase significantly if there are shortages at certain suppliers. There is no guarantee that the Company might be able to pass on such costs to its customers through price increases and such price increases could adversely affect demand for the offered Premium and Luxury Fashion Accessories. If competitors are able to offer lower prices as they benefit from decreasing raw materials or fuel prices, customers may demand that the Company also lowers its prices irrespective of the actual development of its sourcing costs.

Movements in sourcing and logistics costs and an inability to pass on price increases to its customers could have an adverse effect on the financial condition, cash flows and results of operations of the Company.

#### **1.1.33 The Company may be unable to successfully integrate or achieve the expected benefits from current or future acquisitions.**

To enable its further growth, the Company plans to opportunistically seize opportunities by acquiring other businesses or companies. There is no guarantee that the Company will be able to integrate such future acquisitions and achieve the anticipated cost savings, synergies or other benefits, and such benefits may be more than offset by integration costs. In addition, the Company may not be in a position to carry out substantive due diligence and if it fails to identify and correctly assess all issues, liabilities, risks or other shortcomings or challenges (e.g., issues related to intellectual property, data protection, compliance, licenses accounting practices or employee or customer issues), the Company's business may be adversely affected and it could incur unexpected costs. In addition, the purchase price paid by the Company may subsequently turn out to be too high.

The Company's inability to integrate future acquisitions and achieve the expected benefits therefrom could have a material adverse effect on its business and financial condition.

#### **1.1.34 Exchange rate fluctuations may adversely affect the Company's results and the value of some of its assets.**

The Company is subject to fluctuations in foreign exchange rates between the Euro, its reporting currency, and other currencies of countries where it offers its Premium and Luxury Fashion Accessories such as the British Pound, the Swiss Franc and the Swedish Crown. In 2019, the Company generated 5.1% of its revenue in the UK alone as its largest foreign market.

Such fluctuations may result in increases or decreases in the reported revenue of the Company and other results as expressed in Euro, and in the reported value of its assets, liabilities and cash flows. In addition, currency fluctuations may adversely affect receivables, payables, debt, firm commitments and forecast transactions denominated in foreign currencies. In particular, transition risks arise where parts of the cost of materials are not denominated in the same currency of such sales. The timing and extent of currency fluctuations may be difficult to predict. Furthermore, depending on the movements of particular exchange rates, the Company may be adversely affected at a time when the same currency movements benefit some of its competitors. The impact of exchange rate fluctuations on the Company's revenue will also increase if the Company increasingly enters into business activities in countries where the EUR is not used as the national currency.

Exchange rate fluctuations could have an adverse effect on the cash flows and results of operations of the Company.

## **1.2 Risks related to the Company's financial situation**

### **1.2.1 The Company's existing liabilities to banks could limit the cash flows available for its operations, and any default with respect to liabilities to banks could lead to insolvency.**

Currently, the financing of the Company's daily activities mainly relies on two revolving credit facilities with Deutsche Bank AG, Düsseldorf, Germany ("**Deutsche Bank**"), and UniCredit Bank AG, Düsseldorf, Germany ("**UniCredit**"), in the aggregate volume of up to EUR 7,500 thousand each, of which a total of EUR 7,674.3 thousand was drawn as of 30 September 2020.

This indebtedness could adversely impact operations of the Company, including by:

- increasing its vulnerability to adverse economic and market developments;
- limiting the flexibility of the Company in planning for, or reacting to, changes in the market environment;
- limiting the Company's ability to obtain additional financing;
- requiring the dedication of a substantial portion of the Company's cash flows to servicing such indebtedness, thereby reducing the funds available to fund other purposes;
- increasing the Company's vulnerability to interest rate increases, if the relevant liabilities to banks bear interest at floating interest rates or in case of a refinancing; and
- placing the Company at a competitive disadvantage to less-leveraged competitors and competitors that have better access to capital resources.

The Company may not be able to maintain sufficient cash reserves or to generate cash flows at levels sufficient to make interest payments and other payments on its indebtedness when due. If the Company proves unable to obtain the funds required to make payments when due, or if it otherwise fails to comply with the various requirements under its existing liabilities to banks, it would be in default. Such covenants include restrictions on the payment of dividends, a negative pledge and limitations on the disposal of assets. A default may permit the relevant lenders to accelerate the maturity of its liabilities to banks, which could cause the relevant debtor entity to default on such liabilities.

The existing liabilities to banks or any default thereunder could have a highly adverse effect on the Company's financial condition and might ultimately lead to its insolvency.

### **1.2.2 The Company may require additional capital which might not be available on economically acceptable terms, or at all.**

In the medium to long term, the Company will likely require additional capital to finance its future growth or further scale its Fashionette Platform. If the Company proves unable to raise the required capital on economically acceptable terms, or at all, it may be forced to limit or even scale back its operations, which may adversely affect its growth, business and market share and could ultimately lead to its insolvency. In addition, the Company may fail to accurately project and anticipate its capital needs. If the Company turns to capital increases as financing measures it remains uncertain whether investors might subscribe for the new shares.

If the Company decides to raise capital through debt financing, the Company may not be able to raise this capital at all or only on unfavorable terms, which could adversely affect its operational flexibility and profitability. In addition, such debt financing may require the Company to post collateral in favor of the relevant lenders. In particular, the economic repercussions of the COVID-19 Pandemic could instigate credit institutions to demand extensive collateral before granting a new loan or to terminate a loan if the slightest signs for an event of default under the respective loan agreement occurs. Alternatively, lenders might turn to the imposition of other restrictions in the guise of severe covenants on business and financial position of the Company. Such restrictions may adversely affect its operations and ability to grow its business as intended. A breach of the relevant covenants or other contractual obligations contained in such external financing agreements may trigger immediate prepayment obligations or may lead the relevant lenders to seize collateral posted by the Company, all of which may adversely affect its business.

An inability to obtain capital on economically acceptable terms, or at all, could significantly increase the Company's costs of capital and have a highly adverse effect on the business, financial condition and prospects of the Company, and might ultimately lead to its insolvency.

### **1.2.3 Discontinuation of existing factoring agreements could require changes in the Company's existing liquidity management.**

As part of its liquidity management, the Company has also concluded factoring agreements with factoring companies such as BFS finance GmbH, Verl, Germany ("**BFS Finance**"), and Ratepay GmbH, Berlin, Germany ("**RatePAY**"), for the purchase of approximately 80% of the nominal amount of its consumer receivables (see "1.1.15 *There could be a mass reversal of Premium and Luxury Fashion Accessories purchased in installments.*"). In this connection, the Company offers the factoring companies daily invoice and installment purchase receivables, whereby the latter bear the insolvency risk of debtors.

Should BFS Finance and/or RatePAY terminate such agreements, the Company may not be able to find a suitable replacement or a replacement at short notice with the result that factoring would not be possible for a certain period of time. In this case, a decline in sales and a corresponding liquidity requirement would arise, which would lead to further financing requirements and possibly higher refinancing costs for the Company. In addition, the default risk for the amount of receivables previously sold would also be borne by the Company. Furthermore, the factoring model could also become economically unattractive due to significantly higher surcharges.

The materialization of any of these risks could have a material adverse effect on the Company's liquidity, and thereby, on its business, financial condition, and prospects.

### **1.2.4 The Company may not be able to maintain or grow its revenue or its business.**

The Company has experienced significant revenue growth in the past (see "1.1.20 *Future growth poses various risks and challenges to the Company's business and it may not be able to manage future growth efficiently.*"). It handled about 400.000 customer orders in the financial year ended 31 December 2019. There can be no assurance that this growth will be sustainable and that the Company will continue to experience significant above-market growth or any growth at all. In addition, the Company anticipates that its growth rate will decline over time as it achieves higher market penetration rates in the European Premium and Luxury Accessories Market. To the extent its growth rate slows, its business performance will become increasingly dependent on its ability to, inter alia, use its operating leverage, increase its fulfillment efficiencies and decrease marketing costs in relation to its revenue. The Company has made and is continuing to make investments in optimizing and localizing the customer experience, the fulfillment and IT infrastructure. However, there is no assurance that these efforts will be sufficient to grow the Company's revenue or business in total or in relation to the costs the Company incurs. If its revenue growth slows or if its revenue declines, this could have a material adverse effect on the business, financial condition and results of operations of the Company and prevent or permanently restrict the Compa-

ny's future growth.

### **1.3 Risks related to regulatory, legal and tax matters**

#### **1.3.1 The Company is and may in the future be involved in litigation or other proceedings in the course of its business activities.**

In the course of its business activities, the Company is from time to time party to legal disputes and proceedings potentially leading to them, particularly in the areas of product, intellectual property disputes, warranty, delays of payments or deliveries, competition law, labor disputes and tax matters. For instance, the Company has executed distribution arrangements with many rights holders and manufacturers of premium and luxury handbags. In addition, certain premium and luxury handbags are purchased by the Company not directly from the manufactures, but from officially licensed retail stores (boutiques) across Europe which are acting as official retailers for the manufacturers. The Company has no contractual relationship with the rights holders and manufactures of those handbags and certain other merchandise acquired from local shops, neither in terms of distribution nor in terms of licensing. Hence, some trademark owners in the field of premium and luxury handbags (e.g., Celine, Prada, Valentino, Dolce & Gabbana and Yves Saint Laurent) have repeatedly but unsuccessfully claimed trademark infringements by the Company with regard to the sale of their respective Premium and Luxury Fashion Accessories and the display of their respective brands on the Fashionette Platform.

In addition, the Company is currently involved in a legal dispute with Mara Cromer, who claims to have designed the logo for the luxury brand "MCM" ("**MCM Logo**"). Mara Cromer sued the Company before the district court (*Landgericht*) of Hamburg, Germany, and asked the Company to (i) stop using the MCM Logo on, inter alia, handbags, (ii) provide information about and account for previous use of the MCM Logo, (iii) provide information about the distribution channels for products bearing the MCM Logo, and (iv) declare that the Company is liable for damages. With judgment of 14 July 2017, the district court (*Landgericht*) of Hamburg, Germany, dismissed the claim as unfounded, stating that the MCM Logo is not protected by German copyright law. The district court (*Landgericht*) of Hamburg, Germany, did not decide about other questions in dispute, including (i) whether Mara Cromer was indeed the author/originator of the MCM Logo, or (ii) whether the MCM Holding AG, Zug, Switzerland, had acquired all rights in the MCM Logo prior to the lawsuit. Mara Cromer has filed an appeal against the decision of the district court (*Landgericht*) of Hamburg, Germany, with the higher regional court of Hamburg (*Hanseatisches Oberlandesgericht*), Germany, which has not yet rendered a decision about the appeal. If the appeal is successful, such a judgement would only be declaratory in nature and a second action would be necessary to enforce the payment of damages. However, taking into account all products with the MCM Logo sold by the Company within the period within which the infringement is claimed, such damages could amount to a single digit million Euro amount based on initial estimates of the Company, but could also be higher if the initial estimate proves wrong.

Since litigation is subject to inherent uncertainties, unfavorable judgements could require the Company to pay monetary damages or provide for an injunction prohibiting it from performing an activity crucial for its economic success (e.g., marketing certain Premium and Luxury Fashion Accessories). Even if legal claims brought against the Company are without merit, defending such claims could be time-consuming and expensive, could divert management's attention from other business concerns and the Company may decide to settle such claims, which proves expensive to it. As a result, any involvement of the Company in litigation, in particular against Mara Cromer, or other proceedings could have a highly adverse effect on its reputation, business, financial condition and prospects.

#### **1.3.2 The Company may be accused of infringing on the intellectual property of third parties.**

As the Company utilizes a variety of intellectual property for its business, customers, regulatory authorities or other third parties may allege that intellectual property it uses infringes on their intellectual property, and the Company may therefore become subject to allegations and litigation against it (see "1.3.1 The Company is and may in the future be involved in litigation or other proceedings in the course of its business activities."). Even unfounded allegations of infringement may adversely affect the reputation and business and may require significant resources to defend against. If the Company tries to obtain licenses from such third parties to settle any disputes, there is no guarantee that such licenses will be available to it on acceptable terms, or at all, in which case the Company may be required to alter its brands and change the way it operates.

In addition, the Company purchases certain Premium and Luxury Fashion Accessories, mainly premium and luxury leather goods (e.g., handbags, shoes etc.), not directly from the manufactures, but from officially licensed retail stores (boutiques) across Europe acting as official dealers for the manufacturers. The Company may not have contractual relationship with the right holders and manufacturers of those Premium and Luxury Fashion Accessories acquired from local shops, neither in terms of distribution nor in terms of licensing. The Company opines that this business model complies with applicable trademark law under the concept of "trademark exhaustion" as long as the Premium and Luxury Fashion Accessories are no copies and have been brought on the EU/European Economic Area market with the rights holders' consent. Yet, the legal foundations for this assumption might change and this part of the Company's business model might thereby constitute an infringement of trademark law.

Moreover, from time to time in the ordinary course of business the Company has been, and the Company expects to continue to be, subject to claims alleging infringement of the trademarks and other intellectual property rights of third parties. These claims and any resulting litigation, if it occurs, could subject the Company to significant liability for damages. In addition, even if the Company pre-

vails, litigation could be expensive and could result in the diversion of time and attention. Any claims from third parties may also result in limitations on the Company's ability to use the intellectual property subject to the claims unless the Company is able to enter into agreements with the parties making the claims.

In addition, the Company may not be able to continue to market certain Premium and Luxury Fashion Accessories in case its suppliers manufacture these Premium and Luxury Fashion Accessories without regard for intellectual property rights of third parties. Furthermore, some of the agreements the Company entered into with third parties may contain clauses regarding the protection of their intellectual property licensed to the Company. A violation of these clauses, such as the unauthorized sub-licensing or disclosure of a confidential source code, may require the Company to pay significant penalties, prevent the Company from utilizing such intellectual property in the future and may result in litigation against it.

Moreover, some of the proprietary technology was developed on the basis of licensed proprietary and non-proprietary software which the Company licensed from third parties. If these licenses were to be challenged or found invalid through litigation or other proceedings, the Company may be unable to continue to utilize such proprietary technology. In addition, the licensors or other third parties may claim that the use of the development and use of such technology is outside of the relevant license and therefore infringes upon their intellectual property.

Any infringements on the intellectual property of third parties could have a highly adverse effect on the business, reputation, financial condition, and prospects of the Company.

### **1.3.3 The Company could become subject to adverse legal or regulatory actions due to infringements of its suppliers.**

The Company could become subject to adverse legal or regulatory actions if the suppliers and brands provide it with, and the Company sells Premium and Luxury Fashion Accessories that do not comply with applicable laws or regulations, including laws and regulations relating to product safety, embargoes, environmental protection, and standards relating to employment and factory conditions. For example, the German Act on Food, Feed and Consumer Products (*Lebensmittel-, Bedarfsgegenstände- und Futtermittelgesetzbuch*), the Governmental Regulation on Consumer Products (*Bedarfsgegenständeverordnung*) and similar regulations in other markets in which the Company operates contain detailed provisions on threshold levels for certain chemicals that may be contained in clothing.

If the Company's suppliers do not observe these regulations, it might be unable to sell the relevant Premium and Luxury Fashion Accessories. If the Company fails to detect any deficiencies in the Premium and Luxury Fashion Accessories supplied to it before the Premium and Luxury Fashion Accessories are shipped to its customers, it may have to recall such Premium and Luxury Fashion Accessories. This could reduce the customers' trust in the Company and thereby reduce demand.

The realization of this risk could have a highly adverse effect on the business, financial condition and results of operations of the Company.

### **1.3.4 Changes in regulation, especially with respect to e-commerce, could restrict the Company's business or make it even impossible.**

As the Internet continues to revolutionize commercial relationships on a global scale and online penetration increases, new laws and regulations relating to the use of the Internet in general and the e-commerce sector in particular may be adopted. These laws and regulations may govern the collection, use and protection of data, online payments, pricing, anti-bribery, tax, country-specific prices and website contents and other aspects relevant to the business of the Company. For example, Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, which became effective in January 2016 and covers, inter alia, online-based payment services, provides for a uniform regulation of payments via Internet and mobile phones and increased customer protection and requirements for user authentication. Another example might be Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("**Data Protection Regulation**") entered into effect in May 2018 and imposing stricter limitations on the processing, use and transmission of personal data. In case of a violation of the provisions of the Data Protection Regulation, the Company may be fined for a maximum amount that corresponds to the higher of EUR 20.0 million and 4% of its annual global turnover for the last financial year. In addition, local authorities may construe new regulations in a way that is even more restrictive and there is no guarantee that the Company will be able to comply with such restrictive approaches.

The Company is also offering its customers in Germany, Austria, the Netherlands and the UK the option of paying off the Premium and Luxury Fashion Accessories they have purchased in installments for an additional charge (see "*1.1.15 There could be a mass reversal of Premium and Luxury Fashion Accessories purchased in installments.*"). This business model does not currently fall within the scope of the German Banking Act (*Kreditwesengesetz*). However, this could change due to legal changes in the law or a new interpretation of the pertinent provisions by the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin"*).

As an online retailer who offers goods in different countries in the EU, the Company benefits from the principle of free movement as

stipulated in the Treaty on the Functioning of the EU ("**TFEU**"). Pursuant to Article 28 TFEU, the EU comprises a customs union, which means that member states of the EU are not allowed to impose customs duties on imports and exports within the EU. The same applies to all charges having equivalent effect. Moreover, quantitative restrictions on imports and exports, as well as all measures having equivalent effect, are also prohibited between member states of the EU (Articles 34 and 35 TFEU). A change or limitation of this principles of the TFEU would significantly constrain the Company's business model or even make it impossible.

The modification or amendment of regulations relating to the operations of the Company could adversely affect its business by increasing compliance costs, including as a result of confidentiality or security breaches in case of non-compliance, and administrative burdens.

Changes to the regulation applicable to the use of the Internet and the e-commerce sector as well as the possibility to offering its customers the option of paying off the Premium and Luxury Fashion Accessories in installments could significantly reduce the Company's results of operations and cause significant restrictions and disruption to the Company's business and operations. This could have a highly adverse effect on the financial condition and prospects of the Company.

### **1.3.5 The Company may be unable to acquire, utilize and maintain its domains and trademarks.**

The Company has registered a broad range of domain names in various jurisdictions. Those domains predominately pertain to the name "*fashionette*" in combination with national and generic top level domains, e.g., [www.fashionette.net](http://www.fashionette.net). Also further domain names such as [www.taschenreich.de](http://www.taschenreich.de), [www.taschenratenkauf.de](http://www.taschenratenkauf.de), [www.handtaschenberater.de](http://www.handtaschenberater.de) etc. pertaining to the business have been registered. In 2010, the Company also registered the EU-trademark "*fashionette*" granting trademark protection in the EU and has registered this word mark for other regions as well. Domain names are generally regulated by internet regulatory bodies and both domains and trademarks are also subject to trademark laws and other related laws of each country in which they are used. If the Company cannot obtain or maintain its trademark as well as its internet domains on reasonable terms, the Company may be forced to incur significant additional expenses or be unable to operate its business as intended. For example, securing of the trademark rights for "*fashionette*" was already accompanied by a lengthy but now settled legal dispute with FASHIONETTE-DOLLSWEAR LIMITED, England, UK. In view of this litigation it cannot be excluded that other contenders for these trademarks and domains might sue the Company for trademark infringements. Furthermore, the regulations governing domain names and laws protecting trademarks and similar proprietary rights could change (e.g., through the establishment of additional generic or country code top level domains or changes in registration processes), which may prevent it from using these rights as intended. In addition, the Company may not be able to prevent third parties from registering and/or utilizing domains and trademarks that interfere with those that the Company has registered.

An inability to maintain the domains and trademarks could have a highly adverse effect on the business, results of operations and prospects of the Company.

### **1.3.6 The Company is subject to numerous, complex and sometimes conflicting legal regulatory regimes.**

As of the date of the Prospectus, the business of the Company is already subject to numerous laws in different countries, including laws applicable to the e-commerce sector such as laws with respect to privacy, data protection and data security, online content as well as telecommunications and laws applicable to public companies in general, in particular laws with respect to intellectual property protection, corporate, local employment, tax, finance, money laundering, online payment, consumer protection, product liability and the labeling of products, competition, anti-corruption and international sanctions. Operating in foreign jurisdictions entails an inherent risk of misinterpreting and wrongly implementing local laws and regulations.

In addition, numerous laws and regulations apply to the Premium and Luxury Fashion Accessories offered by the Company (e.g., Regulation (EC) no. 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the registration, evaluation, authorization and restriction of chemicals (REACH), as amended). Since the Company does not manufacture Premium and Luxury Fashion Accessories itself, its ability to ensure that the Premium and Luxury Fashion Accessories comply with all applicable regulations is limited.

While the Company is not aware of any material breaches of applicable laws and regulations, it cannot guarantee that it has always been in full compliance with them in the past and will be able to fully comply with them in the future. The violation of any of the laws and regulations applicable to the Company may result in litigation, damage claims from its customers, business partners and/or competitors as well as extensive investigations by governmental authorities and substantial fines being imposed on the Company. Even unfounded allegations of non-compliance may adversely affect the Company's reputation and business.

Any changes in the legal framework applicable to business of the Company could adversely affect its operations and profitability. If the Company continues to expand its business, it becomes subject to a legal framework that is even more complex. In the future, the Company may further expand its geographic footprint, including by entering into adjacent geographic markets. The laws and regulations of various jurisdictions in which the Company operates or may operate in the future are evolving. Consequently, such laws and regulations may change and sometimes even conflict with each other, making it even harder to observe them.

At any time, authorities in the countries where the Company operates may require it to obtain additional, or extend existing, licens-

es, permits and approvals. However, there is no guarantee that the Company will be able to obtain these in a timely and cost-effective manner. In addition, authorities may revoke existing licenses and the Company may not be aware of, or able to appeal, any such revocations in a timely manner, or at all.

The realization of any of these risks could have a material adverse effect on the business, financial condition, cash flows, results of operations and prospects of the Company.

#### **1.3.7 The Company may not be able to adequately protect its intellectual property against infringements from third parties.**

The Company deems its intellectual property (e.g., customer data, copyrights, brands, trademarks, trade secrets and proprietary technology) critical for its success. In addition, it has developed, and will continue to develop, a substantial number of proprietary software, processes and other know-how, including assortment-related know-how, that are of key importance to its operations.

However, the Company may not be able to obtain effective protection for such intellectual property or other proprietary know-how in all relevant countries. If the laws and regulations applicable to the intellectual property change, this may make it even more difficult to protect such intellectual property effectively.

In addition, the Company may be required to spend significant funds on monitoring and protecting its intellectual property and there is no guarantee that it can discover all infringements, misappropriations or other violations of its intellectual property and pursue them successfully. The Company provides certain information to third-party service providers helping it assess the performance of its business. Consequently, the Company has only limited control to ensure that such information is not misused by the relevant third-party service providers or passed on to other third parties, including its competitors.

If the Company initiates litigation against infringements of its intellectual property, such litigation may prove costly and there is no guarantee that it will ultimately be successful and that the rulings the Company obtains will adequately remedy the damage it has suffered. Where the Company relies on contractual agreements to protect its intellectual property, such agreements may be found to be invalid or unenforceable. Furthermore, some of its intellectual property could be challenged or found invalid through administrative processes or litigation, and third parties may independently develop or otherwise acquire equivalent intellectual property.

An inability to adequately protect the intellectual property of the Company could disrupt its business and operations, cause significant costs and have a material adverse effect on its financial condition and prospects.

#### **1.3.8 The Company's business is subject to the general tax environment in the jurisdictions in which it operates and any changes to this tax environment may increase its tax burden.**

The Company's business is subject to the general tax environment in the jurisdictions in which it operates. The Company's ability to use tax loss carryforwards and other favorable tax provisions depends on national tax laws and their interpretation in these countries. Changes in tax legislation, administrative practices or case law could increase the Company's tax burden and such changes might even occur retroactively. Furthermore, tax laws may be interpreted differently by the competent tax authorities and courts, and their interpretation may change at any time, which could lead to an increase of the Company's tax burden. In addition, court decisions are sometimes ignored by competent tax authorities or overruled by higher courts, which could lead to higher legal and tax advisory costs and create significant uncertainty.

Tax authorities in various jurisdictions are currently reviewing the appropriate treatment of e-commerce activities. Due to the global nature of the e-commerce business, various jurisdictions might attempt to levy additional sales, income or other taxes relating to their activities. Such new tax regulation may subject the Company or its customers to additional taxes, which would increase its tax burden and may reduce the attractiveness of the online offering in the guise of the Fashionette Platform. New taxes could also result in additional costs necessary to collect the data required to assess these taxes and to remit them to the relevant tax authorities.

The last binding tax audit of the Company took place in 2019 with respect to all periods up to and including the financial year ended 31 December 2016. Taxes actually assessed in future tax audits for periods not yet covered by this last tax audit may exceed the taxes already paid by the Company. As a result, the Company may be required to make significant additional tax payments with respect to previous periods. Furthermore, the competent tax authorities could revise their original tax assessments (e.g., with respect to the recognition of invoiced value added taxes). Any tax assessments that deviate from the expectations of the Company could lead to an increase in its tax burden. In addition, the Company may be required to pay interest on these additional taxes as well as late filing penalties.

Changes in the tax environment and future tax audits could have a material adverse effect on financial condition of the Company.

#### **1.3.9 The Company may not be able to comply with customs and foreign trade regulations applicable to the import and export of its Premium and Luxury Fashion Accessories.**

The Company exports its Premium and Luxury Fashion Accessories to European countries. However, the Company's exports could become subject to potential trade restrictions due to the Brexit.

In this respect, the Company would rely on third parties, in particular its suppliers, to make certain import, export or customs declarations and has therefore only limited control over such declarations. Any non-compliance with customs or foreign trade regulations could lead to the imposition of fines or result in its Premium and Luxury Fashion Accessories being seized, in which case delivery of its Premium and Luxury Fashion Accessories may be delayed or fail entirely. In the future, applicable regulations may change, which might make compliance therewith even more difficult or cause it to incur additional costs.

An inability to comply with customs and foreign trade regulations could have an adverse effect on the business, financial condition, and results of operations of the Company.

#### **1.3.10 The Company uses standardized documents, contracts and terms and conditions, which increases the impact if any clause is held to be void.**

The Company maintains legal relationships with a large number of suppliers and customers. In this context, the Company also uses standardized documents, contracts as well as terms and conditions. For instance, every customer acquiring a product on the Fashionette Platform has to agree to the Company's general terms and conditions (*Allgemeine Geschäftsbedingungen*). If such documents, contracts or terms and conditions are found to contain provisions which are interpreted in a manner disadvantageous to the Company, or if any clauses are held to be void and thus replaced by statutory provisions which are disadvantageous to the Company, a large number of its contractual relationships could be affected. In addition, standardized terms and conditions have to comply with the statutory laws on general terms and conditions in the different jurisdictions in which the Company operates, which means that in many jurisdictions they are subject to intense scrutiny by the courts. In the EU, the standard is even stricter if such terms and conditions are used vis-à-vis consumers. As a general rule, standardized terms and conditions are invalid if they are not transparent, not clearly worded, unbalanced or discriminate against the respective other party. In addition, there have been constant changes regarding the legal framework applicable to such terms and conditions as well as the interpretation thereof by the courts. As a result, the Company cannot guarantee that all standardized terms and conditions it currently uses comply and will continue to comply with these strict requirements. Even if terms and conditions are prepared with legal advice, it is impossible for the Company to guarantee that they are valid, given that changes may continue to occur in the laws applicable to such terms and conditions and/or their interpretation by the courts.

If clauses in the standardized documents, contracts or terms of conditions are found to be void, this could cause significant costs and have an adverse effect on the business and financial condition of the Company.

### **1.4 Risks related to the Company's internal control**

#### **1.4.1 The risk management and compliance structure of the Company may prove inadequate.**

Given the envisaged further growth of the Company, it will be vital to develop a risk management and compliance program that is aimed at preventing corruption, fraud and other criminal or other forms of non-compliance committed by the management, employees, consultants, agents and suppliers.

Non-compliance with applicable laws and regulations may harm the reputation and ability of the Company to compete and result in legal action, criminal and civil sanctions, or administrative fines and penalties (e.g., a loss of business licenses or permits) against the Company, members of its governing bodies and its employees. They may also result in damage claims by third parties or other adverse effects (e.g., class action lawsuits and enforcement actions by national and international regulators resulting in limitations to its business).

Any failure of its compliance structure to prevent or detect non-compliant behavior could have a highly adverse effect on the business and financial condition of the Company.

#### **1.4.2 The Company may not be able to adapt its internal controls as well as its reporting and risk management procedures to the requirements of a public company.**

The Company is in the process of adapting its internal controls as well as its reporting and risk management procedures to the requirements of a publicly listed company. Under German corporate law, the management of a stock company (*Aktiengesellschaft*) is responsible for maintaining adequate internal controls, among other things, over financial reporting. In line with this requirement, the Company is currently implementing a risk management and reporting program which seeks to enable it to identify disproportionate factual and legal risks promptly, control them and avoid their escalation to the extent possible. However, the Company's risk management and reporting policies and procedures may prove to be unable to meet the increased risk monitoring demands within an appropriate timeframe, or may not always function properly or efficiently. The Company may also not be able to identify all risks associated with a certain operation; its management may also misinterpret the results of the risk management and reporting system. Furthermore, the Company's internal control policies and procedures may not be sufficient to detect electronic fraud attempts via viruses, "back doors", "Trojan horses", "worms", etc. This could result in the presentation of incorrect financial information as well as legal, regulatory and civil costs or penalties. The materialization of any of these risks could have a highly adverse effect on the Com-

pany's business, financial condition and reputation and could prevent or permanently restrict the Company's future growth.

**1.4.3 The members of the Management Board have limited experience managing a listed company. This may impair their ability to manage the day-to-day business of the Company.**

The Management Board has limited experience managing a company listed in the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (Scale segment) and simultaneously in the Basic Board of the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) ("**Listing**"), in particular in dealing with public investors and in complying with numerous regulatory and other requirements applicable to public companies, including requirements relating to corporate governance, listing standards, notification requirements (e.g., with respect to the publication of ad hoc announcements and the publication of financial results), securities and investor relations matters. Compliance with the rules and regulations applicable due to the Listing will not only increase the Company's costs of compliance with legal and financial requirements and may make some activities more difficult and time-consuming, but also require significant management attention and could distract their attention from the day-to-day operations. There can be no assurance that the Company will be able to respond to these additional requirements without difficulty or inefficiency and violations of applicable rules or regulations could result in significant additional costs to the Company and could expose the Company to regulatory or civil litigation or penalties imposed by the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) or BaFin. In addition, the total amount of costs associated with Listing may be higher than originally expected. The occurrence of any of the foregoing risks could have a highly adverse effect on the business, assets, results of operations and financial condition of the Company.

**1.5 Risks related to the Shares, the Offering and the Company's shareholder structure**

**1.5.1 Following the Offering, the Selling Shareholder will retain a significant influence over the Company and the interests of the Selling Shareholder may conflict with those of the Company and its other shareholders.**

Following the successful completion of the Offering, Genui Fund GmbH & Co. KG, Hamburg, Germany ("**Selling Shareholder**"), will continue to hold at least 36.62% of the Company's share capital and voting rights (assuming placement of all 3,605,000 Shares that are subject of the Offering at the mid-point of the Price Range, including full exercise of the upsize option and full exercise of the greenshoe option ("**Offer Shares**"). With these shareholdings in the Company, the Selling Shareholder will retain a significant influence over the Company following the Offering. The interests of the Selling Shareholders may deviate from, or conflict with, the interests of the Company or its other shareholders. Certain measures and transactions as well as dividend payments may be impossible to implement without the support of the Selling Shareholder.

In addition, future sales of Shares by the Selling Shareholder could depress the price of the Shares. The sale of a significant number of Shares in the public market following the Listing, or the perception that such sales might occur, could depress the market price of the Shares. If, for example, one or more of the Company's shareholders, in particular the Selling Shareholder, were to sell or dispose of a significant number of Shares, or if the market believed that such sales could take place, this could have a material adverse effect on the market price of the Shares.

**1.5.2 The articles of association of the Company provide for significant amounts of authorized and contingent capital. Future issuances of shares could adversely affect the market price of the Shares and lead to substantial dilution.**

The articles of association of the Company provide for an authorized capital in an amount of EUR 3,100,000 and a contingent capital in the amount of EUR 124,000. In the future, the Company may require additional capital to finance its business activities and continued growth. The Company may seek to raise such capital through the issuance of additional shares or debt securities with conversion rights (e.g., convertible bonds) or by implementing future stock option or employee participation programs, which could reduce the market price of the Shares and currently the Company cannot predict the amounts and terms of such future offerings. If such offerings are made without granting subscription rights to the Company's shareholders, such offers will dilute the economic and voting rights of the shareholders. In addition, such dilution may occur as a result of the acquisition of companies or interests in companies in exchange for newly issued shares, the granting of options to the Company's business partners and the exercise of stock options by the Company's employees under future stock option plans or the issuance of shares to employees under future employee stock option plans. Even if subscription rights have been granted to shareholders, it is possible that investors in certain countries may not be able to acquire or exercise subscription rights due to local laws. As the timing and nature of a future offering would depend on market conditions at the time of the future offering, the Company cannot predict or estimate the amount, timing or nature of any future offering. In addition, the acquisition of other companies or interests in companies in return for newly issued shares, as well as the possible exercise of stock options and the issue to the Company's employees under future stock option or employee stock matching programs, could lead to a dilution of the economic and voting interests of the Company's shareholders. Thus, all investors of the Company bear the risk that such future offerings could reduce the market price of the Shares and/or dilute their shareholdings.

### **1.5.3 There is no guarantee that following the Offering a liquid market for the Shares will develop.**

The Company intends to apply for the Listing. Prior to the offering of the Shares ("**Offering**") and the Listing, the Shares have not been publicly traded. The offer price for the Shares offered in the Offering ("**Offer Price**") will be determined by way of a bookbuilding process. There is no guarantee that the Offer Price determined and established in this manner will correspond to the price at which the Shares will be traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) after the Offering or that, following the Listing, an active trading in the Shares will develop or be maintained. The failure to develop or maintain an active trading may have a material adverse effect on the liquidity of the Shares and the Company cannot assure that the market price of the Shares will not decline below the Offer Price following the Offering. Therefore, investors may not be in a position to sell their Shares quickly or at or above the Offer Price.

In addition, the price and trading volume of the Shares could fluctuate significantly, and investors could lose all or part of their investment. Following the Listing and any future offerings, the trading volume and price of the Shares may fluctuate significantly. The price of the Shares will be affected primarily by the supply and demand for the Shares and could fluctuate significantly in response to numerous factors, many of which are beyond the Company's control. These factors include fluctuations in actual or projected results of operations, changes in projected earnings or failure to meet securities analysts' earnings expectations, the absence of analyst coverage on the Shares, changes in trading volumes in the Shares, changes in macroeconomic conditions, including fluctuations in foreign currencies, the activities of competitors and suppliers, changes in the market valuations of similar companies, changes in investor and analyst perception of the Company or its industry, changes in the statutory framework in which the Company operates and other factors.

Stock markets have experienced price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. Stock prices of many companies have fluctuated in a manner often unrelated to the operating performance of those companies. General market conditions and fluctuations of share prices and trading volumes could lead to pressure on the price of the Shares, even though there may not be a reason for this based on the Company's business performance or earnings outlook. This could have a material adverse effect on the market price of the Shares. If the price of or the trading volume in the Shares declines as a result of the realization of any or all of these events, investors could lose part or all of their investment in the Shares.

### **1.5.4 The Company's ability to pay dividends depends on various factors and the Company may not pay any dividends in the foreseeable future.**

The Company currently does not intend to pay any dividends in the near future, and intends to continue to invest in the development of its business. The Company's ability and intention to pay dividends in the future will be made in accordance with applicable laws, and will depend on the amount of net retained profits available to the Company. The Company is not in a position to make any statements on the amount of future retained profits or on whether retained profits will exist at all in the future. The Company, therefore, is unable to guarantee that dividends will be paid in future years.

The Company's ability to pay dividends is based on its annual financial statements prepared in accordance with the German generally accepted accounting principles of the German Commercial Code (*Handelsgesetzbuch*) and the provisions of the German Stock Corporation Act (*Aktiengesetz*). Dividends may only be paid out of the net profit (*Bilanzgewinn*) reported in the Company's audited annual financial statements as approved by the Company's supervisory board (*Aufsichtsrat*) ("**Supervisory Board**") and as resolved at the Company's shareholders' meeting (*Hauptversammlung*). There can be no assurance that the Company will propose or be able to pay dividends in the future, which could have an adverse effect on the Shares.

## 2 GENERAL INFORMATION

### 2.1 Responsibility statement

The following persons assume responsibility for the contents of this prospectus ("**Prospectus**") pursuant to Section 8 of the German Securities Prospectus Act (*Wertpapierprospektgesetz* – "**WpPG**") and Article 11 para. 1 sent. 2 of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended ("**Prospectus Regulation**"), and declare that, as of the date of the Prospectus, the information contained in the Prospectus is, to the best of their knowledge, in accordance with the facts, and that the Prospectus makes no omission likely to affect its import:

- fashionette AG, a German stock corporation (*Aktiengesellschaft* or *AG*) with its registered office in Düsseldorf, Federal Republic of Germany ("**Germany**"), and its business address at Grafenberger Allee 295, 40237 Düsseldorf, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Düsseldorf, Germany ("**Commercial Register**"), under the registration number HRB 91139, and Legal Entity Identifier ("**LEI**") 391200T7OHC8YPRQW61 ("**Company**");
- Hauck & Aufhäuser Privatbankiers Aktiengesellschaft, a German stock corporation (*Aktiengesellschaft* or *AG*) with its registered office in Frankfurt am Main, Germany, and its business address at Kaiserstraße 24, 60311 Frankfurt am Main, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main, Germany, under the registration number HRB 108617, and LEI 529900OZP78CYPYF471 ("**Hauck & Aufhäuser**" or "**Sole Bookrunner**"); and
- Genui Fund GmbH & Co. KG, a German limited partnership (*Kommanditgesellschaft* or *KG*) with a German limited liability company (*Gesellschaft mit beschränkter Haftung* or *GmbH*) as general partner (*persönlich haftender Gesellschafter*), with its registered office in Hamburg, Germany, and its business address at Neuer Wall 80, 20354 Hamburg, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, under the registration number HRA 117986, and LEI 391200LEOKX9LM1JT39 ("**GENUI**" or "**Selling Shareholder**").

If any claims are asserted before a court of law based on the information contained in the Prospectus, the investor appearing as plaintiff may have to bear the costs of translating the Prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the European Economic Area ("**EEA**").

The information contained in the Prospectus will not be updated subsequent to the date hereof except for any significant new factor, material mistake or inaccuracy relating to the information contained in the Prospectus which may affect an assessment of the Offer Shares and which arises or is noted between the time when the Prospectus is approved and the closing of the offer period, which will be disclosed in a supplement of the Prospectus pursuant to Article 23 of the Prospectus Regulation. These updates must be disclosed in a prospectus supplement in accordance with Article 23 of the Prospectus Regulation without undue delay.

The Company states that

- the Prospectus has been approved by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – "**BaFin**"), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Germany (telephone +49 (0) 228 4108 0; website [www.bafin.de](http://www.bafin.de)), as competent authority under the Prospectus Regulation;
- BaFin only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation;
- such approval should not be considered as an endorsement of the Company or of the quality of the securities that are the subject of this Prospectus; and
- investors should make their own assessment as to the suitability of investing in the Shares.

The Company's website is [corporate.fashionette.com](http://corporate.fashionette.com). Information contained on the Company's website is not incorporated by reference in the Prospectus and is not part of the Prospectus. Hyperlinks to websites do not form part of the Prospectus and have not been scrutinised or approved by BaFin.

### 2.2 Purpose of the Prospectus

The Prospectus relates to the offering of 3,605,000 ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) of the Company ("**Offer Shares**"), each such Offer Share representing a notional value of EUR 1.00 in the Company's share capital and with full dividend rights as of 1 January 2020 ("**Offering**"), consisting of:

- 1,200,000 newly issued ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) ("**New Shares**") from a capital increase against contributions in cash resolved by an extraordinary shareholders' meeting (*außerordentliche Hauptversammlung*) of the Company on 16 October 2020 ("**IPO Capital Increase**");

- 1,500,000 existing ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) from the holdings of the Selling Shareholder in a base deal ("**Base Shares**");
- up to 500,000 existing ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) from the holdings of the Selling Shareholder subject to its exercise of an upside option ("**Upsize Option**") upon its decision, in consultation with the Sole Bookrunner, based on market demand on the date of pricing ("**Upsize Shares**" and, together with the Base Shares, "**Sale Shares**"); and
- up to 405,000 existing ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) from the holdings of the Selling Shareholder in connection with a potential over-allotment ("**Over-Allotment Shares**").

The Offering consists of an initial public offering of the Offer Shares in Germany ("**IPO**") and private placements in certain jurisdictions outside Germany ("**Private Placement**"). In the Private Placement, the Offer Shares will be offered (i) in the EEA to "qualified investors" (as defined in Art. 2 lit. e) of the Prospectus Regulation), (ii) in the United States of America ("**United States**") to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act of 1933, as amended ("**Securities Act**")) ("**QIBs**"), and (iii) in other countries (except for Canada, Australia and Japan) to institutional investors.

The Offer Shares have not been, and will not be, registered under the Securities Act. Outside the United States, the Offer Shares will be offered only in "offshore transactions" (as defined in and pursuant to Regulation S of the Securities Act ("**Regulation S**")). In the United States, the Offer Shares will be offered only in private placement transactions to a limited number of QIBs pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act, and who have received and agreed to the terms of a U.S. investor representation letter to the Company, the Sole Bookrunner and the Selling Shareholder. Prospective investors are hereby notified that the sellers of the Offer Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

The Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any Shares offered by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

Neither the United States Securities and Exchange Commission, nor any securities regulatory authority of any state of the United States, has approved the Shares or passed upon the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

### **2.3 Forward-looking statements**

The Prospectus contains forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts or events or to facts or events as of the date of the Prospectus. This applies, in particular, to statements in the Prospectus containing information on the Company's future earnings capacity, plans and expectations regarding its business growth and profitability, and general economic conditions to which it is exposed. In some cases, forward-looking statements can be identified by the use of forward-looking terminology or subjective assessments, which may include words such as "anticipate", "believe", "contemplate", "continue", "could", "expect", "intend", "plan", "potential", "predict", "project", "should", "target" and "would" or the negative of these words or other similar terms or expressions.

The forward-looking statements in the Prospectus are subject to opportunities, risks and uncertainties, as they relate to future events, and are based on estimates and assessments made to the best of the Company's present knowledge. These forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause the Company's actual results, including its financial condition and profitability, to differ materially from or fail to meet the expectations expressed or implied in the forward-looking statements. These expressions can be found in several sections of the Prospectus, particularly in the sections of the Prospectus describing risk factors, markets and competition, the Company's business and recent developments and outlook, and wherever information is contained in the Prospectus regarding the Company's intentions, beliefs, or current expectations relating to its future financial condition and results of operations, plans, liquidity, business outlook, growth, strategy and profitability, as well as the economic and regulatory environment to which the Group is subject. Accordingly, prospective investors are strongly advised to read the following sections of the Prospectus: "*SUMMARY OF THE PROSPECTUS*", "*1 RISK FACTORS*", "*10 MANAGEMENT'S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS*", "*11 MARKETS AND COMPETITION*", "*12 BUSINESS*", "*13 REGULATORY AND LEGAL ENVIRONMENT*", "*23 RECENT DEVELOPMENTS AND TREND INFORMATION*" and wherever information is contained in the Prospectus regarding the Company's plans, intentions, beliefs, or current expectations to the Company's future financial condition and results of operations, plans, liquidity, business prospects, growth, strategy and profitability, investments and capital expenditure requirements, future growth in demand for its residential units as well as the economic and regulatory environment which the Company is subject to. The abovementioned sections include more detailed descriptions of factors that might have an impact on the Company's business and the business environment the Company operates in. Forward-looking statements should not be relied upon as predictions of future events.

In light of these uncertainties and assumptions, future events mentioned in the Prospectus may not occur. In addition, the forward-looking estimates and forecasts reproduced in the Prospectus from third-party sources could prove to be inaccurate (for more information on the third-party sources used in the Prospectus, see "*2.5 Sources of market data*"). Actual results, performance or events

may turn out to be better or worse compared to the results, performance and events described in the forward-looking statements, in particular due to:

- changes in general economic conditions in the markets in which the Company operates, including political changes, changes in the unemployment rate, the level of consumer prices and wage levels;
- the further development of online (luxury and premium) fashion accessories markets in Europe, in particular the penetration levels of online shopping;
- user behavior on mobile devices and the Company's ability to attract mobile internet traffic and convert such traffic into orders of its products;
- changes in user tastes and/or preferences with respect to online shopping offerings;
- the Company's ability to offer its customers an inspirational and attractive online experience;
- the stability of the Company's supplier base and ability to manage the timely and efficient delivery of its products;
- changes in prices when sourcing the Company's Premium and Luxury Fashion Accessories and the resulting increase or decrease of the Company's gross profit margin;
- the Company's ability to manage continued growth and to expand its capabilities to meet the growing demands and challenges associated therewith;
- the Company's ability to realize economics of scale and increase the Company's profitability by expanding its market position;
- demographic changes in Europe, in particular the aging of millennials (i.e., people born after early 1980s);
- fluctuations in interest and currency rates;
- changes in the competitive environment and in the competition level in the European Premium and Luxury Fashion Accessories Market;
- the Company's ability to comply with applicable laws and regulations, in particular if such laws and regulations change, are abolished and/or new laws and regulations are introduced;
- the Company's ability to maintain and enhance its reputation and brand;
- the Company's ability to operate its IT systems free from interruptions;
- the occurrence of accidents, natural disasters, fires, environmental damages or systemic delivery failures; and
- the Company's ability to attract and retain qualified personnel.

This list of important factors is not exhaustive. The foregoing factors and other uncertainties and events should be carefully considered, especially in light of the regulatory, political, economic, social and legal environment in which the Company operates.

Forward-looking statements included in the Prospectus speak only as of the date of the Prospectus and that neither the Company nor the Selling Shareholder nor the Sole Bookrunner assume any obligation, except as required by law, to update any forward-looking statement or to conform any such statement to actual events or developments. The Company may not actually achieve the plans, intentions or expectations disclosed in the forward-looking statements. These forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

The section "1 RISK FACTORS" contains a detailed description of various risks. If these risks were to materialize, this could adversely affect the actual outcome of the matters described in the forward-looking statements contained in the Prospectus, in particular where such statements relate to the development of the Company's business, financial condition, cash flows, results of operations and prospects.

#### 2.4 Presentation of financial information

The financial information included in the Prospectus has been taken or derived from the Company's (i) audited annual financial statements as of and for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 prepared in accordance with the German generally accepted accounting principles of the German Commercial Code (*Handelsgesetzbuch* – "HGB") ("**Audited Financial Statements**"), (ii) audited cash flow statements and statements of changes in equity for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 (without prior-year comparative figures for the financial year ended 31 December 2016) prepared in accordance with the German generally accepted accounting principles of the HGB ("**Audited Cash Flow and Changes in Equity Statements**"), (iii) unaudited interim financial statements as of and for six months ended 30 June 2020 prepared in accordance with the German generally accepted accounting principles of the HGB ("**Unaudited Interim Financial Statements**") and, together with the Audited Financial Statements, "**Financial Statements**"; the Financial Statements together with the

Audited Cash Flow and Changes in Equity Statements, "**Financial Information**") and (iv) accounting records or internal management reporting systems. As of the date of the Prospectus, the Company does not have subsidiaries and therefore does not prepare consolidated financial statements.

The Financial Information is included in the section "**21 FINANCIAL INFORMATION**" beginning on page F-1.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany, Dortmund office, Westfalendamm 11, 44141 Dortmund, Germany ("**Ernst & Young**"), audited the German language Audited Financial Statements in accordance with Section 317 HGB and in compliance with the German generally accepted standards for financial statement audits promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer – "IDW"*) and issued German language unqualified independent auditor's reports (*Bestätigungsvermerke des unabhängigen Abschlussprüfers*) thereon. In addition, Ernst & Young audited the Audited Cash Flow and Changes in Equity Statements in accordance with IDW Auditing Practice Statement: Audit of Additional Elements of Financial Statements (IDW AuPS 9.960.2) promulgated by the IDW and issued unqualified auditor's reports thereon.

Where financial information is labelled "audited" in the tables in the Prospectus, it has been taken from the Audited Financial Statements or the Audited Cash Flow and Changes in Equity Statements. The label "unaudited" in the tables in the Prospectus indicates financial information that has been taken or derived from (i) the Unaudited Interim Financial Statements or (ii) the Company's accounting records or internal management reporting systems or (iii) has been calculated based on financial information from the aforementioned sources.

## **2.5 Sources of market data**

Unless otherwise specified, the information contained in the Prospectus on the market environment, market developments, growth rates, market trends and competition in the markets in which the Company operates are based on the Company's assessments and estimates, using underlying data from independent third parties. The Company obtained market data and certain industry forecasts used in the Prospectus from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications or commissioned reports, including reports, publications and data compiled by:

- Bain – Altagamma, Luxury Goods Worldwide Market Study, Fall–Winter 2019 (28 November 2019);
- Bain – Altagamma, Luxury Goods Worldwide Market Study, Spring 2020 (7 May 2020);
- Statista; Revenue estimates for location: Europe, Sectors Luxury Goods Footwear, Luxury Goods Eyewear, eCommerce Consumer Electronics, eCommerce Household Appliances, eCommerce Footwear, eCommerce Furniture & Homeware, Accessories Handbags (20 July 2020); and
- Innofact AG – Consumer Survey (May 2020).

It should be noted, in particular, that reference has been made in the Prospectus to information concerning markets and market trends. Such information was obtained from the aforementioned sources. The Company has accurately reproduced such information and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Prospective investors are, nevertheless, advised to consider this data with caution. For example, market studies are often based on information or assumptions that may be inaccurate or inappropriate, and their methodology is inherently predictive and speculative. The fact that information from the aforementioned third-party sources has been included in the Prospectus should not be considered as a recommendation by the relevant third parties to invest in, purchase, or take any other action with respect to the Shares.

In addition, some of the sources of market data included in the Prospectus may be prepared before the worldwide pandemic triggered by the Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2) ("**COVID-19 Pandemic**") and have not been updated for the potential effects of the COVID-19 Pandemic. The Company is not able to determine whether the third parties who have prepared such sources will revise their estimates and projections due to the potential impact of the COVID-19 Pandemic on the future market environment, market developments, growth rates, market trends and competition in the markets.

Irrespective of the assumption of responsibility for the content of the Prospectus by the Company, the Selling Shareholder and the Sole Bookrunner (see "**2.1 Responsibility** statement"), neither the Company nor the Selling Shareholder nor the Sole Bookrunner have independently verified the figures, market data or other information on which third parties have based their studies. Accordingly, the Company, the Selling Shareholder and the Sole Bookrunner make no representation or warranty as to the accuracy, completeness or verification of any such information from third-party studies included in the Prospectus. Prospective investors should note that the Company's own estimates and statements of opinion and belief are not always based on studies of third parties. None of the Company, the Selling Shareholder or the Sole Bookrunner, or any of their respective affiliates, is making any representation to any offeree or purchaser of any Shares regarding the legality of an investment in the Shares by such offeree or purchaser.

Information contained on any website mentioned in the Prospectus is not incorporated by reference in the Prospectus and is not part of the Prospectus.

## 2.6 Documents available for inspection

For the period during which the Prospectus remains valid, the following documents will be available on the Company's website (corporate.fashionette.com) under the "IPO" section:

- the Prospectus;
- the Company's articles of association (*Satzung*) ("**Articles of Association**");
- the Audited Financial Statements (as of and for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017);
- the Audited Cash Flow and Changes in Equity Statements (for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017); and
- the Unaudited Interim Financial Statements (as of and for six months ended 30 June 2020).

The Company's future annual financial statements and half-yearly financial statements will be available on its website (corporate.fashionette.com). The Company's future annual financial statements will also be published in the Federal Gazette (*Bundesanzeiger*).

Information on the Company's website (corporate.fashionette.com) and information accessible via this website is neither part of, nor incorporated by reference into, the Prospectus.

## 2.7 Currency

In the Prospectus, "EUR" and "Euro" refer to the single European currency adopted by certain participating member states of the European Union ("EU"), including Germany.

## 2.8 Negative numbers and rounding

Unless indicated otherwise, financial information presented in the text and tables in the Prospectus is shown in thousand of Euro (in EUR thousand), commercially rounded to a whole number or to one digit after the decimal point. The same applies with regard to costs and expenses related to the Offering, the net proceeds for the Company and the Selling Shareholder and dilution information. Changes, including percentage changes and ratios in the text and tables of the Prospectus are calculated based on the respective numbers as presented and then commercially rounded to a whole percentage or to one digit after the decimal point. Because of rounding, figures shown in tables in the Prospectus do not necessarily add up exactly to the respective totals or sub-totals presented, and percentages may not reflect underlying numbers or may not exactly equal 100% when aggregated. Furthermore, these rounded figures may vary marginally from unrounded figures that may be indicated elsewhere in the Prospectus. Financial information presented in parentheses denotes the negative of such number presented. In respect of financial information set out in the Prospectus, a dash ("—") signifies that the relevant figure is not available, while a zero ("0") or nil signifies that the relevant figure is available but has been rounded to or equals zero.

## 2.9 Alternative performance measures and other key performance indicators

Throughout the Prospectus, the Company presents unaudited financial information that is not required by or prepared in accordance with the German generally accepted accounting principles of the HGB, including earnings before interest, taxes, depreciation and amortization ("**EBITDA**"), EBITDA margin, gross profit ("**Gross Profit**") and Gross Profit margin ("**APMs**"). The APMs are alternative performance measures as defined in the guidelines issued by the European Securities and Markets Authority ("**ESMA**") on 5 October 2015 on APMs ("**ESMA Guidelines**").

The Company tracks the APMs to measure its general performance, achievement versus its (short- and mid-term) business plan and to make strategic decisions. It is used by the Company in monitoring, evaluating and managing its business and the Company believes the APMs provide an enhanced understanding of the Company's underlying results and related trends. Further, the Company believes that the APMs are frequently used by securities analysts, investors and other interested parties in evaluating companies in its industry and it may contribute understanding of the Company's business. The APMs are no measurements of the Company's performance or liquidity under the German generally accepted accounting principles of the HGB or any other generally accepted accounting principles and should not be considered as an alternative to net income/net loss for the year/period or any other performance measures derived in accordance with the German generally accepted accounting principles of the HGB or any other generally accepted accounting principles or as alternatives to cash flow from operating, investing or financing activities.

The APMs do not necessarily indicate whether cash flows will be sufficient for the Company's cash requirements and may not be indicative of its future results. Furthermore, the APMs are not recognized under the German generally accepted accounting principles of the HGB, should not be considered as substitutes for an analysis of Company's operating results prepared in accordance with the German generally accepted accounting principles of the HGB, and may not be comparable to similarly titled information published by

other companies.

Further, the Company presents other operating, non-financial and financial information throughout the Prospectus which are key performance indicators ("KPIs"), not derived from its financial statements, but based on data from the Company's management reporting systems such as site visits, mobile visit share, number of orders, average order value, active customers, new customers, customer acquisition cost, marketing cost ratio and fulfillment cost ratio ("Other KPIs"). The Other KPIs may not be comparable to similarly titled information by other companies. They are for illustrative purposes only, unaudited and based on management's estimates, judgements and experience. While the Other KPIs should not be considered as a substitute for an analysis of the Company's operating results prepared in accordance with the German generally accepted accounting principles of the HGB, the Company nevertheless believes that such data assists it in evaluating the efficiency of the Company's marketing efforts.

For further information on the APMs and the Other KPIs, see "9.4 Key performance indicators".

## **2.10 Time specifications**

References to "CET" in the Prospectus refer to Central European Time or Central European Summertime, as the case may be. References to time in the Prospectus refer to CET, unless stated otherwise.

## **2.11 Enforcement of civil liabilities**

The Company is a stock corporation (*Aktiengesellschaft* or *AG*) governed by German law and all or a substantial portion of its assets are located outside the United States. In addition, the members of the Company's management board (*Vorstand*) and the members of the Company's supervisory board (*Aufsichtsrat*) are non-residents of the United States and all or most of their assets are located outside the United States.

As a result, it may not be possible for investors to effect service of process within the United States upon the Company or such persons or to enforce against them or the Company judgments of courts of the United States, whether or not predicated upon the civil liability provisions of the federal securities laws of the United States or other laws of the United States or any state thereof. The United States and Germany do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for payment of money rendered by a federal or state court in the United States based on civil liability, whether or not predicated solely upon United States federal securities laws, may not be enforceable, either in whole or in part, in Germany.

However, if the party in whose favor such final judgment is rendered brings a new suit in a competent court in Germany, such party may submit to the German court the final judgment rendered in the United States. Under such circumstances, a judgment by a federal or state court of the United States against the Company or such persons will be regarded by a German court only as evidence of the outcome of the dispute to which such judgment relates, and a German court may choose to re-hear the dispute. In addition, awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in Germany.

## 3 THE OFFERING

### 3.1 Subject matter of the Offering

The Offering relates to the sale of up to 3,605,000 Offer Shares, i.e., ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) of the Company, each such Offer Share with a notional value of EUR 1.00 in the Company's share capital and with full dividend rights as of 1 January 2020, consisting of:

- 1,200,000 New Shares;
- 1,500,000 Base Shares from the holdings of the Selling Shareholder;
- up to 500,000 Upsize Shares from the holdings of the Selling Shareholder; and
- up to 405,000 Over-Allotment Shares of the Selling Shareholder.

The number of the New Shares and Sale Shares actually placed with investors will be determined by the Company and the Selling Shareholder, in consultation with the Sole Bookrunner, after expiry of the Offer Period (as defined below), i.e., on or around 27 October 2020. The total number of Over-Allotment Shares will not exceed 15% of the final number of New Shares and Base Shares placed in the Offering.

The Offer Shares are offered by the Company and the Selling Shareholder together with the Sole Bookrunner.

The Offering consists of the IPO and the Private Placement. In the Private Placement, the Offer Shares will be offered (i) in the EEA to "qualified investors" (as defined in Art. 2 lit. e) of the Prospectus Regulation), (ii) in the United States to QIBs, and (iii) in other countries (except for Canada, Australia and Japan) to institutional investors.

The Offer Shares have not been, and will not be, registered under the Securities Act. Outside the United States, the Offer Shares will be offered only in "offshore transactions" (as defined in and pursuant to Regulation S). In the United States, the Offer Shares will be offered only in private placement transactions to a limited number of QIBs pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act, and who have received and agreed to the terms of a U.S. investor representation letter.

In connection with the Offering, the Company and the Sole Bookrunner intend to apply for the inclusion to trading on the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (Scale segment) with simultaneous inclusion in the Basic Board of the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), of

- up to 1,200,000 New Shares, and
- 5,000,000 existing ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) ("**Existing Shares**" and, together with the New Shares, "**Shares**"),

corresponding to the Company's entire share capital after registration of the IPO Capital Increase with the Commercial Register, each such Share representing a notional value of EUR 1.00 in the Company's share capital and with full dividend rights as of 1 January 2020 ("**Listing**"). Pursuant to § 17 para. 1 lit. b) of the "General Terms and Conditions of Deutsche Börse AG for the Regulated Unofficial Market on Frankfurter Wertpapierbörse" (*Allgemeine Geschäftsbedingungen der Deutsche Börse AG für den Freiverkehr an der Frankfurter Wertpapierbörse*) ("**DBAG General Terms and Conditions**"), the submission of the Prospectus with Deutsche Börse Aktiengesellschaft, Frankfurt am Main, Germany ("**DBAG**"), is a requirement for the Listing since the Offer Shares are offered to the public requiring the preparation and publication of a prospectus.

Hauck & Aufhäuser is acting as Sole Global Coordinator and Sole Bookrunner.

In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Offering, including the merits and risks involved.

None of the Company, the Selling Shareholder and the Sole Bookrunner, or any of their respective affiliates, is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares.

### 3.2 Price Range, Offer Period and allotment

#### 3.2.1 Price Range

The price range for the Offering within which purchase orders may be placed is EUR 30.00 to EUR 38.00 per Offer Share ("**Price Range**").

### 3.2.2 Offer Period

The period during which investors may submit purchase orders for the Offer Shares is expected to begin on 21 October 2020 and is expected to end on 27 October 2020 ("**Offer Period**"). On the last day of the Offer Period, purchase orders may be submitted (i) until 12:00 hrs CET by retail investors (natural persons) and (ii) until 16:00 hrs CET by institutional investors.

Institutional investors may place subscription offers directly with the Sole Bookrunner during the Offer Period.

Retail investors can make subscription offers in the Offering in Germany two days after the beginning of the Offer Period, i.e., beginning on 23 October 2020, through the subscription functionality (*Zeichnungsfunktionalität*) DirectPlace of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) in the exchange electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) ("**XETRA**") trading system for the collection and settlement of subscription offers ("**Subscription Functionality**").

Investors who want to submit purchase orders for the Offer Shares through the Subscription Functionality must submit them to their respective depository bank between 23 October 2020 and 27 October 2020, at 12:00 hrs CET. This requires that the depository bank (i) has been admitted as a trading participant to the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) or has access to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) via an accredited trading participant; (ii) is connected to XETRA, and (iii) is authorized and able to use the Subscription Functionality according to the "Terms of use for the subscription functionality" (*Nutzungsbedingungen der Deutsche Börse AG für die Xetra-Zeichnungsfunktionalität*) (such depository bank, a "**Trading Participant**").

The Trading Participant issues purchase orders for the investor at the investor's request through the Subscription Functionality. Purchase orders can have price limits (in 10 Euro cent increments) within the Price Range. In its function as Order Book Manager, Steubing AG, Frankfurt, Germany ("**Order Book Manager**"), records the Subscription Functionality of all subscription requests of the Trading Participant in a central order book and will, at the end of the subscription period and after instruction by the Sole Bookrunner, accept these in full or in part or not accept these as part of the allocation in consideration of any limits. By accepting of the purchase orders, the Order Book Manager concludes a sale and purchase agreement for the respective number of Offer Shares. It is subject to the condition precedent that the Offer Shares have not been created on the value date or have not been provided.

Purchase orders have to be made for at least 50 Offer Shares and the selected offer price has to be provided in full euro amounts and in 10 Euro cent increments for each Offer Share. Multiple purchase orders by investors are allowed. Purchase orders can be freely revoked until the end of the Offer Period, unless otherwise agreed individually. It is possible to withdraw from a properly made purchase order until the end of the Offer Period. Usually, even in the event of a partial or full withdrawal or reduction in a purchase order, it will not be necessary to reimburse overpaid amounts, since the allocation of the Offer Shares shall take place after the end of the Offer Period by way of payment against delivery and investors therefore do not pay the Offer Price in advance. If, in individual cases, an investor already paid the amounts and then withdraws its purchase order in full or in part, or reduces its purchase order, the paid amount will be reimbursed to the investor immediately to the bank account used for the deposit.

### 3.2.3 Changes of the terms of the Offering

The Company and the Selling Shareholder reserve the right, after consultation with the Sole Bookrunner, to reduce or increase the number of Offer Shares, to reduce or increase the upper and lower limits of the Price Range and/or to extend or shorten the Offer Period. If the number of Offer Shares, the Price Range and/or the Offer Period ("**Offering Terms**") is or are, as the case may be, changed, the change will be announced on the Company's website ([corporate.fashionette.com](http://corporate.fashionette.com)) and be published by means of electronic media (such as Reuters or Bloomberg). To the extent required under the Prospectus Regulation, a supplement to the Prospectus will be submitted to BaFin and published on the Company's website ([corporate.fashionette.com](http://corporate.fashionette.com)).

Any changes to the Offering Terms will also be published by way of ad hoc announcement on an electronic information dissemination system, if required under Article 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation), as amended ("**MAR**"). Investors will not be notified individually. Changes to the Offering Terms will not invalidate purchase orders which have already been submitted. Pursuant to Article 23 of the Prospectus Regulation, investors who have submitted a purchase order before a supplement is published are granted a period of two working days from publication of the supplement to withdraw their orders, provided that the significant new factor, material mistake or material inaccuracy arose or was noted before the closing of the Offer Period or the delivery of the Offer Shares, whichever occurs first.

The Company and the Selling Shareholder are entitled to end the Offering at any time if certain circumstances develop, and also still after the end of the Offer Period up to 16:00 hrs CET on the date of the settlement of the Offering expected to be on or around 30 October 2020.

The underwriting agreement between the Company, the Selling Shareholder and the Sole Bookrunner dated 19 October 2020 ("**Underwriting Agreement**") stipulates that the Sole Bookrunner may terminate the Underwriting Agreement under certain circumstances, even after the Offer Shares have been allotted and listed and up to delivery and settlement (see "19 UNDERWRITING"). If the Underwriting Agreement is terminated, the Offering will not take place. In this case, any allotments already made to investors will be invalidated, and investors will have no claim for delivery of Offer Shares. Claims with respect to security commissions already paid

and costs incurred by an investor in connection with the purchase order will be governed solely by the legal relationship between the investor and the institution to which the investor submitted its purchase order. Investors engaging in short selling bear the risk of being unable to satisfy their delivery obligations.

### **3.2.4 Determination of the Offer Price and the final Number of Offer Shares**

After expiry of the Offer Period, expected to take place on or around 27 October 2020, the final number of the Offer Shares and the offer price ("**Offer Price**") will be determined by the Company and the Selling Shareholder after consultation with the Sole Bookrunner using the order book prepared during the bookbuilding process. The determination of the Offer Price and the determination of the final number of Offer Shares to be placed will be based on the purchase orders submitted by investors during the Offer Period which will be collected in the order book. These orders will be evaluated according to the prices offered and the investment horizons of the respective investors. Consideration will also be given to whether the Offer Price and the number of Offer Shares to be placed allow for the reasonable expectation that the share price of the Shares will demonstrate steady performance in the secondary market after the Listing given the demand for the Offer Shares noted in the order book. Attention will be paid not only to the prices offered by investors and the number of investors wanting Offer Shares at a particular price but also to the composition of the group of shareholders in the Company that would result at a given price (so-called investor mix) and expected investor behavior. After the Offer Price and the final number of Offer Shares to be placed are determined, the Offer Shares will be allotted to investors (see "*3.6 Allotment criteria*").

After expiry of the Offer Period, expected to take place on or around 27 October 2020, the Selling Shareholder will, in its sole discretion and after consultation with the Sole Bookrunner, determine if and to what extent it will exercise the Upsize Option, taking into account the market demand and using the order book prepared during the bookbuilding process.

Neither the Company nor the Selling Shareholder nor the Sole Bookrunner will charge investors any expenses or taxes incurred in connection with the Offering. The subscription costs of the investors depend exclusively on the conditions of the depository bank. Claims regarding any subscription fees already paid and costs incurred by an investor in connection with the purchase order depend exclusively on the legal relationship between the investor and the financial institution to which the investor submitted its purchase order.

### **3.2.5 Publication of the Offer Price and final number of Offer Shares**

The final number of the Offer Shares and the Offer Price (i.e., the results of the Offering) are expected to be published on or around 27 October 2020 by way of an ad hoc announcement pursuant to Article 17 para. 1 MAR on an electronic information dissemination system and on the Company's website ([corporate.fashionette.com](http://corporate.fashionette.com)) under the "Investor Relations" section. Investors which have submitted purchase orders through the Sole Bookrunner are expected to be able to inquire as to the Offer Price and the number of Offer Shares allotted to them with the Sole Bookrunner no earlier than the bank business day following the determination of the Offer Price.

### **3.2.6 Delivery and settlement**

The Offer Shares allotted are expected to be delivered in book-entry form against payment of the Offer Price and of the customary securities commissions payable to the depository banks on 30 October 2020. The Sole Bookrunner, after consultation with the Company and the Selling Shareholder, reserves the right not to accept investors' orders, either in whole or in part. In the event that the IPO Capital Increase is not registered with the Commercial Register by noon CET on 29 October 2020, the up to 3,605,000 Shares to be delivered will be made available to the Sole Bookrunner under a securities loan from the Selling Shareholder.

### 3.3 Expected timetable for the Offering

The following is the expected timetable of the Offering, which may be extended or shortened:

<b>20 October 2020</b>	Approval of the Prospectus by BaFin Publication of the Prospectus on the Company's website (corporate.fashionette.com) under the "IPO" section Application for the Listing
<b>21 October 2020</b>	Commencement of the Offer Period
<b>23 October 2020</b>	Commencement of the Subscription Functionality
<b>27 October 2020</b>	Close of the Offer Period Determination of the final Offer Price and the final number of Offer Shares placed in the Offering Publication of the final Offer Price and the final number of Offer Shares placed in the Offering in the form of an ad hoc announcement pursuant to Article 17 para. 1 MAR on an electronic information dissemination system and on the Company's website (corporate.fashionette.com) under the "Investor Relations" section Allotment of Offer Shares to investors
<b>28 October 2020</b>	Decision of DBAG on the Listing
<b>29 October 2020</b>	Registration of the consummation of the IPO Capital Increase regarding the New Shares with the Commercial Register Commencement of trading in the Shares in the Regulated Unofficial Market ( <i>Freiverkehr</i> ) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) (Scale segment) and simultaneously in the Basic Board of the Regulated Unofficial Market ( <i>Freiverkehr</i> ) of the Frankfurt Stock Exchange ( <i>Frankfurter Wertpapierbörse</i> )
<b>30 October 2020</b>	Book-entry delivery of the Offer Shares placed in the Offering against payment of the Offer Price (as defined below) (settlement and closing)

The Prospectus will be published on the Company's website (corporate.fashionette.com) under the "IPO" section. Printed copies of the Prospectus are available from the Company free of charge during normal business hours at the following address: Grafenberger Allee 295, 40237 Düsseldorf, Germany (telephone: +49 (0) 211 26008777).

### 3.4 Information on the Shares

#### 3.4.1 Share capital of the Company and governing law

As of the date of the Prospectus, the Company's share capital amounts to EUR 5,000,000 and is divided into 5,000,000 Existing Shares. The Existing Shares are ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) of the Company, each such Existing Share with a notional value of EUR 1.00 in the Company's share capital and with full dividend rights as of 1 January 2020. The Company's share capital has been fully paid up.

The Existing Shares were created pursuant to the laws applicable to a German stock corporation (*Aktiengesellschaft* or *AG*), in particular the German Stock Corporation Act (*Aktiengesetz* – "**AktG**").

#### 3.4.2 Form and certification of the Shares

All Shares are ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*). The Existing Shares and the New Shares will be represented by one global share certificate each, which will be deposited with Clearstream Banking Aktiengesellschaft, Frankfurt am Main, Germany ("**Clearstream**"). The global share certificate for the New Shares is expected to be delivered to Clearstream on 27 October 2020.

Section 6 para. 2 of the Articles of Association excludes the right of the shareholders to receive individual share certificates.

All Shares provide holders thereof with the same rights and no shares provide any additional rights or advantages.

### 3.4.3 Currency of the securities issue

The Shares are denominated in EUR.

### 3.4.4 Voting rights

Each Share carries one vote at the Company's shareholders' meeting (*Hauptversammlung*). All Shares confer the same voting rights. There are no restrictions on voting rights. Major shareholders do not have different voting rights.

### 3.4.5 Dividend and liquidation rights

Each Share carries full dividend rights as of 1 January 2020.

In the event of the Company's liquidation, any proceeds will be distributed to the holders of the Shares in proportion to their interest in the Company's share capital.

### 3.4.6 ISIN/WKN/Common code/Trading symbol

International Securities Identification Number (ISIN):..... DE000A2QEFA1

German Securities Code (*Wertpapierkennnummer (WKN)*):.....A2QEFA

Common Code: .....224551541

Trading symbol: .....FSNT

### 3.4.7 Transferability of the Shares

The Shares are freely transferable in accordance with the legal requirements for bearer shares (*Inhaberaktien*). Except for the restrictions set forth in the Prospectus under "3.11 Lock-up agreements" and "19.4 Selling restrictions", there are no prohibitions on disposals or restrictions with respect to the transferability of the Shares.

### 3.5 Existing shareholders

As of the date of the Prospectus, the Company's existing shareholders ("**Existing Shareholders**") are:

- GENUI;
- THINK BIG INVEST UG (HAFTUNGSBESCHRÄNKT), Berlin, Germany ("**THINK BIG**"), a wholly owned subsidiary of Daniel Raab (chairman of the Management Board); and
- Alocaris UG (haftungsbeschränkt), Berlin, Germany ("**Alocaris**"), a wholly owned subsidiary of Thomas Buhl (member of the Management Board).

For further details on the Company's shareholder structure and the reallocation of Existing Shares among the Existing Shareholders upon completion of the Offering, see "14 SHAREHOLDER INFORMATION".

### 3.6 Allotment criteria

The allotment of Offer Shares to retail investors and institutional investors will be decided by the Company and the Selling Shareholder after consultation with the Sole Bookrunner. There are no agreements in place among the Company, the Selling Shareholder and the Sole Bookrunner as to the allotment procedure. The ultimate decision on the allotment of Offer Shares to investors rests with the Company and the Selling Shareholder.

Allotments to institutional investors will be made on the basis of the quality of the individual institutional investors (including with respect to expected holding strategy and order size), as well as other important allotment criteria to be determined by the Company and the Selling Shareholder after consultation with the Sole Bookrunner. With respect to the purchase orders via the Subscription Functionality, the Company, the Selling Shareholder and the Sole Bookrunner will adhere to the "Principles for the Allotment of Share Issues to Private Investors" (*Grundsätze für die Zuteilung von Aktienemissionen an Privatanleger*) (i.e. drawing lots, allotment according to order size, allotment by means of a specific quote or allotment after the point in time of receipt of the purchase offer or selection according to other objective criteria or a combination thereof) issued on 7 June 2000 by the German Commission of Stock Exchange Experts (*Börsensachverständigenkommission*) of the German Federal Ministry of Finance (*Bundesministerium der Finanzen*). "Qualified investors" (*qualifizierte Anleger*) under the German Securities Prospectus Act (*Wertpapierprospektgesetz*) in connection with Regulation (EU) 2017/1129, as well as "professional clients" (*professionelle Kunden*) and "suitable counterparties" (*geeignete Gegenparteien*) under the German Securities Trading Act (*Wertpapierhandelsgesetz*) are not viewed as "private inves-

tors" within the meaning of the allotment rules. The details of the allotment procedure with respect to purchase orders via the Subscription Functionality will be stipulated after expiration of the Offer Period and published in accordance with the above-mentioned allotment principles.

### 3.7 Designated sponsor, paying agent and settlement agent

Hauck & Aufhäuser (in such capacity "**Designated Sponsor**") has agreed to assume the function of a designated sponsor of the Shares traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) for a period of at least two years from the date of the Listing and is entitled to designate an appropriately admitted third party to perform its functions. Pursuant to the designated sponsor agreement entered into by the Designated Sponsor and the Company, the Designator Sponsor will, among other things, place limited buy and sell orders for Shares in the electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during regular trading hours against customary remuneration. This is intended to achieve greater liquidity in the market for the Shares. Among other things, the Designator Sponsor shall be available at all times during trading hours and, upon receipt of a request for a quote, shall promptly supply quotes and enter into transactions on such basis. In addition, the Designator Sponsor shall provide quotes throughout the auction. The Designator Sponsor shall receive a customary fee from the Company for its services.

Bankhaus Gebr. Martin AG, Göppingen, Germany, has been appointed as paying and registration agent at which any and all measures required with respect to the Shares may be effected free of charge.

### 3.8 Listing and commencement of trading

The Company expects to apply for the Listing on or about 20 October 2020. Hauck & Aufhäuser is acting as so-called "**Capital Market Partner**" of the Company pursuant to the DBAG General Terms and Conditions. The decision of DBAG on the Listing pursuant to § 9 para. 1 of the DBAG General Terms and Conditions is expected to be granted and announced on or about 28 October 2020. The decision on the Listing will be made solely by DBAG at its discretion. Trading in the Shares on the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (Scale segment) and simultaneously in the Basic Board of the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to commence on or about 29 October 2020.

In the future, the Company aims to have the Shares admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

### 3.9 Stabilization measures, over-allotment and Greenshoe Option

In connection with the placement of the Offer Shares and to the extent permitted by Article 5 para. 4 MAR in conjunction with the regulatory technical standards issued, the Sole Bookrunner, or persons acting on its behalf will act as stabilization manager (in such capacity "**Stabilization Manager**") and may make over-allotments and take stabilization measures to support the market price of the Shares and thereby counteract any selling pressure.

The Stabilization Manager is under no obligation to take any stabilization measures. Therefore, no assurance can be provided that any stabilization measures will be taken. Where stabilization measures are taken, these may be terminated at any time and without notice. Such measures may be taken from the first day of trading in the Shares on the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (Scale segment) and simultaneously in the Basic Board of the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and must be terminated no later than 30 calendar days after this date ("**Stabilization Period**"). These stabilization measures may result in market price for the Shares that is higher than it would otherwise have been. Moreover, the market price may be, temporarily, at an unsustainable level.

Under the possible stabilization measures, investors may, in addition to the New Shares and the Sale Shares, be allotted the Over-Allotment Shares from the holdings of the Selling Shareholder granted by the Selling Shareholder to the Sole Bookrunner under a securities loan (*Wertpapierdarlehen*).

The Over-Allotment Shares will not exceed 15% of the total number of the New Shares and Base Shares placed in the Offering.

In order to cover a potential over-allotment, the Selling Shareholder granted the Sole Bookrunner an option to purchase up to 405,000 Shares ("**Over-Allotment Shares**") from the holdings of the Selling Shareholder at the Offer Price (less agreed commissions) in order to satisfy the retransfer obligation of the Sole Bookrunner under the securities loan ("**Greenshoe Option**"). The Greenshoe Option shall be exercisable until the 30<sup>th</sup> day after the Listing. If the Greenshoe Option is exercised in whole or in part, the securities loan will be redeemed using the proceeds originating from the purchase of the Over-Allotment Shares by the Sole Bookrunner.

Public announcements regarding stabilization measures will be made (i) by the end of the seventh daily market session following the date any stabilization measures were taken and (ii) within one week after the end of the Stabilization Period. Within one week following the end of the Stabilization Period, an announcement will be published via various media distributed across the entire EEA (*Medienbündel*) as to whether or not any stabilization measures were taken, when price stabilization started and finished, the date on which the last stabilization measure was taken, the price range within which stabilization measures were taken (for each date on

which a stabilization measure was taken) and the trading venues on which stabilization measures were carried out. Any over-allotments and exercise of the Greenshoe Option, the date hereof and the number and type of the shares concerned will also be published promptly in the manner previously stated.

### **3.10 Target Market Assessment**

Information for distributors: Solely for the purposes of the product governance requirements contained within:

- Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as amended ("**MiFID II**");
- Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing MiFID II; and
- local implementing measures (together, "**MiFID II Requirements**"), and disclaiming any and all liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process.

As a result, the Sole Bookrunner has determined that such Offer Shares are:

- compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and
- eligible for distribution through all distribution channels as are permitted by MiFID II ("**Target Market Assessment**").

Notwithstanding the Target Market Assessment, the price of the Offer Shares may decline and investors could lose all or part of their investment. The Offer Shares offer no guaranteed income and no capital protection, and an investment in the Offer Shares is suitable only for investors who:

- do not need a guaranteed income or capital protection;
- either alone or together with an appropriate financial or other adviser, are capable of evaluating the merits and risks of such an investment; and
- who have sufficient resources to be able to bear any losses that may result from such investment, including up to the total amount invested.

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Sole Bookrunner will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute:

- an assessment of suitability or appropriateness for the purposes of MiFID II; or
- a recommendation to any investor or group of investors to invest in, or purchase, sell or take any other action whatsoever with respect to the Offer Shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Offer Shares and determining appropriate distribution channels.

### **3.11 Lock-up agreements**

#### **3.11.1 Company**

In the Underwriting Agreement the Company has agreed that it will neither, for a period of six months following the Listing (which is currently expected to take place on 28 October 2020), undertake nor agree to undertake and for a consecutive period of further six months will neither undertake nor agree to undertake without prior written consent of the Sole Bookrunner any of the following actions, except for the issuance of stock options under a stock option program:

- directly or indirectly issue, sell, offer, undertake to sell, or otherwise dispose of any Shares from a capital increase (except as described in the Prospectus) or any treasury shares;
- directly or indirectly issue, sell, offer, undertake to sell, or otherwise dispose of, financial instruments with conversion rights into or option rights with respect to Shares or work towards to or propose to the shareholders' meeting any issuance of such financial instruments;
- announce or execute any capital increase from authorized capital;
- propose a capital increase to its shareholders' meeting; or
- enter into or announce a transaction (including derivative transactions) or perform any action economically similar to

those described above.

### **3.11.2 Selling Shareholder**

The Selling Shareholder, i.e., GENUI, has agreed for (i) a period of six months following the Listing (which is currently expected to take place on 28 October 2020) and (ii) without the prior written consent of the Sole Bookrunner, which may not be refused without good reason, for a further period of six months thereafter not to

- offer, transfer, allocate, distribute, lend, pledge, sell or undertake to sell, or otherwise dispose of any of its Shares or, financial instruments with conversion rights into or option rights with respect to Shares;
- market or announce to sell any of its Shares;
- except for the purpose of the Offering, propose any or vote in favor of a proposed increase of the share capital of the Company or issuance of financial instrument carry conversion into or option or exchange rights with respect to Shares; or
- enter into any transaction or perform any action economically similar to those described above,

except as explicitly described in the Prospectus for the purpose of the Offering.

The foregoing does not apply to transfers to (i) affiliates of the Selling Shareholder if and to the extent such transfer does not conflict with the obligations of the Selling Shareholder with respect to the Over-Allotment Shares and the Sales Shares or the respective affiliate enter into the agreements with respect to the Over-Allotment Shares and the Sales Shares, and (ii) transfers to any other Existing Shareholder for the purpose of implementation of the True-Up Mechanism (as defined below) agreed between the Existing Shareholders (see "14.2 True-Up Mechanism (Reallocation of Existing Shares upon completion of the Offering)").

### **3.11.3 Members of the Management Board (via THINK BIG and Alocaris)**

In addition, the other Existing Shareholders, i.e., the members of the Management Board (via THINK BIG and Alocaris), have agreed for a period of twelve months following the Listing (which is currently expected to take place on 28 October 2020) not to

- offer, transfer, allocate, distribute, lend, pledge, sell or undertake to sell, or otherwise dispose of any of its Shares or financial instruments with conversion rights into or option rights with respect to Shares;
- market or announce to sell any of its Shares;
- grant, issue or sell any option or conversion right on the Shares;
- except for purpose of the Offering, propose any or vote in favor of a proposed increase of the share capital of the Company or issuance of financial instruments carry conversion into or option or exchange rights with respect to Shares; or
- enter into any transaction or perform any action economically similar to those described above,

except as explicitly described in the Prospectus for the purpose of the Offering.

The foregoing does not apply to (i) the sale of Shares to settle tax liabilities incurred in connection with the investment in the Company and for which a legally binding tax ruling has been issued and proven to the Sole Bookrunner and (ii) transfers to any other Existing Shareholder for the purpose of implementation of the True-Up Mechanism (as defined below) agreed between the Existing Shareholders (see "14.2 True-Up Mechanism (Reallocation of Existing Shares upon completion of the Offering)").

### **3.12 Interests of parties participating in the Offering**

In connection with the Offering and the Listing, Hauck & Aufhäuser has entered into the Underwriting Agreement with the Company and the Selling Shareholder. Hauck & Aufhäuser has been appointed by the Company and the Selling Shareholder as Sole Bookrunner. Hauck & Aufhäuser is advising the Company and the Selling Shareholder on the Offering and is coordinating the structuring and execution of the Offering. In addition, Hauck & Aufhäuser has been appointed to act as the Designated Sponsor and Capital Market Partner. Hauck & Aufhäuser will receive a commission for his activities upon successful completion of the Offering. Hauck & Aufhäuser therefore has an interest in the successful completion of the Offering and that as many Offer Shares as possible are placed at the highest price possible.

Furthermore, in connection with the Offering, Hauck & Aufhäuser and any of its respective affiliates, acting as investors for their own account, may acquire Offer Shares in the Offering and in that capacity may retain, purchase or sell for its own account such Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering. In addition, Hauck & Aufhäuser or his affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which Hauck & Aufhäuser (or its affiliates) may from time to time acquire, hold or dispose of Offer Shares. Hauck & Aufhäuser does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so or as disclosed in the Prospectus.

Hauck & Aufhäuser or its affiliates have, and may from time to time in the future continue to have, business relations with the Company and/or the Selling Shareholder or may perform services for the Company and/or the Selling Shareholder in the ordinary course of business.

The Existing Shareholders, i.e., GENUI and the members of the Management Board (via THINK BIG and Alocaris), hold the Existing Shares. Therefore, they have an interest that the Listing occurs and the Existing Shares can be traded on a stock exchange.

GENUI will receive the net proceeds from the sale of the Base Shares, from the potential sale of the Over-Allotment Shares and the potential sale of the Upsize Shares in the Offering. Accordingly, GENUI has an interest in the successful completion of the Offering and that as many Offer Shares as possible are placed at the highest price possible.

Other than the interests described above, there are no material interests with respect to the Offering and the Listing. None of the aforementioned interests in the Offering or the Listing constitute a conflict of interests or a potential conflict of interests. Consequently, there are no conflicts of interests with respect to the Offering or the Listing.

### **3.13 Subscription by Existing Shareholders, members of the Management Board and Supervisory Board or other persons in the amount of more than 5%**

The Existing Shareholders, the members of the Management Board and the members of the Supervisory Board will not subscribe for any Offer Shares as part of the Offering. As of the date of the Prospectus, the Company is not aware that other persons wish to subscribe for more than 5% of the Offer Shares in the Offering.

## 4 PROCEEDS AND COSTS OF THE OFFERING AND LISTING

### 4.1 Company

The Company will receive the net proceeds resulting from the sale of the New Shares (i.e., 1,200,000 New Shares). The Company will not receive any proceeds from the sale of the Base Shares and the potential sale of the Upsize Shares and the Over-Allotment Shares, each from the holdings of the Selling Shareholder.

Assuming placement of the maximum number of New Shares, the Company estimates that at the mid-point of the Price Range, gross proceeds attributable to the Company would amount to approximately EUR 40,800.0 thousand.

Assuming an Offer Price at the mid-point of the Price Range and placement of the maximum number of New Shares, the costs of the Company related to the Offering of the New Shares and the Listing, including underwriting, placement and discretionary commissions payable to the Sole Bookrunner, are expected to total approximately EUR 2,389.3 thousand.

Assuming placement of the maximum number of New Shares, the Company estimates that at the mid-point of the Price Range, net proceeds attributable to the Company would amount to approximately EUR 38,410.7 thousand.

### 4.2 Selling Shareholder

The Selling Shareholder will receive the net proceeds from (i) the sale of the Base Shares (i.e., 1,500,000 Base Shares), (ii) the potential sale of the Upsize Share to the extent the Upsize Option is exercised (i.e., up to 500,000 Upsize Shares), and (iii) the potential sale of the Over-Allotment Shares to the extent the Greenshoe Option is exercised (i.e., up to 405,000 Over-Allotment Shares). The Selling Shareholder will not receive any proceeds from the sale of the New Shares.

Assuming placement of the maximum number of Base Shares, the Selling Shareholder estimates that at the mid-point of the Price Range, gross proceeds attributable to the Selling Shareholder for the Base Shares would amount to approximately EUR 51,000 thousand.

Assuming full exercise of the Upsize Option by the Selling Shareholder, the Selling Shareholder estimates that at the mid-point of the Price Range, gross proceeds attributable to the Selling Shareholder for the Upsize Shares would amount to approximately EUR 17,000 thousand.

Assuming full exercise of the Greenshoe Option by the Selling Shareholder, the Selling Shareholder estimates that at mid-point of the Price Range, gross proceeds attributable to the Selling Shareholder for the Over-Allotment Shares would amount to approximately EUR 13,770 thousand.

Assuming (i) placement of the maximum number of Base Shares, (ii) full exercise of the Upsize Option by the Selling Shareholder, and (iii) full exercise of the Greenshoe Option by the Selling Shareholder, the Selling Shareholder estimates that at the mid-point of the Price Range, gross proceeds attributable to the Selling Shareholder would total approximately EUR 81,770 thousand.

Assuming an Offer Price at the mid-point of the Price Range, placement of the maximum number of 2,000,000 Sale Shares (i.e., 1,500,000 Base Shares and 500,000 Upsize Shares) and full exercise of the Greenshoe Option (which, in turn, would require full placement of 405,000 Over-Allotment Shares), the costs of the Selling Shareholder related to the Offering of the Sale Shares and the Over-Allotment Shares and the Listing, including underwriting, placement and discretionary commissions payable to the Sole Bookrunner, are expected to total approximately EUR 4,525.1 thousand.

Assuming an Offer Price at the mid-point of the Price Range, placement of the maximum number of 2,000,000 Sale Shares (i.e., 1,500,000 Base Shares and 500,000 Upsize Shares) and full exercise of the Greenshoe Option (which, in turn, would require full placement of 405,000 Over-Allotment Shares), net proceeds attributable to the Selling Shareholder would amount to approximately EUR 77,244.9 thousand.

## 5 REASONS FOR THE OFFERING AND LISTING AND USE OF PROCEEDS

The Company pursues the Offering and applies for the Listing to receive the net proceeds resulting from the sale of the New Shares placed in the Offering and to gain access to the capital markets. The Company will not receive any proceeds from the sale of the Base Shares and the potential sale of the Upsize Shares and the Over-Allotment Shares, each from the holdings of the Selling Shareholder.

The Company currently intends to use the entire net proceeds resulting from the sale of the New Shares placed in the Offering amounting to approximately EUR 38,410.7 thousand (assuming placement of the maximum number of New Shares (i.e., 1,200,000 New Shares) at the mid-point of the Price Range) to fund its continued long term organic and inorganic growth.

The Company intends to use the net proceeds from the Offering in the following priority:

- approximately 45% to pursue selected mergers and acquisitions in order to drive regional and category expansion;
- approximately 45% to drive geographic expansion of the Company's existing business through marketing and customer acquisition initiatives;
- approximately 10% on specific IT-platform investments and the repayment of existing debt; and
- the remainder, if any, for general corporate purposes.

The Company believes that through the Listing it will increase its own visibility, enhance its external profile and improve its brand recognition. Further, the Company assumes that the Listing will improve its access to capital markets and diversify its shareholder base, all of which will allow it to grow as a business.

In the future, the Company aims to have the Shares admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

The Selling Shareholder intends to partially divest its shareholding in the Company to ensure sufficient free float and trading liquidity in the Shares and to facilitate stabilization measures. The Selling Shareholder will not receive any proceeds from the sale of the New Shares.

## 6 DIVIDEND POLICY; RESULTS AND DIVIDENDS PER SHARE

### 6.1 General provisions relating to profit allocation and dividend payments

The shareholders' share of the Company's profits is determined based on their respective interests in the Company's share capital. For a German stock corporation (*Aktiengesellschaft* or *AG*) such as the Company, the distribution of dividends for any given financial year and the amount and payment date thereof are resolved by the Company's shareholders' meeting of the subsequent financial year, based upon either a joint proposal by the Management Board and the Supervisory Board or upon the Management Board's proposal or the Supervisory Board's proposal, with the Company's shareholders' meeting not bound by those proposals. The Company's shareholders' meeting must be held within the first eight months of each financial year.

Dividends may only be distributed from the Company's distributable profit (*Bilanzgewinn*). The distributable profit is calculated based on the Company's annual financial statements prepared in accordance with the German generally accepted accounting principles of the HGB.

When determining the distributable profit, net income or net loss for the year (*Jahresüberschuss/-fehlbetrag*) must be adjusted for profit/loss carry-forwards (*Gewinn-/Verlustvorträge*) from the previous financial year and withdrawals from, or appropriations, to retained earnings (*Gewinnrücklagen*). Certain reserves must be set aside by law and deducted when calculating the distributable profit available for distribution.

The Management Board must prepare financial statements (balance sheet, income statement and notes to the financial statements) and a management report for the previous financial year by the statutory deadline and present these to the Supervisory Board and the auditors immediately after preparation. At the same time, the Management Board must present a proposal for the allocation of the Company's distributable profits to the Supervisory Board pursuant to Section 170 para. 2 AktG. Pursuant to Section 171 AktG, the Supervisory Board must review the financial statements, the Management Board's management report and the proposal for the allocation of the distributable profit and report to the Company's shareholders' meeting in writing on the results of such review.

The resolution of the Company's shareholders' meeting on the allocation of the Company's distributable profits requires a simple majority of the votes cast to be passed. If the Management Board and the Supervisory Board adopt the financial statements, they can allocate an amount of up to half of the Company's net income for the year to other retained earnings. Additions to the legal reserves and loss carry-forwards must be deducted in advance when calculating the amount of net income/net loss for the year to be allocated to other retained earnings. Pursuant to Section 23 of the Articles of Association, the Company's shareholders' meeting may also resolve to distribute the distributable profit by way of a dividend in kind in addition to or instead of a cash dividend, or it may allocate further amounts to retained earnings or carry such amounts forward as profit in the resolution on the appropriation of the distributable profits. Notifications of any distribution of dividends resolved upon are published in the Federal Gazette (*Bundesanzeiger*) without undue delay after the Company's shareholders' meeting.

Dividends resolved by the Company's shareholders' meeting are due and payable in compliance with the rules of the respective clearing system on the third business day following the relevant Company's shareholders' meeting, unless a later due date is specified in the dividend resolution or the Articles of Association. Since all of the Company's dividend entitlements are evidenced by one or more global share certificates deposited with Clearstream, Clearstream will transfer the dividends to the shareholders' depository banks for crediting to their accounts. German depository banks are under an obligation to distribute the funds to their customers. Shareholders using a depository bank located outside Germany must inquire at their respective depository bank regarding the terms and conditions applicable in their case. To the extent dividends can be distributed by the Company in accordance with the generally accepted accounting principles of the HGB and corresponding decisions are taken, there are no restrictions on shareholder rights to receive dividends.

Generally, withholding tax (*Kapitalertragsteuer*) is withheld from dividends paid.

Any dividends not claimed within three years become time-barred. Once the statute of limitations applies, the right to receive the relevant dividend payments passes to the Company.

### 6.2 Dividend policy and dividend per Share

The Company has not paid any dividends or made any other distributions in the past three financial years. In the near future, the Company currently does not intend to pay any dividends and intends to continue to invest in the development of its business. The Company's ability and intention to pay dividends in the future will be made in accordance with applicable laws, and will depend on the amount of net income for the year available to the Company. The Company is not in a position to make any statements on the amount of future retained earnings or on whether retained earnings will exist at all in the future. The Company, therefore, is unable to guarantee that dividends will be paid in future years.

## 7 CAPITALIZATION AND INDEBTEDNESS; STATEMENT ON WORKING CAPITAL

The following tables show the Company's capitalization and indebtedness (i) as of 31 August 2020 derived from the accounting records of the Company, adjusted for the effects of (ii) the capital increase from company funds (Kapitalerhöhung aus Gesellschaftsmitteln) on 16 October 2020 ("Capital Increase") (see "16.2.1 Capital Increase from company funds (Kapitalerhöhung aus Gesellschaftsmitteln)") and (iii) the Offering (assuming no exercise of the Greenshoe Option and the Upsize Option as well as full exercise of the Greenshoe Option and the Upsize Option). The adjustments in (ii) and (iii) are based on the assumption that they had taken place on 31 August 2020. For simplification purposes no tax effects were considered.

Investors should read the following tables in conjunction with "9 SELECTED FINANCIAL INFORMATION", "10 MANAGEMENT'S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS", "21 FINANCIAL INFORMATION", and additional financial information contained elsewhere in the Prospectus.

### 7.1 Capitalization

	Actual as of	As adjusted for the	As adjusted for the Offering	
	31 August 2020	Capital Increase	(iii)	
	(i)	(ii)	(No exercise of Greenshoe Option and Upsize Option)	(Full exercise of Greenshoe Option and Upsize Option)
	Prior to implementation of the Offering		Upon completion of the Offering (assuming an Offer Price at the mid-point of the Price Range)	
	(unaudited) (in EUR thousand)			
<b>Total current debt (including current portion of non-current debt)<sup>(1)</sup></b> .....	<b>17,454.7</b>	<b>17,454.7</b>	<b>17,454.7</b>	<b>17,454.7</b>
Guaranteed .....	–	–	–	–
Secured .....	7,564.8	7,564.8	7,564.8	7,564.8
Unguaranteed/unsecured .....	9,889.9	9,889.9	9,889.9	9,889.9
<b>Total non-current debt (excluding current portion of non-current debt)</b> .....	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Guaranteed .....	–	–	–	–
Secured .....	–	–	–	–
Unguaranteed/unsecured .....	–	–	–	–
<b>Equity<sup>(2)</sup></b> .....	<b>28,297.3</b>	<b>28,297.3</b>	<b>69,097.3</b>	<b>69,097.3</b>
Share capital .....	25.0	5,000.0	6,200.0	6,200.0
Legal reserve(s) <sup>(3)</sup> .....	28,175.0	23,200.0	62,800.0	62,800.0
Other reserves <sup>(4)</sup> .....	97.3	97.3	97.3	97.3
<b>TOTAL<sup>(5)</sup></b> .....	<b>45,752.0</b>	<b>45,752.0</b>	<b>86,552.0</b>	<b>86,552.0</b>

(1) Sum of "Provisions" and "Liabilities" each as referred to as in the Company's balance sheet.

(2) The presented equity does not include the item "Net income for the period" as referred to as in the Company's balance sheet.

(3) Referred to as "Capital reserves" in the Company's balance sheet.

(4) Referred to as "Profit carryforward" in the Company's balance sheet.

(5) Sum of total current debt (including current portion of non-current debt), comprising the Company's provisions and liabilities, and equity, comprising the Company's share capital and capital reserves. The presented equity does not include the item "Net income for the period" as referred to as in the Company's balance sheet.

## 7.2 Indebtedness

	Actual as of	As adjusted for the	As adjusted for the Offering	
	31 August 2020	Capital Increase		
	(i)	(ii)	(iii)	
			(No exercise of Greenshoe Option and Upsize Option)	(Full exercise of Greenshoe Option and Upsize Option)
	Prior to implementation of the Offering		Upon completion of the Offering (assuming an Offer Price at the mid-point of the Price Range)	
	(unaudited) (in EUR thousand)			
A. Cash <sup>(1)</sup> .....	1,332.1	1,332.1	39,759.0	39,759.0
B. Cash equivalents.....	–	–	–	–
C. Other current financial assets...	–	–	–	–
<b>D. Liquidity (A.)+(B.)+(C.) .....</b>	<b><u>1,332.1</u></b>	<b><u>1,332.1</u></b>	<b><u>39,759.0</u></b>	<b><u>39,759.0</u></b>
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt) <sup>(2)</sup> .....	7,564.8	7,564.8	7,564.8	7,564.8
F. Current portion of non- current debt.....	–	–	–	–
<b>G. Current financial indebtedness (E.)+(F.) .....</b>	<b><u>7,564.8</u></b>	<b><u>7,564.8</u></b>	<b><u>7,564.8</u></b>	<b><u>7,564.8</u></b>
<b>H. Net current financial indebtedness (G.)-(D.).....</b>	<b><u>6,232.7</u></b>	<b><u>6,232.7</u></b>	<b><u>(32,194.2)</u></b>	<b><u>(32,194.2)</u></b>
I. Non-current financial debt (excluding current portion and debt instruments) .....	–	–	–	–
J. Debt instruments.....	–	–	–	–
K. Non-current trade and other payables.....	–	–	–	–
<b>L. Non-current financial indebtedness (I.)+(J.)+(K.) .....</b>	<b><u>–</u></b>	<b><u>–</u></b>	<b><u>–</u></b>	<b><u>–</u></b>
<b>M. Total financial indebtedness (H.)+(L.) .....</b>	<b><u>6,232.7</u></b>	<b><u>6,232.7</u></b>	<b><u>(32,194.2)</u></b>	<b><u>(32,194.2)</u></b>

<sup>(1)</sup> Referred to as "Cash on hand and bank balances" in the Company's balance sheet.

<sup>(2)</sup> Referred to as "Liabilities to banks" in the Company's balance sheet.

## 7.3 Contingent and indirect liabilities

As of 30 June 2020, there were no contingent or indirect liabilities of the Company.

## 7.4 Statement on working capital

The Company is of the opinion that the Company is in a position to meet the payment obligations that become due within at least the next twelve months from the date of the Prospectus.

## 8 DILUTION

As of 30 June 2020, the Company's net book value (equity, i.e., total assets less total provisions and total liabilities) amounted to EUR 28.63 million, and would amount to EUR 5.73 per Existing Share based on 5,000,000 Existing Shares immediately prior to the Offering.

The dilutive effect of the Offering is illustrated in the table below, demonstrating the amount by which the Offer Price exceeds the Company's net book value per share after completion of the Offering and assuming the Offering had been completed on 30 June 2020. In this respect, the Company's net book value as of 30 June 2020 is adjusted for the effects of the completion of the Offering, assuming

- the execution of the IPO Capital Increase for the maximum number of New Shares, i.e., 1,200,000 New Shares, and
- an increase of the Company's net book value by EUR 38.40 million (assuming placement of all New Shares at the mid-point of the Price Range and not taking into account any tax effects).

The adjusted net book value is expressed as a per share figure, assuming 6,200,000 Shares outstanding upon completion of the Offering (this per share figure being referred to as the "**Post-IPO Equity**").

	(unaudited) (in EUR, unless otherwise specified)
Net book value per share as of 30 June 2020.....	5.73
Gross proceeds from the Offering attributable to the Company .....	40.80 million
Estimated total costs of the Offering to be borne by the Company .....	2.40 million
Net proceeds from the Offering attributable to the Company.....	38.40 million
Post-IPO Equity (net book value per share).....	10.81
Amount by which the Post-IPO Equity falls below the Offer Price (immediate dilution of new shareholders of the Company) .....	23.19
Percentage by which the Post-IPO Equity falls below the Offer Price (in %) .....	68.20%
Amount by which the Post-IPO Equity exceeds the net book value per share immediately prior to the Offering (immediate accretion to the Existing Shareholders) .....	5.09
Percentage by which the Post-IPO Equity exceeds the net book value per share immediately prior to the Offering (in %) .....	88.81%

Each of the New Shares will have the same voting rights as the Existing Shares, i.e., each Share carries one vote at the Company's shareholders' meeting (*Hauptversammlung*).

Prior to the Offering, the Existing Shareholders (including the Selling Shareholder) together held 100.0% of the Company's share capital and the voting rights. Upon completion of the Offering (assuming a placement of all New Shares and Base Shares at the mid-point of the Price Range as well as no exercise of the Greenshoe Option and the Upsize Option), the aggregate Shares held by the Existing Shareholders (including the Selling Shareholder) would amount to 56.45% of the Company's share capital and the voting rights. Upon completion of the Offering (assuming a placement of all Offer Shares at the mid-point of the Price Range, i.e., full exercise of the Greenshoe Option and the Upsize Option), the aggregate Shares held by the Existing Shareholders (including the Selling Shareholder) would amount to 41.85% of the Company's share capital and the voting rights.

Prior to the Offering, the Selling Shareholder held 93.51% of the Company's share capital and the voting rights. Upon completion of the Offering (assuming a placement of all New Shares and Base Shares as well as no exercise of the Greenshoe Option and the Upsize Option), the Shares held by the Selling Shareholder would amount to 51.22% of the Company's share capital and the voting rights. Upon completion of the Offering (assuming a placement of all Offer Shares, i.e., full exercise of the Greenshoe Option and the Upsize Option), the Shares held by the Selling Shareholder would amount to 36.62% of the Company's share capital and the voting rights.

With respect to the reallocation of Existing Shares among the Existing Shareholders upon completion of the Offering see "*14.2 True-Up Mechanism (Reallocation of Existing Shares upon completion of the Offering)*".

## 9 SELECTED FINANCIAL INFORMATION

Investors should read the following selected financial information in conjunction with the sections "1 RISK FACTORS" and "10 MANAGEMENT'S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS".

The financial information contained in the following tables has been taken or derived from (i) the Audited Financial Statements, (ii) the Audited Cash Flow and Changes in Equity Statements, (iii) the Unaudited Interim Financial Statements and (iv) the Company's accounting records or internal management reporting systems. The Financial Information has been prepared in accordance with the German generally accepted accounting principles of the HGB. As of the date of the Prospectus, the Company does not have subsidiaries and therefore does not prepare consolidated financial statements.

Ernst & Young audited the German language Audited Financial Statements in accordance with Section 317 HGB and in compliance with the German generally accepted standards for financial statement audits promulgated by the IDW and issued German language unqualified independent auditor's reports (Bestätigungsvermerke des unabhängigen Abschlussprüfers) thereon. In addition, Ernst & Young audited the Audited Cash Flow and Changes in Equity Statements in accordance with IDW Auditing Practice Statement: Audit of Additional Elements of Financial Statements (IDW AuPS 9.960.2) promulgated by the IDW and issued unqualified auditor's reports thereon. All Financial Information as well as the aforementioned independent auditor's reports on the Audited Financial Statements and auditor's reports on the Audited Cash Flow and Changes in Equity Statements are included in the section "21 FINANCIAL INFORMATION".

Where financial information in the following tables is presented as "audited", it indicates that it has been taken from the Audited Financial Statements or the Audited Cash Flow and Changes in Equity Statements. The label "unaudited" is used in the following tables to indicate financial information that has not been taken from the Audited Financial Statements or the Audited Cash Flow and Changes in Equity Statements, but has been taken or derived from (i) the Unaudited Interim Financial Statements or (ii) the Company's accounting records or internal management reporting systems or (iii) has been calculated based on financial information from the aforementioned sources.

Unless indicated otherwise, all financial information presented in the following tables is shown in thousand of Euros (in EUR thousand), commercially rounded to a whole number or to one digit after the decimal point. Changes, including percentage changes and ratios in the text and tables of the Prospectus are calculated based on the respective numbers as presented and then commercially rounded to a whole percentage or to one digit after the decimal point. As a result, figures shown in tables below do not necessarily add up exactly to the respective totals or sub-totals presented, and percentages may not reflect underlying numbers or may not exactly equal 100% when aggregated. Furthermore, these rounded figures may vary marginally from unrounded figures that may be indicated elsewhere in the Prospectus. Financial information presented in parentheses denotes the negative of such number presented. In respect of financial information set out in the Prospectus, a dash ("—") signifies that the relevant figure is not available, while a zero ("0") or nil signifies that the relevant figure is available but has been rounded to or equals zero. The cash flow statement data are presented devoid of a decimal place.

9.1 Income statement data

	Financial year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	(audited)			(unaudited)	
	(in EUR thousand)				
1. Revenue.....	58,751.5	65,241.3	73,160.3	32,842.3	39,135.5
a) Total revenue.....	100,950.1	115,894.8	128,697.9	60,864.6	70,693.0
b) less credit notes.....	42,198.6	50,653.5	55,537.6	28,022.2	31,557.5
2. Other operating income.....	590.6	983.8	1,061.1	250.5	388.8
	<b>59,342.1</b>	<b>66,225.1</b>	<b>74,221.5</b>	<b>33,092.9</b>	<b>39,524.3</b>
3. Cost of materials					
Cost of purchased merchandise.....	34,122.2	37,950.5	43,266.6	19,360.5	23,869.0
4. Personnel expenses					
a) Wages and salaries.....	4,231.3	4,850.5	5,702.8	2,829.3	2,910.1
b) Social security, pension and other benefit costs.....	702.2	881.6	974.5	500.9	503.3
5. Amortization, depreciation and impairment of intangible assets and property, plant and equipment.....	1,949.5	2,400.6	2,500.8	1,229.9	1,230.5
6. Other operating expenses.....	16,778.6	17,544.3	17,506.6	7,939.7	9,403.7
	57,783.8	63,627.5	69,951.2	31,860.3	37,916.7
7. Other interest and similar income.....	12.4	18.1	20.7	10.7	10.0
8. Interest and similar expenses.....	1,290.9	1,451.3	1,520.5	740.2	768.8
9. Income taxes.....	575.9	862.1	1,370.5	406.0	514.7
<b>10. Earnings after taxes.....</b>	<b>(296.1)</b>	<b>302.2</b>	<b>1,399.9</b>	<b>97.0</b>	<b>334.1</b>
11. Other taxes.....	16.4	—	0.2	—	—
<b>12. Net income/net loss for the year/period.....</b>	<b>(312.5)</b>	<b>302.2</b>	<b>1,399.7</b>	<b>97.0</b>	<b>334.1</b>

9.2 Balance sheet data

	As of 31 December			As of 30 June
	2017	2018	2019	2020
	(audited)			(unaudited)
	(in EUR thousand)			
<b>ASSETS</b>				
<b>A. Fixed assets</b>				
I. Intangible assets				
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets .....	2,179.0	2,384.3	2,087.3	1,677.8
2. Goodwill .....	18,395.8	16,979.9	15,564.4	14,856.9
3. Prepayments .....	—	—	56.1	284.9
	<b>20,574.8</b>	<b>19,364.2</b>	<b>17,707.7</b>	<b>16,819.6</b>
II. Property, plant and equipment				
Other equipment, furniture and fixtures .....	335.4	321.9	275.8	260.6
	<b>20,910.2</b>	<b>19,686.1</b>	<b>17,983.5</b>	<b>17,080.2</b>
<b>B. Current assets</b>				
I. Inventories				
1. Raw materials, consumables and supplies .....	171.6	99.3	88.3	87.5
2. Merchandise .....	11,910.3	14,814.9	15,686.2	16,620.1
3. Prepayments .....	17.9	59.9	164.0	340.1
	<b>12,099.8</b>	<b>14,974.1</b>	<b>15,938.5</b>	<b>17,047.7</b>
II. Receivables and other assets				
1. Trade receivables .....	5,956.6	6,952.3	8,497.3	6,469.0
2. Other assets .....	242.9	121.6	571.0	130.1
	<b>6,199.5</b>	<b>7,073.9</b>	<b>9,068.3</b>	<b>6,599.1</b>
III. Cash on hand and bank balances .....				
	3,594.3	2,729.6	2,272.5	1,593.5
	<b>21,893.6</b>	<b>24,777.5</b>	<b>27,279.2</b>	<b>25,240.3</b>
<b>C. Prepaid expenses .....</b>				
	<b>633.5</b>	<b>350.9</b>	<b>585.5</b>	<b>625.7</b>
<b>TOTAL .....</b>	<b>43,437.2</b>	<b>44,814.5</b>	<b>45,848.2</b>	<b>42,946.2</b>
<b>EQUITY AND LIABILITIES</b>				
<b>A. Equity</b>				
I. Subscribed capital .....	25.0	25.0	25.0	25.0
II. Capital reserves .....	28,175.0	28,175.0	28,175.0	28,175.0
III. Profit (+)/Loss (-) carryforward .....	(1,292.2)	(1,604.7)	(1,302.4)	97.3
IV. Net income (+)/net loss (-) for the year/period .....	(312.5)	302.2	1,399.7	334.1
	<b>26,595.4</b>	<b>26,897.6</b>	<b>28,297.3</b>	<b>28,631.5</b>
<b>B. Provisions</b>				
1. Tax provisions .....	413.1	286.2	792.3	688.5
2. Other provisions .....	571.4	331.8	408.3	423.8
	<b>984.4</b>	<b>618.0</b>	<b>1,200.5</b>	<b>1,112.3</b>
<b>C. Liabilities</b>				
1. Liabilities to banks .....	6,289.2	8,575.8	8,544.8	4,606.0
2. Prepayments received on account of orders .....	124.3	178.3	115.1	120.4
3. Trade payables .....	7,656.6	6,567.4	5,253.5	5,432.6
4. Other liabilities .....	1,730.5	1,973.9	2,436.8	3,043.4
	<b>15,800.6</b>	<b>17,295.4</b>	<b>16,350.3</b>	<b>13,202.3</b>
<b>D. Deferred income .....</b>				
	<b>56.8</b>	<b>3.5</b>	<b>—</b>	<b>—</b>
<b>TOTAL .....</b>	<b>43,437.2</b>	<b>44,814.5</b>	<b>45,848.2</b>	<b>42,946.2</b>

9.3 Cash flow statement data

	Financial year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	(audited)			(unaudited)	
(in EUR thousand)					
<b>1. Cash flow from operating activities</b>					
Net income(+)/net loss (-) before extraordinary items .....	(313)	302	1,400	97	334
Amortization, depreciation and impairment of intangible assets and property, plant and equipment.....	1,950	2,401	2,501	1,230	1,231
Increase (+)/decrease (-) in provisions .....	244	(239)	76	(19)	(98)
Other non-cash expenses (+)/income (-)	11	(1)	(6)	2	23
Gain (-)/loss (+) on disposals of fixed assets .....	5	-	(2)	-	-
Increase (-)/decrease (+) in inventories, trade receivables and other assets.....	(1,829)	(3,558)	(3,214)	1,316	1,095
Increase (+)/decrease (-) in trade payables and other liabilities .....	4,039	(1,032)	(1,020)	(4,547)	1,304
Interest expenses (+)/interest income (-).....	1,278	1,433	1,500	657	680
Income tax payments (+/-) .....	414	56	608	118	(279)
<b>= Cash flows from operating activities .....</b>	<b>5,799</b>	<b>(638)</b>	<b>1,843</b>	<b>(1,146)</b>	<b>4,290</b>
<b>2. Cash flow from investing activities</b>					
Cash received (+) from disposals of property, plant and equipment .....	2	-	2	-	-
Cash paid (-) for investments in property, plant and equipment .....	(191)	(116)	(57)	(27)	(30)
Cash paid (-) for investments in intangible assets .....	(1,514)	(1,061)	(742)	(432)	(297)
Interest received (+) .....	12	18	21	11	10
<b>= Cash flows from investing activities .....</b>	<b>(1,691)</b>	<b>(1,159)</b>	<b>(776)</b>	<b>(448)</b>	<b>(317)</b>
<b>3. Cash flow from financing activities</b>					
Interest paid (-) .....	(1,219)	(1,355)	(1,500)	(668)	(690)
<b>= Cash flows from financing activities .....</b>	<b>(1,219)</b>	<b>(1,355)</b>	<b>(1,500)</b>	<b>(668)</b>	<b>(690)</b>
<b>4. Cash and cash equivalents at the end of the period</b>					
Change in cash and cash equivalents (subtotal of 1 to 3) .....	2,889	(3,152)	(433)	(2,262)	3,283
Changes in cash and cash equivalents due to exchange rates .....	(11)	1	6	(2)	(23)
Cash and cash equivalents at the beginning of the period.....	(5,573)	(2,695)	(5,846)	(5,846)	(6,273)
<b>Cash and cash equivalents at the end of the period .....</b>	<b>(2,695)</b>	<b>(5,846)</b>	<b>(6,273)</b>	<b>(8,110)</b>	<b>(3,013)</b>
<b>5. Composition of cash and cash equivalents</b>					
Cash.....	3,594	2,730	2,272	1,086	1,593
Short term liabilities to banks .....	(6,289)	(8,576)	(8,545)	(9,196)	(4,606)
<b>= Cash and cash equivalents at the end of the period.....</b>	<b>(2,695)</b>	<b>(5,846)</b>	<b>(6,273)</b>	<b>(8,110)</b>	<b>(3,013)</b>

## 9.4 Key performance indicators

### 9.4.1 APMs

The APMs used by the Company are EBITDA, EBITDA margin, Gross Profit and Gross Profit margin. The Company believes that the presentation of these APMs included in the Prospectus complies with the ESMA Guidelines. With respect to the APMs, see "2.9 Alternative performance measures and other key performance indicators".

#### **EBITDA and EBITDA margin**

The following table provides the calculation of the EBITDA and EBITDA margin for the periods indicated:

	Financial year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	(audited, unless otherwise indicated)			(unaudited)	
	(in EUR thousand, unless otherwise indicated)				
Revenue .....	58,751.5	65,241.3	73,160.3	32,842.3	39,135.5
+ Other operating income .....	590.6	983.8	1,061.1	250.5	388.8
	<b>59,342.1</b>	<b>66,225.1</b>	<b>74,221.5</b>	<b>33,092.9</b>	<b>39,524.3</b>
- Cost of materials					
Cost of purchased merchandise .....	34,122.2	37,950.5	43,266.6	19,360.5	23,869.0
- Personnel expenses					
a) Wages and salaries .....	4,231.3	4,850.5	5,702.8	2,829.3	2,910.1
b) Social security, pension and other benefit costs .....	702.2	881.6	974.5	500.9	503.3
- Other operating expenses .....	16,778.6	17,544.3	17,506.6	7,939.7	9,403.7
<b>= EBITDA<sup>(1)</sup> .....</b>	<b>3,507.8</b>	<b>4,998.2</b>	<b>6,771.0</b>	<b>2,462.4</b>	<b>2,838.1</b>
/ Revenue .....	58,751.5	65,241.3	73,160.3	32,842.3	39,135.5
<b>= EBITDA margin (in %)<sup>(2)</sup> .....</b>	<b>6.0</b>	<b>7.7</b>	<b>9.3</b>	<b>7.5</b>	<b>7.3</b>

(1) Unaudited. EBITDA is the abbreviation for "earnings before interest, taxes, depreciation and amortization", and constitutes an alternative performance measure that describes a company's operating performance before deduction of capital expenditure, thus it reflects the profitability of companies. In order to calculate EBITDA, firstly, the revenue and other operating income are summed up. Subsequently, the cost of materials consisting of the cost of purchased merchandise, the personnel expenses, consisting of wages and salaries as well as social security, pension and other benefit costs, and other operating expenses are subtracted.

(2) Unaudited. To calculate EBITDA margin, the EBITDA is divided by the revenue.

#### **Gross Profit and Gross Profit margin**

The following table provides the calculation of the Gross Profit and Gross Profit margin for the periods indicated:

	Financial year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	(audited, unless otherwise indicated)			(unaudited)	
	(in EUR thousand, unless otherwise indicated)				
Revenue .....	58,751.5	65,241.3	73,160.3	32,842.3	39,135.5
+ Other operating income .....	590.6	983.8	1,061.1	250.5	388.8
	<b>59,342.1</b>	<b>66,225.1</b>	<b>74,221.5</b>	<b>33,092.9</b>	<b>39,524.3</b>
- Cost of materials					
Cost of purchased merchandise .....	34,122.2	37,950.5	43,266.6	19,360.5	23,869
<b>= Gross Profit<sup>(1)</sup> .....</b>	<b>25,220.0</b>	<b>28,274.5</b>	<b>30,954.9</b>	<b>13,732.3</b>	<b>15,655.3</b>
/ Revenue .....	58,751.5	65,241.3	73,160.3	32,842.4	39,135.5
<b>= Gross Profit margin (in %)<sup>(2)</sup> .....</b>	<b>42.9</b>	<b>43.3</b>	<b>42.3</b>	<b>41.8</b>	<b>40.0</b>

(1) Unaudited. Gross Profit is an alternative performance measure that represents the difference between revenue as well as other operating income and the cost of materials and serves as a measure for the efficiency of the value creation of companies. Gross profit is calculated by first creating the sum of revenue and other operating income and then subtracting the cost of materials, more specifically the cost of purchased merchandise.

(2) Unaudited. In order to calculate the Gross Profit margin, the Gross Profit is divided by the revenue.

## 9.4.2 Other KPIs

The following table provides an overview of the Other KPIs (see "2.9 Alternative performance measures and other key performance indicators") for the periods indicated:

	Financial year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	(unaudited)				
Site Visits (in thousand) <sup>(1)</sup>	–	23,574	27,291	12,683	17,307
Mobile Visit Share (in % of Site Visits) <sup>(2)</sup>	n/a	70.4	77.3	75.4	81.1
Number of Orders (in thousand) <sup>(3)</sup>	365.6	379.1	417.5	187.0	243.3
Order Value (in thousand) <sup>(4)</sup>	100,036.5	117,151.9	127,884.1	59,281.0	69,141.0
Average Order Value (in EUR) <sup>(5)</sup>	273.6	309.0	306.3	317.0	284.2
Active Customers (in thousand, twelve months trailing) <sup>(6)</sup>	216.4	214.0	238.5	219.8	270.3
New Customers (in thousand) <sup>(7)</sup>	157.8	139.0	147.1	62.8	85.3
Customer Acquisition Cost (in EUR) <sup>(8)</sup>	51.3	58.2	52.0	54.3	42.7
Marketing Cost Ratio (in % of Order Value) <sup>(9)</sup>	8.1	6.9	6.0	5.8	5.3
Fulfillment Cost Ratio (in % of Order Value) <sup>(10)</sup>	6.5	5.7	5.8	5.6	6.1
Total Product Profit (in thousand) <sup>(11)</sup>	18.003	19.731	21,925	9.651	11.186

(1) Defined as the number of daily unique page requests from the same device and source on the same domain in the measurement period.

(2) Defined as the number of Site Visits through a mobile device divided by the total number of Site Visits in the measurement period.

(3) Defined as the number of customer orders placed on one of the Company's websites in the measurement period after cancellations and irrespective of returns. An order is counted on the day the customer places the order. Orders placed and orders delivered may differ due to orders that are in transit at the end of the measurement period.

(4) Defined as the total amount spent (excluding VAT) on one of the Company's websites by customers in the measurement period after cancellations and irrespective of return.

(5) Defined as the Order Value divided by the Number of Orders in the measurement period.

(6) Defined as the number of customers placing at least one order in the last twelve months on one of the Company's websites in the measurement period, irrespective of returns.

(7) Defined as the Number of Orders placed by customers which have placed the first not canceled order on one of the Company's websites in the measurement period, irrespective of returns.

(8) Defined as total marketing costs during a specific period divided by the number of New Customers acquired during the same period. Customer Acquisition Costs is calculated at a high level of detail for each marketing activity.

(9) Defined as total marketing costs divided by the Order Value for the measurement period. Total marketing costs consist of all marketing related cost including advertising expenses for all marketing channels, content production and related license fees as well as cost for marketing related tools and all other marketing related expenses. Total marketing costs do not include salaries.

(10) Defined as total fulfillment costs divided by the Order Value for the measurement period. Total fulfillment costs consist of logistics costs and payment costs. Logistics costs include external logistics costs related to the Company's third-party logistics services provider, inbound and outbound logistics costs, packaging material costs as well as transport and storage insurance costs. Payment costs include risk management costs, costs for payment providers, factoring costs as well as bad debt provisions. Total fulfillment costs do not include salaries.

(11) Defined as profit related to Order Value net of returns less total fulfillment costs for the measurement period. Total Product Profits consists of on-invoice conditions like purchasing price and quick pay discount and after-invoice conditions like advertising- and markdown-support.

## 10 MANAGEMENT'S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Investors should read the following management's discussion and analysis of net assets, financial condition and results of operations in conjunction with the sections "1 RISK FACTORS", "9 SELECTED FINANCIAL INFORMATION" and "12 BUSINESS".

The financial information contained in the following tables and discussion has been taken from or derived from (i) the Audited Financial Statements, (ii) the Audited Cash Flow and Changes in Equity Statements, (iii) the Unaudited Interim Financial Statements and (iv) the Company's accounting records or internal management reporting systems. The Financial Information has been prepared in accordance with the German generally accepted accounting principles of the HGB. As of the date of the Prospectus, the Company does not have subsidiaries and therefore does not prepare consolidated financial statements.

Ernst & Young audited the German language Audited Financial Statements in accordance with Section 317 HGB and in compliance with the German generally accepted standards for financial statement audits promulgated by the IDW and issued German language unqualified independent auditor's reports (Bestätigungsvermerke des unabhängigen Abschlussprüfers) thereon. In addition, Ernst & Young audited the Audited Cash Flow and Changes in Equity Statements in accordance with IDW Auditing Practice Statement: Audit of Additional Elements of Financial Statements (IDW AuPS 9.960.2) promulgated by the IDW and issued unqualified auditor's reports thereon. All Financial Information as well as the aforementioned independent auditor's reports on the Audited Financial Statements and auditor's report on the Audited Cash Flow and Changes in Equity Statements are included in section "21 FINANCIAL INFORMATION".

Where financial information in the following tables is presented as "audited", it indicates that it has been taken from the Audited Financial Statements or the Audited Cash Flow and Changes in Equity Statements. The label "unaudited" is used in the following tables to indicate financial information that has not been taken from the Audited Financial Statements or the Audited Cash Flow and Changes in Equity Statements but has been taken or derived from (i) the Unaudited Interim Financial Statements or (ii) the Company's accounting records or internal management reporting systems or (iii) has been calculated based on financial information from the aforementioned sources.

Unless indicated otherwise, all financial information presented in the text and tables below is shown in thousand of Euros (in EUR thousand), commercially rounded to a whole number or to one digit after the decimal point. Changes, including percentage changes and ratios in the text and tables of the Prospectus are calculated based on the respective numbers as presented and then commercially rounded to a whole percentage or to one digit after the decimal point. As a result, figures shown in the tables below do not necessarily add up exactly to the respective totals or sub-totals presented, and percentages may not reflect underlying numbers or may not exactly equal 100% when aggregated. Furthermore, these rounded figures may vary marginally from unrounded figures that may be indicated elsewhere in the Prospectus. Financial information presented in parentheses denotes the negative of such number presented. In respect of financial information set out in the Prospectus, a dash ("—") signifies that the relevant figure is not available, while a zero ("0") or nil signifies that the relevant figure is available but has been rounded to or equals zero. The cash flow statement data are presented devoid of a decimal place.

## 10.1 Overview of the Company's business

The Company considers itself as one of the leading destinations for Premium and Luxury Fashion Accessories, i.e. for premium and luxury fashion accessories including handbags, shoes, sunglasses, watches and jewelry, in the DACH Region. It currently operates websites under the "fashionette" brand addressing eight European countries (Germany, Austria, Switzerland, France, Italy, Netherlands, Sweden and the UK) with the DACH Region as its core region accounting for 88.6% of its revenue in 2019. In addition, the Company believes that it is also the online market leader for premium and luxury handbags in Germany with its proven leading brand awareness in the targeted customer group, i.e., women, 18 years and older, who have purchased Premium and Luxury Fashion Accessories between May 2018 and April 2020 (source: Innofact AG, May 2020 consumer survey).

The Company's objective is to become the leading online platform for Premium and Luxury Fashion Accessories in Europe. By offering a selection of Premium and Luxury Fashion Accessories that, in the view of the Company, both transcend short term fashion trends and have a long-lasting appeal, this online platform shall assist customers to complete their outfits. For this purpose, the Company aims at offering a wide but well assorted and curated range of Premium and Luxury Fashion Accessories. In the view of the Company, it can offer products to its customers at a superior service level and a competitive price.

With close to 11,000 available product styles (so-called "stock keeping units" or "SKUs") from over 150 premium and luxury brands and a customer base of 270.3 thousand Active Customers (source: internal reporting of the Company as of June 2020), the Company believes to have built one of the most comprehensive offerings of Premium and Luxury Fashion Accessories in the DACH Region, attracting approximately 2.8 million site visits per month (source: internal reporting of the Company as of June 2020).

In 2019, the Company realized EUR 73,160.3 thousand revenue resulting in EUR 6,771.0 thousand EBITDA and an EBITDA margin of 9.3%. In the six months ended 30 June 2020, the Company's revenue continued to grow to EUR 39,135.5 thousand translating into +19% period over period growth compared to the six months ended 30 June 2019. The main driver for growth in the six months ended 30 June 2020 were orders from New Customers (+35.8% period of period) and orders from Active Customers, i.e., Number of Orders, (+30.1% period of period) with an Average Order Value of EUR 284. This resulted in an EBITDA of EUR 2,838.1 thousand and an EBITDA margin of 7.3% in the six months ended 30 June 2020.

## 10.2 Key factors affecting the Company's result of operations, financial condition and cash flows

The key factors discussed below have significantly affected the Company's result of operations, financial condition and cash flows during the periods for which financial information is included in the Prospectus and the Company believes that these factors will continue to affect the Company in the future.

### 10.2.1 Demand for the Company's Premium and Luxury Fashion Accessories

Demand for the Company's Premium and Luxury Fashion Accessories, which is the key driver affecting the Company's revenue and profitability, depends on a number of factors, some of which are beyond its control. Such external factors include, in particular, growing online penetration in the industry for Premium and Luxury Fashion Accessories, but which the Company expects to increase significantly in the upcoming years. Furthermore, economic conditions in the countries in which the Company operates and the impact on consumer spending with respect to Premium and Luxury Fashion Accessories as well as competition from both online and offline retailers, in particular the breadth, quality and pricing of their product offerings, affect demand for the Company's Premium and Luxury Fashion Accessories.

In addition to external factors, the Company's own strategy and the degree to which it is able to successfully implement its strategy influence demand for Premium and Luxury Fashion Accessories. In particular, the Company's capability to provide a relevant and broad product offering, the speed it can deliver orders, the attractiveness of its Premium and Luxury Fashion Accessories and price offering, the ability to successfully market products and the customer service excellence are crucial to drive demand for the Company's Premium and Luxury Fashion Accessories.

As a result of the Company's conscious decision to broaden its offering of Premium and Luxury Fashion Accessories, optimizing the shopping experience on the Fashionette Platform and the continuous focus on operational excellence and high-quality customer service, the Company has seen a significant increase in demand for its Premium and Luxury Fashion Accessories. This development is evidenced by the increase of Active Customers by 23.0% from 219.8 thousand as of 30 June 2019 to 270.3 thousand as of 30 June 2020, also proving the success of the Company's continuously improving marketing efforts. The Number of Orders increased even faster by 29.6% from 187.0 thousand in the six months ended 30 June 2019 to 242.3 thousand in the six months ended 30 June 2020, evidencing that the Company not only attracts new customers, but also increases the number of purchases from its existing customers.

### 10.2.2 Site Visits and mobile usage

Site Visits, especially those via mobile devices, are critical variables that affect the Company's revenue and financial results, since the number of Site Visits is an indicator of the Company's potential customer base. The number of Site Visits depends on numerous fac-

tors, including the Company's overall marketing spend, market penetration rates, the ability to expand the Company's services to new markets and the Company's ability to attract customers through their marketing channels. The Company believes mobile usage contributes significantly to building and maintaining the Active Customers base and increasing their share of wallet by providing mobile device users with a fast, convenient and inspirational interaction with the Company's offering.

### **10.2.3 Customer engagement**

Once the Company has attracted potential new customers to the Fashionette Platform, the Company's goal is to convert those visitors into Active Customers and to encourage repeat purchases. Increasing conversion of Site Visits into orders by new customers and strengthening repeat purchases by Active Customers is critical to its revenue and results of operations. To increase customer engagement, the Company focuses on delivering an inspiring customer experience to establish loyal and long-lasting relationships with its customers. The Company believes increased customer loyalty will increase repeat purchase frequency, which will ultimately result in higher orders with lower marketing costs as a percentage of revenue.

### **10.2.4 Cost of goods sold (cost of materials)**

Cost of goods sold, i.e., cost of materials, are the cost of goods sold net of discounts from suppliers, representing a major share of the Company's cost base and, consequently, is an important factor in determining the Company's financial results. Cost of goods sold depend on numerous factors, including the ability to negotiate favorable terms and conditions with suppliers, the overall product mix sold, the Company's ability to manage the level of inventory and the level of discounts offered to sell off inventory to reach target rates towards respective season end. The Company actively manages its inventory with the aim to control the cost of goods sold, including scale effects that drive terms with the Company's supplier, stock risk diversification and mitigation (e.g., through brand co-operations), supply chain management (e.g., increasing the re-order share for a respective season), the development of pricing algorithms, and the Company's product mix. The Company believes its effectiveness in managing cost of goods sold is an important factor in determining the results of operations.

### **10.2.5 Composition of Premium and Luxury Fashion Accessories**

The Company's Premium and Luxury Fashion Accessories offerings cover a range of price points and margin profiles, and the selection of its product mix can have a significant impact on revenue and profit. The Company's revenue is generated from sales of products from large international brands as well as local brands most relevant for the DACH Region. So far, only a very small portion of the revenue is generated by Company owned brands (mainly in the jewelry category). Initially, the handbags category accounted for all of the Company's revenue but over the years the product mix was diversified resulting in the "handbags" category's revenue share of approximately 70% in 2019. Supported by internal and external data the developments of the demand for products, categories and brands is constantly monitored allowing to continuously manage and optimize the Company's product offering, which ultimately stimulates its revenue and profit. The Company is convinced that its analytical, buying and marketing competences are key differentiators and important factors for further increasing revenue and above market growth rates.

### **10.2.6 Returns**

The Company offers customers free returns within a certain time frame. The ability to easily return products free of charge is a fundamental pillar of the Company's value proposition to customers. The Company believes this significantly helps to increase customer trust. Upon return, all returned products are assessed in terms of the quality and most of the returned products are included in the Company's inventory. The remaining portion of the returned products, which failed the quality assessment, the Company is selling through third-party channels (e.g., second hand online marketplaces).

The Company typically allows customers to return products within 30 days. A number of factors affect the Company's return rates. These factors include product quality, size or fit as well as customers deciding against a purchase. Return rates also depend on the customer demographics, the country, the payment method and the product category.

The Company continuously seeks to analyze and control its return rates by focusing on the accuracy of its product descriptions and improving the visualization of its products on the Fashionette Platform. Furthermore, the Company focuses on an efficient and reliable fulfillment process to make sure that the right items are being shipped and arrive at the customers within the promised delivery time.

### **10.2.7 Fulfilment**

The Company believes the quality of the fulfillment services and its ability to anticipate and satisfy customers' needs and expectations are critical for improving the Company's revenue and profitability. The Company focuses on customer satisfaction and cost efficiency as the two cornerstones of the overall fulfillment strategy. The Company's fulfillment processes cover payment services and logistics, both of which represent critical execution steps along the customer value chain, making fulfillment service excellence a pre-

requisite for customer satisfaction and loyalty. The Company's logistic services are mainly operated by third party service providers, which are tightly controlled through appropriate service agreements. All customer facing aspects of the process (e.g., packaging, accompanying documents including marketing materials) are designed and controlled by the Company itself. At the same time, the Company considers payment services and related processes and systems to be key competitive advantages. The Company continues to expand fulfilment options and to improve service levels for its customers by constantly scanning the market for logistics and payment services but also to increase its cost efficiency.

Overall, despite improving service to the Company's customers and cost increases by its carriers (e.g., DHL, UPS), the Company's Fulfillment Cost Ratio in percent of Order Value remained relatively stable, amounting to 6.5% in the financial year ended 2017, 5.7% in the financial year ended 2018 and 5.8% in the financial year ended 2019.

### 10.2.8 Marketing

The Company believes attracting visitors in a cost-efficient way and converting them into profitable customers is critical to its continued profitable growth. The Company has incurred and will continue to incur significant expenses in marketing through a broad range of channels to drive site visits, win new customers, grow revenue and enhance its overall brand awareness relative to competition. Marketing costs include expenses for online marketing, such as search engine marketing and display advertising, in the context of which the Company pays third parties to refer visitors from their websites to websites of the Company, and offline marketing, in particular television advertising.

Over the last three financial years, the Company has seen a consistent improvement of reduced Marketing Cost Ratios in percent of Order Value. The Company was able to reduce the Marketing Cost Ratio by 2.2 percentage points, from 8.2% for the financial year ended 31 December 2017 to 6.0% in the financial year ended 31 December 2019. The Company also views Active Customers as an important indicator of the effectiveness in attracting and engaging customers. The Company increased the number of Active Customers by 10.2% compared to the financial year ended 31 December 2017, to 238.5 thousand in the financial year ended 31 December 2019.

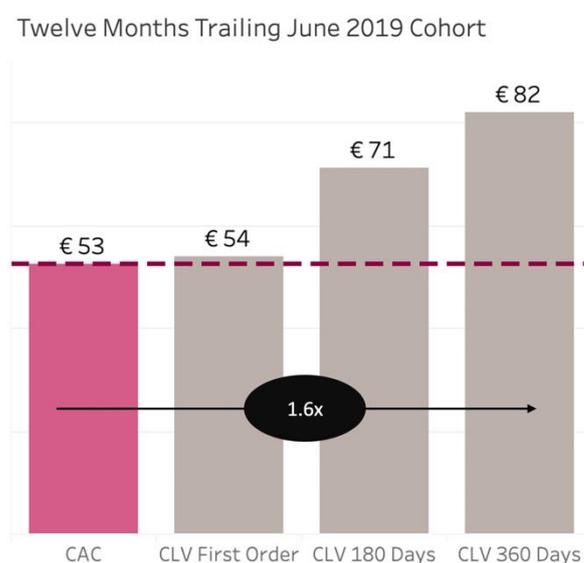
The Company determines its marketing costs spent by using a highly analytical and ROI-targeted approach focused on the cumulated profit contribution (gross profit less fulfillment cost) attributable to customers over a certain time period. To measure the effectiveness of the marketing costs spent, the Company looks at Customer Acquisition Costs ("CAC") and Customer Lifetime Value ("CLV").

- CAC is defined as total marketing costs during a specific period divided by the number of new customers acquired during the same period.
- CLV is defined as gross profit less fulfillment costs attributable to a particular customer cohort, the members of which were all acquired during a specific period of time, since the acquisition of such customers.

The Company measures the profitability of the acquired new customers by comparing the CLV of a particular customer cohort with the CAC attributable to such customer cohort.

To illustrate the customer acquisition economics in a specific customer survey, the Company extracted the CLV generated from the customers that the Company acquired during June 2019, which the Company refers to as the June 2019 cohort, and the total marketing costs the Company incurred to acquire those new customers. While there might be differences in cohorts in months of a financial year, particularly due to seasonality, as well as across different years, the Company chose this cohort to illustrate broader cohort performance.

The chart below stemming from the aforementioned customer survey summarizes the results for the twelve months trailing June 2019 cohort:



The twelve months trailing June 2019 cohort consisted of 138,141 new customers. The Company invested a total of EUR 7,273.0 thousand in marketing costs resulting in Customer Acquisition Costs of EUR 53 per individual customer for this cohort. Yet, the initial orders of this cohort generated a CLV of EUR 54 per customer, EUR 71 per customer within 180 days, and EUR 82 per customer within 360 days after acquisition. The Company's customer cohorts are thus typically profitable immediately with the first order and after 360 days after acquisition, customer cohorts generate approximately 1.6 times the Total Product Profit of the respective acquisition cost. Hence, the customer survey demonstrated that the investments made to acquire customers are immediately profitable and proves that the resources used in this respect are deployed in an efficient manner. In the six months trailing June 2020, the CAC for the 2020 cohort amounted to EUR 43 per individual customer and the initial orders of this cohort generated a CLV of EUR 44 per customer.

#### **10.2.9 Cost base**

The cost base represents personnel expenses including social security contributions and all other operating expenses including IT, rent, legal and tax advice. These costs typically are not directly linked to assortment or revenue growth. They increase mainly as the Company invests in technology and its talent pool. As the Company's sales increase, it can benefit from economies of scale. This trend is augmented by the continuous focus on efficiency within the Company's operations. Therefore, the cost base (as percentage of revenue) decreased from approximately 12.5% in 2018 to 12.1% in 2019.

#### **10.2.10 Seasonality**

The order and purchasing processes of some of the Premium and Luxury Fashion Accessories such as handbags, shoes and scarves follow seasonal patterns largely based on a Spring/Summer and Fall/Winter season schedule. Other Premium and Luxury Fashion Accessories such as sunglasses and jewelry are not depending on seasonal pre-orders but are rather focused on active top seller and new release management. While some shoes (e.g., sandals and boots) sales patterns follow the related seasons Spring/Summer and Fall/Winter, the Company's revenue and margin profile is rather flat with a notably higher demand in November and December driven by the annual holiday season. As the Company is only active in European countries, there are no significant seasonal demand differences between the countries the Company is currently active in.

#### **10.2.11 Shift toward e-commerce**

The Company benefits from a continued shift of spending going from offline to online (see also "*11.1.2 Key trends*"). The Company believes the reasons for this trend includes the relative convenience online shopping offers compared to offline retailing as customers are able to order merchandise any time at any location, with a wide selection of the most current assortment and high levels of availability. Fast delivery services and free returns provide further convenience. The e-commerce market depends on the continued inclination of customers to buy online, as well as the rates at which shoppers in general move from shopping in brick-and-mortar stores to shopping online. In the periods under consideration, the Company's performance has benefited from favorable trends in this area.

#### **10.2.12 Investment in talent**

The Company believes its employees are a key asset, and the Company intends to continue to invest in hiring and retaining talented employees to find better ways to serve the Company's customers and grow its business. The Company expects to grow headcount in selected functions, with a focus on adding personnel with e-commerce and technology expertise. The Company believes it will be very important to attract, develop and retain their key employees in order to continue to grow and manage the business successfully.

#### **10.2.13 Tax loss carry-forwards**

According to its preliminary tax assessments as of 31 December 2019, the Company had no tax loss carry-forwards related to both trade tax and income tax.

### 10.3 Results of operations

The following table shows selected financial information taken or derived from the Company's income statement for the periods indicated.

	Financial year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	(audited unless otherwise indicated)			(unaudited)	
	(in EUR thousand)				
Revenue .....	58,751.5	65,241.3	73,160.3	32,842.3	39,135.5
Other operating income .....	590.6	983.8	1,061.1	250.5	388.8
Cost of materials .....	34,122.2	37,950.5	43,266.6	19,360.5	23,869.0
Personnel expenses <sup>(1)</sup> .....	4,933.6	5,732.1	6,677.3	3,330.2	3,413.4
Amortization, depreciation and impairment of intangible assets and property, plant and equipment .....	1,949.5	2,400.6	2,500.8	1,229.9	1,230.5
Other operating expenses .....	16,778.6	17,544.3	17,506.6	7,939.7	9,403.7
Other interest and similar income .....	12.4	18.1	20.7	10.7	10.0
Interest and similar expenses .....	1,290.9	1,451.3	1,520.5	740.2	768.8
Income taxes .....	575.9	862.1	1,370.5	406.0	514.7
Earnings after taxes .....	(296.1)	302.2	1,399.9	97.0	334.1
Other taxes .....	16.4	–	0.2	–	–
Net income/net loss for the year/period .....	(312.5)	302.2	1,399.7	97.0	334.1

<sup>(1)</sup> Unaudited.

#### 10.3.1 Revenue

##### **Six months ended 30 June 2020 compared to the six months ended 30 June 2019**

In the six months ended 30 June 2020, the Company's revenue increased from EUR 32,842.3 thousand in the six months ended 30 June 2019 by EUR 6,293.2 thousand (or 19.2%) to EUR 39,135.5 thousand. This increase was primarily driven by the Company's ability to increase its revenue across product categories. Handbags remained the most important product category in the six months ended 30 June 2020 with a revenue of EUR 25,110.3 thousand, while categories other than handbags together grew even faster from EUR 9,031.4 thousand in the six months ended 30 June 2019 by EUR 5,053.4 thousand (or 56.0%) to EUR 14,084.8 thousand in the six months ended 30 June 2020.

The Number of Orders increased from 187.0 thousand in the six months ended 30 June 2019 by 56.3 thousand (or 30.1%) to 243.3 thousand in the six months ended 30 June 2020, while the Average Order Value decreased to EUR 284.2, coming from EUR 317.0 which is driven by a product category mix shift away from handbags to other categories.

The DACH Region continued to be the most important geographic market for the Company in the six months ended 30 June 2020, generating 87% of revenue and continued to grow 17.0% compared with the six months ended 30 June 2019.

##### **Financial year ended 31 December 2019 compared to the financial year ended 31 December 2018**

The Company's revenue increased from EUR 65,241.3 thousand in the financial year ended 31 December 2018 by EUR 7,919.0 thousand (or 12.1%) to EUR 73,160.3 thousand in the financial year ended 31 December 2019. This increase was primarily driven by the Company's ability to increase its revenue across product categories. Handbags remained the most important product category in the financial year ended 31 December 2019 with a revenue of EUR 52,463.2 thousand, while categories other than handbags together grew even faster from EUR 17,602.1 thousand in the financial year ended 31 December 2018 by EUR 3,095.0 thousand (or 17.6%) to EUR 20,697.1 thousand in the financial year ended 31 December 2019.

The number of orders from Active Customers increased from 214.0 thousand in the financial year ended 31 December 2018 by 24.5 thousand (or 11.4%) to 238.5 thousand in the financial year ended 31 December 2019, while the Average Order Value remained almost unchanged at EUR 306.3, coming from EUR 309.0.

The DACH Region continued to be the most important geographic market for the Company in the financial year ended 31 December 2019, generating 89% of revenue and continued to grow 9.5% compared with the financial year ended 31 December 2018.

##### **Financial year ended 31 December 2018 compared to the financial year ended 31 December 2017**

The Company's revenue increased from EUR 58,751.5 thousand in the financial year ended 31 December 2017 by EUR 6,489.8 thousand (or 11.0%) to EUR 65,241.3 thousand in the financial year ended 31 December 2018. The increase was primarily driven by the Company's ability to increase its revenue across product categories. Handbags remained the most important product category in the financial year ended 31 December 2018 with a revenue of EUR 47,639.2 thousand, while categories other than handbags together grew from EUR 17,178.9 thousand in the financial year ended 31 December 2017 by EUR 423.2 thousand (or 2.5%) to EUR 17,602.1

thousand in the financial year ended 31 December 2018.

The number of orders from Active Customers remained almost unchanged at 214.0 thousand in the financial year ended 31 December 2018, while the Average Order Value increased from EUR 273.6 to EUR 309.0.

The DACH Region continued to be the most important geographic market for the Company in the financial year ended 31 December 2018, generating 91% of revenue and continued to grow 14.1% compared with the financial year ended 31 December 2017.

### **10.3.2 Other operating income**

#### ***Six months ended 30 June 2020 compared to the six months ended 30 June 2019***

In the six months ended 30 June 2020, the Company's other operating income increased from EUR 250.5 thousand in the six months ended 30 June 2019 by EUR 138.3 thousand (or 55.2%) to EUR 388.8 thousand. This increase was primarily driven by an increasing amount of income from foreign currency translation (EUR 29.9 thousand).

#### ***Financial year ended 31 December 2019 compared to the financial year ended 31 December 2018***

The Company's other operating income increased from EUR 983.8 thousand in the financial year ended 31 December 2018 by EUR 77.3 thousand (or 7.9%) to EUR 1,061.1 thousand in the financial year ended 31 December 2019. This increase was primarily driven by an increase in income from foreign currency translation of EUR 45.2 thousand in the financial year ended 31 December 2019 compared to the financial year ended 31 December 2018.

#### ***Financial year ended 31 December 2018 compared to the financial year ended 31 December 2017***

The Company's other operating income increased from EUR 590.6 thousand in the financial year ended 31 December 2017 by EUR 393.2 thousand (or 66.6%) to EUR 983.8 thousand in the financial year ended 31 December 2018. This increase was primarily driven by higher income from insurance compensation (EUR 110.6 thousand) and an increase in income from foreign currency translation of EUR 92.7 thousand in the financial year ended 31 December 2018 compared to the financial year ended 31 December 2017.

### **10.3.3 Cost of materials**

#### ***Six months ended 30 June 2020 compared to the six months ended 30 June 2019***

In the six months ended 30 June 2020, the Company's cost of materials increased from EUR 19,360.5 thousand in the six months ended 30 June 2019 by EUR 4,508.5 thousand (or 23.3%) to EUR 23,869.0 thousand. This increase was primarily driven by an increase in revenue. Cost of materials as percent of revenue increased by 204 basis points, which is driven by a product category mix shift away from handbags to other categories.

#### ***Financial year ended 31 December 2019 compared to the financial year ended 31 December 2018***

The Company's cost of materials increased from EUR 37,950.5 thousand in the financial year ended 31 December 2018 by EUR 5,316.1 thousand (or 14.0%) to EUR 43,266.6 thousand in the financial year ended 31 December 2019. This increase was primarily driven by an increase in revenue. Cost of materials as percent of revenue remained stable (deterioration of 90 basis points in 2019 versus 2018).

#### ***Financial year ended 31 December 2018 compared to the financial year ended 31 December 2017***

The Company's cost of materials increased from EUR 34,122.2 thousand in the financial year ended 31 December 2017 by EUR 3,828.3 thousand (or 11.2%) to EUR 37,950.5 thousand in the financial year ended 31 December 2018. This increase was primarily driven by an increase in revenue. Cost of materials as a proportion of revenue remained stable (deterioration of 10 basis points in 2018 versus 2017).

### **10.3.4 Personnel expenses**

#### ***Six months ended 30 June 2020 compared to the six months ended 30 June 2019***

In the six months ended 30 June 2020, the Company's personnel expenses increased from EUR 3,330.2 thousand in the six months ended 30 June 2019 by EUR 83.2 thousand (or 2.5%) to EUR 3,413,4 thousand. This is due to an increase in the average number of employees from 137 to 146.

#### ***Financial year ended 31 December 2019 compared to the financial year ended 31 December 2018***

The Company's personnel expenses increased from EUR 5,732.1 thousand in the financial year ended 31 December 2018 by EUR 945.2 thousand (or 16.5%) to EUR 6,677.3 thousand in the financial year ended 31 December 2019. This was due to a slight increase in the average number of employees from 134 to 136, full-year effects from new hires made during the financial year ended 31 December 2018 and the handover period from the founders to the new management team causing an increase of management salaries.

### ***Financial year ended 31 December 2018 compared to the financial year ended 31 December 2017***

The Company's personnel expenses increased from EUR 4,933.6 thousand in the financial year ended 31 December 2017 by EUR 798.5 thousand (or 16.2%) to EUR 5,732.1 thousand in the financial year ended 31 December 2018. This increase was primarily driven by an increase in the average number of employees from 121 to 134 as well as full-year effects from new hires made during the financial year ended 31 December 2017.

### **10.3.5 Amortization, depreciation impairment of intangible assets and property, plant and equipment**

#### ***Six months ended 30 June 2020 compared to the six months ended 30 June 2019***

The Company's depreciation and impairment of intangible assets and property, plant and equipment almost stayed flat, with only a slight increase from EUR 1,229.9 thousand in the six months ended 30 June 2019 by EUR 0.6 thousand to EUR 1,230.5 thousand in the six months ended 30 June 2020. Thereof EUR 707.5 thousand amounted to the amortization of goodwill.

#### ***Financial year ended 31 December 2019 compared to the financial year ended 31 December 2018***

The Company's amortization, depreciation and impairment of intangible assets and property, plant and equipment increased from EUR 2,400.6 thousand in the financial year ended 31 December 2018 by EUR 100.2 thousand (or 4.2%) to EUR 2,500.8 thousand in the financial year ended 31 December 2019, which was driven by an increase of amortization of intangible assets by EUR 93.6 thousand, while EUR 1,415.6 thousand (financial year ended 31 December 2018: EUR 1,415.9 thousand) amounted to the amortization of goodwill.

#### ***Financial year ended 31 December 2018 compared to the financial year ended 31 December 2017***

The Company's amortization, depreciation and impairment of intangible assets and property, plant and equipment increased from EUR 1,949.5 thousand in the financial year ended 31 December 2017 by EUR 451.1 thousand (or 23.1%) to EUR 2,400.6 thousand in the financial year ended 31 December 2018, which was driven by an increase of amortization of intangible assets by EUR 410.3 thousand, while EUR 1,415.9 thousand (financial year ended 31 December 2017: EUR 1,416.6 thousand) amounted to the amortization of goodwill.

### **10.3.6 Other operating expenses**

#### ***Six months ended 30 June 2020 compared to the six months ended 30 June 2019***

The Company's other operating expenses increased from EUR 7,939.7 thousand in the six months ended 30 June 2019 by EUR 1,464.0 thousand (or 18.4%) to EUR 9,403.7 thousand in the six months ended 30 June 2020.

This increase was primarily driven by

- an increase in distribution expenses from EUR 2,029.1 thousand in the six months ended 30 June 2019 by EUR 674.9 thousand (or 33.3%) to EUR 2,704.0 thousand in the six months ended 30 June 2020, driven by an increase of orders by 30.1%;
- an increase of marketing expenses from EUR 3,437.7 thousand in the six months ended 30 June 2019 by EUR 206.5 thousand (or 6.0%) to EUR 3,644.2 thousand in the six months ended 30 June 2020; and
- an increase of miscellaneous operating expenses from EUR 1,864.6 thousand in the six months ended 30 June 2019 by EUR 187.8 thousand (or 10.1%) to EUR 2,052.4 thousand in the six months ended 30 June 2020, mainly driven by an increase of factoring costs by EUR 74.2 thousand.

#### ***Financial year ended 31 December 2019 compared to the financial year ended 31 December 2018***

The Company's other operating expenses decreased from EUR 17,544.3 thousand in the financial year ended 31 December 2018 by EUR 37.7 thousand (or 0.2%) to EUR 17,506.6 thousand in the financial year ended 31 December 2019. This decrease was primarily driven by a decrease of marketing expenses, which were offset by an increase of distribution expenses mainly driven by an increase of orders.

#### ***Financial year ended 31 December 2018 compared to the financial year ended 31 December 2017***

The Company's other operating expenses increased from EUR 16,778.6 thousand in the financial year ended 31 December 2017 by EUR 765.7 thousand (or 4.6%) to EUR 17,544.3 thousand in the financial year ended 31 December 2018. This increase was primarily driven by

- an increase in distribution expenses from EUR 3,702.2 thousand in the financial year ended 31 December 2017 by EUR 346.1 thousand (or 9.3%) to EUR 4,048.3 thousand in the financial year ended 31 December 2018;
- an increase of cost for third party services from EUR 207.4 thousand in the financial year ended 31 December 2017 by EUR 202.3 thousand (or 97.5%) to EUR 409.7 thousand in the financial year ended 31 December 2018; and

- an increase in factoring costs (installment plan type invoice) from EUR 486.5 thousand in the financial year ended 31 December 2017 by EUR 105.5 thousand (or 21.7%) to EUR 592,0 thousand in the financial year ended 31 December 2018.

### **10.3.7 Other interests and similar income**

#### ***Six months ended 30 June 2020 compared to the six months ended 30 June 2019***

In the six months ended 30 June 2020, the Company's other interests and similar income almost stayed flat, with only a slight decrease from EUR 10.7 thousand in the six months ended 30 June 2019 by EUR 0.7 thousand to EUR 10.0 thousand.

#### ***Financial year ended 31 December 2019 compared to the financial year ended 31 December 2018***

The Company's other interests and similar income increased from EUR 18.1 thousand in the financial year ended 31 December 2018 by EUR 2.6 thousand (or 14.4%) to EUR 20.7 thousand in the financial year ended 31 December 2019.

#### ***Financial year ended 31 December 2018 compared to the financial year ended 31 December 2017***

The Company's other interests and similar income increased from EUR 12.4 thousand in the financial year ended 31 December 2017 by EUR 5.7 thousand (or 46.0%) to EUR 18.1 thousand in the financial year ended 31 December 2018.

### **10.3.8 Interests and similar expenses**

#### ***Six months ended 30 June 2020 compared to the six months ended 30 June 2019***

In the six months ended 30 June 2020, the Company's interests and similar expenses increased from EUR 740.2 thousand in the six months ended 30 June 2019 by EUR 28.6 thousand (or 3.9%) to EUR 768.8 thousand. This increase was primarily driven by increasing interest costs for factoring (EUR 37.5 thousand).

#### ***Financial year ended 31 December 2019 compared to the financial year ended 31 December 2018***

The Company's interests and similar expenses increased from EUR 1,451.3 thousand in the financial year ended 31 December 2018 by EUR 69.2 thousand (or 4.8%) to EUR 1,520.5 thousand in the financial year ended 31 December 2019. This increase was primarily driven by increasing interest costs for factoring (increase by EUR 112.4 thousand).

#### ***Financial year ended 31 December 2018 compared to the financial year ended 31 December 2017***

The Company's interests and similar expenses increased from EUR 1,290.9 thousand in the financial year ended 31 December 2017 by EUR 160.4 thousand (or 12.4%) to EUR 1,451.3 thousand in the financial year ended 31 December 2018. This increase was primarily driven by increasing factoring volume.

### **10.3.9 Income taxes**

#### ***Six months ended 30 June 2020 compared to the six months ended 30 June 2019***

In the six months ended 30 June 2020, the Company's income taxes increased from EUR 406.0 thousand in the six months ended 30 June 2019 by EUR 108.7 thousand (or 26.8%) to EUR 514.7 thousand. This increase was primarily driven by the increase in earnings before taxes and thus the tax base.

#### ***Financial year ended 31 December 2019 compared to the financial year ended 31 December 2018***

The Company's income taxes increased from EUR 862.1 thousand in the financial year ended 31 December 2018 by EUR 508.4 thousand (or 59.0%) to EUR 1,370.5 thousand in the financial year ended 31 December 2019. This increase was primarily driven by the increase in earnings before taxes and thus the tax base.

#### ***Financial year ended 31 December 2018 compared to the financial year ended 31 December 2017***

The Company's income taxes increased from EUR 575.9 thousand in the financial year ended 31 December 2017 by EUR 286.2 thousand (or 49.7%) to EUR 862.1 thousand in the financial year ended 31 December 2018. This increase was primarily driven by the increase in earnings before taxes and thus the tax base.

### **10.3.10 Earnings after taxes**

#### ***Six months ended 30 June 2020 compared to the six months ended 30 June 2019***

In the six months ended 30 June 2020, the Company's earnings after taxes increased from a profit of EUR 97.0 thousand in the six months ended 30 June 2019 by EUR 237.1 thousand (or 244.4%) to a profit of EUR 334.1 thousand. This increase was primarily driven by the factors mentioned above influencing revenue, expenses and income taxes.

### **Financial year ended 31 December 2019 compared to the financial year ended 31 December 2018**

The Company's earnings after taxes increased from a profit of EUR 302.2 thousand in the financial year ended 31 December 2018 by EUR 1,097.7 to a profit of EUR 1,399.9 thousand in the financial year ended 31 December 2019. This increase was primarily driven by the factors mentioned above influencing revenue, expenses and income taxes.

### **Financial year ended 31 December 2018 compared to the financial year ended 31 December 2017**

The Company's earnings after taxes increased from a loss of EUR 296.1 thousand in the financial year ended 31 December 2017 by EUR 598,3 thousand to a profit of EUR 302.2 thousand in the financial year ended 31 December 2018. This increase was primarily driven by the factors mentioned above influencing revenue, expenses and income taxes.

#### **10.3.11 Net income/net loss for the year/period**

##### **Six months ended 30 June 2020 compared to the six months ended 30 June 2019**

In the six months ended 30 June 2020, the Company's net profit increased from EUR 97.0 thousand in the six months ended 30 June 2019 by EUR 237.1 thousand (or 244.4%) to EUR 334.1 thousand. This increase was primarily driven by the factors mentioned above influencing revenue, expenses and income taxes.

##### **Financial year ended 31 December 2019 compared to the financial year ended 31 December 2018**

The Company's net income for the year increased from EUR 302.2 thousand in the financial year ended 31 December 2018 by EUR 1,097.5 thousand to EUR 1,399.7 thousand in the financial year ended 31 December 2019. This increase was primarily driven by the factors mentioned above influencing revenue, expenses and income taxes.

##### **Financial year ended 31 December 2018 compared to the financial year ended 31 December 2017**

The Company's net income/loss for the year increased from a net loss of EUR 312.5 thousand in the financial year ended 31 December 2017 by EUR 614.7 thousand to a net income of EUR 302.2 thousand in the financial year ended 31 December 2018. This increase was primarily driven by the factors mentioned above influencing revenue, expenses and income taxes.

#### **10.4 Assets, equity and liabilities**

##### **10.4.1 Assets**

The following table provides an overview of the Company's assets as of the reporting dates indicated:

	As of 31 December			As of 30 June
	2017	2018	2019	2020
	(audited)			(unaudited)
	(in EUR thousand)			
<b>Fixed assets</b>				
Intangible assets .....	20,574.8	19,364.2	17,707.7	16,819.6
Property, plant and equipment.....	335.4	321.9	275.8	260.6
<b>Total fixed assets.....</b>	<b>20,910.2</b>	<b>19,686.1</b>	<b>17,983.5</b>	<b>17,080.2</b>
<b>Current Assets</b>				
Inventories .....	12,099.8	14,974.1	15,938.5	17,047.7
Receivables and other assets .....	6,199.5	7,073.9	9,068.3	6,599.1
Trade receivables .....	5,956.6	6,952.3	8,497.3	6,469.0
Other assets .....	242.9	121.6	571.0	130.1
Cash on hand and bank balances .....	3,594.3	2,729.6	2,272.5	1,593.5
<b>Total current assets .....</b>	<b>21,893.6</b>	<b>24,777.5</b>	<b>27,279.2</b>	<b>25,240.3</b>
<b>Prepaid expenses</b>	<b>633.5</b>	<b>350.9</b>	<b>585.5</b>	<b>625.7</b>
<b>ASSETS .....</b>	<b>43,437.2</b>	<b>44,814.5</b>	<b>45,848.2</b>	<b>42,946.2</b>

##### **Fixed assets**

##### **As of 30 June 2020 compared to 31 December 2019**

The Company's fixed assets decreased from EUR 17,983.5 thousand as of 31 December 2019 by EUR 903.3 thousand (or 5.0%) to EUR 17,080.2 thousand as of 30 June 2020. This is mainly due to the amortization of goodwill in the amount of EUR 707.5 thousand.

##### **As of 31 December 2019 compared to 31 December 2018**

The Company's fixed assets decreased from EUR 19,686.1 thousand as of 31 December 2018 by EUR 1,702.6 thousand (or 8.6%) to EUR 17,983.5 thousand as of 31 December 2019. This was mainly due to the amortization of goodwill in the amount of EUR 1,415.6 thousand in the financial year ended 31 December 2019.

#### **As of 31 December 2018 compared to 31 December 2017**

The Company's fixed assets decreased from EUR 20,910.2 thousand as of 31 December 2017 by EUR 1,224.1 thousand (or 5.9%) to EUR 19,686.1 thousand as of 31 December 2018. This was mainly due to amortization of goodwill in the amount of EUR 1,415.9 thousand in the financial year ended 31 December 2018.

#### **Current assets**

##### **As of 30 June 2020 compared to 31 December 2019**

The Company's current assets decreased from EUR 27,279.2 thousand as of 31 December 2019 by EUR 2,038.9 thousand (or 7.5%) to EUR 25,240.3 thousand as of 30 June 2020. This is mainly due to the decrease of trade receivables by EUR 2,028.3 thousand.

##### **As of 31 December 2019 compared to 31 December 2018**

The Company's current assets increased from EUR 24,777.5 thousand as of 31 December 2018 by EUR 2,501.7 thousand (or 10.1%) to EUR 27,279.2 thousand as of 31 December 2019. This is mainly due to the increase of trade receivables from EUR 6,952.3 thousand as of 31 December 2018 by EUR 1,545.0 thousand (or 22.2%) to EUR 8,497.3 thousand as of 31 December 2019 and inventories from EUR 14,974.1 thousand in as of 31 December 2018 by EUR 964.4 thousand (or 6.4%) to EUR 15,938.5 thousand as of 31 December 2019.

##### **As of 31 December 2018 compared to 31 December 2017**

The Company's current assets increased from EUR 21,893.6 thousand as of 31 December 2017 by EUR 2,883.9 thousand (or 13.2%) to EUR 24,777.5 thousand as of 31 December 2018. This was mainly due to the increase of inventories from EUR 12,099.8 thousand as of 31 December 2017 by EUR 2,874.3 thousand (or 23.8%) to EUR 14,974.1 thousand as of 31 December 2018 and due to the increase of trade receivables from EUR 5,956.6 thousand as of 31 December 2017 by EUR 995.7 thousand (or 16.7%) to EUR 6,952.3 thousand as of 31 December 2018.

#### **Total assets**

##### **As of 30 June 2020 compared to 31 December 2019**

The Company's total assets decreased from EUR 45,848.2 thousand as of 31 December 2019 by EUR 2,902.0 thousand (or 6.3%) to EUR 42,946.2 thousand as of 30 June 2020. This is mainly due to the factors mentioned above changing current and fixed assets.

##### **As of 31 December 2019 compared to 31 December 2018**

The Company's total assets increased from EUR 44,814.5 thousand as of 31 December 2018 by EUR 1,033.7 thousand (or 2.3%) to EUR 45,848.2 thousand as of 31 December 2019. This is mainly due to the factors mentioned above changing current and fixed assets.

##### **As of 31 December 2018 compared to 31 December 2017**

The Company's total assets increased from EUR 43,437.2 thousand as of 31 December 2017 by EUR 1,377.3 thousand (or 3.2%) to EUR 44,814.5 thousand as of 31 December 2018. This is mainly due to the factors mentioned above changing current and fixed assets.

#### **10.4.2 Equity, provisions and liabilities**

The following table provides an overview of the Company's equity, provisions and liabilities as of the reporting dates indicated.

	As of 31 December			As of 30 June
	2017	2018	2019	2020
	(audited)			(unaudited)
	(in EUR thousand)			
<b>Equity</b>				
Subscribed capital .....	25.0	25.0	25.0	25.0
Capital reserves.....	28,175.0	28,175.0	28,175.0	28,175.0
Profit (+)/Loss (-) carryforward .....	(1,292.2)	(1,604.7)	(1,302.4)	97.3
Net income (+)/net loss (-) for the year .....	(312.5)	302.2	1,399.7	334.1
<b>Total equity .....</b>	<b>26,595.4</b>	<b>26,897.6</b>	<b>28,297.3</b>	<b>28,631.5</b>
<b>Provisions</b>				
Tax provisions .....	413.1	286.2	792.3	688.5
Other provisions.....	571.4	331.8	408.3	423.8
<b>Total provisions .....</b>	<b>984.4</b>	<b>618.0</b>	<b>1,200.5</b>	<b>1,112.3</b>
<b>Liabilities</b>				
Liabilities to banks.....	6,289.2	8,575.8	8,544.8	4,606.0
Prepayments received on account of orders .....	124.3	178.3	115.1	120.4

Trade payables .....	7,656.6	6,567.4	5,253.5	5,432.6
Other liabilities .....	1,730.5	1,973.9	2,436.8	3,043.4
<b>Total liabilities .....</b>	<b>15,800.6</b>	<b>17,295.4</b>	<b>16,350.3</b>	<b>13,202.3</b>
<b>Deferred Income</b>	<b>56.8</b>	<b>3.5</b>	<b>—</b>	<b>—</b>
<b>EQUITY AND LIABILITIES .....</b>	<b>43,437.2</b>	<b>44,814.5</b>	<b>45,848.2</b>	<b>42,946.2</b>

### **Equity**

#### **As of 30 June 2020 compared to 31 December 2019**

The Company's equity increased from EUR 28,297.3 thousand as of 31 December 2019 by EUR 334.2 thousand (or 1.2%) to EUR 28,631.5 thousand as of 30 June 2020. This is due to the positive net income for the six months ended 30 June 2020.

#### **As of 31 December 2019 compared to 31 December 2018**

The Company's equity increased from EUR 26,897.6 thousand as of 31 December 2018 by EUR 1,399.7 thousand (or 5.2%) to EUR 28,297.3 thousand as of 31 December 2019. This is due to the positive net income for the year.

#### **As of 31 December 2018 compared to 31 December 2017**

The Company's equity increased from EUR 26,595.4 thousand as of 31 December 2017 by EUR 302.2 thousand (or 1.1%) to EUR 26,897.6 thousand as of 31 December 2018. This is mainly due to the positive net income for the year.

### **Liabilities**

#### **As of 30 June 2020 compared to 31 December 2019**

The Company's liabilities decreased from EUR 16,350.3 thousand as of 31 December 2019 by EUR 3,148.0 thousand (or 19.3%) to EUR 13,202.3 thousand as of 30 June 2020. This decrease was mainly due to the decrease of liabilities to banks by EUR 3,938.8 thousand.

#### **As of 31 December 2019 compared to 31 December 2018**

The Company's liabilities decreased from EUR 17,295.4 thousand as of 31 December 2018 by EUR 945.1 thousand (or 5.5%) to EUR 16,350.3 thousand as of 31 December 2019. This decrease was mainly due to a decrease in trade payables of EUR 1,313.9 thousand (or 20.0%) from EUR 6,567.4 thousand as of 31 December 2018 to EUR 5,253.5 thousand as of 31 December 2019 and an increase in other liabilities of EUR 462.9 thousand (or 23.5%) from EUR 1,973.9 thousand as of 31 December 2018 to EUR 2,436.8 thousand as of 31 December 2019.

#### **As of 31 December 2018 compared to 31 December 2017**

The Company's liabilities increased from EUR 15,800.6 thousand as of 31 December 2017 by EUR 1,494.8 thousand (or 9.5%) to EUR 17,295.4 thousand as of 31 December 2018. This was mainly due to an increase of liabilities to banks of EUR 2,286.6 thousand (or 36.4%) from EUR 6,289.2 thousand as of 31 December 2017 to EUR 8,575.8 thousand as of 31 December 2018 and a decrease in trade payables of EUR 1,089.2 thousand (or 14.2%) from EUR 7,656.6 thousand as of 31 December 2017 to EUR 6,567.4 thousand as of 31 December 2018 and an increase in other liabilities of EUR 243.4 thousand (or 14.1%) from EUR 1,730.5 thousand as of 31 December 2017 to EUR 1,973.9 thousand as of 31 December 2018.

## **10.5 Liquidity and capital resources**

Liquidity management is critical for the Company and is carefully monitored on a regular basis. The Company's financing policy is to secure sufficient liquidity to satisfy its operating and strategic financial needs at any point in time.

In the period from the financial year ended 31 December 2017 to 30 June 2020 the Company financed its capital expenditures and working capital requirements through profits, bank loans and factoring, in particular, through loan agreements with Deutsche Bank AG, Düsseldorf, Germany ("**Deutsche Bank**"), and UniCredit Bank AG, Düsseldorf, Germany ("**UniCredit**"), as well as factoring agreements with BFS finance GmbH, Verl, Germany ("**BFS finance**"), and Ratepay GmbH, Berlin, Germany ("**RatePAY**") (see "**12.7 Material contracts**"). As of 30 September 2020, the Company had liabilities to banks in the amount of EUR 7,674.3 thousand being secured by the assignment of its inventory and a sold but not yet settled non-recourse factoring volume of EUR 1,934.5 thousand (see "**12.7 Material contracts**" and "**1.2.1 The Company's existing liabilities to banks could limit the cash flows available for its operations, and any default with respect to liabilities to banks could lead to insolvency.**"). As of 30 September 2020, the Company had positive cash on hand and bank balances amounting to EUR 690.9 thousand.

## **10.6 Investments**

### **10.6.1 Past investments**

Between 1 January 2017 and 31 December 2019, the Company's significant investments were related to investments in software and

technology in connection with the development of its proprietary IT systems. All of these investments were and are financed from profits and internal resources.

In the financial years ended 31 December 2017, 31 December 2018 and 31 December 2019, the Company's investments (calculated as the sum of cash paid for investment in property, plant and equipment, and cash paid for investments in intangible assets) amounted to EUR 1,705 thousand, EUR 1,177 thousand and EUR 799 thousand, respectively, primarily reflecting capitalized development costs for the proprietary webshop and customized Enterprise Resource Planning system.

In the six months ended 30 June 2020, the Company's investments amounted to EUR 327 thousand, primarily reflecting capitalized development costs for the proprietary webshop and customized Enterprise Resource Planning system.

Between 30 June 2020 and the date of the Prospectus, the Company's investments in property, plant and equipment as well as intangible assets amounted to EUR 225 thousand.

#### **10.6.2 Current investments**

Between 30 June 2020 and the date of the Prospectus, the Company has already resolved to make investments in an aggregate amount of around EUR 350 thousand which were related to investments in software and technology in connection with the development of its proprietary IT systems. The Company plans to finance these investments from profits and the net proceeds from the Offering. Apart from these investments, the Company has not completed, or entered into a firm commitment or resolved to enter into such commitment with respect to any significant investment.

#### **10.7 Significant accounting policies**

For a description of the Company's significant accounting policies, see pages F-9 et seq. of the Prospectus.

## 11 MARKETS AND COMPETITION

*To the extent not otherwise indicated, market data, forecasts and statements regarding the Company's position in the markets in which it operates and market and industry developments and trends, including growth rates, are based on the Company's assessments and estimates, using underlying data from third parties. See "2.5 Sources of market data" for an overview of sources used. The forward-looking statements in this section are subject to risks and uncertainties, as they relate to future events, and are based on estimates and assessments that may be inaccurate. See "1 RISK FACTORS" and "2.3 Forward-looking statements".*

### 11.1 Markets

The Company operates in the European market for Premium and Luxury Fashion Accessories, i.e. for premium and luxury fashion accessories including handbags, shoes, sunglasses, watches and jewelry ("**European Premium and Luxury Fashion Accessories Market**"), with the majority of the Company's revenue currently generated in the DACH Region. The European Premium and Luxury Fashion Accessories Market is large and highly fragmented due to a diversified group of competitors, different languages, tastes, payment methods, currencies and other national characteristics.

#### 11.1.1 The European Premium and Luxury Fashion Accessories Market

The European Premium and Luxury Fashion Accessories Market comprises parts of both (i) the European Luxury Goods Market, and (ii) the European Accessories Market (source for all following market definitions, estimates and forecasts: Statista Consumer Market Outlook July 2020). In addition, the addressable European Premium and Luxury Fashion Accessories Market also includes the market for premium handbags, shoes, sunglasses, watches and jewelry ("**Premium Fashion Accessories Market**").

##### European Luxury Goods Market

The "**European Luxury Goods Market**" covers personal luxury goods and luxury segments and brands that target this sector and was estimated to be EUR 86.4 billion (in terms of market revenue) in 2019 with an online penetration of 9.8% (approximately EUR 8.5 billion market revenue) achieving a compound annual growth rate ("**CAGR**") of 8.0% for the overall market and 20.3% for the online market for the years 2017 to 2019.

From 2020 to 2023, the European Luxury Goods Market is forecasted to grow to EUR 100.9 billion market revenue with a CAGR of 8.6%. In the same period, the online penetration is expected to reach 13.1% (approximately EUR 13.2 billion market revenue) growing with a CAGR of 16.6%.

Within the European Luxury Goods Market, the Company is currently active in the market segments (i) "**Luxury Leather Goods**" covering luggage, bags, small leather goods brands that target this sector, (ii) "**Luxury Footwear**" covering footwear and luxury segments and brands that target this sector, and (iii) "**Luxury Eyewear**" covering designer eyewear and luxury segments and brands that target this sector. Together, these market segments represented EUR 28.9 billion of market revenue in 2019 with the fastest growing market segment Luxury Leather Goods (EUR 12.7 billion of market revenue in 2019) achieving a CAGR of 12.4% for the years 2017 to 2019. The online penetration of those market segments was reported to be at 9.8% in 2019. These market segments are expected to grow to EUR 34.7 billion of total market revenue by 2023 with a CAGR of 8.2% for the years 2020 to 2023.

##### European Accessories Market

The "**European Accessories Market**" covers watches and jewelry, luggage and bags, small leather goods and handbags and was estimated to be EUR 76.4 billion (in terms of market revenue) in 2019 with an online penetration of 13.1% (approximately EUR 10.0 billion of market revenue) achieving a CAGR of 9.6% for the online market for the years 2017 to 2019. From 2020 to 2023, the European Accessories Market is estimated to grow to EUR 78.9 billion market revenue. In the same period the online penetration is forecasted to reach 17.8% (approximately EUR 14.0 billion of market revenue) growing with a CAGR of 11.1%.

Within the European Accessories Market, the most relevant market segment in which the Company operates, based on a revenue share of the category handbags of approximately 70% in 2019, is the handbags segment covering handbags and smaller bags for everyday use. This market segment was estimated to be EUR 13.0 billion market revenue in 2019, with an online revenue CAGR of 10.0% for the years 2017 to 2019. The forecasted online revenue CAGR for the years 2020 to 2023 is 11.1%.

#### 11.1.2 Key trends

The European Premium and Luxury Fashion Accessories Market is currently impacted by a number of key trends which together also influence the performance of the Company:

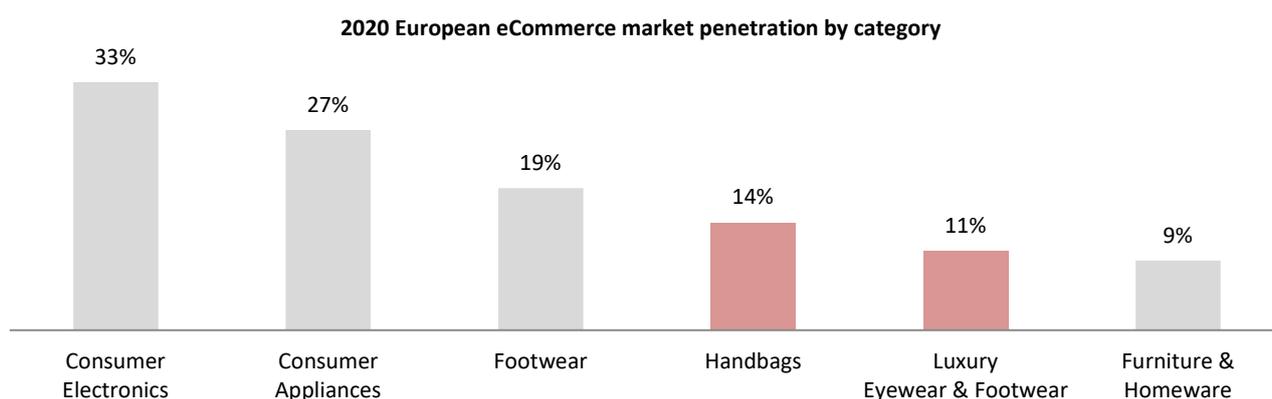
##### The accelerating shift from offline to online in the premium and luxury e-commerce segment.

The Company believes that the premium and luxury online e-commerce category is significantly underpenetrated with a strong continued growth potential in the near and medium term. In 2019, the online penetration of the global personal luxury goods market was 12% of total market revenue, having grown annually by over 20% every year since 2008 (source: Bain & Company 2019 Luxury

Goods worldwide Market study, page 17). The online penetration of the global personal luxury goods market is forecasted to grow to 28% to 30% of total market revenue by 2025 (source: Bain – Altgamma Spring 2020 Luxury Goods worldwide market study, page 21). The Company believes there was an acceleration in this trend from offline to online in Europe due to the COVID-19 Pandemic and expects this trend to continue to accelerate from that observed in recent years.

**Lower online penetration of premium and luxury e-commerce than more mature categories provides larger potential.**

Certain categories, such as consumer electronics and consumer appliances, have a more mature and consequently higher (25%+) online retail penetration compared with other less mature categories such as Premium and Luxury Fashion Accessories, in many cases having transitioned to e-commerce at a much earlier stage. In Europe, the premium and luxury segments have been slower to move into the online space with online penetration of key categories still at the 10% to 15% of total market revenue level (source: Statista Consumer Market Outlook July 2020), a level also in line with the wider global personal luxury goods market online penetration figure of 12% total market revenue (source: Bain & Company 2019 Luxury Goods worldwide market study, page 17). The Company believes this disparity offers the opportunity of potential future growth as consumers become more comfortable shopping for premium and luxury items online.



(source: Statista Consumer Market Outlook July 2020)

**Demographic trends to boost growth of the premium and luxury market.**

The 45-year and younger demographic ("Generation Z") and millennial customers (also known as "Generation Y") are expected to contribute the majority of growth in the global personal luxury goods market with a more conscious attitude towards luxury and given their high affinity for the internet in general and e-commerce in particular. In 2019, Generation Y and Generation Z accounted for 39% of total market revenue in the global personal luxury goods market, in 2025 this is forecasted to grow to 50% to 60% of total market revenue (source: Bain – Altgamma Spring 2020 Luxury Goods worldwide Market study, page 22). By 2035, the customers from Generation Z are forecasted to account for 40% of the total market revenue in the global personal luxury goods market, more than offsetting a decline in spending by older customers (source: Bain & Company 2019 Luxury Goods worldwide Market study, page 25).

**The Company's core addressable markets are growing and forecast to continue to grow in the foreseeable future.**

The Company believes that Europe continues to represent a highly attractive demographic for the Company's offering of Premium and Luxury Fashion Accessories. In particular in the European segments of the European Premium and Luxury Fashion Accessories Market which are most important for the Company, i.e. handbags, Luxury Leather Goods, Luxury Footwear and Luxury Eyewear, the total online market revenue is forecasted to grow by between 11% and 18% per year between 2020 and 2023, which the Company believes provides a positive outlook for its continued organic growth.

The following table provides an overview of the expected CAGR with respect to the relevant European segments for the years 2020 to 2023.

Segment	Total online revenue CAGR 2020-2023
Handbags.....	11.1%
Luxury Footwear .....	15.9%
Luxury Eyewear .....	13.1%
Luxury Leather Goods .....	17.4%

(source: Statista Consumer Market Outlook July 2020)

**The highly fragmented European Premium and Luxury Fashion Accessories Market requires localized product offerings.**

The European Premium and Luxury Fashion Accessories Market is large, rapidly changing and highly fragmented due to a diversified group of competitors, different languages, tastes, payment methods, currencies and other national characteristics. The Company therefore believes that localization is a decisive success factor for its business and that it is critical for providing an engaging and convenient shopping experience for consumers through product assortments tailored to local needs, local online catalogue sorting, lo-

calized pricing as well as visual merchandizing and campaigns. In addition, it is important to have a distribution network capable of timely delivery across countries and a payments infrastructure that accepts the broad range of local customers' payment methods across countries - from invoice to credit card and PayPal.

### 11.1.3 Market opportunity

The Company estimates that the total market opportunity in the European Premium and Luxury Fashion Accessories Market is over EUR 100 billion total market revenue in annual consumer spending in the markets and categories which it currently addresses. This is calculated from relevant segments with the European Luxury Goods Market (estimated EUR 86.4 billion of the total market revenue in 2019 (source: Statista Consumer Market Outlook July 2020)) and relevant segments within the European Accessories Market (estimated EUR 76.4 billion market revenue in 2019 (source: Statista Consumer Market Outlook July 2020)) together with the Company's own estimate for the size of the Premium Fashion Accessories Market. Given the anticipated growth and the size of this addressable market, the Company believes it is well positioned to increase its market share in Europe.

## 11.2 Competitive Landscape

In the European Premium and Luxury Fashion Accessories Market in which the Company operates, it faces competition from both online and offline retailers including general e-commerce retailers, fast fashion retailers and marketplaces, premium/luxury e-commerce retailers and marketplaces, vertically integrated offline retailers, brand specific retailers as well as other online players:

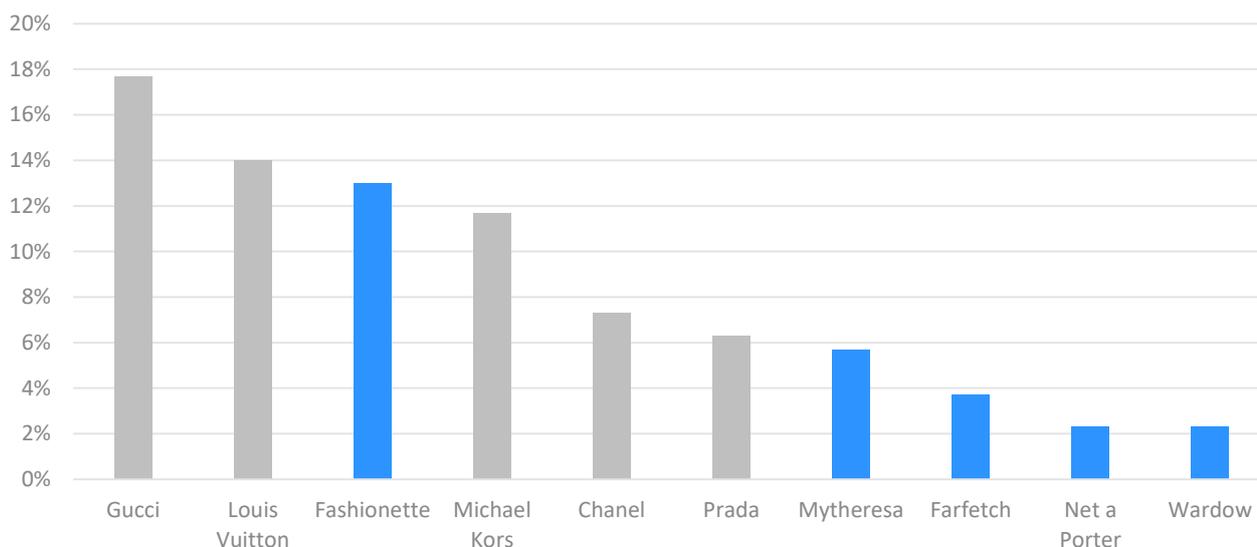
- **General e-commerce retailers:** E-commerce companies are often trying to increase their presence across a range of categories including designer products. However, the Company believes that these large players lack a strong premium and luxury focus and as such the necessary perception required by brands and customers. Amongst others, competitors include Amazon, Ebay, Otto, Boozt.
- **Fast Fashion retailers and marketplaces:** Companies like Zalando, About You, Asos, Boohoo etc., focusing on and generating its predominant share of revenue with the product categories apparel and shoes, also list products from categories the Company is focused on. However, the customer experience, starting with the breadth and depth of selection including the available brands, over content creation etc. is not focused on fashion accessories like handbags.
- **European premium/luxury online retailers and marketplaces:** A number of European retailers have a firm focus on premium and luxury e-commerce and as such partially compete with the Company in selected categories, countries, and for target customer groups. However, most of these companies have a strong fashion focus and are not as focused on premium and luxury accessories like the Company is. This is highlighted by the Company's position as the leading premium and luxury handbag online retailer in its core German market (see "12.1 Overview" – *Brand Recognition: Handbags in Germany*). Amongst others, competitors include Yoox-Net-A-Porter and MyTheresa. Platforms such as Farfetch are predominantly not offering own merchandise but function as a marketplace for other, often offline, retailers. The Company is therefore of the belief that they cannot control the customer experience, availability etc. to the same extend the Company does.
- **Vertically integrated offline retailers:** Mainly offline focused vertically integrated retailers are also expanding their own virtual shelf space. These retailers typically have a long history, high brand awareness and a large customer base in their respective regional markets. However, their online offerings often lack dedication because the primary focus of investment is the core offline business. Among others, these include retailers such as Breuninger, Peek & Cloppenburg, GALERIA Karstadt Kaufhof, Christ, and The KaDeWe Group.
- **Brand specific retailers:** Most of the brands the Company offers operate offline brand store and in addition own mostly mono-branded online stores. These web shops lack a broad brand universe and do not offer the convenient comparison and "mix and match" options to consumers which the Company offers. Among others, these brands include MCM, Michael Kors, and Gucci.
- **Other online players:** The Company also competes with several companies that may only partly have an overlap with the Company's offering. Among them are online category pure-plays such as Wardow for handbags and backpacks or Edel Optics for sunglasses, online shopping clubs such as BestSecret and Veepee and price comparison sites such as Stylight and Mybestbrands.

While its industry is evolving rapidly, the Company believes that it benefits from the high entry barriers of the European Premium and Luxury Fashion Accessories Market, in particular due to selective distribution approaches by brand owners and local preferences across countries.

## 12.1 Overview

The Company considers itself as one of the leading destinations for Premium and Luxury Fashion Accessories, i.e. for premium and luxury fashion accessories including handbags, shoes, sunglasses, watches and jewelry, in the DACH Region. It currently operates websites under the "fashionette" brand addressing eight European countries (Germany, Austria, Switzerland, France, Italy, Netherlands, Sweden and the UK) with the DACH Region as its core region accounting for 88.6%<sup>1</sup> of its revenue in 2019. In addition, the Company believes that it is also the online market leader for premium and luxury handbags in Germany with its proven leading brand awareness in the targeted customer group, i.e., woman, 18 years and older, who have purchased Premium and Luxury Fashion Accessories between May 2018 and April 2020 (source: Innofact AG, May 2020 consumer survey).

### Brand Recognition: premium and luxury handbags in Germany (premium/luxury retailers)



(source: Innofact AG, consumer survey (May 2020))

The Company aims to become the leading online platform for Premium and Luxury Fashion Accessories in Europe. By offering a selection of Premium and Luxury Fashion Accessories that, in the view of the Company, both transcend short term fashion trends and have a long-lasting appeal, this online platform shall assist customers to complete their outfits. For this purpose, the Company aims at offering a wide but well assorted and curated range of Premium and Luxury Fashion Accessories. In the view of the Company, it can offer products to its customers at a superior service level and a competitive price.

With close to 11,000 SKUs from over 150 international brands and a customer base of 270.3 thousand Active Customers (source: internal reporting of the Company as of June 2020), the Company believes to have built one of the most comprehensive offerings of Premium and Luxury Fashion Accessories in the DACH Region, attracting approximately 2.8 million site visits per month (source: internal reporting of the Company as of June 2020).

The Company and its employees provide a very high customer satisfaction level, scoring approximately 4.8 (out of 5) on Trustpilot and Trusted Shops (source: Trustpilot/Trusted eShops) and a Net Promoter Score of approximately 70% (source: Company reporting through third party solution "zenloop"). The Company believes that this has been achieved through its continued focus and passion for delivering an outstanding customer experience through:

- a convenient and inspiring shopping experience enabled by the Company's state of the art proprietary IT platform;
- various payment options including installment plans and invoicing;
- high quality packaging, fast delivery times and an easy return process; and
- a friendly, competent and free customer service.

The Company believes that the combination of customer satisfaction and the attractiveness of its selection of Premium and Luxury Fashion Accessories is a key driver for customer engagement. For example, the Company's newsletter subscribers visited its e-commerce shop on average more than 13.5 times in the first six months of the calendar year 2020. By extending its product offering

<sup>1</sup> In the sections 12.1 to 12.4 all figures are unaudited unless stated otherwise.

through an even broader selection and more categories, the Company's goal is to increase the share of wallet of its Active Customers and attract even more New Customers to the platform.

By utilizing its business intelligence infrastructure, the Company believes to have overcome many challenges which other e-commerce companies are facing, in particular by

- ensuring the selection of the right products to minimize the fashion risk (inventory write offs on average less than 1% of inventory);
- optimizing product pricing resulting in minimal inventory aging challenges (<10% of the Company's inventory older than 365 days as of 30 June 2020 while still achieving a high gross profit margin (39.7%) in the six months period ended 30 June 2020;
- enabling highly efficient marketing spends resulting in a Marketing Cost Ratio of 5.3% for the first six months of the calendar year 2020 and customers who are profitable from their very first order; and
- allowing the Company to provide customer credit resulting in 46.3% of the Company's revenue paid by installment plan payment methods with approximately 2% of bad debt.

The Company has developed a rigorous and customized scoring and rating system that is fully integrated into its proprietary IT platform which enables the Company to offer qualified customers installment plan payment options (three or twelve monthly installments) that it believes are difficult to replicate. In addition, its IT platform allows the Company to secure key transaction data and to complete just-in-time qualification checks at the start of the payment process. In 2019, approximately 80% of the installment plan claims and the related financial risk were factored to third party service providers.

In 2019, the Company realized EUR 73,160.3 thousand revenue<sup>1</sup> resulting in an EBITDA of EUR 6,771.0 thousand and an EBITDA margin of 9.3%. In the six months ended 30 June 2020, the Company's revenue continued to grow to EUR 39,135.5 thousand translating into +19% period over period growth compared to the six months ended 30 June 2019. The main driver for growth in the six months ended 30 June 2020 were orders from New Customers (+35.8% period of period) and orders from Active Customers, i.e., Number of Orders, (+30.1% period of period) with an Average Order Value of EUR 284. This resulted in an EBITDA of EUR 2,838.1 thousand and an EBITDA margin of 7.3% in the six months ended 30 June 2020.

## 12.2 History and key milestones

In April 2019, the current members of the Management Board, Daniel Raab (CEO) and Thomas Buhl (COO/CTO), took over to initiate a new phase of organic and inorganic business growth and to accelerate the Company's European roll out, as well as instigating a transition of the Company's existing business to a fully data driven business model. In connection with this change in management, the founders sold all remaining shares to the Company's majority owner GENUI and the current members of the Management Board (via THINK BIG and Alocaris).

Following the success in selling premium and luxury handbags, the Company has been expanding into other related Premium and Luxury Fashion Accessories such as shoes, sunglasses, watches and jewelry. In 2019, more than 28% of the Company's revenue was already generated from categories other than premium and luxury handbags.

The key milestones of the Company's history can be summarized as follows:

- 2008: Foundation of the Luxury Fashion Trade GmbH with registered seat in Düsseldorf, Germany, registered with the Commercial Register under registration number HRB 61685 ("**Luxury Fashion Trade**"), which was merged onto the Company in 2016
- 2010: Re-launch of website with focus on handbags
- 2013: Achieving a revenue of EUR 13 million and a breakeven EBITDA
- 2014: First television commercial
- 2015: Investment by GENUI and exit of business angels and venture capitalists
- 2016: Scalable logistics with new logistics partner
- 2016: Exceeding more than 100 employees
- 2017: Implementation of holistic Enterprise Resource Planning system for all business areas
- 2017: Launch of new frontend

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<sup>1</sup> Audited.

- 2017: Exceeding more than EUR 50 million in revenue
- 2019: Founder succession for next phase of growth – new CEO and COO/CTO
- 2020: Launch of automated competitor tracking and pricing tool
- 2020: Launch of new Product Information Management system enabling further product and category expansions and enhanced business features

### **12.3 The Company's key strengths**

The Company believes it is well positioned to capture the large market opportunity in the European Premium and Luxury Fashion Accessories Market. The Company opines that the following essential key strengths will continue to contribute to its success and distinguish it from peers:

#### **12.3.1 The Company believes to have a proven and successful operating model while being well positioned to take advantage of the beneficial market characteristics of the European Premium and Luxury Fashion Accessories Market, as well as being able to continue to benefit from an accelerating shift from offline to online.**

The Company operates in two markets, the European Luxury Market (expected market size of EUR 100.9 billion of the total market revenue in 2023 based on Statista) and the European Accessories Market (expected market size of EUR 79.0 billion of the total market revenue in 2023 based on Statista), both of which the Company together refers to as the European Premium and Luxury Fashion Accessories Market. The European Premium and Luxury Fashion Accessories Market is currently benefiting from multiple tailwind growth drivers including the accelerating shift from offline to online in the premium and luxury e-Commerce segment (see "11.1.2 Key trends"). The Company believes that the European Premium and Luxury Fashion Accessories Market offers a higher growth potential due to the lower online penetration of the premium and luxury e-commerce segment compared to other more mature product segments and markets (see "11.1.2 Key trends"), the generational growth boost towards the premium and luxury market (see "11.1.2 Key trends") and the forecasted growth in its addressable markets, which are expected to be between 11% and 16% per year (in terms of market revenue) until 2023 (see "11.1.2 Key trends").

#### **12.3.2 The Company considers itself as the online market leader for premium and luxury handbags in Germany with market leading brand recognition.**

The Company's longstanding market presence and continuous investments in marketing and brand building initiatives has enabled the Company to build reliable relationships with numerous brands and suppliers across Europe, which the Company believes to provide high barriers to market entry of new competitors. The Company believes it's web shop to be the favorite choice of female shoppers for designer handbags in Germany, being named more than twice as often as the next ranking competitor (source: Statista, February 2019 consumer survey, <https://de.statista.com/infografik/16694/der-online-markt-fuer-designer-handtaschen-in-deutschland/>) and having a high brand recognition in its other core segments of Premium and Luxury Fashion Accessories (source: Innofact AG, May 2020 customer survey). For its customers, the Company believes to offer an attractive opportunity to compare Premium and Luxury Fashion Accessories from multiple brands, identify up and coming trends with a minimized risk of counterfeit products.

#### **12.3.3 The Company opines that the Average Order Value provides opportunities for significant marketing investment while still achieving an attractive EBITDA margin.**

The Company's focus on the European Premium and Luxury Fashion Accessories Market has resulted in an Average Order Value of EUR 306 and an average of 1.3 SKUs per customer order in 2019, with the premium and luxury handbags as the Company's core category achieving an average product price per unit of EUR 270 for the same period (average product price per unit across all categories around EUR 240). The Company's Average Order Value has demonstrated continuous growth over years, increasing from EUR 274 in 2017 to EUR 309 in 2018. With an EBITDA margin of 9.3% in the financial year ended 31 December 2019, the Company is convinced it will continue to be able to increase the Average Order Value by expanding the Company's existing categories' selection and by the launch of new adjacent categories, which will in turn lead to higher average orders per customer and/or higher Average Order Values. In addition, the Company believes that the customer engagement will continue to be driven by the investment in content and a further improved customer experience (e.g., by developing a native app). Therefore, the Company believes to be in a strong position to invest in its further growth and driving new customer acquisition through marketing. In addition, the Company believes that it will be able to decrease its operating costs in percentage of revenue with its expected continuous revenue growth. This will provide the Company with the opportunity to invest in its organic international expansion and to stimulate the Company's profitability in the future.

**12.3.4 The Company believes that it has developed an efficient marketing strategy achieving low customer acquisition costs but high customer lifetime values and steady increase in average order value by customer lifetime**

To determine the effectiveness of the Company's customer acquisition and retention strategy, the Company monitors Other KPIs such as the initial CAC and the CLV. To calculate CAC, the total annual cost of marketing is divided by the total number of new customers acquired. CLV is defined as Gross Profit less fulfillment costs attributable to a particular customer cohort, the members of which were all acquired during a specific period of time, since the acquisition of such customers. These Other KPIs assess the strength of the short-term and long-term customer order economics. The Company's marketing investments are distributed and constantly optimized across a variety of channels, such as search engine marketing, TV advertising, display advertising, affiliate marketing and social media advertising as well as search engine optimization.

Based on its data infrastructure that combines more than 40 data sources, the Company follows a data driven approach to marketing which leads to an effective deployment of its marketing investments, resulting in a positive CLV/CAC ratio after the first order of the respective customer group. With the Company's high customer loyalty reducing the CAC over time, the Company's CLV/CAC ratio rises significantly with older customer cohorts. The Company believes it will be able to generate higher CLVs over time mainly through an improved customer relationship management, improved marketing efficiency over time and through the continuous development of the Company brand, which will lead to even more attractive results.

**12.3.5 The Company believes to focus on a highly attractive customer group with the potential to capture a higher share of wallet of this highly attractive customer group through category expansion.**

The Company's offering of Premium and Luxury Fashion Accessories addresses the highly attractive middle to high-income female audience in the markets in which it operates (source: Innofact AG, consumer survey (May 2020)). According to a recent customer survey initiated by the Company, over 80% of its customer base is female. 70% of the Company's customers are below the age of 50 and 45% of the Company's customers are below the age 40. More than 75% of the Company's customers have a net disposable monthly income of more than EUR 2,000 that supports the Company's high Average Order Value as outlined above. The Company believes that this provides an outstanding opportunity to further drive customers' order frequency and to achieve a higher share of wallet over time leading to a continuous increase in revenue from existing loyal customer base and ultimately to a higher profitability.

**12.3.6 The Company believes that the Fashionette Platform provides an attractive opportunity with a strong cross-sell potential into adjacent categories.**

Starting with premium and luxury handbags as core category in an emotionally charged market segment, the Company is attracting a customer base that has the financial means to buy additional products from adjacent product categories. In the six months ended 30 June 2020, the existing adjacent categories grew 56% year over year in revenue versus 15% in the comparable period in 2019. Therefore, the Company sees a continued cross-sell potential and organic growth driver from adjacent categories by expanding the existing categories' selection as well as from organic and inorganic expansion of new adjacent categories.

**12.3.7 It is the Company's understanding to offer a 360-degree customer experience with a strong track record of high customer satisfaction ratings.**

The Company and its employees pride themselves on a very high customer satisfaction level, scoring of approximately 4.8 (out of 5) on Trustpilot and Trusted Shops (source: Trustpilot/Trusted eShops) and a Net Promoter Score of approximately 70% (source: company reporting through third party solution "zenloop"). Due to its proprietary IT platform, the Company is able to offer its customers a suite of superior product conveniences, high quality packaging, fast delivery times, an easy and free return process, along with a service-oriented customer service and various payment options including installment plan payments and invoicing. The installment plan payment options offered by the Company provide a very positive customer experience by supporting the customer's wish to own aspirational Premium and Luxury Fashion Accessories and at the same time supplying an active customer "retention program".

**12.3.8 The Company believes to have a very attractive financial profile to enable dynamic growth and proven profitability.**

The Company has a multi-year track-record of EBITDA profitability since 2013. The ability to achieve ever increasing margins underscores in the view of the Company the long-term attractiveness, efficiency and sustainability of the Company's business and operating model. The Company's EBITDA margin has increased in every year from 6.0% in the financial year ended 31 December 2017 to 9.3% in the financial year ended 31 December 2019. The Company has demonstrated the ability to not only increase the Site Visits and realize double digit topline growth but to convert its revenue into increasing profits for the six months ended 30 June 2020. The Company's data driven platform, extensive customer data and the proven track record of being able to convert New Customers into Active Customer with a constantly increasing annual Average Order Value, although with a slight decrease of EUR 306.3 in 2019 from EUR 309 in 2018 (see "9.4.2 Other KPIs") allows to anticipate accelerated topline growth and organic and inorganic international expansion, which should pay-off in the medium to long-term.

### **12.3.9 The Company believes to have low logistics costs as a percentage of revenue.**

With logistics costs of 6.9% of revenue in the six months ended 30 June 2020 (6.2% for the six months ended 30 June 2019), the Company believes to benefit from low logistics costs as a percentage of revenue. The low logistics costs result from constantly improving the Company's operational processes and Average Order Values. The Company has thus demonstrated to be able to scale its logistic services along with topline growth and is confident this will continue with its further growth.

### **12.3.10 It is the Company's understanding that its scalable and data driven proprietary technology platform supports all business processes.**

The Company considers itself to be a truly data-driven company that uses technology and statistics as a tool to create a better and personalized customer experience and operations while constantly improving its efficiency and effectiveness. The Company's proprietary IT platform provides its teams with operational insights to enhance the Company's customer experience, guides the buying teams' selection and decision-making processes and actively supports the management of the Company's inventory at the right price. The scalable technology setup includes automated pricing decision processes, personalization of the customers' shopping experience, creating automated targeted marketing campaigns and managing payment processes including risk management. The Management Board constantly makes deliberate make-or-buy decisions, relying on standard software and IT solutions where it believes it to be sensible and investing in proprietary solutions where it believes it to be necessary. The Company believes that its ability to develop proprietary technology minimizes its reliance on third-party providers and creates the necessary flexibility to react to market changes and opportunities. In the view of the Company, this ability also provides the opportunity to develop solutions not readily available to competitors. At the same time, the use of standard software and cloud storage allows the Company to be cost efficient and benefit from scale effects. The Company considers its technology setup to be secure, robust and scalable.

### **12.3.11 The Company believes that its mobile websites provide a high mobile traffic share and provide opportunities to invest in a native application to further improve customer experience.**

In the six months ended 30 June 2020, approximately 81% of all Site Visits and 72% of the Company's revenue was generated by mobile devices compared to 75% and 71% in the six months ended 30 June 2019. The importance of the Company's mobile websites is continuing to increase as the share of Site Visits generated by mobile devices was 77% in the financial year ended 31 December 2019 (2018: 70%) and the share of Order Value generated by mobile devices was 72% in the financial year ended 31 December 2019 (2018: 66%). The Management Board is planning to invest in a native application to further improve the mobile shopping experience to further stimulate customer engagement, increase orders per customer in year and to gain a higher share of wallet of the Company's customers with an excellent customer experience anywhere, anytime, on any device.

### **12.3.12 The Company believes to have a Management Board with a proven track record of scaling business in a rather traditionally emotion-based industry**

The Management Board is cultivating a data-driven operating model in a rather traditionally emotion-based industry. It is believed to have a unique blend of experience in all aspects of the retail business including a true e-commerce mindset developed in combined 20 years with Amazon in Germany and the United States including a deep understanding of technology. Daniel Raab, who worked in the fashion and fashion accessories industry for companies including Hermès and Gucci, and Thomas Buhl, were among the early employees of Amazon in Germany from 2006 and 2002 respectively. As one of the founding managing directors of ProSiebenSat.1 Media SE's strategic investment arm ProSiebenSat.1 Commerce GmbH, Daniel Raab was able to gain relevant acquisition and integration experience with companies like Germany's leading online pure play beauty retailer Flaconi GmbH. The Management Board's entrepreneurial spirit and long-term commitment is underpinned by their financial investment via THINK BIG and Alocaris as Existing Shareholders.

## **12.4 The Company's strategy**

The key element of the Company's strategy is to continue to focus on its profitable growth at above-market rates. The Company aims to be the leading online platform for Premium and Luxury Fashion Accessories in the highly fragmented European Premium and Luxury Fashion Accessories Market.

To achieve this, the Company plans to:

### **12.4.1 Accelerate its organic growth by growing the Company's market share through the expansion of its product selection, product categories and geographic expansion.**

The Company has realized an organic revenue year-over-year growth of approximately 19% in the six months ended 30 June 2020. It is the Company's clear target to continue to grow above market rates and to increase the Company's share of the European Premium and Luxury Fashion Accessories Market. Therefore, the Company's proprietary IT platform and data driven approach has been built

from the bottom up for scalability.

- **Selection Expansion:** The Company is using its data and strong supplier relationships to continuously improve and increase its available selection for customers, for example the selection for the sub-category 'small leather goods' was increased by more than 300% year over year, which resulted in a revenue growth of over 100% year over year for the six month period ended 30 June 2020. Target segments for product selection expansion continue to be existing categories like small leather goods, sunglasses and jewelry but also potential new categories like beauty and care products. Selection expansion may also include the development of a private label selection for products like scarfs, hats etc.
- **Adjacent Categories:** The Company has a clear strategy to focus on adjacent categories of Premium and Luxury Fashion Accessories complementary to the Company's existing positioning and relevant for the same target audience in order to leverage the Company's existing customer base and to achieve attractive returns for future investments in marketing, operations and IT. Among potential new categories, the Company has identified the beauty and care segment with an incremental addressable market of more than EUR 20 billion of the total market revenue (source: Statista Consumer Market Prestige Beauty in Europe) as complementary to the Company's existing offering.
- **Geographic Expansion:** The Management Board has developed an operating model in which it plans to replicate the success in the DACH Region as the Company's core region in adjacent European countries and thereby to become the leading European data driven online platform for Premium and Luxury Fashion Accessories. Initially, the focus of organic internationalization will likely be on the "BeNeLux" region, i.e. Belgium, The Netherlands and Luxembourg, which shall likely be followed by France and the United Kingdom. The development of existing non-DACH regions and the expansion into new countries of the EU in particular is expected to drive incremental growth as a significant share of the target customer group in the EU has not been made aware of the Company. The Company has already established a market presence in selected Northern European markets without offering fully native support and customer experience including language and delivery options. The expansion is planned to be executed with a focus on operational discipline from the headquarter in Düsseldorf, Germany.

#### **12.4.2 Opportunistically seize inorganic growth opportunities through selected acquisitions**

On top, the Management Board is already investigating incremental growth opportunities through an increase of the product offering, the expansion into more adjacent product categories and by way of marketing investments in relevant regions in the EU. With some potential acquisition targets, in particular in the sector of accessories, the Company has entered into discussions. European expansion and an accelerating growth are logical next steps with the focus on leveraging synergies to continue to achieve profitable above market growth on a group level. The Management Board, which believes to have a track record of successful acquisitions and experience with integration projects, has developed detailed and comprehensive list of potential acquisition targets across the EU and takes a strict and disciplined approach to bidding. It is intended to deploy approximately 45% of the net proceeds from the Offering on selected identified targets within the next 12 to 18 months following the Offering.

### **12.5 Business operations**

#### **12.5.1 Premium and Luxury Fashion Accessories**

It is the Company's aim to offer its customers one of the broadest and most relevant carefully selected assortments of Premium and Luxury Fashion Accessories with approximately 11,000 SKUs from more than 150 international brands. Having started with premium and luxury handbags as its sole product category, more recently introduced categories such as shoes and accessories including sunglasses, watches and jewelry already accounted for approximately 28% of the Company's order value in 2019. The offered brand portfolio includes a careful selection of global and local brands as well as the Company's own distinctive private brands.

The Company has invested significantly in its team, tools, systems, and processes in order to source and manage an exclusive and yet diverse product offering. The Company strives for high customer satisfaction as a driver of closer customer relationships and repeated sales. Customer facing processes include pricing and customer care. The Company is not operating an outlet. However, it uses pricing as a strategic measure and as a tool for customer acquisition and engagement as well as for managing its inventory health. Pricing decisions are to a large extent based on advanced analytics leading to automated price adjustments. The pricing automation engine operates within certain limits set by the Company.

The Company's track-record and proprietary data support the buying process and inventory management. Despite changing trends and customer demand, the Company has been able to manage its selection of Premium and Luxury Fashion Accessories and inventory levels very efficiently. Cumulated for the financial years 2017, 2018 and 2019, the Company only had to write-off 'unsaleable' inventory in the value of EUR 143.7 thousand (EUR 78.7 thousand in 2019).

#### **12.5.2 Payment**

The Company offers a wide selection of payment methods to its customers. Among them invoice, credit card, direct debit, PayPal

and payment by installments. The Company offers different payment options per country in order to address local preferences and customer expectations as offering a customer the preferred payment method is a significant driver of the conversion rate. Over the years, the Company has developed fully integrated risk- and payment management systems and processes allowing to make real-time decisions on the offered payment methods for each individual customer and buying process.

### **12.5.3 Logistics and delivery**

The Company's logistics and delivery processes encompass fulfillment (inbound logistics, storage, outbound logistics, returns) and distribution activities (transportation and shipping services). The Company regularly reviews its fulfillment and distribution setup and conducts a tender process before the end of a contract term.

#### ***Fulfillment***

The Company is working with a logistics service provider for the inbound storage and the outbound processes too. In 2016, the Company entered into a comprehensive fulfillment agreement with BFS Baur Fulfillment Solutions GmbH, Burgkunstadt, Germany ("**BFS Baur**"), according to which BFS Baur provides for all logistical services with respect to the receipts of the good, the storage of the inventory, picking and packing process, the outbound processes including the handover to carriers and returns management of the Company at its logistics center in Weismain, Germany. All parcels to the Company's customers are delivered out of this logistics center and all inbound receipt of merchandise, storage, picking, packaging, outbound shipping and the receipt, screening, and handling of returns is handled there as well. In addition, some of the inbound receipts are managed in the headquarters in Düsseldorf, Germany, where certain deliveries are quality checked and the content creation process is executed before the products are being forwarded to the logistics center. The logistics center is situated in a central location in Germany and has been capable of fulfilling the Company's planned logistics volumes.

The cooperation with BFS Baur was terminated by the Company on 24 September 2020 and will, therefore, end on 30 September 2021. Thereafter, the Company will work with the logistics services provider ITG GmbH Internationale Spedition und Logistik, Schwaig, Germany ("**ITG**"). ITG will provide the Company with the same fulfillment services as BFS Baur. ITG's logistics center is located in Oberhausen, Germany.

#### ***Distribution***

Delivery to the customers is a commodity service offered by multiple companies. The Company works with large, established and well-known local shipping companies, such as DHL in Germany or UPS in the UK. The Company sees potential to further increase customer satisfaction in markets outside Germany by potentially adding additional local distribution partners in the future, such as PostNL in the Netherlands.

### **12.5.4 Customer service**

The Company handled more than 160 thousand customer contacts in 2019 through various channels such as telephone, email and social media. In 2019, the Company handled approximately 87% of all customer contacts itself and the rest through an external partner, as the Company sees external partners as a cost-efficient way of dealing with peak volumes. The Company has made investments in the implementation what is believed to be a state-of-the-art-customer service and customer retention system and process landscape and partners with tools, such as Zenloop and Zendesk. Customer care and service is an opportunity to get in direct dialogue with the Company's customers. Their unfiltered feedback helps the Company to react to customer preferences and sentiments and continuously adapt its service offering and further improve customer satisfaction.

### **12.5.5 Information technology and date**

As the online market leader in Germany for premium and luxury handbags (source: Statista, February 2019 consumer survey, <https://de.statista.com/infografik/16694/der-online-markt-fuer-designer-handtaschen-in-deutschland/>), the Company considers itself a technology company and believes that it has one of the most advanced and sophisticated IT-platforms in the European Premium and Luxury Fashion Accessories Market. This platform is operated by more than 30 highly qualified IT-experts, providing the Company with significant innovative potential as the Company continually seek to expand and optimize their IT-infrastructure.

#### ***IT-Platform***

The Company created a custom IT-platform that is perceived to be both scalable and integrated across the value chain. To this end, the websites are developed and updated in-house, as a resilient storefront for the Company's product offering, focusing on a reduction of downtimes while at the same time aiming to provide a state-of-the-art-customer experience. The Company continuously upgrades the features it offers, in particular by adding more varied content and increasing innovative features to further enhance the competitiveness of the Company's online offering.

The Company has developed a front-end perceived to being able to appeal to its customers and to assist them in their search for a fashion product in accordance to their specific taste. In line with the marketing strategy, the front-end development primarily focus-

es on mobile devices, as mobile traffic accounted for 81% of the overall traffic to the Company's websites in the six months ended 30 June 2020. The technology and the user experience teams are working hand-in-hand to continuously improve the customer experience. To this end, the quality assurance team runs hundreds of automated test cases for each release.

The Company considers itself a truly data-driven company which uses technology and data in order to create better customer experience and more efficient and effective operations. The use of technology is integral to the Company's business and success, the Company therefore believes that its ability to collect and analyze data provides it with a key competitive advantage. That's why the Company designed their IT-platform with a view to integrating the collection of data from multiple relevant access points. This setup is believed to allow the Company to utilize the increased knowledge in various ways:

- The Company can tailor its marketing efforts and the allocation of marketing expenses across different marketing channels based on the data obtained with respect to the net contribution of such marketing channels.
- By constantly analyzing the data with respect to competitor's product offerings and past customer behavior, the Company can optimize the pricing of its products in order to stimulate growth and achieve higher gross profit.
- By analyzing customer behavior, the Company can tailor the content of the Fashionette Platform to ensure that they stay relevant to customers and provide them with an attractive shopping experience.
- The Company's in-depth knowledge of expected customer behavior as well as current and future inventory levels enables it to base the sourcing decisions on generally accurate forecasts.
- The integrated IT-functions across the value chain provide the Company with high visibility on the journey of its products and the effectiveness of its fulfilment operations.
- Its ability to analyze various relevant operational performance indicators in real time helps the Company steer its business more efficiently and enables it to analyze potential adverse developments earlier.

Given that the IT-platform is close to be fully cloud based by utilizing Amazon Web Services, the Company benefits from the increased flexibility and security of operating in this high-quality cloud. Also, for this reason, the Company considers its technology set-up to be best in class, secure, robust and scalable.

#### ***IT-Security***

When expanding and operating its IT-platform, the Company aims to constantly focus on security and reliability. To this end, the Company has implemented various state of the art security measures, in particular:

- cloud storage;
- firewalls;
- automated backups;
- encryption of sensitive data;
- specialized software to prevent so-called distributed denial-of-service attacks;
- disaster recovery systems;
- security awareness reminders for employees, in particular with respect to phishing and passwords;
- penetration and security testing;
- information sharing based on a strict need-to-know principle;
- code reviews by at least two programmers;
- multi-factor authentication; and
- central password authentication.

## **12.6 Intellectual property**

### **12.6.1 Trademark and registered designs**

As of the date of the Prospectus, the Company's portfolio of trademarks comprises approximately 25 registered word marks, figurative marks and word-figurative marks and applications, including its most important brand "*fashionette*". Most of these trademarks are European or German registrations.

The Company constantly monitors its intellectual property to ensure that all material rights remain in full force and effect as well as to protect these key assets, including by pursuing infringements by third parties.

## 12.6.2 Domains

As of the date of the Prospectus, the Company is the legal and beneficial owner of various domains, including the following domains which are essential to its business:

- fashionette.de;
- fashionette.at;
- fashionette.ch;
- fashionette.nl;
- fashionette.co.uk;
- fashionette.fr;
- fashionette.it;
- fashionette.se; and
- fashionette.com.

## 12.7 Material contracts

### 12.7.1 Fulfillment contracts

#### ***Current Fulfillment Contract***

On 11 January 2017, the Company and BFS Baur entered into a framework agreement with respect to the performance of fulfillment services ("**Current Fulfillment Contract**"). Under the Current Fulfillment Contract, the Company has engaged BFS Baur to provide the following fulfillment services at its logistics center:

- conception and technical connection for the Company (in particular planning of the various warehouse processes, incoming goods, optimal storage, picking, outgoing goods, packaging, etc.; the IT connection to the IT landscape between BFS Baur and the Company to ensure a smooth flow for the service provision);
- goods receipt handling;
- warehousing;
- order picking;
- packing;
- value added services;
- distribution;
- export customs clearance;
- factory traffic;
- returns management; and
- IT services.

The Current Fulfillment Contract has a minimum contract term until 1 October 2021 and is automatically extended by one year in each case unless it is terminated with twelve months' notice to the end of a contract year. The Current Fulfillment Contract was terminated on 24 September 2020 and will, therefore, end on 30 September 2021.

#### ***Future Fulfillment Contract***

On 19 October 2020, the Company and ITG GmbH Internationale Spedition und Logistik, Schwaig, Germany ("**ITG**"), entered into a framework agreement with respect to the performance of fulfillment services ("**Future Fulfillment Contract**"). Under the Future Fulfillment Contract, the Company has engaged ITG to provide the same fulfillment services as BFS Baur under the Current Fulfillment Contract. ITG's logistics center is located in Oberhausen, Germany.

The services under the Future Fulfillment Contract will be provided starting in the second quarter of 2021, with the exact date to be agreed by both parties as part of migration planning. The Future Fulfillment Contract has a minimum contract term of five years and is automatically extended by one year in each case unless it is terminated with twelve months' notice to the end of a contract year. However, the Company has the right to terminate the Future Fulfillment Contract with twelve months' notice to the end of the third contract year, even before the minimum term expires.

## 12.7.2 Loan agreements

### **Deutsche Bank Loan**

On 24 June 2019, the Company as borrower and Deutsche Bank as lender entered into a working capital line agreement with an aggregate loan amount of up to EUR 7.5 million ("**Deutsche Bank Loan**"). The Deutsche Bank Loan consists of a revolving cash credit line (*revolvierende Barkreditlinie*) of up to EUR 7.25 million to finance the Company's short-term working capital requirements ("**DB Cash Credit**") and a revolving guarantee credit line (*revolvierende Avalkreditlinie*) of up to EUR 250,000 for the Company's operating activities ("**DB Guarantee Credit**"). As of 30 September 2020, an amount of EUR 4,754.4 was drawn under the Deutsche Bank Loan. The Deutsche Bank Loan has a term until 30 June 2022.

The DB Cash Credit bears interest at a rate of 2.92% per annum and must be fully repaid by the end of the term of the Deutsche Bank Loan. In the event of a change in the interest rate for the main refinancing operations of the European Central Bank ("**ECB Interest Rate**"), the interest rate shall be adjusted as follows: If the ECB Interest Rate increases or decreases by a total of 0.50 percentage points or more compared to the ECB Interest Rate of 0.0 percent set on 10 March 2016, Deutsche Bank will adjust the interest rate of the DB Cash Credit by exactly this change. The starting point for any further adjustment under this methodology is the ECB Interest Rate that was the basis for the most recent change in the contractual interest rate.

Under the DB Cash Credit, a short-term fixed-rate loan of up to EUR 3.625 million with a maximum term of three months is possible. The minimum amount per draw is EUR 0.5 million. The interest rates for such short-term fixed-rate loans shall be determined by a separate agreement.

Under the DB Guarantee Credit, Deutsche Bank must be released from the guarantees by the end of the term of the Deutsche Bank Loan. The issuing fee for each guarantee shall be determined by separate agreement.

The Deutsche Bank Loan may extraordinarily be terminated by Deutsche Bank in the event of a change of the Company's shareholder and no timely agreement is reached between the parties on the continuation of the Deutsche Bank Loan on possibly different terms.

The Deutsche Bank Loan is secured by the assignment of the Company's warehouse under the Collateral Pooling Contract (as defined below).

With regard to a change in the Company's shareholder structure, the Company and Deutsche Bank entered into an amendment agreement dated 19 October 2020 to the Deutsche Bank Loan to reach a mutually satisfactory agreement on the continuation of the Deutsche Bank Loan, if necessary on modified conditions, e.g. with regard to interest, collateral or other arrangements in good time before the occurrence of a change of shareholder, if a person other than the Existing Shareholders acquires or holds more than 25% of the Shares.

### **UniCredit Loan**

On 24 June 2019, the Company as borrower and UniCredit as lender entered into a working capital line agreement with an aggregate loan amount of up to EUR 7.5 million ("**UniCredit Loan**"). The UniCredit Loan consists of a revolving cash credit line (*revolvierende Barkreditlinie*) of up to EUR 7 million to finance the Company's short-term working capital requirements ("**UC Cash Credit**") and a revolving guarantee credit line (*revolvierende Avalkreditlinie*) of up to EUR 500,000 for the Company's operating activities ("**UC Guarantee Credit**"). As of 30 September 2020, an amount of EUR 2,919.9 was drawn under the UniCredit Loan. The UniCredit Loan has a term until 30 June 2022 but may be terminated by the Company at any time by giving three months' notice.

The UC Cash Credit bears interest at a rate of 2.60% per annum and must be fully repaid by the end of the term of the UniCredit Loan. The interest rate is variable and consists of the last published monthly average of the EURIBOR three-month money market rate and a nominal premium of 2.6% per annum.

Under the UC Guarantee Credit, UniCredit must be released from the guarantees by the end of the term of the UniCredit Loan. The issuing fee for each guarantee amounts to 1.5% per annum and is due quarterly.

The UniCredit Loan is secured by the assignment of the Company's warehouse under the Collateral Pooling Contract (as defined below). If GENUI's stake in the Company is reduced to 50% or less after the IPO, UniCredit has confirmed in a side letter dated 16 October 2020 to the UniCredit Loan that it will not claim any deterioration in risk and thus no further collateral. This would only apply if a new shareholder were to hold more than 25% of the Shares after the IPO.

Under the UniCredit Loan, the Company is not allowed to distribute dividends during the term of the UniCredit Loan.

### **KfW Loans**

On 29 April 2020, the Company as borrower and Deutsche Bank as lender entered into a loan agreement for an amount of EUR 2.5 million available to be drawn in one or more tranches and bearing interest at a rate of 2.0% per annum ("**KfW Loan 1**").

On 15 June 2020, the Company as borrower and UniCredit as lender entered into a loan agreement for an amount of EUR 2.5 million available to be drawn in one or more tranches and bearing interest at a rate of 2.0% per annum ("**KfW Loan 2**" and together with the KfW Loan 1, "**KfW Loans**").

The Company did not draw the KfW Loans and terminated them without notice on 19 October 2020. The KfW Loans were refinanced by the Kreditanstalt für Wiederaufbau, Frankfurt am Main, Germany, and part of its support programme for entrepreneurs in the context of the COVID-19 Pandemic.

### **12.7.3 Collateral pooling contract**

The Company, UniCredit and Deutsche Bank entered into a collateral pooling contract dated 15 July 2016, as amended on 27 June 2018, 29 July 2019 and 5 December 2019, relating to the Deutsche Bank Loan and UniCredit Loan ("**Collateral Pooling Contract**"). Under the Collateral Pooling Contract, the Company agreed to assign all goods of the Company as collateral to Deutsche Bank in its function as pool leader. The Collateral Pooling Contract is concluded for an indefinite period of time and can only be terminated by the Company once the Company's obligations under the Deutsche Bank Loan and UniCredit Loan have been fulfilled.

On 6 January 2017, the Company and Deutsche Bank entered into a collateral agreement ("**Collateral Agreement**") to secure the claims of Deutsche Bank and UniCredit under the Deutsche Bank Loan and the UniCredit Loan. Under the Collateral Agreement, the Company assigned its existing and future inventory.

### **12.7.4 Lease contracts**

#### ***Headquarters***

On 3 June 2015, the Company as tenant and Allianz Versicherungs-Aktiengesellschaft, Munich, Germany, (later: IntReal International Real Estate Kapitalverwaltungsgesellschaft mbH, Hamburg, Germany) as landlord entered into a lease contract with respect to the Company's current headquarters at Grafenberger Allee 295, 40237 Düsseldorf, Germany.

The lease commenced on 13 November 2015 and the regular term of such lease originally extended until 28 February 2019. The Company had, however, the option to extend the lease twice for an additional term of two years (i.e., until 28 February 2021 and 2023), which it exercised once on 15 June 2018. The lease contract was terminated on 12 August 2020 and will, therefore, end on 28 February 2020.

#### ***Future headquarters***

On 31 July 2020, the Company as tenant and GREYFIELD Düsseldorf Objekt I GmbH, Essen, Germany ("**Greyfield**"), as landlord entered into a lease agreement with respect to the Company's future headquarters at Lierenfelder Straße 45, 40231 Düsseldorf, Germany.

The lease will commence once the rental object has been handed over to the Company which is scheduled to occur by 1 March 2021. The regular term of such lease is five years. The Company has, however, the option to extend the lease two times for two and three years.

On 19 October 2020, the Company as tenant and Greyfield as landlord entered into an amendment agreement to the lease agreement expanding the rental space at Lierenfelder Straße 45, 40231 Düsseldorf, Germany, and extending the term of the lease agreement to five years and eight months, with the first eight months being rent-free from 1 March 2021.

### **12.7.5 Factoring contracts**

#### ***Dealer contract with RatePAY***

On 6 August 2012, the Company and RatePAY entered into a dealer contract ("**Dealer Contract**"). Under the Dealer Contract, RatePAY provides the Company with services that enable the Company to offer its customers installment payments in its own name. The services provided by RatePAY under the Dealer Contract include, among others, a risk assessment of the customers, arranging the installment payments and taking over the debtor management. As the minimum contract period of the Dealer Contract has already expired, the Dealer Contract is extended by one year, unless it is terminated with three months' notice. The Dealer Contract currently runs until 6 August 2021.

#### ***Factoring contract with BFS finance***

On 13 January 2012, the Company and BFS finance GmbH, Verl, Germany ("**BFS finance**"), entered into a factoring contract ("**Factoring Contract**"). Under the Factoring Agreement, the Company undertakes to offer BFS finance certain claims against customers of the Company for purchase and BFS finance undertakes to purchase these claims from the Company. The Factoring Agreement applies to purchases from the Company's customers which are made on account or in instalments by direct debit. BFS finance, therefore, assumes the risk of insolvency of the Company's customers against payment of a fee on the purchased claim by the Company. As the minimum contract period of the Factoring Contract has already expired, the Factoring Contract is extended by one year, unless it is terminated with three months' notice. The Dealer Contract currently runs until 13 January 2021.

## 12.8 Insurance coverage

The Company has taken out insurance policies it considers customary and necessary for its industry, i.e., property and loss of earnings insurance, business and product liability insurance, transport insurance, cyber insurance.

The Company has also taken out a directors and officers ("**D&O**") insurance policy that covers the current and future members of the Management Board and Supervisory Board with a total coverage of up to EUR 15 million per year and various sublimits depending on the specific nature of claims. The D&O insurance provides for a deductible for all members of the Management Board in line with the AktG.

The Company's insurance policies contain market-standard exclusions and deductibles. The Company regularly reviews the adequacy of its insurance coverage and believes that its insurance coverage is in line with market standards in the industry. Nevertheless, it may suffer losses for which no insurance coverage is available or its losses may exceed the amount of insurance coverage under the Company's existing insurance policies.

## 12.9 Employees

As of the date of the Prospectus, the Company employs a total of 154 employees (total headcount), all of whom are located in Germany.

The average number of employees employed by the Company in the following financial years ended 31 December amounted to:

- 2019: 136
- 2018: 134
- 2017: 121

As of the date of the Prospectus, there are no arrangements for involving the employees in the Company's capital. The Company has not entered into pension arrangements with its employees. Therefore, no amounts have been set aside or accrued to provide pension, retirement or similar benefits.

## 12.10 Real property and headquarters

As of the date of the Prospectus, the Company's headquarters are located at Grafenberger Allee 295, 40237 Düsseldorf, Germany. From 1 March 2021, the Company will have its headquarters at Lierenfelder Straße 45, 40231 Düsseldorf, Germany.

As of the date of the Prospectus, the Company does not own any real estate. The following table provides an overview of all real estate currently leased by the Company:

Location	Approximate size of effective area in sqm	Primary use
Grafenberger Allee 295, 40237 Düsseldorf, Germany <sup>(1)</sup>	2,240	General Office and Operations including minor inbound logistics processes (mainly Content Production and After Sales)
Lierenfelder Straße 45, 40231 Düsseldorf, Germany <sup>(2)</sup>	2,420	General Office
Fichtenstraße 115, 40233 Düsseldorf, Germany	1,207	Operations including minor inbound logistics processes (mainly Content Production and After Sales)
Klosterstraße 112, 40211 Düsseldorf, Germany <sup>(3)</sup>	188	Content Production (Photo Studio)

<sup>(1)</sup> Lease agreement ends on 28 February 2021.

<sup>(2)</sup> The lease will commence once the rental has been handed over to the Company which is scheduled to occur by 1 March 2021.

<sup>(3)</sup> Lease agreement ends on 31 December 2020.

## 12.11 Legal and arbitration proceedings

In the course of its business activities, the Company is from time to time party to legal disputes and proceedings potentially leading to them, particularly in the areas of product, intellectual property disputes, warranty, delays of payments or deliveries, competition law, labor disputes and tax matters. However, none of these are material with regard to the financial situation or profitability of the Company, neither individually nor as a whole, except for the circumstances described below:

The Company is currently involved in a legal dispute with Mara Cromer, who claims to have designed the MCM Logo. Mara Cromer sued the Company before the district court (*Landgericht*) of Hamburg, Germany, and asked the Company to (i) stop using the MCM Logo on, inter alia, handbags, (ii) provide information about and account for previous use of the MCM Logo, (iii) provide information about the distribution channels for products bearing the MCM Logo, and (iv) declare that the Company is liable for damages. With

judgment of 14 July 2017, the district court (*Landgericht*) of Hamburg, Germany, dismissed the claim as unfounded, stating that the MCM Logo is not protected by German copyright law. The district court (*Landgericht*) of Hamburg, Germany, did not decide about other questions in dispute, including (i) whether Mara Cromer was indeed the author/originator of the MCM Logo, or (ii) whether the MCM Holding AG, Zug, Switzerland, had acquired all rights in the MCM Logo prior to the lawsuit. Mara Cromer has filed an appeal against the decision of the District Court (*Landgericht*) of Hamburg with the higher regional court of Hamburg (*Hanseatisches Oberlandesgericht*), Germany, which has not yet rendered a decision about the appeal. If the appeal is successful, such a judgement would only be declaratory in nature and a second action would be necessary to enforce the payment of damages. However, taking into account all products with the MCM Logo sold by the Company, such damages could amount to a single digit million Euro amount based on initial estimates of the Company, but could also be higher if the initial estimate proves wrong.

Apart from this law suit, the Company is not aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending nor threatened) during a period covering the last twelve months which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.

## 13 REGULATORY AND LEGAL ENVIRONMENT

*The Company operates in the EU as well as in Switzerland and the UK. Therefore, the Company's business is subject to various regulatory requirements under European law and regulations of the EEA, the applicable national laws of the European countries in which it operates as well as the laws of Switzerland and the UK.*

*While the relevant laws and regulations are typically of a national scope, within the EU, a considerable degree of regulatory harmonization exists in a number of areas relevant to the Company's business. The EU has created a common regulatory framework that applies not only in the Company's most important market Germany but in all member states of the EU and comprises directives and regulations. Directives only become effective once they are transposed into national law in the respective member state of the EU and the implementation of directives may vary between member states. Regulations, however, do not require implementation into national law and apply directly and uniformly in all member states of the EU. Although the UK withdrew from the EU on 31 January 2020, the UK and the EU agreed on a transitional period until 31 December 2020 during which the regulations under European law still apply in the UK. Switzerland has enacted a national regulatory framework that is somewhat similar to the framework applicable in the EU.*

### 13.1 Data protection and privacy

The collection, processing and other use of personal data is extensively regulated by European and national legislation. At the EU level, Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("**Data Protection Regulation**") entered into force on 25 May 2018. In Germany, the Data Protection Regulation is supplemented and modified by the German Federal Data Protection Act (*Bundesdatenschutzgesetz* – "**Data Protection Act**"), which was amended with effect from 25 May 2018.

In general, European data protection and data privacy laws regulate when and how personal data may be collected, for which purposes it may be processed, for how long such data may be stored and to whom and how it may be transferred. The Data Protection Regulation contains strict requirements for obtaining the consent of data subjects (i.e., the persons to whom personal data relates) to the use and processing of their personal data. Such consent may be withdrawn at any time and without causing, preventing the continued use of the affected data. In addition, a transfer of personal data to entities outside the EEA is subject to specific requirements.

The Data Protection Regulation also requires organizational measures such as the installation of a data protection officer (*Datenschutzbeauftragter*) who, inter alia, monitors compliance with the Data Protection Regulation. In addition, it may require so-called privacy impact assessments, at least in cases where the data processing is likely to result in a high risk to the rights and freedoms of individuals.

In addition to the Data Protection Regulation and the Data Protection Act, various sector-specific statutes set forth specific rules which apply to certain industries or businesses and prevail over the general provisions of the Data Protection Act. Online retailers have to comply with the specific requirements of the German Tele Media Act (*Telemediengesetz* – "**Tele Media Act**"), which takes into consideration particular aspects of online communication and may deviate from the Data Protection Act. For example, the Tele Media Act provides for additional information obligations which are stricter than the general requirements of the Data Protection Act (e.g., a requirement to include an imprint on websites and apps).

The following selected areas of data protection and data privacy are of particular relevance to the Company's business:

#### 13.1.1 Individual rights of data subjects

Under the Data Protection Regulation data subjects, inter alia, have a right to require information about what data has been recorded with respect to them, how their data is being processed, the right to data portability as well as the right to restrict certain processing of their data. Furthermore, the Data Protection Regulation establishes a "right to be forgotten". Therefore, data subjects may require online retailers that data relating to such data subjects is deleted when there is a problem with the underlying legality of the processing or where the data subjects have withdrawn their consent to the use and storage of such data.

#### 13.1.2 Web analysis

Web analysis technologies such as cookies or tracking tools (e.g., Google Analytics) enable the Company to utilize traffic to the Fashionette Platform and apps to personalize the Company's offering and marketing efforts to better match the interests of its customers. Even though most web analysis tools allow for the anonymization of data (i.e., by collecting only a part of the users' IP addresses) and do not allow for a subsequent allocation of such data to individual users, the use of such tools may still be subject to data privacy laws.

The use of cookies, which is currently regulated by, inter alia, the Data Protection Regulation, may be restricted further by the Regulation of the European Parliament and of the Council concerning the respect for private life and the protection of personal data in

electronic communications and repealing Directive 2002/58/EC (Regulation on Privacy and Electronic Communications), which is currently undergoing the European legislative process and provides for an opt-in regime pursuant to which the use of cookies requires a clear affirmative act establishing a freely given, specific, informed and unambiguous indication of the respective user in the relevant website or app.

### **13.1.3 Profiling**

The Data Protection Regulation imposes various restrictions on profiling. Profiling can be defined as any form of automated processing of personal data intended to evaluate certain personal aspects relating to a natural person or to analyze or predict such person's performance at work, economic situation, location, health, personal preferences, reliability or behavior. Such restrictions impede the ability of online retailers to offer more curated and personalized content which may require an analysis that could be considered profiling.

### **13.1.4 Email advertisements**

Subject to certain exceptions, email advertisements (e.g., newsletters) may only be sent to recipients who have given their explicit prior consent to receiving such communication. In Germany, case law demands that in certain cases consent must be obtained by way of a so-called double-opt-in procedure. This procedure requires that recipients give their consent twice (i.e., once by filling out an online registration form, a second time by confirming their email address after they have registered).

When obtaining the relevant consents, the respective sender has to clearly inform the recipients on the scope and consequences of their consent. For example, a declaration of consent may not be hidden in general terms and conditions but must be clearly highlighted. Consent may be withdrawn at any time without cause.

As an exception from the consent requirement, personalized product recommendations may be sent to customers by email without their explicit prior consent provided, inter alia, that such recommendations only relate to products identical or similar to those previously purchased by the respective customer and that the customer has been duly informed about his right to object to receiving such recommendations.

### **13.1.5 Social plugins**

Online retailers use social plugins (e.g., Facebook's "Like" or "Share" buttons) to promote their websites and apps through social media and to communicate with their customers and followers. However, the use of social plugins may infringe data privacy laws depending on the technical design of the relevant plugin. Therefore, some German data protection authorities recommend the use of a two-click-solution pursuant to which users must first activate the relevant social plugins before being able to actually click on the relevant buttons. This two-click-solution is aimed at ensuring that no personal data is collected through social plugins without the consent of the relevant user and assumes that consent is not already given by activating social plugins with the first click.

### **13.1.6 Payment processes**

Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market covers, inter alia, online-based payment services, provides for a uniform regulation of payments via Internet and mobile phones and increased customer protection and requirements for user authentication.

### **13.1.7 Consequences of non-compliance**

Under the Data Protection Regulation, any non-compliance with the relevant regulations may result in severe fines. Depending on the relevant infringement, fines of up to the higher of 4% of the annual worldwide turnover for the last financial year or EUR 20 million may be imposed. In addition, the Data Protection Regulation grants individual data subjects the right to claim damages for violations of their rights under the Data Protection Regulation.

### **13.1.8 New proposal for a data privacy regulation**

On 10 January 2017, the European Commission released a proposal for a regulation of the European Parliament and of the Council concerning the respect for private life and the protection of personal data in electronic communications. While the proposal is still subject to legislative procedure and debate, it contains several provisions aimed at ensuring the confidentiality of electronic communications and also sets forth strict requirements for unsolicited communication as part of direct marketing efforts.

## **13.2 Cybersecurity**

The Company is also required to comply with various cybersecurity requirements. In particular, the Data Protection Regulation and

the Data Protection Act stipulate that entities that collect and process personal data (e.g., most online retailers including the Company) must implement certain technical and organizational measures to ensure that such data is processed and stored safely, remains confidential and can be restored and accessed again after interruptions. These measures may include physical security against unauthorized access and manipulation (e.g., secure storage and transportation of physical data carriers), password security, authorization concepts, logging of subsequent changes of data, separation of data that has been collected for different purposes, reasonable encryption as well as protection against accidental loss, destruction or damage of data. Furthermore, the effectiveness of such measures must be tested regularly.

In addition, online retailers must ensure that appropriate compliance measures cover the detection and control of IT-related risks. In Germany, the German Act to Increase the Security of Information Technology Systems (*Gesetz zur Erhöhung der Sicherheit informationstechnischer Systeme*) amended the Tele Media Act in 2015. German law requires operators of websites and apps to protect their IT-infrastructure, particularly any data they collect and store, against outside attacks in accordance with the current standards of technology (*Stand der Technik*). On 7 May 2020 the German Federal Ministry of the Interior (*Bundesinnenministerium*) released a proposal for a Second Act to Increase the Security of Information Technology Systems (*Zweites Gesetz zur Erhöhung der Sicherheit informationstechnischer Systeme*). While the proposal is still subject to legislative procedure and debate, it contains several provisions which require operators of websites and apps to inform the authorities and to block access to data in the case data has been illegally obtained by a third party.

Directive (EU) 2016/1148 of the European Parliament and of the Council of 6 July 2016 concerning measures for a high common level of security of network and information systems ("**NIS Directive**"), which was implemented in Germany on 23 June 2017, provides for additional requirements. The NIS Directive, inter alia, requires digital service providers (e.g., online marketplaces) to

- carefully review their existing network security mechanisms;
- implement state of the art security measures aimed at ensuring a level of security appropriate to the risk of the respective provider; and
- establish proper notification measures to promptly notify the competent authority of any incident which has a substantial impact on the services offered in the EU.

Furthermore, the Data Protection Regulation generally requires the Company to inform the competent supervisory authority of any breaches of personal data stored or processed by the Company within 72 hours of becoming aware of such breach. Where the relevant breach is likely to result in a high risk to the rights and freedoms of the affected data subjects, the Company is also required to inform these data subjects of such breach without undue delay.

### **13.3 Free movement of goods in the EU**

As an online retailer who offers goods in different countries in the EU, the Company benefits from the principle of free movement as stipulated in the Treaty on the Functioning of the EU ("**TFEU**"). Pursuant to Article 28 TFEU, the EU comprises a customs union, which means that member states of the EU are not allowed to impose customs duties on imports and exports within the EU. The same applies to all charges having equivalent effect. Moreover, quantitative restrictions on imports and exports, as well as all measures having equivalent effect, are also prohibited between member states of the EU (Articles 34 and 35 TFEU).

However, these rules do not preclude prohibitions or restrictions on imports and exports which are justified by general, non-economic considerations, e.g., public morality, public policy or public security and the protection of health and life of humans. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between Member States.

### **13.4 Consumer protection**

Online retailers who offer their goods and services to consumers must comply with various consumer protection laws. Throughout the EU, consumer protection is extensively regulated on the basis of the following EU directives:

- Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts;
- Directive 1999/44/EC of the European Parliament and of the Council of 25 May 1999 on certain aspects of the sale of consumer goods and associated guarantees;
- Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the internal market;
- Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market; and
- Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights (**Consumer Rights Directive**).

The aforementioned European directives on consumer protection and the national laws implementing or complementing these directives impose extensive duties and responsibilities on the Company, in particular:

#### **13.4.1 Information requirements**

Online retailers are subject to extensive and formalized information requirements. For example, they have to provide potential customers with detailed and accurate information on the main characteristics of their products, price and payment details and on statutory withdrawal rights (see "13.4.3 *Withdrawal rights*"). Online retailers have to observe these requirements when designing and structuring their websites and apps as well their ordering, payment and fulfillment processes.

As a result of changing legislation, online retailers are regularly required to adapt their offering and processes. For example, the Consumer Rights Directive requires online retailers to ensure that during the order process consumers explicitly acknowledge that their order implies an obligation to pay. If placing an order requires activating a button or a similar function, such button must be labelled "order with obligation to pay" or similarly labelled, and the retailer must ensure that consumers are made aware of certain key information relating to the purchase directly before placing orders by activating such button.

#### **13.4.2 Warranty rights**

Online retailers, including the Company, are responsible for the conformity of their products with the agreed condition and liable to consumers for any lack thereof at the time of delivery. In case of product defects, consumers may require the relevant retailer to repair or replace the relevant products free of charge. Consumers may even request the removal of the originally delivered products and the reassembly or installation of the replacement products.

#### **13.4.3 Withdrawal rights**

Consumers have the right to withdraw from online purchases without cause within 14 days from the day on which the consumer comes into possession of the relevant products. In addition to this statutory withdrawal right, the Company voluntarily grants its customers a withdrawal right within 30 days from receipt of goods. Online retailers are required to inform consumers of their statutory withdrawal rights and failure to do so results in an extension of the withdrawal period by twelve months. Consumers must exercise their withdrawal rights by explicitly declaring their withdrawal (e.g., in writing, per email or phone). A return of the relevant products without comment does not constitute a valid declaration of withdrawal.

Following a valid exercise of the statutory withdrawal right, the consumer is required to return the relevant products within 14 days. During the same period, the retailer is required to reimburse the purchase price, including shipping costs, if any. However, the retailer is not required to reimburse the consumer for any additional costs, if the consumer has expressly opted for a more expensive type of delivery (e.g., express delivery). The consumer generally has to bear the expenses for the return, unless the retailer has agreed to bear them or failed to properly inform the consumer that he will have to bear such expenses in case of a withdrawal. In addition, the consumer is also required to compensate the seller for any loss in the value of the returned products, unless (i) such loss was caused by the customary handling of the products in order to examine their condition, features and functionalities or (ii) the seller has failed to properly inform the customer of its statutory withdrawal rights.

#### **13.4.4 Advertising**

Advertising efforts (e.g., promotional games, newsletters and personalized product recommendations) are heavily regulated, in particular if distributed via email or telephone. Advertisements may not be misleading, harassing, coercing or unreasonably or otherwise unduly influence consumers. These criteria leave wide room for interpretation, resulting in significant uncertainty as to how and other competent bodies will apply them.

#### **13.4.5 Consequences of non-compliance**

Failure to comply with provisions on consumer protection may give rise to civil liability, administrative orders or fines and may even result in the invalidity of the affected agreements with the relevant purchasers.

### **13.5 Product safety**

#### **13.5.1 Requirement to ensure product safety**

Online retailers who market their products in the EU have to act with due care to help ensure that their products are safe. To this end, Directive 2001/95/EC of the European Parliament and of the Council of 3 December 2001 on general product safety, as amended ("**Product Safety Directive**"), which has been implemented in Germany by the German Act on Product Safety (*Produktsicherheitsgesetz*) as well as various governmental regulations (*Rechtsverordnungen*) on the safety of specific products and product groups,

imposes various obligations on manufacturers and retailers.

Under the Product Safety Directive, retailers are required to act with due care to ensure compliance of their products with the applicable safety requirements, in particular by not marketing products, if they know, or should have presumed, that such products do not comply with such safety requirements. The Product Safety Directive applies to all products which are intended for consumers, or likely to be used by consumers even if not intended for them, whether new, used or reconditioned.

In addition, retailers are generally required to participate in the monitoring of the safety of their products, especially by passing on information with respect to product risks, by keeping and providing the documentation necessary for tracing the origins of their products, and by cooperating with manufacturers and competent governmental authorities to mitigate risks from defective products. Retailers may also become subject to the even more extensive regulations relating to producers under the Product Safety Directive, for example if they modify their products in a way that affects the safety of such products.

### 13.5.2 Safety requirements for individual products

Depending on the nature of the Company's Premium and Luxury Fashion Accessories, in particular the individual materials used in the manufacture of such products, certain products may be subject to additional regulations, including:

- the German Act on Food, Feed and Consumer Products (*Lebensmittel-, Bedarfsgegenstände- and Futtermittelgesetzbuch*); and
- the German Consumer Goods Ordinance (*Bedarfsgegenständeverordnung*).

Such regulations are primarily aimed at protecting the health of consumers that come into contact with certain products and grant extensive powers to the competent governmental authorities in order to supervise the compliance of retailers with their legal duties. In addition, they relate to the correct labelling of the Company's Premium and Luxury Fashion Accessories.

### 13.5.3 Consequences of non-compliance

A violation of European or national product safety laws and related regulations may be sanctioned with fines and in severe cases even with criminal sanctions.

The German Product Liability Act (*Produkthaftungsgesetz* – "**Product Liability Act**") provides for an additional liability regime with respect to products that cause injury or death of a natural person or damage to property and such liability generally applies irrespective of fault (*verschuldensunabhängig*). Under the Product Liability Act, retailers are generally considered manufacturer with respect to establishing their product liability obligations. The Product Liability Act provides for a liability limit (*Haftungshöchstbetrag*) in an amount of EUR 85 million. In addition, in case of damage to property, the owner of such property is required to bear damages in an amount of EUR 500 himself.

### 13.5.4 Textile labeling

Retailers who make textile products available on the EU market have also to comply with various requirements with respect to the use of textile fiber names as well as labeling and marking of the composition of textile products.

On the EU level, these aspects are governed by the Regulation (EU) No 1007/2011 of the European Parliament and of the Council of 27 September 2011 on textile fiber names and related labeling and marking of the fiber composition of textile products ("**Textile Labeling Regulation**"). It contains rules concerning the use of textile fiber names, the composition of multi-fibers, the content and form of labeling as well as the monitoring of the implementation of the respective requirements including market surveillance checks by the competent authorities.

In Germany, the German Act on Textile Labeling (*Textilkennzeichnungsgesetz*) has to be observed. Its provisions and duties are almost identical with the Textile Labeling Regulation, but it also provides for penalties for the violation of the legal duties of the retailer and/or the importer of textile products.

The Textile Labelling Regulation does not apply to the labelling of certain types of footwear or of footwear in general. In this case, the German Consumer Goods Ordinance (*Bedarfsgegenständeverordnung*) has to be observed. Certain types of footwear and footwear in general have to be labelled by the manufacturer or the retailer making the products available on the EU market. The ordinance contains rules about the content and form of labelling and also provides for penalties for the violation of these duties.

## 13.6 Trademarks

The registration and protection of trademarks is regulated by international, European and national legislation:

- On an international level, trademark registration and protection are, inter alia, governed by the Madrid Agreement Concerning the International Registration of Marks of 27 June 1889, as last amended on 28 September 1979 ("**IMA**"), the

Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks of 27 June 1989, as last amended on 12 November 2007 ("**PMMA**"), and the Paris Convention for the Protection of Industrial Property of 20 March 1883, as last amended on 28 September 1979.

- On the European level, trademarks are governed by Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 on the approximation of the laws of the member states relating to trademarks ("**Trade-marks Directive**") and, with respect to the creation of a union-wide trademark registration and protection regime, by Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the EU trade mark ("**EU Trademark Regulation**").
- In Germany, trademarks are governed by the German Trademark Act (*Markengesetz* – "**Trademark Act**").

Trademarks may be registered with the respective national trademark authority (e.g., the German Patent and Trade Mark Office (*Deutsches Patent- and Markenamt*) as well as with EUIPO for union-wide registration, and, following either national or union-wide registration, via the World Intellectual Property Organization in countries which are parties to the MMA or PMMA for 10-year periods. Such registrations may be renewed repeatedly. Upon receiving an application, the EUIPO will examine whether there are grounds for refusal of granting the trademark registration (e.g., due to earlier, identical or similar trademarks registered in a member state of the EU or a lack of distinctive character of the relevant trademark). Furthermore, proprietors of earlier trademarks may oppose the application for registration within three months of the publication of the application (e.g., if the new trademark and the products or services sold thereunder are identical or similar to their trademark and the products or services sold thereunder). Upon registration of a European trademark, the proprietor is entitled to prohibit any third party from using such trademark commercially without his prior consent. In addition, national trademark laws of the member states of the EU stipulate that the proprietor of a European trademark is entitled to, inter alia, receive compensation for damages arising from the illegal use his trademark.

However, the protection of registered trademarks is limited pursuant to Article 15 Trademarks Directive, which has been implemented into German law in Section 24 Trademark Act, and, with respect to union-wide trademarks, pursuant to the identical rule in Article 15 EU Trademark Regulation. Under these provisions, the proprietor of a trademark is not entitled to prohibit third parties to use trademarks that relate to goods which the proprietor has put on the market (or which have been put on the market with the proprietor's consent) in Germany or any other member state of the EU or the EEA. This limitation of trademark protection does not apply only if there are legitimate reasons for the proprietor to oppose further commercialization of the goods, especially if the condition of the goods is changed or impaired after they have been put on the market.

### 13.7 Internet domains

The reservation, transfer and renewal of generic top-level Internet domains (e.g., ".com") and national top-level Internet domains (e.g., ".de") are administered by the Internet Corporation for Assigned Names and Numbers ("**ICANN**"), which is a US-based non-profit organization. The reservation, transfer and renewal of second-level Internet domains are administered by certain registrars which are accredited by ICANN. In Germany, Internet domains ending with ".de" are administered by DENIC eG ("**DENIC**"), a German non-profit organization. Reservations of second level Internet domains are made by DENIC depending on who is the first applicant for the relevant domain.

If a domain infringes on trademarks or name rights, the proprietor of the relevant trademarks or name rights can under certain conditions file an injunction to prevent the registration or use of such domain. Such proprietor may also be entitled to compensation for damages arising from infringements on such rights. Furthermore, specific dispute resolution proceedings are available for disputes over domains, including with respect to infringements of trademark or name rights. For example, the Uniform Domain-Name Dispute Resolution Policy of the ICANN applies to disputes over the abusive reservation and use of domains for generic and certain national top-level domains.

In Germany, DENIC refers to the German courts for any disputes arising from the reservation and use of national domains. German courts may, inter alia, approve requests for the cancellation of domains, but not for the transfer of the disputed domains. However, if an entry on the disputed domain has been made with DENIC, such domain is transferred automatically to the claimant upon cancellation of the relevant domain by the courts. In addition, holders of domains who are also proprietors of trademarks corresponding to such domains can under certain conditions defend their domains vis-a-vis third parties against abusive reservation or use on the grounds of trademark protection.

## 14 SHAREHOLDER INFORMATION

### 14.1 Current shareholders

As of the date of the Prospectus, only the Existing Shareholders, i.e. GENUI, THINK BIG and Alocaris, directly hold an interest in the Company's share capital and voting rights.

The following table sets forth (i) the direct shareholding of the Existing Shareholders and their respective ultimate shareholder immediately prior to the completion of the Offering (assuming the execution of the True-Up Mechanism (as defined below) based on an Offer Price at the mid-point of the Price Range), and (ii) their expected shareholding, together with the expected shareholding of the public float, upon completion of the Offering, assuming an Offer Price at the mid-point of the Price Range and assuming no and full exercise of Greenshoe Option and Upsize Option:

SHAREHOLDER		SHAREHOLDING IN % <sup>(1)</sup>		
Ultimate	Direct	Immediately prior to the completion of the Offering <sup>(5)</sup>	Upon completion of the Offering <sup>(6)</sup>	
			(No exercise of Greenshoe Option and Upsize Option)	(Full exercise of Greenshoe Option and Upsize Option)
Genui GmbH <sup>(2)</sup> .....	GENUI .....	93.51	51.22	36.62
Daniel Raab <sup>(3)</sup> .....	THINK BIG .....	3.90	3.14	3.14
Thomas Buhl <sup>(4)</sup> .....	Alocaris .....	2.60	2.09	2.09
Public float .....		–	43.55	58.15
<b>TOTAL .....</b>			<b>100.00</b>	

<sup>(1)</sup> Percentages have been rounded according to established commercial standards. As a result, such percentages may not add up to the sum totals, which are calculated based on unrounded figures.

<sup>(2)</sup> None of the shareholders of Genui GmbH has, as of the date of the Prospectus, a controlling influence on Genui GmbH.

<sup>(3)</sup> Member of the Management Board.

<sup>(4)</sup> Member of the Management Board.

<sup>(5)</sup> Legal shareholding of the Existing Shareholders and their respective ultimate shareholder assuming the execution of the True-Up Mechanism prior to the completion of the Offering based on an Offer Price at the mid-point of the Price Range, i.e., EUR 34.00. For details, please see section 14.2 below.

<sup>(6)</sup> Assuming an Offer Price at the mid-point of the Price Range, i.e., EUR 34.00.

None of the Existing Shareholders intends to buy any Offer Shares in the Offering.

### 14.2 True-Up Mechanism (Reallocation of Existing Shares upon completion of the Offering)

Prior to the change of legal form of the Company from a German limited liability company (*Gesellschaft mit beschränkter Haftung* or *GmbH*) to a German stock corporation (*Aktiengesellschaft* or *AG*) (see "15.1 Incorporation and history") becoming effective, GENUI was entitled to preferences in the Company's capital. Even though by its term's preference rights would have to continue to apply until the consummation of the Offering, such preferences were converted into ordinary shares upon the change of legal form, which became effective on 1 October 2020.

To reflect the true value of the former preferences in the Company's capital and ordinary shares of the Company, the Existing Shareholders agreed in the course of the change of legal form of the Company prior to the Offering by entering into a shareholders' agreement (*Aktionärsvereinbarung*) dated 22 September 2020 and subject to the registration of the change of legal form with the Commercial Register to a true-up mechanism to be executed upon completion of the Offering through a share allocation among the Existing Shareholders on the basis of the Offer Price ("**True-Up Mechanism**").

### 14.3 Controlling interest

As of the date of the Prospectus, GENUI directly holds the majority of the Company's share capital and voting rights and, therefore, has a controlling influence (*beherrschender Einfluss*) on the Company within the meaning of Section 17 para. 1 AktG. GENUI, in turn, is directly controlled by Genui GP GmbH, Hamburg, Germany ("**Genui GP**"), as its sole general partner (*persönlich haftender Gesellschafter*). Genui GP, in turn, is wholly owned and, therefore, controlled by Genui GmbH, Hamburg, Germany ("**Genui GmbH**"). None of the shareholders of Genui GmbH has, as of the date of the Prospectus, a controlling influence on Genui GmbH. As of the date of the Prospectus, Genui GmbH is, therefore, the ultimate controlling shareholder of the Company.

Assuming (i) a placement of all Offer Shares, i.e., full exercise (ii) of the Greenshoe Option and Upsize Option, and (ii) the full execution of the True-Up Mechanism based on an Offer Price at the mid-point of the Price Range, GENUI will continue to directly hold 2,270,381 Shares, i.e., 36.62% of the Company's share capital and voting rights, and, therefore, will continue to directly control the Company.

The Company assumes that the regulations of the German corporate law, in particular the stock corporation law and the capital market law are sufficient to prevent abuse of the control. Special measures in regard to the Company were not taken. The Company is currently not aware of any agreements that could, at a later date, lead to a change in control of the Company. The shareholders of the Company do not have different voting rights. All Shares confer the same voting rights.

## 15 GENERAL INFORMATION ON THE COMPANY

### 15.1 Incorporation and history

The Company was incorporated as a German limited liability company (*Gesellschaft mit beschränkter Haftung* or *GmbH*) by articles of association dated 30 June 2015. Its legal name was "Genui 3. Beteiligungsgesellschaft mbH". The Company had its registered office in Hamburg, Germany, and was registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, under registration number HRB 137481 on 27 May 2015. The Company's founder was GENUI.

On 22 September 2015, the Company's shareholders' meeting (*Gesellschafterversammlung*) resolved to change the Company's legal name to "Luxury Fashion Trade Holding GmbH" and to transfer its registered office to Düsseldorf, Germany. The change of the Company's legal name and the transfer of the Company's registered office was registered with the Commercial Register on 20 October 2015 under the registration number HRB 76016.

On 1 August 2016, the Company's shareholders' meeting (*Gesellschafterversammlung*) resolved

- to grant its consent to the merger of Luxury Fashion Trade GmbH with registered seat in Düsseldorf, Germany, registered with the Commercial Register under registration number HRB 61685 ("**Luxury Fashion Trade**"), as transferring legal entity (*übertragender Rechtsträger*) onto the Company as acquiring legal entity (*übernehmender Rechtsträger*) in accordance with the applicable provisions of the German Transformation Act (*Umwandlungsgesetz* – "**UmwG**"); and
- to change the Company's legal name to "Fashionette GmbH".

The merger and the change of the legal name was registered with the Commercial Register on 1 September 2016. With the merger, the current business of the Company was transferred from Luxury Fashion Trade to the Company.

On 22 September 2020, the Company's shareholders' meeting (*Gesellschafterversammlung*) resolved to change the Company's legal form from a German limited liability company (*Gesellschaft mit beschränkter Haftung* or *GmbH*) to a German stock corporation (*Aktiengesellschaft* or *AG*) under the legal name "fashionette AG". The changes in legal form and name were registered with the Commercial Register on 1 October 2020 under the current registration number HRB 91139. All changes took effect in accordance with the applicable provisions of the UmwG.

### 15.2 Governing law

The Company is a German stock corporation (*Aktiengesellschaft* or *AG*) and, therefore, generally governed by German law. Thus, the AktG as well as other laws applicable to a German stock corporation (*Aktiengesellschaft* or *AG*), in particular the UmwG and the HGB, apply to the Company. As the Shares will not be admitted to trading on a regulated market (*regulierter Markt*), the WpHG and the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz* – "**WpÜG**") do not apply to the Company.

### 15.3 Legal and commercial name

The Company's legal name is "fashionette AG". The Company operates under the commercial name "fashionette".

### 15.4 Registration

The Company has its registered seat in Düsseldorf, Germany, and is registered with the Commercial Register under the registration number HRB 91139. The Company's business address is Grafenberger Allee 295, 40237 Düsseldorf, Germany (telephone: +49 (0) 211 26008777). The Company's LEI is 391200T7OHC8YPRQW61.

As from 1 March 2021, the Company's business address will be Lierenfelder Straße 45, 40231 Düsseldorf, Germany.

### 15.5 Website

The Company's website is [corporate.fashionette.com](http://corporate.fashionette.com). Information contained on the Company's website is not incorporated by reference in the Prospectus and is not part of the Prospectus.

### 15.6 Subsidiaries

As of the date of the Prospectus, the Company has no subsidiaries.

### 15.7 Financial year and duration

The Company's financial year corresponds to the calendar year. The Company has been established for an unlimited duration.

## 15.8 Corporate purpose

Section 2 of the Articles of Association defines the Company's corporate purpose as follows:

1. The purpose of the Company is the development, marketing and performance of internet services (e-commerce for various goods, in particular leather and designer goods, perfume, cosmetics, accessories, luxury and premium articles and other consumer goods), the development, production, marketing and trading of such goods, the performance of logistics services and other digital services and the management of the Company's own assets.
2. The Company is entitled to carry out all transactions and take all measures that are connected with the purpose of the Company or appear directly or indirectly beneficial to it. It may also establish branches in Germany and abroad for this purpose, establish and acquire other companies or acquire an interest in them. The Company is entitled to operate itself in all the business areas mentioned under paragraph 1 or to establish or acquire other companies affiliated with it within the meaning of Sections 15 et seq. AktG. The Company may combine companies in which it holds an interest under uniform management and conclude intercompany agreements with them.
3. The Company may limit its activities to part of the fields referred to in paragraphs 1 and 2 above.

## 15.9 Auditor

Ernst & Young audited the German language Audited Financial Statements in accordance with Section 317 HGB and in compliance with the German generally accepted standards for financial statement audits promulgated by the IDW) and issued German language unqualified independent auditor's reports (*Bestätigungsvermerke des unabhängigen Abschlussprüfers*) thereon. The Audited Financial Statements have been prepared in accordance with the German generally accepted accounting principles of the HGB. In addition, Ernst & Young audited the Audited Cash Flow and Changes in Equity Statements in accordance with IDW Auditing Practice Statement: Audit of Additional Elements of Financial Statements (IDW AuPS 9.960.2) promulgated by the IDW and issued unqualified auditor's reports thereon.

Ernst & Young is a member of the Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Rauchstraße 26, 10787 Berlin, Germany.

## 15.10 Announcement and paying agent

In accordance with the Articles of Association, the Company's announcements are published in the Federal Gazette (*Bundesanzeiger*), unless otherwise required by law.

In accordance with the Prospectus Regulation, announcements in connection with the approval of the Prospectus or any supplements thereto will be published in the form of publication provided for in the Prospectus, in particular through publication on the Company's website ([corporate.fashionette.com](http://corporate.fashionette.com)). Printed copies of the Prospectus and any supplements thereto are available at the Company's office free of charge during normal business hours at the following address: Grafenberger Allee 295, 40237 Düsseldorf, Germany (telephone: +49 (0) 211 26008777).

The paying agent is Bankhaus Gebr. Martin AG, Göppingen, Germany ("**Paying Agent**"). The mailing address of the Paying Agent is Schlossplatz 7, 73033 Göppingen, Germany.

## 16 SHARE CAPITAL OF THE COMPANY AND APPLICABLE REGULATIONS

### 16.1 Current share capital and Existing Shares

As of the date of the Prospectus, the Company's share capital amounts to EUR 5,000,000 and is divided into 5,000,000 Existing Shares, each such Existing Share representing a notional value of EUR 1.00 in the Company's share capital.

The Company's share capital has been fully paid up.

The Existing Shares were created pursuant to German law and are denominated in euro.

All Existing Shares are held by the Existing Shareholders (see "14.1 Current shareholders").

### 16.2 Development of the share capital

The Company was initially incorporated as a German limited liability company (*Gesellschaft mit beschränkter Haftung* or *GmbH*) with a share capital of EUR 25,000. In the legal form of a German limited liability company (*Gesellschaft mit beschränkter Haftung* or *GmbH*), the Company has not carried out any capital increase.

The Company was incorporated as a German stock corporation (*Aktiengesellschaft* or *AktG*) by articles of association dated 22 September 2020 and registered with the Commercial Register on 1 October 2020. As of 1 October 2020, its share capital amounted to EUR 5,000,000 and was divided into 5,000,000 Existing Shares.

The following table and sections set forth the changes in the Company's share capital since its foundation:

Date of shareholder resolution to change the share capital	Nominal amount of the change in share (in EUR)	Resulting issued capital (in EUR)	Date of entry in the Commercial Register
22 September 2020 .....	4,975,000	5,000,000	1 October 2020
16 October 2020.....	Up to 1,200,000	Up to 6,200,000	–

#### 16.2.1 Capital Increase from company funds (Kapitalerhöhung aus Gesellschaftsmitteln)

A shareholders' meeting (*Gesellschafterversammlung*) of the Company held on 22 September 2020 resolved to increase the Company's share capital from company funds (*Kapitalerhöhung aus Gesellschaftsmitteln*) from EUR 25,000 by EUR 4,975,000 to EUR 5,000,000 ("**Capital Increase**").

The implementation of the Capital Increase was registered with the Commercial Register on 1 October 2020.

#### 16.2.2 IPO Capital Increase

An extraordinary shareholders' meeting (*außerordentliche Hauptversammlung*) of the Company held on 16 October 2020 resolved to increase the Company's share capital against contributions in cash from EUR 5,000,000 by up to EUR 1,200,000 to up to EUR 6,200,000 by issuing up to 1,200,000 New Shares ("**IPO Capital Increase**"). For the subscription and underwriting of all New Shares only Hauck & Aufhäuser was admitted. The New Shares are part of the Offering.

### 16.3 Authorized capital

As of the date of the Prospectus, the Company has an authorized capital pursuant to Section 5 para. 3 of the Articles of Association in conjunction with Section 202 AktG. Thereunder, the Management Board is authorized, subject to the consent of the Supervisory Board, to increase the share capital of the Company on or before 21 September 2025, on one or more occasions, by up to a total of EUR 2,500,000 through the issuance of up to 2,500,000 new ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) in return for contributions in cash or in kind ("**Authorized Capital 2020**").

Shareholders are generally to be granted a subscription right, unless the Management Board exercises the below authorizations to exclude the subscription right, subject to the consent of the Supervisory Board. The new shares may also be taken up by a credit institution or a financial institution operating under Section 53 para. 1 sentence 1 or Section 53b para. 1 sentence 1 or para. 7 of the German Banking Act (*Kreditwesengesetz* – "**KWG**") or a syndicate of such credit or financial institutions, in each case as determined by the Management Board, subject to an undertaking to offer the shares to shareholders for subscription. Subject to the Supervisory Board's consent, the Management Board is authorized to exclude the subscription right of shareholders in the following cases:

- to even out fractional amounts occurring due to a capital increase;
- where this is necessary to grant subscription rights to new shares to holders or creditors of convertible or warrant bonds or convertible participation rights issued by the Company or entities in which the Company holds a direct or indirect majority interest, to the extent to which they would be entitled to such subscription rights as shareholders after exercising

their conversion or option rights or, as the case may be, after fulfilment of their option or conversion obligations;

- where the new shares are issued against contributions in cash and the issue price of the new shares is not significantly lower than the stock market price of the Company's listed shares at the time of the final determination of the issue price. This authorization to exclude the subscription right only applies to the extent that the pro rata amount of the share capital mathematically attributable to the shares issued with the exclusion of subscription rights pursuant to Section 186 para. 3 sentence 4 AktG does not exceed 10% of the share capital - based on either the amount of share capital existing at the time when this authorization takes effect or the amount of share capital when the authorization is exercised. The 10%-limit includes shares that (i) were issued or sold during the term of this authorization up to the time of it being exercised with the exclusion of subscription rights on the basis of other authorizations in direct or mutatis mutandis application of Section 186 para. 3 sentence 4 AktG or (ii) were issued or are to be issued to service bonds or participation rights with conversion or option rights or conversion or option obligations, provided that the bonds or participation rights were issued during the term of this authorization up to the time of it being exercised with the exclusion of subscription rights in mutatis mutandis application of Section 186 para. 3 sentence 4 AktG;
- where the capital increase is performed for the purposes of granting shares in return for contributions in kind, in particular with the aim of acquiring enterprises, parts of enterprises or interests in enterprises, or of other assets.

The Management Board is further authorized, subject to the consent of the Supervisory Board, to determine the further details regarding the capital increase and the conditions for the issuance of shares. The Supervisory Board is authorized to amend the wording of Section 5 of the Articles of Association following the performance, in whole or in part, of a capital increase under the Authorized Capital 2020 or after expiry of the authorization period, in line with the scope of the capital increase.

An extraordinary shareholders' meeting (*außerordentliche Hauptversammlung*) of the Company held on 16 October 2020 resolved, subject to the registration of the IPO Capital Increase in the maximum amount of EUR 1,200,000 with the Commercial Register, to replace the existing Authorized Capital 2020 with a new Authorized Capital 2020 adjusted for the amount of the share capital upon registration of the IPO Capital Increase ("**New Authorized Capital 2020**"). Under the New Authorized Capital 2020, the Management Board's authorization, which is subject to the consent of the Supervisory Board, will be identical to that of the Authorized Capital 2020, except for the term of the authorization and the maximum volume of the authorization: The term of the New Authorized Capital 2020 shall be 15 October 2025 instead of 21 September 2025 (the current term of the Authorized Capital) and the maximum volume shall be EUR 3,100,000 through the issuance of up to 3,100,000 new ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) instead of EUR 2,500,000 through the issuance of up to 2,500,000 new ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) (the current maximum volume of the Authorized Capital). The replacement of the current Authorized Capital 2020 will become effective, if the New Authorized Capital 2020 is registered with the Commercial Register. Until such registration, the Authorized Capital 2020 will remain valid. In the event the New Authorized Capital 2020 is not registered with the Commercial Register, the Authorized Capital 2020 will not be replaced by it.

## **16.4 Conditional capital**

### **16.4.1 Conditional Capital 2020/I**

An extraordinary shareholders' meeting (*außerordentliche Hauptversammlung*) of the Company held on 16 October 2020 resolved to conditionally increase the Company's share capital pursuant to Section 192 AktG and amend the Articles of Association by a new Section 5 para. 4. Under the new Section 5 para. 4 of the Articles of Association, the share capital of the Company is conditionally increased by up to EUR 310,000 by issuing up to 310,000 new ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) ("**Conditional Capital 2020/I**"). The sole purpose of the Conditional Capital 2020/I is to grant new shares in order to fulfill subscription rights in connection with the stock option program 2020 (*Aktienoptionsprogramm 2020*) as resolved by the Company's shareholders' meeting of 16 October 2020 under agenda item 3 as further described under "*17.2.3 Remuneration of the members of the Management Board – Long term incentive (stock option program)*". The shares are issued at the option price in accordance with the aforementioned resolution. The conditional capital increase will only be carried out to the extent that subscription rights are duly exercised by the participants unless other forms of fulfillment of the subscription rights are used.

The new shares participate in the profit from the beginning of the financial year, for which, at the time they are issued, no resolution of the Company's shareholders' meeting on the appropriation of net income (*Gewinnverwendungsbeschluss*) has been adopted. The Supervisory Board is authorized to amend the wording of Section 5 para. 4 of the Articles of Association in accordance with the respective utilization of the Conditional Capital 2020/I.

The Conditional Capital 2020/I becomes effective with its registration in the Commercial Register.

### **16.4.2 Conditional Capital 2020/II**

An extraordinary shareholders' meeting (*außerordentliche Hauptversammlung*) of the Company held on 16 October 2020 resolved to conditionally increase the Company's share capital pursuant to Section 192 AktG and amend the Articles of Association by a new Sec-

tion 5 para. 5. Under the new Section 5 para. 5 of the Articles of Association, the share capital of the Company is conditionally increased by up to EUR 2,190,000 by issuing up to 2,190,000 new ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) ("**Conditional Capital 2020/II**"). The sole purpose of the Conditional Capital 2020/II is to grant new shares to the holders or creditors of convertible or warrant bonds entitled to convert, or holders or creditors of participation rights with option rights or conversion issued by the Company or other entities in which the Company holds a direct or indirect majority interest under the shareholder resolution passed at the Company's shareholders' meeting of 16 October 2020 under agenda item 4, in case conversion or option rights are utilized or conversion or option obligations are fulfilled or in case the Company exercises its right to, in whole or in part, grant shares in the Company in lieu of cash payments due. The shares are issued at the conversion and option price to be set in accordance with the aforementioned resolution as further described under "16.5. Authorization to issue convertible bonds and/or warrant bonds". The conditional capital increase will only be carried out to the extent that conversion or option rights are utilized or conversion or option obligations are fulfilled or the Company exercises its right to, in whole or in part, grant shares in the Company in lieu of cash payments due and unless other forms of fulfillment are used.

The new shares participate in the profit from the beginning of the financial year in which they are issued. Within the bounds of the law and subject to the Supervisory Board's consent, the Management Board can depart from this provision and from Section 60 para. 2 AktG, and also determine an entitlement to profit participation for a financial year that has already ended.

The Management Board is authorized to determine the remaining details for carrying out the conditional capital increase. The Supervisory Board is authorized to amend the wording of Section 5 para. 5 of the Articles of Association in accordance with the respective utilization of the Conditional Capital 2020/II.

The Conditional Capital 2020/II becomes effective with its registration in the Commercial Register.

### **16.5 Authorization to issue convertible bonds and/or warrant bonds**

On 16 October 2020, the Company's shareholders' meeting authorized the Management Board, subject to the consent of the Supervisory Board, to issue, on one or more occasions until 15 October 2025, bearer or registered convertible and/or warrant bonds or combinations of these instruments for an aggregate nominal amount of up to EUR 80,000,000, in each case with or without a definite maturity date, and to grant the holders of bonds option or conversion rights for up to 2,190,000 ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) of the Company with a pro rata amount of the share capital of up to a total of EUR 2,190,000, as set forth in detail in the issuing terms and conditions for the bonds ("**Issuing Terms**"). This authorization can be utilized in whole or in part. The bonds may also provide for an obligation to convert the bonds or exercise the options at the end of the term or at an earlier time. The Issuing Terms may also give the Company the right to grant the holders or creditors of the bonds Shares in lieu of cash payments due or cash payments in lieu of Shares, in whole or in part, or to choose other forms of fulfillment. Bonds may be issued in return for cash or for contributions in kind. The bonds can be denominated in Euros or - capped at their equivalent value in Euros - in the legal currency of an OECD country. Where the bonds are issued in a currency other than Euros, the relevant equivalent value is to be applied, calculated on the basis of the Euro reference rate of the European Central Bank applicable on the date of the resolution on the issuance of the bonds. The bonds can also be issued by entities in which the Company holds a direct or indirect majority interest. For such a case, the Management Board is authorized, subject to the consent of the Supervisory Board, to take on the necessary guarantees for the obligations under the bonds and to grant the holders or creditors of the bonds conversion or option rights for shares of the Company or to impose on them respective obligations.

If convertible bonds are issued, their holders or creditors receive the right or take on the obligation to convert the bonds into shares of the Company, pursuant to the Issuing Terms to be laid down by the Management Board. The pro rata amount of the share capital mathematically attributable to the shares to be issued in the event of conversion must not exceed the nominal amount of the bond or the issue price for the bond, if the issue price is less than the nominal amount. The conversion ratio is determined by dividing the nominal amount of a bond by the conversion price for a Share. Where the issue price for the bonds is less than their nominal amount, the conversion ratio is established by dividing the issue price of a convertible bond by the conversion price for a Share. The Issuing Terms can also provide that the conversion ratio be variable and that the conversion price be determined based on future stock market prices within a certain range. If warrant bonds are issued, one or more warrants will be attached to each bond, which entitle or obligate the holder or creditor to subscribe to Shares under the Issuing Terms to be specified by the Management Board. The pro rata amount of the share capital mathematically attributable to the Shares to be issued in the event of an option being exercised must not exceed the nominal amount of the bonds.

The conversion or option price to be stipulated in the Issuing Terms must be equivalent to (i), if no subscription rights are granted or otherwise no trade in subscription rights takes place, at least 80% of the arithmetic means of the auction closing prices of the Shares in the Xetra trading system (or a comparable successor system) on the Frankfurt Stock Exchange on the last ten trading days before the day of the Management Board's resolution on the public announcement of the issuance of the bonds or (ii), if subscription rights are granted by choice of the Management Board alternatively, at least 80% of the arithmetic means of the auction closing prices of the Shares in the Xetra trading system (or a comparable successor system) on the Frankfurt Stock Exchange from the beginning of the subscription period until the third day (included) prior to the end of the subscription period. In the event of bonds with a conversion or option obligation or the right of the Company to grant the holders or creditors of the bonds Shares in lieu of cash payments due, in whole or in part, the conversion or option price must be at least the minimum price stated above (80%), or correspond to the

arithmetic means of the auction closing price of the Shares in the Xetra trading system (or a comparable successor system) on the Frankfurt Stock Exchange (i) on the last ten trading days before the day of final maturity or (ii) on at least ten trading days immediately prior to the determination of the conversion or option price in accordance with the Issuing Terms, even if this average price is below the minimum price stated above (80%). Sections 9 para. 1 and 199 AktG remain unaffected.

Subject to the consent of the Supervisory Board, the Management Board is authorized to specify the Issuing Terms in more detail, in particular on the following: interest rate, issue price, term and denomination of the bonds; conversion or option period; conversion or option price; conversion rights and obligations; option rights and obligations to exercise options; whether the Shares to be delivered shall be in the form of Shares newly created by a capital increase or in the form of existing Shares, in whole or in part; whether, instead of delivering Shares, their market value can be paid over in cash; whether the conversion or option price or the conversion ratio is to be fixed when issuing the bonds or based on future stock market prices within a certain range during the term of the bond. In the event of a situation where there are fractional amounts of the Shares, it can be stipulated that these fractions can be added together for the purposes of acquiring complete shares, in accordance with the Issuing Terms. An additional cash payment or cash compensation for fractions can also be stipulated.

The Issuing Terms can further provide for protection against dilution and adjustment mechanisms under certain circumstances, including changes in the Company's share capital during the term of the bond (such as a capital increase, a capital decrease or a share split), dividend payments, the issuance of additional convertible and/or warrant bonds, that provide an entitlement to subscribe for shares of the Company, transformation measures and extraordinary events occurring during the term of the bond, such as a change of control at the Company. The measures for protection against dilution and adjustment mechanisms that can be provided for under the Issuing Terms can, in particular, take the form of changing the conversion or option price, granting subscription rights to Shares or to convertible or warrant bonds, or granting or adjusting cash components. Sections 9 para. 1 and 199 AktG remain unaffected.

When issuing bonds, shareholders are to be generally granted a subscription right to the bonds unless the Management Board exercises the below authorizations to exclude the subscription right, subject to the consent of the Supervisory Board. The bonds may also be taken up by a credit institution or a financial institution operating under Section 53 para. 1 sentence 1 or Section 53b para. 1 sentence 1 or para. 7 KWG or a syndicate of such credit or financial institutions, in each case as determined by the Management Board, subject to an undertaking to offer the bonds to shareholders for subscription. If bonds are issued by an entity in which the Company holds a direct or indirect majority interest, the Company must ensure that the Company's shareholders are granted subscription rights in line with the above sentences. However, the Management Board is authorized, subject to the consent of the Supervisory Board, to exclude the subscription right of shareholders when issuing bonds in the following cases:

- to make use of any fractional amounts;
- where the bonds are issued in return for contributions in kind in particular with the aim of acquiring enterprises, parts of enterprises or interests in enterprises;
- where this is necessary for protection against dilution, in order to grant holders or creditors of bonds with conversion or option rights or conversion or option obligations that were or will be issued by the Company or by other entities in which the Company holds a direct or indirect majority interest, a right to subscribe for new bonds to the extent to which they would be entitled to such subscription right as shareholders after exercising their conversion or option rights or, as the case may be, after fulfilment of their conversion or option obligations; or
- for bonds issued against cash, if the Management Board, after due examination, is of the opinion that the issue price for the bonds is not significantly lower than the theoretical market price of the bonds as calculated using recognized mathematical methods. However, this authorization to exclude subscription rights only applies to bonds with conversion or option rights or conversion or option obligations to shares with a pro rata amount of the share capital which does not exceed 10% of the share capital, based on either the amount of share capital existing at the time when this authorization takes effect or the amount of share capital when the authorization is exercised. The limit of 10% of the share capital includes shares that (i) were issued or sold by the Company during the term of this authorization up to the time of it being exercised with the exclusion of subscription rights on the basis of other authorizations in direct or mutatis mutandis application of Section 186 para. 3 sentence 4 AktG or (ii) were issued or are to be issued to service bonds or participation rights with conversion or option rights or conversion or option obligations, provided that the bonds or participation rights were issued during the term of this authorization up to the time of it being exercised with the exclusion of subscription rights in mutatis mutandis application of Section 186 para. 3 sentence 4 AktG.

## **16.6 Authorization to purchase and use treasury shares**

As of the date of the Prospectus, the Company does not hold any Shares as treasury shares, nor does a third party hold any Shares on behalf of, or for the account of, the Company. The Company's shareholders' meeting held on 16 October 2020 authorized the Management Board to acquire, on or before 15 October 2025, treasury shares of up to a total maximum of 10% of the share capital existing at the time of the adoption of the resolution or - in the event that this amount is the lower one - when the authorization is exercised. The acquired shares, together with other treasury shares which are in the possession of the Company or are attributable to it pursuant to Sections 71a et seq. AktG, may at no time exceed 10% of the Company's share capital. At the discretion of the Manage-

ment Board, the acquisition may be conducted (i) through a stock exchange or (ii) by means of a public offer directed at all shareholders or a public solicitation to submit offers ("**Acquisition Offer**").

- If the acquisition is conducted through a stock exchange, the consideration paid by the Company for each Share (not including incidental acquisition costs) may not exceed the market price of one Share in Xetra trading (or a comparable successor system), determined in the opening auction on the relevant trading day at the Frankfurt Stock Exchange, by more than 10% and may not fall below such price by more than 20%.
- If the acquisition is conducted through an Acquisition Offer, the Company may determine either a price or a price range at which it is willing to acquire the Shares. However, - subject to an adjustment during the offer period - the purchase price (in each case not including incidental acquisition costs) may not exceed the average market price of one Share on the Frankfurt Stock Exchange on the last three exchange trading days prior to the public announcement of the Acquisition Offer, or, in the case of a public solicitation to submit offers, prior to the Management Board's final decision regarding to submit the public solicitation to submit offers, as determined based on the arithmetic means of the auction closing prices in Xetra trading (or a comparable successor system), by more than 10% and may not fall below such price by more than 20%. In the event that after the public announcement of the offer significant variances in the applicable price occur, the purchase price or the price range may be adjusted. In that case, the average market price of the Shares on the Frankfurt Stock Exchange on the last three exchange trading days prior to the public announcement of the adjustment, if any, as determined based on the arithmetic means of the auction closing prices in Xetra trading (or a comparable successor system), or, in the case of a public solicitation to submit offers, prior to the Management Board's final decision regarding to modify the public solicitation to submit offers, will be relevant. The Acquisition Offer may provide for additional requirements.

In the event that the Acquisition Offer is over-subscribed, the acceptance is to be effected, as a general rule, in proportion to the respective Shares offered. However, a preferred acceptance of small offers or small portions of offers of up to a maximum of 150 Shares may be provided for.

With regard to treasury shares that will be or have been acquired under the above authorization, the Management Board is authorized, subject to the consent of the Supervisory Board and excluding shareholders' subscription rights, to use these Shares - in addition to a disposal through a stock exchange or an offer granting a subscription right to all shareholders - as follows:

- The Shares may be sold and transferred against cash consideration, provided that the selling price is not significantly lower than the market price of the Shares at the time of the sale (Section 186 para. 3 sentence 4 AktG). The pro rata amount of the share capital mathematically attributable to the Shares sold in accordance with the preceding sentence may not, in total, exceed 10% of the share capital existing at the time of the adoption of the resolution or, if lower, at the time this authorization is utilized. The 10%-limit includes Shares that (i) were issued or sold by the Company during the term of this authorization up to the time of it being exercised with the exclusion of subscription rights on the basis of other authorizations in direct or mutatis mutandis application of Section 186 para. 3 sentence 4 AktG (ii) were issued or are to be issued to service bonds or participation rights with conversion or option rights or conversion or option obligations, provided that the bonds or participation rights were issued during the term of this authorization up to the time of it being exercised with the exclusion of subscription rights in mutatis mutandis application of Section 186 para. 3 sentence 4 AktG.
- The Shares may be sold and transferred against contribution in kind, particularly in the course of mergers or the acquisition of companies, parts of companies, equity interests in companies, receivables and other assets.
- The Shares may be used in order to satisfy the rights of holders or creditors of bonds and participation rights carrying conversion or option rights or conversion or option obligations issued by the Company or entities in which the Company holds a direct or indirect majority interest.
- The Shares may be offered for purchase as part of the compensation or within the scope of special programs, including stock option programs, with or without consideration, and transferred to individuals who are or were employed by the Company or an entity in which the Company holds a direct or indirect majority interest as well as to organ members of such entities. Section 71 para. 1 no. 2 AktG remains unaffected.
- The Shares may be used to issue a scrip dividend.
- The Shares may be used to introduce the Shares on foreign stock exchanges to which they were previously not admitted for trading. The price at which these shares are placed on foreign stock exchanges, excluding incidental acquisition costs, may not lie more than 5% above or below the arithmetic mean of the closing auction prices of the Shares in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange in the course of the three stock exchange trading days immediately prior to the placement on the foreign stock exchange.

Furthermore, the Supervisory Board is authorized to use these treasury shares to satisfy obligations or rights attached to shares in the Company insofar (i) as agreed with members of the Management Board in connection with the compensation of the members of the Management Board or (ii) as agreed within the participation of members of the Management Board in a stock option program.

In addition, the Management Board is authorized to redeem treasury shares, without such redemption or its implementation requiring an additional resolution by the Company's shareholders' meeting.

All aforementioned authorizations may be utilized on one or several occasions, in whole or in part, separately or collectively also with respect to treasury shares which have been acquired by entities in which the Company holds a direct or indirect majority interest or by third parties acting on account of such entities or on account of the Company.

In each case, the Management Board must inform the Company's shareholders' meeting about the utilization of the above authorizations, in particular about the reasons for and the purpose of the acquisition of treasury shares, the number of treasury shares acquired and the amount of the share capital attributable to them, the portion of the share capital represented by them and the equivalent value of the Shares.

#### **16.7 General provisions governing the liquidation of the Company**

Apart from liquidation as a result of insolvency proceedings, the Company may only be liquidated with a vote of 75% or more of the share capital represented at the vote. Furthermore, the commencement of insolvency proceedings regarding the assets of the Company, the rejection of insolvency proceedings for insufficient assets to cover the costs of the proceedings, a cancellation of the Company for lack of funds or the imposition of a final decision of the registry court about a material defect in the Articles of Association could lead to a cancellation of the Company. The AktG provides that any assets remaining once all of the Company's liabilities have been settled shall be distributed among the Company's shareholders in proportion to their shareholdings. The AktG provides certain protections for creditors in the event of a liquidation of the Company.

#### **16.8 General provisions governing a change in the share capital**

Under the AktG, a German stock corporation (*Aktiengesellschaft* or *AG*) requires a resolution of the Company's shareholders' meeting passed by a majority of at least 75% of the share capital represented at the vote to increase its share capital and the change of the articles of association accordingly. Yet pursuant to the Articles of Association, capital increases may be resolved by the Company's shareholders' meeting with a simple majority of the share capital represented at the vote, if at least 50% of the Company's share capital is represented at the vote.

The Company's shareholders' meeting may also create authorized capital. This requires a resolution passed by a majority of at least 75% of the share capital represented at the vote, authorizing the Management Board to issue a specific number of shares within a period of no more than five years. The aggregate nominal amount of the new shares may not exceed 50% of the share capital existing at the time the authorization is granted (i.e., at the time the authorized capital is registered with the Commercial Register).

In addition, the Company's shareholders' meeting may create conditional capital by a resolution passed with a majority of at least 75% of the share capital represented at the vote, for the purposes of (i) granting exchange or subscription rights to holders of convertible bonds or other securities granting a right to subscribe for shares, (ii) preparing for a merger with another company, or (iii) granting subscription rights to managers and employees of the Company or an affiliated company by way of an approval resolution or authorization resolution. The nominal amount of conditional capital may not exceed 10% of the share capital at the time the resolution is passed in cases where it is created to grant subscription rights to managers and employees, and may not exceed 50% in all other cases.

Resolutions to reduce the Company's share capital require a majority of at least 75% of the share capital represented at the vote.

#### **16.9 General provisions governing subscription rights**

Pursuant to Section 186 AktG, all shareholders generally have the right to subscribe for new shares of the Company issued in case of a capital increase. The same applies to convertible bonds, bonds with warrants, profit participation rights and participating bonds. Subscription rights are freely transferable and may be traded on German stock exchanges for a prescribed period before the deadline for subscription expires. Yet shareholders do not have the right to demand admission to trading for subscription rights. The Company's shareholders' meeting may resolve to exclude shareholders' subscription rights with a vote of 75% or more of the share capital represented at the vote. The exclusion of shareholders' subscription rights, in full or in part, also requires a report from the Management Board to the shareholders' meeting that justifies the exclusion and demonstrates that the Company's interest in excluding subscription rights outweighs the interests of the shareholders to be granted subscription rights. An exclusion of shareholders' subscription rights is, in particular, permissible if:

- the Company increases its share capital against cash contributions;
- the amount of the capital increase of the issued shares under exclusion of subscription rights does not exceed 10% of the outstanding share capital, both at the time when the authorization takes effect and at the time when it is exercised; and
- the price at which the new shares are issued is not materially lower than the stock exchange price of the Shares.

## 16.10 Exclusion of minority shareholders

Pursuant to Sections 327a et seq. AktG, which govern the so-called "squeeze-out under stock corporation law", upon request of a shareholder holding 95% or more of the Company's share capital, the Company's shareholders' meeting may resolve to transfer the shares of minority shareholders to such majority shareholder against payment of an adequate cash compensation. The amount of the cash compensation offered to minority shareholders must reflect "the circumstances of the Company" at the time the shareholders' meeting passes the resolution. The amount of the cash compensation is based on the full value of the Company, which is generally determined using the capitalized earnings method. Minority shareholders are entitled to file for a valuation proceeding (*Spruchverfahren*), wherein the court will review the fairness (*Angemessenheit*) of the cash compensation.

Pursuant to Section 62 para. 5 sentence 1 UmwG, a majority shareholder holding at least 90% of the Company's share capital may require the Company's shareholders' meeting to resolve to transfer the shares of the minority shareholders to such majority shareholder against payment of an adequate cash compensation, provided that (i) the majority shareholder is a stock corporation (*Aktiengesellschaft* or *AG*), a partnership limited by shares (*Kommanditgesellschaft auf Aktien* or *KGaA*), or a European company (*Societas Europaea* or *SE*) having its seat in Germany; and (ii) the squeeze-out is performed to facilitate a merger under the UmwG between the majority shareholder and the Company. The shareholders' meeting held to approve the squeeze-out must take place within three months of the conclusion of the merger agreement.

The procedure for a squeeze-out under the UmwG is essentially identical to the "squeeze-out under stock corporation law" described above, including the minority shareholders' right to judicial review of the appropriateness of the cash compensation.

## 16.11 Integration

Pursuant to Section 319 et seq. AktG, the Company's shareholders' meeting may vote for an integration (*Eingliederung*) into another stock corporation that has its registered office in Germany, provided the prospective parent company holds at least 95% of the shares of the Company. The former shareholders of the Company are entitled to adequate compensation, which generally must be provided in the form of shares in the parent company. In such case, Section 305 para. 3 sentence 1 AktG stipulates that shares must be issued based on the appropriate valuation in case a merger had taken place between the two companies. Fractional amounts may be paid out in cash.

## 16.12 Managers transactions

A person discharging managerial responsibilities within the meaning of Article 3 para. 1 no. 25 MAR (i.e., the members of the Management Board and the Supervisory Board), must notify the Company and BaFin of transactions undertaken for their own account relating to the Shares or to financial instruments based on the Shares (subject to a EUR 20,000 *de-minimis* exception per calendar year for all such transactions). This also applies to persons closely associated with a person discharging managerial responsibilities within the meaning of Article 3 para. 1 no. 26 MAR. Such notifications shall be made promptly and no later than three business days after the date of the relevant transaction. The Company shall ensure that such notifications are made public promptly and no later than three business days after the relevant transaction.

During a closed period of 30 calendar days before the announcement of an interim financial report or a year-end report which the Company is required to make public according to (i) the rules of the trading venue where the Shares are admitted to trading or (ii) national law, persons discharging managerial responsibilities are prohibited from conducting for their own account or for the account of a third party any transactions directly or indirectly relating to shares or debt instruments of the Company, or to derivatives or other financial instruments linked to such securities.

## 16.13 Short Selling Regulation (ban or naked short selling)

Pursuant to Regulation (EU) No. 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps ("**Short Selling Regulation**"), the European Commission's delegated regulation for the purposes of detailing the Short Selling Regulation, and the German EU Short Selling Implementation Act (*EU-Leerverkaufs-Ausführungsgesetz*) of 15 November 2012, the short-selling of the Shares is only permitted under certain conditions. In addition, under the provisions of the Short Selling Regulation, significant net-short selling positions in the Shares must be reported to BaFin and published if they exceed a specific percentage. The reporting and publication process is detailed in the German Regulation on Net-Short Positions (*Net-to-Leerverkaufspositionsverordnung*) of 17 December 2012. The net short-selling positions are calculated by offsetting the short positions of a natural person or legal entity in the Shares with its long positions in such shares. The details are regulated in the Short Selling Regulation and the other regulations the European Commission enacted on short-selling. In certain situations described in the Short Selling Regulation, BaFin may restrict short-selling and comparable transactions.

## 16.14 Disclosure requirements

As a result of the Listing, the Company will be subject to, inter alia, the following "follow-up inclusion obligations" pursuant to § 21 of

the DBAG General Terms and Conditions:

- the submission and publication of the annual financial statements and the management report;
- the submission and publication of the half-yearly financial statements and the interim management report;
- the provision of information to the research provider;
- the update and submission of the Company's corporate calendar;
- the conduct of an information event for analysts and investors;
- the commissioning of a Capital Market Partner; and
- the notification on and submission of changes with regard to the Company or the Shares.

#### **16.15 Non-applicability of the WpÜG; statement on public takeover offers**

The WpÜG does not apply to the Company, as no market segment on which the Shares shall be traded following the Listing is an organized market (*organisierter Markt*) within the meaning of Section 1 para. 1 WpÜG. Therefore, even if a shareholder of the Company gains control of the Company, i.e., at least 30% of the Company's voting rights pursuant to Section 29 para. 2 WpÜG, such shareholder will neither be required to publish this fact nor to make a mandatory takeover offer (*Pflichtangebot*) to the other shareholders of the Company pursuant to Section 35 WpÜG.

During the last financial year and the current financial year of the Company, no public takeover offers have been made in respect of the Company's equity.

## 17 GOVERNING BODIES

### 17.1 Overview

The Company's governing bodies are the Management Board, the Supervisory Board and the shareholders' meeting (*Hauptversammlung*). The powers and responsibilities of these governing bodies are determined by the AktG, the Articles of Association and the internal rules of procedure for both the Supervisory Board (*Geschäftsordnung für den Aufsichtsrat*) and the Management Board (*Geschäftsordnung für den Vorstand*).

The Company's shareholders' meeting elects the members of the Supervisory Board, which in turn appoints the members of the Management Board. The Supervisory Board represents the Company in and out of court towards the members of the Management Board. The Supervisory Board is responsible for the appointment of members of the Management Board, the conclusion of their service contracts and the revocation of appointments as well as for the change and termination of their service contracts.

Simultaneous membership in the Supervisory Board and the Management Board is not permitted under the AktG, as the Supervisory Board is tasked with supervising and controlling the management of the Company by the Management Board. In exceptional cases and for an interim period, a member of the Supervisory Board may, however, assume a vacant seat on the Management Board. During this period, such individual may not perform any duties pertaining to his position on the Supervisory Board. In addition, the duration of such stand-in arrangements may not exceed one year.

The Management Board is responsible for managing the Company in accordance with applicable laws, the Articles of Association and its rules of procedure, including the schedule of responsibilities. The Management Board represents the Company in dealings with third parties. As set out in Section 111 AktG, the Supervisory Board advises and oversees the Management Board's administration of the Company, but is itself generally not authorized to manage or represent the Company.

The Articles of Association may designate transactions and measures that may only be conducted with the prior consent of the Supervisory Board. In addition, the Supervisory Board may itself determine that certain matters are subject to its prior approval. Pursuant to the rules of procedure of the Management Board, the following transactions and measures are, inter alia, subject to the prior consent of the Supervisory Board:

- modification of the fields of business of the Company and the termination of existing and commencement of new fields of business;
- disposition or (sub-)licensing of any of the "fashionette" word and figurative marks currently owned by the Company;
- change of registered office of the Company;
- establishment, relocation and closure of material places of business;
- adoption, amendment and rescission of the combined annual business plan for the Company and its group companies, if any, including the related investment, budget and financial planning;
- individual investments in fixed assets exceeding an amount of EUR 500,000 in the individual case if not included in the agreed annual investment budget or exceeding the agreed annual investment budget by more than an amount of EUR 1,500,000 in total;
- conclusion of credit and loan agreements and other financing agreements as borrower in excess of EUR 2,500,000 in the individual case as well as amendments to the credit framework in excess of EUR 2,500,000;
- granting of loans (i) in excess of EUR 100,000 in the individual case and EUR 250,000 in the aggregate per year (excluding loans to wholly owned companies or loans granted in the ordinary course of business, e.g., to customers, suppliers, tenants or landlords) or (ii) to employees in excess of EUR 25,000 in the individual case excluding wage and salary advances and EUR 250,000 in the aggregate;
- granting of collateral, pledge or transfer as security of assets of the Company, assumption or taking over of guarantees or similar liabilities or of sureties or personal guarantees, payment guarantees and of any and all obligations similar to personal guarantees (*bürgschaftsähnliche Verpflichtungen*), issuance of letters of comfort (*Patronatserklärungen*) as well as issuance of notes payable (*Eingehen von Wechselverbindlichkeiten*) in excess of an amount of EUR 1,000,000 or outside the ordinary course of business;
- future transactions concerning currencies, securities and exchange-traded goods and rights as well as other transactions with derivative financial instruments outside the ordinary course of business provided, however, that hedging transactions to limit corresponding risks shall always be in the ordinary course of business;
- acquisition or disposal of enterprises, including joint ventures, participations in enterprises or independent divisions of a business other than the acquisition of shelf companies exceeding an amount of EUR 1,000,000 in the individual case or EUR 2,000,000 in total on an annual basis;

- capital measures in companies in which an interest is held, provided that third parties participate in such capital measure;
- encumbrance of shares in material companies as well as liquidation of material companies;
- setting up or amending the remuneration principles for executives directly reporting to the chairman of the Management Board and entering into or amending the terms of employment of any executive directly reporting to the chairman of the Management Board (including in respect of salary or other compensation), to the extent that such terms materially deviate from the terms or the existing remuneration principles for this group;
- entering into or amending the terms of employment of individual employees with a total compensation (incl. benefits) of more than EUR 350,000 per year;
- introduction of an employee incentive scheme which involves the granting of Shares, virtual shares in the Company or other share price-related incentives;
- granting, introduction and amendment of pension commitments of any kind;
- conclusion, amendment or termination of company collective agreements (*Unternehmenstarifverträge*), works agreements (of substantial importance), general guidelines regarding the company pension scheme and of overall commitments (*Gesamtzusagen*);
- restructuring measures resulting in the dismissal of 25 or more employees;
- conclusion of contracts by which the Company incurs expenses or obligations of more than EUR 2,500,000 in individual cases or – in the case of continuing obligations – more than EUR 2,500,000 per year, with the exception of purchase transactions (in particular the purchase of goods/supply contracts) in the normal course of business;
- institution and termination of court cases or arbitration proceedings involving an amount in controversy of more than EUR 250,000 in the individual case;
- conclusion, termination or amendment of silent partnerships and sub-participations in the Company;
- conclusion, amendment and termination of enterprise agreements (*Unternehmensverträge*) pursuant to Sections 291 et seq. AktG; and
- business dealings of the Company and its subsidiaries on the one side and a major shareholder or a major shareholder related party on the other side.

The Management Board is also required to obtain the prior consent of the Supervisory Board to certain transactions and measures concluded by subsidiaries, if such transactions or measures require consent of the Supervisory Board had they been undertaken by the Company. In addition, the Supervisory Board may make other transactions and measures subject to its prior consent by amending the rules of procedure of the Management Board or through a resolution of the Supervisory Board.

Each member of the Management Board and Supervisory Board owes a duty of loyalty, duty of legality and duty of care to the Company. In discharging these duties, each member of these bodies must consider a broad spectrum of interests, particularly those of the Company and its shareholders, employees and other stakeholders. In addition, the Management Board must also take into consideration the shareholders' rights to equal treatment and equal access to information. If members of the Management Board or Supervisory Board breach their duties, they may be jointly and severally liable with the other members of the Management Board or the Supervisory Board to the Company for any damage the Company has incurred.

Under German law, shareholders generally have no right to directly assert claims against members of the Management Board or Supervisory Board if they believe that such members have violated their duties to the Company (i.e., only the Company has the right to enforce such claims against the members of the Management Board or Supervisory Board). With respect to claims against members of the Management Board, the Company is represented by the Supervisory Board, and with respect to claims against members of the Supervisory Board, the Company is represented by the Management Board. The Federal Supreme Court (*Bundesgerichtshof*) has ruled that the Supervisory Board is generally required to assert claims against members of the Management Board if it is likely that such claims can be pursued and enforced successfully, unless significant interests of the Company conflict with the pursuit of such claims and outweigh the interests of the Company asserting such claims against members of the Management Board.

If either the Supervisory Board or the Management Board decides not to pursue claims of the Company against members of the respective other governing body for violations of their duties, such claims must nevertheless be asserted if the shareholders' meeting adopts a resolution to this effect with a simple majority of the votes validly cast. The Company's shareholders' meeting may also appoint a special representative (*besonderer Vertreter*) to assert such claims. Shareholders whose aggregate shareholdings amount to 10% of the Company's share capital or a pro rata share of EUR 1 million in the Company's share capital may also motion for the competent court to appoint such a special representative. If there are facts that justify the suspicion that the Company was harmed by dishonesty or a gross violation of laws or the Articles of Association, shareholders whose aggregate shareholdings amount to 1% of the Company's share capital or a pro rata share of EUR 100,000 of the Company's share capital may under certain conditions assert claims of the Company against members of the Management Board or Supervisory Board in their own names. Yet such claims be-

come inadmissible once the Company itself files a suit to assert such claims.

In addition, the Company's shareholders' meeting may appoint special auditors (*Sonderprüfer*) to audit transactions, particularly management transactions, with a simple majority of the votes validly cast. If the shareholders' meeting rejects a motion to appoint special auditors, the competent court shall appoint such special auditors upon a motion by shareholders whose aggregate shareholdings amount to 1% of the Company's share capital or a *pro rata* share of EUR 100,000 of the Company's share capital, if there are facts that justify the suspicion that the relevant occurrence involved acts of dishonesty or gross violations of the law or the Articles of Association. If the Company's shareholders' meeting has resolved to appoint special auditors, the competent court shall appoint different special auditors upon a motion by shareholders whose aggregate shareholdings amount to 1% of the Company's share capital or a *pro rata* share of EUR 100,000 of the Company's share capital, if such appointment appears necessary due to reasons concerning the original special auditors.

Via the shareholders' forum of the Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the Company Register (*Unternehmensregister*), shareholders and shareholder associations may solicit other shareholders to file a motion, jointly or by proxy, for the appointment of special auditors, for the appointment of a special representative, the convention of a shareholders' meeting, or the exercise of voting rights in a shareholders' meeting.

The Company may only waive or settle claims for damages against members of the Management Board or Supervisory Board if at least three years have elapsed since such claims arose and if the Company's shareholders' meeting has consented to such waiver or settlement by a simple majority vote, provided that a minority of the shareholders whose aggregate shareholdings amount to at least 10% of the Company's share capital does not object to such resolution in the minutes of the Company's shareholders' meeting.

Under German law, neither individual shareholders nor other persons may use their influence on the Company to cause a member of the Management Board or the Supervisory Board to act in a manner that would be detrimental to the Company. Any person who uses his influence on the Company to cause a member of the Management Board or the Supervisory Board, an authorized representative (*Prokurist*) or an authorized agent (*Handlungsbevollmächtigter*) to act to the detriment of the Company or its shareholders may be liable to compensate the Company and the affected shareholders for the resulting losses. Moreover, in this context, the members of the Management Board and Supervisory Board are jointly and severally liable in addition to the person using his influence if such members acted in breach of their duty of care towards the Company.

## **17.2 Management Board**

### **17.2.1 Overview**

Under the Articles of Association, the Management Board comprises at least two members. The Supervisory Board determines the exact number of the members of the Management Board. The Supervisory Board may appoint members of the Management Board for a maximum term of up to five years. Reappointments or extensions, each for a maximum term of up to five years, are permissible.

The Supervisory Board may revoke the appointment of a member of the Management Board prior to the expiration of the relevant member's term for good cause (*wichtiger Grund*) (e.g., a gross breach of fiduciary duties, inability to properly manage the Company or if the Company's shareholders' meeting has passed a vote of no-confidence with respect to such member, unless the vote of no-confidence was clearly passed for arbitrary reasons).

If the Management Board has only two members, it has a quorum if all its members take part in the voting, and if it has three or more members, if at least half of its members take part in the voting.

The Company is represented towards third parties and in court proceedings by two members of the Management Board or a member of the Management Board jointly with an authorized representative (*Prokurist*). If the Supervisory Board has authorized a single member of the Management Board to represent the Company alone, such member may solely represent the Company towards third parties.

Additional provisions regarding, inter alia, the composition of the Management Board, the duties of its members, the overall responsibility of the Management Board, the allocation of responsibilities for particular functions and the Management Board's internal organization are set forth in the rules of procedure of the Management Board, which will be adopted by the Supervisory Board upon the successful Listing.

### **17.2.2 Members of the Management Board**

The following table sets forth the current members of the Management Board, their respective age and responsibilities and the duration of their remaining term:

Name	Age	First appointed	Appointed until	Responsibilities
Daniel Raab	38	22 September 2020 <sup>(1)</sup>	31 December 2023	Finance, Buying, Brand & Content Marketing, Legal, Human Resources and Investor Relations
Thomas Buhl	43	22 September 2020 <sup>(1)</sup>	31 December 2023	Operations, Information Technology, Business Intelligence, Performance Marketing, CRM and Risk & Payment

<sup>(1)</sup> Before: Managing director (*Geschäftsführer*) of the former Fashionette GmbH.

**Daniel Raab** was born in Erlangen, Germany, on 26 February 1982.

Daniel Raab underwent an apprenticeship for business administration and sales at Rudolf Wöhr AG. He started his career at Rudolf Wöhr AG in 2002, where he worked as Head of Women's Wear and Sporting Goods. After working for Hermès, Kofler and Gucci between 2002 and 2006, Daniel Raab joined Amazon.de in 2006. He worked for Amazon.de as Category Leader Watches & Jewelry from 2008 to 2009 and as Senior Manager and Category Leader Home Appliances from 2012 to 2013. During 2010 to 2011, Daniel Raab worked at Amazon.com. In 2013, Daniel Raab joined ProSiebenSat1 Media SE, where he worked as a Director Investment Manager at SevenVentures GmbH and then served as a managing director of SevenVentures GmbH and ProSiebenSat.1 Commerce GmbH from 2014 to 2017. From 2017 to 2019, Daniel Raab served as managing director and Chief Executive Officer of Avenso GmbH.

Within the last five years, Daniel Raab was a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside the Company:

- SevenVentures GmbH (managing director from April 2014 to January 2017);
- ProSiebenSat.1 Commerce GmbH (managing director from November 2014 to May 2017); and
- Avenso GmbH (managing director from July 2017 to March 2019).

Alongside his office as member of the Management Board, Daniel Raab is managing director of THINK BIG, one of the Existing Shareholders, since November 2018. Other than that, he is not, and within the last five years was not, a member of the administrative, management or supervisory bodies of and/or a partner in any companies or partnerships outside the Company.

**Thomas Alexander Buhl** was born in Fürstenfeldbruck, Germany, on 23 June 1977.

Thomas Alexander Buhl underwent an apprenticeship for business administration and sales at Karstadt Warenhaus AG. In 1995, Thomas Alexander Buhl started his career at Karstadt Warenhaus AG, worked in different sales positions from 1995 to 2001 and as Assortment Manager Software & Video Games in Karstadt's e-commerce department from 2001 to 2002. In 2002, Thomas Alexander Buhl joined Amazon.de, where he worked in different positions until 2014. At Amazon.de, he was Category Leader Toys from 2010 to 2013 and Category Leader Books from 2013 to 2014. From 2014 to 2017, he worked as a freelance consultant, including for Cyberport GmbH and Flaconi GmbH, mainly in the areas category management, supply chain management, pricing and business intelligence. From 2017 to 2019, Thomas Alexander Buhl served as Chief Operating Officer at Avenso GmbH.

Alongside his office as member of the Management Board, Thomas Alexander Buhl is managing director of Alocaris, one of the Existing Shareholders, since November 2018. Other than that, he is not, and within the last five years was not, a member of the administrative, management or supervisory bodies of and/or a partner in any companies or partnerships outside the Company.

The members of the Management Board can be reached at the Company's office at Grafenberger Allee 295, 40237 Düsseldorf, Germany (telephone: +49 (0) 211 26008777).

### 17.2.3 Remuneration of the members of the Management Board

Each member of the Management Board has entered into a service agreement with the Company governed by German law and based on substantially similar terms which will come into force on the date of the Listing and substitute the current service agreements ("**Post-Listing Service Agreements**"). The Post-Listing Service Agreements are set to expire after a period of three years following the Listing. Under the Post-Listing Service Agreements, the remuneration system for the members of the Management Board reflects the long-term strategic objectives of the Company and the responsibilities of the members of the Management Board as well as the scope of their roles, taking into account each member's level of experience. The remuneration of the members of the Management Board comprises fixed and variable components, with all payouts made in gross amounts.

#### **Fixed compensation**

The members of the Management Board receive a fixed base compensation in cash which is paid in twelve equal installments as a monthly salary. The annual fixed compensation amounts to EUR 322,000 for Daniel Raab and EUR 222,000 for Thomas Buhl. The annual compensation will be reviewed yearly, beginning with the compensation for the year 2021.

#### **Short-term incentive (annual bonus)**

All members of the Management Board are entitled to receive a short term-incentive in the form of an annual bonus, depending on the Company's financial and strategic performance, of up to EUR 100,000 although it is at the discretion of the Supervisory Board to reward overperformance. Furthermore, the Company will grant a one-time strategic bonus of EUR 200,000 to all members of the

Management Board for 2020.

### **Long-term incentive (stock option program)**

The members of the Management Board will further participate in a long-term incentive stock option program established in 2020 ("**SOP 2020**"). The Company's shares issuable under the SOP 2020 are funded by the Conditional Capital 2020/I which was resolved by an extraordinary shareholders' meeting (*außerordentliche Hauptversammlung*) of the Company on 16 October 2020 (see "*16.4.1 Conditional Capital 2020/I*") or by treasury shares of the Company (see "*16.6 Authorization to purchase and use treasury shares*").

Under the SOP 2020, the Supervisory Board is entitled until 15 October 2024 to grant to the individual members of the Management Board a maximum number of 248,000 option rights in total. Each stock option entitles the holder to acquire one share in the Company against payment of an exercise price of EUR 30, subject to the terms and conditions of the SOP 2020, in particular subject to the lapse of a four-year waiting period commencing on the date of granting of the option right. After the expiry of the waiting period, all stock options, for which the performance targets have been met by the grantee, may be exercised at any time during defined exercise periods until such stock options expire. The stock options are exercisable within threeweek periods after the publication of the annual financial statements, a half year report, a quarterly financial report, or of an announcement of the financial results for the first or the third quarter of a financial year by way of capital markets communication (ad hoc announcement or corporate news). In addition, any restrictions under generally applicable legal provisions, in particular the MAR, are to be observed.

If the performance targets, which are defined in the terms of the stock options and are in particular based on annual Company revenue growth with hurdles set at 30%, 40% and 50% per year (with 33% of the annual SOP award eligible for each hurdle), are not achieved by the end of the waiting period, all stock options granted forfeit without any further consideration. Stock options can only be exercised within 30 months following the expiration of the waiting period. The Supervisory Board may, at its discretion, determine that some or all of certain option rights duly exercised shall be settled in cash in lieu of Shares. As of the date of the Prospectus, no option has been granted under the SOP 2020.

### **Other benefits**

Each member of the Management Board receives additional benefits, including contributions to the Management Board members' (private or statutory) health insurance premiums (equivalent to the statutory employer's contributions to statutory health insurance), and a monthly gross amount corresponding to the employer's contribution to the statutory pension and unemployment insurance and reimbursements of out-of-pocket expenses, including travel expenses, properly and reasonably incurred by a member of the Management Board in the course of his services in accordance with the applicable guidelines and policies of the Company.

Furthermore, the members of the Management Board are covered by the Company's D&O insurance. The Company believes that the terms of this insurance policy are in line with market practice (see "*12.8 Insurance coverage*").

### **Severance payment**

In the event of a revocation from office, the respective member of the Management Board will be entitled to a severance payment unless the revocation is based on his inability to properly manage the Company or a gross breach of duty pursuant to Section 84 para. 3 AktG or on any other good cause (*wichtiger Grund*) within the meaning of Section 84 para. 3 AktG or within the meaning of Section 626 of the German Civil Code (*Bürgerliches Gesetzbuch* or *BGB*) and such cause is attributable to the Management Board member. The amount of the severance payment is capped to the member's aggregate compensation (including fixed and variable compensation) for two years or the remaining term of the member's service agreement, whichever is shorter.

## **17.2.4 Shareholdings of the members of the Management Board**

Immediately prior to the completion of the Offering (assuming the execution of the True-Up Mechanism (see "*14.2 True-Up Mechanism (Reallocation of Existing Shares upon completion of the Offering)*") based on an Offer Price at the mid-point of the Price Range), Daniel Raab indirectly holds 3.90% of the Company's share capital and voting rights via THINK BIG and Thomas Buhl indirectly holds 2.60% of the Company's share capital and voting rights via Alocaris (see "*14 SHAREHOLDER INFORMATION*").

## **17.3 Supervisory Board**

### **17.3.1 Overview**

In accordance with Sections 95 and 96 AktG as well as Section 11 para. 1 of the Articles of Association, the Supervisory Board comprises five members. All of the members are appointed by the Company's shareholders' meeting and represent the shareholders.

According to the Articles of Association, members of the Supervisory Board may be elected for a maximum term lasting until the end of the shareholders' meeting which resolves on the discharge (*Entlastung*) of the relevant members of the Supervisory Board for the fourth financial year after the commencement of the term of office. The financial year in which the term of office commenced is not counted towards the aforementioned number of four years. For members of the Supervisory Board who leave office before the end

of their term, a successor must be elected for the remaining term of the leaving member, unless the Company's shareholders' meeting specifies a different term for such successor. Reelections of members of the Supervisory Board are permissible.

When electing members of the Supervisory Board, the shareholders' meeting may also appoint substitute members who replace any members of the Supervisory Board leaving their office before the end of their term. Unless stipulated otherwise in the election, the substitute members, in the order of their election, replace members of the Supervisory Board ending their term prematurely which were elected by the same shareholders' meeting. In such case, the office of the substitute member ends once a successor for the former member of the Supervisory Board is elected through a by-election. Otherwise, the term of office corresponds to the remaining term of office of the former member. If the term of office of the substitute member ends due to a by-election, the substitute member regains its previous position as a substitute member for other members of the Supervisory Board.

The Supervisory Board elects a chairman and a deputy chairman from amongst its members to serve for the duration of those members' terms, unless a shorter period is determined at the time of their respective election. If the chairman or his deputy leaves office before the end of his term, the Supervisory Board must hold a new election without undue delay.

Each member of the Supervisory Board may resign from office with or without cause by giving written notice one month in advance to the chairman of the Supervisory Board or, in the event the chairman resigns, to the deputy chairman of the Supervisory Board.

Meetings of the Supervisory Board are generally called at least five calendar days in advance by the chairman of the Supervisory Board. Notice of meetings may be given in writing, by telefax, per e-mail or other common means of telecommunication. In urgent cases, the chairman may shorten this period and may call the meeting orally or by telephone.

The Articles of Association and the rules of procedure of the Supervisory Board provide that resolutions of the Supervisory Board are generally passed in meetings. Meetings of the Supervisory Board may also be held in the form of a video- or telephone conference or individual members of the Supervisory Board may be connected to the meetings via video or telephone, and in such cases, resolutions may also be passed by way of telephone or video conference. Absent members of the Supervisory Board or members who do not participate in, or are not connected to, the telephone or video conference can also participate in the passing of resolutions by submitting their votes in writing through another Supervisory Board member. In addition, they may also cast their vote prior to or during the meeting or following the meeting within a reasonable period as determined by the chairman of the Supervisory Board in oral form, by telephone, by telefax, by email or any other customary means of communication. Objections to the form of voting determined by the chairman of the Supervisory Board are not permitted. Resolutions may also be passed outside of meetings in writing, by telefax, email or any other comparable means of communication, whereas the aforementioned forms may also be combined, at the order of the chairperson of the Supervisory Board if preceded by reasonable notice or if all members of the Supervisory Board participate in the adoption of the resolution. Members who abstain from voting are considered to take part in the resolution.

The Articles of Association and the rules of procedure for the Supervisory Board provide that the Supervisory Board has a quorum if at least half of the members of which it has to consist of in total take part in the voting. Absent members of the Supervisory Board or members who do not participate or are connected via telephone or via other electronic means of communication (especially via video conference), and who cast their vote in the aforementioned ways as well as members who abstain from voting, are considered to take part in the voting for purposes of the required quorum. Resolutions of the Supervisory Board are passed, unless otherwise provided by mandatory law, by a simple majority of the votes cast. For purposes of passing a resolution, abstentions do not count as votes cast. If a vote in the Supervisory Board results in a tie, the chairman of the Supervisory Board has the deciding vote. This right does not apply to the deputy chairman of the Supervisory Board.

The Supervisory Board must adopt rules of procedure and may form committees in accordance with applicable laws and the Articles of Association. The Supervisory Board determines the composition, competences and procedures of such committees, if any. To the extent permitted by law and by the Articles of Association, the Supervisory Board may delegate any of its duties, decision-making powers and rights to the chairman, to any of the Supervisory Board member(s) or to any committee(s) established from amongst its members. The rules of procedure of the Supervisory Board will be adopted upon the successful Listing.

### 17.3.2 Members of the Supervisory Board

The following table sets forth the current members of the Supervisory Board, their respective age and responsibilities, and the duration of their remaining term:

Name	Age	First appointed	Appointed until	Responsibilities
Dr. Oliver Serg	40	2020	2021	Chairman of the Supervisory Board
Stefan Schütze	48	2020	2021	Deputy chairman of the Supervisory Board
Christian van der Bosch	36	2020	2021	Member of the Supervisory Board
Rolf Sigmund	62	2020	2021	Member of the Supervisory Board
Karoline Huber	44	2020	2021	Member of the Supervisory Board

**Dr. Oliver Serg** was born in Bamberg, Germany, on 20 January 1980.

Dr. Oliver Serg holds a doctor of business administration, as well as a diploma in business administration (*Diplom-Kaufmann*).

From 2006 to 2008, he worked as an investment professional at CFC Industriebeteiligungen GmbH & Co. KGaA. From 2009 to 2015, Dr. Oliver Serg worked as an investment director at EQT Partners GmbH. Since 2015 he is managing director of Genui GmbH.

Alongside his office as a member of the Supervisory Board, Dr. Oliver Serg is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside the Company:

**Currently:**

- Genui GmbH (managing director since 2015);
- Genui GP II GmbH (managing director since August 2018)
- Genui GP GmbH (managing director since May 2015);
- Genui Zweite Beteiligungsgesellschaft mbH (managing director since May 2015);
- Genui Vierte Beteiligungsgesellschaft mbH (managing director since September 2015);
- Genui Sechste Beteiligungsgesellschaft mbH (member of the advisory board since November 2016);
- Genui Siebte Beteiligungsgesellschaft mbH (managing director since October 2016);
- Genui Achte Beteiligungsgesellschaft mbH (managing director since October 2016);
- Genui Sechzehnte Beteiligungsgesellschaft mbH (managing director since August 2019);
- Genui 21. Beteiligungsgesellschaft mbH (managing director since February 2020);
- Genui 22. Beteiligungsgesellschaft mbH (managing director since February 2020);
- Genui 23. Beteiligungsgesellschaft mbH (member of the advisory board since June 2020);
- Genui 25. Beteiligungsgesellschaft mbH (managing director since March 2020);
- Genui 26. Beteiligungsgesellschaft mbH (managing director since March 2020);
- Genui 27. Beteiligungsgesellschaft mbH (managing director since March 2020);
- Mindcurv Holding GmbH (member of the advisory board since December 2019);
- Physio Group GmbH (chairman of the advisory board since September 2020); and
- Chrilian AG (member of the supervisory board since June 2008);

**Previously:**

- Fashionette GmbH (managing director from June 2015 to September 2015 and member of the advisory board from September 2015 to 22. September 2020);
- CLOSED Holding GmbH (managing director from May 2015 to December 2018);
- Cherry Holding GmbH (managing director from September 2015 to November 2016);
- Genui Sechste Beteiligungsgesellschaft mbH (managing director from August 2016 to November 2016);
- Acrolinx Holding GmbH (managing director from February 2017 to August 2017);
- Schendel & Pawlaczyk Messebau Holding GmbH (managing director from February 2017 to August 2018);
- Schendel & Pawlaczyk Real Estate GmbH (managing director from March 2018 to August 2018);
- Genui Zwölfte Beteiligungsgesellschaft mbH (managing director from March 2018 to September 2019);
- Genui Fünfzehnte Beteiligungsgesellschaft mbH (managing director from September 2018 to December 2019);
- Physio Group GmbH (managing director from May 2019 to June 2020);
- Genui 23. Beteiligungsgesellschaft mbH (managing director from March 2020 to May 2020); and
- Genui 24. Beteiligungsgesellschaft mbH (managing director from March 2020 to May 2020).

Other than that, he is not, and within the last five years was not, a member of the administrative, management or supervisory bodies of and/or a partner in any companies or partnerships outside the Company.

**Stefan Schütze** was born in Magdeburg, Germany, on 21 July 1972.

Stefan Schütze is a qualified lawyer. From October 1991 to October 1996, he studied law at the Martin Luther University Halle-

Wittenberg, graduating with the 1st state examination. In 1999, he passed the 2nd state examination and has been admitted to the bar since 2000. From 2003 to 2004, he completed the master's degree program "Mergers & Acquisitions" at the Westphalian Wilhelms University Münster and received the title Master of Laws (LL.M.). After studying law, Stefan Schütze worked in the legal department of the listed investment company bmp AG from January 2000 to June 2004. From July 2004 to May 2013, he has been General Counsel of Altira Group AG, a listed asset manager. Since May 2013, he is a member of the management board of FinLab AG, a listed company builder and investor in the financial services technology (FinTech) sector, responsible for investments, strategy, compliance, legal matters and human resources.

Alongside his office as a member of the Supervisory Board, Stefan Schütze is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside the Company:

**Currently:**

- FinLab AG (member of the management board since May 2013);
- Patriarch Multimanager GmbH (managing director since November 2012);
- Coreo AG (member of the supervisory board since May 2016);
- Kapilendo AG (member of the supervisory board since January 2017);
- Cyan AG (member of the supervisory board since October 2017);
- Heliad Management GmbH (managing director since April 2019); and
- TubeSolar AG (member of the supervisory board since December 2019).

**Previously:**

- ATAI Life Science AG (member of the supervisory board from April 2018 to February 2019);
- Venturate AG (member of the management board from May 2016 to October 2016);
- Investment Pooling UG (haftungsbeschränkt) (managing director from May 2016 to October 2016);
- JDC Group AG (member of the supervisory board from August 2008 to February 2016 and from August 2016 to December 2017);
- UET United Electronics Technologies AG (member of the supervisory board from April 2014 to February 2018);
- Assona Holding SE (member of the supervisory board from December 2011 to April 2016);
- VCH Investment Group AG (member of the supervisory board from July 2006 to July 2018);
- artec technologies AG (member of the supervisory board from July 2001 to August 2020); and
- Consortia Vermögensverwaltung AG (member of the supervisory board from July 2015 to July 2020).

Other than that, he is not, and within the last five years was not, a member of the administrative, management or supervisory bodies of and/or a partner in any companies or partnerships outside the Company.

**Christian van der Bosch** was born in Frankfurt am Main, Germany, on 2 July 1984.

Christian van der Bosch underwent a banking apprenticeship (*Bankkaufmannslehre*) at M.M.Warburg & CO from 2004 to 2006. From 2006 to 2009 Christian van der Bosch studied business administration at WHU Otto-Beisheim School of Management and received a Bachelor of Science degree. In 2012 he graduated from INSEAD Business School with a master of business administration degree (MBA). From 2009 to 2011 and 2012 to 2013, Christian van der Bosch worked as an investment banker for Morgan Stanley UK Limited and Morgan Stanley Bank AG. Christian van der Bosch worked as an investment professional at EQT Partners GmbH from 2013 to 2016. In 2016, he was one of the founders of Liimex GmbH, where he worked as a managing director (CEO) from 2016 to 2018. Christian van der Bosch had also been Chairman of the advisory board of Liimex GmbH from 2017 to 2018. Since 2018, Christian van der Bosch is an investment professional at Genui GmbH.

Alongside his office as a member of the Supervisory Board, Christian van der Bosch is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside the Company:

**Currently:**

- Cotopaxi Beteiligungs-GmbH (managing director since August 2016);
- Liimex GmbH i.L. (liquidator since May 2018); and

- Schendel & Pawlaczyk Holding GmbH (member of the advisory board since August 2018).

**Previously:**

- Fashionette GmbH (board observer in the advisory board from June 2018 to 1 October 2020).
- Liimex GmbH (managing director from September 2016 to May 2018 and chairman of the advisory board from March 2017 to May 2018); and
- RMG German Holding GmbH (board observer from September 2013 to June 2016).

Other than that, he is not, and within the last five years was not, a member of the administrative, management or supervisory bodies of and/or a partner in any companies or partnerships outside the Company.

**Rolf Sigmund** was born in Tuttlingen, Germany, on 5 August 1958.

Rolf Sigmund studied business administration at ESB Reutlingen and CESEM Groupe Sup. de Co Reims. From September 1984 to February 2019, he worked for the L'Oréal Group in marketing and sales with stations in Paris, Bonn, Brussels, Madrid, Bangkok and Düsseldorf. He held management positions at brand level from 1991 and at country level from 1995. From January 2005 to February 2019, Rolf Sigmund was managing director of L'Oréal Deutschland GmbH and responsible for the Luxe Division. In March 2019 he attended the Directors' Forum of Spencer Stuart and the Mannheim Business School (Exclusive Practice - Simulation of Modern Corporate Governance).

Alongside his office as a member of the Supervisory Board, Rolf Sigmund is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside the Company:

**Currently:**

- Rauch Möbelwerke Gesellschaft mit beschränkter Haftung (member of the advisory board since October 2015).

**Previously:**

- L'Oréal Deutschland GmbH (managing director from January 2005 to February 2019); and
- FOND OF GmbH (member of the advisory board from April 2018 to April 2019).

Other than that, he is not, and within the last five years was not, a member of the administrative, management or supervisory bodies of and/or a partner in any companies or partnerships outside the Company.

**Karoline Huber** was born in Essen, Germany, on 25 June 1976.

From 1996 to 1999 Karoline Huber studied marketing and communication at the WAK (*Westdeutsche Akademie für Kommunikation*) in Cologne, Germany. Thereafter, she worked at different advertising agencies, including Jung von Matt. In 2008, she joined IWC Schaffhausen as International Marketing and Communications Director where she later became Chief Marketing Officer (CMO) and member of the management board. During her time at IWC Schaffhausen, she also worked in Dubai, where she was responsible for the Middle East, North Africa and India. From 2015 to 2018, she held management positions at Jaeger LeCoultre, Richemont and SANTONI. In 2019, she joined Swarovski where she became member of the management board and Executive Vice President Marketing in April 2020.

Alongside her office as a member of the Supervisory Board, Karoline Huber is a member of the management board of Daniel Swarovski AG since April 2020. Other than that, she is not, and within the last five years was not, a member of the administrative, management or supervisory bodies of and/or a partner in any companies or partnerships outside the Company.

The members of the Supervisory Board can be reached at the Company's office at Grafenberger Allee 295, 40237 Düsseldorf, Germany (telephone: +49 (0) 211 26008777).

**17.3.3 Supervisory Board committees**

As of the date of the Prospectus, the Supervisory Board has no committees.

**17.3.4 Remuneration of the members of the Supervisory Board**

Pursuant to Section 16 para. 1 of the Articles of Association, each member of the Supervisory Board receives a fixed annual remuneration of EUR 25,000. The Chairman receives a fixed annual remuneration of EUR 40,000 and the Deputy Chairman receives a fixed annual remuneration of EUR 30,000. The remuneration is due after the end of the shareholders' meeting which receives the annual financial statements for the financial year for which the remuneration is paid or decides on their approval. Dr. Oliver Serg and Christian van der Bosch have waived claim to receive a fixed annual remuneration as members of the Supervisory Board as long as GENUI is a shareholder of the Company.

In addition to their fixed remuneration, members of the Supervisory Board are entitled to reimbursements for their out-of-pocket expenses incurred in connection with the performance of their duties. The Company also reimburses the members of the Supervisory Board for any value added taxes due on their remuneration and reimbursements for out-of-pocket expenses.

Furthermore, the members of the Supervisory Board are covered by the Company's D&O insurance. The Company believes that the terms of this insurance policy are in line with market practice (see "12.8 Insurance coverage").

### **17.3.5 Shareholdings of the members of the Supervisory Board**

Dr. Oliver Serg holds 20% of the share capital of Genui GmbH, which is the ultimate controlling shareholder of the Company via GENUI as one of the Existing Shareholders (see "14 SHAREHOLDER INFORMATION"). In addition, Dr. Oliver Serg is a limited partner (*Kommanditist*) of Genui Beteiligungs GmbH & Co. KG, which itself is a limited partner (*Kommanditist*) of GENUI. GENUI is one of the Existing Shareholders and the Company's direct controlling shareholder (see "14 SHAREHOLDER INFORMATION").

Christian van der Bosch is also a limited partner (*Kommanditist*) of Genui Beteiligungs GmbH & Co. KG, which itself is a limited partner (*Kommanditist*) of GENUI.

### **17.4 Certain information regarding the members of the Management Board and the members of the Supervisory Board**

Christian van der Bosch, a member of the Supervisory Board, was managing director and currently is liquidator of Liimex GmbH i.L. Liimex GmbH i.L. is solvent and has sufficient funds in order to satisfy all claims of its creditors.

Except for the liquidation described above, in the last five years, no member of the Management Board or the Supervisory Board has been:

- convicted of fraudulent offenses; or
- associated with any bankruptcy, receivership, liquidation or companies put into administration, acting in its capacity as a member of any administrative, management or supervisory body; or
- the subject of any official public incriminations and/or sanctions have been pending or imposed by statutory or legal authorities, including designated professional bodies; or
- disqualified from acting as a member of the administrative, management, or supervisory body of an issuer or from acting in the management or conduct of the affairs of any issuer.

The members of the Management Board as well as Dr. Oliver Serg and Christian van der Bosch as member of the Supervisory Board are indirect shareholders of the Company (see "17.2.4 Shareholdings of the members of the Management Board" and "17.3.5 Shareholdings of the members of the Supervisory Board"). To the extent the interests of the Existing Shareholders diverge from those of the Company, this would result in a conflict of interests for the members of the Management Board and Dr. Oliver Serg and Christian van der Bosch. Except as disclosed above, there are no conflicts of interest or potential conflicts of interest between the members of the Management Board and Supervisory Board with respect to their duties to the Company on the one hand and their private interests, membership in governing bodies of companies, or other obligations on the other.

Neither the members of the Management Board nor the members of the Supervisory Board have entered into a service agreement with the Company that provides for benefits upon termination of employment or office.

There are no family relationships between the members of the Management Board and the Supervisory Board, either amongst themselves or in relation to the members of the other body.

### **17.5 Shareholders' meeting (*Hauptversammlung*)**

#### **17.5.1 Convening of the Company's shareholders' meeting**

Pursuant to Section 175 para. 1 sent. 2 AktG and Section 17 para. 1 of the Articles of Association, the Company's annual shareholders' meeting (*ordentliche Hauptversammlung*) must be held within the first eight months of each financial year. At the option of the body convening the shareholders' meeting, the meeting is held either at the registered seat of the Company or in a German city having more than 100,000 inhabitants or at a place in Germany located within a radius of 50 kilometers around the registered seat of the Company. The Company's shareholders' meeting is generally convened by the Management Board. Notice must be issued in the Federal Gazette (*Bundesanzeiger*) at least 30 days before the day of the shareholders' meeting. The day of the meeting and the day of the publication of the convocation in the Federal Gazette (*Bundesanzeiger*) are not taken into account when calculating this 30-day period. This period is extended for the period for registration by the shareholders (see "17.5.2 Shareholders' rights to participate in the Company's shareholders' meeting").

A shareholders' meeting may also be convened by the Supervisory Board. In addition, shareholders whose aggregate shareholdings amount to at least 5% of the Company's share capital or a pro rata share of EUR 500,000 in the Company's share capital may request

that a shareholders' meeting be held. Shareholders or shareholder associations may solicit other shareholders to submit such request, jointly or by proxy, in the shareholders' forum of the Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the Company Register (*Unternehmensregister*). If, following a request submitted by shareholders whose aggregate shareholdings amount to at least 5% of the Company's share capital or a pro rata share of EUR 500,000 in the Company's share capital, a shareholders' meeting of the Company is not held in a timely manner, the competent local court (*Amtsgericht*) may authorize the shareholders who have requested such meeting or their representatives to convene a shareholders' meeting of the Company.

#### **17.5.2 Shareholders' rights to participate in the Company's shareholders' meeting**

Pursuant to the Articles of Association, all shareholders of the Company who have duly submitted notification of attendance and evidence of their shareholdings are entitled to attend the shareholders' meeting and to exercise their voting rights. The registration for the shareholders' meeting must be received by the Company at the address specified in the convening notice at least six days prior to the day of the shareholders' meeting. The convening notice may provide for a shorter period to be measured in days. When calculating this period, the day of the meeting and the day of the receipt of the notice are not taken into account.

The shareholder's registration must be submitted in the German language or English language in writing (*Textform*), or by way of other electronic means as specified by the Company in greater detail. The evidence of the shareholding can be submitted in the form of proof prepared by a depository institution in German or English in text form. Such evidence must refer to the beginning of the 21<sup>st</sup> day prior to the shareholders' meeting (record date) and must be received by the Company at the address specified in the convening notice at least six days prior to the meeting, unless a shorter period of time was set forth in the convening notice. When calculating such period, the day of the meeting and the day of the receipt of the notice are not taken into account.

Voting rights may be exercised by proxy. The granting of the proxy, its revocation and the evidence of authorization to be provided to the Company must be submitted in text form (*Textform*), unless the convening notice provides for a less strict form. Details on the granting of proxy, its revocation and the evidence to be provided to the Company are provided together with the convening notice for the shareholders' meeting. The Management Board may allow shareholders to cast their votes in writing or by electronic communication without attending the shareholders' meeting (absentee vote) and may determine the scope and the procedure of the exercising of rights in such way. The Management Board may also provide that shareholders may participate in the shareholders' meeting without being present in person at the place of the shareholders' meeting or being represented, and may exercise all or specific shareholders' rights, in full or in part, by electronic communication (online participation).

#### **17.5.3 Conduct of the Company's shareholders' meeting**

The Company's shareholders' meeting is chaired by the chairman of the Supervisory Board or by another member of the Supervisory Board or any other person appointed by the chairman. In the event that neither the chairman of the Supervisory Board nor any other member of the Supervisory Board or other person appointed by the chairman takes over the position of chairman of the shareholders' meeting, the chairman of the Company's shareholders' meeting is elected by the members of the Supervisory Board present at the shareholders' meeting. In the event that the Supervisory Board does not elect the chairman of the Company's shareholders' meeting, the chairman of the Company's shareholders' meeting is elected by the shareholders' meeting under the chairmanship of the shareholder with the highest shareholding present in the shareholders' meeting.

The chairman of the Company's shareholders' meeting chairs the proceedings of the meeting and directs the course of the proceedings. In particular, the chairman may exercise rules of order and make use of assistants. The chairman determines the sequence of speakers and the consideration of the items on the agenda as well as the form, procedure and further details of voting. The chairman may also, to the extent permitted by law, decide on the bundling of factually related items for resolution into a single vote. The chairman is further authorized to impose a reasonable time limit on the right to ask questions and to speak. At the beginning of, or at any time during, the shareholders' meeting, the chairman may set a limit on the time allowed to speak or to ask questions, or on the combined time to speak and ask questions. The chairman may also determine an appropriate time frame for the course of the entire shareholders' meeting, for individual agenda items or individual speakers. If necessary, the chairman may close the list of requests to speak and order the end of the debate in the Company's shareholders' meeting.

#### **17.5.4 Resolutions of the Company's shareholders' meeting**

Pursuant to Section 21 para. 3 of the Articles of Association, resolutions of the Company's shareholders' meeting are generally passed with a simple majority of the votes validly cast. If a majority of the share capital is required by law, a simple majority of the registered share capital represented at the vote is sufficient, unless a higher majority is required by mandatory law or the Articles of Association.

Pursuant to the AktG, resolutions of fundamental importance (*grundlegende Bedeutung*) mandatorily require a majority of at least 75% of the share capital represented at the vote. Resolutions of fundamental importance include:

- the approval to conclude, amend or terminate enterprise agreements (*Unternehmensverträge*);

- amendments to the corporate purpose of the Company;
- the creation of conditional or authorized capital;
- an exclusion of subscription rights as part of a capital increase by the shareholders' meeting or in the context of an issuance of, or authorization to issue, convertible and profit sharing certificates and other profit sharing rights;
- an authorization on the use of treasury shares;
- capital reductions;
- a liquidation of the Company or a subsequent continuation of the liquidated Company;
- the approval of contracts within the meaning of Section 179a AktG (transfer of the entire assets of the Company) and management actions of special significance that require the approval of the shareholders' meeting of the Company in compliance with legal precedents;
- an integration of the Company into another corporation; and
- any actions within the meaning of the UmwG.

Neither German law nor the Articles of Association limits the rights of foreign shareholders or shareholders not domiciled in Germany to hold shares or exercise voting rights associated therewith.

#### **17.6 Corporate governance**

Following the Listing, the Company will not become subject to the obligation to declare compliance with the recommendations of the German Corporate Governance Code (*Deutscher Corporate Governance Kodex* – "**Code**") pursuant to Section 161 para. 1 AktG. Such obligation requires a listing in a regulated market in Germany. The Company also does not intend to voluntarily issue declarations of compliance (*Entsprechenserklärungen*) with the recommendations of the Code. Whereas the Management Board and the Supervisory Board consider a good corporate governance as important for the Company, they believe that such structures can be established in a more flexible manner rather than voluntarily complying with the recommendations of the Code.

## 18 CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

*Related parties of the Company include the members of the Management Board and the Supervisory Board, including their close family members, as well as those companies on which members of the Management Board or the Supervisory Board or their close family members can exercise significant influence or hold a significant share of voting rights. In addition, related parties are also companies with which the Company forms a group or in which the Company holds an interest that enables the Company to exercise significant influence, as well as the principal shareholders of the Company, including their affiliated companies.*

*Set forth below is a detailed description of such transactions with related parties for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 and up to and including the date of the Prospectus.*

### 18.1 Transactions with shareholders and their affiliated companies

On 26 January 2017, the Company, GENUI, Ronald Reschke, Frank Bütefür, Dr. Sebastian Niklas Siebert, Dr. Fabio Labriola, The Fab Labs GmbH, Wiesbaden, Germany ("**Fab Labs**"), and SNS Ventures GmbH, Hamburg, Germany ("**SNS Ventures**"), entered into an exit and amendment agreement to a shareholders' agreement dated 22 September 2015 ("**Shareholders Agreement**") together with a share purchase agreement ("**Exit Agreement**"). Under the Exit Agreement, Frank Bütefür sold and assigned his 250 shares in the Company (in the former legal form of German limited liability company (*Gesellschaft mit beschränkter Haftung* or *GmbH*)) to GENUI.

On 14 December 2018, the Company, GENUI, THINK BIG, Alocaris, Daniel Raab, Thomas Buhl, Dr. Fabio Labriola, Fab Labs, SNS Ventures, Ronald Reschke, and Dr. Sebastian Niklas Siebert entered into an exit agreement together with a share purchase agreement ("**Founders Exit Agreement**"). Under the Founders Exit Agreement, Fab Labs, SNS Ventures and Ronald Reschke sold and assigned their respective shares in the Company (in the former legal form of German limited liability company (*Gesellschaft mit beschränkter Haftung* or *GmbH*)) to the Existing Shareholders, i.e., GENUI, THINK BIG and Alocaris, subject to several conditions precedent ("**Founders Exit**"). The Shareholders Agreement was terminated subject to the closing. The closing of the Founders Exit occurred on 24 May 2019.

On 14 December 2018, the Company, GENUI, THINK BIG, Alocaris, Daniel Raab and Thomas Buhl entered into a shareholders' agreement (*Gesellschaftervereinbarung*) subject to the closing of the Founders Exit which occurred on 24 May 2019 ("**New Shareholders Agreement**"). The New Shareholders Agreement was terminated on the date of the registration of the change of legal form of the Company to a German stock corporation (*Aktiengesellschaft* or *AG*) with the Commercial Register which occurred on 1 October 2020.

On 22 September 2022, the Company, GENUI, THINK BIG, Alocaris, Daniel Raab and Thomas Buhl entered into a shareholders' agreement (*Aktionärsvereinbarung*) subject to the registration of the change of legal form of the Company to a German stock corporation (*Aktiengesellschaft* or *AG*) with the Commercial Register which occurred on 1 October 2020 ("**Current Shareholders Agreement**"). The Current Shareholders Agreements ends with the Listing and covers, inter alia, the True-Up Mechanism (see "**14.2 True-Up Mechanism (Reallocation of Existing Shares upon completion of the Offering)**").

### 18.2 Transactions with other related companies

Given that the Company does not hold an interest in other companies, no transactions have taken place between the Company and a related company from 1 January 2017 up to and including the date of the Prospectus.

### 18.3 Transactions with members of the Management Board and Supervisory Board

#### 18.3.1 Remuneration of the Members of the Management Board

Given that the Management Board was only established during the financial year ending 31 December 2020, the members of the Management Board have not received any annual remuneration.

For a description of the current remuneration of the members of the Management Board, see "**17.2.3 Remuneration of the members of the Management Board**".

For a description of the current indirect shareholding of the members of the Management Board in the Company, see "**17.2.4 Shareholdings of the members of the Management Board**".

#### 18.3.2 Remuneration of the former managing directors (*Geschäftsführern*)

The Company did pay remuneration to managing directors (*Geschäftsführern*) of the Company in the former legal form of a German limited liability company (*Gesellschaft mit beschränkter Haftung* or *GmbH*). The gross amount of such remuneration was EUR 678,100.05 in aggregate for the financial year ended 31 December 2019, EUR 403,350.12 in aggregate for the financial year ended 31 December 2018 and EUR 669,532.78 in aggregate for the financial year ended 31 December 2017.

### **18.3.3 Termination agreements with former managing directors (*Geschäftsführern*)**

On 25 January 2017, the Company and Frank Bütetür as former managing director (*Geschäftsführer*) of the Company in the former legal form of a German limited liability company (*Gesellschaft mit beschränkter Haftung* or *GmbH*) entered into a termination agreement regarding his service agreement with the Company. With the termination agreement, the service agreement was terminated with effect as of 31 January 2017. The Company granted Frank Bütetür a severance payment of EUR 103,800.

On 10 May 2019, the Company entered into separate termination agreements with Dr. Fabio Labriola, Ronald Reschke and Dr. Sebastian Niklas Siebert as former managing directors (*Geschäftsführern*) of the Company in the former legal form of a German limited liability company (*Gesellschaft mit beschränkter Haftung* or *GmbH*) regarding their respective service agreements with the Company. With the termination agreements, each of the service agreements was terminated with effect as of 31 May 2019, whereas they have already been released from their obligations as of 1 May 2019. No severance payment was granted. The Company was given the option to pay a pro rata bonus for the months January to May 2019. Each of the former managing directors (*Geschäftsführern*) received a bonus of EUR 20,000.

### **18.3.4 Termination agreement with Julia Labriola**

On 10 May 2019, the Company and Julia Labriola, the wife of Dr. Fabio Labriola, entered into a termination agreement regarding her employment agreement with the Company. With the termination agreement, the employment agreement was terminated with effect as of 31 May 2019. No severance payment was granted. Julia Labriola received a pro rata bonus for the months January to May 2019 of EUR 4,167.

### **18.3.5 Consultancy agreement with Ronald Reschke**

In addition, the Company entered into a consulting agreement with Ronald Reschke, a former managing director of the Company on 10 May 2019. Under this agreement, Ronald Reschke received a remuneration of EUR 1,250 per day of consulting (exclusive of value added tax), with a total target volume of EUR 150,000 (exclusive of value added tax). The consulting agreement entered into force on 1 June 2019 and had a fixed term of twelve months.

### **18.3.6 Remuneration of the Members of the Supervisory Board**

Given that the Supervisory Board was only established during the financial year ending 31 December 2020, the members of the Supervisory Board have not received any annual remuneration yet.

For a description of the current remuneration of the members of the Supervisory Board, see "*17.3.4 Remuneration of the members of the Supervisory Board*".

For a description of the indirect shareholding of Dr. Oliver Serg and Christian van der Bosch as member of the Supervisory Board, see "*17.3.5 Shareholdings of the members of the Supervisory Board*".

## 19 UNDERWRITING

### 19.1 General

On 19 October 2020, the Company, the Selling Shareholder and Hauck & Aufhäuser in its capacity as Sole Global Coordinator and Sole Bookrunner entered into the Underwriting Agreement relating to the Offering and the Listing.

In the terms of the Underwriting Agreement, Hauck & Aufhäuser agreed to subscribe for and purchase the Offer Shares with a view to offering them to investors in the Offering.

The obligations of Hauck & Aufhäuser are subject to various conditions, including (i) the absence of a material event, e.g., a material adverse change in or affecting the business, prospects, management, financial position, shareholders' equity, or results of operations of the Company, or a suspension or material limitation in trading in securities generally on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), (ii) receipt of customary certificates and legal opinions, and (iii) the Listing.

Hauck & Aufhäuser has provided and may in the future provide services to the Company and the Selling Shareholder in the ordinary course of business and may extend credit to and have regular business dealings with the Company and the Selling Shareholder in its capacity as financial institution. For a more detailed description of the interests of the Sole Bookrunner in the Offering, see "3.12 *Interests of parties participating in the Offering*").

### 19.2 Commissions

Hauck & Aufhäuser will offer the Offer Shares at the Offer Price. The Company and the Selling Shareholder will pay Hauck & Aufhäuser a base commission of in total 3.80% of the aggregate gross proceeds of the Offering, each in proportion to the gross proceeds of the Offering they will receive. In addition to this base commission, the Company and the Selling Shareholder may pay Hauck & Aufhäuser an additional incentive fee of up to 1.20% of the aggregate gross proceeds of the Offering, each in proportion to the gross proceeds of the Offering they will receive.

The total underwriting commission is expected to amount to approximately EUR 6,128,500 (assuming (i) gross proceeds of the Offering of EUR 40,800,000 to the Company, (ii) gross proceeds of the Offering to the Selling Shareholder of EUR 81,770,000 calculated based on an Offer Price at the mid-point of the Price Range, (iii) full exercise of the Upsize Option and Greenshoe Option, and (iv) payment of the discretionary incentive fee in full). The decision to pay any incentive fee and its amount are within the sole discretion of the Company and the Selling Shareholder, and such decision must be made and such distribution is to be made 45 calendar days upon completion of the Stabilization Period. The Company and the Selling Shareholder also agreed to reimburse Hauck & Aufhäuser for certain expenses incurred by it in connection with the Offering.

### 19.3 Termination and indemnification

The Underwriting Agreement provides that the Sole Bookrunner may, under certain circumstances, terminate the Underwriting Agreement, including after the Offer Shares have been allotted and listed, up to delivery and settlement. Grounds for termination include in particular:

- a material adverse change in the economic position or the business of the Company; and
- an event that has material adverse effects on the financial markets.

If the Underwriting Agreement is terminated, the Offering will not take place, in which case any allotments already made to investors will be invalidated and investors will have no claim for delivery. Claims with respect to subscription fees already paid and costs incurred by an investor in connection with the subscription will be governed solely by the legal relationship between the investor and the financial intermediary to which the investor submitted its purchase order. Investors who engage in short-selling bear the risk of being unable to satisfy their delivery obligations. The Company and the Selling Shareholder agreed in the Underwriting Agreement to indemnify Hauck & Aufhäuser against certain liabilities that may arise in connection with the Offering, including liabilities under applicable securities laws.

### 19.4 Selling restrictions

The distribution of the Prospectus and the sale of the Offer Shares may be restricted by law in certain jurisdictions. No action has been or will be taken by the Company, the Selling Shareholder or the Sole Bookrunner to permit a public offering of the Offer Shares anywhere other than in Germany or the transmission or distribution of the Prospectus into any other jurisdiction, where additional actions for that purpose may be required.

Accordingly, neither the Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction other than in Germany, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession the Prospectus comes are required to inform themselves about and observe any such restrictions,

including those set out in the following paragraphs. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

In the Private Placement, the Offer Shares will only be offered (i) in the EEA to qualified investors as defined in Article 2 lit. e) of the Prospectus Regulation, (ii) in the United States to QIBs (as defined in Rule 144A under the Securities Act), and (iii) in other countries (except for Canada, Australia and Japan) to institutional investors. Outside the United States, the Shares will be offered only in "off-shore transactions" (as defined in and pursuant to Regulation S). In the United States, the Offer Shares will be offered only in private placement transactions to a limited number of QIBs pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act and who have received and agreed to the terms of a U.S. investor representation letter.

The Company does not intend to register either the Offering or any portion of the Offering in the United States, or to conduct a public offering of shares in the United States. The Offer Shares are not and will not be registered pursuant to the provisions of the Securities Act or with securities regulators of individual states of the United States. The Offer Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States, except pursuant to an exemption from the registration and reporting requirements of the United States securities laws and in compliance with all other applicable United States legal requirements. The Offer Shares may only be sold in or into the United States to persons who are reasonably believed to be QIBs as defined in, and in reliance on, Rule 144A, or pursuant to another available exemption from, or in transactions not subject to, the registration requirements of the Securities Act, and outside the United States in accordance with Rule 903 of Regulation S and in compliance with other United States legal requirements, and no (i) "direct selling efforts" as defined in Regulation S or (ii) "general advertising" or "general solicitation", each as defined in Regulation D under the Securities Act in relation to the Offer Shares has taken, or may take place. Any offer or sale of Offer Shares in the United States will be made by broker dealers who are registered as such under the United States federal securities laws. Terms used above shall have the meanings ascribed to them by Regulation S and Rule 144A under the Securities Act.

In addition, until 40 days after the commencement of the Offering, an offer or sale of Offer Shares within the United States by any dealer, whether or not participating in the Offering, may violate the registration requirements of the Securities Act, if such offer or sale does not comply with Rule 144A or another exemption from registration under the Securities Act.

In the UK, this Prospectus is only addressed and directed to investors (i) who have professional experience in matters relating to investments falling within Article 19 para. 5 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended ("**Order**"), and/or (ii) who are high net worth entities falling within Article 49 para. 2 lit. a) through d) of the Order, and (iii) other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**Relevant Persons**"). In the UK, the Offer Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire Offer Shares in the UK will only be engaged in with, Relevant Persons. Any person in the UK who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

In the member states of the EEA and the UK ("**Relevant States**"), no offer of Offer Shares to the public has been or will be made, except for the offer to the public in Germany (once the Prospectus has been approved by BaFin and published in accordance with the Prospectus Regulation) and any offers of Offer Shares in any Relevant State in accordance with the following exceptions under the Prospectus Regulation:

- to qualified investors as defined in Article 1 para. 4 lit. (a) of the Prospectus Regulation; or
- to fewer than 150 natural or legal persons per Relevant State (other than qualified investors as defined in Article 1 para. 4 lit. (a) of the Prospectus Regulation), subject to obtaining the prior consent of the Sole Bookrunner for any such offer; or
- in any other circumstances falling within Article 1 para. 4 of the Prospectus Regulation.

For the purposes of this Prospectus, the expression "offer to the public" in relation to any Relevant State means a communication to persons in any form and by any means, presenting sufficient information on the terms of the Offering and the Offer Shares, so as to enable an investor to decide to purchase or subscribe to Offer Shares, including any placing of Offer Shares through financial intermediaries.

## **20 WARNING ON TAX CONSEQUENCES**

Income received from the Company's shares is subject to taxation. In particular, the tax laws of any jurisdiction with authority to impose taxes on the Company's shareholders and the tax laws of the Company's state of incorporation, statutory seat and place of effective management (i.e., Germany) may affect the income received from the Company's shares.

## 21 FINANCIAL INFORMATION

The following English-language annual financial statements (F-14 – F-25, F-26 – F-37 and F-38 – F-49) are translations of the respective German-language audited annual financial statements of Fashionette GmbH.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS OF FASHIONETTE GMBH (SINCE 1 OCTOBER 2020 FASHIONETTE AG)  
(PREPARED IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (*HANDELSGESETZBUCH*))  
AS OF AND FOR THE SIX MONTHS ENDED 30 JUNE 2020**

Fashionette GmbH (since 1 October 2020 fashionette AG), Düsseldorf

Balance Sheet as of 30 June 2020

in EUR	30 June 2020	31 December 2019
<b>ASSETS</b>		
<b>A. Fixed assets</b>		
<b>I. Intangible assets</b>		
1. Purchased franchises, industrial and similar rights and assets, and li- censes in such rights and assets .....	1,677,833.09	2,087,251.42
2. Goodwill.....	14,856,891.27	15,564,362.31
3. Prepayments.....	284,861.48	56,089.50
	<b>16,819,585.84</b>	<b>17,707,703.23</b>
<b>II. Property, plant and equipment</b>		
Other equipment, furniture and fixtures.....	260,630.14	275,755.90
	<b>17,080,215.98</b>	<b>17,983,459.13</b>
<b>B. Current assets</b>		
<b>I. Inventories</b>		
1. Raw materials, consumables and supplies .....	87,502.24	88,271.99
2. Merchandise.....	16,620,070.21	15,686,171.76
3. Prepayments.....	340,125.33	164,038.12
	<b>17,047,697.78</b>	<b>15,938,481.87</b>
<b>II. Receivables and other assets</b>		
1. Trade receivables.....	6,469,023.65	8,497,318.06
<i>thereof non-current: EUR 0 thousand (prior year: EUR 0 thousand)</i>		
2. Other assets.....	130,092.44	570,951.10
	<b>6,599,116.09</b>	<b>9,068,269.16</b>
<b>III. Cash on hand and bank balances .....</b>	1,593,467.11	2,272,480.35
	<b>25,240,280.98</b>	<b>27,279,231.38</b>
<b>C. Prepaid expenses .....</b>	625,666.68	585,462.03
	<b>42,946,163.64</b>	<b>45,848,152.54</b>

in EUR	30 June 2020	31 December 2019
<b>EQUITY AND LIABILITIES</b>		
<b>A. Equity</b>		
I. Subscribed capital .....	25,000.00	25,000.00
II. Capital reserves .....	28,175,045.00	28,175,045.00
III. Profit (+)/Loss (-) carryforward .....	97,303.92	-1,302,441.20
IV. Net income for the period .....	334,126.56	1,399,745.12
	<b>28,631,475.48</b>	<b>28,297,348.92</b>
<b>B. Provisions</b>		
1. Tax provisions .....	688,534.00	792,292.56
2. Other provisions .....	423,813.00	408,251.00
	<b>1,112,347.00</b>	<b>1,200,543.56</b>
<b>C. Liabilities</b>		
1. Liabilities to banks .....	4,605,977.16	8,544,847.77
2. Prepayments received on account of orders .....	120,391.89	115,139.80
3. Trade payables .....	5,432,570.76	5,253,474.63
4. Other liabilities .....	3,043,401.35	2,436,797.86
	<b>13,202,341.16</b>	<b>16,350,260.06</b>
	<b>42,946,163.64</b>	<b>45,848,152.54</b>

Fashionette GmbH (since 1 October 2020 fashionette AG), Düsseldorf

Income statement for the six months ended 30 June 2020

in EUR	H1 2020	H1 2019
1. Revenue		
a) Total revenue .....	70,692,954.90	60,864,555.60
b) less credit notes .....	31,557,468.18	28,022,206.33
	<b>39,135,486.72</b>	<b>32,842,349.27</b>
2. Other operating income .....	388,797.39	250,502.30
<i>thereof income from currency translation:</i> <i>EUR 135,233.92 (prior year: EUR 105,321.54)</i>		
	<b>39,524,284.11</b>	<b>33,092,851.57</b>
3. Cost of materials		
Cost of purchased merchandise .....	23,869,011.88	19,360,539.06
4. Personnel expenses		
a) Wages and salaries.....	2,910,065.80	2,829,338.92
b) Social security, pension and other benefit costs.....	503,340.84	500,862.66
<i>thereof for old-age pensions:</i> <i>EUR 3,431.35 (prior year: EUR 3,403.02)</i>		
5. Amortization, depreciation and impairment of intangible assets and property, plant and equipment .....	1,230,549.57	1,229,902.38
6. Other operating expenses .....	9,403,727.45	7,939,690.62
<i>thereof expenses from currency translation:</i> <i>EUR 256,726.69 (prior year: EUR 77,408.95)</i>		
	<b>37,916,695.54</b>	<b>31,860,333.64</b>
7. Other interest and similar income.....	10,006.38	10,722.10
<i>thereof income from discounting:</i> <i>EUR 0.00 (prior year: EUR 0.00)</i>		
8. Interest and similar expenses .....	768,753.82	740,236.08
	<b>-758,747.44</b>	<b>-729,513.98</b>
9. Income taxes .....	514,736.00	405,983.98
<b>10. Earnings after taxes.....</b>	<b>334,105.13</b>	<b>97,019.97</b>
11. Other taxes .....	0.00	0,00
<b>12. Net income for the period .....</b>	<b>334,105.13</b>	<b>97,019.97</b>

Fashionette GmbH (since 1 October 2020 fashionette AG), Düsseldorf

Cash flow statement for the six months ended 30 June 2020

in EUR thousand	H1 2020	H1 2019
<b>1. Cash flow from operating activities</b>		
Net income for the period.....	334	97
Amortization, depreciation and impairment of intangible assets and property, plant and equipment.....	1,231	1,230
Increase (+)/decrease (-) in provisions .....	-98	-19
Other non-cash expenses (+)/income (-).....	23	2
Increase (-)/decrease (+) in inventories, trade receivables and other assets .....	1,095	1,316
Increase (+)/decrease (-) in trade payables and other liabilities .....	1,304	-4,547
Interest expenses (+)/interest income (-).....	680	657
Income tax payments (+/-) .....	-279	118
<b>Cash flow from operating activities .....</b>	<b>4,290</b>	<b>-1,146</b>
<b>2. Cash flow from investing activities</b>		
Cash paid (-) for investments in property, plant and equipment .....	-30	-27
Cash paid (-) for investments in intangible assets .....	-297	-432
Interest received (+) .....	10	11
<b>Cash flow from investing activities .....</b>	<b>-317</b>	<b>-448</b>
<b>3. Cash flow from financing activities</b>		
Interest paid (-).....	-690	-668
<b>Cash flow from financing activities .....</b>	<b>-690</b>	<b>-668</b>
<b>4. Cash and cash equivalents at the end of the period</b>		
Change in cash and cash equivalents (subtotal of 1 to 3).....	3,283	-2,262
Changes in cash and cash equivalents due to exchange rates .....	-23	-2
Cash and cash equivalents at the beginning of the period .....	-6,273	-5,846
<b>Cash and cash equivalents at the end of the period .....</b>	<b>-3,013</b>	<b>-8,110</b>
<b>5. Composition of cash and cash equivalents</b>		
Cash .....	1,593	1,086
Short term liabilities to banks.....	-4,606	-9,196
<b>Cash and cash equivalents at the end of the period .....</b>	<b>-3,013</b>	<b>-8,110</b>

Fashionette GmbH (since 1 October 2020 fashionette AG), Düsseldorf

Statement of changes in equity for the six months ended 30 June 2020

in EUR thousand	Subscribed capital		Reserves		Equity		
	Common stock	Total	Capital reserves pursuant to Sec. 272 (2) no. 4 HGB	Total	Profit/loss carryforward	Net income/net loss for the period	Total
<b>31 December 2018</b> .....	<b>25</b>	<b>25</b>	<b>28,175</b>	<b>28,175</b>	<b>-1,605</b>	<b>302</b>	<b>26,898</b>
Other changes .....	0	0	0	0	0	-302	-302
Net income for the period .....	0	0	0	0	302	1,400	1,702
<b>30 June 2019</b> .....	<b>25</b>	<b>25</b>	<b>28,175</b>	<b>28,175</b>	<b>-1,302</b>	<b>97</b>	<b>26,995</b>
<b>31 December 2019</b> .....	<b>25</b>	<b>25</b>	<b>28,175</b>	<b>28,175</b>	<b>-1,302</b>	<b>1,400</b>	<b>28,297</b>
Other changes .....	0	0	0	0	0	-1,400	-1,400
Net income for the period .....	0	0	0	0	1,400	334	1,734
<b>30 June 2020</b> .....	<b>25</b>	<b>25</b>	<b>28,175</b>	<b>28,175</b>	<b>97</b>	<b>334</b>	<b>28,631</b>

## Fashionette GmbH (since 1 October 2020 fashionette AG), Düsseldorf

### Notes to the interim financial statements for the six months ended 30 June 2020

#### 1 General

These interim financial statements as of and for the six months ended 30 June 2020 were prepared in accordance with Section 242 et seq. and Section 264 et seq. of the German Commercial Code (*Handelsgesetzbuch* – "HGB") as well as in accordance with the relevant provisions of the German Limited Liability Companies Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*). The Company is subject to the requirements for large corporations as defined by Section 267 para. 4 HGB in conjunction with Section 267 para. 3 HGB.

The financial year is the calendar year.

The income statement was prepared using the nature of expense method in accordance with Section 275 para. 2 HGB.

The disclosures required by law on the balance sheet and income statement items and the disclosures which may be made either in the balance sheet, income statement or the notes to the interim financial statements are mostly made in the notes to the interim financial statements in the interest of greater clarity of presentation.

The Company, having its registered office in Düsseldorf, was registered under the name of Fashionette GmbH with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Düsseldorf under HRB 76016 until 1 October 2020.

In accordance with the resolution of the shareholders meeting on 22 September 2020, Fashionette GmbH was converted into a stock corporation by way of a change of legal form. The change of legal form was registered with the commercial register on 1 October 2020. Since 1 October 2020, the Company has been registered under the name fashionette AG, having its registered office in Düsseldorf, with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Düsseldorf under HRB 91139.

#### 2 Accounting Policies

The following accounting policies, which essentially remained unchanged in comparison to the financial year 2019, were used to prepare the interim financial statements.

Purchased **intangible fixed assets** are recognized at acquisition cost and amortized using the straight-line method over their estimated useful lives.

Purchased **goodwill** is recognized as the excess of the value of the individual assets less liabilities at the time of the acquisition over the consideration and amortized over its limited useful life.

**Property, plant and equipment** are recognized at acquisition cost and are depreciated if they have a limited life.

Property, plant and equipment are depreciated over their estimated useful lives using the straight-line method. Low-value assets with a value of more than EUR 250.00 but no greater than EUR 1,000.00 are pooled in an account and depreciated on a straight-line basis over a period of five years. Assets up to EUR 250.00 are immediately expensed in full. All other depreciation of additions to property, plant and equipment is charged pro rata temporis.

**Inventories** are recorded at acquisition cost or nominal value in accordance with the lower of cost or market principle. Merchandise with reduced marketability is written down to the lower net realizable value.

Adequate allowances provide for all identifiable inventory valuation risks resulting from slow-moving stock, reduced usability and lower replacement costs.

Apart from normal retentions of title and partial assignments as collateral for liabilities to banks of EUR 4,606k (prior year: EUR 9,196k), no inventories have been pledged as security to third parties.

**Receivables and other assets** are stated at their nominal value. Specific bad debt allowances provide for all foreseeable valuation risks. The general credit risk is provided for by a general bad debt allowance.

Revenue recognition is adjusted by an appropriate allowance on receivables in the amount of the expected returns, recognized in accordance with the gross method. Both the profit share of returns and the cost of materials of the expected returns are deducted from revenue.

**Cash on hand** and **bank balances** are stated at nominal value.

**Prepaid expenses** relate to expenses before the reporting date that relate to a certain period after this date. They do not include any items within the meaning of Section 250 para. 3 HGB.

**Tax provisions** and **other provisions** account for all identifiable risks, potential losses and uncertain liabilities on the basis of prudent business judgment. They are recognized at the settlement value deemed necessary, i.e., including future cost and price increases. Provisions with a residual term of more than one year are discounted using the average market interest rate for their respective residual term.

**Liabilities** and **prepayments received** are recognized at their settlement value or nominal value.

**Deferred income** comprises income before the reporting date that relates to a certain period after this date.

**Foreign currency assets and liabilities** are translated using the mean spot rate on the reporting date. If they had residual terms of more than one year, the realization principle (Section 252 para. 1 no. 4 HGB) and the historical cost principle (Section 253 para. 1 sentence 1 HGB) were applied.

The “thereof” items presented in the income statement under income and expenses from currency translation mainly include realized exchange difference.

### **3 Notes to the Balance Sheet**

#### **3.1 Fixed Assets**

The development of the individual fixed asset items, including amortization, depreciation and impairment for the six months ended 30 June 2020, is shown in the statement of changes in fixed assets (exhibit to the notes).

Acquired goodwill is amortized over a period of 15 years based on the assumption that the acquired customer lists, market position and know-how will decrease in value over this period.

#### **3.2 Receivables and other assets**

As of 30 June 2020, all receivables and other assets are due in up to one year. As of 30 June 2020, trade receivables do not include any receivables from the shareholder. Receivables from factoring companies from customer receivables sold but not yet paid are presented under trade receivables.

#### **3.3 Capital stock**

The Company’s capital stock is unchanged on the prior year at EUR 25,000.00 and is fully paid in.

#### **3.4 Other provisions**

Other provisions were chiefly set up for personnel expenses (EUR 338k).

#### **3.5 Liabilities**

The remaining terms of the liabilities are presented separately in the statement of liabilities:

in EUR thousand	Total	Thereof due in		
		up to 1 year	more than 1 year	more than 5 years
<b>Type of liability</b>				
to banks .....	4,606	4,606	0	0
<i>prior year</i> .....	9,196	9,196	0	0
from prepayments received on account of orders .....	120	120	0	0
<i>prior year</i> .....	177	177	0	0
from trade.....	5,433	5,433	0	0
<i>prior year</i> .....	4,363	4,363	0	0
Other liabilities.....	3,043	3,043	0	0
<i>prior year</i> .....	725	725	0	0
Total .....	13,202	13,202	0	0
<i>prior year</i> .....	14,461	14,461	0	0

### 3.6 Disclosure of the collateral provided for liabilities

The liabilities to banks are secured by assignments of inventories. The collateral amounts to EUR 4,597k (31 December 2019: EUR 8,487k).

### 3.7 Off-balance sheet transactions

In order to fund operating activities, Fashionette GmbH has concluded agreements with BFS finance GmbH and RatePAY GmbH on the purchase of end consumer receivables. Under these arrangements, Fashionette GmbH offers both factoring companies receivables from invoices and installments on a daily basis, with the later bearing the del credere risk. As of the reporting date, receivables of EUR 1,560k (31 December 2019: EUR 3,564k) had been sold.

### 3.8 Other financial obligations

Other financial obligations comprise long-term rental obligations to third parties. The financial obligation amounts to EUR 1,115k in future financial years, EUR 238k of which is due in 2020. Apart from the other financial obligations presented and the off-balance sheet transactions described above, there are no transactions that are not shown in the balance sheet.

### 3.9 Contingent liabilities

There were no contingent liabilities as of the reporting date.

## 4 Notes to the income statement

### 4.1 Breakdown of revenue

87% of revenue is attributable to the GSA (German, Switzerland and Austria) region, 8% to the other EU countries (excluding the UK) and 6% to the UK.

### 4.2 Other operating income

In the six months ended 30 June 2020, there were no income items that were unusually high or of extraordinary significance and no significant out-of-period income.

### 4.3 Other operating expenses

Other operating expenses mainly include premises expenses (EUR 234k), advertising expenses (EUR 3,644k), distribution costs (EUR 2,704k), payment transfer costs (EUR 1,171k), losses on receivables (EUR 153k), IT expenses (EUR 299k) and ex-

penses for currency translation (EUR 257k). In the six months ended 30 June 2020, there were no expense items that were unusually high or of extraordinary significance and no significant out-of-period expenses.

#### **4.4 Income tax expense**

The entire income tax expense was levied on earnings before taxes.

### **5 Other mandatory disclosures**

#### **5.1 Management board**

The general managers in financial year 2020 were:

Mr. Thomas Buhl (COO)

Mr. Daniel Raab (CEO)

All general managers are authorized to represent the Company alone and, according to the commercial register, have been exempted from the restrictions prescribed in Section 181 BGB of the German Civil Code (*Bürgerliches Gesetzbuch*).

Management board remuneration amounted to EUR 350k in the first half of 2020.

#### **5.2 Auditor's fees**

The auditor's total fees for the half of the year comprise EUR 32k and relate in full to audit services.

#### **5.3 Number of employees**

The Company had an average of 146 employees during the six months ended 30 June 2020 (prior year: 137). In six months ended 30 June 2020, they are all salaried employees.

### **6 Subsequent events**

Fashionette GmbH was converted into a stock corporation in accordance with the resolution of the shareholders' meeting on 22 September 2020. The change of legal form was registered with the commercial register on 1 October 2020.

There were no other significant events after the close of the financial year of significance for the assets, liabilities, financial position and financial performance.

Düsseldorf, 12 October 2020

Management board

Thomas Buhl

Daniel Raab

Exhibit to the notes to the interim financial statements

Fashionette GmbH (since 1 October 2020 fashionette AG), Düsseldorf  
Statement of changes in fixed assets for the six months ended 30 June 2020

in EUR	Acquisition cost				Accumulated amortization, depreciation and impairment				Net book values	
	1 Jan 2020	Additions	Disposals	30 June 2020	1 Jan 2020	Additions	Disposals	30 June 2020	30 June 2020	31 Dec 2019
	<b>I. Intangible assets</b>									
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets .....	5,142,948.13	68,676.17	0.00	5,211,624.30	3,055,696.71	478,094.50	0.00	3,533,791.21	1.677.833,09	2,087,251.42
2. Goodwill .....	21,227,566.97	0.00	0.00	21,227,566.97	5,663,204.66	707,471.04	0.00	6,370,675.70	14.856.891,27	15,564,362.31
3. Prepayments .....	56,089.50	228,771.98	0.00	284,861.48	0.00	0.00	0.00	0.00	284.861,48	56,089.50
	<b>26,426,604.60</b>	<b>297,448.15</b>	<b>0.00</b>	<b>26,774,052.75</b>	<b>8,718,901.37</b>	<b>1,185,565.54</b>	<b>0.00</b>	<b>9,904,466.91</b>	<b>16.819.585,84</b>	<b>17,707,703.23</b>
<b>II. Property, plant and equipment .....</b>										
Other equipment, furniture and fixtures.. ...	740,573.36	29,858.27	53,196.24	717,235.39	464,817.46	44,984.03	53,196.24	456,605.25	260.630,14	275,755.90
	<b>27,167,177.96</b>	<b>327,306.42</b>	<b>53,196.24</b>	<b>27,441,288.14</b>	<b>9,183,718.83</b>	<b>1,230,549.57</b>	<b>53,196.24</b>	<b>10,361,072.16</b>	<b>17.080.215,98</b>	<b>17,983,459.13</b>

**AUDITED ANNUAL FINANCIAL STATEMENTS OF FASHIONETTE GMBH  
(PREPARED IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (*HANDELSGESETZBUCH*))  
AS OF AND FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**Fashionette GmbH, Düsseldorf**  
**Balance sheet as of 31 December 2019**

in EUR	31 Dec 2019	31 Dec 2018
<b>ASSETS</b>		
<b>A. Fixed assets</b>		
<b>I. Intangible assets</b>		
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets.....	2,087,251.42	2,384,308.53
2. Goodwill.....	15,564,362.31	16,979,929.00
3. Prepayments.....	56,089.50	0.00
	<b>17,707,703.23</b>	<b>19,364,237.53</b>
<b>II. Property, plant and equipment</b>		
Other equipment, furniture and fixtures.....	275,755.90	321,905.00
	<b>17,983,459.13</b>	<b>19,686,142.53</b>
<b>B. Current assets</b>		
<b>I. Inventories</b>		
1. Raw materials, consumables and supplies .....	88,271.99	99,299.43
2. Merchandise .....	15,686,171.76	14,814,888.40
3. Prepayments.....	164,038.12	59,894.54
	<b>15,938,481.87</b>	<b>14,974,082.37</b>
<b>II. Receivables and other assets</b>		
1. Trade receivables.....	8,497,318.06	6,952,256.95
2. Other assets.....	570,951.10	121,610.20
	<b>9,068,269.16</b>	<b>7,073,867.15</b>
<b>III. Cash on hand and bank balances .....</b>		
	2,272,480.35	2,729,553.10
	<b>27,279,231.38</b>	<b>24,777,502.62</b>
<b>C. Prepaid expenses .....</b>		
	585,462.03	350,862.26
	<b>45,848,152.54</b>	<b>44,814,507.41</b>

in EUR	31 Dec 2019	31 Dec 2018
<b>EQUITY AND LIABILITIES</b>		
<b>A. Equity</b>		
I. Subscribed capital.....	25,000.00	25,000.00
II. Capital reserves .....	28,175,045.00	28,175,045.00
III. Loss carryforward .....	-1,302,441.20	-1,604,665.74
IV. Net income for the year.....	1,399,745.12	302,224.54
	<b>28,297,348.92</b>	<b>26,897,603.80</b>
<b>B. Provisions</b>		
1. Tax provisions .....	792,292.56	286,241.00
2. Other provisions .....	408,251.00	331,755.00
	<b>1,200,543.56</b>	<b>617,996.00</b>
<b>C. Liabilities</b>		
1. Liabilities to banks .....	8,544,847.77	8,575,844.92
2. Prepayments received on account of orders.....	115,139.80	178,289.53
3. Trade payables.....	5,253,474.63	6,567,374.09
4. Other liabilities .....	2,436,797.86	1,973,854.70
	<b>16,350,260.06</b>	<b>17,295,363.24</b>
<b>D. Deferred income .....</b>	0.00	3,544.37
	<b>45,848,152.54</b>	<b>44,814,507.41</b>

Fashionette GmbH, Düsseldorf

Income statement for the financial year 2019

in EUR	2019	2018
1. Revenue		
a) Total revenue .....	128,697,907.12	115,894,776.28
b) less credit notes .....	55,537,566.77	50,653,474.31
	<b>73,160,340.35</b>	<b>65,241,301.97</b>
2. Other operating income .....	1,061,135.03	983,762.51
<i>thereof income from currency translation:</i> <i>EUR 214,627.44 (prior year: EUR 169,463.41)</i>		
	<b>74,221,475.38</b>	<b>66,225,064.48</b>
3. Cost of materials		
Cost of purchased merchandise .....	43,266,585.16	37,950,546.15
4. Personnel expenses		
a) Wages and salaries.....	5,702,755.52	4,850,520.39
b) Social security, pension and other benefit costs.....	974,498.89	881,577.03
<i>thereof for old-age pensions: EUR 7,016.80 (prior year: EUR 3,521.96)</i>		
5. Amortization, depreciation and impairment of intangible assets and property, plant and equipment .....	2,500,789.15	2,400,602.76
6. Other operating expenses .....	17,506,592.70	17,544,255.65
<i>thereof expenses from currency translation:</i> <i>EUR 255,207.75 (prior year: EUR 214,214.29)</i>		
	<b>69,951,221.42</b>	<b>63,627,501.98</b>
7. Other interest and similar income.....	20,661.67	18,110.17
<i>thereof income from discounting: EUR 0.00 (prior year: EUR 1,200.00)</i>		
8. Interest and similar expenses.....	1,520,502.81	1,451,302.13
	<b>-1,499,841.14</b>	<b>-1,433,191.96</b>
9. Income taxes .....	1,370,483.56	862,146.00
<b>10. Earnings after taxes.....</b>	<b>1,399,929.26</b>	<b>302,224.54</b>
11. Other taxes .....	184.14	0.00
<b>12. Net income for the year .....</b>	<b>1,399,745.12</b>	<b>302,224.54</b>

## Fashionette GmbH, Düsseldorf

### Notes to the financial statements for the financial year 2019

#### 1 General

These financial statements were prepared in accordance with Section 242 et seq. and Section 264 et seq. of the German Commercial Code (*Handelsgesetzbuch* – "HGB") as well as in accordance with the relevant provisions of the German Limited Liability Companies Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*). The Company is subject to the requirements for large corporations as defined by Section 267 para. 4 HGB in conjunction with Section 267 para. 3 HGB.

The financial year is the calendar year.

The income statement was prepared using the nature of expense method in accordance with Section 275 para. 2 HGB.

The disclosures required by law on the balance sheet and income statement items and the disclosures which may be made either in the balance sheet, income statement or the notes to the financial statements are mostly made in the notes to the financial statements in the interest of greater clarity of presentation.

The Company, having its registered office in Düsseldorf, is registered under the name of Fashionette GmbH with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Düsseldorf under HRB 76016.

#### 2 Accounting policies

The following accounting policies, which essentially remained unchanged in comparison to the prior year, were used to prepare the financial statements.

Purchased **intangible fixed assets** are recognized at acquisition cost and amortized using the straight-line method over their estimated useful lives.

**Purchased goodwill** is recognized as the excess of the value of the individual assets less liabilities at the time of the acquisition over the consideration and amortized over its limited useful life.

**Property, plant and equipment** are recognized at acquisition cost and are depreciated if they have a limited life.

Property, plant and equipment are depreciated over their estimated useful lives using the straight-line method. Low-value assets with a value of more than EUR 250.00 but no greater than EUR 1,000.00 are pooled in an account and depreciated on a straight-line basis over a period of five years. Assets up to EUR 250.00 are immediately expensed in full. All other depreciation of additions to property, plant and equipment is charged *pro rata temporis*.

**Inventories** are recorded at acquisition cost or nominal value in accordance with the lower of cost or market principle. Merchandise with reduced marketability is written down to the lower net realizable value.

Adequate allowances provide for all identifiable inventory valuation risks resulting from slow-moving stock, reduced usability and lower replacement costs.

Apart from normal retentions of title and partial assignments as collateral for liabilities to banks of EUR 8,487 thousand (prior year: EUR 8,576 thousand), no inventories have been pledged as security to third parties.

**Receivables and other assets** are stated at their nominal value. Specific bad debt allowances provide for all foreseeable valuation risks. The general credit risk is provided for by a general bad debt allowance.

Revenue recognition is adjusted by an appropriate allowance on receivables in the amount of the expected returns, recognized in accordance with the gross method. Both the profit share of returns and the cost of materials of the expected returns are deducted from revenue.

**Cash on hand** and **bank balances** are stated at nominal value.

**Prepaid expenses** relate to expenses before the reporting date that relate to a certain period after this date. They do not include any items within the meaning of Section 250 para. 3 HGB.

**Tax provisions** and **other provisions** account for all identifiable risks, potential losses and uncertain liabilities on the basis of prudent business judgment. They are recognized at the settlement value deemed necessary, i.e., including future cost and price increases. Provisions with a residual term of more than one year are discounted using the average market interest rate for their respective residual term.

**Liabilities** and **prepayments received** are recognized at their settlement value or nominal value.

**Deferred income** comprises income before the reporting date that relates to a certain period after this date.

**Foreign currency assets and liabilities** are translated using the mean spot rate on the reporting date. If they had residual terms of more than one year, the realization principle (Section 252 para. 1 no. 4 HGB) and the historical cost principle (Section 253 para. 1 sentence 1 HGB) were applied.

The "thereof" items presented in the income statement under income and expenses from currency translation mainly include realized exchange differences.

### **3 Notes to the balance sheet**

#### **3.1 Fixed assets**

The development of the individual fixed asset items, including amortization, depreciation and impairment for the financial year, is shown in the statement of changes in fixed assets (exhibit to the notes to the financial statements).

Acquired goodwill is amortized over a period of 15 years based on the assumption that the acquired customer lists, market position and know-how will decrease in value over this period.

#### **3.2 Receivables and other assets**

As in the prior year, all receivables and other assets are due in up to one year. As in the prior year, trade receivables do not include any receivables from the shareholder. Receivables from factoring companies from customer receivables sold but not yet paid are presented under trade receivables.

#### **3.3 Capital stock**

The Company's capital stock is unchanged on the prior year at EUR 25,000.00 and is fully paid in.

#### **3.4 Other provisions**

Other provisions were chiefly set up for personnel expenses (EUR 317 thousand).

#### **3.5 Liabilities**

The remaining terms of the liabilities are presented separately in the statement of liabilities as of 31 December 2019:

in EUR thousand	Total	Thereof due in		
		up to 1 year	more than 1 year	more than 5 years
<b>Type of liability</b>				
to banks .....	8,545	8,545	0	0
<i>prior year</i> .....	8,576	8,576	0	0
from prepayments received on account of orders .....	115	115	0	0
<i>prior year</i> .....	178	178	0	0
from trade.....	5,253	5,253	0	0
<i>prior year</i> .....	6,567	6,567	0	0
Other liabilities.....	2,437	2,437	0	0
<i>prior year</i> .....	1,974	1,974	0	0
Total .....	16,350	16,350	0	0
<i>prior year</i> .....	17,295	17,295	0	0

Other liabilities include:

- thereof for taxes: EUR 2,306 thousand (prior year: EUR 1,705 thousand)
- thereof for social security: EUR 6 thousand (prior year: EUR 10 thousand)

### 3.6 Disclosure of the collateral provided for liabilities

The liabilities to banks are secured by assignments of inventories. The collateral amounts to EUR 8,487 thousand (prior year: EUR 8,576 thousand).

### 3.7 Off-balance sheet transactions

In order to fund operating activities, Fashionette GmbH has concluded agreements with BFS finance GmbH and RatePAY GmbH on the purchase of end consumer receivables. Under these arrangements, Fashionette GmbH offers both factoring companies receivables from invoices and instalments on a daily basis, with the later bearing the *del credere* risk. As of the reporting date, receivables of EUR 3,564 thousand (prior year: EUR 2,553 thousand) had been sold.

### 3.8 Other financial obligations

Other financial obligations comprise long-term rental obligations to third parties. The financial obligation amounts to EUR 420k in future financial years, EUR 360k of which is due in 2020. Apart from the other financial obligations presented and the off-balance sheet transactions described above, there are no transactions that are not shown in the balance sheet.

### 3.9 Contingent liabilities

There were no contingent liabilities as of the reporting date.

## 4 Notes to the income statement

### 4.1 Breakdown of revenue

88.6% of revenue is attributable to the GSA (German, Switzerland and Austria) region, 6.3% to the other EU countries (excluding the UK) and 5.1% to the UK.

### 4.2 Other operating income

As in the prior year, there were no income items that were unusually high or of extraordinary significance and no significant out-of-period income.

### 4.3 Other operating expenses

Other operating expenses mainly include premises expenses (EUR 457 thousand), advertising expenses (EUR 7,648 thousand), distribution costs (EUR 4,585 thousand), payment transfer costs (EUR 2,441 thousand), losses on receivables (EUR 226 thousand), IT expenses (EUR 531 thousand) and expenses for currency translation (EUR 255 thousand). As in the prior year, there were no expense items that were unusually high or of extraordinary significance and no significant out-of-period expenses.

### 4.4 Income tax expense

The entire income tax expense was levied on earnings before taxes.

## 5 Other mandatory disclosures

### 5.1 Management board

The general managers in financial year 2019 were:

Dr. Fabio Labriola	Head of Procurement	until 31 March 2019
Dr. Sebastian Siebert	Head of Marketing	until 31 March 2019
Mr. Ronald Reschke	Head of Operational Management	until 31 March 2019
Mr. Thomas Buhl	COO	since 1 April 2019
Mr. Daniel Raab	CEO	since 1 April 2019

All general managers are authorized to represent the Company alone and, according to the commercial register, have been exempted from the restrictions prescribed in Section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*).

Management board remuneration amounted to EUR 661 thousand in 2019.

### 5.2 Auditor's fees

The auditor's total fees for the financial year comprise EUR 37 thousand and relate in full to audit services.

### 5.3 Number of employees

The Company had an average of 136 employees during the financial year (prior year: 134). As in the prior year, they are all salaried employees.

### 5.4 Proposal for the appropriation of profit

The net income for the financial year will be carried forward to new account.

## 6 Subsequent events

The social and economic restrictions arising from the Covid-19 pandemic may have negative effects on the assets, liabilities, financial position and financial performance of the Company in 2020. In particular, the Company's revenue growth could be impacted. The measures required to curb the spread of the virus, including store closures, could however result in a shift toward online retail, which would in turn translate into an opportunity for the Company. We consider the Company's financing and liquidity to be secure until the end of 2020 and therefore approach the coronavirus crisis with cautious optimism.

Düsseldorf, 20 March 2020

The Management Board

Thomas Buhl

Daniel Raab

Exhibit to the notes to the financial statements

Fashionette GmbH, Düsseldorf  
Statement of changes in fixed assets for the financial year 2019

in EUR	Acquisition cost				Accumulated amortization, depreciation and impairment				Net book values	
	1 Jan 2019	Additions	Disposals	31 Dec 2019	1 Jan 2019	Additions	Disposals	31 Dec 2019	31 Dec 2019	31 Dec 2018
	<b>I. Intangible assets</b>									
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets .....	4,457,224.34	685,723.79	0.00	5,142,948.13	2,072,915.81	982,780.90	0.00	3,055,696.71	2,087,251.42	2,384,308.53
2. Goodwill .....	21,227,566.97	0.00	0.00	21,227,566.97	4,247,637.97	1,415,566.69	0.00	5,663,204.66	15,564,362.31	16,979,929.00
3. Prepayments	0.00	56,089.50	0.00	56,089.50	0.00	0.00	0.00	0.00	56,089.50	0.00
	<b>25,684,791.31</b>	<b>741,813.29</b>	<b>0.00</b>	<b>26,426,604.60</b>	<b>6,320,553.78</b>	<b>2,398,347.59</b>	<b>0.00</b>	<b>8,718,901.37</b>	<b>17,707,703.23</b>	<b>19,364,237.53</b>
<b>II. Property, plant and equipment</b>										
Other equipment, furniture and fixtures .	690,227.39	57,465.57	7,119.60	740,573.36	368,322.39	102,441.56	5,946.49	464,817.46	275,755.90	321,905.00
	<b>26,375,018.70</b>	<b>799,278.86</b>	<b>7,119.60</b>	<b>27,167,177.96</b>	<b>6,688,876.17</b>	<b>2,500,789.15</b>	<b>5,946.49</b>	<b>9,183,718.83</b>	<b>17,983,459.13</b>	<b>19,686,142.53</b>

*The following English-language translation of the German-language independent auditor's report (Bestätigungsvermerk des unabhängigen Abschlussprüfers) refers to the annual financial statements as well as the management report of Fashionette GmbH, Düsseldorf, as of and for the financial year ended 31 December 2019, prepared in accordance with German Commercial Code (Handelsgesetzbuch (HGB)) applicable to business corporations, as a whole and not solely to the annual financial statements presented in the Prospectus on the preceding pages. The management report is not part of the Prospectus.*

### **Independent Auditor's Report**

To Fashionette GmbH

#### **Opinions**

We have audited the annual financial statements of Fashionette GmbH, Düsseldorf, which comprise the balance sheet as at 31 December 2019, and the income statement for the financial year from 1 January 2019 to 31 December 2019, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Fashionette GmbH for the financial year from 1 January 2019 to 31 December 2019.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2019 and of its financial performance for the financial year from 1 January 2019 to 31 December 2019 in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 para. 3 sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

#### **Basis for the opinions**

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer – "IDW"*). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

#### **Responsibilities of the executive directors for the annual financial statements and the management report**

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have

considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

#### **Auditor's responsibilities for the audit of the annual financial statements and of the management report**

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the IDW will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report 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 these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Dortmund, 3 April 2020

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft

Broschk  
Wirtschaftsprüfer  
(German Public Auditor)

Muzzu  
Wirtschaftsprüfer  
(German Public Auditor)

**AUDITED ANNUAL FINANCIAL STATEMENTS OF FASHIONETTE GMBH  
(PREPARED IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (*HANDELSGESETZBUCH*))  
AS OF AND FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

**Fashionette GmbH, Düsseldorf**  
**Balance sheet as of 31 December 2018**

in EUR	31 Dec 2018	31 Dec 2017
<b>ASSETS</b>		
<b>A. Fixed assets</b>		
<b>I. Intangible assets</b>		
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets.....	2,384,308.53	2,178,982.53
2. Goodwill.....	16,979,929.00	18,395,808.00
	<b>19,364,237.53</b>	<b>20,574,790.53</b>
<b>II. Property, plant and equipment</b>		
Other equipment, furniture and fixtures.....	321,905.00	335,383.00
	<b>19,686,142.53</b>	<b>20,910,173.53</b>
<b>B. Current assets</b>		
<b>I. Inventories</b>		
1. Raw materials, consumables and supplies .....	99,299.43	171,607.76
2. Merchandise .....	14,814,888.40	11,910,297.84
3. Prepayments.....	59,894.54	17,914.90
	<b>14,974,082.37</b>	<b>12,099,820.50</b>
<b>II. Receivables and other assets</b>		
1. Trade receivables.....	6,952,256.95	5,956,596.91
2. Other assets.....	121,610.20	242,888.33
	<b>7,073,867.15</b>	<b>6,199,485.24</b>
<b>III. Cash on hand and bank balances .....</b>	<b>2,729,553.10</b>	<b>3,594,259.91</b>
	<b>24,777,502.62</b>	<b>21,893,565.65</b>
<b>C. Prepaid expenses .....</b>	<b>350,862.26</b>	<b>633,492.06</b>
	<b>44,814,507.41</b>	<b>43,437,231.24</b>

in EUR	31 Dec 2018	31 Dec 2017
<b>EQUITY AND LIABILITIES</b>		
<b>A. Equity</b>		
I. Subscribed capital.....	25,000.00	25,000.00
II. Capital reserves .....	28,175,045.00	28,175,045.00
III. Loss carryforward .....	-1,604,665.74	-1,292,157.75
IV. Net income/net loss for the year.....	302,224.54	-312,507.99
	<b>26,897,603.80</b>	<b>26,595,379.26</b>
<b>B. Provisions</b>		
1. Tax provisions .....	286,241.00	413,077.00
2. Other provisions .....	331,755.00	571,355.00
	<b>617,996.00</b>	<b>984,432.00</b>
<b>C. Liabilities</b>		
1. Liabilities to banks .....	8,575,844.92	6,289,192.46
2. Prepayments received on account of orders.....	178,289.53	124,306.25
3. Trade payables.....	6,567,374.09	7,656,629.38
4. Other liabilities .....	1,973,854.70	1,730,481.72
	<b>17,295,363.24</b>	<b>15,800,609.81</b>
<b>D. Deferred income .....</b>	<b>3,544.37</b>	<b>56,810.17</b>
	<b>44,814,507.41</b>	<b>43,437,231.24</b>

Fashionette GmbH, Düsseldorf

Income statement for the financial year 2018

in EUR	2018	2017
1. Revenue		
a) Total revenue	115,894,776.28	100,950,133.95
b) less credit notes	50,653,474.31	42,198,637.40
	<b>65,241,301.97</b>	<b>58,751,496.55</b>
2. Other operating income .....	983,762.51	590,643.78
<i>thereof income from currency translation:</i> <i>EUR 169,463.41 (prior year: EUR 76,803.17)</i>		
	<b>66,225,064.48</b>	<b>59,342,140.33</b>
3. Cost of materials		
Cost of purchased merchandise	37,950,546.15	34,122,176.43
4. Personnel expenses		
a) Wages and salaries.....	4,850,520.39	4,231,343.35
b) Social security, pension and and other benefit costs .....	881,577.03	702,242.65
<i>thereof for old-age pensions: EUR 3,521.96 (prior year: EUR 480.00)</i>		
5. Amortization, depreciation and impairment of intangible assets and property, plant and equipment .....	2,400,602.76	1,949,486.08
6. Other operating expenses .....	17,544,255.65	16,778,591.25
<i>thereof expenses from currency translation:</i> <i>EUR 214,214.29 (prior year: EUR 148,356.97)</i>		
	<b>63,627,501.98</b>	<b>57,783,839.76</b>
7. Other interest and similar income.....	18,110.17	12,438.25
<i>thereof income from discounting: EUR 1,200.00 (prior year: EUR 1,700.00)</i>		
8. Interest and similar expenses.....	1,451,302.13	1,290,917.33
	<b>-1,433,191.96</b>	<b>-1,278,479.08</b>
9. Income taxes .....	862,146.00	575,925.00
<b>10. Earnings after taxes.....</b>	<b>302,224.54</b>	<b>-296,103.51</b>
11. Other taxes .....	0.00	16,404.48
<b>12. Net income/net loss for the year .....</b>	<b>302,224.54</b>	<b>-312,507.99</b>

## Fashionette GmbH, Düsseldorf

### Notes to the financial statements for the financial year 2018

#### 1 General

These financial statements were prepared in accordance with Section 242 et seq. and Section 264 et seq. of the German Commercial Code (*Handelsgesetzbuch* – "HGB") as well as in accordance with the relevant provisions of the German Limited Liability Companies Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*). The Company is subject to the requirements for large corporations as defined by Section 267 para. 4 HGB in conjunction with Section 267 para. 3 HGB.

The financial year is the calendar year.

The income statement was prepared using the nature of expense method in accordance with Section 275 para. 2 HGB.

The disclosures required by law on the balance sheet and income statement items and the disclosures which may be made either in the balance sheet, income statement or the notes to the financial statements are mostly made in the notes to the financial statements in the interest of greater clarity of presentation.

The Company, having its registered office in Düsseldorf, is registered under the name of Fashionette GmbH with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Düsseldorf under HRB 76016.

#### 2 Accounting policies

The following accounting policies, which essentially remained unchanged in comparison to the prior year, were used to prepare the financial statements.

Purchased **intangible fixed assets** are recognized at acquisition cost and amortized using the straight-line method over their estimated useful lives.

**Purchased goodwill** is recognized as the excess of the value of the individual assets less liabilities at the time of the acquisition over the consideration and amortized over its limited useful life.

**Property, plant and equipment** are recognized at acquisition cost and are depreciated if they have a limited life.

Property, plant and equipment are depreciated over their estimated useful lives using the straight-line method. Low-value assets with a value of more than EUR 150.00 but no greater than EUR 1,000.00 are pooled in an account and depreciated on a straight-line basis over a period of five years. Assets up to EUR 250.00 are immediately expensed in full. All other depreciation of additions to property, plant and equipment is charged *pro rata temporis*.

**Inventories** are recorded at acquisition cost or nominal value in accordance with the lower of cost or market principle. Merchandise with reduced marketability is written down to the lower net realizable value.

Adequate allowances provide for all identifiable inventory valuation risks resulting from slow-moving stock, reduced usability and lower replacement costs.

Apart from normal retentions of title and partial assignments as collateral for liabilities to banks of EUR 8,576 thousand (prior year: EUR 6,289 thousand), no inventories have been pledged as security to third parties.

**Receivables and other assets** are stated at their nominal value. Specific bad debt allowances provide for all foreseeable valuation risks. The general credit risk is provided for by a general bad debt allowance.

Revenue recognition is adjusted by an appropriate allowance on receivables in the amount of the expected returns, recognized in accordance with the gross method. Both the profit share of returns and the cost of materials of the expected returns are deducted from revenue.

**Cash on hand** and **bank balances** are stated at nominal value.

**Prepaid expenses** relate to expenses before the reporting date that relate to a certain period after this date. They do not include any items within the meaning of Section 250 para. 3 HGB.

**Tax provisions** and **other provisions** account for all identifiable risks, potential losses and uncertain liabilities on the basis of prudent business judgment. They are recognized at the settlement value deemed necessary, i.e., including future cost and price increases. Provisions with a residual term of more than one year are discounted using the average market interest rate for their respective residual term.

**Liabilities** and **prepayments received** are recognized at their settlement value or nominal value.

**Deferred income** comprises income before the reporting date that relates to a certain period after this date.

**Foreign currency assets and liabilities** are translated using the mean spot rate on the reporting date. If they had residual terms of more than one year, the realization principle (Section 252 para. 1 no. 4 HGB) and the historical cost principle (Section 253 para. 1 sentence 1 HGB) were applied.

The "thereof" items presented in the income statement under income and expenses from currency translation mainly include realized exchange differences.

### **3 Notes to the balance sheet**

#### **3.1 Fixed assets**

The development of the individual fixed asset items, including amortization, depreciation and impairment for the financial year, is shown in the statement of changes in fixed assets (exhibit to the notes to the financial statements).

Acquired goodwill is amortized over a period of 15 years based on the assumption that the acquired customer lists, market position and know-how will decrease in value over this period.

#### **3.2 Receivables and other assets**

As in the prior year, all receivables and other assets are due in up to one year. As in the prior year, trade receivables do not include any receivables from the shareholder. Receivables from factoring companies from customer receivables sold but not yet paid are presented under trade receivables.

#### **3.3 Capital stock**

The Company's capital stock is unchanged on the prior year at EUR 25,000.00 and is fully paid in.

#### **3.4 Other provisions**

Other provisions were chiefly set up for personnel expenses (EUR 228 thousand).

#### **3.5 Liabilities**

The remaining terms of the liabilities are presented separately in the statement of liabilities as of 31 December 2018:

in EUR thousand	Total	Thereof due in		
		up to 1 year	more than 1 year	more than 5 years
<b>Type of liability</b>				
to banks .....	8,576	8,576	0	0
<i>prior year</i> .....	6,289	2,039	4,250	0
from prepayments received on account of orders .....	178	178	0	0
<i>prior year</i> .....	124	120	4	0
from trade.....	6,567	6,567	0	0
<i>prior year</i> .....	7,657	7,657	0	0
Other liabilities.....	1,974	1,974	0	0
<i>prior year</i> .....	1,730	1,730	0	0
Total .....	17,295	17,295	0	0
<i>prior year</i> .....	15,800	11,546	4,254	0

Other liabilities include:

- thereof for taxes: EUR 1,705 thousand (prior year: EUR 1,405 thousand)
- thereof for social security: EUR 10 thousand (prior year: EUR 3 thousand)

### 3.6 Disclosure of the collateral provided for liabilities

The liabilities to banks are secured by assignments of inventories. The collateral amounts to EUR 8,576 thousand (prior year: EUR 6,289 thousand).

### 3.7 Off-balance sheet transactions

In order to fund operating activities, Fashionette GmbH has concluded agreements with BFS finance GmbH and RatePAY GmbH on the purchase of end consumer receivables. Under these arrangements, Fashionette GmbH offers both factoring companies receivables from invoices and instalments on a daily basis, with the later bearing the *del credere* risk. As of the reporting date, receivables of EUR 2,553 thousand (prior year: EUR 1,829 thousand) had been sold.

### 3.8 Other financial obligations

Other financial obligations comprise long-term rental obligations to third parties. The financial obligation amounts to EUR 777 thousand in future financial years, EUR 356 thousand of which is due in 2019. Apart from the other financial obligations presented and the off-balance sheet transactions described above, there are no transactions that are not shown in the balance sheet.

### 3.9 Contingent liabilities

There were no contingent liabilities as of the reporting date.

## 4 Notes to the income statement

### 4.1 Breakdown of revenue

90.7% of revenue is attributable to the GSA (German, Switzerland and Austria) region and 9.3% to the other EU countries.

### 4.2 Other operating income

As in the prior year, there were no income items that were unusually high or of extraordinary significance and no significant out-of-period income.

### **4.3 Other operating expenses**

Other operating expenses mainly include premises expenses (EUR 441 thousand), advertising expenses (EUR 8,086 thousand), distribution costs (EUR 4,048 thousand), payment transfer costs (EUR 1,887 thousand), losses on receivables (EUR 682 thousand) and IT expenses (EUR 503 thousand). As in the prior year, there were no expense items that were unusually high or of extraordinary significance and no significant out-of-period expenses.

### **4.4 Income tax expense**

The entire income tax expense was levied on earnings before taxes.

## **5 Other mandatory disclosures**

### **5.1 Management board**

The general managers in financial year 2018 were:

Dr. Fabio Labriola	Head of Procurement
Dr. Sebastian Siebert	Head of Marketing
Mr. Ronald Reschke	Head of Operational Management

All general managers are authorized to represent the Company alone and, according to the commercial register, have been exempted from the restrictions prescribed in Section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*).

Management board remuneration amounted to EUR 560 thousand in 2018.

### **5.2 Auditor's fees**

The auditor's total fees for the financial year comprise EUR 28 thousand and relate in full to audit services.

### **5.3 Number of employees**

The Company had an average of 134 employees during the financial year (prior year: 121). As in the prior year, they are all salaried employees.

### **5.4 Proposal for the appropriation of profit**

The net income for the financial year will be carried forward to new account.

## **6 Subsequent events**

There were no significant events after the close of the financial year of significance for the assets, liabilities, financial position and financial performance.

Düsseldorf, 29 March 2019

The Management Board

Dr. Fabio Labriola

Dr. Sebastian Siebert

Roland Reschke

Exhibit to the notes to the financial statements

Fashionette GmbH, Düsseldorf  
Statement of changes in fixed assets for the financial year 2018

in EUR	Acquisition cost				Accumulated amortization, depreciation and impairment				Net book values	
	1 Jan 2018	Additions	Disposals	31 Dec 2018	1 Jan 2018	Additions	Disposals	31 Dec 2018	31 Dec 2018	31 Dec 2017
	<b>I. Intangible assets</b>									
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets .....	3,422,722.13	1,061,181.08	26,678.87	4,457,224.34	1,243,739.60	855,824.08	26,647.87	2,072,915.81	2,384,308.53	2,178,982.53
2. Goodwill .....	21,227,566.97	0.00	0.00	21,227,566.97	2,831,758.97	1,415,879.00	0.00	4,247,637.97	16,979,929.00	18,395,808.00
	<b>24,650,289.10</b>	<b>1,061,181.08</b>	<b>26,678.87</b>	<b>25,684,791.31</b>	<b>4,075,498.57</b>	<b>2,271,703.08</b>	<b>26,647.87</b>	<b>6,320,553.78</b>	<b>19,364,237.53</b>	<b>20,574,790.53</b>
<b>II. Property, plant and equipment</b>										
Other equipment, furniture and fixtures .	574,805.71	115,514.68	93.00	690,227.39	239,422.71	128,899.68	0.00	368,322.39	321,905.00	335,383.00
	<b>25,225,094.81</b>	<b>1,176,695.76</b>	<b>26,771.87</b>	<b>26,375,018.70</b>	<b>4,314,921.28</b>	<b>2,400,602.76</b>	<b>26,647.87</b>	<b>6,688,876.17</b>	<b>19,686,142.53</b>	<b>20,910,173.53</b>

*The following English-language translation of the German-language independent auditor's report (Bestätigungsvermerk des unabhängigen Abschlussprüfers) refers to the annual financial statements as well as the management report of Fashionette GmbH, Düsseldorf, as of and for the financial year ended 31 December 2018, prepared in accordance with German Commercial Code (Handelsgesetzbuch (HGB)) applicable to business corporations, as a whole and not solely to the annual financial statements presented in the Prospectus on the preceding pages. The management report is not part of the Prospectus.*

### **Independent Auditor's Report**

To Fashionette GmbH

#### **Opinions**

We have audited the annual financial statements of Fashionette GmbH, Düsseldorf, which comprise the balance sheet as at 31 December 2018, and the income statement for the financial year from 1 January 2018 to 31 December 2018, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Fashionette GmbH for the financial year from 1 January 2018 to 31 December 2018.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2018 and of its financial performance for the financial year from 1 January 2018 to 31 December 2018 in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 para. 3 sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

#### **Basis for the opinions**

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer – "IDW"*). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

#### **Responsibilities of the executive directors for the annual financial statements and the management report**

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future

development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

#### **Auditor's responsibilities for the audit of the annual financial statements and of the management report**

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the IDW will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report 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 these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with (German) law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Dortmund, 12 April 2019

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft

Muzzu  
Wirtschaftsprüfer  
(German Public Auditor)

Kavun  
Wirtschaftsprüferin  
(German Public Auditor)

**AUDITED ANNUAL FINANCIAL STATEMENTS OF FASHIONETTE GMBH  
(PREPARED IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (*HANDELSGESETZBUCH*))  
AS OF AND FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**Fashionette GmbH, Düsseldorf**  
**Balance sheet as of 31 December 2017**

in EUR	31 Dec 2017	31 Dec 2016
<b>ASSETS</b>		
<b>A. Fixed assets</b>		
<b>I. Intangible assets</b>		
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets.....	2,178,982.53	421,171.53
2. Goodwill.....	18,395,808.00	19,812,395.84
3. Prepayments.....	0.00	688,790.95
	<b>20,574,790.53</b>	<b>20,922,358.32</b>
<b>II. Property, plant and equipment</b>		
Other equipment, furniture and fixtures.....	335,383.00	238,429.00
	<b>20,910,173.53</b>	<b>21,160,787.32</b>
<b>B. Current assets</b>		
<b>I. Inventories</b>		
1. Raw materials, consumables and supplies .....	171,607.76	135,817.58
2. Merchandise .....	11,910,297.84	13,838,518.78
3. Prepayments.....	17,914.90	28,873.53
	<b>12,099,820.50</b>	<b>14,003,209.89</b>
<b>II. Receivables and other assets</b>		
1. Trade receivables.....	5,956,596.91	2,373,042.14
2. Other assets.....	242,888.33	92,915.01
	<b>6,199,485.24</b>	<b>2,465,957.15</b>
<b>III. Cash on hand and bank balances .....</b>		
	<b>3,594,259.91</b>	<b>2,476,591.51</b>
	<b>21,893,565.65</b>	<b>18,945,758.55</b>
<b>C. Prepaid expenses .....</b>		
	<b>633,492.06</b>	<b>707,407.63</b>
	<b>43,437,231.24</b>	<b>40,813,953.50</b>

in EUR	31 Dec 2017	31 Dec 2016
<b>EQUITY AND LIABILITIES</b>		
<b>A. Equity</b>		
I. Subscribed capital.....	25,000.00	25,000.00
II. Capital reserves .....	28,175,045.00	28,175,045.00
III. Loss carryforward .....	-1,292,157.75	-14,394.98
IV. Net loss for the year .....	-312,507.99	-1,277,762.77
	<b>26,595,379.26</b>	<b>26,907,887.25</b>
<b>B. Provisions</b>		
1. Tax provisions .....	413,077.00	51,520.66
2. Other provisions .....	571,355.00	327,316.00
	<b>984,432.00</b>	<b>378,836.66</b>
<b>C. Liabilities</b>		
1. Liabilities to banks .....	6,289,192.46	8,049,646.54
2. Prepayments received on account of orders.....	124,306.25	42,637.60
3. Trade payables.....	7,656,629.38	3,602,813.68
4. Other liabilities .....	1,730,481.72	1,786,055.80
	<b>15,800,609.81</b>	<b>13,481,153.62</b>
<b>D. Deferred income .....</b>	<b>56,810.17</b>	<b>46,075.97</b>
	<b>43,437,231.24</b>	<b>40,813,953.50</b>

Fashionette GmbH, Düsseldorf

Income statement for the financial year 2017

	2017 in EUR	2016 in EUR thousand
1. Revenue		
a) Total revenue .....	100,950,133.95	80,505
b) less credit notes .....	42,198,637.40	34,922
	<b>58,751,496.55</b>	<b>45,583</b>
2. Other operating income	590,643.78	321
<i>thereof income from currency translation:</i>		
<i>EUR 76,803.17 (prior year: EUR 27 thousand)</i>		
	<b>59,342,140.33</b>	<b>45,904</b>
3. Cost of materials		
Cost of purchased merchandise .....	34,122,176.43	24,934
4. Personnel expenses		
a) Wages and salaries.....	4,231,343.35	3,246
b) Social security, pension and and other benefit costs.....	702,242.65	561
<i>thereof for old-age pensions: EUR 480.00 (prior year: EUR 0.00)</i>		
5. Amortization, depreciation and impairment of intangible assets and property, plant and equipment .....	1,949,486.08	1,751
6. Other operating expenses	16,778,591.25	15,513
<i>thereof expenses from currency translation:</i>		
<i>EUR 148,356.97 (prior year: EUR 86 thousand).....</i>		
	<b>57,783,839.76</b>	<b>46,005</b>
7. Other interest and similar income.....	12,438.25	11
<i>thereof income from discounting:</i>		
<i>EUR 1,700.00 (prior year: EUR 2 thousand).....</i>		
8. Interest and similar expenses.....	1,290,917.33	1,071
	<b>-1,278,479.08</b>	<b>-1,060</b>
9. Income taxes .....	575,925.00	117
<b>10. Earnings after taxes.....</b>	<b>-296,103.51</b>	<b>-1,278</b>
11. Other taxes .....	16,404.48	0
<b>12. Net loss for the year .....</b>	<b>-312,507.99</b>	<b>-1,278</b>

## Fashionette GmbH, Düsseldorf

### Notes to the financial statements for the financial year 2017

#### 1 General

These financial statements were prepared in accordance with Section 242 et seq. and Section 264 et seq. of the German Commercial Code (*Handelsgesetzbuch* – "HGB") as well as in accordance with the relevant provisions of the German Limited Liability Companies Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*). The Company is subject to the requirements for large corporations as defined by Section 267 para. 4 HGB in conjunction with Section 267 para. 3 HGB.

The financial year is the calendar year.

The income statement was prepared using the nature of expense method in accordance with Section 275 para. 2 HGB.

The disclosures required by law on the balance sheet and income statement items and the disclosures which may be made either in the balance sheet, income statement or the notes to the financial statements are mostly made in the notes to the financial statements in the interest of greater clarity of presentation.

The Company, having its registered office in Düsseldorf, is registered under the name of Fashionette GmbH with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) under HRB 76016.

#### 2 Accounting policies

The following accounting policies, which essentially remained unchanged in comparison to the prior year, were used to prepare the financial statements.

Purchased **intangible fixed assets** are recognized at acquisition cost and amortized using the straight-line method over their estimated useful lives.

**Property, plant and equipment** are recognized at acquisition cost and are depreciated if they have a limited life.

Property, plant and equipment are depreciated over their estimated useful lives using the straight-line method. Low-value assets with a value of more than EUR 150.00 but no greater than EUR 1,000.00 are pooled in an account and depreciated on a straight-line basis over a period of five years. All other depreciation of additions to property, plant and equipment is charged *pro rata temporis*.

**Inventories** are recorded at acquisition cost or nominal value in accordance with the lower of cost or market principle. Merchandise with reduced marketability is written down to the lower net realizable value.

Adequate allowances provide for all identifiable inventory valuation risks resulting from slow-moving stock, reduced usability and lower replacement costs.

Apart from normal retentions of title and partial assignments as collateral for liabilities to banks of EUR 6,289 thousand, no inventories have been pledged as security to third parties.

**Receivables and other assets** are stated at their nominal value. Specific bad debt allowances provide for all foreseeable valuation risks. The general credit risk is provided for by a general bad debt allowance.

Revenue recognition is adjusted by an appropriate allowance on receivables in the amount of the expected returns, recognized in accordance with the gross method. Both the profit share of returns and the cost of materials of the expected returns are deducted from revenue.

**Cash on hand and bank balances** are stated at nominal value.

**Prepaid expenses** relate to expenses before the reporting date that relate to a certain period after this date. They do not include any items within the meaning of Section 250 para. 3 HGB.

**Tax provisions and other provisions** account for all identifiable risks, potential losses and uncertain liabilities on the basis of prudent business judgment. They are recognized at the settlement value deemed necessary, i.e., including future cost and

price increases. Provisions with a residual term of more than one year are discounted using the average market interest rate for their respective residual term.

**Liabilities and prepayments received** are recognized at their settlement value or nominal value.

**Deferred income** comprises income before the reporting date that relates to a certain period after this date.

**Foreign currency assets and liabilities** are translated using the mean spot rate on the reporting date. If they had residual terms of more than one year, the realization principle (Section 252 para. 1 no. 4 HGB) and the historical cost principle (Section 253 para. 1 sentence 1 HGB) were applied.

The "thereof" items presented in the income statement under income and expenses from currency translation exclusively include realized exchange differences.

### 3 Notes to the balance sheet

#### 3.1 Fixed assets

The development of the individual fixed asset items, including amortization, depreciation and impairment for the financial year, is shown in the statement of changes in fixed assets.

Acquired goodwill is amortized over a period of 15 years based on the assumption that the acquired customer lists, market position and know-how will decrease in value over this period.

#### 3.2 Receivables and other assets

As in the prior year, all receivables and other assets are due in up to one year. As in the prior year, trade receivables do not include any receivables from the shareholder. Receivables from factoring companies from customer receivables sold but not yet paid are presented under other assets.

#### 3.3 Capital stock

The Company's capital stock is unchanged on the prior year at EUR 25,000.00 and is fully paid in.

#### 3.4 Other provisions

Other provisions were chiefly set up for personnel expenses (EUR 444 thousand).

#### 3.5 Liabilities

The remaining terms of the liabilities are presented separately in the statement of liabilities as of 31 December 2017:

in EUR thousand	Total	Thereof due in		
		up to 1 year	1 to 5 years	more than 5 years
<b>Type of liability</b>				
to banks .....	6,289	2,039	4,250	0
<i>prior year</i> .....	8,050	2,021	6,029	0
from prepayments received on account of orders .....	124	120	4	0
<i>prior year</i> .....	43	43	0	0
from trade .....	7,657	7,657	0	0
<i>prior year</i> .....	3,603	3,603	0	0
other liabilities .....	1,730	1,730	0	0
<i>prior year</i> .....	1,786	1,786	0	0
Total .....	15,800	11,546	4,254	0

prior year .....	13,482	7,453	6,029	0
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Other liabilities include:

- thereof for taxes: EUR 1,405 thousand (prior year: EUR 1,340 thousand)
- thereof for social security: EUR 3 thousand (prior year: EUR 608)
- thereof liabilities to shareholders: EUR 0.00 (prior year: EUR 0.00)

### 3.6 Disclosure of the collateral provided for liabilities

The liabilities to banks are secured by assignments of inventories. The amount of collateral is EUR 6,289 thousand (prior year: EUR 6,028 thousand).

### 3.7 Off-balance sheet transactions

In order to fund operating activities, Fashionette GmbH has concluded agreements with BFS finance GmbH and RatePay GmbH on the purchase of end consumer receivables. Under these arrangements, Fashionette GmbH offers both factoring companies receivables from invoices and instalments on a daily basis, with the later bearing the *del credere* risk. As of the reporting date, receivables of EUR 1,829 thousand had been sold (prior year: EUR 1,212 thousand).

### 3.8 Other financial obligations

Other financial obligations comprise long-term rental obligations to third parties. The financial obligation amounts to EUR 378 thousand in future financial years, EUR 324 thousand of which is due in 2018. Apart from the other financial obligations presented and the off-balance sheet transactions described above, there are no transactions that are not shown in the balance sheet.

### 3.9 Contingent liabilities

There were no contingent liabilities as of the reporting date.

## 4 Notes to the income statement

### 4.1 Breakdown of revenue

88.3% of revenue is attributable to the GSA (German, Switzerland and Austria) region and 11.7% to the other EU countries.

### 4.2 Other operating income

As in the prior year, there were no income items that were unusually high or of extraordinary significance and no significant out-of-period income.

### 4.3 Other operating expenses

Other operating expenses mainly include premises expenses (EUR 449 thousand), advertising expenses (EUR 8,271 thousand), distribution costs (EUR 3,702 thousand), payment transfer costs (EUR 1,759 thousand), losses on receivables (EUR 553 thousand) and IT expenses (EUR 466 thousand). As in the prior year, there were no expense items that were unusually high or of extraordinary significance and no significant out-of-period expenses.

### 4.4 Income tax expense

The entire income tax expense was levied on earnings before taxes.

## 5 Other mandatory disclosures

### 5.1 Management board

The general managers in financial year 2017 were:

Dr. Fabio Labriola	Head of Procurement	
Dr. Sebastian Siebert	Head of Marketing	
Mr. Ronald Reschke	Head of Operational Management	
Mr. Frank Bütetür	Head of IT/Webshop Programming	until 31 January 2017

All general managers are authorized to represent the Company alone and, according to the commercial register, have been exempted from the restrictions prescribed in Section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*).

Management board remuneration amounted to EUR 479 thousand in 2017.

#### **5.2 Auditor's fees**

The auditor's total fees for the financial year comprise EUR 28 thousand and relate in full to audit services.

#### **5.3 Number of employees**

The Company had an average of 121 employees during the financial year (prior year: 93). As in the prior year, they are all salaried employees.

#### **5.4 Profit appropriation**

The net loss for the year will be carried forward to new account.

#### **6 Subsequent events**

There were no significant events after the close of the financial year of significance for the assets, liabilities, financial position and financial performance.

Düsseldorf, 29 March 2018

The Management Board

Dr. Fabio Labriola

Dr. Sebastian Siebert

Roland Reschke

Exhibit to the notes to the financial statements

Fashionette GmbH, Düsseldorf  
Statement of changes in fixed assets for the financial year 2017

in EUR	Acquisition cost					Accumulated amortization, depreciation and impairment				Net book values	
	1 Jan 2017	Additions	Disposals	Reclassifications	31 Dec 2017	1 Jan 2017	Additions	Disposals	31 Dec 2017	31 Dec 2017	31 Dec 2016
<b>I. Intangible assets</b>											
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets .....	1,219,367.35	1,054,991.94	0.00	1,148,362.84	3,422,722.13	798,195.82	445,543.78	0.00	1,243,739.60	2,178,982.53	421,171.53
2. Goodwill.....	21,227,566.97	0.00	0.00	0.00	21,227,566.97	1,415,171.13	1,416,587.84	0.00	2,831,758.97	18,395,808.00	19,812,395.84
3. Prepayments.....	688,790.95	459,571.89	0.00	-1,148,362.84	0.00	0.00	0.00	0.00	0.00	0.00	688,790.95
	<b>23,135,725.27</b>	<b>1,514,563.83</b>	<b>0.00</b>	<b>0.00</b>	<b>24,650,289.10</b>	<b>2,213,366.95</b>	<b>1,862,131.62</b>	<b>0.00</b>	<b>4,075,498.57</b>	<b>20,574,790.53</b>	<b>20,922,358.32</b>
<b>II. Property, plant and equipment</b>											
Other equipment, furniture and fixtures .....	403,962.46	143,068.58	20,190.21	47,964.88	574,805.71	165,533.46	87,354.46	-13,465.21	239,422.71	335,383.00	238,429.00
	<b>23,539,687.73</b>	<b>1,657,632.41</b>	<b>20,190.21</b>	<b>47,964.88</b>	<b>25,225,094.81</b>	<b>2,378,900.41</b>	<b>1,949,486.08</b>	<b>-13,465.21</b>	<b>4,314,921.28</b>	<b>20,910,173.53</b>	<b>21,160,787.32</b>

*The following English-language translation of the German-language independent auditor's report (Bestätigungsvermerk des unabhängigen Abschlussprüfers) refers to the annual financial statements as well as the management report of Fashionette GmbH, Düsseldorf, as of and for the financial year ended 31 December 2017, prepared in accordance with German Commercial Code (Handelsgesetzbuch (HGB)) applicable to business corporations, as a whole and not solely to the annual financial statements presented in the Prospectus on the preceding pages. The management report is not part of the Prospectus.*

### **Independent Auditor's Report**

To Fashionette GmbH

#### **Opinions**

We have audited the annual financial statements of Fashionette GmbH, Düsseldorf, which comprise the balance sheet as at 31 December 2017, and the income statement for the financial year from 1 January 2017 to 31 December 2017, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Fashionette GmbH for the financial year from 1 January 2017 to 31 December 2017.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2017 and of its financial performance for the financial year from 1 January 2017 to 31 December 2017 in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 para. 3 sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

#### **Basis for the opinions**

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer – "IDW"*). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

#### **Responsibilities of the executive directors for the annual financial statements and the management report**

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future

development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

#### **Auditor's responsibilities for the audit of the annual financial statements and of the management report**

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the IDW will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report 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 these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with (German) law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Dortmund, 27 April 2018

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft

Muzzu  
Wirtschaftsprüfer  
(German Public Auditor)

Micheel  
Wirtschaftsprüferin  
(German Public Auditor)

**AUDITED CASH FLOW STATEMENT AND STATEMENT OF CHANGES IN EQUITY OF FASHIONETTE GMBH  
(SINCE 1 OCTOBER 2020 FASHIONETTE AG)  
(PREPARED IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (*HANDELSGESETZBUCH*))  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

Fashionette GmbH (since 1 October 2020 fashionette AG), Düsseldorf

Cash flow statement for the financial year 2019

in EUR thousand	2019	2018
<b>1. Cash flow from operating activities</b>		
Net income for the year .....	1,400	302
Amortization, depreciation and impairment of intangible assets and property, plant and equipment .....	2,501	2,401
Increase (+)/decrease (-) in provisions .....	76	-239
Other non-cash expenses (+)/income (-) .....	-6	-1
Gain (-)/loss (+) on disposals of fixed assets .....	-2	0
Increase (-)/decrease (+) in inventories, trade receivables and other assets .....	-3,214	-3,558
Increase (+)/decrease (-) in trade payables and other liabilities .....	-1,020	-1,032
Interest expenses (+)/interest income (-) .....	1,500	1,433
Income tax payments (+/-) .....	608	56
<b>Cash flow from operating activities .....</b>	<b>1,843</b>	<b>-638</b>
<b>2. Cash flow from investing activities</b>		
Cash received (+) from disposals of property, plant and equipment .....	2	0
Cash paid (-) for investments in property, plant and equipment .....	-57	-116
Cash paid (-) for investments in intangible assets .....	-742	-1,061
Interest received (+) .....	21	18
<b>Cash flow from investing activities .....</b>	<b>-776</b>	<b>-1,159</b>
<b>3. Cash flow from financing activities</b>		
Interest paid (-) .....	-1,500	-1,355
<b>Cash flow from financing activities .....</b>	<b>-1,500</b>	<b>-1,355</b>
<b>4. Cash and cash equivalents at the end of the period</b>		
Change in cash and cash equivalents (subtotal of 1 to 3) .....	-433	-3,152
Changes in cash and cash equivalents due to exchange rates .....	6	1
Cash and cash equivalents at the beginning of the period .....	-5,846	-2,695
<b>Cash and cash equivalents at the end of the period .....</b>	<b>-6,273</b>	<b>-5,846</b>
<b>5. Composition of cash and cash equivalents</b>		
Cash .....	2,272	2,730
Short term liabilities to banks .....	-8,545	-8,576
<b>Cash and cash equivalents at the end of the period .....</b>	<b>-6,273</b>	<b>-5,846</b>

Fashionette GmbH (since 1 October 2020 fashionette AG), Düsseldorf

Statement of changes in equity for the financial year 2019

in EUR thousand	Subscribed capital		Reserves		Equity		
	Common stock	Total	Capital reserves pursuant to Sec. 272 (2) no. 4 HGB	Total	Profit/loss carryforward	Net income/net loss for the year	Total
<b>31 Dec 2017</b> .....	<b>25</b>	<b>25</b>	<b>28,175</b>	<b>28,175</b>	<b>-1,292</b>	<b>-313</b>	<b>26,595</b>
Other changes .....	0	0	0	0	0	313	313
Net income for the year .....	0	0	0	0	-313	302	-10
<b>31 Dec 2018</b> .....	<b>25</b>	<b>25</b>	<b>28,175</b>	<b>28,175</b>	<b>-1,605</b>	<b>302</b>	<b>26,898</b>
Other changes .....	0	0	0	0	0	-302	-302
Net income for the year .....	0	0	0	0	302	1,400	1,702
<b>31 Dec 2019</b> .....	<b>25</b>	<b>25</b>	<b>28,175</b>	<b>28,175</b>	<b>-1,302</b>	<b>1,400</b>	<b>28,297</b>

## Auditor's Report

To fashionette AG

We have audited the cash flow statement and statement of changes in equity for the financial year from 1 January 2019 to 31 December 2019 derived by the company from the annual financial statements for the financial year from 1 January 2019 to 31 December 2019 as well as the underlying bookkeeping system. The cash flow statement and statement of changes in equity supplement the annual financial statements of Fashionette GmbH (since 1 October 2020 fashionette AG), Düsseldorf, for the financial year from 1 January 2019 to 31 December 2019 that have been prepared in accordance with the requirements of German commercial law applicable to business corporations.

The preparation of the cash flow statement and statement of changes in equity for the financial year from 1 January 2019 to 31 December 2019 in accordance with the requirements of German commercial law applicable to business corporations is the responsibility of the company's management.

Our responsibility is to express an opinion, based on our audit, as to whether the cash flow statement and statement of changes in equity for the financial year from 1 January 2019 to 31 December 2019 has been properly derived from the annual financial statements for financial year from 1 January 2019 to 31 December 2019 as well as the underlying bookkeeping system in accordance with the requirements of German commercial law applicable to business corporations. The subject matter of this engagement does neither include the audit of the underlying annual financial statements nor the underlying bookkeeping system.

We have planned and performed our audit in accordance with the *IDW Auditing Practice Statement: Audit of Additional Elements of Financial Statements (IDW AuPS 9.960.2)* in such a way that material errors in the derivation of the cash flow statement and statement of changes in equity from the annual financial statements as well as the underlying bookkeeping system are detected with reasonable assurance.

In our opinion, based on the findings of our audit, the cash flow statement and statement of changes in equity for the financial year from 1 January 2019 to 31 December 2019 has been properly derived from the annual financial statements for the financial year from 1 January 2019 to 31 December 2019 as well as the underlying bookkeeping system in accordance with the requirements of German commercial law applicable to business corporations.

Dortmund, 2 October 2020

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft

Muzzu  
Wirtschaftsprüfer  
(German Public Auditor)

Kavun  
Wirtschaftsprüferin  
(German Public Auditor)

**AUDITED CASH FLOW STATEMENT AND STATEMENT OF CHANGES IN EQUITY OF FASHIONETTE GMBH  
(SINCE 1 OCTOBER 2020 FASHIONETTE AG)  
(PREPARED IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (*HANDELSGESETZBUCH*))  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

Fashionette GmbH (since 1 October 2020 fashionette AG), Düsseldorf

Cash flow statement for the financial year 2018

in EUR thousand	2018	2017
<b>1. Cash flow from operating activities</b>		
Net income/net loss for the year .....	302	-313
Amortization, depreciation and impairment of intangible assets and property, plant and equipment .....	2,401	1,950
Increase (+)/decrease (-) in provisions .....	-239	244
Other non-cash expenses (+)/income (-) .....	-1	11
Gain (-)/loss (+) on disposals of fixed assets .....	0	5
Increase (-)/decrease (+) in inventories, trade receivables and other assets .....	-3,558	-1,829
Increase (+)/decrease (-) in trade payables and other liabilities .....	-1,032	4,039
Interest expenses (+)/interest income (-) .....	1,433	1,278
Income tax payments (+/-) .....	56	414
<b>Cash flow from operating activities .....</b>	<b>-638</b>	<b>5,799</b>
<b>2. Cash flow from investing activities</b>		
Cash received (+) from disposals of property, plant and equipment .....	0	2
Cash paid (-) for investments in property, plant and equipment .....	-116	-191
Cash paid (-) for investments in intangible assets .....	-1,061	-1,514
Interest received (+) .....	18	12
<b>Cash flow from investing activities .....</b>	<b>-1,159</b>	<b>-1,691</b>
<b>3. Cash flow from financing activities</b>		
Interest paid (-) .....	-1,355	-1,219
<b>Cash flow from financing activities .....</b>	<b>-1,355</b>	<b>-1,219</b>
<b>4. Cash and cash equivalents at the end of the period</b>		
Change in cash and cash equivalents (subtotal of 1 to 3) .....	-3,152	2,889
Changes in cash and cash equivalents due to exchange rates .....	1	-11
Cash and cash equivalents at the beginning of the period .....	-2,695	-5,573
<b>Cash and cash equivalents at the end of the period .....</b>	<b>-5,846</b>	<b>-2,695</b>
<b>5. Composition of cash and cash equivalents</b>		
Cash .....	2,730	3,594
Short term liabilities to banks .....	-8,576	-6,289
<b>Cash and cash equivalents at the end of the period .....</b>	<b>-5,846</b>	<b>-2,695</b>

Fashionette GmbH (since 1 October 2020 fashionette AG), Düsseldorf

Statement of changes in equity for the financial year 2018

in EUR thousand	Subscribed Capital		Reserves		Equity		
	Common stock	Total	Capital reserves pursuant to Sec. 272 (2) no. 4 HGB	Total	Profit/loss carryforward	Net income/net loss for the year	Total
<b>31 Dec 2016</b> .....	<b>25</b>	<b>25</b>	<b>28,175</b>	<b>28,175</b>	<b>-14</b>	<b>-1,278</b>	<b>26,908</b>
Other changes .....	0	0	0	0	0	1,278	1,278
Net loss for the year .....	0	0	0	0	-1,278	-313	-1,591
<b>31 Dec 2017</b> .....	<b>25</b>	<b>25</b>	<b>28,175</b>	<b>28,175</b>	<b>-1,292</b>	<b>-313</b>	<b>26,595</b>
Other changes .....	0	0	0	0	0	313	313
Net income for the year .....	0	0	0	0	-313	303	-10
<b>31 Dec 2018</b> .....	<b>25</b>	<b>25</b>	<b>28,175</b>	<b>28,175</b>	<b>-1,605</b>	<b>303</b>	<b>26,898</b>

## Auditor's Report

To fashionette AG

We have audited the cash flow statement and statement of changes in equity for the financial year from 1 January 2018 to 31 December 2018 derived by the company from the annual financial statements for the financial year from 1 January 2018 to 31 December 2018 as well as the underlying bookkeeping system. The cash flow statement and statement of changes in equity supplement the annual financial statements of Fashionette GmbH (since 1 October 2020 fashionette AG), Düsseldorf, for the financial year from 1 January 2018 to 31 December 2018 that have been prepared in accordance with the requirements of German commercial law applicable to business corporations.

The preparation of the cash flow statement and statement of changes in equity for the financial year from 1 January 2018 to 31 December 2018 in accordance with the requirements of German commercial law applicable to business corporations is the responsibility of the company's management.

Our responsibility is to express an opinion, based on our audit, as to whether the cash flow statement and statement of changes in equity for the financial year from 1 January 2018 to 31 December 2018 has been properly derived from the annual financial statements for financial year from 1 January 2018 to 31 December 2018 as well as the underlying bookkeeping system in accordance with the requirements of German commercial law applicable to business corporations. The subject matter of this engagement does neither include the audit of the underlying annual financial statements nor the underlying bookkeeping system.

We have planned and performed our audit in accordance with the *IDW Auditing Practice Statement: Audit of Additional Elements of Financial Statements (IDW AuPS 9.960.2)* in such a way that material errors in the derivation of the cash flow statement and statement of changes in equity from the annual financial statements as well as the underlying bookkeeping system are detected with reasonable assurance.

In our opinion, based on the findings of our audit, the cash flow statement and statement of changes in equity for the financial year from 1 January 2018 to 31 December 2018 has been properly derived from the annual financial statements for the financial year from 1 January 2018 to 31 December 2018 as well as the underlying bookkeeping system in accordance with the requirements of German commercial law applicable to business corporations.

Dortmund, 2 October 2020

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft

Muzzu  
Wirtschaftsprüfer  
(German Public Auditor)

Kavun  
Wirtschaftsprüferin  
(German Public Auditor)

**AUDITED CASH FLOW STATEMENT AND STATEMENT OF CHANGES IN EQUITY OF FASHIONETTE GMBH  
(SINCE 1 OCTOBER 2020 FASHIONETTE AG)  
(PREPARED IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (*HANDELSGESETZBUCH*))  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

Fashionette GmbH (since 1 October 2020 fashionette AG), Düsseldorf

Cash flow statement for the financial year 2017

in EUR thousand	2017
<b>1. Cash flow from operating activities</b>	
Net loss for the year .....	-313
Amortization, depreciation and impairment of intangible assets and property, plant and equipment...	1,950
Increase (+)/decrease (-) in provisions .....	244
Other non-cash expenses (+)/income (-) .....	11
Gain (-)/loss (+) on disposals of fixed assets .....	5
Increase (-)/decrease (+) in inventories, trade receivables and other assets .....	-1,829
Increase (+)/decrease (-) in trade payables and other liabilities .....	4,039
Interest expenses (+)/interest income (-) .....	1,278
Income tax payments (+/-) .....	414
<b>Cash flow from operating activities .....</b>	<b>5,799</b>
<b>2. Cash flow from investing activities</b>	
Cash received (+) from disposals of property, plant and equipment .....	2
Cash paid (-) for investments in property, plant and equipment .....	-191
Cash paid (-) for investments in intangible assets .....	-1,514
Interest received (+) .....	12
<b>Cash flow from investing activities .....</b>	<b>-1,691</b>
<b>3. Cash flow from financing activities</b>	
Interest paid (-) .....	-1,219
<b>Cash flow from financing activities .....</b>	<b>-1,219</b>
<b>4. Cash and cash equivalents at the end of the period</b>	
Change in cash and cash equivalents (subtotal of 1 to 3) .....	2,889
Changes in cash and cash equivalents due to exchange rates .....	-11
Cash and cash equivalents at the beginning of the period .....	-5,573
<b>Cash and cash equivalents at the end of the period .....</b>	<b>-2,695</b>
<b>5. Composition of cash and cash equivalents</b>	
Cash .....	3,594
Short term liabilities to banks .....	-6,289
<b>Cash and cash equivalents at the end of the period .....</b>	<b>-2,695</b>

Fashionette GmbH (since 1 October 2020 fashionette AG), Düsseldorf

Statement of changes in equity for the financial year 2017

in EUR thousand	Subscribed capital		Reserves		Equity		
	Common stock	Total	Capital reserves pursuant to Sec. 272 (2) no. 4 HGB	Total	Profit/loss carryforward	Net income/net loss for the year	Total
<b>31 Dec 2016</b> .....	<b>25</b>	<b>25</b>	<b>28,175</b>	<b>28,175</b>	<b>-14</b>	<b>-1,278</b>	<b>26,908</b>
Other changes .....	0	0	0	0	0	1,278	1,278
Net loss for the year .....	0	0	0	0	-1,278	-313	-1,591
<b>31 Dec 2017</b> .....	<b>25</b>	<b>25</b>	<b>28,175</b>	<b>28,175</b>	<b>-1,292</b>	<b>-313</b>	<b>26,595</b>

## Auditor's Report

To fashionette AG

We have audited the cash flow statement and statement of changes in equity for the financial year from 1 January 2017 to 31 December 2017 (without comparative figures for the financial year from 1 January 2016 to 31 December 2016) derived by the company from the annual financial statements for the financial year from 1 January 2017 to 31 December 2017 as well as the underlying bookkeeping system. The cash flow statement and statement of changes in equity supplement the annual financial statements of Fashionette GmbH (since 1 October 2020 fashionette AG), Düsseldorf, for the financial year from 1 January 2017 to 31 December 2017 that have been prepared in accordance with the requirements of German commercial law applicable to business corporations.

The preparation of the cash flow statement and statement of changes in equity for the financial year from 1 January 2017 to 31 December 2017 (without comparative figures for the financial year from 1 January 2016 to 31 December 2016) in accordance with the requirements of German commercial law applicable to business corporations is the responsibility of the company's management.

Our responsibility is to express an opinion, based on our audit, as to whether the cash flow statement and statement of changes in equity for the financial year from 1 January 2017 to 31 December 2017 (without comparative figures for the financial year from 1 January 2016 to 31 December 2016) has been properly derived from the annual financial statements for financial year from 1 January 2017 to 31 December 2017 as well as the underlying bookkeeping system in accordance with the requirements of German commercial law applicable to business corporations. The subject matter of this engagement does neither include the audit of the underlying annual financial statements nor the underlying bookkeeping system.

We have planned and performed our audit in accordance with the *IDW Auditing Practice Statement: Audit of Additional Elements of Financial Statements (IDW AuPS 9.960.2)* in such a way that material errors in the derivation of the cash flow statement and statement of changes in equity from the annual financial statements as well as the underlying bookkeeping system are detected with reasonable assurance.

In our opinion, based on the findings of our audit, the cash flow statement and statement of changes in equity for the financial year from 1 January 2017 to 31 December 2017 (without comparative figures for the financial year from 1 January 2016 to 31 December 2016) has been properly derived from the annual financial statements for the financial year from 1 January 2017 to 31 December 2017 as well as the underlying bookkeeping system in accordance with the requirements of German commercial law applicable to business corporations.

Dortmund, 2 October 2020

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft

Muzzu  
Wirtschaftsprüfer  
(German Public Auditor)

Kavun  
Wirtschaftsprüferin  
(German Public Auditor)

## 22 GLOSSARY

<b>EUR or Euro</b> .....	Legal currency of the Eurozone (including Germany) as (an accounting currency) from 1 January 1999 and (as a circulation currency) from 1 January 2002.
<b>AktG</b> .....	German Stock Corporation Act ( <i>Aktiengesetz</i> ).
<b>Alocaris</b> .....	Alocaris UG (haftungsbeschränkt), Berlin, Germany.
<b>Articles of Association</b> .....	Articles of association ( <i>Satzung</i> ) of the Company.
<b>Audited Cash Flow and Changes in Equity Statements</b> .....	The Company's audited cash flow statements and statements of changes in equity for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 (without prior-year comparative figures for the financial year ended 31 December 2016) prepared in accordance with the German generally accepted accounting principles of the HGB.
<b>Audited Financial Statements</b> .....	The Company's audited annual financial statements as of and for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 prepared in accordance with the German generally accepted accounting principles of the HGB.
<b>BaFin</b> .....	Federal Financial Supervisory Authority ( <i>Bundesanstalt für Finanzdienstleistungsaufsicht</i> ).
<b>Base Shares</b> .....	1,500,000 Existing Shares from the holdings of the Selling Shareholder.
<b>BFS Baur</b> .....	BFS Baur Fulfillment Solutions GmbH, Burgkunstadt, Germany.
<b>CAGR</b> .....	Compound annual growth rate.
<b>Code</b> .....	The German Corporate Governance Code, as amended on 16 December 2019.
<b>Commercial Register</b> .....	The commercial register ( <i>Handelsregister</i> ) of the local court ( <i>Amtsgericht</i> ) of Düsseldorf, Germany.
<b>Company</b> .....	fashionette AG, a German stock corporation ( <i>Aktiengesellschaft</i> or <i>AG</i> ), having its registered seat in Düsseldorf, Germany, registered with the Commercial Register under the registration number HRB 91139, with business address at Grafenberger Allee 295, 40237 Düsseldorf, Germany, and LEI 391200T7OHCG8YPRQW61 (telephone: +49 (0) 211 26008777; website: corporate.fashionette.com).
<b>D&amp;O</b> .....	Directors and officers.
<b>Data Protection Act</b> .....	Federal Data Protection Act ( <i>Bundesdatenschutzgesetz</i> ), amended with effect from 25 May 2018.
<b>DBAG</b> .....	Deutsche Börse Aktiengesellschaft, Frankfurt am Main, Germany.
<b>DENIC</b> .....	DENIC eG, Frankfurt am Main, Germany.
<b>Deutsche Bank</b> .....	Deutsche Bank AG, Düsseldorf, Germany.
<b>EBITDA</b> .....	Revenue plus other operating income less cost of materials, personnel expenses and other operating expenses
<b>EEA</b> .....	European Economic Area.
<b>Ernst &amp; Young</b> .....	Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany, Dortmund office, Westfalendamm 11, 44141 Dortmund, Germany.
<b>EU</b> .....	European Union.
<b>Existing Shareholders</b> .....	GENUI, THINK BIG and Alocaris.
<b>Existing Shares</b> .....	5,000,000 existing ordinary bearer shares ( <i>Inhaberaktien</i> ) with no par value ( <i>Stückaktien</i> ) of the Company, each such share with a notional value of EUR 1.00 in the Company's share capital and with full dividend rights as of 1 January 2020.
<b>Financial Information</b> .....	The Financial Statements together with the Audited Cash Flow and Changes in Equity Statements.
<b>Financial Statements</b> .....	The Audited Financial Statements together with the Unaudited Interim Financial Statements.
<b>Germany</b> .....	Federal Republic of Germany.

<b>GENUI</b> .....	Genui Fund GmbH & Co. KG, a German limited partnership ( <i>Kommanditgesellschaft</i> or <i>KG</i> ) with a GmbH as general partner ( <i>persönlich haftender Gesellschafter</i> ), having its registered seat in Hamburg, Germany, registered with the commercial register ( <i>Handelsregister</i> ) of the local court ( <i>Amtsgericht</i> ) of Hamburg, Germany, under the registration number HRA 117986, with business address at Neuer Wall 80, 20354 Hamburg, Germany, and LEI 391200LEOK0X9LM1JT39 (telephone: +49 (0) 40 32086690; website: www.genui.de).
<b>Greenshoe Option</b> .....	The option to acquire up to 405,000 Existing Shares at the Offer Price, less agreed commissions, which the Selling Shareholder has granted the Sole Bookrunner.
<b>Hauck &amp; Aufhäuser</b> .....	Hauck & Aufhäuser Privatbankiers Aktiengesellschaft, a German stock corporation ( <i>Aktiengesellschaft</i> or <i>AG</i> ), having its registered seat in Frankfurt am Main, Germany, registered with the commercial register ( <i>Handelsregister</i> ) of the local court ( <i>Amtsgericht</i> ) of Frankfurt am Main, Germany, under the registration number HRB 108617, with business address at Kaiserstraße 24, 60311 Frankfurt am Main, Germany, and LEI 5299000OZP78CYPYF471 (telephone: +49 (0) 69 21610; website: www.hauck-aufhaeuser.com).
<b>HGB</b> .....	German Commercial Code ( <i>Handelsgesetzbuch</i> ).
<b>ICANN</b> .....	Internet Corporation for Assigned Names and Numbers.
<b>IDW</b> .....	Institute of Public Auditors in Germany ( <i>Institut der Wirtschaftsprüfer</i> ).
<b>IPO</b> .....	Initial public offering of the Offer Shares in Germany.
<b>ITG</b> .....	ITG GmbH Internationale Spedition und Logistik, Schwaig, Germany
<b>ISIN</b> .....	International Securities Identification Number.
<b>pKWG</b> .....	German Banking Act ( <i>Kreditwesengesetz</i> ).
<b>LEI</b> .....	Legal entity identifier.
<b>Listing</b> .....	Inclusion of the 5,000,000 Existing Shares and the up to 1,200,000 New Shares to trading on the Regulated Unofficial Market ( <i>Freiverkehr</i> ) of the Frankfurt Stock Exchange ( <i>Frankfurter Wertpapierbörse</i> ) (Scale segment) with simultaneous inclusion in the Basic Board of the Regulated Unofficial Market ( <i>Freiverkehr</i> ) of the Frankfurt Stock Exchange ( <i>Frankfurter Wertpapierbörse</i> )
<b>Management Board</b> .....	The management board ( <i>Vorstand</i> ) of the Company.
<b>MAR</b> .....	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, as amended.
<b>MiFID II</b> .....	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as amended.
<b>MMA</b> .....	The Madrid Agreement Concerning the International Registration of Marks of 14 April 1891, as last amended on 28 September 1979.
<b>New Shares</b> .....	1,200,000 newly issued ordinary bearer shares ( <i>Inhaberaktien</i> ) with no par value ( <i>Stückaktien</i> ) from a capital increase against contributions in cash resolved by an extraordinary shareholders' meeting ( <i>außerordentliche Hauptversammlung</i> ) of the Company on 16 October 2020, each such share with a notional value of EUR 1.00 in the Company's share capital and with full dividend rights as of 1 January 2020.
<b>NIS Directive</b> .....	Directive (EU) 2016/1148 of the European Parliament and of the Council of 6 July 2016 concerning measures for a high common level of security of network and information systems, which was implemented in Germany on 23 June 2017.
<b>Offer Period</b> .....	Period during which investors may submit purchase orders for the Offer Shares.
<b>Offer Price</b> .....	Offer price at which Offer Shares are offered in the Offering.
<b>Offer Shares</b> .....	Together, the New Shares, the Sale Shares and the Over-Allotment Shares.
<b>Offering</b> .....	The offering of 3,605,000 ordinary bearer shares ( <i>Inhaberaktien</i> ) with no par value ( <i>Stückaktien</i> ) of the Company, each such share with a notional value of EUR 1.00 in the Company's share capital and with full dividend rights as of 1 January 2020.

Order .....	Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.
Order Book Manager .....	Steubing AG, Frankfurt am Main, Germany.
Over-Allotment Shares.....	Up to 405,000 Existing Shares from the holdings of the Selling Shareholder.
Paying Agent.....	Bankhaus Gebr. Martin AG, Göppingen, Germany.
Price Range .....	The price range for the Offering within which purchase orders may be placed of EUR 30.00 to EUR 38.00 per Offer Share.
Private Placement.....	Private placements of the Offer Shares in certain jurisdictions outside Germany.
Product Liability Act .....	German Product Liability Act ( <i>Produkthaftungsgesetz</i> ).
Product Safety Directive .....	Directive 2001/95/EC of the European Parliament and of the Council of 3 December 2001 on general product safety.
PMMA .....	The Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks of 27 June 1989, as last amended on 3 October 2007.
Prospectus .....	This securities prospectus as approved by BaFin.
Prospectus Regulation .....	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended.
QIBs .....	Qualified institutional buyers, as defined in Rule 144A.
Regulation S.....	Regulation S under the Securities Act.
Rule 144A .....	Rule 144A under the Securities Act.
Sale Shares .....	Together, the Upsize Shares and the Base Shares.
Securities Act .....	United States Securities Act of 1933, as amended.
Selling Shareholder .....	GENUI.
Shares.....	Together, the Existing Shares and the New Shares.
Short Selling Regulation .....	Regulation (EU) No. 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps, as amended.
Sole Bookrunner .....	Hauck & Aufhäuser.
Sole Global Coordinator .....	Hauck & Aufhäuser.
Stabilization Manager .....	The Sole Bookrunner or persons acting on its behalf.
Stabilization Period .....	Timeframe in which stabilization measures may be taken.
Supervisory Board.....	The supervisory board ( <i>Aufsichtsrat</i> ) of the Company.
Tele Media Act.....	German Tele Media Act ( <i>Telemediengesetz</i> ).
THINK BIG .....	THINK BIG INVEST UG (HAFTUNGBESCHRÄNKT), Berlin, Germany.
UK.....	United Kingdom.
Unaudited Interim Financial Statements .....	The unaudited interim financial statements as of and for six months ended 30 June 2020 prepared in accordance with the German generally accepted accounting principles of the HGB.
Underwriting Agreement .....	Underwriting agreement between the Company, Hauck & Aufhäuser and the Selling Shareholder dated 19 October 2020.
UniCredit .....	UniCredit Bank AG, Düsseldorf, Germany.
United States .....	United States of America, its territories and possessions, any state of the United States of America, and the District of Columbia.
UmwG .....	German Transformation Act ( <i>Umwandlungsgesetz</i> ).
Upsize Option .....	Option to increase the size of Offering, upon the decision of the Selling Shareholder in consultation with the Sole Bookrunner, based on market demand on the date of pricing.

<b>Upsize Shares</b> .....	Up to 500,000 Existing Shares from the holdings of the Selling Shareholder subject to the exercise of an upsize option upon decision of the Selling Shareholder, in consultation with the Sole Bookrunner, based on market demand on the date of pricing.
<b>WKN</b> .....	German Securities Code ( <i>Wertpapierkennnummer</i> ).
<b>WpHG</b> .....	German Securities Trading Act ( <i>Wertpapierhandelsgesetz</i> ).
<b>WpPG</b> .....	German Securities Prospectus Act ( <i>Wertpapierprospektgesetz</i> ).
<b>WpÜG</b> .....	German Securities Acquisition and Takeover Act ( <i>Wertpapiererwerbs- und Übernahmegesetz</i> ).

## 23 RECENT DEVELOPMENTS AND TREND INFORMATION

### 23.1 Recent developments

The Company was incorporated as a German stock corporation (*Aktiengesellschaft* or *AG*) by Articles of Association dated 22 September 2020 and registered with the Commercial Register on 1 October 2020. As of 1 October 2020, its share capital amounted to EUR 5,000,000 and was divided into 5,000,000 Existing Shares.

An extraordinary shareholders' meeting (*außerordentliche Hauptversammlung*) of the Company held on 16 October 2020 resolved to increase the Company's share capital against contributions in cash from EUR 5,000,000 by up to EUR 1,200,000 to up to EUR 6,200,000 by issuing up to 1,200,000 New Shares.

For the nine months ended 30 September 2020, the Company estimates that it has accelerated revenue growth, with expected revenues of EUR 62.0 million translating into +24% period over period growth compared to the nine months ended 30 September 2019.

Except as described above, there have been no significant changes to the Company's financial position between 30 June 2020 and the date of the Prospectus.

### 23.2 Trend information

The spread of the COVID-19 Pandemic in recent months has affected all key economics worldwide, including all markets in Europe, disrupted public life and the operations of multiple businesses. The Company has so far not seen a continuing negative effect of the COVID-19 Pandemic on demand of the products offered by the Company. Furthermore, the effects of the COVID-19 Pandemic coincided with business development projects, i.e., marketing investments, selection expansion etc., that the Company had planned prior to the COVID-19 Pandemic, which resulted in positive tailwind effects during the last months. The Company is, however, not yet in a position to assess the near-term, mid-term and long-term effects of the COVID-19 Pandemic on the markets in which it operates.

The Company's historic growth has been primarily organic and it aims to continue this successful track record in the years to come. Fashionette expects that future organic growth will primarily result from and will be affected by the following trends:

- **Further shift to e-commerce:** The European Premium and Luxury Fashion Accessories Market is currently benefiting from the accelerating shift from offline to online in the premium and luxury e-Commerce segment. The COVID-19 Pandemic even accelerated this trend in the recent months. The Company believes that the premium and luxury online e-commerce category is significantly underpenetrated with a strong continued growth potential in the near and medium term. As consumers become more comfortable shopping for premium and luxury items online, the Company believes that this offers the opportunity of potential future growth.
- **Demographic trends:** Generation Z and Generation Y are expected to contribute the majority of growth in the global personal luxury goods market with a more conscious attitude towards luxury and given their high affinity for the internet in general and e-commerce in particular.
- **Geographic trends:** The Company believes that Europe continues to represent a highly attractive demographic for the Company's offering of Premium and Luxury Fashion Accessories. In particular the segments of the European Premium and Luxury Fashion Accessories Market which are most important for the Company, i.e., handbags, Luxury Leather Goods, Luxury Footwear and Luxury Eyewear, are forecasted to grow by between 11% and 18% per year between 2020 and 2023. The Company believes that this provides a positive input and outlook for its continued organic growth.
- **Fashion trends:** The Premium and Luxury Fashion Accessories available on the Fashionette Platform are subject to rapidly changing design trends and constantly evolving consumer tastes and demands. The success and further growth of the Company is dependent on its ability to anticipate, identify and respond to the latest design trends and customer demands and to translate such trends and demands into product offerings in a timely manner.

Driven by these factors, the Company targets to continue its organic growth by:

- leveraging the Company's existing customer base to further categories and selection expansion of existing categories;
- increasing site visits and customer engagement, and in particular to encourage repeat purchases;
- geographic expansion in further European countries, initially in the BeNeLux region; and
- constantly investing in hiring and retaining talented employees.