Wehkamp Retail Group

2021-2022

A further year of progress

Wehkamp Retail Group **2021-2022**

About us

Wehkamp[1] is a leading Dutch online retailer in Fashion, Home and Living with an iconic brand and a rich retail history. Our Wehkamp brand is deeply embedded in the fabric of Dutch society, with a long and rich heritage that can be traced back over 70 years, to our origins as a catalogue business starting in 1952.

Our Dutch 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, when the business was launched in 1952, Wehkamp was quick to identify the online opportunity, launching wehkamp.nl in 1995 before moving to an e-commerce pure play model from 2010.

2
e-commerce destinations - wehkamp.nl and kleertjes.com

2,500+
well known brands

560,000+
site visits per day to Wehkamp

81%
shop through Wehkamp's mobile

1 On 1 June 2022, RFS Statutory Holding B.V., the parent company of both Wehkamp and kleertjes.com, was renamed to Wehkamp Retail Group B.V. ("WRG").

Wehkamp is a growing e-commerce company focused on Dutch families. With 51% of Dutch families buying from us in 2021-2022 Wehkamp is a well known 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 aim to inspire customers with our product selections, photography, creative content, app and social media channels. This all supported by a highly rated user experience.

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.

Included within the Wehkamp Retail Group (WRG) for the first time, following its acquisition in September 2021 is kleertjes.com, the Dutch online retailer of kidswear. Wehkamp and kleertjes.com have retained their separate brand identities and consumer facing websites, whilst we are in the process of integrating the back-end functions and technology. The combined business is a leading kidswear retailer in the Netherlands and the acquisition marks the start of WRG's multi-facia strategy.

We have divested of our former credit finance business Tinka in this financial year and Tinka is now a separate, stand-alone company. There is an arm's length agreement in place between Wehkamp and Tinka in which Tinka continues to provide payment services to Wehkamp. Tinka is shown as discontinued operations in the income statement and cash flow statement of WRG.

16k
followers of kleertjes.com on Instagram

2.4 m
million active Wehkamp customers

0.5 m
million active kleertjes.com customers

66k
followers of Wehkamp on Instagram

We are 70 and in **great shape**

CEO review

"Wehkamp is in great shape as it celebrates its 70th anniversary. We know our Dutch customers very well and will continue to anticipate their requirements, develop and personalise our offering, as we look to fulfil even more of their needs in the years ahead."
Graham Harris - CEO of WRG

Another year like no other

Once again our team has come together to meet head-on the direct and indirect consequences of Covid and again we have risen to the multiple challenges we were confronted with. However, the fallout of Covid created new challenges with disruption to global supply chains, labour related shortages resulting from the need for staff to self-isolate as well as haulage capacity issues, all of which stoked inflationary pressures.

We have responded to the challenges well, delivering another strong financial performance as well as making good strategic progress in the year. It should be increasingly clear that over the last three years the Wehkamp Retail Group has been reset and re-engineered from top to bottom and that we are now starting to reap the benefits.

The divestment of Tinka the financial services arm, which was completed in this financial year, has been an important milestone in the evolution of WRG. We are now a leading e-commerce pureplay in the Netherlands, with a management team solely focused on delivering our online retail growth strategy.

I am very happy that the kleertjes.com team has joined us, following the acquisition in September 2021. This is WRG's first acquisition for many years, and the first under my leadership. Together we now have the leading online kidswear business in the Netherlands, with opportunities for further growth.

The move to our new head office in Zwolle in November was a further milestone in our new journey as an independent business. The interiors and design of the new office better reflects the inspirational nature of the Wehkamp brand. Large open spaces, workstations and a recreational area where colleagues can come together in an informal atmosphere are all better set-up to reflect our new hybrid way of working from the office and at home. At the same time the new premises will further advance our sustainability credentials, including the use of solar panels and recycled materials, and is expected to comply with energy label A, a sustainability requirement that doesn't become law until 2030. In addition, our own brand team moved this year and is now together with the kleertjes.com team in our Hilversum office.

In February we celebrated a milestone few pureplay e-commerce operators can match, reaching 70 years. With all our team members we celebrated this of course with cake and festivities because we have reached this together. Externally all Wehkamp clients received a festive mailing containing surprising giveaways. When our customers shop via the Wehkamp app this year, they will automatically participate in the 70th anniversary lottery for a chance to win some great prizes. I would like to thank all of my colleagues across WRG for helping us to reach this remarkable milestone. It is only with their efforts, expertise and enduring commitment that we have been able to adapt and stay at the forefront of retail in the Netherlands.

The invasion of Ukraine and the impact on increasing energy prices have together reduced consumer confidence in the latter weeks of the financial year. This is most evident in our Home & Living business which has seen a softening of demand. Our supply chains have held up well, benefitting from the depth and breadth of our third party brand relationships, as well as our direct relationships with manufacturing partners for our growing own brand ranges. The indirect impact on cost inflation has also been contained in the period.

As has been the case throughout our 70 years in retail, WRG will remain focused on staying relevant for our Dutch customers. The best retailers are always in-tune with their customers, understand their situation and offer what matters most to them at any given moment. We will continue to do so. We are geared up to continue to bring the best online retail experience possible in the years ahead.

A differentiated proposition and a winning strategy

Over the last three years we have worked hard to build up the focus categories of Home & Living, Menswear and kidswear to match the success of Ladies Fashion. We have achieved this by staying focused on our vision of being the 'most inspirational, curated and relevant online shop for Fashion and Home & Living in the Netherlands.' This is our key point of differentiation from competitors, distinguishes us from the marketplace models, and reinforces Wehkamp as the go to family focused retailer.

The growth achieved in the last two years against pre-Covid 2019-2020 comparatives across the focus categories is clear evidence that customers have welcomed the improvements.

An important element of our strategy and differentiation from peers is the expansion of our own brand products. Our brands, including Anytime, Imagine and Wehkamp Home, offer exceptional products and great value. Although there is more to be achieved with these brands, already we have made strong progress.

50%
two year growth in own **branded sales**

Another year of financial delivery

We define the current financial year as the 'post Covid year', and the previous financial year as the 'Covid year', where physical stores were closed for approximately 3.5 months. The Covid year was exceptional for WRG and also benefited from a 53rd week of trading.

The year can be characterised by two distinct trading periods. In the first period, which commenced with the start of our financial year in April 2021 and ran through November 2021, Wehkamp achieved organic year-on-year sales growth of approximately 11%. This trading period was free from substantial Covid restrictions and most importantly, included competition from stores, which were open and trading as normal. Also against the pre-Covid period from April 2019 through November 2019, growth was strong with a two year CAGR of 7% organic Customer Sales growth.

The second trading period covers December 2021 through to the end of the financial year. Here the comparatives become really challenging, as from mid December 2020 to April 2021 stores were closed and people were forced to shop online. Set against tough, high double digit comparatives, Wehkamp sales declined year-on-year over this period. A more insightful analysis for this period is to compare with 2019-2020 pre-Covid comparatives. This shows that the underlying trend is similarly strong, with a two year Customer Sales CAGR of 10%.

For the year as a whole 2021-2022 has been another year of financial progress, holding onto most of the customer gains made in the prior year. Wehkamp's Customer Sales, excluding kleertjes.com, increased 17% on two year pre-Covid comparatives and kleertjes.com grew by a very strong 84% against two years ago. Together, WRG therefore grew its Customer Sales by 31%[2] on two year comparatives.

2 Reflecting Customer Sales incl. kleertjes.com pro-forma (full year) for 2021-2022 and Wehkamp only Customer Sales 2019-2020.

I am delighted to report that Wehkamp has achieved a third consecutive year of significant profitability, reporting Adjusted EBITDA, excluding kleertjes.com of € 45 million, which represents organic growth of 136% on the 2019-2020 performance. This is despite higher labour costs particularly in our distribution centre, caused largely by Covid related attrition and staff training. Including kleertjes.com WRG achieved adjusted EBITDA of € 49 million, representing a x2.6 growth[3] over the last two years.

Future profitable growth

Everything is now in place to deliver on our strategy for growth.

As set out in detail in the 'Our strategy' section we are targeting organic and inorganic growth. Our strategy to deliver organic growth is founded on the four mentioned pillars: accelerate own brand, enhance offering depth, drive cross category purchases and continue organically with the multi-facia strategy. With the exception of the multi-facia strategy, which commenced with the acquisition of kleertjes.com this year, the rest of the strategy is tried and tested, and its success is evidenced in our financial performance over the last three years.

The multi-facia strategy represents an opportunity for us, at a minimal cost, given our ability to further leverage our existing infrastructure, tech stack and courier relationships. We currently sell to 51% of Dutch families. The multi-facia strategy enables us to better target the remaining 49%.

Our four pillar strategy for organic growth requires only modest investment, given our existing operational capabilities that have been built up over recent years. All four pillars are essentially focused on winning new customers as well as driving sales of existing customers through increasing basket size, frequency of purchase and improving customer retention, in order to push more sales through the business for only a modest incremental cost. As such we expect the unit economics and profitability to build as the strategy progresses.

The kleertjes.com acquisition will provide further growth opportunities over the next few years. With a proven acquisition playbook now ready to go we will also look at more acquisitions where there is an opportunity to grow our focus categories, add further scale to our platform and in doing so make further improvements to our efficiency and unit economics.

In summary, WRG has demonstrated a strong and sustained turn around over the last three years and is now well placed to leverage this past success into the longer term future.

"We have achieved another strong year of growth and position WRG well for the future"

3 Reflecting kleertjes.com results pro-forma (full year) for 2021-2022 and Wehkamp only results for 2019-2020.

Highlights of the year

Operating from a higher base

We have achieved our objectives in the current year, locking in the exceptional gains made in the Covid year 2020-2021. The pandemic brought about a step-change in online penetration in retail and WRG was a major beneficiary of this trend. We are thrilled that customers who experienced the WRG proposition for the first time during the pandemic keep on coming back and are continuing to shop with us.

In the previous financial year 2020-2021, we effectively achieved two years of growth in just one year, driven by a very strong second half year. This is mainly due to closure of physical stores for approximately 3.5 months as a result of Covid. Customer Sales[4] in 2020-2021 increased 22%[5] year-on-year, with adjusted EBITDA growth to € 59 million[6]. These results were aided by 2020-2021 being a 53, rather than a usual 52 week trading period.

We have demonstrated in the performance of WRG this year that we are now operating from a higher base: customer sales increased by 7% year-on-year, compared with the previous year[7], when we benefited from more significant Covid related lockdowns and restrictions. Our underlying growth remained strong as we have seen in the periods where there were no lockdowns. We achieved a third consecutive year of significant profitability with adjusted EBITDA of € 49 million[8].

A more insightful analysis, which largely removes the impact of Covid restrictions in 2020-2021 and the extra week's trading in 2020-2021, is to compare the current year's financial performance with the results for 2019-2020. This shows WRG achieved Customer Sales growth of 31%[9] and a x2.6 growth[10] of adjusted EBITDA over the two year period despite having to deal with the indirect consequences of Covid, including the disruption to global supply chains, labour related shortages and inflationary pressures.

Delivered first acquisition

Reflecting our confidence in the strategy and the strength of the business, we made our first acquisition under the Group's ownership by funds advised by Apax Partners LLP. We completed the acquisition of kleertjes.com, the leading Dutch online retailer of kidswear, in September 2021. The deal is aligned with our growth strategy, adding a second facia to the platform, improving kleertjes.com's customer experience, whilst offering a compelling financial return, through cost and revenue synergies.

kleertjes.com will retain its separate brand identity and website, but will be migrated onto the Wehkamp technology platform, operational setup and back-end activities. The kleertjes.com's customers will benefit from this migration as it will lead to an improved shopping experience, with a more curated and relevant selection, later cut-off times and faster delivery. The integration process is going to plan, with substantial improvements already secured in the speed and reliability of the delivery.

4 Customer Sales are defined as all gross and third party sales, including VAT. **5** Reflecting 2019-2020 Wehkamp Customer Sales and 2020-2021 Wehkamp Customer Sales for 53 weeks. **6** Reflecting Wehkamp 2020-2021 EBITDA adjusted for one-off costs/benefits and restructuring costs, for 53 weeks. **7** Reflects Wehkamp Customer Sales 2020-2021 year with 53 trading weeks compared with 2021-2022 year Customer Sales of Wehkamp and kleertjes.com combined, with kleertjes.com taken pro-forma (full-year). **8** Reflecting kleertjes.com results pro-forma for the full year. **9** Reflecting Customer Sales for Wehkamp and kleertjes.com pro-forma (full year) for 2021-2022 and Wehkamp only Customer Sales for 2019-2020. **10** Reflecting kleertjes.com results pro-forma (full year) and Wehkamp combined for 2021-2022 and Wehkamp only results for 2019-2020.

We will continue to seek out acquisition opportunities to add to the WRG platform as we believe we can deliver similar improvements to the customer experience of other online destinations, by integrating back-end systems and activities. At the same time, we expect that this will generate significant financial synergy benefits.

Progressing the focus categories

There has been continued progress in the year with the strategy of expanding the focus categories of Home & Living, Menswear and kidswear to increase cross category sales and to match the success of Ladies Fashion. These additional sales, further leverage the existing operational platform at limited incremental cost, and improve the unit economics.

Whilst the pandemic has distorted underlying year-on-year trading patterns, an analysis based on two year pre-Covid comparatives demonstrates clearly the strong progress made in developing the focus categories over the period.

19% two year sales growth in **Wehkamp Fashion**

28% two year sales growth in **Wehkamp kidswear**

84% two year sales **growth of kleertjes.com**

25% two year sales growth in **Wehkamp Home & Living**

49% two year sales growth in **Wehkamp Beauty**

Accelerating own brands

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. The combination of high quality products and great value, explains in part why customers remain loyal, returning to Wehkamp year-after-year. We see this reflected in the baskets of customers who shop our own branded products: on average they are 50% larger than baskets that don't contain our own branded products.

During the year we successfully launched a core denim range across our own brands. In addition, our own brand in the Home & Living segment continues to go from strength-to-strength with new ranges in bathroom and bedding introduced in the year. The quality and robustness of our own brand supply chain was evidenced in the year, as we had fewer stock availability issues than third party brand suppliers, which helped to increase their sales in the period.

58% two year growth in own branded **Fashion sales**

12% of **Wehkamp Customer Sales** now come from own brand products

Driving up customer experience levels with technology improvements

Key technology improvements in the year which have had a direct and visible benefit to customers include the launch of Live Messaging, which in itself was a follow-on from the introduction of Chat Bots, which went live in the prior year. Both improvements have been well received and are well used by customers.

Personalised Homepages were launched in the year to increase our relevance to customers.

The Wehkamp app has also benefited from further improvements in the year and as a result its average app store rating has increased to **4.7** out of 5 from over 64.710 reviews.

Delivering on delivery

In a year when businesses across the globe were struggling with supply chain challenges and a lack of courier capacity, we extended our excellent delivery proposition with the launch of same day delivery for most items. Customers who order before 1pm can now receive their goods the same evening.

Wehkamp has demonstrated that it has achieved a sufficient level of scale and operational efficiency to offer free deliveries and simple and free returns on orders over € 20, as well as an excellent delivery proposition in terms of speed, whilst also generating a significant profit in each of the last three years.

95% of the product range is now offered for **same day delivery**

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

0 cost of delivery on **orders over € 20**

Stepping up on social

There has been a real focus in the year on reaching out to a broader customer base through the use of social media, with a more content driven strategy, and this is only the beginning. New channels were added including TikTok and existing channels were reactivated, with fresh and more engaging content.

68% increase in Wehkamp Instagram **followers to 66,000** at year-end

24% increase in **Wehkamp Pinterest** during the year

135 million combined (organic) reach **Instagram, Facebook, TikTok & Pinterest**

Over **600,000** video plays viral with the start of **TikTok**

Growing customer base

We are attracting new customers, winning back old customers and retaining them for longer, with a higher average spend.

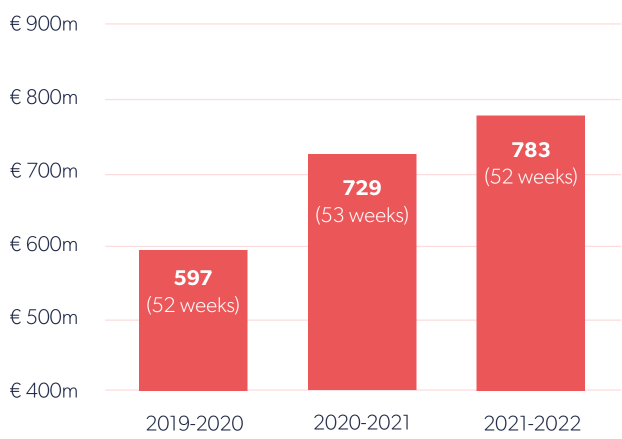
65%+ of Sales in 2021-2022 come from customers who have shopped with Wehkamp since 2015 and earlier, demonstrating the strength of the recurring customer base.

Strong financial performance of the Group

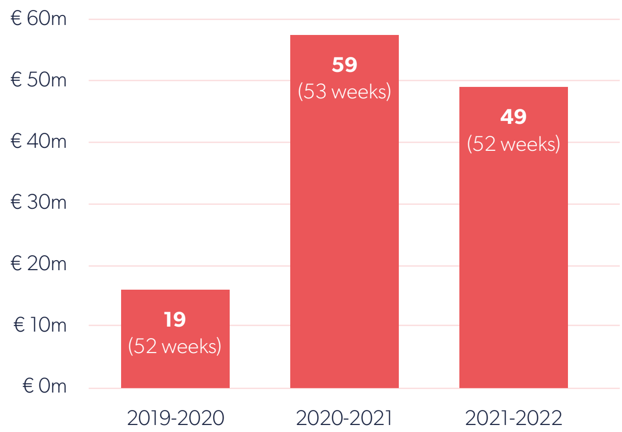
WRG has made significant progress in the last three years. Customer Sales (incl. VAT) in 2021-2022 increased year-on-year by 7%.[11] We are satisfied with this performance as we traded over a year with significant physical retail stores closures and restrictions due to the Covid pandemic, which led to a significant increase in online retail performance. In 2021-2022 we have effectively been able to keep the elevated level of sales performance of the Covid year 2020-2021. Looking at a two year comparison, against the pre-Covid year of 2019-2020, total Customer Sales increased by 31%[12] in 2021-2022. This growth represents a combination of acquiring new customers and existing customers continuing to spend more.

In addition, this is the third consecutive year of achieving significant profitability, demonstrating that since completing the sizable investments in tech and warehousing, WRG has reached the necessary scale for efficient operations and a sustainable business model. In 2021-2022 WRG delivered adjusted EBITDA of € 49 million, kleertjes.com proforma included.

Customer sales incl. VAT [13]



Adjusted EBITDA [14]



"Strong financial progress has been made over the last three years, locking in the gains made in the exceptional Covid year"

11 Reflecting 2021-2022 Customer Sales including kleertjes.com results pro-forma (full year) and 2020-2021 Wehkamp Customer Sales only for 53 weeks of trading. **12** Reflecting Customer Sales incl. kleertjes.com pro-forma (full year) for 2021-2022 and Wehkamp only Customer Sales for 2019-2020.
13 Reflects Customer Sales 2020-2021 with 53 weeks of trading. kleertjes.com pro-forma (full year) Customer Sales included into 2021-2022 results only.
14 Reflects Adjusted EBITDA as defined above; 2020-2021 EBITDA with 53 weeks of trading. kleertjes.com pro-forma (full year) adjusted EBITDA included into 2021-2022 results only.


Exciting opportunities
in kidswear
following
kleertjes.com
acquisition

The market

Fashion and Home & Living represent a € 21 billion market [15]

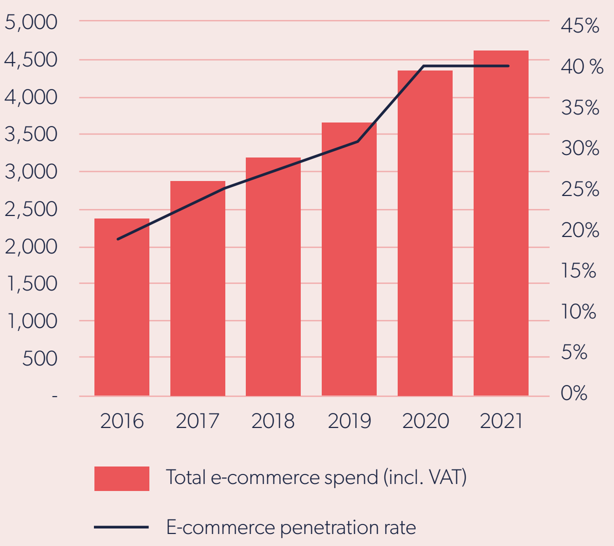
The Netherlands has a large and growing retail market with a well established and thriving e-commerce sector which has been growing its penetration in recent years. The market size of the two primary product categories for WRG - Apparel & Footwear and Homewares & Home Furnishing - is estimated by Euromonitor to be worth € 21 billion (incl. VAT) in 2021, with the e-commerce channel contributing € 7 billion or 34%.

In the four years before the advent of Covid e-commerce sales in the Apparel & Footwear market were growing ahead of the category, increasing by 54.6% between 2016 and 2019, compared with overall growth in the segment of 3.58%. By 2019 the e-commerce channel had grown its share of category sales to 30%. The same channel shift trend was evident in the Homewares & Home Furnishing market, with e-commerce revenues growing by 36.8% in the four years 2016 to 2019, compared with 2.5% growth for the overall category. As a result in the final year before the impact of Covid, 2019, e-commerce penetration in the Homewares & Home Furnishings category had increased to 19%.

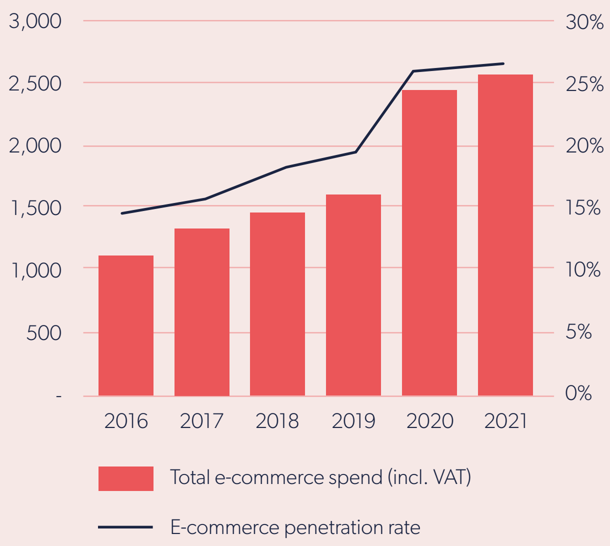
The impact of Covid in 2020 on retail spending patterns differed between categories but overall it has been positive for e-commerce, accelerating the structural and permanent shift to online ordering. In the Apparel & Footwear market e-commerce revenues grew strongly in both 2020 and 2021, compared to the category which saw sales fall by almost 9.3% in 2020, before staging a partial recovery in 2021. By 2021 e-commerce's share of the Apparel and Footwear market had increased to 40%.

In the Homewares & Home Furnishings category total retail sales actually grew year-on-year by 14% in 2020, boosted by lockdown restrictions and

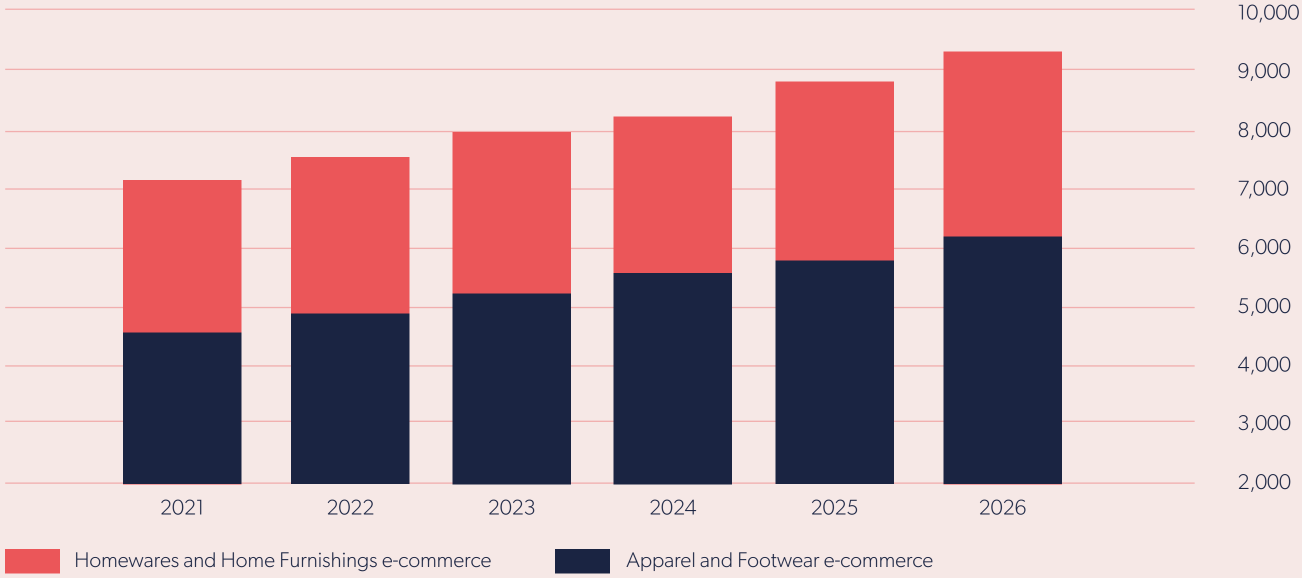
Apparel & Footwear



Homewares & Home Furnishings



E-commerce sales growth by category



All amounts in EUR 1M, source: EuroMonitor March 2022 Report: Retailing In The Netherlands

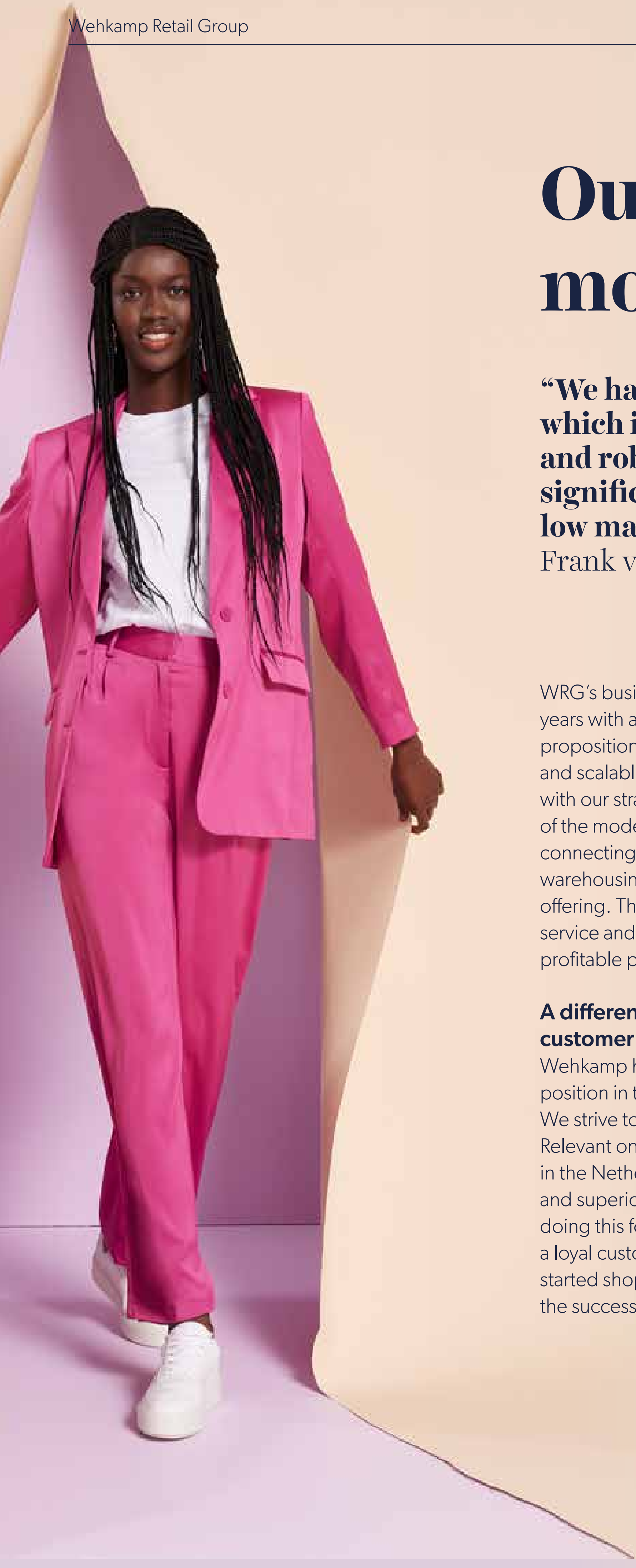
the more limited opportunities to spend money on leisure activities and travel. Growth in e-commerce spend on Homewares & Home Furnishings grew in 2020 even faster at 55.6%, as consumers became more confident in purchasing big ticket items online.

Looking ahead, Euromonitor forecasts that the Apparel & Footwear category will grow each and every year between 2021 and 2026, reaching a value of € 14 billion by the end of the six year period. The e-commerce segment of Apparel & Footwear is expected to grow at a faster rate, increasing from € 4.7 billion in 2021 to € 6.1 billion in 2026, taking its penetration of the category to 43%. Retail spend in the Homewares & Home Furnishings market is forecast to hold onto the strong growth the category experienced during Covid. However, spending through the e-commerce channel on Homewares & Home Furnishings is forecast to grow by 19% in the period, taking its penetration of the category to 33% by 2026.

Mobile e-commerce continues to be a growing trend, helped by the increasing penetration of smartphones, larger screens and retailers optimising their websites for mobile, in addition to their convenience of being able to purchase on the go. In 2016 Euromonitor calculated that mobile e-commerce accounted for just under 17% of total e-commerce spend but by 2021 its share had risen to 33%. By 2026 mobile e-commerce's share is forecast to increase to 39%.

In summary Wehkamp is well positioned to benefit from the growing e-commerce market in its two core categories, which are forecast to grow from € 7.2 billion in 2021 to € 9.2 billion in 2026. Wehkamp's mobile first strategy, which has already resulted in some 81% of weekly viewing sessions coming from mobile and 60% of weekly orders, should further reinforce its competitive position.

15 Source: EuroMonitor March 2022 Report: Retailing In the Netherlands. Using the Euromonitor classifications the categories that most closely align with Wehkamp's focus on Fashion and Home & Living are Euromonitor's Apparel & Footwear and Homewares & Home Furnishings segments. However, Wehkamp's overall market is larger than these two markets alone, given Wehkamp also operates in the Beauty and Toy categories. All data used is inclusive of Sales tax.



Our business model

“We have a proven model, which is flexible, cost efficient and robust, with capacity for significant further scaling at low marginal cost.”
Frank van Valderen - CFO

WRG’s business model has been developed over many years with a differentiated and compelling customer proposition and 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 platform.

A differentiated and compelling customer proposition

Wehkamp has established a clearly differentiated position in the Dutch market with a strong family focus. We strive to be the most Inspirational, Curated and Relevant online shop 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 70 years already. We have a loyal customer base, with two thirds of customers started shopping with us for 5 years or longer. This shows the success and resilience of our approach.

Inspirational
- 2,500+ local Dutch and leading global brands sold across the site and app;
- Updated look, feel and ease of use, including new photography from our in-house studios;
- Engaging social media content and the use of local influencers.

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 catch-all operators;
- Focus on growing our own brands, which are currently only available through Wehkamp.

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 European Cup, Back to School, Christmas and Valentine's Day;
- 20+ years of cohort data and insights to help anticipate needs and wants.

Superior user journey
- Mobile first strategy with 60% of weekly orders originating from mobile;
- Wehkamp app, which achieves an average app store rating of 4.7 out of 5;
- Minimal site downtime even in peak periods.

Leading delivery and return proposition
- Same day delivery and 12pm cut-offs for next day delivery, even for larger items;
- Free delivery on orders over € 20;
- Seamless, items and effortless returns policy.

"The Wehkamp proposition is unique in the Netherlands"

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.

The tech infrastructure

The tech stack has moved to a micro-services architecture over the last five years, using best in class service providers and a predominantly in-house tech team, which at the year end consisted of 103 full-time equivalents. The platform is well-invested, robust, suffering minimal downtime, even during peak trading periods, and scalable.

WRG's technology is structured in such a way to enable the addition of new e-commerce websites onto the platform quickly and simply, and at a minimal cost. This underpins the multi-facia strategy as described in the 'Our Strategy' section through both organic and inorganic means.

Leveraging the rich data set

With a history that dates back 70 years, including the last 12 years as a purely online retailer, Wehkamp has a rich and meaningful data set of cohorts. This opens up many possibilities for creating an improved and more personalised shop for our customers and minimising the impact of some of the big issues in e-commerce including returns.

It is not the volume of data that sets companies apart but rather their ability to collate, clean, interpret and apply the learnings from the insights that creates value. WRG uses leading software providers to collect, clean and store the data, alongside a growing in-house data analytics team, which at the year end had reached 23 full-time equivalents, to apply machine learning and data insights in order to personalise the shopping experience for customers.

The data set is also used to help lower return rates. Wehkamp created an article size recommender to assist customers in ordering the right sized garments with a high degree of accuracy. By reducing uncertainty around the sizing of garments, the quantity of different sizes ordered decreased, which in turn has resulted in more satisfied customers, less returns and greater profitability.

Highly automated distribution centre

WRG operates a 110,000m^2 purpose built, centralised logistics operation in Zwolle, which is one of the most sophisticated in Western Europe. Since opening the distribution centre in 2015 WRG has continued to invest in the latest state of the art automation technology, including optimising the Order and Storage Retriever (OSR) set-up, consisting of 525,000 storage locations requiring just 28 manual picking stations. As a result WRG has achieved very high productivity and pick rates of up to 200,000 items per day, at a low marginal cost and is able to fulfil peaks in demand quickly and efficiently.

Whilst the warehouse is already operating at a highly efficient level, there is still spare capacity within the existing footprint, as well as the ability to work 24/7. This capacity will enable WRG to take-on the kleertjes.com stock which is planned to move there over the summer. Plans are also underway to increase capacity by an additional 29,000m^2 and build into the system additional flexibility and efficiency, particularly around the ability to combine both manual and automated picks.

WRG now has the capability and know-how 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 dispatching. This enables a very high delivery on promise, always enabling a best-in-market delivery 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 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 Wehkamp to offer a 12pm cut off time for next day delivery and same day delivery for most orders received before 1pm.

Our strategy

"We are a thriving, profitable business, focused on delivering our strategy for further growth."
Graham Harris - CEO of WRG

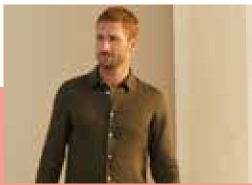
WRG has been transformed over the last few years and the business is now set-up to deliver further growth. This growth is expected to be achieved through a combination of organic and inorganic growth. Given that the platform is well invested and there is the capacity to further scale existing infrastructure, it is expected that the topline growth can be achieved whilst at least holding profit margins at around the existing level.

Our strategic pillars for organic growth

The organic element of the strategy consists of four pillars, all of which are focused on improving the customer's shopping experience which will lead to higher purchasing frequencies, increasing basket size and growing customer retention, as well as winning new customers. Building on the early success of the kleertjes.com transaction, additional acquisitions will be pursued to drive further synergies.

The four organic growth pillars

1. Accelerate own brand development



2. Enhance offering depth within smaller, higher growth categories

3. Continue to **drive cross category purchases**

Higher frequency, larger basket sizes, lower churn

4. Continue Wehkamp's **multi-facia strategy** organically

Increase revenue and scope

Pillar 1:
Accelerate own brands

Aim and rationale: Own brands offer our Dutch family customer base products of our own design at great value. As such they are an important differentiator to competitors and also strengthen both our relevance and our curation in the eyes of customers. Not only do they underpin our high levels of customer loyalty, providing customers with another reason to keep returning to Wehkamp time-after-time but they also drive up spend levels. On average customers who shop own brands have a basket size more than 50% larger than a customer who only purchases third party brands.

WRG's Lead of Public Relations talks to the Chief Buying & Sales Officer of Wehkamp about the evolution of own brand and the future opportunity.

Q: How long has Wehkamp sold own brands?
Our roots in own brand can be traced back some 70 years to our origins in the catalogue business, where we were largely selling our own product. The business model changed with the initial move to online, at which time the focus shifted to the retailing of third party brands. However, since 2019, under the leadership of Graham Harris and myself, there has been a renewed focus and investment in own brand.

Q: How big a part of the business is own brand today?
We have reinvigorated and expanded our own brand offering over the last few years. Own brand has grown from approximately 9% of Customer Sales in 2019-2020 to approximately 12% in 2021-2022.

Q: What attracts customers to own brand?
Own brand offers customers high quality products and great value, with a clear and distinctive handwriting.

Q: What are Wehkamp's most important own brands?
Within Fashion, Anytime and Imagine are two of our most important private label brands and within Home & Living it is Wehkamp Home. We also have a very successful formula for collaboration ranges with influencers.

Q: How large is the own brand team?
We have a branding and design team of 19 people located in Hilversum, in the vicinity of Amsterdam, where we design the products ourselves and then source them directly from the East and South East Asia and eastern and southern European countries.

Q: Are all of your own brands aimed at the value end of the market or are some more premium?
No. Wehkamp's customer base is currently focused on the mid-market and own brand is aligned with this positioning. Creating our own premium brand as an e-commerce pureplay would be very difficult and expensive. Equally, the value end of the market is fiercely competitive, so we focus on the mid-market.

Q: What were the main developments in the year for own brands?
We have been investing and building out our capability in own brand in order to realise what we think is a big opportunity. We have grown the team and continued to develop our supplier base, seeking out and partnering with reliable factories, who meet our ethical standards and are BSCI audited, or audited by a BSCI equivalent. Our sourcing office in the Far East, which was opened in the previous year, helps us to select and work effectively with the best and most reliable local factories.

In terms of new product we established a core denim range across our own brands during the year and extended our bathroom and bedding ranges within Soft Furnishings. We have also created some excellent quality Garden Furniture, BBQs and Christmas Trees and Lights under our own brand name.

Q: What's next for own brands?
Historically in Fashion, own brand was limited to Ladies Fashion but we are now working towards launching our own Menswear and kidswear ranges under our Anytime brand. We are currently evaluating the most effective way to attract more male customers to the offering, given that at the moment over 70% of Wehkamp customers are female. We are also working on the relaunch of our Ruby brand in Ladies Fashion later this year.

Q: What are the economics of own brands?
Own brand is a win-win for customers and Wehkamp. We have a dedicated and expanding in-house design and branding team, who in conjunction with our manufacturing partners, are able to create high value products at an attractive price for customers. 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 develop and negotiate on every component of the product directly with factories.

From a business perspective own brand makes good financial sense. The proposition of the product 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. There is also a noticeable benefit in spending levels, with customers who purchase own brand, typically spending over 50% more than those that only purchase third party brands.

Q: Can customers only buy own brands through Wehkamp and will that change?
Yes, own brands are currently exclusive to Wehkamp but the fourth organic pillar of our strategy for growth is to adopt a multi-facia strategy, with the creation of new e-commerce sites and brands to better target specific customer segments, where we also offer own brands.

Q: How far can own brands go?
Well that is the million dollar question. When we are planning we evaluate the opportunity for own brand, both within the Wehkamp sales platform and also the wider market potential to leverage external channels and platforms. We know from our progress in the last few years that the opportunity to grow within the Wehkamp platform is in itself substantial. However, what is really exciting is the wider market opportunity for own brand, given that we start with a negligible share of the total Dutch market and nothing outside of it.

Q: Are there more own brand opportunities following the purchase of kleertjes.com?
Most certainly. kleertjes.com sells five own brands already so there are some potential revenue opportunities to sell these to a wider customer base on the Wehkamp store. More generally we expect to benefit from the sharing of knowledge, expertise and supplier relationships. To help bring this opportunity to fruition we have brought the own brand teams of Wehkamp and kleertjes.com into the same premises in Hilversum.

Pillar 2:
Enhance offering depth

Aim and rationale: We sell to 51% 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. In the last few years we have expanded both the Home & Living and kidswear categories, resulting in Customer Sales growth in the three years to 2021-2022 of 21% and 40% respectively.

By offering our existing customers enhanced offers, in terms of both own and third party brands in Home & Living we can further grow our customer loyalty, spend and share of wallet. Own branded product choice across the categories of denim, bathroom and bedding have been increased recently and we see strong positive responses from our customers.

Pillar 3:
Continue to drive cross category purchases

Aim and rationale: Wehkamp has a large and loyal customer base. This is best evidenced by the fact that approximately two thirds of Customer Sales in 2021-2022 came from customers who had shopped with us for six years or longer. Already, the average customer buys across six categories but there is scope to extend and deepen cross selling even more.

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 put in front of them the items that are most relevant at the right time. The higher average order frequency and basket sizes of customers using the Wehkamp app is evidence of the higher sales that increased targeting and personalisation can deliver. Adoption of the Wehkamp app is currently 35% and rising.

By -even more than today- applying machine learning technology to customer interaction data such as click and purchase behaviours (both current and historical), we are able to automatically personalise both the website and mobile app to our customers' tastes. On the website homepage we now display personalised main messaging and this is also being tested in the app. The navigation structure in the app as well as product recommendations such as "New in for you" and "Discounted for you" on the app homepage are based on similar machine learning algorithms used for personalization elsewhere on the site and support our cross selling objective.

The data science team has applied product recommenders throughout the customer journey to further drive cross selling opportunities. 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.

On product overview pages featuring multiple products, the order of the products shown is based on ranking KPI's to display the most relevant items first. At the bottom of the product overview pages, automated links were created to suggested related pages that might be of interest to the customer. These suggestions are based on a combination of customer preferences and search volume of the linked pages.

Pillar 4:
Continue WRG's multi-facia strategy

Aim and rationale: Historically WRG has only traded from the one e-commerce site, wehkamp.nl. This has served the Company well given its long history and high brand awareness; almost everybody in the Netherlands knows Wehkamp. Even whilst aiming to keep the Wehkamp brand top of mind, there are likely to be some customer demographics that will be hard to reach through the brand. To reach these customers it will be more effective to adopt a new e-commerce brand which utilises all of the back-end technology and infrastructure that WRG has built up over many years, alongside a more tailored online experience for specific target demographics.

This element of the strategy has already commenced with the acquisition of kleertjes.com in 2021 and the decision to trade from both brands and websites, whilst integrating all of the back-end technology and infrastructure onto the WRG platform. But there is scope to extend this multi-facia strategy further with the in-house, organic creation of new e-commerce brands, which target certain key customer demographics.

Historically, Wehkamp's customer base is largely female, under-indexing on men. We are launching a mens only destination this year where we offer the same great Wehkamp customer proposition of curated range, customer experience and industry leading delivery but through a new e-commerce brand and front end website. The technology and work to deliver this has been largely completed.

Whilst the current focus is on launching the first menswear channel, there are plans and opportunities to apply the same approach to other product areas, where we already have an expertise and quality offering.

Acquisitions

In addition to the focus on driving organic growth across the four pillars there is the opportunity for acquisitions.

Aim and rationale: WRG is now in a strong position in terms of its core business. Targeted acquisitions will enable us to bring the excellent Wehkamp experience in terms of fulfilment, intuitiveness of technology and retail know-how to more customers. In addition, having already invested heavily in a highly scalable, state of the art technology, operations and logistics capability, there is a compelling financial opportunity to leverage this scale by adding additional sales over the platform, by acquiring growing, attractive businesses that are operationally less efficient. The result will be a better experience for customers and higher margins for WRG.

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.

The following case study on the kleertjes.com acquisition sets out the rationale for the deal and how WRG plans to create value from it. It is intended to highlight the broader opportunity for acquisitions and how we approach them. WRG now has a playbook that it can roll-out for further acquisitions.

Case study: Acquisition of kleertjes.com

kleertjes.com is a well-established, independent, fast growing and leading e-commerce operator, with a clearly defined position in the Dutch kidswear market, a market which WRG management estimate to be worth more than € 1 billion annually and growing. Prior to the acquisition kleertjes.com required much needed investments to upgrade its technology, operations and logistics platform, in order to stay ahead of peers and meet the ever increasing expectations for customer service. Covid saw demand spike to unprecedented levels, which consequently expedited the need to replatform.

Strategically, there was a strong deal rationale. An important element of the Wehkamp strategy is to further scale the Home & Living, Menswear and kidswear categories to match the success of Ladies Fashion. The acquisition of kleertjes.com progresses this by doubling Wehkamp sales of kidswear overnight. kleertjes.com also adds some significant kidswear own brands, including Me & My Monkey, Orange Stars and Wildfish, the expansion of which is another strategic priority.

Given the strength of the kleertjes.com brand and its loyal customer base, the post-acquisition strategy has been to maintain both brand identities, with separate websites and marketing strategies. This acquisition is the first roll-out of WRG's multi-facia strategy.

The main value in the deal lies in the integration of the back ends, so that they run off of the WRG technology platform, utilising the highly efficient WRG warehouse and delivery infrastructure, as well as operating with common back office teams. Customers will benefit from this as their cut-off

times will be later, the delivery-on-promise goes up and the quality of the assortment improves. In terms of technology, from day one of the acquisition kleertjes.com's IT security and control procedures were raised to the WRG benchmark. Work to migrate the front and back end systems is progressing and on track.

To conclude, the deal has worked for all parties. Customers have retained the kleertjes.com brand they love, alongside an improved customer experience. The strategic and financial benefits to WRG are compelling and have partially been realised already. The owners of kleertjes.com have secured the clean and full exit they desired, whilst kleertjes.com's employees have access to the benefits and career opportunities that being part of a larger, growing business enables.

Marketing is a key enabler of future growth

To support the organic growth push Wehkamp is undertaking a refresh of the brand. This, coupled with the multi-facia strategy will ensure that WRG more effectively targets the entirety of the Dutch market. The brand refresh is combined with a change in the marketing mix to better reach and connect with a broader Dutch audience in a contemporary way, at the point and place where they start their shopping journey; online.

Already the look and feel of the website has been upgraded, including new photography throughout in order to present a sharper, more modern and aspirational site and to better showcase the products.

Social media is also being prioritised to attract more customers. New channels, including TikTok were launched during the year, achieving over one million views in two months and existing channels have been much improved with a more engaging, original content led strategy, that aims to capture the mood and spirit of the nation. Examples of new content include the #ijspret and #oranje campaigns where we were extremely relevant throughout the year given the ice skating hype and the summer of sports. In December we received over 2,000 wishes, over 4,000 engagements and reached more than 1 million users when we asked customers for their wishes for loved ones.

Initial results from our focus on social channels have been very positive with a follower growth of 68% compared to last year, closing the year at 66,000 followers. Instagram, Facebook, TikTok & Pinterest had a combined (organic) reach of 135 million. Increase on Pinterest following with 24% and we went viral with the start of TikTok; over 600,000 video plays.

In 2022-2023 we will further step-up our social media focus with the launch of our ambassadors programme. This will include the use of 150 ambassadors, each with between 2,000 and 100,000 followers, who will share their experiences of key Wehkamp products, aligned with advertising campaigns, multiple times per month. This fresh approach is expected to grow our social media following, raise awareness of each campaign and ultimately reach new target groups. Alongside the increased use of social media will be an always on media strategy with regards to the Home & Living category. This will include radio and during key trading periods, TV.

Financial review

Wehkamp Retail Group Performance

As per 8 September 2021, WRG acquired kleertjes.com. Total customer sales for the financial year including the customer sales of kleertjes.com for the period as of 8 September 2021, increased by 2.4% to € 747 million (2020-2021: € 729 million). On an IFRS basis, reported annual revenue in the financial year increased by 7.2% to € 459 million (2020-2021: € 428 million).

Customer Sales, excluding the benefit of the kleertjes.com acquisition in the year, decreased by 4.3% from € 729 million in the financial year 2020-2021 to € 698 million in 2021-2022. IFRS revenue decreased by 0.6% from € 428 million last financial year to € 425 million this financial year. The comparison to last year is mostly impacted by the fact that the last financial year covered 53 weeks, while in 2021-2022 this was 52 weeks. Our gross profit margin as a percentage of customer sales increased from 32.6% to 33.3% owing to a further sharpening of our core retail skills, including improvements in supplier terms and sales mix; more fashion related products.

Financial highlights

The table below reflects the retail activities excluding the consumer financing activities.

In thousands of euros	**ProForma 1)**	**Year ended**		
	2022	**2022**	**2021**	**2020**
Customer Sales 2)	782,664	746,863	729,464	596,676
Retail customer sales - Growth Y-o-Y	7.3%	2.4%	22.3%	(2.4%)
Revenue (Annual Report)	485,723	458,987	428,018	346,402
Gross Profit	260,794	248,495	237,944	182,966
Gross profit as a % of Customer Sales	33.3%	33.3%	32.6%	30.7%
Gross profit as a % of Revenue	53.7%	54.1%	55.6%	52.8%
EBITDA	19,457	17,720	45,107	13,222
Adjusted EBITDA 3)	48,760	46,492	59,344	18,980
Operating results	(4,710)	(5,992)	13,776	(18,907)

1) Pro-forma 2022 includes the figures for kleertjes.com as if it had been acquired as of the beginning of the financial year 2021-2022. In the years 2020-2021 and 2019-2020, kleertjes.com has not been included.
2) 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.
3) 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.

Adjusted EBITDA was € 46.5 million (2020-2021: € 59.3 million and 2019-2020: € 19.0 million). Excluding the benefit of the kleertjes.com acquisition, adjusted EBITDA was € 44.7 million, an increase of 136% compared to financial year 2019-2020, showing that our underlying performance remained strong[16].

Operating cash flow of continued operations in the financial year 2021-2022 resulted in a cash outflow of € 11 million versus a cash inflow of € 60 million in the financial year 2020-2021. This decrease was primarily due to the fact that at the end of the financial year 2020-2021 we saw a significant increase in sales due to the restrictions on physical retail stores resulting from lockdowns imposed to control the spread of COVID infection. This led to a high cash inflow due to a peak in sales and a relatively low stock and high creditor position at the end of financial year 2020-2021, which normalised at the beginning of 2021-2022 and led to a cash outflow in the first part of this financial year.

Cash flow from investing activities of continued operations resulted in a cash outflow of € 58 million (prior year: an outflow of € 7 million), mainly related to the acquisition of kleertjes.com and investments in property, plant and equipment and in intangible assets.

Cash flow from financing activities of continued operations resulted in a cash inflow of € 32 million (prior year: an inflow of € 1 million), mainly as a result of the refinancing in March 2022.

As a result, WRG has a net debt at the year-end of € 15.9 million, compared to a net cash position of € 45.9 million in the previous year.

“Third consecutive year of significant profitability”

Financing

On 18 March 2022 WRG entered into a refinancing of its senior facility programme with a syndicate of banks, including a term loan and a revolving credit facilities agreement. 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;
- 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 € 16 million was invested (2020-2021: € 9 million). This mainly comprises investments in the distribution centre in Zwolle, technology investments, other developments and the additions in right-of-use assets. For 2022-2023 total investments, including investments for Technology innovations and developments, are expected to remain at the same level as previous year.

16 The adjusted EBITDA with kleertjes.com pro forma for 2021-2022 was € 49 million.

In thousands of euros	Year ended		
	2022	**2021**	**2020**
Operating Cash Flow	(11,042)	60,423	(15,078)
Investments in PPE, software and other	(58,382)	(7,182)	(13,020)
Financing Cash Flow	31,723	554	23,592
Net Cash Flow of continued operations	**(37,701)**	**53,795**	**(4,506)**

In thousands of euros	**3 April 2022**	**4 April 2021**	**29 March 2020**
Cash and cash equivalents	41,709	65,974	39,206
Senior facility and bank overdraft	(57,637)	(20,040)	(44,270)
Net debt	**(15,928)**	**45,934**	**(5,064)**

Our risk management framework has withstood **recent external shocks**

Risk management

"The successful monitoring and management of risk is essential in our business."
Frank van Valderen - CFO

As a Dutch focused e-commerce operator with a 70 year 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 managment 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 topline 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 more recently the spike in oil prices caused by the conflict in Ukraine, can all have a significant impact on consumer spending patterns, which would likely flow through to our business in lower sales and profits, jeopardising our growth ambitions, as well as weakening our financial position. However, in the case of Covid, whilst there was a negative impact on the Dutch economy, there was a positive impact on Wehkamp's business performance, accelerating the strategic shift to online ordering.

How we manage this risk

There is a wealth of third party reports and data that is collated and dxisseminated 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 actions to be taken. Macro and trading conditions are discussed weekly in the management team meeting and actions are defined 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. Wehkamp could be compelled to reduce its own pricing or increase its marketing spend to better compete, which will in turn result in lower profits. However 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 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 Wehkamp, 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 and labour shortages have been indirect consequences of the pandemic, but can also be caused by many other factors including political unrest and the recent Suez Canal container ship blockage. 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 2,500 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 the 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.

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 the 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 warehouses 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 warehouses 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 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. In the financial year under review, we experienced labour challenges in our Zwolle distribution centre owing mainly to higher sales related to Covid in combination with unusual scarcity in the Dutch labour market in general.

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 better reflects the culture of the Wehkamp employer brand and supports WRG's new hybrid way of working.
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. More of the labour in the Zwolle distribution centre has also been brought in-house in 2021-2022.

Increasing productivity and loyalty with the **in-housing of labour**

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 the 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

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.

All the suppliers we work with are required to adhere to the Wehkamp 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 Wehkamp itself, 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 every new production facility before we place the first order or select production facilities that already have 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 Code of Conduct.

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 2,500 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 the main currency risk.

How we manage this risk

We use forward foreign exchange contracts to hedge a substantial proportion of the currency exposure of future cash flows. Most of the 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, which left unmanaged 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 exposes us to fluctuations in interest rates. Together, this could hamper our ability to meet interest payments or capital 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 fix a 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 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. Legal and compliance risk is the risk 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 interpretation. 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 are a member of the e-commerce network, thuiswinkel.org. This means we have earned the Shopping Secure trustmark. To earn this trustmark we went 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.

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. 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.

Culture and diversity

We want to be the most inspiring, curated and relevant online shop for Fashion & Living in the Netherlands. Where everyone is special. And the way we execute this makes the difference for our customers as well as our team members. We organise ourselves to deliver on our strategic goals and opportunities by adopting a multi-disciplinary approach where the opinions of everyone matter, with high flexibility of our people and a learning mindset.

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 3 April 2022, we had 1,262 employees, representing 929 FTEs, compared to the prior year of 729 employees, equating to 655 FTEs. During the financial year, the average number of FTEs amounted to 861 (2020-2021: 703 FTEs).

Our culture

We help our employees to make the most out of their life, every day. This is our internal purpose and combined with our four defined corporate values this describes our culture.
We are customer centric, we work together, we are entrepreneurial and we are engaged. We care for employees in our production and supply chains. We want them to be safe and healthy. We care for our planet and the environment. We constantly look for new initiatives that keep our company a great place to work.

We know that our employees, with their diverse talents and views, contribute to our success in creating and implementing new business opportunities. 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 their business dealings with colleagues and business partners.

We aim to create an inspiring, flexible and winning work environment for our people. Working for the Group should feel a win-win. While helping the Group 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 fashion and lifestyle experience. Every person in our organisation plays an important role in this. We facilitate and support our people to think in opportunities.
In November we moved to our new head office in Zwolle, providing our people with a modern and inspiring work environment where we can collaborate, learn from each other, present our results and celebrate our successes.

We implement various vitality initiatives and have internal learning and development programs in order to strengthen our workforce. In the future, we aim to strengthen our environment of inclusion and acceptance even further.

Safety and sustainable employability

We are committed to ensuring a safe working environment and the health and occupational safety of our employees, which are core values that are constantly monitored by management. 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 invest in up-to-date special safety programmes for our fulfilment centres in order to create awareness among our employees and to continuously improve and monitor the safety in our fulfilment centres.

Furthermore, in connection with the Covid pandemic, most of our employees based at our head office have worked from home for the majority of the past two financial years. Now that the measures have been relieved we will continue to work in a hybrid way inline with the defined working from home principles.

In addition, during this period we created a 1.5 metre socially distanced work environment in most areas of our fulfilment centres and supported our staff by specific internal communications.

As a result of recently increased attention to harassment in the workplace in the Netherlands, we have reviewed and updated our internal rules and procedures that deal with behaviour in the workplace, to ensure they comply with our standards.

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 our Boards 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 our Boards comprises multiple aspects, such as the age structure, the members' educational and professional background, the experience relevant for their position and personal characters.

In our view, diversity is not a static concept, but rather a relevant mix of required elements for the Boards as a whole that evolves with time, based on, among others, the relevant business objectives and future needs of the Group. We treat diversity of the Boards as a means for improvement and development, rather than an end in itself.

Female/male representation

The Company 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 Management Board of two people currently has no female representation. The 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 Management Board in the future, the requirement of balanced division as set forth in Book 2 of our Civil Code will be taken into account wherever possible.

The senior management consisting of the Management team and Senior managers shows 33.3% female representation.

For the upcoming year we want to invest further in our diversity and inclusion approach and measurements.

Diversity is critical to our long term sustainability


Beauty
TOUCH THE SKY

Corporate and Social Responsibility

“We are engaged in delivering sustainable growth in tandem with reducing our environmental footprint. Positive progress has been made in the year and we will be stepping up our efforts in 2022-2023.”
Graham Harris - CEO of WRG

Our sustainability ambitions
Our customers are mainly families. We aim to make the lives of today’s families more beautiful and easier, as well as the lives of their children and the generations that follow. 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.

WRG’s increasing focus on sustainability is reflected by our growing sustainability efforts and a sustainability team that has been appointed to focus on the realisation of our sustainability ambitions. Our sustainability efforts are focused on the following areas:

Customers and Products
We want to inform our customers to help make it easier for them to make sustainable buying choices. That is why in 2021-2022 we have updated our ‘more sustainable’ tags, which highlight our products that are more sustainable based on our required guidelines and shared with our partners and customers.

We have direct control over the growing private label brands, giving us the opportunity to proactively improve the sustainability credentials of our ranges. 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 enhancing the supply chain of the 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 Wehkamp 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 the private label brands are regularly audited by either Wehkamp herself, 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. We also audit every new production facility by BSCI before we place the first order or 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 website. 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 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 CO^2, energy and packaging materials. In recognition of our work on sustainable packaging and reducing our packaging-related CO2 emissions on foil by 64% and reducing the ink on our packaging by more than 95%, we won the 'Duurzaamheid award" in 2020. We estimate that approximately 75% of the circa 11 million packages we send out each year are wrapped in plastic bags, as these take up less space than boxes, resulting in CO^2 reductions through greater vehicle load factors. The delivery bags used by Wehkamp are made of 100% recycled materials and the thickness of our polybags, the bags which the individual products are wrapped in, have been reduced by 20%. The estimated CO^2 savings of these improvements is approximately 99,000 kg of CO^2 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 property estate to be as sustainable and as energy efficient as possible. A part of our Logistical Service Centre was certified with a BREEAM 'Excellent' rating 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 the relocation of the head office we have reduced the size of our new and modern head office by 36%, from 11,000m^2 to 6,400m^2 and at the same time improved its energy rating from label G to A.

In terms of distribution 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, 100% of our parcels with DHL are delivered CO^2 neutral to our customers.

Social Initiatives

Since 2002, WRG has been one of the main sponsors of the Ronald McDonald Kinderfonds. The 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 Mc Donald'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, but for example we also 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, employees of Wehkamp are committed by en participating in the HomeRun or HomeRide.

Forward looking statement

In 2022 we will continue to step up our Corporate and Social Responsibility efforts in the following four key areas:

Customers and Products

In 2022 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 improve our products, processes and products. We will also evaluate the way we currently inform customers and other stakeholders on our sustainability efforts and will make improvements where we can.

Sustainable operations

In 2022 we will continue to identify CO^2 reduction opportunities. We will work on a roadmap with combined projects 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 2022 we will continue to sponsor the Ronald McDonald Kinderfonds and we will explore other opportunities and social initiatives for sponsorship.

Reporting and Risks

In 2022 we will integrate sustainability risks in 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.

We will do more to build a **better future**

Report from the Supervisory Board

At the end of the Financial Year 2021-2022, the Supervisory Board of the WRG ("Supervisory Board") comprised of five members: Mr. Hall (chairman), Mr. Browett, Mr. Ribbink, Mr. Knaapen and Mr. Slagt. In December 2021, Mr Schenk stepped down as Supervisory Board member of the Wehkamp Retail Group (then: RFS Statutory Holding) after having been a member for 8 years. Mr. Slagt was appointed as his successor as per 1 January 2022.

On 28 June 2021, the first phase of the separation of Tinka took place. As a result, the governance structure of the WRG changed and a separate Supervisory Board for Tinka and Wehkamp ("RFS Holland Holding") were installed, with a joint Supervisory Board on WRG level (then: RFS Statutory Holding). With the final separation of Tinka on 31 March 2022, the joint Supervisory Board ceased to exist. The Supervisory Board on RFS Holland Holding level ceased to exist as well and the Supervisory Board was installed on WRG level. In May 2022 the composition of the Supervisory Board of the WRG changed. Mr. Browett became chairman of the Supervisory Board. Mr. Hall stayed on as a Supervisory Board member. Mr. Knaapen stepped down. Finally, Mrs. M. Bangma-Tjaden and Mrs. van Walsum joined the Board as Supervisory Board Directors. In addition, Mrs. M. Bangma-Tjaden was appointed as chairman of the Audit Committee and Mrs. van Walsum was appointed as Chairman of the Remuneration Committee.

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 5 April 2021 until 3 April 2022 the Supervisory Board met three times. Supervisory Board meetings were held in the presence of the Management Board.

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, 20 June 2022
The Supervisory Board,

J. J. Browett, chairman

T.N. Hall G.A. Ribbink
A.W. Slagt M. Bangma-Tjaden
S. van Walsum

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Consolidated statement of profit and loss and other comprehensive income

In thousands of euros

	Note	5 April 21 to 3 April 22	30 March 20 to 4 April 21	1 April 19 to 29 March 20
Continuing operations				
Revenue	6	458,987	428,018	346,402
Cost of sales		(210,492)	(190,074)	(163,436)
Gross profit		**248,495**	**237,944**	**182,966**
Selling and distribution expenses	7	(172,358)	(154,409)	(136,906)
General and administrative expenses	7	(94,217)	(69,759)	(64,967)
Other income	8	12,088	-	-
Operating result		**(5,992)**	**13,776**	**(18,907)**
Financial income	9	-	23	53
Financial costs	9	(5,077)	(14,255)	(16,068)
Finance costs - net		**(5,077)**	**(14,232)**	**(16,015)**
Result before income tax		**(11,069)**	**(456)**	**(34,922)**
Income tax income/(expense)	10	1,209	(4,202)	7,792
Result from continuing operations		**(9,860)**	**(4,658)**	**(27,130)**
Discontinued operation				
(Loss)/profit from discontinued operations (net of tax)	5	(275)	4,903	9,308
Result for the period		**(10,135)**	**245**	**(17,822)**
Other comprehensive income		-	-	-
Total comprehensive (loss)/income for the year (net of tax)		**(10,135)**	**245**	**(17,822)**
Attributable to:				
Equity holders		(10,135)	245	(17,822)
Non-controlling interest		-	-	-
Total comprehensive (loss)/income for the year (net of tax)		**(10,135)**	**245**	**(17,822)**
Earnings per share				
Basic earnings per share (euro)	11	(1.77)	0.04	(3.11)
Earnings per share – Continuing operations				
Basic earnings per share (euro)	11	(1.72)	(0.81)	(4.73)
Earnings per share – Discontinued operations	11	(0.05)	0.85	1.62
Basic earnings per share (euro)				

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	3 April 2022	4 April 2021	29 March 2020
Assets				
Goodwill	12	209,455	178,000	178,000
Other intangible assets	12	122,523	108,406	118,076
Property, plant and equipment	13	46,673	51,214	78,094
Right-of-use assets	14	39,133	30,554	33,176
Loans to customers	15	-	185,460	229,020
Other financial fixed assets		-	-	1,141
Non-current assets		417,784	553,634	637,507
Inventories	16	62,324	47,040	37,463
Income tax receivable		126	-	390
Trade and other receivables	17	32,694	108,997	92,163
Cash and cash equivalents	18	41,709	65,974	39,206
		136,853	222,011	169,222
Assets classified as held for sale	19	-	16,579	-
Current assets		136,853	238,590	169,222
Total assets		554,637	792,224	806,729
Equity and liabilities				
Share capital		11,233	11,233	11,233
Share premium		336,569	409,569	274,489
Other reserves		(170,603)	(170,848)	(153,026)
Result for the period		(10,135)	245	(17,822)
Equity attributable to owners of the parent		167,064	250,199	114,874
Non-controlling interest		-	-	-
Total equity		167,064	250,199	114,874
Borrowings	21	57,637	156,914	322,688
Provisions for other liabilities and charges	22	2,948	3,328	3,810
Deferred income tax liabilities	24	29,735	26,168	20,213
Lease liabilities	14	37,145	30,010	31,331
Other non-current liabilities	25	48,250	70,299	66,118
Non-current liabilities		175,715	286,719	444,160
Borrowings	21	-	71,274	107,509
Provisions for other liabilities and charges	22	1,885	2,455	1,542
Lease liabilities	14	4,920	2,697	3,166
Trade creditors		69,293	95,116	62,210
Other payables and current liabilities	25	135,760	83,764	73,268
Current liabilities		211,858	255,306	247,695
Total liabilities		387,573	542,025	691,855
Total equity and liabilities		554,637	792,224	806,729

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	5 April 21 to 3 April 22	30 March 20 to 4 April 21	1 April 19 to 29 March 20
Cash flow from operating activities				
Result in the financial year from continued operations		(9,860)	(4,658)	(27,130)
Adjusted for:				
Depreciation	12/13	11,993	15,812	14,179
Amortisation and impairments	12	11,718	15,519	17,950
Net financing cost	9	5,077	14,231	16,015
Income tax (income)/expense	10	(1,209)	4,203	(7,792)
Gain on assets classified as held for sale	19	(12,088)	-	-
Changes in non-current liabilities/provisions	22/25	(11,105)	3,698	(2,943)
Operating cash flows before changes in working capital		(5,474)	48,805	10,279
Changes in:				
Inventory	16	(15,284)	(9,577)	4,669
Trade and other current receivables	17	(13,562)	(2,143)	(477)
Payables and other current liabilities	25	25,977	25,731	(28,340)
Cash flow (used in)/generated from operating activities		(8,343)	62,816	(13,869)
Interest paid		(4,477)	(5,027)	(3,559)
Accrued interest lease liabilities		2,226	2,244	2,350
Income tax (paid)/received		(448)	390	-
Cash flow from operating activities of continued operations		(11,042)	60,423	(15,078)
Cash flow from operating activities of discontinued operations	5	14,267	(6,657)	13,298
Net cash generated from/(used in) operating activities		3,225	53,766	(1,780)
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired	4	(55,113)	-	-
Cash (equivalent) transferred on disposal of subsidiary	5	(23,051)	-	-
Purchase of property, plant and equipment	13	(2,096)	(3,205)	(6,386)
Disposal of property, plant and equipment	13	30	2,250	-
Cash receipts from assets classified as held for sale	19	28,667	-	-
Purchase of intangible assets	12	(6,819)	(6,227)	(6,634)
Cash flow from investing activities of continued operations		(58,382)	(7,182)	(13,020)
Cash flow from investing activities of discontinued operations	5	(831)	(1,233)	(1,600)
Net cash used in investing activities		(59,213)	(8,415)	(14,620)
Cash flows from financing activities				
Repayments of borrowings	21	(2,748)	(4,750)	-
Transaction costs related to loans and borrowings	21	(2,119)	-	-
Proceeds from issue of loans	21	42,250	10,908	28,839
Repayments of lease liabilities	14	(5,660)	(5,604)	(5,247)
Cash flow from financing activities of continued operations		31,723	554	23,592
Cash flow from financing activities of discontinued operations	5	-	-	-
Net cash generated from financing activities		31,723	554	23,592
Net increase in cash and cash equivalents		(24,265)	45,905	7,192
Cash and cash equivalents at beginning of the period		65,974	20,069	12,877
Cash and cash equivalents at end of the period		41,709	65,974	20,069
Cash and cash equivalents		41,709	65,974	39,206
Bank overdraft		-	-	(19,137)
Cash and cash equivalents at end of the period		41,709	65,974	20,069

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	Result for the period	Total attributable to the equity share-holders	Non-control-ling interest	Total Equity
Balance at 1 April 2019	11,233	274,489	(124,794)	(28,232)	132,696	-	132,696
Appropriation of prior year result	-	-	(28,232)	28,232	-	-	-
Total comprehensive expense for the period							
Result for the period	-	-	-	(17,822)	(17,822)	-	(17,822)
	-	-	-	(17,822)	(17,822)	-	(17,822)
Transactions with owners, recorded directly in equity							
Dividends	-	-	-	-	-	-	-
Capital contribution	-	-	-	-	-	-	-
Issue ordinary and preference shares	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Balance at 29 March 2020	11,233	274,489	(153,026)	(17,822)	114,874	-	114,874
Appropriation of prior year result	-	-	(17,822)	17,822	-	-	-
Total comprehensive income for the period							
Result for the period	-	-	-	245	245	-	245
	-	-	-	245	245	-	245
Transactions with owners, recorded directly in equity							
Dividends	-	-	-	-	-	-	-
Capital contribution	-	-	-	-	-	-	-
Issue ordinary and preference shares (see Note 20)	-	135,080	-	-	135,080	-	135,080
	-	135,080	-	-	135,080	-	135,080
Balance at 4 April 2021	11,233	409,569	(170,848)	245	250,199	-	250,199

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

Consolidated statement of changes in equity (continued)

In thousands of euros

	Share capital	Share premium	Other reserves	Result for the period	Total attributable to the equity share-holders	Non-control-ling interest	Total Equity
Balance at 5 April 2021	11,233	409,569	(170,848)	245	250,199	-	250,199
Appropriation of prior year result	-	-	245	(245)	-	-	-
Total comprehensive expense for the period							
Result for the period	-	-	-	(10,135)	(10,135)	-	(10,135)
	-	-	-	(10,135)	(10,135)	-	(10,135)
Transactions with owners, recorded directly in equity							
Share capital restructuring (see Note 20)	73,003	(73,003)	-	-	-	-	-
Repaid capital (see Note 20)	(73,003)	3	-	-	(73,000)	-	(73,000)
Capital contribution	-	-	-	-	-	-	-
Issue ordinary and preference shares	-	-	-	-	-	-	-
	-	(73,000)	-	-	(73,000)	-	(73,000)
Balance at 3 April 2022	11,233	336,569	(170,603)	(10,135)	167,064	-	167,064

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

Notes to the consolidated financial statements

1 Summary of significant accounting principles

1.1 Reporting entity

Wehkamp Retail Group B.V. ('the Company', formerly RFS Statutory Holding 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 and consumer financing activities. 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 2021-2022 started 5 April 2021 and ended 3 April 2022. The comparative financial year 2020-2021 started 30 March 2020 and ended 4 April 2021 and the comparative financial year 2019-2020 started 1 April 2019 and ended 29 March 2020.

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.

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 current reporting period

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 22) 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 16 Leases: COVID-19-Related Rent Concessions

The amendment to IFRS 16 - COVID-19-Related Rent Concessions was issued in 2020 and is effective for annual periods beginning on or after 1 June 2020. This amendment provides practical relief for lessees in accounting for rent concessions. As a practical expedient, a lessee may elect not to treat eligible COVID-19-related rent concession as a lease modification, and instead is permitted to account for it as if it was not lease modification. These amendments had no impact on the consolidated financial statements of the Group.

1.4.2.2. 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:

- 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);
- 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);
  Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020 (issued 14 May 2020);
- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS19 (issued on 25 June 2020);
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 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 17 and Note 25)
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 16)

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 29)

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 26 : Financial risk management;
- Note 29.2 : 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 (i) the sale of goods to customers which are procured based on a wholesale model and a private label model, (ii) commissions received from the sale of goods based on an alliance model and (iii) a drop-shipment 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).

- 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.

- 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, 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 remaining term of the customer relationships, a period of between 4 years (initially 9 years) for the customer relationships of Wehkamp and 9 years (initially 9.6 years) for the customer relationships of kleertjes.com.
Trade names have an indefinite life since 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 assets

1.16.1 Classification

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.

1.16.2 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.

1.16.3 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, 17 and 18).

1.16.4 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.

1.17 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 26.1.2 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.

1.18 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.

1.19 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).

1.20 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.

1.21 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.

1.22 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.

1.23 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.

1.23.1 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.

1.23.2 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.

1.24 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.

1.25 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.

1.26 Employee benefits

1.26.1 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.

1.26.2 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. Remeasurements 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 including Supervisory Board members. These plans entail 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.

1.26.3 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 plans 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.

1.26.4 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. The former, in 2017 concluded, long term incentive plan of the Company was terminated in March 2021 as the plan was no longer considered an incentive based on the terms and conditions of the plan. All remaining shares in the management company were bought back for no consideration before year-end financial year 2020-2021.

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.

1.27 Leases

1.27.1 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.

1.27.2 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 chapter 1.6 'Use of judgements and estimates'). 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 t he lease term, discounted using interest rate implicit in the leases or, if unknown, the incremental borrowing rate (see also chapter 1.6 'Use of judgements and estimates').

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 chapter 1.6 'Use of judgements and estimates'). 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.

1.28 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.

1.29 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:

	Domicile	Country of incorporation	Ownership interest 3 April 2022	Ownership interest 4 April 2021
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 B.V.	Zwolle	Netherlands	100%	-
Tinka Holding B.V.	Zwolle	Netherlands	-	100%
Tinka B.V.	Zwolle	Netherlands	-	100%
Money@Home B.V.	Zwolle	Netherlands	-	100%
Lacent Data Services B.V.	Zwolle	Netherlands	-	100%
PayWay Financial Services B.V.	Zwolle	Netherlands	-	100%
Figo B.V.	Zwolle	Netherlands	-	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

The Group has identified its Board of Directors as the Chief Operating Decision Maker ('CODM'). Based on its operations, online retailing of fashion, home and living products and provision of consumer financing activities, more specifically provision of credit, deferred payments options and prepayment to its clients, the Group had identified two operating segments, "Retail" and "Consumer financing activities" for the financial years 2020-2021 and 2019-2020.
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.

Based on the location of the external customers, approximately 99.5% of the Group's revenue recorded in financial year 2021-2022 has been generated in the Group's country of domicile, the Netherlands, with the rest in other European countries (financial year 2020-2021: 100% and financial year 2019-2020: 100%). There is no single customer generating more than 10% of the Group's revenues.

As at 3 April 2022, all of the Group's non-current assets were in the Netherlands, same as at 4 April 2021 and 29 March 2020.

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.

The purchase price allocation of kleertjes.com is based on provisional amounts. In this case, in the following financial year of the acquisition, certain balances (such as the fair value of intangible assets and inventories), which are now based on a provisional assessment of the fair value will be adjusted in line with IFRS 3.35 if deemed necessary.

The provisional amounts of assets and liabilities recognised as a result of the acquisition are 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**

The goodwill is attributable to the workforce and the highly profitability of the acquired services. It will not be deductible for tax purposes.

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 overdrafts	2,041
Net outflow of cash - investing activities	**55,113**

4.2.1 Acquisition-related costs

Acquisition-related costs of € 0.8 million are 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'). Tinka Holding B.V. is now a fully separate, stand-alone company.

The shares of Tinka Holding B.V. are, 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 20 'Group equity' paragraph 'Share capital restructuring');
2. a repayment of share premium for an amount of EUR 73,000 thousand, which corresponds with the fair value and the book value of Tinka Holding B.V. as per 31 March 2022, which repayment has 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. will continue 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	1 April 19 to 29 March 20
Revenue		28,415	36,345	42,671
Cost of sales		4,091	9,462	12,118
Gross profit		**24,324**	**26,883**	**30,553**
Selling and distribution expenses		17,805	13,729	10,273
General and administration expenses		7,962	9,353	10,413
Operating result		**(1,443)**	**3,801**	**9,867**
Financial income		745	2,855	2,590
Results from operating activities		**(698)**	**6,656**	**12,457**
Income tax income/(expense)	10	156	(1,753)	(3,148)
Result from operating activities (net of tax)		**(542)**	**4,903**	**9,309**
Result on disposal through a capital repayment		267	-	-
(Loss)/profit from discontinued operations (net of tax)		**(275)**	**4,903**	**9,309**

Revenue includes interest income for an amount of € 26.6 million (2020-2021: € 33.9 million and 2019-2020: € 39.7 million). Cost of sales includes interest expenses for an amount of € 2.8 million (2020-2021: € 4.7 million and 2019-2020: € 3.1 million).

The payment transaction costs and commission (debtors) fee to Wehkamp B.V. are recognised as operating expenses (see Note 29.3).

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	1 April 19 to 29 March 20
Net cash generated from/(used in)	14,267	(6,657)	13,298
Net cash used in investment activities	(831)	(1,233)	(1,600)
Net cash generated from financing activities	-	-	-
Net cash flow for the year	**13,436**	**(7,890)**	**11,698**

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	17	(688)
Group loans and receivables		(7,500)
Cash and cash equivalents	18	(23,051)
Current and non-current lease liabilities	14	38
Current and non-current borrowings	21	177,900
Current and non-current provisions and other liabilities and charges	25	379
Deferred income tax liabilities	24	710
Trade creditors		328
Other payables and (non-)current liabilities	25	2,632
Group loans and payables		11,077
Net assets and liabilities		**(73,824)**
Share restructering	20	73,000
Cash and cash equivalents disposed of		(23,051)
Net cash flows for the year		**(23,875)**

6 Revenue

The Group generates revenue from retail business.

In thousands of euros

	5 April 21 to 3 April 22	30 March 20 to 4 April 21	1 April 19 to 29 March 20
Revenue	458,987	428,018	346,402

The revenue includes income from marketing services of € 3.0 million.

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

In thousands of euros

	Note	3 April 2022	4 April 2021	29 March 2020
Gross loans to customers		-	287,013	318,010
Less: Provision for bad debts		-	(11,057)	(12,156)
Loans to customers	**15**	**-**	**275,956**	**305,854**
Trade receivables	17	552	-	-
Receivables from affiliated companies	17	12,273	-	-
Right to returned goods	17	6,306	5,611	3,592
Total receivables from contracts with customers		**19,131**	**5,611**	**3,592**
Refund liability	25	(15,072)	(14,247)	(7,806)
Total liabilities from contracts with customers		**(15,072)**	**(14,247)**	**(7,806)**

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 25) and a right to returned goods (see Note 17) 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.

7 Operating expenses

In thousands of euros

	5 April 21 to 3 April 22	30 March 20 to 4 April 21	1 April 19 to 29 March 20
Department costs *)	128,600	110,264	99,472
Employee benefit expense	32,418	27,542	25,990
Depreciation, amortisaton and impairments	11,340	16,603	11,444
Selling and distribution expenses	**172,358**	**154,409**	**136,906**
Department costs **)	32,694	24,459	17,144
Employee benefit expense	49,152	30,606	27,139
Depreciation, amortisaton and impairments	12,371	14,694	20,684
General and administrative expenses	**94,217**	**69,759**	**64,967**
Total operating expenses	**266,575**	**224,168**	**201,873**

*) Department costs for selling and distribution expenses include marketing, warehouse & distribution, customer service and payment transactions costs.

**) Department costs for general and administrative expenses include expenses of the buying and sales department, IT-cost and overhead expenses.

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	**5 April 21 to 3 April 22**	**30 March 20 to 4 April 21**	**1 April 19 to 29 March 20**
Wages and salaries	70,238	48,308	42,443
Social security costs	5,875	5,231	5,753
Pension costs	5,457	4,609	4,933
Total employee benefit expenses	**81,570**	**58,148**	**53,129**
Included in:			
Selling and warehouse & distribution expenses	32,418	27,542	25,990
General and administrative expenses	49,152	30,606	27,139
Total employee benefit expenses	**81,570**	**58,148**	**53,129**

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 nil in financial year 2021-2022 (2020-2021: € 8.4 million and 2019-2020: € 5.0 million).

During the financial year 2021-2022, the average number of employees in the Group, converted into full time equivalents, amounted to 861 FTEs (2020-2021: 703 FTEs and 2019-2020: 778 FTEs). All employees are employed in the Netherlands.

The workforce can be divided into the following categories:

In average number of employees	**5 April 21 to 3 April 22**	**30 March 20 to 4 April 21**	**1 April 19 to 29 March 20**
Buying & Sales	175	130	159
Customer Services	20	13	24
Warehouse & Distribution	350	284	327
Technology (IT)	110	108	119
Marketing	115	93	87
Others	91	75	62
Total	**861**	**703**	**778**

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

8 Other income

In thousands of euros	**5 April 21 to 3 April 22**	**30 March 20 to 4 April 21**	**1 April 19 to 29 March 20**
Other income	12,088	-	-

The other income comprises 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 the prior year.

9 Finance costs - net

In thousands of euros

	5 April 21 to 3 April 22	30 March 20 to 4 April 21	1 April 19 to 29 March 20
Financial income	-	23	53
Interest charges lease liabilities	(2,226)	(2,244)	(2,350)
Interest charges affiliated companies	(746)	(2,856)	(2,590)
Interest charges shareholders loan	-	(6,724)	(9,532)
Interest charges borrowings	(2,105)	(2,431)	(1,596)
Financial expense	(5,077)	(14,255)	(16,068)
Finance costs - net	(5,077)	(14,232)	(16,015)

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	5 April 21 to 3 April 22	30 March 20 to 4 April 21	1 April 19 to 29 March 20
Current period	(236)	-	3,077
Adjustment for prior years	-	-	(3,077)
Current tax income	(236)	-	-
Origination and reversal of temporary differences	(1,885)	1,213	(10,145)
Adjustments in tax rate	912	2,989	2,353
Deferred tax (income)/expense	(973)	4,202	(7,792)
Total tax (income)/expense	(1,209)	4,202	(7,792)

In thousands of euros

Reconciliation effective tax rate	5 April 21 to 3 April 22		30 March 20 to 4 April 21		1 April 19 to 29 March 20	
Result before tax	(11,069)		(456)		(34,922)	
Income tax using the corporate income tax rate	(2,757)	24.9%	(114)	25.0%	(8,731)	25.0%
Exempt income	(18)	0.2%	20	(4.4%)	-	0.0%
Recognition of previously not recognised tax losses	-	0.0%	-	0.0%	(3,077)	8.8%
Non-deductible expenses	654	(5.9%)	1,307	(286.6%)	1,663	(4.8%)
Adjustments in tax rate	912	(8.2%)	2,989	(655.5%)	2,353	(6.7%)
Total	(1,209)	11.0%	4,202	(921.5%)	(7,792)	22.3%

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.

Prior year, a new corporate tax law was enacted in the Netherlands resulting in an increase of future taxable rates, from 21.7% to 25.0% (2019-2020: 20.5% to 21.7%) resulting in a tax adjustment of € 3.0 million in financial year 2020-2021 (2019-2020: € 2.4 million).

In financial year 2019-2020, the tax income of € 3.1 million results from a ruling with the Dutch tax authorities in 2020 regarding the deductibility of interest on shareholders loans and transaction costs of previous years and has been allocated in the same financial year to the deferred tax losses (carried forward).

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.

Profit/(loss) attributable to ordinary shareholders

In thousands of euros

	5 April 21 to 3 April 22			**30 March 20 to 4 April 21**			**1 April 19 to 29 March 20**		
	Continuing operations	Discon-tinued operations	Total	Continuing operations	Discon-tinued operations	Total	Continuing operations	Discon-tinued operations	Total
(Loss)/profit for the year, attributable to the owners of the Company	(9,860)	(275)	(10,135)	(4,658)	4,903	245	(27,130)	9,308	(17,822)
(Loss)/profit attributable to ordinary shareholders	**(9,860)**	**(275)**	**(10,135)**	**(4,658)**	**4,903**	**245**	**(27,130)**	**9,308**	**(17,822)**

Weighted-average number of ordinary shares

In shares

	Note	**5 April 21 to 3 April 22**	**30 March 20 to 4 April 21**	**1 April 19 to 29 March 20**
Weighted-average number of ordinary shares	20	5,738,889	5,738,889	5,738,889
Weighted-average number of ordinary shares at closing balance	20	**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 1 April 2019	80,900	47,700	85,266	2,342	216,208	227,636	443,844
Capital expenditures	-	-	-	8,234	8,234	-	8,234
Transfers	-	-	6,753	(6,753)	-	-	-
Disposals	-	-	-	-	-	-	-
Balance at 29 March 2020	80,900	47,700	92,019	3,823	224,442	227,636	452,078
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
Accumulated amortisation and impairment losses							
Balance at 1 April 2019	-	23,468	63,524	-	86,992	49,636	136,628
Impairment losses	-	-	-	-	-	-	-
Amortisation charge for the period	-	5,104	14,270	-	19,374	-	19,374
Disposals	-	-	-	-	-	-	-
Balance at 29 March 2020	-	28,572	77,794	-	106,366	49,636	156,002
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
Carrying amounts							
Balance at 1 April 2019	80,900	24,232	21,742	2,342	129,216	178,000	307,216
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	331,978

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 remaining term of the customer relationships, a period between 4 and 9 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 € 8.5 million (4 April 2021: € 9.7 million and 29 March 2020: € 12.6 million).

On a yearly basis, the intangible assets are reviewed for any indication of impairment. For financial years 2021-2022, 2020-2021 and 2019-2020 no impairments on goodwill were recognised.

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 which are allocated to Wehkamp and kleertjes.com both as separate as a CGU. The recoverable amount of cash generating units (CGU's) is based on a fair-value-less-cost-of-disposal calculation.

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

In thousands of euros

	3 April 2022	4 April 2021	29 March 2020
Wehkamp	178,000	178,000	178,000
kleertjes.com	31,455	-	-
Goodwill	**209,455**	**178,000**	**178,000**

Cash generating unit Wehkamp

The recoverable amount of cash generating unit Wehkamp is based on a fair-value-less-cost-of-disposal calculation. This calculation is based on the budget for financial year 2022-2023 and estimated market developments for the years thereafter. Key assumptions in the financial year 2022-2023 budget and the 9 years period ahead for Wehkamp are revenue growth, EBIT margin and the rates used for discounting the projected cash flows. The terminal value calculation of Wehkamp is based on year 10.

The following table sets out the key assumptions for goodwill allocated to Wehkamp:

	3 April 2022	**4 April 2021**	**29 March 2020**
Sales volume first 5 years (% annual growth rate)	6.1% - 7.0%	8.3% - 9.0%	5.15 - 9.1%
Sales volume after 5 years (% annual growth rate)	1.7% - 6.1%	1.7% - 5.9%	1.7% - 6.4%
Budgeted gross margin (%)	40.3% - 41.2%	39.8% - 40.9%	38.5% - 40.5%
EBIT margin (%)	6.0%	6.0%	6.0%
EBIT margin capped (%)	6.0%	6.0%	6.0%
Annual average capital expenses (EUR * 1,000)	14,275	14,219	14,017
Long term growth rate (%)	1.75%	1.75%	1.75%
Post-tax discount rate (%)	12.00%	11.50%	11.80%

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 for Wehkamp is capped on 6.0% as of financial year 2023-2024 and for all subsequent years.
Annual capital expenses	Expected cash costs in the CGUs. 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 CGUs.

As per reporting dates (3 April 2022, 4 April 2021 and 29 March 2020) no goodwill impairment is recognised and recorded. 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. None of the individual presented amounts in the table below would lead to an impairment.

In thousands of euros

	3 April 2022	4 April 2021	29 March 2020
1% lower revenue growth in first 2 years and subsequent lower growth in other years	(29,000)	(18,000)	(25,000)
1% increase discount rate	(28,000)	(36,000)	(31,000)
1% lower EBIT margin in capped years	(51,000)	(63,000)	(49,000)

Cash generating unit kleertjes.com

The acquisition date of kleertjes.com is less than one year ago. The Company reports provisional amounts for the assets, liabilities and equity. Adjustments to amounts and the recognition of newly identified assets and liabilities must be made within the 'measurement period' where they reflect new information obtained about facts and circumstances that existed at the acquisition date (see Note 4 for the purchase price allocation of kleertjes.com. The business combination is accounted provisionally (see Note 4), the goodwill allocated to the CGU is not done for impairment testing. Initial allocation of goodwill to CGU's in case of provisional accounting shall be completed before the end of the first annual period (8 September 2022).

13 Property, plant and equipment

In thousands of euros

	Land and buildings	Machines	Office furniture	Computers	Assets under construction	Total
Cost						
Balance at 1 April 2019	21,095	3,561	64,326	12,636	10,159	111,777
Capital expenditures	-	-	-	-	5,408	5,408
Transfers	7	5,232	5,824	642	(11,705)	-
Disposals	-	-	(81)	-	-	(81)
Balance at 29 March 2020	21,102	8,793	70,069	13,278	3,862	117,104
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

In thousands of euros

	Land and buildings	Machines	Office furniture	Computers	Assets under construction	Total
Accumulated depreciation and impairment losses						
Balance at 1 April 2019	2,560	1,438	16,019	9,083	-	29,100
Impairment losses	-	-	-	-	-	-
Depreciation charge for the period	766	950	6,328	1,946	-	9,990
Transfers	-	-	-	-	-	-
Disposals	-	-	(80)	-	-	(80)
Balance at 29 March 2020	**3,326**	**2,388**	**22,267**	**11,029**	**-**	**39,010**
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
Acquisitions through business combinations	-	-	-	-	-	-
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**
Carrying amounts						
Balance at 1 April 2019	18,535	2,123	48,307	3,553	10,159	82,677
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**

The net effect of the disposals is € 30 thousand (2020-2021: € 1.9 million and 2019-2020: nil).

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 1 April 2019	35,349	876	36,225
Additions	856	314	1,170
Disposals	-	-	-
Balance at 29 March 2020	36,205	1,190	37,395
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
Accumulated depreciation and impairment losses			
Balance at 1 April 2019	-	-	-
Impairment losses	-	-	-
Depreciation charge for the period	3,755	464	4,219
Disposals	-	-	-
Balance at 29 March 2020	3,755	464	4,219
Balance at 30 March 2020	3,755	464	4,219
Impairment losses	-	-	-
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
Impairment losses	-	-	-
Depreciation charge for the period	3,930	405	4,335
Acquisitions through business combinations	-	-	-
Disposal through a capital repayment	-	(82)	(82)
Disposals	-	-	-
Balance at 3 April 2022	11,501	1,162	12,663
Carrying amounts			
Balance at 1 April 2019	35,349	876	36,225
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

The balance as at 1 April 2019 represents the initial recognition of right-of-use assets following the adoption of IFRS 16.

The movements in the lease liabilities are as follows:

In thousands of euros

	Buildings	Other	Total
Cost			
Balance at 1 April 2019	35,349	875	36,224
Additions	856	314	1,170
Repayments	(4,771)	(476)	(5,247)
Accrued interest	2,337	13	2,350
Disposals	-	-	-
Balance at 29 March 2020	33,771	726	34,497
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
Non-current	36,088	1,057	37,145
Current	4,400	520	4,920
Balance at 3 April 2022	40,488	1,577	42,065

Total cash outflow for leases in financial year 2021-2022 was € 5.7 million (2020-2021: € 5.6 million and 2019-2020: € 5.2 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.

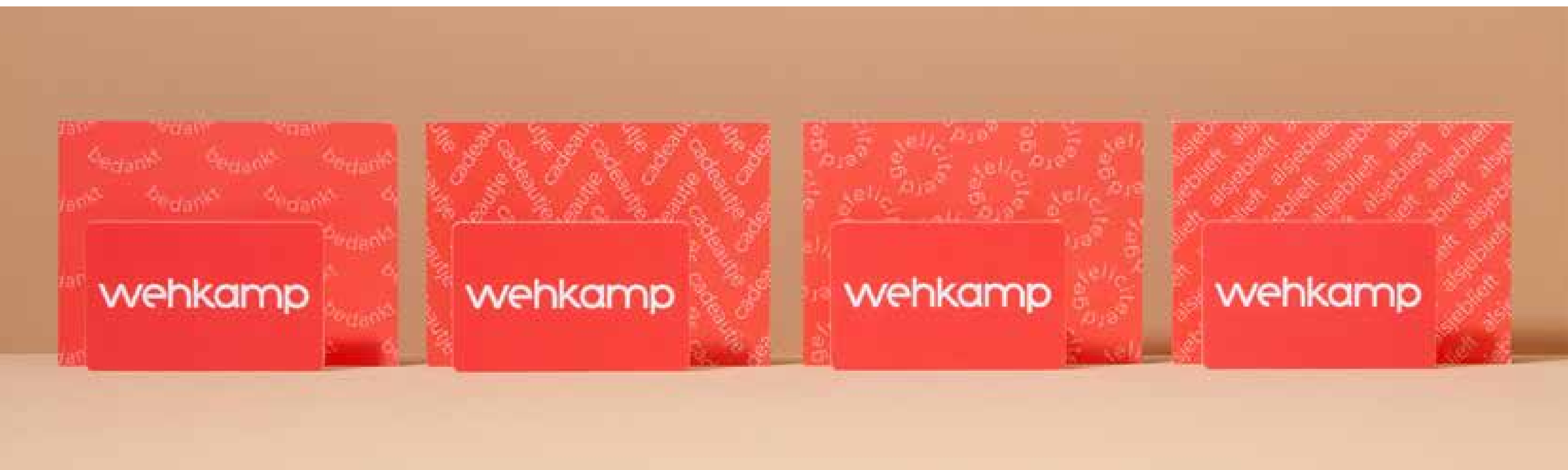
Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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 1.27 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

	3 April 2022	4 April 2021	29 March 2020
Gross loans to customers	-	287,013	318,010
Less: provision for bad debt	-	(11,057)	(12,156)
Loans to customers	**-**	**275,956**	**305,854**
Non-current	-	185,460	229,020
Current (see Note 17)	-	90,496	76,834
Loans to Customers	**-**	**275,956**	**305,854**
Provisions for bad debt			
Opening balance	**(11,057)**	**(12,156)**	**(13,352)**
Provisions recognised during the period	(5,820)	(6,882)	(9,900)
Provisions used during the period	7,016	7,981	11,096
Disposal through a capital repayment	9,861	-	-
Ending balance	**-**	**(11,057)**	**(12,156)**

The loans to customers were not covered by collateral. The interest rate on loans to consumer credit customers is fixed. The annual rate is 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, currently, maximised to 10%, whereas Tinka offers 9.9% to its customers, based on the temporary measure announced by the Ministry of Finance (2019-2020: 14%). Customers paying directly are not charged with interest.

Refer to Note 26 'Financial risk management' for information relating to impairment and credit risk.

16 Inventories

In thousands of euros

	3 April 2022	4 April 2021	29 March 2020
Merchandise	62,324	47,040	37,463
Total	**62,324**	**47,040**	**37,463**

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 2021-2022 amounted to € 7.8 million (2020-2021: € 3.0 million and 2019-2020: € 11.4 million). This expense is included in cost of sales line as costs.

17 Trade and other receivables

In thousands of euros	**3 April 2022**	**4 April 2021**	**29 March 2020**
Loans to customers (see Note 15)	-	90,496	76,834
Trade receivables	552	-	-
Other receivables	7,613	13,427	10,338
Receivables from affiliated companies	12,273	-	-
Pre-payments	12,256	5,074	4,991
Total trade and other receivables	**32,694**	**108,997**	**92,163**

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 € 6.3 million (2020-2021: € 5.6 million and 2019-2020: € 3.6 million).
Pre-payments include an amount of € 0.5 million with a maturity more than one year (2020-2021: € 0.2 million and 2019-2020: € 0.2 million).

18 Cash and cash equivalents

In thousands of euros	**3 April 2022**	**4 April 2021**	**29 March 2020**
Bank balances	41,709	65,974	39,206
Cash and cash equivalents	**41,709**	**65,974**	**39,206**

Cash and cash equivalents include € 1.2 million (4 April 2021: € 1.2 million and 29 March 2020: € 3.0 million) which is restricted mainly held as collateral to support the issuance of bank guarantees.

19 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 is 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).

20 Group equity

Share capital and share premium

As at 3 April 2022, 4 April 2021 and 29 March 2020, 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.

In financial year 2019-2020 changes were applied in shareholders' equity following changes in the management foundations structure. Cumulative preference shares A were merged and converted into newly issued cumulative preference shares C and in addition, cumulative preference shares B were issued, paid up by debiting on share premium. Subsequently, a part of the ordinary shares, the additional cumulative preference shares B and the cumulative preference shares C were transferred by Riviera Holdco S.à r.l., Luxembourg to the existing management foundations which issued upon receipt depository receipts in return to the participating managers. 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 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.

As per 29 March 2020 the share premium is divided as follows:
- € 11,111 thousand relates to ordinary shares;
- € 263,043 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 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 2021-2022 amounting to € 10.1 million thousand to be added to the other dividend reserves (2020-2021: profit after tax amounting to € 245 thousand and 2019-2020: loss after tax amounting to € 17.8 million).

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.

21 Borrowings

This note provides information to liquidity and interest rate risk (see Note 26 'Financial risk management').

In thousands of euros

	3 April 2022	4 April 2021	29 March 2020
Senior Facility	57,637	12,750	-
Shareholder loans	-	-	128,356
Non-current part of securitised lending funding	-	144,164	194,332
Total non-current borrowings	**57,637**	**156,914**	**322,688**
Bank overdraft	-	-	19,137
Senior Facility	-	7,290	25,133
Current part of securitised lending funding	-	63,984	63,239
Total current borrowings	**-**	**71,274**	**107,509**

21.1 Terms and conditions of borrowings

The acquisition of RFS Holland Holding B.V. in 2015 was financed by shareholder loans from funds advised by APAX Partners LLP, and a senior facilities agreement entered into by Wehkamp Management B.V. (as per 1 January 2018, Wehkamp Management B.V. legally merged into RFS Holland Holding B.V. and ceased to exist).

Shareholder loans

On 25 November 2020 the remaining shareholder loans 'A' and 'C' have been converted for the cumulative loan amount, including accrued interest, into share premium on preference shares 'A' for an amount of € 135 million. As a result the total liability of the shareholder loans is nil per as of 26 November 2020.

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 can 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);

- 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 senior facility amount to € 2.5 million (prior year: € 0.2 million). Due to the refinancing, the Group has accelerated the amortisation of the consent fees of the former senior facility agreement in the amount of € 0.1 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 old senior facility programme were used a number of times. As per 3 April 2022 an amount of € 2.4 million under the ancillary agreements is used (prior year: € 3.5 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 has been extended on 30 June 2020 until 30 June 2022 and includes 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 this convenant occurred during the reporting period.

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

In thousands of euros		**(non-) current borrowings**					
	Note	**Bank over-drafts**	**Senior facility**	**Share-holders loan**	**Securited lending funding**	**Lease liabilities**	**Total**
Balance at 1 April 2019		4,831	24,831	118,824	296,408	36,224	481,118
Change from financing cash flow							
Payment of lease liabilities	14	-	-	-	-	(5,247)	(5,247)
Total changes from financing cash flows		-	-	-	-	(5,247)	(5,247)
Changes arising from discontinued operations		-	-	-	(38,837)	-	(38,837)
Other changes							
Change in bankoverdraft		14,306	-	-	-	-	14,306
Interest and borrowing costs paid		-	(1,105)	-	-	-	(1,105)
Interest expenses and amortisation borrowing costs		-	1,407	9,532	-	-	10,939
Interest charges paid for lease liabilities	14	-	-	-	-	2,350	2,350
New leases	14	-	-	-	-	1,170	1,170
Total liabilities-related other changes		14,306	302	9,532	-	3,520	27,660
Balance at 29 March 2020		19,137	25,133	128,356	257,571	34,497	464,694

In thousands of euros		(non-) current borrowings					
	Note	**Bank over-drafts**	**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)
Proceeds from issue of loans		-	-	-	-	-	-
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		-	-	-	-	(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

22 Provisions for other liabilities and charges

In thousands of euros

	Jubilee	Other	Total
Balance at 1 April 2019	3,049	1,148	4,197
Provisions recognised during the period	288	4,305	4,593
Changed/(credited) to profit and loss:			
- additional provisions recognised	-	-	-
- unused amounts reversed	-	-	-
Amounts used during the year	(216)	(3,222)	(3,438)
Balance at 29 March 2020	3,121	2,231	5,352
Provisions recognised during the period	12	2,176	2,188
Changed / (credited) to profit and loss:			
- additional provisions recognised	-	-	-
- 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
Provisions recognised during the period	18	508	526
Changed/(credited) to profit and loss:			
- additional provisions recognised	-	-	-
- 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
Non-current	103	1,782	1,885
Current	1,723	1,225	2,948
Balance at 3 April 2022	1,826	3,007	4,833

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 1.8% and anticipated salary increases of 3.25%.

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.

23 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	**5 April 21 to 3 April 22**	**30 March 20 to 4 April 21**	**1 April 19 to 29 March 20**
Selling and distribution expenses	2,758	2,282	2,396
General and administrative expenses	2,699	2,327	2,537
Total pension costs	**5,457**	**4,609**	**4,933**

24 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**		
	3 April 2022	**4 April 2021**	**29 March 2020**	**3 April 2022**	**4 April 2021**	**29 March 2020**	**3 April 2022**	**4 April 2021**	**29 March 2020**
Property, plant and equipment	-	-	-	1,555	4,602	4,289	1,555	4,602	4,289
Intangible assets	-	-	-	30,256	25,969	24,106	30,256	25,969	24,106
Other receivables	-	-	-	74	58	87	74	58	87
Tax losses carried forward	2,987	6,346	9,575	-	-	-	(2,987)	(6,346)	(9,575)
Borrowings	-	-	-	647	257	41	647	257	41
Other creditors	9	5	2	1,096	2,320	1,716	1,087	2,315	1,714
Provisions	98	149	162	-	-	-	(98)	(149)	(162)
Right-of-use assets/ lease liability	10,622	8,177	7,486	9,823	7,639	7,199	(799)	(538)	(287)
Tax assets/liabilities	**13,716**	**14,677**	**17,225**	**43,451**	**40,845**	**37,438**	**29,735**	**26,168**	**20,213**

An amount of € 0.4 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, it is expected that the Group will achieve its planned profitability. Therefore, management continues to consider it probable that future taxable profits would be available against which the tax losses can be recovered and, therefore, the related deferred tax asset can be realised.

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

25 Other payables and (non-)current liabilities

In thousands of euros

	3 April 2022	4 April 2021	29 March 2020
VAT payable (non-current part) *)	48,250	64,928	66,118
Other liabilities	-	5,371	-
Total other non-current liabilities	**48,250**	**70,299**	**66,118**

	5 April 21 to 3 April 22	30 March 20 to 4 April 21	1 April 19 to 29 March 20
VAT payable (current part) *)	40,812	28,994	26,449
Accruals	70,210	31,799	30,029
Payroll taxes, social security costs and pension premiums	4,552	3,117	4,417
Other payables	20,186	19,828	12,361
Derivatives	-	26	12
Total other payables and current liabilities	**135,760**	**83,764**	**73,268**

*) Total VAT payable € 89.1 million consist of a part payable within one year and a part payable in more than one year (4 April 2021: € 93.9 million and 30 March 2020: € 92.6 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 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.

26 Financial risk management

26.1 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.

26.1.1 Market risks

26.1.1.1 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:

In thousands of euros	**3 April 2022**	**4 April 2021**	**29 March 2020**
Cash and cash equivalents	545	627	928
Trade payables	(448)	(1,383)	(2,549)
Gross balance exposure	**97**	**(756)**	**(1,621)**
Purchase contracts	(10,713)	(9,104)	(1,912)
Gross cash flow exposure	**(10,616)**	**(9,860)**	**(3,533)**
Forward exchange contracts	6,502	6,735	2,929
Net exposure	**4,114**	**(3,125)**	**(604)**

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	**3 April 2022**	**4 April 2021**	**29 March 2020**
Impact on post-tax profit			
USD	404	206	42
GBP	7	106	18
Total	411	312	60

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

In thousands of euros

	3 April 2022	**4 April 2021**	**29 March 2020**
Financial assets	-	287,013	319,151
Financial liabilities	(42,065)	(32,707)	(162,853)
Fixed rate instruments	**(42,065)**	**254,306**	**156,298**
Financial assets	-	-	-
Financial liabilities	(57,637)	(228,188)	(301,840)
Variable rate instruments	**(57,637)**	**(228,188)**	**(301,840)**

Sensitivity analysis – Interest rate risk

As at 3 April 2022, 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 (2020-2021: € 2.3 million and 2019-2020: € 3.0 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.

26.1.2 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

	3 April 2022	**4 April 2021**	**29 March 2020**
Loans to customers	-	185,460	229,020
Other financial fixed assets	-	-	1,141
Trade and other receivables	32,820	125,576	92,553
Cash and cash equivalents	41,709	65,974	39,206
Maximum credit risk exposure	**74,529**	**377,010**	**361,920**

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 can 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

	3 April 2022	4 April 2021	29 March 2020
Opening balance	11,057	12,156	13,352
Provisions recognised during the period	5,820	6,882	9,900
Provisions derecognised during the period	(7,016)	(7,981)	(11,096)
Disposal through a capital repayment	(9,861)	-	-
Ending balance	-	**11,057**	**12,156**

There are no other material allowances for impairment.

Reconciliation maximum credit risk exposure to loans to customers & receivables

In thousands of euros	**3 April 2022**	**4 April 2021**	**29 March 2020**
Gross amounts loans to customers & receivables	-	287,013	318,010
Provision	-	(11,057)	(12,156)
Net amounts loans to customers & receivables	**-**	**275,956**	**305,854**
Other financial fixed assets	-	-	1,141
Other receivables and pre-payments	32,820	18,501	15,719
Cash and cash equivalents	41,709	65,974	39,206
Maximum credit risk exposure	**74,529**	**360,431**	**361,920**

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

In thousands of euros	**3 April 2022**	**4 April 2021**	**29 March 2020**
Not due	-	257,306	282,216
Past due 0-30 days	-	14,006	17,889
Past due 30-120 days	-	7,859	10,151
Due more than 120 days	-	7,842	7,754
Total loans and receivables	**-**	**287,013**	**318,010**

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.

26.1.3 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 21.

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 foreseeable 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	3 April 2022				
	Carrying amount	**Contract cash flow**	**Years**		
			< 1	**1 - 5**	**> 5**
Non-derivative financial liabilities					
Shareholder loans	-	-	-	-	-
Senior facility	57,637	60,144	144	60,000	-
Securitised lending funding	-	-	-	-	-
Bank overdraft	-	-	-	-	-
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					
Shareholder loans	-	-	-	-	-
Senior facility	20,040	20,495	7,745	12,750	-
Securitised lending funding	208,148	208,722	64,558	144,164	-
Bank overdraft	-	-	-	-	-
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

In thousands of euros	29 March 2020				
	Carrying amount	**Contract cash flow**	**Years**		
			< 1	**1 - 5**	**> 5**
Non-derivative financial liabilities					
Shareholder loans	128,356	195,292	-	-	195,292
Senior facility	25,133	25,285	25,285	-	-
Securitised lending funding	257,570	257,605	63,274	194,331	-
Bank overdraft	19,137	19,137	19,137	-	-
Lease liability	34,497	47,697	5,330	17,728	24,639
Trade and other payables	201,585	201,585	135,467	66,118	-
Derivative financial liabilities					
Foreign exchange forward contracts	12	12	12	-	-
	666,290	746,613	248,505	278,177	219,931

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 € 37.6 million (2020-2021: € 21.6 million and 2019-2020: € 0.5 million) and a relative stable cash flow from operating activities.

26.2 Fair value estimation

The financial instruments measured at fair value included in the statement of financial position of the Company as at 3 April 2022 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
29 March 2020	3,250	2,941	2,929	(12)
4 April 2021	8,000	6,761	6,735	(26)
3 April 2022	**7,250**	**6,478**	**6,502**	**24**

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.

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.

26.3 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 3 April 2022, 4 April 2021 and 29 March 2020.

27 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.

28 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 € 0.1 million (4 April 2021: € 1.2 million and 30 March 2020: € 3.0 million).
The Group has entered into a contract with a third party for the lease of a new warehouse.
The commissioning of the warehouse is planned for 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.

29 Related parties

In 2015 Wehkamp Retail Group B.V. entered into shareholder loans. All the shareholders loans have been converted into share premium. Reference is made to Note 21.

No dividend is paid to the owners of the Company.

29.1 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

	5 April 21 to 3 April 22	30 March 20 to 4 April 21	1 April 19 to 29 March 20
Short-term employee benefits	5,077	3,305	2,499
Post-employment benefits	77	82	78
Other long-term benefits	-	1,182	-
Termination benefits	-	352	992
Share based payments	13,124	1,452	-
Total employee benefits	**18,278**	**6,373**	**3,569**

Total remuneration is included in employee expenses (see Note 7 'Operating expenses'). Share-based payments are disclosed in Note 29.2.

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

The emolument of (former) directors, including pension obligations as referred to in Section 2:383(1) of the Dutch Civil Code, amounted to € 15.5 million in financial year 2021-2022 (2020-2021: € 6.1 million and 2019-2020: € 2.9 million).

As per 3 April 2022, the Group has not granted any loans to key management. In previous year, a loan was granted for an amount of € 1.4 million (2019-2020: € 0.8 million), bearing a fixed interest rate of 2% per annum and was secured by pledges. This loan has been repaid in this financial year. 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.

29.2 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 2021-2022 is estimated using an option valuation model on € 29.2 million (prior year: € 3.6 million). The expense recognised in profit and loss in 2021–2022 amounts to € 25.6 million (prior year € 3.6 million).

Regarding the fixed amount under IAS 19 of € 6.0 million (prior year: € 6.0 million), an amount of € 4.2 million has been recognised in 2021-2022 (prior year: € 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 2021-2022 (2020-2021: € 0.3 million and 2019-2020: € 0.2 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 2021-2022 is estimated using an option valuation model on € 2.6 million, which is also the change in profit and loss for the period.

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).

29.3 Transactions with other related parties

During the year, RFS Holland Holding B.V. received invoices mainly for professional fees in total of € 0.4 million (2020-2021: € 0.3 million and 2019-2020: nil) from Apax VIII GP Co. Limited. At 3 April 2022, there is no amount due to Apax VIII GP Co. Limited (2020-2021: € 0.3 million 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 17.

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 € 6.8 million (2020-2021: € 9.4 million and 2019-2020: € 10.4 million).

The payment transaction costs are recognised as operating expenses and amount to € 8.4 million (2020-2021: € 6.9 million and 2019-2020: € 6.5 million).

The commission (debtors) fee is recognised as operating expenses and amounts to € 2.9 million (2020-2021: € 4.8 million and 2019-2020: € 5.7 million).

30 Audit fees

The audit fees can be summarised as follow:

In thousands of euros	5 April 21 to 3 April 22			30 March 20 to 4 April 21			1 April 19 to 29 March 20		
	PwC Netherlands	Other PwC Network	Total PwC Network	PwC Netherlands	Other PwC Network	Total PwC Network	PwC Netherlands	Other PwC Network	Total PwC Network
Audit fees	336	-	336	279	-	279	243	-	243
Audit-related fees	93	-	93	22	-	22	22	-	22
Tax	142	206	348	116	92	208	89	-	89
Other fees	18	3	21	-	151	151	-	65	65
Total fees	589	209	798	417	243	660	354	65	419

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 3 April 2022, regardless of whether the work was performed during the financial year.

31 Subsequent events

There are no subsequent events to report.

Company statement of profit and loss of Wehkamp Retail Group B.V.

In thousands of euros

	Note	5 April 21 to 3 April 22	30 March 20 to 4 April 21	1 April 19 to 29 March 20
Result from subsidiaries after income taxes	33	(7,534)	6,096	(12,095)
Other gains and losses after income taxes		(2,601)	(5,851)	(5,727)
Result for the period		**(10,135)**	**245**	**(17,822)**
Attributable to:				
Equity holders		(10,135)	245	(17,822)
Non-controlling interest		-	-	-
Result for the period		**(10,135)**	**245**	**(17,822)**

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, before appropriation of current period result

	Note	3 April 2022	4 April 2021	29 March 2020
Assets				
Financial fixed assets	33	168,092	250,747	243,879
Non-current assets		**168,092**	**250,747**	**243,879**
Trade and other receivables	34	6,454	504	-
Receivables from group companies		122	6	6
Income tax receivable		2,580	-	-
Cash and cash equivalents		4	-	-
Current assets		**9,160**	**510**	**6**
Total assets		**177,252**	**251,257**	**243,885**
Equity and liabilities				
Share capital		11,233	11,233	11,233
Share premium		336,569	409,569	274,489
Other reserves		(179,129)	(180,596)	(165,590)
Legal reserve		8,526	9,748	12,564
Result for the period		(10,135)	245	(17,822)
Total equity	35	**167,064**	**250,199**	**114,874**
Borrowings		-	-	128,356
Non-current liabilities		**-**	**-**	**128,356**
Current liabilities	36	10,188	1,058	655
Current liabilities		**10,188**	**1,058**	**655**
Total liabilities		**10,188**	**1,058**	**129,011**
Total equity and liabilities		**177,252**	**251,257**	**243,885**

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

Notes to the company financial statements of Wehkamp Retail Group B.V.

32 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.

33 Financial fixed assets

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

In thousands of euros

	3 April 2022	**4 April 2021**	**29 March 2020**
Investments in subsidiaries	165,105	245,639	239,543
Deferred income tax assets	2,987	5,108	3,780
Other financial fixed assets	-	-	556
Total	**168,092**	**250,747**	**243,879**

Investments in subsidiaries comprises of:

In thousands of euros

	3 April 2022	4 April 2021	29 March 2020
RFS Top B.V.	165,105	245,639	239,543

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

In thousands of euros

	5 April 21 to 3 April 22	30 March 20 to 4 April 21	1 April 19 to 29 March 20
Opening balance	245,639	239,543	251,638
Change in accounting policy	-	-	-
Restated opening balance	**245,639**	**239,543**	**251,638**
Result from subsidiaries after income taxes	(7,534)	6,096	(12,095)
Disposal through a capital repayment	(73,000)	-	-
Ending balance	**165,105**	**245,639**	**239,543**

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.

34 Trade and other receivables

In thousands of euros

	3 April 2022	4 April 2021	29 March 2020
Other receivables	-	504	-
Pre-payments	6,454	-	-
Total trade and other receivables	**6,454**	**504**	**-**

35 Shareholders' equity

Share capital

As at 3 April 2022, 4 April 2021 and 29 March 2020, 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.

In financial year 2019 -2020 changes were applied in shareholders' equity following changes in the management foundations structure. Cumulative preference shares A were merged and converted into newly issued cumulative preference shares C and in addition, cumulative preference shares B were issued, paid up by debiting on share premium. Subsequently, a part of the ordinary shares, the additional cumulative preference shares B and the cumulative preference shares C were transferred by Riviera Holdco S.à r.l., Luxembourg to the existing management foundations which issued upon receipt depository receipts in return to the participating managers.

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 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.

As per 29 March 2020 the share premium is divided as follows:
- € 11,111 thousand relates to ordinary shares;
- € 263,043 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 3 April 2022 Wehkamp Retail Group B.V. has a legal reserve for capitalised software development costs in the amount of € 8.5 million (4 April 2021: € 9.7 million and 30 March 2020: € 12.6 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 2021-2022 amounting to € 10.1 million to be added to the other dividend reserves (2020-2021: profit after tax amounting to € 245 thousand and 2019-2020: loss after tax amounting to € 17.8 million).

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 attri-butable to the equity share-holders	Non control-ling interest	Total Equity
Balance at 1 April 2019	11,233	274,489	(145,576)	20,782	(28,232)	132,696	-	132,696
Appropriation of prior year result	-	-	(28,232)	-	28,232	-	-	-
Total comprehensive expense for the period								
Result for the period	-	-	-	-	(17,822)	(17,822)	-	(17,822)
Transfers other reserve - legal reserve	-	-	8,218	(8,218)	-	-	-	-
	-	-	8,218	(8,218)	(17,822)	(17,822)	-	(17,822)
Transactions with owners, recorded directly in equity								
Dividends	-	-	-	-	-	-	-	-
Capital contribution	-	-	-	-	-	-	-	-
Issue oridinary and preference shares	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Balance at 29 March 2020	11,233	274,489	(165,590)	12,564	(17,822)	114,874	-	114,874
Appropriation of prior year result	-	-	(17,822)	-	17,822	-	-	-
Total comprehensive income for the period								
Result for the period	-	-	-	-	245	245	-	245
Transfers other reserve - legal reserve	-	-	2,816	(2,816)	-	-	-	-
	-	-	2,816	(2,816)	245	245	-	245
Transactions with owners, recorded directly in equity								
Dividends	-	-	-	-	-	-	-	-
Capital contribution	-	-	-	-	-	-	-	-
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	(180,596)	9,748	245	250,199	-	250,199

In thousands of euros

	Share capital	Share premium	Other reserves	Legal reserve	Result for the period	Total attri-butable to the equity share-holders	Non control-ling interest	Total Equity
Balance at 4 April 2021	11,233	409,569	(180,596)	9,748	245	250,199	-	250,199
Appropriation of prior year result	-	-	245	-	(245)	-	-	-
Total comprehensive income for the period								
Result for the period	-	-	-	-	(10,135)	(10,135)	-	(10,135)
Transfers other reserve - legal reserve	-	-	1,222	(1,222)	-	-	-	-
	-	-	1,222	(1,222)	(10,135)	(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)
Issue ordinary and preference shares	-	-	-	-	-	-	-	-
	-	(73,000)	-	-	-	(73,000)	-	(73,000)
Balance at 3 April 2022	11,233	336,569	(179,129)	8,526	(10,135)	167,064	-	167,064

36 Current liabilities

In thousands of euros

	3 April 2022	4 April 2021	29 March 2020
Other payables	6	6	6
Accruals and deferred income	7,986	470	59
Payables to group companies	2,196	582	590
Total	10,188	1,058	655

37 Fiscal unity

Wehkamp Retail Group B.V. forms a fiscal unity for both income tax and VAT with all its 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.

38 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 29.1 and Note 29.2 respectively to the consolidated financial statements.

39 Subsequent events

There are no subsequent events to report.

Zwolle, 20 June 2022

The Management Board:	**The Supervisory Board:**
G.J. Harris	J.J. Browett
F. van Valderen	T.N. Hall
	G.A. Ribbink
	S. van Walsum
	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 2021-2022

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 3 April 2022 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 3 April 2022 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 2021-2022 of Wehkamp Retail Group B.V. 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;
- the following statements for 2021-2022: the consolidated statements of profit and loss and other comprehensive income, changes in equity and cash flows; and
- the notes, comprising significant accounting policies and other explanatory information.

The company financial statements compromise:
- the company statement of financial position of Wehkamp Retail Group B.V.;
- the company statement of profit and loss of Wehkamp Retail Group B.V.;
- the notes, comprising 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, like 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 includes management's risk assessment process and management's process for responding to the risk of fraud and monitoring the internal control system and how 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 and, where considered appropriate, tested the operating effectiveness 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 risk	Audit procedures and observation
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 possibility that lead to violations of the segregation of duties. We conclude that, in the context of our audit, we could rely on the for this risk relevant measures of internal control. We used data-analysis to identify unexpected journal entries. Where we identified instances of unexpected journal entries, we conducted specific audit activities for 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 this judgements and estimates. We considered the outcome of our audit procedures and evaluated whether any findings or misstatements are indicative of fraud.

Identified fraud risk	Audit procedures and observation
	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 suspicious of fraud with respect to management override of controls.
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. Based on our risk assessment procedures, we assessed the significant risk of fraud in revenue recognition for the assertions existence/occurrence and presentation & disclosure.	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. We sample tested revenue transactions to verify that revenue from transactions for which the Group is an agent has not been presented as revenue or 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.

Audit approach going concern

The management board prepared the financial statements on the assumption that the entity is a going concern and that it will continue its operations for the foreseeable future. Our procedures to evaluate the management board going-concern assessment include, amongst others:

- Considering whether the management board going-concern assessment includes all relevant information of which we are aware as a result of our audit, inquire with the management board regarding their most important assumptions underlying their going-concern assessment and considering whether the management board identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern including for example COVID-19 and supply chain challenges (hereafter: going-concern risks);
- Analysing the financial position per balance sheet date in relation to the financial position per prior year balance sheet date to assess whether events or circumstances exist that may lead to a going-concern risk;
- Evaluating the management board current budget including cash flows in comparison with last year, current developments in the industry and all relevant information of which we are aware as a result of our audit;
- Performing inquiries of the management board as to their knowledge of going-concern risks beyond the period of management's board assessment.

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;
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2of 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.

The management board 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 management 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 framework 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, 20 June 2022
PricewaterhouseCoopers Accountants N.V.

A.C. Mulder RA

Appendix to our auditor's report on the financial statements 2021-2022 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 management.
- Concluding on the appropriateness of management'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.

wehkamp