ANNUAL REPORT 2020

WE ARE GERRY

GERRY WEBER

I LIVE MY STYLE.

GERRY WEBER GROUP
IN FIGURES

In EUR million	2020	2019[1]
Sales by Region	**278.2**	**330.5**
Domestic	157.8	195.0
International	120.4	135.0
Sales by Segment	**278.2**	**330.5**
GERRY WEBER Retail	159.2	210.4
Like-for-like growth in %	–32.7%	–14.1%
GERRY WEBER Wholesale	119.0	120.1
GERRY WEBER Online[2]	27.4	22.1
Sales split by brand		
GERRY WEBER	71.3%	72.5%
TAIFUN	21.5%	21.2%
SAMOON	7.2%	6.3%
Earnings situation		
EBITDA	–2.5	176.7
EBITDA-margin	–0.9%	53.5%
Normalised EBITDA[3]	–40.8	138.8
Normalised EBITDA margin[3]	–14.7%	42.0%
EBIT	–51.7	130.0
EBIT-margin	–18.6%	39.3%
Annual net loss / annual net profit	–65.4	119.3
Earnings per Share in Euro	–58.1	106.0
Financial situation		
Cash flow from operating activities	17.8	63.5
Investments	5.0	4.6
Asset situation		
Equity	56.1	121.4
Equity ratio	13%	20.9%
Cash and cash equivalents	85.3	126.9
Financial liabilities	140.9	147.8
Net debt	55.6	20.9
Leverage	–1.4	0.2
Other success factors		
Average staff number	2,497	3,361

1 Abridged financial year from 01.04.2019 to 31.12.2019
2 GERRY WEBER online sales are attributed to the Retail and Wholesale segments
3 Excluding effects from lease accounting according to IFRS 16

CONTENT

FOREWORD BY THE MANAGEMENT BOARD

for the Annual Report 2020 of the GERRY WEBER International AG

Dear shareholders, dear customers, dear business partners,

In summary, the fiscal year 2020 was another challenging and very demanding year for GERRY WEBER International AG.

We started 2020 full of energy, as the insolvency proceedings with debtor-in-possession had been concluded by the court at the end of 2019. We were proud that we had seized all opportunities and possibilities for the recovery of our company during the proceedings and that we had implemented a sustainable concept with a solid capital base, new owners and strategic initiatives for the GERRY WEBER Group within only a few months. Until mid-March, we were well on our way to better aligning our products and services with the wishes and needs of our customers. All levers had been identified. In March, we were then hit with full force by the outbreak of the coronavirus pandemic and its far-reaching economic and social consequences. All GERRY WBER sales spaces in Germany were officially ordered to close. Moreover, we had to close nearly all our stores outside Germany. The same applied to most physical points of sale of our retail partners in Germany and abroad. Extrapolated to the full year, the missing sales days resulted in an irretrievable revenue shortfall of more than EUR 100 million.

We reacted immediately after the store closures and developed a detailed concept for the future of our company. We were able to negotiate partial deferrals of insolvency liabilities until 2023 and were unfortunately forced to cut another 200 jobs in a socially compatible manner. In addition, we renegotiated contracts, e.g. with suppliers and landlords, with the aim of securing the company's liquidity and were able to agree an increase in the working capital line with our owners.

At the same time, we took operational measures to secure our business operations. Priority has always been attached to the health and well-being of our employees, customers and business partners. Our administrative staff, for instance, was allowed to regularly work from home. Moreover, we have taken extensive precautionary measures and introduced distance and hygiene rules in all areas of the company to create the safest possible working environment.

Alexander Gedat (CEO), Angelika Schindler-Obenhaus (COO), Florian Frank (CFO)

In spite of the pandemic, we again made good progress in implementing our strategic initiatives in the fiscal year 2020 and achieved our forecast. Our consolidated revenues amounted to EUR 278.2 million. Although stores were officially ordered to close again in December 2020, revenues thus came in at the upper end of our original forecast of EUR 260 million to EUR 280 million. At EUR 27.4 million, our online revenues accounted for approx. 10% of consolidated revenues. Normalised earnings before interest, taxes, depreciation and amortisation (EBITDA), adjusted for the effects of lease accounting in accordance with IFRS 16, amounted to EUR −40.8 million. We thus also achieved our earnings forecast, i.e. normalised consolidated EBITDA in the medium negative double-digit million range.

Even though the coronavirus pandemic continues to weigh heavily on us, we remain confident about post-crisis times, as we clearly have an intact business model. The GERRY WEBER Group has strong brands, GERRY WEBER, TAIFUN and SAMOON, a highly competent and motivated team, and attractive target groups. The fashion-conscious, self-confident and consumption-oriented customer for each of our brands is out there. We need to be able to serve her better in the future.

On balance, we closed 55 Retail spaces that no longer met our strict economic criteria in the fiscal year 2020 and reduced the number of company-managed stores to 569. Our primary goal for the Retail segment is to increase the profitability of our own stores noticeably. Our portfolio of stores is managed using KPIs such as profitability, sales per square metre and conversion rates. We are currently implementing new store concepts, which comprise shop fittings, visual merchandising and intensive sales staff training. By presenting the brand in an emotional and inspiring way, we want to increase its desirability. This way, the Retail segment is to become a role model for our franchise partners at the wholesale level in terms of expertise in the experience and the distribution of our GERRY WEBER, TAIFUN and SAMOON brands. We have begun to open the first new factory outlets, which is a strongly growing segment, and will continue to do so in 2021. In addition, we are negotiating rent discounts and are in talks to sublet spaces to attractive partners with a view to offering our customers added value while at the same time reducing our rental costs.

We aim to grow our e-commerce revenues by a strong 20% or more per year in the medium term and will further increase our marketing budget and staff capacity and expand the stock of merchandise. Further growth hinges on a better, IT-based individualised customer approach in order to steadily increase the conversion rate, i.e. the relation between website visits and purchases made. In addition, we will strengthen the online brand presence of TAIFUN and SAMOON.

In the Wholesale segment, we want to improve our performance with our existing customers and again make GERRY WEBER a brand that fashion retailers simply have to offer. We will separate the sales organisations again and set up specialised sales teams; these will focus on a single brand and concentrate more effectively on merchandise management, the contents of the product ranges and the penetration of their customers' preferred department. In addition, we want to win back what we call "lighthouse partners", who serve as role models for other retail customers and whose offer is often adopted by the latter.

We will differentiate our three main brands – GERRY WEBER, TAIFUN and SAMOON – even more strongly from each other, so that each brand can further sharpen its profile and be given a clear signature:

- We want to make GERRY WEBER the leading womenswear lifestyle brand in the modern classic mainstream market again, inspiring and delighting women all over the world.

- TAIFUN is to become the relevant brand in the modern casual mainstream market for every moment of the day of the modern active woman from her mid-40s.

- SAMOON is set to become the leading curvy womenswear brand in the modern mainstream segment for plus-size women of all ages.

In the next two years, we also want to put the focus back on what GERRY WEBER has been standing for since 1973: high quality standards and a good fit.

What will happen in 2021? As the coronavirus pandemic continues, we have so far lost around 55 sales days, including about 10 Saturdays, throughout Germany. The fact that the store opening situation in Germany changes almost every day depending on the infection trend leads to considerable forecast uncertainty. We do not assume that we will be able to make up for the shortfall in revenues in the course of the year. Against this background, we expect revenues for the fiscal year 2021 to also come in at between EUR 260 million and EUR 280 million. We nevertheless believe that we will be able to improve the profitability of our company and aim to achieve normalised consolidated EBITDA in a low negative double-digit million range.

In view of the unforeseeable further course of the COVID-19 pandemic, the long-term ability of GERRY WEBER International AG to continue as a going concern will depend, in particular, on the extent to which economic and social life in our markets returns to normal and whether we will succeed in implementing our GERRY WEBER 2023 Strategic Roadmap and the key initiatives as planned against this background. This includes, in particular, successful refinancing in the fiscal year 2023. To secure our liquidity, we took out an additional credit facility in 2021 and applied for and were granted stopgap aid from the government. The Managing Board of GERRY WEBER International AG is convinced that it has put in place all the conditions required to operate successfully in the market in the long term and to once again become an attractive dividend-paying stock for you, dear shareholders.

We would like to conclude this letter with a big thank you to our staff. Our employees represent the GERRY WEBER Group and are committed to satisfying our customers and making our company successful every day. We say THANK YOU and are proud of our great team.

Finally, we would like to thank you, dear shareholders, for the confidence placed in us. We would be pleased if you would continue to accompany us on our way!

Stay with us and stay healthy.

Yours,

Alexander Gedat	**Angelika Schnindler-Obenhaus**	**Florian Frank**
Chief Executive Officer	Chief Operating Officer	Chief Financial Officer
CEO	COO	CFO

01

COMPANY

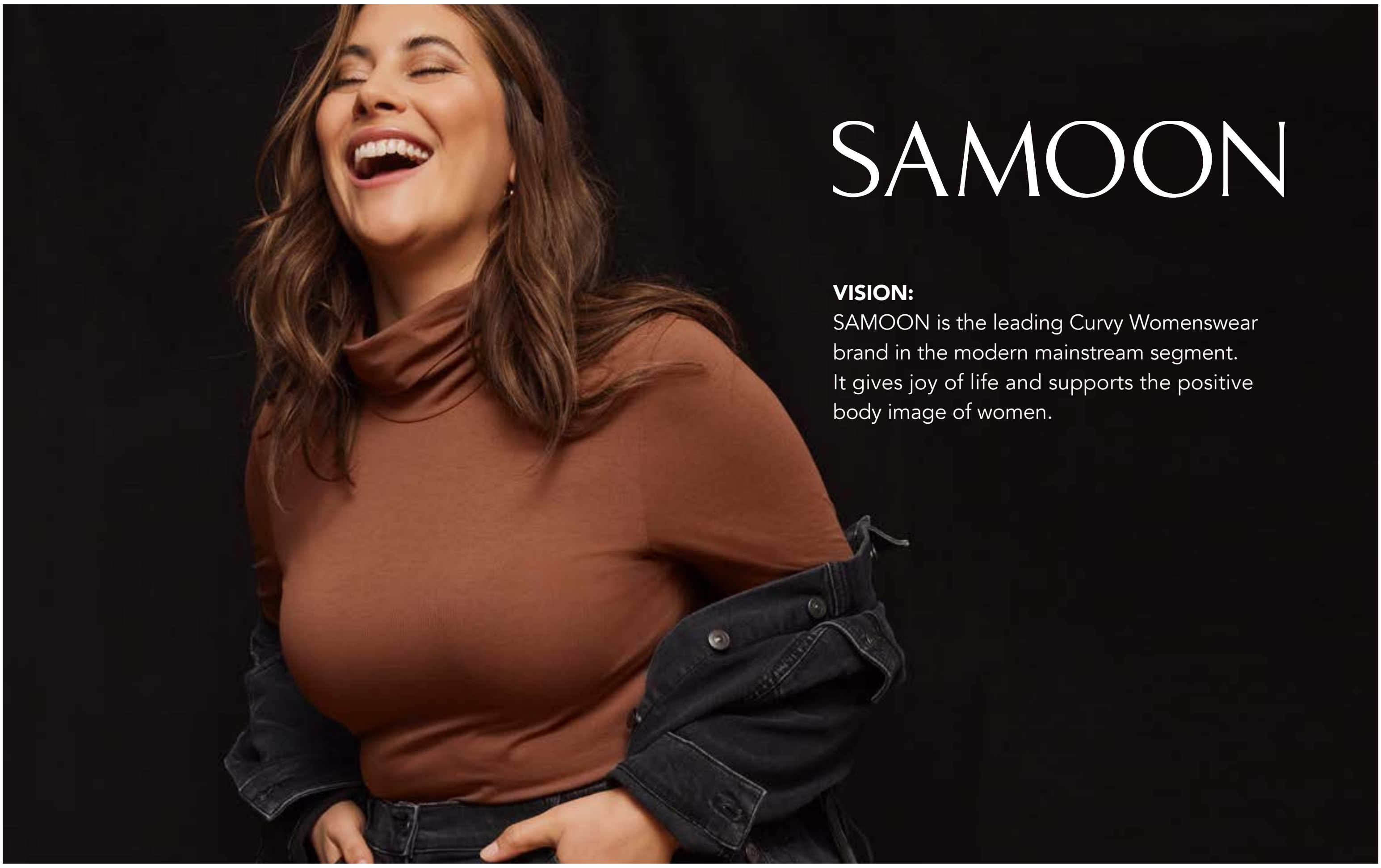
TAIFUN

VISION:
TAIFUN is the relevant brand in the modern casual mainstream market. It accompanies every moment in the day of the modern, active woman.

GERRY WEBER

I LIVE MY STYLE.

VISION:
GERRY WEBER is the leading womenswear lifestyle brand in the modern classic mainstream market. It inspires and excites women women all over the world.



SAMOON

VISION:
SAMOON is the leading Curvy Womenswear brand in the modern mainstream segment. It gives joy of life and supports the positive body image of women.

GERRY WEBER

I LIVE MY STYLE.

THE GERRY WEBER BRAND STORY: GERRY WEBER embraces femininity and is seen as the "GERRY". She is courageous, creative, far-sighted and connecting and is also perceived as such. A GERRY WEBER customer always feels inspired, properly dressed and comfortable – in and with GERRY WEBER. Because the GERRY WEBER customer wants a brand that understands her, a brand that she can rely on and that gives her freedom. GERRY WEBER fulfils this. The attitude communication line **"WE ARE GERRY"** is a common attitude that many women can identify with. It includes everyone – whether as a group or as an individual. The brand offers reliability through expertise in cutting technique, fit and material.

TAIFUN

THE TAIFUN BRAND STORY: The TAIFUN brand moves between the poles of sportivity and joy of life. It is curious, courageous, passionate and motivating. She faces the challenges of life and solves them. Our TAIFUN customer is active and wants to keep moving. In her mind as well as in life. She rejects stagnation, is passionate, but always remains relaxed. This woman has the desire to make life surprising. The brand follows the guiding principle: **"WE LOVE TO MOVE".** TAIFUN stands for diverse colour combinations and clear, expressive prints. It builds on its know-how in cut, fit, material qualities and uses and implements this flexibly, colours and prints transmit joy of life.

SAMOON

THE SAMOON BRAND STORY: SAMOON is a brand that stands for body positivity and encourages women to love and feel good in their bodies. The attitude line **“BECAUSE I'M HAPPY”** formulates the self-confident “being happy with yourself” of the curvy target group. It is about feeling good in one's body and enjoying the good moments with joy and intensity. The collections stand for a positive body image and convey joy of life because: "Beauty has no size!

THE GERRY WEBER SHARE

The shares of GERRY WEBER International AG were again admitted to trading on the Regulated Market (General Standard) of the Frankfurt Stock Exchange and the Regulated Market of the Düsseldorf Stock Exchange on 19 October 2020. In addition to the existing 8,377 shares, a total of 1,211,861 new shares were admitted, which were created through two ordinary capital increases in the context of the restructuring of GERRY WEBER International AG.

The GERRY WEBER Group wants to secure an additional source of finance by gaining access to the equity market. The company sees the capital market and its players – shareholders, institutional and private investors, banks and brokers – as partners at eye level. The Managing Board communicates the development and strategic orientation of the company in a continuous, reliable and open manner. This way, the company wants to restore confidence in the GERRY WEBER share, gain new investors and achieve a realistic and fair valuation of the share in the capital market.

Key data of the GERRY WEBER share

Share type	Bearer shares
Transparency level	General Standard
ISIN	DE000A255G36
WKN	A255G3
Stock exchange symbol	GWI2
Stock exchanges	Frankfurt, Düsseldorf
Main place of trading	XETRA
Resumption of listing	19 October 2020
Designated sponsor	Baader Bank AG, Pareto Securities AS

Share price performance

The first price of the GERRY WEBER share (Xetra) was EUR 3.40; at the end of the first trading day, the share price climbed to EUR 11.00. The GERRY WEBER share has since continued its positive performance and closed trading in the fiscal year 2020 at EUR 19.90. This represents a gain of 80,9% compared to the closing the price on the first day of trading.

At the beginning of 2021, the price rally continued in spite of the ongoing coronavirus pandemic. This initially benefited the GERRY WEBER share. After the company's announcement of the delayed publication of the 2020 consolidated financial statements, the share suffered significant losses. However, by the time this report was finalized (26 April 2021), the share recovered slightly and stood at EUR 17.80.

Dialogue with the capital market

Our shareholders find information on the current performance of the GERRY WEBER Group on the internet at any time. A wide range of information in German and English is made available at ir.gerryweber.com. Besides current news and the latest reports, the website also includes presentations and our current financial calendar.

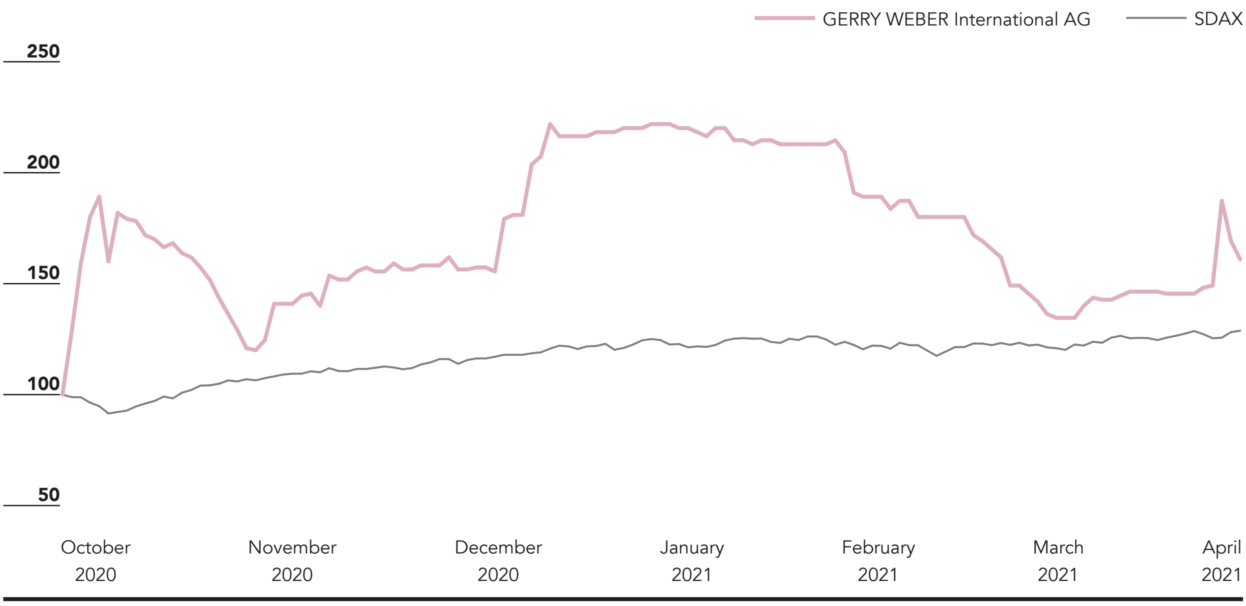
For 2021, regular conference calls on the publication of our quarterly figures are planned. Moreover, we will participate in investor conferences for institutional and private shareholders again. The aim is to restore confidence and attract new investors in the GERRY WEBER share.

THE GERRY WEBER SHARE IN THE MARKET

Shares issued as at the balance sheet date	1,220,238
Share capital in EUR	1,220,238
Highest price (Xetra closing price) in EUR	20.80
Lowest price (Xetra closing price) in EUR	11.00
Price at the end of the financial year (Xetra closing price) in EUR	19.90
Market capitalisation at the end of the financial year in EUR million	24.3
Reported earnings per share in EUR	–58.12

Performance of the GERRY WEBER share compared to SDAX

in % (indexed 19 October 2021)



REPORT OF THE SUPERVISORY BOARD

In the fiscal year 2020, the Supervisory Board of GERRY WEBER International AG performed the tasks imposed on it by the law and the statutes properly and with great care, conscientiously and regularly monitored the work of the Managing Board and supported the latter with its advice.

Composition of the Supervisory Board

The Supervisory Board of GERRY WEBER International AG is composed of twelve members, half of whom represent the shareholders and the workforce, respectively.

At the beginning of the fiscal year 2020, the shareholder representatives were: Alexander Gedat (Chairman), Christie Groves, Dagmar Heuer, Milan Lazovic, Dr. Tobias Moser and Sanjib (Sanjay) Sharma. At the beginning of the fiscal year, the following staff representatives sat on the Supervisory Board: Manfred Menningen (representative of the IG Metall trade union and Vice Chairman of the Supervisory Board), Olaf Dieckmann, Barbara Jentgens (representative of the IG Metall trade union), Klaus Lippert, Rena Marx and Andreas Strunk. The staff representatives were appointed by way of a substitute appointment by the court pursuant to section 104 of the German Stock Corporation Act (AktG) for a limited period of time until completion of the regular election of staff representatives on the Supervisory Board in April 2020.

Christie Groves resigned from the Supervisory Board at the beginning of February 2020. She was replaced by Christina Käßhöfer, who was elected member of the Supervisory Board by the Extraordinary General Meeting on 11 February 2020.

Alexander Gedat resigned from the Supervisory Board on 20 February 2020. He was replaced by Dr. Tobias Moser, who was elected Chairman by the Supervisory Board on the same day.

At the Extraordinary General Meeting on 5 March 2020, Benjamin Noisser was elected member of the Supervisory Board to replace Alexander Gedat.

Upon completion of the election of staff representatives on the Supervisory Board in April 2020, Olaf Dieckmann and Andreas Strunk left the Supervisory Board. In these elections, Antje Finke and Susanne Künstler were elected members of the Supervisory Board.

Susanne Künstler resigned from the Supervisory Board with effect from 30 September 2020. Following the resignation of Susanne Künstler, the Managing Board applied for substitute appointment by the court of Yvonne Glomb as a staff representative. Yvonne Glomb was appointed to the Supervisory Board by the court in January 2021.

Rena Marx and Yvonne Glomb resigned from the Supervisory Board with effect from 31 March 2021. Following the resignation of Rena Marx und Yvonne Glomb, the Managing Board will apply for substitute appointment of two staff representatives by the court.

Key topics addressed by the Supervisory Board

In the fiscal year 2020, 13 Supervisory Board meetings and 13 meetings of the Supervisory Board committees were held. The following table shows the individual attendance of the Supervisory Board members at meetings of the Supervisory Board and its committees, taking the term of office of each Supervisory Board member into account.
The Mediation Committee and the Nomination Committee held no meetings in the fiscal year 2020.

Due to the coronavirus pandemic, the meetings of the Supervisory Board and its committees were mainly held by video or telephone conference and/or absent members were given the opportunity to attend such meetings by one of these means starting April 2020. In addition, members who were unable to attend a meeting sometimes made use of the possibility to vote in writing. During the reporting period, the Supervisory Board met regularly without the members of the Managing Board being present. In addition, three resolutions were passed by way of a written vote.

The meeting on 21 January 2020 focused on the audit and the approval of the annual financial statements for the fiscal year 2017/18 following a detailed review by the Audit Committee as well as on the current economic development including the company's liquidity situation and the budget for the fiscal year 2020. The Supervisory Board also addressed the company's activities in Russia and gave its approval to the introduction of a new cash register system.

On 20 February 2020, the Supervisory Board primarily focused on the audit and the approval of the annual financial statements for the fiscal year 2018/19 following a detailed review by the Audit Committee. The Supervisory Board furthermore resolved to dismiss Johannes Ehling and Urun Gursu as members of the Managing Board. At the same meeting, the Supervisory Board appointed Alexander Gedat, after resigning from his post as member of the Supervisory Board as a member of and Chairman of the Management Board of GERRY WEBER International AG. Dr. Tobias Moser was elected as the new Chairman of the Supervisory Board of GERRY WEBER International AG. In addition, the Supervisory Board appointed Florian Frank as Director of Labour Relations. The Supervisory Board also addressed the latest economic developments including the company's liquidity situation and the its Russian activities.

At its meeting on 8 April 2020, the Supervisory Board dealt with the audit and the approval of the annual financial statements for the stub fiscal year 2019 following a detailed review by the Audit Committee. Supervisory Board also addressed the latest current economic developments including the company's liquidity planning, the forecast for the current fiscal year 2020 and the plans until 2023. Other topics of the meeting were the current coronavirus situation, the store closures and the effects and consequences for the company. The Supervisory Board also dealt with the payment of the excess liquidity quota and the issue of bearer bonds and convertible bonds, both in accordance with the insolvency plan.

On 28 April 2020, the Supervisory Board primarily focused on the new future concept for dealing with the consequences of the coronavirus pandemic, which was to be presented to the company's existing creditors and the plan sponsors, as well as on the plans and budgets for the years 2020–2023, which had been updated due to the coronavirus pandemic, and the main implementation steps envisaged therein. The Supervisory Board moreover received a comprehensive report on the company's economic performance after the reopening of the stores and on the measures imposed by the Managing Board in response to the coronavirus pandemic.

At its meeting on 13 May 2020, the Supervisory Board again addressed the company's current economic development in the light of the coronavirus pandemic as well as the concept for the future of the company developed by the Managing Board, including the planned refinancing with insolvency creditors and plan sponsors as a result of the coronavirus pandemic. In addition, the Supervisory Board resolved on personnel matters as well as the supplementation and updating of the declaration of conformity.

The meeting on 4 and 5 June 2020 focused again on the company's current economic development and the status of the implementation of the concept for the future including the agreements with insolvency creditors and plan sponsors. In addition, the Human Resources Committee reported on the results of its work.

At its meeting on 16 June 2020, the Supervisory Board addressed the potential appointment of a further Managing Board member.

At its meeting on 30 June 2020, the Supervisory Board was informed, in particular, about the status of the IDW S6 restructuring report ("Sanierungsgutachten") to be prepared and about the company's current economic development, the current status of the personnel measures as well as the budget for the fiscal year 2020/21.

	Supervisory Board		Audit Committee		Human Resources Committee	
Supervisory Board member	Attendance at	in %	Attendance at	in %	Attendance at	in %
Dr. Tobias Moser (Chairman; from February 2020)	13/13	100	3/3	100	8/8	100
Alexander Gedat (Chairman; until February 2020)	2/2	100	2/2	100	1/1	100
Manfred Menningen (Vice Chairman)	13/13	100	5/5	100	8/8	100
Olaf Dieckmann (until April 2020)	2/2	100				
Antje Finke (from April 2020)	13/13	100				
Dagmar Heuer	13/13	100				
Barbara Jentgens	9/13	≈ 69				
Christina Käßhöfer (from February 2020)	11/12	≈ 92				
Susanne Künstler (from April 2020 to September 2020)	8/8	100				
Milan Lazovic	13/13	100				
Klaus Lippert	13/13	100	5/5	100	8/8	100
Rena Marx	13/13	100				
Benjamin Noisser (from March 2020)	11/11	100			5/5	100
Sanjib (Sanjay) Sharma	13/13	100	5/5	100		
Andreas Strunk (until April 2020)	2/2	100				

At its meeting on 20 August 2020, the Supervisory Board dealt with the interim financial report for 2020, the company's current business development as well as the planned stock exchange listing and the new compensation components for employees, executives and the Managing Board. Other items on the agenda of the meeting were various measures aimed at strengthening the company's capital base as well as the status of the process for the listing of the shares not yet admitted to trading on the stock exchange. The Supervisory Board moreover resolved to have a new compensation system developed for itself, which will then be submitted to the Annual General Meeting 2021 for approval. The other resolutions to be proposed to the planned Annual General Meeting were also discussed in detail. In addition, the Supervisory Board approved the granting of powers of attorney ("Prokura") at the level of subsidiaries of the company.

On 28 September 2020, the Supervisory Board informed itself about the results of the 2020 Annual General Meeting, the reorganisation of the Gerry Weber Group's corporate structures, personnel matters and the Employee Stock Option Plan (ESOP).

At its meeting on 29 October 2020, the Supervisory Board was informed by the Managing Board about the company's current economic development as well as the equity measures, in particular the approval of the stock exchange prospectus and the resumption of trading in the shares of GERRY WEBER International AG. The Supervisory Board also dealt with personnel issues.

At its meeting on 13 November 2020, the Supervisory Board approved the budget for the fiscal year 2021 presented by the Managing Board and also dealt with the financial report for the third quarter of 2020, the company's current business development and other personnel matters.

At its meeting on 17 December 2020, the Supervisory Board discussed the measures planned by the Managing Board as a result of the renewed officially ordered store closures in Germany and the company's liquidity situation. In addition, it informed itself about the current performance of the e-commerce segment. The Supervisory Board resolved on a term sheet on the compensation system for the Managing Board and approved the development and formulation of a compensation system within the meaning of section 87a para. 1 of the German Stock Corporation Act (AktG) on this basis. The Managing Board moreover explained to the Supervisory Board its intention to initiate status proceedings in order to have a Supervisory Board that is made up to one third of staff representatives.

In addition, three resolutions of the Supervisory Board were passed by way of a written vote in the reporting period. These related to the issue of the regular declaration of conformity pursuant to section 161 of the German Stock Corporation Act (AktG) in April 2020, the appointment of Angelika Schindler-Obenhaus as a member of the Managing Board in July 2020 and the Supervisory Board's approval of a personnel measure in the following month.

Committees of the Supervisory Board

To increase its efficiency and in consideration of the specific requirements of its work, the Supervisory Board formed four committees from among its members: a Human Resources Committee, an Audit Committee, a Nomination Committee and a Mediation Committee.

The committees were composed as follows:

Committee	Members
Human Resources Committee	Alexander Gedat (Chairman; until February 2020), Dr. Tobias Moser (as of February 2020: Chairman), Benjamin Noisser (as of April 2020), Klaus Lippert, Manfred Menningen
Audit Committee	Sanjay Sharma (Chairman), Alexander Gedat (until February 2020), Dr. Tobias Moser (as of February 2020), Manfred Menningen, Klaus Lippert
Nomination Committee	Dr. Tobias Moser (Chairman), Dagmar Heuer, Milan Lazovic
Mediation Committee	Alexander Gedat (Chairman, until February 2020), Dr. Tobias Moser (Chairman, from February 2020), Milan Lazovic, Olaf Dieckmann (until April 2020), Antje Finke (until April 2020), Manfred Menningen

The Chairman of the respective committee or his deputy regularly informed the Supervisory Board at its meetings about the contents and results of the respective committee meetings. The Human Resources Committee met eight times in the fiscal year 2020. The tasks of the Human Resources Committee primarily include appointments to the Managing Board and related matters as well as the compensation structure of the Managing Board and the preparation of these topics for the full Supervisory Board. At its meetings, the Human Resources Committee primarily addressed the composition and the compensation of the Managing Board. The committee also dealt with staff requirements planning for the second management tier.

The Audit Committee held five meetings in 2020. The meeting of the Audit Committee on 20 January 2020 focused on the separate and the consolidated financial statements of the GERRY WEBER Group for the fiscal year 2017/18 and the report of the Supervisory Board for the reporting period. The focus of the meeting on 20 February 2020 was on the separate and the consolidated financial statements for the fiscal year 2018/19 and the report of the Supervisory Board for the reporting period. On 7 April 2020, the Audit Committee dealt with the separate and the consolidated financial statements for the stub fiscal year 2019 and the report of the Supervisory Board for the reporting period. The meeting of the Audit Committee on 20 August 2020 focused on the discussion of the interim financial report for 2020. At its meeting on 30 November 2020, the Audit Committee discussed the Group's quarterly statement for Q3 2020.

The Nomination Committee and the Mediation Committee to be formed pursuant to section 27 para. 3 of the German Co-Determination Act (MitbestG) held no meetings in 2020.

Training and further education measures of the Supervisory Board

As a general rule, the members of the Supervisory Board participate in training and further education measures on their own responsibility. In the 2020 financial year, the Company informed and trained the members of the Supervisory Board in the meeting on December 17 2020 on their obligations under capital market law, in particular in accordance with the Market Abuse Regulation. In mid-2020, the company moreover sponsored an external training measure for the Chairman of the Supervisory Board.

Corporate governance

The Supervisory Board attaches great importance to ensuring good corporate governance. In the reporting period, GERRY WEBER International AG complied with the recommendations and suggestions of the Code save for a few justified exceptions. No conflicts of interest of the Supervisory Board members became known in the fiscal year 2020. For more information on corporate governance, please refer to the Corporate Governance Statement pursuant to section 289f and section 315d of the German Commercial Code (HGB).

On 3 April 2020, the Managing Board and the Supervisory Board issued the last regular declaration of conformity, which was supplemented and updated on 13 May 2020. These and the declaration of conformity of the previous years are made available at https://group.gerryweber.com under "Investors – Corporate Governance".

Audit of the separate and the consolidated financial statements for the fiscal year 2020 (reporting period)

By resolution of the Annual General Meeting dated 18 September 2020, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft was appointed auditor of the financial statements of GERRY WEBER International AG and the Group for the fiscal year 2020. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft terminated the audit engagements on 15 March 2021 due to concerns of bias pursuant to section 319 paragraph 2 of the German Commercial Code (HGB).

On 1 April 2021, the Managing Board of GERRY WEBER International AG filed an application with the Gütersloh Local Court for the appointment of Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft as the new auditor of the separate financial statements and the consolidated financial statements pursuant to section 318 HGB. By resolution dated 20 April 2021, the Gütersloh Local Court granted the application and appointed Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft as the new auditor of the financial statements and consolidated financial statements of GERRY WEBER International AG.

The separate financial statements prepared by the Managing Board of GERRY WEBER International AG as well as the consolidated financial statements of the GERRY WEBER Group including the management report were audited by Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft and each received an unqualified audit opinion. The Supervisory Board satisfied itself of the independence of the auditor and the persons acting on its behalf.

The financial statements and the auditor's audit report were handed out properly and in good time to all members of the Supervisory Board. The financial statements and the audit reports were addressed and discussed in detail at the annual accounts meeting of the Supervisory Board on 30 April 2021, which was attended by the auditor. The auditor also reported on the scope, focus and key results of the audit. In addition, the auditor stated that a risk management system meeting statutory provisions is in place; the latter was audited and found to be effective. No weaknesses requiring reporting were identified with regard to the accounting-related internal control system.

Based on the final result of the audit by the Audit Committee and the full Supervisory Board, the Supervisory Board consented to the results of the auditor. The Supervisory Board endorsed the separate and the consolidated financial statements as well as the combined management and Group management report for the fiscal year 2021 at the annual accounts meeting on 30 April 2021. The financial statements for the fiscal year 2020 have thus been duly approved in accordance with section 172 of the German Stock Corporation Act (AktG).

Audit of the dependency report for the fiscal year 2020 (reporting period)

The Managing Board had to submit related party disclosures (dependency report) for the fiscal year 2020, which were also audited by the auditor. The following unqualified auditor's report was issued for the dependency report: "In accordance with section 312 para. 3 of the German Stock Corporation Act (AktG), we declare that all transactions with affiliated entities were made on terms equivalent to those that prevail in arm's length transactions, based on the circumstances known at the time when such transactions were made. Measures in the interest or at the request of the controlling entity or entities affiliated with it were neither taken nor omitted."

At its meeting on 30 April 2021, the Supervisory Board also addressed and reviewed the dependency report. This meeting was also attended by the auditor. The auditor reported on the results of its audit and was available to answer questions. Following the consultations, the Supervisory Board approved the dependency report at this meeting.

Following its own review, the Supervisory Board declared that there were no objections to the statement made by the Managing Board at the end of the dependency report.

Changes on the Managing Board

At its meeting on 15 June 2020, the Supervisory Board appointed Angelika Schindler-Obenhaus as member of the Managing Board and Chief Operating Officer (COO) with effect from 1 August 2020 until 31 July 2022.

At its meeting on 17 December 2020, the Supervisory Board appointed Florian Frank Chief Financial Officer (CFO) with effect from 1 January 2021 and for an appointment period until 31 March 2024. Florian Frank had already served on the company's Managing Board as Chief Restructuring Officer (CRO) from 2 October 2018 to 31 December 2020.

On behalf of the Supervisory Board

Halle / Westphalia, 30 April 2021

Dr. Tobias Moser

Chairman of the Supervisory Board

CORPORATE GOVERNANCE STATEMENT

pursuant to sections 289f and 315d of the German Commercial Code (HGB)

To achieve our objectives, we have defined principles for our corporate activity that go beyond the legal regulations. Laid down in a Code of Conduct and the Group Guidelines, these principles provide guidance for our day-to-day activities. They are included in the Corporate Governance Statement, which – together with the statements of previous years – is published in full under "Investors" – "Corporate Governance" on our website at www.group.gerryweber.com. An extract from the Corporate Governance Statement on the allocation of powers, the composition and the work of the Managing Board and the Supervisory Board and on the equal participation of women and men in leadership positions is provided below. In the Corporate Governance Statement, the Managing Board and the Supervisory Board also report on the company's corporate governance (cf. Principle 22 of the German Corporate Governance Code).

Corporate Governance at Gerry Weber

The term corporate governance comprises methods, instruments and, hence, the entire system for the management and supervision of an enterprise. This includes not only the legal framework but also the values, business policies and guidelines of the enterprise. We are committed to good, responsible and sustainable value-oriented corporate governance, which forms the basis for the success of the GERRY WEBER Group. It increases the confidence our customers, business partners, investors, employees and society place in us.

Besides the guidelines of the German Corporate Governance Code that are implemented by the company, good corporate governance at GERRY WEBER also comprises the Compliance Guidelines and our Code of Conduct.

Since the introduction of the German Corporate Governance Code in 2002, GERRY WEBER International AG has complied with nearly all recommendations of the Code. There are only a few exceptions, which are attributable to the size of the company, its business model as well as to company-specific aspects; these exceptions are outlined and explained in the declaration of conformity in accordance with the "comply or explain" principle laid down in section 161 of the German Stock Corporation Act (AktG). The suggestions made by the Code which are not complied with by the company are outlined under the respective clause of the Code giving the reasons for non-compliance.

Declaration of conformity pursuant to section 161 of the german stock corporation act (AktG)

In accordance with section 161 of the German Stock Corporation Act (AktG), the Supervisory Board and the Managing Board of GERRY WEBER International AG declare that the company has, since the publication of the last annual declaration of conformity on 2 October 2018, complied with the recommendations made by the Government Commission on the German Corporate Governance Code as amended on 7 February 2017 and published by the Federal Ministry of Justice in the official section of the Federal Gazette, save for the exceptions outlined below:

Code 3.8 – Deductible in the D&O insurance for members of the Supervisory Board: While the D&O insurance used to provide for a deductible for the members of the Supervisory Board, the new D&O insurance no longer provides for such a deductible as of 1 March 2020. As the amended version of the German Corporate Governance Code adopted by the Government Commission on the German Corporate Governance Code on 16 December 2019 no longer recommends such a deductible, the company believes that such an agreement is no longer needed as of now.

Code 4.2.3 – Variable components of the Managing Board compensation: Due to the special restructuring situation, the company has agreed only fixed compensation components with the members of the Managing Board.

Code 4.2.3 – Forward-looking multiple-year assessment basis for the Managing Board's variable compensation: Variable compensation components shall generally have a multiple-year assessment basis that shall have essentially forward-looking characteristics. The Supervisory Board remains of the opinion that such a compensation structure should be agreed as a general rule. Due to the special restructuring situation, however, either purely fixed compensation or variable compensation components with a fixed bonus have been agreed with the members of the Managing Board.

Code 5.1.2 – Age limit for members of the Managing Board and Code 5.4.1 – Regular limit of length of membership for members of the Supervisory Board: No age limit and no regular limit of length of membership have been defined for the members of the Managing Board and the Supervisory Board, as abilities, qualifications and experience are regarded as the relevant criteria for appointment to these bodies. The company is of the opinion that it only stands to benefit from the knowledge and the experience of older Managing Board and Supervisory Board members, in the latter case regardless of the length of their Supervisory Board membership.

Code 5.4.6 – Compensation of the members of the Supervisory Board: Up to the end of the fiscal year 2019, members of the Mediation Committee, the Human Resources Committee, the Nomination Committee and the Audit Committee received no additional compensation, as the company used to regard the regular Supervisory Board compensation as sufficient. The Extraordinary General Meeting of 19 December 2019 decided on a new structure for the Supervisory Board compensation with effect from 1 January 2020, which also takes into account membership or chairmanship of Supervisory Board committees.

Code 7.1.1 – Financial reporting: Due to the special restructuring situation and the resulting stub fiscal year 2019, the company does not publish a half-year financial report.

Code 7.1.2 – Financial reporting: It was not possible to comply with the recommended deadline for publication of the consolidated financial statements for the fiscal year 2017/18 as well as for the stub fiscal years 2018/19 and 2019 as GERRY WEBER International AG entered into preliminary and subsequent insolvency proceedings with debtor-in-possession status.

In accordance with section 161 of the German Stock Corporation Act (AktG), the Supervisory Board and the Managing Board of GERRY WEBER International AG declare that the company has complied and will comply with the recommendations made by the Government Commission of the German Corporate Governance Code as amended on 16 December 2019 and published by the Federal Ministry of Justice in the official section of the Federal Gazette, save for the exceptions outlined below:

B.2 – Age limit for members of the Managing Board and C.2 – Age limit for members of the Supervisory Board and disclosure in the Corporate Governance Statement: For the reasons stated above, no age limit is envisaged for members of the Managing Board and the Supervisory Board, which means that no such limit can be disclosed in the Corporate Governance Statement.

C.5 – Limited mandates for members of the Managing Board: The new version of the German Corporate Governance Code stipulates stricter limits for the mandates held by Managing Board members of a listed company and recommends, in particular, that such a Managing Board member shall not accept the Chairmanship of a Supervisory Board in a non-group listed company. The Chairman of the Managing Board, Alexander Gedat, is Chairman of the Supervisory Board of a non-group listed company. There are no doubts regarding the proper exercise of his office as Chairman of the company's Managing Board.

F.2 – Financial reporting: Due to the special restructuring situation and the resulting stub fiscal year 2019, the company did not publish a half-year financial report. It is intended to resume such reporting in the future, though.

F.3 – Financial reporting: As outlined above, it was not possible to meet the recommended deadline for publication of the consolidated financial statements for the stub fiscal year 2019, either.

Halle / Westphalia, 3 April 2020

Managing Board and Supervisory Board of
GERRY WEBER International AG

In the reporting period, the declaration of conformity was updated and supplemented as follows:

The Supervisory Board and the Managing Board of GERRY WEBER International AG last issued a declaration of conformity pursuant to section 161 of the German Stock Corporation Act (AktG) in April 2020. In view of the recommendations made by the Government Commission on the German Corporate Governance Code as amended on 16 December 2019 and published by the Federal Ministry of Justice in the official section of the Federal Gazette, this declaration is supplemented as follows:

E.3 – Comprehensive approval requirement for sideline activities of Managing Board members: The German Corporate Governance Code recommends a comprehensive approval requirement for sideline activities of Managing Board members by the Supervisory Board. From the company's point of view, the statutory prohibition of competition is sufficient to safeguard the interests of the company. Therefore, not all employment contracts of Managing Board members provide for a comprehensive approval requirement.

Halle / Westphalia, 13 May 2020

Managing Board and Supervisory Board of
GERRY WEBER International AG

Allocation of powers, composition and work of the Managing Board and the Supervisory Board

The dual board system, under which the company is managed by the Managing Board and supervised by the Supervisory Board, is a key characteristic of GERRY WEBER's corporate governance structure. The equal representation of shareholders and employees on the Supervisory Board as well as the rights of shareholders at the Annual General Meeting are also characteristic of the company's corporate governance structure.

Management and conduct of business by the Managing Board

In the reporting period, the Managing Board of GERRY WEBER International AG was composed of the following members: Johannes Ehling, Spokesman of the Managing Board as well as Chief Sales and Chief Digital Officer (CSO, CDO) (until February 2020), Florian Frank, Chief Restructuring Officer (CRO) and as of 1 Januar 2021 Chief Financial Officer (CFO), Urun Gursu, Chief Product Officer (CPO) until February 2020, Alexander Gedat, Chairman of the Managing Board (as of February 2020) and Angelika Schindler-Obenhaus (COO, as of August 2020).

The Managing Board has sole responsibility for managing the company free from third-party instructions in accordance with the applicable laws, the statutes, the rules of procedure of the Managing Board and the resolutions adopted by the Annual General Meeting. While the Managing Board as a whole has collective responsibility, each Board member is responsible for managing the departments of which they are in charge. The Managing Board defines the corporate objectives and the strategic positioning of the GERRY WEBER Group and controls and monitors the business units and subsidiaries.

The rules of procedure of the Managing Board show which Managing Board member is responsible for which business segment. The rules of procedure also govern material affairs of the company that require a decision by the full Managing Board and the processes for passing resolutions. Amendments to the rules of procedure require the consent of the Supervisory Board. As a general rule, the Managing Board takes its decisions by a simple majority. Before closing important business transactions, which are defined in the rules of procedure of the Managing Board, the Managing Board must obtain the Supervisory Board's approval.

As a general rule, the Managing Board informs the Supervisory Board regularly, without delay and comprehensively of all issues of importance to the company with regard to business development, the risk situation and planning as well as business transactions of material importance. In addition, the Managing Board coordinates the company's strategic approach with the Supervisory Board.

Succession planning for the Managing Board is discussed intensively between the Managing Board and the Supervisory Board. This applies in particular with regard to the search for a successor to Alexander Gedat, who has temporarily assumed the role of Chairman of the Managing Board. The decision-making process of the Supervisory Board is supported by the Human Resources Committee formed from among its members.

Supervisory function of the Supervisory Board

The Supervisory Board is responsible for appointing the Managing Board members as well as for supervising and advising them in managing the GERRY WEBER Group. It is directly involved in decisions that are of fundamental importance for the company at an early stage. Such decisions may require the consent of the Supervisory Board. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board and maintains a regular exchange with the Managing Board.

The Supervisory Board has laid down its own rules of procedure, which also apply to the committees of the Supervisory Board. The Supervisory Board takes its decisions on the basis of resolutions passed by a simple majority unless a different majority is prescribed by law. In the event of a tie, the Chairman has the casting vote. All resolutions are passed at meetings. To simplify the procedure, the Supervisory Board may stipulate that resolutions be passed by way of a written vote in accordance with the statutes.

In accordance with Suggestion A.3 of the German Corporate Governance Code, the Chairman of the Supervisory Board is available – within reasonable limits – to discuss Supervisory Board-related issues with investors.

Composition of the Supervisory Board

The Supervisory Board of GERRY WEBER International AG is composed of twelve members. Six of these members are elected by the Annual General Meeting, i.e. by the shareholders, while the other six members are elected by the staff of GERRY WEBER International AG and its German Group companies.

At the beginning of the fiscal year 2020, the shareholder representatives were: Alexander Gedat (Chairman), Christie Groves, Dagmar Heuer, Milan Lazovic, Dr. Tobias Moser and Sanjib (Sanjay) Sharma. At the beginning of the fiscal year, the following staff representatives sat on the Supervisory Board: Manfred Menningen (representative of the IG Metall trade union and Vice Chairman of the Supervisory Board), Olaf Dieckmann, Barbara Jentgens (representative of the IG Metall trade union), Klaus Lippert, Rena Marx and Andreas Strunk. The staff representatives were appointed by way of a substitute appointment by the court pursuant to section 104 of the German Stock Corporation Act (AktG) for a limited period of time until completion of the regular election of staff representatives on the Supervisory Board in April 2020.

Christie Groves resigned from the Supervisory Board at the beginning of February 2020. She was replaced by Christina Käßhöfer, who was elected member of the Supervisory Board by the Extraordinary General Meeting on 11 February 2020.

Alexander Gedat resigned from the Supervisory Board on 20 February 2020. He was replaced by Dr. Tobias Moser, who was elected Chairman by the Supervisory Board on the same day.

At the Extraordinary General Meeting on 5 March 2020, Benjamin Noisser was elected member of the Supervisory Board to replace Alexander Gedat.

Upon completion of the election of staff representatives on the Supervisory Board in April 2020, Olaf Dieckmann and Andreas Strunk left the Supervisory Board. In these elections, Antje Finke and Susanne Künstler were elected members of the Supervisory Board.

Susanne Künstler resigned from the Supervisory Board with effect from 30 September 2020. Following the resignation of Susanne Künstler, the Managing Board applied for substitute appointment by the court of Yvonne Glomb as a staff representative. Yvonne Glomb was appointed to the Supervisory Board by the court in January 2021.

In accordance with the recommendations of the German Corporate Governance Code, the Supervisory Board had already set itself specific targets for its composition and complemented them in accordance with the recommendations of the Code. The existing composition targets were revised in the fiscal year 2016/17 and summarised in a competence profile for the full Supervisory Board. The composition of the Supervisory Board of GERRY WEBER International AG complied with the defined targets and, hence, with the competence profile in the reporting period. Pursuant to section 96 para. 2 AktG, the Supervisory Board shall be composed of at least 30% women and at least 30% men. Throughout the reporting period, the Supervisory Board consisted of at least four women and at least four men.

The terms of membership of the Supervisory Board are as follows:

Name	Year in which membership started
Alexander Gedat (until February 2020)	2019
Dr. Tobias Moser	2019
Olaf Dieckmann (until April 2020)	2000
Antje Finke (from April 2020)	2020
Christie Groves (until February 2020)	2019
Dagmar Heuer	2019
Barbara Jentgens	2019
Christina Alexandra Käßhöfer (from February 2020)	2020
Susanne Künstler (from April 2020 until September 2020)	2020
Milan Lazovic	2019
Klaus Lippert	2010
Renate Marx	2018
Manfred Menningen	2015
Benjamin Noisser (from March 2020)	2020
Sanjib (Sanjay) Sharma	2019
Andreas Strunk (until April 2020)	2015

The composition of the committees of the Supervisory Board is shown below:

Committee	Members
Mediation Committee	Alexander Gedat (Chairman, until February 2020), Dr. Tobias Moser (Chairman, as of February 2020), Milan Lazovic, Olaf Dieckmann (until April 2020), Antje Finke (until April 2020), Manfred Menningen
Human Resources Committee	Alexander Gedat (Chairman; until February 2020), Dr. Tobias Moser (as of February 2020: Chairman), Benjamin Noisser (as of April 2020), Klaus Lippert, Manfred Menningen
Audit Committee	Sanjib Sharma (Chairman), Alexander Gedat (until February 2020), Dr. Tobias Moser (as of February 2020), Manfred Menningen, Klaus Lippert
Nomination Committee	Dr. Tobias Moser (Chairman), Dagmar Heuer, Milan Lazovic

On 16 March 2021, the Managing Board announced that it has initiated status proceedings pursuant to section 97 of the German Stock Corporation Act (AktG), as it is of the opinion that the Supervisory Board of the company is no

longer to be composed in accordance with the provisions of the German Codetermination Act (parity co-determination), but in accordance with the German One-Third Participation Act.

Targets and competence profile for the composition of the Supervisory Board

The Supervisory Board is generally tasked with advising and supervising the Managing Board independently and in a qualified manner. The Supervisory Board members should be appointed accordingly. The Supervisory Board of GERRY WEBER International AG should be composed of persons who have the knowledge, skills, experience and personal characteristics that are needed to supervise the company. Moreover, each Supervisory Board member must be willing to dedicate sufficient time to performing their tasks. Members of the Managing Board of a listed corporation shall not accept more than a total of three Supervisory Board mandates in non-group listed corporations or on supervisory bodies of non-group entities that make similar requirements. With regard to the Supervisory Board as a whole, attention should be paid, in particular, to ensuring that the body has the required professional diversity, internationality, diversity and independence. The targets described below have been defined as a competence profile for the Supervisory Board, taking into account the size of the Supervisory Board, the company's specific requirements as well as diversity:

Professional diversity

- Members of the Supervisory Board shall have experience in the fields of corporate management, strategy and human resources. They should also be competent with regard to corporate governance and compliance-related issues.

- The Supervisory Board shall also have knowledge of the company, its competitors and the markets in which the company operates. Specific industry knowledge of the customer side is also required.

- At least one independent member must have the necessary financial competence as well as knowledge of accounting, internal control procedures or auditing. This independent member of the Supervisory Board shall not be a former member of the Managing Board whose term of office ended less than two years ago.

- At least one shareholder representative shall have several years of international experience from a professional activity or be a foreign national.

- Moreover, one shareholder representative shall have the required know-how and experience in dealing with capital market participants.

Diversity

- Besides professional diversity, the Supervisory Board aims for an appropriate degree of female representation. With a view to the legal provisions that became effective on 1 January 2016, the company considers it appropriate if at least one third of the positions of the shareholder representatives and staff representatives are filled with women. With two of the six shareholder representative positions as well as two of the six employee representative positions filled by women, these requirements were met in the reporting period.

Independence

- Taking into account the shareholder structure of GERRY WEBER International AG, at least three of six shareholder representatives on the Supervisory Board shall be independent.

  A Supervisory Board member is considered independent if he / she has no personal or business relations with the company, its executive bodies, a controlling shareholder or a related party which may cause a substantial and not merely temporary conflict of interests. Employee representatives are not considered dependent merely because they are employees of the company or benefit from old-age pension commitments of one of the Group companies.

- No more than two former members of the Managing Board shall sit on the Supervisory Board. Managing Board members may not become members of the Supervisory Board of the company within two years after the end of their appointment unless they are appointed upon a motion presented by shareholders holding more than 25% of the voting rights in the company. In this case, appointment to the chairmanship of the Supervisory Board shall be an exception to be justified to the Annual General Meeting.

- Supervisory Board members shall not sit on an executive body or perform advisory tasks at a material competitor of the company or a Group company.

In the reporting period, no member of the Supervisory Board was a former member of the Managing Board of GERRY WEBER International AG. With Sanjay Sharma, Dagmar Heuer, Dr. Tobias Moser and Christina Käßhöfer as independent shareholder representatives, the Supervisory Board has an appropriate number of independent members.

No age limit has been defined for the members of the Managing Board and the Supervisory Board and no regular limit of length of membership has been stipulated for the Supervisory Board, as abilities, qualifications and experience are regarded as the relevant criteria for appointment to these bodies. Consequently, there is no formal diversity policy for the Managing Board. The same applies to the Supervisory Board, beyond the targets for its composition and competence profile described above.

Efficiency review

No efficiency review was conducted by the Supervisory Board in the fiscal year 2020.

Equal participation of women and men in leadership positions

When it comes to appointing Managing Board members, nominating Supervisory Board members and filling executive positions, the Supervisory Board supports the company's efforts to achieve an appropriate degree of female representation.

In the reporting period, the Managing Board of GERRY WEBER International AG was composed of Alexander Gedat, Angelika Schindler-Obenhaus, Florian Frank, Johannes Ehling and Urun Gursu. With the appointment of Angelika Schindler-Obenhaus with effect from 1 August 2020, the share of zero female Managing Board members set by the Supervisory Board was exceeded.

In accordance with statutory requirements, the Managing Board defined a share of women for the first and second management tier below the Managing Board already in September 2015. The target was to have a share of women of 30% at the first management tier and a share of women of 50% at the second management tier as of 30 June 2017. This target has since been achieved almost all the time. At the time of the target review on 31 December 2020, the targets set were reached to a high degree, as the share of women at the first and second management tier was 25.0% and 53.8%, respectively.

At the beginning of 2021, the share of women at the first management tier was 45%, which means that the target was not reached only temporarily. In view of the above and the fact that the target for the second management tier was reached in the reporting period, the Managing Board has maintained the targets of 30% and 50%, respectively, for the first and second management tiers.

Annual General Meeting and shareholders' rights

As a general rule, the shareholders of GERRY WEBER International AG exercise their voting and control rights at the ordinary Annual General Meeting. Each share in GERRY WEBER International AG carries one vote. There is no upper limit for voting rights or extraordinary voting rights. Each shareholder who registers in time and proves that he / she is entitled to attend the Annual General Meeting and exercise his / her voting rights is entitled to attend the Annual General Meeting.

Accounting and audit

By resolution of the Annual General Meeting dated 18 September 2020, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft was appointed auditor of the financial statements of GERRY WEBER International AG and the Group for the fiscal year 2020. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft terminated the audit engagements on 15 March 2021 due to concerns of bias pursuant to section 319 para. 2 of the German Commercial Code (HGB).

On 1 April 2021, the Managing Board of GERRY WEBER International AG therefore filed an application with the Guetersloh Local Court for the appointment of Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft as the new auditor of the separate financial statements and the consolidated financial statements pursuant to section 318 HGB. By resolution dated April 20 2021, the Guetersloh Local Court granted the application and appointed Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft as the new auditor of the separate financial statements and the consolidated financial statements of GERRY WEBER International AG.

The independence of the auditor was ensured by the court decision. The appointed auditor participates in the Supervisory Board's discussions of the separate financial statements and the consolidated financial statements and reports on the key results of the audit. The auditor furthermore reports to the Supervisory Board any facts identified during the audit which are inconsistent with the declaration of conformity issued by the Managing Board and the Supervisory Board.

Compliance

The Group-wide Compliance Programme of GERRY WEBER International AG is designed to ensure compliance with statutory provisions as well as with internal guidelines. This not only covers compliance with binding legal provisions but also the observance of our own internally defined regulations and values which anchor ethical and moral behaviour in the corporate culture. Specific organisational measures and processes have been developed to prevent, identify and sanction individual misbehaviour.

The Compliance Programme of the GERRY WEBER Group is composed of the following elements:

1. Compliance Organisation
Corporate Audit is responsible for performing the compliance-related tasks, which cover all essential areas of the company. As of the effective date of this report, the Chief Compliance Officer reports directly to the Chief Financial Officer. He is responsible for ensuring that the Compliance Programme is implemented across the Group and that all employees and executives receive compliance training. The Compliance Committee aims to constantly improve the Compliance Programme and meets at regular intervals. In addition, the Supervisory Board is informed of compliance-related aspects at its meetings.

2. Code of Conduct of the GERRY WEBER Group
The Code of Conduct describes our behavioural rules and values and forms the basis of our Compliance Programme. All employees, executives and the Managing Board are obliged to comply with our guidelines on responsible behaviour. The Code of Conduct comprises not only issues such as corruption or antitrust law but also aspects such as human rights, labour and social standards as well as equal opportunities.

3. Compliance Guidelines
The Group Guidelines break the Code of Conduct down into greater detail. They are also binding for all employees, executives and bodies and address and govern aspects such as antitrust and competition law, capital market law, communication, passing on of information as well as social compliance.

4. Whistleblowing
The internal organisation has been complemented by the appointment of an independent external ombudsman. Employees but also external customers and business partners can contact the ombudsman confidentially and also anonymously if and when they become aware of incorrect behaviour or business practices in the company. The Compliance Programme encourages employees to openly express their concerns and to highlight circumstances which indicate that laws or internal regulations have been violated.

The Compliance Programme is organised in such a way that the GERRY WEBER Group also meets the recommendations and suggestions of Recommendation A.2 of the German Corporate Governance Code.

Opportunity and risk management
Good corporate governance also includes managing risks in a responsible manner. The GERRY WEBER Group has a Group-wide internal control and risk management system which identifies and evaluates risk situations and defines and implements measures to avoid risks and minimise their negative consequences. Information on the risk management system and a presentation of the individual risks can be found in the risk report in this Annual Report.

Potential conflicts of interest and directors' dealings
Pursuant to Art. 19 of the EU Market Abuse Regulation (MAR), members of the Managing Board and the Supervisory Board as well as closely related persons must report transactions involving shares or debt instruments of GERRY WEBER International AG or related financial instruments to the company as well as to the Federal Financial Supervisory Authority if the total amount of the transactions reaches or exceeds EUR 5,000 in a calendar year. GERRY WEBER International AG publishes such information immediately and makes such information available on the company's website www.group.gerryweber.com under "Investors" – "Financial News". The Managing Board and the Supervisory Board are committed to serving the interests of the company. They are not allowed to exploit their position to pursue personal interests or for the benefit of related parties. Any conflicts of interest resulting from sideline activities must immediately be disclosed to the Supervisory Board. The latter then decides about any further steps to be taken. In the past fiscal year, no conflicts of interest of members of the Managing Board or the Supervisory Board occurred.

Transparent and timely communication
The Managing Board and the Supervisory Board attach great importance to transparent corporate governance. Our shareholders and financial analysts, the shareholder associations and the media as well as the interested public are provided with regular and up-to-date information on the current situation as well as on material corporate or personnel-related changes in the company. Our main communication channel is the Internet as it allows to distribute comprehensive information in a non-discriminatory and timely manner.

The instruments used to report on the business situation and the company's results as well as on current events of the GERRY WEBER Group include the Annual Report for the fiscal year 2020, the interim reports as well as press releases and ad-hoc announcements.

02

COMBINED MANAGEMENT REPORT

COMBINED MANAGEMENT REPORT FOR THE FISCAL YEAR 2020

In accordance with section 315 para. 5 of the German Commercial Code (HGB) in conjunction with section 298 para. 2 HGB, the Group management report has been combined with the management report of GERRY WEBER International AG. The combined management report includes the presentation of the net worth, financial and earnings position of GERRY WEBER International AG and of the GERRY WEBER Group as well as additional disclosures required under the German Commercial Code. All financial amounts are shown in euros.

The fiscal year 2020 with a balance sheet date of 31 December 2020 covered a period of twelve months, while the stub fiscal year 2019 with a balance sheet date of 31 March 2019 covered a period of nine months. Consequently, the two reporting periods are not fully comparable. The stub fiscal year 2019 is the result of the fact that GERRY WEBER International AG entered into provisional insolvency proceedings with debtor-in-possession status with effect from 25 January 2019. As the proceedings were opened on 1 April 2019, a new fiscal year began according to applicable statutory provision. The insolvency proceedings were terminated on 31 December 2019, resulting in a stub fiscal year for the period from 1 April 2019 to 31 December 2019 for GERRY WEBER International AG and the Group.

The terms GERRY WEBER Group and GERRY WEBER Group are used synonymously in this report.

Restructuring and strategic realignment of the GERRY WEBER Group

On 31 December 2019, the insolvency proceedings with debtor-in-possession status opened over the assets of GERRY WEBER International AG were terminated on the basis of the insolvency plan that became legally effective on 25 October 2019.

The business performance of GERRY WEBER International AG in the fiscal year 2020 was strongly influenced by the global spread of the coronavirus pandemic. Immediately after the closure of our stores ordered by the authorities, we drew up a comprehensive concept for the future of our company on the basis of a restructuring report ("Sanierungsgutachten") to IDW S6, which was prepared in an earlier fiscal year and has now been updated, and the GERRY WEBER 2023 Strategic Roadmap, which we have adapted in this context.

The concept for the future includes partial deferrals of insolvency liabilities until 2023 as well as the socially compatible reduction of another 200+ jobs. In addition, we renegotiated contracts with the aim of securing the company's liquidity and were able to agree an increase in the working capital line with the two main shareholders, Robus Capital Management and Whitebox Advisors, as well as J.P. Morgan AG (hereinafter also referred to as "plan sponsors").

With the help of these measures and initiatives, we want to become economically successful again, position ourselves for the future and successfully refinance our company in the fiscal year 2023.

The corporate governance statement pursuant to section 289f and section 315d HGB is available under "investors" – "corporate governance" on the company's website at https://group.gerryweber.com.

BUSINESS AND GENERAL CONDITIONS

Overview

Business activity and organisation

The GERRY WEBER Group is one of the best-known German fashion and lifestyle companies. The GERRY WEBER brand has a brand awareness of 91% in Germany (MEDIA-PLUS Insights November 2020 survey).

Today's GERRY WEBER International AG was established by Gerhard Weber and Udo Hardieck in Halle / Westphalia in 1973. The company has its origin in the wholesale sector. In the fiscal year 2020, GERRY WEBER International AG comprised two distribution and reporting segments, i.e the GERRY WEBER Retail segment, which comprises the company-managed and concession stores of the GERRY WEBER brands (GERRY WEBER, TAIFUN, SAMOON), and the GERRY WEBER Wholesale segment, which relates to all revenues generated by the GERRY WEBER brands with our fashion retail partners.

The Retail segment had a total of 569 stores as of 31 December 2020. The Wholesale segment comprised 241 franchised GERRY WEBER stores as well as 1,754 shop-in-shops in the stores of our retail partners. As of 31 December 2020, GERRY WEBER had distribution structures in 59 countries worldwide (31 December 2019: more than 60 countries).

Online revenues amounted to EUR 27.4 million in the fiscal year 2020 (previous year: EUR 22.1 million), which represented 9.9% of total revenues (previous year: 6.7%). Online revenues generated in our own online shops are counted towards the Retail segment, while online revenues generated on our customers' platforms are counted towards the Wholesale segment.

Headquartered in Halle / Westphalia, GERRY WEBER International AG is the operating holding company of the Group.

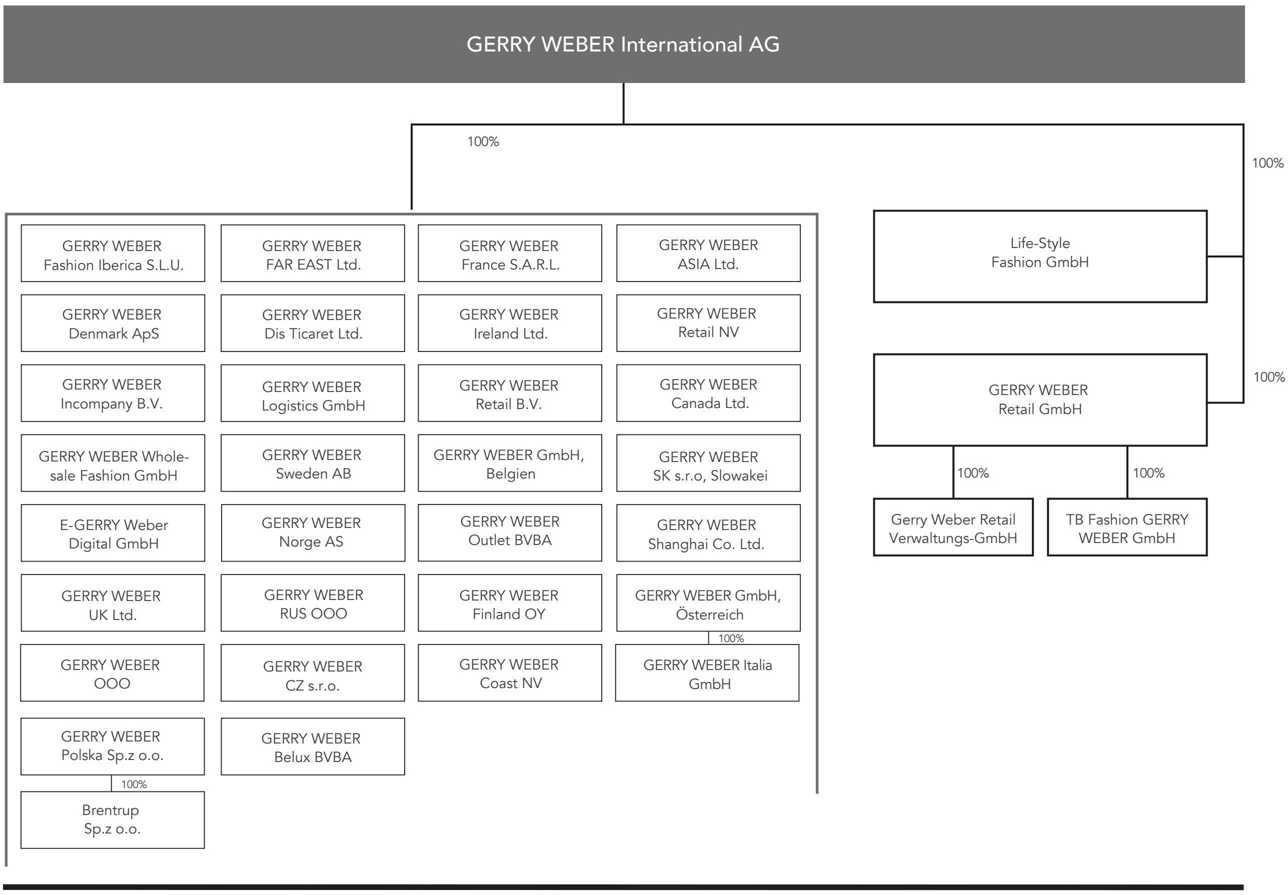
As of 31 December 2020, the basis of consolidation of the GERRY WEBER Group comprised GERRY WEBER International AG as well as 35 domestic and international subsidiaries.

Business model

The GERRY WEBER Group has a vertical business model that covers the complete value chain from brand and product development to merchandise management, production and procurement to logistics and distribution.

It is the mission of the GERRY WEBER Group to inspire consumers with brands that can be clearly distinguished from each other as well as with a demand-driven product range. Efficient processes and reliable agreements are to create added value for consumers and business partners.

Company overview – Company structure



Collection development

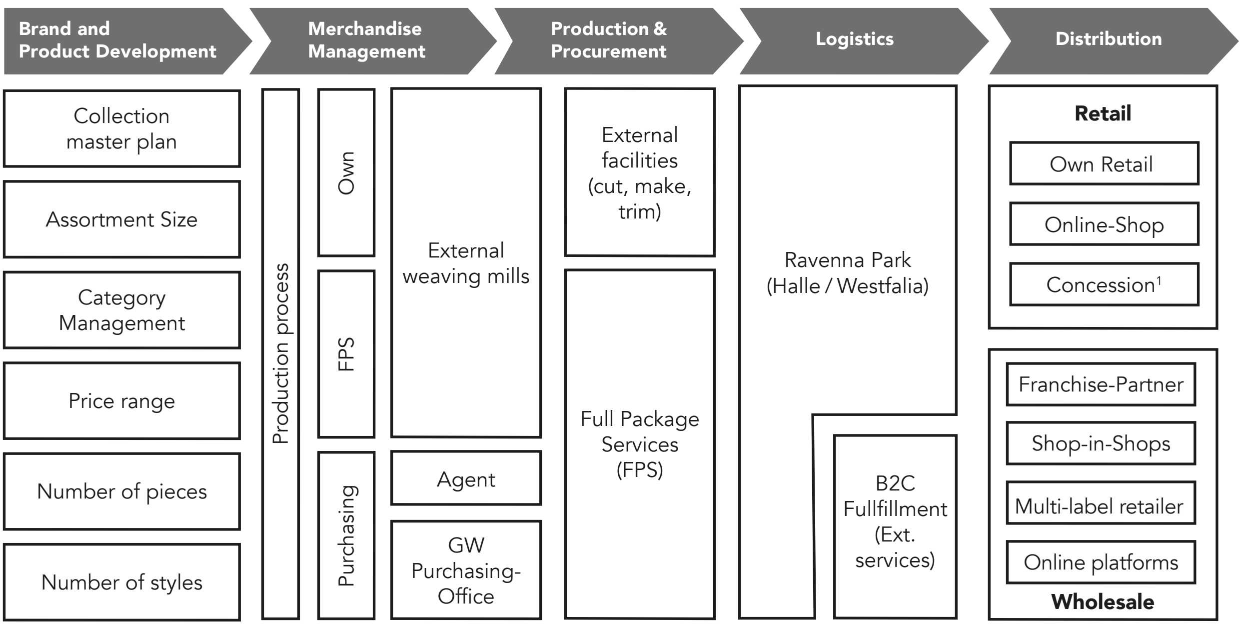
The aim of every collection development process is to create desirable collections and products that meet customer demands on quality and fit, innovation and sustainability.

Each collection development is centred on the wishes of our customers. These are translated into a collection theme, taking into account the respective brand strategy and values as well as current global fashion trends, and a sample collection is made.

In the next step, merchandise management anticipates the merchandise requirements of the individual product groups down to each individual piece in the collection based on comprehensive information gained, such as sales figures of previous seasons, market-specific characteristics and fashion preferences. At this stage, it is decided and precisely controlled which articles will be produced in what quantities and sizes for which points of sale; also, the design, the width of the product range and the pricing structure are defined and, most importantly, the supply of merchandise for the individual distribution channels is timed. In 2019, product development underwent a comprehensive restructuring process in terms of concept, organisation and processes. The core elements – the streamlined and fundamentally revised collection framework and a structured merchandise allocation plan based on it – form the framework for optimised merchandise management during the season. Thanks to the adoption of a "go-to-market" concept, our development processes have become much closer to the customer and the market than before. The increased use of analytical tools to record customer preferences has resulted in shorter response times to customer preferences during the season true to the "read-and-react" principle. Among other things, we use a web-based "360-Degree Product Performance Panel", which adjusts the product and category strategy in a continuous and timely manner based on representative feedback from the market.

In order to best meet increased customer demands, our development activities are also geared towards consistently expanding the proportion of sustainably used materials in the collections of all three brands. These are sustainable raw materials such as certified organic cotton or products that are manufactured with high resource efficiency, e.g. jeans that use little water and chemicals in their production. In addition, we use recycled materials such as polyester. To push ahead with the circular economy issue, we also cooperate with Leibniz University in Hannover, for instance.

Value-added-process



1 GW rents the space and operates it on its own account and with its own staff; GW is exposed to inventory and goods loss risk

In 2020, we launched the first completely sustainable collection under the "I WEAR I CARE" label.

In the fiscal year 2020, development expenses for the development of the collections of all three brands totalled EUR 2.2 million (previous year: EUR 2.4 million).

Merchandise management

The restructuring of the GERRY WEBER Group covered not only the product development process but also the merchandise management process, which we have modified significantly. This is being done against the background of the changing customer behaviour as well as more frequent unseasonal weather conditions, which make it indispensable to flexibly adjust to customers' requirements at all times. To meet these requirements, we have introduced new order intervals for our retail partners as well as a new delivery cycle for our own shops and stores. The GERRY WEBER collections are available in ten delivery capsules with trend-specific content. Starting 2021, we will offer our retail partners four order rounds, both physically and digitally in our showrooms.

Production and procurement

The production requirements for each individual product are specified on the basis of the information obtained from the merchandise management process and the order data of our Wholesale customers. In the fiscal year 2020, the production volume of the GERRY WEBER Group totalled approximately 8.7 million items (previous year: 8.3 million items).

We generally distinguish between two different types of procurement, i.e. cut-make trim (CMT) and full package service (FPS). In the former case, all components required for a garment, such as fabrics, zippers, yarns and buttons, are purchased by the GERRY WEBER Group and made available for production. The external manufacturing partners are then only in charge of the production process proper. In contrast to CMT suppliers, our FPS partners compose and produce the complete garment. They are responsible for the procurement of all components and for production. Clear instructions for outer fabrics and other components as well as the technical data from the pattern-making department provide the framework for the manufacturing partners. In the past fiscal year, 19.8% (previous year: 18.3%) of all merchandise was sourced under CMT arrangements, while 80.2% (previous year: 81.7%) was sourced under FPS arrangements. For cost reasons and in order to reduce lead times, the realignment strategy of the GERRY WEBER Group provides for a further shift from cut-make-trim to full package services; this also entails the installation of new suppliers who take over these tasks in full. This shift was completed in late 2020, which means that 100% of our merchandise will be sourced under FPS arrangements as of 2021.

The criteria applied to select suppliers are and will remain very strict. Punctuality, compliance with high standards of quality and workmanship including no-compromise compliance with all legal standards as well as competitive prices are the key parameters. We are not only a member of the globally acknowledged Business Social Compliance Initiative (BSCI) but also conduct our own audits based on our own criteria. We only choose manufacturing partners who have been approved by the Social Compliance Department and who meet our requirements in terms of social and environmental compliance. Besides the above-mentioned aspects, criteria considered when selecting manufacturing partners include their respectability, reputation and creditworthiness. Our own staff in our local procurement offices regularly check compliance with our high quality standards and review the working conditions. For further information, please refer to the non-financial report of GERRY WEBER International AG, which is published on our website at group.gerryweber.com under Investors / Publications / 2021.

The regional breakdown shows that approx. 49.5% (previous year: 48.5%) of all GERRY WEBER merchandise is produced in Asia, primarily in China and Bangladesh. Turkey accounted for a total of 26.1% (previous year: 30.00%) of the merchandise sourced in 2020. About 14.8% (previous year: 15.2%) of our merchandise is made in Eastern Europe. Another 5.0% (previous year: 3.1%) is sourced from North Africa (Tunisia), with the remaining 4.6% (previous year: 3.2%) produced in Southern Europe.

Warehouse logistics

Serving as a Group-wide hub for incoming and outgoing logistics, the Ravenna Park logistics centre is owned by GERRY WEBER International AG. It does not cover B2C logistics, i.e. logistics between the GERRY WEBER Group and its private e-commerce customers, which is handled by a large external service provider.

Under the insolvency plan, GERRY WEBER International AG is obliged to sell the Ravenna Park logistics centre by the end of 2021 and to make the proceeds from the sale available to the insolvency creditors. In this context, the Group must also develop a logistics policy that is economically viable and tailored to its own requirements.

In March 2021, GERRY WEBER International AG and WB Logistik GmbH, a company of Christian Busch, majority shareholder of fashion company Walbusch Walter Busch GmbH & Co. KG based in Solingen, signed a pre-contract for the sale of the Ravenna Park logistics centre. The latter has been approved by the creditors' committee of GERRY WEBER International AG. The signing of the final contracts, scheduled for the end of May 2021, is subject to a final review by the buyer. According to the pre-contract, WB Logistik GmbH will take over the employees of GERRY WEBER Logistik GmbH. Christian Busch and GERRY WEBER plan to jointly use Ravenna Park in future.

According to the insolvency plan, the proceeds from the sale of Ravenna Park will be distributed to the insolvency creditors of GERRY WEBER International AG after the signing of the final contracts. The GERRY WEBER Group will thus fulfil a condition from the company's insolvency plan.

Distribution and sales channels
The GERRY WEBER Group distributes its fashion collections through two distribution channels, Retail and Wholesale, which also represent the two segments of the GERRY WEBER Group.

The Retail segment distributes the collections of the GERRY WEBER brands through the company-managed sales spaces (GERRY WEBER stores, mono-label stores, concession stores and factory outlets) and the online shops directly to end customers. The company's Retail operations are characterised not only by its own points of sale but also by its own staff as well as the full merchandise risk. In the fiscal year 2020, GERRY WEBER Retail accounted for 57.2% of consolidated revenues (previous year: 63.7%).

The Wholesale segment supplies our retail partners with the collections of the three GERRY WEBER brands. In this segment, we distinguish between three distribution channels – the GERRY WEBER stores run by franchisees, the shop-in-shops at our retail partners and the multi-label business.

Sales spaces by distribution channel	**31 Dec. 2020**	31 Dec. 2019
GERRY WEBER Retail		
GERRY WEBER stores	290	307
Mono-label stores	15	22
Concession stores	233	267
Factory outlets	31	28
	569	**624**
GERRY WEBER Wholesale		
GERRY WEBER franchised stores	241	243
Shop-in-shops	1,754	2,036
	1,995	**2,279**

Retail operations
At the end of the reporting period on 31 December 2020, the Retail segment comprised 569 (previous year: 624) points of sale in Germany and other European countries. Besides Germany, the Netherlands and Spain are our biggest foreign markets, where we operate our own retail stores.

The table below provides a comprehensive overview of the Retail store portfolio of the GERRY WEBER Group by regions:

Retail sales spaces by country	**31 Dec. 2020**	31 Dec. 2019
Germany	327	371
Netherlands	113	107
Spain	44	44
Belgium	27	28
Austria	25	26
Scandinavia	20	30
Eastern Europe	12	13
Italy	1	1
UK & Ireland	0	4
	569	**624**

In the fiscal year 2020, GERRY WEBER opened 15 new retail spaces. At the same time, 70 POS that did not meet our economic requirements were given up, which means that our sales network was reduced by 55 stores on balance. The terms retail spaces, retail stores and retail shops are used synonymously in this management report.

There were 290 "Houses of GERRY WEBER" as of 31 December 2020, compared to 307 on 31 December 2019. The number of TAIFUN, SAMOON and GERRY WEBER EDITION mono-label stores was reduced to 15, down from 22 in the previous year. Besides the GERRY WEBER stores and the mono-label stores, the GERRY WEBER Retail business also comprises 31 (previous year: 28) factory outlets as well as 233 (previous year: 267) concession stores. The latter are company-managed shop-in-shops, which are staffed with our own people and where we have full control over the flow of merchandise. Most of the concession stores are situated in large department stores in Germany and abroad, e.g. at Galeria Karstadt Kaufhof in Germany or our Spanish partner El Corte Inglés.

Online business

Digitally, our brands are marketed through our own online shops as well as on external platforms such as Amazon, Zalando, Boozt, about you and Otto. Revenues generated by the company's own online shops are counted towards the Retail segment. Revenues generated via external online platforms are attributed to the Wholesale segment, as the platform operators purchase the goods from us for resale.

One of the key objectives of the GERRY WEBER Group is to significantly increase the online sales of all three brands so as to better leverage the potential of this distribution channel in the future. The stronger integration of our physical and digital points of sale will play an increasingly important role in this context ("omni-channel"). We have meanwhile implemented a Click & Collect system (where we send goods ordered online to a store for collection) and Click & Reserve (where we reserve goods in the store via the online shop). In the future, we also plan to offer in-store return options (return of goods ordered online in the store) and in-store ordering options (ordering of goods that are out of stock in the store) for our customers.

We also want to further expand the platform business with our customers.

Wholesale operations

The Wholesale segment handles business with our external retail partners. Our trading and franchise partners order collection items and sell them to the consumers in their own stores. The Wholesale segment comprises three distribution channels – the GERRY WEBER stores run by franchisees, the shop-in-shops at our retail partners and the multi-label business.

At the end of the fiscal year 2020, 241 GERRY WEBER stores were managed by franchisees (previous year: 243). These stores feature the same branding and shop fittings as our company-managed GERRY WEBER stores so that shoppers will not notice any difference between the two formats. Shop-in-shops are sales spaces at our retail partners whose fittings and general design clearly identify them as belonging to the respective brand. Unlike the Retail segment's concession stores, which are also located in the stores of our retail partners, shop-in-shops are operated by the latter. This means that the retail partners bear both the personnel risk and the merchandise risk. Multi-label spaces are sales spaces at traditional retailers selling several brands without separate brand presentation. As of 31 December 2020, there were a total of 1,754 shop-in-shops, compared to 2,036 at the end of the previous fiscal year. 511 of these points of sale were located outside Germany (previous year: 526).

The table below shows the regional distribution of the franchise partners.

Franchised sales spaces by country/region	**31 Dec. 2020**	31 Dec. 2019
Germany	40	41
Russia	69	70
Southern and Eastern Europe	34	36
Middle East	30	31
Switzerland	15	17
Baltic states	15	15
France	9	9
Benelux	8	6
Austria	2	2
Other	19	16
Total	**241**	**243**

Material events in the reporting period

Executive and controlling bodies

Alexander Gedat (56) resigned from his office as member of the Supervisory Board and thus also as Chairman of the Supervisory Board with immediate effect on 20 February 2020 and assumed the position of Chairman of the Managing Board on the same day.

With effect from 1 August 2020, the Supervisory Board appointed Angelika Schindler-Obenhaus (58) as Chief Operating Officer (COO) of the Group. Ms Schindler-Obenhaus has been appointed to the Management Board of GERRY WEBER International AG for two years.

Corporate actions

The Annual General Meeting held on 11 February 2020 resolved to increase the share capital of GERRY WEBER International AG by EUR 195,238.00 from EUR 1,025,000.00 to EUR 1,220,238.00 by issuing 195,238 new bearer shares with a pro-rata share of EUR 1.00 each in the share capital. They will be issued at a price of EUR 1.01 per share, i.e. a total issue price of EUR 197,190.38. Shareholders' statutory subscription right has been excluded. J.P. Morgan Securities plc, London, United Kingdom, has exclusively been admitted to subscribe for the new shares. The capital increase was entered in the Commercial Register on 25 June 2020.

Conclusion of a controlling and profit transfer agreement with Life-Style Fashion GmbH

On 9 March 2020, the company concluded a controlling and profit transfer agreement with a wholly-owned subsidiary, Life-Style Fashion GmbH, based in Halle/Westphalia, as a controlled entity obliged to transfer profits. Following the approval of this agreement by the shareholders' meeting of Life-Style Fashion GmbH on 9 March 2020 and by the Annual General Meeting of GERRY WEBER International AG on 10 March 2020, the agreement was entered in the Commercial Register of Life-Style Fashion GmbH on 23 March 2020.

Transformation and conclusion of a profit transfer agreement with GERRY WEBER Retail GmbH

On 27 August 2020, the shareholders' meeting of Gerry Weber Retail GmbH & Co. KG resolved to transform the company into GERRY WEBER Retail GmbH in accordance with the German Transformation Act (UmwG). The change of legal form became effective on 4 September 2020 by entry in the Commercial Register.

On 30 September 2020, GERRY WEBER International AG concluded a profit transfer agreement with GERRY WEBER Retail GmbH as the company obliged to transfer profits. The agreement was approved by the shareholders' meeting of GERRY WEBER Retail GmbH on 16 September 2020 and by the Annual General Meeting of GERRY WEBER International AG on 18 September 2020. The agreement became effective on 15 October 2020 upon entry in the Commercial Register of GERRY WEBER Retail GmbH.

Coronavirus crisis

The business performance of GERRY WEBER International AG in 2020 was strongly influenced by the global spread of the coronavirus pandemic. Following official instructions, nearly all sales spaces in Germany and abroad were closed from mid-March 2020 and again in December 2020. Extrapolated to the full year, the missing sales days resulted in an irretrievable revenue shortfall of more than EUR 100 million for GERRY WEBER.

Immediately after the closure of the stores ordered by the authorities, the Managing Board drew up a comprehensive concept for the future of the GERRY WEBER Group on the basis of a restructuring report ("Sanierungsgutachten") to IDW S6, which was prepared in an earlier fiscal year and has now been updated, and the GERRY WEBER 2023 Strategic Roadmap, which has been adapted in this context.

We were able to negotiate partial deferrals of insolvency liabilities until 2023 and cut more than 200 jobs in a socially compatible manner. In addition, we renegotiated contracts with the aim of securing the company's liquidity and were able to agree an increase in the working capital line with the plan sponsors.

Stock exchange listing

On 19 October 2020, the shares of GERRY WEBER International AG were again admitted to trading on the Regulated Market (General Standard) of the Frankfurt Stock Exchange and the Regulated Market of the Düsseldorf Stock Exchange. Admitted to trading were 1,211,861 new shares created through two ordinary capital increases in the context of the restructuring of GERRY WEBER International AG as well as up to 40,000 new shares from conditional capital, which may be issued in the future in the event of conversions under the outstanding convertible bonds of GERRY WEBER International AG.

Key performance indicators

The GERRY WEBER Group's internal control system is designed to support the implementation of the corporate strategy. In this context, key performance indicators and other indicators are used and differentiated which make the performance of the individual divisions and the GERRY WEBER Group measurable and assessable.

Now that the company has been successfully restructured, we want to return to profitable growth. Consequently, consolidated revenues are a key performance indicator of the GERRY WEBER Group. Sales revenues by distribution channel (GERRY WEBER Retail, GERRY WEBER Wholesale) and by brand (GERRY WEBER, TAIFUN, SAMOON) are other performance indicators.

To assess the underlying operating profitability, we primarily use normalised EBITDA as a key performance indicator (without taking into account effects from lease accounting in accordance with IFRS 16), as this indicator best reflects the economic situation of our company without taking into account unscheduled charges or benefits. Consolidated earnings before interest and taxes (EBIT) is another performance indicator used by the Group.

As of the fiscal year 2021, employee satisfaction will be used as an additional non-financial performance indicator.

In the context of the restructuring of the GERRY WEBER Group, which is to be implemented by the fiscal year 2023, leverage is used as another key performance indicator; it is defined as net debt/normalised EBITDA and is used to measure the progress of the financial restructuring. The effects from lease accounting in accordance with IFRS 16 are not taken into account in this context.

The number of points of sale of each individual store format (e.g. mono-label store, concession store, franchised store) and the sales space in square metres are other non-financial performance indicators of the company. The relevant indicators to assess the actual operating performance of the Retail business are sales per square metre as well as like-for-like revenue growth.

In addition, we have defined company-specific early indicators for the individual brands and distribution channels, which serve as additional performance indicators and whose changes may have a positive or negative impact on the net worth, financial and earnings position. These include the visits to our online shops as well as the conversion rate, i.e. the relation between website visitors and transactions made. Performance indicators have also been defined for the other operating areas, whose performance and target achievement are monitored in the context of the internal control system. For the Procurement Department, for instance, the logistic costs per item are recorded.

Strategy and objectives

Strategic objective

After the successful financial and operational restructuring, our focus now lies on the implementation of the strategic objectives defined by the Managing Board. Our new shareholders as well as the creditors of the company have given us their confidence and at the same time indicated their support for the further implementation of the future concept.

Our strategic target image is for the GERRY WEBER Group to have clearly positioned and defined brands as well as product ranges meeting the needs and requirements of the individual target customer. Other essential elements of our target image include efficient, customer-oriented processes, solution-oriented internal cooperation as well as operational excellence at our points of sale (physical and digital).

Against this backdrop, ten strategic initiatives were defined in 2019 for the strategic repositioning and the structural optimisation of the cost base of GERRY WEBER and their implementation was initiated ("GERRY WEBER 2023 Strategic Roadmap"). This Strategic Roadmap was updated and refined in October 2020. With the help of the seven measures and initiatives now defined, we want to become economically successful again, position ourselves for the future and successfully refinance our company in the fiscal year 2023.

Brand strategy and communication

A sustainable positioning of our brands provides the basis for the economic success of the GERRY WEBER Group. We have developed a clear vision for the next 5–10 years for each of our brands, GERRY WEBER, TAIFUN and SAMOON.

We want to make the GERRY WEBER brand the leading womenswear lifestyle brand in the modern classic mainstream market again, inspiring and delighting women all over the world. Our target group are 50+ women who now have more income than their predecessors ten or twenty years ago and who demographically belong to the growing population groups. The core values of the GERRY WEBER brand are femininity, self-confidence and "natural beauty". Other unmistakable GERRY WEBER core values are a high quality standard and the good fit for which the brand has stood ever since its foundation in 1973.

TAIFUN will be repositioned to become the relevant brand in the modern casual mainstream market for every moment of the day of the modern active woman from her mid-40s. TAIFUN stands for modern, casual and bold fashion that can be summarised as "casually dressed".

The SAMOON brand is targeted at plus-size women of all ages and is set to become the leading curvy womenswear brand in the modern mainstream segment over the next 5–10 years. SAMOON presents casual, self-confident fashion made from high-quality materials in flattering fits for consumers wearing sizes 42 to 54 and higher. We see great growth potential for SAMOON, as this target group is becoming increasingly fashion-conscious and spending growing parts of their incomes on clothing. SAMOON is one of the few brands that offers women wearing plus sizes attractive, high-quality fashion collections. SAMOON collections will increasingly be offered through online distribution channels.

All our marketing and communication activities address our target groups in an emotional and inspiring manner. Specific print and online campaigns are designed for each brand to increase their desirability. For GERRY WEBER, for instance, we use the slogan "I am Gerry" / "We are Gerry" in our communications activities to celebrate women, create a new sense of unity among women and thus attract new target customers from the baby boomer generation. All of these measures are accompanied by diverse visual merchandising and PR activities.

In the medium term, we will also expand and strengthen our existing licensing concept for GERRY WEBER by developing and launching new licensed products in the market.

Product

In the next two years, we want to put the focus back on what GERRY WEBER has been standing for since 1973: high quality standards and a good fit. This includes enhancing the quality, the style, the price structure and the product diversity to make GERRY WEBER Edition one of the top 5 brands in the market again.

We have modified the internal structures and now have effective product management and procurement structures. We have made progress in consolidating the supplier base and in standardising the use of raw materials. At the same time, we continue to work on the digitalisation of procurement processes, process structures and the further reduction of lead times. The latter also includes regular checks on where our merchandise should be manufactured from a cost, risk and time perspective. The realignment of GERRY WEBER International AG also included a further shift from cut-make-trim to full package service, which we successfully completed in late 2020.

Sales / Distribution

Retail

Over the past years, we closed many of our own points of sale which no longer met our strict economic criteria. In the stub fiscal year 2019, we gave up 174 unprofitable and less promising POS on balance, followed by 55 in the fiscal year 2020. Our primary goal for the Retail segment is to increase the profitability of our own stores noticeably. Our portfolio of stores is managed using KPIs such as profitability, sales per square metre and conversion rates. We are currently implementing new store concepts, which comprise shop fittings, visual merchandising and intensive sales staff training. By presenting the brand in an emotional and inspiring way, we want to increase its desirability. This way, the Retail segment is to become a role model for our franchise partners at the wholesale level in terms of expertise in the experience and the distribution of our GERRY WEBER, TAIFUN and SAMOON brands.

In 2020, we opened 15 new factory outlets – a strongly growing segment with much better cost and process structures; more stores of this kind will follow in 2021 and 2022. In addition, we are negotiating rent reductions and are in talks to sublet space to partners whose cosmetics and skincare products complement our fashion products; this way we will offer added value to our customers, while at the same time further reducing rental costs.

Wholesale

In the Wholesale segment, our aim is to steadily improve our performance with our existing customers in the coming years and to again make GERRY WEBER a brand that fashion retailers simply have to offer.

We will separate the sales organisations again and set up specialised sales teams for GERRY WEBER, TAIFUN and SAMOON; these will focus on a single brand and concentrate more strongly on merchandise management and the contents of the product ranges and the penetration of their customers' preferred department.

Another focus will be placed on winning back what we call "lighthouse partners", who serve as role models for other retail customers and whose offer is often adopted by the latter.

To this end, a national and international franchise concept for the GERRY WEBER brand will be developed by mid-2021, which will be geared towards close partnerships with our customers. This also includes new dealings with each other in terms of the management of cooperations, terms and conditions as well as returns. To support the sales organisation even better, existing sales tools such as brand books and collection folders will be revised and a new style book will be developed by mid-2021.

E-commerce / Omni-channel

All experts agree that online commerce will be the growth driver of the future. Leveraging growth potential in online commerce and strengthening omni-channel distribution have therefore been defined as key objectives. After having changed the service provider for our online shop, we are now in the process of putting our omni-channel strategy into practice by implementing up-to-date processes. For instance, we want to offer our customers in-store ordering options (ordering of goods that are out of stock in the store) as well as in-store return options (return of goods ordered online in the store).

We aim to grow our e-commerce revenues by a strong 20% or more per year in the medium term and will further increase our marketing budget and staff capacity in this area and clearly expand the stock of merchandise in 2021. Functional customer relationship management (CRM) is also indispensable for further growth, as it helps to improve the individual customer approach and thus increases the conversion rate, i.e. the ratio of website visits to purchases made.

In addition, we will strengthen the online brand presence of TAIFUN and SAMOON through their own online shops. Moreover, we will further expand the international platform business with our Wholesale customers and convert our "Rest of Europe" shop into a "Rest of World" shop, which will enable us to offer our GERRY WEBER, SAMOON and TAIFUN brands in more than 200 destinations worldwide.

Digitalisation / IT

The GERRY WEBER Group plans to further accelerate its central business processes so as to make them much more agile in the future. This way, we want to respond even faster and more flexibly to customer wishes and new market trends. The further digitalisation of the business model will play a key role in this context. We want to leverage the potential of digitalisation all along the value chain.

The ongoing digitalisation of the product development process, for example, should help to further reduce the lead times.

We are intensively working to expand our own online shop as well as the international platform business with the customers of our Wholesale segment. Digital elements play an important role for the GERRY WEBER Group also in the physical stores, where the integration of omni-channel services will help us offer our customers an improved, seamless shopping experience. When it comes to selling our collections to the wholesale sector, we are already using a digital showroom, which is designed to offer our partners a flexible, straightforward and quick alternative to the traditional ordering process – from the presentation of the collections to choosing individual products to finally placing the order.

We also plan to further increase the effectiveness of our marketing expenses. In this context, a focus will be placed on expanding the communication with our customers in the social networks that are relevant to our brands. We want to measure the effectiveness of digital marketing activities more effectively to draw a conclusion for future marketing activities.

What is more, we intend to make greater use of business intelligence systems going forward so as to better understand our customers and their shopping behaviour and to make more intelligent, data-based decisions regarding mailings and the individualised approach to our customers. Such a business intelligence concept including targets and performance indicators will be developed in the course of the fiscal year 2021.

We have subjected our IT structure to a fundamental restructuring exercise and standardised the systems used. Moreover, we have initiated measures that will modernise our IT infrastructure / IT systems landscape and increase IT security against cybercrime in the medium term, while at the same time reducing the costs incurred.

Finance / CFO agenda

GERRY WEBER International AG has negotiated a sustainable financing structure with its creditors and the largest shareholders that will bring stability to the company and secure its refinancing in 2023. In addition to the original long-term loan, the revolving credit line and necessary letters of credit, liquidity was increased by around EUR 5 million in February 2021 through a new credit facility (exchange offer). The company has secured this additional liquidity against the backdrop of the COVID-related uncertainties for the company.

Another foundation stone for the company's financing has been laid with the successful resumption of stock exchange trading in October 2020 including the development of a corresponding equity story and the resumption of professional capital market communication.

The main goal of the "CFO agenda", besides the financing issue, is gaining transparency and implementing an integrated management information system that allows us to measure and assess the performance and target achievement of the Group as well as our individual segments and business areas based on defined performance indicators.

To make our internal controlling and reporting processes more efficient, we implemented a tool-based internal planning / control system. Any operational decision is made on the basis of its sustained impact on EBIT and EBITDA in the short and long term.

In the context of our change programme, we implemented a multi-project office management system to track progress of all relevant measures.

Furthermore, we aim to reduce our fixed cost base by renegotiating current contracts – e.g. leases – and implement outsourcing procedures.

Due to the ongoing coronavirus pandemic and the store closures ordered by the authorities, the focus currently lies on securing the Group's liquidity. Liquidity monitoring and management is based on the 13-week liquidity forecast, which is updated each week.

Change management / Cultural change / Employees

In the context of the restructuring exercise, the organisational structure of GERRY WEBER International AG has been vigorously streamlined and simplified.

We have installed a lean and effective corporate structure, adapted the overhead to the new corporate structure, introduced a multi-project management office and restored an attractive employer culture that promotes employee performance and loyalty. Our entire organisation is now functionally structured along the Board departments instead of the individual brands as before. This way, we avoid redundant functions, clearly define responsibilities and have significantly shortened decision-making processes.

At the same time, we have created a new leadership culture that is characterised by cooperation, fun and performance, so as to increase our attractiveness as an employer as well as the satisfaction of our employees. To achieve this, we will, for example, invest in the training and further education of our managers and employees with the clear objective of strengthening the leadership culture, promoting entrepreneurship in the GERRY WEBER Group and, at the same time, improving the error culture. In addition, we plan to conduct a survey among our employees in 2022. Also next year, we intend to develop a concept to increase our attractiveness as an employer.

We are doing all this with a clear goal in mind: we want to be permanently ranked among the top ten of Germany's most attractive employers in the fashion industry published by Textilwirtschaft magazine.

Sustainability

It is the medium-term objective of GERRY WEBER International AG to return to profitable growth after the successful restructuring exercise. Profitability is the basis of any economic activity. At the same time, we have committed ourselves to responsible and sustainable corporate governance. Sustainable action all along the value chain is part of our identity and a fundamental principle of our corporate responsibility. For GERRY WEBER, the latter encompasses a wide variety of environmental, social and economic aspects.

It is our declared objective to reduce our carbon footprint in the supply chain. For this purpose, we will set up a company-wide sustainability agenda in the fiscal year 2021, define fields of action that are important to us and start implementing measures in these fields of action.

Overall responsibility for sustainability lies with the Managing Board. Strategically and operationally, sustainability is managed and implemented in the Corporate Social Responsibility Department. The latter organises the activities of the specialist departments involved, i.e. Procurement, Energy Management and Supply Chain Management. In our supplier countries, the department's staff monitor and train the local purchasing and quality assurance teams on all issues related to environmental and social standards.

The operating units are also more concerned than ever with the issue of sustainability, such as the use of innovative renewable materials (e.g. peppermint) as well as upcycled or recycled materials in our products (e.g. polyester). What is more, we are intensively working to establish and expand a circular economy for our products.

Starting this fiscal year, we will again document our sustainability activities in detail for our stakeholders. To find out what topics they consider to be particularly important, we will conduct a comprehensive materiality analysis and, on this basis, again prepare an annual Sustainability Report for GERRY WEBER International AG.

ECONOMIC AND SECTOR REPORT

Being an international fashion and lifestyle company, GERRY WEBER is exposed to consumers' spending behaviour, which very much influences the company's sales revenues and earnings. Generally speaking, consumer behaviour is always closely linked to economic trends in the individual regional markets in which GERRY WEBER operates. The overall economic trend, consumer spending and disposable household incomes of our target groups are thus an indicator of the situation in the macroeconomic environment in which we operate. This is true although in Germany, which is by far the most important market for GERRY WEBER, spending on apparel appears to become less and less linked to the general economic situation. The share of apparel spending in total consumer spending has been declining for quite some time. Moreover, other structural factors such as new consumer trends also play a role for our company. The trends that are currently relevant to us include, among other things, the ongoing decline in customer footfall in city centres, the constant growth in online commerce and the resulting greater price transparency, as well as the steadily increasing range of available goods, which is the result of the continuously growing presence of new competitors.

Macroeconomic environment

According to the International Monetary Fund (IMF), the world economy (measured by gross domestic product (GDP)) contracted by an estimated 3.3% in the calendar year 2020 as a result of the coronavirus crisis and the restriction of economic activities imposed in response. General consumption was primarily affected by increasing savings ratios as well as by a sharp slump in demand resulting from the lockdown and quarantine measures. Moreover, companies began to suspend their investments in view of the persistently high uncertainties. However, the decline was not quite as dramatic as assumed in October 2020 and June 2020, when the IMF projected GDP reductions of –4.4% and –5.2%, respectively. According to the IMF, this result is mainly attributable to the low-interest policy and the massive aid programmes of the central banks and governments.

The German economy

According to the Federal Statistical Office, Germany's price-adjusted gross domestic product (GDP) declined by 4.9% in 2020 compared to the previous year. The coronavirus pandemic clearly left its mark in nearly all sectors of the economy. Production was restricted both in the service sectors and in the manufacturing industry, in some cases quite massively so.

Economic output in the trade, transport and hospitality sector, as summarised by the Federal Statistical Office, dropped by a strong 6.3% in price-adjusted terms. While online commerce increased noticeably, stationary trade and the hospitality sector were in part deep in the red. At –6.0%, consumer spending showed the strongest decline ever.

Consumer behaviour in Germany

Accounting for 56.7% of GERRY WEBER's consolidated revenues, Germany is by far the Group's biggest market.

In Germany, the GfK Consumer Climate Index uses "economic expectations", "income expectations" and "propensity to buy" as indicators to measure consumer sentiment. The purpose of the indicator is to explain the development of private consumption. For the calendar year 2020, the GfK indicator shows a sharp drop by 9.7 points to –6.8 points. This shows that the coronavirus crisis has a massive impact on consumer sentiment. In May, the indicator reached an all-time low of –23.1 points. While the overall indicator picked up again in the summer months, the second COVID-19 wave with sharply rising infection figures in autumn / winter 2020 caused consumers' slight optimism to fade again.

In February 2021, the indicator dropped to –15.6 points, with consumer sentiment recovering somewhat and the indicator climbing to –12.7 points in March. For April 2021, a significant recovery in consumer sentiment and an indicator level –6.2 points are forecast.

German textile trade

Compared to the previous year, fashion retailers lost around 30% of their revenues over the year (2019: –2 %), according to the TW-Testclub of TextilWirtschaft magazine. This means that the effects were more moderate than initially feared in the first half of the year, when a loss of 35% was reported. However, the official closures imposed in spring and in autumn / winter deprived the stationary fashion trade of close to 40 sales days in 2020, eight of which were Saturdays.

According to TW Testclub, fashion retailers' sales revenues in January and February 2021 declined by 78% and 74%, respectively, because of the lockdown.

European Union

Accounting for 29.2% of the GERRY WEBER Group's revenues, the countries of the European Union are our second biggest market. According to IMF computations, the gross domestic product in the EU member states declined dramatically, namely by –6.6%. Countries such as France and Spain were hit particularly hard by the coronavirus pandemic. French GDP contracted by 8.2%, its Italian and Spanish counterparts by 8.9% and 11.0%, respectively.

The wide divergence between member states reflects the different responses to the pandemic by the health systems of the individual countries as well as the flexibility and adaptability of the economy to changing conditions and trends.

Russia

Accounting for 4.7% of total Group revenues (previous year: 3.7%), Russia is a relevant international market for GERRY WEBER.

According to the IMF, the Russian economy contracted by 3.1% in the calendar year 2020, compared to moderate growth of 1.1% in the previous year. While Russia also restricted economic activities in response to the coronavirus pandemic, these restrictions were regionally limited and very moderate compared to those imposed in other European countries.

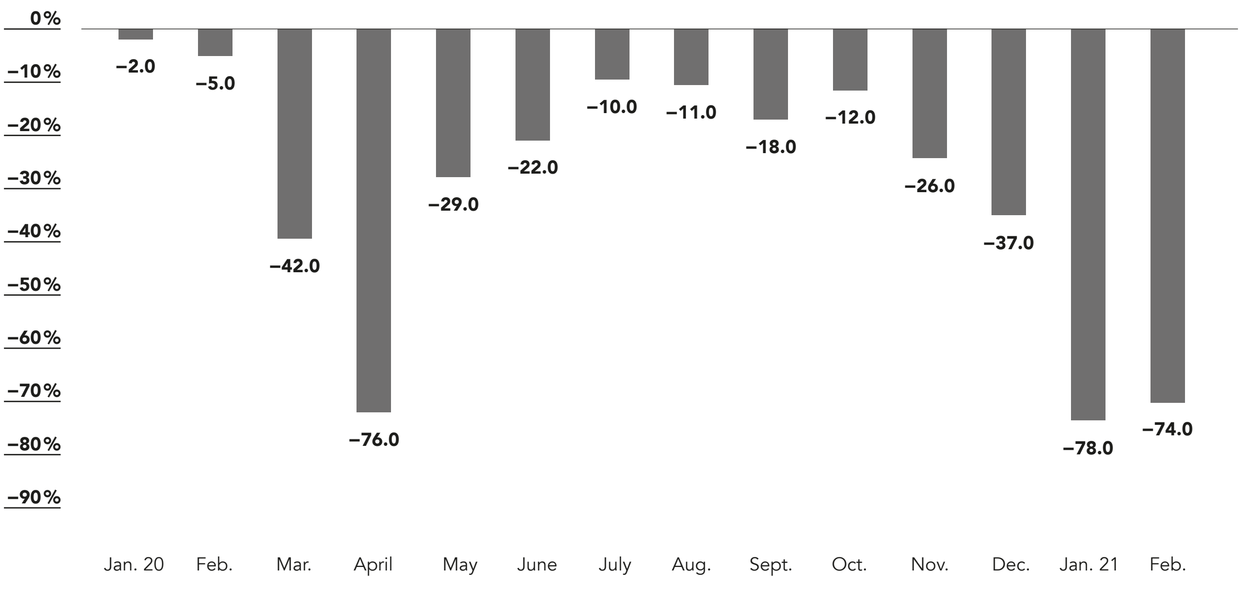
Overall assessment of the economic environment in the reporting period

The stationary fashion trade faced many adversities in 2020; in addition to the already existing gloomy consumer sentiment for fashion articles and the declining footfall in the city centres, the coronavirus pandemic and the retail store closures imposed by the government in the spring and winter hit the fashion industry in the fiscal year 2020. For the GERRY WEBER Group, this meant that our stores in Germany and also our retail spaces in most countries outside Germany were no longer available for customer traffic.

Compared to the previous year, German fashion retailers lost around 30% of their revenues over the year (2019: –2 %). The shutdowns imposed in spring and winter deprived the stationary fashion trade of close to 40 sales days in 2020, eight of which were Saturdays.

Overall, the economic environment in the reporting period was even more challenging than in previous periods.

Sales revenues of germany's physical fashion retailers vs. Prior year month january 2020 to february 2021



Source: TW-Testclub of TextilWirtschaft magazine

EARNINGS, NET WORTH AND FINANCIAL POSITION

The fiscal year 2020 with a balance sheet date of 31 December 2020 covered a period of twelve months, while the stub fiscal year 2019 with a balance sheet date of 31 March 2019 covered a period of nine months. This means the comparability of all figures with the prior year figures is limited.

Sales performance

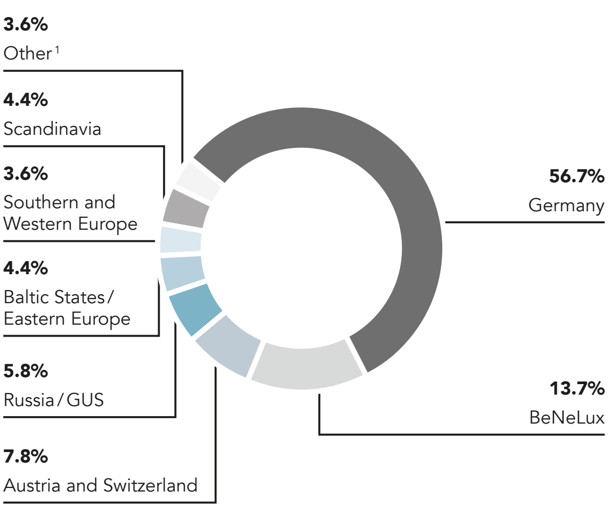
In the fiscal year 2020, consolidated revenues of GERRY WEBER International AG amounted to EUR 278.2 million (previous year: EUR 330.5 million). Despite the store closures imposed in December, which had not been foreseeable in the spring, revenues thus came in at the upper end of our original forecast of EUR 260 million to EUR 280 million.

Revenues were materially influenced by the COVID-related closures of our stores in spring and December and by high discounts resulting from such closures as well as by further restructuring-related permanent store closures in the course of 2020.

Domestic revenues of the GERRY WEBER Group amounted to EUR 157.8 million (previous year: EUR 195.0 million), which represents 56.7% of total revenues (previous year: 59.0%). This means that 43.3% (previous year: 41.0%) of total Group revenues were generated in markets outside Germany.

Relevant markets for the GERRY WEBER Group outside Germany are the Benelux countries, which account for 13.7% of total revenues (previous year: 13.5%), Russia / CIS with 5.8% (previous year: 4.4%), Austria with 5.2% (previous year: 5.2%) and Eastern Europe / Baltic States with 4,4% (previous year: 4.0%). On a positive note, we were able to continue our expansion in Russia as the insolvency proceedings were concluded.

Revenues in FY 2020 by region

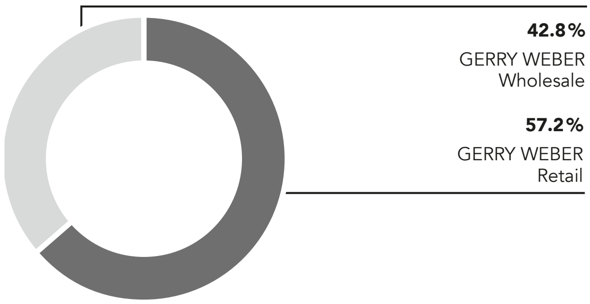


Other: Middle East UK / Ireland / Iceland, North America and Far East / ROW

GERRY WEBER International AG has two **reporting segments**, namely Retail and Wholesale. The Retail segment distributes the collections of the GERRY WEBER brands through the company-managed sales spaces (GERRY WEBER stores, mono-label stores, concession stores and factory outlets) and the online shops directly to end customers. The company's Retail operations are characterised not only by its own points of sale but also by its own staff as well as the full merchandise risk.

The Wholesale segment supplies our retail partners with the collections of the GERRY WEBER brands, GERRY WEBER, TAIFUN and SAMOON. In this segment, we distinguish between three distribution channels – the GERRY WEBER stores run by franchisees, the shop-in-shops at our retail partners and the multi-label business.

Revenues in FY 2020 by segment



The GERRY WEBER Group's Retail segment generated revenues of EUR 159.2 million in the fiscal year 2020 (previous year: EUR 210.4 million). The segment's share in total Group revenues thus declined to 57.2% (previous year: 63.7%).

We closed 55 retail spaces on balance during the year and the number of our own GERRY WEBER, TAIFUN and SAMOON stores decreased to 569 (624 as of 31 December 2019).

On a like-for-like basis (i.e. excluding expansion and closures), retail revenues declined by 32.7% in 2020, mainly due to the COVID-19 impact.

Online revenues of the GERRY WEBER Retail segment amounted to EUR 23.0 million (previous year: EUR 20.0 million).

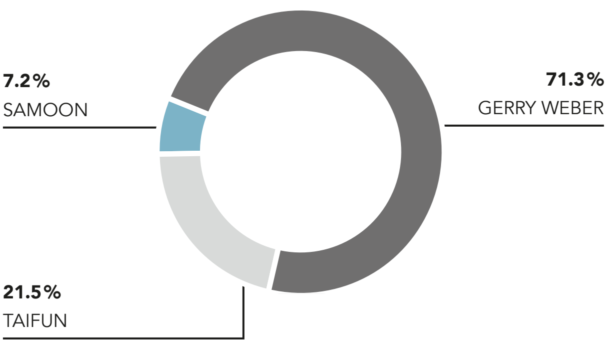
As of 31 December 2020, the Wholesale segment comprised 241 franchised GERRY WEBER stores as well as 1,754 shop-in-shops in the stores of our retail partners. As of 31 December 2020, GERRY WEBER had distribution structures in over 59 countries worldwide (31 December 2019: more than 60 countries).

The GERRY WEBER Group's Wholesale segment generated revenues of EUR 119.0 million in the fiscal year 2020 (previous year: EUR 120.1 million). The segment's share in total Group revenues thus increased to 42.8% (previous year: 36.3%).

Online revenues of the GERRY WEBER Wholesale segment amounted to EUR 4.4 million (previous year: EUR 2.1 million).

The breakdown by brands shows that GERRY WEBER, at 71.3%, made by far the biggest contribution to sales revenues (previous year: 72.5%). TAIFUN and SAMOON were both able to slightly increase their revenue contributions in the fiscal year 2020. TAIFUN accounted for 21.5% (previous year: 21.2 %), while SAMOON contributed 7.2% (previous year: 6.3%).

Revenues in FY 2020 by brand



Earnings position

Other operating income in the fiscal year 2020 totalled EUR 13.3 million, compared to EUR 176.5 million in the previous year: In the previous year, as much as EUR 167.5 million (2020: EUR 2.0 million) related to the pro-rata derecognition of insolvency liabilities. The 2020 income also includes public COVID-19 subsidies and grants of EUR 2.1 million.

Inventory reductions of EUR 15.7 million were recorded in the fiscal year 2020 (previous year: EUR 19.8 million). Coronavirus-related write-downs in the fiscal year 2020 amounted to EUR 9.3 million. As in the previous year, store closures as well as optimised and tighter merchandise management also contributed to the reduction in inventories.

The cost of materials in the fiscal year 2020 amounted to EUR 106.4 million (previous year: EUR 117.2 million). The cost of materials ratio including changes in inventories deteriorated from 41.4% in the previous year to 43.9% due to write-downs.

The gross profit margin stood at 56.1% in the fiscal year 2020, compared to 58.6% in the previous year. The gross profit margin is calculated as the reciprocal value of the cost of materials, supplemented by changes in inventories, in relation to sales revenues.

Personnel expenses for the fiscal year 2020 include restructuring-related severance payments for former Managing Board members and employees of EUR 5.0 million. Restructuring expenses of EUR 2.0 million were incurred in the prior year period. Although these additional expenses were much higher in 2020, personnel expenses were clearly lower than in the previous year, at EUR 85.6 million (previous year period (9 months): EUR 83.0 million.) Due to the lower revenues, personnel expenses as a percentage of sales stood at 30.8% in 2020, compared to 25.1% in the previous year. Adjusted for the restructuring-related expenses, the percentage for 2020 is 29.0% (previous year: 24.5%). The average headcount was reduced further in the fiscal year 2020 and stood at 2,497, down from 3,361 in the stub fiscal year 2019.

The Group's systematic depreciation amounted to EUR 49.1 million in fiscal 2020, compared to EUR 46.8 million in the stub fiscal year 2019, which means that it continued to decline in relation to the shorter prior year period (9 months). No write-downs for impairment occurred in the fiscal year 2020.

Other operating expenses totalled EUR 86.0 million in the fiscal year 2020 (previous year: EUR 110.1 million), which means that they also declined noticeably. While restructuring expenses in the total amount of EUR 24.4 million were incurred in the previous year, they amounted to EUR 4.0 million in the reporting year. Space costs also dropped sharply and stood at EUR 10.8 million in the fiscal year 2020 (previous year: EUR 22.3 million).

The application of lease accounting pursuant to IFRS 16 reduced other operating expenses by EUR 38.1 million (previous year: EUR 37.9 million) and increased other operating income by EUR 0.2 million compared to the accounting method previously used. This contrasted with depreciation under IFRS 16 in the amount of EUR 32.9 million (previous year: EUR 30.8 million), resulting in net relief in EBIT of EUR 5.4 million (previous year: EUR 7.1 million).

Consolidated earnings before interest, taxes, depreciation and amortisation (consolidated EBITDA reported) stood at EUR –2.5 million, compared to EUR 176.7 million in the stub fiscal year 2019. In 2019, EBITDA reported were clearly positive primarily due to the restructuring income from the pro-rata derecognition of insolvency liabilities. As a result, the reported EBITDA margin decreased to –0.9% in the reporting period, compared to 53.5% in the same period of the previous year. Adjusted for the effects of the application of lease accounting pursuant to IFRS 16, normalised consolidated EBITDA stood at EUR –40.8 million in 2020 (previous year: EUR 138.8 million) and the normalised EBITDA margin at –14.7% (previous year: EUR 42.0%). This means that we have also achieved our forecast of April 2020, which had projected negative normalised consolidated EBITDA in the medium double-digit million range.

Taking into account depreciation / amortisation, the Group's reported EBIT for the fiscal year 2020 amounted to EUR –51.7 million (previous year: EUR 130.0 million) and the reported EBIT margin stood at –18.6% (previous year: 39.3%).

Adjusted for the effects of the application of lease accounting pursuant to IFRS 16, normalised consolidated EBIT amounted to EUR –57.1 million in 2020 (previous year: EUR 122.9 million) and the normalised EBIT margin to –20.5% (previous year: EUR 37.2%).

The GERRY WEBER Group's financial result deteriorated from EUR –8.5 million to EUR –14.3 million in the reporting period due to increased interest expenses. The increased interest expenses are attributable to higher interest for insolvency liabilities as of the coming into effect of the insolvency plan as well as to interest on loans from the plan sponsors.

After deduction of income taxes, the consolidated net loss for the fiscal year 2020 amounted to EUR –65.4 million. In the previous year, consolidated net income of EUR 119.3 million had been posted.

Earnings per share for the fiscal year 2020 are calculated on the basis of an average 1,126,096 shares outstanding. Accordingly, earnings per share amounted to EUR –58.12 (previous year: EUR 105.96) based on the same average number of shares applied for better compatibility.

Net worth position

Total assets of the GERRY WEBER Group declined noticeably and amounted to EUR 433.0 million as of 31 December 2020, down from EUR 580.7 million on 31 December 2019. The decline in total assets is attributable to the reduction and the scheduled development of rights of use, reduced investments, the reduction and write-down of inventories as well as lower cash and cash equivalents and lower receivables.

Pursuant to IFRS 16, lease obligations are recognised as rights of use within non-current assets. As at the reporting date 31 December 2020, rights of use worth EUR 179.2 million were recognised in the balance sheet (as at 31 December 2019: EUR 236.0 million).

On the liabilities side, current and non-current liabilities from rights of use totalling EUR 181.4 million (31 December 2019: EUR 237.8 million). were reported as at the reporting date.

Inventories were written down by EUR 9.2 million (previous year: EUR 0.9 million) due to merchandise that could not be sold because of the coronavirus crisis. Such write-downs were also made on the autumn / winter collection as the lockdown measures are expected to continue.

On 31 December 2020, inventories amounted to EUR 46.7 million, down from EUR 65,1 million on 31 December 2019. This decrease is related to the coronavirus pandemic and attributable to reduced purchasing volumes and increased write-downs of our merchandise.

The Group's cash and cash equivalents declined to EUR 85.2 million (31 December 2019: EUR 126.9 million). The decline is mainly due to payouts from the implementation of the insolvency plan as well as the to the COVID-related shortfall in revenues resulting from the store closures. Cash and cash equivalents reported as of 31 December2020 also include trust accounts with a balance of EUR 21,1 million (31 December 2019: EUR 61.7 million). These are subject to restrictions on disposal and serve to settle insolvency liabilities.

Equity capital comprises the subscribed capital and the reserves of the Group. Based on an entry in the Commercial Register on 25 June 2020, the subscribed capital of GERRY WEBER International AG was increased by EUR 195,238.00 from EUR 1,025,000.00 to EUR 1,220,238.00. A premium of EUR 1,952.38 was allocated to the capital reserve.

The capital reserve increased by EUR 0.9 million in the fiscal year 2020. This is mainly due to the fact that some of the insolvency creditors converted their claims into convertible bonds in 2020 and that the equity portion included therein was allocated to the capital reserve.

The loss of EUR 65.4 million incurred in the fiscal year 2020 was reflected in a corresponding decline in equity. As of 31 December 2020, GERRY WEBER Group's equity amounted to EUR 56.1 million (previous year: EUR 121.4 million).

Non-current liabilities amounted to EUR 268.4 million as of 31 December 2020 (previous year: EUR 277.7 million).They include the non-current components of liabilities from rights of use pursuant to IFRS 16 in the amount of EUR 151.0 million, non-current liabilities to insolvency creditors of EUR 86.0 million and loans from plan sponsors of EUR 23.5 million.

As a consequence of the COVID-19 pandemic, new agreements were reached with a large number of creditors in April and May 2020 regarding their claims against the company. Essentially, it was agreed that these creditors would defer 35% of their claims until 31 December 2023. Consequently, non-current liabilities to insolvency creditors increased, while current liabilities declined commensurately.

The amount of the loan from the plan sponsors recognised as of 31 December 2020 has a final maturity as of 31 December 2023. As a result of the above-mentioned reduction in the current portion of the liabilities of the insolvency creditors, the loan from the plan sponsors was increased accordingly in the reporting period.

Other current provisions of the GERRY WEBER Group amounted to EUR 19.5 million as of 31 December 2020 (previous year: EUR 31.6 million). The decline is mainly due to the utilisation of the previously established restructuring provision.

Current liabilities from rights of use decreased by EUR 12.6 million to EUR 30.4 million as at the end of December 2020. These liabilities result from the adoption of IFRS 16 and relate to the part of the obligations that is expected to be paid out in the fiscal year 2021.

Accordingly, current liabilities amounted to EUR 108.5 million as of 31 December 2020 (31 December 2019: EUR 181.5 million).

The Group's net working capital (balance of current operating assets and liabilities) stood at EUR 31.5 million as at the end of December 2020, compared to EUR 50.4 million on 31 December 2019.

Financial position

The Group's financial management activities include managing liquidity, hedging interest rate and exchange rate fluctuations, financing the GERRY WEBER Group, issuing guarantees and letters of comfort as well as communicating with rating agencies. Responsibility for these activities rests with the Finance Department at the headquarters in Halle / Westphalia. The main task and objective of the department is to secure the GERRY WEBER Group's refinancing in 2023. Besides preserving the financial stability of the Group, the aim is to minimise the financial risks and capital costs.

The Group's financial strategy builds on the principles and objectives of financial management and takes into account the interests of the equity providers as well as the demands of the debt providers. An essential part of the strategy is to develop clear priorities for the use of available liquidity.

In the fiscal year 2020, cash flow from operating activities amounted to EUR 17.8 million (previous year: EUR 63.5 million). The decline compared to the previous year is mainly attributable to the coronavirus pandemic and the result of a sharp drop in the operating result.

The cash inflow from current operating activities stood at EUR 9.2 million, compared to EUR 55.5 million in the prior year period.

The cash outflow from investing activities amounted to EUR –4.7 million in the fiscal year 2020 due to reduced investments (prior year period: EUR 7.7 million), while the cash outflow form financing activities amounted to EUR –62.8 million net (prior year period: EUR 6.2 million). In the fiscal year 2020, insolvency liabilities of EUR –18.6 million and loans from plan sponsors in the amount of EUR –12.3 million were repaid. In addition, there was a net cash outflow of EUR 32.2 million from the repayment of liabilities for rights of use.

As a result, cash and cash equivalents declined by a total of EUR 59.2 million in the period under review, resulting in cash and cash equivalents of EUR 67.8 million at the end of the fiscal year 2020.

The Group companies were able to meet their payment obligations at all times in the fiscal year. From today's point of view and based on the agreements signed to secure liquidity, liquidity is secured also for the year 2021 and the following years. Please refer to the detailed information in the risk report.

Achievement of objectives / General statement on the economic situation

The business performance of GERRY WEBER International AG in the reporting period was strongly influenced by the global spread of the coronavirus pandemic. The loss of almost 40 sales days resulting from the officially ordered closures in spring and winter led to an irretrievable shortfall in revenues of more than EUR 100 million. Immediately after the closure of the stores, we developed a detailed concept for the future of our company, which provided for the partial deferral of claims and the socially compatible reduction of more than 200 jobs. In addition, we renegotiated contracts with the aim of securing the company's liquidity and were able to agree an increase in the working capital line with the plan sponsors.

Key performance indicators of our economic success include consolidated revenues and, in view of the company's restructuring situation, normalised consolidated earnings before interest, taxes, depreciation and amortisation (normalised EBITDA) excluding the effects of lease accounting under IFRS 16. Targets for these KPIs are defined in the context of the annual budget planning process.

Revenues and earnings in fiscal year 2020 in line with expectations

In the fiscal year 2020, consolidated revenues of GERRY WEBER International AG amounted to EUR 278.2 million. Despite the store closures imposed in December 2020, which had not been foreseeable when the forecast was issued on 7 April 2020, revenues thus came in at the upper end of our original forecast of EUR 260 million to EUR 280 million.

Consolidated earnings before interest, taxes, depreciation and amortisation (consolidated EBITDA reported) reached EUR –2.5 million, compared to EUR 176.7 million in the stub fiscal year 2019. As a result, the reported EBITDA margin decreased to –0.9% in the reporting period, compared to 53.5% in the same period of the previous year.

Adjusted for the effects of the application of lease accounting pursuant to IFRS 16, normalised consolidated EBITDA stood at EUR –40.8 million in the fiscal year 2020 (previous year: EUR 138.8 million). This means that we have also achieved our forecast of April 2020, which had projected negative normalised consolidated EBITDA in the medium double-digit million range.

Segment report

Based on its internal controlling and reporting structure, the GERRY WEBER Group divides its business model into two segments, Wholesale and Retail.

The Wholesale and Retail segments comprise the business activities of the GERRY WEBER, TAIFUN and SAMOON brands. All development and production processes of these brands including transport and logistics are allocated to these two segments. Accordingly, all income and expenses as well as assets and liabilities which can be assigned to product development and procurement are allocated to the two distribution segments. Income and expenses as well as assets and liabilities of the holding company are also allocated proportionately to the individual segments in the form of corporate charges and corporate assets.

GERRY WEBER Retail

Sales revenues of our Retail segment comprise the revenues of our brands generated by the company-managed points of sale and the online shops of these brands and amounted to EUR 159.2 million in the fiscal year 2020 (previous year: EUR 210.4 million).

In the fiscal year 2020, we opened 15 new retail spaces. At the same time, 70 POS were given up, which means that our sales network was reduced by 55 POS on balance. On 31 December 2020, the Retail segment thus comprised 569 (previous year: 624) points of sale in Germany and abroad.

As a result of the closures, sales space was reduced from 96,664 square metres at the end of 2019 to 90,690 square metres on 31 December 2020. Again, most of the closures related to the German market.

Personnel expenses in the Retail segment amounted to EUR 62.6 million and thus continued to decline compared to the shorter nine-month period of the previous year (previous year: EUR 65.8 million). The number of employees was again reduced noticeably from 2,877 to 2,050 on an annual average.

Retail EBITDA amounted to EUR –2.8 million (previous year: EUR 133.5 million), while the segment's EBIT stood at EUR –38.7 million (previous year: EUR 91.8 million). The decline in both figures is mainly a result of the coronavirus pandemic and attributable to the closure of own Retail stores.

The Retail segment's assets decreased from EUR 326.8 million on 31 December 2019 to EUR 237.3 million, primarily against the background of the closure of further company-managed Retail stores and the resulting decline in rights of use and property, plant and equipment (e.g. leasehold improvements) as well as the reduction in inventories. Liabilities of the Retail segment dropped to EUR 199.2 million (31 December 2019: EUR 288.5 million).

Investments in non-current assets amounted to EUR 3.5 million (previous year: EUR 2.6 million).

GERRY WEBER Online

Digitally, our GERRY WEBER, TAIFUN and SAMOON brands are marketed through our own online shops as well as on external platforms such as Amazon, Zalando, Boozt, about you and Otto. Revenues generated by the company's own online shops are counted towards the Retail segment. Online revenues of our Retail segment reached EUR 23.0 million in the fiscal year 2020 (previous year: EUR 20.0 million). Revenues generated via external online platforms are attributed to the Wholesale segment, as the platform operators purchase the goods from us for resale. These revenues stood at EUR 4.4 million in the fiscal year 2020 (previous year: EUR 2.1 million).

The Group's total online revenues thus amounted to EUR 27.4 million (previous year: EUR 22.1 million), which represented 9.9% of total revenues (previous year: 6.7%).

GERRY WEBER Wholesale

Sales revenues in the GERRY WEBER Wholesale segment amounted to EUR 119.0 million in the fiscal year 2020 (previous year: EUR 120.1 million).

The number of franchised GERRY WEBER stores declined to 241 as of the reporting date (previous year: 243). The number of shop-in-shops fell to 1,754 (previous year: 2,036).

The Wholesale segment's personnel expenses totalled EUR 22.9 million (previous year: EUR 17.2 million). The segment's headcount was further reduced to 447 in the context of the restructuring (previous year: 484).

Wholesale EBITDA amounted to EUR −1.0 million (previous year: EUR 42.3 million), while EBIT came in at EUR −14.2 million (previous year: EUR 37.3 million). Assets and liabilities attributable to the segment amounted to EUR 195.7 million (previous year: EUR 253.9 million) and EUR 180.6 million (previous year: EUR 175.0 million), respectively.

Investments in non-current assets amounted to EUR 1.5 million (previous year: EUR 2.0 million).

ECONOMIC SITUATION OF GERRY WEBER INTERNATIONAL AG

Complementing the reports of the GERRY WEBER Group, this report outlines the performance of GERRY WEBER International AG. The combined management report also covers all legal obligations of GERRY WEBER International AG. The annual financial statements of GERRY WEBER International AG are prepared in accordance with the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). The different accounting methods result in different valuations, especially of fixed assets, provisions, financial instruments and deferred taxes.

GERRY WEBER International AG, headquartered in Halle / Westphalia, Germany, is the parent company of several national and international subsidiaries. Acting as an operational holding company, the parent company provides Groupwide services such as accounting, controlling, HR, IT, auditing, compliance, marketing and communication services to all subsidiaries and the Strategic Business Units. GERRY WEBER International AG is also responsible for procurement.

The economic conditions for GERRY WEBER International AG are essentially the same as those for the GERRY WEBER Group and are described in the "Economic and sector report". Sales to the subsidiaries and income from investments are the key performance indicators of GERRY WEBER International AG.

Earnings position of GERRY WEBER International AG

In its capacity as the Group's holding company, GERRY WEBER International AG provides its subsidiaries with numerous central services. In particular, the purchase of goods is organised centrally by GERRY WEBER International AG; the goods purchased are invoiced to the subsidiaries at defined transfer prices. The resulting revenues contrast with the costs incurred for procurement. The revenues and income generated by GERRY WEBER International AG are shown as expenses at the subsidiaries.

The financial situation of GERRY WEBER International AG is primarily influenced by the activities of the subsidiaries. GERRY WEBER International AG shares in the subsidiaries' operating results under the profit-and-loss transfer agreements and through the dividends paid by the latter. As a result, the financial situation of GERRY WEBER International AG essentially reflects that of the GERRY WEBER Group.

In the fiscal year 2020, sales revenues of GERRY WEBER International AG amounted to EUR 145.7 million (previous year: EUR 148.1 million). The drop in revenues compared to the nine-month period of 2019 is mainly attributable to the coronavirus pandemic and the related store closures in the spring and in December.

In the year under review, work in progress and finished goods and services declined by EUR 11.0 million; in the previous year, these items had been reduced by EUR 2.8 million.

Other operating income in the fiscal year 2020 totalled EUR 31.8 million (previous year: EUR 121.4 million). In the previous year, high restructuring income was generated from the pro-rata derecognition of insolvency liabilities of GERRY WEBER International AG. In the financial statements of GERRY WEBER International AG, parts of the restructuring income have been realised in the financial statements for 2020 in accordance with the accounting regulations under commercial law; in the consolidated financial statements, they were recognised already in the fiscal year 2019.

The cost of materials of GERRY WEBER International AG amounted to EUR 108.2 million in the fiscal year (previous year: EUR 119.5 million).

Personnel expenses of GERRY WEBER International AG totalled EUR 28.4 million (previous year: EUR 21.6 million) in the fiscal year 2020.

GERRY WEBER International AG's depreciation on fixed assets stood at EUR 6.0 million in the fiscal year 2020 (previous year: EUR 5.8 million). Write-downs for impairment amounted to EUR 18.5 million in the fiscal year. They mainly relate to investments in subsidiaries that are permanently impaired. In the previous year, impairment losses of KEUR 38.9 were recognised due to restructuring.

Other operating expenses declined to EUR 54.1 million (previous year: EUR 55.8 million). They include write-downs of receivables in the Group of EUR 13.7 million.

The earnings position of GERRY WEBER International AG is determined not only by sales revenues but also by the earnings contributions made by the subsidiaries. Life-Style Fashion GmbH transferred income of EUR 9.3 million (previous year: EUR 2.1 million) under the profit transfer agreement. A profit transfer agreement was also concluded with GERRY WEBER Retail GmbH, under which losses of EUR 9.7 million (previous year: EUR 0.0 million) were recognised.

Interest income in the fiscal year 2020 amounted to EUR 0.4 million, compared to EUR 0.8 million in the previous year. Interest expenses totalled EUR 3.7 million (previous year: EUR 2.4 million).

GERRY WEBER International AG's earnings after taxes thus stood at EUR –53.2 million in fiscal 2020, compared to EUR 67.1 million in the fiscal year 2019. After deducting other taxes of EUR 0.3 million, the net loss for fiscal 2020 amounts to EUR –53.5 million. In the previous year, the company reported net income of EUR 67.2 million due to the high restructuring gain.

Consequently, accumulated profits of EUR 10.2 million (previous year: accumulated profits of EUR 63.7 million) were reported for the fiscal year 2020.

Net worth and financial position of GERRY WEBER International AG

As of 31 December 2020, total assets of GERRY WEBER International AG amounted to EUR 180.4 million, compared to EUR 301.1 million as of 31 December 2019. In the reporting period, reduced investments and high inventory write-downs were made; at the same time, insolvency liabilities were repaid and provisions reversed.

After the capital cut of the stub fiscal year 2019, the recapitalisation of EUR 1.2 million and the accumulated profits of EUR 10.2 million, GERRY WEBER International AG's equity stood at EUR 11.6 million on 31 December 2020. The subscribed capital was increased from EUR 1,025,000 to EUR 1,220,238 in the reporting period.

The company's liabilities amounted to EUR 158.2 million as of the reporting date of 31 December 2020 (previous year: EUR 217.6 million). The decrease is essentially attributable to the repayment of insolvency liabilities to the insolvency creditors.

GERRY WEBER International AG's fixed assets stood at EUR 86.0 million as of the 2020 balance sheet date (previous year: EUR 109.1 million). Intangible assets amounted to EUR 9.0 million (previous year: EUR 12.1 million), property, plant and equipment to EUR 55.6 million (previous year: EUR 57.2 million) and financial assets to EUR 21.4 million (previous year: EUR 39.9 million). Depreciation of property, plant and equipment was systematic, and there were no material new investments. In the reporting year, impairment losses of EUR 18.5 million were recognised on investments in subsidiaries as these were permanently impaired.

Current assets of GERRY WEBER International AG declined noticeably to EUR 93.5 million as of 31 December 2020 (previous year: EUR 190.4 million). Receivables and other assets decreased to EUR 15.7 million (previous year: EUR 78.3 million), in particular receivables from affiliated companies due to write-downs on the receivables portfolio. Inventories and payments on account of EUR 37.8 million were also clearly below the prior year level of EUR 57.8 million. The reduction is both volume-related and attributable to the fact that write-downs on inventories as at 31 December 2020 were higher than in the previous year.

Risks and opportunities of GERRY WEBER International AG

The business of GERRY WEBER International AG is essentially exposed to the same risks and opportunities as the GERRY WEBER Group. The risk management system and the internal control system for the accounting process are installed at GERRY WEBER International AG and monitored by the latter in its capacity as the parent company. The risk and opportunity report in this management report includes a detailed presentation of the opportunities and risks of the GERRY WEBER Group, in particular with regard to a material uncertainty in connection with events and circumstances that may cast significant doubt on the Group's ability to continue as a going concern.

Outlook

The expectations for the business performance of GERRY WEBER International AG in the coming months are essentially identical with the outlook for the GERRY WEBER Group, as the earnings position of the parent company is largely influenced by the performance of the subsidiaries. The expectations and projections of the GERRY WEBER Group are outlined in detail in the forecast in the present management report.

COMPENSATION REPORT

The compensation report forms part of the combined management report and outlines the principles of the compensation system for the Managing Board and the Supervisory Board of GERRY WEBER International AG pursuant to statutory provisions. In this context, the compensation of the individual Managing Board and Supervisory Board members is shown.

Compensation of the managing board

The compensation report describes the principles of the compensation system for the Managing Board members as well as the amount and structure of the individual compensation.

Principles of the Managing Board compensation

The details of the compensation of the Managing Board including the amount of the compensation received by the individual members of the Managing Board are defined by the Supervisory Board, which regularly checks them for appropriateness. In accordance with statutory provisions and the recommendations of the German Corporate Governance Code, the compensation of the individual Managing Board members is mainly based on the economic situation as well as the performance and future prospects of the GERRY WEBER Group.

Although only fixed compensation components were agreed with several Managing Board members in the fiscal year 2020, the compensation of the Managing Board members generally includes not only non-performance-based, fixed annual compensation but also performance-based (variable) components. According to this system, performance-based components with a multiple-year assessment basis and a one-year assessment basis are agreed with each Managing Board member. Besides this compensation, the Managing Board members receive the typical non-monetary benefits (company car, etc.) as well as insurance cover. No share-based compensation components have been agreed for the Managing Board. No pension commitments have been made to the members of the Managing Board.

Fixed compensation

The non-performance-based (fixed) compensation is the contractually agreed basic compensation, which is paid in equal monthly instalments. In addition, the members of the Managing Board receive other benefits in the form of non-monetary compensation in line with general market and Group practice such as the use of a company car as well as accident insurance and D&O insurance with a deductible. Where such non-monetary compensation is deemed to constitute non-financial benefits for tax purposes, it is taxed accordingly. The other benefits are recognised as fixed compensation components.

Performance-based compensation components

The performance-based compensation agreed with Johannes Ehling and Urun Gursu in the fiscal year 2020 consisted of two components:

The first component, the result-linked bonus, consists of a percentage share of the adjusted result before tax as recognised in the IFRS consolidated financial statements and reflects the company's performance. The assessment basis is the result before tax stated in the consolidated financial statements to IFRS adjusted for extraordinary effects from the sale of assets, equity investments, brands or other operations (adjusted result).

As a general rule, the assessment basis covers several years, i.e. the imputed average of the adjusted result of the fiscal year for which the compensation is to be paid as well as for the preceding two years is used. The corresponding member of the Managing Board receives a fixed individual percentage of this average result. The entitlement to payment of the result-linked bonus calculated according to the above formula arises only if and when the average adjusted result exceeds EUR 40.0 million. This compensation component is capped insofar as an average adjusted result of no more than EUR 100.0 million serves as the assessment basis.

The second component is a performance-linked bonus based on individual performance and individually agreed targets, which may be granted at the discretion of the Supervisory Board. For this purpose, qualitative targets may be agreed between the Supervisory Board and the Managing Board members. This component has a one-year assessment basis. If this is the case, the agreed bonus will be paid out in full if 100% of the targets are achieved. If the Managing Board member exceeds or falls short of the targets, the Supervisory Board may increase or reduce the bonus by up to 50% of the fixed annual salary (excl. other benefits).

The Supervisory Board may additionally grant a special bonus or adjust the calculation of the performance-based bonus because of special circumstances (e.g. major acquisitions, divestments, reporting date-related accounting distortions or similar incidents). This shall not result in an unreasonable advantage or disadvantage for the Managing Board member.

As a general rule, the variable compensation is capped in the Managing Board contracts of GERRY WEBER International AG as the parameters used to determine it are limited. The Supervisory Board may grant a special bonus and / or adjust the calculation of the variable performance-based compensation components only in exceptional cases because of special circumstances or achievements.

A different form of performance-based compensation has been agreed with Angelika Schindler-Obenhaus and Florian Frank, but this was not applied in the fiscal year 2020. For the fiscal year 2020, a fixed bonus has been agreed with Angelika Schindler-Obenhaus instead of performance-based compensation with a one-year assessment basis, while the term of the performance-based compensation with a multiple-year assessment basis does not begin before 2021. For Florian Frank, both components of the performance-based compensation have been agreed for the period from 2021.

As indicated above, the new form of the performance-based compensation also consists of two components, the short term incentive (STI) with a one-year assessment basis and the long term incentive (LTI) with a multiple-year assessment basis.

The amount paid out under the STI is determined by the achievement of certain financial key performance indicators (KPIs). A target amount is agreed, which is paid out if the sum of the weighted target achievement for the defined KPIs is 100%. In addition, a reference value is determined for each KPI, which corresponds to 100% target achievement. Based on the target for 100% target achievement, concrete target achievement levels are defined, which also reflect a lower and upper limit. If the target achievement of the respective KPI is above the upper limit, no more than the amount set for the upper limit is paid out; if the target achievement is below the lower limit, however, the target achievement for this KPI is set to zero. In certain cases such as the acquisition or sale of companies, the Supervisory Board may adjust the targets for each KPI in such a way that an extraordinary effect resulting from the measure is eliminated.

In the event of special achievements of a Managing Board member and a corresponding special economic success of the company, the Supervisory Board may, at its discretion, decide on an additional special bonus.

The LTI is a virtual share programme whose annual tranches each have a term of around four years. Under this programme, the members of the Managing Board are granted a certain number of virtual performance share units ("PSUs") per tranche, whose number and value are subject to adjustment over the term of the tranche.

The number of PSUs to be provisionally granted per tranche ("Provisional PSU Number") is determined by dividing the initial amount agreed with the Managing Board member by the relevant initial share price of the company. This means that the Provisional PSU Number may fluctuate from year to year.

To determine the final number of PSUs ("Final PSU Number"), the provisional PSU number is multiplied by the "Overall Target Achievement Level". The "Overall Target Achievement Level" is the average of (i) the target achievement level for the financial performance criteria ("Target Achievement Level for Financial Performance Criteria") and (ii) the target achievement level for the non-financial targets ("Target Achievement Level for Non-financial Performance Criteria"). The Target Achievement Level for Financial Performance Criteria, in turn, is the average of all target achievement levels for financial performance criteria. The Target Achievement Level for Non-financial Performance Criteria is the average of all target achievement levels for non-financial performance criteria.

The Final PSU Number to which the respective Managing Board member is entitled at the end of the term of the respective tranche is then multiplied by the applicable closing price of the company's share at the end of the term of the respective tranche.

The resulting amount may be adjusted upwards or downwards by the Supervisory Board at its due discretion to take account of unforeseen developments.

The LTI is thus calculated as shown in the chart below:

Obligation to acquire and hold shares

It may also be agreed with the members of the Managing Board that they must invest a certain proportion of their compensation in shares and hold them for a certain minimum period.

Regulations relating to the termination of Managing Board contracts

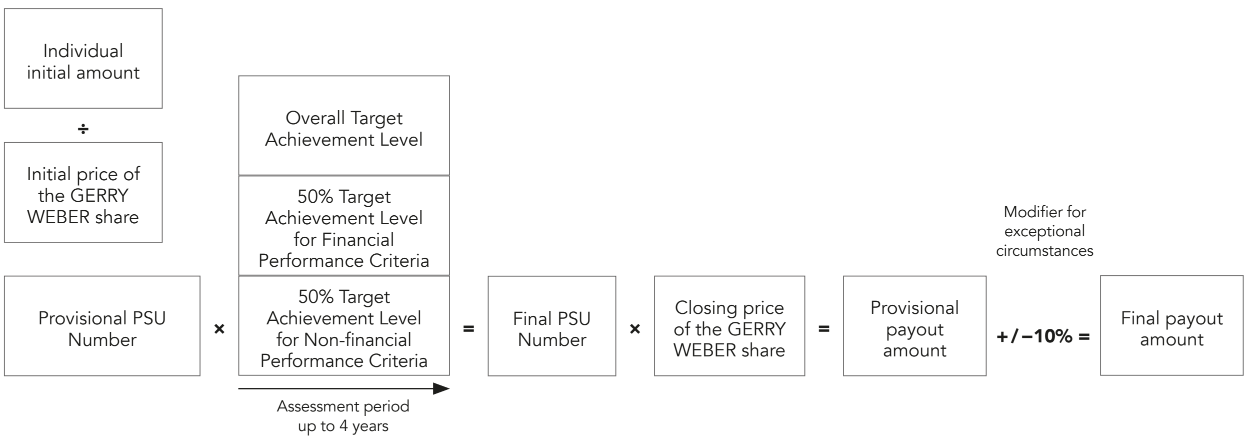
In the event of premature termination of a Managing Board member's contract without serious cause, one fixed annual salary plus bonus will be paid to the departing Managing Board member (agreement of a severance payment cap). Moreover, the payments must not exceed the compensation for the remaining term of the respective service contract. This means that the regulations in the Managing Board contracts comply with the relevant recommendations of the German Corporate Governance Code as amended on 16 December 2019.

If the activity of a member of the Managing Board ends in the course of a fiscal year, the result-linked bonus accruing for this fiscal year is to be granted pro rata temporis on the basis of the adjusted result generated in the entire fiscal year.

Managing Board compensation for the fiscal year 2020

Against the background of the compensation system described above, the total compensation of the Managing Board of GERRY WEBER International AG for the fiscal year 2020 amounts to EUR 4.3 million (previous year: EUR 2.0 million). The tables below show the respective fixed and variable amounts of the individual Managing Board members.

Calculation basis LTI



No variable remuneration was agreed with Alexander Gedat for his activities.

A fixed bonus of EUR 30,000.00 was agreed with Angelika Schindler-Obenhaus for her activity until 31 December 2020 instead of a result-linked bonus.

A different compensation scheme was agreed with Mr Florian Frank for the fiscal year 2020. No service contract was concluded with Florian Frank for this period. Instead, the company signed a consulting agreement with an external service provider under which this service provider makes Florian Frank available to the company as a Managing Board member and from which the latter receives a fixed annual salary for his service on the Managing Board.

An obligation to invest part of their compensation in shares of the company has been agreed with both Angelika Schindler-Obenhaus and Florian Frank. As a general rule, these shares must be held until the expiry of two years after the end of the year in which the shares in question were acquired by the member of the Managing Board or the end of his/her appointment as a member of the Managing Board of the company, whichever is earlier.

In the fiscal year, the company concluded termination agreements with both Johannes Ehling and Urun Gursu, under which their existing contracts were terminated prematurely with effect from 29 February 2020. Johannes Ehling was granted an amount of EUR 1.4 million and Urun Gursu an amount of EUR 1.2 million as compensation for current remuneration and severance pay.

Managing Board compensation in KEUR		**Fixed compensation**	Variable compensation	Total
Alexander Gedat (from 20 February 2020)	2020	440	0	440
	2019	0	0	0
Angelika Schindler-Obenhaus (from 1 August 2020)	2020	150	30	180
	2019	0	0	0
Florian Frank	2020	1.100	0	1,100
	2019	828	0	828
Johannes Ehling (until 29 February 2020)	2020	103	1,317	1,419
	2019	499	175	674
Urun Gursu (until 29 February 2020)	2020	76	1,092	1,168
	2019	344	187	531
Total	**2020**	**1,869**	**2,438**	**4,307**
	2019	**1,671**	**362**	**2,033**

Granted benefits[1]

EUR	Alexander Gedat Chairman of the Managing Board (from 20 February 2020)			
	2019	**2020**	2020 (Min)	2020 (Max)
Fixed compensation	0	440,000	440,000	440,000
Fringe benefits	0	0	0	0
Total	***0***	***440,000***	***440,000***	***440,000***
One-year variable compensation	0	0	0	0
Multi-year variable compensation	0	0	0	0
Total	***0***	***0***	***0***	***0***
Total compensation	**0**	**440,000**	**440,000**	**440,000**

EUR	Angelika Schindler-Obenhaus Chief Operating Officer (from 1 August 2020)			
	2019	**2020**	2020 (Min)	2020 (Max)
Fixed compensation	0	150,233	150,233	150,233
Fringe benefits	0	4,400	4,400	4,400
Total	***0***	***154,633***	***154,633***	***154,633***
One-year variable compensation**	0	30,000	30,000	30,000
Multi-year variable compensation	0	0	0	0
Total	***0***	***30,000***	***30,000***	***30,000***
Total compensation	**0**	**184,633**	**184,633**	**184,633**

** A fixed bonus was agreed for the fiscal year 2020.

EUR	Florian Frank Chief Restructuring Officer			
	2019	**2020**	2020 (Min)	2020 (Max)
Festvergütung	828,000	1,100,000	1,100,000	1,100,000
Nebenleistungen	0	0	0	0
Summe	***828,000***	***1,100,000***	***1,100,000***	***1,100,000***
Einjährige variable Vergütung	0	0	0	0
Mehrjährige variable Vergütung	0	0	0	0
Summe	***0***	***0***	***0***	***0***
Gesamtvergütung	**828,000**	**1,100,000**	**1,100,000**	**1,100,000**

EUR	Johannes Ehling Spokesman of the Managing Board, Chief Sales Officer, Chief Digital Officer (until 29 February 2020)			
	2019	**2020**	2020 (Min)	2020 (Max)
Fixed compensation	486,543	100,000	100,000	100,000
Fringe benefits	12,668	2,677	2,677	2,677
Total	***499,211***	***102,677***	***102,677***	***102,677***
One-year variable compensation Multi-year variable compensation	175,000	1,316,667	1,316,667	1,316,667
Total	***175,000***	***1,316,667***	***1,316,667***	***1,316,667***
Total compensation	**674,211**	**1,419,344**	**1,419,344**	**1,419,344**

EUR	Urun Gursu Chief Product Officer (until 29 Feb. 2020)			
	2019	**2020**	2020 (Min)	2020 (Max)
Fixed compensation	337,500	75,000	75,000	75,000
Fringe benefits	6,448	1,433	1,433	1,433
Total	***343,948***	***76,433***	***76,433***	***76,433***
One-year variable compensation Multi-year variable compensation	187,500	1,091,667	1,091,667	1,091,667
Total	***187,500***	***1,091,667***	***1,091,667***	***1,091,667***
Total compensation	**531,448**	**1,168,100**	**1,168,100**	**1,168,100**

1 These tables show the compensation in the past fiscal year and the previous year which would be paid in the case of full target achievement (target income) as well as the minimum and maximum compensation for the fiscal year.

Cash receipts [2]

EUR	Alexander Gedat Chairman of the Managing Board (from 20 February 2020)	
	2019	**2020**
Fixed compensation	0	440,000
Fringe benefits	0	0
Total	***0***	***440,000***
One-year variable compensation	0	0
Multi-year variable compensation	0	0
Total	0	***0***
Total compensation	**0**	**440,000**

EUR	Angelika Schindler-Obenhaus Chief Operating Officer (from 1 August 2020)	
	2019	**2020**
Fixed compensation	0	145,833
Fringe benefits	0	4,400
Total	***0***	***150,233***
One-year variable compensation	0	0
Multi-year variable compensation	0	0
Total	0	***0***
Total compensation	**0**	**150,233**

EUR	**Florian Frank** Chief Restructuring Officer	
	2019	**2020**
Fixed compensation	828,000	1,100,000
Fringe benefits	0	0
Total	***828,000***	***1,100,000***
One-year variable compensation	0	0
Multi-year variable compensation	0	0
Total	0	***0***
Total compensation	**828,000**	**1,100,000**

<table>
<tr><th>EUR</th><th colspan="2">Johannes Ehling
Spokesman of the Managing Board, Chief Sales Officer, Chief Digital Officer (until 29 February 2020)</th></tr>
<tr><td></td><td>2019</td><td>2020</td></tr>
<tr><td>Fixed compensation</td><td>486,543</td><td>100,000</td></tr>
<tr><td>Fringe benefits</td><td>12,668</td><td>2,677</td></tr>
<tr><td>Total</td><td>499,211</td><td>102,677</td></tr>
<tr><td>One-year variable compensation</td><td rowspan="2">175,000</td><td rowspan="2">1,316,667</td></tr>
<tr><td>Multi-year variable compensation</td></tr>
<tr><td>Total</td><td>175,000</td><td>1,316,667</td></tr>
<tr><td>Total compensation</td><td>674,211</td><td>1,419,344</td></tr>
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<tr><td>Fixed compensation</td><td>337,500</td><td>75,000</td></tr>
<tr><td>Fringe benefits</td><td>6,448</td><td>1,433</td></tr>
<tr><td>Total</td><td>343,948</td><td>76,433</td></tr>
<tr><td>One-year variable compensation</td><td>208,333</td><td rowspan="2">1,091,667</td></tr>
<tr><td>Multi-year variable compensation</td><td>0</td></tr>
<tr><td>Total</td><td>208,333</td><td>1,091,667</td></tr>
<tr><td>Total compensation</td><td>552,281</td><td>1,168,100</td></tr>
</table>

2 These tables show the cash receipts within the meaning of the Income Tax Act in the past fiscal year and the previous year. The variable compensation usually relates to payments of claims earned and recognised in the previous years.

Compensation of the Supervisory Board of GERRY WEBER International AG

The compensation of the Supervisory Board in the fiscal year 2020 was calculated in accordance with the resolution adopted by the Annual General Meeting on 3 December 2019. According to this resolution, each member of the Supervisory Board receives, in addition to the reimbursement of his or her expenses and the reimbursement of any value added tax payable on his or her Supervisory Board compensation, fixed compensation of EUR 20,000 p.a., payable in quarterly instalments of EUR 5,000 at the end of each quarter. The Chairman of the Supervisory Board receives five times and the Vice Chairman twice the aforementioned basic compensation.

Separate compensation of EUR 10,000 each is granted for the activity in a committee formed by the Supervisory Board. The Chairman of a committee formed by the Supervisory Board receives twice the compensation in each case. For membership or chairmanship of a nomination committee formed by the Supervisory Board or a committee formed ad hoc by the Supervisory Board, such separate compensation is granted only if the committee has met at least three times in the respective fiscal year.

The compensation pursuant to the above is granted on a pro-rata temporis basis if a member of the Supervisory Board is not a member of the Supervisory Board or one of the committees or holds the position as Chairman of the Supervisory Board or one of the committees or as Deputy Chairman of the Supervisory Board for the entire fiscal year.

In addition, the members of the Supervisory Board may be included in a pecuniary loss liability insurance policy for executive bodies and certain executives maintained by the company in its own interest in an appropriate amount, if such a policy exists. The corresponding insurance premiums are paid by the company.

The compensation paid to the individual members of the Supervisory Board in the fiscal year 2020 is shown in the table below.

in KEUR	**2020**	2019
Dr. Tobias Moser (Chairman; from 20 February 2020)	145	5
Alexander Gedat (Chairman; until 20 February 2020)	21	9
Manfred Menningen (Vice Chairman)	70	4
Olaf Dieckmann (until 31 March 2020)	8	2
Antje Finke (from 1 April 2020)	20	–
Christie Groves (until 11 February 2020)	2	5
Dagmar Heuer	20	5
Barbara Jentgens	20	2
Christina Käßhöfer (from 11 February 2020)	18	–
Susanne Künstler (1 April to 30 September 2020)	15	–
Milan Lazovic	40	5
Klaus Lippert	40	2
Rena Marx	20	2
Benjamin Noisser (from 5 March 2020)	24	–
Sanjib (Sanjay) Sharma	40	5
Andreas Strunk (until 31 March 2020)	5	2
Total	**508**	**48**

FORECAST, OPPORTUNITY AND RISK REPORT

Forecast

Forward-looking statements

The following forecast of GERRY WEBER International AG includes the Managing Board's expectations regarding the future company-specific, financial, macroeconomic, sector-specific and geopolitical developments which may influence the company's business activities. The report reflects the Managing Board's knowledge at the time of the preparation of the combined management report.

GERRY WEBER being an international fashion and lifestyle company with sales and procurement structures in Germany and abroad, the economic, political and social conditions outside our German home market also play an important role for the company.

Coronavirus pandemic

The further course of the pandemic and the measures imposed to contain the virus, especially with regard to retail restrictions, are difficult to predict. To the extent that the consequences of the coronavirus crisis on our business performance are discernible, they are reflected in the following forecast, opportunity and risk report and its individual chapters.

Outlook on the economic situation in the key output markets

The International Monetary Fund expects the world economy (as measured by the gross domestic product (GDP)) to grow by 6.0% in 2021. This growth will primarily be supported by economic momentum in the USA and Asia. The economic recovery will vary strongly from region to region.

In the eurozone, it is likely to be delayed. The IMF assumes that the eurozone economy will grow by 4.4%, with major differences between the individual countries. The IMF forecast for German has again been downgraded, namely to 3.5%, in vice of the ongoing lockdown and the slow distribution and use of the vaccines. The forecasts for Italy and Spain have also been downgraded. From today's point of view, the experts do not expect the eurozone economy to recover substantially before the calendar year 2023.

As of spring 2021, we continue to consider our economic environment to be very challenging. In addition to the coronavirus crisis, GERRY WEBER is facing a challenging and highly competitive market environment.

Expected earnings and financial performance

With the coronavirus pandemic continuing and restrictions imposed on textile retailers by the authorities, our forecast remains subject to considerable uncertainty.

While our stores in some European countries remained open or were allowed to reopen gradually, our German stores were closed continuously between 16 December 2020 and 7 March 2021.

On 8 March, we were allowed to reopen our stores under strict restrictions, which differ regionally depending on the infection trend. Since then, store opening rules have changed daily in individual regions of Germany, depending on the infection trend. In the calendar year 2021, we have so far lost a total of around 55 sales days across Germany, about 10 of which were Saturdays. We expect revenues to recover gradually and do not believe that we will be able to make up for the revenue shortfalls suffered at the beginning of the current fiscal year 2021 as the year progresses.

Revenue forecast

Against this background and based on the premises described above, the Managing Board of GERRY WEBER International AG expects Group revenues to range between EUR 260 million and EUR 280 million in fiscal 2021.

Earnings forecast

The Managing Board of GERRY WEBER International AG intends to further improve the company's profitability in the fiscal year 2021 despite the ongoing coronavirus crisis and the resulting uncertainties. We plan to increase normalised consolidated EBITDA (excluding the effects of lease accounting under IFRS 16) to a negative low double-digit million figure.

Based on the planned performance targets and in line with the previous guidance, the Managing Board of GERRY WEBER International AG continues to assume that the Group will be able to meet all its financial obligations, successfully refinance outstanding debt and pay dividends to its shareholders again by the end of 2023.

Employee satisfaction

The GERRY WEBER Group is aware of the importance of good employer branding. As of this fiscal year, employee satisfaction will be used as a non-financial performance indicator. We want to attract exactly those people as employees and retain them permanently through development, promotion and attractive prospects that we need to operate successfully on the market in the long term.

The Managing Board of GERRY WEBER International AG intends to increase employee satisfaction as compared to 2020. The annual ranking of Textilwirtschaft magazine for the fashion industry will serve as the basis for the assessment of employee satisfaction.

General statement on the projected developments

In view of the unforeseeable further course of the COVID-19 crisis, the continued existence of GERRY WEBER International AG will depend, in particular, on the extent to which economic and social life in our markets will return to normal and whether we will succeed in implementing our GERRY WEBER 2023 Strategic Roadmap and the corresponding initiatives as planned against this background. At this stage, we are confident that this can be achieved.

Risk and opportunity report

Risks and risk categories

The risk and opportunity policy of GERRY WEBER International AG primarily serves to achieve the company's strategic and financial objectives. As such, it not only pursues the goal of securing the status quo but primarily also serves to increase its value on a sustainable basis. As a general rule, the risks and opportunities reported in the combined management report refer to a one-year period.

This risk report details the individual risks which may have an impact on the business, net worth, financial and earnings position of the GERRY WEBER Group and describes the potential counter-measures. Unless stated otherwise, the individual risks refer to both GERRY WEBER segments, Retail and Wholesale. The risk categorisation is based on an assessment of the probability of occurrence and an evaluation of the impact on planned/expected Group earnings before interest and taxes (EBIT) over the planning horizon of approximately eight months from the time of the preparation of the present management report on 26 April to 31 December 2021.

Risk matrix (aggregated risks)

PROBABILITY OF OCCURRENCE	EXTENT (ON EBIT)			
	< EUR 1.0 million very low	= EUR 1.0 – 5.0 million low	= EUR 5.0 – 10.0 million moderate	> EUR 10.0 million significant
unlikely < 10%	UNSIGNIFICANT	UNSIGNIFICANT	MEDIUM RISK	MEDIUM RISK
low = 10% – 20%	UNSIGNIFICANT	MEDIUM RISK	MEDIUM RISK	SIGNIFICANT RISK
medium = 20% – 50%	MEDIUM RISK	MEDIUM RISK	SIGNIFICANT RISK	SERIOUS RISK
probably > 50%	MEDIUM RISK	SIGNIFICANT RISK	SERIOUS RISK	SERIOUS RISK

The Managing Board of GERRY WEBER International AG has collective responsibility for an effective risk management system. On its behalf, Central Risk Management coordinates the implementation and continuous development of the risk management system. It is responsible for the centrally controlled risk management process and is in close contact with the respective divisions and Group companies, where defined risk experts and Risk Officers are responsible for risk identification and assessment, the adequate handling of risks and the implementation of effective risk-mitigating measures. Monitoring the effectiveness of the risk management system is the task of the Supervisory Board of GERRY WEBER International AG.

Uniform Group standards for the systematic handling of risks form the basis of efficient risk management. The risk management system is to be further refined in 2021.

The risks that are relevant for the GERRY WEBER Group are divided into the following risk groups: external risks, industry and market risks, strategic risks, financial and performance risks as well as corporate risks.

Individual risks are evaluated by assessing the probability of occurrence (unlikely to likely) and systematically analysing the potential impact on the planned operating result (EBIT; very low to material). The two evaluation criteria "probability of occurrence" and "impact" form the assessment axes of the risk matrix and lead to the risk categorisation of the individual risk. This is to create transparency about the current risk situation of the GERRY WEBER Group and to support the prioritisation of risks.

Risks from the coronavirus pandemic

Due to the ongoing coronavirus pandemic and the resulting profound impact on economic and social life worldwide, the GERRY WEBER Group, like many other companies, is facing a situation which may have an existential impact on its business activities at the time of the preparation of this report.

At the time of writing (26 April 2021), the retail sector in Europe is open in part and subject to restrictions. In Germany, our stores have been open again since 8 March 2021 under regionally varying restrictions (e.g. limited number of customers per store or access only by previous appointment). Depending on the infection trend, further restrictions may again be imposed on the operation of the stores or regional / national closures may again be ordered in the course of the year. It therefore remains uncertain when and in what way opening hours and business modes will return to normal in the course of 2021. In the first three months of 2021, GERRY WEBER's revenues were more than EUR 21 million below plan as a result of these measures. In this environment, income from current operations does not cover current liquidity needs; the resulting shortfall increases with the duration of the measures imposed.

Since the beginning of the pandemic, the GERRY WEBER management has responded to the crisis with a combination of different instruments, in particular financing measures, various operational measures and the use of government aid, and will continue to do so. On 18 February 2021, we took out a new secured credit facility of approx. EUR 5 million. In March 2021, the company was additionally granted government aid in the amount of EUR 12 million ("Überbrückungshilfe III" – stopgap aid). We will continue to explore possible financing measures, such as taking out additional credit facilities or applying for government support measures. In 2020, we already agreed partial deferrals of insolvency liabilities until 2023 and a EUR 2.5 million increase in our working capital line with our plan sponsors.

We continue to apply for short-time work for our employees in Germany, depending on capacity utilisation. Within the framework of the possibilities under applicable local law, we are looking for similar solutions for employees at foreign locations affected by closures and will put such solutions into practice. We plan to do both also in the future, depending on pandemic developments. In the fiscal year 2020, we also cut more than 200 jobs in a socially responsible manner.

Our operational measures include the expansion of our online business in conjunction with a stronger connection between the stationary and digital points of sale. We continue to negotiate rent reductions with our landlords. In this context, we also take advantage of regulations adopted by the legislator to reduce rents where physical retail stores are closed by official order. In addition, talks are being held on the possible subleasing of retail space to partners whose product ranges complement GERRY WEBER's fashion offering. We regularly adjust the quantities ordered and negotiate price reductions and cancellations with our suppliers, depending on further developments. Investments continue to be reviewed very critically and will be postponed where appropriate.

The Managing Board is currently convinced that the above measures will help secure the liquidity of the company and the continuation of its business activities. This assumption is based on a planning period until 2023. Nevertheless, the liquidity risk increases with each additional week in which a large number of the stores are open only under severe restrictions. Depending on the infection trend, stronger restrictions on the operation of stores (such as a further reduction in the number of customers per store) or further regional or national closures of physical retail stores cannot be ruled out in the course of the year. These potential measures could lead to our Retail segment and our Wholesale customers being temporarily unable to sell merchandise and to generate revenues. Against this background, there is material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. The company may therefore not be in a position to realise its assets or settle its liabilities in the normal course of business. We consider the probability of occurrence to be medium and the impact to be material, which is why we assess the risk as serious.

The effects of the coronavirus pandemic also change the severity of other risks and our overall assessment of the risk situation compared to the previous year's reporting date. Risks that have increased include the risk of a changing customer structure, the financing and liquidity risk, the risk of bad debts and the interest rate risk. Risk that have declined compared to the previous year include the risk relating to the Retail segment as well as the brand and corporate image risk. All other risks are considered to be unchanged. Detailed explanations were provided in the presentation of the respective risk.

Risks resulting from external conditions

Risks relating to adverse weather conditions

Atypical seasonal weather conditions and the resulting seasonal shifts may lead to lower-than-planned sales and, consequently, reduce sales revenues and earnings of the GERRY WEBER Group significantly.

Unseasonal temperatures or extreme weather patterns may weigh heavily on consumers' inclination to buy the seasonal merchandise offered at a given point in time. A very mild autumn and winter, for instance, may lead to reduced or delayed sales of autumn and winter apparel. As a result, merchandise may no longer be sold at the full price but only at a discount.

The influence of atypical seasonal weather conditions on consumers' purchasing behaviour affects both the physical stores and online sales. If the weather is seasonally atypical for an extended period or for several seasons in a row, this may have notable negative effects on the sales revenues and earnings of the GERRY WEBER Group.

The increasingly changing climatic conditions in our output markets and the resulting seasonal shifts, hence, do not only influence our customers' purchasing behaviour, but also the production and delivery processes of the GERRY WEBER Group. Over the past years, the GERRY WEBER Group has already made its purchasing processes more flexible in response to the increasing volatility in customers' shopping behaviour. With the "go-to-market" concept, we want to increase our customer focus by offering more targeted collections.

Specifically, we are changing our order system to four order phases per year with significantly shorter order times and will introduce ten delivery capsules with trend-specific content starting 2021. Accordingly, we take a bottom-up approach to planning demand and aim to achieve an increase in sales quotas and conversion rates. The latter describes the relation between visitors and purchases made.

In view of the measures outlined above as well as the modified structure of our collection, we consider the probability of occurrence of the risk of being unable to supply the right merchandise for a given season to be low. The impact is considered to be material, however. This means that the risk resulting from adverse weather conditions is classified as a material risk.

Macroeconomic and geopolitical risks

Economic, geopolitical and regulatory conditions as well as the economic situation in individual countries and output markets may have a material influence on consumer spending and, hence, on sales revenues and earnings of the GERRY WEBER Group. Private households' propensity to consume and buy is particularly important for our business model. This is influenced by their economic expectations and incomes but also by unemployment figures, among other things.

Geopolitical events or changes in the regulatory environment, e.g. trade sanctions or political unrest, may also have an adverse impact on consumer demand and thus on our business performance. Such a negative trend in consumer spending may lead not only to declining sales but also to increased pressure on margins. Our diversified distribution structures in different countries and regions and our target-oriented regional expansion reduce our exposure to individual regions and allow us to also participate in positive developments. What is more, our regular customers across all brands in the portfolio have a higher average income and are thus less affected by economic fluctuations.
Against this background, we consider the impact of a negative economic and / or geopolitical trend, in conjunction with a slowdown in consumer spending, on our business model to be material. The probability of occurrence is high. This risk is thus classified as a serious risk.

Risk of force majeure (except coronavirus pandemic)
Besides political and regulatory changes, unforeseen events such as terrorist acts and natural disasters may have an adverse impact on the business performance of the GERRY WEBER Group. On the one hand, such events may impede the procurement of our merchandise; on the other hand, they may increase the risk of reduced revenues in our output markets. With a view to minimising such risks in our procurement markets, the GERRY WEBER Group has developed a flexible sourcing system which allows us to replace manufacturing partners swiftly and easily. To minimise the force majeure risk in our output markets, GERRY WEBER products are primarily distributed in countries characterised by stable political conditions. To the extent possible, insurance cover has been taken out for potential losses or damages resulting from natural disasters. Nevertheless, we cannot entirely rule out temporary effects, e.g. due to store closures because of terrorist attacks.

The company currently considers the force majeure risk to be negligible. The probability of occurrence is classified as unlikely and the impact as very low.

Industry and market risks

Fashion and collection risk
Our business model comprises the design, development, production and distribution of fashion collections and accessories. The challenge is to anticipate trends and to translate them into attractive collections that cater to the requirements of our end customers. In this context, there is a risk of ignoring new trends or changes in customer requirements or of not recognising them early enough or of part of the collections failing to meet consumers' current needs and requirements. A lack of attractiveness of our fashion could lead to reduced revenues and earnings and may potentially damage the brand image in the long term.

To anticipate upcoming trends, we monitor emerging trends in the national and international fashion markets and adapt them for our target groups. Regular customer surveys and the feedback received from our fashion advisors in our own stores help us identify the needs of our customers and to incorporate them into our collections. We have reduced our lead times in product development, successively switched our procurement to full package service, recruited experienced product managers for our GERRY WEBER, TAIFUN and SAMOON brands to strengthen our workforce and set up our organisation in such a way that our teams can optimally focus on their target group.

Against this background, we continue to believe that the probability of our collections failing to meet market trends and consumer requirements is low. If this were to happen, however, the impact would be material. This risk is therefore classified as a material risk.

Risk relating to a changing customer structure
Just like the GERRY WEBER Group, our Wholesale customers are exposed to internal and external risks which may have an adverse impact on their sales revenues, earnings and cash position.

Declining demand from consumers may cause our wholesale customers' business situation to deteriorate and may also have negative effects on our own Retail operations. This may lead to existing customers of the Wholesale segment being lost altogether or reducing the volume of the orders placed with the GERRY WEBER Group. Moreover, the market entry of new fashion or retail firms may entail changes to existing sales structures. The present consolidation of the fashion market may also reduce the number of potential distribution partners for the GERRY WEBER brands. On the other hand, the ongoing digitalisation of the fashion industry results in the emergence of new online retailers, who represent additional sales potential. We have implemented measures and programmes aimed at supporting our Wholesale customers, e.g. in the presentation of our merchandise as well as merchandise management, with the aim of increasing GERRY WEBER's attractiveness as a partner and retaining our customers in the long term.

The business situation of our Wholesale customers is currently also materially influenced by the coronavirus crisis and temporary store closures due to government-imposed shutdowns and restrictions on store openings.

Against the background of the current coronavirus crisis, we now consider the risk of a changing customer structure to be a material risk. The probability of occurrence is classified as medium, while the effects on EBIT are classified as moderate.

Risk relating to a changing competitive structure

The entry of new competitors into our market segment may lead to fiercer competition and, hence, to a loss of market share. Moreover, a changed price structure of our competitors may reduce our margins. At the same time, the ongoing consolidation in the fashion industry also opens up opportunities to increase our market share. This is offset by the growing number and the increasing importance of online-only dealers. The growing share of the online business has changed not only the competitive environment but also the structures and processes within the fashion industry in general.

We continue to take a variety of measures to reduce the risks that may result from a changing competitive structure. With attractive, high-quality collections characterised by the good fit that is typical of GERRY WEBER, an emotional and inspiring approach to our target customers, wholesale support in merchandise management and the increasing expansion of our stationary and digital services, we increase customer reention and make it more difficult for new competitors to enter the market.

In view of the challenges resulting from online commerce, we classify the risks arising from a changing competitive structure as a medium risk in spite of the consolidation among physical retail stores. The probability of new competitors entering our market segment is currently considered to be low. The direct impact on our business is also regarded as low.

Strategic risks

Risks relating to the Retail distribution segment

The vertical integration of the business model was an important strategy to secure the future viability of the GERRY WEBER Group.

While our own Retail spaces support a higher gross profit margin than our Wholesale activities, they entail higher fixed costs such as rents and personnel expenses. Moreover, own Retail spaces increase the inventory risk as well as the volatility of revenues and earnings. A decline in demand and, hence, revenues may have an adverse impact on the GERRY WEBER Group's profitability, as constant fixed costs could result in a lower margin. It may be impossible to reduce the fixed costs quickly enough or to adjust them to sales revenues.

Especially in times of declining customer footfall and changing consumer behaviour, the success of our own Retail operations also depends on the choice of the right location. There is a risk that stores fail to reach the profitability target and contribute only a lower profit or even a loss to the Group's performance. This could also have an adverse impact on sales revenues and earnings of the GERRY WEBER Group. Such a scenario should also be seen in conjunction with other risks such as a changing competitor structure or atypical weather conditions, which may lead to an economically unattractive business trend at individual stores.

Against the backdrop of changing consumer behaviour, declining customer footfall and the growing importance of online commerce, we have closed more than 400 of our company-managed Retail stores since 2016. We are again opening space very selectively in factory outlets, which are characterised by significantly better cost and process structures. In addition, we are negotiating rent reductions and are in talks to sublet space to partners whose products complement our fashion products in order to further reduce our rental costs and offer our customers added value.

To better manage our fixed costs, we are also taking measures to make the personnel and rental expenses of the Retail segment more flexible. These include, among other things, the implementation of a centrally controlled working time management system and the introduction of variable salary components in the Retail segment as well as the agreement of turnover-based rents, e.g. for the concession stores. In the context of the "go-to-market" concept, additional measures were defined to improve the sales per square metre and profitability of our own retail stores. We have also started to train our Retail employees intensively within the framework of a "Retail Academy" and to develop new store concepts to increase the attractiveness of our points of sale.

In spite of these many risk-mitigating measures, we consider the risk potential arising from the Retail operations to be a material risk for the GERRY WEBER Group. If the market conditions deteriorate, this could lead to a further deterioration in the profitability of the Retail operations. Also, measures initiated to improve the profitability may fail to have the desired success or their implementation may be delayed.

In view of the ongoing coronavirus pandemic and the COVID-related revenue shortfalls in the first quarter of 2021, we currently consider the effects to be moderate and the probability of occurrence to be medium. Because of our healthy store structure, which is the result of the restructuring exercise, and the new Retail management team, we downgrade the risk assessment to material.

Brand and corporate image risk

A positive brand image and the sustainable positioning of our GERRY WEBER, TAIFUN and SAMOON brands provide the basis for the economic success of our company. Attractive fashion products that meet consumer demands, the appeal of the individual brands, the high quality standards and the good fit of our garments are unmistakable characteristics and form the basis for the brand image. This is supported by a clear positioning of the individual brands and its effective communication as well as the unambiguous definition of and approach to our individual target groups.

The corporate image of the GERRY WEBER Group is shaped by both the image of the individual brands and by the way the company is perceived by its stakeholders such as customers, capital providers, suppliers and employees.

Potential risks which may have an adverse impact on GERRY WEBER's image as perceived by these individual stakeholders include unattractive collections, the failure to meet our quality standards, an ambiguous brand positioning as well as non-compliance with national and international laws and social standards by our partners.

Various online and offline marketing, event and sponsorship measures serve to position and increase the desirability of our brands and thus reduce the brand and corporate image risk. Each brand of the GERRY WEBER Group is presented in accordance with its individual brand image both at the point of sale and online.

Under our audit management system, we check each supplier for compliance with social and labour standards. This is done using the detailed amfori BSCI audit reports that are available for each supplier. Here, too, we have implemented a points system that enables us to compare the suppliers per procurement country. By determining the country risk and the supplier risk, we are able to assess the overall risk of a supplier in terms of the probability of occurrence of a human rights violation. The suppliers with the highest total score get the highest level of support. This results in measures such as immediate communication with the supplier, visits by employees in the sewing shops and immediate verification by initiating an audit.

To make sure that our high quality standards are met, our manufacturing partners undergo comprehensive audits before being accepted as producers for the GERRY WEBER Group. Besides examining our partners' production capacities and know-how, we also check their compliance with national and international laws and social standards. At the production sites, our employees examine whether the agreed standards have been implemented and are complied with. Finally, our goods are checked for quality standards by internal and external experts. These processes are complemented by a Group-wide compliance management system.

We currently consider the probability of sustainable damage to the brand and corporate image to be low. The potential impact is regarded as moderate. Consequently, this risk is classified as a medium risk.

Investment risk

Apart from investment risk associated with the opening of new company-managed sales spaces, failed investments and/or deviations from the costs projected for other investment projects may have an adverse impact on the net worth, financial and earnings position of the GERRY WEBER Group.

The capital expenditure carried in the balance sheet has been reduced noticeably in recent years as a result of comprehensive write-downs. Moreover, we will make reduced and more selective investments in the future. This applies also to investments in new points of sale. We are again opening space very selectively in factory outlets, which are characterised by significantly better cost and process structures. We intend to continue investing in the digitalisation of our business model and our online activities. In addition, part of our investment budget will be used for the ongoing adaptation and renewal of our IT structures and systems.

Against this background and in view of improved monitoring measures and budget controls, we consider the probability of future failed investments to be relatively unlikely. Accordingly, the large number of small and medium-sized projects means that the effect on the earnings position of the GERRY WEBER Group is very low. We therefore classify the risk of failed investments as negligible.

Financial risks

Currency risk

The currency risks of GERRY WEBER International AG result from the international orientation of the business activities, especially from the fact that the company sources and sells part of its goods outside the eurozone. Add to this the increasing intra-group financing of non-euro entities such as the subsidiaries in the UK, Sweden, Norway or Russia. In addition, exchange rate risks result from the translation of net assets as well as income and expenses of subsidiaries outside the eurozone.

Currency risks result from the constantly changing market valuations and the resulting volatilities. They have an adverse impact on the bottom line if there are open forex positions. A position is referred to as "open" if it has no counter-position in the form of an underlying transaction or a hedge.

Currency hedges are used to mitigate currency risks arising from procurement activities outside the eurozone. As we source part of our goods in USD, especially a further weakening of the euro against the US dollar may lead to increased procurement costs and, hence, to reduced operating margins. In the past, the USD requirements resulting from the procurement activities were determined based on budget calculations for each individual collection and were fully hedged by currency forwards. Since the insolvency proceedings, no new currency derivatives hae been taken out. Our calculations are adjusted to the current USD exchange rate trend at shorter intervals.

Going forward, intra-group currency risks can therefore be minimised only through natural hedging. This means that income and expenses in foreign currencies offset each other.

The probability of considerable exchange rate fluctuations occurring in general is considered to be a material risk. In view of the absence of hedges and the resulting planning uncertainty, the probability of being affected by exchange rate fluctuations is classified as medium. Because of the USD-denominated procurement volume, the extent of the potential impact is rated as material. We therefore classify the overall currency risk as a material risk.

Risk of debtor defaults

A risk of default arises whenever a customer or another business partner does not meet its payment obligations in full or meets them only in part or belatedly. Default risks mainly relate to trade receivables.

To avoid defaults, customers' creditworthiness is monitored continuously before any merchandise is shipped and also throughout the business relationship. Where credit insurance for new or existing customers is inadequate, we request advance payments from our customers. If this is not possible, we reserve the right not to supply this customer for the time being. Payment terms are usually agreed based on the history and the volume of the business relationship as well as experience gathered from previous transactions. Moreover, customers' payment behaviour is monitored and checked continuously. In spite of these reviews and our bad debt management system, it is possible that trade receivables are settled belatedly or not at all.

Because of the coronavirus pandemic, we were unable to prevent the bad debt ratio from climbing from 0.1% in the prior year period to 1.5% in spite of the measures implemented. We therefore currently consider the probability of debtor defaults to be medium and the impact on EBIT to be moderate. We have changed the risk assessment compared to the previous year and classify the bad debt risk as a medium risk in view of the current situation.

Financing and liquidity risk

The current assessment of our financing and liquidity risk is closely linked to the risk arising from the coronavirus pandemic. At this point, therefore please refer the information provided under "Risks from the coronavirus pandemic".

The financing and liquidity risk describes the risk that cash for the fulfilment of payment obligations is not available or can be raised only at excessive costs.

The GERRY WEBER Group's formerly non-current debt, mainly in the form of note loans, has been reduced noticeably as a result of the company's insolvency plan, and new financing agreements with higher but fixed interest rates have been signed.

The Managing Board of GERRY WEBER International AG is convinced that the above measures will help secure the liquidity of the company and the continuation of its business activities during the planning period until 2023. Nevertheless, the liquidity risk increases with each additional week in which a large number of the stores are open only under severe restrictions. Depending on the infection trend, stronger restrictions on the operation of stores (such as a further reduction in the number of customers per store) or further regional or national closures cannot be ruled out in the course of the year.

We have changed the risk assessment compared to the previous year and classify the financing and liquidity risk as serious in view of the current situation. The probability of occurrence is currently rated as medium, while the impact is considered to be material.

Interest rate risk

Interest rate risks arise as a consequence of changing market interest rates that may have an impact on future interest payments on variable-rate deposits and loans. Material interest rate hikes may therefore weigh on the earnings, liquidity and financial position of the Group. On the one hand, the implementation of the insolvency plan has clearly reduced the Group's indebtedness. New financing agreements with higher but fixed interest rates have been and will be signed in connection with the insolvency plan.

Against the background of the expected increase in GERRY WEBER's debt capital and the anticipated adjustment of interest rates, we consider the probability of occurrence and the impact of the interest rate risk to be low. The interest rate risk is now classified as a medium risk.

Performance risks

Sales and inventory risk

The sales and inventory risk resulting from the Retail operations is outlined under "Risks relating to the Retail distribution segment".

Since 2019, we have clearly optimised our merchandise management. As a result, we are increasingly distributing the right product at the right price to the right place and at the right time. This allows us to reduce the pre-order limits while at the same time providing more flexibility for making adjustments in the course of a season. Merchandise is managed on a monthly basis in accordance with the collection framework plan. This optimises the inventory control for all distribution channels. At the same time, we are significantly reducing our stocks of old merchandise.

Based on the management and monitoring measures we have implemented, we consider the probability of unplanned excess inventories to be low in normal business operations; this also applies to future collections. We consider the impact to be moderate and therefore classify the risk as a medium risk.

Against the background of the coronavirus crisis and the experience gained in the fiscal year 2020, we consider the potential impact of this risk for the coming collection and with regard to items of the coming collections that are not needed but cannot be cancelled to be material and the probability of its occurrence to be likely; consequently, the current sales and inventory risk is classified as serious.

Procurement risk

The high demands made on the quality and the fit of the GERRY WEBER products as well as on compliance with delivery deadlines means that equally high demands are made on our suppliers. Before qualifying as a GERRY WEBER supplier, all potential production partners must subject themselves to various controls to meet our strict selection criteria. Besides technical manufacturing standards and comprehensive expertise as well as their capacities and creditworthiness, we primarily check our potential suppliers' compliance with social standards and local laws and regulations. Even after having been accepted as GERRY WEBER suppliers, the latter are subjected to regular quality checks. Our staff from the local procurement offices monitor compliance with our standards on site. Contracts for the production of GERRY WEBER products are managed centrally by our Procurement Department. The production volume is spread over several previously audited suppliers in different regions, which means that the risk of non-performance is reduced.

Procurement risks may result from the loss of suppliers or delayed deliveries. A sudden change of supplier may lead to delayed deliveries and / or to higher procurement prices. The same applies in the case of increased procurement prices due to pay rises, trade restrictions and / or higher customs duties.

Moreover, there is a risk that, in spite of comprehensive quality checks, materials or manufacturing techniques are used that do not meet our requirements and, hence, our quality standards. The same applies to compliance with social standards and working conditions at the suppliers or their subcontractors. This could have an adverse impact on the image of the GERRY WEBER brands.

To counteract the procurement risk, the GERRY WEBER Group maintains a reliable, tried-and-tested network of strategic suppliers. We have also modified the internal structures and now have an effective procurement structure. Thanks to our in-house product development unit and the comprehensive technical production preparations made internally at GERRY WEBER, such as the production of the patterns and the scaling of the sizes in Halle / Westphalia, we are able to flexibly replace production partners. Moreover, we have standardised the use of raw materials with the help of Fabrics Libraries and increased the efficiency of our administrative structures, especially outside Germany. The switch to 100% full package service has further reduced our own commodity risk.

As a result of these steps, we consider our procurement structure to be even safer and more reliable. Against the background of the global coronavirus crisis and the experience gained in the fiscal year 2020, we could not and cannot entirely rule out distortions at our procurement partners and delays in the procurement of merchandise. We therefore consider our current procurement risk to be a medium risk, as we assume that both the probability of occurrence and the impact are low.

Logistic risk

Since the Ravenna Park logistic centre was taken into operation in 2016, GERRY WEBER has handled almost all its logistic processes internally. It does not cover B2C logistics, i.e. logistics between the GERRY WEBER Group and its private e-commerce customers, which is handled by a leading external service provider.

Any disruption of the logistic processes may have an adverse impact on our ability to deliver our goods on time and in full. This could lead to declining sales revenues, additional costs and, possibly, to a deterioration in our customer relationships. Having your own logistics centre has the advantage that there is a single inventory for all brands and distribution channels and that the risk of misallocation of merchandise to the individual distribution channels is reduced. Also, logistic costs are lower.

Delays and / or incorrect allocations may nevertheless still occur in the current logistic processes. Certain technical or process-related adjustments may become necessary as a result of insights gained in the "live operation" of the logistic centre. This may have an impact on the net worth, financial position and earnings position of the GERRY WEBER Group.

Regardless of the logistic centre, delays or even a loss of merchandise may occur during the transport from the supplier to the logistic centre or the customer. Should this lead to delayed or lost deliveries, this could also have a negative impact on the Group's performance.

We consider the probability of material losses, delays and / or incorrect deliveries to be rather low. In view of the large number of deliveries of different sizes, the impact is also considered to be low.

The provisions of the insolvency plan provide for Ravenna Park to be used by GERRY WEBER until into 2021; by that date, a concept for an economically viable alternative should be developed and be ready for implementation.

In March 2021, GERRY WEBER International AG and WB Logistik GmbH, a company of Christian Busch, majority shareholder of fashion company Walbusch Walter Busch GmbH & Co. KG based in Solingen, therefore signed a pre-contract for the sale of the Ravenna Park logistics centre. The latter has been approved by the creditors' committee of GERRY WEBER International AG. The signing of the final contracts, scheduled for the end of May 2021, is subject to a final review by the buyer. According to the pre-contract, WB Logistik GmbH will take over the employees of GERRY WEBER Logistik GmbH. Christian Busch and GERRY WEBER plan to jointly use Ravenna Park in future.

Ravenna Park and the then former workforce of GERRY WEBER Logistik GmbH will remain the hub for the Group's distribution logistics also as of 2022. However, due to the changeover to sharing the Park with the Walbusch Group, this change may potentially lead to problems such as delayed and / or incorrect deliveries. This could then have a negative impact on the Group's planned business development after 2021. As we have a preparation period of several months for this changeover and our employees continue to work for us, we consider this risk to be low, however. All in all, the logistic risk is classified as a medium risk.

IT risk

The growing digitalisation and IT integration of all business processes generally results in a dependence on IT processes and products. There is a risk that IT components and systems may fail, be adversely affected and / or distorted or even destroyed by external influences. Such failures may lead to a disruption of business operations. Projects of material importance for the Group could be delayed and thus become more expensive than planned. Moreover, cybercrime, e.g. in the form of viruses, could lead to system failures and to the loss of critical and / or confidential information.

To minimise this risk, we have implemented a large number of measures and monitoring processes. We use both internal and external resources to avoid failures and disruptions of our IT components and processes. Most of the server structures have been outsourced to an external computing centre to ensure even better protection of our systems and data. In addition, we have implemented security and protection systems to prevent the loss and abuse of data.

Apart from these protection mechanisms against external abuse or loss, we also ensure maximum internal data and information security. To ensure data integrity and confidentiality, user-related access authorisations are issued, all system-immanent processes are documented, clear administrator rights are assigned and comprehensive security mechanisms are installed. We consider the general risk of an IT system failure having financial effects to be rather low and the impact of such a failure to be low.

Due to the introduction of new material IT systems and programmes as well as the growing digitalisation, we classify delays in these projects as an additional risk, with the probability of occurrence remaining low, however. The impact is considered to be moderate, which is why the IT risk is classified as a medium risk for the GERRY WEBER Group.

Other risks

Human resources risk

The commitment and the skills of our employees as well as their expert knowledge are critical factors for the success of the GERRY WEBER Group. Human resources risks primarily arise in the context of recruitment, skills shortage and staff turnover. When employees in key positions leave the company or take sick leave, important know-how, experience and expertise is lost or temporarily unavailable, which, especially in case of executive positions, may result in a vacuum causing uncertainty both internally and externally. The process of filling these positions and the bridging period may weigh on the Group's earnings. We take different approaches to mitigate these risks, e.g. attractive compensation schemes and flexible working hours, exciting and challenging tasks and diverse career prospects, all of which are designed to tie our employees to the GERRY WEBER Group. We invest in the development of young talent by creating new apprenticeships as well as by expanding the availability of job-specific internships and trainee programmes.

One of the core elements of our realignment is the reorganisation of the Group's first and second management tiers. We pursue a new leadership culture that is characterised by cooperation, fun and performance, so as to increase our attractiveness as an employer as well as the satisfaction of our employees and to retain employees in the longer term. To achieve this, we invest in the training and further education of our managers and employees with the clear objective of strengthening the leadership culture, promoting entrepreneurship in the GERRY WEBER Group and, at the same time, improving the error culture. In addition, we plan to conduct a survey on employee satisfaction in 2022. In the fiscal year 2021, we also intend to develop a strategy to increase our attractiveness as an employer.

Against the background of the personnel measures taken in the past two fiscal years and the realignment of our company, we currently regard the probability of occurrence of human resources risks as low. The impact of these risks is considered to be low, which is why the human resources risk continues to be classified as a medium risk.

Legal and compliance risks

Legal disputes may entail high costs and / or have an adverse impact on the image of the GERRY WEBER Group. The same applies to violations of applicable laws and social standards and to non-compliance with external and internal rules and standards.

To avoid legal disputes, nearly all material transactions are reviewed in consultation with external specialists. At present there are no legal disputes that could have a material impact on the financial situation of the GERRY WEBER Group.

GERRY WEBER has implemented a comprehensive Compliance Programme, which comprises a number of organisational and preventive measures, in order to anchor compliant behaviour in the company. Our Code of Conduct and our Group Guidelines define a set of principles for responsible governance which are binding on all employees. Group-wide compliance with these rules and regulations is monitored centrally and reported directly to the Managing Board.

While these defined rules of conduct, which are monitored by the Compliance Team, cannot fully rule out violations, we consider the probability to be unlikely and the impact to be low. The risk is therefore classified as negligible.

Summary presentation of the risks, their probability of occurrence, category and changes compared to the previous year

Risk categories/areas	Individual risks	Probability of occurrence	Impact	Risk category	Change vs. previous year
External risks					
	Risks from the coronavirus pandemic	medium	material	serious risk	–
	Risks relating to adverse weather conditions	low	material	material risk	unchanged
	Risk of economic and geopolitical developments	probable	material	serious risk	unchanged
	Force majeure risk	unlikely	very low	negligible risk	unchanged
Industry and market risks					
	Fashion and collection risk	low	material	material risk	unchanged
	Risk relating to a changing customer structure	medium	moderate	material risk	increased
	Risk relating to a changing competitive structure	low	low	medium risk	unchanged
Strategic risks					
	Risks relating to the Retail distribution segment	medium	moderate	material risk	reduced
	Brand and corporate image risk	low	moderate	medium risk	reduced
	Investment risk	unlikely	very low	negligible risk	unchanged
Financial risks					
	Currency risk	medium	material	material risk	unchanged
	Risk of debtor defaults	medium	moderate	medium risk	increased
	Financing and liquidity risk	medium	material	serious risk	increased
	Interest rate risk	low	low	medium risk	increased
Performance risks					
	General sales and inventory risk	low	moderate	medium risk	unchanged
	Current sales and inventory risk	probable	material	serious risk	current high risk
	Procurement risk	low	low	medium risk	unchanged
	Logistic risk	low	low	medium risk	unchanged
	IT risk	low	moderate	medium risk	unchanged
Corporate risks					
	Human resources risk	low	low	medium risk	unchanged
	Legal and compliance risks	unlikely	low	negligible risk	unchanged

REPORT PURSUANT

to section 289a HGB and section 315a HGB

Composition of the subscribed capital

As of the end of the fiscal year 2020, the subscribed capital (share capital) of GERRY WEBER International AG amounted to EUR 1,220,238. The share capital consisted of 1,220,238 bearer shares. Each share thus represented an imputed EUR 1.00 of the share capital. All shares carry the same rights and duties. Each share grants one vote at the Annual General Meeting and determines the shareholders' share in the company's profits. No restrictions, special privileges or comparable agreements exist with regard to the shares. There are no shares with special privileges granting controlling powers nor are there any voting right controls over employees holding shares.

Shareholdings exceeding 10% of the voting rights

As of 31 December 2020, the following direct and indirect shareholdings in the company's share capital exceeded 10% based on the most recent voting rights notification in the meaning of sections 33 et seq. of the German Securities Trading Act (WpHG):

- WBOX 2018–3 Ltd., Grand Cayman, Cayman Islands, as well as indirectly via it (A) Whitebox Advisors LLC, Minneapolis, Minnesota, USA, and (B) Whitebox General Partner LLC, Wilmington, Delaware, USA: 42.0%, whereby the voting rights of Robus SCSp SICAV-FIAR Robus Recovery Fund II are additionally attributed to each of the above companies as they are acting in concert (84%)

- Robus SCSp SICAV-FIAR Robus Recovery Fund II, Luxembourg, Luxembourg, as well as indirectly via it (A) (i) Robus Capital Management Ltd., London, United Kingdom, and (ii) Robus (GP) S.a.r.l., Luxembourg: 41.6%, whereby the voting rights of WBOX 2018–3 Ltd. are additionally attributed to each of the above companies as they are acting in concert (84%), and (B) (i) Prime Partners GmbH, Germany, (ii) Prime Capital AG, Germany, (iii) Prime AIFM Lux S.A., Luxembourg, (iv): 41.6%

- J.P. Morgan Securities plc, Wilmington, Delaware, USA, as well as indirectly via it (i) JPMorgan Chase & Co., Wilmington, Delaware, USA, (ii) JPMorgan Chase Bank, National Association, Columbus, Ohio, USA], (iii) J.P. Morgan International Finance Limited, New York, New York, USA, and (iv) J.P. Morgan Capital Holdings Limited, London, United Kingdom: 16.0%.

Regulations governing amendments to the statutes as well as the appointment and dismissal of Managing Board members

Unless higher majorities are required by law, amendments to the statutes of GERRY WEBER International AG require a resolution by the Annual General Meeting with a simple majority of the valid votes cast and the share capital represented at the resolution; sections 179 et seq. of the German Stock Corporation Act (AktG) apply.

According to the statutes, the Managing Board of GERRY WEBER International AG consists of at least two members. The appointment and dismissal of Managing Board members are governed by sections 84 and 85 of the German Stock Corporation Act (AktG) in conjunction with section 31 of the German Co-Determination Act of 1976 and the company's statutes. The Supervisory Board appoints the members of the Managing Board, determines the number of Managing Board members and may appoint a Chairman of the Managing Board.

Powers of the Managing Board regarding the issue of new shares

With the entries made in the commercial register at the end of October 2019, the share capital was furthermore conditionally increased by up to EUR 2,091,600.00 through the issue of up to 2,091,600 new bearer shares in accordance with the final insolvency plan of GERRY WEBER International AG. The conditional capital increase serves to grant bearer shares to the holders of convertible or option bonds (or combinations of these instruments) with conversion or option rights or conversion or option obligations issued by the company or a member company of the Group as defined in section 18 of the German Stock Corporation Act (AktG) by 31 December 2020 due to the authorisation created under the insolvency plan dated 18 September 2019. The new shares shall be issued at a conversion or option price to be determined in accordance with the above authorisation. The conditional capital increase shall be executed only to the extent that conversion or option rights are exercised or conversion or option obligations are settled and that no other forms of settlement are used. To the extent permitted by law, the new shares issued as a result of the exercise of conversion or option rights or the fulfilment of conversion or option obligations participate in the profit from the beginning of the fiscal year for which, at the time of their delivery, no resolution of the Annual General Meeting on the appropriation of accumulated profits has been passed yet.

According to the resolution adopted by the Annual General Meeting on 3 December 2019, which was entered in the Commercial Register in May 2020, the Managing Board is furthermore authorised to increase the company's share capital by 15 November 2024 once or several times by a total of up to EUR 400,000.00 by issuing up to 400,000 new bearer shares against cash or non-cash contributions with the consent of the Supervisory Board. The new shares are to be offered to the shareholders for subscription. This may also be done in such a way that the new shares are taken over, in whole or in part, by a Managing Board-designated (i) credit institution, (ii) company operating in accordance with section 53 para. 1 sentence l or section 53b para. 1 sentence 1 or para. 7 of the German Stock Corporation Act (KWG), or (iii) syndicate of credit institutions or companies designated in (ii), with the obligation to offer them to the shareholders of the company for subscription. The Managing Board is authorised, with the consent of the Supervisory Board, to exclude the statutory subscription right of shareholders in the following cases:

(1) to broaden the company's shareholder base, if the total pro rata amount of the share capital represented by the new shares for which the subscription right is excluded does not exceed 30% of the share capital; the 30% limit shall be calculated on the basis of either the share capital existing at the time of the resolution by the Annual General Meeting or the share capital existing at the time the new shares are issued, whichever is the lowest; (2) for the participation of members of the Managing Board of the company, members of the management of subordinated affiliated companies, employees of the company or of subordinated affiliated companies as well as consultants or other service providers of the company, if the total pro rata amount of the share capital represented by the new shares for which the subscription right is excluded does not exceed 30% of the share capital; the 30% limit shall be calculated on the basis of either the share capital existing at the time of the resolution of the Annual General Meeting or the share capital existing at the time of the issue of the new shares, whichever is the lowest; or (3) to avoid fractional amounts.

The Managing Board was authorised, subject to the consent of the Supervisory Board, to stipulate the further details of the capital increase and its execution, in particular the details of the share rights and the conditions of the share issue, including any kind of profit participation other than that laid down in section 60 para. 2 of the German Stock Corporation Act (AktG).

Powers of the Managing Board regarding the acquisition of own shares

By resolution on agenda item 15 of the Annual General Meeting on 18 September 2020, the Managing Board is authorised to acquire shares of the company with an amount of the share capital of up to EUR 122,023.00 – which is just under 10% of the current share capital – on behalf of the company and subject to the consent of the Supervisory Board until 17 September 2025, provided that the shares acquired based on this authorisation together with other shares of the company which the company has already acquired and still holds or which are attributable to it pursuant to section 71d and section 71e of the German Stock Corporation Act (AktG) at no time exceed 10% of the company's share capital. Furthermore, the provisions of section 71 para. 2 sentences 2 and 3 of the German Stock Corporation Act (AktG) must be observed. The acquisition may not be made for the purpose of trading in own shares. The authorisation may be exercised in whole or in part. Within the authorisation period, the acquisition may be made in sub-tranches spread over several acquisition dates up to the maximum acquisition volume. The authorisation may be exercised in whole or in part. Within the authorisation period, the acquisition may be made in sub-tranches spread over several acquisition dates up to the maximum acquisition volume. The acquisition may also be made by dependent Group companies of GERRY WEBER International AG in the meaning of section 17 of the German Stock Corporation Act (AktG) or by third parties for the account of GERRY WEBER International AG or for the account of dependent Group companies of GERRY WEBER International AG in the meaning of section 17 AktG.

In accordance with the more detailed provisions of this authorisation, own shares may be acquired, on the one hand, by way of a share purchase agreement from the company's shareholders at the time of the Annual General Meeting on 18 September 2020 in order to have shares available for the implementation of the Employee Share Ownership Programme in 2020. On the other hand, own shares may be acquired by the participants in a Management Incentive Programme initiated by the company in such a way that agreements on the acquisition of own shares by the company in accordance with the terms and conditions of the Management Incentive Programme are concluded with them. Any further right of shareholders to tender shares shall be excluded.

According to the authorisation resolved under agenda item 15 by the Annual General Meeting on 18 September 2020, the own shares may be used for several purposes. The shares may also be used for purposes for which an exclusion of subscription rights is provided for and this also under exclusion of the subscription right of shareholders. This authorisation for use thus includes, among other things, the issue of own shares to employees of the company and subordinated affiliated companies as well as members of the management of subordinated affiliated companies, the use as acquisition currency and the sale via the stock exchange in compliance with the principle of equal treatment (section 53a of the German Stock Corporation Act (AktG)).

In October 2020, the company had acquired a total of 12,202 shares to transfer them free of charge to certain employees under an Employee Share Ownership Programme in accordance with the authorisation for use resolved under agenda item 15 by the Annual General Meeting on 18 September 2020. As of 31 December 2020, the company still held 76 own shares.

Conditions of a change of control resulting from a takeover bid

Loans raised by GERRY WEBER International AG and the credit lines made available by the banks contain contractual regulations in line with general market practice which grant the contractual partners additional rights of termination in the event of a change of control resulting from a takeover bid.

Compensation agreements reached with members of the Managing Board in the event of a takeover bid

In the event of premature termination of a Managing Board member's contract due to a change of control, no more than one fixed annual salary plus bonus will be paid to the departing Managing Board member as severance payment and this payment may not exceed the compensation for the remaining term of the respective contract. This means that the regulations in the Managing Board contracts comply with the recommendations of the German Corporate Governance Code as amended on 16 December 2019. No severance payment has been agreed with one of the three Managing Board members.

Dependency report

The Managing Board of GERRY WEBER International AG has submitted a dependency report pursuant to section 312 para. 1 of the German Stock Corporation Act (AktG) to the Supervisory Board. It concludes with the following statement:

"In accordance with section 312 para. 3 of the German Stock Corporation Act (AktG), we declare that all transactions with affiliated entities were made on terms equivalent to those that prevail in arm's length transactions, based on the circumstances known at the time when such transactions were made. Measures in the interest or at the request of the controlling entity or entities affiliated with it were neither taken nor omitted."

NON-FINANCIAL REPORT

The non-financial report of GERRY WEBER International AG will be published online on 30 April 2021 together with the Annual Report. It will be available online on our website at group.gerryweber.com under Investors / Publications / 2021.

Halle / Westphalia, 26 April 2021

Managing Board

Alexander Gedat

Angelika Schindler-Obenhaus

Florian Frank

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

as of 31 December 2020

ASSETS

KEUR	Notes No.	**31 Dec. 2020**	31 Dec. 2019
NON-CURRENT ASSETS			
Fixed assets	**(1)**		
Intangible assets	(a)	13,776	20,136
Rights of use	(b)	179,194	236,024
Property, plant and equipment	(c)	74,250	80,474
Financial assets	(d)	183	221
Deferred tax assets	***(2)***	***2,080***	***2,083***
		269,483	***338,938***
CURRENT ASSETS			
Inventories	(3)	46,702	65,065
Receivables and other assets			
Trade receivables	(4)	12,015	14,715
Other assets	(5)	18,176	33,696
Income tax receivables	(6)	1,388	1,324
Cash and cash equivalents	***(7)***	***85,250***	***126,929***
		163,531	***241,729***
Assets classified as held for sale	***(8)***	***0***	***0***
		163,531	***241,729***
Total Assets & Liabilities		**433,014**	**580,667**

LIABILITIES

KEUR	Notes No.	**31 Dec. 2020**	31 Dec. 2019
EQUITY	**(9)**		
Subscribed capital	(a)	1,220	1,025
Capital reserve	(b)	858	10
Retained earnings	(c)	103	103
Exchange differences	(d)	–2,952	–2,054
Accumulated profits	(e)	56,905	122,358
		56,134	***121,442***
NON-CURRENT LIABILITIES			
Provisions for personnel	(10)	23	163
Other provisions	(11)	4,176	4,069
Financial liabilities	(12)	109,579	73,622
Liabilities from rights of use	(13)	151,023	194,901
Deferred tax liabilities	(2)	3,628	4,925
		268,429	***277,680***
CURRENT LIABILITIES			
Provisions			
Tax provisions	(14)	34	64
Provisions for personnel	(15)	5,411	7,090
Other provisions	(16)	19,477	31,552
Liabilities			
Financial liabilities	(17)	31,300	74,187
Trade liabilities	(18)	15,055	14,090
Liabilities from rights of use	(13)	30,398	42,953
Other liabilities	(19)	6,776	11,609
		108,451	***181,545***
Liabilities directly associated with assets classified as held for sale	***(8)***	***0***	***0***
		376,880	***459,225***
Total Assets & Liabilities		**433,014**	**580,667**

CONSOLIDATED INCOME STATEMENT

for the fiscal year from 1 January to 31 December 2020

KEUR	Notes No.	**Fiscal year 2020**	Stub fiscal year from 1 Apr. 2019 to 31 Dec. 2019
Continuing operations			
Sales revenues	(20)	278,186	330,512
Other operating income	(21)	13,323	176,549
Change in inventories	(22)	–15,740	–19,755
Cost of materials	(23)	–106,356	–117,241
Personnel expenses	(24)	–85,559	–83,044
Depreciation / amortisation	(25)	–49,141	–46,770
Other operating expenses	(26)	–85,974	–110,079
Other taxes	(27)	–398	–210
Operating result		***–51,659***	***129,962***
Financial result	**(28)**		
Income from fair value measurement of financial liabilities		0	1
Interest income		11	448
Expenses from fair value measurement of financial assets		–1,500	0
Incidental bank charges		–496	–459
Financial expenses		–12,347	–8,451
		–14,332	***–8,461***
Results from ordinary activities		**–65,991**	**121,501**
Taxes on income	**(29)**		
Taxes of the fiscal year		–757	–652
Deferred Tax		1,295	–1,527
		538	***–2,179***
Result from continuing operations		***–65,453***	***119,322***
Result from discontinued operations attributable to the owners of the parent company	***(8)***	***0***	***0***
Consolidated net loss for the year		**–65,453**	**119,322**
Earnings per share (basic / diluted)			
Basic earnings per share in EUR	(30)	–58.12	105.96
Diluted earnings per share in EUR	(30)	–58.12	105.96

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the fiscal year from 1 January to 31 December 2020

KEUR	**Fiscal year 2020**	Stub fiscal year from 1 Apr. 2019 to 31 Dec. 2019
Consolidated net loss / net profit for the year	−65,453	119,322
Other comprehensive income		
Items that can be reclassified to the income statement		
Currency translation: changes in the amount recognised in equity		
Changes in the adjustment item from currency translation of foreign subsidiaries	−898	28
Cash flow hedges: changes in the amount recognised in equity		
Changes in the fair value of derivatives used for hedging purposes	0	0
Taxes on income		
Income taxes attributable to the components of other comprehensive income	0	0
	−898	***28***
Comprehensive income	**−66,351**	**119,350**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the fiscal year 2020

KEUR	Notes No.	Subscribed capital	Capital reserve	Retained earnings	Cumulative changes in equity not stated through profit or loss according to IFRS 9	Exchange differences	Accumulated profits	**Equity**
As of 1 Jan. 2020		***1,025***	***10***	***103***	***0***	***−2,054***	***122,358***	***121,442***
Equity component of convertible bonds			673					673
Capital increase		195	2	0			0	197
Stock options			173					173
Result from continuing operations							−65,453	−65,453
Result from discontinued operations							0	0
Other result from continuing operations						−898		−898
Comprehensive income		***0***	***0***	***0***	***0***	***−898***	***−65,453***	***−66,351***
As of 31 Dec. 2020	**(9)**	**1,220**	**858**	**103**	**0**	**−2,952**	**56,905**	**56,134**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the stub financial year from 1 April 2019 to 31 December 2019

KEUR	Notes No.	Subscribed capital	Capital reserve	Retained earnings	Cumulative changes in equity not stated through profit or loss according to IFRS 9	Exchange differences	Accumulated profits	**Equity**
As of 1 Apr. 2019		***45,507***	***102,387***	***225,779***	***0***	***−2,082***	***−370,526***	***1,065***
Capital reduction		−45,499	−102,387	−225,779			373,665	0
Capital increase		1,017	10					1,027
Result from continuing operations				103			119,219	119,322
Result from discontinued operations								0
Other result from continuing operations					0	28		28
Comprehensive income		***0***	***0***	***103***	***0***	***28***	***119,219***	***119,350***
As of 31 Dec. 2019	**(9)**	**1,025**	**10**	**103**	**0**	**−2,054**	**122,358**	**121,442**

CONSOLIDATED CASH FLOW STATEMENT

for the fiscal year from 1 January to 31 December 2020

KEUR	Fiscal year 2020	Stub fiscal year from 1 Apr. 2019 to 31 Dec. 2019
Operating result from continuing operations	−51,659	129,962
Operating result from discontinued operations	0	79
Depreciation / amortisation	49,141	48,470
Non-cash expenses and income	1,625	−167,579
Loss from the disposal of fixed assets and assets held for sale	803	1,419
Decrease in inventories	18,363	22,912
Decrease in trade receivables	2,700	23,070
Decrease / increase in other assets not attributable to investment or financing activities	14,020	−7,946
Decrease in provisions	−13,787	−3,863
Increase in trade payables	965	14,943
Decrease / increase in other liabilities not attributable to investing or financing activities	−3,477	2,679
Income tax refunds / payments	−851	−647
Cash inflows from operating activities	***17,843***	***63,499***
Income from loans	0	1
Interest received	11	448
Incidental bank charges	−496	−459
Interest paid	−8,120	−7,969
Cash inflows from current operating activities	***9,238***	***55,520***
Proceeds from the disposal of property, plant, equipment and intangible assets	303	500
Cash outflows for investments in property, plant, equipment and intangible assets	−4,977	−8,349
Proceeds from the disposal of financial assets	0	180
Cash outflows for investments in financial assets	−2	−61
Cash outflows from investing activities	***−4,676***	***−7,730***
Proceeds from borrowings	0	34,200
Proceeds from capital increase	370	1,027
Repayment of insolvency liabilities	−18,645	0
Repayment of loans from the plan sponsors	−12,319	0
Repayment of liabilities relating to rights of use	−32,249	−28,980
Cash inflows / outflows from financing activities	***−62,843***	***6,247***
Net change in cash and cash equivalents	−58,281	54,037
Exchange rate-related changes	−898	−1,676
Cash and cash equivalents at the beginning of the fiscal year	126,929	74,568
Cash and cash equivalents at the end of the fiscal year	**67,750**	**126,929**
Composition of cash and cash equivalents		
Cash and cash equivalents (continuing operations)	85,250	126,929
Current account liabilities (continuing operations)	−17,500	0
	67,750	**126,929**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR 2020

A. GENERAL INFORMATION

Company data

GERRY WEBER International AG, headquartered at Neulehenstraße 8, D-33790 Halle/Westphalia, is a joint stock corporation under German law, which is registered with the Commercial Register of Amtsgericht Gütersloh under HRB 4779, whose shares are admitted to trading in the regulated market in the General Standard segment of the stock exchange in Frankfurt. It is the ultimate parent company of the Group and prepares the consolidated financial statements for the largest and the smallest group of companies. The consolidated financial statements and the combined management report are published in the Federal Gazette.

The main activities of the Group are described in the segment report.

The fiscal year began on 1 January 2020 and ended on 31 December 2020 (previous year: 1 April 2019 to 31 December 2019).

Accounting principles

Pursuant to EU Directive (EC) No. 1606/2002 in conjunction with section 315a para. 1 of the German Commercial Code (HGB), the consolidated financial statements of GERRY WEBER International AG, the parent company, for the year ended 31 December 2020 were prepared in accordance with the International Financial Reporting Standards (IFRS) such as they are applicable in the European Union. The term "IFRS" also includes the applicable International Accounting Standards (IAS) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the former Standing Interpretations Committee (SIC). All IFRS that were mandatory for the fiscal year 2020 were applied to the extent that they had been endorsed by the European Union.

The consolidated financial statements are denominated in euros. Unless stated otherwise, all amounts are in thousand euros (KEUR).

The type of expenditure format was used for the income statement.

New IASB regulations for first-time application in the fiscal year 2020:

The following accounting standards and supplements to existing regulations became mandatory for the fiscal year from 1 January 2020 to 31 December 2020:

New regulations			Impacts
Amendments to IFRS 3	Business combinations	Amendments to the definition of a business	No impact
Amendments to IFRS 9, IAS 39 and IFRS 7	Financial instruments	Interest rate benchmark reform	No impact
Amendments to IAS 1 and IAS 8	Definition of "material"	Clarification of the definition of materiality	No impact
Amendments to the IFRS framework	Amendments to various standards	Revised definitions of assets and liabilities and new guidance on measurement and derecognition, presentation and disclosures	No impact
Amendments to IFRS 16	Leases	Amendment to IFRS 16 regarding COVID-19-related rent concessions	Option not to consider whether a revaluation of the lease liability is necessary in the case of lease concessions

The option introduced by the amendments to IFRS 16 for COVID-19-related rent concessions not to assess whether a remeasurement of the lease liability (and any right-of-use adjustment) is necessary was voluntarily exercised for all corresponding circumstances in the fiscal year 2020. The corresponding effects were therefore recognised in the income statement as other operating income.

New IASB regulations not applicable in the fiscal year 2020:

Regulations that were not applied			Published by the IASB	First-time application	Adopted by the EU Commission	Anticipated impact on the GERRY WEBER Group
IFRS 17	Insurance Contracts	Principles for the accounting of insurance contracts: replaces the former transitional standard IFRS 4	18 May 2017	1 January 2023	Not yet	No impact
Amendments to IAS 1	Presentation of Financial Statements	Classification of liabilities as current or non-current	(amended on 25 June 2020)	1 January 2023	Not yet	The impact that would result from application is still being reviewed
Improvement project 2020	Improvement of IFRS (2018–2020)	Collective standard for amendments or supplements to the corresponding regulations	23 January 2020	1 January 2022	Not yet	The impact that would result from application is still being reviewed
Amendments to IFRS 3	Business combinations	Update of a reference to the conceptual framework	(and 15 July 2020)	1 January 2022	Not yet	The impact that would result from application is still being reviewed
Amendments to IAS 16	Property, plant and equipment	Clarification of the accounting of net proceeds from selling items produced during commissioning of property, plant and equipment.	14 May 2020	1 January 2022	Not yet	The impact that would result from application is still being reviewed
Amendments to IAS 37	Provisions, contingent liabilities and contingent assets	Clarification that in assessing whether a contract is onerous, the cost of fulfilling a contract should include all costs that relate directly to the contract, not only the incremental costs.	14 May 2020	1 January 2022	Not yet	The impact that would result from application is still being reviewed
Amendments to IAS 1 and IFRS Practice Statement 2	Presentation of Financial Statements	Disclosure of accounting policies	12 February 2021	1 January 2023	Not yet	The impact that would result from application is still being reviewed
Amendments to IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Definition of accounting-related changes in estimates	12 February 2021	1 January 2023	Not yet	The impact that would result from application is still being reviewed
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest rate benchmark reform (phase 2)	Implementation of the interest rate benchmark reform in IFRS.	27 August 2020	1 January 2021	13 January 2021	No impact
Amendments to IFRS 4	Insurance Contracts	Exemption from IFRS 9	25 June 2020	1 January 2021	15 December 2020	No impact
Amendments to IFRS 16	Leases	Amendment to IFRS 16 regarding COVID-19-related rent concessions after 30 June 2021	31 March 2021	1 April 2021	Not yet	Rent concessions were recognised in profit or loss as variable rental/lease payments. The impact that would result from application is still being reviewed

The company plans to adopt the new or amended standards for the first time in the year in which they come into force.

Accounting based on the going concern principle and limited comparability with the previous year

The insolvency proceedings opened on 1 April 2019 for GERRY WEBER International AG were terminated with effect from 31 December 2019. Insofar, there is limited comparability, as a stub fiscal year was formed in the previous year from 1 April 2019 to 31 December 2019, which was followed by a full fiscal year from 1 January 2020 to 31 December 2020. Moreover, on the one hand, the financial statements of the previous year include a large amount of insolvency-related expenses and income of a non-operational nature and, on the other hand, the current fiscal year includes effects of the COVID-19 pandemic.

The measures to contain the coronavirus pandemic, in particular the closure of retail sales stores ordered by the authorities, are weighing heavily on the company's earnings performance and liquidity. The Managing Board of GERRY WEBER International AG is responding to this crisis with a combination of different instruments, in particular financing measures, operational measures and the use of government aid. More detailed information can be found in the section "Risks from the coronavirus pandemic" in the chapter "Risk and opportunity report" of the combined management report, where going concern risks are addressed. In view of the measures implemented and initiated to maintain the company's solvency, the financial statements of GERRY WEBER International AG have been prepared based on the assumption that the company will continue as a going concern.

Basis of consolidation

The consolidated financial statements comprise GERRY WEBER International AG as the parent company and the subsidiaries listed below:

- Life-Style Fashion GmbH, Halle/Westphalia,
- GERRY WEBER Retail GmbH & Co. KG, Halle/Westphalia,
- Gerry Weber Retail Verwaltungs GmbH, Halle/Westphalia,
- E-Gerry Weber Digital GmbH, Halle/Westphalia,
- Gerry Weber Iberica S.L. U., Palma de Mallorca, Spain,
- GERRY WEBER FAR EAST Ltd., Hong Kong, China,
- Gerry Weber France s.a.r.l., Paris, France,
- Gerry Weber Denmark ApS, Albertslund, Denmark,
- Gerry Weber Dis Ticaret Ltd. Sirkuti, Istanbul, Turkey,
- Gerry Weber Ireland Ltd., Dublin, Ireland,
- Gerry Weber GmbH, Vienna, Austria,
- GERRY WEBER Italia GmbH
- GERRY WEBER UK Ltd., London, United Kingdom,
- Gerry Weber GmbH, Raeren, Belgium,
- GERRY WEBER ASIA Ltd., Hong Kong, China,
- Gerry Weber Shanghai Co. Ltd., Shanghai, China,
- GERRY WEBER Polska Sp. z o.o., Warsaw, Poland,
- Gerry Weber Logistics GmbH, Halle/Westphalia,
- GERRY WEBER Incompany B.V., Amsterdam, Netherlands,
- GERRY WEBER Retail B.V., Amsterdam, Netherlands,
- GERRY WEBER Sweden AB, Malmö, Sweden,
- GERRY WEBER CZ s.r.o., Prague, Czechia,
- Gerry Weber Belux BVBA, Brussels, Belgium,
- Gerry Weber Retail NV, Brussels, Belgium,
- Gerry Weber Coast NV, Brussels, Belgium,
- GERRY WEBER SK S.R.O., Bratislava, Slovakia,
- GERRY WEBER Finland OY, Helsinki, Finland,

- GERRY WEBER Wholesale Fashion GmbH, Glattpark, Switzerland,
- GERRY WEBER Canada Ltd., Moncton, Canada,
- Gerry Weber Outlet BVBA, Brussels, Belgium,
- Gerry Weber Norge AS, Trondheim, Norway,
- TB Fashion GERRY WEBER GmbH, Halle/Westphalia,
- Brentrup Sp. z o.o., Lodz, Poland,
- OOO Gerry Weber RUS, Moscow, Russia,
- Gerry Weber OOO, Moscow, Russia.

All companies are wholly owned.

The major subsidiaries prepare their financial statements as of 31 December 2020 like the parent company. The subsidiaries reporting as of a different balance sheet date than the parent company were included in the consolidated financial statements on the basis of interim financial statements.

Gerry Weber Trading (Shanghai) Co. Ltd., Shanghai, China, and GW Media GmbH, Halle/Westphalia were liquidated and merged, respectively, in the past fiscal year.

Consolidation principles

Subsidiaries are all companies controlled by the Group. Pursuant to IFRS 10, the GERRY WEBER Group has control over an investee if it has power over the latter's material activities, is exposed to variable returns and has the ability to affect those returns through its power over the investee. This is generally the case where the voting interest exceeds 50%. When assessing whether the Group has control, the existence and the effect of potential voting rights which are currently exercisable or convertible are taken into account.

Subsidiaries are consolidated (full consolidation) from the time at which control is transferred to the Group. They are deconsolidated at the time when control ends.

The effects of intra-group transactions are eliminated. Receivables and liabilities between the consolidated entities are netted, intercompany profits and losses are eliminated and intra-group income is offset against the corresponding expenses. Deferred taxes as required pursuant to IAS 12 are established for temporary differences on consolidation.

Business combinations

Subsidiaries are accounted for using the acquisition method. The cost of acquisition is equivalent to the fair value of the assets surrendered, the equity instruments issued and the liabilities incurred and/or assumed at the time of the transaction. It also includes the fair values of all assets or liabilities resulting from contingent consideration agreements. Assets, liabilities and contingent liabilities which are identifiable in the context of a business combination are initially recognised at their fair value at the time of acquisition.

Acquisition-related costs are recognised as an expense at the time they are incurred.

Any contingent consideration is measured at fair value at the time of acquisition. Subsequent changes in the fair value of a contingent consideration classified as an asset or liability are measured in accordance with IFRS 9 and any resulting gain or loss is recognised either in profit or loss. A contingent consideration classified as equity will not be remeasured and its subsequent settlement will be recognised in equity.

Goodwill

Goodwill is recognised at the value that arises from the surplus of the acquisition costs, the amount of the non-controlling interests in the company acquired as well as the fair value of any previously held equity interests as of the acquisition date above the equity interest of the Group in the net assets measured at fair value. Should the cost of acquisition be lower than the net assets measured at fair value of the subsidiary acquired, the difference is recognised directly in the income statement.

Business combinations pursuant to IFRS 3

The GERRY WEBER Group made no such acquisition in the past fiscal year.

Currency translation

The financial statements of the parent company are prepared in euros (EUR), which is also the functional currency.

Foreign currency transactions in the separate financial statements of GERRY WEBER International AG and its subsidiaries are translated at the exchange rates prevailing at the time of the transaction. As at the balance sheet date, monetary items in foreign currency are shown at the closing rate. Exchange differences are recognised in profit or loss.

Given that the consolidated foreign companies mainly operate in their currency area, their financial statements are prepared in the local currency according to the concept of the functional currency and translated into euros as at the balance sheet date. Assets and liabilities with the exception of equity capital are translated at the closing rate. Effects from the currency translation of the equity capital are shown in equity. The items of the income statement are translated at average annual exchange rates. Exchange differences resulting from different translation rates in the balance sheet and the income statement are recognised in equity.

The table below shows the changes in the exchange rates on which the currency translation is based and which have an influence on the consolidated financial statements:

Currencies		Closing rate		Average annual exchange rate	
1 EUR in		**31 Dec. 2020**	**31 Dec. 2019**	**1 Jan. 2020–31 Dec. 2020**	**1 Apr. 2019–31 Dec. 2019**
Denmark	DKK	7.44	7.47	7.45	7.47
United Kingdom	GBP	0.90	0.85	0.89	0.85
Hong Kong	HKD	9.51	8.66	8.86	8.75
Canada	CAD	1.56	1.46	1.53	1.46
Romania	RON	4.87	4.77	4.84	4.78
Russia	RUB	91.47	70.28	82.72	69.96
Turkey	TRY	9.11	6.42	8.05	6.68
USA	USD	1.23	1.11	1.14	1.12
China	CNY	8.02	7.78	7.87	7.82
Switzerland	CHF	1.08	1.10	1.07	1.09
Poland	PLN	4.56	4.28	4.44	4.26
Sweden	SEK	10.03	10.57	10.48	10.45
Czech Republic	CZK	26.24	25.51	26.46	25.41
Norway	NOK	10.47	10.08	10.72	9.86

B. ACCOUNTING AND VALUATION PRINCIPLES

With the exception of certain items, the GERRY WEBER Group prepares its balance sheet using the cost method. The accounting and valuation methods used for the individual items are explained in greater detail below.

Goodwill

Goodwill arising on consolidation and representing the amount by which the cost of an acquisition exceeds the Group's share in the fair value of the subsidiary's net assets is recognised in accordance with IFRS 3 and tested for impairment annually as at the balance sheet date and whenever there are indications of impairment. Impairment losses are immediately recognised as an expense and not reversed in subsequent periods.

Other intangible assets

Purchased intangible assets are recognised at cost for each category, taking ancillary costs and cost reductions into account, and amortised using the straight-line method.

Development expenditure is recognised as an expense as the capitalisation requirements of IAS 38 are not met. This expenditure mainly comprises the cost of the development of the collections and is mostly of a short-term nature.

Determined pro rata temporis in the year of acquisition, the depreciation amounts are mainly based on the following useful lives:

	Useful life
Software and other rights	3–5 years
Customer bases	5–10 years

Property, plant and equipment

Property, plant and equipment are recognised at cost for each category, less systematic straight-line depreciation.

The acquisition cost comprises the purchase price, ancillary costs and cost reductions. The cost of internally generated assets includes direct costs as well as directly attributable portions of the overheads. Borrowing costs are taken into account for qualifying assets. Where leasehold improvements were concerned, dismantling costs were capitalised at their present value. An average interest rate of 1.5% (previous year: 1.1%) p.a. was applied.

No investment-related government grants were received.

Determined pro rata temporis in the year of acquisition, the depreciation amounts are mainly based on the following useful lives:

	Useful life
Building components and leasehold improvements	10–50 years
Plant and machinery	3–15 years
Other plant, furniture and fixtures	1–15 years

Property, plant and equipment are written down for impairment in accordance with IAS 36 where required.

Gains or losses from the derecognition of an item of property, plant and equipment are determined as the difference between the proceeds from the sale and the carrying amounts of the item of property, plant and equipment and recognised under other operating income or other operating expenses in the income statement.

Impairment of non-financial assets

Non-financial assets (property, plant and equipment, intangible assets including goodwill) are tested for impairment triggering events on every balance sheet date. Where such triggering events are identified, an estimate of the recoverable amount of the respective asset is made. The recoverable amount is the higher of the fair value of an asset less costs of disposal and its value in use. The value in use is equivalent to the present value of the expected cash flows. To discount the expected cash flows, a weighted average cost of capital is used, which reflects the risks of the asset. If no recoverable amount can be determined for an asset, the recoverable amount for the smallest identifiable group of assets (cash-generating unit or CGU) is determined which can be assigned to the respective asset. If the carrying amount of an asset or a CGU or group of CGUs exceeds the recoverable amount, the asset is immediately written down through profit / loss. Where an impairment loss exists in a CGU or group of CGUs, any existing goodwill is first written off. The remaining impairment loss proportionally reduces the remaining non-current assets of the CGU or group of CGUs.

The effects of the COVID-19 pandemic led to a triggering event in the fiscal year 2020. The assets recognised were therefore tested for impairment. This test did not reveal any need to recognise a further impairment loss in 2020. Impairments were already recognised as part of the (insolvency-related) restructuring in the previous years. In the context of the insolvency, the store portfolio was also reviewed. Unprofitable stores (including intangible assets as well as fixtures and fittings) were given up and therefore derecognised. A further analysis of the store portfolio was carried out in the fiscal year 2020 after the outbreak of the COVID-19 pandemic. In this context, further stores were disposed of. The carrying amounts of the remaining store portfolio are not impaired.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until substantially all activities necessary to prepare the asset for its intended use are complete. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use.

When determining the amount of the borrowing costs eligible for capitalisation in a period, all investment income from the temporary investment of the borrowings is deducted from the borrowing costs.

Other borrowing costs are expensed in the period in which they are incurred.

Financial instruments

IAS 32 defines a financial instrument as a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets comprise cash and cash equivalents, trade receivables as well as loans and receivables originated by the enterprise and derivative financial assets.

Financial liabilities include trade accounts payable, liabilities to banks, derivative financial liabilities and other financial liabilities.

In accordance with IFRS 9, the GERRY WEBER Group divides financial assets and financial liabilities into the following categories:

- financial assets and liabilities recognised at amortised cost,
- financial assets and liabilities recognised at fair value in other comprehensive income or at fair value in profit or loss.

The classification of financial instruments in accordance with IFRS 9 is generally dependent on an entity's business model for managing its financial assets and liabilities and contractual cash flows, and is determined at the time of initial recognition.

GERRY WEBER Group's policy with regard to its financial instruments is to hold them until maturity and to receive and make interest and principal payments at the designated times.

Financial assets

Financial assets are generally measured at fair value upon initial recognition. Fair value usually corresponds to the market prices of the financial assets. Where these are not available, they are calculated using accepted measurement models and current market parameters.

Cash and cash equivalents recognised in the balance sheet comprise cash, bank balances as well as current deposits and are initially measured at amortised cost.

After initial recognition, trade receivables as well as other loans and receivables are also measured at amortised cost, less potential impairment losses, if they are of a long-term nature, also using the effective interest rate method. Gains and losses on derecognition or impairment are recognised in the result for the period.

At GERRY WEBER, impairment losses on financial assets measured at amortised cost relate primarily to trade receivables, for which a risk provision is established in accordance with the expected-credit-loss model of IFRS 9. The impairments recognised are based on historical information on bad debts, whereby the default rates are adjusted if there are indications that a higher default risk will arise in the future. In addition, an assessment is made at each balance sheet date as to whether there is any objective evidence of impairment in individual cases. There is objective evidence of impairment in the following cases: evidence of financial difficulty of a customer or customer group, default or delinquency in interest or principal payments, the probability of bankruptcy as well as facts indicating a measurable reduction in estimated future cash flows such as unfavourable changes in the payment situation of the borrower or the economic situation which are consistent with the default. The impairment loss is equivalent to the difference between the carrying amount and the present value of the expected future cash flows, discounted at the original effective interest rate of the financial asset. If, in a subsequent period, an increase in the fair value is determined, the impairment is reversed up to an amount no higher than amortised cost.

A financial asset is derecognised when the contractual rights to cash flows from that financial asset expire or are transferred. In the context of such a transfer, substantially all rewards and risks associated with ownership of the financial asset or control of the financial asset must be transferred.

Financial liabilities

Financial liabilities are measured at fair value upon initial recognition.

After initial recognition, trade accounts payable and interest-bearing loans are measured at amortised cost using the effective interest rate method. Gains and losses arising in this process are recognised in profit or loss upon derecognition or repayment of the liabilities. A financial liability is derecognised when the underlying obligation is settled, is cancelled or expires.

Determination of fair values

A number of accounting methods and disclosures of the GERRY WEBER Group require the determination of the fair values of financial and non-financial assets and liabilities.

To the extent possible, the GERRY WEBER Group uses available market data to determine the fair value of an asset or a liability. Based on the input factors used for the measurement methods, the fair values are assigned to different levels in the fair value hierarchy:

- Level 1 fair value measurements result from quoted prices (unadjusted) in active markets for identical financial assets or liabilities.

- Level 2 fair value measurements are based on parameters that correspond to unquoted prices for assets and liabilities as in Level 1 (data), either directly derived (i.e. as prices) or indirectly derived.

- Level 3 fair value measurements result from models which use parameters that are not based on observable market data to measure assets or liabilities (non-observable parameters, assumptions).

Current tax

Actual tax is the expected tax liability or tax asset on the taxable income or tax loss for the fiscal year based on tax rates that apply for the taxation period as well as all adjustments of tax liabilities of previous years. Discernible tax risks for pending tax audits were taken into account.

Deferred tax

Deferred tax is recognised for all temporary differences between the tax base of the assets and liabilities and their carrying amounts in the IFRS statements ("liability method"). Deferred tax is measured at the respective tax rates (and tax regulations) valid or about to be adopted in law as at the balance sheet date and which are expected to be valid at the time of the recognition of the tax claim or the settlement of the deferred tax liability.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable income will be available against which they can be used. Deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In accordance with IAS 1.70, deferred tax assets and deferred tax liabilities are recognised as non-current and are not discounted.

Inventories

In accordance with IAS 2, inventories are measured at average purchase and conversion costs. Conversion costs include direct costs as well as adequate indirect materials and labour costs. No borrowing costs are capitalised.

Where required, inventories were written down to lower net realisable values. When the circumstances which previously caused inventories to be written down no longer exist, the amount of the write-down is reversed.

Intercompany profits resulting from sales within the Group are eliminated.

Assets classified as held for sale

This item includes assets for which a sales contract had already been signed as at the balance sheet date and/or assets attributable to a discontinued operation. In accordance with IFRS, these assets are recognised at the lower of the carrying amount and the fair value less costs of disposal.

Other provisions

Provisions are recognised in accordance with the relevant regulations (especially IAS 19 and IAS 37). They are established when legal or constructive obligations exist as a result of a past event and a reliable estimate can be made of the amount of the outflow of resources required to settle the obligation. In the case of individual risks, the provision is valued as the most probable settlement amount taking into account all discernible risks. As a result, the calculation of the provisions was not subject to major uncertainties.

Non-current provisions are discounted and recognised at their present value on the basis of a pre-tax rate. As of 31 December 2020, non-current provisions were discounted at an average rate of 1.5% (previous year: 1.1%). Increases in provisions resulting purely from interest compounding are recognised as interest expenses through profit or loss in the income statement.

Rental and lease agreements

Rental and lease agreements in the GERRY WEBER Group primarily include rental agreements for retail stores. IFRS 16 requires that, in principle, all assets and liabilities from leases, with the exception of short-term leases or leases in which the underlying asset has a low value, be recognised in the balance sheet. Rental/lease agreements are recognised in the balance sheet of the GERRY WEBER Group as right-of-use assets and liabilities. They are initially measured at the present value of future rental/lease payments. The payments included in the retail store liability do not include non-lease components that are contained in the leases, such as operating costs. Also, variable payments (e.g. revenue-based payments) are not included in the lease liability but expensed.

As part of subsequent measurement, depreciation on the capitalised rights of use and interest on liabilities are recorded in the income statement. Recognised liabilities are subsequently divided into a principal portion (shown under financing activities) and an interest portion (shown under operating activities). As a general rule, the GERRY WEBER Group uses the incremental borrowing rate at the time a newly concluded rental/lease agreement is recognised to calculate the interest portion of the rental/lease payments.

On the part of the lessor, a distinction is made between operating and finance leases, with the GERRY WEBER Group having only operating leases as a lessor. The rental income of the latter is shown as other operating income. The rented/leased asset is reported under fixed assets and written off systematically.

In the case of short-term leases (term of up to 12 months) and leases where the underlying asset has a value of less than KEUR 5, the lease payments are immediately expensed within other operating expenses.

Realisation of income and expenses

Sales revenues are measured at the fair value of the consideration received or to be received. Sales revenues comprise the consideration from the sale of goods and are recognised net of turnover tax, returns, rebates and price discounts. The Group recognises sales revenues when the amount of the revenues can be reliably measured, when it is probable that economic benefit will flow to the company and when the specific criteria for each type of activity described below are met. The Group makes estimates based on historical figures – taking customer-specific, transaction-specific and contract-specific features into account.

In connection with the recognition of revenue, trade receivables are recognised after the service has been rendered. Customers' payment term in relation to these receivables is usually between 0 and 90 days.

(a) Sale of goods – Wholesale

The Group produces and sells a range of ladieswear to wholesalers. As a general rule, revenues from the sale of goods are recognised when a Group entity has transferred control over products to a wholesaler, especially when the sales channel and the sales price of the product are at the discretion of the wholesaler and when there are no unmet obligations which could affect the wholesaler's acceptance of the goods. Delivery will be deemed to have occurred only after all goods have been sent to the stipulated place, the risk of obsolescence and loss has passed to the wholesaler and either the wholesaler has accepted the goods in accordance with the provisions of the purchase contract or the Group has objective indications that all conditions of acceptance have been met. In addition, partnership schemes have been agreed with some customers. Partnership schemes help to improve the presentation of the GERRY WEBER collections at the point of sale and to generate higher income for both parties through a better pricing policy. In this context, possibilities to return merchandise within a limited time-frame and value range were granted. Provisions for anticipated reimbursement liabilities from returns have been established for this purpose with an impact on sales revenues. This calculation is based on expected return rates. Moreover, consignment contracts have been signed with selected partners, under which the merchandise remains the property of GERRY WEBER until it is sold to the final consumer. Sales revenues are therefore recognised only after the merchandise has been sold to the final customer. Up to that time, no control is transferred by the GERRY WEBER Group to the consignment customer.

(b) Sale of goods – Retail

The Group operates a chain of retail stores selling ladieswear. Revenues from the sale of goods are recognised when a Group entity has sold products to an end consumer. Retail sales are usually settled in cash or by EC/credit card.

Historical information is used as the basis to estimate the rate of returns and the creation of an appropriate provision for the reimbursement liability at the time of sale.

(c) Internet revenues
Revenues from the web-based sale of goods are recognised at the time when control over these goods passes to the customer. Provisions for internet credit items to cover the expected reimbursement liabilities from returns are calculated on the basis of historical return rates.

Accounting of public grants and subsidies

In the context of the COVID-19 pandemic, the GERRY WEBER Group received public grants and subsidies in the fiscal year 2020. These are mostly short-time work allowances and comparable benefits. The short-time work allowance was netted with the corresponding personnel expenses. Other COVID-19-related government grants were recognised as other operating income.

Assumptions, estimates and discretionary decisions

Accounting based on the going concern principle
The consolidated financial statements of the GERRY WEBER Group were prepared on a going concern basis. The assessment of the company's ability to continue as a going concern is based on the current plans and budgets prepared by the Managing Board.

Impairment of non-financial assets
When testing intangible assets and property, plant and equipment of the company-managed retail stores for impairment, certain basic assumptions were made with regard to the recoverable amount. Within this framework, the expected cash flows for the impairment tests are derived from planned budgets for the cash-generating units or groups of cash-generating units and discounted. Management assumes that the assumptions and estimates on which the discounted cash flows are based are adequate. Changes in the economic conditions and the sector-specific growth assumptions may, however, have an impact on the impairment tests that may lead to impairment in future. In the valuation of the Group's own retail stores and outlets, their EBITDA contributions were analysed from the Group's perspective. This forward-looking analysis of the expected revenues and costs was based on the assumption of a normalisation of the COVID-19 impacts in the course of 2021.

Provisions
GERRY WEBER operates in numerous countries, where the company is exposed to the most diverse conditions. Due to the complexity of the international rules and regulations, it is possible that deviations between the actual events and the assumptions made and / or changes in such assumptions require future adjustments of the provisions recognised in the balance sheet. Provisions are established for the potential effects of individual facts based on reasonable estimates. Potential differences between the original estimate and the actual outcome may have an impact on the net worth, financial and earnings position of the GERRY WEBER Group in the respective period.

Inventories
To account for inventory risks, inventories are written down to the expected lower sales proceeds less selling expenses.

Under the influence of the COVID-19 pandemic, inventories were tested for additional impairment. Additional impairments were recognised in order to account for inventory risks resulting from the measures taken to combat the pandemic, in particular the closure of physical retail spaces.

Write-downs of receivables
The recoverability of trade receivables is assessed on the basis of the estimated probability of default. Overdue receivables are written down using individually determined percentage rates. If the financial situation of

a customer deteriorates, the amount of the actually required derecognition may exceed the write-downs, which may have an adverse impact on the earnings position.

Term of rental and lease obligations

When determining the rights of use and the corresponding rental/lease liabilities in accordance with IFRS 16, the GERRY WEBER Group assumes, after detailed analysis and adjustment of its store portfolio, that the available renewal options will be exercised in full. Where the accounting for leases is concerned, the determination of the discount rate is a material estimate. The discount rate is based on a maturity-dependent and country-specific base rate plus a premium for credit risk.

C. NOTES TO THE BALANCE SHEET

(1) Fixed assets

Land charges in the amount of KEUR 15,000 (previous year: KEUR 15,000) have been created for certain fixed assets of the Group (HQ land and buildings) to cover Group liabilities.

(a) Intangible assets / goodwill

KEUR	Concessions, industrial rights and similar rights and assets as well as licenses to such rights and assets	Goodwill	Payments on account	**Total**
Costs				
1 January 2020	***127,383***	***34,900***	***4,285***	***166,569***
Exchange differences	−2	0	0	−2
Additions	242	0	2,604	2,846
Reclassifications	4,331	0	−6,223	−1,892
Disposals	−1,562	0	−119	−1,681
31 December 2020	***130,392***	***34,900***	***547***	***165,839***
Depreciation / amortisation				
1 January 2020	***111,532***	***34,900***	***0***	***146,433***
Exchange differences	−2	0	0	−2
Additions	7,437	0	0	7,437
Reclassifications	−657	0	0	−657
Disposals	−1,147	0	0	−1,147
31 December 2020	***117,163***	***34,900***	***0***	***152,063***
Carrying amount 31 December 2019	**15,851**	**0**	**4,285**	**20,136**
Carrying amount 31 December 2020	**13,229**	**0**	**547**	**13,776**

KEUR	Concessions, industrial rights and similar rights and assets as well as licenses to such rights and assets	Goodwill	Payments on account	Total
Costs				
1 April 2019	***144,694***	***34,900***	***2,578***	***182,173***
Exchange differences	–2	0	0	–2
Additions	373	0	2,946	3,319
Reclassifications	1,256	0	–1,239	17
Disposals	–18,938	0	0	–18,938
31 December 2019	***127,383***	***34,900***	***4,285***	***166,569***
Depreciation/amortisation				
1 April 2019	***123,903***	***34,900***	***0***	***158,804***
Exchange differences	–2	0	0	–2
Additions	5,697	0	0	5,697
Reclassifications	0	0	0	0
Disposals	–18,066	0	0	–18,066
31 December 2019	***111,532***	***34,900***	***0***	***146,433***
Carrying amount 31 March 2019	**20,791**	**0**	**2,578**	**23,369**
Carrying amount 31 December 2019	**15,851**	**0**	**4,285**	**20,136**

Concessions, industrial rights and similar rights and assets as well as licenses to such rights and assets

As at the balance sheet date, this item mainly included software.

The following items are fully written off or impaired, but are still partially included in the gross presentation of fixed assets.

Lease agreements

The advantageous lease agreements recognised as depreciable intangible assets were the result of business combinations and were written off over the remaining term of the leases using the straight-line method. The resulting expenses are recognised in the income statement under “Depreciation/amortisation”. The residual carrying amounts as of 31 March 2019 were written off in full in the context of an impairment test.

Customer relationships

Customer relationships were identified and capitalised at their present value in the context of business combinations in previous fiscal years. The present value was determined based on an assumed useful life of five to eight years using a duration-specific discount rate. The customer relationships recognised as depreciable intangible assets were written down to zero for impairment using the straight-line method.

Goodwill

Goodwill resulted from positive differences from business combinations. It was primarily attributable to the “GERRY WEBER Retail” segment, save for the HALLHUBER goodwill, which was attributable to the “HALLHUBER Retail” segment. In these segments, the individual sales spaces were defined as cash-generating units.

No impairment test was required as of 31 December 2020, as all non-depreciable intangible assets were already fully impaired as of 31 March 2019.

Additions to other intangible assets mainly relate to purchased software.

(b) Rights of use from lease agreements

The accounting standard IFRS 16 "Leases" was applied in the fiscal year from 1 January 2020 to 31 December 2020. Information on the accounting treatment of agreements in the GERRY WEBER Group is presented in section I.

Rights of use from lease agreements	KEUR
Costs	
1 January 2020	***266,833***
Exchange differences	0
Additions	5,851
Disposals	–41,111
31 December 2020	***231,573***
Depreciation / amortisation	
1 January 2020	***30,809***
Exchange differences	0
Additions	32,871
Disposals	–11,301
31 December 2020	***52,379***
Carrying amount 31 December 2019	**236,024**
Carrying amount 31 December 2020	**179,194**

Rights of use from lease agreements	KEUR
Costs	
31 March 2019	***0***
Adjustment on first-time adoption of IFRS 16	265,229
1 April 2019	***265,229***
Exchange differences	0
Additions	1,604
Disposals	0
31 December 2019	***266,833***
Depreciation / amortisation	
1 April 2019	***0***
Exchange differences	0
Additions	30,809
Disposals	0
31 December 2019	***30,809***
Carrying amount 31 March 2019	**0**
Carrying amount 31 December 2019	**236,024**

As of 31 December 2020, the capitalised rights of use under lease agreements included leases primarily for retail stores of KEUR 178,827 (previous year: KEUR 235,349 April 367: KEUR 675) and lease agreements for motor vehicles of KEUR 367 (previous year: KEUR 675). The disposals in the amount of KEUR 29,810 (previous year: KEUR 0) are mainly attributable to renegotiations and terminations of rental agreements.

(c) Property, plant and equipment

KEUR	Land, leasehold rights and buildings including buildings on third-party land	Plant and machinery	Other fixtures and fittings, tools and equipment	Payments on account and plant under construction	Total
Costs					
1 January 2020	***160,222***	***68,295***	***64,994***	***31***	**293,542**
Exchange differences	–169	0	–213	0	–383
Additions	1,063	46	582	441	2,132
Reclassifications	1,175	260	864	–406	1,893
Disposals	–7,522	–110	–6,355	0	–13,987
31 December 2020	***154,769***	***68,491***	***59,872***	***66***	***283,198***
Depreciation/amortisation					
1 January 2020	***91,574***	***68,027***	***53,467***	***0***	***213,068***
Exchange differences	–145	0	–200	0	–345
Additions	4,766	103	3,964	0	8,833
Reclassifications	641	278	–261	0	658
Disposals	–7,068	–72	–6,127	0	–13,267
31 December 2020	***89,768***	***68,336***	**50,843**	**0**	***208,947***
Carrying amount 31 December 2019	**68,648**	**269**	**11,527**	**31**	**80,474**
Carrying amount 31 December 2020	**65,001**	**155**	**9,029**	**66**	**74,250**

KEUR	Land, leasehold rights and buildings including buildings on third-party land	Plant and machinery	Other fixtures and fittings, tools and equipment	Payments on account and plant under construction	**Total**
Costs					
1 April 2019	***180,063***	***68,262***	***79,981***	***715***	**329,021**
Exchange differences	36	0	–18	0	18
Additions	311	101	735	57	1,204
Reclassifications	648	0	77	–742	–17
Disposals	–20,836	–68	–15,780	0	–36,684
31 December 2019	***160,222***	***68,295***	***64,994***	***31***	***293,542***
Depreciation/amortisation					
1 April 2019	***106,433***	***67,910***	***64,527***	***0***	***238,869***
Exchange differences	60	0	11	0	72
Additions	5,894	183	4,186	0	10,263
Reclassifications	0	0	0	0	0
Disposals	–20,813	–67	–15,257	0	–36,136
31 December 2019	***91,574***	***68,027***	***53,467***	***0***	***213,068***
Carrying amount 31 March 2019	**73,631**	**352**	**15,454**	**715**	**90,152**
Carrying amount 31 December 2019	**68,648**	**269**	**11,527**	**31**	**80,474**

This item mainly comprises corporate real estate in Halle/Westphalia.

Leasehold improvements and furniture and fixtures for rented retail properties are shown under "Land, leasehold rights and buildings including buildings on third-party land" as well as "Other fixtures and fittings, tools and equipment".

As in the previous year, impairments on cash-generating units (CGUs) with exclusively depreciable assets as well as on jointly used depreciable assets did not have to be recognised as of 31 December 2020.

(d) Financial assets

KEUR	Investments	Other loans	**Total**
Costs			
1 January 2020	***309***	***976***	**1,285**
Exchange differences	0	0	0
Additions	0	2	2
Reclassifications	0	0	0
Disposals	–54	0	–54
31 December 2020	***255***	***978***	***1,233***
Depreciation/amortisation			
1 January 2020	***265***	***800***	***1,065***
Exchange differences	0	0	0
Additions	0	0	0
Reclassifications	0	0	0
Disposals	–15	0	–15
31 December 2020	**250**	**800**	***1,050***
Carrying amount 31 December 2019	**45**	**176**	**221**
Carrying amount 31 December 2020	**5**	**178**	**183**

KEUR	Investments	Other loans	**Total**
Costs			
1 April 2019	***310***	***1,095***	**1,404**
Exchange differences	0	0	0
Additions	0	62	62
Reclassifications	0	0	0
Disposals	–1	–180	–181
31 December 2019	***309***	***976***	***1,285***
Depreciation/amortisation			
1 April 2019	***264***	***800***	***1,064***
Exchange differences	0	0	0
Additions	0	0	0
Reclassifications	0	0	0
Disposals	1	0	1
31 December 2019	**265**	**800**	***1,065***
Carrying amount 31 March 2019	**45**	**295**	**340**
Carrying amount 31 December 2019	**45**	**176**	**221**

Itemised breakdown:

KEUR	31 Dec. 2020	31 Dec. 2019
Long-term deposits	82	82
Rent deposits	96	94
Shares in limited partnerships	0	38
Shares in foreign corporations	5	7
	183	**221**

Financial assets were recognised at amortised cost, which is equivalent to the fair value taking potential impairments into account. As a general rule, the shares in limited partnerships and the shares in foreign corporations are recognised at cost as the fair value cannot be reliably determined. There is no active market in these shares.

(2) Deferred tax

The following deferred tax assets and liabilities were stated to reflect recognition and valuation differences of the individual balance sheet items:

KEUR	Deferred tax assets		Deferred tax liabilities	
	31 Dec. 2020	**31 Dec. 2019**	**31 Dec. 2020**	**31 Dec. 2019**
Non-current assets	1	0	2,162	2,096
Current assets	367	661	1,026	1,108
Non-current provisions	1,044	1,024	233	378
Current liabilities	668	398	207	1,343
	2,080	**2,083**	**3,628**	**4,925**

Deferred tax assets and liabilities of EUR 53.8 million (previous year: EUR 70.8 million) were netted in the financial statements as of 31 December 2020. These relate to non-current assets from rights of use under lease agreements (deferred tax liabilities) and corresponding non-current and current liabilities (deferred tax assets). There remains an asset surplus of EUR 0.7 million (previous year: EUR 0.4 million).

The expenses or income from temporary differences stated in the income statement are equivalent to the change in the respective balance sheet items unless they were offset against equity.

As in the previous year, there are tax loss carryforwards in a significant double-digit million amount. They mainly relate to the companies in Germany, Spain, Austria and Belgium. The resulting deferred tax assets are currently not recognised and amounts already capitalised in the previous years were written off in full as the current situation makes it impossible to predict with sufficient certainty that the respective tax advantages will be realised in the medium term.

Of the unrecognised deferred tax assets, amounts totalling EUR 2.7 million (previous year: EUR 3.1 million) will expire in one to thirteen years.

If deferred taxes arise at Group companies which posted losses in the current period or the previous years, these are capitalised only if management assumes that the company will in future generate profits which support the value of the deferred tax assets.

(3) Inventories

KEUR	**31 Dec. 2020**	31 Dec. 2019
Raw materials and supplies	20	2,644
Work in progress	4,862	7,297
Finished goods and merchandise	41,819	55,124
	46,702	**65,065**

The usual reservations of ownership apply.

Write-downs of KEUR 8,007 were made on merchandise not sold due to the COVID-19 pandemic. Additional impairment losses may be required if the expectations regarding the marketing of seasonal goods that could not be sold in the context of the COVID-19 pandemic turn out to be much too optimistic. In the previous year, an amount of KEUR 853 was written off for sales measures planned in connection with the restructuring.

(4) Trade receivables

Trade receivables in an amount of KEUR 12,015 (previous year: KEUR 14,715) have a maturity of less than one year, with the vast majority being due in less than three months.

Allowances for doubtful accounts amounted to KEUR 5,537 (previous year: KEUR 3,994). Any existing trade credit insurance is taken into account in the calculation of the allowances.

Expenses and income for trade receivables are recognised in other operating expenses and income.

(5) Other assets (current)

Other assets in an amount of KEUR 18,176 (previous year: KEUR 33,696) have a maturity of less than one year.

Other assets comprise:

KEUR	**31 Dec. 2020**	31 Dec. 2019
Financial assets		
Rent deposits	2,078	1,723
Supplier balances	702	3,767
Shares in HALLHUBER	0	1,500
	2,780	***6,990***
Non-financial assets		
Payments on account	8,101	14,644
Tax claims	4,704	5,331
Prepaid expenses	1,857	5,258
Collateral	276	276
HR receivables	209	210
Other	249	987
	15,396	***26,706***
	18,176	**33,696**

The fair value of the shares in HALLHUBER reported under other current financial assets in the consolidated financial statements for the period ended 31 December 2019 was assumed to be zero, as a "Schutzschirmverfahren" (a three-month phase of creditor protection) was initiated in April 2020, which led to insolvency proceedings in July 2020. For information on the shares in HALLHUBER, please refer to the additional information in section C (8).

The payments on account essentially relate to inventories.

(6) Income tax receivables

Tax refund claims of KEUR 1,388 (previous year: KEUR 1,324) relate to domestic corporate income tax and trade tax as well as to the solidarity surcharge associated with corporate income tax.

(7) Cash and cash equivalents

Apart from current accounts with banks, this item comprises cheques, payments in transit and cash.

Current accounts are held with various banks, mostly in euros.

Cash and cash equivalents reported as of 31 December 2020 also include trust accounts with a balance of KEUR 21,108 (previous year: KEUR 61,652). These are subject to restrictions on disposal and serve to settle liabilities to be met in the insolvency proceedings.

(8) Assets classified as held for sale / liabilities directly associated with assets classified as held for sale

(a) Description

The items were exclusively related to the HALLHUBER subsidiary, which was included in the consolidated financial statements until 8 July 2019. In the context of the financial restructuring, bridge financing in the form of a liquidity line of EUR 10 million was agreed with an investor, Robus Capital Management Ltd., for the then subsidiary, HALLHUBER GmbH, on 7 February 2019. In addition, Robus acquired receivables of GERRY WEBER Group member companies towards HALLHUBER, for most of which a subordinated status had already been agreed, at a purchase price of EUR 1 million. At the same time, a call option for HALLHUBER was granted; in this context, it was agreed that, if the option were exercised by Robus, GERRY WEBER would either retain a 14% stake in HALLHUBER or a 12% stake plus a cash purchase price of EUR 500,000. The call option for HALLHUBER was to be exercisable only after various conditions had been met, which was assumed to be the case in May 2019.

The liquidity line made available was used to ensure the ongoing business operations of HALLHUBER for the time being. The HALLHUBER segment was ready for sale when the purchase option was granted on 7 February 2019. As a result, the HALLHUBER segment became a discontinued operation pursuant to IFRS 5 in the stub fiscal year 2019. On 8 July 2019, a fund managed by Robus Capital Management Ltd.finally acquired the majority shareholding in HALLHUBER GmbH from GERRY WEBER International AG. In accordance with the agreement, GERRY WEBER continues to hold a 12% stake in HALLHUBER. In addition, GERRY WEBER received EUR 500,000 in cash from Robus. Since Robus Capital Management exercised the option, HALLHUBER has no longer been fully consolidated and is therefore no longer included in the consolidated financial statements as a discontinued operation but merely as an investment and is to be sold in the context of the insolvency plan. In the current fiscal year, however, the investment was written off in full as HALLHUBER has opened insolvency proceedings in the meantime. Please refer to section C. (5).

As part of the accounting treatment as a discontinued operation, all income and expense items were reported in the income statement as income from discontinued operations in the stub fiscal year 2019. The balance sheet items attributable to the discontinued operation were recognised as assets classified as held for sale and liabilities directly associated with assets classified as held for sale. As the sale was made already in 2019, the respective items were no longer carried in the balance sheet as of 31 December 2019.

(b) Financial performance and cash flow information

KEUR	**1 Jan. 2020–31 Dec. 2020**	1 Apr. 2019–31 Dec. 2019
Sales revenues	0	48,713
Other operating income	0	137
Change in inventories	0	–3,497
Cost of materials	0	–12,127
Personnel expenses	0	–9,717
Depreciation / amortisation	0	–1,700
Other operating expenses	0	–21,730
Financial result	0	–265
Profit before taxes on income	***0***	***–186***
Taxes on income	0	186
Result from discontinued operations	**0**	**0**
Other result from discontinued operations	0	0
Cash flow from operating activities	0	3,671
Cash flow from investing activities	0	–3,826
Cash flow from financing activities	0	0
Net decrease / increase in cash generated by the subsidiary	**0**	**–155**

(9) Equity

Changes in equity are shown in the statement of changes in equity.

As a general rule, the Group manages its capital with the aim of maximising the income for the stakeholders by optimising the debt-to-equity ratio. In this context, the company aims to ensure that all Group companies can operate as a going concern. The capital structure is managed centrally by the parent company. Regular reporting processes have been established to monitor targets and the achievement of objectives.

Equity capital and total assets amount to:

KEUR	**31 Dec. 2020**	31 Dec. 2019	Change
Equity capital in KEUR	56,134	121,442	–63,308
Equity in % of total capital	13 %	21 %	
Debt capital in KEUR	376,880	459,225	–82,345
Debt capital in % of total capital	87 %	79 %	
Total capital (equity and debt capital) in KEUR	**433,014**	**580,667**	**–147,653**

Equity capital comprises the subscribed capital, the reserves of the Group and the accumulated profits. Debt capital is defined as current and non-current financial liabilities, provisions and other liabilities.

Under an employee share ownership programme, employees of management tier III (executives incl. team leaders and store managers) received 12,126 shares free of charge. For this purpose, GERRY WEBER International AG had acquired 12,202 shares from its shareholders in the fiscal year 2020. As a result, the company held 76 own shares as at the balance sheet date.

(a) Subscribed capital

Based on an entry in the Commercial Register on 25 June 2020, the subscribed capital of GERRY WEBER International AG was increased by EUR 195,238.00 from EUR 1,025,000.00 to EUR 1,220,238.00. After deduction of 76 own shares held as at the balance sheet date, the subscribed capital amounted to EUR 1,220,162.00. The nominal amount per share is EUR 1.

On 3 December 2019, the Annual General Meeting of GERRY WEBER International AG authorised the Managing Board to issue new shares with a nominal value of up to EUR 400,000.00 from authorised capital. The authorised capital was registered on 11 May 2020.

(b) Capital reserve

The capital reserve includes the premiums on the shares issued plus the premiums paid in the sale of own shares exceeding the amount recognised in retained earnings as well as the nominal value of the shares.

A premium of EUR 0.01 per bearer share was charged in the context of the KEUR 195 increase in the share capital in the reporting year. Consequently, a premium of KEUR 2 was allocated to the capital reserve. The cost of funding of KEUR 1 was deducted from the capital reserve.

In addition, the equity portion of the convertible bonds issued to insolvency creditors in connection with the insolvency plan was allocated to the capital reserve in the amount of KEUR 673 in the reporting year.

(c) Retained earnings

Retained earnings comprised the profits generated by the consolidated companies in the past which were not distributed or converted into share capital as well as earnings effects resulting from consolidation measures in the previous years less the pro-rated premiums paid in the acquisition of own shares.

In the previous year, retained earnings were released in accordance with section 229 of the German Stock Corporation Act (AktG), save for statutory retained earnings pursuant to section 150 para. 2a AktG, and then increased by the statutory amount of KEUR 103 in line with the treatment in the financial statements of the parent company as a prerequisite for implementing the simplified share capital reduction.

(d) Exchange differences

This item comprises the differences arising from the currency translation of the financial statements of foreign subsidiaries which are not prepared in EUR.

(e) Accumulated profits

The table below shows the changes in accumulated profits:

KEUR	
Carried forward 31 December 2019:	122,358
Dividend payment in 2020	0
Allocation to retained earnings	0
Net income for the fiscal year 2020	***–65,453***
Accumulated profits as of 31 December 2020	**56,905**

(10) Provisions for personnel (non-current)

Offsetting the assets used to secure the old-age part-time obligations in the amount of KEUR 547 (previous year: KEUR 722) against the corresponding provisions of KEUR 524 (previous year: KEUR 559) resulted in a total amount of KEUR 23 (previous year: KEUR 163) as of 31 December 2020. This asset is shown under "Provisions for personnel (non-current)".

(11) Other provisions (non-current)

This item includes an amount of KEUR 4,176 (previous year: KEUR 4,069) resulting from the company's obligation to remove leasehold improvements.

These provisions are established on the basis of the expected settlement amounts as well as the agreed lease terms. Uncertainties exist with regard to the cost estimates and the actual time at which the provisions will be used. A total of KEUR 1,063 was added and KEUR 955 was released (previous year: KEUR 55 added and KEUR 1,916 released).

Interest expenses in the amount of KEUR 128 (previous year: KEUR 55) from unaccrued interest on provisions were recognised. Expected cash outflows accrue within a period of 5 to 10 years.

(12) Non-current financial liabilities and (17) current financial liabilities

This item primarily includes liabilities to insolvency creditors as well as loans from insolvency plan sponsors. The table below shows the non-current and current financial liabilities as at the balance sheet date of 31 December 2020 and the previous year's balance sheet date:

KEUR	**Carrying amount 31 Dec. 2020**	Carrying amount 31 Dec. 2019
Insolvency liabilities		
Bonds	38,487	38,186
Convertible bonds	1,832	1,808
GWI* cash quota	7,999	21,099
GWI* excess liquidity quota	9,447	11,595
GWR* cash quota and excess liquidity quota	7,309	6,994
Additional quotas	29,146	29,317
Bond interest	311	0
Provisions and adjustments	5,309	4,611
	99,840	***113,610***
Thereof current	13,800	74,187
Thereof non-current	86,040	39,423
Loans		
Long-term loan (incl. capitalised interest)	23,539	34,200
Revolving credit facility	17,500	0
	41,039	**34,200**
	140,879	**147,810**

* GERRY WEBER International AG / GERRY WEBER Retail GmbH

The insolvency plan, which became legally effective in November 2019, had granted the groups of insolvency creditors certain options with regard to the type and time structure of the settlement of their claims; these options were exercised in the course of January 2020. These led to the issue of fixed-interest bonds with a nominal value of KEUR 30,128 and convertible bonds with a nominal value of KEUR 1,193 in the first half of 2020.

The fixed-interest bonds and the convertible bonds have a term from 15 June 2020 to 31 December 2023 and bear interest at a rate of 4% p.a. as well as 5% p.a. and 3%, respectively, from 1 January 2023 over the entire term until the conversion right is exercised.

As a consequence of the COVID-19 pandemic, individual agreements were reached with a large number of creditors from all insolvency creditor groups of GERRY WEBER International AG in April and May 2020 regarding the adjustment of their claims. Essentially, it was agreed that these creditors would defer 35% of their claims until 31 December 2023. As a result, the non-current portion of liabilities to insolvency creditors increased, while the current portion decreased. An exit kicker of 2% due in 2024 was agreed on the basis of the insolvency claim and the EBITDA targets. These amounts are shown with the amount of the GWI excess liquidity quota as of 31 December 2020.

Additional quotas were created for the insolvency creditors of GERRY WEBER International AG, e.g. for the future sale of the Ravenna Park logistics centre and the remaining 12% interest in HALLHUBER held by GERRY WEBER International AG. The fair value of the shares in HALLHUBER recognised under other financial assets was assumed to be zero instead of the previous KEUR 1,500 as insolvency proceedings were opened against the company's assets in July 2020. Correspondingly, the HALLHUBER additional quota was fully derecognised through profit and loss.

In addition to redemption payments of KEUR 18,945 and the equity portion of the convertible bonds of KEUR 673, expenses from interest accrual of KEUR 2,567 and other expenses of KEUR 1,625 from value adjustments were recognised in profit or loss in the reporting period, which mainly result from the recognition of the exit kicker.

The following loans are available to GERRY WEBER International AG: KEUR 22,351 (long-term loan) and KEUR 17,500 (credit facility). The credit facility can be drawn on a revolving basis. At the end of the fiscal year, the full amount of KEUR 17,500 was drawn. The current interest rate for the long-term loan is 12.0% p.a.; 8.0% thereof may be deferred until final maturity (PIK). The loan is accounted for using the effective interest method, taking into account a one-off amount of KEUR 2,496 deferred until 30 June 2024. The revolving credit facility has an interest rate of 8.0% p.a. and a commitment rate of 4.0% p.a. The long-term loan has a final maturity date of 31 December 2023. The revolving credit facility is limited until 31 December 2023.

(13) Liabilities from rights of use (non-current and current)

This item includes the non-current portion of the liabilities from lease agreements of KEUR 151,023 (previous year: KEUR 194.901). For information on the accounting treatment of lease agreements, please refer to the information in section I.

Liabilities from rights of use (current)

This item includes the current portion of the liabilities from lease agreements of KEUR 30,398 (previous year: KEUR 42.953).

(14–16) Provisions 31 December 2020 and 31 December 2019 (current)

The table below shows the changes in, and the composition of, the provisions:

Type of provision in KEUR	Carried forward 1 Jan. 2020	Use	Reversal	Addition	**As of 31 Dec. 2020**
(14) Tax provisions	***64***	***64***	***0***	***34***	***34***
(15) Provisions for personnel					
Bonuses	908	771	137	698	698
Vacation	2,722	2,060	662	1,791	1,791
Old-age part-time work (current)	81	70	0	0	11
Special annual payment	69	69	0	303	303
Severance payments	2,422	1,219	0	551	1,755
Other	887	872	15	852	852
	7,090	***5,061***	***813***	***4,196***	***5,411***
(16) Other provisions					
Returns and warranties	407	407	0	1,154	1,154
Outstanding invoices	4,159	3,981	178	2,098	2,098
Accounting expenses	890	890	0	1,013	1,013
Restructuring*	18,644	10,729	1,188	1,633	8,360
Supervisory Board compensation	30	30	0	70	70
Other	7,422	6,438	984	6,782	6,782
	31,552	***22,475***	***2,349***	***12,749***	***19,477***
	38,706	**27,600**	**3,163**	**16,979**	**24,922**

* Fußnote fehlt

Type of provision in KEUR	Carried forward 1 Apr. 2019	Use	Reversal	Addition	**As of 31 Dec. 2019**
(14) Tax provisions	***531***	***531***	***0***	***64***	***64***
(15) Provisions for personnel					
Bonuses	1,723	1,076	647	908	908
Vacation	3,561	3,507	54	2,722	2,722
Old-age part-time work (current)	76	0	0	5	81
Special annual payment	2,108	2,108	0	69	69
Severance payments	4,023	3,534	0	1,934	2,422
Other	844	844	0	887	887
	12,335	***11,069***	***701***	***6,525***	***7,090***
(16) Other provisions					
Returns and warranties	174	174	0	407	407
Outstanding invoices	3,664	3,377	287	4,159	4,159
Accounting expenses	666	666	0	890	890
Restructuring*	24,033	7,352	1,786	3,750	18,644
Supervisory Board compensation	1,233	1,233	0	30	30
Other	7,146	7,146	0	7,422	7,422
	36,915	***19,947***	***2,074***	***16,658***	***31,552***
	49,782	**31,547**	**2,775**	**23,246**	**38,706**

* Fußnote fehlt

Offsetting the assets used to secure the old-age part-time obligations in the amount of KEUR 274 (previous year: KEUR 361) against the corresponding provisions of KEUR 262 (previous year: KEUR 280) resulted in a total amount of KEUR 11 (previous year: KEUR 81) as of 31 December 2020. This asset is shown under "Provisions for personnel (non-current)".

In the context of the restructuring, provisions of KEUR 8,360 (previous year: KEUR 18,644) were recognised as of 31 December 2020. As part of the GERRY WEBER Group's concept for the future, which has become necessary to master the COVID-19 crisis, further measures to cut jobs have been agreed with the staff representatives and the competent trade union in 2020.

As at the balance sheet date, provisions comprise the following:

KEUR	**31 Dec. 2020**	31 Dec. 2019
Social plan and severance payment obligations	2,188	1,617
Expected dismantling and compensation payments for store closures and redemption of landlord liens	510	935
Litigation costs	5,662	15,576
Miscellaneous	0	516
	8,360	**18,644**

(17) Trade liabilities

Liabilities from the delivery of goods are subject to the usual reservations of ownership.

(18) Other liabilities

KEUR	**31 Dec. 2020**	31 Dec. 2019
Financial liabilities		
Liabilities to customers	1,374	877
	1,374	***877***
Non-financial liabilities		
Other taxes (especially wage and turnover tax)	1,945	4,117
Social security	527	2,923
Customer vouchers, bonus cards and goods on return	327	1,104
Liabilities to personnel	632	475
Deferred income	500	532
Other liabilities	1,470	1,581
	5,401	***10,732***
	6,776	**11,609**

D. NOTES TO THE INCOME STATEMENT

(19) Sales revenues

This item comprises revenues from the sale of products and services to customers less sales deductions.

The breakdown of sales by business segments is explained in the segment report.

Sales revenues include licensing fees in an amount of KEUR 619 (previous year: KEUR 703) for the utilisation of the name rights.

The COVID-19 pandemic and the resulting almost Europe-wide temporary closures of physical retail stores and the contact restrictions imposed had a significant impact on the fashion industry and the sales revenues generated in the reporting period.

(20) Other operating income

Other operating income comprises the following:

KEUR	**1 Jan. 2020–31 Dec. 2020**	1 Apr. 2019–31 Dec. 2019
Income from the reversal of provisions and allowances	5,144	4,691
Public subsidies	2,068	0
Restructuring gain	2,050	167,579
Rental income	2,695	2,769
Exchange gains	116	507
Income from the provision of motor vehicles	561	522
Insurance compensations	86	0
Income from asset disposal	11	29
Other	593	452
	13,323	**176,549**

Government grants recognised in other operating income are grants in response to the economic impact of the COVID-19 pandemic.
The restructuring gain reported in the previous year's financial statements comprises the following:

KEUR	1 Apr. 2019–31 Dec. 2019
Disposal of previously recognised financial and non-financial liabilities	280,484
Addition of new financial liabilities	112,905
Restructuring gain	**167,579**

The rental income primarily results from leased investment property as well as income from the sub-letting of rented stores not used by the company.

(21) Inventory changes and (22) cost of materials

KEUR	**1 Jan. 2020–31 Dec. 2020**	1 Apr. 2019–31 Dec. 2019
Change in inventories	15,740	19,755
Expenses for raw materials and supplies and purchased goods	15,419	19,930
Expenses for services purchased	90,937	97,312
	106,356	***117,241***
	122,096	**136,996**

Expenses for services purchased include expenses for cut-make-trim (intermediate contractors) as well as expenses for the procurement of goods manufactured by third parties according to our specifications ("full package services").

After arrival of the goods in our shipping centre, it is no longer possible to distinguish between CMT goods and FPS goods. As a result, all finished goods added to our inventories must be shown under inventory changes in the income statement.

(23) Personnel expenses

KEUR	**1 Jan. 2020–31 Dec. 2020**	1 Apr. 2019–31 Dec. 2019
Wages and salaries	71,887	68,797
Social security contributions	13,673	14,247
	85,559	**83,044**

Subsidies in connection with short-time work allowances and similar benefits from the public sector amounting to KEUR 3,886 (previous year: KEUR 0) were netted in personnel expenses.

The GERRY WEBER Group concludes old-age part-time agreements according to the "block model". In accordance with IAS 19, provisions are established according to the projected unit credit method at an interest rate for accounting purposes of 1.60% (previous year: 2.40%) based on a salary trend of 1.00% p.a. (previous year: 1.00% p.a.). The computations are based on the Heubeck mortality tables 2018 G. No discount on staff turnover is taken into account.

No provisions were established in the fiscal year for potential future obligations of the GERRY WEBER Group arising from the use of old-age part-time options, as this probability was estimated at zero.

Personnel expenses of the fiscal year included restructuring-related expenses in the amount of KEUR 5,008 (previous year: KEUR 1.966).

Average number of employees:

KEUR	**1 Jan. 2020–31 Dec. 2020**		1 Apr. 2019–31 Dec. 2019	
	Total	**Germany**	**Total**	**Germany**
White-collar workers	2,468	1,642	3,328	2,290
Trainees / apprentices	29	29	33	33
	2,497	**1,671**	**3,361**	**2,323**

(24) Depreciation / amortisation

The composition of depreciation and amortisation can be seen from the changes in the individual fixed asset components.

(25) Other operating expenses

Other operating expenses comprise the following:

KEUR	**1 Jan. 2020–31 Dec. 2020**	1 Apr. 2019–31 Dec. 2019
Legal and consulting costs	14,054	2,921
Freight, packaging, logistics	12,082	9,894
Advertising, trade fairs	11,197	17,642
Space costs	10,798	22,285
IT costs	10,329	8,723
Losses on receivables / allowances	4,240	2,171
Restructuring expenses	4,033	24,433
Maintenance	3,833	1,834
Insurance, contributions, fees	3,522	3,276
Commissions	2,188	4,751
Collection development	2,060	2,317
Office and communications	1,289	1,086
Other personnel expenses	1,101	1,563
Vehicles	924	1,075
General administration	923	842
Del credere and credit card commissions	866	1,111
Loss from asset disposal	834	1,896
Travelling expenses	798	1,339
Supervisory Board compensation	508	48
Other	395	872
	85,974	**110,079**

In the stub fiscal year from 1 April 2019 to 31 December 2019, restructuring expenses in the amount of KEUR 24,433 were incurred. They included legal and consulting costs in the amount of KEUR 19,621 as well as expenses for the insolvency proceedings of KEUR 4,813.

(26) Other taxes

This item mainly comprises real property and motor vehicle taxes as well as foreign council taxes.

(27) Financial result

KEUR	**1 Jan. 2020– 31 Dec. 2020**	1 Apr. 2019– 31 Dec. 2019
Interest income	11	448
Income from financial assets loaned	0	1
Impairment of shares in HALLHUBER	–1,500	0
Incidental bank charges	–496	–459
Interest expenses	–12,347	–8,451
	–14,332	**–8,461**

Interest expenses mainly result from the compounding of interest on insolvency liabilities, interest on liabilities from lease agreements (IFRS 16) and loans granted by plan sponsors.

Incidental bank charges essentially comprise fees for letters of credit.

(28) Taxes on income

Taxes on income comprise the following main components:

KEUR	**1 Jan. 2020– 31 Dec. 2020**	1 Apr. 2019– 31 Dec. 2019
Taxes of the fiscal year	757	602
Tax expenses of prior years	0	50
Deferred Tax	–1,295	1,527
	–538	**2,179**

Deferred taxes were generally calculated on the basis of the applicable tax rates of each company. A standard tax rate of 30.00% (previous year: 30.00%) was applied to calculate deferred taxes on consolidation measures shown in profit and loss. This domestic tax rate, which comprises corporate income tax and trade tax, was also used as the basis for tax reconciliation.

The reconciliation of expected tax expenses with reported tax expenses is as follows:

KEUR	**1 Jan. 2020– 31 Dec. 2020**	1 Apr. 2019– 31 Dec. 2019
Profit before taxes on income	–65,991	121,315
Group tax rate	30.00%	30.00%
Expected tax income	–19,797	36,395
Tax effect on the tax-free restructuring gain	0	–50,307
Tax effect on non-taxable tax losses for which no deferred taxes were formed	17,822	14,741
Taxes on trade tax additions/deductions	1,030	977
Taxes on non-deductible operating expenses	576	35
Off-period tax expenses/income	0	50
Tax rate differences	–218	0
Other	49	102
Actual tax expenses –0.8% (previous year: 1.9%)	**–538**	**2,179**

(29) Earnings per share

In accordance with IAS 33, basic earnings per share were calculated on the basis of the consolidated net profit/loss for the year after taxes attributable to ordinary shareholders of GERRY WEBER International AG and the average number of shares outstanding during the period.

In calculating diluted earnings per share, both the weighted average number of shares outstanding and the weighted average number of shares assuming conversion of all dilutive potential shares were taken into account and set in relation to the consolidated net income after tax attributable to the ordinary shareholders of GERRY WEBER International AG. As an exercise of the convertible bond in the current loss-making situation would counteract the dilution, up to 40,000 shares (in the previous year there were no dilution effects on balance) were not considered in the calculation of the diluted average of ordinary shares.

Each ordinary share carries a voting right and is fully entitled to dividends. All shares have the same rights. The amounts on which the calculation is based were determined as follows:

Consolidated net income/loss for the year in KEUR	**1 Jan. 2020– 31 Dec. 2020**	1 Apr. 2019– 31 Dec. 2019
Consolidated net loss attributable to ordinary shareholders of the parent company	**−65,453**	**119,322**

Number of ordinary shares	Shares
Voting shares on 1 April 2019	45,507,715
Capital reduction (section 229 AktG) with subsequent capital increase (Commercial Register entry of 31 October 2019)	−44,482,715
Voting shares on 31 December 2019	1,025,000
Capital increase (Commercial Register entry of 25 June 2020)	+195,238
Purchase of own shares (1 January 2020)	−76
Voting shares on 31 December 2020 (basic)	1,220,162

Taking into account the entry of the capital increase in the Commercial Register on 25 June 2020 and the shares acquired by the company on 1 January 2020, this results in a weighted average of 1,126,019.84 shares in circulation during the reporting period (stub fiscal year 2019: 35,622,667 shares).

Basic earnings per share thus amount to EUR −58.12 (previous year: EUR 105.96). Diluted earnings per share amount to EUR −58.12 (previous year: EUR −105.96). For better comparability of the periods, earnings per share for the prior year period were calculated on the basis of the average (basic) number of shares in the reporting period.

No dividend was paid for either the fiscal year 2020 or the comparative period.

E. ADDITIONAL DISCLOSURES AND EXPLANATIONS REGARDING FINANCIAL INSTRUMENTS

Maturity analysis of financial assets

KEUR	Neither written down nor due as of the reporting date	Not written down as of the reporting date but due since:					Gross value of the written-down receivables
		< 1 month	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**> 12 months**	
Loans	0	0	0	0	0	0	0
Trade receivables	5,327	753	0	0	0	0	5,936
Other assets	2,780	0	0	0	0	0	0
31 Dec. 2020	***8,107***	***753***	***0***	***0***	***0***	***0***	***5,936***
Loans	0	0	0	0	0	0	0
Trade receivables	12,453	1,676	0	0	0	0	4,581
Other assets	6,990	0	0		0	0	0
31 Dec. 2019	***19,443***	***1,676***	***0***	***0***	***0***	***0***	***4,581***

Write-down schedule

The table below shows the write-down schedule for trade receivables as of 31 December 2020:

31 Dec. 2020 in KEUR	Expected impairment	Itemised allowance	Total write-downs
As of 31 Dec. 2019	***185***	***3,811***	***3,995***
Additions	0	3,712	3,712
Drawings	0	–2,021	–2,021
Reversals	–64	–84	–148
As of 31 Dec. 2020	**121**	**5,417**	**5,537**

31 Dec. 2019 in KEUR	Expected impairment	Itemised allowance	Total write-downs
As of 31 Mar. 2019	***516***	***3,099***	***3,615***
Additions	0	1,799	1,799
Drawings	0	–1,026	–1,026
Reversals	–331	–61	–393
As of 31 Dec. 2019	**185**	**3,811**	**3,995**

Trade credit insurance is taken out for the trade receivables, which cover about 75% (previous year: 77%) of the respective total receivables. In addition, the creditworthiness of the counterparties is examined. The other financial assets are not exposed to a material risk of default. The maximum risk of default is limited to the carrying amounts.

Contractual remaining terms of financial liabilities

The table below shows the contractual remaining maturities of the financial liabilities as at the balance sheet date of the fiscal year 2020.

		Undiscounted cash flows			
KEUR	Carrying amount	up to 1 year	1 to 5 years	more than 5 years	Total
Insolvency liabilities	99,840	15,136	95,152	0	110,288
Loans from the plan sponsors	23,539	974	34,329	0	35,303
Other loan and interest liabilities	17,500	17,500	0	0	17,500
Liabilities from rental and lease agreements	181,422	30,864	107,437	65,485	203,786
Other financial liabilities	0	0	0	0	0
Financial liabilities (total)	***322,301***	***64,474***	***236,918***	***65,485***	***366,877***
Trade liabilities	15,055	15,055	0	0	15,055
Carrying amount 31 Dec. 2020	**337,356**	**79,529**	**236,918**	**65,485**	**381,932**

		Undiscounted cash flows			
KEUR	Carrying amount	up to 1 year	1 to 5 years	more than 5 years	Total
Insolvency liabilities	113,610	75,126	43,523	0	118,649
Loans from the plan sponsors	34,200	0	34,200	0	34,200
Liabilities from rental and lease agreements	237,853	43,577	124,563	101,760	269,900
Other financial liabilities	880	880	0	0	880
Financial liabilities (total)	***386,543***	***119,583***	***202,286***	***101,760***	***423,629***
Trade liabilities	14,090	14,090	0	0	14,090
Carrying amount 31 Dec. 2019	**400,633**	**133,673**	**202,286**	**101,760**	**437,719**

The short-term cash outflows from financial liabilities are offset by planned cash inflows from receivables and other financial assets.

The contractually agreed remaining maturities of the financial liabilities as of the reporting date result in the following future interest payments for the GERRY WEBER Group.

Future interest payments

The following table shows the contractual undiscounted interest payments as at 31 December 2020, which are also part of the previously presented undiscounted cash outflows from financial liabilities. The imputed interest portion of the lease payments is not shown in the table below.

	Undiscounted interest payments			
KEUR	up to 1 year	1 to 5 years	more than 5 years	Total
Expected interest payments from non-current loans	974	9,482	0	10,456
Expected interest payments from bonds and convertible bonds	1,258	5,437	0	6,695
As of 31 Dec. 2020	**2,232**	**14,920**	**0**	**17,151**
Expected interest payments from non-current debt instruments	6,115	20,085	0	26,200
Other financial liabilities	363	0	0	363
As of 31 Dec. 2019	**6,478**	**20,085**	**0**	**26,563**

In the previous year, expected interest payments from non-current debt instruments comprised interest payments from bearer and convertible bonds based on the assumed use of these debt instruments by the insolvency creditors at the time the insolvency plan became effective (31 October 2019).

Financial risk management

As a result of its international activities, the GERRY WEBER Group is exposed to a number of financial risks. These include, in particular, the effects of changes in exchange rates and interest rates. The risk management system of GERRY WEBER is geared to reducing risks.

The Managing Board defines the general risk management guidelines and thus determines the general approach to hedging exchange rate and interest rate risks and the use of derivative financial instruments. The Group did not use any derivatives in the fiscal year and in the previous year. For further information on financial market risks and financial risk management, please refer to the Group management report.

Exchange rate risk

The GERRY WEBER Group is exposed to exchange rate risks relating to different foreign currencies, especially the US dollar and the British pound. Foreign currency holdings in the form of receivables, liabilities and bank balances are recognised for these currencies.

Sensitivity analyses were performed to quantify the exchange rate risk. This is done on the basis of a hypothetical 5% change in the exchange rate.

The tables below show the pre-tax effect including the exchange rate hedges as of 31 December 2020:

31 Dec. 2020 KEUR	Cash inflows	Cash outflows	Net amount	Absolute effect of a +5% change in the exchange rate on the net result for the period
USD	224	−4,738	−4,514	−215
GBP	674	0	674	−32

31 Dec. 2019 KEUR	Cash inflows	Cash outflows	Net amount	Absolute effect of a +5% change in the exchange rate on the net result for the period
USD	937	−6,673	−5,737	−273
GBP	360	0	360	−17

Counterparty risk

The GERRY WEBER Group is exposed to default risks on financial assets (loans, receivables and other assets) and invested cash and cash equivalents. The creditworthiness of counterparties to financial assets is monitored by the accounting system. In addition, del credere cover is provided by insurers and other parties such as central regulators. As a general rule, money transactions and financial instruments are signed only with a defined group of banks of excellent credit standing. The creditworthiness of these banks is monitored continuously and classified using quantitative and qualitative factors.

The maximum risk of default corresponds to the carrying amount of the corresponding financial assets.

Liquidity risk

Liquidity risks may arise from the lack of available follow-up financing (liquidity risk in the narrower sense) as well as from delays in planned cash inflows and unplanned payments (plan risk). The liquidity risk is monitored continuously on the basis of the budget prepared for the budget year and the following years. New and unplanned business transactions (e.g. acquisitions) are incorporated continuously. In addition, the maturity profiles of financial assets and liabilities are matched regularly. Plan risks are managed through constant monitoring of projected and actual cash flows.

In the course of the insolvency proceedings with debtor-in-possession status, the liquidity situation was intensively monitored. This is continued after the conclusion of the insolvency proceedings. The conclusion of the insolvency proceedings moreover led to a reduction in debt. The debt of GERRY WEBER International AG restructured as a result of the insolvency plan will mainly have to be refinanced as of 31 December 2023. As at the balance sheet date of 31 December 2019, there were uncertainties regarding the exercise of the settlement options granted to the insolvency creditors (cash quota or bonds).

For a maturity analysis of the undiscounted payment obligations, see the corresponding table earlier in this chapter.

Bottom line effect of financial instruments

KEUR	Financial Assets	Financial Liabilities
From interest rates	12	–12,347
From losses of receivables and write-downs	–4,241	0
31 Dec. 2020	***–4,229***	***–12,347***
From interest rates	448	–8,559
From losses of receivables and write-downs	–2,171	0
31 Dec. 2019	***–1,723***	***–8,559***

Carrying amount and fair values by measurement categories

The table below shows the carrying amounts and the fair values of the individual financial assets and liabilities for each category of financial instruments in accordance with IFRS 9.

	IFRS 9 valuation			
KEUR	Amortised cost		Fair value	
Financial instruments as of 31 Dec. 2020	**Carrying amount**	**For information: fair value**	**Recognised in profit or loss (net profit/loss for the year)**	**Not recognised in profit or loss (other comprehensive income)**
Continuing operations				
Non-current financial assets				
Measured at amortised cost	178	178		
Equity instruments			6	
Current financial assets				
Trade receivables	12,015	12,015		
Other financial assets	2,780	2,780	0	
Cash and cash equivalents	85,250	85,250		
	100,223	***100,223***	***6***	***0***
Non-current liabilities				
Financial liabilities	109,579	109,579		
Other liabilities	0	0		
Current liabilities				
Financial liabilities	31,300	31,300		
Liabilities from rental and lease agreements	15,055	15,055		
Other liabilities	1,374	1,374		
	157,308	**157,308**	**0**	**0**

After conclusion of the insolvency proceedings and the modifications made, the fair value of the liabilities corresponds to the respective carrying amount.

As of the previous year's reporting date of 31 December 2019, the financial instruments were classified as follows:

	IFRS 9 valuation			
KEUR	Amortised cost		Fair value	
Financial instruments as of 31 Dec. 2019	**Carrying amount**	**For information: fair value**	**Recognised in profit or loss (net profit/loss for the year)**	**Not recognised in profit or loss (other comprehensive income)**
Continuing operations				
Non-current financial assets				
Measured at amortised cost	176	176		
Equity instruments			45	
Current financial assets				
Trade receivables	14,715	14,715		
Other financial assets	5,490	5,490	1,500	
Cash and cash equivalents	126,929	126,929		
	147,310	***147,310***	***1,545***	***0***
Non-current liabilities				
Financial liabilities	73,623	73,623		
Current liabilities				
Financial liabilities	47,544	47,544		
Standstill obligation			26,643	
Liabilities from rental and lease agreements	14,090	14,090		
Other liabilities	877	877		
	136,134	**136,134**	**26,643**	**0**

Fair values of financial assets and liabilities by measurement categories

The assignment of the financial instruments measured at fair value can be seen from the table "Carrying amounts and fair values by measurement categories".

The fair value of the financial assets and liabilities measured at amortised cost is also shown in the table above. It is assumed that the fair value approximates the carrying amount. For current assets and liabilities, this assumption is based on their short maturity. Where non-current financial liabilities are concerned, the interest on debt capital has not changed materially since the last fair value measurement (date of initial recognition and/or measurement in connection with the insolvency in the previous year).

F. NOTES TO THE CASH FLOW STATEMENT

Cash and cash equivalents comprise current liquid funds (KEUR 85,250; previous year: KEUR 126,929) less current liabilities to banks (KEUR 17.500; previous year: KEUR 0).

The cash flow statement describes the cash flows in the fiscal year 1 January 2020 to 31 December 2020 and the previous year, divided into cash inflows and outflows from operating activities, from investing activities and from financing activities. Changes in the basis of consolidation and in exchange rates had no effect on cash and cash equivalents.

Cash outflow from investing activities comprises additions to property, plant and equipment and financial assets as well as income from fixed asset disposals. Financing activities comprise changes in other financial liabilities.

Cash inflow from operating activities in the fiscal year 2020 includes payments for interest received of KEUR 11 (previous year: KEUR 448) and for interest paid of KEUR 8,120 (previous year: KEUR 7,969). Income tax payments of KEUR 851 were made (previous year: refunds of KEUR 647).

The table below shows the changes in non-current and current financial liabilities.

		Financing activities		
KEUR	01 Jan. 2020	Cash Borrowings / repayments	Non-cash Reclassifications / accrued interest	31 Dec. 2020
Non current financial liabilities				
Insolvency liabilities	39,422	–18,645	65,263	86,040
Loans from the plan sponsors	34,200	–12,319	1,658	23,539
Liabilities from rental and lease agreements	194,901	0	–43,878	151,023
	268,523	***–30,964***	***23,043***	***260,602***
Current financial liabilities				
Insolvency liabilities	74,187	0	–60,387	13,800
Liabilities from rental and lease agreements	42,953	–32,249	19,694	30,398
Other loans	0	17,500	0	17,500
	117,140	***–20,584***	***–34,858***	***61,698***
Total liabilities from financing activities	**385,663**	**–51,548**	**–11,815**	**322,300**

The other loans raised are short-term current account liabilities that are included in cash and cash equivalents. These cash inflows are therefore not part of the cash flow from financing activities.

KEUR	01 Jan. 2019	Financing activities Cash Borrowings/ repayments	Financing activities Non-cash Reclassifications/ accrued interest	31 Dec. 2019
Non current financial liabilities				
Insolvency liabilities	0	0	39,422	39,422
Loans from the plan sponsors	0	34,200	0	34,200
Liabilities from rental and lease agreements	0	0	194,901	194,901
	0	***34,200***	***234,323***	***268,523***
Current financial liabilities				
Insolvency liabilities	0		74,187	74,187
Liabilities from rental and lease agreements	0	–28,980	71,933	42,953
Other loans	221,105		–221,105	0
	221,105	***–28,980***	***–74,985***	***117,140***
Total liabilities from financing activities	**221,105**	**5,220**	**159,338**	**385,663**

The GERRY WEBER Group has no unused credit lines.

G. SEGMENT REPORTING

Fiscal year 2020

KEUR	Wholesale GERRY WEBER	Retail Gerry Weber	Consolidation	Total
Sales by segment	***124,803***	***159,745***	***−6,362***	***278,186***
thereof:				
sales with external third parties	118.962	159.224	0	278.186
Intersegment revenues	5.841	521	−6.362	0
EBIT	***−14.208***	***−38.735***	***783***	***−51.659***
Depreciation / amortisation	13.182	35.959	0	49.141
EBITDA	***−1.026***	***−2.775***	***783***	***−2.518***
Personnel expenses	22.954	62.606	0	85.559
Interest income	5	6	0	11
Interest expenses	5.219	7.128	0	12.347
Assets	195.735	237.279	0	433.014
Liabilities	180.552	199.200	−2.871	376.880
Investments in non-current assets	1.456	3.521	0	4.977
Number of employees (annual average)	447	2.050	0	2.497
Impairments recognised in profit / loss				
of inventories	2.623	291	0	2.914
of trade receivables	−1.135	−965	0	−2.100

Fiscal year from 1 April 2019 to 31 December 2019

KEUR	Wholesale GERRY WEBER	Retail GERRY WEBER	Retail HALLHUBER	Consolidation	Total
Sales by segment	***125,100***	***211,708***	***48,713***	***−6,296***	***379,225***
thereof:					
sales with external third parties	120,108	210,404	48,713	0	379,225
Intersegment revenues	4,992	1,304	0	−6,296	0
EBIT	***37,352***	***91,778***	***79***	***832***	***130,041***
Depreciation / amortisation	5,002	41,768	1,700	0	48,470
EBITDA	***42,353***	***133,546***	***1,779***	***832***	***178,510***
Personnel expenses	17,245	65,799	9,717	0	92,761
Interest income	163	285	0	0	448
Interest expenses	2,962	5,488	265	0	8,716
Assets	253,915	326,752	1,500	0	582,167
Liabilities	174,995	288,516	0	−4,286	459,225
Investments in non-current assets	1,981	2,604	3,826	0	8,411
Number of employees (annual average)	484	2,877	1,703	0	5,064
Impairments recognised in profit / loss					
of inventories	−5,090	−3,187	0	0	−8,277
of trade receivables	−609	9	0	0	−600

For the purpose of segment reporting, the segments of the GERRY WEBER Group are defined by the Group's business activities pursuant to the management approach (IFRS 8). In contrast to the income statement, the key figures of the HALLHUBER segment are still included in previous year's segment report (stub fiscal year 2019). In the stub fiscal year 2019, the HALLHUBER segment was presented as discontinued operations in the consolidated balance sheet and income statement; however, its financial performance continued to be reported to the Managing Board in the stub fiscal year.

The "Retail" segment comprises the company's own retail activities in the national and international Houses of GERRY WEBER and mono-label stores, the concession stores, the factory outlets and the online shops (e-commerce). The "Wholesale" segment comprises the wholesale activities of the Group's brands (GERRY WEBER, TAIFUN and SAMOON).

In the previous year, the "HALLHUBER" segment comprised income and expenses of the HALLHUBER brand. This segment is no longer presented in 2020 as it was sold in 2019.

The segment information is based on the same recognition and valuation measures as the consolidated financial statements.

Net interest income and tax expenses are viewed by management only at a Group-wide level.

Geographic information

1 Jan. 2020–31 Dec. 2020 in KEUR	Germany	Abroad	**Total**
Sales by regions	***157,759***	***120,427***	**278,186**
Non-current assets	236,514	32,969	269,483
Investments in non-current assets	4,450	527	4,977
Number of employees	1,671	826	2,497

1 Jan. 2020–31 Dec. 2019 in KEUR	Germany	Abroad	**Total**
Umsatzerlöse nach Regionen	***223,743***	***155,482***	**379,225**
Non-current assets	295,846	43,092	338,938
Investments in non-current assets	4,789	–204	4,585
Number of employees	3,579	1,484	5,063

Where the geographical information is concerned, external sales are based on the customer's billing address or, in the event of on-site purchases, on the point of sale. A regional distinction is made between "Germany" and "outside Germany".

H. MISCELLANEOUS INFORMATION

Research and development

Research and development expenses shown under expenses amount to KEUR 2,179 (previous year: KEUR 2,427) and refer to the development of the collections.

Leases

The GERRY WEBER Group has a significant number of lease agreements for retail stores. Office space is also rented to a low extent. Lease agreements for retail stores are often concluded with a minimum lease period of between ten and fifteen years. In addition, renewal options are agreed, for which the GERRY WEBER Group assumes maximum exercise with regard to the portfolio of retail stores remaining after the adjustment measures in connection with the insolvency proceedings.

Moreover, lease expenses for retail stores generally include additional variable, especially turnover-based components. The leases contain price adjustment clauses that are typical of the industry and are linked to general inflation. In general, the renewal and termination options exist unilaterally for the GERRY WEBER Group as the tenant of the stores.

In addition, the GERRY WEBER Group has motor vehicle and IT leases, which usually have a term of three to five years and do not include any renewal options. There are no price adjustment clauses.

The table below shows the composition of the rights of use from rental and lease agreements reported under fixed assets:

KEUR	Leased retail stores	Leased furniture and fixtures	**Total**
As of 31 Dec. 2019	***235,349***	***675***	**236,024**
Additions	5,649	250	5,899
Disposals	29,858	0	29,858
Depreciation / amortisation	32,313	558	32,871
As of 31 Dec. 2020	**178,827**	**367**	**179,194**
As of 31 Mar. 2019	***0***	***0***	**0**
Adjustments upon first-time adoption of IFRS 16	264,032	1,198	265,229
Additions	1,604	0	1,604
Depreciation / amortisation	30,286	523	30,809
As of 31 Dec. 2019	**235,349**	**675**	**236,024**

The disposals shown in the table above are disposals at residual carrying amounts.

The rights of use are measured at amortised cost.

Liabilities from rental/lease agreements

The GERRY WEBER Group reports interest expenses for lease liabilities as part of the financial result in the income statement. The cash flow statement shows outflows for redemption payments of rental and lease liabilities in the amount of KEUR 32,249 (previous year: KEUR 28,980). Cash outflows from leases total KEUR 42,883 (previous year: KEUR 42,215) and also include lease payments (incl. interest payments) recognised as expenses.

There are not rental and lease agreements under which the GERRY WEBER Group bears residual value risks; neither are there any sale-and-lease-back agreements.

The following lease liabilities are recognised in the balance sheet of the GERRY WEBER Group as of 31 December 2020:

KEUR	**31 Dec. 2020**	31 Dec. 2019
Within 1 year	30,398	42,953
Between 1 and 5 years	98,839	115,194
After 5 years	52,184	79,706
	181,422	**237,853**

For a maturity analysis of the undiscounted payments relating to lease liabilities, see E. Additional disclosures and explanations regarding financial instruments.

The following amounts from rental/lease agreements were recognised in the income statement of the GERRY WEBER Group in the period from 1 January to 31 December 2020:

KEUR	**1 Jan.– 31 Jun. 2020**	1 Apr.– 31 Dec. 2019
Interest expenses for rental and lease liabilities	5,837	5,302
Variable rental/lease payments not included in the valuation of rental/lease liabilities	4,625	7,770
Income from the sub-letting of rights of use	–1,330	–2,223
Expenses from current lease agreements as well as from lease agreements for low-value assets	172	163
	9,304	**11,012**

The variable rental/lease payments are revenue-based rents for retail stores.

GERRY WEBER exercises the option not to assess whether a remeasurement of the lease liability and right-of-use asset is required for Covid-19-related rent concessions (see A. General information).

In conjunction with the store leases, the company frequently agrees to make contributions to the communal advertising expenses, which break down as follows:

KEUR	**31 Dec. 2020**	31 Dec. 2019
Within 1 year	687	639
Between 1 and 5 years	1,593	1,463
After 5 years	98	186
	2,378	**2,288**

The GERRY WEBER Group also acts as landlord / lessor. These are mainly sub-letting agreements of existing rental agreements, which are treated as operating leases.

In the fiscal year from 1 January 2020 to 31 December 2020, the Group generated KEUR 1,330 (previous year: KEUR 2,223) from subleases. The table below shows the minimum lease payments from subleases:

KEUR	**31 Dec. 2020**	31 Dec. 2019
Within 1 year	1,247	1,393
Between 1 and 5 years	2,115	3,031
After 5 years	208	541
	3,570	**4,965**

Purchase commitment for investments

As of 31 December 2020, the purchase commitment for investments and projects amounted to EUR 2.8 million (previous year: EUR 1.6 million), of which EUR 2.0 million (previous year: EUR 1.3 million) related to intangible assets.

Litigations

Adequate provisions have been established in the balance sheet for potential risks from pending court or arbitration proceedings. As at the balance sheet date, GERRY WEBER International AG or its subsidiaries were not involved in court or arbitration proceedings that have a major impact on the situation of the Group.

Related party disclosures

Related parties within the meaning of IAS 24 are legal or natural persons that may exert influence over GERRY WEBER International AG and its subsidiaries or are subject to control or material influence by GERRY WEBER International AG. These include, in particular, the members of the executive bodies of GERRY WEBER International AG. There are no unconsolidated entities as well as associates and joint ventures.

In the fiscal year 1 January 2020 to 31 December 2020 as well as in the previous year, transactions were made with members of the executive bodies and/or with companies that are controlled by such members. The table below shows the goods and services received (expenses) and the goods and services provided (income) from and for these companies:

KEUR	**31 Dec. 2020**	31 Dec. 2019
Services provided by the Group		
Goods and services	0	4,313
Total	**0**	**4,313**
Services received by the Group		
Interest	2,331	100
Fees	395	100
Total	**2,726**	**100**

The transactions listed above relate to companies that are controlled by members of the executive bodies.

In addition, the Group had the following receivables and liabilities towards these related parties as at the balance sheet date, with the trade balances relating exclusively to companies controlled by members of the executive bodies:

KEUR	**31 Dec. 2020**	31 Dec. 2019
Trade receivables	0	454

KEUR	**31 Dec. 2020**	31 Dec. 2019
Financial liabilities (non-current)	**41.122**	**34.200**

No allowances or derecognitions relating to receivables from related parties were required.

There are no financial obligations from purchase commitments towards related parties.

In addition, the Managing Board and the Supervisory Board were granted compensation within the scope of their respective activities. For details, see the information below.

Plan sponsors

The loans granted by the plan sponsors amounted to EUR 23.6 million as at the balance sheet date (previous year: EUR 34.2 million): EUR 34.2 million). Liabilities to plan sponsors of EUR 12.3 million were repaid (previous year: EUR 0.0 million): EUR 0.0 million).

In the 2020 financial year, a credit line of EUR 17.5 million was granted, which can be drawn on a revolving basis. revolving credit facility was also granted in the 2020 financial year, which can be drawn down on a revolving basis and was drawn down in full as of the balance sheet date. To secure the loans from the insolvency plan sponsors, security interests in financial and non-financial assets (parts of the inventory) were granted. financial and non-financial assets (parts of inventories, trade receivables and cash and cash equivalents) as well as a and cash and cash equivalents) as well as on a piece of real estate (Group headquarters).

The interest expenses and fees listed above are attributable to the loans described above and the credit line, respectively. For further information, please refer to section (12).

Managing Board

- Alexander Gedat, Rosenheim, from 20 February 2020 (Chief Executive Officer and Chairman of the Managing Board)
- Johannes Ehling, Feldafing, from 20 April 2018 to 20 February 2020 (Chief Sales and Chief Digital Officer, Spokesman of the Managing Board)
- Florian Frank, Hamburg, from 2 October 2018 (Chief Restructuring Officer)
- Urun Gursu, Bielefeld, from 1 March 2019 to 20 February 2020 (Chief Product Officer)
- Angelika Schindler-Obenhaus, Gütersloh, from 1 August 2020 (Chief Operating Officer)

For details of the other memberships of Mr. Alexander Gedat, please refer to the information on the Supervisory Board. None of the Managing Board members was a member of other supervisory boards or control organs as defined in section 125 para. 1 sentence 3 of the German Stock Corporation Act.

Supervisory Board

- Alexander Gedat, Rosenheim, from 3 December 2019 to 20 February 2020 (Chairman from 19 December 2019 to 20 February 2020)
- Dr. Ernst F. Schröder, Bielefeld, until 11 April 2019 (Chairman until 11 April 2019)
- Dr. Tobias Moser, Munich, from 3 December 2019 (Chairman from 20 February 2020)
- Manfred Menningen, Frankfurt am Main (Vice Chairman from 23 August 2018 to 30 November 2019) until 30 November 2019 and from 17 December 2019 (Vice Chairman from 19 December 2019) (trade union representative)
- Alfred Thomas Bayard, Bern, Switzerland, until 14 November 2019
- Alexander Hardieck, Halle / Westphalia, until 30 November 2019
- Ute Gerbaulet, Düsseldorf, until 24 September 2019
- Christina Käßhöfer, Tutzing, from 11 February 2020
- Christie Groves, London, United Kingdom, from 3 December 2019 to 11 February 2020
- Dagmar Heuer, Billerbeck, from 3 December 2019
- Milan Lazovic, London, United Kingdom, from 3 December 2019
- Sanjay Shama, London, United Kingdom, from 3 December 2019
- Ralf Weber, Halle / Westphalia, until 30 November 2019
- Charlotte Weber-Dresselhaus, Halle / Westphalia, until 30 November 2019
- Olaf Dieckmann, Halle / Westphalia, until 30 November 2019 and from 17 December 2019 (staff representative) until 31 March 2020
- Barbara Jentgens, Frankfurt am Main, from 17 December 2019 (staff representative)
- Klaus Lippert, Halle / Westphalia, until 30 November 2019 and from 17 December 2019 (staff representative)
- Rena Marx, Herzebrock-Clarholz, until 30 November 2019 and from 17 December 2019 (staff representative)
- Andreas Strunk, Bad Salzuflen, until 30 November 2019 and from 17 December 2019 (staff representative) until 31 March 2020
- Hans-Jürgen Wentzlaff, Bielefeld, until 30 November 2019 (employee representative)

- Benjamin Noisser, Munich, from 5 March 2020
- Antje Finke, Halle/Westphalia, from 1 April 2020 (staff representative)
- Susanne Künstler, Halle/Westphalia, from 1 April 2020 to 30 September 2020 (staff representative)

The Supervisory Board members also sit on the following supervisory boards and controlling bodies as defined in section 125 para. 1 sentence 3 of the German Stock Corporation Act.

Mr Alexander Gedat, businessman and former member of the Management Board of Marc O' Polo AG, Rosenheim
Chairman of the Supervisory Board:
- Ahlers AG, Herford

Member of the advisory council:
- Fynch-Hatton GmbH, Mönchengladbach
- Sportalm GmbH, Kitzbühel, Austria

Mr Manfred Menningen, Secretary of the Board Chairman of IG Metall, Frankfurt
- Member of the Supervisory Board of Hella KGaA, Lippstadt

None of the other Managing Board members was a member of other supervisory boards or control organs as defined in section 125 para. 1 sentence 3 of the German Stock Corporation Act.

Total compensation of the Managing Board

The table below shows the compensation paid to the individual members of the Managing Board by the parent company:

KEUR	2020 Basic salary	2020 Variable	**2020 Total**	2019 Basic salary	209 Variable	2019 **Total**
Alexander Gedat[1]	440	0	440	0	0	0
Florian Frank[2]	1,100	0	1,100	828	0	828
Angelika Schindler-Obenhaus[3]	150	30	180	0	0	0
Urun Gursu[4]	76	1,092	1,168	344	187	531
Johannes Ehling[5]	103	1,317	1,419	499	175	674
	1,869	**2,438**	**4,307**	**1,671**	**362**	**2,033**

1 from 20 February 2020
2 from 2 October 2018, settled through a management company
3 from 1 August 2020
4 until 29 February 2020, variable incl. special payment due to resignation
5 until 29 February 2020, variable incl. special payment due to resignation

As a general rule, the bonuses are performance-linked.

Total compensation of the Supervisory Board

In accordance with the statutes, the Supervisory Board exclusively receives fixed compensation of KEUR 508 (previous year: KEUR 48) for its work for the parent company and the Group, which was provisioned for in the fiscal year. No variable compensation is granted.

The table below shows the compensation paid to the individual members of the Supervisory Board, which are short-term benefits in accordance with IAS 24.17 (a).

KEUR	2020 Basic salary	2020 Total	2019 Basic salary	2019 Total
Supervisory Board				
Dr. Tobias Moser, Employer representative (from 3 January 2019) Chairman (from 20 February 2020)	145	145	5	5
Alexander Gedat, Employer representative (from 3 December 2019) Chairman (from 19 December 2019 until 20 February 2020)	21	21	9	9
Manfred Menningen, IG Metall (until 30 November 2019 and from 17 December 2019) Vice Chairman (from 19 December 2019)	70	70	4	4
Sanjib Sanjay Shama, Employer representative (from 3 December 2019)	40	40	5	5
Dagmar Heuer, Employer representative (from 3 December 2019)	20	20	5	5
Milan Lazovic, Employer representative (from 3 December 2019)	40	40	5	5
Benjamin Noisser, Employer representative (from 5 March 2020)	24	24	0	0
Christina Käßhöfer, Employer representative (from 11 February 2020)	18	18	0	0
Christie Groves, Employer representative (from 3 December 2019 until 11 February 2020)	2	2	5	5
Barbara Jentgens, IG Metall (from 17 December 2019)	20	20	2	2
Klaus Lippert, Staff representative (until 30 November 2019 and from 17 December 2019)	40	40	2	2
Antje Finke, Staff representative (from 1 April 2020)	20	20	0	0
Rena Marx, Staff representative (until 30 November 2019 and from 17 December 2019)	20	20	2	2
Susanne Künstler, Staff representative (from 1 April 2020 to 30 September 2020)	15	15	0	0
Olaf Dieckmann, Staff representative (until 30 November 2019 and from 17 December 2019 until 31 March 2020)	8	8	2	2
Andreas Strunk, Staff representative (until 30 November 2019 and from 17 December 2019 until 31 March 2020)	5	5	2	2
Summe	**508**	**508**	**48**	**48**

The staff representatives on the Supervisory Board remain entitled to a regular salary under their employment contracts.

Shares held by the Managing Board

Members of the Managing Board did not directly or indirectly hold any shares at the balance sheet date and the previous year's balance sheet date.

Shares held by the Supervisory Board

Members of the Supervisory Board did not directly or indirectly hold any shares at the balance sheet date and the previous year's balance sheet date.

Shareholdings

JPMorgan Chase & Co., Wilmington, Delaware, USA, notified us pursuant to section 34 WpHG on 29 June 2020 that the share of the voting rights in GERRY WEBER International AG, Halle/Westphalia, Germany (the company), held by J.P. Morgan Securities plc, London, United Kingdom, exceeded the 15% threshold of voting rights on 25 June 2020 and on that date amounted to 16% (corresponding to 195,238 voting rights).

In this context, it stated that the voting rights are attributed to it due to the acquisition of shares with voting rights from a capital increase.

Whitebox Advisors LLC, Minneapolis, Minnesota, USA, and Whitebox General Partner LLC, Wilmington, Delaware, USA, notified us on 26 and 29 June 2020, respectively, each in connection with a voluntary notification of voting rights, that, as a result of the above capital increase, no longer 100% but 84% of the voting rights (corresponding to 1,025,000 voting rights) of WBOX 2018-3 Ltd., Cayman Islands, and Robus SCSp SICAV-FIAR, Luxembourg, in the company are attributable to each of them on 25 June 2020. In this context, they stated that the voting rights of WBOX 2018-3 Ltd. and Robus SCSp SICAV-FIAR are attributed to each other due to voting rights exercised in concert.

Robus Capital Management Limited, London, UK, notified us on 29 June 2020, in connection with a voluntary notification of voting rights, that, as a result of the above capital increase, no longer 100% but 84% of the voting rights (corresponding to 1,025,000 voting rights) of WBOX 2018-3 Ltd., Cayman Islands, and Robus SCSp SICAV-FIAR, Luxembourg, in the company are attributable to it on 25 June 2020. In this context, it stated that the voting rights of WBOX 2018-3 Ltd. and Robus SCSp SICAV-FIAR are attributed to each other due to voting rights exercised in concert. It further stated that Prime AIFM Lux S.A., the "Alternative Investment Fund Manager" of Robus SCSp SiCAV-FIAR, sub-authorised Robus Capital Management Limited to exercise voting rights (42% of the voting rights) as "Investment Manager".

Mr Wolfgang Stolz, born on 26 March 1963, notified us pursuant to section 34 WpHG on 26 June 2020 that, as a result of the above capital increase, no longer 50% but 42% of the voting rights (corresponding to 512,500 voting rights) of Robus SCSp SICAV-FIAR, Luxembourg, in the company are attributable to him on 25 June 2020. In this context, he stated that Prime AIFM Lux S.A., the "Alternative Investment Fund Manager" of Robus SCSp SICAV-FIAR, is authorised to exercise voting rights as "Investment Manager".

Mr Wolfgang Stolz, born on 26 March 1963, notified us pursuant to section 34 WpHG on 10 November 2020 that the voting rights of Robus SCSp SICAV-FIAR, Luxembourg, in the company are no longer attributable to him due to the cessation of the controlling position over Prime Capital AG.

Prime Partners GmbH, Frankfurt am Main, Germany, notified us pursuant to section 34 WpHG on 16 November 2020 that the voting rights of Robus SCSp SICAV-FIAR, Luxembourg, amounting to 41.58% (corresponding to 507,375 voting rights) in the company are attributable to it on 2 November 2020 as a result of its controlling position as the ultimate parent company of Prime Capital AG.

Director's dealings

Mr. Ralf Weber, member of the Supervisory Board, sold 432,000 shares at prices between EUR 0.29 per share and EUR 0.38 per share in the stub fiscal year 2019.

Mr. Alexander Hardieck, member of the Supervisory Board, sold 666,673 shares at prices between EUR 0.35 per share and EUR 0.57 per share in the stub fiscal year 2019.

Auditor's fees

The following auditor's fees were recognised as Group expenses:

KEUR	**1 Jan. 2020- 31 Dec. 2020**	1 Apr. 2019– 31 Dec. 2019
Audit services	470	320
thereof attributable to other auditors	190	0
Tax consulting services	0	95
Other services	5	40
	665	**455**

The audit services primarily include the fees for the audit of the consolidated financial statements and the statutory audits of GERRY WEBER International AG by Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft and of the subsidiaries included in the consolidated financial statements by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, which also carried out the audits of GERRY WEBER International AG in the previous year. Other services relate to coordination services in connection with the liquidation of a foreign subsidiary.

German Corporate Governance Code / Statement required under section 161 AktG

The statement required under section 161 of the German Stock Corporation Act was issued by the Managing Board and the Supervisory Board on 3 April 2020, supplemented on 13 May 2020 and published on the website of GERRY WEBER International AG at www.ir.gerryweber.com under Investors / Corporate Governance.

Material transactions with related parties

Organisation

The Supervisory Board of GERRY WEBER International AG has appointed Florian Frank (48) as Chief Financial Officer (CFO) with effect from 1 January 2021 until 31 March 2024. Mr Frank had previously served on the Managing Board as Chief Restructuring Officer (CRO) since 2 October 2018. In his role, he remains responsible for Finance & Controlling, Human Resources, Outbound Logistics, IT, Corporate Sourcing, Capital Markets and Investor Relations.

The Supervisory Board of GERRY WEBER International AG has appointed Angelika Schindler-Obenhaus as Chief Executive Officer for a period of three years with effect from the end of the company's 2021 Annual General Meeting. Angelika Schindler-Obenhaus has served on the Managing Board as Chief Operating Officer (COO) since August 2020 and is responsible for Design, Production, Procurement and Marketing/Communications. In her capacity as CEO, she will also be responsible for Sales. Alexander Gedat remains Chief Executive Officer until the end of the 2021 Annual General Meeting.

Additional liquidity secured

On 18 February 2021, GERRY WEBER International AG secured additional liquidity of around EUR 5 million under a new secured credit facility. Bondholders of the company who hold a minimum of EUR 100,000 (nominal amount or redemption amount) and are entitled to lend to the company were offered the opportunity until 10 March 2021 to exchange their bonds plus an additional cash payment of at least EUR 100,000 (equivalent to EUR 1 in cash per EUR 1 nominal amount or redemption amount of bonds participating in the exchange) for a participation of at least EUR 200,000 in the credit facility. This exchange offer was accepted by the three largest shareholders of the company for a total bond amount of EUR 5,001,826.10 to be exchanged. The associated additional cash payment in the same amount has been paid to the company.

Überbrückungshilfe III (stopgap aid)

On 4 March 2021, GERRY WEBER International AG applied for "Überbrückungshilfe III" (stopgap aid) for the period from November 2020 to February 2021. This instrument is part of the emergency aid made available by the federal government and the federal states to mitigate the economic consequences for companies during the coronavirus crisis.

Coronavirus crisis

At the time of preparing the present report, GERRY WEBER stores in Europe were allowed to reopen at least partially. In Germany, our stores have been open again since 8 March 2021 under strong, regionally varying restrictions depending on the infection trend (e.g. limited number of customers per store or access only by previous appointment). Depending on the infection trend, stronger restrictions may again be imposed on the operation of the stores or regional/national closures may again be ordered in the course of the year.

Even one year after the outbreak of the pandemic, the economic consequences are still difficult to predict due to the many imponderables. To the extent that the consequences of the coronavirus crisis on our business performance are discernible, they are reflected in the forecast, opportunity and risk report, where we also report on the measures taken and planned to safeguard the company. We also report on the further measures taken and planned by us to safeguard the company.

Initiation of status proceedings

On 16 March 2021, the Managing Board announced that it has initiated status proceedings pursuant to section 97 of the German Stock Corporation Act (AktG), as it is of the opinion that the Supervisory Board of the company is no longer to be composed in accordance with the provisions of the German Codetermination Act (parity co-determination), but in accordance with the German One-Third Participation Act. According to the latter, the shareholder representatives and the employee representatives would make up two thirds and one third, respectively, of the Supervisory Board.

Planned sale of the Ravenna Park logistics centre to the Walbusch Group

In March 2021, GERRY WEBER International AG and WB Logistik GmbH, a company of Christian Busch, majority shareholder of fashion company Walbusch Walter Busch GmbH & Co. KG based in Solingen, signed a pre-contract for the sale of the Ravenna Park logistics centre. The latter has been approved by the creditors' committee of GERRY WEBER International AG. The signing of the final contracts, scheduled for the end of May at the latest, is subject to a final review by the buyer. According to the pre-contract, WB Logistik GmbH will take over the employees of GERRY WEBER Logistik GmbH. Christian Busch and GERRY WEBER plan to jointly use Ravenna Park in future.

According to the insolvency plan, the proceeds from the sale of Ravenna Park will be distributed to the insolvency creditors of GERRY WEBER International AG after the signing of the final contracts. The GERRY WEBER Group will thus fulfil a condition from the company's insolvency plan, according to which the logistics centre is to be sold by the end of 2021 to settle the creditors' claims.

Change of auditor and Group auditor for the fiscal year 2020

The auditor of the separate and the consolidated financial statements, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, elected by the company's Annual General Meeting on 18 September 2020, terminated the audit engagement on 15 March 2021 due to concerns of bias pursuant to section 319 para. 3 sentence 1 no. 2 of the German Commercial Code (HGB), inter alia because PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft provided advisory services to GERRY WEBER International AG in 2020 with regard to the financing of the company.

On 1 April 2021, the Managing Board of GERRY WEBER International AG therefore filed an application with the Gütersloh Local Court for the appointment of Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Bielefeld branch, as the new auditor of the separate financial statements and the consolidated financial statements pursuant to section 318 HGB. By resolution dated 20 April 2021, the Gütersloh Local Court granted the application and appointed Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft as the new auditor of the financial statements and consolidated financial statements of GERRY WEBER International AG.

On 26 April 2021, the Managing Board resolved that the consolidated financial statements and the Group management report of GERRY WEBER International AG be submitted to the Supervisory Board.

The consolidated financial statements will be published on 30 April 2021.

Exemption from disclosures pursuant to section 264 para. 3 of the German Commercial Code (HGB)

The following fully consolidated domestic subsidiaries took advantage of the options provided under section 264 para. 3 of the German Commercial Code (HGB) with regard to the disclosure of their annual accounts and the preparation of the notes and the management report:

- GERRY WEBER Retail GmbH, Halle/Westphalia,
- Life-Style Fashion GmbH, Halle/Westphalia,
- Gerry Weber Logistics GmbH, Halle/Westphalia.

Publication of the consolidated financial statements

The consolidated financial statements in the legally required form will be examined and endorsed by the Supervisory Board of GERRY WEBER International AG at its meeting on 30 April 2021 and will thus be approved for electronic publication in the Federal Gazette.

Halle/Westphalia, 26 April 2021

Managing Board

Alexander Gedat	Angelika Schindler-Obenhaus	Florian Frank

INDEPENDENT AUDITOR'S REPORT

The auditor's report reproduced below also includes a "Report on the audit of the electronic reproductions of the consolidated financial statements and the combined management report prepared for the purpose of disclosure pursuant to section 317 para. 3b of the German Commercial Code (HGB)" ("ESEF report"). The underlying audit subject of the ESEF report (ESEF documents to be audited) is not attached. The audited ESEF documents can be viewed in or retrieved from the Federal Gazette.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

Audit opinions

We have audited the consolidated financial statements of GERRY WEBER International AG, Halle/Westphalia, and its subsidiaries (the Group), which comprise the consolidated balance sheet as of 31 December 2020, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in Group equity and the consolidated cash flow statement for the fiscal year from 1 January to 31 December 2020 as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. We have also audited the combined management report of GERRY WEBER International AG, Halle/Westphalia, for the fiscal year from 1 January to 31 December 2020. In accordance with the statutory provisions applicable in Germany, we have not audited the content of the components of the combined management report mentioned in the appendix.

According to our assessment based on the findings of our audit,

- the accompanying consolidated financial statements comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e para. 1 of the German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the net worth and financial position of the Group as of 31 December 2020 and of its earnings position for the fiscal year from 1 January to 31 December 2020 and
- the accompanying combined management report as a whole provides a suitable view of the Group's position. In all material respects, the combined management report is consistent with the consolidated financial statements, complies with German legal requirements and suitably presents the future opportunities and risks. Our audit opinion on the combined management report does not cover the content of the components of the combined management report mentioned in the appendix.

Pursuant to section 322 para. 3 sentence 1 of the German Commercial Code (HGB), we state that our audit has not led to any reservations with respect to the correctness of the consolidated financial statements and the combined management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and the combined management report in accordance with section 317 of the German Commercial Code (HGB) and the EU Audit Regulation (No. 537/2014, hereinafter referred to as "EU Audit Regulation") and in compliance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW). Our responsibility under those provisions and standards are further described in the "Auditor's responsibility for the audit of the consolidated financial statements and the combined management report" section of our report. We are independent of the Group in accordance with the requirements of European and German commercial and professional law and we have fulfilled our ethical responsibilities applicable in Germany in accordance with these requirements. In accordance with Article 10 para. 2 letter f of the EU Audit Regulation, we also declare that we have not provided non-audit services prohibited under Article 5 para. 1 of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements and the combined management report.

Material uncertainty in connection with the going concern

We refer to the information contained in the section headed "Accounting based on the going concern principle and limited comparability with the previous year" of the notes to the consolidated financial statements and in the "Risks from the coronavirus pandemic" section of the "Forecast, opportunity and risk report" chapter of the combined management report, where the statutory representatives describe that the measures to contain the coronavirus pandemic, in particular the closure of retail sales stores ordered by the authorities, are weighing heavily on the company's earnings performance and liquidity and that in this environment characterised by restrictions on the operation of stores, income from current operations temporarily does not cover current liquidity needs. The resulting shortfall increases with the duration of the measures imposed. Since the beginning of the pandemic, the Managing Board of the company has responded to the crisis with a combination of different instruments, in particular financing measures, various operational measures and the use of government aid, and will continue to do so. Depending on how the infection trend, the Managing Board does not rule out stronger restrictions on the operation of stores or further regional or national closures of physical retail stores in the course of the year. These potential measures could mean that temporarily no merchandise could be sold and no revenues generated. As shown in the sections of the notes to the consolidated financial statements and the combined management report referred to above, these results and circumstances indicate that there is material uncertainty which may cast significant doubt on thegroup's ability to continue as a going concern, and which constitutes a risk jeopardising the continued existence of the enterprise within the meaning of section 322 (2) sentence 3 HGB.

In the context of our audit we examined whether the assessment concerning continuation as a going concern made by the statutory representatives when preparing the financial statements and the combined management report is reasonable, whether there is material uncertainty with regard to this assessment, and whether the information that may be required in order to explain the material uncertainty is adequately provided in the notes and in the combined management report.

We analysed the group-wide corporate and financial planning including the current short-term liquidity planning at the end of the audit and in particular the responses planned and initiated in respect of the measures for the containment of the coronavirus pandemic that formed the basis of this planning. To this end, we involved internal specialists and examined whether the underlying data are reliable and the underlying assumptions sufficiently justified, and whether the statutory representatives' plans are practicable and likely to be effective in view of the prevailing circumstances. We discussed the measures so far taken by the parent company's Managing Board with the Managing Board and reviewed and critically assessed the corresponding documents and agreements.

Our audit opinions in respect of this matter have not been modified.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters which, in our professional judgment, were most important in our audit of the consolidated financial statements for the fiscal year from 1 January to 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

We considered the matters set out below to be most important in the context of our audit:

(1) Accounting treatment of the liabilities derived from the insolvency plan, taking into account adjustments made in response to the coronavirus pandemic

Reasons for the identification as a key audit matter

The insolvency plan of GERRY WEBER International AG granted the insolvency creditors certain options for satisfying their insolvency claims (immediate cash quotas; option to receive bearer bonds and/or convertible bonds for certain creditors). The corresponding option rights were exercisable until January 2020. After the option rights had been exercised the company determined the amounts required in order to satisfy its creditors. The option exercise had significant influence on the point in time when the insolvency profit was recognised in the annual financial statements prepared under commercial law. In addition, further payments were to be made to the insolvency creditors in the form of so-called additional quotas. In response to the effects of the coronavirus pandemic, individual arrangements were made with numerous creditors in April and May 2020 concerning the adjustment of their claims. In essence, it was agreed that these creditors could defer 35% of their claims until 31 December 2023, and would be entitled to an additional quota as a consequence. On 15 June 2020 the company issued fixed-interest bonds and convertible bonds in the context of implementing its insolvency plan. The insolvency plan sponsors provided additional funds to the company, and adjustments to the repayment schedules for funds previously granted were agreed. Owing to these options, adjustments and other measures, the financial relations derived from the insolvency plan, and thus their reflection in the consolidated financial statements, are highly complex. For this reason, these matters were of particular importance for our audit.

Procedure followed in our audit

In our audit we traced and assessed the accounting treatment of the liabilities derived from the insolvency plan and their adjustment in response to the effects of the coronavirus pandemic. We inspected the insolvency plan, the documents relating to the exercise of the option rights of the creditor groups, and the agreements entered into in connection with the coronavirus pandemic and performed further audit actions in order to satisfy ourselves that the financing arrangements made after conclusion of the insolvency proceedings on the whole were appropriately recognised in the annual financial statements, taking into account the adjustments made in response to the coronavirus pandemic.

Reference to related information

For information on the accounting and valuation methods applied, we refer to the notes to the consolidated financial statements, section "B. Accounting and valuation principles". Information on liabilities and expenses and the resulting income can be found in the notes to the consolidated financial statements, section "C. Notes to the balance sheet" and section "D. Notes to the income statement".

(2) Impairment of inventories

Reasons for the identification as a key audit matter

The consolidated financial statements of GERRY WEBER International AG report inventories with a total value of EUR 46.7 million (11% of the total assets). The goods in question constitute ladieswear, which is subject to fashion and seasonal trends. In the context of the loss-free valuation of the inventories, the company makes write-downs on the basis of the respective collections. The collections are each attributed compounded write-down rates reflecting the respective realisation risks in the company's experience. In the context of the realisation risks, uncertainties owing to the measures to contain the coronavirus pandemic were also taken into account in the consolidated financial statements for the period ended 31 December 2020. The valuation of the inventories is based on estimates and assumptions made by the statutory representatives which inevitably involve uncertainties and the exercise of discretion. In view of this and due to the significance of this aspect for the earnings position and net worth, we identified this aspect as a particularly important element of the audit.

Procedure followed in our audit

During the course of our audit of the consolidated financial statements, we addressed the company's internally defined methods, processes and control mechanisms for valuing inventories. We also assessed the structure and effectiveness of the accounting-related internal controls using structure and function tests. Moreover, we also evaluated the impact of the measures to contain the coronavirus pandemic on the realisation opportunities and the related plans made by the statutory representatives and in this context traced the reasonableness of the underlying assumptions and estimates by questioning the statutory representatives, inspecting the underlying documents and performing analyses. In the context of evaluating the realisation risks applied by the statutory representatives, we assessed, in particular on the basis of our understanding of the business model, whether the estimates and assumptions made by the statutory representatives had been sufficiently documented and justified in order to ensure an objective valuation of the inventories.

Reference to related information

For more information on the accounting and valuation methods applied, we refer to the notes to the consolidated financial statements, chapter "B. Accounting and valuation principles", sections "Inventories" and "Assumptions, estimates and discretionary decisions". Information on the composition and valuation of the inventories can be found in the notes to the consolidated financial statements in section "(3) Inventories" and "(22) Inventory changes and (23) cost of materials" (chapters C and D), and in chapter "G. Segment Reporting".

Other information

The legal representatives and/or the Supervisory Board are responsible for providing "other information". Other information includes

- the report of the Supervisory Board,
- the components of the combined management report mentioned in the appendix to the auditor's report whose content has not been audited,
- the other parts of the Annual Report, except for the audited consolidated financial statements and the combined management report and our report,
- the responsibility statement pursuant to section 297 para. 2 sentence 4 of the German Commercial Code (HGB) on the consolidated financial statements and the responsibility statement pursuant to section 289 para. 1 sentence 5 HGB in conjunction with section 315 para. 1 sentence 6 HGB on the combined management report.

The Supervisory Board is responsible for the report of the Supervisory Board. The legal representatives and the Supervisory Board are responsible for the declaration pursuant to section 161 of the German Stock Corporation Act (AktG) on the German Corporate Governance Code, which is part of the Group's corporate governance statement contained in the "Corporate Governance Statement" section of the combined management report. Otherwise, the legal representatives are responsible for providing "other information".

Our audit opinions on the consolidated financial statements and the combined management report do not cover "other information" and we therefore issue no audit opinion or any other type of audit conclusion regarding such "other information".

As part of our audit of the consolidated financial statements, it is our responsibility to read the above "other information" and to check whether such "other information"

- shows material inconsistencies with the consolidated financial statements, the information in the combined management report whose content has been audited or the knowledge obtained in the context of our audit or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that such other information is materially misstated, we are required to report this fact. We have nothing to report in this respect.

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

The legal representatives are responsible for preparing the consolidated financial statements in compliance with IFRS as adopted in the EU and with the additional requirements of German commercial law pursuant to section 315e para. 1 of the German Commercial Code (HGB) and for ensuring that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the net assets, financial and earnings position of the Group.

In addition, the legal representatives are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. In addition, they are responsible for disclosing facts relating to the going concern status, where relevant. They also have the responsibility for using the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The legal representatives are also responsible for preparing a combined management report which, as a whole, provides a suitable view of the Group's position and is consistent with the consolidated financial statements in all material aspects, complies with German legal requirements and suitably presents the future opportunities and risks. In addition, the legal representatives are responsible for such arrangements and measures (systems) as they consider necessary to enable the preparation of a combined management report that complies with the requirements of German commercial law and to enable the provision of sufficient and appropriate evidence for assertions in the combined management report.

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

Auditor's responsibility for the audit of the consolidated financial statements and the combined management report

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides a suitable view of the situation of the Group and is consistent with the consolidated financial statements in all material aspects as well as with the findings of our audit, complies with the legal provisions applicable in Germany and adequately reflects the future opportunities and risks as well as to issue an audit report that contains our audit opinions of the consolidated financial statements and the Group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 of the German Commercial Code (HGB) and the EU Audit Regulation and in compliance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in total, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

During our audit, we exercise professional judgment and maintain professional scepticism. Moreover,

- we identify and assess the risks of material misstatement of the consolidated financial statements and the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls;
- we obtain an understanding of the internal control system that is relevant for the audit of the consolidated financial statements and of the arrangements and measures that are relevant for the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems;
- we evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of accounting estimates and related disclosures made by the legal representatives;
- we conclude on the appropriateness of the legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the

related disclosures in the consolidated financial statements or in the combined management report 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. However, future events or conditions may result in the Group no longer being able to continue as a going concern;

- we evaluate the overall presentation, structure and content of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the net worth as well as the financial and earnings position of the Group in accordance with IFRS as adopted in the EU and the additional requirements of German commercial law pursuant to section 315e para. 1 of the German Commercial Code (HGB);
- we obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an audit opinion on the consolidated financial statements and the combined management report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion;
- we assess the consistency of the combined management report with the consolidated financial statements, its compliance with applicable laws and the view it provides of the situation of the Group;
- we perform audit procedures on the forward-looking information presented by the legal representatives in the combined management report. Based on sufficient audit evidence, we hereby review, in particular, the significant assumptions used by the legal representatives as a basis for the forward-looking information and evaluate the appropriate derivation of the forward-looking information from these assumptions. We do not express a separate audit opinion on the forward-looking information and on the underlying assumptions. There is a substantial unavoidable risk that future events will deviate materially from the forward-looking information.

We discuss with the supervisory body, 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.

We also provide the supervisory body with a statement that we have complied with the relevant independence requirements and discuss with it all relationships and other matters that may reasonably be thought to bear on our independence and the protective measures taken in this context.

From the matters discussed with the supervisory body, we determine those matters that were most important in the audit of the consolidated financial statements of the reporting period and are therefore the key audit matters. We describe these matters in our report on the audit of the consolidated financial statements unless laws or other regulations preclude public disclosure of such matters.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the audit of the electronic reproductions of the consolidated financial statements and the combined management report prepared for the purpose of disclosure pursuant to section 317 para. 3b of the German Commercial Code (HGB)

Audit opinion

Pursuant to section 317 para. 3b HGB, we have performed an audit to obtain reasonable assurance about whether the reproductions of the consolidated financial statements and the combined management report (hereinafter also referred to as "ESEF documents") contained in the attached file [GWI_AG_KA+KLB_ESEF_2020-12-31.zip (SHA256-Hashwert: c7f5ba5c6b3bbc42b25371b3e99970aa0944fbc8f196cf8cebf2cfb6269c775c)] and prepared for the purpose of disclosure comply in all material respects with the requirements of section 328 para. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with the legal provisions applicable in Germany, this audit only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and thus neither the information contained in these reproductions nor any other information contained in the aforementioned file.

In our opinion, the reproductions of the consolidated financial statements and the combined management report contained in the aforementioned attached file and prepared for the purpose of disclosure comply in all material respects with the requirements of section 328 para. 1 HGB for the electronic reporting format. Other than this audit opinion and our audit opinions on the attached consolidated financial statements and the attached combined management report for the fiscal year from 1 January to 31 December 2020 included in the above "Report on the audit of the consolidated financial statements and the combined management report", we do not express any audit opinion on the information contained in these reproductions or any other information contained in the aforementioned file.

Basis for the audit opinion
We have performed our audit of the reproductions of the consolidated financial statements and the combined management report contained in the aforementioned attached file in accordance with section 317 para. 3b HGB in compliance with the draft of the IDW audit standard: Audit of electronic reproductions of financial statements and management reports prepared for the purpose of disclosure pursuant to section 317 para. 3b HGB (IDW EPS 410). Our responsibility thereafter is further described in the "Auditor's responsibility for the audit of the ESEF documents" section. Our audit firm has met the requirements for the quality assurance system of the IDW quality assurance standard: Requirements for quality assurance in audit firms (IDW QS 1).

Responsibility of the legal representatives and the Supervisory Board for the ESEF documents
The legal representatives are responsible for the preparation of the ESEF documents containing the electronic reproductions of the consolidated financial statements and the combined management report in accordance with section 328 para. 1 sentence 4 No. 1 HGB and for marking up the consolidated financial statements in accordance with section 328 para. 1 sentence 4 No. 2 HGB.

In addition, the legal representatives are responsible for the internal controls they consider necessary to enable the preparation of the ESEF documents that are free from material non-compliance, whether due to fraud or error, with the requirements of section 328 para. 1 HGB for the electronic reporting format.

The legal representatives are furthermore responsible for submitting the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited combined management report and other documents to be disclosed to the operator of the Federal Gazette.

The Supervisory Board is responsible for surveilling the preparation of the ESEF documents as part of the accounting process.

Group auditor's responsibility for the audit of the ESEF documents
Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of section 328 para. 1 HGB. During our audit, we exercise professional judgment and maintain professional scepticism.
Moreover,

- we identify and assess the risks of material non-compliance, whether due to fraud or error, with the requirements of section 328 para. 1 HGB, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion;
- we obtain an understanding of the internal controls that are relevant for the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these controls;
- we assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815, as last amended prior to the reporting date, regarding the technical specification for that file;

- we assess whether the ESEF documents provide a consistent XHTML reproduction of the audited consolidated financial statements and the audited combined management report;
- we assess whether the mark-up of the ESEF documents with inline XBRL technology (iXBRL) provides an adequate and complete machine-readable XBRL copy of the XHTML reproduction.

Further information pursuant to Article 10 of the EU Audit Regulation

We were appointed as auditors by the Gütersloh Local Court in a ruling dated 20 April 2021. We were commissioned by the Supervisory Board on 21 April 2021. We have been the auditors of the financial statements of GERRY WEBER International AG, Halle / Westphalia, since the fiscal year 2020.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (audit report).

GERMAN PUBLIC ACCOUNTANT RESPONSIBLE FOR THE AUDIT

The German Public Accountant responsible for the audit is Stefan Schumacher.

Bielefeld, 30 April 2021

Rödl & Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Groll	Schumacher
Wirtschaftsprüfer	Wirtschaftsprüfer

APPENDIX TO THE AUDITOR'S REPORT: COMPONENTS OF THE COMBINED MANAGEMENT REPORT WHOSE CONTENT HAS NOT BEEN AUDITED

We have not audited the content of the following components of the combined management report:

- the Corporate Governance Statement pursuant to section 289f and section 315d of the German Commercial Code (HGB) contained in the combined management report and
- the non-financial statement contained in the combined management report.

Furthermore, we have not audited the content of the following non-management report information. Non-management report information in the Group management report is information that is neither required pursuant to sections 315, 315a and sections 315b to 315d of the German Commercial Code (HGB) nor required by DRS 20.

- the information contained in the combined management report under the heading "Sustainability".

05

FINANCIAL STATEMENTS

BALANCE SHEET

as of 31 December 2020

ASSETS

KEUR	**31 Dec. 2020**	31 Dec. 2019
FIXED ASSETS		
Intangible assets		
Concessions, industrial rights and similar rights and assets as well as licenses to such rights and assets acquired for a consideration	8,558	7,818
Payments on account	459	4,247
	9,017	***12,065***
Property, plant and equipment		
Land, leasehold rights and buildings including buildings on third-party land	52,873	54,541
Plant and machinery	94	84
Other plant, furniture and fixtures	2,580	2,519
Payments on account and plant under construction	39	7
	55,586	***57,151***
Financial assets		
Shares in affiliated companies	21,389	39,831
Investments	0	39
	21,389	***39,870***
	85,992	***109,086***
CURRENT ASSETS		
Inventories		
Raw materials and supplies	20	2,340
Work in progress	4,862	7,297
Finished goods and merchandise	25,473	35,106
Payments on account	7,472	13,081
	37,827	***57,824***
Receivables and other assets		
Trade receivables	128	1,169
Receivables from affiliated companies	7,880	65,392
thereof trade accounts payable: KEUR 239 (previous year: KEUR 54,150)		
Other assets	7,704	11,748
	15,712	***78,309***
Cash on hand, bank balances	**40,011**	**54,292**
	93,550	***190,425***
PREPAID EXPENSES	***824***	***1,620***
	180,366	**301,131**

LIABILITIES

KEUR	31 Dec. 2020	31 Dec. 2019
EQUITY		
Subscribed capital	1,220	1,025
./. Nominal amount of own shares	0	0
Issued capital stock	1,220	1,025
Capital reserve	12	10
Retained earnings	103	103
Accumulated profits	10,230	63,737
	11,565	***64,875***
PROVISIONS		
Other provisions	10,072	18,157
	10,072	***18,157***
LIABILITIES		
Bonds	28,669	0
thereof convertible: KEUR 1.191 (Previous year: KEUR 0)		
Liabilities to banks	17,832	25
Trade liabilities	8,325	12,584
Liabilities to affiliated companies	13,423	28,462
thereof trade accounts payable: KEUR 4,552 (previous year: KEUR 2,501)		
Other liabilities	89,988	176,493
thereof to shareholders: KEUR 19,351 (previous year: KEUR 31,200)		
thereof from taxes: KEUR 354 (previous year: KEUR 653)		
thereof from social security contributions: KEUR 0 (previous year: KEUR 4)		
	158,237	***217,564***
PREPAID EXPENSES	**492**	**535**
	180,366	**301,131**

INCOME STATEMENT

for the fiscal year from 1 January to 31 December 2020

KEUR	**1 Jan. 2020–31 Dec. 2020**	1 Apr. 2019–31 Dec. 2019
Sales revenues	145,769	148,066
Decrease in work in progress and finished goods	–12,160	–2,839
Other operating income	31,788	121,358
thereof from currency translation: KEUR 1,023 (previous year: KEUR 848)		
Cost of materials		
Expenses for raw materials and supplies and purchased goods	15,074	19,722
Expenses for services purchased	91,949	99,740
	107,023	***119,462***
Personnel expenses		
Wages and salaries	24,524	18,437
Social security contributions	3,895	3,124
	28,419	***21,561***
Amortisation		
of intangible fixed assets and depreciation of property, plant and equipment	5,951	5,785
thereof write-downs for impairment KEUR 0 (previous year: KEUR 39)		
	5,785	***171,597***
Other operating expenses	54,101	55,794
thereof from currency translation: KEUR 189 (previous year: KEUR 82)		
Income from equity investments	545	2,752
thereof from affiliated companies: KEUR 54 (previous year: KEUR 2.752)		
Income from profit transfer agreements	11,942	2,086
Other interests and similar income	378	797
thereof from affiliated companies: KEUR 373 (previous year: KEUR 795)		
Depreciation of financial assets and of securities held as current assets	19,967	0
Interests and similar expenses	12,274	0
Expenses from loss transfers	3,702	2,354
Taxes on income	27	138
Earnings after taxes	***–53,202***	***67,126***
Other taxes	305	–101
Annual net loss/profit	***–53,507***	***67,227***
Loss/profit carried forward	63,737	–376,912
Withdrawal from capital reserves	0	63,201
Withdrawal from retained earnings	0	264,824
Income from capital reduction	0	45,499
Allocation to retained earnings	0	–102
Accumulated profits	**10,230**	**63,737**

IMPRINT

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Future-related statements

These financial statements contain forward-looking statements based on assumptions and estimates made by the management of GERRY WEBER International AG. Even if the company management is of the opinion that these assumptions and estimates are correct, future actual developments and future actual results may differ considerably from these assumptions and estimates due to a variety of factors. These factors may include, for example, changes in the overall economic situation, the legal and regulatory framework in Germany and the EU, and changes in the industry. GERRY WEBER International AG gives no guarantee and accepts no liability that future developments and the actual results achieved in the future will correspond to the assumptions and estimates expressed in these financial statements. GERRY WEBER International AG neither intends nor assumes any obligation to update forward-looking statements to reflect events or developments after the date of this report. Percentages and figures in this report may be subject to rounding differences.

GERRY WEBER

I LIVE MY STYLE.

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