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Annual Report
Wehkamp Retail Group

STRATEGIC PROGRESS AND A RESILIENT AND PROFITABLE FINANCIAL PERFORMANCE IN CHALLENGING TIMES

Annual Report Wehkamp Retail Group **2022-2023**

OUR FACIAS

Focused on Fashion and Home & Living, Wehkamp has a long history in the Netherlands, offering its family customer base curated ranges of own brand products, alongside local and global brands through its e-commerce site.

A leading kidswear e-commerce operator in the Netherlands, acquired by WRG in 2021, kleertjes.com offers Wehkamp and kleertjes.com own brand ranges, as well as third party brands.

The latest facia added to the WRG portfolio, Union River targets the Dutch male consumer with a growing range of own label and third-party brands covering fashion, active wear, classic/formal wear and sportswear ranges, alongside male beauty products.

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ABOUT US

Wehkamp Retail Group ("WRG") is a leading Dutch online retailer, trading from three facias; Wehkamp, kleertjes.com and most recently Union River, which went live during the year.

Wehkamp sits at the heart of WRG and is a leading Dutch online retailer in Fashion and Home & Living with an iconic brand and a rich retail history. Our Wehkamp brand is deeply embedded in the fabric of Dutch society, with a heritage that can be traced back over 70 years to our origins as a catalogue business starting in 1952. Our heritage not only pre-dates the creation of the internet and mobile phones but also colour television.

Generations of Dutch families have grown up with Wehkamp, a strength which can't be easily replicated.

As an early adopter of catalogue shopping, Wehkamp was quick to identify the online opportunity, launching wehkamp.nl in 1995 before moving to an e-commerce pure play model from 2010.

With over 50% of Dutch households buying from us in the last two years Wehkamp is a household name. We continue to differentiate ourselves from other e-commerce operators through our relentless focus on being the most inspirational, curated and relevant online shop for Fashion and Home & Living.

We are not a marketplace with endless choices. In a world of too much choice, we work hard to inspire our customers, with curated ranges from leading global and local brands, as well as our own brands, to ensure we meet the needs of our family-oriented customer base. We know our customers very well and use data, combined with in-house analytics, to carefully present relevant ranges offering highly personalised selections and tailored promotions.

The acquisition of e-commerce kidswear specialist, kleertjes.com in September 2021 marked the start of our multi-facia strategy. Wehkamp and kleertjes.com have retained their separate brand identities and consumer facing websites. Combined, Wehkamp and kleertjes.com is one of the leading online kidswear retailers in the Netherlands.

Union River was created during the year by our in-house teams as a new facia designed to specifically target male customers, with a growing range of menswear and male beauty products. All facias connect to our world class WRG logistics and delivery network and in due course they will also migrate onto a new multi-facia designed technology platform to fully harness the benefits of scale.

WRG in numbers[1]

3 facias

Wehkamp, kleertjes.com and Union River

71

years young

2.6

million active customers

2,200+

brands in the online shops

41%

of orders come through the Wehkamp app

11.9%

of Group customer sales are own brand

1,158

team members

1 Unless stated otherwise, here and below the data for financial year 2021-2022 includes kleertjes.com pro forma data for the full year.

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CEO REVIEW

"We have progressed our multi-facia strategy and delivered a resilient financial performance, in what has been a challenging retail market."

Graham Harris - CEO of WRG

Our purpose

As the business grows and we deliver the multi-facia strategy, we recognised that it was important to create a new core purpose for all our colleagues to align behind, wherever they work across the Group. Our core purpose for WRG is:

Together we **bring joy** into **every home.**

This core purpose is underpinned by four core values which are set out below and are explained in more detail in the Culture & Diversity section of this report:

we are customer centric
we work together
we are engaged
we are entrepreneurial

Together: united, inclusive, combining forces, working together towards one goal

Home: your **life**, whether it's literal in a house, workplace

Joy: all the good things: could be fun, energy, power, pride, motivation, small moments of happiness, sustainability, making the world a better place altogether

Together we **bring joy** into **every home.**

Bring: creating, delivering, exploring

Every: accessible for all, inclusive

Leading the industry with the launch of a new, more sustainable returns policy

Returns are a major challenge for all e-commerce operators. In addition to their financial cost they have a significant environmental impact and yet to date, little has been done to address the issue. To highlight the size of the problem and indeed the potential opportunity from a material reduction, in 2022-2023 over 14 million items were returned to us, equating to an average of approximately 40,000 items per day. All items returned either go back into our prime stock pool or alternatively in a small proportion of instances are sold in batches onto jobbers; less than 0.5% of the items returned are no longer fit for sale.

The root cause of the problem is free returns which until now have been the norm across our industry. Our new returns policy has been agreed and was communicated to customers in February 2023, and from mid April will see customers pay a € 0.50 charge for each item returned. This will not cover the full financial cost of the return but it is hoped it will act as a catalyst for positive behavioural change. I very much hope leading e-commerce peers across the Netherlands will also adopt a similar approach.

I am proud that WRG is leading the way in the Netherlands with the launch of this new policy, which aims to significantly lower the level of returns and consequently reduce the environmental damage. The current levels across the industry are clearly unsustainable and yet without behavioural change they will only get worse as the long term structural transition to online ordering continues.

Adapting to a world where uncertainty looks to be the new normal

Following two years where we have overcome multiple challenges arising from the direct and indirect consequences of the pandemic, we all wanted a return to a calmer, more normal year. Instead we entered the financial year with war in Ukraine and the emerging global economic fallout, which has eroded consumers real disposable income through rising inflation and higher interest rates. At the same time supply chains, which were already squeezed as a result of Covid, remained challenging, and the labour market tight.

Our people have risen to the multiple challenges, delivering a resilient financial performance as well as making significant strategic progress during the year. It should be increasingly clear that WRG has been reset, re-engineered from top to bottom and is now well positioned to further grow our share of the Dutch market.

The evolution to multi-facia

Our strategy centres on operating multiple facias, with Wehkamp at its core, all underpinned by a world class, singular technology, logistics and delivery platform. This strategy will enable us to better target different customer demographics and product segments as well as increase the number of cross selling opportunities. In addition to the revenue benefits, there are substantial cost efficiencies from increasing the volume of sales over one, highly efficient, automated platform.

The biggest strategic development during the year was the launch of new menswear facia Union River. This is an e-commerce business created entirely by our in-house teams.

Union River has its own website, but benefits from our WRG technology, logistics and delivery platform. Its financial impact in the period was intentionally small, opening with a soft launch in November 2022, as we wanted to ensure operational effectiveness and smooth out any issues before scaling and committing to significant marketing investment. The team should be rightly proud of what they have created and I look forward to growing our presence in the menswear market over the current year 2023-2024 and beyond.

We continue to extract the benefits from our acquisition in the financial year 2021-2022 of kleertjes.com. We also started to sell kleertjes.com own brands on the Wehkamp site during the year, bringing the product to a wider audience and increasing sales opportunities. We also brought the kleertjes.com stock into our Zwolle distribution centre. Customers now benefit from later evening cut-offs and faster deliveries, and WRG with significant cost synergies, through the leveraging of our automated picking and deliverypartner network.

As we target topline growth through our multi-facia strategy we have been investing across the business to meet the expected increase in demand. A key element of this has been the building of an additional 33,000m^2 of capacity at our Zwolle distribution centre during the year, increasing the total space by almost 30%.

We have now proven we can expand our WRG portfolio of e-commerce businesses through both buy and build strategies. We have learned lessons along the way with both strategies and are developing an efficient and effective playbook to add further facias.

The year our social media came alive

In the previous financial year 2021-2022 we kicked off our social media led marketing strategy as part of our broader push to reach new customers and drive up customer engagement. I am delighted with the progress that we have made during this year, which builds on the strong foundations laid in 2021-2022 across key channels. We closed out 2022-2023 with 101,000 Instagram followers, a year-on-year increase of 47% and 77% over two years. TikTok is a more recent channel for us but already we have built a loyal following of 41,000 followers.

Our rapid growth in social media has been driven by the launch of our ambassadors programme at the start of the financial year and the introduction of live streaming events on both our own app and other leading social media platforms. The number of ambassadors has grown during the year by 33%, from an initial 150 to reach 200 by the end of March.

WE HAVE DEVELOPED A PLAYBOOK FOR **ADDING NEW FACIAS**

With each ambassador having between 2,000 and 100,000 followers this is a huge audience, which more traditional media is less well suited to reach, at least at an economically acceptable cost.

A sign of quite how far WRG has advanced on social media is the launch of our live streaming events. Our most successful event so far was a VIP shopping night hosted by Dutch celebrity Miljuschka Witzenhausen over our app where she modelled and talked about her own exclusive to Wehkamp range of dresses for all festive occasions. This event attracted four times the average number of live stream viewers over our app, with a strong conversion to sales.

Delivering a resilient financial performance
Our team has once again risen to the unique challenges of the year and delivered a fourth consecutive year of profitability, reporting € 20.3 million of adjusted EBITDA for the year. At the macro level consumer confidence, which was starting to recover from the pandemic, fell sharply with the war in Ukraine, escalating inflation and concerns over spiralling energy costs. In response we have seen consumer spending soften despite a strong labour market, government support on energy costs and high levels of personal savings.

Homeware bore the brunt of the spending squeeze during the year. This partly reflected the high ticket nature of many of the items but also the fact that Homeware was coming off two previous strong years, when many consumers brought forward spending on this category as a result of lockdowns and the requirement to spend more time in their homes.

We exited the Electronics category during the year, which has resulted in a substantial reduction in customer sales but only a small impact on profit. It wasn't a focus category for us and has always proved challenging, with no real way to provide a differentiated offering in what is a very crowded, low margin market segment.

Customer sales for 2022-2023, excluding the Electronics category in both the current and the prior year, were 9% lower at € 620 million. This primarily reflects weakness in the Home & Living and Kidswear categories, partially offset by relative strength in Ladies and Mens Fashion as well as Beachwear. We consider this to be a strong result in what has been a very challenging market.

We achieved an adjusted EBITDA of € 20 million (2021-2022: € 49 million), which reflects not only the reduction in customer sales but also inflationary pressures in our supply chain, labour force and with our delivery partners. However, the fact that WRG has delivered another year of profitability, demonstrates that even in the most challenging of years we have successfully retained the necessary scale and efficiency of operations.

Building the leadership team of tomorrow

In tandem with positioning WRG for future growth we recognise the need to develop the future leaders of the business. To facilitate this process we have set-up an extended management team, which sits below the Executive Board. Similar to an operational board in nature there are seven heads including Marketing, Own Brand, Business and Stock Planning, Kids Fashion, Finance & Compliance and HR. This board provides fresh perspectives, challenge and resource to the executive leadership team, as well as a clearer career path for our most talented, ambitious leaders.

Our priorities for the year ahead

We have five priorities for the current financial year 2023-2024:

1. **Continue multi-facia tech stack development**
2. **Bring increased warehouse space online**
3. **Develop own brands across WRG**
4. **Broaden kleertjes.com ranges**
5. **Grow Union River**

1 Continue multi-facia tech stack development

We expect to complete the new front and back end technology platforms during the year. The first priority will be to migrate each facia, one

THERE IS A HUGE OPPORTUNITY TO

GROW OUR KIDS RANGES

by one, onto the front end platform before commencing the switch to the new back end platform. The move onto a singular technology stack will enable the capture of substantial cost synergies including reduced hosting and licensing fees as well as increased efficiency from a singular process for each operation. This will also simplify the process of selling products across multiple facias.

2 Bring increased warehouse space online

The additional 33,000m^2 warehouse space at Zwolle is a central element of our strategy to create a singular fully integrated technology, logistics and delivery infrastructure which has the capacity to further scale and optimise our unit economics. This additional space was opened shortly after the year end in May 2023.

3 Develop own brands across WRG

We intend to build on the success of own brand across all of our focus categories and facias, giving customers even more reasons to return to us for exclusive WRG products. Own brand has already grown to 11.9% of customer sales and we see a significant opportunity to increase this further. As part of this strategy we have been working on rebranding Wehkamp Home into new own brands including Nous and Studio Livit. These new own brands will go live with our autumn/winter collections on the Wehkamp site and will be used to increase ranges as well as sell on other WRG facias.

4 Broaden kleertjes.com ranges

As a leading online kidswear retailer in the Netherlands we plan to extend our kids ranges beyond just clothing to cover their broader needs and those of their parents. By way of example during the year we trialled the selling of nappies which proved so successful that we have continued to sell them on the site. There are also advanced plans to leverage our Home & Living expertise and develop a collection of kids beds and bedding products, as well as other furniture for children such as desks and chairs.

5 Grow Union River

In 2022-2023 Union River received no significant marketing investment. This changed from May 2023 with the launch of the facia's first marketing campaign and includes Union River having its own social media ambassadors. The customer offering will be expanded In tandem with the marketing investment through a combination of more own brand ranges under the Anytime brand, as well as signing up new third party brands. There is also an opportunity to add more premium brands and products to the site.

Post balance sheet event

WRG acquired the IP of CoolCat and intends to sell the CoolCat ranges across its Wehkamp and kleertjes.com facias from 1 June 2023. The deal aligns with WRG's strategy to grow own brand/exclusive product and enhance the offering depth, see Strategic Pillar 1 and Strategic Pillar 2 in our strategy section. CoolCat is a well established youth fashion brand in the Netherlands, having launched over 40 years ago, offering clothing and accessories. This deal, combined with the earlier acquisition of kleertjes.com in 2021 highlights WRG's ambitions in its Kidswear category.

CoolCat stock will be transferred to the Zwolle distribution centre in order to maintain WRG's singular stock pool, and further improve the economies of scale.

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HIGHLIGHTS OF THE YEAR

WRG is now in its 71st year but we are showing no signs of slowing down. In fact quite the opposite. Our business transformation continued at pace during the year as we further advanced WRG's multi-facia, e-commerce pure play strategy.

Launch of new menswear site

3 *facias following the **launch of Union River***

The launch of Union River, a new facia designed specifically to target men, was the most significant strategic development in the year, increasing WRG's portfolio of facias from two to three. Soft launched in November 2022 the website offers a small but growing selection of own brand and third party menswear ranges alongside male beauty products. Union River has been created and launched by our in-house teams for a modest investment and highlights our capability to launch additional new facias to target certain demographics and/or product segments.

Progressing the focus categories

There has been continued progress in the year with the strategy of expanding the focus categories of Home & Living, Kidswear, Menswear and Beauty to increase cross category sales and to match the success of Ladies Fashion. We have also exited Electronics during the year as it wasn't a focus area for WRG, being a category characterised by intense, price driven competition and low margins on an undifferentiated product.

+4% *year-on-year customer sales growth in **Ladies Fashion***

Continued strength in Ladies Fashion was supported by the relaunch of the popular Miss Etam brand and the new ranges by Dutch celebrity Miljuschka. Both ranges featured exclusively on the Wehkamp site. Our denim ranges also continued to go from strength-to-strength during the year.

+18% *year-on-year customer sales growth in **Beachwear***

+26% *year-on-year customer sales growth in **Health***

Beachwear was in high demand reflecting the wider return to holidays and overseas travel following the pandemic as were our growing Health product ranges.

Menswear is an increasingly important category for WRG. In addition to the launch of Union River we also created a range of menswear under our own brand Anytime during the year. Both initiatives will take time to build in momentum and generate material revenues, but there is a substantial opportunity, which has yet to be realised, given Wehkamp's historic female centric customer base. Menswear customer sales were resilient, dipping only marginally compared to the prior year.

Beauty is an increasingly strong category for us, with customer sales up 50% on pre-Covid 2019-2020 levels as we continue to expand the depth and breadth of our ranges, with both mass market and luxury brands. We built on the gains won in Covid, achieving modest growth in customer sales this year compared to the prior year. We see this as a good performance against a challenging economic background, which positions us well for future growth in this category.

Considerable work has been undertaken during the year to integrate and expand Kidswear, including bringing kleertjes.com and the original Wehkamp offering all under one management team and one stock pool in our Zwolle distribution centre. Customer sales during the year however were impacted by a return to store based shopping, following the pandemic related lockdowns.

Growing own brand

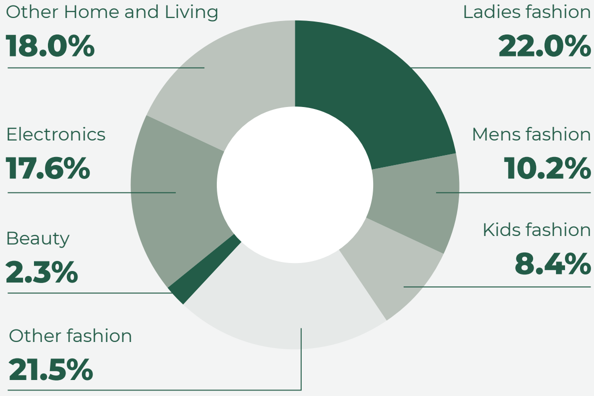
11.9%

of ***customer sales*** in the year are own brand, up from 9.3% in 2020-2021

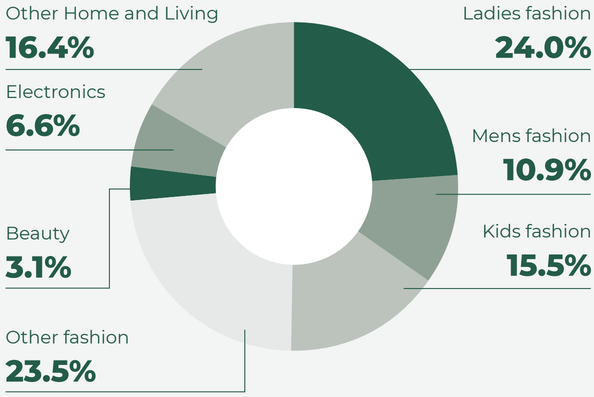
Own brands are a core and growing part of our business. They act as a key differentiator to competitors, strengthening both our relevance and curation in the minds of customers.

Key own brand developments during the year were the expansion of our Anytime brand into new ranges for Mens & Kids, as well as the continued build out of our very popular denim offering. The partnership with Dutch celebrity Miljuschka also continues to go from strength-to-strength having grown from just dresses initially to now include an increasing number of styles, covering blouses, skirts and coats.

FY19/20 Customer sales split



FY22/23 Customer sales split



Kidswear own brands include those acquired with kleertjes.com in 2021 as well as legacy Wehkamp own brands. During the year the two teams responsible for Kidswear own brands were integrated into one team. The new team structure facilitates quality and efficiency improvements, as well as an optimum range assortment across both the kleertjes.com and Wehkamp facias, with kleertjes.com and Wehkamp own brands now being sold on both sites.

Stepping up on social

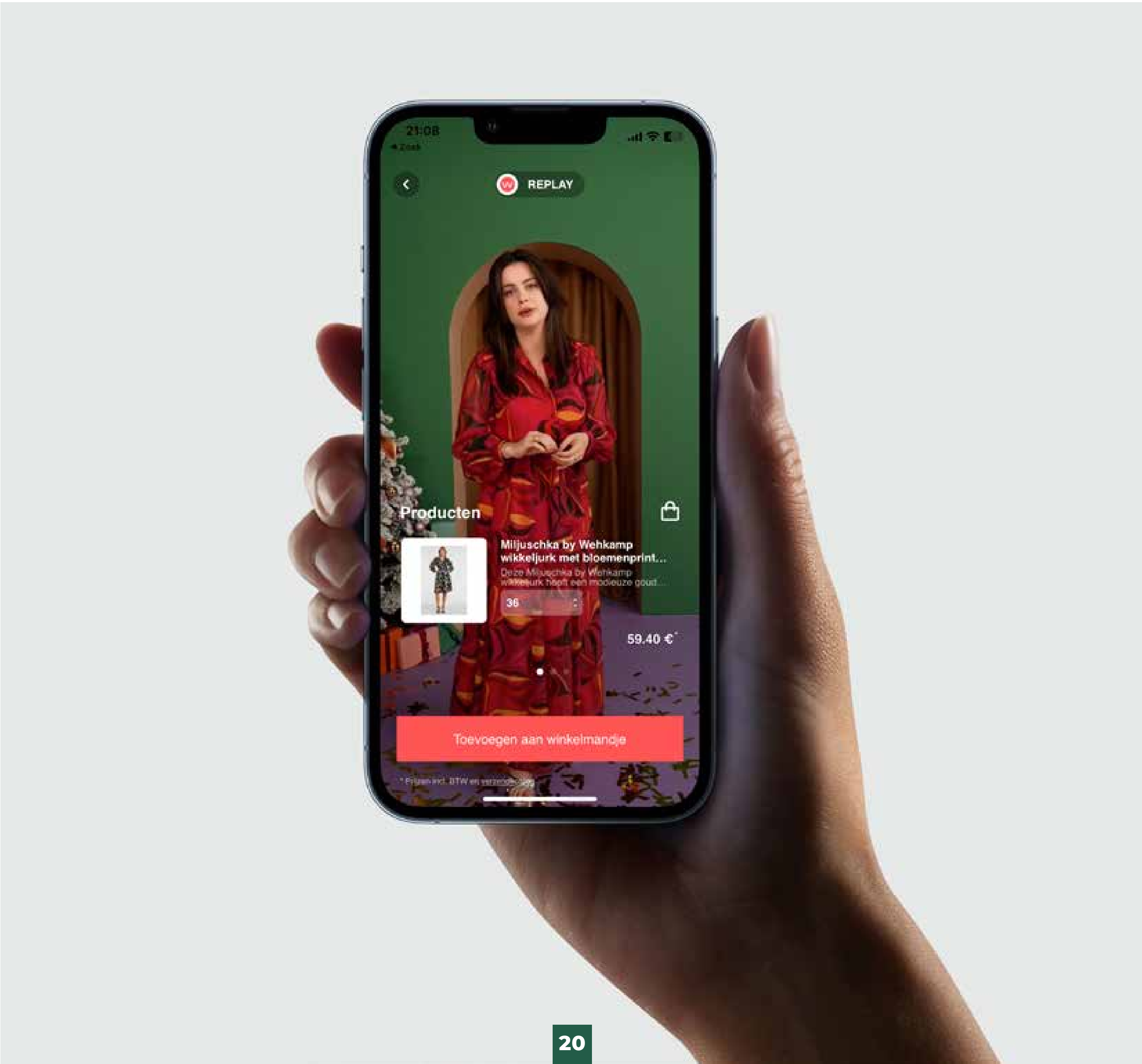
Our social media channels came alive in 2022-2023, with the launch of live events and our ambassador programme. In total there were 49 live shopping events during the year across Instagram and our own app.

Case study: Miljuschka live stream event

In November 2022 local Dutch celebrity Miljuschka hosted a VIP Live Shopping event on the Wehkamp app to promote her new exclusive to Wehkamp festive ranges, covering dresses for every festive occasion. The event which ran for approximately just less than 50 minutes was our most successful live stream ever, attracting over four times the average number of viewers for our in-app live streams. Viewers who wanted to purchase the products being promoted simply had to click the 'add to basket' button during the session.

In the days prior to the event it was promoted on Miljuschka's own social media to her near one million followers, in addition to our own Wehkamp channels covering social, shop, app and email. The session was also made available for playback via our app.

The session was filmed in our own WRG studio, which is set-up to record live stream events on short notice.



Our new TikTok channel has proved to be a great early success, making stars of some of our team. Flip, who is in his seventies and who works in our Zwolle distribution centre as a volunteer, has developed a strong following with videos on TikTok being played millions of times. Flip even receives notes in return packages from our followers.

During the year we also ran a new series on Instagram and TikTok called ‘Retourtje Wehkamp’. The aim was to raise awareness amongst our followers of what happens when items are returned and to involve them in the process. These have proved very popular, with high levels of views and engagement. On TikTok these videos have been watched 3 million times. The other major social media development in the year was the launch of our ambassadors programme. Initially working with 150 ambassadors we grew the number during the year to 200 given its early success. Each ambassador posts Wehkamp related content regularly to their followers, which range in number from between 2,000 and 100,000. On average these posts reach over half a million people per week and are really supporting our push to reach a larger audience and draw in new customers.

101,000
Instagram followers

41,000
TikTok followers in just 15 months

16.9m plays of
Wehkamp videos on our TikTok channel

49 live ***shopping events***
hosted on Instagram or the app

200
ambassadors by March 2023

Automation

400 ***picks per hour,***
10x that of a manual pick

Our logistics infrastructure at our Zwolle distribution centre is already world class. During the year we made two further substantial improvements, which will increase the degree of automation and consequently improve our distribution economics. A pocket sorter has been installed, which will reduce delivery costs and the environmental impact by combining all items ordered by a customer into one rather than multiple deliveries. The pocket sorter is fully automated and will increase the speed of the pick and reduce delivery costs by combining all items ordered into one parcel for delivery. The pocket sorter which is already in place is due to go live in the financial year 2023-2024 once the software has been installed and tested.

Whilst the outbound processes are now fully automated, with the exception of large and slow moving items, the returns process has been more manual. However, during the year folding machines were installed, with plans to install more. These machines enable the automated folding of certain returned items as well as their repackaging, ready to return to the prime stock pool. Not all items are suitable for the folding machines but those that are, such as clothing, can be returned to the stock pool twice as fast as those returned by the manual process.

Delivering on delivery

We continue to offer a best in class delivery proposition, which is only made possible by our technology and logistics infrastructure as well as our close relationship with our long-term delivery partners and integration into their hubs.

This is the first full year of same day delivery and demand for the premium service continues to grow, with Friday's proving particularly popular with customers.

We took the decision in February to change our policy on customer returns and from the middle of April there will be a charge of € 0,50 per item (see our CEO Review for more details). This is an industry wide, critical issue, which we have chosen to lead on as the financial and environment costs are unsustainable and need to be addressed.

1pm
cut-off for same ***day delivery***

12pm
cut-off for ***next day delivery***

7 day delivery in the ***Christmas period***

€ 0.50 ***charge for each item returned***, approved in the year

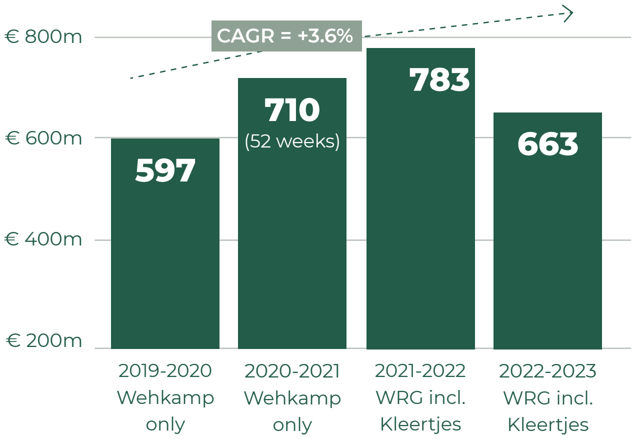
Resilient financial performance

Our sales and profits both remain above pre-Covid 2019-2020 levels, despite the significant pressures on consumer spending and costs, including labour, resulting from the economic consequences of the war in Ukraine. Whilst headline customer sales including VAT reduced by 15% to € 663 million year-on-year, the movement excluding the Electronics category which was exited during the year from both the current and the comparative period, was limited to just 9%. Over the four year period customer sales have grown by a compound annual growth rate (CAGR) of 3.6% and sales are up 11% on the pre-Covid 2019-2020 year.

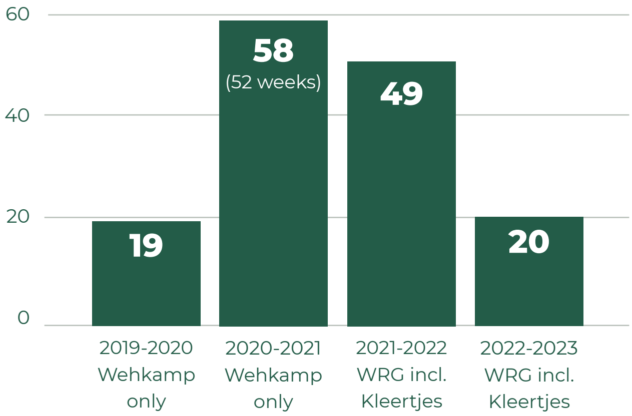
WRG achieved a fourth consecutive year of profitability, reporting € 20 million of adjusted EBITDA in the year. The year-on-year reduction reflects not only the fall in customer sales but also the substantial inflationary pressures experienced throughout our supply chain and labour force. This still represents growth on our pre-Covid 2019-2020 adjusted EBITDA of € 19 million.

FOURTH CONSECUTIVE **YEAR OF PROFITABILITY**

Customer sales incl. VAT (EUR millons)



Adjusted EBITDA (EUR millons)



THE MARKET

04

The Netherlands has a large retail market to meet the needs of its growing and affluent population of just over 17.5 million people. Data from the OECD Better Life Index calculates that the Dutch have one of the highest levels of household disposable income in Europe ahead of the UK, France, Italy, Spain and Sweden and substantially ahead of the OECD average.

Prior to Covid there was a well established, thriving e-commerce industry in the Netherlands, which was taking market share from traditional retail. In the two primary product categories for WRG - Apparel & Footwear and Homewares & Home Furnishing, e-commerce had increased its market share to 30% and 19% respectively by 2019, the last full year before the impact of Covid. During the Covid period both product categories saw a further increase in e-commerce penetration given the impact of lockdown restrictions on physical retail competition. This temporary spike in e-commerce market share largely reversed with the removal of lockdown restrictions and the re-opening of physical retail in 2022.

The economic recovery which was underway following Covid has been derailed by the war in Ukraine and its subsequent fall-out. Global economic growth has been downgraded, supply chains have come under further pressure and inflation has been on the rise, as a result of spiralling food and energy prices. Against this backdrop and the squeeze on real disposable incomes, consumer confidence in the Netherlands fell substantially in the early months of 2022, reaching a low of -59 in September 2022. To put this into its historical context, this was the lowest recorded level of consumer confidence in the last 25 years. There has been a recovery of sorts since then with consumer confidence improving each and every month since October and by March 2023 it stood at -39.

The level of unemployment in the Netherlands remains at historically low levels, standing at just 3.6% in March 2023. At the same time inflation in the Netherlands has fallen sharply from a peak of 14.5% in September 2022 to just 4.4% in March 2023. The combination of low unemployment and an easing of the pressures on real wages from falling inflation should prove supportive of increased retail spending.

Whilst the future pathway for the Dutch and indeed the world economy remains uncertain and looks likely to be driven by the outcome of the Ukraine war and other geo-political events the near-term outlook is supported by recent positive trends in consumer confidence, inflation and unemployment.

Looking further ahead we expect e-commerce penetration of the Apparel & Footwear and Homewares & Home Furnishings categories to grow further as the structural shift to online continues. We expect mobile e-commerce to increase its share of total e-commerce spend, given the ongoing focus on personalisation, which is best delivered through a mobile app.

In summary, WRG is well placed to benefit from any improvement in the underlying economic conditions in the Netherlands and the expected longer term growth in e-commerce and mobile commerce in both of its core categories. WRG's mobile first strategy, which has already resulted in some 81% of weekly viewing sessions coming from mobile and 69% of weekly orders, should further reinforce its competitive position.

NEW MENSWEAR
FACIA UNION RIVER
WAS CREATED
IN-HOUSE

05

OUR BUSINESS MODEL

“We have developed over many years our own highly efficient and increasingly automated end-to-end model which is both profitable and scalable.”

David Thomas - Chief Customer Officer (CCO)

WRG’s business model has been developed over many years with a differentiated and compelling customer proposition, now spanning three facias (Wehkamp, kleertjes.com and Union River). The model is powered by a well-invested, technology enabled and scalable operational platform, which is fully aligned with our strategy for profitable growth. The strength of the model is in its end-to-end capability seamlessly connecting WRG’s technology, data, automated warehousing operations with a market-leading delivery offering. This provides customers with an exemplary service and the business with a highly efficient and profitable online shop.

A differentiated and compelling customer proposition

Wehkamp is the core of the WRG business and the largest and most established of our three facias as defined by revenues and profits, having long established a clearly differentiated position in the Dutch market with a strong family focus. Wehkamp strives to be the most Inspirational, Curated and Relevant online store for Fashion and Home & Living in the Netherlands, by creating a highly convenient and superior shopping experience. Wehkamp has been doing this for most of the last 71 years. There is a loyal customer base which is predominantly female, with two thirds of our Wehkamp customers having shopped with us for five years or longer. This shows the success, resilience and strength of our core business.

Kleertjes.com is a leading online native kidswear brand in the Netherlands which was acquired by WRG in September 2021. The business sells a combination of third party and own brands in the Netherlands and also into Belgium. Whilst there is no official report which calculates each operator’s share of the market, the combined Kidswear sales of Wehkamp and kleertjes.com, is likely to make WRG one of, if not the largest, online retailer of kidswear in the Netherlands.

Union River is the latest facia in the WRG portfolio and the first to be created internally rather than through acquisition.

Union River has been specifically designed to target the large pool of male customers who have so far eluded Wehkamp, offering a small but growing range of third party and own brand menswear, alongside male beauty products. The business was soft launched in November 2022 with a purposely small autumn/winter collection with plans to scale-up product and marketing investment in our current financial year 2023-2024.

As WRG continues to add new facias to the business, each will have a slightly different customer proposition from Wehkamp in order to expand the Group's potential market opportunity. However, all facias will benefit from the same superior user journey and leading delivery and returns proposition.

Inspirational

- 2,200+ local Dutch and leading global brands sold across the site and app;
- Contemporary look, feel and ease of use, including beautiful photography from our in-house studios;
- Engaging social media content, including live streams and ambassadors;
- Exclusive ranges with Dutch celebrity Miljuschka.

Curated

- Wehkamp offers customers an edited range of selected brands across a good, better and best range - purposely carrying less SKUs per brand than the market place operators;
- Focus on growing our own brands, which are currently only available through WRG facias.

Relevant

- Personalised offering and tailored promotions e.g. personal celebrations, personal preferences and a personal assistant with sizing suggestions;
- Mood of the nation' - including focus on energy and money saving measures;
- 20+ years of cohort data and insights to help anticipate needs and wants.

Superior user journey

- Mobile first strategy with 78% of weekly Wehkamp orders originating from mobile;
- Wehkamp app, which achieves an average app store rating of 4.7 out of 5;
- Plans to launch app for kleertjes.com;
- Minimal site downtime even in peak periods as a result of cloud based systems.

Leading delivery proposition

- 12pm cut-off for next day delivery, even for larger items;
- 1pm cut-off for same day delivery.

The power behind the customer proposition

Supporting the customer proposition is a well invested, end-to-end platform that powers a seamless and first class user experience across all three facias.

The tech infrastructure

The tech platform has been developed over many years and is proprietary to WRG. Being cloud based it is highly scalable, which enables it to easily adapt to meet seasonal peaks in demand and also benefits from high availability, resulting in negligible site downtime.

In recent years we have adopted microservices architecture for new enhancements to the platform, which means applications are separated into smaller services and each service typically runs a unique process and manages its own database. For WRG the benefits of this have included, quick and simple deployment, ease of scaling individual microservices and the ability to make changes to one microservice without disrupting other microservices running on the site. The identification of any problems on the site is also made easier.

As we transitioned from a singular Wehkamp website to operating a multi-facia platform, work has been underway to build new front and back end microservices based platforms to host all WRG facias. Work on the new, proprietary front end platform is advanced, with all three facias expected to be migrated onto it during our current financial year 2023-2024. Work is also progressing on building new back end systems, which all facias will be migrated onto.
The move to new front and back end platforms is essential to fully capture the economies of scale made possible from adding new facias and driving up incremental revenues. These benefits are expected to encompass both revenue and cost synergies. From a revenue perspective the operation of one platform will make it far simpler to sell products across multiple sites to draw in other customers. Equally a singular platform is expected to drive significant savings in terms of hosting and software licensing costs, reduced time from there being just one process for each back end operation, as well as a more efficient team to manage the platform.

The investment in building this new tech stack is ongoing and is included within capex budgets for the next two years. Given the investment to date and the expected speed at which the benefits will start to come through from the move to a new front end platform, the net investment does not materially increase the level of annual capex.

Leveraging the rich data set to drive personalisation

With a history that dates back 71 years, including the last 13 years as a purely online retailer, Wehkamp has amassed a rich and insightful data set on Dutch customer behaviour. This opens up many possibilities for creating an improved and more personalised shop for our customers.

By applying machine learning technology to customer interaction data such as click and purchase behaviours, we are able to automatically personalise both the website and mobile app to our customers' tastes.

The data science team is contributing to an improved shopping experience by adding and upgrading product recommenders used throughout the customer journey. Examples of these recommenders are the product suggestions on the product detail and shopping basket pages and the suggestions for more products from the same brand on the product detail pages.

Our product overview pages feature multiple products, with the order of the products shown based on ranking KPI's to display the most relevant items first. Improvements to this algorithm has resulted in a meaningful uplift in revenues. At the bottom of the product overview pages, there are automated links to suggested related pages that might be of interest to the specific customer. These suggestions are based on a combination of individual customer preferences and the search volumes of the linked pages.

Tailoring the products and pages shown to our customers helps them to find the products that meet their preferences, and leads to a more inspiring and satisfying shopping experience.

The Wehkamp app is a real strength of the business, with over 40% of orders originating from the app. The app is associated with superior customer KPIs on dwell times, number of annual sessions, conversion rate and customer spend compared to those using the website. The Wehkamp app architecture will be used to create apps for other facias including kleertjes.com.

Highly automated, singular distribution centre

WRG operates a large purpose built, centralised logistics operation in Zwolle, which is one of the most sophisticated in Western Europe. This is best evidenced by the fact that just 28 pickers, combined with an increasing level of automation and robotics, power 12 million deliveries per year. The automated areas can pick approximately 400 items per hour, which is some ten times the rate achieved through manual picking alone.

Zwolle opened in 2015 with an initial capacity of 53,000m^2 and expanded in 2019 to a capacity of 110,000m^2. However, to cope with the growth in online and the acquisition of kleertjes.com, WRG has invested in an additional 33,000m^2 capacity, which opened after the year end in May 2023. This has enabled the closure of the Maurik site in February 2023, which was previously used as the distribution centre for large and bulky items.

WRG now operates a singular stock pool for both shipments and returns across all three facias, which has created substantial economies of scale, including but not limited to the termination of the lease on Maurik. Consolidating the kleertjes.com stock in Zwolle also enables the business to take advantage of WRG's delivery network, providing customers with a superior service proposition as well as substantial cost savings.

With all logistics now centred under one roof, there is a continuing focus on increasing the levels of automation and robotics. Already, outbound picking, packing, sorting and shipping operations are fully automated in Zwolle, with the exception of large and slow moving stock. During the year WRG installed the pocket sorter at Zwolle. The pocket sorter is expected to go live during the current financial year 2023-2024, after the software is installed. Once live the pocket sorter will reduce delivery costs and the environmental impact by combining all items ordered by a customer into one rather than multiple deliveries. The pocket sorter is an automated system which uses pockets hanging from rails in a fast and efficient way to pick and combine stock from different storage zones into a singular delivery, including combining items picked automatically with those larger items selected manually. The technology ultimately increases the speed of pick and enables WRG to meet customer expectations of rapid delivery even during peak trading periods.

An increasing area of focus is the need to increase automation of returns coming back into the distribution centre. During the year WRG invested in folding machines, which can fold newly returned products and repackage them automatically. Although the machines are not suitable for all returning items, they can process suitable returns including clothing twice as quickly as manual operations, which not only saves time and money but also facilitates the quick availability of stock back on sale.

With the increased logistics capacity and a growing automation and robotics capability, WRG is now able to quickly service higher volumes and integrate bolt on acquisitions to further leverage the infrastructure, improve the logistical performance and lower the cost of picking, packing and delivery. This enables a very high delivery on promise, always enabling a best-in-market experience to our customers.

Industry leading delivery proposition

WRG partners with courier DHL for most items, and with Dynalogic for large products. As one of the largest and longest standing Dutch customers, WRG has very close and strong working relationships with both couriers.
WRG has designed its operations to seamlessly connect with their hubs. This ensures maximum speed and minimum cost for each order across any of the Group's three facias as there is no need for goods to be first sent to their sorting centres, before then being sent onto the hubs. It is this close relationship and integration that enables WRG to offer a 12pm cut off time for next day delivery and same day delivery for most orders received before 1pm.

OUR OUTBOUND LOGISTICS ARE HIGHLY AUTOMATED ACROSS PICKING, PACKING, **SORTING AND DELIVERY**

06

OUR STRATEGY

“We are fast transforming WRG into a multi-facia e-commerce group with extended customer reach, powered by a world class, singular technology, logistics and delivery platform.”

Graham Harris - CEO of WRG

The transformation of WRG has continued at pace. From our roots during the last decade as a singular e-commerce brand with a consumer credit arm attached, WRG is today a multi-facia e-commerce pure-play with Wehkamp at its core. The major milestones in this journey so far have been the acquisition of the e-commerce kidswear brand kleertjes.com in September 2021, the subsequent demerger of the credit arm Tinka Holdings from the Group in March 2022 and the organic launch of the menswear website Union River in November 2022.

In tandem with the major milestones above, there has been a huge amount of work on the underpinning technology and logistics infrastructure to ultimately create a singular platform, which will enable the fast and efficient addition of new facias and ensure all economies of scale are fully realised. During the year major strategic and operational developments were undertaken including the investment in an additional 33,000m^2 space at our Zwolle distribution centre, which will increase capacity by just under 30% and the building of a new front end technology platform, which all facias will be migrated onto in the current financial year 2023-2024.

A playbook is quickly being established by management, which will facilitate the addition of new facias onto our highly efficient and scalable WRG platform, enabling the full realisation of the potential revenue and cost synergies.

Our strategic 6 pillars for growth

The WRG strategy is focused on achieving topline growth through both organic and acquisitive means, from the delivery of our six strategic pillars.

Pillar 1

Accelerate own brands

Aim and rationale: Own brand is a win-win for consumers and WRG, offering our Dutch family customer base unique products at great value. They are an important differentiator to competitors and also strengthen both our relevance and our curation in the eyes of customers. All facias, Wehkamp, kleertjes.com and Union River offer own brand products. Anytime and Imagine are our two most important own brands in Ladies Fashion, and within our Home & Living category it is Wehkamp Home. As an indicator of its success, across the 2,200 plus brands sold by us, Anytime and Wehkamp Home rank in the top ten by customer sales.

From a business perspective, having your own brand makes good financial sense. The proposition drives enduring customer loyalty and is one of the main reasons why approximately two thirds of our customers have been with us for over five years. Our data also shows that those who purchase our own brands have a considerably higher annual spend than those who don’t, although no causation can be inferred. This value proposition is made possible because we do not have to pay brand owners for the product, which understandably comes with a built in profit margin, and we can also develop and negotiate on every component of the product directly with factories.

WRG’s own brand sales have grown from approximately 9.3% of Customer Sales in 2020-2021 to 11.9% in 2022-2023. We have the infrastructure in place to continue to grow own brand, having built out a dedicated in-house design and branding team across all facias, who now all share the same office space and work closely with our approved manufacturing partners.

Progress in the year: Within Ladies Fashion our Anytime brand has expanded into new categories as well as increasing our core denim ranges in response to strong customer demand. Our partnership with the Dutch celebrity Miljuschka continues to go from strength to strength with her exclusive Wehkamp ranges of Ladies Fashion, which now feature dresses, blouses, skirts and coats. The number of collections and styles continue to increase and are supported by live streaming events, including one hosted by Miljuschka herself.

Anytime has also launched into Menswear during the year with an initial range of denim, t-shirts and knitwear, sold through both Wehkamp and Union River.

Anytime Kidswear ranges which previously were sold purely on the Wehkamp site went live on kleertjes.com in the year, which will enable the product to reach a wider audience, whilst remaining exclusive to our WRG customers. Likewise kleertjes.com own brand ranges are now sold on the Wehkamp site.

Future plans: The continued growth of own brands is a central element of our wider WRG strategy. Plans for the current year include extending our kids ranges beyond just clothing to cover a collection of kids beds and bedding products, as well as other furniture for children such as desks and chairs. Menswear remains in its infancy and will also see the launch of expanded own brand ranges in the current year, under the Anytime brand.

We have big plans for own brand within Home & Living. Within the category approximately 65% of soft furnishings and furniture, customer sales are already own brand, which highlights both the size of the opportunity and the strength of our own brands. Our plans include the rebranding from Wehkamp Home to newly created own brands. This rebranding will make it easier to sell Home & Living own brand products through other, new WRG facias, beyond Wehkamp.

Pillar 2

Enhance offering depth

Aim and rationale: We sell to approximately half of Dutch families, who look to us to offer them everything they need for their family in our categories. This is a key strength of the business and equally presents a substantial opportunity. By offering our existing customers enhanced offers, in terms of both own and third party brands we can further grow our customer loyalty, spend and share of wallet.

Progress in the year: Increasing the depth of our offer goes hand in hand with our focus on accelerating own brand sales, set out in Pillar 1. In addition to increasing the depth of our own brand ranges including core denim and Miljuschka during the year, we were privileged to exclusively relaunch the popular Miss Etam ladieswear brand on Wehkamp in 2022. The relaunch has proved to be very successful not just in terms of sales but also increasing the relevance of Wehkamp in the eyes of customers, with more exclusive product.

Future plans: Beauty is an increasingly strong category for WRG. Over the last few years we have increased our ranges and signed up more leading brands. We plan to continue to expand our beauty ranges and increase our offering of the higher end, most desirable global brands in the current year 2023-2024.

Pillar 3

Continue to drive cross category purchases

Aim and rationale: We have a large and loyal customer base, with approximately two thirds of Wehkamp Customer Sales in 2022-2023 generated by customers who have shopped with us for six years or longer. Given this strong customer advocacy there is a sizeable opportunity to capture a greater share of wallet through increasing customer spend across our categories and our facias.

Our strategic focus on enhancing the customer proposition and enabling an offer to customers that is inspirational and curated drives cross category sales. The technology and data teams are central to the attainment of this objective through their ability to increasingly personalise the offering, anticipate customer needs and place in front of them the items that are most relevant at the right time.

Personalisation is made easier through our app because customers viewing us over this medium are virtually all logged in. By contrast a far lower percentage of customers visiting us through our website log in, even if they are registered customers. Logging in enables us to access a larger pool of relevant data from which to personalise the shopping experience.

Our app customers on average have a higher sales conversion rate than those using the website. They also have longer dwell times and a greater number of sessions per year. This all translates into an average annual spend for app customers being 2.5 times higher than those purchasing through the website.

Progress in the year: We relaunched targeted coupons for fashion during the year following a complete update to the automated software. Customers who made certain fashion purchases but who hadn't purchased shoes, now automatically receive via email an incentive to purchase footwear to complete the outfit. The email itself is personalised to the clothes that were bought.

Future plans: There are plans to launch an app for kleertjes.com once the facia has migrated onto the new WRG front end platform. This will enable an improved customer experience and increase opportunities for personalisation, which will support the drive for more cross category purchases. As Union River develops and is also migrated onto the new WRG front end platform there will also be the opportunity to launch its own app quickly and easily, leveraging existing WRG app architecture.

Pillar 4

Continue WRG's multi-facia strategy

Aim and rationale: Until 2021 WRG operated from one e-commerce site, wehkamp.nl. This strategy served us well historically given our long history and high brand awareness; almost everybody in the Netherlands knows Wehkamp. But by definition if Wehkamp sells to 45% of families then there is an opportunity to target the other 55% who are currently not customers. To secure these new customers who have so far eluded Wehkamp a multi-facia strategy has been adopted, which involves launching new e-commerce brands at targeted demographics, whilst utilising our singular technology, logistics and delivery platform. This pillar of the strategy first commenced with the acquisition of kleertjes.com in 2021 and with it the decision to trade from both brands and websites, and more recently with the launch of menswear site Union River.

Progress in the year and future plans: WRG's Director of Marketing Heleen Janssen talks to our Chief Customer Officer David Thomas about the significance of the launch during the year of the Group's first new ecommerce business, Union River, as well as the longer term multi-facia strategy.

Q: Why now?

Wehkamp is the core of the WRG business and in recent years has been put onto a stronger footing with a much improved and differentiated customer proposition, and financial even in such a difficult year with the Ukraine War and the cost of living crisis Wehkamp has remained profitable and cash generative. With our core business now in good shape we have the opportunity and management expertise, coupled with a fantastic infrastructure to step-up our ambition and target new growth opportunities for the business.

Q: What was the thinking behind Union River?

In big picture terms Wehkamp has long been a go to destination for Dutch women, shopping for themselves and for their families. Our male customer base has historically been far smaller and this presents a significant opportunity for us. Union River has been created entirely by our in-house teams to specifically target the male customer with what will be a growing range of menswear from in-house and third party brands.

Every aspect of the Union River website has been designed specifically to attract and inspire male customers. This is not just in the photography and design but also through relevant articles on the Union River blog. From the homepage men can choose Active, Adventurous, Trendy or Classic ranges. There is also an emphasis on sports clothing as well as male beauty.

Q: Why the name?
We were fortunate enough to already own the Union River name and so rather than spend millions with an expensive branding company we have utilised our existing assets. This also had the advantage of speed and certainty because we already owned the domains and necessary IP.

Q: When did you launch and how has trading been so far?
We opted for what is called a 'soft launch' in November 2022 to first ensure everything operationally is working before starting to ramp up both the product ranges and marketing investment. I am pleased to say everything went smoothly and to plan and so we can now progress to the next stage of development.

Q: What next for Union River?
Now that the website is up and running we can start to build out our offering in terms of increasing both the ranges and the brands we stock. Initially, we largely focused on our own brand Anytime, which has just launched its first menswear range but we are now also starting to approach leading third party brands. Already we have added some of the brands currently sold on Wehkamp to the website including Jack & Jones, Tommy Hilfiger and Superdry and this should help us to secure other leading menswear brands new to WRG.

Q: What about marketing?
So far we haven't invested significant marketing cash behind the facia, although we have created dedicated Union River social media accounts on Instagram, facebook and TikTok. We will use our proven in-house social media expertise to build awareness and drive traffic to the website.

We plan to gradually turn-up the volume on marketing in-tandem with the evolution of the business. As part of this we will appoint ambassadors solely for Union River, to replicate the success on social media which we have seen with Wehkamp's ambassador programme. What we will not be doing is splashing millions on untargeted brand marketing.

Q: Are there plans to launch other new facias
Yes, as the logic is compelling. With Union River and kleertjes.com we are fast developing a playbook for the addition of new facias through both organic and acquisitive means. We expect new facias to be the main engine of future top line growth, supported by our world class technology, logistics and delivery infrastructure, which has the capacity for further scaling, as well as margin enhancement.

The opportunity isn't just about reaching different customer demographics but also extending our penetration of product categories through the use of new facias.

Pillar 5

International expansion into adjacent markets

Aim and rationale: There is a strategic rationale for selling into territories adjacent to the Netherlands, utilising all of the technology and infrastructure that WRG has already built up over many years. The logic is similar to that of the multi-facia strategy of pillar 4, with the additional revenues generated from international expansion driving scale and margin benefits. By utilising customer experience know-how, existing infrastructure and current delivery partners, the costs of entering adjacent markets is modest and the risks usually associated with international expansion, contained.

Progress in the year: WRG already sells into the adjacent market of Belgium following our acquisition of kleertjes.com, albeit in a small way. With the transfer of kleertjes.com stock into our Zwolle distribution centre during the year, we are already supplying Belgium customers directly from our existing infrastructure and delivery partners. Given that over half of the 11.6m population of Belgium speak Dutch there is a ready made market, which we can easily serve from our existing set-up, without the need for significant investment. Furthermore, the Wehkamp brand is already reasonably well-known in the country, given its long heritage and the fact that many Belgians watch Dutch TV channels.

Future plans: We are looking at the requirements and practicalities to enable us to sell a broader range of WRG products into the country. The migration onto the new front and back end tech platforms are also important pre-conditions to a broader entry into the Belgium market.

Pillar 6

Acquisitions

Aim and rationale: In addition to the focus on driving organic growth across the other five pillars there is the opportunity for further acquisitions. Over and above the specific attractions of any businesses acquired, there is the potential to generate both revenue and cost synergies. There is scope for revenue synergies from shared learnings and the implementation of best practices across our WRG portfolio of facias as well as increased opportunities for cross selling. Acquisitions would also help us to target the 55% of customers who currently don't shop at Wehkamp.

The utilisation of WRG expertise, infrastructure and scale should ensure acquisitions deliver substantial cost synergies, as target companies are unlikely to have the same level of sophistication and unit economics. For potential target companies gaining access to a highly efficient, scalable multi-facia platform rather than having to make the necessary large investment themselves may be a more viable and more attractive option.

In the summer of 2021, WRG made its first acquisition with the purchase of kleertjes.com, the largest e-commerce retailer focused on kidswear in the Netherlands.

Progress in the year: The initial focus following the kleertjes.com acquisition has been on consolidating the stock into our Zwolle distribution centre, which has been achieved. Over and above the distribution centre savings, the move has enabled kleertjes.com to benefit from our best in class delivery network.

For customers this means faster delivery, with later cut-off times and for WRG there are substantial cost savings.

There has also been progress with own brand kidswear products. WRG now operates a singular team, having brought the own brand kleertjes.com and Wehkamp teams all under one roof. Furthermore the kleertjes.com own brand products are now produced using WRG approved factories, which gives us greater control over the quality and cost, whilst removing agency fees.

Future plans: The near-term focus is on fully integrating the kleertjes.com acquisition, with the next major step being the migration of the front end system onto the newly developed WRG front end platform in the current financial year 2023-2024. Thereafter the kleertjes.com back end system will also need to be migrated.

There is also the opportunity for further acquisitions. Whilst WRG has the proven capability to launch new e-commerce brands organically there can be times when the economics make sense to buy rather than build. The current challenging macroeconomic environment may well provide such opportunities.

Marketing is a key enabler of future growth

Given the increasingly uncertain economic backdrop and lack of visibility on consumer demand, our marketing strategy has evolved to be more agile in nature. In-season campaigns which were previously scheduled up to a year in advance, now have the capability to be switched on and off on a near weekly basis depending on expected demand.

TV remains an important marketing channel for Wehkamp, but reflecting its higher costs and wider societal changes WRG has really stepped up its social media focus, particularly on Instagram and TikTok as explained in more detail in the Highlights section of the report.

WRG now has a large and growing number of followers across all key social media channels, who are increasingly engaging with the new content strategy. The introduction during the year of the live streaming events and the ambassador programme have proved to be very successful, driving growth in the number of followers as well as meaningful revenues.

We plan to scale both the number of live streaming events and the number of ambassadors in the current financial year 2023-2024. The number of ambassadors is set to increase from 200 to 250 in the short-term with a longer term ambition to reach approximately 400. At the same time we will equip ambassadors with the tools to host their own live stream events on our social channels and our app.

07

FINANCIAL REVIEW

WRG Performance[2]

Consumer confidence in the Netherlands, which was starting to recover from the pandemic, fell sharply with the war in Ukraine, escalating inflation and concerns over spiralling energy costs, resulting in a reduction in consumer spending, which has consequently impacted on our trading performance during the year.

WRG's total customer sales for the financial year decreased by 11.2% to € 663 million (2021-2022: € 747 million). The year-on-year reduction in customer sales reflects the weaker macro economic conditions but also the exiting of the Electronics category during the year. Excluding the Electronics category in both the current and the prior year shows an underlying reduction in customer sales of 9%.

On an IFRS basis, reported annual revenue in the financial year decreased by 5.7% to € 433 million (2021-2022: € 459 million).
Our gross profit margin as a percentage of customer sales increased from 33.3% to 33.9% owing to a further sharpening of our core retail skills, including improvements in supplier terms and sales mix; more fashion related products.

Adjusted EBITDA amounts to € 20.3 million (2021-2022: € 46.5 million) which reflects not only the reduction in Customer Sales but also inflationary pressures in our supply chain, labour force and with our delivery partners.

Weaker macro-economic conditions, inflationary pressures in our supply chain, labour force and with our delivery partners, resulting in lower revenue and gross profit in the financial year under review, are also impacting our future key growth assumptions. As a result we recorded an impairment on the goodwill in the amount of € 28.5 million for financial year 2022-2023 (2021-2022: nil and 2020-2021: nil) which is included in the general and administrative expenses within the operating results.

WE HAVE NAVIGATED A VERY CHALLENGING **TRADING ENVIRONMENT**

2 The data for financial year 2021-2022 included kleertjes.com data as per date of acquisition on 8 September 2021.

In thousands of euros	Year ended		
	2023	**2022** *1)	**2021** *2)
Customer Sales *3)	663,084	746,863	729,464
Retail customer sales - Growth Y-o-Y	(11.2%)	2.4%	22.3%
Revenue (Annual Report)	432,631	458,987	428,018
Gross Profit	224,563	248,495	237,944
Gross profit as a % of Customer Sales	33.9%	33.3%	32.6%
Gross profit as a % of Revenue	51.9%	54.1%	55.6%
EBITDA	37,757	17,720	45,107
Adjusted EBITDA *4)	20,304	46,492	59,344
Operating results *5)	(13,189)	(5,992)	13,776

* 1) 2022 includes the figures for kleertjes.com as of 8 September 2021, the date of acquisition.
* 2) 2021 Wehkamp Customer Sales includes 53 weeks of trading.
* 3) We define Customer Sales as all gross and third party sales, including VAT and excluding the difference between drop-shipment sales and drop-shipment fee and the difference between alliance sales and alliance fee.
* 4) EBITDA is adjusted for one-off costs/benefits and restructuring costs. Adjusted EBITDA comparative figures have been restated where necessary to conform to current period presentation.
* 5) Operating results 2022-2023 include a goodwill impairment charge in the amount of € 28.5 million (charge in both 2021-2022 and 2020-2021 amounted to nil).

There was a net operating cash inflow in 2022-2023 of € 0.2 million versus a cash outflow from continued operations of € 11.0 million in financial year 2021-2022.

Cash flow from investing activities resulted in a cash outflow of € 12.9 million, mainly related to investments in property, plant and equipment and in intangible assets (prior year: an outflow of € 58.4 million which additionally includes the acquisition of kleertjes.com).
Cash flow from financing activities resulted in a cash outflow of € 8.1 million (prior year: an inflow of € 31.7 million, mainly as a result of the refinancing in March 2022).

As a result, WRG reported net debt at the year-end of € 37.0 million, compared to net debt of € 15.9 million in the previous year.

In thousands of euros	Year ended		
	2023	**2022**	**2021**
Operating cash flow	210	(11,042)	60,423
Investments in PPE, software and other	(12,947)	(58,382)	(7,182)
Financing cash flow	(8,097)	31,723	554
Net cash flow of continued operations	**(20,834)**	**(37,701)**	**53,795**
Cash and cash equivalents	20,875	41,709	65,974
Senior facility and bank overdraft	(57,904)	(57,637)	(20,040)
Net debt	**(37,029)**	**(15,928)**	**45,934**

Financing

On 18 March 2022 the Group entered into a refinancing of its senior facility programme, including a term loan and a revolving credit facilities agreement, with a syndicate of banks. As of that date, the Group is party to an English law governed financing agreement. The facilities made available under this agreement include:

- a term loan facility with a principal amount of € 60.0 million and a duration of 5 years, with a repayment of the outstanding principal amount on the termination date 24 March 2027;
- a multicurrency revolving credit facility 1 in an aggregate amount of € 30.0 million and a duration of 4.5 years. The termination date of this facility is 24 September 2026;
- a multicurrency revolving credit facility 2 in an aggregate amount of € 10.0 million until 1 January 2023 with an extension option to 24 September 2026. This revolving credit facility could be used for finance or refinance the working capital requirements and/or general corporate purposes of the Group (including the financing or refinancing of any acquisition or capital expenditure). In December 2022 it was decided not to execute the aforementioned option and therefore this facility has been cancelled per 1 January 2023;
- an interest at a rate per annum equal to (a positive) EURIBOR plus a margin based on the ratio of consolidated total net debt to consolidated EBITDA ('leverage ratio') based on the pricing arrangement within the terms and conditions of the loan agreement and carries a base rate per annum in relation to the term loan of 4.0% and in relation to the revolving credit facilities of 3.5%. If certain conditions set out in the senior facilities agreement are satisfied the margin can decrease to a base rate per annum in relation to the term loan of 3.5% and in relation to the revolving credit facility 1 of 3.0% and in relation to the revolving credit facility 2 of 2.5%.

During the financial year € 12 million was invested (2021-2022: € 16 million). This mainly comprises investments in the distribution centre in Zwolle, technology investments and other developments and the additions in right-of-use assets. For the financial year 2023-2024 total investments are expected of approximately € 19 million, including further investment in the new warehouse and for technology innovations and developments.

08

RISK MANAGEMENT

"We have successfully managed the risks to our business through the economic cycles of the last 70 years."

Chris Rostron - CFO of WRG

As a Dutch focused e-commerce operator with a long history, we understand our market and our customer base very well and the regulatory and compliance environment that we operate in.

Over the years we have developed a risk management framework which suitably balances team level responsibility for the identification, monitoring and managing of specific risks, with the need for central oversight and control at the senior management and board level.

Our key risks can be categorised under the headings of Business and Industry, Operational, Financial and Legal, Regulatory and Compliance.

Business and Industry risks

In pursuing our growth strategy it is crucial that we balance the objectives of top line growth and profitability, with the need to protect our long term interests and those of our stakeholders.

The risk: Macroeconomic trends

Changing macroeconomic conditions in the Netherlands including rising inflation, declining real wages, growing unemployment and higher energy costs caused by the ongoing war in Ukraine can all impact consumer confidence and consequently the spending power of our customers. This would likely flow through to our business in lower sales and profits, jeopardising our growth ambitions, as well as weakening our financial position. However, as we experienced with Covid, whilst there was a negative impact on the Dutch economy as a whole, there was a positive impact on our business performance, from the accelerating structural shift to online ordering.

How we manage this risk

There is a wealth of third party reports and data that is collated and disseminated on the key macro-economic and industry trends, providing both historic data and future forecasts. These reports are analysed and fed back at the weekly management meetings along with the insights gleamed across the teams. Furthermore, we review detailed variance analysis of the weekly performance of the business, which not only identifies shortfalls but delves into the reasons for any difference and the actions to be taken. Macro and trading conditions are discussed weekly in the management team meeting and actions are agreed to steer financial performance.

The risk: Changing competitive landscape

An increase in competition from new entrants or from existing competitors primarily through more aggressive pricing and marketing could result in a loss of revenues and profits. Existing suppliers could also choose to increase the amount they sell direct to consumers through their own websites and other global operators may decide to enter the Dutch market. In response we could be compelled to reduce our own pricing or increase marketing spend to better compete, which will in turn result in lower profits. However, if we choose to adapt to increased competition, it puts at risk the achievement of our growth ambitions and could weaken our financial position.

How we manage this risk

Continuing to stay focused on our vision of delivering an inspirational, curated and relevant offering to our customers at all times helps to ensure that we remain differentiated and ahead of our competitors.

In return our customers reward us with their business. We closely monitor the actions of our competitors and stay at the forefront of changing consumer trends through the use of consumer research, analysing the latest industry news and trends and price benchmarking competitors. The results of which are discussed at the weekly management meetings along with variance analysis assessments and action plans.

At the same time we are always building deeper relationships with our customers through the development of a more personalised service, offering the best products, including our own brands which are exclusive to WRG, whilst also providing an industry leading delivery service.

Operational risks

Operational risks include adverse unexpected developments resulting from internal processes, people and systems, or from external events that are linked to the actual running of each business. We aim to minimise downside risks by investing in reliable IT-systems, conducting regular audits and compliance programs and executing in a sustainable way.

The risk: Supply chain disruption

Disruption to global supply chains have been an indirect consequence of the pandemic and the war in Ukraine, but they can also be caused by many other factors including political unrest and the broader global trend to protectionism. These have the potential to slow down our growth by limiting the amount of stock we have for sale and with it our progress towards the achievement of our strategic goals.

How we manage this risk

As we stock over 2,200 brands we have a broad product base to ensure we can always offer customers sufficient choice across product categories. Our close and long standing supplier relationships, many of which go back over 20 to 30 years, helps secure important stock when supply is more limited than usual and also alerts our in-house teams early to any potential issues. We have also broadened our supplier base in recent years and increased the contribution from our own brands.

The direct relationships that we have forged with the manufacturers of our own brand products have been particularly robust during the recent global supply issues, with lower levels of disruption than our wider supplier base. Issues around supply are also discussed at the weekly meeting of the management team.

The risk: Site outages, data breaches and disruption to our distribution centres

As a pure-play e-commerce operator we rely on our own IT-systems and those of third party providers. Any system outages, disruption of critical business processes, cyber-crime and data breaches, including the disclosure of confidential customer information could have a material adverse impact on our financial position, results of operations, liquidity, customer perception and reputation.

With our distribution operations centralised at our Zwolle site any disruption or forced closure of this site caused by any means, such as fire, flood or mechanical failure would likely impact significantly on our stock and ability to meet customer demand.

How we manage this risk

The tech team has extensive monitoring systems both on our own platform and interfaces with partner systems, to observe the platform and a pager system to ensure early notification of any issues. Normally we are able to mitigate problems before they have any impact on our primary processes or our customers. There are also incident and calamity procedures to ensure involved parties are notified early in order to mitigate all potential risks.

Our systems have resilience built into them, so should a certain system fail, another system will automatically kick-in until the failing system is repaired. Issues identified are quickly resolved, usually the end customer will never know about any disturbance.

To protect our systems and our data, we have extensive protection systems that block access to unwanted traffic. Monitoring systems are installed to ensure adequate defences are always in place. Regular security reviews and audits are conducted by internal and external security and audit teams.

In our distribution centres we aim to provide a safe workplace for our employees and visitors, and the continuity of the goods moving processes that ultimately lead to the fulfilment of our customer promise. Therefore a fire safety plan has been implemented with a focus on compartmentalisation of the various buildings, with fire alarms and sprinkler systems and organisational safety measures to create awareness among employees. In addition there is a formalised safety policy including company emergency response with contracted, escalation to external assistance by professionals such as ambulance and fire brigade.

Due to the increasing uncertainty of energy supply in our country, we have installed no-break installations in our distribution centres to ensure we can provide for our own power needs in case of small energy interruptions.

The risk: Loss of key staff

The recruitment and retention of talented employees in buying & sales, marketing, IT, operations, and other staff functions is critical to our success. We invest in their education, training and well-being. The loss of specialised skills could result in business interruptions and a falling short on our strategic goals. We have continued to experience labour challenges in our Zwolle distribution centre owing mainly to the scarcity of labour in what remains a very tight Dutch labour market.

How we manage this risk

We aim to maintain for all team members a competitive remuneration package, the opportunity for personal growth by providing training and career opportunities, alongside an inclusive, inspiring and flexible working environment, with the possibility to work from home, for roles where this is possible. The move to a new and modern head office in November 2021, with large open spaces, workstations and a recreational area, where team members can get together informally has been beneficial, better reflects the WRG culture and supports our new hybrid way of working.

OUR TEAM IN HONG KONG IDENTIFY, MANAGE AND MONITOR OUR OWN BRAND **MANUFACTURING PARTNERS**

In recent years WRG has also focused on optimising the roles in-house, relying less on third party labour, which has helped to build team loyalty, expertise and productivity, including at our Zwolle distribution centre.

The risk: Ethical trade issues

How we operate matters. Our integrity and ethical practices are important. It is equally important that high standards of ethics, fairness and humanity are also practised throughout our supply chain. Particularly as we continue to expand our own brand products, we need to ensure that our suppliers not only comply with all local rules and regulations, including with regard to labour practises, safety and the environment but also that we are comfortable with these practices. Consumers increasingly care about where their products come from and without transparency and close scrutiny, there is a risk that some suppliers are found to be in violation of regulations, and this could damage the corporate reputation of WRG.

How we manage this risk

Suppliers we work with are required to adhere to the CSR Code of Conduct, which sets out our own buying responsibilities as well as our expectations for our suppliers on all relevant environmental and social topics. The factories that we work with to produce our own brands are regularly audited by either ourselves, BSCI (Business Social Compliance Initiative) or Sedex, to evaluate local labour conditions and the environmental impact of the production processes. We are a member of amfori BSCI, an initiative for companies that seek to improve employment conditions in factories and companies worldwide, to ensure the responsible production of our products. We also audit production facilities or select production facilities that have already been audited. We follow-up with a further check of every production facility at least once every two years to make sure they remain compliant with the CSR Code of Conduct.

Furthermore, WRG operates a team out of Hong Kong who are responsible for securing suitable local manufacturing partners for our own brand products. Based in Asia the team is well placed to visit and vet potential factories to ensure their compliance with all applicable rules and regulations, particularly around labour, pay rates and safety.

In addition we use a compliance check program for the onboarding of all our suppliers from countries considered to be high risk.

Financial risks

In the course of our regular activities, we are exposed to credit risks, liquidity risks, currency and interest rate risks. The aim of financial risk management is to limit risks resulting from operational activities.

The risk: Foreign currency exposure

As an e-commerce operator that sells over 2,200 local and global brands we are exposed to foreign currency risk on purchases that are denominated in a currency other than the euro. A weakening of the euro relative to the currencies of other countries could result in higher costs for WRG, which we may be unable to pass onto our end consumers in terms of higher pricing. Absorbing these higher costs would reduce our profitability and impede the progress of our strategic goals. The US dollar/euro exchange rate is our main currency exposure.

How we manage this risk

We use forward foreign exchange contracts to hedge a substantial proportion of the currency exposure of our future cash flows. Most of our forward foreign exchange contracts have maturities of less than one year.

The risk: Interest rates and financial gearing

Interest rate risk policy is aimed at managing the risk of fluctuations in interest rates for our financial results in what is currently a rising rates environment. Left unmanaged this could result in material swings in annual interest charges, with the potential for profits to be substantially below target. An excessive reliance on debt funding, pushes up our financial gearing and increases our exposure to rapid changes in trading conditions. In addition it increases our exposure to fluctuations in interest rates. Together, this could hamper our ability to meet interest payments or loan repayments as they fall due. This would put our financial position and potentially our viability at risk.

How we manage this risk

We continue to monitor the outlook for interest rates and regularly review the merits of using financial derivatives to hedge a substantial proportion of our interest rate exposure. External reports and economic forecasts, alongside discussions with our bankers are used as inputs into Board level discussions on this issue. The Board and the Finance team also regularly review the appropriateness of the debt/equity funding mix.

Our policy for managing liquidity is to ensure that we will always have sufficient liquidity to meet our liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses. More specifically, this means that we hold sufficient cash to meet expected operating expenses. In addition, we maintain lines of credit.

Legal, Regulatory & Compliance risks

WRG is subject to a variety of national and international laws and regulations, including but not limited to, various privacy, global data protection and information security rules, rules governing online retail, consumer protection, product safety, textile labelling and competition laws. We are under the supervision of the Dutch Data Protection Authority and the /authority for Consumers and Markets. Legal, regulatory and compliance risks are the risks of non-compliance with all rules and regulations and the resultant penalties in terms of both financial and reputational damage.

The risk: Failure to keep up with an ever evolving regulatory and compliance landscape

Laws and regulations applicable to online retail, as well as laws and regulations of broader application that apply to our business, and to public companies generally, are evolving at a rapid pace and can be subject to differing interpretations. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation and a loss of revenue, and any legal or enforcement action brought against us as a result of actual or alleged non compliance could further damage our reputation and result in substantially increased legal expenses and/or penalties.

How we manage this risk

We have a Legal & Compliance team who maintain their knowledge of current laws and regulations by attending relevant courses and participating in working groups with other e-commerce operators. The team also closely monitors for relevant new laws and regulations, as well as proposed changes and is closely involved in the implementation within WRG. Training for the management team and employees is provided to ensure that they are up-to-date and compliant with all relevant laws and regulations

We are a member of the e-commerce network, Thuiswinkel.org and we have been certified and may carry the Shopping Secure trustmark ("Thuiswinkel Waarborg"). To earn this trustmark we go through a certification process and are recertified by Thuiswinkel.org annually.

The certification process consists of three parts: a legal test, financial monitoring and a security scan. This trustmark is earned by e-commerce operators who comply with strict requirements with regard to rules and regulations, security and financial stability. Membership of Thuiswinkel.org and the annual recertification helps us to keep our knowledge of the evolving laws and regulations applicable to online retail up to date.

EACH YEAR WE EARN THE RIGHT TO HOLD THE SECURE **SHOPPING TRUSTMARK**

09 CULTURE & DIVERSITY

We believe that our employees are key to the success of our business and critical to maintaining and developing our relationships with customers, brands and suppliers. As of 2 April 2023, we had 1,158 employees, representing 923 FTEs, compared to the prior year of 1,262 employees, equating to 929 FTEs. During the financial year, the average number of FTEs amounted to 869 (2021-2022: 861 FTEs).

Our culture

"Together we bring joy into every home" is our internal purpose. We are here to make a difference. For our customers, for ourselves and for us altogether. We use business as a force for good, as we have the duty to leave the planet a little brighter than it was.

Our purpose combined with the following four defined corporate values describe our culture:

> **We are customer centric**
> **We work together**
> **We are entrepreneurial**
> **We are engaged**

We know our employees and create opportunities to grow, learn and inspire, and develop them to their full potential. To win together. And to have a good time together by engaging and connecting with each other. Caring for each other. Helping each other.

We strive to have a safe workplace where teamwork and mutual trust are promoted and where employees are treated with dignity and respect. We have an inappropriate conduct policy in place to give guidance and support in case our employees experience inappropriate behaviour. We expect all employees to be fair, honest and transparent in business dealing with colleagues and business partners.

We aim to create an inspiring, flexible and winning work environment for our people. Working at WRG should feel like a win-win. While helping WRG to grow, our people invest in their professional and personal growth by learning every day and leading our online retail business in the Netherlands.

We have an open culture in which we encourage everyone to think ahead and find smart new ways to offer our customers the best online shopping experience. Every person in WRG is a crucial link in the chain to achieve this.

We have implemented vitality initiatives and have internal learning and development opportunities in order to strengthen our workforce.

Safety and sustainable employability

We are committed to ensuring a safe working environment and the health and occupational safety of our employees. We closely manage the risks associated with inadequate health and safety matters through the promotion of a strong health and safety culture and well-defined health and safety policies.

In particular, we are committed to creating an environment in which no one is harmed. We aim to achieve this by investing in materials, safety and personal development to improve and secure our sustainable employability. In addition, we continuously invest in up-to-date special safety programmes for our logistic service centres in order to create awareness among our employees and to continuously improve and monitor the safety in our logistic service centres.

We have established a hybrid way of working in our office locations where we strive to have a good balance both for delivering the success of our business as well as providing a good work-life balance for our employees. The defined working from home principles and policies provide the framework.

Diversity

We believe in the importance of a safe, inclusive and open work environment in which each person is treated equally without discrimination. We therefore value and promote diversity. We believe that diversity makes our organisation stronger and more sustainable. We are keen to benefit from a diverse workforce as much as possible.

For us, diversity means a workforce reflective of different genders, cultures, generations, abilities and social backgrounds.

We also recognise the benefits that diversity within a managing board or a management team can bring, and we believe that this diversity is critical to our ability to be open to different ways of thinking and acting, eventually enhancing our long-term sustainability.

Diversity within a managing board or a management team comprises multiple aspects, such as the age structure, the members' educational and professional background, the experience relevant for their position and gender and personal characters.

In our view, diversity is not a static concept, but rather a relevant mix of required elements for a managing board and a management team as a whole that evolves with time, based on, among others, the relevant business objectives and future needs of WRG. Therefore, we incorporated the extended management team in January 2023. Our extended management team consists of the management team and senior managers and meets at least once a week on a regular basis.

We treat diversity of the Managing Board and the extended management team as a means for

improvement and development, rather than an end in itself.

WRG deviates from lapsed article 2:166 and 2:276 of Book 2 of the Dutch Civil Code, which states that management positions should be divided in such a manner that at least 30% of positions are held by women and at least 30% by men.

The Managing Board currently has no female representation. The Managing Board is put together based on individuals' knowledge and experience in the areas of retail, finance, marketing and online shopping. When appointing members to the Managing Board in the future, the requirement of balanced division as set forth in Book 2 of the Dutch Civil Code will be taken into account wherever possible.

The extended management team shows 33.3% female representation.

The Supervisory Board of WRG currently consists of four Supervisory Board directors, of which one director is female. When appointing members to the Supervisory Board in the future, the requirement of balanced division as set forth in Book 2 of the Dutch Civil Code will be taken into account wherever possible.

WRG, as a large structure Company, participates in the mandatory Diversity Portal, an initiative of the SER (Sociaal Economische Raad) to motivate and facilitate companies in the Netherlands to work on gender diversity in the boardroom. Via the portal, companies will be able to fulfil their legal task to report on target figures and plans to achieve more diversity in their boards and the executive teams. We are developing and investing further in our diversity and inclusion approach and measurements.

10

CORPORATE SOCIAL RESPONSIBILITY

“We are determined to play our part in the transformation to a more sustainable future by making positive changes across our field of operations.”

Graham Harris - CEO of WRG

Our commitment to sustainability
Our customers are mainly families. That’s why we think it is important to deal responsibly with the world around us and to consider our impact carefully. Dealing responsibly means taking action while thinking about our assortment, services, how products are produced and how they are delivered to our customers. That is our Corporate and Social Responsibility ambition. We work on this every day. And every day we get a little bit better.

In order to advance our sustainability agenda we have appointed a sustainability team and have identified the following areas to focus our efforts on:

Customers and Products
We aim to better inform our customers and help make it easier for them to make sustainable buying choices. That is why we have updated our sustainability informative page to guide our consumers to make more sustainable buying choices together with our product detail pages, to better inform consumers about the sustainable characteristics of the products.

We have direct control over our own brand ranges, giving us the opportunity to proactively improve their sustainability credentials. We work with our chosen manufacturing partners to reduce their environmental impact, with a particular focus on waste reduction. With the help of the Better Cotton Initiative we are working on improving the supply chain of cotton. We use and we also adhere to a fur-free standard. We do not offer products that contain down obtained through live plucking or the forced feeding of animals.

All the suppliers we work with are required to adhere to the CSR Code of Conduct, which sets out our own buying responsibilities as well as our expectations for our suppliers on all relevant environmental and social topics. The CSR Code of Conduct is inspired by the core conventions of the International Labor Organization (ILO). The CSR Code of Conduct contains conditions relating to human rights, labor conditions, safety, environment, bribery and corruption. It forms part of our general merchandise purchasing conditions. The factories that we work with to produce our own brands are audited by either ourselves, BSCI (Business Social Compliance Initiative) or an equivalent such as Sedex to evaluate local labour conditions and the environmental impact of the production processes.

We are a member of amfori BSCI, an initiative for companies that seek to improve employment conditions in factories and companies worldwide, to ensure the responsible production of our products. New production facilities are audited by BSCI before we place the first order, or we select production facilities that have already been audited.

WRG has a zero tolerance policy on bribery, child labour, forced labour, abuse, work situations that cause direct risks for the workers and environmental dumping for all brands on our websites. If there is an incident in one of the production facilities of the brands featured on our website we will work together with the brand to identify the root cause of the problem and take corrective action.

Sustainable operations

We aim to improve our fulfilment infrastructure, to be able to deliver our products in a manner that takes into account sustainable packaging, distribution processes and warehouse facilities. We work actively with our suppliers to reduce CO2, energy consumption and packaging materials and have made the following improvements:

We won the Sustainability Award (Duurzaamheidsaward) 2020 for our work in making plastic shipping bags from 100% recycled material. Achieving a CO2 reduction of 64% per year on plastic packaging. We also reduced the ink on all our packaging structurally by 95%. This results in a CO2 reduction of 355,000 kg per year.

Our next step in our sustainability drive was the introduction of thinner polybags and the use of 50% recycled material. The estimated CO2 savings on these improvements is approximately 99,000 kg CO2 per year.

During 2022 we made the plastic bags of recycled material 20% thinner. We also made our polybags a further 25% thinner. These improvements have led to a 15% reduction in CO2 per year on these packaging materials or a reduction of 50,000 kg CO2 per year.

The carton boxes we use are made of 100% Forest Stewardship Council (FSC) materials, with sizes optimised to maximise vehicle load factors. These are tailor-made to minimise air in the packaging and transportation.

We work across our warehouse facilities to be as sustainable and as energy efficient as possible. A part of our Logistical Service Centre Zwolle was certified for the establishment of the building with BREEAM certificates for using sustainable construction materials, an underground hot and cold water storage system, rainwater harvesting, an ecological garden and a solar panel field on its roof, that provides on average approximately 40% of the total power consumption of the building and logistic equipment. Due to an investment in our LED lightplan in a part of our Logistical Services Centre Zwolle, we have reduced our electricity use by 15% against last calendar year (ca. 1 million KwH).

Distribution

We are focused on minimising the transportation steps related to the delivery of placed orders and, conversely, the transportation steps related to the return process of orders. We work closely together with our main logistics supplier, DHL, to invest in sustainable transport by increasing their fleet of electric vehicles. As a result of carbon offsetting and the increasing use of electric vehicles, 100% of our parcels with DHL are delivered climate neutral to our customers.

Social Initiatives

Since 2002, WRG has been one of the main sponsors of Ronald McDonald Kinderfonds. This children's fund ensures that sick children and their families can be close to each other, so that they are always around for a kiss, a cuddle or a bedtime story. Every year the Ronald McDonald's Children's Home provides over 70,000 overnight stays for more than 5,000 families.

As a sponsor we make products and furniture available for all houses, and we supply the dresses for the hostesses at the annual Children's Fund Gala. Wehkamp also sells the Children's Fund cuddly toy, with 100% of the profits going to the Children's Fund. In addition, WRG employees participate in the HomeRun or HomeRide.

Forward looking statement

In 2023-2024 we will continue to step up our Corporate and Social Responsibility efforts in the following four key areas:

Customers and Products

In 2023-2024 we want to evaluate our current product and customer related policies and processes from a sustainability perspective. The findings will be reviewed and we will make any necessary improvements. We will also evaluate the way we currently inform customers and other stakeholders on our sustainability efforts and we will make necessary improvements.

Sustainable operations

In 2023-2024 we will continue to map our CO2 emissions in line with the guidance and standards of the GHG Protocol and we will continue to identify CO2 reduction opportunities. We will work on a roadmap to reduce the environmental impact of our packaging, to improve the footprint of our buildings and last but not least, we will work closely with our courier partners on new plans to reduce the impact of our delivery processes.

Social Initiatives

In 2023-2024 we will continue to sponsor Ronald McDonald Kinderfonds and we will explore other opportunities and social initiatives for sponsorship.

Reporting and Risks

In 2023-2024 we will continue to integrate sustainability risks into our overall risk framework. At the same time, we will evaluate our current way of reporting and look for ways to improve our sustainability reporting and understand the interest of our stakeholders with regard to sustainability. We will continue our readiness assessment in line with upcoming reporting regulations, such as the Corporate Sustainability Reporting Directive.

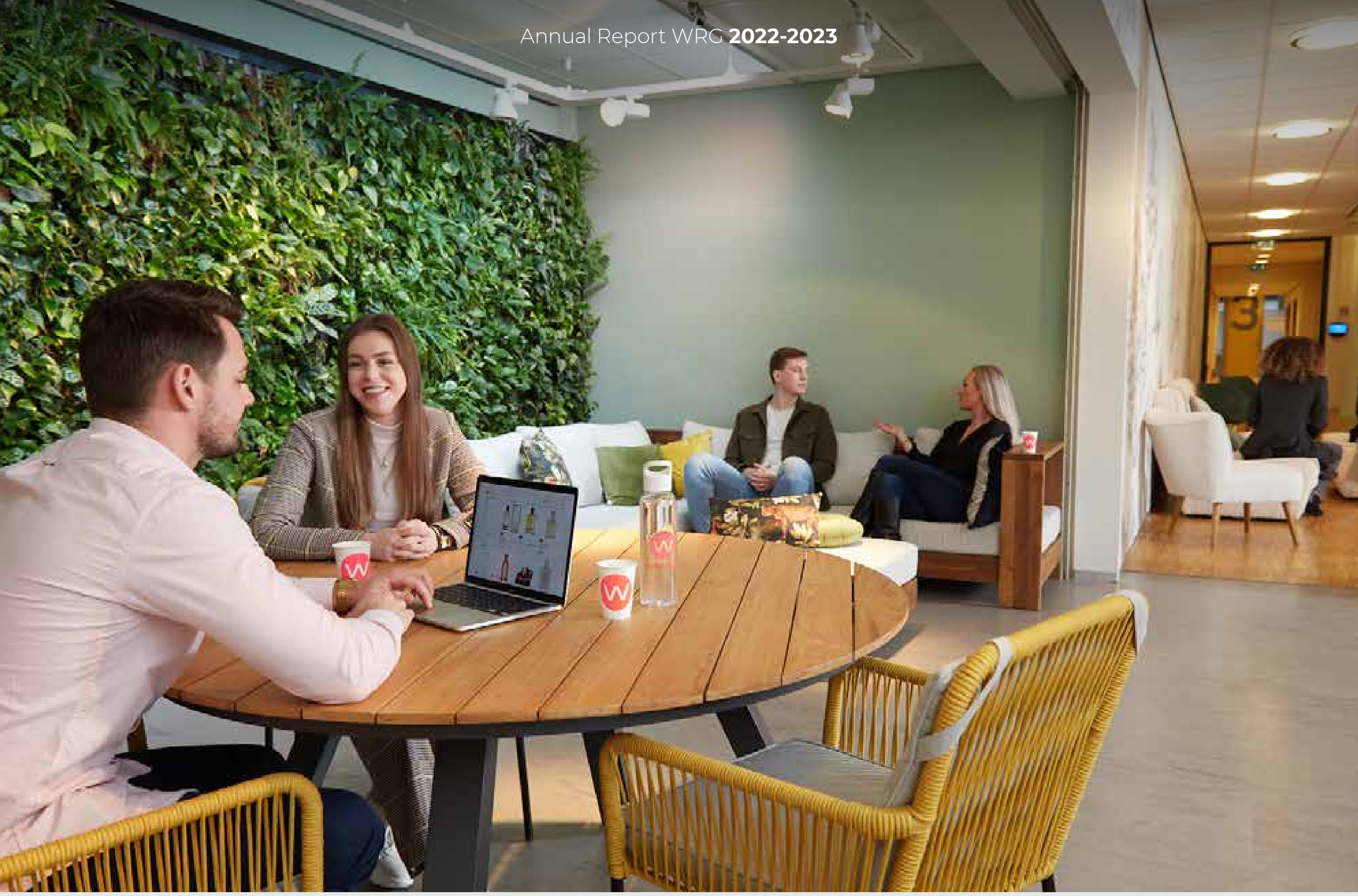
WE WILL CONTINUE TO SEEK OUT
CO2 REDUCTION OPPORTUNITIES

REPORT OF THE SUPERVISORY BOARD

At the end of the financial year 2022-2023, the Supervisory Board of WRG ("Supervisory Board") comprised of four members: Mr. Browett (chairman), Mr. Hall, Mrs. Bangma-Tjaden and Mr. Slagt. In July 2022, Mrs. Van Walsum stepped down as a Supervisory Board member of WRG. Mr. Ribbink stepped down as a Supervisory Board member of WRG in October 2022 after having been a member for 4 years.

Supervision

The Supervisory Board has the task of supervising the Management Board and the general course of affairs in the Company and its affiliated subsidiaries. Furthermore, the Supervisory Board advises the Management Board. In the fulfilment of their task, the Supervisory Board Directors focus on the interests of the Company and its subsidiaries. The Supervisory Board's supervision of the Management Board concerns the performance of the Management Board, the strategy and realisation of objectives, monitoring of risks related to business activities, the setup and review of risk management and processes, the financial reporting processes, compliance with law and legislation, the relationship with the shareholders and the social aspects of business relevant to WRG and its subsidiaries.



Activities in the financial period

In the financial period 4 April 2022 until 2 April 2023 the Supervisory Board met seven times. Supervisory Board meetings were held in the presence of the Management Board. During the Supervisory Board meetings the main focus of the discussions was on the challenging retail market as a consequence of various external factors, including the war in Ukraine and high inflation.

Committees

The Audit Committee supervises risk management and processes, financial reporting processes and compliance and information-technology (IT) policies and reviews provision of financial information.
The Remuneration Committee sets the company's general remuneration policy for key management personnel, determines each statutory director's total individual remuneration package and sets the targets for performance-related pay.
The Audit Committee and Remuneration Committee are part of the Supervisory Board.
The Supervisory Board would like to thank the Management Board and all employees of the Group for the effort they have shown in the past financial period.

Zwolle, 19 July 2023
The Supervisory Board,

J. J. Browett, chairman
T.N. Hall
M. Bangma-Tjaden
A.W. Slagt


wehkamp
HUGO
THE SCENT
10:24
MICHAEL KORS

12

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

In thousands of euros

	Note	**Period from 4 April 22 to 2 April 23**	**Period from 5 April 21 to 3 April 22**	**Period from 30 March 20 to 4 April 21**
Continuing operations				
Revenue	6	432,631	458,987	428,018
Cost of sales		(208,068)	(210,492)	(190,074)
Gross profit		**224,563**	**248,495**	**237,944**
Selling and distribution expenses	7	(165,894)	(172,358)	(154,409)
General and administrative expenses	7	(71,858)	(94,217)	(69,759)
Other income	8	-	12,088	-
Operating result		**(13,189)**	**(5,992)**	**13,776**
Financial income	9	1	-	23
Financial costs	9	(7,187)	(5,077)	(14,255)
Finance costs - net		**(7,186)**	**(5,077)**	**(14,232)**
Result before income tax		**(20,375)**	**(11,069)**	**(456)**
Income tax (expense)/income	10	(2,353)	1,209	(4,202)
Result from continuing operations		**(22,728)**	**(9,860)**	**(4,658)**
Discontinued operation				
(Loss)/profit from discontinued operations (net of tax)	5	-	(275)	4,903
Result for the period		**(22,728)**	**(10,135)**	**245**
Other comprehensive income				
Foreign operations - foreign currency translation differences	21	(9)	-	-
Cash flow hedges - effective portion of changes in fair value	21	1,213	-	-
Cash flow hedges - reclassified to profit or loss	21	(519)	-	-
Other comprehensive income for the year (net of tax)		**685**	**-**	**-**
Total comprehensive (expense)/income for the year (net of tax)		**(22,043)**	**(10,135)**	**245**
Attributable to:				
Equity holders		(22,043)	(10,135)	245
Non-controlling interest		-	-	-
Total comprehensive (expense)/income for the year (net of tax)		**(22,043)**	**(10,135)**	**245**
Earnings per share				
Basic earnings per share (euro)	11	(3.84)	(1.77)	0.04
Earnings per share – Continuing operations				
Basic earnings per share (euro)	11	(3.96)	(1.72)	(0.81)
Earnings per share – Discontinued operations				
Basic earnings per share (euro)	11	-	(0.05)	0.85

The above consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	Note	2 April 2023	3 April 2022	4 April 2021
Assets				
Goodwill	12	181,000	209,455	178,000
Other intangible assets	12	119,282	122,523	108,406
Property, plant and equipment	13	45,246	46,673	51,214
Right-of-use assets	14	35,880	39,133	30,554
Loans to customers	15	-	-	185,460
Other financial fixed assets	16	1,328	-	-
Non-current assets		**382,736**	**417,784**	**553,634**
Inventories	17	55,411	62,324	47,040
Income tax receivable		-	126	-
Trade and other receivables	18	17,352	32,694	108,997
Cash and cash equivalents	19	20,875	41,709	65,974
		93,638	136,853	222,011
Assets classified as held for sale	20	-	-	16,579
Current assets		**93,638**	**136,853**	**238,590**
Total assets		**476,374**	**554,637**	**792,224**
Equity and liabilities				
Share capital		11,233	11,233	11,233
Share premium		336,569	336,569	409,569
Other reserves		685	-	-
Retained earnings		(203,466)	(180,738)	(170,603)
Equity attributable to owners of the parent		**145,021**	**167,064**	**250,199**
Non-controlling interest		-	-	-
Total equity	21	**145,021**	**167,064**	**250,199**
Borrowings	22	57,904	57,637	156,914
Provisions for other liabilities and charges	23	3,528	2,948	3,328
Deferred income tax liabilities	25	30,604	29,735	26,168
Lease liabilities	14	34,481	37,145	30,010
Other non-current liabilities	26	60,509	48,250	70,299
Non-current liabilities		**187,026**	**175,715**	**286,719**
Borrowings	22	-	-	71,274
Provisions for other liabilities and charges	23	399	1,885	2,455
Lease liabilities	14	5,112	4,920	2,697
Trade creditors		63,407	69,293	95,116
Other payables and current liabilities	26	75,409	135,760	83,764
Current liabilities		**144,327**	**211,858**	**255,306**
Total liabilities		**331,353**	**387,573**	**542,025**
Total equity and liabilities		**476,374**	**554,637**	**792,224**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euros	*Note*	**Period from 4 April 22 to 2 April 23**	**Period from 5 April 21 to 3 April 22**	**Period from 30 March 20 to 4 April 21**
Cash flow from operating activities				
Result in the financial year from continued operations		(22,728)	(9,860)	(4,658)
Adjusted for:				
Depreciation	13/14	10,548	11,993	15,812
Amortisation and impairments	12	11,943	11,718	15,519
Impairment losses on goodwill	12	28,455	-	-
Net financing cost	9	7,186	5,077	14,231
Income tax expense/(income)	10	2,353	(1,209)	4,203
Gain on assets classified as held for sale	20	-	(12,088)	-
Changes in non-current liabilities/provisions	23/26	13,237	(11,105)	3,698
Operating cash flows before changes in working capital		**50,994**	**(5,474)**	**48,805**
Changes in:				
Inventory	17	6,913	(15,284)	(9,577)
Trade and other current receivables	18	15,342	(13,562)	(2,143)
Payables and other current liabilities	26	(69,207)	25,977	25,731
Cash flow generated from/(used in) operating activities		**4,042**	**(8,343)**	**62,816**
Interest paid		(6,335)	(4,477)	(5,027)
Accrued interest lease liabilities		2,377	2,226	2,244
Income tax received/(paid)		126	(448)	390
Cash flow from operating activities of continued operations		**210**	**(11,042)**	**60,423**
Cash flow from operating activities of discontinued operations	5	**-**	**14,267**	**(6,657)**
Net cash generated from operating activities		**210**	**3,225**	**53,766**
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired	4	-	(55,113)	-
Investment in financial assets	16	(877)	-	-
Cash (equivalent) transferred on disposal of subsidiary	5	-	(23,051)	-
Investment in property, plant and equipment	13	(3,368)	(2,096)	(3,205)
Disposal of property, plant and equipment	13	-	30	2,250
Cash receipts from assets classified as held for sale	20	-	28,667	-
Investment in intangible assets	12	(8,702)	(6,819)	(6,227)
Cash flow from investing activities of continued operations		**(12,947)**	**(58,382)**	**(7,182)**
Cash flow from investing activities of discontinued operations	5	**-**	**(831)**	**(1,233)**
Net cash used in investing activities		**(12,947)**	**(59,213)**	**(8,415)**
Cash flows from financing activities				
Repayments of borrowings	22	-	(2,748)	(4,750)
Transaction costs related to loans and borrowings	22	(746)	(2,119)	-
Proceeds from issue of loans	22	-	42,250	10,908
Repayments of lease liabilities	14	(7,351)	(5,660)	(5,604)
Cash flow from financing activities of continued operations		**(8,097)**	**31,723**	**554**
Cash flow from financing activities of discontinued operations	5	**-**	**-**	**-**
Net cash (used in)/generated from financing activities		**(8,097)**	**31,723**	**554**
Net (decrease)/increase in cash and cash equivalents		(20,834)	(24,265)	45,905
Cash and cash equivalents at beginning of the period		41,709	65,974	20,069
Cash and cash equivalents at end of the period		**20,875**	**41,709**	**65,974**
Cash and cash equivalents		20,875	41,709	65,974
Bank overdraft		-	-	-
Cash and cash equivalents at end of the period		**20,875**	**41,709**	**65,974**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of euros

	Share capital	Share premium	Other reserves	Retained earnings	Total attributable to the equity share-holders	Non-control-ling interest	Total equity
Balance at 30 March 2020	**11,233**	**274,489**	**-**	**(170,848)**	**114,874**	**-**	**114,874**
Total comprehensive income for the period							
Result for the period	-	-	-	245	245	-	245
Other comprehensive income for the period	-	-	-	-	-	-	-
	-	**-**	**-**	**245**	**245**	**-**	**245**
Transactions with owners, recorded directly in equity							
Issue ordinary and preference shares (see Note 21)	-	135,080	-	-	135,080	-	135,080
	-	**135,080**	**-**	**-**	**135,080**	**-**	**135,080**
Balance at 4 April 2021	**11,233**	**409,569**	**-**	**(170,603)**	**250,199**	**-**	**250,199**
Total comprehensive expense for the period							
Result for the period	-	-	-	(10,135)	(10,135)	-	(10,135)
Other comprehensive income for the period	-	-	-	-	-	-	-
	-	**-**	**-**	**(10,135)**	**(10,135)**	**-**	**(10,135)**
Transactions with owners, recorded directly in equity							
Share capital restructuring (see Note 21)	73,003	(73,003)	-	-	-	-	-
Repaid capital (see Note 21)	(73,003)	3	-	-	(73,000)	-	(73,000)
	-	**(73,000)**	**-**	**-**	**(73,000)**	**-**	**(73,000)**
Balance at 3 April 2022	**11,233**	**336,569**	**-**	**(180,738)**	**167,064**	**-**	**167,064**
Total comprehensive expense for the period							
Result for the period	-	-	-	(22,728)	(22,728)	-	(22,728)
Other comprehensive income for the period	-	-	685	-	685	-	685
	-	**-**	**685**	**(22,728)**	**(22,043)**	**-**	**(22,043)**
Balance at 2 April 2023	**11,233**	**336,569**	**685**	**(203,466)**	**145,021**	**-**	**145,021**

Other reserves recognises the translation reserve of € 9 thousand (3 April 2022: nil and 29 March 2020: nil) and hedge reserve of € 0.7 million (3 April 2022: nil and 29 March 2020: nil).

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

01

1 Summary of significant accounting principles

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied through the financial period, unless otherwise stated.

1.1 Reporting entity

Wehkamp Retail Group B.V. is a private limited company, which is incorporated and domiciled in Amsterdam, the Netherlands. The address of its registered office is Burgemeester Roelenweg 13, Zwolle, the Netherlands and is registered at the Chamber of Commerce under number 63532190. The ultimate shareholder is APAX VIII GP Co. Limited, Guernsey.

The principal activities of Wehkamp Retail Group B.V. and its subsidiaries (together, 'the Group') consist of online retailing.
In March 2022, the Group has disposed, through a capital repayment, the consumer financing activities (see Note 5).

The parent companies of Wehkamp Retail Group B.V. are Riviera Holdco S.à.r.l., Luxembourg (84.05%), Stichting Administratiekantoor Sweet Equity STAK (5.62%) and Stichting Administratiekantoor Co-Investment STAK (10.33%).

1.2 Basis of preparation

The consolidated financial statements of Wehkamp Retail Group B.V. have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations applicable to companies reporting under IFRS, as endorsed by the European Union and with the statutory provisions of Part 9, Book 2, of the Dutch Civil Code. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

The statutory financial year of the Group ends at 31 March of a calendar year. As a retail company, the Group has elected to distribute the financial year into 13 periods, each consisting of exactly four weeks. Consequently, the Group typically has a 52-week financial year. To align the financial reporting days at the end of each financial year, the Group needs to include an additional week to the financial year once every seven years, resulting in a 53-week financial year as was the case for financial year 2020-2021.
The financial year 2022-2023 started 4 April 2022 and ended 2 April 2023. The comparative financial

year 2021-2022 started 5 April 2021 and ended 3 April 2022 and the comparative financial year 2020-2021 started 30 March 2020 and ended 4 April 2021.

The consolidated financial statements of the Group have been prepared under the assumption that the entity is a going concern and will continue in operation for the foreseeable future. Management has not identified a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, and accordingly none is disclosed in these consolidated financial statements. Currently the Group has negative working capital. However, based on the Group's current operating performance and liquidity position, the Group believes that cash provided by operating activities and available cash balances (including short-term deposits and similar instruments) will be sufficient for working capital, capital expenditure, interest payments, and scheduled debt repayment requirements for the next 12 months and the foreseeable future.

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 1.6.

With reference to the Company statement of profit and loss and other comprehensive income of Wehkamp Retail Group B.V., the exemption pursuant to Article 402, Book 2 of the Dutch Civil Code has been applied.

1.3 Functional and presentation currency

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

1.4 Changes in significant accounting policies

1.4.1 Significant changes in the last year reporting period

Last year the financial position and performance of the Group was particularly affected by the following events and transactions during the reporting period:

- the acquisition of MC Web B.V. and its subsidiary kleertjes.com in September 2021 (see Note 4), which resulted in an increase in property, plant and equipment (see Note 13), right-of-use assets and lease liabilities (see Note 14), provisions (see Note 23) and the recognition of goodwill and other intangible assets (see Note 12);
- the disposal through a capital repayment of the consumer financing activities (Tinka Holding B.V. and its subsidiaries) in March 2022 (see Note 5).

1.4.2 New standards, amendments and interpretations adopted by the Group

A number of new or amended standards and interpretations became applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting the following standards, where applicable.

1.4.2.1. Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

The amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform were issued in 2019 and are effective for accounting periods beginning on or after 1 January 2021. Many interest rate benchmarks such as LIBOR (the London Inter-Bank Offered Rate) are in the process of being replaced. There will be financial reporting implications to this reform, with some effects arising even before a particular interest rate benchmark has been replaced (pre-replacement issues).
The amendments provides relief from certain hedge accounting requirements in order to avoid unnecessary discontinuation of existing hedge relationships during the period of uncertainty over interest rate benchmark reform. These amendments had no impact on the consolidated financial statements of the Group.

1.4.3 New standard, amendments and interpretations not yet adopted

The following new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2023 and are not expected to have a significant impact on the Group's consolidated financial statements:

- Amendment to IAS 12 Income Taxes: Deferred Tax related Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021);
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020, respectively); and
- IFRS 17 Insurance Contracts (issued on 18 May 2017), including Amendments to IFRS 17, IFRS 4 and deferral of IFRS 9 (issued on 25 June 2020).

1.5 Basis of consolidation

1.5.1 Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises – if applicable – any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquirers identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired subsidiary and the acquisition-date fair value of any previous equity interest in the acquired subsidiary over the fair value of the Group's share of the identifiable net assets acquired are recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of profit and loss and other comprehensive income.

The Group applies the anticipated acquisition method where it has the right and the obligation to purchase any remaining non-controlling interest (so-called put/call arrangements). Under the anticipated acquisition method the interests of the non-controlling shareholder are derecognised when the Group's liability relating to the purchase of its shares is recognised. The recognition of the financial liability implies that the interests subject to the purchase are deemed to have been acquired already. Therefore the corresponding interests are presented as already owned by the Group even though legally they are still non-controlling interests. The initial measurement of the fair value of the financial liability recognised by the Group forms part of the contingent consideration for the acquisition.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for in equity.

Acquisition-related costs are expensed as incurred.

1.5.2 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control.
The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. All intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to be consistent with the Group's accounting policies.

1.5.3 Non-controlling interests

Non-controlling interests are recorded, as appropriate, on the consolidated statement of financial position and in the consolidated statement of profit and loss and other comprehensive income for the non-controlling shareholders' share in the net assets and the income or loss of subsidiaries. Non-controlling shareholders' interest in an acquired subsidiary is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised. The Group does not have subsidiaries with non-controlling interests that are material to the Group.

For a summary of the consolidated Group companies, please refer to Note 2 'Group entities'.

1.5.4 Transactions eliminated on consolidation

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

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.6 Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

1.6.1 Judgements and estimates

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

Acquisition of subsidiaries (see Note 4)

Fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis.

Right of return (see Note 18 and Note 26)

The recognition of a right to returned goods (included in current assets) and a refund liability (included in current liabilities) require estimates and judgement regarding the timing and the amount of inflow and outflow of resources. Critical estimates relate to the right to return goods sent to customers. The estimates used impact revenue, as these are included in revenue.

Intangible assets (see Note 12)

Intangible assets acquired in a business acquisition are stated at fair value, as determined at the date of the acquisition. To determine the fair value at the acquisition date judgements and estimates are required.

Acquired finite-lived intangibles assets and capitalised development expenditures are amortised using the straight-line method over their estimated useful life. The useful lives are evaluated annually.

Impairments (see Note 12 and Note 13)

Judgements and estimates are required, not only to determine whether there is an indication that an asset may be impaired, but also whether indications exist that impairment losses previously recognised may no longer exist or may have decreased (impairment reversal).

Goodwill and tradename of Wehkamp are not amortised but tested for impairment annually and whenever impairment indicators require this.

Right-of-use assets and lease liabilities (see Note 14)

Judgements are required for lease liabilities whether the Group is reasonably certain to exercise extension options. Estimates are required for variable lease payments that depend on an index or rate.

Inventories (see Note 17)

The Company makes judgements and estimates regarding the future net realisable value. Significant changes in market conditions and the related price risks could impact the recognised amounts in the consolidated financial statements.

Long-term incentive plans (see Note 30)

Long term incentive plans have been granted to selected and eligible key management including Supervisory Board members. These plans entail a variable bonus based on an equity value exceeding a pre-determined threshold.

1.6.2 Fair value estimation

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

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.
Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 4 : Acquisition of subsidiaries;
- Note 27 : Financial risk management;
- Note 30.2 : Share-based payment.

1.6.3 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the IFRS Standards, including the level in the fair value hierarchy in which the valuations should be classified.

1.7 Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses. The operating results of each segment are regularly reviewed by the entity's Chief Operating Decision Maker ("CODM") in order to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

1.8 Foreign currency translation

1.8.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro, which is the Group's presentation currency and equals the functional currency.

1.8.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit and loss and other comprehensive income.

Exchange rate differences are included in the consolidated statement of profit and loss and other comprehensive income as financial income or expenditure if related to buying merchandise, as part of the cost of goods sold.

1.8.3 Foreign subsidiaries

The assets and liabilities of foreign subsidiaries, including goodwill and fair value adjustments arising on consolidation, are translated into the presentation currency at the exchange rate applicable at the reporting date. The income and expenses of foreign subsidiaries are translated into the presentation currency at average exchange rates to approximate the exchange rates at the date of the transaction. Resulting exchange differences are recognised in the consolidated Other Comprehensive Income. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate.

1.9 Discontinued operations and non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use and a sales is considered highly probable, are classified as held for sale. Non-current assets held for sale are carried at the lower of carrying amount of fair value less cost to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition. Non-current assets held for sale are not depreciated or amortised while they are classified as held for sale. Comparatives in the consolidated statement of financial position are not re-presented when a non-current asset is classified as held for sale.

1.10 Revenue recognition

1.10.1 Income from retail activities

Revenue from the sale of goods or services is recognised in the consolidated statement of profit and loss and other comprehensive income in accordance with the provisions of IFRS 15 when the goods or services are transferred to the customer, i.e. the Group satisfies the performance obligation, provided that the collection of the considerable will be probable. Revenue is measured at the amount of the consideration the Group expects to receive as exchange for transferring the promised goods or services. When the Group acts in the capacity of an agent rather than as a principal in a transaction, revenue is recognised as the net amount of commission made by the Group. Revenue is recorded net of sales price deductions, taxes and duties.

The Group identifies its performance obligations as the distinct goods or services promised in a contract with a customer. The goods promised by the Group (goods, free delivery and returns with a return policy of up to 30 days, free customer care) create a bundle that is distinct, i.e. the identified performance obligation. When selling goods to customers, the Group transfers control over the promised goods at a point of time. This is generally the case when the goods or services are delivered.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated with the possible return of goods. The expected returns are estimated taking into account historical data, based on, among others, product category, seasonality and applied payment method. The revenues (and margin) for these estimated returns are not recognised and a refund liability (included in current liabilities) and a right to the returned goods (included in current assets) are recognised.

The Group generates revenue primarily from the sale of goods to customers which are procured based on a wholesale model and a private label model, commissions received from the sale of goods based on an alliance model and the drop-shipment model.

Wholesale model

Under the wholesale model, the Group sells the products of third-party brands and suppliers on the websites and mobile app and records the income from such sales as revenue. Under the private label model, the Group sells own products.

Revenue for sales made under the wholesale model and private label model are recognised in accordance with IFRS 15 when the goods are transferred to the customer, provided that the collection of the payment is probable. The Group records revenue net of sales price deductions, taxes and duties. The goods the Group sells form part of a bundle that consists of the goods themselves, free delivery of the goods, a policy allowing the return of the goods for a period of up to 30 days, and free customer care related to the goods. The Group does not recognise revenue if there are significant uncertainties regarding the recovery of the payment that is due. Such uncertainties are primarily associated with the possible return of goods pursuant to the 30-day return policy. The Group estimates expected returns based on historical data and deducts such anticipated returns from revenues and cost of sales. In addition, the Group recognises a refund liability (included under current liabilities on the consolidated balance sheet) and a right to the returned goods (included under current assets on the consolidated statement of financial position).

Alliance model

Under the alliance model, third-party brands and suppliers sell their products on the websites and mobile app, and the Group stores the merchandise in the fulfilment centres without assuming inventory risk. The Group receives commissions from alliance partners, which the Group records as revenue. These commissions are based on different fee structures, which are described below.

- Fixed fee structure, whereby the Group charges a fixed fee on net dispatches (invoiced sales less returns based on the dispatch day, corrected for unapproved or undelivered orders); and
- Combined fixed and variable fee structure, whereby the Group charges a lower fixed platform fee, and also charges a variable fee for handling (inbound and outbound), returns and, in certain cases, for the value added services (to prepare incoming goods for suitable receipt in the automated warehouse). The fee covers gross margin and variable costs, such as costs associated with warehousing and distribution, marketing, listing and customer services. The inventory is owned by the alliance partners, but the partners can store, sell and distribute their products using the Group's infrastructure.

Under the alliance model, alliance partners determine the pricing and promotions, where product assortment is usually a decision the Group makes jointly with the alliance partners, the only exception being the electrical products sold through the alliance model where the alliance partner makes these determinations and decisions. The Group recognises alliance fees in accordance with IFRS 15 when the goods are transferred to the customer, provided that the collection of the payment is probable.

Drop shipment model

Under the drop-shipment model, the Group sells products that the Group does not have in stock. Once a product is ordered on the website, mobile site or mobile app, the Group buys it from the brand or third-party supplier. The brand or third-party supplier is responsible for the shipment to the customer, but the Group arranges for advertising, promotion, marketing, returns, payment and customer care. In return for this service, the Group charges a fixed fee on net dispatches (i.e. invoiced Customer Sales less returns based on the dispatch day, corrected for unapproved or undelivered orders). The Group recognises fees generated from the drop-shipment model in accordance with IFRS 15 when the goods are transferred to the customer, provided that the collection of the payment is probable.

The Group also generates a small portion of the revenue from carriage charge fees, whereby the Group earns income by charging the customers for shipping costs or services such as installation services.

1.10.2 Income from financing activities

The income from financing activities comprises of interest income, insurance brokerage fees and collection service fees. The interest income from financing activities comprises interest on loans and receivables attributable to the period. Interest on loans and advances is recognised using the effective yield method based on the actual acquisition price.

The effective yield method is based on the expected receipt of cash flows, taking into account the risk of early redemption of the underlying financial instruments and the direct costs, such as the transaction costs charged, commission and discounts. If the risk of early redemption cannot be reliably determined, the Group assumes the cash flows over the full term of the financial instruments.

Interest income on loans and receivables that have been subject to impairment and have been written down to the estimated recoverable amount or fair value, is subsequently recognised on the basis of the interest rate used to determine the recoverable amount by discounting the future cash flows.

Insurance brokerage fees are fees received from customers relating to insuring risks of customers being unable to pay their outstanding amounts and also to risk of damage and loss to products. All risks are re-insured. The Group is acting as an agent.

1.11 Expenses

1.11.1 Cost of sales

Cost of sales comprises cost of goods sold under the wholesale model, private label model and drop-ship model, including the net result from foreign currency transactions related to buying merchandise. Cost of goods sold are net of volume bonuses, payment discounts and marketing contributions received from suppliers, as well as inbound transportation costs (including related personnel expenses). Volume bonuses are bonuses received from suppliers based on purchased volumes or volumes sold. Payment discounts relate to discounts we receive for early payments to wholesale suppliers based on pre-agreed terms. Marketing contributions relate to contributions received from suppliers for the branding and marketing of their products, and are measured based on the contracts signed with the suppliers and are billed on a periodic basis. Marketing contributions are considered as a reduction in the price paid for the products purchased and recorded as a reduction of the inventory cost. Inbound transportation costs relate to all costs accrued before inventories reach the destinations at which they are stored in the fulfilment centres. The cost of sales also records any write-downs of the inventory to their net realisable value.

1.11.2 Selling and distribution expenses

Selling and distribution expenses comprise warehouse and distribution costs, marketing costs and customer service costs. Warehouse and distribution costs relate to expenses for the storing, handling and packaging of goods before they are sold, as well as the transportation expenses of outbound and returned orders and are primarily attributable to external transportation partners. Marketing costs mainly consist of direct and indirect online and offline marketing and personnel expenses for the marketing department. Customer service costs mainly relate to services received from the external customer service provider and personnel expenses for the internal customer service staff.

1.11.3 General and administrative expenses

General and administrative expenses comprise IT costs, the costs of the buying and sales department and the related overhead. IT costs mainly include personnel expenses as well as expenses relating to software license, service agreements, hosting and outsourced services for additional capacity. Software licenses, service agreements and hosting services mainly relate to the data management platform, sales and finance software and IT security arrangements.

The costs of the buying and sales department mainly include personnel expenses for the product category team, which includes buyers, merchandisers and inventory controllers.

The related overhead pertains to overhead functions such as finance & accounting, controlling, HRM and legal & compliance.

1.12 Finance costs - net

Finance costs comprise of interest payable on borrowings calculated using the effective interest rate method, foreign exchange gains and losses, which are recognised in the consolidated statement of profit and loss and other comprehensive income. Finance costs relating to the securitisation programme are classified in the operating result of the Group. The remaining finance cost are included under net finance costs.

Interest income is recognised in the consolidated statement of profit and loss and other comprehensive income as it occurs.

1.13 Income tax

Income tax expense comprises both taxes payable in the short-term and deferred taxes, taking into account tax facilities and non-deductible costs. Income tax expense is recognised in the consolidated statement of profit and loss.

1.13.1 Current tax

The current income tax expense is calculated on the basis of the tax laws in the countries in which the Company and its subsidiaries operate (basically the Netherlands) and the taxable income. In the calculation of the current income tax payable the Company takes into account the tax facilities and non-deductible costs based on applicable tax laws. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Management establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

1.13.2 Deferred tax

The deferred income tax expense is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised from the initial recognition of goodwill. Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised.

No taxes are deducted from profits if and insofar profits can be offset against losses from previous years and the taxes on these net operating losses have not been capitalised.

Taxes are deducted from losses if these can be offset against profits in previous years and this results in a tax rebate. In addition, taxes may be deducted to the extent that it is probable that future taxable profits will be available, against which the asset can be utilised.

1.14 Property, plant and equipment

Property, plant and equipment comprise land and buildings, equipment, office furniture (including automated warehouse equipment), computers and assets under construction.

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Costs of assets under construction include cost of material, direct labour, where necessary, the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate portion of production overheads. Assets under construction are reclassified to another category and depreciation starts at the time the asset is ready for commissioning. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit and loss and other comprehensive income during the financial period in which they are incurred.

Depreciation is charged to the consolidated statement of profit and loss and other comprehensive income using the straight-line method over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives are as follows:

• buildings	20 years
• machines	5 to 10 years
• office furniture	4 to 15 years
• computers	4 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other income/expense' in the consolidated statement of profit and loss and other comprehensive income.

1.15 Intangible assets

1.15.1 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition, and is carried at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGU's, or Groups of CGU's, that is expected to benefit from the synergies of the combination. Each unit or Group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.
CGU's to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the cash generating unit may be impaired. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

1.15.2 Trade names and customer relationships

Trade names and customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Customer relationships are carried at cost less accumulated amortisation and are amortised over the estimated term of the customer relationships, a period of initially between 9 and 10 years.

Trade names have an indefinite life if there is no foreseeable limit on the time of period over which it is expected to contribute cash or they have a finite useful life and subsequently carried at costs less accumulated amortisation less impairment losses. Amortisation of trade name with a limited useful life is charged to the consolidated statement of profit and loss and other comprehensive income, using the straight-line method over a period of 20 years.

1.15.3 Software and software under construction

Software and software under construction are recognised in the consolidated statement of financial position if it is probable that future economic benefits will flow to the Company and the costs of the asset can be measured reliable. The assets are initially and subsequently recognised at cost less accumulated amortisation and impairment charges.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed 4 years.

1.15.4 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment.
Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the consolidated statement of profit and loss and other comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (CGU's). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

1.16 Financial instruments

1.16.1 Recognition and initial measurement

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

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

1.16.2 Classification and subsequent measurement

1.16.2.1. Financial assets

The Group classifies its financial assets in the categories:

- at fair value through profit or loss ('FVPL'); and
- amortised cost (loans and receivables).

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition, based on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. Derivatives are also classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Amortised cost (loans and receivables)

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting date. The Group loans and receivables comprise loans to customers, trade and other receivables and cash and cash equivalents (see Notes 15, 18 and 19).

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets carried at FVPL are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of profit and loss and other comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Loans and receivables, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SSPI'), and that are not designated at FVPL, are subsequently carried at amortised cost using the effective interest method, less any impairment loss.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated statement of profit and loss and other comprehensive income within 'other expenses/other income' in the period in which they arise.

Impairment of financial assets

Financial assets are considered on every reporting date in order to ascertain whether there are any objective reasons for determining that an asset has suffered an impairment loss. A financial asset is considered to be subject to an impairment loss if there are objective indications that the Group will not be able to collect all the amounts due by virtue of the original contracted loan terms and conditions. The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 27.1.2 provides more detail of how the expected credit loss allowance is measured.

An impairment loss relating to a financial asset valued at amortised cost is calculated as the difference between the carrying amount and the present value of anticipated future cash flows, discounted at the original effective interest rate. All impairment losses are recognised directly in the consolidated statement of profit and loss and other comprehensive income.

If a loan cannot be collected, it is written off against the relevant allowance for impairment. Amounts that are subsequently collected are credited to the consolidated statement of profit and loss and other comprehensive income.

If the amount of the impairment subsequently decreases due to an event following the write-down, the release from the allowance is credited to the consolidated statement of profit and loss and other comprehensive income.

1.16.2.2. Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting

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

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

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

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

Cash flow hedges

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

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts (forward points) is separately accounted for as a cost of hedging and recognised in a costs of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

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

1.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method and includes expenses (materials and direct labour) incurred in acquiring inventories and bringing them to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated variable selling expenses.

1.18 Loans to customers

Loans to customers are amounts due from customers for products sold or services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables and loans to customers are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less provision for impairment (see Note 15).

1.19 Trade and other receivables

Trade and other receivables are recognised initially measured at the transaction price. Subsequent to initial recognition, trade and other receivables are measured at amortised cost using the effective interest method, less any impairment losses. Under IFRS 15 a separate right to returned goods is recognised in other receivables.

1.20 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are – if applicable – shown in 'Borrowings' in current liabilities.

1.21 Group equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.22 Provisions for other liabilities and charges

A provision is recognised in the consolidated statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

1.22.1 Restructuring and other labour related commitments

A provision for restructuring and other related commitments is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either been announced publicly or has commenced, as well as when individual arrangements are being discussed with the employees concerned. Future operating costs are not provided for.

1.22.2 Jubilee provision

Based on the collective labour agreement, a provision for jubilee benefits for employees is recognised based on the estimated future cost, using actuarial calculations to determine the amount to be recognised.

1.23 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, based on the effective interest method. The portion of the long-term borrowings due within one year is recognised under current liabilities. Subsequent fees paid on the establishment of loan facilities are recognised as transaction costs in the consolidated statement of profit and loss and other comprehensive income.

1.24 Trade creditors, other payables and current liabilities

A financial liability is recognised when it is probable that an outflow of economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably. A financial liability is derecognised when it is extinguished, that is when the obligation specified in the contract is either discharged or cancelled or expires.

Trade creditors, other payables and current liabilities are measured at amortised cost using the effective interest method. Derivatives in this category are accounted for at the trade date and measured at fair value derived from market prices, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.
Under IFRS 15 a separate refund liability is recognised in current liabilities.

1.25 Employee benefits

1.25.1 Defined contribution plans

The Group insured its pension obligation with BPFD which is the industry wide pension insurer.
This pension scheme is a collective defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to make further contributions when the fund would not have sufficient assets to cover all employee benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution pension plans are recognised as an

employee benefit expense in the statement of comprehensive income when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

1.25.2 Long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods. Such benefits are discounted to determine their present value. Re-measurements are recognised in profit or loss in the period in which they arise. Depending on its specific characteristics, an incentive payment agreement might result in a net obligation or not.

Long term incentive plans have been granted to selected and eligible key management and Supervisory Board members. This plan entails a variable and a fixed cash-settled bonus scheme. The variable bonus scheme is a cash-settled share-based payment in scope of IFRS 2 since this payment is based on the fair value of a Group company's equity instruments. The fixed bonus is in scope of IAS 19 since it is not based on the fair value of equity instruments.

1.25.3 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed when the related service is provided.

A liability is recognised for the amount expected to be paid as short-term cash bonus or profit-sharing plan if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee, and the obligation can be estimated reliably.

1.25.4 Share based payment (management incentive plan)

In financial year 2020-2021 the shareholder has set up a new management incentive scheme for eligible and selected directors and employees of the Group in which they have been given the opportunity to benefit from a value increase of the Group as from 1 April 2020 until the moment of an exit occurs.

Accounting policies of the former long term incentive plan

Eligible and selected directors and employees of the Group participated in a management equity plan indirectly in the share capital of the Company. This management equity plan was classified as an equity-settled share-based payment arrangement.
The Company determined the fair value of the share-based payment awards at the grant date and recognised, if applicable, an expense for the services received over the service period with a corresponding increase in equity. The total amount to be expensed was determined by reference to the fair value of the awards granted. For this purpose, the Company analysed at each grant date whether the price paid by a participant was in line with the market price of the underlying shares in

the Company. Only if the purchase price paid was lower than the actual market value of the shares, the resulting fair value was expensed as an expense under IFRS 2.

Accounting policies of the new management incentive plan

Eligible and selected directors and employees of the Group participate in a management incentive plan which entails a variable and a fixed cash-settled bonus scheme. The variable bonus scheme is a cash-settled share-based payment in scope of IFRS 2, since this payment is based on the fair value of a Group company's equity instruments.

The fair value of the cash-settled share-based payment transactions is measured using an option valuation model. Non-vesting conditions and market conditions are included in the estimate of fair value, and service or non-market vesting conditions are included in the estimate of the number of awards expected to vest.

The Company determines the fair value of the share-based payment awards at the grant date and recognises an expense for the services received over the service period with a corresponding increase in liabilities. The total amount to be expensed is determined by reference to the fair value of the awards granted as remeasured at each reporting date and at the date of settlement. Any changes in fair value are recognised in profit or loss for the period.

Accounting policies of the Supervisory Board incentive plan

Eligible and selected Supervisory Board members of the Group participate in a Supervisory Board incentive plan which entails a variable cash-settled bonus scheme in scope of IFRS 2, since this payment is based on the fair value of a Group company's equity instruments.

The fair value of the cash-settled share-based payment transactions is measured using an option valuation model. Non-vesting conditions and market conditions are included in the estimate of fair value, and service or non-market vesting conditions are included in the estimate of the number of awards expected to vest.

The Company determines the fair value of the share-based payment awards at the grant date and recognises an expense for the services received over the service period with a corresponding increase in liabilities. The total amount to be expensed is determined by reference to the fair value of the awards granted as remeasured at each reporting date and at the date of settlement. Any changes in fair value are recognised in profit or loss for the period.

1.26 Leases

1.26.1 Definition of a lease

The lease contracts relate mainly to leases for offices, warehouses, vehicles and equipment.

At the inception date of the contract, the Group assesses if it has the right to obtain substantially all of the economic benefits from use of the leased asset throughout the period of use in exchange for consideration and if it can direct how the leased asset is used.

1.26.2 Lessee accounting

At the lease commencement date the Group recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability.

Subsequently the cost of a right-of-use asset is depreciated using the straight-line basis to reduce the right-of-use asset's carrying value to its residual value over the shorter of its estimated useful life and the lease term (see also note 1.6). Right-of-use assets are adjusted for remeasurements of lease liabilities. Right-of-use assets are subject to regular impairment assessment and for annual impairment test purposes included in the carrying amount of relevant CGU.
The residual value of right-of-use assets is assumed to be zero. The residual value is reviewed on a regular basis. Changes in residual value are recognised in the consolidated statement of profit and loss and other comprehensive income.

The lease liabilities are initially measured at the present value of outstanding lease payments during the lease term, discounted using interest rate implicit in the leases or, if unknown, the incremental borrowing rate (see also note 1.6).

The lease liabilities are subsequently measured at amortised cost using the effective interest method and are remeasured when there is a change in future lease payments arising, for example, from renegotiations of the lease contracts, a change in an index, or if the Group changes its assessment of whether it will exercise extension or termination options (see also note 1.6). A corresponding adjustment is made to the carrying amount of the right-of-use assets, and excess over the carrying amount of the assets, if any, being recognised in the consolidated statement of profit and loss and other comprehensive income within department costs.

At the end of a lease term or at early termination of a lease, the cost of the right-of-use asset, accumulated depreciation, and outstanding lease liability, are written-down with the difference, if any, recorded in the consolidated statement of profit and loss within other department costs.

The Group has elected that the lease payments associated with lease contracts with a term of 12 months or less and leases of low-value assets (individual value of below € 5 thousand, when new, such as computer equipment or mobile phones) are recognised on a straight-line basis over the lease term.

1.27 Operating result

Operating result is generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity-accounted investees and income taxes.

1.28 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

2 Group entities

Control of the Group

Wehkamp Retail Group B.V. holds, directly or indirectly, the shares of the following subsidiaries:

			Ownership interest	
	Domicile	Country of incorporation	2 April 2023	3 April 2022
RFS Top B.V.	Amsterdam	Netherlands	100%	100%
RFS Mid B.V.	Amsterdam	Netherlands	100%	100%
RFS Holland Holding B.V.	Zwolle	Netherlands	100%	100%
Wehkamp B.V.	Zwolle	Netherlands	100%	100%
Wehkamp Direct Sourcing Ltd.	Kowloon	Hong Kong	60%	60%
kleertjes.com	Zwolle	Netherlands	100%	100%
Wehkamp Real Estate B.V.	Zwolle	Netherlands	100%	100%

As per 8 September 2021, the Group acquired 100% of the shares in MC Web B.V. and its subsidiary kleertjes.com B.V. (see Note 4). As per 31 December 2021 MC Web B.V. merged into kleertjes.com B.V.

On 31 March 2022 the Group has disposed through a capital repayment of the consumer financing activities of Tinka Holding B.V. and its subsidiaries Tinka B.V., Money@Home B.V., Lacent Data Services B.V., PayWay Financial Services B.V. and Figo B.V. (see Note 5).

3 Operating segments

As at 31 March 2022, as described in Note 5 'Discontinued operations', the Group has disposed of its consumer financing activities through a capital repayment and therefore, the Operating segment disclosures will only refer to the Retail segment. In the past the Group had identified two operating segments, 'Retail' and 'Consumer financing activities'.

Based on the location of the external customers, approximately 99.5% the Group's revenue recorded in financial year 2022-2023 has been generated in the Group's country of domicile, the Netherlands, with the rest in other European countries (financial year 2021-2022: 99.5% and financial year 2020-2021: 100%). There is no single customer generating more than 10% of the Group's revenues.

As at 2 April 2023, all of the Group's non-current assets were in the Netherlands, same as at 3 April 2022 and 4 April 2021.

4 Acquisition of subsidiaries

4.1 Summary of acquisition

On 8 September 2021 the Company acquired 100% of the issued share capital of MC Web B.V. including its 100% subsidiary kleertjes.com B.V., a retailer of kids wear. As per 31 December 2021 MC Web B.V. merged into kleertjes.com B.V. The acquisition has significantly increased the Group's market share in this segment. Details of the purchase consideration, the net assets acquired and goodwill are as follows:

In thousands of euros

Purchase consideration	**8 September 2021**
Cash paid	53,072
Total purchase consideration	**53,072**

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. In the following financial year, those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised as that date. No such adjustments took place during the following financial year of the acquisition.

The amounts of assets and liabilities recognised as a result of the acquisition were as follows:

In thousands of euros

	8 September 2021
Intangible assets	22,023
Property, plant and equipment	1,119
Right-of-use assets	5,609
Inventories	11,420
Trade and other receivables	2,457
Cash and cash equivalents (bank overdrafts)	(2,041)
Borrowings (non-current)	(221)
Lease liabilities (non-current)	(4,770)
Provisions for other liabilities and charges (non-current)	(59)
Deferred tax liabilities	(5,250)
Borrowings (current)	(238)
Lease liabilities (current)	(716)
Trade payables	(5,739)
Other payables and current liabilties	(1,749)
Income tax payables	(228)
Net identifiable assets acquired	21,617
Add: goodwill	31,455
Net assets acquired	**53,072**

Intangible assets

Intangible assets comprises tradename kleertjes.com for an amount of € 12.8 million, customer relations of € 8.2 million and software (under construction) of € 1.0 million.

Trade and other receivables

The fair value of acquired trade and other receivables is € 2.5 million, which consists of right to return goods of € 0.6 million and trade receivables of € 1.9 million.

Inventories

The fair value of acquired inventories is € 11.4 million. The gross amount for inventories is € 12.3 million, with a loss allowance of € 0.9 million recognised at acquisition.

Right-of-use assets and lease liabilities

The fair value of acquired right-of-use assets and (non-current) lease liabilities is € 5.6 million respectively € 5.5 million.

Revenue and profit contribution

The acquired business contributed revenues of € 33.6 million and a loss € 2.3 million to the Group for the period 8 September 2021 to 3 April 2022.

If the acquisition had occurred on 4 April 2021, consolidated pro-forma revenue and profit for the year ended 3 April 2022 would have been € 60.3 million and a loss of € 1.4 million respectively.

4.2 Purchase consideration – cash outflow

In thousands of euros	
Outflow cash to acquire subsidiary, net of cash acquired	
Cash consideration	53,072
Bank overdrafs	2,041
Net outflow of cash - investing activities	**55,113**

4.2.1 Acquisition-related costs

In financial year 2021-2022 acquisition-related costs of € 0.8 million were included in administrative expenses in the consolidated statement of profit and loss and other comprehensive income and in the operating cash flows in the consolidated statement of cash flows.

5 Discontinued operations

On 31 March 2022 the Group has transferred its consumer financing activities that were offered by Tinka Holding B.V. and its subsidiaries (called as 'a disposal through a capital repayment'). As of this date Tinka Holding B.V. is a fully separate, stand-alone company.

The shares of Tinka Holding B.V. were, via certain intermediate steps, transferred to parent company Riviera Holdco S.à.r.l. by:

1. a conversion of the Company's share premium reserve A for an amount of EUR 73,003 thousand into nominal share capital (see Note 21 'Group equity' paragraph 'Share capital restructuring');
2. a repayment of share premium for an amount of EUR 73,000 thousand, which corresponded to the fair value and the book value of Tinka Holding B.V. as per 31 March 2022, which repayment had been settled in kind by transferring all paid-up ordinary shares Riviera Holdco S.à.r.l. holds in the share capital of Wehkamp Retail Group B.V.

Tinka Holding B.V. continues to provide services to Wehkamp customers on commercial terms. Tinka Holding B.V. was not previously classified as held-for-sale or as a discontinued operation.

The comparative consolidated statement of profit and loss and other comprehensive income have been re-presented to present the discontinued operations separately from continuing operations.

5.1 Results from discontinued operations

In thousands of euros	Note	**5 April 21 to 31 March 22**	**30 March 20 to 4 April 21**
Revenue		28,415	36,345
Cost of sales		4,091	9,462
Gross profit		**24,324**	**26,883**
Selling and distribution expenses		17,805	13,729
General and administration expenses		7,962	9,353
Operating result		**(1,443)**	**3,801**
Financial income		745	2,855
Result from operating activities		**(698)**	**6,656**
Income tax income/(expense)	10	156	(1,753)
Result from operating activities (net of tax)		**(542)**	**4,903**
Result on disposal through a capital repayment		267	-
(Loss)/profit from discontinued operations (net of tax)		**(275)**	**4,903**

Revenue included an interest income for an amount of € 26.6 million in financial year 2021-2022 (2020-2021: € 33.9 million). Cost of sales included interest expenses for an amount of € 2.8 million in financial year 2021-2022 (2020-2021: € 4.7 million).

The payment transaction costs and commission (debtors) fee to Wehkamp B.V. are recognised as operating expenses (see Note 30.3).

5.2 Cash flow from discontinued operations

In thousands of euros

	5 April 21 to 31 March 22	30 March 20 to 4 April 21
Net cash generated from/(used in)	14,267	(6,657)
Net cash used in investment activities	(831)	(1,233)
Net cash generated from financing activities	-	-
Net cash flow for the year	**13,436**	**(7,890)**

5.3 Effect of disposal on the financial position of the Group

In thousands of euros

	Note	31 March 22
Other intangible fixed assets	12	(2,906)
Property, plant and equipment	13	(47)
Right-of-use assets	14	(38)
Loans to customers	15	(232,658)
Trade and other receivables	18	(688)
Group loans and receivables		(7,500)
Cash and cash equivalents	19	(23,051)
Current and non-current lease liabilities	14	38
Current and non-current borrowings	22	177,900
Current and non-current provisions and other liabilities and charges	26	379
Deferred income tax liabilities	25	710
Trade creditors		328
Other payables and (non-)current liabilities	26	2,632
Group loans and payables		11,077
Net assets and liabilities		**(73,824)**
Share restructering	21	73,000
Cash and cash equivalents disposed of		(23,051)
Net cash flows for the year		**(23,875)**

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6 Revenue

The Group generates revenue from retail business.

In thousands of euros

	4 April 22 to 2 April 23	5 April 21 to 3 April 22	30 March 20 to 4 April 21
Revenue	432,631	458,987	428,018

The revenue includes income from marketing services of € 2.3 million (prior year: € 3.0 million).

The following table provides information about receivables and liabilities from contracts with customers.

In thousands of euros

	Note	2 April 2023	3 April 2022	4 April 2021
Gross loans to customers		-	-	287,013
Less: Provision for bad debts		-	-	(11,057)
Loans to customers	15	**-**	**-**	**275,956**
Trade receivables	18	765	552	-
Receivables from affiliated companies	18	7,296	12,273	-
Right to returned goods	18	5,038	6,306	5,611
Total receivables from contracts with customers		**13,099**	**19,131**	**5,611**
Refund liability	26	(11,911)	(15,072)	(14,247)
Total liabilities from contracts with customers		**(11,911)**	**(15,072)**	**(14,247)**

Revenue from the sale of goods is recognised when the Group sells a product to the customer. Payment of the transaction price is due immediately when the customer receives and accepts the delivery of the goods. It is the Group's policy to sell its products to the customer with a right of return within 30 days. Therefore, a refund liability (see Note 26) and a right to returned goods (see Note 18) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

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7 Operating expenses

In thousands of euros

	4 April 22 to 2 April 23	5 April 21 to 3 April 22	30 March 20 to 4 April 21
Department costs	121,753	128,600	110,264
Employee benefit expense	34,660	32,418	27,542
Depreciation, amortisaton and impairments	9,481	11,340	16,603
Selling and distribution expenses	**165,894**	**172,358**	**154,409**
Department costs	27,159	32,694	24,459
Employee benefit expense	3,265	49,152	30,606
Depreciation, amortisaton and impairments	41,434	12,371	14,694
General and administrative expenses	**71,858**	**94,217**	**69,759**
Total operating expenses	**237,752**	**266,575**	**224,168**

Depreciation, amortisation and impairments within general and administrative expenses includes an impairment of goodwill of € 28.5 million. Further reference is made to Note 12.

Employee benefit expenses

The following employee benefit expenses are included in the selling and distribution and the general and administrative expenses:

In thousands of euros

	4 April 22 to 2 April 23	5 April 21 to 3 April 22	30 March 20 to 4 April 21
Wages and salaries	23,990	70,238	48,308
Social security costs	7,480	5,875	5,231
Pension costs	6,455	5,457	4,609
Total employee benefit expenses	**37,925**	**81,570**	**58,148**
Included in:			
Selling and warehouse & distribution expenses	34,660	32,418	27,542
General and administrative expenses	3,265	49,152	30,606
Total employee benefit expenses	**37,925**	**81,570**	**58,148**

Wages and salaries represent the salary cost of all employees of the Group with a labour contract. Total employee benefit expenses include restructuring costs for an amount of € 1.3 million in financial year 2022-2023 (2021-2022: nil and 2020-2021: € 8.4 million).

During the financial year 2022-2023, the average number of employees in the Group, converted into full time equivalents, amounted to 869 FTEs (2021-2022: 861 FTEs and 2020-2021: 703 FTEs). All employees are employed in the Netherlands.

The workforce can be divided into the following categories:

In average number of employees

	4 April 22 to 2 April 23	5 April 21 to 3 April 22	30 March 20 to 4 April 21
Buying & Sales	166	175	130
Warehouse & Distribution	406	350	284
Technology (IT)	98	110	108
Marketing & Customer Services	119	135	106
Others	80	91	75
Total	**869**	**861**	**703**

The other FTEs contains finance & accounting, controlling, HRM, legal & compliance and others.

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8 Other income

In thousands of euros

	4 April 22 to 2 April 23	5 April 21 to 3 April 22	30 March 20 to 4 April 21
Other income	-	12,088	-

The other income comprised of the gain on the sale of the warehouse in Maurik and the head office building in Zwolle, which were presented as assets classified held for sale in financial year 2020-2021.

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9 Finance costs - net

In thousands of euros

	4 April 22 to 2 April 23	5 April 21 to 3 April 22	30 March 20 to 4 April 21
Financial income	**1**	**-**	**23**
Interest charges lease liabilities	(2,377)	(2,226)	(2,244)
Interest charges affiliated companies	-	(746)	(2,856)
Interest charges shareholders loan	-	-	(6,724)
Interest charges borrowings	(4,810)	(2,105)	(2,431)
Financial expense	**(7,187)**	**(5,077)**	**(14,255)**
Finance costs - net	**(7,186)**	**(5,077)**	**(14,232)**

10 Income tax

Wehkamp Retail Group B.V. forms a fiscal unity together with its Group entities. As per 1 January 2022, kleertjes.com is part of the fiscal unity. As per 31 March 2022, Tinka Holding B.V. and its subsidiaries have left the Group fiscal unity. The corporate income tax is recognised for each company according to the portion for which the company involved would be assessed if it was an independent taxpayer, taking into account any tax assets available to the company.

In thousands of euros

Recognised in the statement of comprehensive income	4 April 22 to 2 April 23	5 April 21 to 3 April 22	30 March 20 to 4 April 21
Current period	1,326	(236)	-
Adjustment for prior years	158	-	-
Current tax expense/(income)	**1,484**	**(236)**	**-**
Origination and reversal of temporary differences	1,021	(1,885)	1,213
Adjustments in tax rate	(152)	912	2,989
Deferred tax expense/(income)	**869**	**(973)**	**4,202**
Total tax expense/(income)	**2,353**	**(1,209)**	**4,202**

In thousands of euros

Reconciliation effective tax rate	4 April 22 to 2 April 23		5 April 21 to 3 April 22		30 March 20 to 4 April 21	
Result before tax	**(20,375)**		**(11,069)**		**(456)**	
Income tax using the corporate income tax rate	(5,257)	25.8%	(2,757)	25.0%	(114)	25.0%
Exempt income	(9)	-	(18)	0.2%	20	(4.4%)
Tax incentives	(27)	0.1%	-	-	-	-
Non-deductible expenses	7,460	(36.6%)	654	(6.0%)	1.307	(286.6%)
Movements in equity	179	(0.9%)	-	-	-	-
Adjustments in tax rate	-	-	912	(8.2%)	2.989	(655.5%)
Adjustments prior years	7	-	-	-	-	-
Total	**2,353**	**(11.6%)**	**(1,209)**	**11.0%**	**4,202**	**(921.5%)**

In financial year 2022-2023 there was a non-deductible impairment of goodwill (see Note 12) and a movement directly in equity which is related to a hedge reserve (see Note 21).

As of 1 January 2022, the corporate tax rate in the Netherlands is increased from 25.0% to 25.8%. This change resulted in a loss of € 0.9 million related to the remeasurement of deferred tax assets and liabilities of the Group's Dutch companies being recognised during the year ended 3 April 2022.

In the financial year ending 4 April 2021, a new corporate tax law was enacted in the Netherlands resulting in an increase of future taxable rates, from 21.7% to 25.0% resulting in a tax adjustment of € 3.0 million in financial year 2020-2021.

11 Earnings per share

The calculation of diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares.

(Loss)/profit attributable to ordinary shareholders

In thousands of euros

	4 April 22 to 2 April 23			5 April 21 to 3 April 22			30 March 20 to 4 April 21		
	Continuing operations	**Dis-continued operations**	**Total**	**Continuing operations**	**Dis-continued operations**	**Total**	**Continuing operations**	**Dis-continued operations**	**Total**
(Loss)/profit for the year, attributable to the owners of the Company	(22,728)	-	(22,728)	(9,860)	(275)	(10,135)	(4,658)	4,903	245
(Loss)/profit attributable to ordinary shareholders	**(22,728)**	**-**	**(22,728)**	**(9,860)**	**(275)**	**(10,135)**	**(4,658)**	**4,903**	**245**

Weighted-average number of ordinary shares

In shares

	Note	4 April 22 to 2 April 23	5 April 21 to 3 April 22	30 March 20 to 4 April 21
Weighted-average number of ordinary shares	21	5,738,889	5,738,889	5,738,889
Weighted-average number of ordinary shares at closing balance		**5,738,889**	**5,738,889**	**5,738,889**

12 Goodwill and intangible fixed assets

In thousands of euros	Trade name	Customer relation-ships	Software	Software under constr.	Sub total intangi-ble fixed assets	Goodwill	Total
Cost							
Balance at 30 March 2020	**80,900**	**47,700**	**92,019**	**3,823**	**224,442**	**227,636**	**452,078**
Capital expenditures	-	-	-	7,411	7,411	-	7,411
Transfers	-	-	10,662	(10,662)	-	-	-
Disposals	-	-	(8,173)	-	(8,173)	-	(8,173)
Balance at 4 April 2021	**80,900**	**47,700**	**94,508**	**572**	**223,680**	**227,636**	**451,316**
Balance at 5 April 2021	**80,900**	**47,700**	**94,508**	**572**	**223,680**	**227,636**	**451,316**
Capital expenditures	-	-	6,237	1,682	7,919	-	7,919
Acquisitions through business combinations	12,800	8,200	620	402	22,022	31,455	53,477
Disposal through a capital repayment	-	-	(39,045)	(280)	(39,325)	-	(39,325)
Transfers	-	-	-	-	-	-	-
Disposals	-	-	(2,090)	-	(2,090)	-	(2,090)
Balance at 3 April 2022	**93,700**	**55,900**	**60,230**	**2,376**	**212,206**	**259,091**	**471,297**
Balance at 4 April 2022	**93,700**	**55,900**	**60,230**	**2,376**	**212,206**	**259,091**	**471,297**
Capital expenditures	-	-	9,135	(433)	8,702	-	8,702
Transfers	-	-	-	-	-	-	-
Disposals	-	-	(18,934)	(402)	(19,336)	-	(19,336)
Balance at 2 April 2023	**93,700**	**55,900**	**50,431**	**1,541**	**201,572**	**259,091**	**460,663**
Accumulated amortisation and impairment losses							
Balance at 30 March 2020	**-**	**28,572**	**77,794**	**-**	**106,366**	**49,636**	**156,002**
Impairment losses	-	-	2,885	-	2,885	-	2,885
Amortisation charge for the period	-	4,723	9,472	-	14,195	-	14,195
Disposals	-	-	(8,172)	-	(8,172)	-	(8,172)
Balance at 4 April 2021	**-**	**33,295**	**81,979**	**-**	**115,274**	**49,636**	**164,910**
Balance at 5 April 2021	**-**	**33,295**	**81,979**	**-**	**115,274**	**49,636**	**164,910**
Impairment losses	-	-	-	402	402	-	402
Amortisation charge for the period	345	4,944	7,227	-	12,516	-	12,516
Disposal through a capital repayment	-	-	(36,419)	-	(36,419)	-	(36,419)
Disposals	-	-	(2,090)	-	(2,090)	-	(2,090)
Balance at 3 April 2022	**345**	**38,239**	**50,697**	**402**	**89,683**	**49,636**	**139,319**
Balance at 4 April 2022	**345**	**38,239**	**50,697**	**402**	**89,683**	**49,636**	**139,319**
Impairment losses	-	-	-	-	-	28,455	28,455
Amortisation charge for the period	640	5,099	6,204	-	11,943	-	11,943
Disposal through a capital repayment	-	-	-	-	-	-	-
Disposals	-	-	(18,934)	(402)	(19,336)	-	(19,336)
Balance at 2 April 2023	**985**	**43,338**	**37,967**	**-**	**82,290**	**78,091**	**160,381**
Carrying amounts							
Balance at 29 March 2020	80,900	19,128	14,225	3,823	118,076	178,000	296,076
Balance at 4 April 2021	80,900	14,405	12,529	572	108,406	178,000	286,406
Balance at 3 April 2022	93,355	17,661	9,533	1,974	122,523	209,455	303,523
Balance at 2 April 2023	**92,715**	**12,562**	**12,464**	**1,541**	**119,282**	**181,000**	**300,282**

12.1 Amortisation and impairment charge

Tradenames and customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Customer relationships are carried at cost less accumulated amortisation and are amortised over the estimated term of the customer relationships, a period of initially between 9 and 10 years.

The tradename of Wehkamp has an indefinite life since there is no foreseeable limit on the period of time over which it is to be expected to contribute cash. The tradename of Wehkamp is carried at costs less accumulated impairment losses. Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment as described in the following paragraph. The tradename of kleertjes.com is carried at cost less accumulated amortisation and is amortised over the estimated remaining term of the tradename, a period of 20 years.

The software is carried at cost less accumulated amortisation and is amortised over the estimated remaining term of the software, a period between 0 and 4 years.

The book value of internally generated intangibles assets amounts to € 11.7 million (3 April 2022: € 8.5 million and 4 April 2021: € 9.7 million).

On a yearly basis, the intangible assets are reviewed for any indication of impairment. For financial year 2022-2023 a goodwill impairment in the amount of € 28.5 million is recognised and recorded (2021-2022: nil and 2020-2021: nil).

The amortisation charge and impairment charge are recognised as general and administrative expenses in the consolidated statement of profit and loss and other comprehensive income.

12.2 Impairment testing for cash-generating units containing goodwill

During 2019 Tinka (formerly Wehkamp Finance or Lacent) introduced third party credit providing for a shared alliance party with Wehkamp. During 2020 Tinka developed its credit providing for third parties substantially and went live with offering credit, using, as a first well market introduction, a PSP company, as of October 2020. Since credit providing to third parties was increasing and Tinka was capable of providing credit loans to market participants, we believed that the group needed to recognise both Wehkamp and Tinka as separate cash generating units (CGU) as of financial year 2020-2021 (2019-2020: Wehkamp & Tinka together were identified as one cash generating unit). Based on calculations made, the company has concluded that no goodwill could be allocated to Tinka as of financial year 2020-2021 and that the total amount of goodwill in the amount of € 178 million was fully allocable to Wehkamp.

Intangible assets primarily comprise of goodwill, trade name, and customer relationships.
The recoverable amount of the cash generating unit is based on a fair-value-less-cost-of-disposal calculation.

Goodwill is monitored by management at the level of one cash generating unit (CGU), Wehkamp and kleertjes.com together.
The goodwill allocation is presented below:

In thousands of euros

	2 April 2023	3 April 2022	4 April 2021
Goodwill	181,000	209,455	178,000

Cash generating unit Wehkamp and kleertjes.com

The recoverable amount of cash generating unit is based on a fair-value-less-cost-of-disposal calculation. This calculation is based on the budget for financial year 2023-2024 and estimated market developments for the years thereafter. Key assumptions in the financial year 2023-2024 budget and the 9 years period ahead for Wehkamp and kleertjes.com are revenue growth, EBIT margin and the rates used for discounting the projected cash flows. The terminal value calculation is based on year 10.

The following table sets out the key assumptions for goodwill:

	2 April 2023	3 April 2022	4 April 2021
Sales volume first 5 years (% annual growth rate)	6.0% - 9.0%	6.1% - 7.0%	8.3% - 9.0%
Sales volume after 5 years (% annual growth rate)	4.0% - 5.0%	1.7% - 6.1%	1.7% - 5.9%
Budgeted gross margin (%)	44.2% - 45.0%	40.3% - 41.2%	39.8% - 40.9%
EBIT margin (%)	2.6% - 6.0%	5.0% - 6.0%	5.9% - 6.0%
EBIT margin capped (%)	6.0%	6.0%	6.0%
Annual average capital expenses (EUR * 1,000)	14,743	14,275	14,219
Long term growth rate (%)	2.00%	1.75%	1.75%
Post-tax discount rate (%)	14.50%	12.00%	11.50%

Management has determined the value assigned to each of the above key assumptions as follows:

Assumption	**Approach used to determining values**
Sales volumes	Average annual growth rate over a 10 years forecast period; based on past performance and management's expectations of market development.
Budgeted gross margin	Based on past performance and management's expectations for the future.
EBIT margin	Based on past performance and management's expectations for the future.
EBIT margin capped	The EBIT margin is capped on 6.0%.
Annual capital expenses	Expected cash costs in the CGU. This is based on the historical experience of management, and the planned refurbishment expenditure.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry report.
Post-tax discount rates	Reflect specific risks relating to the relevant CGU.

Weaker macro economic conditions and inflationary pressures in our supply chain, labour force and with our delivery partners resulted in lower revenue and gross profit in the current year. These effects are also taken into account in the budget for the financial year 2023-2024 which is the basis for our future key assumptions in our goodwill impairment test model.
As a result we recorded an impairment on the goodwill in the amount of € 28.5 million for financial year 2022-2023 (2021-2022: nil and 2020-2021: nil) which is included in the general and administrative expenses within the operating results.

The table below presents, per key assumption, a sensitivity analysis of the downward impact on the recoverable amount of the total CGU per the reporting dates.

In thousands of euros	**2 April 2023**	**3 April 2022**	**4 April 2021**
1% lower revenue growth in first 2 years and subsequent lower growth in other years	(26,000)	(29,000)	(18,000)
1% increase discount rate	(19,000)	(28,000)	(36,000)
1% lower EBIT margin in capped years	(30,000)	(51,000)	(63,000)

13 Property, plant and equipment

In thousands of euros	Land and buildings	Machines	Office furniture	Computers	Assets under construc-tion	Total
Cost						
Balance at 30 March 2020	**21,102**	**8,793**	**70,069**	**13,278**	**3,862**	**117,104**
Capital expenditures	-	-	-	-	3,253	3,253
Reclassification to assets held for sale	(18,869)	(2,759)	-	-	-	(21,628)
Transfers	17	880	4,313	1,178	(6,388)	-
Disposals	(1,535)	(460)	(939)	(745)	-	(3,679)
Balance at 4 April 2021	**715**	**6,454**	**73,443**	**13,711**	**727**	**95,050**
Balance at 5 April 2021	**715**	**6,454**	**73,443**	**13,711**	**727**	**95,050**
Capital expenditures	225	30	1	10	1,830	2,096
Acquisitions through business combinations	38	877	71	133	-	1,119
Disposal through a capital repayment	-	-	(166)	(49)	-	(215)
Transfers	-	723	537	959	(2,219)	-
Disposals	-	4	(677)	(1,035)	-	(1,708)
Balance at 3 April 2022	**978**	**8,088**	**73,209**	**13,729**	**338**	**96,342**
Balance at 4 April 2022	**978**	**8,088**	**73,209**	**13,729**	**338**	**96,342**
Capital expenditures	-	-	13	-	3,355	3,368
Transfers	-	(659)	844	1,513	(1,698)	-
Disposals	-	-	(134)	(292)	-	(426)
Balance at 2 April 2023	**978**	**7,429**	**73,932**	**14,950**	**1,995**	**99,284**

In thousands of euros

	Land and buildings	Machines	Office furniture	Computers	Assets under construc-tion	Total
Accumulated depreciation and impairment losses						
Balance at 30 March 2020	**3,326**	**2,388**	**22,267**	**11,029**	**-**	**39,010**
Impairment losses	-	-	2,761	-	-	2,761
Depreciation charge for the period	497	873	6,260	1,257	-	8,887
Reclassification to assets held for sale	(3,338)	(1,711)	-	-	-	(5,049)
Transfers	-	-	-	-	-	-
Disposals	(289)	(281)	(465)	(738)	-	(1,773)
Balance at 4 April 2021	**196**	**1,269**	**30,823**	**11,548**	**-**	**43,836**
Balance at 5 April 2021	196	1,269	30,823	11,548	-	43,836
Impairment losses	-	-	-	-	-	-
Depreciation charge for the period	66	720	5,838	1,056	-	7,680
Disposal through a capital repayment	-	-	(154)	(15)	-	(169)
Transfers	-	-	-	-	-	-
Disposals	-	2	(645)	(1,035)	-	(1,678)
Balance at 3 April 2022	**262**	**1,991**	**35,862**	**11,554**	**-**	**49,669**
Balance at 4 April 2022	**262**	**1,991**	**35,862**	**11,554**	**-**	**49,669**
Impairment losses	-	-	-	-	-	-
Reversal impairment losses	-	-	(2,761)	-	-	(2,761)
Depreciation charge for the period	96	760	5,567	1,098	-	7,521
Transfers	-	-	-	-	-	-
Disposals	-	-	(102)	(289)	-	(391)
Balance at 2 April 2023	**358**	**2,751**	**38,566**	**12,363**	**-**	**54,038**
Carrying amounts						
Balance at 29 March 2020	17,776	6,405	47,802	2,249	3,862	78,094
Balance at 4 April 2021	519	5,185	42,620	2,163	727	51,214
Balance at 3 April 2022	716	6,097	37,347	2,175	338	46,673
Balance at 2 April 2023	**620**	**4,678**	**35,366**	**2,587**	**1,995**	**45,246**

The net effect of the disposals is € 35 thousand (2021-2022: € 30 thousand and 2020-2021: € 1.9 million).

During the year a capital expenditure project was re-initiated for which in financial year 2020-2021 an impairment was recorded of € 2.8 million. The impairment is reversed in financial year 2022-2023.

14 Right-of-use assets and lease liabilities

The movements in the right-of-use assets are as follows:

In thousands of euros

	Buildings	Other	Total
Cost			
Balance at 30 March 2020	**36,205**	**1,190**	**37,395**
Additions	1,294	275	1,569
Disposals	-	-	-
Balance at 4 April 2021	**37,499**	**1,465**	**38,964**
Balance at 5 April 2021	**37,499**	**1,465**	**38,964**
Additions	7,056	287	7,343
Acquisitions though business combinations	4,337	1,272	5,609
Disposal through a capital repayment	-	(120)	(120)
Disposals	-	-	-
Balance at 3 April 2022	**48,892**	**2,904**	**51,796**
Balance at 4 April 2022	**48,892**	**2,904**	**51,796**
Additions	2,403	234	2,637
Disposals	-	(1,005)	(1,005)
Balance at 2 April 2023	**51,295**	**2,133**	**53,428**
Accumulated depreciation and impairment losses			
Balance at 30 March 2020	**3,755**	**464**	**4,219**
Depreciation charge for the period	3,816	375	4,191
Disposals	-	-	-
Balance at 4 April 2021	**7,571**	**839**	**8,410**
Balance at 5 April 2021	**7,571**	**839**	**8,410**
Depreciation charge for the period	3,930	405	4,335
Acquisitions though business combinations	-	-	-
Disposal through a capital repayment	-	(82)	(82)
Disposals	-	-	-
Balance at 3 April 2022	**11,501**	**1,162**	**12,663**
Balance at 4 April 2022	**11,501**	**1,162**	**12,663**
Depreciation charge for the period	5,363	425	5,788
Disposals	-	(903)	(903)
Balance at 2 April 2023	**16,864**	**684**	**17,548**
Carrying amounts			
Balance at 29 March 2020	32,450	726	33,176
Balance at 4 April 2021	29,928	626	30,554
Balance at 3 April 2022	37,391	1,742	39,133
Balance at 2 April 2023	**34,431**	**1,449**	**35,880**

The movements in the lease liabilities are as follows:

In thousands of euros

	Buildings	Other	Total
Balance at 30 March 2020	**33,771**	**726**	**34,497**
Additions	1,295	275	1,570
Repayments	(5,219)	(385)	(5,604)
Accrued interest	2,234	10	2,244
Disposals	-	-	-
Balance at 4 April 2021	**32,081**	**626**	**32,707**
Balance at 5 April 2021	**32,081**	**626**	**32,707**
Additions	7,056	287	7,343
Repayments	(5,185)	(475)	(5,660)
Acquisitions through business combinations	4,337	1,150	5,487
Disposal through a capital repayment	-	(38)	(38)
Accrued interest	2,199	27	2,226
Disposals	-	-	-
Balance at 3 April 2022	**40,488**	**1,577**	**42,065**
Balance at 4 April 2022	**40,488**	**1,577**	**42,065**
Additions	2,403	234	2,637
Repayments	(6,847)	(504)	(7,351)
Accrued interest	2,344	33	2,377
Disposals	-	(135)	(135)
Balance at 2 April 2023	**38,388**	**1,205**	**39,593**
Non-current	33,767	714	34,481
Current	4,621	491	5,112
Balance at 2 April 2023	**38,388**	**1,205**	**39,593**

Total cash outflow for leases in financial year 2022-2023 was € 7.4 million (2021-2022: € 5.7 million and 2020-2021: € 5.6 million).

The Group's leasing activities and how these are accounted for

The Group leases various offices, warehouses, solar panels and vehicles. Rental contracts are typically made for fixed periods of 1 year to 15 years but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing;
- makes adjustments specific to the lease, e.g. term and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of assets and all leases of low-value assets (individual value of below € 5 thousand), are recognised on a straight-line basis as an expense in consolidated statement of profit and loss and other comprehensive income. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

See Note 1.26 for the other accounting policies relevant to leases.

Variable lease payments

The Group has lease agreements with variable lease payments for its solar-panels. The variable payment terms are linked to the ICE Endex Dutch Power Base Load future 1y fwd CAlyear (hereinafter ICE Endex). Variable lease payments that depend on ICE Endex are recognised in consolidated statement of profit and loss and other comprehensive income in the period in which the condition that triggers those payments occur.

An increase of 1% in the ICE Endex of the solar panel variable lease contracts would increase total lease payments by approximately € 5 thousand on a yearly basis.

15 Loans to customers

In thousands of euros

	2 April 2023	3 April 2022	4 April 2021
Gross loans to customers	-	-	287,013
Less: provision for bad debt	-	-	(11,057)
Loans to customers	**-**	**-**	**275,956**
Non-current	-	-	185,460
Current	-	-	90,496
Loans to customers	**-**	**-**	**275,956**
Provisions for bad debt			
Opening balance	**-**	**(11,057)**	**(12,156)**
Provisions recognised during the period	-	(5,820)	(6,882)
Provisions used during the period	-	7,016	7,981
Disposal through a capital repayment	-	9,861	-
Ending balance	**-**	**-**	**(11,057)**

The loans to customers were not covered by collateral. The interest rate on loans to consumer credit customers was fixed. The annual rate was based on the legal interest rate plus a mark-up. For 2020-2021 the total interest rate was until 22 July 2020 maximised to 14% and as of that date maximised to 10%, whereas Tinka offered 9.9% to its customers, based on the temporary measure announced by the Ministry of Finance at that time. Customers paying directly were not charged with interest.

Refer to Note 27 'Financial risk management' for information relating to impairment and credit risk.

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16 Other financial fixed assets

In thousands of euros

	2 April 2023	3 April 2022	4 April 2021
Fair value interest rate cap	1,328	-	-
Total	**1,328**	**-**	**-**

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Therefore, the group entered into an interest rate cap on 18 June 2022. The notional amount is € 50 million with a maturity date of 18 March 2025. The underlying hedged rate is 3 Months Euribor with a cap strike of 2%.

On 16 March 2023 WRG Beauty Retail B.V. was founded. Wehkamp B.V. has an interest of 50% in this company. The Group owns 50 shares of € 1 per share. Since the Group has no control and voting power WRG Beauty Retail B.V. is classified as an equity investment.

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17 Inventories

In thousands of euros

	2 April 2023	3 April 2022	4 April 2021
Merchandise	55,411	62,324	47,040
Total	**55,411**	**62,324**	**47,040**

Inventories solely relates to merchandise goods. The total amount of write-down, to the net realisable value, of inventories as an expense in the financial year 2022-2023 amounted to € 4.4 million (2021-2022: € 7.6 million and 2020-2021: € 3.0 million). This expense is included in cost of sales line as costs.

18 Trade and other receivables

In thousands of euros

	Note	2 April 2023	3 April 2022	4 April 2021
Loans to customers	15	-	-	90,496
Trade receivables		765	552	-
Other receivables		6,569	7,613	13,427
Receivables from affiliated companies		7,296	12,273	-
Pre-payments		2,722	12,256	5,074
Total trade and other receivables		**17,352**	**32,694**	**108,997**

The carrying amount of the receivables from affiliated companies includes receivables which are subject to the Tinka Merchant Agreement with Tinka Holding B.V. Under this arrangement, the Group has transferred the relevant receivables to the finance services provider in exchange for cash minus service and payment transaction costs. The credit risk for delayed payments by customers and uncollectable amounts is transferred to the finance services provider.

Other receivables include a right to returned goods for an amount of € 5.0 million (2021-2022: € 6.3 million and 2020-2021: € 5.6 million).
Pre-payments include an amount of € 0.5 million with a maturity more than one year (2021-2022: € 0.5 million and 2020-2021: € 0.2 million).

19 Cash and cash equivalents

In thousands of euros

	2 April 2023	3 April 2022	4 April 2021
Bank balances	20,875	41,709	65,974
Cash and cash equivalents	**20,875**	**41,709**	**65,974**

Cash and cash equivalents include € 1.2 million (3 April 2022: € 1.2 million and 4 April 2021: € 1.2 million) which is restricted mainly held as collateral to support the issuance of bank guarantees.

20 Discontinued operations and assets classified as held for sale

In financial year 2020-2021, the Group started the process of selling the warehouse in Maurik and the headoffice building in Zwolle. Consequently these assets were classified as held for sale prior year. The assets involved were carried at book value for a total amount of € 16.6 million. The sale of these assets has been finalised in financial year 2021-2022.

On 31 March 2022, the Group disposed of its consumer financing activities through a capital repayment (see Note 5).

21 Group equity

Share capital and share premium

As at 2 April 2023, 3 April 2022 and 4 April 2021, the authorised and issued share capital comprised:

- 5,738,889 ordinary shares in the capital of the Company each with a nominal value of € 1.00;
- 3,281,050 cumulative preference shares A in the capital of the Company each with a nominal value of € 1.50;
- 56,500,000 cumulative preference shares B in the capital of the Company each with a nominal value of € 0.01;
- 785,185 cumulative preference shares C in the capital of the Company each with a nominal value of € 0.01.

All shares, for the aggregate amount of € 11.2 million, are paid up by debiting the share premium reserve as agreed with the Company and the only shareholder.

The preference shares are redeemable at the issuer's option at some future date subject to the general meeting and therefore considered discretionary.

Share capital restructuring

As part of the disposal through a capital repayment of Tinka Group as per 31 March 2022 (see Note 5), a capital restructuring was effectuated on that date, where the nominal value of each cumulative preference share A was first increased to € 23.75 whereby the increased nominal value in the amount of € 22.25 per cumulative preference share A was paid by debiting the share premium reserve 'PA'. Immediately following the capital increase, the nominal share capital of the cumulative preference shares A was reduced from € 23.75 to € 1.50 per cumulative preference share A whereby the reduced nominal value was repaid in kind by transferring the shares in the capital of Tinka Holding B.V. to Riviera Holdco S.à r.l. As part of this repayment of share capital,
the Company has credited the share premium reserve 'PA' with an amount equal to the balance of the reduced aggregate nominal value and the book value (approximating the fair value as per 31 March 2022) of the Tinka Group.

Share premium

The share premium represents the additional capital paid-in exceeding the nominal value of the issued shares.
On 25 November 2020 loan 'A' and loan 'C' have been converted into share premium on preference shares 'A', for the cumulative loan amount, including accrued interest, of € 135 million. As a result the total liability of the shareholder loans have been converted into share premium and is nil per 4 April 2021 and 3 April 2022.

Reference is further made to the share capital paragraph.

As per 2 April 2023 and as per 3 April 2022 the share premium is divided as follows:
- € 11,111 thousand relates to ordinary shares;
- € 325,123 thousand relates to preference shares A;
- € 151 thousand relates to preference shares B;
- € 183 thousand relates to preference shares C.

As per 4 April 2021 the share premium is divided as follows:
- € 11,111 thousand relates to ordinary shares;
- € 398,123 thousand relates to preference shares A;
- € 151 thousand relates to preference shares B;
- € 183 thousand relates to preference shares C.

Other dividend reserves and proposal for result appropriation

The profits as determined by the adoption of the annual accounts, or a part thereof, will be reserved and added to the profit reserves in accordance with the articles of association, further elaborated as follows:

1 Cumulative preference shares A are entitled to the profit as follows, whereby it is understood that the profit entitlement of the cumulative preference A will be preferred over both cumulative preference shares B and ordinary shares:
   a) in the financial year that a cumulative preference share has been issued, a one-off catch-up compensation for such cumulative preference share will be added to the profit reserve 'PA', in such amount as would have accrued on such share, calculated in accordance with the articles of association if such cumulative preference share would have been issued on 9 September 2015, and until the date of issue of such cumulative preference share;
   b) an annual dividend of 8% calculated on the basis set forth below will be added to the profit reserve 'PA' calculated as per the first business day of the financial year relating to the dividend.

2 Cumulative preference shares B and C are pari passu entitled to the profit as follows (whereby it is understood that the profit entitlement of the cumulative preference B and the cumulative preference C, on a pari passu basis and proportionate to the amount invested, will be preferred over ordinary shares only):

a) in the financial year that a cumulative preference share has been issued, a one-off catch-up compensation for such cumulative preference share will be added to the profit reserve 'PB' or the profit reserve 'PC', in such amount as would have accrued on such share, calculated in accordance with the articles of association, if such cumulative preference share would have been issued on 9 September 2015, and until the date of issue of such cumulative preference share;

b) an annual dividend of 8% calculated on the basis set forth below will be added to the profit reserve 'PB' or the profit reserve 'PC', respectively, calculated as per the first business day of the financial year relating to the dividend.

3 The entitlement to dividend of holders of cumulative preference shares A, preference shares B and preference shares C is cumulative, meaning that if in any financial year the dividends to be added to the dividend reserve 'PA', 'PB' and/or dividend reserve 'PC' in accordance with the articles of association do not or not completely match the dividend entitlement pursuant the aforementioned policies, from the remaining profit in any subsequent financial year first a dividend will be added to the dividend reserve 'PA', 'PB' and/or dividend reserve 'PC' to make up for any deficit in the dividend entitlement of holders of the cumulative preference shares A, cumulative preference shares B and/or cumulative preference shares C, prior to adding amounts to the other dividend reserve.

The calculation basis for the dividend on cumulative preference shares, irrespective of the class of such cumulative preference shares will be the total of:

a) the par value of the cumulative preference shares A, cumulative preference shares B or cumulative preference shares C (as applicable);

b) the weighted arithmetic mean of the balance of the share premium reserve 'PA', share premium reserve 'PB' or share premium reserve 'PC' (as applicable), whereby if shares have been issued in the course of the financial year, the accrued dividend on these shares, will be calculated pro rata till the day of the issue of these shares;

c) the weighted arithmetic mean of the balance of the dividend reserve 'PA', dividend reserve 'PB' or dividend reserve 'PC' (as applicable), whereby the entitlement will be determined by the moment the shares have been issued;

d) the amount calculated pursuant to 1a or 2a above (as applicable) notwithstanding whether such amount has been reserved or not; and

e) the profits that have not, or not completely, added to the dividend reserve 'PA', dividend reserve 'PB' or dividend reserve 'PC' in any preceding financial year in accordance with the articles as described in 1, 2 and/or 3 above, increased with the percentage as described in 1 and 2 above over this non-added dividend amount.

No dividend reserve for preference shares A, B and C have been formed as per 2 April 2023, because no distributable profit has been realised since 9 September 2015. As per 2 April 2023, the accrued rights for preference shares A amount to € 169,906 thousand, the accrued rights for preference shares B amount to € 567 thousand and the accrued rights for preference shares C amount to € 74 thousand.

The General Meeting of Shareholders will be asked to approve the following appropriation of the loss after tax for the financial year 2022-2023 amounting to € 22.7 million to be deducted from the retained earnings (2021-2022: loss after tax amounting to € 10.1 and 2020-2021: profit after tax amounting to € 245 thousand).

Restrictions in dividends and share redemptions

The Group, including the parent company, is not authorised to:

- declare, make or pay dividend;
- repay or distribute any dividend or share premium;
- pay or allow any member of the Group to pay any management, advisory or other fees to any of the shareholders; or
- redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so; unless these dividends and share redemptions are permitted by the lenders of the senior facility, no default is continuing or would occur immediately after making these payments and/or prior written consent of all the lenders has been obtained.

Nature and purpose of reserves

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss or directly included in the initial cost or other carrying amount of a non-financial asset or nonfinancial liability.

Cost of hedging reserve

The cost of hedging reserve reflects gain or loss on the portion excluded from the designated hedging instrument that relates to the forward element of forward contracts. It is initially recognised in OCI and accounted for similarly to gains or losses in the hedging reserve.

22 Borrowings

This note provides information to liquidity and interest rate risk (see Note 27 'Financial risk management').

In thousands of euros

	3 April 2022	**4 April 2021**	**29 March 2020**
Senior Facility	57,904	57,637	12,750
Non-current part of securitised lending funding	-	-	144,164
Total non-current borrowings	**57,904**	**57,637**	**156,914**
Senior Facility	-	-	7,290
Current part of securitised lending funding	-	-	63,984
Total current borrowings	**-**	**-**	**71,274**

22.1 Terms and conditions of borrowings

Senior Facility

On 18 March 2022 the Group entered into a refinancing of its senior facility programme, including a term loan and two revolving credit facility agreements, with a syndicate of banks. As of that date, the Group is party to an English law governed financing agreement. The facilities made available under this agreement include:

- a term loan facility with a principal amount of € 60.0 million and a duration of 5 years, with a repayment of the outstanding principal amount on the termination date 24 March 2027. This term loan facility has permission to be used for finance or refinance (i) the repayment or discharge of indebtedness of the Group, (ii) the working capital requirements and/or general corporate purposes of the Group, (iii) the payment of fees, costs and expenses incurred in connection with the facilities;
- a multicurrency revolving credit facility 1 in an aggregate amount of € 30.0 million and a duration of 4.5 years used for finance or refinance the working capital requirements and/or general corporate purposes of the Group including the financing or refinancing of any acquisition or capital expenditure. The termination date of this facility is 24 September 2026. This revolving credit facility has been converted into three ancillary agreements with the individual banks, in the aggregate amount of € 30 million, to be used among others for bank overdraft positions and issuing bank guarantees;
- a multicurrency revolving credit facility 2 in an aggregate amount of € 10.0 million until 1 January 2023 with an extension option to 24 September 2026. This revolving credit facility could be used for finance or refinance the working capital requirements and/or general corporate purposes of the Group (including the financing or refinancing of any acquisition or capital expenditure). In December 2022 it has been decided not to execute the aforementioned option and therefore this facility has been cancelled per 1 January 2023;
- an interest at a rate per annum equal to (a positive) EURIBOR plus a margin based on the ratio of consolidated total net debt to consolidated EBITDA ('leverage ratio') based on the pricing arrangement within the terms and conditions of the loan agreement and carries a base rate per annum in relation to the term loan of 4.0% and in relation to the revolving credit facilities of 3.5%. If certain conditions set out in the senior facilities agreement are satisfied the margin can decrease to a base rate per annum in relation to the term loan of 3.5% and in relation to the revolving credit facility 1 of 3.0% and in relation to the revolving credit facility 2 of 2.5%.

The capitalised (and to be amortised) consent fees regarding the refinanced senior facility amounted to € 2.5 million. The total amount of the to be amortised consent fee as per 2 April 2023 amounted to € 2.1 million (prior year: € 2.4 million).

The former senior facilities agreement, ended on 24 March 2022 consisted of:

- a senior facility term loan of € 25.0 million at the starting date of the agreement of 4 May 2020, of which € 4.8 million has been repaid in financial year 2020-2021 and € 2.5 million in financial year 2021-2022 on 30 April 2021;
- a committed revolving credit facility in the aggregate amount of € 35.0 million at the starting date of the agreement of 4 May 2020 and reduced by € 10 million in financial year 2020-2021 in 4 equal instalments as to an amount of € 25.0 of which € 17.7 million was converted into two ancillary agreements to be used for bank overdraft positions;
- an interest rate on both the term loan and the revolving credit facility that was based on a ('positive') 3 months EURIBOR plus a margin based on the ratio of consolidated total net debt to consolidated EBITDA ('leverage ratio') based on the pricing arrangement within the terms and conditions of the loan agreement and carries a base rate of 4.0% and maximum rate of 4.5%.

The capitalised (and amortised) consent fees regarding the senior facility amount to € 0.2 million (prior year: nil).
The short term part of the senior facility is presented under current borrowings.

During the financial period, the ancillary agreements under the current senior facility programme were used a number of times. As per 2 April 2023 an amount of € 2.7 million under the ancillary agreements is used (prior year: € 2.4 million).

The senior facility agreements secured by the first ranking pledges and mortgages on the shares, real estate assets, current assets and intellectual property rights of the Group, in each case subject to customary limitations and exceptions.

Securitisation lending arrangement

In prior years, a securitisation programme has been arranged for the purpose of financing the consumer credit balance regarding Tinka Holding B.V. and its subsidiaries. The arrangement was agreed with a syndicate of banks. The securitisation programme ended September 2020 and had been extended on 30 June 2020 until 30 June 2022 and included an extension option of up to 12 months under certain conditions on the same terms and at no cost to the Group.

As of 18 November 2020 one of the financing banks stepped out of the securitisation programme. Its 50% share has been taken over by the other bank in the syndicate.

The key features of the securitisation lending arrangement were:

- termination means, unless a new financing programme will be in place:
  - no new loans to customers will be financed by this securitisation programme, and
  - all amounts received on assigned loans to customers need to be transferred to the bank syndicate;
- the facility is maximised to an amount of € 300 million (referred to as the ‘programme size’);
- interest rate is based on the commercial paper rate plus a fixed mark-up that consists of:
  - 1.25% of 50% of the programme size during the remaining tenure;
  - 1.25% of 50% of the programme size with an increase of 25bps per 1 July 2021 and another 25bps per 1 October 2021 and kept at this level during the remaining tenure of the programme;

  The initial interest rate on the extended restated and amended programme as of 30 June 2020, till the change per 18 November 2020, was an interest rate of 2.50% on the total programme size, increased with 25bps per quarter, starting with the first increase 9 months after 30 June 2020;
- all qualified loans to customers are assigned to the securitisation programme;
- an advance rate of 87.45%;
- a temporary reduction in the advance rate related to a sub section of the portfolio for less credit worthy loans;
- a temporary reduction in the advance rate related to dispatches as a result of temporary high sale;
- a temporary reduction in the funding of cash sales, noted as cash concentration limit, if the cash sales related loans to customers receivable exceeds pre-defined boundaries;
- a reduction in advance rate for credit enhancement events, such as loans extended at an interest rate below the maximum government permitted rate;
- merchants caps by merchant relative to the total outstanding loans to customers, with adjustments allowed in agreement with the bank syndicate.

As a result of the disposal through a capital repayment as per 31 March 2022, the securitisation programme is no longer included in the Group and consolidation.

Financial covenants

The senior facility is and the securitisation lending arrangement was subject to a financial covenant, being the ratio of total net debt to EBITDA. No breach of these covenants occurred during the reporting period.

22.2 Reconciliation of movements of liabilities to cash flows arising from financial activities

In thousands of euros		(non-) current borrowings					
	Note	Bank overdrafts	Senior facility	Share-holders loan	Securited lending funding	Lease liabilities	Total
Balance at 30 March 2020		**19,137**	**25,133**	**128,356**	**257,571**	**34,497**	**464,694**
Change from financing cash flow							
Repayment of borrowings		-	(4,750)	-	-	-	(4,750)
Payment of lease liabilities	14	-	-	-	-	(5,604)	(5,604)
Total changes from financing cash flows		**-**	**(4,750)**	**-**	**-**	**(5,604)**	**(10,354)**
Changes arising from discontinued operations		**-**	**-**	**-**	**(49,423)**	**-**	**(49,423)**
Other changes							
Change in bankoverdraft		(19,137)	-	-	-	-	(19,137)
Conversion shareholders loan into equity		-	-	(135,080)	-	-	(135,080)
Interest and borrowing costs paid		-	(2,369)	-	-	-	(2,369)
Interest expenses and amortisation borrowing costs		-	2,026	6,724	-	-	8,750
Interest charges paid for lease liabilities	14	-	-	-	-	2,244	2,244
New leases	14	-	-	-	-	1,570	1,570
Total liabilities-related other changes		**(19,137)**	**(343)**	**(128,356)**	**-**	**3,814**	**(144,022)**
Balance at 4 April 2021		**-**	**20,040**	**-**	**208,148**	**32,707**	**260,895**
Balance at 5 April 2021		**-**	**20,040**	**-**	**208,148**	**32,707**	**260,895**
Change from financing cash flow							
Repayment of borrowings		-	(2,748)	-	-	-	(2,748)
Proceeds from issue of loans		-	42,250	-	-	-	42,250
Borrowing costs paid		-	(2,119)	-	-	-	(2,119)
Payment of lease liabilities	14	-	-	-	-	(5,660)	(5,660)
Total changes from financing cash flows		**-**	**37,383**	**-**	**-**	**(5,660)**	**31,723**
Changes arising from business combinations	4	**2,041**	**458**	**-**	**-**	**5,487**	**7,986**
Changes arising from discontinued operations	5	**-**	**-**	**-**	**(177,900)**	**(38)**	**(177,938)**
Other changes							
Change in bankoverdraft		(2,041)	-	-	-	-	(2,041)
Interest and borrowing costs paid		-	(1,794)	-	-	-	(1,794)
Interest expenses and amortisation borrowing costs		-	1,550	-	-	-	1,550
New leases	14	-	-	-	-	7,343	7,343
Interest charges paid for lease liabilities	14	-	-	-	-	2,226	2,226
Operating activities of discontinued operations		-	-	-	(30,248)	-	(30,248)
Total liabilities-related other changes		**(2,041)**	**(244)**	**-**	**(30,248)**	**9,569**	**(22,964)**
Balance at 3 April 2022		**-**	**57,637**	**-**	**-**	**42,065**	**99,702**

In thousands of euros		(non-) current borrowings					
	Note	Bank overdrafts	Senior facility	Share-holders loan	Securited lending funding	Lease liabilities	Total
Balance at 4 April 2022		**-**	**57,637**	**-**	**-**	**42,065**	**99,702**
Change from financing cash flow							
Borrowing costs paid		-	(746)	-	-	-	(746)
Payment of lease liabilities		-	-	-	-	(7,351)	(7,351)
Total changes from financing cash flows		**-**	**(746)**	**-**	**-**	**(7,351)**	**(8,097)**
Other changes							
Capitalized borrowing costst last year, paid in this year		-	405	-	-	-	405
Interest and borrowing costs paid		-	(3,042)	-	-	-	(3,042)
Interest expenses and amortisation borrowing costs		-	3,650	-	-	-	3,650
New leases	14	-	-	-	-	2,637	2,637
Interest charges paid for lease liabilities	14	-	-	-	-	2,377	2,377
Disposals					-	(135)	(135)
Total liabilities-related other changes		**-**	**1,013**	**-**	**-**	**4,879**	**5,892**
Balance at 2 April 2023		**-**	**57,904**	**-**	**-**	**39,593**	**97,497**

23 Provisions for other liabilities and charges

In thousands of euros

	Jubilee	Other	Total
Balance at 30 March 2020	**3,121**	**2,231**	**5,352**
Charged/(credited) to profit and loss:			
- additional provisions recognised	12	2,176	2,188
- unused amounts reversed	(386)	(29)	(415)
Amounts used during the year	(150)	(1,192)	(1,342)
Balance at 4 April 2021	**2,597**	**3,186**	**5,783**
Assumed in a business combination	21	37	58
Charged/(credited) to profit and loss:			-
- additional provisions recognised	18	508	526
- unused amounts reversed	(296)	(679)	(975)
Amounts used during the year	(140)	(45)	(185)
Disposal through a capital repayment	(374)	-	(374)
Balance at 3 April 2022	**1,826**	**3,007**	**4,833**
Charged/(credited) to profit and loss:			
- additional provisions recognised	177	957	1,134
- unused amounts reversed	-	(1,436)	(1,436)
Amounts used during the year	(107)	(497)	(604)
Balance at 2 April 2023	**1,896**	**2,031**	**3,927**
Non-current	1,733	1,795	3,528
Current	163	236	399
Balance at 2 April 2023	**1,896**	**2,031**	**3,927**

Jubilee benefits

Based on the collective labour agreement, a provision for jubilee benefits for employees is recognised. The provision has been determined based on historical data available on retention of employees, a discount rate of 3.5% and anticipated salary increases of 4.5%.

Other

Other provisions relate mainly to onerous contracts and the estimated costs to settle labour related commitments.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on incremental costs necessary to fulfil the obligation under the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

A provision for restructuring and other related commitments is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either been announced publicly or has commenced, as well as when individual arrangements are being discussed with the employees concerned. Future operating costs are not provided for.

24 Employee benefits

Pension scheme

The current employee benefit pension scheme is a collective defined contribution plan (CDC's) in which the Group is only liable for the premiums to be paid whereas there are no other additional obligations to pay additional amounts.

Until 2015 the Group provided a pension plan to its employees of which all pension liabilities that have been accrued up to and including 2014, have been fully transferred to pension insurer Nationale Nederlanden.

The expense is recognised in the following line items in the consolidated statement of profit and loss and other comprehensive income:

In thousands of euros

	4 April 22 to 2 April 23	5 April 21 to 3 April 22	30 March 20 to 4 April 21
Selling and distribution expenses	3,498	2,758	2,282
General and administrative expenses	2,957	2,699	2,327
Total pension costs	**6,455**	**5,457**	**4,609**

25 Deferred income tax liabilities

Recognised deferred income tax assets and liabilities

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

In thousands of euros

	Assets			Liabilities			Net		
	2 April 2023	3 April 2022	4 April 2021	2 April 2023	3 April 2022	4 April 2021	2 April 2023	3 April 2022	4 April 2021
Property, plant and equipment	-	-	-	1,203	1,555	4,602	1,203	1,555	4,602
Intangible assets	-	-	-	29,623	30,256	25,969	29,623	30,256	25,969
Other receivables	-	-	-	48	74	58	48	74	58
Tax losses carried forward	1,090	2,987	6,346	-	-	-	(1,090)	(2,987)	(6,346)
Borrowings	-	-	-	759	647	257	759	647	257
Other creditors	10	9	5	1,221	1,096	2,320	1,211	1,087	2,315
Provisions	129	98	149	-	-	-	(129)	(98)	(149)
Right-of-use assets/lease liabilities	10,039	10,622	8,177	9,018	9,823	7,639	(1,021)	(799)	(538)
Tax assets/liabilities	**11,268**	**13,716**	**14,677**	**41,872**	**43,451**	**40,845**	**30,604**	**29,735**	**26,168**

An amount of € 3.2 million is expected to be recovered or settled within 12 months.

Wehkamp Retail Group B.V. forms a fiscal unity for corporate income tax together with all its Dutch subsidiaries (see Note 2 'Group entities'). The tax collection act stipulates that each of the companies is liable for the corporate income tax payable by all companies belonging to the fiscal unity. As per 1 January 2022, kleertjes.com is part of the fiscal unity. As per 31 March 2022, Tinka Holding B.V. and its subsidiaries are no longer included in the fiscal unity of the Group.

In financial year 2022-2023 the tax losses of previous years will be settled. At 2 April 2023 there will no longer be any tax losses carried forward.

The criteria for offsetting deferred tax assets and liabilities are met.

26 Other payables and (non-)current liabilities

In thousands of euros

	2 April 2023	3 April 2022	4 April 2021
VAT payable (non-current part) *)	60,509	48,250	64,928
Other liabilities	-	-	5,371
Total other non-current liabilities	**60,509**	**48,250**	**70,299**
VAT payable (current part) *)	21,194	40,812	28,994
Accruals	30,953	70,210	31,799
Income taxes	1,483	-	-
Payroll taxes, social security costs and pension premiums	4,855	4,552	3,117
Other payables	16,629	20,186	19,828
Derivatives	295	-	26
Total other payables and current liabilities	**75,409**	**135,760**	**83,764**

*) Total VAT payable € 81.7 million consist of a part payable within one year and a part payable in more than one year (3 April 2022: € 89.1 million and 4 April 2021: € 93.9 million). These are presented as non-current and current liabilities respectively.

The Group has a ruling arrangement within its VAT fiscal unity as of 2005 that has been renewed in 2020 with the Dutch tax authorities. In this ruling arrangement, the Group has agreed on the application of a cash accounting system as referred to article 26 of the Dutch VAT Act and article 26 (1)(b) of the implementation order of the Dutch VAT Act. The current ruling with the Dutch tax authorities regarding the cash accounting scheme has been extended up to 31 March 2025.

In 2022 the Group has agreed upon an addendum to this ruling, concluding on a method of setting the VAT payable position at the moment the VAT fiscal unity with Tinka Holding B.V. and its subsidiaries will be terminated.

Wehkamp Retail Group B.V. forms a VAT fiscal unity together with all its Dutch subsidiaries (see Note 2 'Group entities'). As of 1 February 2022, kleertjes.com is part of the fiscal unity for the VAT as well. The disposal through a capital repayment of Tinka Holding B.V. and its subsidiaries did not have an impact on the VAT fiscal unity. After the disposal, Tinka Holding B.V. and its subsidiaries are still part of the VAT fiscal unity.

Other payables include a refund liability regarding a right to return of customers.

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27 Financial risk management

27.1 Financial risk factors

The Group's activities are exposed to a variety of financial risks: market risks (including currency risks, fair value interest rate risk cash flow interest rate risk and price risk), credit risks and liquidity risks.

The Management Board has ultimate responsibility for setting up and supervising the risk management framework at Wehkamp Retail Group B.V. and its subsidiaries. The Group has procedures and guidelines in place to limit the extent of the risks of derivative financial instruments.

27.1.1 Market risks

27.1.1.1. Foreign exchange risks

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the euro. The currencies giving rise to this risk are primarily US dollars (USD) and to a lesser extent in British pound sterling (GBP).

The Group uses forward foreign exchange contracts to hedge a substantial proportion of the estimated currency exposure (predominantly in US Dollars) related future cash flows. Most of the forward foreign exchange contracts have maturities of less than one year. The Group does not apply hedge accounting. With respect to other monetary assets and liabilities held in currencies other than the euro, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The Group's exposure to foreign currency risk (USD and GBP) was as follows based on notional amounts:

The Group's exposure to foreign currency risk (USD and GBP) was as follows based on notional amounts:

In thousands of euros

	2 April 2023	3 April 2022	4 April 2021
Cash and cash equivalents	453	545	627
Trade payables	(795)	(448)	(1,383)
Gross balance exposure	**(342)**	**97**	**(756)**
Purchase contracts	(12,281)	(10,713)	(9,104)
Gross cash flow exposure	**(12,623)**	**(10,616)**	**(9,860)**
Forward exchange contracts	8,828	6,502	6,735
Net exposure	**(3,795)**	**(4,114)**	**(3,125)**

Sensitivity analysis - Foreign currency risk

A decrease of 10% of the euro against the USD and GBP would have affected equity and profit and loss by the amounts shown below.

In thousands of euros

	2 April 2023	3 April 2022	4 April 2021
Impact on post-tax profit			
USD	374	404	206
GBP	5	7	106
Total	**379**	**411**	**312**

27.1.1.2. Cash flow and fair value interest rate risk

The interest rate risk policy is aimed at managing the risk of fluctuations in interest rates for the Company's result. This involves consideration of the net debt, less the cash and cash equivalents, where the Group aims to strike the best possible match between cash and cash equivalents and long-term obligations during the interest period.

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Therefore, the group entered into an interest rate cap on 18 June 2022. The notional amount is € 50 million with a maturity date of 18 March 2025. The underlying hedged rate is 3 Months Euribor with a cap strike of 2%.

The hedging relationship between the hedging instrument and the hedged item meets the hedge effectiveness for the notional amount of € 50 million and the duration of the hedging instrument, since:

- there is a economic relationship between the hedged item and the hedging instrument, both covering same interest base and same period;
- the effect of credit risk does not dominate the value changes that result from the economic relationship;
- the hedge ratio of the hedging relationship is the same as that resulting from the quantities of the hedge item and the hedging instrument;
- the hedge ratio is not achieved by intentionally weighting the hedged item and the hedging instrument to create hedge ineffectiveness to achieve an accounting outcome that would be inconsistent with the purpose of hedge accounting.

The interest rate profile for interest-bearing financial instruments was as follows:

In thousands of euros	2 April 2023	3 April 2022	4 April 2021
Financial assets	-	-	287,013
Financial liabilities	(39,593)	(42,065)	(32,707)
Fixed rate instruments	**(39,593)**	**(42,065)**	**254,306**
Financial assets	1,328	-	-
Financial liabilities	(57,904)	(57,637)	(228,188)
Variable rate instruments	**(56,576)**	**(57,637)**	**(228,188)**

Sensitivity analysis – Interest rate risk

As at 2 April 2023, it is estimated that a general increase of one percentage point in interest rates would decrease the Group's profit before tax. An increase of 1% of funding interest rates has a gross effect of approximately € 0.6 million (2021-2022: € 0.6 million and 2020-2021: € 2.3 million). Until the disposal through a capital repayment of Tinka Holding B.V. this effect was compensated by an increase in revenues on the financial assets with some time lag, as interest rates for financial assets are composed of legal interest rates with a maximised mark-up, and therefore tend to follow market interest rate developments with some time lag.

27.1.2 Credit risks

General

Credit risk is the risk of financial loss if a customer or counter-party to a financial instrument fails to meet its contractual obligations. Credit risks arise primarily from receivables from customers, investments and positive values on derivatives. The credit risk is managed by assessing the credit ratings of the purchasers and the counter-parties with whom financial instruments are concluded. Due to the disposal through a capital repayment of the consumer financing activities as of 31 March 2022, the Group does not have this credit risk anymore.

Customer loans and receivables

The acceptance processes of the Group's lending portfolio consisting of consumer credit, are supported by an extensive system of acceptance standards/models and policy rules.

The Group's management has adequate credit & collection policies, procedures and rules in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requesting for credit. The Group does not require collateral with respect to financial assets. The Group has developed an environment for risk management and collections. Procedures and rules are mainly issued by means of systems and software solutions, based on 50 years of experience and millions of records in the Group's database. All manual activities and decisions are structured and limited by the Group's policies. The Group uses a dynamic credit intelligence system combined with a limited means and expenses check to manage the credit risk.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was:

In thousands of euros

	2 April 2023	**3 April 2022**	**4 April 2021**
Loans to customers	-	-	185,460
Other financial fixed assets	1,328	-	-
Trade and other receivables	17,352	32,820	125,576
Cash and cash equivalents	20,875	41,709	65,974
Maximum credit risk exposure	**39,555**	**74,529**	**377,010**

On 31 March 2022 the Group has transferred its consumer financing activities that were offered by Tinka Holding B.V. and its subsidiaries. Until that date, in view of moderate risks of default, the credit risk procedures, the large number of receivables, and the relative small individual amounts of these receivables, the risk profile of the total lending portfolio of the Group could be characterised as moderate. The Group grants loans based on known client profiles in terms of (among other criteria) previous payment behaviour, outstanding debts registered at BKR ('Bureau Kredietregistratie'), requested credit limits and an income and means check. Credit limit categories are distinguished in three categories and the overall exposure to these categories is well spread.

The estimation of credit risk exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9.

The provisioning is calculated based adopting IFRS 9 standard, whereby the portfolio is splits into three different stages, using different forward looking approaches between these stages.

Stage 1 includes financial instruments that have low credit risk at the reporting date. Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. Stage 3 includes financial assets that have objective evidence of impairment at the reporting date.
The following stages are defined:
• stage 1: up to 60 days past due;
• stage 2: between 61 and 90 days past due;
• stage 3 more than 90 days past due.
With respect to the different forward looking approaches between the stages: for stage 2 and 3 the expected credit loss must be calculated over the remaining life of the credit (lifetime).
The lifetime analysis is done by comparing the open balance with the outflow of that period (payments and write-offs). This comparison was made over several years and showed an average lifetime of 16 months for stage 2 and 3. As for stage 1 the ECL is calculated based on a horizon of 12 months.

Regarding the definition of default the IFRS 9 standard establishes a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due. This presumption may be rebutted only if an entity has reasonable and supportable information to support an alternative default criterion. Tinka thus rebuts this presumption because on average it takes 180 days, which is assessed based on historical analysis on defaulted loans.
Finally, the time value of money must be taken into account when calculating the ECL (regardless of whether it is the 12-month or the lifetime ECL). Management should discount the cash flows that it expects to receive at the effective interest rate determined at initial recognition, or an approximation thereof in order to calculate ECL. This means that in order to reflect the time value of money, expected losses should be discounted to the reporting date.
The applied interest rate at Tinka is 14% for the period up to 22 July 2020. As of this date the applied rate is, taking into account the temporary guidelines announced by the Ministry of Finance, changed into 9.9% for new credits. For customers with an outstanding balance initiated before and after the 22nd of July 2020 a blended interest rate of both 14% and 9.9% is applicable. For applying the time value of money to the provisioning model of Tinka an average time to default of 180 days together with a yearly interest rate of 14% and 9.9% is used to arrive at a discount factor of 0.947. This factor is multiplied by the calculated ECL.

Historically the development in Dutch unemployment has been considered a major economic driver for write offs, as unemployment is a large driver for write offs. Therefore the impact of the predicted future unemployment is captured separately in the calculation models and with that in the provision. In addition to unemployment the effect of inflation in the Netherlands is also captured in the calculation models.

At least once a year a retrospective assessment is performed on the plausibility of Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). Also on the overall provisioning rate an annual backward testing is performed, whereby the provisioning rate is compared with the actual realized write offs.

Impairments

The movement in allowance for impairment in respect to loans and receivables during the financial period was:

In thousands of euros

	2 April 2023	3 April 2022	4 April 2021
Opening balance	**-**	**11,057**	**12,156**
Provisions recognised during the period	-	5,820	6,882
Provisions derecognised during the period	-	(7,016)	(7,981)
Disposal through a capital repayment	-	(9,861)	-
Ending balance	**-**	**-**	**11,057**

There are no other material allowances for impairment.

Reconciliation maximum credit risk exposure to loans to customers & receivables

In thousands of euros

	2 April 2023	3 April 2022	4 April 2021
Gross amounts loans to customers & receivables	-	-	287,013
Provision	-	-	(11,057)
Net amounts loans to customers & receivables	**-**	**-**	**275,956**
Other financial fixed assets	1,328	-	-
Other receivables and pre-payments	17,352	32,820	35,080
Cash and cash equivalents	20,875	41,709	65,974
Maximum credit risk exposure	**39,555**	**74,529**	**377,010**

The gross amount of loans and receivables can be specified as follows

In thousands of euros

	2 April 2023	3 April 2022	4 April 2021
Not due	-	-	257,306
Past due 0-30 days	-	-	14,006
Past due 30-120 days	-	-	7,859
Due more than 120 days	-	-	7,842
Total loans and receivables	**-**	**-**	**287,013**

In general, if a loan is overdue for more than four months, the loan is sold to the collection agency at a fixed rate of face value.

27.1.3 Liquidity risk

Liquidity risk is the risk that the Group will not meet its financial obligations as they fall due. The Group's policy for managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses. More specifically, this means that the Group has sufficient cash on demand to meet expected operating expenses. In addition, the Group maintains the lines of credit as disclosed under Note 22.

Currently the Group has negative working capital. However, based on the current operating performance and liquidity position, the Group believes that cash provided by operating activities and available cash balances (including short-term deposits and similar instruments) will be sufficient for working capital, capital expenditure, interest payments, and scheduled debt repayment requirements for the next 12 months and the forese eable future.

Cash flows are managed by aiming on a return on average capital employed that adds value for providers of loans and equity, by setting minimum profitability requirements for new investments and by actively managing working capital.

The contractual maturities of financial liabilities, including estimated interest payments is set out below:

In thousands of euros

	2 April 2023				
	Carrying amount	**Contract cash flow**	**Years**		
			< 1	**1 - 5**	**> 5**
Non-derivative financial liabilities					
Senior facility	57,904	60,152	152	60,000	-
Securitised lending funding	-	-	-	-	-
Lease liability	39,593	48,630	7,286	26,946	14,398
Trade and other payables	199,030	199,030	138,221	60,809	-
Derivative financial liabilities					
Foreign exchange forward contracts	295	295	295	-	-
	296,822	**308,107**	**145,954**	**147,755**	**14,398**

In thousands of euros

	3 April 2022				
	Carrying amount	**Contract cash flow**	**Years**		
			< 1	**1 - 5**	**> 5**
Non-derivative financial liabilities					
Senior facility	57,637	60,144	144	60,000	-
Securitised lending funding	-	-	-	-	-
Lease liability	42,065	53,114	7,260	26,498	19,356
Trade and other payables	253,303	253,303	204,623	48,680	-
Derivative financial liabilities					
Foreign exchange forward contracts	-	-	-	-	-
	353,005	**366,561**	**212,027**	**135,178**	**19,356**

In thousands of euros

	4 April 2021				
	Carrying amount	**Contract cash flow**	**Years**		
			< 1	**1 - 5**	**> 5**
Non-derivative financial liabilities					
Senior facility	20,040	20,495	7,745	12,750	-
Securitised lending funding	208,148	208,722	64,558	144,164	-
Lease liability	32,707	44,329	4,783	18,535	21,011
Trade and other payables	249,152	249,152	178,853	70,299	-
Derivative financial liabilities					
Foreign exchange forward contracts	26	26	26	-	-
	510,073	**522,724**	**255,965**	**245,748**	**21,011**

The liquidity risk is limited as a result of sufficient available liquidity in the form of cash and cash equivalents and unused credit facilities in total amounting to € 27.6 million (2021-2022: € 37.6 million and 2020-2021: € 21.6 million) and a relative stable cash flow from operating activities.

27.2 Fair value estimation

The financial instruments measured at fair value included in the statement of financial position of the Company as at 2 April 2023 are all classified as level 2 according to the fair value hierarchy (See Note 1.6.2) and consist of:

In thousands of euros

	Forward exchange contracts			
US Dollar (Buy)	**Foreign currency value**	**Value at forward rate**	**Value at closing rate**	**Fair value Level 2 differences estimated market value**
4 April 2021	8,000	6,761	6,735	(26)
3 April 2022	7,250	6,478	6,502	24
2 April 2023	**10,200**	**9,578**	**9,283**	**(295)**

The fair values of the loans to customers (as part of Tinka Holding B.V.), trade receivables, trade payables, the foreign exchange forward contracts and the cash and cash equivalents equal the carrying amounts of these financial instruments.

The fair value of the securitised lending funding (as part of Tinka Holding B.V.) shows no significant variances compared to the carrying amount since the interest rate is based on EURIBOR.

Loans to customers (as part of Tinka Holding B.V.) and trade and other receivables: financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, trade and other receivables are measured at amortised cost using the effective interest method, less any impairment losses. The carrying value for the loans to customers is in line with the fair value as the carrying given the short term maturity of the loans and the provision which is made for the risk of non-performance.

Derivatives: the fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate. The fair value of the interest rate cap is based on prevailing market conditions and generic market valuation methods.

Non-derivative financial liabilities: the fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date and approximates carrying value.

27.3 Capital management

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value and maintaining a strong capital base in order to retain the confidence of the stakeholders, creditors and the markets in which the Group is active and to safeguard strategic development of the Group's business and future.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.
No changes were made in the objectives, policies or processes for managing capital during the financial year ended 2 April 2023, 3 April 2022 and 4 April 2021.

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28 Contingencies

The Company and its Group companies may become subject to other claims of which it is currently unaware, which may be significant, or the claims of which the Company and its Group companies are aware of may result in incurring significantly greater loss than anticipated at reporting date.
The Company's and its Group companies' insurance may be insufficient or unavailable to protect it against potential loss exposures.

29 Commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows: The Group has outstanding commitments for property, plant and equipment of € 4.2 million (3 April 2022: € 0.1 million and 4 April 2021: € 1.2 million).

The Group has entered into a contract with a third party for the lease of a new warehouse. The new warehouse opened in May 2023. The contract will lead to an additional annual expense of € 1.6 million for the next 10 years, after commissioning of the warehouse. In the first year, the Group receives a discount of € 0.5 million on the lease payment.

30 Related parties

No dividend is paid to the owners of the Company.

30.1 Transactions with key management personnel

In addition to key management personnel salaries, the Group also contributes to a post-employment defined contribution plan. In accordance with the terms of the plan, key management personnel retire at age 67.

In thousands of euros

	4 April 22 to 2 April 23	5 April 21 to 3 April 22	30 March 20 to 4 April 21
Short-term employee benefits	(24)	5,077	3,305
Post-employment benefits	50	77	82
Other long-term benefits	-	-	1,182
Termination benefits	405	-	352
Share based payments	(12,283)	13,124	1,452
Total employee benefits	**(11,852)**	**18,278**	**6,373**

Total remuneration is included in employee expenses (see Note 7 'Operating expenses').
Share-based payments are disclosed in Note 30.2.

The emoluments of key management include pension obligations as referred to in Section 2:383(1) of the Dutch Civil Code.

The emoluments of (former) directors, including pension obligations as referred to in Section 2:383(1) of the Dutch Civil Code, amounted to a revenue of € 10 million in financial year 2022-2023 (and costs in both 2021-2022: € 15.5 million and 2020-2021: € 6.1 million).

As per 2 April 2023, the Group has not granted any loans to key management. In 2020-2021 a loan of € 1.4 million was granted, bearing a fixed interest rate of 2% per annum and was secured by pledges. This loan has been repaid in 2021-2022. Interest accrued on the loan was annually capitalised and added to the outstanding principal amount of the loan. The loan was recognised under other trade and other receivables since the short-term nature of this loan.

30.2 Share-based payment

Management incentive plans

In financial year 2020-2021 the equity-settled long-term incentive plan set-up in 2017 was terminated, and employees therefore returned 161,779 of the indirectly held ordinary shares in the Company held by the majority shareholder. As per 4 April 2021, employees and directors hold indirectly nil ordinary shares in the capital of the Company (2019-2020: 161,779). The share settlements with leavers resulted in a share-based payment expense of € 0.5 million in 2020-2021 (2019-2020: € 1.0 million).

In financial year 2020-2021 the shareholder has set up a new management incentive scheme for eligible and selected directors and employees of the Group in which they have been given the opportunity to benefit from a value increase of the Group as from 1 April 2020 until the moment an exit occurs.

The scheme is a cash bonus scheme to be allocated to all participants and is equivalent to (i) a percentage of the value attributable to the existing shareholder instruments in Wehkamp Retail Group B.V. in excess of a determined hurdle amount on an exit plus (ii) a fixed amount of € 6.0 million, assuming full allocation and no leavers.
The variable portion is a cash-settled share-based payment in scope of IFRS 2 since the possible payment in relation to an exit is based on the fair value of a Group company's equity instruments.
The fixed amount of € 6.0 million is in scope of IAS 19.

The fair value of the liability for cash-settled transactions will be re-measured at each reporting date and at the date of settlement. Any changes in fair value are recognised in profit or loss for the period. The fair value of the cash settled transactions at year-end 2022-2023 is estimated using an option valuation model on € 6.6 million (3 April 2022: € 26.5 million and 4 April 2021: € 3.6 million). The revenue recognised in profit and loss in 2022-2023 amounts to € 19.9 million (and costs in both 2021-2022: € 22.9 million and 2020-2021: 3.6 million).

Regarding the fixed amount under IAS 19, the liability as per 2 April 2023 amounts to € 4.5 million (3 April 2022: € 6 million and 4 April 2021: € 1.8 million), a revenue of € 1.5 million has been recognised in 2022-2023 (and costs in both 2021-2022: € 4.2 million and 2020-2021: € 1.8 million).

Supervisory Board

Wehkamp Retail Group B.V. Supervisory Board members have received a remuneration of € 0.2 million for the financial year 2022-2023 (2021-2022: € 0.2 million and 2020-2021: € 0.3 million).

In previous years, eligible and selected Supervisory Board members of the Group have been given the opportunity to participate indirectly in the share capital of the Company via the purchase of non-voting shares in two participation companies.

In March 2021, one of the equity settled long term incentive plans was terminated as this plan was no longer considered an incentive based on the terms and conditions of the plan. All remaining shares in the participation company were bought back for no consideration. With regard to this plan, the loan granted to a supervisory board member, including 2% compounded interest, in the amount of € 0.1 million, was waived by the Company and included in a wage tax ruling with the tax authorities. In previous year the loans amounted to € 0.1 million (2019-2020: € 0.1 million). The loan was recognised in other financial fixed assets.

In 2021-2022, the shareholders agreed on a share-based compensation for specific supervisory board members. The share-based compensation is for the majority similar to the management incentive plan (see above). The scheme is a cash bonus scheme to be allocated to all participants and is equivalent to a percentage of the value attributable to the existing shareholder instruments in Wehkamp Retail Group B.V. in excess of a determined hurdle amount on an exit.

The fair value of the liability for cash-settled transactions of this plan will also be re-measured at each reporting date and at the date of settlement. Any changes in fair value are recognised in profit or loss for the period. The fair value of the cash settled transactions at year-end 2022-2023 is estimated using an option valuation model on € 0.6 million (3 April 2022: € 2.7 million and 4 April 2021: nil). The revenue recognised in profit and loss in 2022-2023 amounts to € 2.1 million (and costs in 2021-2022: € 2.6 million).

As per 3 April 2022, Supervisory Board members hold indirectly 14,512 of the ordinary shares in the capital of the Company (prior year: indirectly 14,512 ordinary shares) and hold indirectly 56,500,000 preference shares B and 785,185 preference shares C in the capital of the Company (prior year: 56,500,000 preference shares B and 785,185 preference shares C).

30.3 Transactions with other related parties

During the year, RFS Holland Holding B.V. received invoices mainly for professional fees in total of € 82 thousand (2021-2022: € 0.4 million and 2020-2021: € 0.3 million) from Apax VIII GP Co. Limited. At 2 April 2023, there is an amount of € 15 thousand due to Apax VIII GP Co. Limited (2021-2022: nil and 2019-2020: nil).

Until 28 June 2021, the business relationship between Wehkamp B.V. and Tinka B.V. was governed by a relationship agreement between aforementioned parties which was annually evaluated and amended from time to time. This relationship agreement included a consideration to be paid from Tinka B.V. to Wehkamp B.V. for all transferred customer receivables to Tinka B.V. This consideration reflected the interdependent relationship of the two parties and the nature of services undertaken by Tinka B.V. In addition Wehkamp B.V. charged Tinka B.V. a commission (debtors) fee as a fixed percentage over certain agreed upon outstanding balances of the loans to customers. Tinka Holding B.V. and Tinka B.V. charged Wehkamp B.V. for costs with regard to cash customers and credit card costs.

As of 28 June 2021, as a result of the disposal of Tinka Holding B.V. and its subsidiaries to a direct subsidiary of RFS Mid B.V. and in preparation of a full disposal through capital repayment out of the Wehkamp Retail Group, that was executed on 31 March 2022, Wehkamp B.V., RFS Holland Holding B.V., Tinka Holding B.V. and Tinka B.V. concluded a transition service agreement for the period of 1 year, in which Wehkamp and Tinka agreed upon working towards a full disposal and split of all joint support activities, such as IT, customer relations, human resources, facilities, finance and controlling. In this transition service agreement, that was based on the existing, and for this transition phase cancelled relationship agreement, the companies agreed upon transition of services and costs charging during the agreement.
In addition to this transition service agreement, also as of 28 June 2021, Wehkamp B.V. and Tinka B.V. agreed upon a new commercial agreement, based on the existing relationship agreement, consisting of all payment (transaction) services that Tinka B.V. is offering to Wehkamp B.V. as of this date.
The commercial agreement, has been, in line with the cancelled relationship agreement, set-up at at-arms-length conditions, for a period of 5 years, with a notice period of 12 months regarding the core services (credit and deferred payment services) and 6 months for all other services (referred to as the ‘non-core services’).
This commercial agreement includes a consideration to be paid from Tinka B.V. to Wehkamp B.V. for all transferred customer receivables to Tinka B.V. at face value less an amount for fixed and variable payment transaction costs (with regard to the offered payment methods by Tinka B.V. to customers to Wehkamp B.V.) plus a commission (debtors) fee as a fixed percentage over certain agreed upon outstanding balances of the loans to customers. Reference is made to Note 18.

The provided services of Wehkamp B.V. to Tinka Holding B.V. that are as of 28 June 2021 part of the transition service agreement and were before that date part of the relationship agreement, amount to € 1.0 million (2021-2022: € 6.8 million and 2020-2021: € 9.4 million).

The payment transaction costs are recognised as operating expenses and amount to € 7.8 million (2021-2022: € 8.4 million and 2020-2021: € 6.9 million).

The commission (debtors) fee is recognised as operating expenses and amounts to € 2.0 million (2021-2022: € 2.9 million and 2020-2021: € 4.8 million).

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31 Audit fees

The audit fees can be summarised as follow:

In thousands of euros

	4 April 22 to 2 April 23			5 April 21 to 3 April 22			30 March 20 to 4 April 21		
	PwC Nether-lands	Other PwC Network	Total PwC Network	PwC Nether-lands	Other PwC Network	Total PwC Network	PwC Nether-lands	Other PwC Network	Total PwC Network
Audit fees	349	-	349	336	-	336	279	-	279
Audit-related fees	186	-	186	93	-	93	22	-	22
Tax	59	236	295	142	206	348	116	92	208
Other fees	73	-	73	18	3	21	-	151	151
Total fees	**667**	**236**	**903**	**589**	**209**	**798**	**417**	**243**	**660**

The fees relate to the procedures applied to the Company and its consolidated Group entities by accounting firms and external independent auditors as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties – Wta') as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups.

These fees relate to the audit of the financial statements for the financial period ended 2 April 2023, regardless of whether the work was performed during the financial year.

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32 Subsequent events

There are no further subsequent events to report.

COMPANY STATEMENT OF PROFIT AND LOSS OF WEHKAMP RETAIL GROUP B.V.

In thousands of euros	Note	Period from 4 April 22 to 2 April 23	Period from 5 April 21 to 3 April 22	Period from 30 March 20 to 4 April 21
Result from subsidiaries after income taxes	34	(20,533)	(7,534)	6,096
Other gains and losses after income taxes		(2,195)	(2,601)	(5,851)
Result for the period		**(22,728)**	**(10,135)**	**245**
Attributable to:				
Equity holders		(22,728)	(10,135)	245
Non-controlling interest		-	-	-
Result for the period		**(22,728)**	**(10,135)**	**245**

The above company statement of profit and loss should be read in conjunction with the accompanying notes.

COMPANY STATEMENT OF FINANCIAL POSITION OF WEHKAMP RETAIL GROUP B.V.

In thousands of euros

	Note	2 April 2023	3 April 2022	4 April 2021
Assets				
Financial fixed assets	34	146,346	168,092	250,747
Non-current assets		**146,346**	**168,092**	**250,747**
Trade and other receivables	35	-	6,454	504
Receivables from group companies		397	122	6
Income tax receivable		5,172	2,580	-
Cash and cash equivalents		-	4	-
Current assets		**5,569**	**9,160**	**510**
Total assets		**151,915**	**177,252**	**251,257**
Equity and liabilities				
Share capital		11,233	11,233	11,233
Share premium		336,569	336,569	409,569
Legal reserve		11,667	8,526	9,748
Retained earnings		(214,448)	(189,264)	(180,351)
Total equity	36	**145,021**	**167,064**	**250,199**
Current liabilities	37	6,894	10,188	1,058
Current liabilities		**6,894**	**10,188**	**1,058**
Total liabilities		**6,894**	**10,188**	**1,058**
Total equity and liabilities		**151,915**	**177,252**	**251,257**

The above company statement of profit and loss should be read in conjunction with the accompanying notes.

NOTES TO THE COMPANY FINANCIAL STATEMENTS OF WEHKAMP RETAIL GROUP B.V.

33 General

The consolidated financial statements are part of the financial statements of Wehkamp Retail Group B.V. Insofar as there is no further explanation provided to the items in the company statement of financial position and statement of profit and loss, please refer to the notes to the consolidated statement of financial position and statement of profit and loss and other comprehensive income.

Principles for the valuation of assets and liabilities and the determination of the result

With reference to the company statement of profit and loss of Wehkamp Retail Group B.V., use has been made of the exemption pursuant to Article 402, Book 2 of the Dutch Civil Code.

The company financial statements of Wehkamp Retail Group B.V. have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with subsection 8 of Article 362, Book 2 of the Dutch Civil Code, the recognition and measurement principles of assets and liabilities and determination of the result applied in these company financial statements are the same as those applied in the consolidated financial statements under IFRS. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS). Reference is made to the notes to the consolidated financial statements.

Investments in subsidiaries

Investment in subsidiaries are measured using the equity method of accounting. Reference is made to the basis of consolidated accounting policies in the consolidated financial statements.

Income from subsidiaries

The share of the income from investments in subsidiaries consists of the share of the Company in the income of the subsidiaries. As far as gains or losses on transactions involving the transfer of assets and liabilities between the Company and its subsidiaries or between subsidiaries themselves can be considered unrealised, they have not been recognised.

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34 Financial fixed assets

The financial fixed assets of Wehkamp Retail Group B.V. consist of:

In thousands of euros	2 April 2023	3 April 2022	4 April 2021
Investments in subsidiaries	145,256	165,105	245,639
Deferred income tax assets	1,090	2,987	5,108
Total	**146,346**	**168,092**	**250,747**

Investments in subsidiaries comprises of:

In thousands of euros	2 April 2023	3 April 2022	4 April 2021
RFS Top B.V.	145,256	165,105	245,639
Totaal	**145,256**	**165,105**	**245,639**

The movements of the investments in subsidiaries can be explained by:

In thousands of euros	4 April 22 to 2 April 23	5 April 21 to 3 April 22	30 March 20 to 4 April 21
Opening balance	165,105	245,639	239,543
Result from subsidiaries after income taxes	(20,533)	(7,534)	6,096
Direct equity movement	684	-	-
Disposal through a capital repayment	-	(73,000)	-
Ending balance	**145,256**	**165,105**	**245,639**

The principal activities of the subsidiaries of Wehkamp Retail Group B.V. consist of on-line retailing (and until 31 March 2022 consumer financing activities) in the Netherlands.

Direct equity movement consists of a translation reserve and hedge reserve.

35 Trade and other receivables

In thousands of euros

	2 April 2023	3 April 2022	4 April 2021
Other receivables	-	-	504
Pre-payments	-	6,454	-
Total trade and other receivables	**-**	**6,454**	**504**

36 Shareholders' equity

Share capital

As at 2 April 2023, 3 April 2022 and 4 April 2021, the authorised and issued share capital comprised:

- 5,738,889 ordinary shares in the capital of the Company each with a nominal value of € 1.00;
- 3,281,050 cumulative preference shares A in the capital of the Company each with a nominal value of € 1.50;
- 56,500,000 cumulative preference shares B in the capital of the Company each with a nominal value of € 0.01;
- 785,185 cumulative preference shares C in the capital of the Company each with a nominal value of € 0.01.

All shares, for the aggregate amount of € 11.2 million, are paid up by debiting the share premium reserve as agreed with the Company and the only shareholder.

The preference shares are redeemable at the issuer's option at some future date subject to the general meeting and therefore considered discretionary.

Share capital restructuring

As part of the a disposal through a capital repayment of Tinka Group as per 31 March 2022 (see Note 5), a capital restructuring was effectuated on that date, where the nominal value of each cumulative preference share A was first increased to € 23.75 whereby the increased nominal value in the amount of € 22.25 per cumulative preference share A was paid by debiting the share premium reserve PA. Immediately following the capital increase, the nominal share capital of the cumulative preference shares A was reduced from € 23.75 to € 1.50 per cumulative preference share A whereby the reduced nominal value was repaid in kind by transferring the shares in the capital of Tinka Holding B.V. to Riviera Holdco S.à r.l. As part of this repayment of share capital, the Company has credited the share premium reserve PA with an amount equal to the balance of the reduced aggregate nominal value and the book value (approximating the fair value as per 31 March 2022) of the Tinka Group.

Share premium

The share premium represents the additional capital paid-in exceeding the nominal value of the issued shares.
On 25 November 2020 loan 'A' and loan 'C' have been converted into share premium on preference shares 'A', for the cumulative loan amount, including accrued interest, of € 135 million. As a result the total liability of the shareholder loans have been converted into share premium and is nil per 4 April 2021 and 3 April 2022.

Reference is further made to the share capital paragraph.

As per 2 April 2023 and as per 3 April 2022 the share premium is divided as follows:
- € 11,111 thousand relates to ordinary shares;
- € 325,123 thousand relates to preference shares A;
- € 151 thousand relates to preference shares B;
- € 183 thousand relates to preference shares C.

As per 4 April 2021 the share premium is divided as follows:
- € 11,111 thousand relates to ordinary shares;
- € 398,123 thousand relates to preference shares A;
- € 151 thousand relates to preference shares B;
- € 183 thousand relates to preference shares C.

Legal reserve

Pursuant to Dutch law, limitations exists in relation to the distribution of equity. As of 2 April 2023 Wehkamp Retail Group B.V. has a legal reserve for capitalised software development costs in the amount of € 11.7 million (3 April 2022: € 8.5 million and 4 April 2021: € 9.7 million).

Other dividend reserves and proposal for result appropriation

The profits as determined by the adoption of the annual accounts, or a part thereof, will be reserved and added to the profit reserves in accordance with the articles of association, further elaborated as follows:

1 Cumulative preference shares A are entitled to the profit as follows, whereby it is understood that the profit entitlement of the cumulative preference A will be preferred over both cumulative preference shares B and ordinary shares:

a) in the financial year that a cumulative preference share has been issued, a one-off catch-up compensation for such cumulative preference share will be added to the profit reserve ‘PA’, in such amount as would have accrued on such share, calculated in accordance with the articles of association if such cumulative preference share would have been issued on 9 September 2015, and until the date of issue of such cumulative preference share;

b) an annual dividend of 8% calculated on the basis set forth below will be added to the profit reserve ‘PA’ calculated as per the first business day of the financial year relating to the dividend.

2 Cumulative preference shares B and C are pari passu entitled to the profit as follows (whereby it is understood that the profit entitlement of the cumulative preference B and the cumulative preference C, on a pari passu basis and proportionate to the amount invested, will be preferred over ordinary shares only):

a) in the financial year that a cumulative preference share has been issued, a one-off catch-up compensation for such cumulative preference share will be added to the profit reserve ‘PB’ or the profit reserve ‘PC’, in such amount as would have accrued on such share, calculated in accordance with the articles of association, if such cumulative preference share would have been issued on 9 September 2015, and until the date of issue of such cumulative preference share;

b) an annual dividend of 8% calculated on the basis set forth below will be added to the profit reserve ‘PB’ or the profit reserve ‘PC’, respectively, calculated as per the first business day of the financial year relating to the dividend.

3 The entitlement to dividend of holders of cumulative preference shares A, preference shares B and preference shares C is cumulative, meaning that if in any financial year the dividends to be added to the dividend reserve ‘PA’, ‘PB’ and/or dividend reserve ‘PC’ in accordance with the articles of association do not or not completely match the dividend entitlement pursuant the aforementioned policies, from the remaining profit in any subsequent financial year first a dividend will be added to the dividend reserve ‘PA’, ‘PB’ and/or dividend reserve ‘PC’ to make up for any deficit in the dividend entitlement of holders of the cumulative preference shares A, cumulative preference shares B and/or cumulative preference shares C, prior to adding amounts to the other dividend reserve.

The calculation basis for the dividend on cumulative preference shares, irrespective of the class of such cumulative preference shares will be the total of:

a) the par value of the cumulative preference shares A, cumulative preference shares B or cumulative preference shares C (as applicable);
b) the weighted arithmetic mean of the balance of the share premium reserve 'PA', share premium reserve 'PB' or share premium reserve 'PC' (as applicable), whereby if shares have been issued in the course of the financial year, the accrued dividend on these shares, will be calculated pro rata till the day of the issue of these shares;
c) the weighted arithmetic mean of the balance of the dividend reserve 'PA', dividend reserve 'PB' or dividend reserve 'PC' (as applicable), whereby the entitlement will be determined by the moment the shares have been issued;
d) the amount calculated pursuant to 1a or 2a above (as applicable) notwithstanding whether such amount has been reserved or not; and
e) the profits that have not, or not completely, added to the dividend reserve 'PA', dividend reserve 'PB' or dividend reserve 'PC' in any preceding financial year in accordance with the articles as described in 1, 2 and/or 3 above, increased with the percentage as described in 1 and 2 above over this non-added dividend amount.

No dividend reserve for preference shares A, B and C have been formed as per 3 April 2022, because no distributable profit has been realised since 9 September 2015. As per 3 April 2022, the accrued rights for preference shares A amount to € 132,974 thousand, the accrued rights for preference shares B amount to € 473 thousand and the accrued rights for preference shares C amount to € 55 thousand.

The General Meeting of Shareholders will be asked to approve the following appropriation of the loss after tax for the financial year 2022-2023 amounting to € 22.7 million to be deducted from the retained earnings (2021-2022: loss after tax amounting to € 10.1 and 2020-2021: profit after tax amounting to € 245 thousand).

Restrictions in dividends and share redemptions

The Group, including the parent company, is not authorised to:

- declare, make or pay dividend;
- repay or distribute any dividend of share premium;
- pay or allow any member of the Group to pay any management, advisory or other fees to any of the shareholders; or
- redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so; unless these dividends and share redemptions are permitted by the lenders of the senior facility, no default is continuing or would occur immediately after making these payments and/or prior written consent of all the lenders has been obtained.

In thousands of euros

	Share capital	Share premium	Other reserves	Legal reserve	Result for the period	Total attributable to the equity share-holders	Non control-ling interest	Total Equity
Balance at 30 March 2020	**11,233**	**274,489**	**-**	**12,564**	**(183,412)**	**114,874**	**-**	**114,874**
Total comprehensive income for the period								
Result for the period		-	-	-	245	245	-	245
Transfers other reserve - legal reserve	-	-	-	(2,816)	2,816	-	-	-
	-	**-**	**-**	**(2,816)**	**3,061**	**245**	**-**	**245**
Transactions with owners, recorded directly in equity								
Issue ordinary and preference shares	-	135,080	-	-	-	135,080	-	135,080
	-	**135,080**	**-**	**-**	**-**	**135,080**	**-**	**135,080**
Balance at 4 April 2021	**11,233**	**409,569**	**-**	**9,748**	**(180,351)**	**250,199**	**-**	**250,199**
Total comprehensive expense for the period								
Result for the period	-	-	-	-	(10,135)	(10,135)	-	(10,135)
Transfers other reserve - legal reserve	-	-	-	(1,222)	1,222	-	-	-
	-	**-**	**-**	**(1,222)**	**(8,913)**	**(10,135)**	**-**	**(10,135)**
Transactions with owners, recorded directly in equity								
Share capital restructuring	73,003	(73,003)	-	-	-	-	-	-
Repaid capital	(73,003)	3	-	-	-	(73,000)	-	(73,000)
	-	**(73,000)**	**-**	**-**	**-**	**(73,000)**	**-**	**(73,000)**
Balance at 3 April 2022	**11,233**	**336,569**	**-**	**8,526**	**(189,264)**	**167,064**	**-**	**167,064**
Total comprehensive expense for the period								
Result for the period	-	-	-	-	(22,728)	(22,728)	-	(22,728)
Other comprehensive income for the period	-	-	685	-	-	685	-	685
Transfers other reserve - legal reserve	-	-	-	3,141	(3,141)	-	-	-
	-	**-**	**685**	**3,141**	**(25,869)**	**(22,043)**	**-**	**(22,043)**
Balance at 2 April 2023	**11,233**	**336,569**	**685**	**11,667**	**(215,133)**	**145,021**	**-**	**145,021**

Other reserves recognises the translation reserve of € 9 thousand (3 April 2022: nil and 29 March 2020: nil) and hedge reserve of € 0.7 million (3 April 2022: nil and 29 March 2020: nil).

37 Current liabilities

In thousands of euros

	2 April 2023	3 April 2022	4 April 2021
Other payables	5	6	6
Accruals and deferred income	95	7,986	470
Payables to group companies	6,794	2,196	582
Total	**6,894**	**10,188**	**1,058**

The current liabilities are all due within one year.

38 Fiscal unity

Wehkamp Retail Group B.V. forms a fiscal unity for both income tax and VAT together with all its Dutch subsidiaries (Note 2 ‘Group entities’). Kleertjes.com is part of the fiscal unity for corporate income tax as per 1 January 2022 and for value added tax (VAT) as per 1 February 2022.

As per 31 March 2022, Tinka Holding B.V. and its subsidiaries have left the Group fiscal unity for corporate income tax.

The tax collection act stipulates that each of the companies within the fiscal unity is liable for the corporate income tax and VAT payable by all companies belonging to the fiscal unity.

39 Emoluments of directors and Supervisory Board

For information on the remuneration of directors and the Supervisory Board and the share-based payment plans, see Note 30.1 and Note 30.2 respectively to the consolidated financial statements.

40 Subsequent events

There are no further subsequent events to report.

Zwolle, 19 July 2023

The Management Board:

G.J. Harris

C.S. Rostron

The Supervisory Board:

J.J. Browett

T.N. Hall

A.W. Slagt

M. Bangma - Tjaden

OTHER INFORMATION

Provisions in the Articles of Association governing the appropriation of result
According to article 23 of the Company's Articles of Association, the result is at the disposal of the General Meeting of Shareholders, which can allocate the result wholly or partly to the other reserves.

The Company can only make payments to the shareholders and other parties entitled to the distributable result for the amount by which the shareholders' equity is greater than the paid-up and called-up part of the capital plus the legally required reserves.

INDEPENDENT AUDITOR'S REPORT

To: the general meeting and the supervisory board of Wehkamp Retail Group B.V.

Report on the financial statements 2022/2023

Our opinion

In our opinion:

- the consolidated financial statements of Wehkamp Retail Group B.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 2 April 2023 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of Wehkamp Retail Group B.V. ('the Company') give a true and fair view of the financial position of the Company as at 2 April 2023 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2022/2023 of Wehkamp Retail Group B.V., Amsterdam. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 2 April 2023;
- the following statements for 2022/2023: the consolidated profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company statement of financial position as at 2 April 2023;
- the company statement of profit and loss for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Wehkamp Retail Group B.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Information in support of our opinion

We designed our audit procedures with respect to fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the internal control system. This included management's risk assessment process, management's process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes. We note that management has not formalised its fraud risk assessment.

We evaluated the design and relevant aspects of the internal control system and in particular the code of conduct and whistleblower procedures. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks. We asked members of the management and the supervisory board whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting on fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks	Our audit work and observations
The risk of management override of controls Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Therefore, in all our audits, we pay attention to the risk of management override of controls within: • the appropriateness of (manual) journal entries and other adjustments made in the preparation of the financial statements; • estimates; • significant transactions, if any, outside the normal course of business for the entity. We pay particular attention to tendencies due to possible interests of management.	Where relevant to our audit, we evaluated the design of the internal control measures that are intended to mitigate the risk of management override of controls and assessed the effectiveness of the measures in the processes of generating and processing journal entries and making estimates. We also paid specific attention to the access safeguards in the IT systems and the possibilities that lead to violations of the segregation of duties. We conclude that, in the context of our audit, we could rely on the internal control measures relevant to this risk. We used data analysis to identify unexpected journal entries. Where we identified instances of unexpected journal entries, we conducted specific audit activities on these entries, as part of which we also paid attention to significant transactions outside the normal course of business. We evaluated key estimates and judgements for bias of management, including retrospective reviews of prior year's estimates relating to these judgements and estimates. We considered the outcome of our audit procedures and evaluated whether any findings or misstatements are indicative of fraud. Our procedures did not identify any material misstatements in the information provided by the management board in the financial statements and the report of the management board compared with the financial statements. Our procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.

Identified fraud risks	Our audit work and observations
The risk of fraudulent financial reporting As part of our risk assessment and based on a presumption that there are risks of fraud in revenue recognition, we evaluated which types of revenue transactions give rise to the risk of fraud in revenue recognition.	Where relevant for the audit, we evaluated the design and effectiveness of the internal control measures related to revenues and in the processes of generating and processing journal entries related to the revenues. We used data analysis to identify unexpected journal entries and performed specific audit procedures for these entries by reconciling them to supporting documentation.
Based on our risk assessment procedures, we assessed the significant risk of fraud in revenue recognition for the assertions existence/occurrence and presentation and disclosure.	We sample tested revenue transactions to verify that revenue from transactions for which the Group is an agent has not been presented as revenue for which it is a principal. Our procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the existence/occurrence and presentation and disclosure of revenue.

We incorporated an element of unpredictability in our audit. During the audit, we remained alert to indications of fraud. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations. Whenever we identify any indications of fraud, we re-evaluate our fraud risk assessment and its impact on our audit procedures.

Audit approach going concern

Management prepared the financial statements on the assumption that the entity is a going concern and that it will continue all its operations for at least twelve months from the date of preparation of the financial statements. Our procedures to evaluate the management board's going concern assessment included, amongst others:

- considering whether management identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going concern risks);
- considering whether management's going concern assessment includes all relevant information of which we are aware as a result of our audit and inquiring with management regarding management's most important assumptions underlying its going concern assessment. Amongst others, we took the challenging market circumstances and significant increase in inflation into consideration;
- evaluating management's current budget including cash flows for at least twelve months from the date of preparation of the financial statements taken into account current developments in the industry and all relevant information of which we are aware as a result of our audit;
- analysing whether the current and the required financing has been secured to enable the continuation of the entirety of the entity's operations, including compliance with relevant covenants;
- performing inquiries of management as to its knowledge of going concern risks beyond the period of the management board's assessment.

We concluded that management's use of the going concern basis of accounting is appropriate, and based on the audit evidence obtained, that no material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.
Management is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the management board and the supervisory board for the financial statements

Management is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the Company's ability to continue as a going-concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going-concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. Management should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They 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 the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Utrecht, 19 July 2023

PricewaterhouseCoopers Accountants N.V.

A.C. Mulder RA

Appendix to our auditor's report on the financial statements 2022/2023 of Wehkamp Retail Group B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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 intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit 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 the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of the management board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/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 our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board 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.