GERRY WEBER

I LIVE MY STYLE.

ANNUAL REPORT
2019

GERRY WEBER
IN FIGURES

In EUR million	**2019** [1]	2018/19 [2]
Sales by Region	**330.5**	**215.6**
Domestic	195.0	123.4
International	135.0	92.2
Sales by Segment	**330.5**	**215.6**
GERRY WEBER Wholesale	120.1	94.0
GERRY WEBER Retail	210.4	121.6
Sales split by brand		
GERRY WEBER	72.5%	72.9%
TAIFUN	21.2%	21.1%
SAMOON	6.3%	6.0%
Earnings key figures		
EBITDA	176.7	7.6
EBITDA-margin	53.5%	3.5%
EBIT	130.0	–130.1
EBIT-margin	39.3%	–60.4%
EBT	121.5	–132.1
EBT-margin	36.8%	–61.3%
Annual net profit/annual net loss	119.3	–244.5
Earnings per Share in Euro	3.35 [3]	–5.37 [4]
Total Assets and Liabilities	**580.7**	**374.9**
Equity	121.4	1.1
Capital expenditure	4.6	3.3
Equity ratio	20.9%	0.3%
Other key figures		
Average staff number	3,360	3,862

1 The stub fiscal year 2019 comprises the nine months from April 2019 to December 2019
3 The stub fiscal year 2018/19 comprises the five months from November 2018 to March 2019
3 On the basis of a number of shares of 35,622,667
4 On the basis of a number of shares of 45,507,715

GERRY WEBER
PROFILE

GERRY WEBER International AG, headquartered in Halle/Westphalia, operates on a global scale and unites three strong fashion brands under a single roof: GERRY WEBER, TAIFUN and SAMOON. Our brands stand for high-quality, trend-oriented fashion and accessories for demanding and quality-conscious customers. All our brands highlight the wearer's individual style in their own unique way.

Founded in 1973 and listed at the Frankfurt Stock Exchange, GERRY WEBER International AG has grown into one of the best know fashion and lifestyle companies. GERRY WEBER Group is one of the largest fashion companies in Germany.

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FOREWORD BY THE MANAGEMENT BOARD

for the Annual Report 2019 of the GERRY WEBER International AG

Dear business partners, dear customers, dear shareholder,

The stub fiscal year 2019 was a challenging, intensive and eventful year for GERRY WEBER International AG in every respect. The stub fiscal year from 1 April to 31 December 2019 exactly covers the period in which our company was in insolvency proceedings with debtor-in-possession status. The reasons for initiating the proceedings are well known: the company was in financial difficulties, not least because of an excessive expansion strategy. All efforts to secure the Group's long-term financing and to put it on a sustainable basis failed unexpectedly in January 2019. Although this news was initially depressing and painful for everyone concerned, especially for employees, business partners and customers, the opening of the proceedings entailed a great opportunity for GERRY WEBER. Because in the months that followed, we vigorously exploited all possibilities to restore our company.

The basic prerequisite for the sustained success of our company was and is the fact that GERRY WEBER has three strong brands and a fundamentally healthy and robust business model. By entering into the proceedings with debtor-in-possession status, we had a clear concept for the future for financial recovery and restructuring. The corresponding measures had already been initiated and could effectively be implemented, also thanks to the freedom we gained from the debtor-in-possession status. Even in the previously neglected financial department, the necessary structures were improved and prepared at the beginning of the stub fiscal year to ensure successful management of the company with the greatest possible transparency. This included the introduction and permanent tracking of a series of financial and non-financial key performance indicators (KPIs). The data collected this way enables us to assess the economic performance of the company very promptly and to react early and effectively to deviations caused by market changes. In other words, we knew exactly what to do to put GERRY WEBER back on the road to success. And this is exactly what the Managing Board, including the two members who left the Board at the beginning of 2020 at their own request, has done with great energy and strength. Throughout this process, we have received excellent support from a great team within the company, but also from external partners.

As a result, however, we unfortunately had to dismiss around 1,000 employees. Our company's headcount fell from around 6,500 worldwide (end of July 2018) to around 3,400 (end of December 2019). Around 2,000 employees left us as a result of the sale of our former subsidiary HALLHUBER in summer 2019. In Germany alone, we have closed more than 150 of our company-managed stores and now operate around 200 stores in our home country. Worldwide, we closed 174 company-managed points of sale in the reporting period. At the end of December 2019, there were a total of 624 company-managed stores and sales spaces, compared to 798 at the end of March 2019. This has led to a considerable reduction in costs. In addition, we have significantly revised and

Alexander Gedat, Florian Frank

streamlined our product range, which has also helped to cut costs. On the other hand, we have deliberately accepted a drop in revenues as a result. Consequently, we generated sales revenues of only EUR 330.5 million in the nine months of the stub fiscal year. Although this figure can hardly be compared with the previous years, it represents a significant decline compared with earlier years, when we generated revenues of up to just under EUR 900 million (fiscal year 2016/17).

However, by introducing new processes and optimising existing ones, we have been able to make our business much more predictable. This has a direct impact on our results as we can react to market developments earlier than in the past. So we closed the stub fiscal year 2019 with normalised earnings before interest, taxes, depreciation and amortisation (normalised EBITDA) of EUR 37.9 million. At EUR −6.2 million, normalised EBITDA, excluding the effects resulting from the amended lease accounting to IFRS 16 applicable as of April 2019, were in line with our expectations. Normalised EBITDA will be our key performance indicator in the coming years of operational realignment, as they reflect the economic situation without taking into account extraordinary charges or benefits. So we have got our cost structure under control and also regained financial stability, because we were able to derecognise insolvency liabilities of EUR 153 million as the proceedings with debtor-in-possession status were concluded. We have thus laid the basis for pushing ahead with the transformation that has successfully been initiated.

What remains to be done? This can easily be described with the two words “product” and “performance”. Thanks to the extensive activities aimed at optimising our collection as well as the internal and external processes which the formerly three-strong Managing Board has been pushing ahead over the past 16 months or so, our highly competent team at the next management level can now continue to implement the strategy. This includes the evolutionary further development of the collection in line with the changing demands of our target group. 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. In doing so, we will maintain a clear focus on the core competencies for which we have always been respected in the market, namely quality and fit.

In the course of the proceedings with debtor-in-possession status, we have unfortunately lost the trust of many of our business partners, as we have not always been able to achieve what we had planned for our partners and our customers. We need to work on that. For this reason, top priority will be attached to “performance”, by which we mean, among other things, the stabilisation and expansion of our distribution channels. In the Wholesale segment, we will therefore further intensify the approach to our key accounts. This will allow us to respond even faster and more precisely to the needs of the respective partners. In the Retail segment, we will continue to improve our presence at the points of sale with the help of technical applications such as visual merchandising. Moreover, we will train our staff with a view to optimising their consulting and sales skills. Finally, we will do everything in our power to further increase our already noticeable e-commerce success.

Until mid-March 2020, we had been well on track to further improve our performance in the market. All levers had and have been identified. Then we were hit with full force by the outbreak of the corona crisis and its far-reaching economic and social consequences. These have presented us – just like the industry as a whole and all economies – with unforeseeable and unprecedented challenges. With effect from 16 March 2020, all GERRY WEBER points of sale in Germany were closed to the public because of the official orders. In addition, the Group's retail stores in most other countries outside Germany were closed to customer traffic as of mid-March 2020. The same applied to most physical points of sale of our retail partners in Germany and abroad. At the time of publication of this report, there is a continuing order from the authorities in most countries where we operate that physical stores must remain closed. In Germany, it has been decreed that stores will have to remain closed until at least 20 April 2020. It is uncertain when and in what way opening hours and business modes will return to normal.

We have immediately taken appropriate measures to safeguard liquidity. Furthermore, we are adapting our concept for the future. More detail on that is to be found in the forecast, opportunity and risk report. However, we cannot help but realise that the implications of the coronavirus pandemic are threatening the very existence of our company, especially if the negotiations started regarding the financing measures do not come to a positive conclusion and we cannot get an additional financing volume in a low double-digit million amount. In the event that we will be able to reopen stores in our German core market in early May 2020 and our retail partners will also be able to resume operations, we expect business to gradually return to normal. However, we will not be able to make up for the shortfall in revenues in March and April. Right on the contrary, we believe it is more likely that we will generate less revenue than originally planned for the respective months into the fourth quarter of 2020.

Against the background of the coronavirus crisis and based on the assumptions described above, we have significantly reduced the range of revenues expected for 2020 to between EUR 260 million and EUR 280 million. We had previously assumed that consolidated revenues would amount to between EUR 370 million and EUR 390 million. Moreover, we expect the Group's normalised EBITDA (excl. the effects resulting from the amended lease accounting to IFRS 16 applicable as of April 2019) to come in at a negative medium double-digit million amount. We had originally projected balanced to slightly negative normalised EBITDA (excl. the effects resulting from the amended lease accounting to IFRS 16 applicable as of April 2019) for the calendar year 2020.

As much as we are currently affected by the coronavirus pandemic, this does not change the fundamentals underlying our long-term confidence for the post-crisis era: GERRY WEBER has strong brands, a highly competent and motivated team and an attractive target group. The fashion-conscious, self-confident and consumption-oriented customer is out there – she just needs to be better served by us. The core business model of GERRY WEBER is intact. We will work at full speed to fully exploit the potential of this business model.

We would be very pleased if you would continue to accompany us on our way should we get the chance!

Yours,

Alexander Gedat
CEO | GERRY WEBER

Florian Frank
CRO | GERRY WEBER

01

COMPANY

EXCITING, MODERN AND IRRESISTIBLY FEMININE

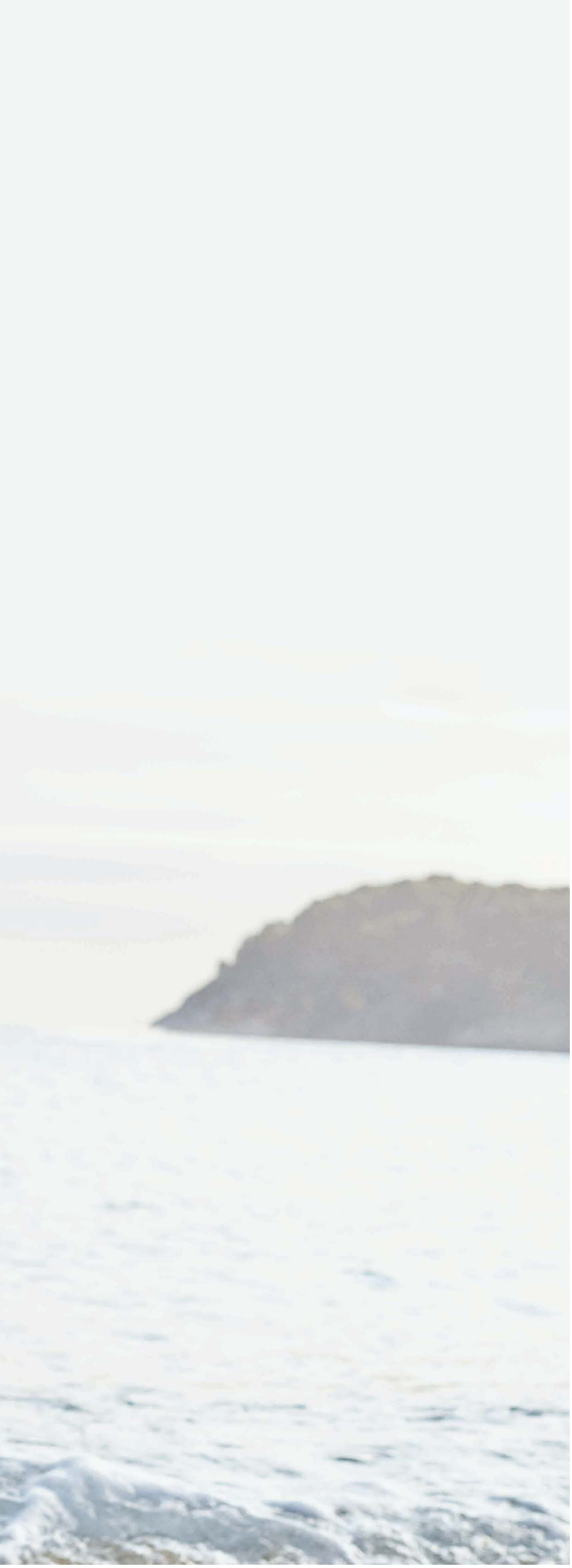
Three powerful fashion brands:
GERRY WEBER,
TAIFUN and SAMOON.


GERRY WEBER
I LIVE MY STYLE.


SAMOON

GERRY WEBER

GERRY WEBER is a strong brand for women that stands for values such as FEMININE, CASUAL CHIC and INSPIRING. The collections are targeted at modern, grown-up women who enjoy life in a fashionable and self-confident manner. Humour, intelligence and a lust for life – both privately and professionally – are the characteristics of the GERRY WEBER woman. All GERRY WEBER Collections stand for feminine fashion made to the highest standards of quality and fit. A strong focus on matched outfits and details ensures that all looks project a perfectly coordinated image.



TAIFUN

The TAIFUN Collections are trend-oriented and suitable for business at the same time – always with a feminine touch. The feminine and trendy silhouettes give our customers the room they need to create their own personal style – whether it's perfectly coordinated combinations or innovative eye-catchers. The TAIFUN Collection embodies a sure sense of style at the highest fashion level. Selected high-quality materials and young cuts give every single item its own special personality.

SAMOON

SAMOON stands for casual, self-confident fashion for women wearing plus sizes. Trendy cuts, high-quality materials and an excellent fit accentuate the wearer's femininity. Skilful interpretations of current fashion trends ensure that feminine curves are shown in the best possible light, resulting in a new self-assured body perception.

REPORT OF THE SUPERVISORY BOARD

Role of the Supervisory Board during the insolvency proceedings

Under applicable German law, the Supervisory Board of GERRY WEBER International AG no longer had any influence on the management of the company when the insolvency proceedings with debtor-in-possession status on the assets of GERRY WEBER International AG were opened on 1 April 2019. In accordance with the requirements of insolvency law, the activities of the Managing Board were monitored by the court-appointed insolvency monitor, Stefan Meyer, PLUTA Rechtsanwalts GmbH, from 1 April 2019 to 31 December 2019.

Composition of the Supervisory Board

The Supervisory Board of GERRY WEBER International AG is composed of twelve members, half of whom represent the workforce and the shareholders, respectively. As of the beginning of the stub fiscal year 2019, the shareholders were represented by Dr Ernst F. Schröder (Chairman), Alfred Thomas Bayard, Ute Gerbaulet, Ralf Weber, Alexander Hardieck and Charlotte Weber-Dresselhaus. 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, Klaus Lippert, Andreas Strunk, Rena Marx and Hans-Jürgen Wentzlaff (the latter as representative of the IG Metall trade union).

Under applicable law, the term of office of all members of the Supervisory Board of GERRY WEBER International AG ended on 30 November 2019, the latest date on which the Annual General Meeting of GERRY WEBER International AG would have had to resolve on ratifying the actions of the members of the Supervisory Board for the fourth fiscal year after the beginning of their term of office. Prior to that date, Dr Ernst F. Schröder, Ms Ute Gerbaulet and Alfred Thomas Bayard had already resigned from office with effect from 11 April 2019, 24 September 2019 and 14 November 2019, respectively.

At the request of the Managing Board of GERRY WEBER International AG to supplement the Supervisory Board of GERRY WEBER International AG in accordance with section 104 of the German Stock Corporation Act (AktG), Mr Olaf Dieckmann, Mr Klaus Lippert, Mr Andreas Strunk and Ms Rena Marx as staff representatives as well as Mr Manfred Menningen and Ms Barbara Jentgens as representatives of the IG Metall trade union were appointed to the Supervisory Board by the Gütersloh Local Court in December 2019. The court appointment of staff representatives on the Supervisory Board ends with the conclusion of the regular election for staff representation on the Supervisory Board.

The Annual General Meeting on 3 December 2019 elected Mr Alexander Gedat, Ms Dagmar Heuer, Dr Tobias Moser, Mr Milan Lazovic, Ms Christie Groves and Mr Sanjay Sharma as new shareholder representatives on the Supervisory Board.

At its constituent meeting on 19 December 2019, the Supervisory Board elected Mr Alexander Gedat as its new Chairman and Mr Manfred Menningen as Vice Chairman.

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

Mr 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, Mr Benjamin Noisser was elected member of the Supervisory Board to replace Mr Alexander Gedat.

For further information on the composition of the Supervisory Board, please refer to the Corporate Governance Report in this Annual Report.

Key topics addressed by the Supervisory Board

The Supervisory Board held one meeting in the stub fiscal year 2019, i.e. the constituent meeting on **19 December 2019**, which was attended by all members of the Supervisory Board and at which Mr Alexander Gedat was elected as the new Chairman and Manfred Menningen as Vice Chairman. The meeting also addressed in particular the resolutions on the rules of procedure for the Supervisory Board and the Managing Board and the composition of the committees of the Supervisory Board. Furthermore, the meeting reappointed Mr Florian Frank as a member of the Managing Board from 1 January 2020 until the end of 31 December 2020 and approved the conclusion of a settlement agreement between GERRY WEBER International AG, GERRY WEBER Retail GmbH & Co KG and Mr Stefan Meyer, the insolvency monitor in the insolvency proceedings on the assets of the two aforementioned companies, on the one hand and Dalou Grundstücks GmbH & Co KG, Mr Ralf Weber and GERRY WEBER Management & Event GmbH & Co OHG on the other hand. At this meeting, the members of the Supervisory Board were also informed about their obligations under capital market law.

Committees of the Supervisory Board

From 1 April 2019 to 19 December 2019, the Supervisory Board formed five committees from among its members: a Mediation Committee, a Human Resources Committee, an Audit Committee, a Nomination Committee and a Corporate Finance Committee. From 19 December, the Supervisory Board formed four committees from among its members: a Mediation Committee, a Human Resources Committee, an Audit Committee and a Nomination Committee, which are composed as follows:

Committee	Members
Mediation Committee	Until 30 November 2019: Dr Ernst F. Schröder (Chairman, until 11 April 2019), Ralf Weber, Olaf Dieckmann, Manfred Menningen From 19 December 2019: Alexander Gedat, Milan Lazovic, Manfred Menningen, Olaf Dieckmann
Human Resources Committee	Until 30 November 2019: Dr Ernst F. Schröder (Chairman, until 11 April 2019), Ralf Weber, Klaus Lippert, Manfred Menningen
	From 19 December 2019: Alexander Gedat (Chairman), Dr Tobias Moser, Klaus Lippert, Manfred Menningen
Audit Committee	Until 30 November 2019: Ute Gerbaulet (Chairwoman, until 24 September 2019), Dr Ernst F. Schröder (until 11 April 2019), Ralf Weber, Manfred Menningen, Klaus Lippert
	From 19 December 2019: Sanjib Sharma (Chairman), Alexander Gedat, Manfred Menningen, Klaus Lippert
Nomination Committee	Until 30 November 2019: Dr Ernst F. Schröder (Chairman, until 11 April 2019), Ralf Weber, Alexander Hardieck
	From 19 December 2019: Dr Tobias Moser (Chairman), Dagmar Heuer, Milan Lazovic
Corporate Finance Committee (until 19 December 2019)	Until 30 November 2019: Dr Ernst F. Schröder (Chairman, until 11 April 2019), Ute Gerbaulet (until 24 September 2019), Manfred Menningen, Ralf Weber, Alexander Hardieck, Klaus Lippert

The **Audit Committee**, the **Human Resources Committee**, the **Nomination Committee**, the **Mediation Committee** and the **Corporate Finance Committee** held no meetings in the stub fiscal year 2019.

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 stub fiscal year 2019. For more information on corporate governance, please refer to the Corporate Governance Report and the Corporate Governance Statement pursuant to section 289f of the German Commercial Code (HGB). These and the declaration of conformity of the previous years are made available at www.gerryweber.com under "Investors – Corporate Governance".

Audit of the separate and the consolidated financial statements for the stub fiscal year 2019 (reporting period)

By resolution of the Gütersloh Local Court dated 8 January 2020, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft was appointed auditor of the financial statements of GERRY WEBER International AG and the Group for the stub fiscal year 2019. 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 PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft 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 8 April 2020, 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 2019 at the annual accounts meeting on 8 April 2020. The financial statements for the stub fiscal year 2019 have thus been duly approved in accordance with section 172 of the German Stock Corporation Act (AktG).

Audit of the dependency report for the stub fiscal year 2019 (reporting period)

The Managing Board had to submit related party disclosures (dependency report) for the stub fiscal year 2019, 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 8 April 2020, the Supervisory Board also addressed and reviewed the dependency report. The auditor took part in the Supervisory Board's consultations on the dependency report. 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

Florian Frank, who has been instrumental in restructuring the Group since 2 October 2018 in his capacity as CRO, was initially appointed until 31 December 2019. At its constituent meeting on 19 December 2019, the Supervisory Board renewed the appointment of Mr Frank for another year, i.e. until 31 December 2020. Johannes Ehling and Urun Gursu resigned from the Managing Board of GERRY WEBER International AG at the end of February 2020. Mr Alexander Gedat was appointed Chairman of the Managing Board of GERRY WEBER International AG on 20 February 2020.

On behalf of the Supervisory Board

Halle/Westphalia, 8 April 2020

Dr Tobias Moser

Chairman of the Supervisory Board

CORPORATE GOVERNANCE REPORT

including the Corporate Governance Statement

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, to the extent that they are implemented by the company, good corporate governance at GERRY WEBER also comprises the Compliance Guidelines and our Code of Conduct. The Corporate Governance Report of the Managing Board and the Supervisory Board of GERRY WEBER International AG in accordance with clause 3.10 of the German Corporate Governance Code (GCGC) is provided below. In addition to the declaration of conformity pursuant to section 161 of the German Stock Corporation Act (AktG), the Corporate Governance Report in this Annual Report also comprises the Corporate Governance Statement pursuant to section 289f para. 2 No. 3 of the German Commercial Code (HGB). Both documents – and all declarations and statements of prior years – are permanently available in digital form in the "Investors" section of our website at www.gerryweber.com. The Compensation Report of GERRY WEBER International AG forms part of the combined management report for the stub fiscal year 2019 and as such of the audited consolidated financial statements of GERRY WEBER International AG.

Corporate Governance Report pursuant to the German Corporate Governance Code

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 of 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 GCGC decided 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. However, 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 an interim financial report during the year.

Code section 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 2017/2018 as well as for the stub fiscal years 2018/2019 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, Mr 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 in the course of the year. 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

Corporate Governance Statement pursuant to section 289f 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 is published in full under "Investors" – "Corporate Governance" on our website at www.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.

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 three members, i. e. Spokesman Johannes Ehling, who also serves as Chief Sales Officer (CSO) and Chief Digital Officer (CDO), Chief Restructuring Officer (CRO) Florian Frank as well as Chief Product Officer (CPR) Urun Gursu. The composition of the Managing Board changed after 31 December 2019 (see Post-balance sheet events).

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.

The Managing Board remained in office and retained its powers and duties also after the insolvency proceedings with debtor-in-possession status for the assets of GERRY WEBER International AG were opened on 1 April 2019. In accordance with the requirements of insolvency law, however, the activities of the Managing Board were monitored by the court-appointed insolvency monitor, Stefan Meyer, PLUTA Rechtsanwalts GmbH, from 1 April 2019 to 31 December 2019.

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 Mr Gedat, who has temporarily assumed the role of Chairman of the Managing Board, for which it is planned to commission a personnel consultancy.

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 clause 5.2 of the German Corporate Governance Code, the Chairman of the Supervisory Board should be available – within reasonable limits – to discuss Supervisory Board-related issues with investors. The respective Supervisory Board Chairman in office during the reporting period was of the opinion, however, that all relevant information was available to the Managing Board and that the Managing Board should therefore continue to communicate with capital market participants and investors.

Under applicable German law, the Supervisory Board of GERRY WEBER International AG no longer had any influence on the management of the company when the insolvency proceedings with debtor-in-possession status on the assets of GERRY WEBER International AG were opened on 1 April 2019. In accordance with the requirements of insolvency law, the activities of the Managing Board were monitored by the court-appointed insolvency monitor, Stefan Meyer, PLUTA Rechtsanwalts GmbH, from 1 April 2019 to 31 December 2019.

Composition of the Supervisory Board

The Supervisory Board of GERRY WEBER International AG is composed of twelve members. Six members are elected by the Annual General Meeting, i.e. by the shareholders, while the other six members are elected by the employees of GERRY WEBER International AG and its German Group companies. The term of office of the members who already served on the Supervisory Board constituted on 16 April 2015 will end at the end of the Annual General Meeting resolving on ratifying the actions of the Supervisory Board for the fiscal year 2018/19.

As of the beginning of the stub fiscal year 2019, the shareholders were represented by Dr Ernst F. Schröder (Chairman), Alfred Thomas Bayard, Ute Gerbaulet, Ralf Weber, Alexander Hardieck and Charlotte Weber-Dresselhaus. 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, Klaus Lippert, Andreas Strunk, Rena Marx and Hans-Jürgen Wentzlaff (the latter as representative of the IG Metall trade union).

Under applicable law, the term of office of all members of the Supervisory Board of GERRY WEBER International AG ended on 30 November 2019, the latest date on which the Annual General Meeting of GERRY WEBER International AG would have had to resolve on ratifying the actions of the members of the Supervisory Board for the fourth fiscal year after the beginning of their term of office. Prior to that date, Dr Ernst F. Schröder, Ms Ute Gerbaulet and Alfred Thomas Bayard had already resigned from office with effect from 11 April 2019, 24 September 2019 and 14 November 2019, respectively.

In accordance with the insolvency plan for GERRY WEBER International AG, which became legally effective on 25 October 2019, and the Commercial Register execution of certain capital measures provided for in the insolvency plan on 31 October 2019, fund vehicles managed by Robus Capital Management Ltd. and Whitebox Advisors each became 50% owners of the shares of GERRY WEBER International AG.

At the request of the Managing Board of GERRY WEBER International AG to supplement the Supervisory Board of GERRY WEBER International AG in accordance with section 104 of the German Stock Corporation Act (AktG), Mr Olaf Dieckmann, Mr Klaus Lippert, Mr Andreas Strunk and Ms Rena Marx as staff representatives as well as Mr Manfred Menningen and Ms Barbara Jentgens as representatives of the IG Metall trade union were appointed to the Supervisory Board by the Gütersloh Local Court in December 2019. The court appointment of staff representatives on the Supervisory Board ends with the conclusion of the regular election for staff representation on the Supervisory Board.

The Annual General Meeting on 3 December 2019 elected Mr Alexander Gedat, Ms Dagmar Heuer, Dr Tobias Moser, Mr Milan Lazovic, Ms Christie Groves and Mr Sanjay Sharma as new shareholder representatives on the Supervisory Board.

At its constituent meeting on 19 December 2019, the Supervisory Board elected Mr Alexander Gedat as its new Chairman and Mr Manfred Menningen as Vice Chairman.

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

Mr 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, Mr Benjamin Noisser was elected member of the Supervisory Board to replace Mr Alexander Gedat.

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. Save for one exception, 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. Two of the six shareholder representatives are women, which meets the legal requirements. Most recently, two of the six employee representatives were women, which means that the requirements of section 96 para. 2 of the German Stock Corporation Act (AktG) were met in the reporting period.

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	2000
Christie Groves (until February 2020)	2019
Dagmar Heuer	2019
Barbara Jentgens	2019
Christina Alexandra Käßhöfer	2020
Klaus Lippert	2010
Renate Marx	2018
Manfred Menningen	2015
Benjamin Noisser	2020
Milan Lazovic	2019
Sanjay Sharma	2019
Andreas Strunk	2015

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

Committee	Members
Mediation Committee	Until 30 November 2019: Dr Ernst F. Schröder (Chairman, until 11 April 2019), Ralf Weber, Olaf Dieckmann, Manfred Menningen
	From 19 December 2019: Alexander Gedat (Chairman), Milan Lazovic, Manfred Menningen, Olaf Dieckmann
Audit Committee	Until 30 November 2019: Ute Gerbaulet (Chairwoman, until 24 September 2019), Dr Ernst F. Schröder (until 11 April 2019), Ralf Weber, Manfred Menningen, Klaus Lippert
	From 19 December 2019: Sanjib Sharma (Chairman), Alexander Gedat, Manfred Menningen, Klaus Lippert
Prüfungsausschuss	Bis zum 30. November 2019: Ute Gerbaulet (Vorsitz, bis 24. September 2019), Dr Ernst F. Schröder (bis 11. April 2019), Ralf Weber, Manfred Menningen, Klaus Lippert
	Ab dem 19. Dezember 2019: Sanjib Sharma (Vorsitz), Alexander Gedat, Manfred Menningen, Klaus Lippert
Nomination Committee	Until 30 November 2019: Dr Ernst F. Schröder (Chairman, until 11 April 2019), Ralf Weber, Alexander Hardieck
	From 19 December 2019: Dr Tobias Moser (Chairman), Dagmar Heuer, Milan Lazovic
(Former) Corporate Finance Committee	Until 30 November 2019: Dr Ernst F. Schröder (Chairman, until 11 April 2019), Ute Gerbaulet (until 24 September 2019), Manfred Menningen, Ralf Weber, Alexander Hardieck, Klaus Lippert

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 filled by women, the shareholder representatives met these requirements 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.

Until 30 November 2019, one member of the Supervisory Board was a former member of the Managing Board of GERRY WEBER International AG. With Mr Sanjay Sharma, Ms Dagmar Heuer, Dr Moser and, most recently, Ms Christina Käßhöfer as independent shareholder representatives, the Supervisory Board had and has an appropriate number of independent members. The fact that Ms Käßhöfer provided consulting services before joining the Supervisory Board does not affect her independence, all the less so as the consulting mandate was of short duration.

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.

Efficiency review

No efficiency review was conducted by the Supervisory Board in the stub fiscal year 2019. Such a review would not have been appropriate in view of the fact that the newly composed Supervisory Board was constituted only shortly before the end of the stub fiscal year.

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 Johannes Ehling, Florian Frank and Urun Gursu, which means that no women served on the Managing Board in the reporting period. However, this was in line with the target of zero women on the Managing Board defined by the Supervisory Board. Against the background of the existing contracts, the Supervisory Board will maintain this target for the time being.

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 2019, 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.

With the targets reached for both the first and the second management tier, the Managing Board has maintained the targets of 30% and 50%, respectively, for the first and second management tier.

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.

At the Annual General Meetings, the shareholders may cast their votes personally, via a proxy of their choice or via a designated proxy of the company who is bound by instructions. Pursuant to clause 2.3.2 and clause 2.3.3 of the German Corporate Governance Code, the proxies should also be reachable during the Annual General Meeting and arrangements should be made to allow shareholders to follow the Annual General Meeting via the Internet. These recommendations of the Code were not complied with for organisational and financial reasons. To make it easier for shareholders to exercise their rights, shareholders shall be provided with comprehensive information on the past fiscal year and the items on the agenda of the Annual General Meeting prior to the Annual General Meeting by means of the Annual Report and the invitation to the Annual General Meeting. All relevant documents and information including the Annual Report are also available on the company's website.

However, the recommendations and suggestions described above did not apply to the company in the stub fiscal year 2019 and until completion of this report. Reflecting its focus on listed companies, the GCGC's meeting-related requirements clearly assume a public annual general meeting with a large number of shareholders and shareholder representatives. In the stub fiscal year 2019, however, only one Extraordinary General Meeting was held by the two sole shareholders as a general meeting in accordance with section 121 para. 6 of the German Stock Corporation Act (AktG), which was attended only by the notary public recording the minutes and the joint proxy of both shareholders. The same applies to the general meetings held until the conclusion of this report.

Accounting and audit

By resolution of the Gütersloh Local Court dated 8 January 2020, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft was appointed auditor of the financial statements of GERRY WEBER International AG and the Group for the stub fiscal year 2019.

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 CRO. He is responsible for ensuring that the Compliance Programme is implemented in all areas of 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 markets and communication and the 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 meets the recommendations and suggestions of clause 4.1.3 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. Securities transactions reported in the stub fiscal year 2019 are additionally published on the company's website www.gerryweber.com under "Investors" – "Financial News". The shareholdings of the Managing Board and the Supervisory Board of GERRY WEBER International AG as of the end of the stub fiscal year 2019 (31 December) are also shown in the notes to the consolidated financial statements in the present Annual Report. 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 as well as ad-hoc announcements and press releases.

02

COMBINED MANAGEMENT REPORT

COMBINED MANAGEMENT REPORT FOR THE STUB FISCAL YEAR 2019

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 pre-insolvency fiscal year of GERRY WEBER International AG and the GERRY WEBER Group commenced on 1 November 2018. As insolvency proceedings for the assets of GERRY WEBER International AG were opened on 1 April 2019, a new fiscal year began according to the statutory provision of section 155 para. 2 InsO. Against this background, a stub fiscal year 2018/19 was established for GERRY WEBER International AG and the Group for the period from 1 November2018 to 31 March 2019. As the insolvency proceedings of GERRY WEBER International AG were concluded on 31 December 2019, another stub fiscal year 2019 was formed for GERRY WEBER International AG and the Group, which is covered by this report.

As part of the ongoing restructuring of the GERRY WEBER Group, GERRY WEBER International AG agreed a bridge loan for the HALLHUBER GmbH subsidiary with an investor, Robus Capital Management Ltd., on 7 February 2019; besides other conditions, it also includes a purchase option for HALLHUBER. With the purchase option granted on 7 February 2019, HALLHUBER was ready for sale, and the HALLHUBER segment became a discontinued operation pursuant to IFRS 5. On 8 July 2019, a fund managed by Robus Capital Management Ltd. finally acquired the majority shareholding in HALLHUBER Beteiligungs-GmbH and, hence, in the HALLHUBER segment, 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. As Robus Capital Management exercised the option, HALLHUBER is no longer fully consolidated and is no longer included in the consolidated financial statements as a discontinued operation but merely as an investment.

As part of the accounting treatment as a discontinued operation, all income and expense items for the entire reporting period are reported in the income statement as income from discontinued operations. 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.

The Corporate Governance Statement pursuant to section 289f and section 315d para. hgb is available in the "investors" – "corporate governance" segment on the company's website at www.gerryweber.com.

BUSINESS AND GENERAL CONDITIONS

Business model

Business activity and organisation

The GERRY WEBER Group is one of the best-known German fashion and lifestyle companies. 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 segment. In the stub fiscal year 2019, GERRY WEBER International AG comprised two distribution segments, which are also the company's reporting segments, i.e the GERRY WEBER Wholesale segment, which relates to all revenues generated by the GERRY WEBER brands (GERRY WEBER, TAIFUN, SAMOON) with our fashion retail partners, and the GERRY WEBER Retail segment, which comprises the company-managed and concession stores of the GERRY WEBER brands. Comparability of all figures in the present consolidated financial statements for the period ended 31 December 2019 with the figures in the previous Annual Report for the period ended 31 March 2019 is very limited. This is due to the fact that the consolidated financial statements for the period ended 31 December 2019 cover a period of nine months, whereas the financial statements for the period ended 31 March 2019 covered only five months. Moreover, the

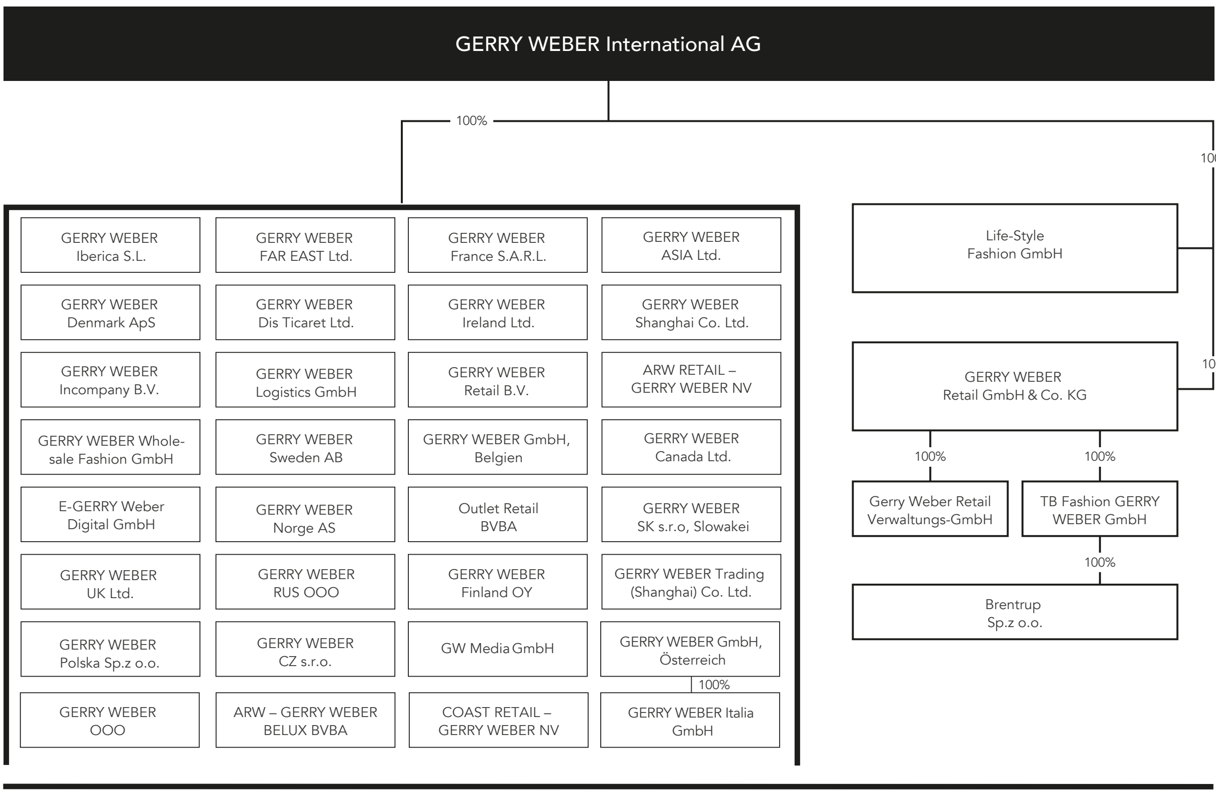
GERRY WEBER Group adopted the new lease accounting standard pursuant to IFRS 16 by applying the modified retrospective transitional approach. Under this approach, the comparative information of the previous period is not restated but continues to be recognised applying IAS 17. In the GERRY WEBER Group, first-time adoption primarily relates to the off-balance sheet lease agreements for retail stores previously recognised as operating leases. The first-time adoption of IFRS 16 in the current reporting period thus had a strong increasing effect on total assets. Moreover, this accounting treatment leads to a reduction in lease expenses reported under other operating expenses on the one hand and an increase in depreciation and interest expenses on the other. On balance, there was a negative effect of EUR 1.8 million on net income for the year and a EUR 37.9 million increase in reported EBITDA as a result of the new accounting treatment for the stub fiscal year compared to the previous accounting treatment according to IAS 17.

As of 31 December 2019, the Wholesale segment comprised 243 franchised GERRY WEBER stores as well as 2,036 shop-in-shops in the stores of our retail partners. The Retail segment had a total of 624 stores as of 31 December 2019. The Group's online revenues amounted to EUR 22.1 million as of 31 December 2019, which represented 6.70% of the Group's total revenues (previous year: 5.30%). Online revenues comprise the revenues of GERRY WEBER as well as the revenues generated in the Wholesale segment, i. e. on external platforms. As of 31 December 2019, GERRY WEBER had distribution structures in over 60 countries worldwide.

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

As of 31 December 2019, the basis of consolidation of the GERRY WEBER Group comprised GERRY WEBER International AG as well as 37 domestic and international subsidiaries.

Company overview – Company structure



Key business processes

It is the mission of the GERRY WEBER Group to inspire consumers with clearly distinguishable brands as well as a demand-driven product range across all points of contact. Efficient processes and reliable agreements are to create added value for consumers and business partners.

In contrast to many other fashion companies, we have a vertical business model that covers the complete value chain from brand and product development to merchandise management, production and procurement to logistics and sales.

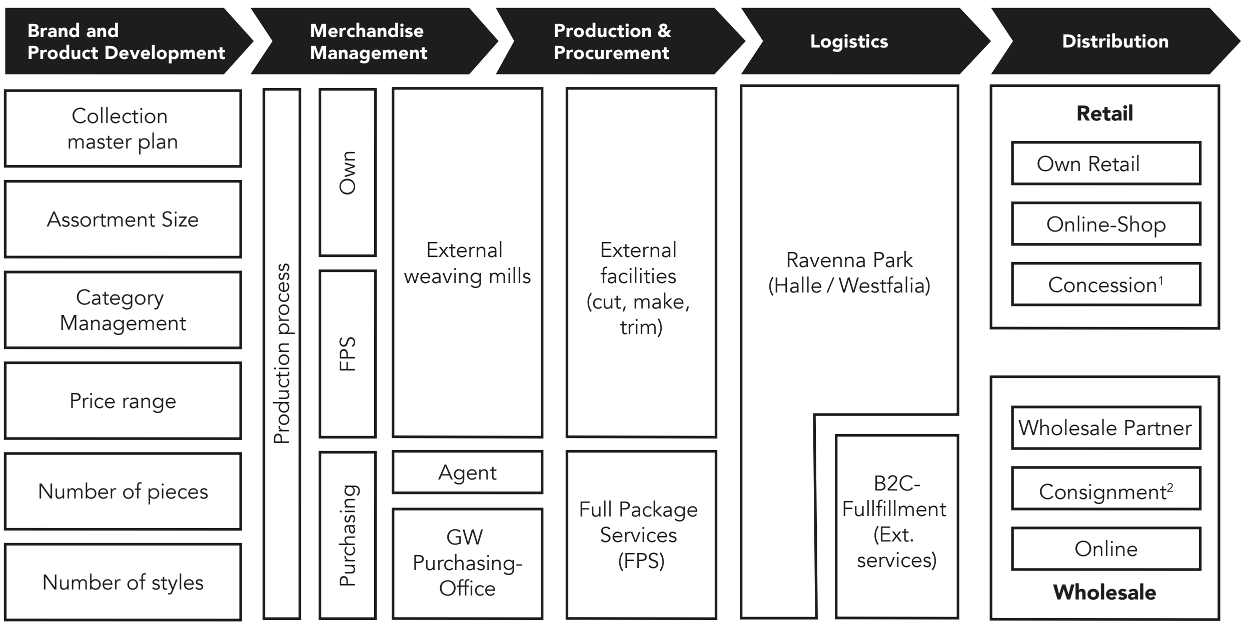
Development of the collections and merchandise management

GERRY WEBER's value chain starts with the development and design of the individual brand collections. In a 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. 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. As a result, the GERRY WEBER, TAIFUN and SAMOON brands were launched in a completely revised form for autumn/winter 2019. 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. Since summer 2018, we have been using a web-based "360 Degrees Product Perfomance Panel", which adjusts the product and category strategy in a continuous and timely manner based on representative feedback from the market.

The ongoing restructuring of the GERRY WEBER Group covered not only the product development process but also the merchandise management process, which has been modified materially since summer 2018. This is being done against the background of the successively changing customer behaviour as well as more frequent unseasonal weather conditions, which make it indispensable to

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
2 GW makes goods physically available to the dealer. The assortment is defined together with the dealer. The inventory risk is borne by GW

constantly and flexibly adjust to customers' requirements. 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. Since the calendar year 2019, the GERRY WEBER collections have been available in 12 monthly delivery capsules with trend-specific content. We offer our retail partners four physical and two digital order rounds. What is more, our presentation in our partners' and our own stores is being perceived as much more consistent by our customers.

Production and procurement

The production requirements for each individual product are defined on the basis of the information obtained from the merchandise management process and the order data of the Wholesale customers. In the nine months of the stub fiscal year 2019, the production volume of the GERRY WEBER Group totalled approximately 8.3 million items (previous year: 6.2 million items).

We generally distinguish between two different types of procurement, i. e. cut-make trim (CMT) on the one hand and full package service (FPS) on the other hand. In the former case, all components required for a garment, such as fabrics, zippers, yarns and buttons, are purchased by the GERRY WEBER Group in advance and made available for production. This means that the external manufacturing partners are merely in charge of the production process proper. In contrast to CMT suppliers, our FPS partners compose and produce the complete garment. In this case, they are responsible not only for manufacturing but also for the procurement of the individual components. 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.

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.

In the stub fiscal year 2019, our GERRY WEBER, TAIFUN and SAMOON brands sourced about 81.7% (previous year: 77.1%) of their merchandise from FPS suppliers and about 18.3% (previous year: 22.9%) from CMT suppliers. Nearly all CMT merchandise is made in Eastern Europe, primarily in Ukraine, Albania and Bulgaria. CMT merchandise has also been sourced from Tunisia. In 2019, CMT products from Eastern Europe accounted for 15.2% of total production (previous year: 19.0%). Accounting for roughly 48.5% (previous year: 43.0%) of the merchandise sourced, Asia is the main procurement region of the GERRY WEBER brands. The focus here is on China, Bangladesh and India. In Bangladesh, we have audited manufacturing partners. Turkey accounted for a total of 30.0% of the merchandise sourced in the fiscal year 2019 (previous year: 29.3%). The remaining 3.2% (previous year: 4.7%) primarily came from Southern Europe and North Africa.

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 the B2C logistics, which are handled by a leading external service provider. Ravenna Park was taken into operation in late 2016 and operated at good capacity until the end of the 2019 calendar year. As part of the operational restructuring programme and in accordance with the provisions of the insolvency plan for GERRY WEBER International AG, it is planned that Ravenna Park will be used by GERRY WEBER until 2021; by that date, a concept for an economically viable alternative should be developed and be ready for implementation. According to the insolvency plan, proceeds from the sale of Ravenna Park are to be distributed to the insolvency creditors of GERRY WEBER International AG.

Sales and distribution channels

The GERRY WEBER Group markets its fashion collections through two distribution channels, which, since the departure of HALLHUBER from the Group, also mirror the segment structure of the GERRY WEBER Group. The Wholesale segment supplies the retail partners with the collections of the GERRY WEBER brands, GERRY WEBER, TAIFUN and SAMOON. The Retail segment distributes the collections of the GERRY WEBER brands through the company-managed sales spaces and 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 stub fiscal year 2019, GERRY WEBER Retail accounted for 63.7% of total Group revenues (previous year: 56.4%).

Number of sales spaces by distribution channel	31 Dec. 2019	31 Mar. 2019	31 Oct. 2018	31 Oct. 2017
GERRY WEBER Retail				
GERRY WEBER stores	307	417	424	454
Mono-label stores	22	67	70	79
Concession stores	267	281	281	281
Factory outlets	28	33	33	36
	624	**798**	**808**	**850**
GERRY WEBER Wholesale				
GERRY WEBER franchised stores	243	263	275	263
Shop-in-shops	2,036	2,174	2,354	2,482
	2,279	**2,437**	**2,629**	**2,745**

Retail operations

At the end of the reporting period on 31 December 2019, the Retail segment comprised 624 (previous year: 798) domestic and international company-managed points of sale of the GERRY WEBER brands.

In the context of its first realignment programme, "FIT4GROWTH", the GERRY WEBER Group closed a total of 137 Retail stores between 31 October 2015 and the end of the fiscal year 2016/17, as these stores failed to meet the Group's profitability targets or their future prospects appeared negative. On balance, another 42 POS were closed in the fiscal year 2017/18 and a total of 10 POS in the stub fiscal year 2018/19. In the stub fiscal year 2019, the year of the financial restructuring of the GERRY WEBER Group, another 174 POS were given up at the bottom line. While the main focus of the store closures was on Germany, we also gave up company-managed sales spaces that did not meet our requirements in Great Britain and, occasionally, in Scandinavia.

As a result, there were 307 "Houses of GERRY WEBER" as of 31 December 2019, compared to 417 on 31 March 2019. The number of TAIFUN, SAMOON and GERRY WEBER EDITION mono-label stores was reduced to 22, down from 67 in the previous year. Besides the GERRY WEBER stores and the mono-label stores, the GERRY WEBER Retail business also comprises 28 (previous year: 33) factory outlets as well as 267 (previous year: 281) 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 our Spanish partner El Corte Inglés or at Galeria Kaufhof in Germany.

The table below provides a comprehensive overview of the Retail store portfolio, i.e. of the company-managed points of sale of the GERRY WEBER Group, by regions:

Company-managed points of sale by country/region	31 Dec. 2019	31 Mar. 2019	31 Oct. 2018	31 Oct. 2017
Germany	371	512	519	545
Netherlands	107	109	104	105
Spain	44	44	45	50
Scandinavia	30	36	36	38
Belgium	28	28	28	29
Austria	26	29	34	36
Eastern Europe	13	17	17	20
UK & Ireland	4	22	24	26
Italy	1	1	1	1
	624	**798**	**808**	**850**

Online business

Digitally, our brands are marketed through our own online shops as well as on external platforms. Revenues generated by the company's own online shops are counted towards the Retail segment. In addition, we are increasingly using external online platforms such as Amazon, Zalando, Boozt, about you and Otto. As the platform operators buy the merchandise from us, these revenues are counted towards the Wholesale segment. Online revenues of the GERRY WEBER brands totalled EUR 22.1 million in the nine months of the stub fiscal year 2019 (previous year: EUR 11.4 million), which represents approximately 6.7%

(previous year: 5.3%) of GERRY WEBER's total revenues (Retail and Wholesale). In the stub fiscal year 2019, this breaks down into EUR 20.0 million (previous year: EUR 10.1 million) for our own online shops and EUR 2.0 million (previous year: EUR 1.3 million) for external platforms. This means that our own online shops accounted for 9.5% of the Retail revenues in the stub fiscal year 2019 (previous year: 8.3%).

It is one of the key objectives of the GERRY WEBER Group to grow its online revenues significantly and, hence, to better leverage the potential of this distribution channel. The stronger integration of the physical and digital points of sale will play a key role in this context. In the context of our "E-Commerce 2020" programme, we therefore started a best-practice exercise across all brands already in the fiscal year 2017/18. For instance, we are implementing a Click & Collect system and will considerably expand GERRY WEBER's platform business.

Wholesale operations

The Wholesale segment handles business with our external retail partners. Our retail 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 stub fiscal year 2019, 243 GERRY WEBER stores were managed by franchisees (previous year: 263). 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. In contrast to the shop-in-shops, the multi-label spaces do not visually represent the brand. Instead, this sales format comprises traditional retailers selling several brands. As of 31 December 2019, there were a total of 2,036 shop-in-shops, compared to 2,174 at the end of the previous fiscal year. 526 of these points of sale were located outside Germany (previous year: 614).

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

Franchise partners per country/ region GWI-CORE	**31 Dec. 2019**	31 Mar. 2019	31 Oct. 2018	31 Oct. 2017
Germany	41	47	50	52
Russia	70	69	65	55
Southern and Eastern Europe	36	40	39	32
Middle East	31	32	34	34
Switzerland	17	19	19	22
Baltic states	15	14	14	14
France	9	10	13	13
Benelux	6	7	11	11
Austria	2	3	4	4
Other	***16***	***22***	***26***	***25***
	243	**263**	**275**	**263**

Strategy and objectives

Restructuring and repositioning of the GERRY WEBER Group

As in the previous periods, the market environment for fashion retailers remained very challenging in the nine months of the stub fiscal year 2019. Customer footfall in the city centres and shopping malls is very low or even declining and other products and services such as electronic devices and furniture or recreational activities have replaced clothing as one of consumers' main spending items. In addition, structural market changes such as the growing sale of fashion and accessories through digital channels continue to dramatically transform the supplier side structures and, hence, our competitive environment. It is a fact that Germany's physical textiles retail market has contracted for quite some time and is characterised by strong competition for market share, which is driven, among others, by suppliers with a strong online or multichannel business model.

In view of these challenges, GERRY WEBER introduced the "FIT4GROWTH" realignment programme in February 2016 and the Performance Programme in summer 2018. All defined measures of the FIT4GROWTH programme had been implemented by the end of the fiscal year 2016/17. The main objective of the programme was to reduce the cost base. On balance, a total of 137 shops in Germany and abroad were closed in the context of the FIT4GROWTH programme.

As part of the Performance Programme for sustainable profitable growth launched in July 2018, the entire organisation of the GERRY WEBER brands was restructured from scratch in accordance with the go-to-market model. The main objective defined as part of the Performance Programme was to act more quickly and flexibly and to respond more effectively to short-term developments and fashion trends. Strategically, a consistently vertical process approach was pursued, which puts the customer centre stage.

In view of steadily declining revenues and the resulting deviation of the company's business results from the original targets as well as a number of additional internal and external crisis factors, the Managing Board and the Supervisory Board of GERRY WEBER International AG, in coordination with the GERRY WEBER Group's financing banks and other financing partners, ordered a restructuring report ("Sanierungsgutachten") for the GERRY WEBER Group in the fiscal year 2017/18. The report in accordance with Standard S6 (IDW S6) to review the company's ability to restructure and to support the comprehensive transformation process already initiated at the time described the core business model as viable and future-proof.

At the same time, the Managing Board of GERRY WEBER International AG held constructive talks and was able to agree, as a first step, a deferral of the noteholders' claims from November 2018 until the end of January 2019 with the Group's financing partners as well as a moratorium until the end of January 2019 with the GERRY WEBER Group's financing banks. The aim was to agree, in a second step, a comprehensive financing concept with effect from 1 February 2019 to secure the Group's sustainable financing.

On 25 January 2019, however, GERRY WEBER International AG was forced to apply to the competent Bielefeld Local Court for the opening of insolvency proceedings with debtor-in-possession status in accordance with section 270 a of the German Insolvency Code (InsO). The application was made necessary by the failure of the talks with the financing partners, which had come unexpectedly at the time. The insolvency proceedings with debtor-in-possession status were opened on 1 April 2019. The proceedings were concluded on 31 December 2019 on the basis of an insolvency plan that became legally effective on 25 October 2019. In the course of the insolvency proceedings, the IDW S6 restructuring report ("Sanierungsgutachten") was updated and finalised as of November 2019. In addition to the sets of measures already defined in the Performance Programme, further requirements were developed, some of which went considerably beyond the initially envisaged restructuring and provided for much more serious and far-reaching measures in these areas. Moreover, the restructuring programme was connected with a viable financial restructuring programme as part of the insolvency proceedings with debtor-in-possession status.

The measures described above in conjunction with our company's plans and budgets until the end of 2023 form the basis for the further restructuring of GERRY WEBER, which we intend to complete by the end of 2023. With their strong votes, our new owners and the company's creditors have not only given us the green light, but the confidence they have shown in the strategy will also – support the ongoing implementation.

As part of the restructuring of GERRY WEBER, GERRY WEBER International AG was able, in February 2019, to agree a bridge loan to secure the ongoing business operations of its HALLHUBER subsidiary and also granted a purchase option for HALLHUBER in this context. When this option was exercised in July 2019, HALLHUBER left the GERRY WEBER Group, save for a remaining 12% stake. According to the insolvency plan, proceeds from the still pending sale of the remaining share in HALLHUBER are to be distributed to the insolvency creditors of GERRY WEBER International AG.

Strategic objective

Following last year's financial restructuring, we are pursuing an operational turnaround strategy. Our strategic objective is for GERRY WEBER to have a clearly positioned portfolio of brands and distribution channels as well as a product range meeting the requirements of our target group segments. Efficient, customer-oriented processes and solution-oriented internal cooperation are key elements of our strategic objectives.

We are convinced that a brand strategy providing for a clear differentiation of the individual brands as well as their perceptibility and operational excellence at the point of sale are relevant to success. Our mission is: "Bringing the best to every woman we dress".

Against this backdrop, ten strategic initiatives were defined for the strategic repositioning of GERRY WEBER as well as for the necessary structural optimisation of the cost base in 2019 and their implementation has been initiated. The measures are designed to secure the Group's future viability and to restore GERRY WEBER's economic success by 2023.

1. "Brand strategy and communication"

The turnaround concept is based on repositioning the GERRY WEBER brands, i. e. strengthening the brand core.

In our customer target group, we have identified a shift in demand towards slightly more fashionable and higher-quality clothing, from Modern Classic Mainstream to Modern Classic Premium. It is therefore our strategic objective to adapt our brand collections accordingly. Our GERRY WEBER, TAIFUN and SAMOON brands should be characterised by their own clearly differentiated market, customer and price positioning, which means that we will implement measures that will make the distinction between each of the three brands even clearer and support their respective positioning.

The GERRY WEBER brand will be precisely positioned in the Modern Classic Mainstream segment bordering on the Premium segment. Our target group comprises women as of their early fifties, who are today much more fashion-conscious than in the past. Moreover, this cohort has a higher income than its predecessors and belongs to one of the growing population groups. We want to impress this target consumer with quality, cuts and a strong fashion appeal.

TAIFUN stands for urbane fashion for self-confident women as of their early forties. TAIFUN has a feminine orientation and presents an intelligent mix of formal businesswear and casual fashion that combines different styles without compromising on its own unique signature. TAIFUN is positioned in the Modern Women Mainstream segment and will be priced more competitively.

The SAMOON brand is targeted at women of any age wearing plus sizes. 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 wants to spend growing parts of their incomes on clothing. SAMOON is one of the very few brands that offers women wearing plus sizes attractive, high-quality fashion collections. SAMOON collections will increasingly be offered through online channels.

Moreover, all our marketing and communication activities are consistently focused on the customer. The repositioning of our brands has been externally visible since September 2019 and comprises a newly designed marketing campaign, parallel communication via print and online / social media as well as addressing the social media target group through an online campaign on relevant portals. These measures are accompanied by visual merchandising and PR activities. Further implementation was planned in three waves until November 2020.

2. "Product development"

The GERRY WEBER, TAIFUN and SAMOON collections were given a new signature already as of the autumn / winter season 2019. Over the coming months, we will continue to optimise our consistently customer-focused and market-oriented product development. Moreover, professional standards of flexible and timely control have been initially introduced and will be anchored even more firmly in the operational organisation and optimised in the coming months. It is planned to increasingly incorporate our newly defined NOS strategy (Never out of Stock / basic range) into the operational organisation. The new NOS range has been available to customers already since January 2020. To additionally support the product performance in the market, the existing marketing budget has been consolidated and focused on a mass media marketing mix tailored to the target customer.

3. "Go-to-market"
Overall, we want to significantly increase our planning accuracy, while at same time making our distribution activities much more efficient. Our primary "go-to-market" objectives are targeted collections and an optimised adaptation to strong trends during the course of each season. To this end, we already switched to a new order system with six order phases and shorter order times in 2018. Monthly delivery capsules will reflect current trends and weather conditions. The main focus of the "go-to-market" concept is placed on our Wholesale partners. As we continue to see good growth potential for us especially in countries outside Germany, we are additionally developing country-specific market strategies. We are convinced that it is absolutely critical to our success to further strengthen, cultivate and expand our relationships with our key accounts, most of which are still good. These measures will be our main concern in the coming months.

4. "Planning and merchandise management"
It is our aim to distribute the right product at the right time at the right price and at the right place. To this end, we are reducing the pre-order limits in order to provide more post-order flexibility during the season. We have switched to a monthly merchandise management system in accordance with the collection framework plan and are optimising inventory control in all distribution channels. A professional software solution needs to be implemented to further professionalise the planning and operational control of the allocation of merchandise. The necessary decisions for this are to be taken in 2020. We believe, however, that additional economically measurable benefits from the system control tools implemented by then will not become apparent before 2022.

5. "Retail performance"
As part of the restructuring of GERRY WEBER, we have already closed most of our own points of sale which failed to meet our strict economic criteria. Unprofitable and less promising locations were already identified and closed in the calendar year 2019 and also in the first months of 2020. The consolidated POS portfolio now focuses on profitability, sales per square meter and conversion rates as the key performance indicators for our Retail business. New store concepts, which include shop fittings, visual merchandising as well as intensive training of sales staff, will now gradually be implemented and we intend to selectively open up new POS with significantly improved cost and process structures at those locations that are attractive to us. We plan to implement the new shop fitting, visual merchandising and training programmes in the course of 2020.

6. "E-commerce / omni-channel"
One of the key objectives of our restructuring exercise is to develop growth potential in the e-commerce sector and to strengthen omni-channel sales. With this objective in mind, we changed our B2C fulfilment and web shop service provider already in October 2019. Moreover, we are in the process of implementing our omni-channel strategy by installing modern omni-channel processes, such as mobile in-store ordering. We aim for a strong increase in our e-commerce revenues. In the course of 2020, we intend to considerably expand our HR capacities in this area once again.

7. "Supply chain / procurement"
We want to have effective product management and procurement structures. The set of measures focuses on a reduction of the previously very large administrative structures in the foreign offices in Turkey and Asia, a noticeable consolidation of the supplier base as well as a standardisation of the use of raw materials ("Fabrics Libraries" – documentation of the generally used materials) and a reduction in lead times. While we have already taken the first steps towards consolidating our procurement structures and have been able to reduce our lead times, we will continue to further optimise processes and workflow structures until into 2021. The restructuring exercise also provides for a change from cut-make trim (CMT) arrangements to full package services (FPS) on a case-by-case basis. CMT will nevertheless remain a fundamental component of our purchasing strategy. The development of the patterns remains the core competency of all GERRY WEBER brands.

8. "Digital readiness / IT"
Our current IT structure was subjected to a fundamental restructuring exercise already in 2019. At the same time, however, we have also initiated sets of measures designed to consolidate and modernise our IT infrastructure / IT system landscape in the medium term. We are currently developing a detailed implementation programme and schedule for these measures.

9. "Organisational excellence"
In the context of GERRY WEBER's restructuring programme, the company's organisational structure has been revised from scratch. With effect from 1 November 2018, the Managing Board was restructured comprehensively in order to reposition the company and push ahead with its concept for the future. Between November 2018 and February 2020, Johannes Ehling, who had previously served as Chief Sales Officer and Chief Digital Officer on the Managing Board since April 2018, was Spokesman of the GERRY WEBER Managing Board. Moreover, Florian Frank was appointed to the Managing Board as Chief

Restructuring Officer (CRO) on 2 October 2018. In December 2019, his appointment, which was initially limited until 31 December 2019, was renewed for another year until 31 December 2020. Mr Frank's areas of responsibility include, in particular, Restructuring, Finance, HR, Outbound Logistics and Legal / Compliance. On 19 February 2019, the Supervisory Board of GERRY WEBER International AG appointed Mr Urun Gursu as an additional member of the company's Managing Board. Between March 2019 and the end of February 2020, Mr Gursu was responsible for Product and Creation of the GERRY WEBER Group in his capacity as Chief Product Officer (CPO).

Johannes Ehling resigned from the Managing Board of GERRY WEBER at his own request in February 2020. Mr Urun Gursu also resigned from his position on the Managing Board in February 2020. Florian Frank, Chief Restructuring Officer, remained a member of the Managing Board of GERRY WEBER International AG. On 20 February 2020, Alexander Gedat, Chairman of the Supervisory Board of GERRY WEBER since December 2019, temporarily assumed the position of Managing Board Chairman, having previously resigned from the Supervisory Board. The Supervisory Board immediately began to look for a new Managing Board Chairman.

On the Managing Board of GERRY WEBER International AG, which will comprise two departments in the future, all members are responsible for operational areas with a clear departmental structure and clear allocation of responsibilities. The management areas below the Managing Board have also been restructured and are being led with clearly defined responsibilities and targets. While GERRY WEBER's organisational structure was previously largely brand-focused, the new management organisation follows a functional structure along the Board departments. This avoids redundant functions, clearly defines responsibilities and significantly speeds up decision-making processes.

The objective of the "Organisational excellence" module is to create lean and effective corporate structures and, in particular, to implement the restructuring programme effectively. Further key aspects included the adjustment of overheads to the new corporate structure, the development of the target organisation in the form of processes, roles and responsibilities, the installation of a multi-project management office and the restoration of an attractive employer culture that promotes performance and loyalty. The strategic "Organisational excellence" initiative serves to exploit cost potential, to increase efficiency in all administrative processes and to support the implementation of the restructuring process.

10. "CFO agenda"
The CRO negotiated a sustainable new financing structure which – without taking into account the effects of the coronavirus crisis – allows us to be fully financed over the next five years. The elements are a secured loan, a revolving credit facility, letters of credit and the necessary guarantees.

The main goal of the "CFO agenda" 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 our consolidated revenue, revenue by distribution channel / segment and revenue by brand. Furthermore, we implemented a rolling forecast system regarding EBITDA and cash flow.

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 restructuring and 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 and implement outsourcing procedures. Also there is a cost controlling process implemented to remain flexible regarding budgeted expenses.

Management and control / key performance indicators

The GERRY WEBER Group's internal control system is designed to support the implementation of the corporate strategy. In this context, we use figures and performance indicators that allow us to measure and assess the performance of the individual segments and of the GERRY WEBER Group.

It is the medium-term objective of GERRY WEBER International AG to return to profitable growth after the successful restructuring of the company. Consequently, consolidated revenues are a key performance indicator of the GERRY WEBER Group. The composition of consolidated revenues by distribution channels (GERRY WEBER Retail and Wholesale) and by brands (GERRY WEBER, TAIFUN, SAMOON) is another strategically important performance indicator.

We primarily use the operating result to measure the profitability of the GERRY WEBER Group. Consequently, consolidated earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation and amortisation (EBITDA) were key performance indicators of the

Group until the fiscal year 2017/18. To assess the underlying operating performance, we consider normalised EBITDA (without taking into account the effects of the amended lease accounting under IFRS 16, which we adopted as of April 2019) to be particularly relevant for the coming years of the operational restructuring (apart from the figures reported in the financial statements), as it reflects the economic situation without taking into account unplanned charges or benefits.

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 important non-financial 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, whose changes may have a positive or negative impact on the net worth, financial and earnings position. These also include the conversion rate or the increase / decrease in visits to our online shops. Complementary 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, e.g. we record the logistic costs per item.

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 an additional key performance indicator; it is defined as net debt / normalised EBITDA and is used to measure the progress of the financial restructuring. Both figures are calculated without taking the effects of the amended lease accounting under IFRS 16, which we adopted as of April 2019, into account.

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

In view of the ongoing trade disputes, in particular between the US and China, but also due to continuing uncertainties about the outcome of the UK's exit from the EU as well as the weather disasters caused by climate change, the International Monetary Fund estimates that global economic growth in 2019, at 2.9%, will be the lowest since the financial crisis of 2008 and 2009.

The German economy

While Germany's gross domestic product increased for the tenth consecutive time in 2019, the growth rate of 0.6% was much lower than in previous years. While gross value added in Germany's industrial sector as a whole dropped sharply in 2019, particularly as a result of weak production in the automotive industry, it picked up strongly in individual sectors such as construction, IT and communications as well as financial and insurance services. The trade, transport and hospitality sectors also recorded above-average growth. Private consumer spending in Germany also rose by a noticeable 1.6% in 2019. Germany's gross domestic product recorded only marginal growth in the reporting period from 1 April 2019 to 31 December 2019. In the second quarter, GDP was down by 0.2% on the prior quarter, only to pick up by a moderate 0.2% in the third quarter. In the fourth quarter, GDP stagnated at the level of the previous quarter.

Consumer behaviour in Germany

Accounting for 59.0% 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. For the period from April 2019 to December 2019, the GfK Index shows a moderate decline from 10.2 points to 9.7 points. The index reached a low of 9.6 points in November and a high of 10.2 points each in April and May. The average of 9.8 points in the reporting period means that consumer sentiment deteriorated noticeably compared to the average of 10.7 points in 2018.

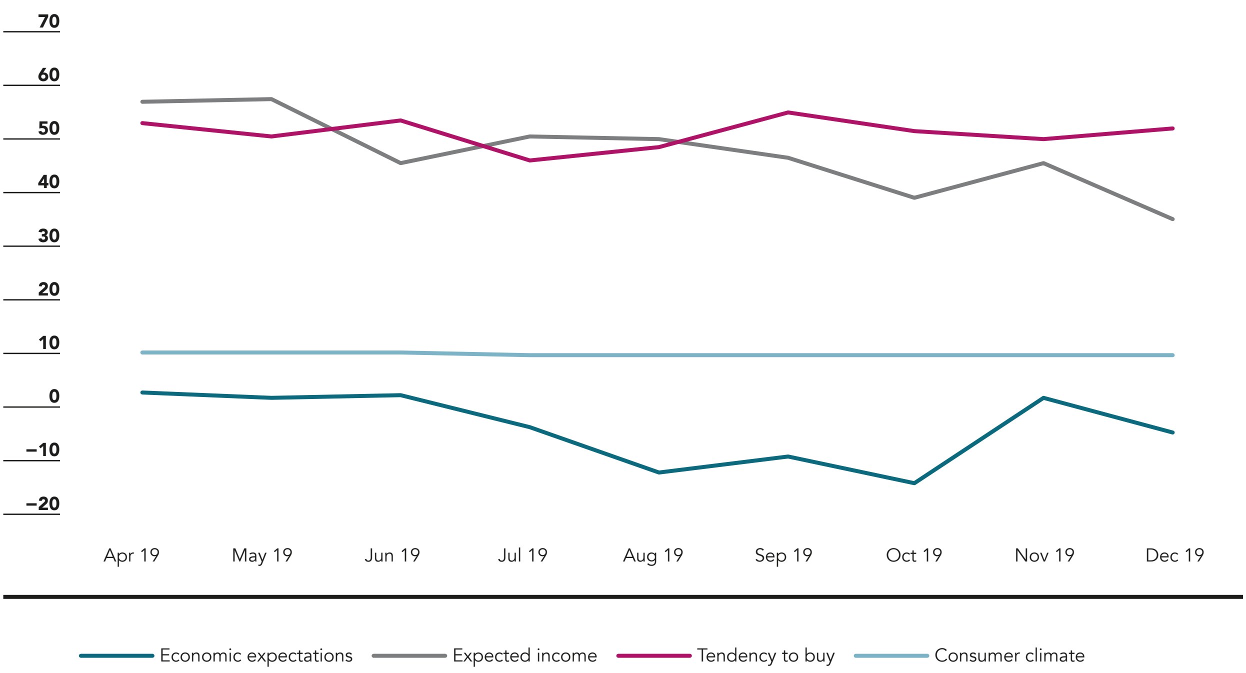
European Union

In the 28 member states of the European Union, real per capita income and real per capita consumption in the period from April to June 2019 were up by 0.3% and 0.4%, respectively, on the previous quarter. In the third quarter of 2019, both figures rose much more strongly, with per capita income up by 0.7% and real consumption by 1.0%. According to initial estimates by the European Commission, GDP in the EU member states rose only slightly in the reporting period compared with the respective previous quarter, climbing 0.2% in the second quarter, 0.3% in the third quarter and 0.1% in the fourth quarter of 2019. GDP growth in the eurozone showed the same trend.

Russia

Accounting for 3.7% of total Group revenues, Russia is a relevant international market for GERRY WEBER. According to the Organisation for Economic Cooperation and Development (OECD), Russia's gross domestic product improved by 0.9% and 1.6%, respectively, in the second and third quarter of 2019 compared with the respective prior year quarter. For the fourth quarter, a growth rate of 1.5% is projected by the International Monetary Fund (IMF), which expects the Russian economy to grow by 1.1% in the full year 2019, compared to 2.3% in the previous year. One of the reasons for the relatively weak economic data from Russia is a lower oil price in the first nine months of 2019, which has an adverse impact on the Russian economy. Rising inflation, structural challenges and the VAT increase introduced at the beginning of 2019 also affected domestic demand.

GfK Consumer Climate Index April – December 2019



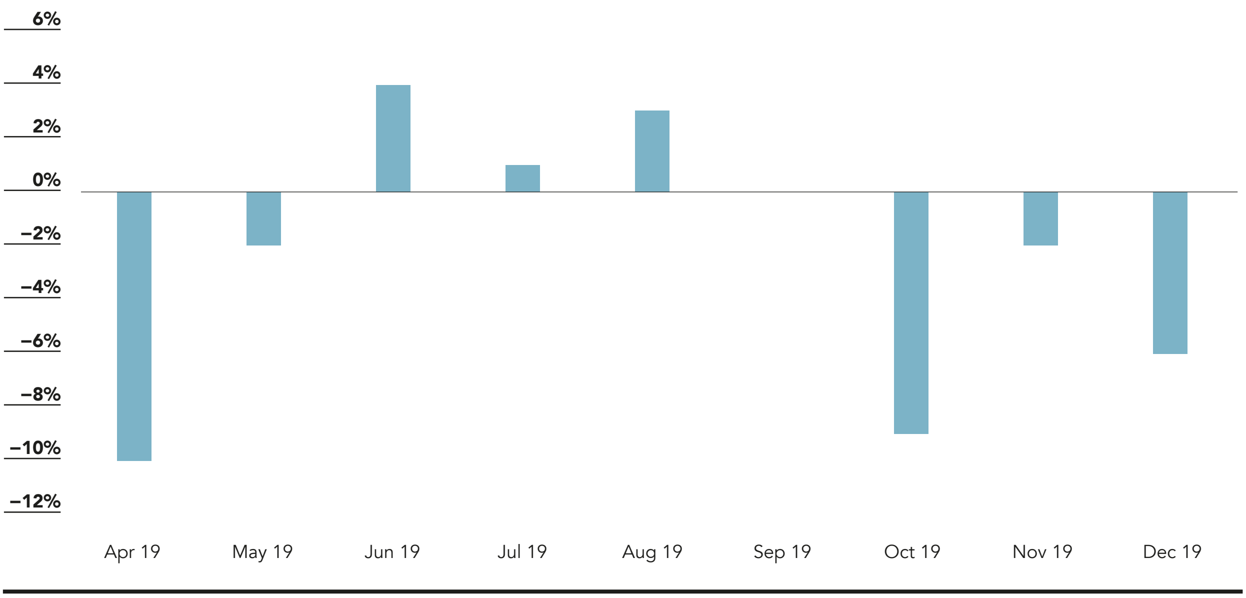
German textile trade

The slightly weaker but still stable consumer sentiment in Germany once again failed to result in growing revenues for physical fashion retailers in 2019. According to the panel of the Textil Wirtschaft-Testclub, sales in Germany's physical fashion stores were down by 2% on the previous year, marking the fourth consecutive year of declining revenues. This is primarily attributable to growing online sales of fashion and the resulting decline in consumer footfall in the city centres. In the period under review, the industry thus recorded correspondingly lower sales, which were down by −10% in April 2019 and by −2% in May 2019, compared to +7% and −6% in the respective prior year months. By contrast, sales figures in the summer months showed a positive trend, with physical fashion retailers recording a +4% increase in June 2019, compared to +/-0% in the same month of the previous year. In July 2019, with the start of summer sales, the industry recorded moderate revenue growth of +1%, followed by +3% in August. In the autumn and winter months of 2019, sales declined again; while September sales were at the prior year level, October, November and December saw sales clearly below the respective prior year months at −9%, −2% and −6%, respectively. Overall, Germany's physical textile retailers remained exposed to major challenges in the reporting period.

Overall assessment of the economic environment in the reporting period

With the German economy slowing down slightly, physical fashion retailers again recorded declining sales in the reporting period, which means that they again failed to benefit from stable consumer sentiment. Among the reasons are the generally saturated local fashion market as well as structural changes in consumer behaviour, which also include declining customer loyalty and, consequently, declining return rates. One of the main drivers of the contracting revenues generated by the physical retail sector remains e-commerce, which not only accounts for a continuously growing share of total revenues but is also making consumers much more demanding with regard to a number of criteria such as choice of products and product availability as well as price transparency and payment modes. Overall, the economic environment in the reporting period was challenging and tended to be even more difficult than in previous periods.

Sales revenues of Germany's physical fashion retailers vs. prior year months Apr.–Dec. 2019



NET WORTH, FINANCIAL AND EARNINGS POSITION

The stub fiscal year 2019 with a balance sheet date of 31 December 2019 covers a period of nine months, while the stub fiscal year 2018/19 with a balance sheet date of 31 March 2019 covers a period of five months. This means the comparability of all figures with the prior year figures is limited. Moreover, the GERRY WEBER Group adopted the new lease accounting standard pursuant to IFRS 16 by applying the modified retrospective transitional approach. Under this approach, the comparative information of the previous period is not restated but continues to be recognised applying IAS 17. In the GERRY WEBER Group, first-time adoption primarily relates to the off-balance sheet lease agreements for retail stores previously recognised as operating leases. The first-time adoption of IFRS 16 in the current reporting period thus had a strong increasing effect on total assets. Moreover, this accounting treatment leads to a reduction in lease expenses reported under other operating expenses on the one hand and an increase in depreciation and interest expenses on the other. On balance, there was a negative effect of EUR 1.8 million on net income for the year and a EUR 37.9 million increase in reported EBITDA as a result of the new accounting treatment for the stub fiscal year compared to the previous accounting treatment according to IAS 17.

Sales performance

GERRY WEBER's consolidated sales revenues in the stub fiscal year 2019 amounted to EUR 330.5 million, which was in line with the latest revenue forecast for this reporting period of approx. EUR 330 million.

The market environment for fashion retailers failed to improve also in the period from April 2019 to December 2019 but actually tended to deteriorate. Declining customer footfall in the city centres and shopping malls and changing consumer behaviour have increasingly weighed on sales. The share of consumers' disposable income that is spent on fashion products continues to decline, with more money being spent on electronic devices, recreational and holiday activities or capital goods. Sales revenues of Germany's physical fashion retail stores were down by 2.0% on the prior year period throughout the calendar year 2019.

GERRY WEBER's consolidated sales revenues in the stub fiscal year 2019 broke down into EUR 120.1 million for the GERRY WEBER Wholesale segment (previous year: EUR 94.0 million) and EUR 210.4 million (previous year: EUR 121.6 million) for the GERRY WEBER Retail segment.

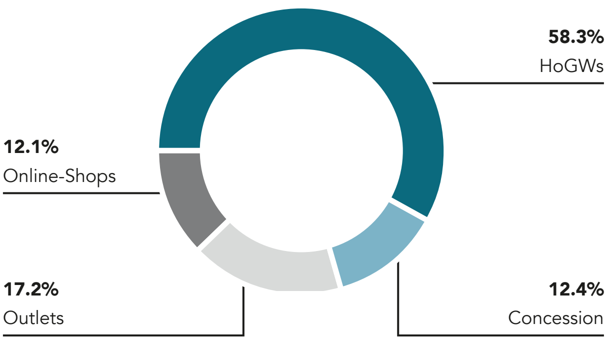
The chart below shows a breakdown of consolidated revenues in the stub fiscal year 2019 by segments:

Comparable Sales by Segment Stub Financial Year 2019

The Retail segment closed 174 points of sale (net) in the stub fiscal year 2019, the year of GERRY WEBER's financial restructuring. As a consequence, the number of company-managed GERRY WEBER, TAIFUN and SAMOON stores declined strongly to 624 as of 31 December 2019 (798 as of 31 March 2019). Like-for-like revenues in the Retail segment declined by 14.1% in the reporting period. Like-for-like revenues are defined as revenues generated by all POS that are older than two years. Online revenues of the GERRY WEBER Retail segment amounted to EUR 20.0 million in the reporting period (previous year: EUR 10.1 million).

The breakdown of GERRY WEBER Retail's like-for-like revenues by shop formats did not change materially in the reporting period compared to the stub fiscal year 2018/19. The GERRY WEBER stores and mono-label stores contributed 58.3% (previous year: 56.0%) to like-for-like Retail revenues. Concession stores accounted for 12.4% of like-for-like revenues in the stub fiscal year 2019 (previous year: 14.0%). The online shop's share in total like-for-like revenues remained virtually unchanged at 12.1% (previous year: 12.9%). The chart below shows a breakdown of like-for-like Retail revenues by shop formats.

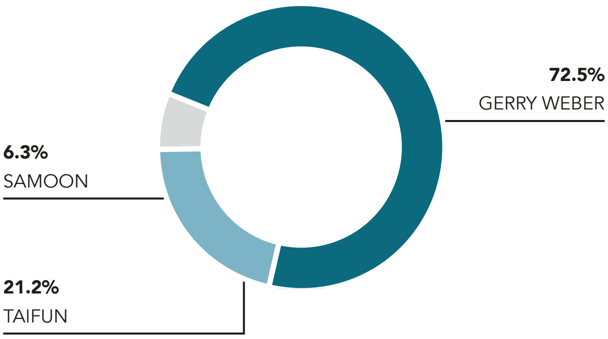
Sales GERRY WEBER Retail Segment Stub Financial Year 2019, like-for-like



The breakdown by brands shows that GERRY WEBER, at 72.5%, again made by far the biggest contribution to sales revenues in the stub fiscal year 2019 (previous year: 72.9%). TAIFUN and SAMOON also made almost exactly the same contributions to revenues in the stub fiscal year 2019 as in the previous year. TAIFUN accounted for 21.2% (previous year: 21.1%), while SAMOON represented 6.3% (previous year: 6.0%).

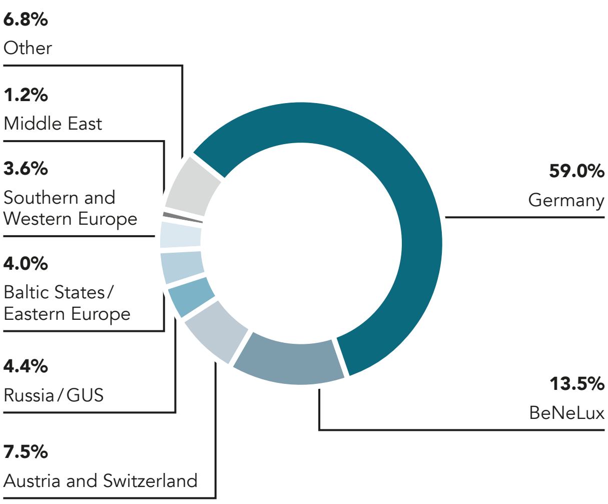
The chart below shows a breakdown of Group sales revenues by brand families:

Sales GERRY WEBER Brands Stub Financial Year 2019



In Germany, which is GERRY WEBER Group's largest market by far, total sales in the textile retail trade declined significantly in the stub fiscal year 2019. In April, May, October, November and December 2019, the industry suffered sharp drops in revenues. Only the summer months saw slight sales revenues pick up slightly. For GERRY WEBER, this industry environment in its main market represented an additional challenge besides the restructuring tasks the company had to perform in the context of the insolvency proceedings. The weak market conditions prevailing at the end of the calendar year made it particularly difficult to implement our new brand identity.

Sales GERRY WEBER by Region Stub Financial Year 2019



In the reporting period, the GERRY WEBER Group generated 59.0% of its total revenues in Germany (previous year: 57.2%). Other relevant markets for the Group are the BeNeLux countries, which account for 13.5% (previous year: 11.9%) of total sales revenues, Austria with 5.2% (previous year: 5.6%), Scandinavia with 4.4% (previous year: 5.1%), and Russia/CIS with 4.4% (previous year: 5.0%). In total, 41.0% (previous year: 42.7%) of total Group revenues were generated in markets outside Germany. The fact that revenues generated in international markets were already slightly lower than in the previous year is mainly due to the decision taken in the context of the restructuring exercise to no longer operate our own points of sale in Sweden, the UK and Denmark. Most of the points of sale in the UK were therefore closed already in the stub fiscal year 2019. At the beginning of 2020, the corresponding measures were taken in Denmark and Sweden. In Russia, the insolvency proceedings initially slowed down the planned franchise expansion in 2019. We assume, however, that we will continue our expansion in Russia now that the financial restructuring has been completed.

Earnings position

As described above, consolidated sales of GERRY WEBER International AG amounted to EUR 330.5 million in the stub fiscal year 2019, compared to EUR 215.6 million in the stub fiscal year 2018/19. The sales performance in the stub fiscal year 2019 was largely influenced by the fact that we closed a large number of stores, streamlined our product range and restructured our processes as part of the insolvency and the restructuring exercise of the GERRY WEBER Group. In addition, sales in the entire textile retail sector in our German core market declined in the period of the reporting year, i.e. from April to December 2019, as a result of the structural changes in consumer behaviour we have seen for some time.

Other operating income for the 2019 reporting period amounted to EUR 176.5 million. Of this amount, EUR 167.5 million alone was attributable to the restructuring income from the pro rata derecognition of insolvency liabilities. Moreover, provisions in the amount of EUR 4.7 million, which had been formed in previous periods as part of the restructuring exercise, were released. Other operating income in the stub fiscal year 2018/19 in the total amount

in KEUR	**Stub fiscal year 2019 1 Apr. 2019 – 31 Dec. 2019**	Stub fiscal year 2018/2019 1 Nov. 2018 – 31 Mar. 2019
Sales revenues	330,511.9	215,566.4
Other operating income	176,548.8	50,691.8
Changes in inventories	–19,754.8	–25,952.8
Cost of materials	–117,241.5	–83,828.2
Personnel expenses	–83,044.0	–55,049.4
Depreciation/amortisation	–46,769.8	–137,743.3
Other operating expenses	–110,078.8	–93,486.6
Other taxes	–210.2	–294.2
OPERATING RESULT	**129,961.6**	**–130,095.7**
Non-operating income and expenses	145,028.4	*118,025.0*
Normalised EBIT	***–15,066.8***	***–12,070.7***
Financial result	–8,450.6	–2,038.7
Results from ordinary activities	**121,500.8**	**–132,134.4**
Taxes on income	–2,179.2	–16,092.0
Result from continuing operations	119,321.6	–148,226.4
Result from discontinued operations	**0.0**	**–96,274.4**
CONSOLIDATED NET INCOME/LOSS FOR THE YEAR	**119,321.6**	**–244,500.8**
Earnings per share from continuing operations in EUR (diluted and basic)	3.35	–3.26
Earnings per share in EUR (diluted and basic)	3.35	–5.37

of EUR 50.7 million included the profit of EUR 17.4 million from the sale of Hall 29 as well as released provisions (EUR 29.8 million), which had been formed in particular in the 2017/18 fiscal year as part of the restructuring exercise.

Inventory reductions of EUR 19.7 million were recorded in the stub fiscal year 2019. As in the previous years, this was mainly due to the extensive store closures as well as to the massive sale of merchandise that lasted into summer 2019. The inventory reductions of the stub fiscal year 2018/19 in the amount of EUR 26.0 million were attributable to the same factors as well as to the considerably optimised and therefore more effective merchandise management and, last but not least, to a more conservative valuation.

The cost of materials in the stub fiscal year 2019 amounted to EUR 117.2 million (previous year: EUR 83.8 million). The cost of materials ratio improved to 41.4%, which was attributable to lower unscheduled impairment losses compared with the previous year, but also to the first positive effects of the new merchandise management processes. The very high cost of materials ratio of 50.9% of the stub fiscal year 2018/19 was additionally affected by impairment losses of EUR 2.6 million resulting from the sales-oriented measurement of inventories applied in the previous years. The expenses were included in the cost of materials. Write-downs on inventories for sales measures planned as part of the restructuring exercise amounted to EUR 0.9 million in the stub fiscal year 2019 (previous year: EUR 16.0 million). The gross profit margin stood at 58.6% in the stub fiscal year 2019, compared to only 49.1% 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. Adjusted for normalisation effects associated to the restructuring exercise, we generated a gross profit margin of 58.8% in the stub fiscal year 2019, which represented an improvement on the previous year's 56.5%:

Personnel expenses totalled EUR 83.0 million in the stub fiscal year 2019 (previous year: EUR 55.0 million). While extraordinary expenses relating to the restructuring exercise were incurred in both previous periods (EUR 0.6 million in the stub fiscal year 2018/19 and EUR 25.8 million the fiscal year 2017/18), they amounted to EUR 2.0 million in the stub fiscal year 2019. Personnel expenses as a percentage of sales stood at 25.1%. Adjusted for restructuring charges, personnel expenses as a percentage of sales amounted to 24.5% in the stub fiscal year 2019 (previous year: 25.3%). The average headcount was reduced further in the stub fiscal year 2019, the year of the insolvency, and stood at 3,361 in the nine months from April 2019 to December 2019, compared to 3,862 for the period of the stub fiscal year 2018/19.

The Group's depreciation / amortisation amounted to EUR 46.8 million in the stub fiscal year 2019, compared to EUR 137.7 million in the stub fiscal year 2018/19. While depreciation / amortisation as at 31 March 2019 was greatly influenced by extensive impairment losses on property, plant and equipment, in particular Ravenna Park, and amortisation of goodwill and intangible assets, the first-time adoption of IFRS 16 resulted in depreciation / amortisation totalling EUR 30.8 million in the stub fiscal year 2019. Write-downs for impairment in conjunction with the restructuring were no longer required in the stub fiscal year 2019. This means that, adjusted for these effects, depreciation / amortisation amounted to EUR 16.0 million in the stub fiscal year 2019 compared to EUR 14.3 million in the previous period.

Other operating expenses totalled EUR 110.1 million in the stub fiscal year 2019 (previous year: EUR 93.5 million). Even after the change in the accounting treatment of leases and the associated reclassification of the lease expenses of EUR 37.9 million resulting from these leases, the main item under the Group's other operating expenses is the cost of premises, which amounted to EUR 22.3 million in the stub fiscal year 2019 (previous year: EUR 32.9 million). Other operating expenses also include marketing costs, which amounted to EUR 17.6 million in the reporting year (previous year: EUR 6.8 million). Marketing expenses mainly reflected expenses for the TV campaign of autumn 2019. Marketing expenses as a percentage of sales revenues stood at 5.3% (previous year: 3.1%). Collection development expenses amounted to EUR 2.3 million (previous year: EUR 1.3 million). IT costs totalled EUR 8.7 million (previous year: EUR 5.3 million). Restructuring expenses in the previous year totalled EUR 25.2 million, compared to EUR 24.4 million in the reporting year.

The first-time adoption of IFRS 16 reduced other operating expenses by EUR 37.9 million and resulted in depreciation / amortisation of EUR 30.8 million, leaving a net reduction in EBIT of EUR 7.1 million.

Consolidated earnings before interest, taxes, depreciation and amortisation (consolidated EBITDA) were clearly positive in the stub fiscal year 2019, mainly due to the restructuring income from the pro rata derecognition of insolvency liabilities, and totalled EUR 176.7 million, compared to EUR 7.6 million in the stub fiscal year 2018/19. Accordingly, the reported EBITDA margin increased from 3.5% to 53.5% in the reporting period. Overall, EBITDA benefited from income to be normalised netted with corresponding expenses of EUR 145.0 million. Adjusted for these extraordinary factors, normalised EBITDA for the stub fiscal year 2019 amounted to EUR 31.7 million, including EUR 37.9 million in earnings-reducing effects resulting from the first-time adoption of lease accounting in accordance with IFRS 16. Adjusted for all effects, normalised EBITDA, which are our relevant controlling indicator, amounted to EUR −6.2 million. The previous year's normalised EBITDA excluding extraordinary charges had amounted to EUR 2.2 million. The normalised EBITDA margin (adjusted consolidated EBITDA) excluding the IFRS 16 effects stood at −1.9% in the stub fiscal year 2019 (previous year: 1.0%).

Taking into account depreciation / amortisation of EUR 46.8 million (previous year: EUR 137.7 million), the Group's reported EBIT for the stub fiscal year 2019 amounted to EUR 130.0 million (previous year: EUR −130.1 million) and the EBIT margin (reported) stood at 39.3% (previous year: −60.4%). Total non-operating income and expenses amounted to a positive EUR 145.0 million in the stub fiscal year 2019 (previous year: negative amount of EUR 118.0 million). Adjusted for these extraordinary effects and the earnings-reducing effects from the first-time adoption of lease accounting to IFRS 16 in the amount of EUR 7.1 million, the Group's normalised EBIT for the stub fiscal year 2019 amounted to EUR −22.2 million (previous year: EUR −12.1 million), while the adjusted EBIT margin stood at −6.7% (previous year: −5.6%).

GERRY WEBER Group's negative financial result increased from EUR −2.0 million to EUR −8.5 million in the reporting period. This is primarily due to the interest charges of EUR 5.3 million from rental and lease agreements resulting from the first-time adoption of lease accounting in accordance with IFRS 16. Interest expenses also result from the compounding of interest on insolvency liabilities as of the date on which the insolvency plan took effect as well as from loans from the plan sponsors. After deduction of income taxes, the consolidated net income for the stub fiscal year 2019 amounted to EUR 119.3 million. In the previous year, a consolidated net loss of EUR −244.5 million had been posted. Earnings per share for the stub fiscal year 2019 are calculated on the basis of 35,622,667 average shares outstanding and thus amounted to EUR 3.35 (previous year: EUR −3.26).

Net worth position

GERRY WEBER Group's total assets increased sharply as of the reporting date of the stub fiscal year 2019 when they stood at EUR 580.7 million, up from EUR 374.9 million on 31 March 2019. Key factors influencing the balance sheet in the reporting year included the first-time adoption of lease accounting to IFRS 16 on the one hand and the pro rata derecognition of insolvency liabilities as well as investment funds under the insolvency plan on the other hand.

In accordance with IFRS 16, the off-balance sheet lease obligations were reconciled in the financial statements as of 31 March 2019 to balance sheet liabilities as of 1 April 2019 in the total amount of EUR 265.2 million, which were recognised as rights of use within fixed assets. Due to the application of the modified retrospective transitional approach, the information of the comparative period was not restated. Against this background and taking into account additions during the year as well as the current depreciation /amortisation of the stub fiscal year 2019, the value of the rights of use recognised in the balance sheet was EUR 236.0 million as of 31 December 2019. Current and non-current liabilities totalling EUR 237.9 million were recognised on the liabilities side.

Inventories were written down by EUR 0.9 million (previous year: EUR 16.0 million) for sales measures planned as part of the restructuring exercise. On 31 December 2019, inventories amounted to EUR 65.1 million, down from EUR 88 million on 31 March 2019, the balance sheet date of the stub fiscal year 2018/19. This decline is essentially volume-related.

The Group's cash and cash equivalents increased by EUR 56.4 million to EUR 126.9 million in the stub fiscal year 2019. Cash and cash equivalents reported as of 31 December 2019 also include trust accounts with a balance of EUR 61.7 million. These are subject to restrictions on disposal and serve to settle insolvency liabilities.

The subscribed capital of GERRY WEBER International AG was reduced by way of a simplified capital reduction in accordance with section 229 AktG from EUR 45.9 million to EUR 8,377 and increased by EUR 1,016,623 to EUR 1,025,000 upon entry in the Commercial Register on 31 October 2019. As of the reporting date of the stub fiscal year 2018/19, i.e. 31 March 2019, the subscribed capital was reported at EUR 45.5 million less the nominal value of the shares repurchased under a share buyback programme. Own shares were also redeemed as part of the capital reduction in the stub fiscal year 2019.

In accordance with section 229 para. 2 of the German Stock Corporation Act (AktG), the capital reserve was released in full as a prerequisite for implementing the simplified share capital reduction. A premium of EUR 0.01 per bearer share was charged in the context of the EUR 1.0 million increase in the share capital. This resulted in a corresponding allocation of KEUR 10.2 to the capital reserve. The revenue reserve was also released as a prerequisite for implementing the simplified share capital reduction.

The profit for the stub fiscal year 2019 was reflected in a EUR 119.2 million increase in equity. As of 31 December 2019, GERRY WEBER Group's equity amounted to EUR 121.4 million (previous year: EUR 1.1 million).

Non-current liabilities amounted to EUR 277.7 million as of 31 December 2019 (previous year: EUR 13.2 million). They include the non-current components of liabilities from rights of use in accordance with IFRS 16 in the amount of EUR 39.4 million, liabilities to insolvency creditors of EUR 94.3 million and loans from plan sponsors of EUR 34.2 million. Long-term liabilities to insolvency creditors are those portions of the insolvency liabilities which are expected to be satisfied at a later point in time. In addition, there are further expected liabilities, e.g. from the additional quotas "HALLHUBER" and "Ravenna Park", which will be served later. As a result of the insolvency proceedings filed in January 2019, all liabilities to banks were recognised as current in the financial statements for the period ended 31 March 2019 due to the extraordinary termination rights of the lending banks.

Other provisions of the GERRY WEBER Group amounted to EUR 31.6 million as of 31 December 2019 (previous year: EUR 36.9 million). As part of the restructuring, provisions of EUR 18.6 million (previous year: EUR 24.0 million) were recognised as of 31 December 2019. While the previous year's amount mainly related to social plan and severance payment obligations as well as expected dismantling and compensation payments for store closures as well as redemption of landlord liens, most of the provisions in the current reporting year related to litigation costs.

As of 31 December 2019, current financial liabilities of EUR 74.2 include the liabilities to insolvency creditors expected to be payable in the short term or converted into longer-term vehicles. These are, for example, those portions of the insolvency liabilities for which it is expected that they will be satisfied by means of the cash option quota as well as amounts from the excess liquidity quota.

Due to the financing creditors' termination rights in the event of insolvency, liabilities to note loan holders as well as bank loans (bilateral loans) were reported under current liabilities to banks in the financial statements for the period ended 31 March 2019. Upon conclusion of the insolvency proceedings of GERRY WEBER International AG and GERRY WEBER Retail GmbH & Co. KG, total insolvency liabilities of EUR 152.9 million were derecognised. Consequently, the Group's current financial liabilities declined sharply.

Current liabilities from rights of use in the amount of EUR 43.0 million as of 31 December 2019 result from the first-time adoption of accounting in accordance with IFRS 16 and relate to the portion of the obligation for which payments are expected in the following fiscal year.

Total non-current liabilities amounted to EUR 181.5 million as of 31 December 2019 (previous year: EUR 326.4 million).

In spite of much lower inventories and considerably reduced trade receivables of only EUR 14.7 million (prior year reporting date: EUR 37.8 million), the Group's current assets as of 31 December 2019 rose in line with the increase in cash and cash equivalents and also due to slightly higher advance payments to suppliers. At the same time, trade payables declined considerably to EUR 14.1 million as of the balance sheet date of 31 December 2019, down by more than half on the EUR 33.7 million posted as of 31 March 2019. Some effects are also attributable to the seasonality of our business. As a result, the Group's working capital climbed from EUR 151.7 million to EUR 194.6 million. The working capital ratio dropped sharply from 70.4% to 58.9%, however.

Financial position

Upon termination of the insolvency of GERRY WEBER International AG and GERRY WEBER Retail GmbH & Co. KG, the Group's financing was placed on a sustainable basis for the coming years.

The creditor groups received different offers to satisfy their claims, which were precisely tailored to the respective interests. The amount of the respective insolvency ratio is made up of various components – which differ depending on the group – e.g. a fixed cash ratio, additional funds from future divestments of the company (Ravenna Park logistics centre, remaining interest in HALLHUBER) or the purchase of financial instruments such as bonds and convertible bonds.

In the stub fiscal year 2019, cash flow from operating activities amounted to EUR 63.5 million (previous year: EUR 15.0 million). This was due in particular to the amended accounting treatment of leases under IFRS 16 but also to successful working capital management. In the context of lease accounting, operating cash flow was relieved by the amount of the lease payments now recognised in interest expenses (EUR 5.3 million) and a repayment portion (EUR 29.0 million) recognised in cash flow from financing activities. Taking into account the higher interest payments, cash inflow from operating activities thus rose from EUR 13.4 million to EUR 55.5 million.

In the stub fiscal year 2019, cash flow from investing activities amounted to EUR 7.7 million (thereof EUR 8.3 million for investment of which EUR 3.8 million still related to the discontinued HALLHUBER segment until the date of deconsolidation), while the cash flow from financing activities amounted to EUR 6.2 million; the latter comprised net cash provided by loans granted in the amount of EUR 34.2 million and proceeds from the capital increase in the amount of EUR 1.0 million, which were offset by net cash used for the repayment of liabilities for rights of use in the amount of EUR 29.0 million. As a result, cash and cash equivalents increased by a total of EUR 54.0 million in the period under review, resulting in cash and cash equivalents of EUR 126.9 million at the end of the stub fiscal year.

Achievement of objectives / General statement on the economic situation

Against the background of persistently challenging external market conditions, the stub fiscal year 2019 was marked by the fact that, in the context of the insolvency proceedings of GERRY WEBER International AG and GERRY WEBER Retail GmbH & Co. KG, the financial restructuring of our Group was implemented within a very short period of time and that great progress was made in the operational restructuring. It was equally important for us that, although both our points of sale and our headcount were reduced significantly, we were able to secure our business operations in general while at the same time beginning to make the repositioning of our brands visible.

Key performance indicators of our economic success continue to include consolidated revenues and, in view of the company's special restructuring situation, normalised consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA) excluding the effects of the amended lease accounting under IFRS as of April 2019. Targets for these KPIs are defined in the context of the annual budget planning process.

Revenues and earnings in stub fiscal year 2019 in line with expectations

Revenues in the stub fiscal year 2019 were in line with the forecast of EUR 330 million. As expected, consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA reported) were largely dominated by income from the debt cut and the first-time adoption of IFRS 16 and amounted to a positive EUR 176.7 million (previous year: EUR 7.6 million). EBITDA in the stub fiscal year 2019 included non-operating income and expenses of EUR 145.0 million (net) and EBITDA-increasing effects of EUR 37.9 million from the first-time adoption of IFRS 16. Normalised consolidated EBITDA adjusted for the effects of the amended accounting treatment of leases under IFRS 16 applied as of April 2019 thus stood at EUR −6.2 million. This confirms our forecast of balanced to slightly negative normalised EBITDA for the stub fiscal year 2019.

Conclusion

The financial statements for the stub fiscal year 2019 reflect the successfully completed insolvency proceedings of GERRY WEBER International AG and GERRY WEBER Retail GmbH & Co. KG. We recapitalised our company under the insolvency plans, which became effective upon approval by the creditors. Moreover, all amounts recognised in our balance sheet have been measured very conservatively. We sold 88% of the shares in HALLHUBER as part of the financial restructuring and have since only recognised a financial interest of 12% in HALLHUBER. In accordance with IFRS 16, which we initially applied as of April 2019, both the balance sheet and our income statement show corresponding effects.

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 "Retail" segment and the "Wholesale" segment. 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 Wholesale segment

Sales revenues in the GERRY WEBER Wholesale segment amounted to EUR 120.1 million in the stub fiscal year 2019 (previous year: EUR 94.0 million).

The number of franchised GERRY WEBER stores declined to 243 as of the reporting date (previous year: 263). The number of shop-in-shops fell to 2,036 (previous year: 2,174).

The Wholesale segment's personnel expenses totalled EUR 17.2 million (previous year: EUR 12.6 million). The segment's headcount was further reduced to 484 in the context of the restructuring (previous year: 552).

Wholesale EBITDA amounted to EUR 37.0 million (previous year: EUR 6.8 million), while EBIT came in at EUR 32.0 million (previous year: EUR −36.7 million). Assets and liabilities attributable to the segment amounted to EUR 253.9 million (previous year: EUR 177.8 million) and EUR 178.3 million (previous year: EUR 167.2 million), respectively. Investments in non-current assets amounted to EUR 2.0 million (previous year: EUR 1.5 million).

GERRY WEBER Retail segment

Sales revenues of the GERRY WEBER Retail segment comprise all revenues of the GERRY WEBER, TAIFUN and SAMOON brands generated by the company-managed points of sale and the online shops of these brands.

In the stub fiscal year 2019, the GERRY WEBER Retail segment generated revenues of EUR 210.4 million (previous year: EUR 121.6 million). Between 1 April 2019 and 31 December 2019, 174 points of sale were closed, following the closure of 52 company-managed stores (net) in the period from 1 November 2017 to 31 March 2019 and 137 (net) in the two previous fiscal years. As a result, the number of company-managed POS declined to 624 as of 31 December 2019. On 31 October 2015, GERRY WEBER had operated as many as 987 own points of sale. The sales space of the GERRY WEBER brands was reduced from 125,566 square metres at the end of the stub fiscal year 2018/19 to 96,664 square metres as of 31 December 2019. Again, most of the store closures related to the German market. The Retail segment was additionally affected by a 14.1% drop in like-for-like revenues.

The Retail segment's personnel expenses totalled EUR 65.8 million (previous year: EUR 42.5 million). The segment's headcount was again reduced noticeably from 3,310 to 2,877 on an annual average. The Retail segment's reported EBIT was EUR 82.5 million (previous year: EUR −91.1 million). As in the Wholesale segment, the positive EBIT of the Retail segment is essentially due to the fact that the income from the derecognition of insolvency liabilities is allocated to the segments on a pro rata basis.

Despite the ongoing closure of the Group's own Retail stores and the associated reduction in property, plant and equipment (e.g. leasehold improvements) as well as a reduction in inventories, the leases and rental agreements to be capitalised as part of the first-time adoption of the lease accounting standard increased the Retail segment's assets from EUR 167.4 million to EUR 326.8 million. Retail liabilities rose to EUR 299.9 million (previous year: EUR 179.5 million).

The GERRY WEBER Retail segment also includes the online sales of the GERRY WEBER, TAIFUN and SAMOON brands on our own platform, which amounted to EUR 20.0 million in the stub fiscal year 2019 (previous year: EUR 10.1 million). Additionally taking external platform revenues into account, consolidated online revenues based on total online activities amounted to EUR 22.1 million (previous year: EUR 11.4 million).

Online revenues of the GERRY WEBER Group:

EUR millions	**2019**	2018/19
GERRY WEBER Retail	20.0	10.1
GERRY WEBER external platforms	2.0	1.3
Consolidated online revenues	22.1	11.4

SEPARATE FINANCIAL STATEMENTS OF GERRY WEBER INTERNATIONAL AG

Complementing the reports of the GERRY WEBER Group, this report outlines the performance of GERRY WEBER International AG. As a general rule, 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 and valuation 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. The goods sourced by GERRY WEBER International AG are invoiced to the distribution subsidiaries at defined Group 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.

With effect from 25 January 2019, GERRY WEBER International AG entered into provisional insolvency proceedings with debtor-in-possession status. As insolvency proceedings for the assets of GERRY WEBER International AG were opened on 1 April 2019, a new fiscal year began according to the statutory provision of section 155 para. 2 InsO. Against this background, a stub fiscal year 2018/19 was established for GERRY WEBER International AG for the period from 1 November2018 to 31 March 2019. The insolvency proceedings on the assets of GERRY WEBER International AG were concluded with effect from 31 December 2019. Another stub fiscal year was therefore established for GERRY WEBER International AG and the Group, which began on 1 April 2019 and ended on 31 December 2019 and is covered by this report. The stub fiscal year 2019 with a balance sheet date of 31 December 2019 covers a period of nine months, while the stub fiscal year 2018/19 with a balance sheet date of 31 March 2019 covers a period of five months. Consequently, the two reporting periods are not fully comparable.

In the stub fiscal year 2019, sales revenues of GERRY WEBER International AG amounted to EUR 148.1 million (previous year: EUR 116.1 million). In the year under review, work in progress and finished goods and services declined by EUR 2.8 million; in the previous year, these items had been reduced by EUR 10.5 million. Other operating income in the stub fiscal year 2019 totalled EUR 121.4 million (previous year: EUR 28.1 million). At EUR 118.7 million, the biggest portion of other operating income was attributable to income from the pro-rata derecognition of insolvency liabilities of GERRY WEBER International AG. As in the previous year, other operating income also included income from the reversal of valuation allowances and provisions of EUR 1.5 million (previous year: EUR 10.3 million). GERRY WEBER International AG's cost of materials amounted to EUR 119.5 million in the stub fiscal year 2019 (previous year: EUR 75.8 million).

Personnel expenses of GERRY WEBER International AG totalled € 21.6 million in the stub fiscal year 2019 (previous year: EUR 14.3 million).

GERRY WEBER International AG's depreciation on fixed assets amounted to EUR 5.8 million in the stub fiscal year 2019 (previous year: EUR 88.7 million). The high figure for the previous year mainly comprised impairment losses of EUR 84.0 million on Ravenna Park. In addition, current assets were written down by a higher amount of EUR 82.9 million in the stub fiscal year 2018/19, which related to receivables from subsidiaries and inventories.

Other operating expenses totalled EUR 55.8 million (previous year: EUR 38.1 million). In the stub fiscal year 2019, major expense items again comprised not only operating expenses for logistics, marketing and collection development but also insolvency-related litigation costs and other consulting costs.

Besides sales revenues and other operating income, the earnings contributions made by the subsidiaries determines the earnings position of GERRY WEBER International AG. As part of the profit-and-loss transfer, income of EUR 2.1 million was received in the stub fiscal year 2019. The amount for the previous year was EUR 6.2 million. In the stub fiscal year, the company also received distributions from a foreign subsidiary in the amount of EUR 2.8 million, which was not the case in the previous year. In the stub fiscal year 2018/19, financial assets had to be written down by EUR 150.6 million, mainly in conjunction with the planned sale of HALLHUBER. No further write-downs for impairment were necessary in the stub fiscal year 2019.

Interest income in the stub fiscal year 2019 amounted to EUR 0.8 million, compared to EUR 0.2 million in the previous year. Interest expenses totalled EUR 2.4 million (previous year: EUR 1.6 million).

Due in particular to the restructuring gain, GERRY WEBER International AG's earnings after taxes for the stub fiscal year 2019 amounted to EUR 67.1 million compared to EUR −311.9 million for the stub fiscal year 2018/19. The high loss in the previous year was mainly attributable to the restructuring measures required in the context of the insolvency and the impairment losses recognised against the background of the planned sale of HALLHUBER. Taking into account other taxes in a positive amount of EUR 0.1 million, net income for the stub fiscal year 2019 amounted to EUR 67.2 million (previous year: EUR −312.0 million). Accumulated profits of EUR 63.7 million (previous year: accumulated loss of EUR −376.9 million) were reported for the stub fiscal year 2019. This is due to the fact that the subscribed capital of GERRY WEBER International AG was reduced by way of a simplified capital reduction (section 229 AktG) from 45,905,960 to 8,377 fully paid-up bearer shares with a notional value of EUR 1.00 and increased by 1,016,623 bearer shares with a notional value of EUR 1.00 to EUR 1,025,000 upon entry in the Commercial Register on 31 October 2019. Including own shares held by the company, the capital reduction resulted in income of EUR 45.5 million. In accordance with section 229 para. 2 of the German Stock Corporation Act (AktG), the capital reserve was released in full as a prerequisite for implementing the simplified reduction of the share capital, resulting in a corresponding increase of EUR 63.2 million in accumulated profits. The revenue reserve was also released almost in full as a prerequisite for implementing the simplified reduction of the share capital and was credited to accumulated profits in the amount of EUR 264.8 million.

Net worth position of GERRY WEBER International AG

As of 31 December 2019, total assets of GERRY WEBER International AG amounted to EUR 301.1 million, compared to EUR 292.0 million as of 31 March 2019. With the capital cut in the stub fiscal year 2019 and the recapitalisation of EUR 1.0 million as well as the accumulated profits of EUR 63.7 million, GERRY WEBER International AG's equity capital amounted to EUR 64.9 million as of 31 December 2019. As of 31 March 2019, the company had posted a loss of EUR −3.4 million not covered by equity. The liabilities of GERRY WEBER International AG amounted to EUR 217.6 million as of the reporting date of 31 December 2019 (previous year: EUR 270.6 million).

GERRY WEBER International AG's fixed assets stood at EUR 109.1 million as of the balance sheet date of the stub fiscal year 2019 (previous year: EUR 114.2 million) Intangible assets amounted to EUR 12.1 million (previous year: EUR 12.6 million), property, plant and equipment to EUR 57.2 million (previous year: EUR 59.8 million) and financial assets to EUR 39.9 million (previous year: EUR 41.9 million). All depreciation / amortisation was scheduled, and there were no significant new investments.

Current assets of GERRY WEBER International AG increased to EUR 190.4 million as of 31 December 2019 (previous year: EUR 172.4 million). The increase was solely due to a higher level of bank balances totalling EUR 54.3 million (previous year: EUR 24.7 million) Receivables and other assets amounted to EUR 78.3 million as of 31 December 2019, compared to EUR 87.1 million as of 31 March 2019. Receivables from affiliated companies declined again, amounting to EUR 65.4 million as of 31 December 2019 (previous year: EUR 80.5 million) At EUR 57.8 million, inventories including payments on account, which are comprised in current assets, were also down again on the previous year's EUR 60.6 million.

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. For a detailed presentation of GERRY WEBER Group's risk and opportunity profile, please refer to the risk and opportunity report in the combined management report.

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

Compensation report 2019

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 in accordance with statutory provisions and the recommendations of the German Corporate Governance Code as amended from time to time. Against this background, 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 compensation system for the Managing Board including the amount of the compensation received by the individual members of the Managing Board is defined by the Supervisory Board and regularly checked 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. In view of the special restructuring situation, the company has agreed exclusively fixed compensation components with individual Managing Board members for the stub fiscal years 2018/19 and 2019.

The basic compensation system for the members of the Managing Board, which was applied also in the stub fiscal year 2019, comprises a fixed, non-performance-based annual salary as well as performance-based (variable) components. According to this system, performance-based components with a multiple-year assessment basis are agreed with each Managing Board member. Additional performance-based components with a one-year assessment basis may be defined at the discretion of the Supervisory Board. Besides this compensation, the Managing Board members receive the usual 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, which was applied until the stub financial year 2019, is divided into two components:

The first component, the performance-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 performance-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. To calculate the assessment basis for the first two years following the introduction of the new compensation system, an adjusted result of EUR 40 million was used for the fiscal years 2013/2014 and 2014/2015.

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.

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, the departing Managing Board member will receive no more than 1.5 fixed annual salaries plus bonus as severance payment; in the event of termination due to a change of control, no more than two fixed annual salaries plus bonus will be paid to the departing Management 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 2 February 2017.

If the activity of a member of the Managing Board ends in the course of a fiscal year, the performance-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 stub fiscal year 2019

Against the background of the compensation system described above, the total compensation of the Managing Board of GERRY WEBER International AG for the stub fiscal year 2019 amounts to EUR 2.033 million (previous year: EUR 0.95 million). The tables below show the respective fixed and variable amounts, with the prior year figures shown in parentheses.

An additional bonus of EUR 175,000.00 was agreed with Mr. Ehling for his activities as Spokesman of the Managing Board for the period from 1 April 2019 to 31 October 2019. This bonus will increase by EUR 25,000.00 if the company reports earnings before interest, taxes, depreciation and amortisation (EBITDA) to IFRS, adjusted for extraordinary effects from the sale of assets, investments, trademarks or other operations of the company, of at least EUR 10 million in the consolidated financial statements for the fiscal year ending 31 October 2019.

A fixed bonus of EUR 250,000.00 was agreed with Mr Urun Gursu for the first year of his service instead of a profit-related bonus.

A different compensation was also agreed with Mr Florian Frank. No employment contract has been concluded with Mr. Frank. Instead, the company has signed a consulting agreement with an external service provider under which this service provider provides the company with Mr Frank as a member of the Managing Board / CRO and from which Mr Frank receives a fixed annual salary for his service on the Managing Board.

in KEUR	**Fixed compensation**	Variable compensation	Total
Johannes Ehling (until 29 February 2020)	499 (301)	175 (125)	674 (426)
Florian Frank	828 (460)	0 (0)	828 (460)
Urun Gursu (until 29 February 2020)	344 (38)	187 (21)	531 (59)
Total	**1,671 (799)**	**362 (146)**	**2,033 (945)**

Granted benefits[1]

EUR	Johannes Ehling Spokesman of the Managing Board, Chief Sales Officer, Chief Digital Officer (until 29 February 2020)			
	2018/19	**2019**	2019 (Min)	2019 (Max)
Fixed compensation	293,395	486,543	486,543	486,543
Fringe benefits	8,448	12,668	12,668	12,668
Total	***301,843***	***499,211***	***499,211***	***499,211***
One-year variable compensation Multi-year variable compensation	125,000	175,000	175,000	175,000
Total	***125,000***	***175,000***	***175,000***	***175,000***
Total compensation	**426,843**	**674,211**	**674,211**	**674,211**

EUR	Florian Frank Chief Restructuring Officer			
	2018/19	**2019**	2019 (Min)	2019 (Max)
Fixed compensation	460,000	828,000	828,000	828,000
Fringe benefits	0	0	0	0
Total	***460,000***	***828,000***	***828,000***	***828,000***
One-year variable compensation Multi-year variable compensation	0	0	0	0
Total	***0***	***0***	***0***	***0***
Total compensation	**460,000**	**828,000**	**828,000**	**828,000**

EUR	Urun Gursu Chief Product Officer (until 29 Feb. 2020)			
	2018/19	**2019**	2019 (Min)	2019 (Max)
Fixed compensation	37,500	337,500	337,500	337,500
Fringe benefits	716	6,448	6,448	6,448
Total	***38,216***	***343,948***	***343,948***	***343,948***
One-year variable compensation	20,833	187,500	187,500	187,500
Multi-year variable compensation	0	0	0	0
Total	***20,833***	***187,500***	***187,500***	***187,500***
Total compensation	**59,050**	**531,448**	**531,448**	**531,448**

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	Johannes Ehling Spokesman of the Managing Board, Chief Sales Officer, Chief Digital Officer (until 29 February 2020)	
	2018/19	**2019**
Fixed compensation	293,395	486,543
Fringe benefits	8,448	12,668
Total	***301,843***	***499,211***
One-year variable compensation	125,000	175,000
Multi-year variable compensation		
Total	125,000	***175,000***
Total compensation	**426,843**	**674,211**

EUR	Florian Frank Chief Restructuring Officer	
	2018/19	**2019**
Fixed compensation	460,000	828,000
Fringe benefits	0	0
Total	***460,000***	***828,000***
One-year variable compensation	0	0
Multi-year variable compensation		
Total	0	***0***
Total compensation	**460,000**	**828,000**

EUR	Urun Gursu Chief Product Officer (until 29 Feb. 2020)	
	2018/19	**2019**
Fixed compensation	37,500	337,500
Fringe benefits	716	6,448
Total	***38,216***	***343,948***
One-year variable compensation	0	208,333
Multi-year variable compensation		0
Total	0	***208,333***
Total compensation	**38,216**	**552,281**

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 is determined by the Annual General Meeting and is governed by section 13 of the statutes of GERRY WEBER International AG. The structure and the amount of the compensation of the Supervisory Board remained unchanged in the past stub fiscal year 2019. Besides the reimbursement of their expenses, the members of the Supervisory Board receive a fixed annual compensation in the amount of EUR 60,000.00. Each Vice Chairman receives 1.5 times this amount, while the Chairman of the Supervisory Board receives three times this amount.

The exclusively fixed compensation is paid after the Annual General Meeting for the past fiscal year. If and when new elections are held the compensation is paid on a pro rata temporis basis. The company refunds the turnover tax imposed on each Supervisory Board member's compensation and takes out D&O insurance for the members of the Supervisory Board. In accordance with the recommendations of the German Corporate Governance Code, the D&O insurance includes a deductible. Under the provisions of insolvency law, members of the Supervisory Board of GERRY WEBER International AG whose term of office ended by law on 30 November 2019 and members of the Supervisory Board who resigned from office before 30 November 2019 have no compensation claims.

The table below shows the amounts for the individual members of the Supervisory Board for the stub fiscal year 2019, for which provisions were established in the stub fiscal year 2018/19.

in KEUR	**2019**	2018/19
Dr Ernst F. Schröder (until 11 April 2019)	0	75
Ralf Weber (until 30 November 2019)	0	25
Alfred Thomas Bayard (until 14 November 2019)	0	25
Ute Gerbaulet (until 24 September 2019)	0	25
Charlotte Weber-Dresselhaus (until 30 November 2019)	0	25
Olaf Dieckmann (from 17 December 2019)	2	25
Klaus Lippert (from 17 December 2019)	2	25
Andreas Strunk (from 17 December 2019)	2	25
Alexander Hardieck (until 30 November 2019)	0	25
Rena Marx (from 17 December 2019)	2	25
Manfred Menningen (Vice Chairman) (from 17 December 2019)	4	38
Hans-Jürgen Wentzlaff (until 30 November 2019)	0	25
Alexander Gedat (Chairman) (from 3 December 2019)	9	(–)
Dagmar Heuer (from 3 December 2019)	5	(–)
Dr Tobias Moser (from 3 December 2019)	5	(–)
Milan Lazovic (from 3 December 2019)	5	(–)
Christie Groves (from 3 December 2019)	5	(–)
Sanjib (Sanjay) Sharma (from 3 December 2019)	5	(–)
Barbara Jentgens (from 17 December 2019)	2	(–)
Total	**48**	350

POST-BALANCE SHEET EVENTS

Key topics addressed by the Supervisory Board

Ms Christie Groves resigned from her office as member of the Supervisory Board of GERRY WEBER International AG by declaration to the Managing Board with effect from the end of 9 February 2020. As a purely precautionary measure, the Extraordinary General Meeting on 11 February 2020 also resolved to dismiss Ms Groves. In addition, this General Meeting elected Ms Christina Käßhöfer to replace Ms Christie Groves as a member of the Supervisory Board for the remaining term of office of Ms Christie Groves.

Mr Alexander Gedat 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. 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, Mr Benjamin Noisser was elected member of the Supervisory Board to replace Mr Alexander Gedat.

Changes on the Managing Board

Mr Johannes Ehling and Mr Urun Gursu resigned from the company's Managing Board at the end of February 2020. On 20 February 2020, the Supervisory Board appointed Mr Alexander Gedat as member and Chairman of the Managing Board with immediate effect.

Capital measures

A resolution of the Annual General Meeting dated 11 February 2020 cancelled the resolution passed by the Extraordinary General Meeting on 3 December 2019 to increase the share capital of the company in an ex-rights issue by EUR 195,238.00 from EUR 1,025,000.00 to EUR 1,220,238.00 in exchange for cash contributions by issuing 195,238 new bearer shares with a pro-rata share of EUR 1.00 each in the share capital. The capital increase had not yet been registered in the Commercial Register and no subscription for the new shares had been made.

To nevertheless increase the share capital of GERRY WEBER International AG by the amount of EUR 195,238.00, the same Annual General Meeting held on 11 February 2020 resolved to increase the share capital of the company against cash contributions by EUR 195,238.00 from EUR 1,025,000.00 to EUR 1,220,238.00 by issuing 195,238 new no-par value bearer shares with a pro-rata share of EUR 1.00 each in the share capital. To the extent permitted by law, the new shares, just like the existing shares of the company, are entitled to profit from the beginning of the fiscal year for which, at the time of their issue, no resolution of the Annual General Meeting on the appropriation of the accumulated profits has been passed yet, i. e. from today's perspective, as of the beginning of the fiscal year that commenced on 1 November 2017. 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 Managing Board has been authorised to stipulate the further details of the capital increase and its execution with the consent of the Supervisory Board. At the time the present report was completed, the capital increase had not yet been entered in the Commercial Register.

Conclusion of a controlling and profit transfer agreement

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 dependent entity or entity obliged to transfer profits. Following the approval of this agreement by the shareholders' meeting on 9 March 2020 and 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.

Restructuring exercise and insolvency proceedings

The insolvency proceedings with debtor-in-possession status of GERRY WEBER Retail GmbH & Co. KG were concluded with effect from 29 February 2020.

Coronavirus crisis

The outbreak of the coronavirus crisis and its far-reaching economic and social consequences are an unpredictable and unprecedented challenge also for GERRY WEBER. At the time of completion of the present report, the exact consequences for GERRY WEBER are therefore difficult to predict. 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. We also report on the measures already initiated and the further measures we plan to take to safeguard the company as a whole in the forecast, opportunity and risk report.

FORECAST, OPPORTUNITY AND RISK REPORT

Forecast

Forward-looking statements

The following forecast of GERRY WEBER International AG includes the management's expectations regarding the future company-specific, financial, macroeconomic, sector-specific and geopolitical developments which may influence the company's business activities. The following report reflects management'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, social and political conditions outside our German home market also play an important role for the company.

Coronavirus crisis

With the outbreak and worldwide spread of the coronavirus and its profound impact on economic and social life worldwide, GERRY WEBER, too, is facing a situation which has an existential impact on its business activities at the time of the preparation of this report and which is therefore essential for its forecast. With effect from 16 March 2020, all GERRY WEBER points of sale in Germany were closed to the public because of the official orders. In addition, the Group's retail stores in most other countries outside Germany were closed to customer traffic as of mid-March 2020. The same applied to most physical points of sale of our retail partners in Germany and abroad. At the time of publication of this report, in early April 2020, the official orders imposed by the authorities in most countries according to which physical stores must remain closed continue to apply. In Germany, it has been decreed that stores will have to remain closed until at least 20 April 2020. It is uncertain when and in what way opening hours and business modes will return to normal.

Immediately since the beginning of the coronavirus crisis in March 2020, the management of GERRY WEBER, in close cooperation with the company's Supervisory Board, has implemented all possible measures to protect the company. We have applied for short-time work and put it into effect. This applies to all employees of our Retail segment as well as to numerous employees at the headquarters. Our Ravenna Park logistics centre is working short-time according to 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 are in talks with all landlords in order to obtain relief for the rents we have to pay in Germany and other European countries. Where appropriate, we also make use of legal aid in this respect, e.g. the provisions put into force by the German legislator in March 2020 in favour of tenants.

Wherever possible, we have negotiated and partly already agreed price reductions and cancellations with our suppliers. We have considerably reduced the planned volumes for merchandise not yet ordered. Finally, a complete investment freeze was put in force for the entire company on 16 March.

To secure liquidity, the Managing Board immediately started intensive negotiations with all of the company's financing partners. At the time this management report was prepared, on 7 April 2020, these negotiations had not yet been concluded. In addition, management has once again drafted a far-reaching corporate and financing plan that has been adapted to the current situation and aims to achieve substantial cost reductions in all areas of the company. At this point in time, the Managing Board is convinced that this new concept for the future will secure GERRY WEBER's business activities until into 2021. The prerequisite for this assumption and the premise of our planning is that shop opening hours and economic life as a whole will gradually return to normal again from the end of April 2020, at least in our German core market. It is also crucial that the cost-cutting measures can be implemented as planned and that the negotiations that have been initiated with regard to the financing measures have a positive outcome, which will provide us with an additional financing volume in a low double-digit million amount. 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 (risk threatening the existence as a going concern).

Outlook on the economic situation in the key output markets

The global coronavirus crisis makes all growth forecasts published before mid-March 2020 obsolete. At the time the present report is published in early April 2020, it is safe to assume that there will be a global recession. The depth and duration of this recession are impossible to predict. Consumer climate is also likely to be significantly affected by the coronavirus epidemic, at least for the period of the ban on social life in Europe imposed by the governments in March and April 2020. As of early April 2020, there are great and unprecedented uncertainties regarding future macroeconomic developments and consumption expectations.

As a result of the coronavirus crisis, we will not only have to cope with a challenging and highly competitive market environment for our products, but will also face an unusual situation, at least for the months of March and April 2020, as the officially imposed closures of nearly all physical retail spaces mean that virtually no revenues are generated. Against the background of extreme economic uncertainty among consumers, online revenues will not be able to offset this shortfall.

As of spring 2020, we consider our economic environment to be more challenging than ever.

Expected earnings and financial performance

In January and February 2020, we were able to reach our earnings targets, which means we performed according to plan. The outbreak of the coronavirus pandemic and the restrictions imposed on textile retailers by the authorities in almost all our markets mean that our further plans and projections are subject to considerable uncertainty. It is certain that online revenues will be far too low to offset the shortfall in revenues from the physical stores in March and April 2020. It remains to be seen whether our business will pick up again as social and economic life returns to normal, which may begin in the summer and continue in the second half of 2020. We are currently assuming that we will be able to reopen our own Retail stores in our German core market again in early May 2020 and that our retail partners will also open shop spaces to the public again. Nevertheless, we expect revenues to recover only gradually. We do not expect to be able to make up for the shortfall in revenues in March and the definite shortfall in revenues in April 2020 in the remaining course of the year. Right on the contrary, we believe it is more likely that we will generate less revenue than planned for the respective months into the fourth quarter of 2020. We assume, however, that the deviations will become smaller as of late summer 2020.

Sales revenue projections

Against the background of the coronavirus crisis and based on the assumptions described above, we have significantly reduced the range of revenues expected for the whole of 2020 to between EUR 260 million and EUR 280 million. We had previously assumed that consolidated revenues would amount to between EUR 370 million and EUR 390 million.

Earnings projections

Since March 2020, GERRY WEBER has been exposed to new and unprecedented stress factors as a result of the coronavirus crisis. In view of the above, we expect the Group's normalised EBITDA (excl. the effects resulting from the amended lease accounting to IFRS 16 applicable as of April 2019) to come in at a negative medium double-digit million amount.

The market environment, which was difficult also before the coronavirus crisis, the repositioning of the Group combined with the adjustment of our business model as well as the remaining burdens from the ongoing restructuring exercise had been regarded as significant factors of uncertainty for the business situation of the GERRY WEBER Group at least until the end of the calendar year 2020. We had therefore projected balanced to slightly negative normalised EBITDA (excl. the effects resulting from the amended lease accounting to IFRS 16 applicable as of April 2019) for the calendar year 2020.

General statement on the projected developments

In view of the coronavirus crisis, the company's viability will depend on the extent to which economic and social life in our markets can return to normal and the extent to which we can implement the planned measures to secure GERRY WEBER's future, in particular the additional financing volume in a low double-digit million amount. At this stage, we are confident that this can be achieved.

Generally speaking, our revenues and earnings will be influenced by external factors such as continued low footfalls in the stores and the changing consumer behaviour as well as the massive implications of the coronavirus crisis but also by internal factors, in particular the ongoing implementation of the operational restructuring exercise in 2020 and beyond.

The modernisation of our brands, the ongoing optimisation of our procurement and product development processes and the product range on the one hand and the vertical integration of our distribution structures on the other hand as well as the implementation of adequate IT structures will continue to have a material impact on the profitability of the GERRY WEBER Group.

Risks and risk categories

The following paragraph 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 all GERRY WEBER segments. The classification into a risk category 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 nine months starting from the time of the preparation of the present management report. The risks that are relevant for the GERRY WEBER Group are divided into six risk groups: external risks, industry and market risks, strategic risks, financial and performance risks as well as corporate risks. The risk situation had improved materially as a result of the meanwhile completed insolvency proceedings of GERRY WEBER International AG and Gerry Weber Retail GmbH & Co. KG. This refered, in particular, to a significantly changed future financing structure, a clearly reduced and further declining number of sales spaces in the Retail segment and comprehensive restructuring measures, some of which have already been implemented and some of which have been initiated and continue to be planned in detail. At the time of the preparation of the report for the stub fiscal year 2019 on 7 April 2020, however, we see material changes in the risks and risk assessments caused by the coronavirus crisis compared with 21 February 2020, the date of the presentation of the Annual Report 2018 / 19. According to the present state of knowledge, the already tangible impact of the coronavirus epidemic on our business materially changes both the degree of individual risks and our overall assessment. The risk of macro-economic and geopolitical developments, the risk currently associated with the Retail segment, the sales and inventory risk, the financing and liquidity risk as well as the interest rate risk and the procurement risk have increased.

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. Consequently, higher discounts to sell the remaining seasonal merchandise and / or increased stocks at the end of a season may be a consequence of adverse weather conditions. 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 notably 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

PROBABILITY OF OCCURRENCE	EXTENT (ON EBIT): < EUR 1,0 Mio. very low	= EUR 1,0 – 5,0 Mio. low	= EUR 5,0 – 10,0 Mio. moderate	> EUR 10,0 Mio. 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

"go-to-market" concept introduced at the end of 2018 and in the course of 2019, we want to increase our customer focus by offering more targeted collections. Specifically, we are changing our order system to six order phases per year with significantly shorter order times and introducing monthly delivery capsules with trend-specific content. Accordingly, we take a bottom-up approach to demand planning. We expect this to increase the sell-off rates and conversion rates. In view of the measures outlined above as well as the modified structure of our collection, we consider the probability of being unable to supply the right merchandise for a given season to be low. The potential effect 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. the unrest in the Near and Middle East, the political changes in Turkey or trade sanctions, 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. In Russia, one of our main output markets, our revenues may continue to grow regardless of the development of the Russian economy, however. 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. The highly likely major macroeconomic consequences of the global coronavirus crisis suggest, however, that the consumer climate and the propensity to consume will deteriorate massively at least temporarily. 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 moderate. The probability of occurrence is very high. This risk is thus classified as a serious risk.

Force majeure risk

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 effect 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. In the fiscal year 2017/18, our collections did not fully meet our customers' wishes. We therefore increased our internal staffing levels accordingly in 2019. We additionally want to minimise the risk by involving various external experts in the development of our collections.

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 effects would be material. This risk is therefore classified as a material risk.

Risks 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 partners' 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 digitisation of the fashion industry results in the emergence of new online retailers, who represent additional sales potential.

We have defined measures and programmes aimed at supporting our Wholesale customers, e.g. in the presentation of our merchandise as well as merchandise management, at increasing GERRY WEBER's attractiveness as a partner and at retaining our customers in the long term.

Especially in view of the trend towards consolidation in the retail sector, we consider the risk arising from a changed customer structure to be a medium risk. In view of the fragmentation of the fashion market and the optimisation of our distribution structures, we consider the probability of occurrence to be unlikely while the effects on EBIT are classified as low.

Risks 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. Attractive, high-quality collections, support in merchandise management for wholesalers and the ongoing expansion of our physical and digital services result in increased customer retention and make it 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 considered to be medium. The direct impact on our business is regarded as low.

Strategic risks

Risks relating to the Retail distribution segment
The vertical integration of the business model was an important strategy for the ongoing development of the GERRY WEBER Group.

However, a growing number of company-managed sales spaces also increases the inventory risk as well as the volatility of revenues and earnings. On the one hand, own retail spaces support a higher gross profit margin than Wholesale activities; on the other hand, however, they entail higher fixed costs such as rents and personnel expenses. 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 background of changing consumer behaviour, declining footfalls especially in small and medium-sized cities and the growing importance of online shopping, GERRY WEBER decided, already in early 2016, to close some of the GERRY WEBER, TAIFUN and SAMOON stores. As of 31 October 2017, 143 of the Group's own retail stores had been closed as part of this process. In the fiscal year 2017/18, it became apparent that this reduction in the number of points of sale was not sufficient and further POS were defined for closure in the context of a restructuring concept. In the course of the insolvency proceedings of GERRY WEBER Retail GmbH & Co KG, further large-scale branch closures were implemented or their implementation was initiated. In spite of these risk-mitigating store closures, we still consider the potential risk arising from the Retail business to be material. If the market conditions continue to 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.

To better manage our fixed costs, we have initiated 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 the employees in our stores intensively within the framework of a "Retail Academy" and to develop new store concepts to increase the attractiveness of our points of sale.

Against the background of the persistently challenging trading conditions such as low footfall in the city centres, the related external risks and the importance of the Retail segment for the Group as a whole, we classify the risks arising from the Retail operations as a material risk for the GERRY WEBER Group. In view of the coronavirus crisis and the revenue shortfalls that have already occurred in March 2020 and the revenue shortfalls anticipated for April 2020, the probability of revenue losses has risen to > 50%. We consider the impact to be material and classify the risk as serious.

Brand and corporate image risk

A positive brand image and the sustainable positioning of our brands provide the basis for the economic success of the GERRY WEBER Group. 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 brand positioning 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. Apart from the insolvency proceedings, potential risks which may have an adverse impact on GERRY WEBER's image include collections that are unattractive to our target group, the failure to meet our quality standards, an ambiguous brand positioning or non-compliance with national and international laws and social standards by our partners.

Various events as well as marketing and sponsorship measures support the positioning of our brands and thus help mitigate the brand and corporate image risk. The individual brands are presented in accordance with their respective brand image both at the points of sale and in the online shop.

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.

Against the background of the insolvency proceedings, the business trend during the past fiscal years, the implementation of several realignment and restructuring programmes and the related presentation of the GERRY WEBER Group in the media, we classify the probability of our brand image being adversely affected as medium. The potential effect is regarded as moderate. Consequently, we classify this risk as a material 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.

Investments made in the past were already written down on a large scale in the fiscal year 2017/18, and further write-downs became necessary in connection with our insolvency proceedings. As a result, investments carried in the balance sheet have already declined significantly. Moreover, it is planned to make lower and more targeted investments in the future. Most importantly, only very low investments in new POS are planned. Besides this, investments relating to the digitalisation of the business model and the expansion of our online activities are planned for the coming fiscal years. 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 low. 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. The foreign currency derivatives usually had terms of between 12 and 24 months. Where additional foreign currency requirements arise in the course of a season, these positions are hedged as well, if required. Because of the insolvency proceedings, no new currency derivatives were taken out.

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. In accordance with IFRS 7, the effects of changes in the key interest rates on equity have been reviewed and are shown in section H of the notes.

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 actual probability of being affected by exchange rate fluctuations is considered not to be low. Because of the USD-denominated procurement volume, the effect on the procurement side 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 fails to meet its payment obligations in full or in part or does so 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. The effectiveness of these measures is clearly reflected in the Group-wide bad debt ratio, which currently stands at 0.1%. In view of the measures implemented, we consider the probability of debtor defaults to be rather unlikely and the effect on EBIT to be low. The overall risk of debtor defaults is therefore currently still classified as negligible.

Financing and liquidity risk

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 company's operations are mostly equity-funded. Two unsecured note loans in the amount of EUR 75 million and EUR 140 million, respectively, had been raised to finance the logistic centre and the acquisition of HALLHUBER. The former non-current liabilities of the GERRY WEBER Group, especially in the form of note loans, have been reduced considerably by the insolvency plan. GERRY WEBER's financing and liquidity risk had been negligible so far, not least due to the fact that debt capital had been clearly reduced. Against the background of the coronavirus-crisis, however, negotiations aimed at raising new funds in a low two-digit million amount are taking place. Therefore, we consider both the probability of occurrence of financing risks and their impact to be low. In contrast to the balance sheet day of the prior stub financial year, we are changing our risk assessment and see a medium financing and liquidity risk.

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 now 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".

A clearly optimised merchandise management system was implemented in the calendar year 2019. As a result, we are increasingly distributing the right product at the right place at the right price and at the right time. This allows us to reduce the pre-order limit 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 and especially for the coming collections. In view of the already tangible impact of the coronavirus crisis, however, we consider the potential impact of this risk for the current collection and for items of the coming collection 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. GERRY WEBER 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. 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, moreover, able to flexibly replace production partners. In view of the fact that production volumes are spread over a large portfolio of suppliers in different countries, our own local sourcing offices and the internal and external checks carried out by renowned institutes, we consider the probability of delayed deliveries and additional expenses resulting from procurement problems to be unlikely. The effect is considered to be low. The risk is therefore classified as negligible.

In the context of the restructuring programme implemented since 2019, we have also reorganised our procurement structures. We have, for instance, standardised the use of raw materials with the help of Fabrics Libraries and increased the efficiency of our administrative structures, especially outside Germany. As a result of these steps, we consider our procurement structure to be even safer and more reliable. In view of the possible medium to long-term distortions in the structures of our procurement partners resulting from the coronavirus crisis, we regard our procurement risk as a medium risk, as we must assume a low probability of occurrence.

Logistic risk

Since the logistic centre was taken into operation in spring 2016, GERRY WEBER has handled almost all its logistic processes internally. 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. As a result of the construction of the Group's own logistic centre, several logistic centres operated by external partners were merged into a single warehouse for all distribution channels. A precise allocation of incoming products to individual distribution channels is now no longer necessary (except for the online channel). There is a single stock of merchandise for all brands and distribution channels. This way the new centralised logistic concept reduces the risk of misallocating merchandise to the individual distribution channels and cuts logistic costs.

Delays and / or incorrect allocations may still occur in the logistic processes even after the completion of the ramp-up phase. Certain technical or process-related adjustments may become necessary as a result of insights gained in the "live operation" of the logistic centre. While this may have an impact on the net worth, financial and earnings position of the GERRY WEBER Group, the logistic risks have declined notably since the end of the ramp-up phase.

Regardless of the new 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 effect is also considered to be low.

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 the B2C logistics, which are handled by a leading external service provider. Ravenna Park was taken into operation in late 2016 and operated at good capacity in 2017/18 and in the period up to the end of the 2019 calendar year. As part of the operational restructuring programme and in accordance with the provisions of the insolvency plan for GERRY WEBER International AG, it is therefore planned that Ravenna Park will be used by GERRY WEBER until 2021; by that date, a concept for an economically viable alternative should be developed and be ready for implementation. According to the insolvency plan, proceeds from the sale of Ravenna Park are to be distributed to the insolvency creditors of GERRY WEBER International AG.

It cannot be ruled out that a new concept for outsourcing our logistics to external service providers will result in failures, delays and/or incorrect deliveries. This could have a negative impact on the Group's planned business development after 2021. As we have a long period to prepare for this change, however, we consider this risk to be low.

All in all, the logistic risk is classified as a medium risk.

IT risk

The growing digitisation 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 effects of such a failure to be low.

Due to the introduction of new material IT systems and programmes as well as the growing digitisation, we classify project delays as an additional risk, albeit with a low probability of occurrence. The effects are 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, 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.

The core element of GERRY WEBER's repositioning is a new corporate culture, which we have been implementing since the calendar year 2019 using various elements. Mutual trust, respect and responsibility rank at the top of our mission statement. These values should shape our joint, proactive and solution-oriented cooperation. We want all employees who continue to be part of the company after the comprehensive and challenging restructuring exercise to enjoy their work for the GERRY WEBER Group. We have explicitly committed ourselves to this mission statement in the 2019 enterprise agreements.

Against the background of the personnel measures taken in the past two fiscal years and the implementation of the realignment programme, we currently regard the probability of occurrence of human resources risks as medium. The effect 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 effect 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 relating to adverse weather conditions	low	material	material risk	unchanged
	Risk of economic and geopolitical developments	probable	moderate	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	low	medium risk	unchanged
	Risk relating to a changing competitive structure	medium	low	medium risk	unchanged
Strategic risks					
	Risks relating to the Retail distribution segment	probable	material	serious risk	increased
	Brand and corporate image risk	medium	moderate	material risk	unchanged
	Investment risk	unlikely	very low	negligible risk	unchanged
Financial risks					
	Currency risk	low	material	material risk	unchanged
	Risk of debtor defaults	unlikely	low	negligible risk	unchanged
	Financing and liquidity risk	low	low	medium 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	moderate	probable	serious risk	current high risk
	Procurement risk	low	low	medium risk	increased
	Logistic risk	low	low	medium risk	unchanged
	IT risk	low	moderate	medium risk	unchanged
Corporate risks					
	Human resources risk	medium	low	medium risk	unchanged
	Legal and compliance risks	unlikely	low	negligible risk	unchanged

INFORMATION

pursuant to section 289a HGB and section 315a HGB

Composition of the subscribed capital

As the capital measures provided for in the insolvency plan were entered in the Commercial Register at the end of October 2019, the share capital of GERRY WEBER International AG was reduced from EUR 45,905,960 to EUR 8,733 (restructuring capital cut) and subsequently increased to EUR 1,025,000. The new shares were subscribed in full by the Robus SCSp SICAV-FIAR – Robus Recovery Fund II, a fund managed by Robus Capital Management Ltd., and by WBOX 2018-3 Ltd., a fund managed by Whitebox Advisors LLP. The 8,733 old shares remaining after the capital cut were also transferred to these funds, which, consequently, have since been the sole owners of GERRY WEBER International AG, each holding 50% of the company's shares.

As of the end of the stub fiscal year 2019, the subscribed capital (share capital) of GERRY WEBER International AG amounted to EUR 1,025,000. The share capital consisted of 1,025,000 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 2019, WBOX 2018-3 Ltd., Grand Cayman, Cayman Islands, and Robus SCSp SICAV-FIAR – Robus Recovery Fund II, Luxembourg, Luxembourg, each held 50% of the company's share capital.

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

As the capital measures provided for in the insolvency plan were entered in the Commercial Register at the end of October 2019, the resolution by the Annual General Meeting of 26 April 2018 to issue convertible bonds or option bonds as well as the conditional share capital increase by up to EUR 4,590,590.00 through the issue of up to 4,590,590 new bearer shares to the holders of convertible bonds and option bonds were revoked. The authorised capital of EUR 18,362,384.00 previously provided for in the statutes of GERRY WEBER International AG has also been revoked.

In accordance with the final insolvency plan of GERRY WEBER International AG, the share capital was conditionally increased by up to EUR 2,091,600.00 through the issue of up to 2,091,600 new bearer shares. 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 the accumulated profit has been passed yet.

In accordance with the resolution passed by the Annual General Meeting on 3 December 2019, the share capital was increased by EUR 195,238.00 from EUR 1,025,000.00 to EUR 1,220,238.00 against cash contributions by issuing 195,238 new bearer shares with a pro-rata share of EUR 1.00 each in the share capital. To the extent permitted by law, the new shares, just like the existing shares of the company, were to be entitled to profit from the beginning of the fiscal year for which, at the time of their issue, no resolution of the Annual General Meeting on the appropriation of the accumulated profits has been passed yet; at the time the resolution was passed by the Annual General Meeting and at 31 December 2019, the entitlement to profit would have commenced as of the beginning of the fiscal year that commenced on 1 November 2017. The new shares were to 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 was excluded. J.P. Morgan Securities plc, London, United Kingdom, was exclusively admitted to subscribe for the new shares. The Managing Board was authorised to stipulate the further details of the capital increase and its execution with the consent of the Supervisory Board. After the reporting date of 31 December 2019, the capital increase resolution adopted by the Extraordinary General Meeting of 3 December 2019 was revoked and replaced by a capital increase resolution with almost identical contents. For more information, see the chapter "Post-balance sheet events".

According to a resolution adopted by the Annual General Meeting on 31 December 2019, the Managing Board was 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). At the time the present report was completed, this authorisation had not yet been entered in the Commercial Register.

Powers of the Managing Board regarding the acquisition of own shares

According to a resolution adopted by the Annual General Meeting on 16 April 2015, the Managing Board had been authorised to acquire own shares in the amount of up to 10% of the current share capital for any permissible purpose until 15 April 2020 in accordance with section 71 para. 1 No. 8 of the German Stock Corporation Act (AktG). The shares acquired in accordance with the present authorisation, together with other shares in the company which the company had previously acquired and still held or which are attributable to the company as own shares pursuant to sections 71d and 71e of the German Stock Corporation Act (AktG), were, at no time, allowed to represent more than 10% of the respective share capital. In the context of a share buy-back programme carried out in mid-2017, the company had acquired a total of 398,245 own shares at an average price of EUR 12.56 per share.

In accordance with the insolvency plan, the own shares held by the company were included in the restructuring capital cut at the end of October 2019 and subsequently transferred in equal parts to the Robus SCSp SICAV-FIAR – Robus Recovery Fund II and WBOX 2018-3 Ltd. Since then, the Managing Board has not exercised the authorisation to acquire own shares. Consequently, the company held no own shares as of 31 December 2019.

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 two fixed annual salaries plus bonus will be paid to the departing Managing Board member as severance payments. Moreover, the payments must 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 7 February 2017. The contract concluded with Mr Johannes Ehling granted him an extraordinary right of termination in the event of a change of control.

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 GROUP STATEMENT

The non-financial statement of GERRY WEBER International AG is integrated into the Sustainability Report as a separate non-financial report and will be published online on 9 April 2020 together with the Annual Report.

Halle / Westphalia, 7 April 2020

Managing Board

Alexander Gedat   Florian Frank

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

as of 31 December 2019

ASSETS

KEUR	Notes No.	31 Dec. 2019	31 March 2019
NON-CURRENT ASSETS			
Fixed assets	**(1)**		
Intangible assets	(a)	20,136.2	23,368.8
Rights of use	(b)	236,024.0	0.0
Property, plant and equipment	(c)	80,474.2	90,151.9
Financial assets	(d)	221.2	339.9
Deferred tax assets	***(2)***	***2,082.6***	***2,512.2***
		338,938.2	***116,372.8***
CURRENT ASSETS			
Inventories	(3)	65,065.2	87,977.7
Receivables and other assets			
Trade receivables	(4)	14,714.9	37,784.7
Other assets	(5)	33,696.6	24,168.9
Income tax receivables	(6)	1,323.6	1,795.2
Cash and cash equivalents	***(7)***	***126,928.8***	***70,579.8***
		241,729.1	***222,306.3***
Assets classified as held for sale	***(8)***	***0.0***	***36,210.8***
		241,729.1	***258,517.1***
Total Assets & Liabilities		**580,667.3**	**374,889.9**

LIABILITIES

KEUR	Notes No.	31 Dec. 2019	31 March 2019
EQUITY			
Subscribed capital	(a)	1,025.0	45,507.7
Capital reserve	(b)	10.2	102,386.9
Retained earnings	(c)	102.5	225,778.9
Exchange differences	(d)	–2,054.0	–2,082.4
Accumulated profits / loss	(e)	122,358.3	–370,525.9
		121,442.0	***1,065.2***
NON-CURRENT LIABILITIES			
Provisions for personnel	(10)	162.9	151.9
Other provisions	(11)	4,069.0	5,930.0
Financial liabilities	(12)	73,622.5	0.0
Liabilities from rights of use	(13)	194,900.7	0.0
Other liabilities	(14)	0.0	3,259.1
Deferred tax liabilities	(2)	4,925.2	3,827.2
		277,680.3	***13,168.2***
CURRENT LIABILITIES			
Provisions			
Tax provisions	(15)	63.8	531.1
Provisions for personnel	(16)	7,089.9	12,335.2
Other provisions	(17)	31,551.8	36,915.3
Liabilities			
Financial liabilities	(18)	74,187.2	221,105.1
Trade liabilities	(19)	14,090.3	33,722.4
Liabilities from rights of use	(14)	42,952.5	0.0
Other liabilities	(20)	11,609.5	21,836.6
		181,545.0	***326,445.7***
Liabilities directly associated with assets classified as held for sale	***(8)***	***0.0***	***34,210.8***
		459,225.3	***373,824.7***
Total Assets & Liabilities		**580,667.3**	**374,889.9**

CONSOLIDATED INCOME STATEMENT

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

KEUR	Notes No.	**Stub fiscal year from 1 Apr. 2019 to 31 Dec. 2019**	Stub fiscal year from 1 Nov. 2018 to 31 Mar. 2019
Continuing operations			
Sales revenues	(21)	330,511.9	215,566.4
Other operating income	(22)	176,548.8	50,691.8
Change in inventories	(23)	–19,754.8	–25,952.2
Cost of materials	(24)	–117,241.5	–83,828.2
Personnel expenses	(25)	–83,044.0	–55,049.4
Depreciation/amortisation	(26)	–46,769.8	–137,743.3
Other operating expenses	(27)	–110,078.8	–93,486.6
Other taxes	(28)	–210.2	–294.2
Operating result		***129,961.6***	***–130,095.7***
Financial result	**(29)**		
Income from fair value measurement of financial liabilities		0.8	1.0
Interest income		448.0	212.0
Write-downs on financial assets		0.0	0.0
Incidental bank charges		–459.0	–398.7
Financial expenses		–8,450.6	–1,853.0
		–8,460.8	***–2,038.7***
Results from ordinary activities		**121,500.8**	**–132,134.4**
Taxes on income	**(30)**		
Taxes of the fiscal year		–651.6	–846.2
Deferred Tax		–1,527.6	–15,245.8
		–2,179.2	***–16,092.0***
Result from continuing operations		***119,321.6***	***–148,226.4***
Result from discontinued operations attributable to the owners of the parent company	***(8)***	***0.0***	***–96,274.4***
Consolidated net profit/loss for the year		**119,321.6**	**–244,500.8**
Earnings per share from discontinued operations attributable to the owners of the parent company			
Earnings per share (basic)	(31)	3.35	–3.26
Earnings per share (diluted)	(31)	3.35	–3.26
Earnings per share attributable to the owners of the parent company			
Earnings per share (basic)	(31)	3.35	–5.37
Earnings per share (diluted)	(31)	3.35	–5.37

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

KEUR	**Stub fiscal year from 1 Apr. 2019 to 31 Dec. 2019**	Stub fiscal year from 1 Nov. 2018 to 31 Mar. 2019
Consolidated net profit/loss for the year	119,321.6	–244,500.8
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	28.4	375.9
Cash flow hedges: changes in the amount recognised in equity		
Changes in the fair value of derivatives used for hedging purposes	0.0	–635.9
Taxes on income	–210.2	–294.2
Income taxes attributable to the components of other comprehensive income	0.0	190.8
	28.4	***–69.2***
Comprehensive income	**119,350.0**	**–244,570.0**

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		***45,507.7***	***102,386.9***	***225,778.9***	***0.0***	***–2,082.4***	***–370,525.9***	***1,065.2***
Capital reduction		–45,499.3	–102,386.9	–225,778.9			373,665.1	0.0
Capital increase		1,016.6	10.2					1,026.8
Result from continuing operations				102.5			119,219.1	119,321.6
Result from discontinued operations							0.0	0.0
Other result from continuing operations						28.4		28.4
Comprehensive income		***0.0***	***0.0***	***102.5***	***0.0***	***28.4***	***119,219.1***	***119,350.0***
As of 31 Dec. 2019	**(10)**	**1,025.0**	**10.2**	**102.5**	**0.0**	**–2,054.0**	**122,358.3**	**121,442.0**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the stub financial year from 1 November 2019 to 31 March 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 Nov. 2019		***45,507.7***	***102,386.9***	***225,778.9***	***445.1***	***–2,458.3***	***–126,025.1***	***245,635.2***
Result from continuing operations							–148,226.4	–148,226.4
Result from discontinued operations							–96,274.4	–96,274.4
Other result from continuing operations					–445.1	375.9		–69.2
Comprehensive income		***0.0***	***0.0***	***0.0***	***–445.1***	***375.9***	***–244,500.8***	***–244,570.0***
As of 31 Mar. 2019	**(10)**	**45,507.7**	**102,386.9**	**225,778.9**	**0.0**	**–2,082.4**	**–370,525.9**	**1,065.2**

CONSOLIDATED CASH FLOW STATEMENT

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

KEUR	**Stub fiscal year from 1 Apr. 2019 to 31 Dec. 2019**	Stub fiscal year from 1 Nov. 2018 to 31 Mar. 2019
Operating result from continuing operations	129,961.6	–130,095.7
Operating result from discontinued operations	79.0	–105,350.9
Depreciation / amortisation	48,469.8	227,690.8
Non-cash restructuring gains	–167,579.4	0.0
Profit / loss from the disposal of fixed assets and assets held for sale	1,419.0	–12,501.9
Decrease in inventories	22,912.5	46,800.4
Decrease / increase in trade receivables	23,069.8	–3,180.6
Decrease in other assets not attributable to investment and financing activities	–7,945.8	–9,329.9
Decrease in provisions	–3,861.6	–19,437.7
Increase in trade payables	14,942.6	4,798.9
Increase in other liabilities not attributable to investing and financing activities	2,678.9	15,742.3
Income tax refunds / payments	–647.3	–111.1
Cash inflows from operating activities	***63,499.1***	***15,024.6***
Income from loans	0.8	1.0
Interest received	448.0	221.7
Incidental bank charges	–459.0	–607.1
Interest paid	–7,968.6	–1,201.8
Cash inflows from current operating activities	***55,520.3***	***13,438.4***
Proceeds from the disposal of property, plant, equipment and intangible assets	500.0	36,000.0
Cash outflows for investments in property, plant, equipment and intangible assets	–8,349.0	–4,107.0
Proceeds from the disposal of financial assets	180.0	136.2
Cash outflows for investments in financial assets	–61.3	–60.7
Cash inflows / outflows from investing activities	***–7,730.3***	***31,968.5***
Proceeds from borrowings	34,200.0	0.0
Proceeds from capital increase	1,026.8	0.0
Repayment of liabilities relating to rights of use	–28,980.2	0.0
Cash inflows from financing activities	***6,246.6***	***0.0***
Net change in cash and cash equivalents	54,036.6	45,406.9
Changes in cash and cash equivalents due to consolidation	–1,676.2	0.0
Cash and cash equivalents at the beginning of the fiscal year	74,568.4	29,161.5
Cash and cash equivalents at the end of the fiscal year	126,928.8	74,568.4
Composition of cash and cash equivalents		
Cash and cash equivalents (continuing operations)	126,928.8	70,579.8
Cash and cash equivalents (discontinued operations)	0.0	8,250.0
Current account liabilities (continuing operations)	0.0	–151.4
Current account liabilities (discontinued operations)	0.0	–4,110.0
	126,928.8	**74,568.4**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the stub fiscal year 2019

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.

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

The fiscal year began on 1 April 2019 and ended on 31 December 2019 (previous year: 1 November 2018 to 31 March 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 2019 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 stub fiscal year 2019 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.

Accounting based on the going concern principle

The insolvency proceedings opened on 1 April 2019 for the assets of GERRY WEBER International AG were terminated with effect from 31 December 2019. For more information, please refer to the section "Post balance sheet events" in the notes to the consolidated financial statements.

Accounting is based on the going concern principle.

Limited comparability with previous year

There is limited comparability, as a stub fiscal year was formed from 1 April 2019 to 31 December 2019, which followed a different stub fiscal year from 1 November 2018 to 31 March 2019.

New IASB regulations for first-time application in the stub fiscal year 2019

The following accounting standards and supplements to existing regulations became mandatory for the fiscal year from 1 April 2019 to 31 December 2019:

New regulations			Impacts
Amendments to IFRS 9	Financial Instruments	Classification of certain financial instruments with prepayment features	No impact
IFRS 16	Leases	The lessee must recognise longer-term leases in the form of a right of use and a liability in the balance sheet	The effects are described in section B as well as I.
Amendments to IAS 19	Employee Benefits	Plan amendments, curtailments or settlements	No impact
Amendments to IAS 28	Investments in Associates and Joint Ventures	Obligation to apply IFRS 9 to long-term interests in associates or joint ventures	No impact
Improvement project 2017	Improvement of IFRS (2015 – 2017) IFRS 3, IFRS 11, IAS 12, IAS 23	Collective standard for amendments or supplements to the corresponding regulations	No impact
IFRIC 23	Uncertainty over Income Tax Treatments	Clarifies uncertainties over income tax treatments under IAS 12	No impact

New IASB regulations not applicable in the stub fiscal year 2019:

Regulations that were not applied			Published by the IASB	First-time application	Adopted by the EU Commission	Anticipated impact on the GERRY WEBER Group
Amendments to IFRS 3	Business combinations	Amendments to the definition of a business	22.10.2018	01.01.2020	Not yet	No impact
IFRS 17	Insurance Contracts	Principles for the accounting of insurance contracts: replaces the former transitional standard IFRS 4	18.05.2017	01.01.2021	Not yet	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	29.03.2018	01.01.2020	29.11.2019	The impact that would result from application is still being reviewed
Amendments to IAS 1 and IAS 8	Definition of "material"	Clarification of the definition of materiality	31.10.2018	01.01.2020	29.11.2019	The impact that would result from application is still being reviewed
Amendments to IFRS 9, IAS 39 and IFRS 7	Financial Instruments	Interest Rate Benchmark Reform, published in September 2019, transposition into EU law still pending, first-time adoption expected in the fiscal year 2020/2021	26.09.2019	01.01.2020	15.01.2020	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.

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 Trading (Shanghai) Co. Ltd.
- GERRY WEBER Polska Sp. z o.o., Warsaw, Poland,
- GERRY WEBER Logistics GmbH, Halle / Westphalia,
- GW Media 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.

With the exception of Life-Style Fashion GmbH and GERRY WEBER Retail GmbH & Co. KG, the major subsidiaries have changed their financial statements to 31 December 2019 – the new fiscal year of the parent company after the conclusion of the insolvency proceedings. The subsidiaries reporting as of a different balance sheet date than the parent company were therefore included in the consolidated financial statements on the basis of interim financial statements.

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 exchange rates on which the currency translation is based and which influence the consolidated financial statements have developed as follows:

Currencies		Closing rate		Average annual exchange rate	
1 EUR in		**31 Dec. 2019**	**31 Mar. 2019**	**1 Apr. 2019–31 Dec. 2019**	**1 Nov. 2018–31 Mar. 2019**
Denmark	DKK	7.47	7.47	7.47	7.46
United Kingdom	GBP	0.85	0.86	0.85	0.88
Hong Kong	HKD	8.66	8.82	8.75	8.91
Canada	CAD	1.46	1.50	1.46	1.51
Romania	RON	4.77	4.76	4.78	4.70
Russia	RUB	70.28	72.86	69.96	75.38
Turkey	TRY	6.42	6.34	6.68	6.10
USA	USD	1.11	1.12	1.12	1.14
China	CNY	7.78	7.54	7.82	7.74
Switzerland	CHF	1.10	1.12	1.09	1.13
Poland	PLN	4.28	4.30	4.26	4.30
Sweden	SEK	10.57	10.40	10.45	10.37
Czech Republic	CZK	25.51	25.80	25.41	25.76
Norway	NOK	10.08	9.66	9.86	9.73

B. ACCOUNTING AND VALUATION PRINCIPLES

With the exception of certain items such as derivative financial instruments, 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.

Changes in accounting and valuation principles with a significant impact on the net worth, financial and earnings position of the GERRY WEBER Group arose in the fiscal year ended 31 December 2019 due to the first-time adoption of IFRS 16 “Leases”. The adjusted accounting and valuation principles and their effects are presented in the corresponding sections of this chapter.

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 do not apply due to a lack of separability. 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 1.1% (previous year: 2.5%) 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. Regardless of whether a triggering event is identified, intangible assets with infinite lives and goodwill acquired in a business combination are tested for impairment on an annual basis. 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.

Impairment losses were recognized in each case to the recoverable amount determined as the value in use.

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.

The GERRY WEBER Group uses derivative financial instruments exclusively in the form of cash flow hedges to hedge exchange rate risks in the procurement or sale of merchandise (cash flow hedge). As a general rule, the Group uses currency forwards and currency options. Derivative financial instruments qualifying for hedge accounting pursuant to IFRS 9 are recognised at fair value in the statement of comprehensive income under other comprehensive income. In this context, fluctuations in fair value are recognised in the respective equity item. The value accumulated in equity is recognised in profit or loss for the period upon maturity of the hedged cash flow. Where an ineffective portion of the value changes of the hedges exists, it is recognised in profit or loss. Derivative financial instruments that do not qualify for hedge accounting pursuant to IFRS 9, even if they are held for hedging purposes in economic terms, are measured at fair value through profit or loss in the income statement.

The carrying amounts of financial assets not recognised at fair value through profit or loss are tested for objective evidence of impairment at each balance sheet date. 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 for financial assets recognised at amortised cost 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.

Derivative financial instruments with a negative market value used in effective hedging relationships pursuant to IFRS 9 (for derivative financial instruments in the GERRY WEBER Group, see the comments in the section "Financial assets") are measured at fair value through other comprehensive income. Derivative financial instruments with a negative fair value are measured as liabilities to be recognised at fair value through profit or loss, unless they are used in an effective hedging relationship pursuant to IFRS 9. Conditional purchase price obligations from company acquisitions also fall in this category. Gains and losses from subsequent measurement are recognised through profit or loss.

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).

The Group has a hedging policy of only using effective derivatives to hedge currency risks.

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 of 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 2019, non-current provisions were discounted at an average rate of 1.1% (previous year: 2.5%). 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

IFRS 16 ("Leases"), which was initially adopted in the GERRY WEBER Group's financial statements for the period ended 31 December 2019, replaces the existing standards IAS 17 ("Leases"), IFRIC 4 ("Determining Whether an Arrangement Contains a Lease"), SIC-15 ("Operating Leases" – Incentives") and SIC-27 ("Evaluating the Substance of Transactions in the Legal Form of a Lease").

The GERRY WEBER Group adopted the new lease accounting standard by applying the modified retrospective transitional approach. According to the new standard, comparative information is not restated but continues to be stated in accordance with IAS 17. In the GERRY WEBER Group, first-time adoption primarily relates to the lease agreements for retail stores previously recognised as operating leases.

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. The distinction made in IAS 17 between finance and operating leases, with only the former to be recognised in the lessee's balance sheet, no longer applies under IFRS 16. The lessor's accounting treatment has not changed materially compared with IAS 17.

Lease agreements that were previously classified as operating leases in accordance with IAS 17 and thus recognised off-balance are recognised in the GERRY WEBER Group's balance sheet as assets and liabilities from rights of use in accordance with IFRS 16. They are initially measured at the present value of future lease payments. 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). The GERRY WEBER Group uses the incremental borrowing rate to calculate the interest portion of the lease payments on the date of transition to the new accounting treatment and subsequently every time a newly concluded lease agreement is recognised. Depending on the respective term, the incremental borrowing rate is assumed at 2.75% to 3.25% at the time of transition to the new accounting treatment in accordance with the simplification rule in the transitional terms and conditions for contracts with similar characteristics.

The table below shows the reconciliation of the off-balance sheet lease obligations in the financial statements as of 31 March 2019 with the liabilities in the balance sheet as of 1 April 2019:

Off-balance sheet lease liabilities	TEUR
As of 1 Mar. 2019*	***150,715***
Obligation from operating leases as of 31 March 2019 discounted at the time of first-time adoption in the GERRY WEBER Group	142,392
Short-term and low-value leases recognised as expenses on a straight-line basis	–3,433
Adjustments due to different estimates of renewal and termination options	126,270
Lease liabilities recognised as at 1 April 2019	**265,229**

* adjusted value, financial obligations in the previous year's financial statements presented at KEUR 127,969

In the case of short-term leases (up to 12 months) and leases where the underlying asset has a low value (e.g. PCs), the Group has elected to account for lease payments as an expense on a straight-line basis in accordance with IFRS 16. This expense is reported in the consolidated income statement under other expenses. The GERRY WEBER Group has defined an amount of KEUR 5 for this lower value.

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.

(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.

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. For more information, please refer to the section "Post balance sheet events" in the notes to the consolidated financial statements.

Impairment of non-financial assets

When testing intangible assets, especially of goodwill and property, plant and equipment of the company-managed retail stores that existed as of 31 March 2019 (comparative period), 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. The basic assumptions made to determine the recoverable amount for the different cash-generating units as of 31 March 2019 (comparative period) are explained in greater detail in section C. under "Intangible assets / goodwill".

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.

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.

C. RESTRUCTURING AND OTHER NON-OPERATING EXPENSES AND INCOME

In the course of the fiscal year 2017/18, the GERRY WEBER Group faced a growing number of internal and external crisis factors. These ultimately resulted in a comprehensive strategic, operational and financial restructuring exercise, which was initiated in the fourth quarter of the fiscal year 2017/18 on the basis of a detailed restructuring report ("Sanierungsgutachten") prepared by an independent accounting firm. The restructuring exercise initiated by the company as of 31 October 2018 resulted in impairment of non-current non-financial assets, provisions for restructuring and other expenses, increased inventory write-downs as well as legal and consulting costs, which were reflected in the consolidated financial statements for the period ended 31 October 2018.

Caused by the surprising failure of the talks between GERRY WEBER Group and its financing partners, GERRY WEBER International AG applied for the opening of insolvency proceedings with debtor-in-possession status on 25 January 2019, which were opened on 1 April 2019. Insolvency proceedings with debtor-in-possession status for GERRY WEBER Retail GmbH & Co. KG were filed on 7 February 2019. The proceedings were opened on 1 May 2019. The effects of the opening of insolvency proceedings on the assets of GERRY WEBER International AG were reflected in the balance sheet in the financial statements for the period ended 31 of March 2019.

In total, the following non-operating expenses and income had an impact on the result of the GERRY WEBER Group in the stub fiscal year 2018/19:

KEUR	Cost of materials	Personnel expenses	Depreciation/ amortisation	Other operating expenses	Other operating income	**Total**
Impairment losses (IAS 36)						
Goodwill			23,665			23,665
Other intangible assets			8,906			8,906
Property, plant and equipment			90,860			90,860
Impairment of inventories	15,956					15,956
Severance payments/ Interim employment company		603		387		990
Proceedings-related expenses				18,082		18,082
Legal and consulting costs				6,771		6,771
Result from sale of Hall 29					–17,377	–17,377
Release of provisions					–29,828	–29,828
Continuing operations	***15,956***	***603***	***123,431***	***25,240***	***–47,205***	***118,025***
Impairment losses (IAS 36)						
Goodwill			20,725			20,725
Other intangible assets			53,729			53,729
Property, plant and equipment			12,629			12,629
Impairment of inventories	10,699					10,699
Write-downs of receivables				750		750
Discontinued operations	***10,699***	***0***	***87,083***	***750***	***0***	***98,532***
Total	**26,655**	**603**	**210,514**	**25,990**	**–47,205**	**216,557**

The insolvency proceedings resulted in an adjustment of the plans under the updated restructuring report ("Sanierungsgutachten"). This led to further impairments of non-current non-financial assets, increased depreciation of inventories and process-related expenses as well as other legal and consulting fees in the financial statements for the stub fiscal year 2018/19. On the other hand, the insolvency proceedings made it possible to close unprofitable sales spaces at a lower cost, which resulted in the release of provisions for restructuring costs. In addition, there were corresponding expenses from the discontinued HALLHUBER business segment.

As the insolvency plans of GERRY WEBER International AG and GERRY WEBER Retail GmbH & Co. KG became legally effective in October and November 2019, respectively, the capital and debt cut was implemented. As a result of the debt cut, insolvency liabilities were derecognised taking into account the quotas described in the insolvency plan, with a corresponding effect on income. In addition, further non-operating expenses were incurred in the course of the insolvency proceedings.

In total, the following non-operating expenses and income had an impact on the result of the GERRY WEBER Group in the stub fiscal year 2019:

KEUR	Cost of materials	Personnel expenses	Depreciation/ amortisation	Other operating expenses	Other operating income	**Total**
Impairment of inventories	843					843
Severance payments/ Interim employment companies		1,966				1,966
Proceedings-related expenses				4,813		4,813
Legal and consulting costs				19,621		19,621
Restructuring gains					–167,579	–167,579
Release of provisions					–4,691	–4,691
Continuing operations	***843***	***1,966***	***0***	***24,434***	***–172,270***	***–145,027***
Discontinued operations	***0***	***0***	***0***	***0***	***0***	***0***
Total	**843**	**1,966**	**0**	**24,434**	**–172,270**	**–145,027**

Under the insolvency plan of GERRY WEBER International AG, the insolvency creditors were granted various options for satisfying their insolvency claims (immediate cash quotas, subscription of bearer bonds and/or convertible bonds for certain creditors). The creditors of GERRY WEBER International AG were able to exercise their options in the course of January 2020. By contrast, the insolvency plan of GERRY WEBER Retail GmbH & Co. KG does not provide for such options. On the basis of and taking into account the decision of the insolvency creditors of GERRY WEBER International AG expected as of the balance sheet date, the company has determined amounts and payment dates for satisfying the insolvency creditors and has calculated the nominal values of the remaining payments and, taking into account payment dates, corresponding present values for these. This has resulted in a reduction in the obligations in the balance sheet. This reduction has been recognised as a restructuring gain. The obligations reported in the balance sheet mainly included note loans and liabilities to banks (EUR 218 million) and trade payables (EUR 25 million) as well as other liabilities and provisions.

In addition, further payments are to be made to the insolvency creditors in the form of additional quotas. Additional quotas are to be created for the insolvency creditors of GERRY WEBER International AG, e.g. in the form of the future sale of the Ravenna Park logistics centre and the 12% remaining interest in HALLHUBER held by GERRY WEBER International AG.

The legal effectiveness of the insolvency plans led to a disposal of the financial and non-financial liabilities previously recognised in the balance sheet and an addition of new financial liabilities from the various forms of satisfaction of the insolvency plans. Where the convertible and bearer bonds are concerned, embedded derivatives also had to be taken into account. The restructuring gain is calculated as follows from the difference between the disposals and additions:

KEUR	
Disposal of previously recognised financial and non-financial liabilities	280,484
Addition of new financial liabilities	112,905
Restructuring gain	**167,579**

The individual components for satisfying the creditors were taken into account with their expected values as follows:

	Values at the time the insolvency plans became effective			
Composition	**Undiscounted value in KEUR**	**Covered by**	**Expected outflow in**	**Cost in KEUR**
Cash option, cash option PLC, small creditors	18,082	Trust account	April 2020	17,711
Excess liquidity quota GWI	11,751	Own liquidity	April 2020	11,510
Excess liquidity quota GWR	1,530	Own liquidity	February 2021	1,443
Cash option PLC (2nd instalment)	1,955	Trust account	June 2021	1,816
Cash option PLC (3rd instalment)	1,629	Trust account	December 2022	1,417
Additional quota 2 (extraordinary assets)	6,681	Trust account	December 2023	5,561
Additional quota 3	147	Trust account	April 2020	144
Additional quota Ravenna Park	24,431	Sales proceeds	January 2022	22,121
Additional quota HALLHUBER	1,466	Sales proceeds	December 2022	1,275
Bearer bonds	38,703	Debt restructuring	December 2023	38,012
Convertible bonds	1,832	Debt restructuring	December 2023	1,795
Creditors GWR	5,831	Trust account	February 2021	5,499
Other risks	4,611	Debt collection	Undefined	4,611
	118,649			**112,915**

* end of exercise period (January 2020) relevant for maturity

Values at the time the insolvency plans became effective

	Undiscounted value in KEUR	Covered by	Expected outflow in	Cost in KEUR
Due within 1 year	75,126			73,782
Due after more than 1 and less than 5 years	43,523			39,132
	118,649			**112,915**
Covered by				
Trust account	34,325			32,148
Own liquidity	13,281			12,953
Debt restructuring	40,535			39,807
Sales proceeds	25,897			23,396
Debt collection	4,611			4,611
	118,649			**112,915**

The fair values shown in the table at the time the insolvency plan became effective changed as follows as of the balance sheet date:

Changes as of 31 December 2019

KEUR	Amortised cost	Interest effect in 2019	Interest effects as of 2020
Cash option, cash option PLC, small creditors	17,842	131	240
Excess liquidity quota GWI	11,595	85	156
Excess liquidity quota GWR	1,454	11	76
Cash option PLC (2nd instalment)	1,830	14	125
Cash option PLC (3rd instalment)	1,427	10	202
Additional quota 2 (extraordinary assets)	5,602	41	1,079
Additional quota 3	145	1	2
Additional quota Ravenna Park	22,286	165	2,145
Additional quota HALLHUBER	1,284	9	182
Bearer bonds	38,186*	–1,516	517
Convertible bonds	1,808*	13	24
Creditors GWR	5,540	41	291
Other risks	4,611	0	0
	113,610	**–995**	**5,039**
Due within 1 year	74,187		
Due after more than 1 and less than 5 years	39,423		
	113,610		

* end of exercise period (January 2020) relevant for maturity, embedded derivatives are measured at fair value

D. NOTES TO THE BALANCE SHEET

(1) Fixed assets

Land charges have been created for certain fixed assets of the Group (HQ property) to cover Group liabilities. With regard to the liquidation of the "Ravenna Park" logistics centre provided for in the insolvency plan, please refer to section C.

(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 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 Mar. 2019	**20,791**	**0**	**2,578**	**23,369**
Carrying amount 31 Dec. 2019	**15,851**	**0**	**4,285**	**20,136**

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 November 2018	***235,245***	***87,125***	***2,572***	**324,942**
Exchange differences	0	0	0	0
Additions	1,322	0	1,123	2,445
Reclassifications	77	0	–99	–22
Disposals	–3,441	0	0	–3,441
Reclassification in accordance with IFRS 5	–88,509	–52,225	–1,018	–141,752
31 March 2019	***144,694***	***34,900***	***2,578***	***182,172***
Depreciation / amortisation				
1 November 2018	***133,586***	***42,736***	***0***	***176,322***
Exchange differences	0	0	0	0
Additions	21,497	23,665	0	45,162
Reclassifications	0	0	0	0
Disposals	–3,100	0	0	–3,100
Reclassification in accordance with IFRS 5	–28,080	–31,501	0	–59,581
31 March 2019	***123,903***	***34,900***	**0**	***158,803***
Carrying amount 31 Oct. 2018	**101,659**	**44,389**	**2,572**	**148,620**
Carrying amount 31 Mar. 2019	**20,791**	**0**	**2,578**	**23,369**

The reclassifications according to IFRS 5 include the discontinued HALLHUBER operations as of 1 November 2018.

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

As of the balance sheet date, this item mainly included software. In the previous period, it also included the following items:

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. The amortisation in the comparative period also included impairment losses of KEUR 3,490 caused by the restructuring.

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 off 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. The depreciation and amortisation for the comparative period thus included impairment losses of KEUR 5,416 caused by the restructuring and relating to Norway and Finland.

"HALLHUBER" brand name

In the context of the takeover of HALLHUBER, the "HALLHUBER" brand name was acquired and shown under intangible assets valued at KEUR 54,000. The brand, which is recognised as a depreciable intangible asset, was written off over a period of 30 years using the straight-line method. The resulting expense was recognised as depreciation and amortisation in the result from discontinued operations in the previous period of the consolidated income statement. The residual carrying amounts as of 31 March 2019 were written off in full in the context of an impairment test. The expense was reported in the previous year's result from discontinued operations attributable to the owners of the parent company.

Goodwill

Goodwill resulted from positive differences from business combinations.

Goodwill 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 are defined as cash-generating units.

For the purpose of impairment tests, goodwill is assigned to groups of cash-generating units. These groups of cash-generating units represent the lowest corporate level at which goodwill is monitored for internal management purposes.

In the context of the impairment test, the carrying amount of the respective group of cash-generating units is compared with its recoverable amount. The recoverable amount is determined as the value in use on the basis of the future cash flows, which are based on internal planning. Sensitive planning premises include sales growth, net profit expectations, estimates of replacement investments in the store network as well as personnel expenses as a percentage of sales for the individual stores. The projections refer to the fixed term of the respective lease agreements. The planning period ranges from one to seven years.

In the context of the restructuring of the GERRY WEBER Group's business activities, impairment tests were carried out as of 31 March 2019 on the basis of the multi-year budgets underlying the restructuring concept valid as of that balance sheet date. This resulted in impairment losses on all goodwill.

Due to consistent risk structures (e.g. economic outlook, interest rates), the cash flows determined in connection with the impairment tests as of 31 March 2019 were discounted using a weighted average cost of capital (WACC) of 10.33% before taxes and of 7.71% after taxes based on market data. GERRY WEBER used constant growth rates of 1% (as in the previous year) to extrapolate the cash flows beyond the detailed planning period of five years. In view of the restructuring of the GERRY WEBER Group, the factors influencing the discount rate had been adjusted with respect to the peer group as well as the debt capital interest rate already as of 31 October 2018. As the insolvency proceedings were filed, the WACC was not adjusted. Besides the inability to derive the cost of capital in the context of the insolvency-related special situation, this was mainly due to the fact that the insolvency proceedings had already been concluded at the time of preparation and that this rapid conclusion was already foreseeable at the beginning of the proceedings. A higher interest rate within the expected range would not have resulted in further impairment losses in other, non-impaired cash-generating units as of 31 March 2019. Besides new store openings and closures of individual points of sale, like-for-like revenue growth of up to 2%, depending on the location, is assumed for the detailed planning period.

No further impairment test was required as of 31 December 2019, as all non-depreciable intangible assets were already fully impaired as of 31 March 2019. There were no indications of impairment tests for cash-generating units with exclusively depreciable assets as of 31 December 2019.

Payments on account

In connection with the Group's IT project costs to be capitalised, payments on account of KEUR 2,578 were recognised as of 31 March 2019. Additional payments on account of KEUR 2,946 were made in the fiscal year 2019. An amount of KEUR 1,239 was reclassified to "Concessions, industrial rights and similar rights and assets as well as licenses to such rights and assets" in the fiscal year.

Additions to other intangible assets mainly relate to purchased software.

(b) Rights of use from lease agreements

The new accounting standard IFRS 16 for lease agreements had to be adopted for the first time in the stub fiscal year from April 1 to December 31, 2019. Due to the application of the modified retrospective transitional approach, the information of the comparative period was not restated. 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	
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 Mar. 2019	**0**
Carrying amount 31 Dec. 2019	**236,024**

As of 31 December 2019, the capitalised rights of use under lease agreements included leases primarily for retail stores of KEUR 235,349 (1 April 2019: KEUR 264,032) and lease agreements for motor vehicles of KEUR 675 (1 April 2019: KEUR 1,198).

(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 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 Dec. 2019	**68,648**	**269**	**11,527**	**31**	**80,474**

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 November 2018	***206,521***	***68,267***	***99,628***	***884***	**375,300**
Exchange differences	–4	–1	–32	0	–37
Additions	72	33	525	122	752
Reclassifications	–53	0	64	11	22
Disposals	–831	–37	–166	0	–1,034
Reclassification in accordance with IFRS 5	–25,642	0	–20,038	–302	–45,982
31 March 2019	***180,063***	***68,262***	***79,981***	***715***	***329,021***
Depreciation/amortisation					
1 November 2018	***86,092***	***12,447***	***71,589***	***0***	***170,128***
Exchange differences	1	0	–18	0	–17
Additions	33,764	55,480	3,337	0	92,581
Reclassifications	0	0	0	0	0
Disposals	–754	–17	–63	0	–834
Reclassification in accordance with IFRS 5	–12,871	0	–10,318	0	–22,989
31 March 2019	***106,432***	***67,910***	***64,527***	**0**	***238,869***
Carrying amount 31 Oct. 2018	**120,429**	**55,820**	**28,039**	**884**	**205,172**
Carrying amount 31 Mar. 2019	**73,631**	**352**	**15,454**	**715**	**90,152**

The reclassifications according to IFRS 5 include the discontinued HALLHUBER operations as of 1 November 2018.

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”.

Besides systematic depreciation and amortisation, impairment losses of KEUR 90,860 were recognised in the previous year as part of the **restructuring,** mainly relating to the revaluation of technical equipment and machinery and building components of the logistics centre. The reason for the impairment was that the insolvency plan provides for the sale of the logistics centre. The insolvency creditors are entitled to any proceeds from the sale. No further impairments occurred in the stub fiscal year from 1 April to 31 December 2019.

(d) Financial assets

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**

KEUR	Investments	Other loans	**Total**
Costs			
1 November 2018	***310***	***1,170***	**1,480**
Exchange differences	0	0	0
Additions	3	61	61
Reclassifications	0	0	0
Disposals	0	–136	–136
31 March 2019	***310***	***1,095***	***1,404***
Depreciation/amortisation			
1 November 2018	***264***	***800***	***1,064***
Exchange differences	0	0	0
Additions	0	0	0
Reclassifications	0	0	0
Disposals	0	0	0
31 March 2019	**264**	**800**	***1,064***
Carrying amount 31 Oct. 2018	**45**	**370**	**415**
Carrying amount 31 March 2019	**45**	**295**	**340**

Itemised breakdown:

KEUR	31 Dec. 2019	31 Mar. 2019
Long-term loans	0	120
Long-term deposits	82	80
Rent deposits	94	94
Shares in limited partnerships	38	38
Shares in foreign corporations	7	7
	221	**339**

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 taxes

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. 2019	**31 Mar. 2019**	**31 Dec. 2019**	**31 Mar. 2019**
Non-current assets	0	0	2,096	2,291
Current assets	661	1,378	1,108	1,212
Non-current provisions	1,024	1,134	378	324
Current liabilities	398	0	1,343	0
	2,083	**2,512**	**4,925**	**3,827**

Nettings in the amount of EUR 70.8 million were made. 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 0.4 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.

Tax loss carryforwards amount to clearly over EUR 100 million (previous year: EUR 150 million). They mainly refer to the companies in Germany, Spain, Ireland, Belgium and Norway. The resulting deferred tax assets were written off in full as the realisation of the respective tax advantages is unlikely in the medium term.

Of the unrecognised deferred tax assets, amounts totalling EUR 3.1 million (previous year: EUR 3.6 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.

Deferred tax assets and liabilities of EUR 70.8 million were netted in the financial statements as of 31 December 2019. The netting mainly relates to the deferred tax effects on rights of use for lease agreements and the corresponding liabilities. In the financial statements for the comparative period (31 March 2019), there were no material amounts to be netted.

(3) Inventories

KEUR	**31 Dec. 2019**	31 Mar. 2019
Raw materials and supplies	2,644	5,802
Work in progress	7,297	5,105
Finished goods and merchandise	55,124	77,071
	65,065	**87,978**

The usual reservations of ownership apply.

KEUR 853 (previous year: KEUR 15,956) was written off for sales measures planned in connection with the **restructuring.**

(4) Trade receivables

Trade receivables in an amount of KEUR 14,715 (previous year: KEUR 37,785) 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 3,994 (previous year: KEUR 3,615). 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 33,697 (previous year: KEUR 24,169) have a maturity of less than one year.

Other assets comprise:

KEUR	**31 Dec. 2019**	31 Mar. 2019
Financial assets		
Supplier balances	3,767	3,399
Rent receivables	1,723	1,502
Shares in HALLHUBER	1,500	0
	6,990	***4,901***
Non-financial assets		
Payments on account	14,644	10,274
Tax claims	5,331	4,792
Prepaid expenses	5,258	3,626
Collateral	276	0
HR receivables	210	385
Other	987	191
	26,706	***19,268***
	33,696	**24,169**

For information on the shares in HALLHUBER, please refer to section D (8).

The payments on account essentially relate to inventories. Payments on account became necessary as part of the insolvency proceedings.

(6) Income tax receivables

Tax refund claims of KEUR 1,323 (previous year: KEUR 1,795) 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 in different currencies.

Cash and cash equivalents reported as of 31 December2019 also include trust accounts with a balance of 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 HALLHUBER. In the context of the ongoing 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 HALLHUBER GmbH subsidiary 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. 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. As Robus Capital Management exercised the option, HALLHUBER is no longer fully consolidated and 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.

As part of the accounting treatment as a discontinued operation, all income and expense items are reported in the income statement as income from discontinued operations. The balance sheet items attributable to the discontinued operation are recognised as assets classified as held for sale and liabilities directly associated with assets classified as held for sale.

(b) Financial performance and cash flow information

KEUR	1 Apr. 2019–31 Dec. 2019	1 Nov. 2018–31 Mar. 2019
Sales revenues	48,713	88,972
Other operating income	137	596
Change in inventories	–3,497	–1,978
Cost of materials	–12,127	–52,338
Personnel expenses	–9,717	–15,448
Depreciation/amortisation	–1,700	–89,948
Other operating expenses	–21,730	–35,207
Financial result	–265	–1,347
Profit before taxes on income	***–186***	***–106,698***
Taxes on income	186	10,424
Result from discontinued operations	**0**	**–96,274**
Other result from discontinued operations	0	0
Cash flow from operating activities	3,671	4,569
Cash flow from investing activities	–3,826	–910
Cash flow from financing activities	0	0
Net decrease/increase in cash generated by the subsidiary	**–155**	**3,659**

(c) Assets and liabilities of the disposal group classified as held for sale

The table below shows the assets and liabilities reclassified to the "held for sale" category in connection with the discontinued operation as of 31 March 2019:

KEUR	31 Dec. 2019	31 Mar. 2019
Intangible assets	0	886
Property, plant and equipment	0	10,777
Inventories	0	12,387
Trade receivables	0	2,519
Cash and cash equivalents	0	8,250
Remaining assets	0	1,392
Total assets of the disposal group classified as held for sale	**0**	**36,211**

KEUR	31 Dec. 2019	31 Mar. 2019
Provisions	0	7,378
Trade liabilities	0	10,988
Liabilities to banks	0	4,110
Other liabilities	0	11,735
Total liabilities of the disposal group classified as held for sale	**0**	**34,211**

Based on updated plans and budgets of HALLHUBER, a value of EUR 1.5 million was determined for the remaining 12% stake (fair value level 3). The latter was reported under other financial assets as of 31 December 2019.

Taking into account the purchase price paid in July 2019, the total remaining value (assets less liabilities) for the discontinued HALLHUBER operation amounted to EUR 2.0 million as of 31 March 2019.

(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. As the insolvency proceedings were filed on 25 January 2019, opened on 1 April 2019 and concluded on 31 December 2019, the satisfaction of creditors' interests took priority.

Equity capital and total assets amounted to:

KEUR	**31 Dec. 2019**	31 Mar. 2019	Change
Equity capital in KEUR	121,442	1,065	105,635
Equity in % of total capital	21%	0%	0
Debt capital in KEUR	459,225	373,825	100,142
Debt capital in % of total capital	79%	100%	0
Total capital (equity and debt capital) in KEUR	**580,667**	**374,890**	**205,777**

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

(a) Subscribed capital

Upon entry in the Commercial Register on 31 October 2019, the subscribed capital of GERRY WEBER International AG was reduced from EUR 45,905,960 (previous year: EUR 45,905,960) to EUR 8,377 by way of a simplified capital reduction (section 229 AktG) and increased by EUR 1,016,623 to EUR 1,025,000.

The authorisation of the Managing Board to increase the share capital by up to EUR 18,362,384 from authorised capital (resolution of the Annual General Meeting of 26 April 2018) was revoked. The conditional capital increase by EUR 4,590,590 approved by the same Annual General Meeting was also cancelled. New conditional capital of EUR 2,091,600.00 was created at the end of October 2019, however, and in December 2019 the Managing Board was authorised to increase the share capital of GERRY WEBER International AG by up to EUR 400,000.00 from authorised capital. At the time the present report was completed, this authorisation had not yet been entered in the Commercial Register.

In the period from March to June 2017, 398,245 bearer shares had been repurchased at a total cost of EUR 4,999,958. As of the prior year reporting date (31 March 2019), the subscribed capital, reduced by the nominal value of the repurchased shares of EUR 398,245 was stated at EUR 45,507,715. The amount of EUR 4,601,713 that exceeded the nominal amount had been deducted from unappropriated retained earnings. The own shares were also included in the capital reduction.

(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. In accordance with section 229 para. 2 of the German Stock Corporation Act (AktG), the capital reserve was released in full as a prerequisite for implementing the simplified share capital reduction. A premium of EUR 0.01 per bearer share was charged in the context of the EUR 1,016,623 increase in the share capital. This resulted in a corresponding allocation of EUR 10,166.23 to the capital reserve.

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

(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 profit (previous year: accumulated loss):

KEUR	
Carried forward 1 April 2019	–370,526
Dividend payment in 2019	0
Capital reduction	373,665
Net income for the stub fiscal year 2019	119,322
Allocation to retained earnings	***–103***
Accumulated profits as of 31 December 2019	**122,358**

(10) Provisions for personnel (non-current)

An amount of KEUR 163 (previous year: KEUR 152) resulted from offsetting the assets used to secure the old-age part-time obligations against the corresponding provisions as of 31 December 2019. This asset is shown under "Provisions for personnel (non-current)".

(11) Other provisions (non-current)

This item includes an amount of KEUR 4,069 (previous year: KEUR 5,930) 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. An amount of KEUR 1.916 was released (previous year: KEUR 148 added).

Interest expenses in the amount of KEUR 55 (previous year: KEUR 148) from unaccrued interest on provisions were recognised. Expected cash outflows accrue within a period of 5 to 10 years.

(12) Financial liabilities (non-current)

As a result of the insolvency proceedings filed in January 2019, all liabilities to banks were recognised as current in the financial statements for the period ended 31 March 2019 due to the extraordinary termination rights of the lending banks.

As at 31 December 2019, this item includes, on the one hand, those portions of the insolvency liabilities which are to be settled from the "Hallhuber" and "Ravenna Park" additional quotas. On the other hand, it includes loans from the insolvency plan sponsors. The latter bear interest at 12% and have a final maturity of 31 December 2023.

Please refer to the information in section C for the accounting treatment of the insolvency plan.

KEUR	**31 Dec. 2019**	31 Mar. 2019
Insolvency creditor liabilities	39,423	0
Loans granted by the insolvency plan sponsors	34,200	0
	73,623	**0**

To secure the loans of the insolvency plan sponsors, security interests in financial and non-financial assets have been provided (parts of inventories, trade receivables as well as cash and cash equivalents) and in a property (Group HQ).

(13) Liabilities from lease agreements

This item includes the non-current portion of the liabilities from lease agreements of KEUR 194,900 (previous year: KEUR 0). For information on the accounting treatment of lease agreements, please refer to the information in section I.

(14) Other liabilities (non-current)

As of 31 March 2019, other financial liabilities included the remaining purchase price payment of KEUR 3,259 from an acquisition made in previous years. The reason for the commitment was a multi-year service agreement, which had been concluded in connection with the acquisition of the remaining shares and was economically attributable to the acquisition of the remaining shares. As this service agreement was terminated as part of the insolvency proceedings, the liability was derecognised in the financial statements for the period ended 31 December 2019.

(15–17) Provisions 31 Dec. 2019 and 31 Mar. 2019 (current)

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

Type of provision in KEUR	Carried forward 1 Apr. 2019	Use	Reversal	Addition	**As of 31 Dec. 2019**
(15) Tax provisions	***531***	***531***	***0***	***64***	***64***
(16) 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***
(17) Other provisions					
Guarantees	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**

Type of provision in KEUR	Carried forward 1 Nov. 2018	Consump-tion / Reclassifi-cation pursuant to IFRS 5	Reversal	Addition	**As of 31 Mar. 2019**
(15) Tax provisions	***1,755***	***1,223***	***0***	***0***	***531***
(16) Provisions for personnel					
Bonuses	2,070	1,628	443	1,723	1,723
Vacation	3,696	3,696	0	3,561	3,561
Old-age part-time work (current)	125	49	0	0	76
Special annual payment	3,294	1,677	0	491	2,108
Severance payments	5,452	1,408	160	139	4,023
Other	871	291	0	265	844
	15,509	***8,749***	***602***	***6,178***	***12,335***
(17) Other provisions					
Guarantees	505	331	0	0	174
Outstanding invoices	3,874	2,551	0	2,341	3,664
Accounting expenses	661	420	0	424	666
Restructuring	47,687	9,265	29,225	14,836	24,033
Supervisory Board compensation	870	0	0	363	1,233
Other	6,659	6,659	0	7,146	7,146
	60,256	***19,225***	***29,225***	***25,110***	***36,915***
	77,519	**29,198**	**29,828**	**31,288**	**49,782**

In the context of the **restructuring**, provisions of KEUR 18,644 (previous year: KEUR 24,033) were recognised as of 31 December 2019. These are composed as follows:

KEUR	**31 Dec. 2019**	31 Mar. 2019
Social plan and severance payment obligations	1,617	4,815
Expected dismantling and compensation payments for store closures and redemption of landlord liens	935	9,906
Litigation costs	15,576	6,564
Miscellaneous	516	2,748
	18,644	**24,033**

(18) Current financial liabilities (remaining maturity of less than one year)

The table below shows the main current financial liabilities that existed as of the balance sheet date of the stub fiscal year 2019.

KEUR	**Carrying amount 31 Dec. 2019**	Carrying amount 31 Mar. 2019
Insolvency creditor liabilities	74,187	0
Banks	0	218,250
Other	0	2,855
	74,187	**221,105**

As of 31 December 2019, this item included the liabilities to insolvency creditors expected to be payable in the short term. These are essentially those portions of the insolvency liabilities for which it is expected that they will be satisfied by means of the cash option quota as well as amounts from the excess liquidity quota. Please refer to the information in section C for the accounting treatment of the insolvency plan.

This item also includes the amounts for which creditors are expected to choose convertible or bearer bonds. These will become non-current only when the option is exercised in January 2020. At KEUR 26,643, the figures also include the discounted difference between the expected share of the satisfaction of insolvency creditors by the long-term instruments and the respective cash quotas. As of 31 December 2019, this represented an embedded derivative, which was measured at fair value.

Due to the financing creditors' termination rights in the event of insolvency, liabilities to note loan holders as well as bank loans (bilateral loans) were reported under current liabilities to banks in the financial statements for the period ended 31 March 2019. Other current financial liabilities essentially included accrued interest.

(18) Liabilities from lease agreements (current)

This item includes the current portion of the liabilities from lease agreements of KEUR 42,953 (previous year: KEUR 0). For information on the accounting treatment of lease agreements, please refer to the information in section I.

(19) Trade payables

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

(20) Other liabilities

KEUR	**31 Dec. 2019**	31 Mar. 2019
Financial liabilities		
Liabilities to customers	877	1,665
Payment of remaining purchase price for acquisitions	0	1,183
	877	***2,847***
Non-financial liabilities		
Other taxes (especially wage and turnover tax)	4,117	8,844
Social security	2,923	2,837
Customer vouchers, bonus cards and goods on return	1,104	1,962
Assumptions of liability, guarantees	0	1,311
Liabilities to personnel	475	1,282
Deferred income	532	618
Other liabilities	1,582	2,136
	10,733	***18,990***
	11,610	**21,837**

E. NOTES TO THE INCOME STATEMENT

(21) 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 703 (previous year: KEUR 259) for the utilisation of the name rights.

Revenues are deemed to be realised once the service has been provided in full and control has passed to the buyer.

(22) Other operating income

Other operating income comprises the following:

KEUR	**1 Apr. 2019–31 Dec. 2019**	1 Nov. 2018–31 Mar. 2019
Restructuring gain	167,579	0
Income from the release of current/non-current provisions	4,691	29,893
Rental income	2,769	1,626
Income from the provision of motor vehicles	522	337
Exchange gains	507	50
Income from asset disposal	29	17,377
Other	452	1,410
	176,549	**50,692**

For the restructuring gains, see section C "Restructuring and other non-operating expenses".

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.

(23) Inventory changes and (24) cost of materials

KEUR	**1 Apr. 2019–31 Dec. 2019**	1 Nov. 2018–31 Mar. 2019
Change in inventories	19,755	25,952
Expenses for raw materials and supplies and purchased goods	19,930	9,831
Expenses for services purchased	97,312	73,997
	117,241	***83,828***
	136,996	**109,780**

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.

(25) Personnel expenses

KEUR	**1 Apr. 2019–31 Dec. 2019**	1 Nov. 2018–31 Mar. 2019
Wages and salaries	68,797	46,230
Social security contributions	14,247	8,820
	83,044	**55,049**

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 2.40% (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 1,966 (previous year: KEUR 603).

KEUR	**1 Apr. 2019–31 Dec. 2019**		1 Nov. 2018–31 Mar. 2019	
	Gesamt	**Inland**	**Gesamt**	**Inland**
White-collar workers	3,328	2,290	3,830	2,714
Trainees/apprentices	33	33	32	32
	3,361	**2,323**	**3,862**	**2,746**

(26) Depreciation/amortisation

The composition of depreciation and amortisation can be seen from the changes in the individual fixed asset components. In the stub fiscal year from 1 April 2019 to 31 December 2019, no increased impairment losses were recognised in connection with the restructuring (previous year: EUR 123,431 thousand). To determine the impairments of the previous year, primarily also the full remaining carrying amounts relating to closed stores were used.

(27) Other operating expenses

Other operating expenses comprise the following:

KEUR	**1 Apr. 2019–31 Dec. 2019**	1 Nov. 2018–31 Mar. 2019
Restructuring expenses	24,433	25,240
Rent, space costs	22,285	32,871
Advertising, trade fairs	17,642	6,751
Freight, packaging, logistics	9,894	5,096
IT costs	8,723	5,324
Commissions	4,751	2,980
Insurance, contributions, fees	3,276	1,664
Legal and consulting costs	2,921	4,692
Collection development	2,317	1,291
Losses on receivables / allowances	2,171	971
Loss from asset disposal	1,896	578
Maintenance	1,834	630
Other personnel expenses	1,563	1,079
Travelling expenses	1,339	584
Del credere and credit card commissions	1,111	586
Office and communications	1,086	693
Vehicles	1,075	967
Other	871	46
General administration	842	569
Supervisory Board compensation	49	363
Exchange rate fluctuations	0	510
	110,079	**93,486**

For the restructuring costs, see section C “Restructuring and other non-operating expenses”.

(28) Other taxes

This item mainly comprises real property and motor vehicle taxes as well as council taxes in the United Kingdom.

(29) Financial result

KEUR	**1 Apr. 2019–31 Dec. 2019**	1 Nov. 2018–31 Mar. 2019
Interest income	448	212
Income from financial assets loaned	1	1
Incidental bank charges	–459	–399
Interest expenses	–8,451	–1,853
	–8,461	**–2,039**

Interest expenses mainly result from the compounding of interest on insolvency liabilities from 31 October 2019 (coming into effect of the insolvency plan), interest on liabilities from lease agreements (IFRS 16) and loans granted by plan sponsors.

Incidental bank charges essentially comprise fees for letters of credit.

(30) Taxes on income

Taxes on income comprise the following main components:

KEUR	**1 Apr. 2019–31 Dec. 2019**	1 Nov. 2018–31 Mar. 2019
Taxes of the fiscal year	601	586
Tax expenses of prior years	50	260
Deferred Tax	1,528	15,246
	2,179	**16,092**

Für Deferred taxes were generally calculated on the basis of the applicable tax rates of each company. A standard tax rate of 30% (previous year: 30%) was applied to calculate deferred taxes on consolidation measures shown in profit and loss.

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

KEUR	**1 Apr. 2019–31 Dec. 2019**	1 Nov. 2018–31 Mar. 2019
Profit before taxes on income	121,315	–238,833
Group tax rate	30.00%	30.00%
Expected tax income	36,395	–71,650
Tax effect on the tax-free restructuring gain	–50,307	0
Tax effect on non-taxable amortisation of goodwill	0	13,317
Tax losses for which no deferred taxes were formed	14,741	55,926
Value adjustment of deferred tax assets formed in previous years, in particular on loss carryforwards	0	7,060
Taxes on trade tax additions	977	788
Taxes on non-deductible operating expenses	35	40
Off-period tax expenses / income	50	0
Miscellaneous	102	187
Actual tax expenses 1.9% (previous year: –2.4%)	**1,993**	**5,668**
thereof continuing operations	**2,179**	**16,092**
thereof discontinued operations	**–186**	**–10,424**

(31) Earnings per share

In accordance with IAS 33, earnings per share were calculated on the basis of the consolidated net income/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.

The amounts on which the calculation is based were determined as follows

Consolidated net income/loss for the year in KEUR	**1 Apr. 2019–31 Dec. 2019**	1 Nov. 2018–31 Mar. 2019
Consolidated net loss attributable to ordinary shareholders of the parent company	**119,322**	**–244,501**

Number of ordinary shares	Shares
Voting shares on 1 November 2016	45,905,960
Purchase of own shares in fiscal 2016/17	398,245
Voting shares in fiscal year 2017/18 and in stub fiscal year 2018/19	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

Each ordinary share carries a voting right and is fully entitled to dividends. All shares have the same rights.

An average of 35,622,667 shares were outstanding in the stub fiscal year from 1 April to 31 December 2019 (stub fiscal year 2018/19: 45,507,715 shares).

Earnings per share amount to EUR 3,35 (previous year: EUR –5.37). Basic earnings per share are identical with diluted earnings per share.

No dividend was paid for either the stub fiscal year 2019 or the comparative period.

F. 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	12,453	1,676	0	0	0	0	4,581
Other assets	6,990	0	0	0	0	0	0
Carrying amount 31 Dec. 2019	***19,443***	***1,676***	***0***	***0***			***4,581***
Loans	120	0	0	0	0	0	0
Trade receivables	34,643	2,044	361	0	0	0	4,351
Other assets	4,901	0	0	0	0	0	0
Carrying amount 31 Mar. 2019	***39,664***	***2,044***	***361***	***0***	***0***	***0***	***4,351***

Write-down schedule

As in the comparable period, no write-downs for loans and other assets were required. The table below shows the write-down schedule for trade receivables as of 31 December 2019:

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**

31 Mar. 2019 in KEUR	Expected impairment	Itemised allowance	Total write-downs
As of 31 Oct. 2018	***168***	***2,327***	***2,495***
Additions	348	837	1,185
Drawings	0	65	65
Reversals	0	0	0
As of 31 Mar. 2019	**516**	**3,099**	**3,615**

Trade credit insurance is taken out for the trade receivables, which cover about 77% (previous year: 74%) of the respective total receivables. In addition, the creditworthiness of the counterparties is examined. In the other cases, the default risks are equivalent to the carrying amounts.

Contractual remaining terms of financial liabilities

The table below shows the contractual remaining maturities of the financial liabilities as of the balance sheet date of the stub fiscal year 2019

As a result of the insolvency proceedings filed in January 2019, all liabilities to banks are recognised as current in the financial statements for the period ended 31 March 2019 due to the extraordinary termination rights of the lending banks. The undiscounted cash outflows of these liabilities are consequently classified as liabilities with a remaining term of "up to 1 year". Undiscounted cash outflows with a remaining maturity of up to one year include convertible and bearer bonds in the amount of KEUR 40,535 which will have a maturity of one to five years only when the option is exercised in January 2020.

		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**

		Undiscounted cash flows			
KEUR	Carrying amount	up to 1 year	1 to 5 years	more than 5 years	Total
Note loan	195,000	195,000	0	0	195,000
Loans	23,250	23,250	0	0	23,250
Liabilities from company acquisitions	4,442	1,183	3,259	0	4,442
Other financial liabilities	2,855	2,855	0	0	2,855
Financial liabilities (total)	***225,547***	***222,288***	***3,259***	***0***	***225,547***
Trade liabilities	33,722	33,722	0	0	33,722
Carrying amount 31 Mar. 2019	**259,269**	**256,010**	**3,259**	**0**	**259,269**

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 table below shows the contractual undiscounted interest payments as of the reporting date of 31 December 2019.

	Undiscounted interest payments			
KEUR	up to 1 year	1 to 5 years	more than 5 years	Total
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**

Expected interest payments from non-current debt instruments comprise 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).

Due to the filing of insolvency proceedings and the resulting interest rate uncertainties (including contractually agreed interest rate adjustment clauses with extraordinary termination rights), interest payments from financial liabilities were not determined and classified according to their maturity as of the reporting date of 31 March 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. 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.

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 2019:

31 Dec. 2019 KEUR	Cash inflows	Cash outflows	Net amount	Absolute effect of a +5% change in the exchange rate
USD	937	−6,673	−5,737	−273
GBP	360	0	360	−17

31 Mar. 2019 KEUR	Cash inflows	Cash outflows	Net amount	Absolute effect of a +5% change in the exchange rate
USD	1,677	−4,41	−2,735	−130
GBP	−278	0	−278	13

Counterparty risk

The GERRY WEBER Group is exposed to default risks on financial assets (loans, receivables and other assets), invested cash and cash equivalents and positive fair values of derivatives. 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.

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 of 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). These options were exercised during the preparation of the consolidated financial statements.

Interest rate risk

Interest rate risks relate to interest-bearing financial liabilities. There were no such liabilities as of the balance sheet date of 31 December 2019.

Sensitivity analyses are generally performed to quantify the interest rate risk. As of the previous year's reporting date of 31 March 2019, a +100 / −30 bp shift in the yield curve was assumed to ensure that realistic scenarios are used for the analysis of the interest rate sensitivities.

Variable interest rate liabilities of KEUR 23,750 were included in the analysis as of the previous year's reporting date. The pre-tax effect on consolidated net income for the year is shown:

KEUR	**1 Apr. 2019–31 Dec. 2019**		1 Nov. 2018–31 Mar. 2019	
	+ 100 bp	**−30 bp**	**+ 100 bp**	**−30 bp**
Cash flow risks	**0**	**0**	**405**	**−149**

Bottom line effect of financial instruments

KEUR	Loans and receivables	Financial liabilities
From interest rates	448	−8,559
From losses of receivables and write-downs	−2,171	0
31 Dec. 2019	***−1,723***	***−8,559***
From interest rates	212	−1,853
From losses of receivables and write-downs	−971	0
31 Mar. 2019	***−759***	***−1,853***

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. 2019	**Carrying amount**	**For information: fair value**	**Recognised in profit or loss (net income/loss for the year)**	**Not recognised in profit or loss (other comprehensive income)**
Continuing operations				
Non-current financial assets				
Loans	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		
Liabilities from rental and lease agreements	194,901	194,901		
Current liabilities				
Financial liabilities	47,544	47,544		
Standstill obligation			26,643	
Liabilities from rental and lease agreements	42,953	42,953		
Trade liabilities	14,090	14,090		
Other liabilities	877	877		
	373,988	**373,988**	**26,643**	**0**

After conclusion of the insolvency proceedings, the fair value of the liabilities corresponds to the respective carrying amount.

As of the previous year's reporting date of 31 March 2019, the financial instruments were classified as follows. The table also shows the classification made in accordance with IAS 39 in the previous year's financial statements:

KEUR	IFRS 9 valuation			
	Amortised cost		Fair value	
Financial instruments as of 31 Mar. 2019	**Carrying amount**	**For information: fair value**	**Recognised in profit or loss (net income/loss for the year)**	**Not recognised in profit or loss (other comprehensive income)**
Continuing operations				
Non-current financial assets				
Loans	295	295		
Equity instruments			45	
Current financial assets				
Trade receivables	37,785	37,785		
Other financial assets	4,901	4,901		
Cash and cash equivalents	70,580	70,580		
	113,561	***113,561***	***45***	***0***
Non-current liabilities				
Other liabilities	3,259	587		
Current liabilities				
Financial liabilities	221,105	39,799		
Trade liabilities	33,722	16,819		
Other liabilities	2,847	1,878		
	260,933	***59,083***	***0***	***0***
Held for sale (HALLHUBER)				
Current financial assets				
Trade receivables	2,519	2,519		
Cash and cash equivalents	8,250	8,250		
	10,769	***10,769***	***0***	***0***
Current liabilities				
Trade liabilities	10,988	10,988		
Financial liabilities	4,610	4,610		
	15,598	**15,598**	**0**	**0**

A uniform rate of 18% was assumed for all insolvency liabilities to calculate the fair values indicated for information purposes. The fair value corresponds to the carrying amount for all debts incumbent on the assets.

Fair values of financial assets and liabilities by measurement categories

The assignment of the financial instruments measured at fair value to one of the three levels of the fair value hierarchy can be seen from the table "Carrying amounts and fair values by measurement categories".

The fair values of financial assets and liabilities are assigned to level 2 or 3 of the fair value hierarchy.

As in the previous year, no reclassifications between levels 2019 and 31 were made in the stub fiscal year 1 April 2019 to 31 December 2019.

Market comparison methods are used to determine the fair values of level 2. The fair values of currency forwards and currency options are based on valuations by banks. Given that similar contracts are traded in an active market, these valuations reflect the actual transactions for similar instruments. The fair value adjustments (level 3) due to the insolvency were made on the basis of expected rates.

G. NOTES TO THE CASH FLOW STATEMENT

Cash and cash equivalents comprise current liquid funds (KEUR 126,929; previous year: KEUR 78,830) less current liabilities to banks (KEUR 0; previous year: KEUR 4.261).

The cash flow statement describes the cash flows in the stub fiscal year 1 April 2019 to 31 December 2019 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.

In the stub fiscal year from 1 April 2019 to 31 December 2019, cash inflow from operating activities includes payments for interest received in an amount of KEUR 448 (previous year: KEUR 221) and for interest paid in an amount of KEUR 7,969 (previous year: KEUR 1,202). Income tax payments of KEUR 647 were made (previous year: refunds of KEUR 111).

The table below shows the changes in non-current and current financial liabilities.

		Financing activities		
KEUR	31 Mar. 2019	Cash Borrowings/ repayments	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**

Current account liabilities in the amount of KEUR 0 (previous year: KEUR 4,261), which are shown in the balance sheet under current liabilities to banks, are offset under cash and cash equivalents for the purposes of the cash flow statement.

Due to terminations in connection with the insolvency proceedings, the GERRY WEBER Group does not have any unused credit lines.

		Financing activities		
KEUR	31 Oct. 2018	Cash Repayments	Non-cash Reclassifications/ accrued interest	31 Mar. 2019
Non current financial liabilities				
Note loan 1	140,000	0	–140,000	0
Note loan 2	24,000	0	–24,000	0
Other loans	5,250	0	–5,250	0
	169,250	***0***	***–169,250***	***0***
Current financial liabilities				
Note loan 1	0	0	140,000	140,000
Note loan 2	31,000	0	24,000	55,000
Other loans	20,852	0	5,253	26,105
	51,852	***0***	***169,253***	***221,105***
Total liabilities from financing activities	**221,102**	**0**	**3**	**221,105**

Current account liabilities in the amount of KEUR 0 (previous year: KEUR 4,261), which are shown in the balance sheet under current liabilities to banks, are offset under cash and cash equivalents for the purposes of the cash flow statement.

Due to terminations in connection with the insolvency proceedings, the GERRY WEBER Group does not have any unused credit lines.

H. SEGMENT REPORTING

Segment reporting by segments

Fiscal year from 1 Apr. 2019 to 31 Dec. 2019

KEUR	Wholesale GERRY WEBER	Retail GERRY WEBER	Retail HALLHUBER	Consolidation	**Total**
Sales revenues by segments	***125,100***	***211,708***	***48,713***	***–6,296***	***379,225***
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

Segment reporting by segments

Fiscal year from 31 Oct. 2018 to 31 Mar. 2019

KEUR	Wholesale GERRY WEBER	Retail GERRY WEBER	Retail HALLHUBER	Consolidation	**Total**
Sales revenues by segments	***96,837***	***122,616***	***88,972***	***−3,886***	***304,539***
sales with external third parties	94,014	121,552	88,972	0	304,538
Intersegment revenues	2,822	1,063	0	−3,886	−1
EBIT	***−36,710***	***−91,084***	***−105,351***	***−2,302***	***−235,447***
Depreciation/amortisation	43,540	94,203	89,947	0	227,690
EBITDA	***6,830***	***3,120***	***−15,403***	***−2,302***	***−7,755***
Personnel expenses	12,592	42,457	15,448	0	70,497
Interest income	93	119	10	0	222
Interest expenses	811	1,042	1,357	0	3,210
Assets	177,825	167,428	36,211	−6,573	374,891
Liabilities	167,180	179,496	34,211	−7,063	373,824
Investments in non-current assets	1,548	1,710	910	0	4,168
Number of employees (annual average)	552	3,310	1,633	0	5,495
Impairments recognised in profit/loss					
of inventories	−12	264	0	0	252
of trade receivables	−412	−641	0	0	−1,053

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 segment reporting. The HALLHUBER segment is presented as discontinued operations in the consolidated balance sheet and income statement; however, its financial performance is 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).

The "HALLHUBER" segment comprises the income and expenses as well as assets and liabilities of the HALLHUBER brand.

The segment information is based on the same recognition and valuation measures as the consolidated financial statements.

Transfer prices between the segments are fixed on terms equivalent to those that prevail in arm's length transactions.

In the reporting year, earnings before interest and taxes (EBIT) and sales revenues were used by the Managing Board of GERRY WEBER International AG as performance indicators for controlling and reporting.

Net interest income and tax expenses are viewed by management only at a Group-wide level.

Geographic information:

1 Apr. 2019–31 Dec. 2019 in KEUR	Germany	Abroad	**Total**
Sales by regions	***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

1 Nov. 2018–31 Mar. 2019 in KEUR	Germany	Abroad	**Total**
Sales by regions	***193,960***	***110,578***	***304,538***
Non-current assets	97,242	19,131	116,373
Investments in non-current assets	3,600	568	4,168
Number of employees	4,378	1,116	5,494

For purposes of segment reporting by geographical segments, external sales are defined by customers' head offices. A regional distinction is made between "Germany" and "outside Germany".

I. MISCELLANEOUS INFORMATION

Research and development

Research and development expenses shown under expenses amount to KEUR 2,427 (previous year: KEUR 1,291) 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 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 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 interest and redemption payments of rental and lease liabilities in the amount of KEUR 34,282.

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 2019:

KEUR	**31 Dec. 2019**
Within 1 year	42,953
Between 1 and 5 years	115,194
After 5 years	79,706
	237,853

The following amounts from rental/lease agreements were recognised in the income statement of the GERRY WEBER Group in the period from 1 April to 31 December 2019:

KEUR	1 Apr.2019–31 Dec. 2019
Interest expenses for rental and lease liabilities	5,302
Variable rental/lease payments not included in the valuation of rental/lease liabilities	7,770
Income from the sub-letting of rights of use	–2,223
Expenses from current lease agreements as well as from lease agreements for low-value assets	163
	11,012

The variable rental/lease payments are revenue-based rents for retail stores.

The table below shows the undiscounted as well as discounted minimum rental/lease payments, which were determined without taking renewal options into account.

KEUR	**31 Dec. 2019**	31 Mar. 2019
Within 1 year	40,654	52,398
Between 1 and 5 years	76,227	98,246
After 5 years	1,274	1,676
	118,155	**152,319**

Breakdown of the present values of the minimum lease payments:

KEUR	**31 Dec. 2019**	31 Mar. 2019
Within 1 year	39,308	50,669
Between 1 and 5 years	69,781	89,895
After 5 years	1,002	1,317
Future financing costs from finance leases	8,064	10,439
	118,155	**152,319**

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. 2019**	31 Mar. 2019
Within 1 year	639	1,099
Between 1 and 5 years	1,463	2,659
After 5 years	186	478
	2,288	**4,236**

The GERRY WEBER Group also acts as landlord/lessor. These are mainly sub-letting agreements of existing rental agreements.

In the stub fiscal year 1 April 2019 to 31 December 2019, the Group generated KEUR 2,223 (previous year: KEUR 1,322) from subleases. The table below shows the minimum lease payments from subleases:

KEUR	**31 Dec. 2019**	31 Mar. 2019
Within 1 year	1,393	3,716
Between 1 and 5 years	3,031	7,583
After 5 years	541	868
	4,965	**12,167**

Purchase commitment for investments

As of 31 December 2019, the purchase commitment for investments and projects amounted to EUR 1.6 million (previous year: EUR 3.0 million), of which EUR 1.3 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 of 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 stub fiscal year 1 April 2019 to 31 December 2019 as well as in the previous year, transactions were made only 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	**1 Apr. 2019–31 Dec. 2019**	1 Nov. 2018–31 Mar. 2019
Services provided by the Group		
Goods and services	4,313	2,923
Management and consulting services	0	72
Other services	0	93
Total	**4,313**	**3,088**
Services received by the Group		
Advertising services	0	0
Management and consulting services	0	0
Rental, lease and leasing agreements	0	319
Hotel services	0	32
Other services	100	89
Total	**100**	**440**

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. 2019**	31 Mar. 2019
Trade receivables	454	1,410

KEUR	**31 Dec. 2019**	31 Mar. 2019
Financial liabilities (non-current)		
Loans from the insolvency plan sponsors	34,200	0
Trade payables	0	41

All transactions with related parties were made on terms equivalent to those that prevail in arm's length transactions based on international price comparison methods. This also applies to the terms and conditions for trade receivables and trade payables as well as the loans.

No allowances or derecognitions relating to receivables from related parties were required.

To secure the loans of the insolvency plan sponsors, security interests in financial and non-financial assets have been provided (parts of inventories, trade receivables as well as cash and cash equivalents) and in a property (Group HQ).

There are no financial obligations from purchase commitments towards related parties.

Lease agreement with DALOU Grundstücks-GmbH & Co. KG

On 5 June 2014, a lease agreement was signed between GERRY WEBER Retail GmbH & Co. KG, which is a fully consolidated company of the Group, and DALOU Grundstücks-GmbH & Co. KG, Halle / Westphalia. The object of the agreement is the outlet store in "Ravenna Park". The space to be let was handed over at the end of 2015.

The agreement commenced on 1 October 2014 and has been firmly concluded until 30 September 2024. The agreement includes an option right for the tenant of five years. Obligations in the amount of KEUR 5,300 arise under this agreement.

Mr Ralf Weber is sole limited partner of DALOU Grundstücks-GmbH and sole Managing Director of its general partner, DALOU Verwaltungs GmbH, Halle / Westphalia.

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)

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)
- 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)
- Mr Alfred Thomas Bayard, Bern, Switzerland, until 4 November 2019
- Ute Gerbaulet, Düsseldorf, until 24 September 2019
- Christina Käßhöfer, Tutzing, from 11 February 2020
- Christie Groves, London, United Kingdom, from 3 December to 9 February 2020
- Alexander Hardieck, Halle/Westphalia, from 3 September 2018 to 30 November 2019
- Dagmar Heuer, Billerbeck, from 3 December 2019
- Milan Lazovic, London, United Kingdom, from 3 December 2019
- Dr Tobias Moser, Munich, from 3 December 2019 (Chairman from 20 February 2020)
- 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)
- Mrs 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)
- Hans-Jürgen Wentzlaff, Bielefeld, until 30 November 2019 (staff representative)
- Benjamin Noisser, Munich, from 5 March 2020

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

Dr Ernst F. Schröder, former personally liable partner of August Oetker KG, Bielefeld
Chairman of the Supervisory Board:
- L. Possehl GmbH & Co., Lübeck
- S.A.S. Hôtel Le Bristol, Paris, France (until 29 June 2018)
- S.A.S. Hôtel du Cap-Eden-Roc, Antibes, France (until 29 June 2018)
- S.A.S. Château du Domaine St. Martin, Vence, France (until 29 June 2018).

Member of the Supervisory Board:
- S.A. Damm, Barcelona.

Chairman of the advisory council:
- Bankhaus Lampe KG, Düsseldorf, (until 31 July 2018)

Mr Manfred Menningen, Secretary of the Board Chairman of IG Metall, Frankfurt
- Member of the Supervisory Board of Hella KGaA, Lippstadt
- Member of the Audit Committee of Hella KGaA, Lippstadt

Mr Alfred Thomas Bayard, entrepreneur, Bern, Switzerland
President of the Supervisory Board:
- SPN Invest AG, Visp, Switzerland
- Bayard Immobilien & Handels AG, Visp, Switzerland
- Rotten Verlags-AG, Brig, Switzerland
- Walliser Note AG, Visp, Switzerland

Member of the Supervisory Board:
- Mode Bayard AG, Bern, Switzerland
- Bayard & Co. AG, Bern, Switzerland
- Soladis Krankenkasse, Visp, Switzerland
- Tennis & Sportcenter AG, Visp, Switzerland
- Menigs Druck und Verlag AG, Visp, Switzerland
- Menigs Medien AG, Visp, Switzerland
- Alpmedia AG, Visp, Switzerland
- Radio Rottu Oberwallis AG, Visp, Switzerland
- Valmedia AG, Visp, Switzerland
- S+Z Print AG, Visp, Switzerland
- IED Gruppe AG, Hägendorf, Switzerland
- GERRY WEBER Switzerland AG
- Mode Bayard Holding AG

Mrs Ute Gerbaulet, personally liable partner of Bankhaus Lampe KG, Düsseldorf
- Member of the Supervisory Board of REWE AG, Essen
- Member of the Supervisory Board of NRW Bank, Düsseldorf
- Member of the Audit Committee of NRW Bank, Düsseldorf
- Member of the Promotional Committee of NRW Bank, Düsseldorf

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	2019 Basic salary	2019 Bonus	**2019 Total**	2018/19 Bonus	2018/19 Variabel	2018/19 Total
Johannes Ehling [1]	499	175	674	301	125	426
Florian Frank [2]	828	0	828	460	0	460
Urun Gursu [3]	244	187	431	38	21	59
Total	**1,571**	**362**	**1,933**	**799**	**146**	**945**

1 From 1 April 2018 to 29 February 2020
2 From 2 October 2018, settled through a management company.
3 From 1 March 2019 to 29 February 2020

As a general rule, the bonuses are performance-linked. There are no stock option plans or other compensation models based on the share price.

Total compensation of the Supervisory Board

In accordance with the statutes, the Supervisory Board exclusively receives fixed compensation of KEUR 49 (previous year: KEUR 363) 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).

Total compensation of the Supervisory Board

KEUR	2019 Basic salary	**2019 Total**	2018/19 Basic salary	2018/19 Total
Supervisory Board				
Dr Ernst F. Schröder Chairman (until 11 April 2019)	0	0	75	75
Alexander Hardieck (until 30 November 2019)	0	0	25	25
Charlotte Weber Dresselhaus (until 30 November 2019)	0	0	25	25
Alfred Thomas Bayard (until 4 November 2019	0	0	25	25
Ute Gerbaulet (until 24 September 2019)	0	0	25	25
Olaf Dieckmann (until 30 November 2019 and from 17 December 2019) Staff representative	2	2	25	25
Klaus Lippert (until 30 November 2019 and from 17 December 2019) Staff representative	2	2	25	25
Rena Marx (until 30 November 2019 and from 17 December 2019) Staff representative	2	2	25	25
Andreas Strunk (until 30 November 2019 and from 17 December 2019) Staff representative	2	2	25	25
Hans-Jürgen Wentzlaff (until 30 November 2019) IG Metall	0	0	25	25
Manfred Menningen (until 30 November 2019 and from 17 December 2019) Vice Chairman from 19 December 2019 IG Metall	4	4	38	38
Alexander Gedat (from 3 December 2019) Chairman (from 19 December 2019	9	9	-	-
Dagmar Heuer (from 3 December 2019)	5	5	-	-
Dr Tobias Moser (from 3 December 2019)	5	5	-	-
Milan Lazovic (from 3 December 2019)	5	5	-	-
Christie Groves (from 3 December 2019 to 9 February 2020)	5	5	-	-
Sanjib (Sanjay) Sharma (from 3 December 2019)	5	5	-	-
Barbara Jentgens (from 17 December 2019) IG Metall	2	2	-	-
Ralf Weber (until 30 November 2019)	0	0	25	25
Summe	**48**	**48**	**363**	**363**

The staff representatives on the Supervisory Board remain entitled to a regular salary under their employment contracts.

Shares held by the Managing Board

As at the balance sheet date, the Managing Board directly and indirectly held 0 shares (previous year: 0 shares).

Shares held by the Supervisory Board

As at the balance sheet date, members of the Supervisory Board directly and indirectly held 0 shares (previous year: 726,153 shares).

Shareholdings

Whitebox General Partner LLC, Wilmington, Delaware, USA, notified us pursuant to section 33 para. 1 WpHG on 1 November 2019 that the share of the voting rights in GERRY WEBER International AG, Halle/Westphalia, Germany, held by WBOX 2018-3 Ltd., Cayman Islands, and Robus SCSP SICAV-FIAR, Luxembourg, exceeded the 75% threshold of voting rights on 31 October 2019 and on that date amounted to 100% (corresponding to 1,025,000 voting rights). In this context, it indicated that the voting rights are attributed to it both due to the acquisition of shares with voting rights and due to coordinated exercise of voting rights (acting in concert) through the conclusion of a shareholders' agreement.

Whitebox Advisors LLC, Minneapolis, Minnesota, USA, notified us pursuant to section 33 para. 1 WpHG on 1 November 2019 that the share of the voting rights in GERRY WEBER International AG, Halle/Westphalia, Germany, held by WBOX 2018-3 Ltd., Cayman Islands, and Robus SCSP SICAV-FIAR, Luxembourg, exceeded the 75% threshold of voting rights on 31 October 2019 and on that date amounted to 100% (corresponding to 1,025,000 voting rights). In this context, it indicated that the voting rights are attributed to it due to coordinated exercise of voting rights (acting in concert).

Robus Capital Management Limited, London, United Kingdom, notified us pursuant to section 33 para. 1 WpHG on 4 November 2019 that the share of the voting rights in GERRY WEBER International AG, Halle/Westphalia, Germany, held by Robus SCSP SICAV-FIAR, Luxembourg, and WBOX 2018-3 Ltd., Cayman Islands, exceeded the 75% threshold of voting rights on 31 October 2019 and on that date amounted to 100% (corresponding to 1,025,000 voting rights). In this context, it indicated that the voting rights are attributed to it both due to the acquisition of shares with voting rights and due to coordinated exercise of voting rights (acting in concert) through the conclusion of a shareholders' agreement as well as the sub-authorisation to exercise voting rights.

Mr Wolfgang Stolz, born on 26 March 1963, notified us pursuant to section 33 para. 1 WpHG on 4 November 2019 that the share of voting rights in GERRY WEBER International AG, Halle/Westphalia, Germany, held by Robus SCSP SICAV-FIAR, Luxembourg, are attributed to him due to a sub-authorisation to exercise voting rights.

Mr Gerhard Weber, Halle/Westphalia, notified us pursuant to section 33 para. 1 WpHG on 25 November 2019 that his share of the voting rights in GERRY WEBER International AG, Halle/Westphalia, fell below the 25% threshold of voting rights on 31 October 2019 and on that date amounted to 0% (corresponding to 0 voting rights).

Mr Alexander Hardieck, Halle/Westphalia, notified us pursuant to section 33 para. 1 WpHG on 25 November 2019 that his share of the voting rights in GERRY WEBER International AG, Halle/Westphalia, fell below the 15% threshold of voting rights on 31 October 2019 and on that date amounted to 0% (corresponding to 0 voting rights).

Ms Nina Lauterbach, Halle/Westphalia, notified us pursuant to section 33 para. 1 WpHG on 25 November 2019 that her share of the voting rights in GERRY WEBER International AG, Halle/Westphalia, fell below the 15% threshold of voting rights on 31 October 2019 and on that date amounted to 0% (corresponding to 0 voting rights).

Directors' 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 Apr. 2019– 31 Dec. 2019**	1 Nov. 2018– 31 Mar. 2019
Audit services	320	325
Tax consulting services	95	103
Other services	40	20
	455	**448**

Audit services primarily comprise the fees for the audit of the consolidated financial statements as well as the statutory audits of GERRY WEBER International AG and the consolidated subsidiaries. Other certification services provided to GERRY WEBER International AG and the entities controlled by it essentially comprise landlord certificates. In addition, tax consulting services were provided, which primarily related to the preparation of tax returns as well as assistance in tax audits by the competent tax authorities. Other services essentially comprise fees for consultation services in company law matters.

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 and published on the website of GERRY WEBER International AG at www.gerryweber.com under Investors / Corporate Governance.

Post balance sheet events

With the outbreak and worldwide spread of the coronavirus and its profound impact on economic and social life worldwide, GERRY WEBER, too, is facing a situation which has an existential impact on its business activities at the time of the preparation of this report and which is therefore essential for its forecast. With effect from 16 March 2020, all GERRY WEBER points of sale in Germany were closed to the public because of the official orders. In addition, the Group’s retail stores in most other countries outside Germany were closed to customer traffic as of mid-March 2020. The same applied to most physical points of sale of our retail partners in Germany and abroad. At the time of publication of this report, in early April 2020, the official orders imposed by the authorities in most countries according to which physical stores must remain closed continue to apply. In Germany, it has been decreed that stores will have to remain closed until at least 20 April 2020. It is uncertain when and in what way opening hours and business modes will return to normal.

Immediately since the beginning of the coronavirus crisis in March 2020, the management of GERRY WEBER –, in close cooperation with the company’s Supervisory Board, has implemented all possible measures to protect the company. We have applied for short-time work and put it into effect. This applies to all employees of our Retail segment as well as to numerous employees at the headquarters. Our Ravenna Park logistics centre is working short-time according to 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 are in talks with all landlords in order to obtain relief for the rents we have to pay in Germany and other European countries. Where appropriate, we also make use of legal aid in this respect, e.g. the provisions put into force by the German legislator in March 2020 in favour of tenants.

Wherever possible, we have negotiated and partly already agreed price reductions and cancellations with our suppliers. We have considerably reduced the planned volumes for merchandise not yet ordered. Finally, a complete investment freeze was put in force for the entire company on 16 March.

To secure liquidity, the Managing Board immediately started intensive negotiations with all of the company’s financing partners. At the time this management report was prepared, on 7 April 2020, these negotiations had not yet been concluded. In addition, management has once again drafted a far-reaching corporate and financing plan that has been adapted to the current situation and aims to achieve substantial cost reductions in all areas of the company. At this point in time, the Managing Board is convinced that this new concept for the future will secure GERRY WEBER's business activities until into 2021. The prerequisite for this assumption and the premise of our planning is that shop opening hours and economic life as a whole will gradually return to normal again from the end of April 2020, at least in our German core market. It is also crucial that the cost-cutting measures can be implemented as planned and that the negotiations that have been initiated with regard to the financing measures have a positive outcome, which will provide us with an additional financing volume in a low two-digit million amount.

Under the insolvency plan of GERRY WEBER International AG, the insolvency creditors were granted various options for satisfying their insolvency claims (immediate cash quotas, subscription of bearer bonds and / or convertible bonds for certain creditors). The creditors of GERRY WEBER International AG were able to exercise their options in the course of January 2020. By contrast, the insolvency plan of GERRY WEBER Retail GmbH & Co. KG does not provide for such options. Based on and taking into account the decision of the insolvency creditors of GERRY WEBER International AG expected as at the balance sheet date, we have determined amounts and payment dates for the satisfaction of the insolvency creditors. These assumptions served as the basis for our accounting. For details, please refer to section C. The actual exercise of the options in January 2020 did not deviate significantly from the assumptions on which our accounting was based.

The insolvency proceedings with debtor-in-possession status of GERRY WEBER International AG were concluded at the end of December 2019. The insolvency proceedings with debtor-in-possession status of GERRY WEBER Retail GmbH & Co. KG were concluded at the end of February 2020.

Ms Christie Groves resigned from her office as member of the Supervisory Board of GERRY WEBER International AG by declaration to the Managing Board with effect from the end of 9 February 2020. As a purely precautionary measure, the Extraordinary General Meeting on 11 February 2020 also resolved to dismiss Ms Groves. In addition, this General Meeting elected Ms Christina Käßhöfer to replace Ms Christie Groves as a member of the Supervisory Board for the remaining term of office of Ms Christie Groves.

Mr Alexander Gedat 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. 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, Mr Benjamin Noisser was elected member of the Supervisory Board to replace Mr Alexander Gedat.

Mr Johannes Ehling and Mr Urun Gursu resigned from the company's Managing Board at the end of February 2020. On 20 February 2020, the Supervisory Board appointed Mr Alexander Gedat as member and Chairman of the Managing Board with immediate effect.

A resolution of the Annual General Meeting dated 11 February 2020 cancelled the resolution passed by the Extraordinary General Meeting on 3 December 2019 to increase the share capital of the company in an ex-rights issue by EUR 195,238.00 from EUR 1,025,000.00 to EUR 1,220,238.00 in exchange for cash contributions by issuing 195,238 new bearer shares with a pro-rata share of EUR 1.00 each in the share capital. The capital increase had not yet been registered in the Commercial Register and no subscription for the new shares had been made.

To nevertheless increase the share capital of GERRY WEBER International AG by the amount of EUR 195,238.00, the same Annual General Meeting held on 11 February 2020 resolved to increase the share capital of the company against cash contributions by EUR 195,238.00 from EUR 1,025,000.00 to EUR 1,220,238.00 by issuing 195,238 new no-par value bearer shares with a pro-rata share of EUR 1.00 each in the share capital. To the extent permitted by law, the new shares, just like the existing shares of the company, are entitled to profit from the beginning of the fiscal year for which, at the time of their issue, no resolution of the Annual General Meeting on the appropriation of the accumulated profits has been passed yet, i.e. from today's perspective, as of the beginning of the fiscal year that commenced on 1 November 2017. 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 Managing Board was authorised to stipulate the further details of the capital increase and its execution with the consent of the Supervisory Board. At the time the present report was completed, this authorisation had not yet been entered in the Commercial Register.

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 dependent entity or entity obliged to transfer profits. Following the approval of this agreement by the shareholders' meeting on 9 March 2020 and 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.

On 7 April 2020, 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 9 April 2020.

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 or 264b of the German Commercial Code (HGB) with regard to the disclosure of their annual accounts and the preparation of the management report:

- GERRY WEBER Retail GmbH & Co. KG, 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 8 April 2020 and will thus be approved for electronic publication in the Federal Gazette.

Halle / Westphalia, 7 April 2020

Managing Board

Alexander Gedat　　　Florian Frank

REPRODUCTION OF THE AUDITOR'S REPORT

Based on the final result of our audit, we issued the following unqualified auditor's report dated 7 April 2020:

"INDEPENDENT AUDITOR'S REPORT"

To GERRY WEBER International AG, Halle / Westphalia

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP 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 2019, the consolidated statement of comprehensive income, the consolidated income statement, the statement of changes in Group equity and the consolidated cash flow statement for the stub fiscal year from 1 April 2019 to 31 December 2019 as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. We have also audited the Group management report of GERRY WEBER International AG, which is combined with the management report of the company, for the stub fiscal year from 1 April 2019 to 31 December 2019. In accordance with the statutory provisions applicable in Germany, we have not audited the components of the Group management report mentioned in the "Other information" section of our auditor's report.

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 2019 and of its earnings position for the stub fiscal year from 1 April 2019 to 31 December 2019 and
- the accompanying Group management report as a whole provides a suitable view of the Group's position. In all material respects, the Group management report is consistent with the consolidated financial statements, complies with legal requirements and suitably presents the future opportunities and risks. Our audit opinion on the Group management report does not cover the components of the Group management report mentioned in the "Other information" section.

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 Group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and the Group 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 Group 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 Group management report.

Material uncertainties in connection with the going concern
We refer to the disclosures in the section "Post balance sheet events" in the notes to the consolidated financial statements and the disclosures in section "VII. Forecast, Opportunity and Risk Report" in the Group management report, in which the legal representatives describe that the Group's ability to continue as a going concern is at risk because of the unforeseeable effects of the coronavirus crisis if the cost-cutting measures cannot be implemented as planned and the negotiations initiated with regard to the financing measures fail to reach a positive outcome. As outlined in the section "Post balance sheet events" and in section "VII. Forecast, Opportunity and Risk Report", these events and circumstances indicate the existence of material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and which constitutes a risk threatening the existence of the Group as a going concern within the meaning of section 322 para. 2 sentence 3 of the German Commercial Code (HGB). In the context of our audit, we assessed, among other things, the new Group-wide corporate and financial planning and its premises, and verified whether the corporate and financial planning was properly derived on the basis of these premises. We also reviewed the progress of the negotiations about the financing measures through discussions with the legal representatives and inspection of the underlying documents. 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 stub fiscal year from 1 April 2019 to 31 December 2019. 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. In addition to the aspects described in the section "Material uncertainties in connection with the going concern", we have identified the following aspects of particular importance to be disclosed in our report.

We considered the following matters to be most important in our audit:

(1) Impact of the insolvency proceedings on accounting
(2) Valuation of inventories
(3) Effects of the first-time adoption of IFRS 16 on the accounting treatment of lease agreements

Our presentation of these key audit matters is structured as follows:

(1) Situation and problem
(2) Audit procedure and findings
(3) Reference to further information

The key audit matters are presented below:

(1) Impact of the insolvency proceedings on accounting

(1) In the course of 2018, GERRY WEBER International AG drew up a restructuring concept and asked another accounting firm to prepare a restructuring report ("Sanierungsgutachten") in accordance with IDW S 6. This report arrived at a positive going concern forecast for the company, provided that an agreement on a modified overall financing concept with the key creditors was reached by the end of January 2019. However, this agreement failed unexpectedly in late January 2019, forcing GERRY WEBER International AG to file for insolvency proceedings with debtor-in-possession status on 25 January 2019. As of 7 February 2019, an application for insolvency proceedings with debtor-in-possession status was also filed for the fully consolidated Gerry Weber Retail GmbH & Co. KG. The proceedings were opened on 1 April 2019 and 1 May 2019, respectively. Coordinated insolvency plans were then drawn up for both companies, which allowed the business activities to continue. These insolvency plans became legally effective as of 25 October 2019 (GERRY WEBER International AG) and 22 November 2019 (Gerry Weber Retail GmbH & Co. KG). The insolvency proceedings were terminated with effect from 31 December 2019 (GERRY WEBER International AG) and 29 February 2020 (Gerry Weber Retail GmbH & Co. KG). As of the balance sheet date 31 October 2018, the company's legal representatives considered the prospects of success for reaching an

agreement on a modified overall financing concept with major creditors to be largely probable and consequently considered the surprising rejection of the modified overall financing concept and the filing of insolvency proceedings to be an unforeseeable event after the balance sheet date. The effects on accounting resulting from the insolvency proceedings were taken into account in the consolidated financial statements for the period ended 31 March 2019. The insolvency proceedings resulted, in particular, in an adjustment of the plans for an updated restructuring concept and a new restructuring report ("Sanierungsgutachten"), which was prepared in November 2019. This led to impairments of non-current non-financial assets, increased depreciation of inventories and process-related expenses as well as other legal and consulting fees in the consolidated financial statements for the period ended 31 March 2019.

Under the insolvency plan of GERRY WEBER International AG, the insolvency creditors were granted various options for satisfying their insolvency claims (immediate cash quotas, subscription of bearer bonds and / or convertible bonds for certain creditors). The creditors of GERRY WEBER International AG were able to exercise their options in the course of January 2020. By contrast, the insolvency plan of GERRY WEBER Retail GmbH & Co. KG does not provide for such options. On the basis of and taking into account the decision of the insolvency creditors of GERRY WEBER International AG expected as of the balance sheet date, the company has determined amounts and payment dates for satisfying the insolvency creditors and has calculated the nominal values of the remaining payments and, taking into account payment dates, corresponding present values for these. In addition, further payments are to be made to the insolvency creditors in the form of additional quotas. Additional quotas are to be created for the insolvency creditors of GERRY WEBER International AG, e.g. in the form of the future sale of the Ravenna Park logistics centre and the 12% remaining interest in HALLHUBER held by GERRY WEBER International AG. The legal effectiveness of the insolvency plans led to a disposal of the financial and non-financial liabilities previously recognised in the balance sheet and an addition of new financial liabilities from the various forms of satisfaction of the insolvency plans. The options for subscription of convertible and bearer bonds provided for in the insolvency plan were taken into account as embedded derivatives. The restructuring gain is calculated from the difference between the disposals and additions: In our opinion, this matter was of particular importance for our audit, as the preparation of the consolidated financial statements, taking into account the effects of the insolvency proceedings, is complex and is based to a large extent on estimates and assumptions made by the legal representatives.

(2) In the context of our audit, we have, on the basis of suitable evidence, reconstructed the timing of the insolvency proceedings of GERRY WEBER International AG and GERRY WEBER Retail GmbH & Co. KG as well as their termination. In the context of our audit we also addressed the revised planning and the updated restructuring concept and the restructuring report prepared in November 2019. In this context, we assessed the appropriateness of the assumptions made in the updated restructuring concept and verified whether the measures described in the updated restructuring concept were properly derived on the basis of these assumptions. For this purpose, we conducted interviews with employees working in corporate controlling and with the legal representatives, had the assumptions made and the measures derived from them explained to us and then evaluated these on the basis of suitable evidence. We also assessed the expertise and objectivity of the auditing firm preparing the new restructuring report and the proper preparation of the latter. In examining the measurement of assets and liabilities, in particular fixed assets, inventories and provisions, we finally ascertained whether the underlying valuations and value adjustments to be made were in line with the assumptions and measures of the updated restructuring concept on which the new IDW S 6 restructuring report was based. We reviewed and assessed the accounting treatment of the insolvency plans taking into account the satisfaction quotas defined therein and the derived determination of the restructuring gain. With the help of the abovementioned and other audit procedures we were able to satisfy ourselves that the estimates and assumptions made by the legal representatives are adequately documented and substantiated and that the effects of the insolvency proceedings have

been properly taken into account in the consolidated financial statements, taking into account the information available.

(3) The company's disclosures on accounting under the going concern assumption, on the valuations selected on the basis of the restructuring concepts and the accounting treatment of the insolvency plan as well as the derivation of the restructuring gain are presented in the notes to the consolidated financial statements in section A. "General information: Accounting based on the going concern principle", C. "Restructuring and other non-operating expenses" and I. "Miscellaneous information: Post balance sheet events".

(2) Valuation of inventories

(1) Inventories in the total amount of € 65 million (11.2% of total assets) are recognised in the consolidated financial statements of GERRY WEBER International AG. These are ladieswear textiles that are subject to fashion and seasonal influences. To determine the net realisable value of the inventories, the company discounts the latter on a collection basis. Flatrate devaluation rates are assigned, which reflect the experience-based risk of recovery. The liquidation risks were determined in the consolidated financial statements for the period ended 31 December 2019 against the background of the restructuring concept updated in the second half of 2019 due to the insolvency proceedings and of the progress of the insolvency proceedings. Inventories were valued on the basis of estimates and assumptions by the legal representatives. Against this background and due to the material amounts of these items, we considered this aspect to be of special importance for our audit.

(2) In the context of our audit, we first of all reviewed the Group's approach to measuring inventories and assessed it for appropriateness. Subsequently, we reviewed, inter alia, the discount rates used on the basis of historical data and evaluated their consistent and steady application over time. We also examined the impact of the updated restructuring concept on the liquidation possibilities and, to this end, verified the appropriateness of the assumptions and estimates made by means of interviews with the Group's legal representatives and other employees, inspection of the underlying documents and analytical assessments. On the basis of our audit procedures, we have been able to generally satisfy ourselves that the estimates and assumptions made by the legal representatives are sufficiently documented and substantiated to ensure the appropriate measurement of inventories.

(3) The information provided by the company on the valuation methods for "Inventories" and the write-downs for impairment/depreciation are contained in sections B. "Accounting and valuation principles", C. "Restructuring and other operating expenses" and D.4 "Notes to the balance sheet: Inventories" of the notes to the consolidated financial statements.

(3) Effects of the first-time adoption of IFRS 16 on the accounting treatment of lease agreements

(1) As of the balance sheet date, the consolidated financial statements of GERRY WEBER International AG show rights of use under lease agreements in the amount of € 236.0 million and liabilities from rights of use of € 237.9 million. Liabilities from rights of use thus represent 41.0% of total liabilities. In the stub fiscal year from 1 April to 31 December 2019, the first-time adoption of the new lease accounting standard (IFRS 16) had a material impact on the opening balance sheet values and their extrapolation. The conversion to IFRS 16 was carried out according to the modified retrospective approach. The comparative figures for the prior year periods have not been restated. The company has installed processes and controls to ensure the complete and accurate recording of lease agreements. The new IFRS 16 accounting standard requires management to make estimates and discretionary decisions in certain areas, the appropriateness of which was to be assessed during our audit. This applies, in particular, to estimates regarding the exercise of options with an impact on the term of the respective lease agreement. Against this background, and due to the complexity of the new requirements of IFRS 16, the accounting treatment of lease agreements was of particular importance in the context of our audit.

(2) As part of our audit, we assessed, among other things, the adequacy and effectiveness of the processes and controls established by the Group for recording lease agreements. In addition, we assessed the effects of the first-time adoption of IFRS 16. On the basis of random samples, we inspected lease agreements, tracked the identification of benefit obligations and assessed whether they were recorded completely and accurately. In particular, we assessed the estimates regarding the exercise of options with an impact on the term of the lease agreements on the basis of interviews with employees and by inspecting suitable evidence. We have satisfied ourselves that the processes and controls in place are adequate. Moreover, we have been able to see that the estimates and assumptions made by the legal representatives are sufficiently documented and substantiated to ensure the appropriate accounting treatment of leases under first-time adoption of IFRS 16.

(3) The company's disclosures on the accounting treatment of leases and the effects of the first-time adoption of IFRS 16 are set out in section B."Accounting and valuation principles: Rental and lease agreements" and I."Miscellaneous information: Leases" in the notes to the consolidated financial statements.

Other information

The legal representatives are responsible for providing "other information". "Other information" includes the following components of the Group management report, whose contents have not been audited:

- the Corporate Governance Statement contained in the "Corporate Governance Statement" section of the Group management report pursuant to section 289f and section 315d of the German Commercial Code (HGB)
- the non-financial Group statement contained in the "Non-financial Group statement" section of the Group management report pursuant to section 289b para. 1 and section 315b para. 1 of the German Commercial Code (HGB)

"Other information" also comprises the other parts of the annual report – excl. any further reference to external information – except for the audited consolidated financial statements, the audited Group management report and our auditor's report.

Our audit opinions of the consolidated financial statements and the Group 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, it is our responsibility to read the "other information" and to check whether such "other information"

- shows material inconsistencies with the consolidated financial statements, the Group management report or the knowledge obtained in the context of our audit or
- otherwise appears to be materially misstated.

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

The legal representatives are responsible for preparing the consolidated financial statements that comply 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) and for ensuring 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 Group 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 Group 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 Group management report.

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

Auditor's responsibility for the audit of the consolidated financial statements and the Group 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 Group 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 certificate 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 Group 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 Group 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 opinion. 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 Group 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 Group 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 Group 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 Group 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 Group 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

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 8 January 2020. We were commissioned by the Supervisory Board on 20 January 2020. We have been the auditors of the financial statements of GERRY WEBER International AG, Halle/Westphalia, without interruption since the fiscal year 2012/2013.

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 Prof. Dr. Gregor Solfrian.

Bielefeld, 7 April 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Gregor Solfrian	Burkhard Peters
Wirtschaftsprüfer	Wirtschaftsprüfer

05

FINANCIAL STATEMENTS

INCOME STATEMENT

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

KEUR	**1 Apr. 2019–31 Dec. 2019**	1 Nov. 201–31 Mar. 2019
Sales revenues	148,065.7	116,124.4
Decrease in work in progress and finished goods	–2,839.0	–10,488.3
Other operating income	121,357.9	28,107.7
thereof from currency translation: KEUR 848.1 (previous year: KEUR 80.2)		
Cost of materials		
Expenses for raw materials and supplies and purchased goods	19,722.2	10,269.8
Expenses for services purchased	99,739.8	65,563.5
	119,462.0	***75,833.3***
Personnel expenses		
Wages and salaries	18,436.5	12,165.2
Social security contributions	3,124.2	2,110.8
	21,560.7	***14,276.0***
Depreciation / amortisation		
of intangible fixed assets and property, plant and equipment thereof write-downs for impairment KEUR 38.9 (previous year: KEUR 83,965.0)	5,785.1	88,677.1
on current assets, insofar as this exceeds the corporation's usual depreciation	0.0	82,919.7
	5,785.1	***171,596.8***
Other operating expenses	55,793.5	38,164.8
thereof from currency translation: KEUR 81.7 (previous year: KEUR 186.7)		
Income from equity investments	2,751.8	0.0
thereof from affiliated companies: KEUR 2,751.8 (previous year: KEUR 0.0)		
Income from profit transfer agreements	2,085.7	6,200.0
Income from other securities and long-term loans	0.1	1.0
Other interests and similar income	797.0	245.1
thereof from affiliated companies: KEUR 794.6 (previous year: KEUR 245.0)		
Depreciation of financial assets and of securities held as current assets	0.0	150,590.1
Interests and similar expenses	2,354.2	1,612.7
Taxes on income	137.6	0.0
Earnings after taxes	***67,126.2***	***–311,883.8***
Other taxes	–100.7	152.9
Net profit / loss for the year	***67,226.8***	***–312,036.7***
Loss carried forward	–376,912.1	–64,875.4
Withdrawal from capital reserves	63,201.1	0.0
Withdrawal from retained earnings	264,823.8	0.0
Income from capital reduction	45,499.3	0.0
Allocation to retained earnings	–101.7	0.0
Accumulated profits / loss	**63,737.2**	**–376,912.1**

BALANCE SHEET

as of 31 December 2019

ASSETS

KEUR	**31.12.19**	31.12.18
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.	7,818.2	10,015.1
Payments on account	4,246.3	2,539.2
	12,064.5	***12,554.3***
Property, plant and equipment		
Land, leasehold rights and buildings including buildings on third-party land	54,541.2	55,631.7
Plant and machinery	84.4	82.7
Other plant, furniture and fixtures	2,518.6	3,460.1
Payments on account and plant under construction	6.7	598.1
	57,150.9	***59,772.6***
Financial assets		
Shares in affiliated companies	39,831.2	41,763.7
Investments	39.3	39.2
Other loans	0.0	120.0
	39,870.5	***41,922.9***
	109,085.9	***114,249.8***
CURRENT ASSETS		
Inventories		
Raw materials and supplies	2,339.6	5,379.3
Work in progress	7,297.3	5,105.1
Finished goods and merchandise	35,106.1	40,137.3
Payments on account	13,081.3	9,989.8
	57,824.3	***60,611.5***
Receivables and other assets		
Trade receivables	1,168.9	494.4
Receivables from affiliated companies	65,391.7	80,487.8
thereof from trade accounts receivable: KEUR 23,484.7 (previous year: KEUR 23,484.7)		
Other assets	11,748.4	6,069.0
	78,309.0	***87,051.2***
Cash on hand, bank balances	**54,291.5**	**24,696.4**
	190,424.8	***172,359.1***
Prepaid expenses	***1,619.9***	***2,041.4***
Loss not covered by equity	***0.0***	***3,378.6***
	301,130.6	**292,028.9**

LIABILITIES

KEUR	31.12.19	31.12.18
EQUITY		
Subscribed capital	1,025.0	45,507.7
Capital reserve	10.2	63,201.1
Retained earnings	102.5	264,824.7
Accumulated profits/loss	63,737.3	–376,912.1
	64,875.0	***–3,378.6***
Loss not covered by equity	0.0	3,378.6
	64,875.0	***0.0***
PROVISIONS		
Tax provisions	0.0	20.0
Other provisions	18,157.0	20,763.7
	18,157.0	***20,783.7***
LIABILITIES		
Liabilities to banks	25.3	221,162.4
Trade liabilities	12,583.8	20,533.1
Liabilities to affiliated companies	28,461.7	21,749.2
thereof trade accounts payable: KEUR 2,466.5 (previous year: KEUR 2,466.5)		
Other liabilities	176,493.1	7,174.5
thereof from taxes: KEUR 652.9 (Previous year: KEUR 1,173.4)		
thereof from social security contributions: KEUR 4.0 (previous year: KEUR 1,621.7)		
	217,563.9	***270,619.2***
PREPAID EXPENSES	**534.7**	**626.0**
	301,130.6	**292,028.9**

IMPRINT

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