ANNUAL REPORT
2021

WE ARE GERRY

GERRY WEBER

GERRY WEBER GROUP
IN FIGURES

In EUR million	2021	2020*
Sales	**262.7**	**278.1**
Domestic	129.1	149.5
International	133.6	128.6
Sales by segment	**262.7**	**278.1**
GERRY WEBER Retail	123.3	126.9
GERRY WEBER E-Commerce	42.1	32.5
GERRY WEBER Wholesale	94.9	112.4
GERRY WEBER Other	2.4	6.3
Like-for-like growth in %	–2.8%	–38.0%
Sales by brand		
GERRY WEBER	72.4%	70.9%
TAIFUN	20.0%	21.7%
SAMOON	7.6%	7.4%
Earnings situation		
EBITDA	63.2	–2.3
EBITDA-margin	24.1%	–0.9%
Normalised EBITDA**	28.8	–39.7
Normalised EBITDA margin**	10.9%	–14.3%
EBIT	18.3	–59.4
EBIT-margin	7.0%	–21.4%
Consolidated net income for the year	23.0	–86.0
Earnings per share in Euro	18.71	–76.33
Financial situation		
Total assets	310.3	372.7
Cash inflow from operating activities	5.9	–9.1
Cash outflows for investments in property, plant, equipment and intangible assets	10.0	8.7
Net working capital	52.6	28.5
Asset situation		
Equity	61.6	38.3
Total assets & liabilities	248.8	334.5
Equity ratio	19.8%	10.3%
Cash and cash equivalents	50.0	85.3
Financial liabilities	69.1	142.6
Net debt	19.1	57.3
Leverage	0.7	–1.4
Other success factors		
Average staff number	2,198	2,496

* Adjustments due to error correction. Please refer to the explanations in the notes to the consolidated financial statements.

** Excluding effects from lease accounting according to IFRS 16

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FOREWORD BY THE MANAGEMENT BOARD

to the Annual Report 2021 of GERRY WEBER International AG

Dear shareholders, dear customers, dear business partners,

In summary, 2021 was another challenging and very demanding fiscal year for GERRY WEBER International AG. In addition to the weak consumer sentiment for fashion items and the further declining footfall in the city centres, there were the retail store closures imposed by the authorities during the third Covid-19 wave at the beginning of the year, transport disruptions on the procurement side as well as a fourth wave including 2G regulations (i.e. only vaccinated and recovered people admitted to retail stores) in the autumn / winter.

Looking back, we mastered this year well as we found the right response to these challenges and were able to take counter-measures; our consolidated sales totalled EUR 263 million in the fiscal year 2021, which means that we reached the lower end of our original sales forecast. Normalised earnings before interest, taxes, depreciation and amortisation and before IFRS 16 effects (normalised EBITDA) amounted to EUR 29 million, which was well above our forecast. While we benefited from government stopgap aid and short-time work in the fiscal year, we exceeded our forecast even without these effects.

In addition, we adjusted EUR 30 million in insolvency and loan liabilities through profit/loss in the fiscal year, as the payments to be made in this context are assessed differently at the time of preparing this report. The insolvency and loan liabilities continue to be recognised in the separate financial statements of GERRY WEBER International AG.

Furthermore, an accumulated loss of EUR 5.0 million is reported in the balance sheet of GERRY WEBER International AG. This led to a deficit not covered by equity. We will therefore immediately convene a General Meeting pursuant to section 92 para. 1 of the German Stock Corporation Act (AktG) to inform the shareholders of the loss.

Ever since the beginning of the pandemic, it has been our primary goal to secure the liquidity of our company. To achieve this goal, we use financing measures (e.g. raising additional loans), various operational measures (omni-channel expansion, rent renegotiations) and government support (e.g. stopgap aid, short-time work). As of the end of December, the Group had cash and cash equivalents of EUR 50 million. We see a very high probability that liquidity is secured also for the fiscal year 2022.

Angelika Schindler-Obenhaus (CEO) and Florian Frank (CFO)

In the Retail segment, our portfolio of stores is managed using KPIs such as profitability, sales per square metre and conversion rates. We want to further increase the profitability of our stores. In the fiscal year 2021, our new GERRY WEBER store concept was successfully tested in Münster. It is now about to be rolled out. By presenting our brands in an emotional and inspiring way, we want to increase their desirability. The Retail segment is to become a role model for our franchise partners at the wholesale level in terms of expertise in the experience and the distribution of our GERRY WEBER, TAIFUN and SAMOON brands. We again opened individual outlet stores in 2021 and will continue to do so in 2022. In our stores, we cooperate with attractive partners such as "Und Gretel" and "Triumpf". This way, we not only offer our customers added value but also plan to generate additional sales.

In the Wholesale segment, we want to further improve our performance with our existing customers and again make GERRY WEBER a brand that fashion retailers must offer. We have built up specialised brand distribution teams and intensively support our partners in merchandise presentation and management. We have been able to win back first major customers. We now want to win back lighthouse partners, who serve as role models for other retail customers and whose offer is often adopted by the latter.

Our E-Commerce segment benefited from the lockdown and meanwhile accounts for 16.5% of our total sales. We aim for our E-Commerce sales to grow by 20% plus per year in the medium term and will continue to invest in this segment. Further growth hinges on a better, IT-based individualised customer approach in order to steadily increase the conversion rate, i.e. the relation between website visits and purchases made.

Our strategic realignment exercise is making progress. The GERRY WEBER Group has strong brands, GERRY WEBER, TAIFUN and SAMOON, a highly competent and motivated team and attractive target groups. The fashion-conscious, self-confident and consumption-oriented customer for each of our brands is out there. We want to understand her and serve her even better.

To achieve this, we will further sharpen the profile of our GERRY WEBER, TAIFUN and SAMOON brands. We have a clear vision for each of our brands:

- We want to make GERRY WEBER the leading womenswear lifestyle brand in the modern classic mainstream market again, inspiring and delighting women all over the world.
- TAIFUN is to become the relevant brand in the modern casual mainstream market for every moment of the day of the modern active woman from her mid-40s.
- SAMOON is set to become the leading curvy womenswear brand in the modern mainstream segment for plus-size women of all ages.

In the past fiscal year, we focused our activities even more strongly on sustainability and published an updated sustainability agenda. It is based on a matrix with five fields of action and 25 sustainability goals with specific milestones. For us, this is the logical and future-relevant further development of our brand and our brand claims # I WEAR I CARE and # WE ARE GERRY.

We are proud that our headquarters in Halle became climate-neutral in February. Achieving this goal ahead of schedule proves that we are able to adapt quickly and flexibly to external changes.

Our sustainability progress is documented in detail in our annual sustainability report, which provides comprehensive information on our various activities such as our in-store recycling boxes, our "Second Style" sales space and our research projects with external partners, etc. Please read or download this report on our website. It is available at https://ir.gerryweber.com/websites/gerryweber/English/4100/annual-reports.html

What will happen in 2022?

The start to the current fiscal year 2022 was marked by the fourth Covid-19 wave, including 2G regulations, lockdowns in countries such as the Netherlands and, from the end of February, the Russia-Ukraine conflict. Between them, these factors again hit the physical fashion stores hard. Consumer sentiment in Germany continued to deteriorate and footfalls in the city centres declined once again as a result. What is more, Russia is an important output market for our company. Together with wholesale partners, we operate 64 franchised stores and further shop-in-shops in the country as well as 18 points of sale in Ukraine.

Against the background of the unforeseeable development of the Russia-Ukraine conflict and the Covid-19 pandemic, we have downgraded our forecast. We project sales of between EUR 310 million and EUR 335 million as well as normalised consolidated EBITDA in the negative single-digit million euro range for the fiscal year 2022.

The continued sustainable viability of our company depends in particular on the extent to which we succeed in refinancing our debt and accrued interest by the end of 2023. We have achieved initial success on this way, as we were able to clearly reduce our net debt to EUR 49 million as of the end of December 2021 and refinanced part of the revolving credit facility at the beginning of 2022. Our ongoing talks with various equity and debt capital providers make us confident that the refinancing will be completed successfully.

Our more than 2,000 employees are our largest and most important asset and the key to our long-term success in the market. We therefore extend a heartfelt THANK YOU to them. A thank you for their great dedication, their passion for our brands and for the extraordinary commitment to the satisfaction of our customers and the success of our company they demonstrate each day. We are proud of this great team.

Our thanks also go to you, dear shareholders, for the confidence placed in us. We would be pleased if you would continue to accompany us on our way.

Yours

Angelika Schindler-Obenhaus
Chief Executive Officer
CEO

Florian Frank
Chief Financial Officer
CFO

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COMPANY

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GERRY WEBER

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

TAIFUN

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

SAMOON

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

GERRY WEBER

THE GERRY WEBER BRAND STORY:
GERRY WEBER stands for a no-fuss, self-confident and feminine look – high-quality, clear and always with its finger on the pulse. The brand is about everyday favourites that commercially bring fashion trends to women. Each season is characterised by a clear specification of possible combinations, suitable for every moment, which convey a self-evident, relaxed style. GERRY WEBER focuses on a true-to-life, emotional, enthusiastic and modern interpretation. A brand that is more than just a fashion provider – GERRY WEBER is a source of inspiration that women – regardless of age – love to share with other women.

TAIFUN

THE TAIFUN BRAND STORY:
"WE LOVE TO MOVE" is the guiding principle of TAIFUN, with diverse colour combinations and clear, expressive prints dominating the collections. Every season, the design flexibly implements the brand's expertise in cut, fit and material qualities. The TAIFUN brand moves between the poles of sportivity and joie de vivre. Curious, courageous, passionate, motivated – our TAIFUN customer is always on the move. Life? Always ready for a surprise.

SAMOON

THE SAMOON BRAND STORY:
With a lot of courage, passion and love, the **SAMOON** brand creates individual plus-size styles that radiate joie de vivre and underline the wearer's self-confidence at every moment. The focus always is on body positivity. **"Because I'm happy"** is the credo of the SAMOON curvy community, expressing their satisfaction with their bodies. Because curvy is beautiful, curvy is feminine, curvy is natural!

THE GERRY WEBER SHARE

The GERRY WEBER Group sees the capital market and its players – shareholders, institutional and private investors, banks and brokers – as partners at eye level. The Managing Board communicates the development and strategic orientation of the company in a continuous, reliable and open manner. This way, the company wants to restore confidence in the GERRY WEBER share, win new investors and achieve a realistic and fair valuation of the share in the capital market with the aim of securing this financing channel for the company.

Key data of the GERRY WEBER share

Share type	Bearer shares
Transparency level	General Standard
ISIN	DE000A255G36
WKN	A255G3
Stock exchange symbol	GWI2
Stock exchanges	Frankfurt, Düsseldorf
Main place of trading	XETRA
Resumption of listing	19 October 2020
Designated sponsors	Pareto Securities AS Baader Bank AG until the end of December 2021

Share price performance

The GERRY WEBER share performed very well in the calendar year 2021.

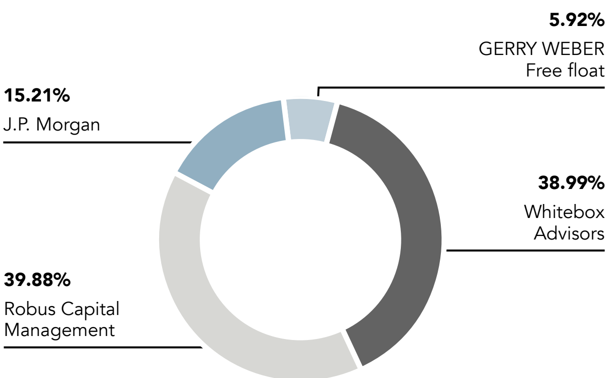
At the beginning of 2021, the global price rally continued in spite of the ongoing Covid-19 pandemic. This initially benefited the GERRY WEBER share. After the company's announcement of the delayed publication of the 2020 consolidated financial statements, the share suffered material losses. In late March, the share price stood below EUR 15,00 on several days.

With the publication of the consolidated financial statements in April, the easing of the Covid-19 restrictions and the publication of positive business figures in the course of the year, the share recovered and showed a positive performance during the rest of the year. The share reached its high of EUR 46.80 on 18 November 2021 and closed at EUR 38.80 at the end of December 2021. This represents an increase of approx. 95% compared to the closing price at the end of the fiscal year 2020 (EUR 19.90).

Shareholder structure

As of the end of 2021, 5.92% of the GERRY WEBER shares are widely held. The remaining shares are held by Whitebox Advisors (38.99%), Robus Capital Management (39.88%) and J.P. Morgan (15.21%).

Shareholder structure



Dialogue with the capital market

Our investor relations activities are aimed at strengthening confidence in the new GERRY WEBER Group and its management and winning new investors in the GERRY WEBER share. Against this background, the company intensified its dialogue with the capital market again in the fiscal year 2021. Besides regular conference calls on the publication of the quarterly figures, the Managing Board and the investor relations team again attended institutional investor conferences in the second half of the year. The company intends to further intensify its dialogue with the capital market in the fiscal year 2022.

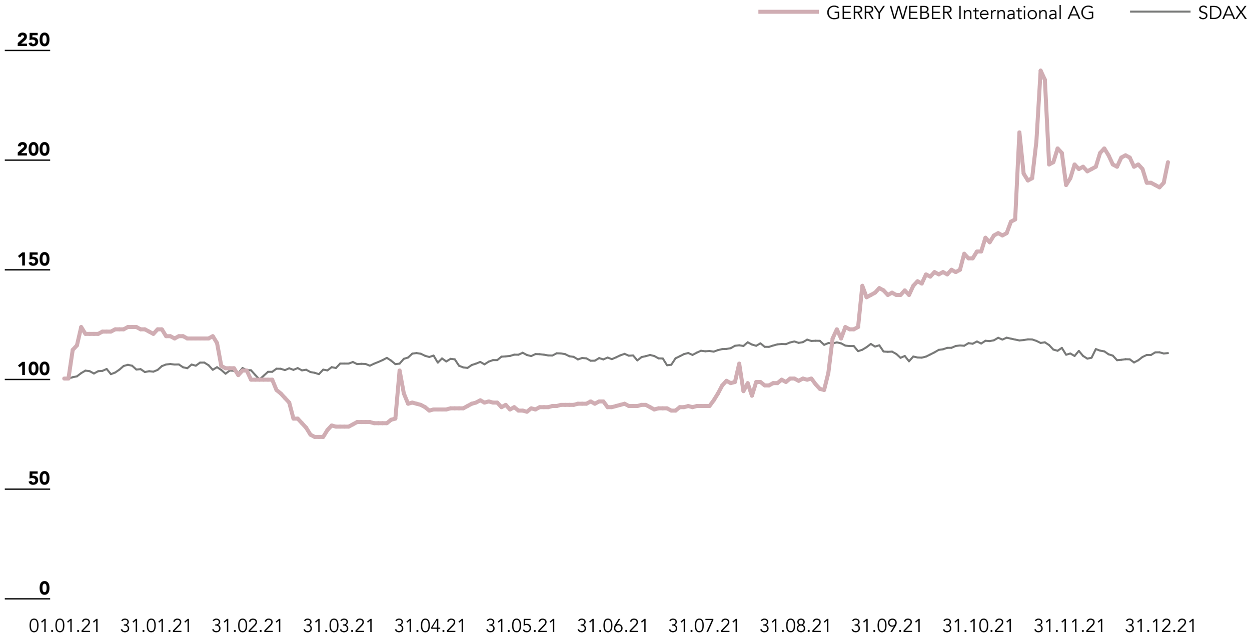
Our shareholders find information on the current performance of the GERRY WEBER Group on the internet at any time. A wide range of information in German and English is made available at ir.gerryweber.com. Besides the latest news and reports, this site also includes presentations and our current financial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

The GERRY WEBER share in the market

Shares issued as at the balance sheet date	1,237,846
Share capital in EUR	1,237,846
Highest price (Xetra closing price) in EUR	46.80
Lowest price (Xetra closing price) in EUR	14.80
Price at the end of the financial year (Xetra closing price) in EUR	38.80
Official free float at the end of the financial year in %	5.92
Market capitalisation at the end of the financial year in EUR million	48.0
Average daily trading volume in 2021 in shares	approx. 500
Reported earnings per share in EUR	18.71
Adjusted earnings per share in EUR	18.71

Performance of the GERRY WEBER share compared to SDAX

in % (1 January 2021 – 31 December 2021)



REPORT OF THE SUPERVISORY BOARD

In the fiscal year 2021, the Supervisory Board of GERRY WEBER International AG performed the tasks imposed on it by the law and the statutes properly and with great care, conscientiously and regularly monitored the work of the Managing Board and supported the latter with its advice.

Composition of the Supervisory Board

Until the end of the Annual General Meeting on 19 August 2021, the Supervisory Board had equal representation and was composed of twelve members, half of whom were representatives of the shareholders, while the other half were representatives of the employees. Since the end of the Annual General Meeting on 19 August 2021, the Supervisory Board has been subject to one-third participation. In accordance with the law, the Supervisory Board thus consisted of three members until 8 September 2021, two of whom were shareholder representatives, while one member represented the workforce. The determination of six Supervisory Board members in the statutes as resolved by the Annual General Meeting on 19 August 2021 was entered in the Commercial Register on 8 September 2021. The Supervisory Board has since been composed of six members, four of whom are shareholder representatives, while two are employee representatives.

During these periods of the fiscal year 2021, the Supervisory Board had the following composition:

Since the beginning of the fiscal year 2021, the shareholder representatives have been Dr. Tobias Moser (Chairman), Dagmar Heuer, Christina Käßhöfer, Milan Lazovic, Benjamin Noisser and Sanjib (Sanjay) Sharma, while Manfred Menningen (IG Metall trade union, Deputy Chairman), Barbara Jentgens (IG Metall trade union), Antje Finke, Renate Marx and Klaus Lippert have represented the workforce. In mid-January 2021, Yvonne Glomb was appointed as a substitute by the court in accordance with section 104 of the German Stock Corporation Act (AktG). Yvonne Glomb and Rena Marx resigned from the Supervisory Board at the end of March 2021. They were replaced by Gökay Bostanci and Kirstin Meese, who were appointed as substitutes by the court in August 2021 in accordance with section 104 of the German Stock Corporation Act (AktG).

As the company's Managing Board was convinced that the Supervisory Board was no longer subject to the provisions of the Co-Determination Act but to those of the One-Third Participation Act, it initiated status proceedings pursuant to section 97 of the German Stock Corporation Act (AktG) upon publication of the announcement on 16 March 2021. Within the one-month period stipulated in section 97 para. 2 of the German Stock Corporation Act (AktG), no appeal was made to the competent court pursuant to section 98 para. 1 of the German Stock Corporation Act (AktG) for a court decision on the composition of the Supervisory Board. Pursuant to section 97 para. 2 sentences 2 and 3 of the German Stock Corporation Act (AktG), the provisions of the statutes regarding the composition of the Supervisory Board, the number of Supervisory Board members and the election, dismissal and delegation of Supervisory Board members thus ceased to apply at the end of the Annual General Meeting on 19 August 2021. The amendments to the statutes adopted at the Annual General Meeting on 19 August 2021 provided in particular for the reduction of the number of members of the Supervisory Board from twelve to six and the application of the One-Third Participation Act. In accordance with section 97 para. 2 sentence 3 of the German Stock Corporation Act (AktG), the offices of all previous members of the Supervisory Board expired at the end of the Annual General Meeting on 19 August 2021 due to the status proceedings.

The Annual General Meeting on 19 August 2021 appointed Alexander Gedat and Sanjib (Sanjay) Sharma as shareholder representatives to the Supervisory Board with effect from the end of the Annual General Meeting. In addition, the Annual General Meeting appointed Christina Käßhöfer and Norbert Steinke as additional shareholder representatives to the Supervisory Board subject to the condition precedent that the amendments to the statutes resolved at the Annual General Meeting are finally entered in the Commercial Register, which happened on 8 September 2021.

On 2 September 2021, the court appointed Klaus Lippert as substitute employee representative until the completion of the election of the employee representatives to the Supervisory Board. In the context of the election of employee representatives to the Supervisory Board on 24 November 2021, Antje Finke, whose term of office began upon acceptance of the election on 26 November 2021, and Klaus Lippert, whose term of office began upon acceptance of the election on 29 November 2021, were appointed as employee representatives to the Supervisory Board. Uwe Wermelskirchen was elected as substitute member for Antje Finke and Stefanie Ortmann was elected as substitute member for Klaus Lippert.

Composition of the Supervisory Board committees

To increase its efficiency and in consideration of the specific requirements of its work, the Supervisory Board had formed four committees from among its members, which remained in force until the end of the Annual General Meeting on 19 August 2021: a Human Resources Committee, an Audit Committee, a Nomination Committee and a Mediation Committee. At its constituent meeting on 15 September 2021 after conclusion of the status proceedings, the Supervisory Board formed an Audit Committee and a Human Resources Committee from among its members, taking into account the specific requirements of the company and the number of Supervisory Board members.

The committees were respectively composed as follows:

Committee	Members
Audit Committee	Until August 2021: Sanjib (Sanjay) Sharma (Chair), Dr Tobias Moser, Manfred Menningen, Klaus Lippert From September 2021: Sanjib (Sanjay) Sharma (Chair), Norbert Steinke (Vice Chair), Alexander Gedat, Klaus Lippert
Human Resources Committee	Until August 2021: Dr. Tobias Moser (Chair), Benjamin Noisser, Manfred Menningen, Klaus Lippert From September 2021: Alexander Gedat (Chair), Christina Käßhöfer (Deputy Chair), Norbert Steinke, Klaus Lippert
Nomination Committee (until August 2021)	Dr. Tobias Moser (Chairman), Dagmar Heuer, Milan Lazovic
Mediation Committee (until August 2021)	Dr. Tobias Moser (Chair), Milan Lazovic, Manfred Menningen, Antje Finke

Meetings of the Supervisory Board and the committees

In the fiscal year 2021, ten Supervisory Board meetings and 15 meetings of the Supervisory Board committees were held. The following table shows the individual attendance of the Supervisory Board members at its plenary meetings and the committee meetings, taking the term of office of each member into account.

The Mediation Committee did not meet in the fiscal year 2021.

	Supervisory Board		Audit Committee		Human Resources Committee		Nomination Committee	
Supervisory Board members	Attendance at	in %	Attendance at	in %	Attendance at	in %	Attendance at	in %
Alexander Gedat (Member from August and Chairman from Sept. 2021)	2/2	100	1/1	100				
Dr. Tobias Moser (member and Chairman until August 2021)	8/8	100	9/9	100	4/4	100	1/1	100
Manfred Menningen (member and Vice Chairman until August 2021)	8/8	100	9/9	100	4/4	100		
Dagmar Heuer (member until August 2021)	8/8	100					1/1	100
Milan Lazovic (member until August 2021)	8/8	100					1/1	100
Benjamin Noisser (member until August 2021)	7/8	≈ 88			3/4	75		
Yvonne Glomb (member from January to March 2021)	3/3	100						
Renate Marx (member until March 2021)	3/3	100						
Gökay Bostanci (member in August 2021)	1/1	100						

	Supervisory Board		Audit Committee		Human Resources Committee		Nomination Committee	
Supervisory Board members	Atten-dance at	in %	Atten-dance at	in %	Atten-dance at	in %	Atten-dance at	in %
Kirstin Meese (member in August 2021)	1/1	100						
Barbara Jentgens (member until August 2021)	7/8	≈ 88						
Sanjib (Sanjay) Sharma (Vice Chairman from Sept. 2021)	8/10	80	10/10	100				
Christina Käßhöfer (member until August and from Sept. 2021)	8/10	80						
Norbert Steinke (member from Sept. 2021)	2/2	100	1/1	100				
Antje Finke (member until August and from Nov. 2021)	8/8	100						
Klaus Lippert (member until August and from Sept. 2021)	10/10	100	10/10	100	4/4	100		

Key topics addressed by the Supervisory Board

Against the background of the Covid-19 pandemic, the meetings of the Supervisory Board and its committees were mainly held by video or telephone conference and/or absent members were given the opportunity to attend such meetings by one of these means. In addition, members who were unable to attend a meeting sometimes made use of the possibility to vote in writing. During the reporting period, the Supervisory Board met regularly without the members of the Managing Board being present. In addition, three resolutions were passed by way of a written vote.

The meeting on 17 February 2021 focused not only on current economic developments including the company's liquidity situation, but also on the planned exchange offer, the future logistics strategy and the sales process of Ravenna Park as well as the staffing of the Managing Board. In particular, the Supervisory Board decided to reappoint Alexander Gedat as member of the Managing Board and interim CEO. The Supervisory Board also addressed personnel issues at the level of the foreign subsidiaries and the intended status proceedings.

At the extraordinary meeting on 4 March 2021, the Supervisory Board again addressed the composition of the Managing Board, in particular the status of the talks with Angelika Schindler-Obenhaus, and the performance of the audit by the appointed auditor in connection with non-audit services already provided.

The report of the Managing Board on the economic situation (including liquidity situation and Covid-19 measures) and the change of auditor for the separate and the consolidated financial statements 2020 were on the agenda of the meeting on 25 March 2021. Due to the termination of the audit assignment by the existing auditor, the Supervisory Board resolved to apply for the appointment of a new auditor by the court. In addition, Angelika Schindler-Obenhaus was reappointed as a member of the Managing Board and Chairwoman of the Managing Board with effect from the end of the Annual General Meeting. The Supervisory Board also decided on the (re-)invitation to tender for future consulting services and on the approval of the conclusion of a licence agreement. Furthermore, the current status of the Management Incentive Programme and the Ravenna Park sales process were discussed.

At the meeting on 30 April 2021 (balance sheet meeting), the Supervisory Board discussed the separate and the consolidated financial statements of the company for the period ended 31 December 2020, which had previously been examined in detail by the Audit Committee. The Supervisory Board also addressed the tender for the audit of the separate and the consolidated financial statements for the fiscal year 2021 as well as potential claims for damages by the company in connection with the audit of the financial statements for the fiscal year 2020. The Supervisory Board also resolved on the issuance of the annual declaration of conformity. The Managing Board reported on current economic developments including liquidity planning and Covid-19 measures.

At the meeting on 26 May 2021, the Supervisory Board discussed the report for Q1 2021 as well as the status of the tenders for auditing, legal counselling and computing centre services. The Managing Board reported to the Supervisory Board on current economic developments. The Supervisory Board was additionally informed about the current status of the status proceedings, the appointment of employee representatives by the court, the Ravenna Park sales process and the Management Incentive Programme.

The meetings on 24 June 2021 and 6 July 2021 were primarily held in preparation for the Annual General Meeting 2021. At both meetings, the Supervisory Board discussed the compensation of the Managing Board members and the proposal for the compensation system previously submitted by the Human Resources Committee in implementation of the legal requirements under ARUG II. At the meeting on 6 July 2021, the Supervisory Board resolved on the compensation system to be proposed to the Annual General Meeting for resolution based on the results of the discussions. Besides approving the organisation of a virtual Annual General Meeting, the Supervisory Board discussed and resolved on the other resolutions to be proposed to the Annual General Meeting. At the meeting on 24 June 2021, the Supervisory Board received comprehensive reports from the Managing Board on the current business performance of the company as well as the forecast for 2021 and the outlook for 2022 and 2023. In addition, the Supervisory Board was updated on other topics, in particular in connection with the appointment of employee representatives to the Supervisory Board by the court, the Management Incentive Programme and the cyber attack on the IT systems. At the meeting on 6 July 2021, the Supervisory Board also approved the utilisation of authorised capital to issue new shares to members of executive bodies and resolved to amend the statutes accordingly.

At the meeting on 11 August 2021, the Supervisory Board dealt with the interim financial report 2021 and the current performance of the company. In addition to updates on the cyber attack on the IT systems, the Supervisory Board again addressed the assertion of claims for damages in connection with the 2020 audit and – as this topic had already been discussed at the meetings on 26 May, 24 June and 6 July 2021 – approved the negotiation and conclusion of a settlement. Another subject of discussion was the application for stopgap aid ("Überbrückungshilfe III Plus) and the approval of an extension of the deferral of interest payments on existing loans made against this background. In addition, the Supervisory Board resolved to establish a long-term incentive plan for executives and approved the conclusion of a termination agreement for the existing Managing Board contract with Alexander Gedat.

Following the conclusion of the status proceedings and the registration of the corresponding amendments, the Supervisory Board held its constituent meeting on 17 September 2021. At that meeting, Alexander Gedat was elected Chairman and Sanjib (Sanjay) Sharma was elected Vice Chairman of the Supervisory Board. The Supervisory Board also resolved on the formation of a Human Resources Committee and an Audit Committee and on the appointment of their members and issued new rules of procedure. In addition, the Managing Board reported on current economic developments of the company and on the status as well as the further implications of the application for stopgap aid ("Überbrückungshilfe III Plus"). The main topics of discussion were the further deferral of interest payments on existing loans as well as the granting of variable compensation components to the Managing Board members and the corresponding adjustment of the Managing Board contracts to the Managing Board compensation system approved by the Annual General Meeting 2021, each in light of the applicable government assistance conditions. Consequently, the Supervisory Board approved the application for stopgap aid (Überbrückungshilfe III Plus) as well as further interest deferrals. The Managing Board also presented the sustainability agenda.

At its meeting on 19 November 2021, the Supervisory Board approved the budget for the fiscal year 2022 presented by the Managing Board and also dealt with the financial report for the third quarter of 2021 and the company's current business performance including current ERP-related planning. The Managing Board additionally reported on the status of the stopgap aid ("Überbrückungshilfe III Plus"), including the legal implications, especially with regard to the Managing Board compensation and the granting of bonuses. The Supervisory Board decided to update the declaration of conformity and to restructure the contractual relationships with the companies operating in the Netherlands. Moreover, the new Supervisory Board members, in particular, were instructed on the duties of each Supervisory Board member under capital market law.

In addition, three resolutions of the Supervisory Board were passed by way of a written vote in the reporting period. The first of them was passed in January 2021 and related to the approval of the Management Incentive Programme for the Managing Board planned at the end of the fiscal year 2020 and the beginning of the fiscal year 2021, including the approval of the obligation of the members of the Managing Board to subscribe to shares in the company; the second written vote was passed in June 2021 and related to the approval of the Amendment Request Letter from the financing partners regarding the deferral of interest payments against the background of the application for stopgap aid ("Überbrückungshilfe III Plus"); the third written vote was passed in November 2021 and related to the approval of the assumption of a secondary office by CEO Angelika Schindler-Obenhaus on the Executive Committee of a German fashion association.

Focus of the consultations of the Supervisory Board committees

The Chairman of the respective committee or his deputy regularly informed the Supervisory Board at its meetings about the contents and results of the respective committee meetings.

The Audit Committee held ten meetings in 2021. The Audit Committee meeting on 19 March 2021 focused on the extraordinary termination of the 2020 audit assignments by the appointed auditor and its consequences. At the meeting on 12 April 2021, the current status of the audit for the fiscal year 2020 was further discussed and it was resolved to apply for the appointment of another auditor by the competent court. The meeting also addressed the appointment of legal advisors to assert potential claims for damages in connection with the audit. On 21 April 2021, the Audit Committee held an extraordinary meeting to discuss how to deal with anticipated additional costs for the audit. At the balance sheet meeting on 29 April 2021, the Audit Committee discussed the company's separate and consolidated financial statements for the fiscal year 2020, including the non-financial report, and prepared the proposals for the Supervisory Board's report for the fiscal year 2020 and the Supervisory Board's resolution to approve the separate and the consolidated financial statements. The agenda items of the meetings on 18 May 2021 and 26 May 2021 included the invitation to tender for the audit, especially the resolution on additional selection criteria, and, at the latter meeting, the discussion of the financial report for Q1 2021. The invitation to tender for the audit for the fiscal year 2021, in particular the weighting of the selection criteria, was on the agenda of the meetings on 14 and 24 June 2021. At the meeting on 11 August 2021, the Audit Committee addressed the interim financial report. At the meeting on 18 November 2021, the Audit Committee discussed the financial report for Q3 2021 and the audit of the financial statements by the new auditor, KPMG, in particular the key audit matters and non-audit services.

The Human Resources Committee met four times in the fiscal year 2021. The tasks of the Human Resources Committee primarily include appointments to the Managing Board and related matters as well as the compensation structure of the Managing Board and the preparation of these topics for the full Supervisory Board. The subject of the meeting on 17 February 2021 was the extension of Alexander Gedat's appointment as interim CEO and the necessary extension of his contract as well as the discussion of a possible appointment of Angelika Schindler-Obenhaus as successor. At its meeting on 25 March 2021, the Human Resources Committee again dealt with the appointment of Angelika Schindler-Obenhaus as Chairwoman of the Managing Board including compensation issues as well as the composition of the Supervisory Board against the background of the status proceedings. At its meetings on 23 June 2021 and 5 July 2021, the Human Resources Committee primarily addressed the Management Incentive Programme planned at the end of the fiscal year 2020 and the beginning of the fiscal year 2021, as well as the short-term and long-term variable compensation for the Managing Board, including a share ownership program.

The Nomination Committee held one meeting before August 2021, in which it prepared the Supervisory Board's resolution proposals to the Annual General Meeting for the election of Supervisory Board members.

The Mediation Committee, which had been required pursuant to section 27 para. 3 of the Co-Determination Act (MitbestG) until the conclusion of the status proceedings, did not meet in 2021.

Training and further education measures of the Supervisory Board

As a general rule, the members of the Supervisory Board participate in training and further education measures on their own responsibility. As in the previous fiscal year, the company instructed and trained the members of the Supervisory Board on their duties under capital market law, in particular under the Market Abuse Regulation, at its meeting on 19 November 2021.

Corporate Governance

The Supervisory Board attaches great importance to ensuring good corporate governance. In the reporting period, GERRY WEBER International AG complied with the recommendations and suggestions of the Code save for a few justified exceptions. No conflicts of interest of the Supervisory Board members became known in the fiscal year 2021. For more information on corporate governance, please refer to the Corporate Governance Statement pursuant to section 289f and section 315d of the German Commercial Code (HGB).

On 30 April 2021, the Managing Board and the Supervisory Board issued the last regular declaration of conformity, which was supplemented and updated on 19 November 2021. These and the declaration of conformity of the previous years are made available at ir.gerryweber.com under "Investors – Corporate Governance".

Audit of the separate and the consolidated financial statements for the fiscal year 2021 (reporting period)

By resolution of the Annual General Meeting on 19 September 2021, KPMG AG Wirtschaftsprüfungsgesellschaft was appointed auditor of the financial statements of GERRY WEBER International AG and the Group for the fiscal year 2021.

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 KPMG AG 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 to all members of the Supervisory Board. The preliminary consolidated financial statements and the preliminary separate financial statements of GERRY WEBER International AG were presented by the Managing Board at the meetings of the Audit Committee and the Supervisory Board on 31 March 2022. The final financial statements and audit reports were presented and discussed in detail at the annual accounts meetings of the Audit Committee and the Supervisory Board on 27 May 2022, which were attended by the auditor. The auditor also reported on the scope, focus and key results of the audit.

Based on the final result of the audit by the Audit Committee and the full Supervisory Board, the Supervisory Board consented to the results of the auditor. The Supervisory Board endorsed the separate and the consolidated financial statements as well as the combined management and Group management report for the fiscal year 2021 at the annual accounts meeting on 27 May 2022. The financial statements for the fiscal year 2021 have thus been duly approved in accordance with section 172 of the German Stock Corporation Act (AktG).

Audit of the dependency report for the fiscal year 2021 (reporting period)

The Managing Board had to submit related party disclosures (dependency report) for the fiscal year 2021, which were also audited by the auditor. The following statement 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 their meeting on 27 May 2022, the Audit Committee and the Supervisory Board also addressed and reviewed the dependency report. This meeting was also attended by the auditor. The auditor reported on the results of its audit and was available to answer questions. Following the consultations, the Supervisory Board approved the dependency report at this meeting.

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

Changes on the Managing Board

At its meeting on 17 February 2021, the Supervisory Board appointed Alexander Gedat as a member of the Managing Board with effect from 20 February 2021 for one more year and also appointed him as Chief Executive Officer (CEO). At its meeting on 11 August 2021, the Supervisory Board approved the negotiation and conclusion of a termination agreement with Alexander Gedat, who resigned from the Managing Board at the end of the Annual General Meeting on 19 August 2021.

At its meeting on 25 March 2021, the Supervisory Board cancelled the appointment of Angelika Schindler-Obenhaus as a member of the Managing Board as a precautionary measure with effect from the end of the Annual General Meeting on 19 August 2021. At the same time, the Supervisory Board appointed Angelika Schindler-Obenhaus as member of the Managing Board and as Chairwoman of the Managing Board (CEO) with effect from the end of the Annual General Meeting on 19 August 2021 for an appointment period of three years.

The Supervisory Board would like to thank the members of the Managing Board and all employees for their great commitment and their constructive cooperation in the past fiscal year.

On behalf of the Supervisory Board

Halle/Westphalia, 27 May 2022

Alexander Gedat

Chairman of the Supervisory Board

CORPORATE GOVERNANCE REPORT

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

To achieve our objectives, we have defined principles for our corporate activity that go beyond the legal regulations. Laid down in a Code of Conduct and the Group Guidelines, these principles provide guidance for our day-to-day activities. They are included in the Corporate Governance Statement, which – together with the statements of previous years – is published in full under "Investors" – "Corporate Governance" on our website at ir.gerryweber.com. In this Corporate Governance Statement, the Managing Board and the Supervisory Board report on the company's corporate governance in accordance with sections 289 et seq., 315d of the German Commercial Code (HGB) and as provided for in Principle 22 of the German Corporate Governance Code, in particular on the distribution of rights and duties, the composition and procedures of the Managing Board and the Supervisory Board as well as on equal participation of women and men in management positions.

Corporate governance at Gerry Weber

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

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

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

Declaration of conformity pursuant to section 161 of the German Stock Corporation Act (AktG)

The Management Board and Supervisory Board of GERRY WEBER International AG declare in accordance with section 161 of the German Stock Corporation Act that the company has followed and will follow the recommendations of the of the "Government Commission on the German Corporate Governance Code" published by the Federal Ministry of Justice in the official part of the Federal Gazette in the version dated 16 December 2019 since the submission of the last annual declaration of conformity from 30 April 2021, as updated on 19 November 2021, with the following exceptions:

B.2 – Age limit for members of the Management Board and C.2 – Age limit for members of the Supervisory Board and their details in the declaration on corporate governance: An age limit for members of the Management Board and of the Supervisory Board was not set since skills, qualifications and experience are considered to be the main criteria for the admission to the corporate bodies. The company does not want to do without the knowledge and experience of older members of the Management Board and the Supervisory Board. Thus, no age limit for the members of the Board of Management and the Supervisory Board can be stated in the corporate governance statement.

F.2 – Accounting: Due to the first-time audit by the appointed auditor as well as the company's still special situation as a result of the restructuring, it was not possible to publish the consolidated financial statements and management report for the fiscal year 2021 within a period of 90 days after the end of the fiscal year.

Halle/Westphalia, 31 March 2022

Management Board and Supervisory Board of
GERRY WEBER International AG

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

The dual board system, under which the company is managed by the Managing Board and supervised by the Supervisory Board, is a key characteristic of GERRY WEBER's corporate governance structure. The co-determined composition of the Supervisory Board with representatives of the shareholders and the employees (equal representation up to the end of the Annual General Meeting on 19 August 2021 and since then representation according to the One-Third Participation Act ("Drittelbeteiligungsgesetz") as well as the rights of shareholders at the Annual General Meeting are also characteristic of the company's corporate governance structure.

Management and conduct of business by the Managing Board

In the reporting period, the Managing Board of GERRY WEBER International AG was composed of the following members: Alexander Gedat, Chief Executive Officer (CEO) (until 19 August 2021), Angelika Schindler-Obenhaus, Chief Operating Officer (COO) (until 19 August 2021) and subsequently Chief Executive Officer (CEO) (from 19 August 2021) and Florian Frank, Chief Financial Officer (CFO).

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

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

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

Succession planning for the Managing Board is discussed intensively between the Managing Board and the Supervisory Board. The decision-making process of the Supervisory Board is supported by the Human Resources Committee formed from among its members.

Supervisory function of the Supervisory Board

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

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

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

Composition of the Supervisory Board

Until the end of the Annual General Meeting on 19 August 2021, the Supervisory Board had equal representation and was composed of twelve members, half of whom were representatives of the shareholders, while the other half were representatives of the employees. Since the end of the Annual General Meeting on 19 August 2021, the Supervisory Board has been subject to one-third participation. In accordance with the law, the Supervisory Board thus consisted of three members until 8 September 2021, two of whom were shareholder representatives, while one member represented the workforce. The determination of six Supervisory Board members in the statutes as resolved by the Annual General Meeting on 19 August 2021 was entered in the Commercial Register on 8 September 2021. The Supervisory Board has since been composed of six members, four of whom are shareholder representatives, while two are employee representatives.

Since the beginning of the fiscal year 2021, the shareholder representatives have been Dr. Tobias Moser (Chairman), Dagmar Heuer, Christina Käßhöfer, Milan Lazovic, Benjamin Noisser and Sanjib (Sanjay) Sharma, while Manfred Menningen (IG Metall trade union, Deputy Chairman), Barbara Jentgens (IG Metall trade union), Antje Finke, Renate Marx and Klaus Lippert have represented the workforce. In mid-January 2021, Yvonne Glomb was appointed as a substitute by the court in accordance with section 104 of the German Stock Corporation Act (AktG). Yvonne Glomb and Rena Marx resigned from the Supervisory Board at the end of March 2021. They were replaced by Gökay Bostanci and Kirstin Meese, who were appointed as substitutes by the court in August 2021 in accordance with section 104 of the German Stock Corporation Act (AktG).

On 16 March 2021, the Managing Board announced that it had initiated status proceedings pursuant to section 97 of the German Stock Corporation Act (AktG), as it is of the opinion that, due to the staff numbers of the German entities of the GERRY WEBER Group, the Supervisory Board of the company is no longer to be composed in accordance with the provisions of the German Codetermination Act (parity co-determination), but in accordance with the German One-Third Participation Act (DrittelbG). Within the one-month period stipulated in section 97 para. 2 of the German Stock Corporation Act (AktG), no appeal was made to the competent court pursuant to section 98 para. 1 of the German Stock Corporation Act (AktG) for a court decision on the composition of the Supervisory Board. Pursuant to section 97 para. 2 sentences 2 and 3 of the German Stock Corporation Act (AktG), the provisions of the statutes regarding the composition of the Supervisory Board, the number of Supervisory Board members and the election, dismissal and delegation of Supervisory Board members thus ceased to apply at the end of the Annual General Meeting on 19 August 2021. The amendments to the statutes adopted at the Annual General Meeting on 19 August 2021 provided in particular for the reduction of the number of members of the Supervisory Board from twelve to six and the application of the One-Third Participation Act. In accordance with section 97 para. 2 sentence 3 of the German Stock Corporation Act (AktG), the offices of all previous members of the Supervisory Board expired at the end of the Annual General Meeting on 19 August 2021 due to the status proceedings.

The Annual General Meeting on 19 August 2021 appointed Alexander Gedat and Sanjib (Sanjay) Sharma as shareholder representatives to the Supervisory Board with effect from the end of the Annual General Meeting. In addition, the Annual General Meeting appointed Christina Käßhöfer and Norbert Steinke as additional shareholder representatives to the Supervisory Board subject to the condition precedent that the amendments to the statutes resolved at the Annual General Meeting are finally entered in the Commercial Register, which happened on 8 September 2021.

On 2 September 2021, the court appointed Klaus Lippert as substitute employee representative until the completion of the election of the employee representatives to the Supervisory Board. In the context of the election of employee representatives to the Supervisory Board on 24 November 2021, Antje Finke, whose term of office began upon acceptance of the election on 26 November 2021, and Klaus Lippert, whose term of office began upon acceptance of the election on 29 November 2021, were appointed as employee representatives to the Supervisory Board. Uwe Wermelskirchen was elected as substitute member for Antje Finke and Stefanie Ortmann was elected as substitute member for Klaus Lippert.

In accordance with the recommendation of the German Corporate Governance Code, the Supervisory Board has drawn up a profile of skills and expertise for the full Supervisory Board. The composition of the Supervisory Board of GERRY WEBER International AG complied with the defined targets and, hence, with the profile of skills and expertise in the reporting period. Pursuant to section 96 para. 2 AktG, the equally represented Supervisory Board shall be composed of at least 30% women and at least 30% men. Throughout the reporting period, the Supervisory Board consisted of at least four women and at least four men during the phase of equal representation. The Supervisory Board, which has been fully composed according to the One-Third Participation Act since November 2021, also complies with the profile of skills and expertise.

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

Name	Year in which membership started
Alexander Gedat (from 19 August 2021)	2021
Sanjib (Sanjay) Sharma	2019
Dr. Tobias Moser (until 19 August 2021)	2019
Milan Lazovic (until 19 August 2021)	2019
Dagmar Heuer (until 19 August 2021)	2019
Benjamin Noisser (until 19 August 2021)	2020
Christina Käßhöfer (until 19 August 2021 and from 8 September 2021)	2020
Norbert Steinke (from 8 September 2021)	2021
Klaus Lippert (until 19 August 2021 and from 2 September 2021)	2010
Antje Finke (until 19 August 2021 and from 26 November 2021)	2020
Renate Marx (until 31 March 2021)	2018
Yvonne Glomb (from 13 January 2021 to 31 March 2021)	2021
Manfred Menningen (until 19 August 2021)	2015
Barbara Jentgens (until 19 August 2021)	2019
Kristin Meese (from 9 August 2021 to 19 August 2021)	2021
Gökay Bostanci (from 9 August 2021 to 19 August 2021)	2021

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

Committee	Members
Audit Committee	Until August 2021: Sanjib (Sanjay) Sharma (Chair), Dr. Tobias Moser, Manfred Menningen, Klaus Lippert From September 2021: Sanjib (Sanjay) Sharma (Chair), Norbert Steinke (Vice Chair), Alexander Gedat, Klaus Lippert
Human Resources Committee	Until August 2021: Dr. Tobias Moser (Chair), Benjamin Noisser, Manfred Menningen, Klaus Lippert From September 2021: Alexander Gedat (Chair), Christina Käßhöfer (Deputy Chair), Norbert Steinke, Klaus Lippert
Nomination Committee (until August 2021)	Dr. Tobias Moser (Chairman), Dagmar Heuer, Milan Lazovic
Mediation Committee (until August 2021)	Dr. Tobias Moser (Chair), Milan Lazovic, Manfred Menningen, Antje Finke

Targets and profile of skills and expertise 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 profile of skills and expertise for the Supervisory Board, taking into account the size of the Supervisory Board, the company's specific requirements as well as diversity.

In view of the timing of the status proceedings, in particular with regard to the successive substitute appointments by the court and the election of the employee representatives at the end of the fiscal year 2021, the profile of skills and expertise was adjusted taking into account the new legal and statutory requirements for the composition of the Supervisory Board at the Supervisory Board meeting on 31 March 2022. The following statements initially refer to the profile of skills and expertise of the equally represented Supervisory Board until 18 August 2021 and subsequently to the current profile of skills and expertise.

Profile of skills and expertise 2021

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 four of twelve and two of six representative positions filled by women, the Supervisory Board 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.

Current profile of skills and expertise

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 two 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 profile of skills and expertise 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 expertise and knowledge in the field of accounting and at least one other independent member must have the necessary financial expertise and knowledge in the field of auditing. These independent Supervisory Board members should not be former members 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. The supervisory Board considers a share of women of one third (i.e. at least two of six members) on the Supervisory Board to be appropriate.

Independence

- Taking into account the shareholder structure of GERRY WEBER International AG, at least two of four 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.

No age limit has been defined for the members of 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.

In the reporting period, two former Managing Board members of GERRY WEBER International AG served on the Supervisory Board, namely Alexander Gedat and Norbert Steinke. There was a period of more than two years between Norbert Steinke's membership of the Managing Board and his membership of the Supervisory Board. Alexander Gedat changed directly from the Managing Board to the Supervisory Board with effect from the end of the Annual General Meeting on 19 August 2021, but his election was carried out in accordance with section 100 para. 2 sentence 1 no. 4 of the German Stock Corporation Act (AktG) on the proposal of shareholders holding more than 25% of the voting rights in the company. During the period of equal representation, the shareholder representatives on the Supervisory Board included an appropriate number of independent members, namely Sanjib (Sanjay) Sharma, Dagmar Heuer, Dr. Tobias Moser and Christina Käßhöfer. The fact that Christina Käßhöfer provided consulting services before joining the Supervisory Board does not affect her independence, as the consulting mandate was of short duration. From the time of composition in accordance with the One-Third Participation Act, the shareholder representatives on the Supervisory Board also included an appropriate number of independent members, namely Sanjib (Sanjay) Sharma Alexander Gedat, Norbert Steinke and Christina Käßhöfer. The Supervisory Board is of the opinion that Alexander Gedat qualifies as an independent member despite his direct transfer from the Managing Board to the Supervisory Board, as Alexander Gedat was appointed to the Managing Board only on an interim basis due to the special situation of the company and, moreover, there are no indications that would cast doubt on Alexander Gedat's independence.

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

Self-evaluation

Against the background of the changes in the composition of the Supervisory Board and its new constitution, no self-evaluation was conducted by the Supervisory Board in the fiscal year 2021.

Equal Participation of Women and Men in Leadership Positions

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

In the reporting period, the Managing Board of GERRY WEBER International AG was composed of Alexander Gedat, Angelika Schindler-Obenhaus and Florian Frank. With the appointment of Angelika Schindler-Obenhaus, the share of zero female Managing Board members set by the Supervisory Board was exceeded.

In accordance with statutory requirements, the Managing Board defined a share of women for the first and second management tier below the Managing Board already in September 2015. The target was to have a share of women of 30% at the first management tier and a share of women of 50% at the second management tier as of 30 June 2017. This target has since been achieved almost all the time. At the time of the target review on 31 December 2021, the targets set were reached to a high degree, as the share of women at the first and second management tier was 37.5% and 61.9%, respectively. The Managing Board has maintained the 30% and 50% targets for the first and second management tier, respectively.

During the reporting period, the statutory gender quota of 30% on the Supervisory Board was complied with during the phase of equal representation. Against the background of the timing of the status proceedings, in particular with regard to the successive substitute appointments by the court and the election of the employee representatives at the end of the fiscal year 2021, targets for the Supervisory Board now composed in accordance with the One-Third Participation Act were defined at the Supervisory Board meeting on 31 March 2022.

Annual General Meeting and shareholders' rights

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

Accounting and audit

By resolution of the Annual General Meeting on 19 September 2021, KPMG AG Wirtschaftsprüfungsgesellschaft was appointed auditor of the financial statements of GERRY WEBER International AG and the Group for the fiscal year 2021.

The Supervisory Board satisfied itself of the independence of the appointed auditor and the persons acting on its behalf. The Audit Committee monitors the audit, especially the selection and the independence of the auditor, the quality of the audit and the services provided by the auditor. 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 Compliance Management System (CMS) of GERRY WEBER International AG is designed to ensure compliance with statutory provisions and with internal requirements. Specific organisational measures and processes have been developed to prevent, identify and sanction individual misbehaviour.

The Compliance Management System consists of the following elements:

1. Compliance Organisation

Responsibility for compliance lies with the Managing Board. As of the effective date of this report, the Chief Compliance Officer reports directly to the Chief Financial Officer. He ensures that the compliance Programme is implemented throughout the Group and that employees are adequately trained. A dedicated Compliance Committee pursues the ongoing optimisation of the Compliance Management System. The Supervisory Board is regularly informed of relevant facts at its meetings.

2. Compliance Programme (rules and regulations)
The rules and regulations essentially comprise the Compliance Code of Conduct and the Compliance Guidelines.

The Code reflects GERRY WEBER's values and describes behavioural rules. Besides addressing topics such as corruption prevention and antitrust law, it implements labour and social standards and calls for compliance with human rights.

The Compliance Guidelines further elaborate on the relevant topics, including competition and antitrust law, capital market law, communication, passing on of information as well as sustainability with a focus on social compliance.

All employees are obliged to comply with these principles.

3. Whistleblowing
Since 2011, employees, customers and business partners have been able to turn to the external ombudsman in confidence and, if necessary, anonymously, if there are indications of a violation of laws or internal guidelines. The whistleblowing management system thus established fulfils the requirements of EU Directive 2019/1937 on the protection of whistleblowers, the draft bill for the German Whistleblower Protection Act (HinSchG), ISO 37002, and already implements the requirements of the German Supply Chain Due Diligence Act.

Overall, GERRY WEBER International AG thus complies with the recommendations and suggestions of A.2 of the GCGC.

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.

The company has no internal audit system, but mandated an external audit officer.

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 20,000 in a calendar year. GERRY WEBER International AG publishes such information immediately and makes such information available on the company's website ir.gerryweber.com under "Investors" – "Financial News". The Managing Board and the Supervisory Board are committed to serving the interests of the company. They are not allowed to exploit their position to pursue personal interests or for the benefit of related parties. Any conflicts of interest resulting from sideline activities must immediately be disclosed to the Supervisory Board. The latter then decides about any further steps to be taken. In the past fiscal year, no conflicts of interest of members of the Managing Board or the Supervisory Board occurred.

Transparent and timely communication

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

The instruments used to report on the business situation and the company's results as well as on current events of the GERRY WEBER Group include the Annual Report for the fiscal year 2021, the interim reports as well as press releases and ad-hoc announcements.

Compensation report and compensation system

The compensation system for the members of the Managing Board pursuant to section 87a para. 1 and para. 2 sentence 1 of the German Stock Corporation Act (AktG), which was approved by the Annual General Meeting on 19 August 2021, as well as the system for the compensation of the members of the Supervisory Board, which was approved by the same Annual General Meeting pursuant to section 113 para. 3 AktG are made publicly available on our website ir.gerryweber.com under "Investors" – "Corporate Governance". The compensation report and the auditor's report are made publicly available in accordance with section 162 AktG at the same internet address.

02

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COMBINED MANAGEMENT REPORT FOR THE FISCAL YEAR 2021

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. Specific information on the separate financial statements of GERRY WEBER International AG is provided in the chapter "Economic situation of GERRY WEBER International AG".

Until the fiscal year 2020, E-Commerce was no separate reporting segment; sales were broken down by the Retail and Wholesale segments. Due to the increased importance of the segment and the fact that internal reporting shows E-Commerce as a separate segment, we have adjusted the external reporting. We have determined the prior year figures in an analogous manner to ensure comparability of the respective figures.

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

All financial amounts are shown in euros.

BUSINESS AND GENERAL CONDITIONS

Overview

Business activity and organisation

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

Today's GERRY WEBER International AG was established by Gerhard Weber and Udo Hardieck in Halle / Westphalia in 1973. The company has its origin in the wholesale sector. The Group comprises three distribution and reporting segments, i.e the GERRY WEBER Retail segment, which comprises the company-managed and concession stores of the GERRY WEBER brands (GERRY WEBER, TAIFUN, SAMOON), the GERRY WEBER Wholesale segment, which relates to all sales generated by the three brands with our fashion retail partners, and the GERRY WEBER E-Commerce segment. GERRY WEBER E-Commerce comprises the sales of all three brands that are generated digitally through our own online shops as well as on external platforms such as Amazon, Zalando, Boozt, about you and Otto.

The Retail segment had a total of 559 stores as of 31 December 2021 (previous year: 569). Besides our 301 retail stores, this figure includes our 36 outlet stores as well as our 222 concession stores. The Wholesale segment comprised 210 franchised GERRY WEBER stores and 1,410 shop-in-shops (thereof 362 consignment contract stores, previous year: 1,754). As of 31 December 2021, GERRY WEBER had distribution structures in 54 countries worldwide (as of 31 December 2020: 59 countries).

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

As of 31 December 2021, the basis of consolidation of the GERRY WEBER Group comprised GERRY WEBER International AG as well as 26 domestic and international subsidiaries (previous year: 35 subsidiaries). In the fiscal year 2021, nine entities were merged with other entities and liquidated. For an overview of these nine entities, please refer to the notes to the consolidated financial statements, section A.

Brands

The GERRY WEBER Group markets three clearly distinct brands – GERRY WEBER, TAIFUN and SAMOON – and has developed a clear vision for each brand for the next 5–10 years.

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

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

The SAMOON brand is targeted at plus-size women of all ages and is set to become the leading curvy womenswear brand in the modern mainstream segment over the next 5–10 years. SAMOON presents casual fashion made from high-quality materials in flattering fits for consumers wearing sizes 42 to 54 and higher. Femininity, joie de vivre and self-confidence are the core values of the brand. We see great growth potential for SAMOON, as we are of the few suppliers that offer stylish, high-quality fashion collections for women wearing plus sizes. SAMOON collections will increasingly be offered through online distribution channels.

Business model

The key mission of the GERRY WEBER Group is to inspire our customers with an exciting product range that meets their needs across all brands.

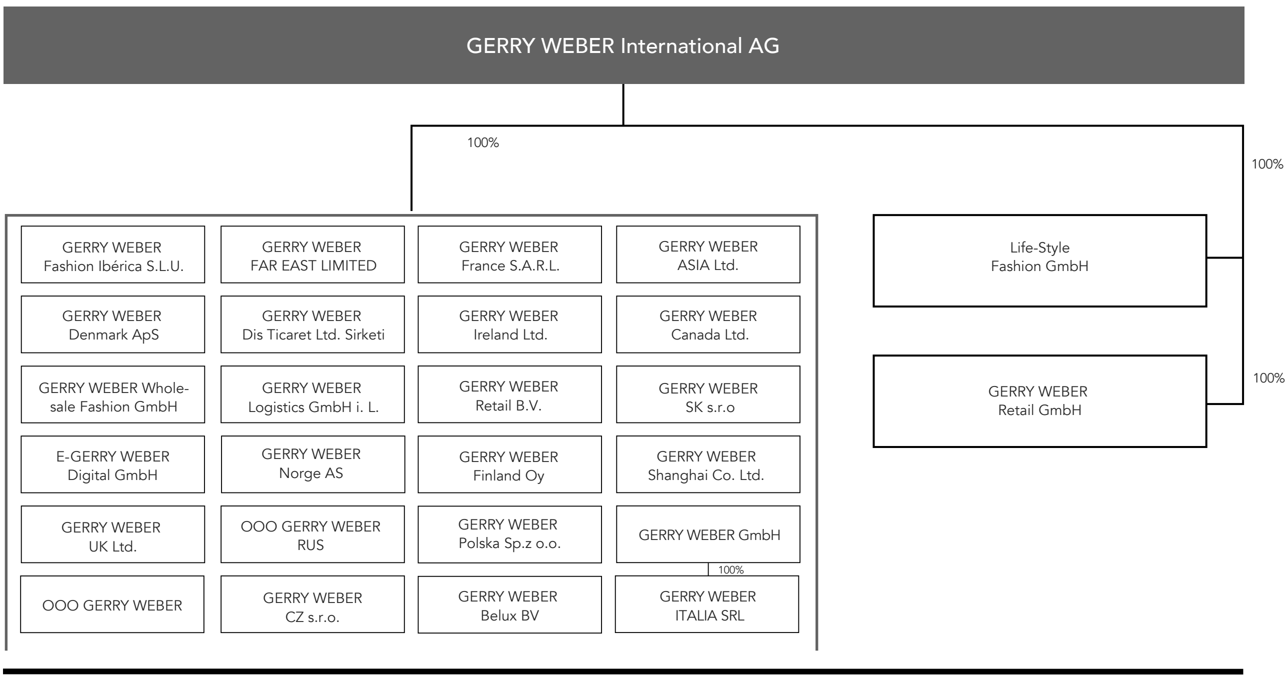
Our business model covers the complete value chain from collection development to merchandise management, production management and procurement to logistics and distribution.

Collection development

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

In the next step, merchandise management identifies the merchandise requirements of the individual product groups down to each individual piece in the collection based on information gained, such as sales figures of previous seasons, market-specific characteristics and fashion preferences. At this stage, it is decided and controlled which articles will be produced in what quantities and sizes for which points of sale. The design, the width of the product range and the pricing structure and, most importantly, the intervals for the cross-channel supply of merchandise are also defined. The core elements of product development – a collection framework and a structured merchandise allocation plan based on it – form the framework for merchandise management during the season. We have shortened our development processes and now operate closer to the customer and the market. We want our customer to find fashion products that she can wear straight away and combine over and over again. This is

Company overview – Company structure



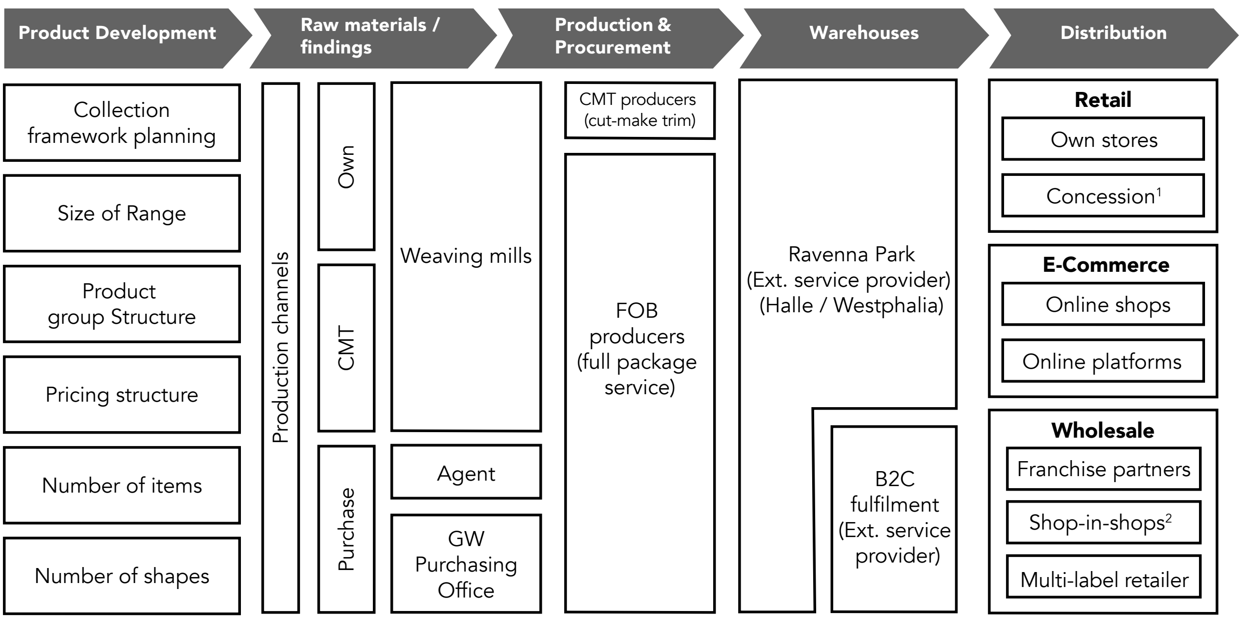
what we call "ready-to-wear" fashion. In addition, we regularly offer what we refer to as "read&react products", which we develop, produce and sell quickly based on our analysis tools and market research. We use a web-based "360-Degree Product Performance Panel" with the aim of adjusting our product and category strategy in a continuous and timely manner based on feedback obtained from the market.

With a view to best meeting the changing demands made by our customers, our development activities are also geared towards creating more sustainable collections. This means using sustainable materials as well as modern and gentle dyeing and washing processes while at the same time maintaining our high quality standards. We launched the first completely sustainable collection under the "I WEAR I CARE" label as early as in 2020.

Merchandise management

The realignment of the GERRY WEBER Group in 2019 covered not only the product development process but also the merchandise management process, which we have modified significantly. This is being done against the background of the changing customer behaviour as well as more frequent unseasonal weather conditions, which make it indispensable to flexibly adjust to customers' requirements. To meet these requirements, we have introduced new order intervals for our retail partners as well as a new delivery cycle for our own shops and stores. The GERRY WEBER collections are available in ten delivery capsules with trend-specific content. We offer our retail partners four order rounds, both physically and digitally in our showrooms.

Value-added-process



1 GERRY WEBER Group rents the space and operates it for its own account and with its own staff; GERRY WEBER Group bears the risk of inventory and loss of goods.
2 Incl. consignment contract business

Production and procurement

The production requirements for each individual product are specified on the basis of the information obtained from the merchandise management process and the order data of our Wholesale customers.

We generally distinguish between two different types of procurement, i.e. cut-make trim (CMT) and full package service (FPS). In the former case, all components required for a garment, such as fabrics, zippers, yarns and buttons, are purchased by the GERRY WEBER Group and made available for production. The external manufacturing partners are then only in charge of the production process proper. Under full package service arrangements, GERRY WEBER specifies all the details, while the individual components are purchased by the manufacturing partner, potentially co-financed by GERRY WEBER. Technical support at all stages of production is provided by the company's traveling engineers and our own local teams, who discuss the processing guidelines with the local partner and train and monitor the latter with regard to the proper implementation of these guidelines. Long-term production planning is also discussed and agreed with the local partner.

In the past fiscal year, 3.1% (previous year: 19.8%) of all merchandise was sourced under CMT arrangements, while 96.9% (previous year: 80.2%) was sourced under FPS arrangements. The shift from cut-make trim to full package service was completed in late 2021, which means that we will presumably source 100% of our merchandise will be sourced under FPS arrangements starting 2022.

In the fiscal year 2021, the GERRY WEBER Group sourced a total of approximately 7.8 million items (previous year: 8.7 million items).

The criteria applied to select suppliers are very strict. Punctual and reliable deliveries in terms of the contractually agreed quantities, compliance with high standards of quality and workmanship including compliance with all legal minimum standards as well as competitive prices are the key parameters. In addition to the audit management carried out at our suppliers by the globally recognised amfori Business Social Compliance Initiative (amfori BSCI) on our behalf, we conduct our own assessment audits according to our own standards before entering into any business relationship. With the help of these audits, we want to ensure that we only choose manufacturing partners audited by the Social Compliance Department and who meet GERRY WEBER's requirements in terms of social and environmental compliance. Besides the above-mentioned aspects, we also pay attention to respectability, reputation and creditworthiness when selecting manufacturing partners. Our own staff in our local procurement offices regularly check compliance with these quality standards and review the working conditions and safety standards.

In our spring-summer 2022 collections, we use around 35–45% sustainable cotton, depending on the brand. We want to increase this percentage to 100% by the fiscal year 2025.

The regional breakdown shows that we had approx. 56.5% (previous year: 49.5%) of all GERRY WEBER merchandise produced in Asia, primarily in China and Bangladesh. Turkey accounted for a total of 31.4% (previous year: 26.1%) of the textiles sourced in 2021. Another 6.2% (previous year: 5.0%) was sourced from North Africa (Tunisia), 3.5% (previous year: 14.8%) from Eastern Europe and the remaining 2.4% (previous year: 4.6%) from Southern Europe.

Warehouse logistics

Ravenna Park in Halle / Westphalia will remain the Group-wide hub for distribution logistics also in the fiscal year 2022. It had been owned by the Group until September 2021, when it was sold to WB Logistik GmbH of Christian Busch, the majority shareholder of Walbusch Walter Busch GmbH & Co. KG in Solingen.

This does not include B2C logistics, i.e. logistics between the GERRY WEBER Group and its private customers, which is handled by an external service provider.

Distribution and sales channels

The GERRY WEBER Group distributes its fashion collections through three distribution channels, Retail, Wholesale and E-Commerce, which also represent the three business and reporting segments of the GERRY WEBER Group. Until the fiscal year 2020, E-Commerce was no separate reporting segment; sales were broken down by Retail and Wholesale. Due to the increased importance of the segment and the fact that internal reporting shows E-Commerce as a separate segment, we have adjusted the external reporting. We have determined the prior year figures in an analogous manner to ensure comparability of the respective figures.

The Retail segment distributes the collections of the GERRY WEBER brands through the company-managed sales spaces (GERRY WEBER stores, mono-label stores, concession stores and outlets) directly to end customers. The company's Retail operations are characterised by its own staff as well as the full merchandise risk. In the fiscal year 2021, GERRY WEBER Retail accounted for 46.9% of consolidated sales (previous year: 45.6%).

The Wholesale segment comprises our wholesale activities, i.e. the delivery of our collections to our trade partners, who then sell them to the final customer. In the Wholesale segment, we distinguish between three distribution channels – the GERRY WEBER stores run by franchisees, the shop-in-shops (incl. consignment contract stores) at our retail partners and the multi-label business. In the fiscal year 2021, GERRY WEBER Retail accounted for 36.1% of consolidated sales (previous year: 40.4%).

The E-Commerce Segment markets collections of our GERRY WEBER, TAIFUN and SAMOON brands online through our own online shops as well as on external platforms such as Amazon, Zalando, Boozt, about you and Otto. E-Commerce accounted for 16.0% of Group sales, up from 11.7% in the previous year.

Sales spaces by distribution channel	**31 Dec. 2021**	31 Dec. 2020
GERRY WEBER Retail		
GERRY WEBER stores	286	290
Mono-label stores	15	15
Concession stores	222	233
Outlets	36	31
	559	**569**
GERRY WEBER Wholesale		
GERRY WEBER franchised stores	210	241
Shop-in-shops	1,410	1,754
	1,620	**1,995**

Retail segment
At the end of the reporting period on 31 December 2021, the Retail segment comprised 559 (previous year: 569) points of sale in Germany and other European countries. Besides Germany, the Netherlands and Spain are our biggest foreign markets, where we operate our own retail stores.

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

Retail sales spaces by country	**31 Dec. 2021**	31 Dec. 2020
Germany	329	327
Netherlands	108	113
Spain	41	44
Austria	25	25
Belgium	24	27
Scandinavia	18	20
Eastern Europe	13	12
Italy	1	1
	559	**569**

In the fiscal year 2021, GERRY WEBER opened 21 new retail spaces. At the same time, 31 POS that did not meet our economic requirements were given up, which means that our sales network was reduced by 10 retail stores on balance. The terms retail spaces, retail stores and retail shops are used synonymously in this management report and in the notes to the consolidated financial statements.

As a result, there were 286 "Houses of GERRY WEBER" as of 31 December 2021, compared to 290 at the end of December 2020; the number of mono-label stores remained unchanged at 15. Besides the GERRY WEBER stores and the mono-label stores, the GERRY WEBER Retail business also comprises 36 (previous year: 31) outlets as well as 222 (previous year: 233) concession stores. The latter are company-managed shop-in-shops, which are staffed with our own people and where we have full control over the flow of merchandise. Most of the concession stores are situated in large department stores in Germany and abroad, e.g. at Galeria in Germany or our Spanish partner El Corte Inglés.

Wholesale segment
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 the fiscal year 2021, 210 GERRY WEBER stores were managed by franchisees (previous year: 241). 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. In contrast to the concession stores of our Retail segment, these sales spaces are operated by our retail partners, who bear the personnel and merchandise risk.

Some 360 of the shop-in-shops are consignment contract stores, where the merchandise in the partner's stores remains the property of GERRY WEBER until it is sold to the end consumer and is transferred to the retailer upon sale. This means that the consignment contract business entails a higher merchandise and sales risk for the company. The advantages of this distribution scheme include better terms and conditions, better merchandise management and merchandise sovereignty. The latter means that GERRY WEBER decides which merchandise is displayed in the store and also decides on write-downs. The use of unsold merchandise is also in the hands of GERRY WEBER.

Multi-label spaces are sales spaces at traditional retailers selling several brands without separate brand presentation. As of 31 December 2021, there were a total of 1,410 shop-in-shops, compared to 1,754 at the end of the previous fiscal year.

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

Franchised sales spaces by country/region	**31 Dec. 2021**	31 Dec. 2020
Germany	27	40
Russia	64	69
Southern and Eastern Europe	32	34
Middle East	30	30
Switzerland	14	15
Baltic states	14	15
France	8	9
Benelux	4	8
Austria	2	2
Other	15	19
Total	**210**	**241**

E-Commerce segment

Digitally, the collections of our brands are marketed through our own online shops as well as on external platforms such as Amazon, Zalando, Boozt, about you and Otto.

One of the key objectives of the GERRY WEBER Group is to noticeably increase the online sales of all three brands so as to better leverage the potential of this distribution channel in the future. A separate TAIFUN online shop was launched in the past fiscal year. We also launched a new "Rest of World" shop offering products of our three brands GERRY WEBER, SAMOON and TAIFUN in more than 200 countries worldwide.

During the Covid-19 pandemic and also in the future, the stronger integration of our physical and digital points of sale has played and will play an increasingly important role ("omni-channel"). We have meanwhile implemented a Click & Collect system (where we send goods ordered online to a store for collection), a Click & Reserve system (where we reserve goods in the store via the online shop), an Instore Return system (return of goods ordered online in the store) and an Instore Ordering system (ordering goods that are out of stock in the store for the customer). Since the fiscal year 2021, we have also been offering regular live shopping events for all three brands, where we present products from the current collection online via live video, explain them in more detail and give styling tips. Customers can join these live events to seek advice and buy their desired items directly in the online shop.

At the beginning of the fiscal year 2022, we launched Window Shopping 3.0. The merchandise displayed in our shop windows can be ordered directly in the online shop by clicking on the bar code attached to the window.

Research and development activities

In the fiscal year 2021, development expenses for the collections of all three brands totalled EUR 4.4 million (previous year: EUR 3.7 million).

Development costs for collections in the amount of EUR 4.4 million were capitalised as an intangible asset for the first time in the fiscal year (in total 100%; previous year: EUR 3.7 million, in total 100%). Development costs are written off on a systematic basis over the term of a collection (1 year). Expenses for systematic depreciation/amortisation totalled EUR 3.9 million (previous year: EUR 0.9 million). The accounting for the Group's development costs has been corrected. The prior year figures were also adjusted. Please refer to the notes to the consolidated financial statements for a description of the error correction.

GERRY WEBER International AG does not engage in traditional research activities. The company cooperates with other companies, start-ups and institutes, e.g. in the fields of digital collection development and artificial intelligence, circular economy or research into new and innovative materials.

Sustainability

It is the medium-term goal of GERRY WEBER International AG to reconcile profitable company growth with responsible and sustainable corporate governance. Sustainable action all along the value chain is part of our identity and a fundamental principle of our corporate responsibility. For the GERRY WEBER Group, the latter encompasses a wide variety of environmental, social and economic aspects.

Overall responsibility for sustainability lies with the Managing Board. Strategically and operationally, sustainability is managed and implemented in the Corporate Social Responsibility Department. In the manufacturing countries, the department's staff monitor and train the local purchasing and quality assurance teams on all issues related to environmental and social standards.

In the past fiscal year, the GERRY WEBER Group published an updated sustainability agenda. It is based on a matrix with five fields of action and 25 sustainability goals.

Material events in the reporting period

Organisation

The Supervisory Board of GERRY WEBER International AG has appointed Florian Frank as Chief Financial Officer (CFO) with effect from 1 January 2021 until 31 March 2024. Mr Frank had previously served on the Managing Board as Chief Restructuring Officer (CRO) since 2 October 2018. In his role, he remains responsible for Finance & Controlling, Human Resources, Outbound Logistics, IT, Corporate Sourcing, Compliance, Capital Markets and Investor Relations.

The Supervisory Board of GERRY WEBER International AG has appointed Angelika Schindler-Obenhaus as Chief Executive Officer for a period of three years with effect from the end of the 2021 Annual General Meeting (19 August 2021); she thus succeeded Alexander Gedat. Angelika Schindler-Obenhaus has served on the Managing Board as Chief Operating Officer (COO) since August 2020. In her capacity as CEO, she is responsible for Design, Production, Procurement, Distribution and Marketing / Communication.

Alexander Gedat was re-elected to the Supervisory Board of GERRY WEBER International AG by the Annual General Meeting on 19 August 2021.

Covid-19 crisis

The ongoing Covid-19 crisis and the restrictions imposed by the authorities on textile retailers strongly restricted our business activity in 2021. At the beginning of the fiscal year 2021, our stores were closed without interruption until 7 March 2021. As a result, we lost some 55 sales days throughout Germany, about 10 of which were Saturdays. In the course of the year, the regionally varying restrictions were adapted to the respective infection situation and tightened again noticeably towards the winter ('2G regulation', i.e. only vaccinated and recovered people admitted to retail stores), which had a negative impact on customer footfall in the city centres and thus also in our stores.

Exchange offer

On 17 February 2021, GERRY WEBER International AG secured additional liquidity of around EUR 5 million under a new secured credit facility. Bondholders of the company holding a minimum of EUR 100,000 (nominal amount or redemption amount) and entitled to lend to the company were offered the opportunity to exchange their bonds plus an additional cash payment of at least EUR 100,000 for a participation of at least EUR 200,000 in the credit facility. The company's main financing partners (e.g. companies managed by Robus Capital Management Ltd. and Whitebox Advisors LLC as well as J.P. Morgan AG) accepted the offer. The bond amount of EUR 5,001,826.10 was paid by them to the company as an additional cash payment in the same amount.

Stopgap aid

On 4 March 2021, GERRY WEBER International AG applied for "Überbrückungshilfe III" (stopgap aid) for the period from November 2020 to February 2021, which was approved in March. This instrument is part of the emergency aid to mitigate the economic consequences for companies during the Covid-19 crisis. In the third quarter, GERRY WEBER International AG reviewed the possibility to apply for further state support measures and applied for an extension of stopgap aid (Überbrückungshilfe III) in October 2021, which was granted as of 4 January 2022 and thus within the accounting period for adjusting events.

Stopgap aid in the amount of EUR 29.2 million was approved for the fiscal year 2021. Of this amount, EUR 28.3 million was recognised through profit / loss, as the company assumes with reasonable certainty that there will be no repayment claim to this extent and that stopgap aid granted in the amount of EUR 28.3 million can be collected on a permanent basis.

Status proceedings and election of new Supervisory Board

On 16 March 2021, the Managing Board announced that it had initiated status proceedings pursuant to section 97 of the German Stock Corporation Act (AktG), as it is of the opinion that, due to the staff numbers of the German entities of the GERRY WEBER Group, the Supervisory Board of the company is no longer to be composed in accordance with the provisions of the German Codetermination Act (parity co-determination), but in accordance with the German One-Third Participation Act (DrittelbG).

After completion of the status proceedings and the ordinary Annual General Meeting on 19 August 2021, the composition of the Supervisory Board of the company is determined in accordance with the provisions of the German One-Third Participation Act (DrittelbG), according to which the Supervisory Board shall have six members, four shareholder representatives and two employee representatives.

The Annual General Meeting elected Alexander Gedat and Sanjib (Sanjay) Sharma as shareholder representatives with immediate effect and Christina Käßhöfer and Norbert Steinke as shareholder representatives with suspensive effect, given that the resolved amendment of the statutes first had to be entered in the Commercial Register on 8 September 2021. Klaus Lippert was appointed as employee representative by the court (substitute appointment on 2 September 2021). The election of the employee representatives on the Supervisory Board took place on 24 November 2021. The employees confirmed the appointment of Klaus Lippert and elected Antje Finke as the second employee representative on the company's Supervisory Board.

Sale of the Ravenna Park logistics centre to the Walbusch Group

In September 2021, the Group's Ravenna Park logistics centre was transferred to WB Logistik GmbH of Christian Busch, the majority shareholder of Walbusch Walter Busch GmbH & Co. KG in Solingen. The preliminary contracts on the sale were signed in March, while the final contracts were signed in May 2021. WB Logistik GmbH has taken over all employees of GERRY WEBER Logistics GmbH i.L. Ravenna Park will be used jointly by both companies in future and will thus remain the hub for the GERRY WEBER Group's distribution logistics.

The proceeds from the sale of Ravenna Park were distributed to the insolvency creditors of GERRY WEBER International AG. The GERRY WEBER Group has thus fulfilled a condition from the company's insolvency plan, i.e. to sell the logistics centre by the end of 2021 at the latest to settle the creditors' claims.

For the GERRY WEBER Group, the sale reduces property, plant and equipment as well as liabilities carried in the balance sheet, thus leading to a balance sheet contraction. In the income statement, the sale essentially increases external logistic costs, which are reflected in other operating expenses and the cost of materials. At the same time, personnel expenses are reduced, as GERRY WEBER's logistics staff were taken over by the Walbusch Group.

Key performance indicators

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

GERRY WEBER International AG aims to return to profitable growth, meet its financial obligations and successfully refinance outstanding liabilities at the end of 2023. Consequently, consolidated sales are one of the two key financial performance indicators of the GERRY WEBER Group.

The GERRY WEBER Group uses normalised EBITDA (adjusted for the effects of lease accounting in accordance with IFRS 16) to assess its operating profitability. The Managing Board is of the opinion that this performance indicator best reflects the company's economic situation. No further adjustments are made. Please refer to the chapter "Earnings position" for a description of how this parameter is determined.

As of the past fiscal year 2021, employee satisfaction is also used as an additional non-financial performance indicator. The annual "Working in Fashion" ranking of Textilwirtschaft magazine for the fashion industry serves as the basis for the assessment of employee satisfaction.

Other performance indicators include sales by distribution channel (Retail, Wholesale, E-Commerce) and by brand (GERRY WEBER, TAIFUN, SAMOON) as well as EBITDA by distribution channels (Retail, Wholesale, E-Commerce).

Two other financial performance indicators are net liabilities and leverage, defined as net debt* / normalised EBITDA, which we use to measure the progress of the financial realignment.

* Net debt is defined as non-current financial liabilities plus current financial liabilities less cash and cash equivalents. .

ECONOMIC AND SECTOR REPORT

Being an international fashion and lifestyle company, the GERRY WEBER Group is exposed to consumers' spending behaviour, which very much influences the company's sales and earnings. Consumer behaviour is generally closely related to the respective economic trend and the disposable household income of consumers in the individual regional markets in which we operate.

However, especially in our most important market, Germany, 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 (source: Statista, February 2020). Other structural changes also play a role. These changes include the ongoing decline in customer footfall in the city centres and the strong growth in online commerce, both of which intensified even further during the pandemic, as well as the resulting greater price transparency (source: Statista, March 2022; TextilWirtschaft March 2022).

Macroeconomic environment

According to data published by the International Monetary Fund (IMF) in January 2022*, the world economy (measured by gross domestic product (GDP)) grew by an estimated 5.9% in the calendar year 2021. This means that the economy has begun to recover across the globe following the sharp drop in GDP in 2020. This is attributable to rapid vaccination campaigns and a certain return to normal in spite of the pandemic. The estimate was revised slightly downwards during the year, partly due to supply chains disruptions in the developed economies. This could not be offset by better short-term prospects for some commodity-exporting emerging and developing countries.

The German economy

According to the Federal Statistical Office, Germany's price-adjusted gross domestic product (GDP) in 2021 was up by 2.7% on the year 2020. While the German economy was able to recover from the 2020 slump in spite of the ongoing pandemic as well as increasing supply bottlenecks and material shortages, economic output remains below the pre-crisis level.

The trade, transport and hospitality sector, as summarised by the Federal Statistical Office, recorded a moderate increase of 3.0% in the calendar year 2021. In 2020, economic output had declined by 5.2% in price-adjusted terms.

Price-adjusted consumer spending stabilised at the prior year level in 2021 and thus remains far below the pre-pandemic level.

Consumer behaviour in Germany

Accounting for 49.2% of GERRY WEBER's consolidated sales, Germany is our biggest market (previous year: 53.8%).

In Germany, the Consumer Climate Index of the Gesellschaft für Konsumforschung (GfK SE) measures consumer sentiment based on the indicators of economic expectations and income expectations as well as propensity to buy and propensity to save. The purpose of the indicator is to explain the development of private consumption. The GfK index showed a very heterogeneous picture for the calendar year 2021. In December 2020, it stood at –6.8 points. As the new lockdown was imposed at the beginning of the fiscal year, it dropped to –15.5 points in February 2021, the third-lowest level ever recorded. Although the overall indicator picked up again in the summer and autumn months and reached 1.0 point in November, the fourth Covid-19 wave in the winter of 2021 caused consumer optimism to wane again. In January 2022, the indicator dropped sharply again to −6.9 points. (source: Statista, April 2022)

German textile trade

In 2021, Germany's physical fashion stores lost 12% of their sales revenues compared to 2020, once again making them the biggest loser in the retail sector (source: TextilWirtschaft, January 2022). Months of store closures, weak consumer sentiment, supply shortages and the fourth Covid-19 wave regulations (i.e. only vaccinated and recovered people admitted to retail stores) have hit the industry hard. This is the second year in a row that the industry has closed with a historic decline in sales. Fashion companies had ended the year 2020 with a 30% year-on-year decline in sales. (source: TextilWirtschaft, January 2021 and January 2022). Online commerce was once again the winner in the pandemic, with sales rising by 14.5% in the calendar year 2021 according to TextilWirtschaft (source: TextilWirtschaft, January 2022).

* Unless stated otherwise, all International Monetary Fund (IMF) data are from the January 2022 World Economic Outlook (WEO Report).

European Union

Accounting for 34.0% of the GERRY WEBER Group's sales, the countries of the European Union are our second biggest market. According to initial IMF calculations, the price-adjusted gross domestic product in the EU member states rose by 5.2%. This is due in particular to stronger-than-expected growth in Italy and France, rapid vaccination campaigns and government aid for enterprises and private households.

Russia

Accounting for 6.4% of total Group sales (previous year: 4.7%), Russia is a relevant international market for the Wholesale segment of the GERRY WEBER Group.

The IMF estimates that the Russian economy grew by 4.5% in the calendar year 2021. Real retail sales in Russia showed a good trend and clearly exceeded the pre-pandemic level of 2019 (source: Ostexperte.de, February 2022).

Overall assessment of the economic environment in the reporting period

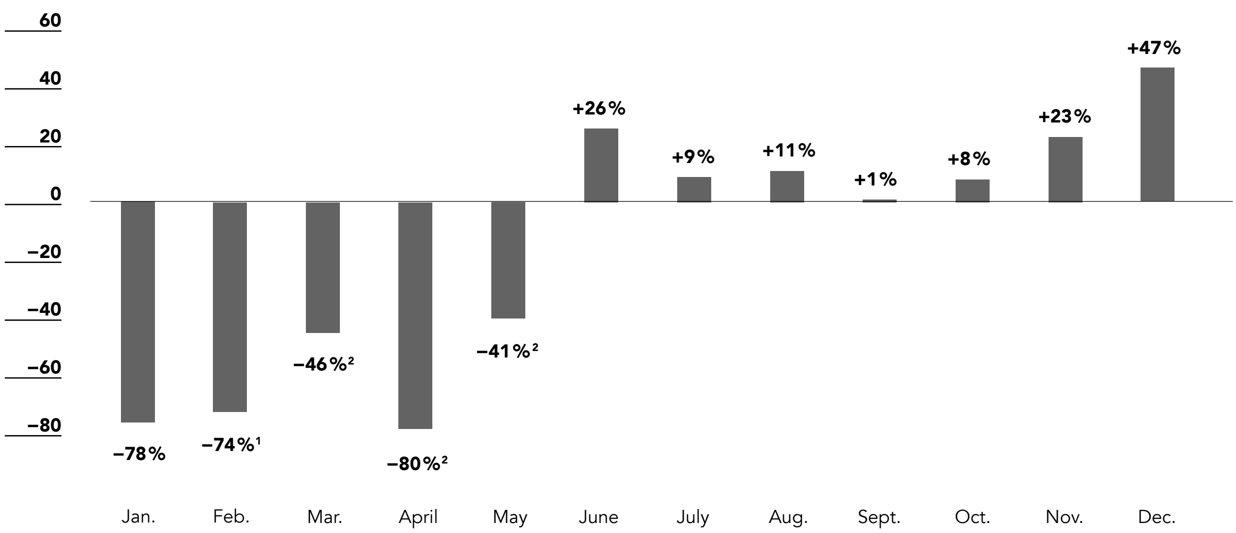
The general conditions for the physical retail stores were once again very challenging in the fiscal year 2021. In addition to the weak consumer sentiment for fashion items and the further declining footfall in the city centres, there were the retail store closures imposed by the authorities during the third Covid-19 wave at the beginning of the year, transport disruptions on the procurement side as well as a fourth wave including 2G regulations (i.e. only vaccinated and recovered people admitted to retail stores) in the autumn/winter.

As a result, fashion retailers in Germany lost around 12% of their sales revenues in the calendar year 2021, following the historic loss of 30% in 2020. Due to the closures at the beginning of the year, physical fashion stores lost some 55 sales days in 2021, 10 of which were Saturdays. In 2020, about 40 sales dayshad been lost (source: TextilWirtschaft January 2021 and January 2022).

Benefiting from the lockdown, online commerce was the winner and increased its revenues by 14.5% in 2021 (source: TextilWirtschaft, January 2022).

At the end of the calendar year 2021, once again exponentially rising incidence rates, declining economic growth forecasts and increasing inflation led to further uncertainty among people, who consequently thought even less about buying fashion. (source: TextilWirtschaft December 2021).

Sales revenues of Germany's physical fashion retailers vs. prior year month January 2021 to December 2021



1 The figure for February refers exclusively to physical multi-label fashion stores, as mono-label fashion stores generated hardly any sales. Sales for the entire TW Testclub declined by close to 90%.
2 Due to the shutdown in the previous year, sales are compared with 2019.

(Source: TW-Testclub of TextilWirtschaft magazine, January 2022).

EARNINGS, NET WORTH AND FINANCIAL POSITION

In the fiscal year 2021, the Group made error corrections by adjusting the respective items in the financial statements for previous years. The corrections are presented in the notes to the consolidated financial statements and have an impact on the consolidated balance sheet, the statement of comprehensive income, cash flow and earnings per share of the fiscal year 2020. The prior year information shown refers to the adjusted figures including the error corrections.

Sales performance

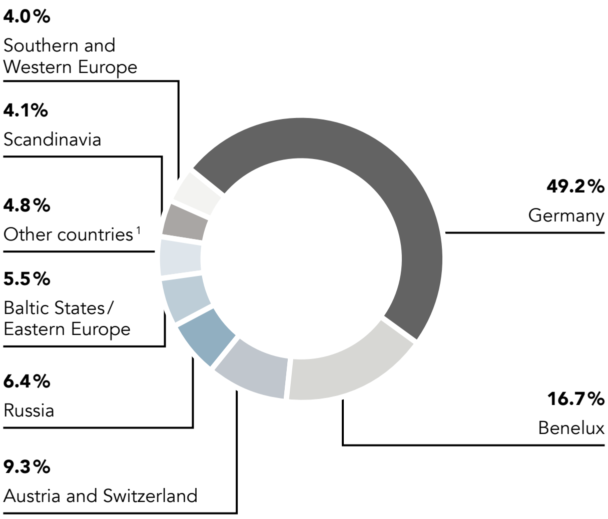
The GERRY WEBER Group generated consolidated sales of EUR 262.7 million in the fiscal year 2021 (previous year: EUR 278.1 million). Even though sales were lower than in the previous year, they came in at the lower end of the projected range of EUR 260 million to EUR 280 million.

In Germany, the GERRY WEBER Group generated sales of EUR 129.1 million (previous year: EUR 149.5 million), down 13.6% on the fiscal year 2020. This is due to weeks of store closures in Germany at the beginning of the fiscal year, additional discounts for unsold merchandise and the fourth Covid-19 wave together with 2G restrictions (admission to stores only for vaccinated and recovered people) and declining customer footfall in winter 2021.

The share of domestic sales in total sales declined to 49.2% (previous year: 53.8%), which means that 50.8% (previous year: 46.2%) of sales was generated outside Germany.

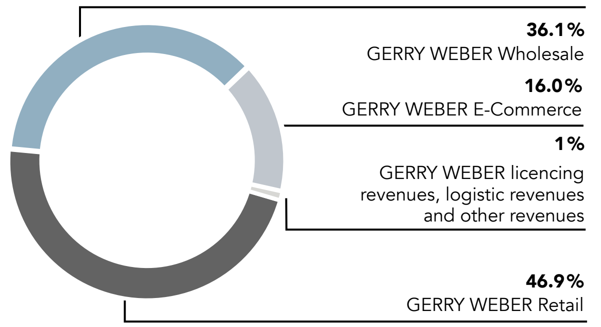
Relevant markets outside Germany are the Benelux countries, which account for 16.7% of total sales (previous year: 14.8%), Austria and Switzerland with 9.3% (previous year: 9.0%), Russia with 6.4% (previous year: 4.7%) and Eastern Europe/Baltic States with 5,5% (previous year: 4.8%).

Sales in FY 2021 by regions



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

Sales in FY 2021 by segments



The Retail segment generated sales of EUR 123.3 million in the fiscal year 2021 (previous year: EUR 126.9 million). The segment's share in total consolidated sales increased slightly to 46.9% (previous year: 45.6%).

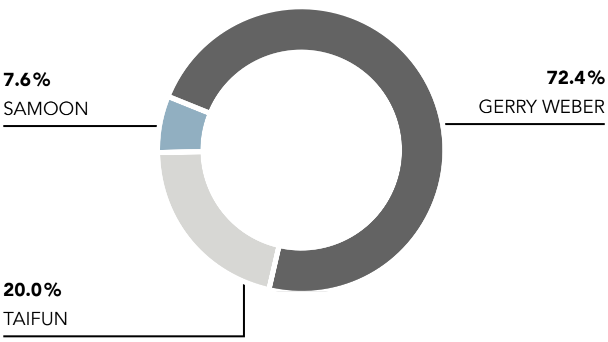
We opened 21 new points of sale during the fiscal year, while closing 31 points of sale, bringing the number of company-managed stores down to 559 (569 as at 31 December 2020).

On a like-for-like basis (i.e. excluding expansion and closures), Retail sales in 2021 were down by 2.8% compared to the fiscal year 2020.

The GERRY WEBER Group's Wholesale segment generated sales of EUR 94.9 million (previous year: EUR 112.4 million). As in the Retail segment, the decline in sales is attributable to store closures and, additionally, to the declining number of wholesale partners and a simultaneous restraint to place orders in view of high inventory levels on the part of the remaining wholesale partners. The segment's share in total Group revenues thus declined to 36.1% (previous year: 40.4%).

Our E-Commerce segment benefited from the store closures and the shopping restrictions imposed on physical retail stores by the authorities in 2021. As a result, we were able to further increase our sales in the fiscal year 2021. The E-Commerce segment generated sales of EUR 42.1 million (previous year: EUR 32.5 million), thus contributing 16.0% to consolidated sales, up from 11.7%.

Sales in FY 2021 by brands



The breakdown by brands shows that the GERRY WEBER brand, at 72.4%, made by far the biggest contribution to sales (previous year: 70.9%). SAMOON slightly increased its sales contribution to 7.6% in the fiscal year 2021 (previous year: 7.4%). TAIFUN's share decline somewhat to 20.0% (previous year: 21.7).

Earnings position

In the fiscal year 2021, other operating income totalled EUR 43.7 million, compared to EUR 17.0 million in the previous year. The noticeable increase in this income is mainly the result of the recognition through profit/loss of stopgap aid ("Überbrückungshilfe III") in the amount of EUR 28.3 million granted by the government to bridge the Covid-19 pandemic.

The cost of materials declined noticeably to EUR 98.7 million in the fiscal year 2021 (previous year: EUR 128.3 million). As a result, the cost of materials ratio improved to 37.6% from 46.1% in the previous year. The improvement is due, on the one hand, to the reduced share of Wholesale sales and, on the other hand, to the lower cost of materials ratio in the Retail and E-Commerce segments, which are attributable to lower merchandise write-downs. At 70.2%, the Wholesale segment's cost of materials ratio clearly exceeds the Group's cost of materials ratio of 37.6%.

Consequently, gross profit (sales less cost of materials) improved to EUR 164.0 million (previous year: EUR 149.8 million). The gross profit margin stood at 62.4%, compared to 53.9% in the previous year.

Personnel expenses totalled EUR 70.8 million in the fiscal year 2021, which was below the prior year level (EUR 85.6 million). The decline is attributable to the reduced headcount and lower restructuring-related expenses. The previous year's personnel expenses included restructuring-related severance payments for former Managing Board members and employees of EUR 7.3 million. Accordingly, personnel expenses as a percentage of sales stood at 26.9%, compared to 30.8% (28.8% without restructuring-related expenses) in the previous year. The average headcount was reduced further in the fiscal year 2021 and averaged 2,198, down from 2,497 in the fiscal year 2020. This is attributable to retail store closures and staff reductions at the headquarters in the fiscal year 2020 as well as to the sale of Ravenna Park. In the fiscal years 2020 and 2021, the GERRY WEBER Group took advantage of government support in the form of short-time work. In the fiscal year 2021, the positive effect from short-time work amounted to EUR 7.0 million and in the fiscal year 2020 to EUR 6.6 million, which means that the relief effect in the fiscal year 2021 was EUR 0.4 million higher than in the previous year.

* All ratios and margins are in relation to sales.

Depreciation and amortisation amounted to EUR 44.9 million in the fiscal year 2021, compared to EUR 57.1 million in the previous year. The decline is primarily attributable to the depreciation of right-of-use assets. Systematic depreciation of right-of-use assets decreased from EUR 26.7 million in the fiscal year 2020 to EUR 23.3 million in the fiscal year 2021. In addition, right-of-use assets were written down for impairment by EUR 4.0 million in the fiscal year 2021 (previous year: EUR 9.2 million). In both fiscal years, the write-downs for impairment were attributable to reduced profitability projections and store closures.

Other operating expenses decreased to EUR 76.9 million in the fiscal year 2021 (previous year: EUR 86.9 million, primarily due to declining legal and consulting costs and reduced write-downs for impairment on receivables.

Determination of EBITDA*:

in EUR millions	2021	2020
Sales revenues	262.7	278.1
Own work capitalised	4.4	3.7
Other operating income	43.7	17.0
Cost of materials	–98.7	–128.3
Personnel expenses	–70.8	–85.6
Other operating expenses	–76.9	–87.0
Other taxes	–1.1	–0.4
Reported EBITDA	63.2	–2.4
Adjustment IFRS 16	–34.4	–37.3
Normalised EBITDA	28.8	–39.7
Depreciation/amortisation	–44.9	–57.1
Reported EBIT	18.3	–59.4
Adjustment IFRS 16	–7.2	–1.5
Normalised EBIT	11.1	–60.9

Earnings before interest, taxes, depreciation and amortisation (reported EBITDA) rose sharply to EUR 63.2 million, compared to EUR –2.4 million in the fiscal year 2020. This increase is primarily explained by the recognition through profit/loss of stopgap aid ("Überbrückungshilfe III") in the amount of EUR 28.3 million, the personnel expense savings described above and the improved gross profit margin. Consequently, the corresponding reported EBITDA margin climbed to 24.1%, up from –0.9% in the previous year.

Adjusted for IFRS 16 effects, normalised EBITDA reached EUR 28.8 million in the fiscal year (previous year: EUR –39.7 million) and the normalised EBITDA margin 10.9% (previous year: –14.3%). This means that we have clearly exceeded our forecast of April 2021, which had projected normalised consolidated EBITDA in the low negative double-digit million range. Even without the stopgap aid of EUR 28.3 million and the positive effect of short-time work of EUR 7.0 million, we exceeded our forecast.

Taking into account depreciation/amortisation, the Group's reported EBIT for the fiscal year 2021 amounted to EUR 18.3 million (previous year: EUR –59.4 million) and the reported EBIT margin stood at 7.0% (previous year: –21.4%). Adjusted for the IFRS 16 effects, normalised consolidated EBIT amounted to EUR 11.1 million in 2021 (previous year: EUR –60.9 million) and the normalised EBIT margin to 4.2% (previous year: EUR –21.9%).

The GERRY WEBER Group's financial result improved strongly from EUR –25.8 million to EUR 5.7 million in the reporting period.

It includes income of EUR 30.3 million from the restatement of insolvency and loan liabilities. The measurement of parts of these liabilities depends on the future development of financial performance indicators of the Group.

The Managing Board currently assumes that, even based on the upper range of the current medium-term planning, no payment obligation will arise for 2023.

After deduction of income taxes, the consolidated net income for the fiscal year 2021 amounted to EUR 22.9 million. In the previous year, a consolidated net loss of EUR –85.9 million had been posted.

Earnings per share for the fiscal year 2021 are calculated on the basis of a total of 1,226,482 average shares outstanding and amounted to EUR 18.71 (previous year: EUR –76.33).

* The prior year figures have been adjusted. For an explanation of these error corrections, please refer to the notes to the consolidated financial statements.

Net worth position

Total assets of the GERRY WEBER Group declined noticeably and amounted to EUR 310.3 million as of 31 December 2021, down from EUR 372.7 million on 31 December 2020. The reduction in total assets is primarily due to a drop in capitalised right-of-use assets, a drop in cash and cash equivalents and the sale of Ravenna Park. Items which increased compared to the previous year were inventories, due to higher stocks in transit, and other assets, due to the capitalised entitlement to stopgap aid.

In accordance with IFRS 16, right-of-use assets from leases are reported under non-current assets. As at 31 December 2021, right-of-use assets worth EUR 84.7 million were recognised in the balance sheet (as at 31 December 2020: EUR 121.6 million). The decline in right-of-use assets was caused by systematic depreciation and write-downs for impairment due to store closures and the stores' reduced profitability prospects. On the liabilities side, current and non-current lease liabilities totalling EUR 108.4 million were reported as of the reporting date (as of 31 December 2020: EUR 139.0 million). The decline in lease liabilities is largely the result of repayments and contract modifications.

Property, plant and equipment decreased from EUR 70.2 million in 2020 to EUR 39.5 million in 2021. The main reason was the sale of Ravenna Park.

As of 31 December 2021, inventories amounted to EUR 65.3 million, compared to EUR 45.6 million at the end of December 2020. The increase is due to higher stocks in transit at the end of the fiscal year 2021 as well as to lower write-downs than in the previous year, when the Covid-19 pandemic had led to higher write-downs on inventories.

Cash and cash equivalents declined to EUR 50.0 million (31 December 2020: EUR 85.3 million). The reduction is primarily due to the repayment of the revolving credit facility (RCF), the repayment of insolvency liabilities and investments. Cash and cash equivalents reported as of 31 December2021 also include trust accounts with a balance of EUR 12.2 million (31 December 2020: EUR 21.1 million). These trust accounts are subject to restrictions on disposal and serve to settle insolvency liabilities.

Equity capital comprises the subscribed capital and the reserves of the Group. In the fiscal year 2021, the subscribed capital of GERRY WEBER International AG was increased by EUR 17,608.00 from EUR 1,220,238.00 to EUR 1,237,846.00 by way of a capital increase.

The profit of EUR 22.9 million incurred in the fiscal year 2021 increased the GERRY WEBER Group's equity to EUR 61.6 million (previous year: EUR 38.3 million).

Non-current liabilities dropped to EUR 147.8 million as of 31 December 2021 (previous year: EUR 224.5 million). They include non-current lease liabilities of EUR 80.6 million (previous year: EUR 109.0 million). The latter declined due to redemption payments and contract modifications. Non-current financial liabilities of EUR 61.9 million (previous year: EUR 111.3 million) include liabilities to insolvency creditors and loans from the main financing partners. The decline in non-current liabilities to insolvency creditors to EUR 25.1 million (previous year: EUR 86.0 million) is due to the remeasurement of the financial liabilities. The measurement of parts of these liabilities depends on the future development of financial performance indicators of the Group. The Managing Board currently assumes that, even based on the upper range of the current medium-term planning, no payment obligation will arise for 2023. By contrast, the loans from the main financing partners increased to EUR 38.6 million (previous year: EUR 25.2 million). The exchange offer accounts for EUR 10.0 million of this amount.*

Other current provisions declined to EUR 17.5 million as of 31 December 2021 (previous year: EUR 22.5 million). This was mainly attributable to the utilisation of restructuring provisions of EUR 3.6 million, of which EUR 3.1 million related to provisions in connection with the insolvency and EUR 0.5 million to the dismantling of fittings following to store closures. Moreover, maintenance provisions for Ravenna Park in the amount of EUR 0.8 million were used.

Accordingly, current liabilities amounted to EUR 101.0 million as of 31 December 2021 (31 December 2020: EUR 110.0 million). Financial liabilities decreased from EUR 31.3 million to EUR 7.2 million. This is due to the repayment of the RCF in the amount of EUR 17.8 million. Trade liabilities moved in the opposite direction, rising from EUR 17.2 million to EUR 30.3 million due to higher stocks in transit. The Group's net working capital** (balance of current operating assets and liabilities) stood at EUR 52.6 million as at the end of December 2021, compared to EUR 28.5 million on 31 December 2020. The increase in the fiscal year 2021 is primarily due to the stopgap aid recognised in the amount of EUR 28.3 million.

* EUR 5.0 million in additional capital and conversion of bonds in the amount of EUR 5.0 million into long-term loans. Please refer to the information provided in the section "Material events in the reporting period".

** Net working capital is defined as inventories plus trade receivables plus other assets plus income tax receivables less tax provisions less other provisions less trade liabilities less other liabilities.

Financial position

Principles and objectives of financial management

Company-wide financial management is controlled centrally by the Finance Department. The overarching objectives include securing the Group's financial stability and flexibility, ensuring solvency at all times and managing financial risks. Besides Group financing, company-wide financial management also includes cash and liquidity management, currency risk management and counterparty risk management.

Liquidity risks are monitored continuously on the basis of the budget prepared for the budget year and the following years. In addition, the maturity profiles of financial assets and liabilities are matched regularly. Plan risks are managed through regular monitoring of projected and actual cash flows.

In addition, rolling 13-week and medium-term liquidity planning is performed, with the help of which the Group monitors and manages the risk of a short and medium-term liquidity bottleneck.

For further details on the financial risks, please refer to the notes, section E.

Capital structure and financing

As of the end of December 2021, the following financing instruments were available to the GERRY WEBER Group: fixed-interest bonds, convertible bonds, long-term loans including exchange offer and revolving loans.

Bonds and convertible bonds – The fixed-interest bonds and the convertible bonds have a term until 31 December 2023 and bear interest at a rate of 4% p.a. as well as, from 1 January 2023, 5% p.a. and 3%, respectively, over the entire term until the conversion right is exercised. The liabilities are unsecured and not subject to any covenants.

Revolving credit facility and loan liabilities – The Group has long-term loans 2019 (Long Term Facility Agreement, hereinafter referred to as TFA) and a EUR 17.5 million revolving credit facility ("RCF"). The current interest rate for the long-term loan is 12.0% p.a.; up to 8.0% thereof may be deferred until final maturity (PIK). The loan is accounted for using the effective interest method. The revolving credit facility has an interest rate of 8.0% p.a. and a commitment rate of 4.0% p.a. The long-term loan has a final maturity date of 31 December 2023. The revolving credit facility is also limited until 31 December 2023.

In the fiscal year 2021, the bondholders were offered the option to convert their claims into a new loan ("2021 TFA") against an additional cash payment in the amount of the converted amount under certain conditions, which led to the raising of additional EUR 5.0 million in cash and cash equivalents as well as the conversion of the liabilities from bonds into long-term loans of a further EUR 5.0 million.

In the second half of 2021, interest payments on the long-term loans were deferred by the main financing partners until January 2022.

The revolving credit facility and the long-term loans (in the previous year: RCF and 2019 TFA) are secured by land and buildings, inventories, trade receivables as well as cash and cash equivalents. As of 31 December 2021 (31 December 2020), this collateral had carrying amounts of KEUR 15,000 (KEUR 15,000), KEUR 67,514 (KEUR 48,963), KEUR 11,144 (KEUR 9,054) and KEUR 42,329 (KEUR 75,234), respectively.

Please refer to the more detailed information provided in the section "Financial liabilities" in the notes to the consolidated financial statements.

The covenants in the loan agreements for the long-term loans and the revolving credit facility were revised with the issuance of the 2021 long-term loan (2021 TFA). The Group is now obliged to maintain liquidity plus unused credit commitments of at least EUR 4.0 million. The net-debt-to-normalised-EBITDA ratio must stand at or below 5.94 as of 31 December 2022 and at or below 3.10 as of 31 December 2023. In addition, the normalised-EBITDA-to-interest-expense ratio must stand at or above 1.31 as of 31 December 2022 and at or above 2.84 as of 31 December 2023. Also, investments may not exceed an annual amount of EUR 12.1 million in 2022 and EUR 6.9 million in 2023. At the end of the fiscal year 2021, the net-debt-to-normalised-EBITDA ratio (leverage) stood at 0.66, while the normalised-EBITDA-to-interest-expenses ratio stood at 2.70.

In accounting for part of the loan liabilities, the Group makes an assumption that influences the amount of liabilities recognised. The recognition as a liability of transaction fees of KEUR 2,496 with final maturity on 30 June 2024 depends on the achievement of certain financial ratios as of 31 December 2023. The sum total of 3 times adjusted consolidated EBITDA of the year 2023 plus cash and cash equivalents less minimum liquidity and net debt (as the sum of credit lines, loans, bonds, lease liabilities) must be equal to or exceed the total deferral amount resulting from these transaction fees as well as the deferred receivables described in the following section "Insolvency liabilities". In the event of no cover or only partial cover, these transaction fees will not be paid in full or only on a pro rata basis.

Insolvency liabilities

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

As a consequence of the Covid-19 pandemic, individual agreements were reached with a large number of creditors from all insolvency creditor groups of GERRY WEBER International AG in spring 2020 regarding the adjustment of their claims. Essentially, it was agreed that these creditors would defer 35% of their claims until 31 December 2023. As a result, the non-current portion of liabilities to insolvency creditors increased, while the current portion decreased. The deferred claims existed in the form of claims from cash quotas and excess liquidity quotas. The deferral was treated as the derecognition of the original liability and the recognition of a new liability in 2020. The difference of EUR 1.7 million was recognised in profit/loss in the previous year.

In return for the deferral of claims from cash, additional and excess liquidity quotas, the creditors were promised a payment of 2% ("exit kicker") of their claims filed in the insolvency table. This payment will be made only to the extent that adjusted consolidated EBITDA of EUR 30.0 million are achieved in the fiscal year 2023.

Additional quotas were created for the insolvency creditors of GERRY WEBER International AG, e.g. for the sale of the Ravenna Park logistics centre and the remaining 12% interest in Hallhuber held by GERRY WEBER International AG. As of 31 December 2020, the fair value of the shares in Hallhuber recognised under other financial assets was assumed to be zero instead of the previous KEUR 1,500 as insolvency proceedings were opened against the company's assets in July 2020. Correspondingly, the Hallhuber additional quota was fully derecognised through profit and loss in the fiscal year 2020. Due to the sale of the Ravenna Park logistics centre in the fiscal year 2021, it was possible to reduce the liability from the additional quota by EUR 25.0 million through repayment as of 31 December 2021.

In accounting for insolvency liabilities, the Group makes two assumptions that influence the amount of liabilities recognised. First, the recognition of the exit kicker as a liability requires the estimate of adjusted consolidated EBITDA of the fiscal year 2023. In addition, the repayment of the insolvency liabilities is subject to the condition that the sum total of 3 times adjusted consolidated EBITDA of the year 2023 plus cash and cash equivalents less minimum liquidity and net debt (as the sum of credit lines, loans, bonds, lease liabilities) exceeds the amount of the deferred receivables. In the event of no or partial cover, the creditors waive the deferred claims in full or on a pro rata temporis basis.

Income from the measurement of financial liabilities

Taking into account deferred insolvency liabilities and parts of the loan liabilities , the total deferral amount measured at amortised cost was EUR 30.3 million as at 31 December 2021.

The Group has changed its assumption regarding the achievement of financial performance indicators compared to the previous year and, as at 31 December 2021, no longer assumes that adjusted consolidated EBITDA of EUR 30.0 million will be achieved in the fiscal year 2023, that the exit kicker will be paid to the creditors and that the deferred claims from the cash and excess liquidity quotas will be serviced.

The changed estimate of payments to be made in the future has led to an adjustment through profit/loss of the insolvency liabilities measured at amortised cost and parts of the loan liabilities. The income from the adjustment of the insolvency liabilities in the amount of EUR 30.3 million was recognised in the financial result in the item "Income from the measurement of financial liabilities". In the event of a positive deviation of 20% or more from the planned adjusted consolidated EBITDA for the fiscal year 2023, the deferred insolvency liabilities and parts of the loan liabilities would be repaid pro rata to full. This does not affect the nominal amounts of the bonds and convertible bonds.

The table below shows the changes in non-current and current financial liabilities in the fiscal year 2021:

GERRY WEBER International AG	1 January 2021	Repayment/ New raising	Interest	Deferral	Reclassification current and non-current	Measurement	Other	**31 Dec. 2021**
Cash ratio	1,182	–1,175	22	0	964	0	0	993
GERRY WEBER Retail GmbH cash ratio and ELR (100%)	7,309	–5,736	52	0	0	0	0	1,625
Additional quotas	0	0	0	0	2,570	0	0	2,570
Provisions and adjustments	5,309	–592	0	0	0	0	–4,611	106
Current insolvency liabilities	**13,800**	**–7,503**	**74**	**0**	**3,534**	**0**	**–4,611**	**5,294**
Revolving credit facility (incl. capitalised interest)	17,500	–17,500	889	0	0	0	0	889
Current portion of long-term loans	0	0	1,050	0	0	0	0	1,050
Current financial liabilities	**31,300**	**–25,003**	**2,013**	**0**	**3,534**	**0**	**–4,611**	**7,233**
Bonds	38,487	0	0	0	0	–11,009	–5,002	22,476
Convertible bonds	1,832	0	0	0	0	–641	0	1,191
GERRY WEBER International AG cash ratio	6,817	0	307	0	–964	–6,160	0	0
GERRY WEBER International AG excess liquidity ratio	9,447	0	319	0	0	–9,766	0	0
Additional quotas	29,146	–27,110	1,945	0	–2,570	0	0	1,411
Bond interest	311	0	566	0	0	–877	0	0
Non-current insolvency liabilities	**86,040**	**–27,110**	**3,137**	**0**	**–3,534**	**–28,453**	**–5,002**	**25,078**
Long-term loans (incl. capitalised interest)	25,236	5,002	3,355	–2	0	–1,823	5,002	36,770
Non-current financial liabilities	**111,276**	**–22,108**	**6,492**	**–2**	**–3,534**	**–30,276**	**0**	**61,848**

The GERRY WEBER Group must refinance its outstanding debt by the end of 2023. As a first step, the RCF was partially refinanced in January 2022. Furthermore, the GERRY WEBER Group was able to clearly reduce its net liabilities from EUR 57.3 million to EUR 19.1 million in the fiscal year 2021, primarily through the remeasurement of the financial liabilities and the settlement of the liability from the sale of Ravenna Park.

The Managing Board assumes that the refinancing will be completed successfully by 31 December 2023. For more information on the corresponding risks, please refer to the information provided in the risk report and in the notes to the consolidated financial statements.

Cash flow statement

In the fiscal year 2021, cash flow from operating activities amounted to EUR 5.9 million (previous year: EUR –9.1 million). The increase against the prior year period is mainly attributable to the sharp rise in the operating result and the inflow from government stopgap aid in the amount of EUR 12.0 million.

Cash flow from current operating activities stood at EUR 14.4 million, compared to EUR –3.4 million in the prior year period.

Net cash provided by investing activities amounted to EUR 15.0 million after the sale of Ravenna Park, which resulted in sales proceeds of EUR 25.0 million (prior year period: EUR –8.4 million).

Net cash used in financing activities stood at EUR –47.3 million (prior year period: EUR –46.7 million). Insolvency liabilities of EUR –34.6 million were repaid in the fiscal year 2021. Of this amount, EUR 25.0 million relates to payments to creditors from the proceeds from the sale of Ravenna Park. In addition, net cash of EUR 17.8 million was used in the repayment of lease liabilities. Also, the exchange offer provided the GERRY WEBER Group with net cash of EUR 5.0 million from the raising of loans. Please refer to the above comments on the changes in non-current and current financial liabilities.

Cash and cash equivalents less current account liabilities declined by EUR 17.8 million in the reporting period and stood at EUR 50.0 million at the end of 2021.

The Group companies were able to meet their payment obligations at all times in the fiscal year. With regard to deferral agreements, please refer to number (14) of the notes to the consolidated financial statements. We see a very high probability that liquidity is secured also for the fiscal year 2022. Please refer to the detailed information in the risk report and the notes to the consolidated financial statements.

In the fiscal year 2021, the GERRY WEBER Group invested EUR 10.0 million (previous year: EUR 8.7 million), of which EUR 1.5 million related to the Retail segment (previous year: EUR 0.8 million), EUR 1.5 million related to the Wholesale segment (previous year: EUR 0.6 million) and EUR 0.9 million related to the E-Commerce segment (previous year: EUR 1.0 million). Of the remaining EUR 7.0 million (previous year: EUR 2.6 million), EUR 1.4 million was invested in IT systems and EUR 0.7 million in furniture and fixtures.

Achievement of objectives / General statement on the economic situation

The ongoing Covid-19 crisis and the restrictions imposed by the authorities on textile retailers strongly restricted the business activities of GERRY WEBER International AG in the fiscal year 2021. At the beginning of the fiscal year 2021, our stores in Germany were closed without interruption until 7 March 2021. As a result, we lost about 55 sales days in our most important market, 10 of which were Saturdays. In the course of the year, the regionally varying restrictions were repeatedly adapted to the respective infection situation and tightened again noticeably towards the winter, which had a clearly negative impact on customer footfall in the city centres and thus also in our stores. The strong increase in infection figures again led to a weeks-long lockdown, e.g. in the Netherlands.

Since the beginning of the pandemic, we have responded to the crisis with a combination of different instruments, in particular financing measures (such as exchange offer, deferrals), various operational measures (such as expansion of the online business and stronger integration with the physical stores, subleasing of space, rent renegotiations) and the use of government assistance (such as short-time work, stopgap aid) and will continue to do so – to the extent necessary – in the fiscal year 2022 so as to try to reduce the adverse effects. From the point of view of the Managing Board, 2021 was another challenging fiscal year due to the pandemic and its consequences. Nevertheless, we have been able to respond adequately to all challenges and to take counter-measures, so that we are satisfied with the normalised EBITDA generated in the fiscal year.

The GERRY WEBER Group has defined the following key performance indicators to measure its economic performance: consolidated sales and normalised EBITDA. In the fiscal year 2021, the Group additionally introduced employee satisfaction as another non-financial key performance indicator.

Sales in line with expectations

In the fiscal year 2021, consolidated sales of GERRY WEBER International AG amounted to EUR 262.7 million, thus coming in at the lower end of our original forecast of EUR 260 million to EUR 280 million.

Normalised EBITDA exceed forecast

Normalised EBITDA reached EUR 28.8 million, which was also clearly above the previous year's EUR –39.7 million. We clearly exceeded our forecast, which projected normalised consolidated EBITDA in the medium negative double-digit million range. Even without the stopgap aid of EUR 28.3 million and the positive effect from short-time work of EUR 7.0 million, we exceeded our forecast.

Employee satisfaction noticeably increased

Employee satisfaction is a key non-financial performance indicator for us, which also forms the basis of the long-term incentive plan for the Managing Board and senior management. We want to attract those people who we need to operate successfully on the market in the long term and retain and develop them permanently through development, promotion and attractive prospects.

For the fiscal year 2021, we had set ourselves the goal of increasing employee satisfaction compared to the previous year and use the annual "Working in Fashion" ranking published by TextilWirtschaft magazine for the fashion industry as a benchmark for assessment. In the fiscal year 2021, we improved from 40th to 30th place in this ranking and thus also achieved our forecast in this respect.

Segment report

Based on its internal controlling and reporting structure, the GERRY WEBER Group divides its business model into three segments: Retail, Wholesale and E-Commerce.

The three 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 three 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 three distribution segments.

All expenses and assets not directly attributable to the segments are shown in the following reconciliations under Other or Consolidation. The Other item comprises GERRY WEBER International AG as well as the Group's Shanghai, Turkey and Far East procurement offices.

Retail

The Retail segment's sales comprise sales in the company-managed points of sale. Sales to external third parties amounted to EUR 123.3 million in the fiscal year 2021 (previous year: EUR 126.9 million). The decline is attributable to store closures and the longer lockdown in the fiscal year 2021. On a like-for-like basis (i.e. excluding expansion and closures), Retail sales in the fiscal 2021 were down by 2.8% compared to 2020.

In the fiscal year 2021, we opened 21 new retail spaces. At the same time, 31 points of sale were given up, which means that our sales network was reduced by 10 points of sale on balance. On 31 December 2021, the Retail segment thus comprised 559 (previous year: 569) points of sale in Germany and abroad.

As a result of the closures, sales space was reduced from 90,690 square metres at the end of 2020 to 89,751 square metres on 31 December 2021. The closures in 2021 primarily related to the German and Dutch markets.

Personnel expenses amounted to EUR 35.7 million and continued to decline compared to the fiscal year 2020 due to store closures and short-time work (previous year: EUR 41.3 million). The number of employees decreased slightly from 1,674 to 1,631 on an annual average.

Retail EBITDA amounted to EUR –25.6 million (previous year: EUR –17.5 million). Retail EBIT totalled EUR –30.4 million (previous year: EUR –23.5 million). The decline in both figures is mainly due to Covid-19-related sales shortfalls and further store closures.

The Retail segment's assets decreased from EUR 89.8 million on 31 December 2020 to EUR 78.0 million, primarily against the background of the systematic depreciation and write-downs for impairment of right-of-use assets, the depreciation of property, plant and equipment (e.g. leasehold improvements) as well as the reduction in receivables. At EUR 83.6 million, Retail liabilities were above the prior year level (31 December 2020: EUR 79.3 million). Investments in non-current assets amounted to EUR 1.5 million (previous year: EUR 0.8 million).

Wholesale

The Wholesale segment's sales to external third parties declined from EUR 112.4 million in the previous year to EUR 94.9 million in the fiscal year 2021. This is attributable to the decline in the number of franchise partners and the shop-in-shops. In the fiscal year 2021, the number of franchise partners decreased to 210 as of 31 December 2021 (previous year: 241). The number of shop-in-shops declined to 1,410 as of 31 December 2021 (previous year: 1,754).

The average annual number of Wholesale employees increased to 111 (previous year: 96). Personnel expenses nevertheless declined to EUR 6.3 million (previous year: EUR 9.0 million), mainly due to the fact that the severance payments of the previous year were not incurred again in the fiscal year.

Wholesale EBITDA increased to EUR 8.0 million in the fiscal year 2021 (previous year: EUR 5.2 million). Wholesale EBIT stood at EUR 5.9 million (previous year: EUR 1.4 million). The improvement in both figures is primarily explained by the reduction in personnel expenses described above and by a drop in other operating expenses.

Assets attributable to the segment amounted to EUR 98.5 million, which was more or less on a par with the previous year (31 December 2021: EUR 101.3 million), while liabilities, at EUR 93.1 million, slightly exceeded the previous year (previous year: EUR 90.8 million).

Investments in non-current assets amounted to EUR 0.7 million (previous year: EUR 0.6 million).

E-Commerce

Sales of the E-Commerce segment increased to EUR 42.1 million in the fiscal year 2021 (previous year: EUR 32.5 million). At the beginning of the fiscal year, the E-Commerce segment benefited from the lockdown. Also, new marketplaces were opened, as a result of which the segment grew by 29.5% over the year as a whole, thus outperforming the market (Source: Statista, January 2022).

The E-Commerce segment's personnel expenses totalled EUR 1.5 million (previous year: EUR 1.2 million). The number of employees climbed to 25 (previous year: 25) on an annual average.

EBITDA nevertheless dropped from EUR 3.6 million in the previous year to EUR 3.2 million due to increased freight costs and advertising activities. EBIT stood at EUR 3.2 million (previous year: EUR 3.6 million).

Assets attributable to the segment amounted to EUR 10.4 million at the end of 2021, compared to EUR 13.0 million at the end of December 2020. Liabilities attributable to the segment increased to EUR 11.3 million (previous year: EUR 6.0 million).

Investments in non-current assets amounted to EUR 0.9 million (previous year: EUR 1.0 million).

FORECAST, RISK AND OPPORTUNITY REPORT

Forward-looking statements

The forecast includes the Managing Board's expectations regarding the future company-specific, financial, macroeconomic, sector-specific and geopolitical developments which may influence the company's business activities. The report reflects the Managing Board's knowledge at the time of the preparation of this combined management report in May 2022.

As an international fashion and lifestyle company, the GERRY WEBER Group operates sales and procurement structures in Germany and abroad. This means that the overall economic, political and social conditions, also outside our German home market, are important to us.

Outlook on the economic situation in the key output markets

The outlook for the world economy, for the eurozone and Germany has deteriorated noticeably since the beginning of the conflict between Russia and Ukraine in February 2022.

In January 2022, the International Monetary Fund (IMF) still assumed that global economic growth (as measured by the gross domestic product (GDP)) would slow down but still reach 4.4%. At the time, the slower growth was attributed to supply chain problems, high inflation, record debt levels and the consequences of the Omicron wave. The recovery in the eurozone was expected to slow down to 3.9%. For Germany, the IMF had downgraded its growth forecast to 3.5% in view of ongoing supply chain problems.

At the end of March – i.e. after the start of the Russia-Ukraine conflict – the Institute for the World Economy (IfW Kiel) presented its spring forecast for the world economy, the eurozone and Germany. The IfW Kiel expects the world economy to grow much more slowly due to the Russia-Ukraine conflict and projects growth of 3.5% The IfW's GDP growth expectations are 2.1% for Germany and 2.8% for the eurozone; at the same time, the IfW says that all forecasts are subject to great uncertainty as the consequences of the Russia-Ukraine conflict are difficult to predict.

The GERRY WEBER Group maintains business relationships in both countries; together with wholesale partners, it operates 64 franchise stores and shop-in-shops in Russia and 18 points of sale in Ukraine.

According to Gesellschaft für Konsumforschung (GfK), consumer sentiment in Germany has deteriorated noticeably since the start of the war. The GfK Consumer Climate Index deteriorated from –6.7 points in February 2022 to –15.7 points in April 2022. Concerns about an expansion of the conflict as well as about sanctions and their consequences, disrupted supply chains, growing inflation as a result of the conflict and concerns about a recession and its effects are weighing heavily on consumer sentiment (source: TextilWirtschaft March 2022, Statista April 2022).

Industry developments

The start to the fiscal year 2022 was marked by the fourth Covid-19 wave, the Omicron variant as well as by the strict 2G rule for the German retail sector (only vaccinated and recovered people admitted to stores). Between them, all these factors hit the physical fashion stores hard. While footfalls in the city centres and consumer sentiment are above the prior year levels, which were adversely affected by the store closure, they are clearly below the pre-pandemic level.

In addition, the industry is affected by war-related and pandemic-related shortages in logistics as well as rising material, freight and energy costs, which will lead to sometimes substantial price increases for consumers in the further course of the calendar year 2022 (source: TextilWirtschaft, March 2022).

Expected development of the GERRY WEBER Group in the fiscal year 2022

In view of the factors outlined above, we continue to regard our current economic environment as challenging.

Our forecast for the fiscal year 2022 (as of May 2022) is based on the following assumptions:

We assume that physical retail stores – which include our Retail and Wholesale reporting segments – will remain open throughout 2022 due to high vaccination rates and that there will be fewer restrictions on shop operations during the year than in the first quarter of 2022. In 2021, our physical POS in Germany alone were closed for around 55 days, which should lead to a catch-up effect compared to the previous year. Online commerce is expected to grow by 20% in 2022 (source: Statista, October 2021). We also assume that consumer sentiment in Germany and in Benelux, Austria and Switzerland, which are important markets for the GERRY WEBER Group, will not deteriorate further in the coming months (as of May 2022). We plan to maintain our business relations with our partners in Russia and Ukraine. Potential negative effects of the Russia-Ukraine conflict such as sales shortfalls and pressure on margins have been taken into account in our forecast to the extent that they can be estimated. The forecast also assumes that cost increases can be fully passed on to customers through price increases. Finally, it includes cost savings in the form of personnel measures, especially short-time work, and measures aimed at optimising the stock of merchandise such as the sale of old merchandise and the optimisation of procurement.

For our Retail and Wholesale segments, we expect sales to grow noticeably compared to the previous year, primarily due to the catch-up effect following the previous year's store closures.

The E-Commerce segment is expected to continue growing at 20% plus per year, which would be in line with the market growth projected by Statista.

Sales forecast

Against this background and based on the premises described above, the Managing Board of GERRY WEBER International AG expects Group sales to range between EUR 310 million and EUR 335 million in fiscal 2022.

Earnings forecast

The Managing Board of GERRY WEBER International AG expects normalised Group EBITDA (excluding effects from lease accounting in accordance with IFRS 16) to be in the negative single-digit million euro range, with the actual amount of normalised Group EBITDA depending on the ultimate sales performance. Should consolidated sales come in at the lower end of the projected range, the measures mentioned above would have to be implemented successfully for normalised EBITDA to reach the expected level.

Employee satisfaction

The satisfaction of our employees is another – non-financial – key performance indicator. The Managing Board of the GERRY WEBER Group is well aware of how important a good employer image is for the company's long-term performance as it is a reflection of employee satisfaction.

The annual "Working in Fashion" ranking of TextilWirtschaft magazine for the fashion industry serves as the basis for the assessment of employee satisfaction. In the fiscal year 2021, the GERRY WEBER Group ranked 30th out of a total of 40 fashion companies. The Managing Board intends to achieve a place at the prior year level in the 2022 survey.

General statement on projected developments

The risks and opportunities that may cause the business performance to deviate from the forecast are outlined in the risk and opportunity report below. The material risks to the Group's sales and earnings include, in particular, consumer behaviour, also caused by deteriorating consumer sentiment, the unforeseeable development of the Russia-Ukraine conflict as well as the further course of the Covid-19 pandemic. Other material risks include a further increase in procurement prices beyond the expected levels and the inability to fully pass on the higher costs to our customers through price increases.

The occurrence of one or several of these risks would have a clearly adverse impact on the GERRY WEBER Group's business performance in the fiscal year 2022, which would have negative effects on liquidity and on compliance with the covenants in the existing financing agreements. They might also entail impairments of right-of-use assets as well as of property, plant and equipment. The occurrence of one or several of these risks may also lead to the parent company, individual material subsidiaries as well as the Group as a whole being unable to realise assets and meet liabilities in the ordinary course of business.

Beyond the end of the forecast period, the company's ability to continue operating as a going concern will essentially depend on the successful refinancing of the non-current financial liabilities of GERRY WEBER International AG including interest as at 31 December 2023. If the financial liabilities are not refinanced, the company and, hence, the Group, might not be able to service the liabilities due on 31 December 2023

Risk and opportunity report

The business activities and the realignment of the GERRY WEBER Group open up a large number of opportunities, while at the same time being subject to a large number of risks.

Risks refer to future developments or events that may lead to a negative deviation from the company's goals. Consequently, opportunities refer to future developments or events that may lead to a positive deviation from the company's goals.

As a general rule, the risks and opportunities reported in the combined management report refer to a one-year period.

Fundamentals of the risk management system

The aim of risk management is to systematically identify risks in good time, to adequately quantify them, to understand their scope and to avert or reduce damage from the company by taking adequate measures and to secure the company's continued existence by identifying going concern risks at an early stage. This also includes monitoring and documenting the risks identified.

In the course of 2021, dedicated workshops were held with the executives of the various divisions (including Retail, Wholesale and E-Commerce) to identify the risks and thus create a "bottom-up" risk inventory.

The material risks were assessed by the Managing Board members at the end of the fiscal year. Based on the decision of the Managing Board, the Risk Management Department prepares the final risk and opportunity report. In addition, the Managing Board monitors the development of the Group based on the income statement presented to it each month and the liquidity plan, which is updated on a rolling monthly basis.

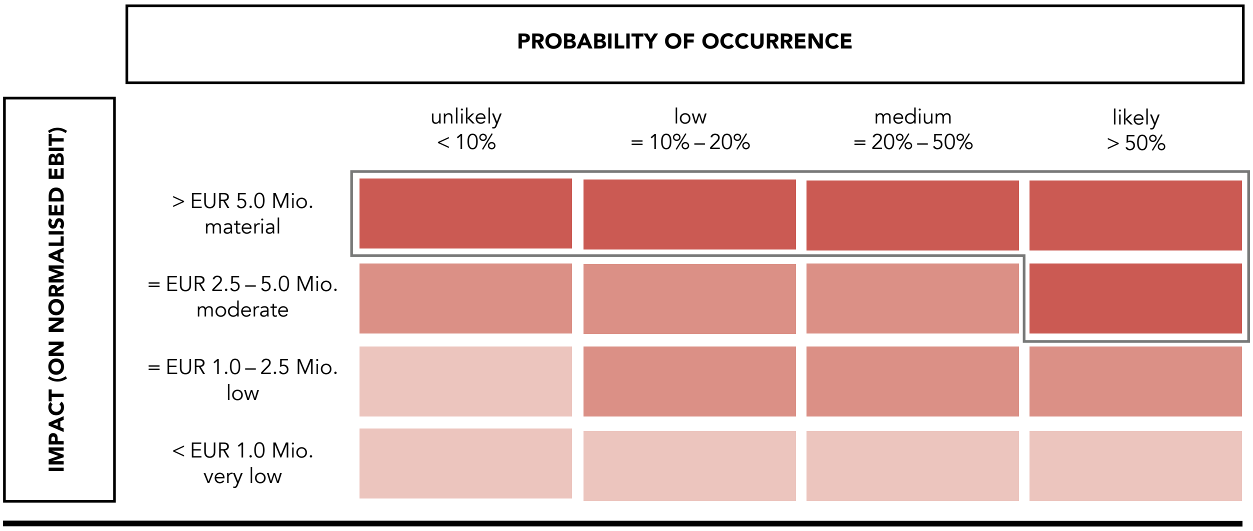
In the fiscal year 2021, a risk management manual was drawn up which documents the Group-wide standards for the systematic management of risks.

The GERRY WEBER Group's risk management system is to be further developed in 2022 in line with the internationally accepted COSO framework. We see this further development as an investment and a clear commitment to good and sustainable corporate governance.

The risks that are relevant to the GERRY WEBER Group can be divided into the following risk groups: strategic risks, operational risks, financial risks, compliance risks and overarching risks.

The material risks and opportunities as well as their impact on the net worth, financial and earnings position of the GERRY WEBER Group are presented below: Unless stated otherwise, the individual risks refer to the three GERRY WEBER segments, Retail, Wholesale and E-Commerce. The risks are assigned to the risk classes defined below based on the net consideration of their financial impact and their probability of occurrence, i.e. after consideration of counter-measures.

Risk matrix (aggregated risks)



The risk matrix shows the estimated impact of the respective risks on the GERRY WEBER Group's normalised EBIT. Due to the liquidity situation, depending on the time of occurrence of a risk, even a moderate impact (EUR 2.5 to 5 million) could lead to a threat to the ability of the parent company, material subsidiaries or the Group to continue as a going concern if the Managing Board fails to mitigate the impact through compensating liquidity savings or obtaining corresponding additional financing. The expected value of the risk considers not only the maximum amount of damage but also the probability of occurrence. Insofar, a moderate risk is classified as a potential going concern risk only if the probability of occurrence is greater than 50%.

Please refer to the section "Going concern risks" in the risk and opportunity report.

Strategic risks

Repositioning of the GERRY WEBER Group

The GERRY WEBER Group pursues the strategy of modernising the GERRY WEBER brand and the collection with the aim of rejuvenating the customer base. This entails the risk of losing existing customers in the short term and winning fewer new customers than planned. This may result in sales in the fiscal year 2022 being lower than planned and the planned EBITDA not being achieved as a result.

We currently consider the probability of a decline in sales and earnings to be low. The potential impact is also regarded as low.

Product performance risk

With regard to product performance, there is a risk of potentially ignoring new trends or changes in customer requirements or of not recognising them early enough, which may result in part of the collections failing to meet consumers' needs and requirements. A lack of attractiveness of our fashion may lead to sales and earnings deviating from plan.

To mitigate this risk, the national and international fashion markets are closely monitored by the Product Development Department and emerging trends are adapted for our target groups. Regular customer surveys and the feedback received from our fashion advisors in our own stores help us identify the wishes of our customers and to incorporate them into our collections. We also use a web-based "360-Degree Product Performance Panel", which provides us with representative feedback obtained from the markets to adjust our product and category strategy in a continuous and timely manner. We have reduced our lead times in product development and switched procurement to full package service. Both allows us to respond more quickly to new trends. In addition, we regularly offer what we refer to as "read & react products", which we develop, produce and sell quickly and outside of the regular collections based on our analysis tools and market research. This allows us to respond more quickly to customer requirements, thus reducing the risk of poor product performance.

We currently consider the probability of this risk leading to a decline in sales to be low. The potential impact on EBIT is regarded as moderate.

Structural change in the retail sector

Changes in the competitive and retail environment may influence the performance of our company. Sales in physical retail and wholesale stores depend on customer footfall at the respective locations. For several years, there has been a steady decline in footfall in certain city centre locations as well as a shift from small and medium-sized towns to larger cities. A decline in the attractiveness of certain shopping locations and the associated decline in footfall could result in declining sales in our physical retail stores and in the shops of our wholesale customers and be reflected in higher inventory levels in the market, increased clearance sales and pressure on margins.

The GERRY WEBER Group is trying to counter this risk by expanding its online activities, dovetailing online and offline activities and creating more attractive shopping experiences in our stores. For example, we enable our customers to have goods that are not in stock in the stores delivered directly to their homes. We modernise our shops with new concepts, fit them with innovative ideas (like fitting rooms for friends) and thus make physical shopping attractive.

For our wholesale partners, we have developed measures and programmes to support them, e.g. in the presentation and management of merchandise. We regularly develop guidelines for the presentation of merchandise, which we make available online and also present in personal talks. In addition, our POS managers constantly check the points of sale of our wholesale partners for optimisation potential in the presentation of merchandise.

In the event of occurrence, we consider the potential impact to be moderate, while we regard the probability of this risk occurring in the further course of the fiscal year as low.

Brand and corporate image risk

The failure to meet our quality standards, an ambiguous brand positioning and non-compliance with national and international laws and social standards by our partners may entail the potential risk of a brand and corporate image loss and thus lead to declining sales and EBITDA.

To mitigate this risk and ensure compliance with our high quality standards, our manufacturing partners undergo audits both before being approved as producers and during the production of our goods with regard to know-how, compliance with national and international laws and social standards as well as quality standards.

In addition, we assess the overall risk of a supplier with regard to the probability of occurrence of a human rights violation taking into account the country risk and their individual risk. Suppliers with the highest risk receive the most intensive support from our local staff.

We currently consider the probability of this risk leading to a decline in sales to be low. The potential impact is also regarded as low.

Financial risks

Currency risks in sales/procurement

Due to the international orientation of the GERRY WEBER Group, we are subject to exchange rate fluctuations with regard to procurement and distribution in countries outside the eurozone.

Part of our merchandise is sourced in US dollars. There is a risk of a negative change in purchase prices and of our company not being able to fully pass on exchange rate differences to customers, which would then reduce the gross profit margin. To minimise this risk going forward, the GERRY WEBER Group signed USD purchase options in January and March 2022. In the fiscal year 2021, the Group used currency forwards to hedge USD transactions in a nominal amount of EUR 21.4 million, which were serviced before 31 December 2021.

Most the GERRY WEBER Group's sales are invoiced in euros; outside the eurozone this is done in the respective local currency. Material sales-related currency risks result from fluctuations in the Russian rouble. In the event of exchange rate fluctuations against the euro, there is therefore a risk of a decline in the gross profit margin.

Currency risks also result from the translation of foreign currency transactions into the functional currency of the Group entities. Exchange rate fluctuations may thus have a negative impact on the Group's EBIT when translated into euros.

We currently consider the probability of this risk leading to rising costs on the procurement side to be medium. The impact on EBIT is considered to be moderate and, with regard to the potential effects on liquidity, to be potentially threatening to the company's ability to continue as a going concern.

We currently consider the probability of this risk leading to a decline in sales to be likely. The potential impact on EBIT is regarded as low.

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, incomes and unemployment figures, among other things. There is a risk that economic developments in the output countries of the GERRY WEBER Group are worse than expected, leading to a drop in demand and, consequently, to declining sales. This may, in turn, lead to higher-than-planned inventories or to price reductions and a lower gross profit margin.

Geopolitical events or changes in the regulatory environment, such as trade sanctions or political unrest, may also have an adverse impact on consumer demand and thus on sales and EBITDA. At the time of preparing this report, Ukraine and Russia are at war. The GERRY WEBER Group maintains business relationships in both countries; together with wholesale partners, it operates 18 POS in Ukraine and 64 franchise stores and shop-in-shops in Russia. Given the importance of the region for the GERRY WEBER Group, this conflict, whose further course and duration are impossible to predict at present, may lead to declining sales and EBITDA.

To minimise these risks, we aim to expand our distribution structures in different countries and regions, thus reducing our dependence on individual regions.

We currently consider the probability of this risk leading to a decline in sales to be medium. The impact on EBIT is considered to be moderate and, with regard to the potential effects on liquidity, to be threatening to the company's ability to continue as a going concern.

Refinancing risk

A large part of the GERRY WEBER Group's financial liabilities are due at the end of 2023 (2019 TFA, 2021 TFA, RCF, bonds and convertible bonds). There is a risk that the term of these liabilities cannot be extended and that refinancing will fail. In this case, the GERRY WEBER Group would not have sufficient cash to repay its liabilities.

To reduce this risk, GERRY WEBER is currently in talks with several equity and debt capital providers.

With a view to the year 2023, we consider the probability that the GERRY WEBER Group will not be able to refinance in 2023 to be moderate. We consider the potential impact on liquidity and the result to be threatening to the company's ability to continue as a going concern.

Covenant risk

The financing agreements of the GERRY WEBER Group contain financial covenants. Non-compliance with or a breach of these covenants on the agreed effective dates may result in the lenders being entitled to terminate the contracts.

The GERRY WEBER Group informs its main financing partners about the business trend and compliance with the covenants at defined intervals. Internally, compliance with the covenants is monitored on an ongoing, forward-looking basis so that – if necessary – negotiations with the main financing partners can be initiated at an early stage to prevent potential breaches of the covenants.

We currently consider the probability of this risk leading to non-compliance with the covenants to be likely. The potential net impact is regarded as very low, as we assume that waivers will be negotiated.

Going concern risks

There is material uncertainty about future consumer behaviour in the Retail, Wholesale and Online segments. Considerable uncertainty also arises from the unforeseeable development of the Russia-Ukraine conflict with regard to the Group's sales, especially in the Russian wholesale segment but also in physical retail stores and the online business as a whole. Growing inflation and rising energy costs additionally lead to increasing costs in the procurement market. These may possibly not be passed on in full to customers.

A deterioration of the economic situation may also create material uncertainty regarding compliance with the covenants agreed in the long-term financing agreements. In the event of non-compliance with the covenants, the lenders have a right of termination. If the right of termination were exercised, the non-current financial liabilities would fall due, which, in turn, could lead to the insolvency of GERRY WEBER International AG, insofar as the company does not have sufficient cash to meet the liabilities.

The Managing Board has therefore prepared cash projections taking into account two scenarios, the base scenario and this risk scenario, which build on each other and each cover a period of twelve months from the date of preparation of the consolidated financial statements.

The base scenario assumes noticeable year-on-year sales growth in the Group's physical retail stores (Retail segment) for 2022. This growth is based on the assumption that the stores will remain open throughout and that rising costs can be fully passed on to customers through price increases. Sales growth in the Wholesale and Online segments is essentially assumed to be in line with the projected market growth and will also clearly exceed the level of the reporting period. For reasons of caution, the expected liquidity from the Russian business was not taken into account in this scenario. In order to achieve the goal of a balanced liquidity position, the following liquidity securing measures in particular must also be successfully implemented: reduction in IT and marketing costs and reduction in capital expenditures. The base scenario additionally assumes that the Group will fail to comply with the covenant of an agreed net-debt-to-normalised-EBITDA ratio as of the reporting date 31 December 2022. The covenants comprise the contractual clauses in the loan agreements for the long-term loans and the revolving credit facility. Given that the breach of a covenant triggers the right to extraordinary termination of the respective financing agreements, it will be necessary in this case for the Managing Board to succeed in negotiating a waiver with the main financing partners.

The risk scenario considers the possibility of the Group's sales growth falling short of expectations. The risk scenario nevertheless assumes that sales will still grow compared to the reporting period but that this sales growth will be somewhat lower than planned in the base scenario. To achieve the goal of a balanced liquidity position in the risk scenario, the following liquidity securing measures in particular must be successfully implemented in addition to the liquidity securing measures of the base scenario: (1) increased sales of old merchandise; (2) personnel measures such as the introduction of short-time work; (3) cancellation or postponement of planned but not yet contractually fixed order volumes; and (4) utilisation of tax deferral options abroad. The risk scenario additionally assumes that the Group will fail to comply with the covenant of agreed minimum liquidity as of the reporting date 31 December 2022. Given that the breach of a covenant triggers the right to extraordinary termination of the respective financing agreements, it will be necessary in this case for the Managing Board to succeed in negotiating a waiver with the main financing partners.

In summary, the Managing Board plans for a balanced liquidity position in the forecast period in the base and risk scenarios of its liquidity planning. However, this presupposes that the assumptions that are listed below and underlying the liquidity planning will materialise:

- business operations will not be restricted by government measures imposed to fight the Covid-19 pandemic and potential cost increases on the procurement side can be fully passed on to customers through price increases;
- the planned sales growth will be reached and the additional liquidity securing measures can be implemented successfully;
- in the event of non-compliance with covenants, the Managing Board will be able to negotiate a waiver with the main financing partners.

Beyond the end of the forecast period, the company's ability to continue operating as a going concern will essentially depend on the successful refinancing of the non-current financial liabilities including interest as at 31 December 2023. If the financial liabilities are not refinanced, the company and, hence, the Group, might not be able to service the liabilities due on 31 December 2023.

Should one of the assumptions underlying the liquidity planning fail to materialise, the Group will depend on additional cash being made available by the main financing partners to meet the existing financial obligations, unless the liquidity requirements can be covered otherwise.

These events and circumstances indicate that material uncertainty exists which may cast significant doubt about the parent company's and the Group's ability to continue as a going concern and which represents a going concern risk within the meaning of section 322 para. 2 sentence 3 of the German Commercial Code (HGB), which is why the parent company, individual material subsidiaries as well as the Group as a whole may not be able to realise assets and meet liabilities in the ordinary course of business.

The consolidated financial statements were prepared on a going concern basis and do not include any adjustments to the carrying amounts and classifications of assets, liabilities and recognised expenses that might be necessary if the going concern assumption were not appropriate.

Impairment risk

At Group level, material parts of the non-current assets are dependent on the expected future profitability of the retail stores. Should these profitability expectations change, additional write-downs may be required, resulting in a decline in EBIT.

In the separate financial statements of GERRY WEBER International AG, the values of the investments in the subsidiaries are shown in the balance sheet. These investment values depend on the expected future profitability of the subsidiaries. A negative change in the subsidiaries' prospects may thus lead to additional write-downs of these investment values and, consequently, to a decline in EBIT.

We currently consider the probability that this risk will lead to impairment losses in the consolidated financial statements and/or to write-downs for impairment in the separate financial statements to be medium. The potential impact is considered to be moderate but not threatening to the company's ability to continue as a going concern as it has no effect on liquidity.

Tax and customs risks

Violations of regulations relating to product imports (including calculated customs duties), intra-company transactions or income taxes may result in high fines and, hence, additional costs. This would lead to a decline in EBIT generated. Also, changing customs and tax regulations may have an impact on procurement costs.

We currently consider the probability of this risk leading to high costs to be low. The potential impact on EBIT is regarded as moderate.

Risk from the remeasurement of financial liabilities

The amounts of some of the insolvency liabilities resulting from the insolvency proceedings of GERRY WEBER International AG and GERRY WEBER Retail GmbH as well as of the loan liabilities are dependent on the future development of financial performance indicators of the Group. The Managing Board assumes that, even based on the upper range of the current medium-term planning for 2023, no payment obligation will arise from the deferred liabilities.

In the event of a positive expected deviation of 20% or more from the planned adjusted consolidated EBITDA for the fiscal year 2023, the deferred insolvency liabilities and parts of the loan liabilities would be repaid pro rata to full. Thus, there is a risk that there will be a write-up and a negative impact on the Group's financial result already in the fiscal year 2022.

Operational risks

Logistic risk

The logistic costs of the GERRY WEBER Group consist of inbound logistic costs (transport from the country of manufacture to the Ravenna Park distribution centre) and outbound logistic costs (storage/order picking at Ravenna Park and transport to the point of sale). Inbound costs may increase due to a change in the means of transport (e.g. ship to plane) and increasing freight rates per unit compared to the calculated costs. Especially as a result of the current situation in Ukraine, which has led to an increase in the price of diesel and a further shortage of logistic capacities in terms of vehicles and drivers, there is an increased risk of rising prices. Before each order round, the currently negotiated freight prices are used in the calculation, but there is a risk that these cannot be passed on to our customers to the same extent. Thus, there is a risk of declining gross profit ratios and a reduction in EBITDA.

In addition, there is a general risk that deliveries of goods do not arrive or arrive late, which could lead to a decline in sales and a reduction in EBITDA. The GERRY WEBER Group has concluded long-term contracts with the two logistics service providers used to transport the goods, thus reducing the risk of price increases in outbound logistics. While the service providers are generally able to adjust their prices, past experience has shown that this is rather unlikely during the term of a contract. Also, in the context of the sale of Ravenna Park, a long-term upper limit on the fixed costs has been agreed with the buyer.

We currently consider the probability of this risk leading to sales shortfalls to be medium. The potential impact is regarded as low.

Raw material cost risk

Potential increases in the prices of our raw materials may lead to higher production costs, which we may not be able to pass on immediately or fully to our consumers. This may generally have an adverse impact on the GERRY WEBER Group's profitability and, hence, on EBIT.

To counteract this risk, the GERRY WEBER Group pursues a general multi-supplier strategy. We have expanded the portfolio of suppliers to reduce the dependence on individual suppliers and to be able to respond more flexibly to price increases.

Where cotton, our most important raw material, is concerned, we have signed long-term agreements with our suppliers both to ensure the availability of the raw material and to be able to take possible price fluctuations into account in our calculations at an early stage.

We currently consider the probability of this risk leading to cost increases to be low. The potential impact is regarded as moderate.

Employee satisfaction

Due to the effects of the Covid-19 pandemic (short-time work, etc.) and other savings, there is a risk that employees in key positions will leave the company. This leads to the risks of the financial targets for the fiscal year 2022 not being reached.

Employee satisfaction became part of the variable Managing Board compensation as a non-financial objective in the form of the long-term incentive plan (LTI) Since then, the Managing Board compensation has been partly dependent on employee satisfaction, which is being pushed ahead by the Managing Board using suitable measures.

The GERRY WEBER Group offers its employees attractive compensation schemes and flexible working hours as well as mobile working. Every employee is free to choose how many days per week they want to work from home or from the office. Our employees work 37 hours per week and are entitled to 30 days leave per year. For parents, there is a day nursery close to the company, we offer a bicycle leasing scheme and all our employees can purchase our goods at attractive conditions. We effectively invest in the development of young talent by creating new apprenticeships and offering job-specific internships and trainee programmes. We have a stronger presence on social media with our "We are GERRY" campaign, where employees talk about their tasks and their role in the Group.

We currently consider the probability of this risk leading to sales shortfalls or cost increases to be low. The potential impact is also regarded as low.

IT and cyber security risks

Important business processes such as order and warehouse management, invoice processing and financial reporting are dependent on IT systems. This exposes us to IT risks in the form of IT failures, cyber attacks, including data theft and manipulation of internal data. Serious system or application failures or threats to information security in our infrastructure or that of our business partners could lead to reputational damage or serious disruption of business operations or have a negative impact on material data (customer data, employee data, product data).

To mitigate these risks organisationally and technically, we established a new IT governance system in 2021, including a clear allocation of responsibilities for issues such as data protection, cyber security and infrastructure Moreover, we further increased our resilience by systematically developing our technical security measures.

We currently consider the probability of this risk leading to sales shortfalls or cost increases to be medium. The potential impact on EBIT is regarded as moderate.

Legal and compliance risks

Risk from litigations

Legal disputes may entail high costs and fines 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.

At present we do not know of any legal disputes that could have a material impact on the financial situation of the GERRY WEBER Group.

We currently consider the probability of this risk leading to high costs or fines to be unlikely. The potential impact is regarded as very low.

Risk from non-compliant behaviour

As an international company, the GERRY WEBER Group is subject to numerous laws and regulations. Non-compliance with such laws and regulations may lead to considerable penalties and fines and entail reputational damage. Violations of the GDPR, for instance, may result in considerable fines. Also, the disclosure of data protection violations may lead to considerable reputational damage. There is also a risk that employees of the GERRY WEBER Group fail to comply with guidelines and standards for appropriate and responsible business conduct. This includes, for instance, fraud, misrepresentation or manipulation of financial data, anti-competitive behaviour, bribery, corruption and discrimination.

To anchor compliant behaviour in the company, the GERRY WEBER Group has introduced a Code of Conduct and defined principles for responsible governance in the Group Guidelines, which are mandatory for all employees and on which they are trained regularly.

We currently consider the probability of this risk leading to high costs or fines to be unlikely. The potential impact on EBIT is regarded as moderate.

Overarching risks

Risks from the Covid-19 pandemic

At the time of preparing the present report (23 May 2022), Covid-19 infections are at a high level due to new Covid variants. Government measures are nevertheless being scaled back as vaccines and medicines are more readily available and the hospitalisation rate is declining. This should allow the economy to return to a certain normality, with increased inflation. Even two years after the outbreak of the pandemic, however, the further course of the pandemic and its effects remain difficult to predict. Depending on the infection trend, new restrictions may again be imposed on the operation of the stores, even including regional/nationwide store closures imposed by the authorities. This may have a negative impact on our Retail and Wholesale sales, which entails the risk of temporarily being unable to sell our merchandise and generate sales as planned, which in turn would result in higher inventory levels. In addition, supply chain disruptions may occur as a result of closures of manufacturers' factories or major ports in key procurement countries. This might lead to delays in production or deliveries and thus have a negative impact on our sales and EBITDA. Business partners may partially or entirely fail to meet their contractual financial obligations, which could result in higher write-downs of receivables or debtor defaults.

To reduce the impact of this risk, GERRY WEBER will take measures such as rent renegotiations and the application for government support (such as short-time work, stopgap aid) should this risk materialise.

We currently consider the probability of this risk leading to a decline in sales to be unlikely. The impact on EBIT is considered to be material and, with regard to the effects on liquidity, to be potentially threatening to the company's ability to continue as a going concern.

Russia-Ukraine conflict

At the time of preparing this report, Ukraine and Russia are at war. The GERRY WEBER Group maintains business relationships in both countries; together with wholesale partners, it operates 18 POS in Ukraine and 64 franchise stores and shop-in-shops in Russia.

In 2021, the company generated sales of EUR 13.6 million with wholesale partners in the two regions.

Given the importance of the region for the GERRY WEBER Group, this conflict, whose further course and duration are impossible to predict at present, may lead to a noticeable decline in sales and to increased pressure on the gross profit margin. This risk has been considered in our plan, however. There is also a risk that surpluses generated cannot be transferred to the parent company. Other risks that may result from this conflict for the GERRY WEBER Group are listed under the individual risk groups in this report.

We currently consider the probability of this risk leading to a decline in sales and EBITDA to be likely. The potential impact on EBIT is regarded as low.

Opportunity management

Responsibility for identifying, assessing and leveraging opportunities that arise lies with operational management. We always consider and assess opportunities in the context of potential risks and only pursue opportunities if they outweigh the risks and we consider the risks to be manageable and limited.

Opportunities arising from the repositioning of the GERRY WEBER Group

Our corporate strategy also includes repositioning GERRY WEBER for the more modern consumer. There is a chance that our marketing activities and the modernisation of the collections will lead to increased consumer demand.

This gives us the opportunity to further increase our sales and EBIT.

We currently consider the probability of this opportunity leading to an increase in sales in the short term to be low. The potential impact of this opportunity is regarded as moderate.

Opportunity arising from improved product performance

With regard to product performance there is a chance that the introduction of analytics tools and the shortening of the product development times will make it easier for us to identify and respond to trends and/or changes in customer requirements. This may lead to rising sales and lower write-downs and thus have a positive impact on the company's EBIT.

We currently consider the probability of this opportunity leading to an increase in sales to be low. The potential impact of this opportunity is regarded as low.

Declining raw material prices / favourable exchange rate fluctuations

Favourable changes in exchange rates may have a positive impact on the company's EBIT. Positive currency effects resulting from the translation of foreign currencies into the company's functional currency, the euro, may also positively influence the company's EBIT.

We currently consider the probability of this opportunity leading to a cost reduction to be low. The potential impact of this opportunity is regarded as low.

Structural change

The structural change in the retail sector from offline to online also opens up new opportunities for the GERRY WEBER Group. To be able to leverage these opportunities, we are conducting active market research and examining whether we can gain market share by expanding our presence in international marketplaces, e.g. in the Asian region. The further expansion of our own e-commerce activities and trade with digital partners might lead to an additional increase in sales and EBIT.

Furthermore, the measures taken to increase the attractiveness of our points of sale and those of our partners could lead to an increase in sales in physical retail and wholesale stores.

We currently consider the probability of this opportunity leading to an increase in sales to be low. The potential impact of this opportunity is regarded as low.

Opportunities arising from industry developments

A possible positive deviation from the currently projected economic developments in Europe may have a positive impact on consumer spending behaviour and thus on the sales and EBIT performance of the GERRY WEBER Group.

We currently consider the probability of this opportunity leading to an increase in sales to be low. The potential impact of this opportunity is regarded as low.

Assessment of the overall risk situation

The GERRY WEBER Group's risk and opportunity management policy aims to achieve strategic and financial corporate goals. It thus not only pursues the goal of securing the status quo but primarily also serves to increase its value on a sustainable basis and to secure refinancing at the end of 2023.

Taking into account the current risk situation, the uncertainty regarding the plans and budgets for the fiscal years 2022 and 2023 and the present liquidity and financing situation, there is a risk that individual risks or their combination might adversely affect the ability of GERRY WEBER International AG, i.e. the parent company, of individual material subsidiaries and of the Group as a whole to continue as a going concern.

The company's continued solvency will essentially depend on the assumptions underlying the liquidity planning, including the liquidity securing measures, being realised in the forecast period and beyond and on waivers regarding the covenants in the credit agreements on the long-term loans and the revolving credit facility being agreed. Should the planned increases in sales and earnings and the cost-saving measures not be achieved and implemented in full or fail to have the planned effects, the cash and cash equivalents will not be sufficient to meet the payment obligations in full, unless other counter-measures take effect.

Beyond the end of the forecast period, the company's ability to continue operating as a going concern will essentially depend on the successful refinancing of the non-current financial liabilities of GERRY WEBER International AG including interest as at 31 December 2023. If the refinancing of the financial liabilities fails, the company and, hence, the Group, will not be able to service the liabilities due on 31 December 2023.

Disclosures on the internal control system for financial reporting

Pursuant to section 91 para. 2 of the German Stock Corporation Act (AktG) in conjunction with section 289 para. 4 of the German Commercial Code (HGB), the Managing Board is responsible for establishing policies, procedures and measures to ensure the correctness of the Group's financial reporting processes as well as an effective internal control system for reliable financial reporting. In the GERRY WEBER Group, this includes a separation of incompatible functions, regular target/actual variance analyses of the key financial performance indicators as well as plausibility assessments. If required, external advisors provide support with tax law issues and individual questions arising in connection with the preparation of the separate and the consolidated financial statements.

In the fiscal year 2021, standardised Group-wide documentation of the material process and control steps started.

The focus here is on IT processes, treasury, purchasing and sales including merchandise management and the preparation of the separate and the consolidated financial statements. This is intended to reduce potential risks in the form of non-compliant accounting for unusual or complex business transactions as well as non-routine transactions.

ECONOMIC SITUATION OF GERRY WEBER INTERNATIONAL AG

Complementing the reports of the GERRY WEBER Group, this report outlines the performance of GERRY WEBER International AG. The combined management report also covers all legal obligations of GERRY WEBER International AG. The separate 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) and include complementary disclosures pursuant to HGB and AktG.

In the fiscal year 2021, the Group made error corrections by adjusting the respective items in the financial statements for previous years. Corresponding error corrections were also made in the separate financial statements of GERRY WEBER International AG. Unlike in the IFRS consolidated financial statements, the corrections were not changed retroactively in the separate financial statements under commercial law, but were recognised as a correction in the current account in the fiscal year 2021 in accordance with IDW RS HFA 6. The corrections are presented in the notes to the 2021 financial statements and have an impact on the HGB balance sheet as at 31 December 2021 and the 2021 HGB income statement.

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, compliance, marketing and communication services to all subsidiaries and the Strategic Business Units. GERRY WEBER International AG is also responsible for Group-wide procurement.

The overall 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 the result for the year are the key performance indicators of GERRY WEBER International AG.

Earnings position of GERRY WEBER International AG

In its capacity as the Group's holding company, GERRY WEBER International AG provides its subsidiaries with numerous central services. In particular, the purchase of goods is organised centrally by GERRY WEBER International AG; the goods purchased are resold to the subsidiaries at defined transfer prices.

The financial situation of GERRY WEBER International AG is primarily influenced by the activities of the subsidiaries. GERRY WEBER International AG participates in the operating results of the subsidiaries via the profit-and-loss-transfer agreements with GERRY WEBER Retail GmbH and Lifestyle-Fashion GmbH and via the distributions made by the foreign subsidiaries. As a result, the financial situation of GERRY WEBER International AG essentially reflects that of the GERRY WEBER Group.

In the fiscal year 2021, sales revenues of GERRY WEBER International AG amounted to EUR 152.6 million (previous year: EUR 145.8 million). The sales growth is primarily attributable to increased sales of products to foreign subsidiaries.

The assessment that the GERRY WEBER Group acquires its goods in the context of a purchase transaction has led to a change in accounting as of the fiscal 2021. Accordingly, no change in inventories of goods is shown in the income statement using the type of expenditure format. Instead, the cost of goods purchased is recognised under cost of materials when the goods are sold. It has also been determined that the previous capitalisation of collection development costs as work in progress is not appropriate. The accounting option to capitalise costs for the development of the collections as an intangible asset was therefore exercised for the first time in the fiscal year. Costs for collection development of EUR 4.4 million are consequently reported in the income statement under other own work capitalised.

Other operating income in the fiscal year 2021 totalled EUR 40.7 million (previous year: EUR 31.8 million). It includes government grants to bridge the Covid-19 pandemic ("Überbrückungshilfe") of EUR 28.3 million (previous year: EUR 0 million) as well as income from reversals of previously impaired receivables from foreign subsidiaries of EUR 9.5 million (previous year: EUR 0 million). In the prior year period, other operating income included restructuring income from the pro-rata derecognition of insolvency liabilities in the amount of EUR 30.2 million.

The cost of materials rose from EUR 107.0 million in the fiscal year 2020 to EUR 109.0 million. It includes expenses for goods sold in the fiscal year. The cost of materials is not comparable with the previous year due to the accounting change. Please refer to the notes, "Error corrections".

Personnel expenses of GERRY WEBER International AG totalled EUR 21.5 million in the fiscal year 2021, which was slightly below the prior year level (previous year: EUR 28.4 million). Moreover, severance payments of EUR 5.4 million had been made in the fiscal year 2020 as a result of the restructuring exercise, which contrasted with severance payments of EUR 0.5 million in the fiscal year 2021. Also, the headcount of GERRY WEBER International AG declined, which further reduced expenses.

GERRY WEBER International AG's depreciation on fixed assets increased to EUR 9.5 million in the fiscal year 2021 (previous year: EUR 6.0 million). The increase is primarily attributable to the amortisation of collection development costs.

Other operating expenses declined to EUR 37.8 million (previous year: EUR 54.1 million). Besides operating expenses for logistics, marketing and collection development, these expenses also include consulting expenses as well as IT costs. The decline in other operating expenses is due to reduced write-downs of receivables, which amounted to EUR 2.4 million in the fiscal year (previous year: EUR 13.7 million). Moreover, legal and consulting expenses declined from EUR 10.7 million in the previous year to EUR 4.3 million in the reporting period. Maintenance expenses also decreased from EUR 2.5 million in the previous year to EUR 0.8 million in the reporting period. Packaging and logistic costs were up on to the previous year to EUR 4.4 million (previous year: EUR 2.2 million), while advertising costs climbed to EUR 4.6 million (previous year: EUR 4.3 million).

Interest expenses totalled EUR 5.9 million in the reporting period (previous year: EUR 3.7 million). Interest increased in the fiscal year primarily because a new loan (exchange offer) was raised and interest on long-term loans was, for the first time, incurred for the full calendar year in the fiscal year 2021.

Depreciation on financial assets declined from EUR 20.0 million in the previous year to EUR 5.3 million in the reporting year. In the fiscal year 2021, the shares in five subsidiaries were written down due to reduced profitability expectations. In the previous year, the shares in nine subsidiaries were written down for impairment.

The profit-and-loss-transfer agreement with Life-Style Fashion GmbH resulted in a profit of EUR 4.0 million (previous year: EUR 11.9 million). The profit contribution declined because of the lower sales generated by the subsidiary in the fiscal year 2021. A profit transfer agreement also exists with GERRY WEBER Retail GmbH, under which losses of EUR –29.4 million (previous year: EUR –12.3 million) were absorbed. The higher loss of the subsidiary is primarily attributable to the closure of stores caused by the ongoing Covid-19 pandemic, the capitalisation of provisions for contingent losses of EUR 10.2 million due to reduced profitability prospects of the stores and a loss of EUR 6.4 million from the merger of TB Fashion GERRY WEBER GmbH into GERRY WEBER Retail GmbH.

Consequently, earnings after tax of GERRY WEBER International AG reached EUR –14.7 million in the fiscal year 2021, compared to EUR –53.2 million in the fiscal year 2020. After deduction of other taxes of EUR 0.6 million (previous year: EUR 0.3 million), the net loss for the fiscal year 2021 amounted to EUR –15.3 million, compared to EUR –53.5 million in the previous year.

Consequently, accumulated losses of EUR –5.1 million (previous year: accumulated profits of EUR 10.2 million) are reported for the fiscal year 2021. This led to a deficit not covered by equity.

Net worth and financial position of GERRY WEBER International AG

As of 31 December 2021, total assets of GERRY WEBER International AG amounted to EUR 181.2 million, compared to EUR 180.3 million as of 31 December 2020.

Liabilities totalled EUR 170.9 million as at 31 December 2021, up by EUR 12.7 million (31 December 2020: EUR 158.2 million). Liabilities to affiliated companies increased from EUR 13.4 million in the previous year to EUR 46.9 million as GERRY WEBER International AG took over the losses of GERRY WEBER Retail amounting to EUR 29.4 million. Moreover, the new credit facility (exchange offer) led to a EUR 10.0 million increase in long-term loans. Bullet interest, which is payable in subsequent fiscal years, also increased. Liabilities were reduced by regular repayments of current insolvency liabilities and the sale of Ravenna Park, which led to the repayment of insolvency liabilities in the amount of EUR 25.0 million

In the separate financial statements of GERRY WEBER International AG, the insolvency and loan liabilities continue to be recognised and are not remeasured, in contrast to the GERRY WEBER Group.

GERRY WEBER International AG's fixed assets stood at EUR 56.6 million as of the 2021 balance sheet date (previous year: EUR 86.0 million). Intangible assets amounted to EUR 10.1 million (previous year: EUR 9.0 million), property, plant and equipment to EUR 28.6 million (previous year: EUR 55.6 million) and financial assets to EUR 17.9 million (previous year: EUR 21.4 million). The decline in property, plant and equipment is mainly attributable to the sale of the Ravenna Park logistics centre in 2021 (EUR –25.0 million). Shares in affiliated companies, which are included in financial assets, were written down by EUR 5.3 million (previous year: EUR 19.9 million). Depreciation of property, plant and equipment was systematic, and there were no material new investments.

Current assets of GERRY WEBER International AG increased to EUR 119.8 million as of 31 December 2021 (previous year: EUR 93.6 million). Receivables and other assets rose to EUR 56.6 million (previous year: EUR 15.7 million). Receivables from affiliated companies rose to EUR 34.5 million (previous year: EUR 7.9 million) as the subsidiaries took advantage of payment terms granted. At EUR 48.0 million, inventories and payments on account slightly exceeded the previous year's EUR 37.8 million. The increase is attributable to higher payments on account for merchandise towards the end of the year as well as to increased inventories resulting from goods in transit.

In the fiscal year 2021, GERRY WEBER International AG generated a net loss of EUR –15.3 million, which led to an accumulated loss of EUR 5.0 million. This results in a loss of EUR 3.4 million not covered by equity. This net loss for the year is primarily due to the loss of EUR –29.4 million absorbed from GERRY WEBER Retail GmbH under the existing profit agreement and the write-downs on the carrying amounts of equity investments in view of reduced profitability expectations of the subsidiaries in the amount of EUR –5.3 million. Besides the store closures caused by the two-year Covid-19 pandemic, the high losses of GERRY WEBER Retail GmbH are mainly attributable to provisions for contingent losses for individual stores of EUR –10.2 million and a negative effect of EUR –6.4 million from the merger of TB Fashion GERRY WEBER GmbH into GERRY WEBER Retail GmbH.

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. A detailed presentation of all risks and opportunities of the GERRY WEBER Group is provided in the risk and opportunity report in this combined management report. Due to the economic ties, the risks and opportunities presented there also apply to GERRY WEBER International AG with the exception of the impairment risks. The separate financial statements of GERRY WEBER International AG include the corresponding carrying amounts of the investments in subsidiaries, which are dependent on the expected future profitability of the latter. A negative change in the prospects of success may thus lead to additional write-downs of these investment values and to a decline in the result for the year. On the other hand, a positive change in the prospects of success may thus lead to additional write-ups of these investment values and to an increase in the result for the year.

Taking into account the current risk situation, the uncertainty regarding the plans and budgets for the fiscal years 2022 and 2023 and the present liquidity and financing situation, there is a risk that individual risks or their combination might adversely affect GERRY WEBER International AG's ability to continue as a going concern. Please refer to the information provided in the risk and opportunity report.

Forecast for GERRY WEBER International AG

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 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 combined management report; please refer to the respective information provided.

For the fiscal year 2022, the Managing Board projects a noticeable increase in GERRY WEBER International AG's sales revenues. Sales revenues essentially result from the sale of goods to the subsidiaries. As sales revenues of the subsidiaries are expected to increase noticeably, sales revenues of GERRY WEBER International AG are also expected to rise noticeably.

In addition, the Managing Board projects a medium double-digit net loss for the year (excl. stopgap aid received). Besides the sales to the subsidiaries, the expected profitability essentially depends on the expected investment income from the subsidiaries.

REPORT

pursuant to section 289a HGB and section 315a HGB

Composition of the subscribed capital

As of the end of the fiscal year 2021, the subscribed capital (share capital) of GERRY WEBER International AG amounted to EUR 1,237,846.00. The share capital consisted of 1,237,846 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 2021, the following direct and indirect shareholdings in the company's share capital exceeded 10% based on the voting rights notification within the meaning of sections 33 et seq. of the German Securities Trading Act (WpHG) received by the company:

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

- Robus SCSp SICAV-FIAR Robus Recovery Fund II, Luxembourg, Luxembourg, as well as indirectly via the latter (i) Robus Capital Management Ltd., London, United Kingdom, and (ii) Robus (GP) S.a.r.l., Luxembourg: 41.6%, whereby the voting rights of WBOX 2018-3 Ltd. are additionally attributed to each of the above companies as they are acting in concert (84%)

- Aldermanbury Investments Limited, London, United Kingdom, and indirectly via the latter (i) JPMorgan Chase & Co., Wilmington, Delaware, USA, (ii) JPMorgan Chase Holdings LLC, New York, New York, USA, and (iii) J.P. Morgan Capital Financing Limited, London, United Kingdom: 15.2%.

Not all of the shareholdings in the company's share capital indicated on the basis of the most recent voting rights notification within the meaning of sections 33 et seq. of the German Securities Trading Act (WpHG) take into account the change in the total number of voting rights that occurred in the context of the capital increase carried out in August 2021.

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) and the company's statutes. The Supervisory Board appoints the members of the Managing Board, determines the number of Managing Board members and may appoint a Chairman of the Managing Board.

Powers of the Managing Board regarding the issue of new shares

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

According to the resolution adopted by the Annual General Meeting on 19 August 2021, which was entered in the Commercial Register in September 2021, the Managing Board is furthermore authorised, subject to the consent of the Supervisory Board, to increase the company's share capital by (and including) 19 August 2026 once or several times by a total of up to EUR 610,119.00 by issuing up to 610,119 new bearer shares against cash or non-cash contributions (Authorised Capital 2021). As a general rule, 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 1 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 shareholders' statutory subscription rights in full or in part in the following cases:

(1) to avoid fractional amounts;

(2) pursuant to section 186 para. 3 sentence 4 of the German Stock Corporation Act (AktG) in the case of capital increases against cash contributions, if the issue price of the new shares is not materially lower than the stock exchange price of the existing shares of the company and the shares issued in exercise of this authorisation to exclude subscription rights do not exceed a total of 10% of the share capital, neither at the time this authorisation becomes effective nor at the time it is exercised. New and existing shares of the company that are issued or sold during the term of this authorisation on the basis of another authorisation pursuant to or in accordance with section 186 para. 3 sentence 4 of the German Stock Corporation Act (AktG) in an ex-rights issue shall be counted towards this 10% limit; furthermore, shares of the company shall be counted that are issued or can still be issued to service conversion or option rights and/or to fulfil conversion or option obligations under convertible or warrant bonds, insofar as the bonds are issued during the term of this authorisation in analogous application of section 186 para. 3 sentence 4 of the German Stock Corporation Act (AktG) on the basis of another authorisation in an ex-rights issue;

(3) in the case of capital increases against non-cash contributions – in particular for the purpose of acquiring companies or operations or for participations in companies, in the context of mergers and/or for the purpose of acquiring other assets including rights and receivables;

(4) to the extent necessary to grant shares in the company to holders or creditors of conversion or option rights to shares in the company or corresponding conversion or option obligations under bonds issued or guaranteed by the company or its Group entities after the exercise of such conversion or option rights or the fulfilment of such conversion or option obligations;

(5) if the new shares are to be issued against cash and/or non-cash contributions in the context of a share ownership programme and/or participation programmes and/or in the context of share-based payments. The issue may be made only to persons who participate in the respective programme as a member of the company's Managing Board, as a member of the management of a dependent company or as an employee of the company or a dependent company or to whom the share-based payment is or was granted as a member of the company's Managing Board, as a member of the management of a dependent company or as an employee of the company or a dependent company, or to third parties who transfer the economic ownership and/or the economic benefits from the shares to these persons. In particular, the new shares may also be issued at preferential conditions (including an issue at the lowest issue price within the meaning of section 9 para. 1 of the German Stock Corporation Act (AktG) and/or against the contribution of compensation claims. The new shares may also be issued through the intermediary of a credit institution or an enterprise operating pursuant to section 53 para. 1 sentence 1 or section 53b para. 1 sentence 1 or para. 7 of the German Banking Act (KWG) or a syndicate of credit institutions or the aforementioned enterprises, which takes over these shares with the obligation to offer them to the aforementioned persons. The shares issued in exercise of this authorisation to exclude subscription rights may not exceed a total of 10% of the share capital, neither at the time this authorisation becomes effective nor at the time it is exercised. The nominal amount of any conditional capital of the company actually utilised for the purposes of section 192 para. 2 no. 3 of the German Stock Corporation Act (AktG) shall be counted against this 10% limit. To the extent that shares are to be granted to members of the company's Managing Board within the scope of this authorisation, the Supervisory Board of the company shall decide on their allocation in accordance with the allocation of responsibilities under the German Stock Corporation Act.

The Managing Board has been authorised to stipulate, subject to the consent of the Supervisory Board, 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. The profit entitlement of the new shares may be designed in such a way that it deviates from section 60 para. 2 of the German Stock Corporation Act (AktG); in particular, the new shares may also carry profit entitlement from the beginning of the fiscal year preceding their issue if, at the time of the issue of the new shares, the Annual General Meeting has not yet passed a resolution on the appropriation of profits for that fiscal year.

Powers of the Managing Board regarding the acquisition of own shares

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

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

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

As of 31 December 2021, the company still held 172 own shares.

Conditions of a change of control resulting from a takeover bid

The financing facilities available to GERRY WEBER International AG contain contractual regulations which grant the contractual partners additional rights of termination in the event of a change of control.

The following change of control clause applies to all financing agreements (with the exception of the bonds and the bond exchange offer (as defined below)): A change of control occurs if (i) a person or a group of persons acting in concert (other than Whitebox Advisors LLC or Robus Capital Management Limited or an affiliate thereof (the main financing partners)) holds or acquires 50% of the shares issued or the voting rights or (ii) all or essentially all of the assets of the GERRY WEBER Group are sold. In the event of a change of control as described above, the financing agreements allow the individual lenders, subject to additional conditions, to instruct the agent within thirty days of the mandatory notification of the change of control by GERRY WEBER International AG to call their respective share in the loan with a notice period of ten banking days.

Under the terms and conditions of the EUR 24,979,500 straight bond and the EUR 1,192,750 convertible bond ("the bonds") and the bond exchange offer dated 17 February 2021 ("the bond exchange offer"), a change of control occurs if (i) a person not affiliated (third party) with GERRY WEBER International AG (the issuer) or a group of third parties acting in concert hold, control or have acquired more than 50% of the voting rights of GERRY WEBER International AG as legal or beneficial owner (and/or, in the context of a public offer, as beneficiary under an offer to acquire already accepted), or (ii) the issuer is merged with or into a third party or a third party is merged with or into the issuer, or (iii) all or essentially all of the assets of the issuer are sold to a third party, unless such merger or sale is effected in connection with transactions which, in the case of a merger, result in the holders of 100% of the voting rights in the issuer holding at least a majority of the voting rights in the surviving corporation immediately following the merger or, in the case of a sale, the acquiring corporation becomes a subsidiary of the issuer or a guarantor under the bonds or the exchange offer. The bonds and the bond exchange offer permit the individual bondholders or lenders, in the event of a change of control, to terminate their respective financing interest early in accordance with the following provisions: Upon becoming aware of a change of control, the issuer is required to notify the agent under the bond exchange offer and to make an announcement under the bonds, specifying an effective date which is between 45 and 60 after such notification or announcement. The bonds and the exchange offer allow the individual bondholders or lenders to demand redemption on the effective date by means of a prior declaration or (in the case of the lenders) to instruct the agent to call the bonds.

Compensation agreements between the company and the members of the Managing Board in the event of a takeover bid

Such compensation agreements do not exist.

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."

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement of GERRY WEBER International AG and the GERRY WEBER Group pursuant to section 289f of the German Commercial Code (HGB) and section 315d HGB is part of our Annual Report and published on our website at ir.gerryweber.com.

NON-FINANCIAL REPORT

The non-financial report of GERRY WEBER International AG was published online on 17 May 2022. It is available on our website at https://ir.gerryweber.com/websites/gerryweber/English/4100/annual-reports.html

Halle/Westphalia, 23 May 2022

Managing Board

Angelika Schindler-Obenhaus Florian Frank

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CONSOLIDATED BALANCE SHEET

as of 31 December 2021

ASSETS

KEUR	Notes No.	31 Dec 2021	31 Dec 2020*	1 Jan 2020*
NON-CURRENT ASSETS				
Fixed assets				
Intangible assets	(1)	11,201	13,776	20,136
Rights of use	(2)	84,737	121,576	179,833
Property, plant and equipment	(3)	39,488	70,243	80,474
Other financial assets	(4)	3,021	1,956	221
		138,447	***207,551***	**280,665**
CURRENT ASSETS				
Intangible assets	(6)	3,280	2,811	0
Inventories	(7)	65,330	45,558	66,105
Receivables and other assets				
Trade receivables	(8)	14,712	12,015	14,715
Other assets	(9)	37,177	18,176	33,697
Tax refund claims	(10)	1,380	1,388	1,323
Cash and cash equivalents	(11)	50,013	85,250	126,929
		171,892	**165,198**	**242,769**
Total Assets & Liabilities		**310,339**	**372,749**	**523,433**

* Adjustments due to error correction. Please refer to the explanations in the notes to the consolidated financial statements.

LIABILITIES

KEUR	Notes No.	**31 Dec 2021**	31 Dec 2020*	1 Jan 2020*
EQUITY	**(12)**			
Subscribed capital	(a)	1,238	1,220	1,025
Capital reserve	(b)	946	858	10
Retained earnings	(c)	103	103	103
Currency translation reserve	(d)	–2,727	–2,952	–2,054
Accumulated profits	(e)	62,020	39,069	125,021
		61,580	***38,298***	**124,105**
NON-CURRENT LIABILITIES				
Provisions for personnel	(13)	5	23	163
Other provisions	(14)	4,493	4,176	4,069
Financial liabilities	(15)	61,848	111,276	73,623
Other liabilities	(16)	809	0	0
Lease liabilities	(17)	80,638	109,020	138,436
		147,793	***224,495***	**216,291**
CURRENT LIABILITIES				
Provisions	**(18)**			
Tax provisions		67	34	64
Provisions for personnel		6,582	5,411	7,090
Other provisions		10,880	17,044	26,343
Liabilities				
Financial liabilities	(15)	7,233	31,300	74,187
Trade liabilities		30,307	17,153	18,249
Lease liabilities	(17)	27,781	29,998	42,953
Other liabilities	(19)	18,116	9,016	14,152
		100,966	***109,956***	**183,037**
Total Assets & Liabilities		**310,339**	**372,749**	**523,433**

CONSOLIDATED INCOME STATEMENT

for the fiscal year from 1 January to 31 December 2021

KEUR	Notes No.	Fiscal year 2021	Fiscal year 2020*
Sales	(20)	262,655	278,108
Own work capitalised		4,373	3,748
Other operating income	(21)	43,663	13,323
Cost of materials		–98,687	–128,283
Personnel expenses	(22)	–70,755	–85,559
Depreciation / amortisation	(2), (3)	–44,916	–57,062
Other operating expenses	(23)	–76,955	–83,314
Other taxes		–1,064	–398
Operating result		***18,314***	***–59,437***
Financial result	**(24)**		
Interest income		3	11
Income from the measurement of financial liabilities		30,276	0
Expenses from the measurement of financial assets		0	–1,500
Incidental bank charges		–533	–496
Financial expenses		–24,094	–23,773
		5,652	**–25,758**
Result before tax		***23,966***	**–85,195**
Taxes on income	**(25)**	**–1,014**	**–757**
Consolidated net income for the year		**22,951**	**–85,952**
Earnings per share (diluted and basic) related to			
Consolidated net income for the period (attributable to the parent company's shareholders)	(26)	18.71	–76.33

* Adjustments due to error corrections. Please refer to the explanations in the notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the fiscal year from 1 January to 31 December 2021

KEUR	**Fiscal year 2021**	Fiscal year 2020*
Consolidated net income for the year	22,951	–85,952
Other comprehensive income		
Items that can be reclassified to the income statement		
Currency translation:		
Foreign operations – currency translation differences	225	–898
Other comprehensive income	225	–898
Comprehensive income	**23,176**	**–86,850**

* Adjustments due to error correction. Please refer to the explanations in the notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the fiscal year 2021

KEUR	Notes No.	Subscribed capital	Capital reserve	Retained earnings	Currency translation reserve	Accumulated profits	**Equity**
As of 1 Jan. 2021		***1,220***	***858***	***103***	***–2,952***	***39,069***	***38,298***
Consolidated net income for the year		0	0	0	0	22,951	22,951
Other comprehensive income		0		0	225	0	225
Comprehensive income		**0**	**0**	**0**	**225**	**22,951**	**23,176**
Transactions with owners							
Capital increase		18	261	0	0	0	279
Stock options		0	–173	0	0	0	–173
Total transactions with owners of the company		18	88	0	0	0	106
As of 31 Dec. 2021	**(12)**	**1,238**	**946**	**103**	**–2,727**	**62,020**	**61,580**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the fiscal year 2020

KEUR	Notes No.	Subscribed capital	Capital reserve	Retained earnings	Currency translation reserve	Accumulated profits	**Equity**
As of 1 Jan. 2020*		***1,025***	***10***	***103***	***–2,054***	***122,358***	***121,442***
Adjustments due to error corrections		0	0	0	0	2,663	2,663
Adjusted as of 1 Jan. 2020		1,025	10	103	–2,054	125,021	124,105
Consolidated net income for the year						–85,952	–85,952
Other comprehensive income					–898		–898
Comprehensive income		**0**	**0**	**0**	**–898**	**–85,952**	**–86,850**
Transactions with owners							
Equity component of convertible bonds			673				673
Capital increase		195	2	0		0	197
Stock options			173				173
Total transactions with owners of the company		195	848	0	0	0	1,043
As of 31 Dec. 2020	**(9)**	**1,220**	**858**	**103**	**–2,952**	**39,069**	**38,298**

* Adjustments due to error corrections. Please refer to the explanations in the notes to the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the fiscal year from 1 January to 31 December 2021

KEUR	**Fiscal year 2021**	Fiscal year 2020*
Consolidated net income for the year	22,951	−85,952
Depreciation / amortisation	44,916	57,062
Non-cash expenses and income	−33,723	816
Loss from the disposal of fixed assets and assets held for sale	507	777
Increase (previous year: decrease) in inventories	−19,772	20,547
Increase (previous year: decrease) in trade receivables	−2,697	2,700
Increase (previous year: decrease) in other assets not attributable to investment or financing activities	−23,868	12,286
Decrease in provisions	−4,694	−11,011
Increase (previous year: decrease) in trade payables	13,154	−1,096
Increase (previous year: decrease) in other liabilities not attributable to investing or financing activities	9,100	−5,136
Expenses for taxes on income	1,014	757
Income taxes paid	−973	−852
Cash inflows from operating activities	5,915	−9,102
Interest received	3	11
Incidental bank charges	−532	−496
Financing expenses	24,625	25,758
Interest and other finance costs	−15,593	−19,623
Cash outflows from investing activities	***14,418***	***−3,452***
Proceeds from the disposal of property, plant, equipment and intangible assets	25,000	303
Cash outflows for investments in property, plant, equipment and intangible assets	−9,994	−8,726
Cash outflows for investments in financial assets	0	−1
Cash outflows from investing activities	***15,006***	***−8,424***
Proceeds from borrowings	5,002	0
Proceeds from capital increase and stock options	106	370
Repayment of insolvency liabilities	−34,613	−18,645
Repayment of loans	0	−12,319
Repayment of lease liabilities	−17,774	−16,095
Cash inflows / outflows from financing activities	***−47,279***	***−46,689***
Net change in cash and cash equivalents	−17,855	−58,565
Exchange rate-related changes	118	−614
Cash and cash equivalents at the beginning of the fiscal year	67,750	126,929
Cash and cash equivalents at the end of the fiscal year	**50,013**	**67,750**
Composition of cash and cash equivalents		
Cash and cash equivalents	50,013	85,250
Current account liabilities	0	−17,500
	50,013	**67,750**

* Adjustments due to error corrections. Please refer to the explanations in the notes to the consolidated financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR 2021

A. GENERAL INFORMATION

Company data

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

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

The fiscal year began on 1 January 2021 and ended on 31 December 2021.

Accounting principles

Pursuant to EU Directive (EC) No. 1606/2002 in conjunction with section 315e 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 2021 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 (IFRS IC) and the former Standing Interpretations Committee (SIC). All IFRS that were mandatory for the fiscal year 2021 were applied to the extent that they had been endorsed by the European Union.

On 23 May 2022, 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 are denominated in euros. Unless stated otherwise, all amounts are in thousand euros (KEUR). The type of expenditure format was used for the income statement.

New IASB regulations for first-time application in the fiscal year 2021:

The following accounting standards and supplements to existing regulations became mandatory for the fiscal year from 1 January 2021 to 31 December 2021:

New regulations		Impacts
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest rate benchmark reform – phase 2	No effects, as the Group's main financial instruments, the financial liabilities, have fixed interest rates
Amendments to IFRS 4	Extension of the temporary exemption from IFRS 9	No impact
Amendments to IFRS 16	Covid-19-related rent concessions	Option not to treat rent concessions granted because of the Covid-19 pandemic as a lease modification.

Amendments to IFRS 16 – Covid-19-related rent concessions

IFRS 16 contains rules on how lessees should account for changes in a lease (including rent concessions). As a general rule, the lessee shall, for each lease, assess whether the rent concessions granted constitute lease modifications and shall remeasure the lease liability accordingly and also adjust the right-of-use asset. The amendment to IFRS 16 constitutes a practical expedient. It is linked to certain conditions and is limited in time. As a result of the expedient, the lessee does not have to account for the rent concessions granted in the context of the Covid-19 pandemic in accordance with the rules for lease modifications but in such a way as if they were no modifications.

The option not to assess the amendments to IFRS 16 for Covid-19-related rent concessions was exercised for all corresponding matters in the fiscal year 2021. As a result, rent concessions in the amount of KEUR 3,208 were therefore recognised in the income statement as other operating income.

New IASB regulations not applicable in the fiscal year 2021:

Regulations that were not applied		First-time application	Adopted by the EU Commission	Anticipated impact on the GERRY WEBER Group
Amendments to IFRS 3	Reference to conceptual framework	1 January 2022	Adopted	The impact that would result from application is still being reviewed
Amendments to IFRS 16	Covid-19-related rent concessions	1 April 2022	Adopted	Currently, no material Covid-related rent concessions are expected in the fiscal year 2023
Amendments to IAS 16	Property, plant and equipment – Proceeds received before an asset is in its working condition	1 January 2022	Adopted	The impact that would result from application is still being reviewed
Amendments to IAS 37	Onerous contracts – Cost of fulfilling a contract	1 January 2022	Adopted	The impact that would result from application is still being reviewed
Improvements to IFRS 2018 – 2020	Amendments to IFRS 1, IFRS 9, IAS 16 and IAS 41	1 January 2022	Adopted	The impact that would result from application is still being reviewed
IFRS 17 (including amendments to IFRS 17)	Insurance Contracts	1 January 2023	Adopted	No impact
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023	Adopted	Little impact
Amendments to IAS 8	Definition of accounting-related estimates	1 January 2023	Adopted	Little impact
Amendments to IAS 10 and IAS 28	Sale or contribution of assets between an investor and an associate or joint venture	1 January 2023	Not yet	No impact
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023	Not yet	No impact
Amendments to IAS 1 (including postponement of the date of first-time application)	Classification of liabilities as current or non-current	1 January 2023	Not yet	The impact that would result from application is still being reviewed
Amendments to IFRS 17	Initial application of IFRS 17 and IFRS 9 – Comparative information	1 January 2023	Not yet	No impact

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

Assumption of going concern as the basis of accounting

The government measures to contain the Covid-19 pandemic, in particular the closure of retail stores (Retail segment) ordered by the authorities, materially affected the Group's business performance. The Group was forced to close its retail stores at several locations for a period of up to three months during the financial year 2021 or was able to open them only to a limited extent. The wholesale space in Germany was equally affected by the restrictions. During this period, the Group essentially generated revenues only via online sales. Even after the measures imposed to contain the Covid-19 pandemic were lifted, sales revenues in the Retail segment remained below the original plan. This resulted in negative effects on the Group's earnings and liquidity position in the reporting year. To secure liquidity, government aid to bridge the Covid-19 pandemic ("Überbrückungshilfe III") was applied for and actually received in the first half of 2021. Further government grants to bridge the Covid-19 pandemic were applied for in the second half of the year and granted in the first quarter of 2022. In February 2021, the main financing partners of GERRY WEBER International AG additionally granted another loan (exchange offer), which provides the company with additional cash of EUR 5.0 million. Moreover, interest payments on loans were deferred in the fiscal year until 17 January 2022.

In its financial statements under commercial law for the period ended 31 December 2021, the parent company, GERRY WEBER International AG, posted a net loss of EUR 3.5 million not covered by equity. For the fiscal year ended 31 December 2021, the Group posts a consolidated net loss of EUR 23.0 million (previous year: EUR -85.9 million). The result for the fiscal year 2021 is materially influenced by the extraordinary effect arising from the stopgap aid of EUR 28.3 million granted as well as by short-time work, which resulted in savings of EUR 7 million. Excluding the aid granted to bridge the Covid-19 pandemic and the effects arising from short-time work, the Group's result stood at € -42.6 million. The operating result, adjusted for stopgap aid ("Überbrückungshilfe III") and the effects from short-time work, was a net loss of EUR 16.9 million. Cash flow from current operating activities amounted to EUR 14.4 million in the fiscal year 2021. Besides the stopgap aid ("Überbrückungshilfe III") of EUR 12 million paid out in 2021, this amount also includes positive effects from the deferral of interest on loans an short-time work. Without these measures and extraordinary effects, cash flow from current operating activities stood at EUR -6.5 million. Further government grants to bridge the Covid-19 pandemic were paid out to the Group in the first quarter of 2022. At the time the financial statements were prepared, the Group had financial resources of EUR 51.1 million (as at 31 March 2022), consisting of cash and cash equivalents as well as credit lines that were not fully utilised.

There is material uncertainty about future consumer behaviour in the Retail, Wholesale and Online segments after the lifting of the government measures imposed to contain the Covid-19 pandemic. Considerable uncertainty also arises from the unforeseeable development of the Russia-Ukraine conflict with regard to the Group's sales, especially in the Russian wholesale segment but also in physical retail stores and the online business as a whole. Growing inflation and rising energy costs additionally lead to increasing costs in the procurement market. These may possibly not be passed on in full to customers.

Should the economic situation deteriorate, this would create material uncertainty regarding compliance with the covenants agreed in the credit agreements on the long-term loans and the revolving credit facility. In the event of non-compliance with the covenants, the lenders have a right of termination. If the right of termination were exercised, the non-current financial liabilities would fall due, which, in turn, will lead to the insolvency of GERRY WEBER International AG if the company does not have sufficient cash to meet the liabilities.

The Managing Board has therefore prepared cash projections taking into account two scenarios, the base scenario and the risk scenario, which build on each other and each cover a period of twelve months from the date of preparation of the consolidated financial statements.

The base scenario assumes noticeable year-on-year sales and margin growth in the Group's physical retail stores (Retail segment) for 2022. This growth is based on the assumption that the stores will remain open throughout and that rising costs can be fully passed on to customers through price increases. Sales and margin growth in the Wholesale and Online segments is essentially assumed to be in line with the projected market growth and will also clearly exceed the level of the reporting period. For reasons of caution, the expected liquidity from the Russian business was not taken into account in this scenario. In order to achieve the goal of a balanced liquidity position, the following liquidity securing measures in particular must also be successfully implemented: reduction in IT and marketing costs and reduction in capital expenditures. The base scenario additionally assumes that the Group will fail to comply with the covenant of an agreed net-debt-to-normalised-EBITDA ratio as of the reporting date 31 December 2022. The covenants comprise the contractual clauses in the loan agreements for the long-term loans and the revolving credit facility. Given that the breach of a covenant triggers the right to extraordinary termination of the respective financing agreements, it will be necessary in this case for the Managing Board to succeed in negotiating a waiver with the main financing partners.

The risk scenario considers the possibility of the Group's sales growth falling short of expectations. The risk scenario nevertheless assumes that sales will still grow compared to the reporting period but that this sales growth will be somewhat lower than planned in the base scenario. To achieve the goal of a balanced liquidity position in the risk scenario, the following liquidity securing measures in particular must be successfully implemented in addition to the liquidity securing measures of the base scenario: (1) increased sales of old merchandise; (2) personnel measures such as the introduction of short-time work; (3) cancellation or postponement of planned but not yet contractually fixed order volumes; and (4) utilisation of tax deferral options abroad. The risk scenario additionally assumes that the Group will fail to comply with the covenant of agreed minimum liquidity as of the reporting date 31 December 2022. Given that the breach of a covenant triggers the right to extraordinary termination of the respective financing agreements, it will be necessary in this case for the Managing Board to succeed in negotiating a waiver with the main financing partners.

In summary, the Managing Board plans for a balanced liquidity position in the forecast period in the base and risk scenarios of its liquidity planning. However, this presupposes that the assumptions that are listed below and underlying the liquidity planning will materialise:

- business operations will not be restricted by government measures imposed to fight the Covid-19 pandemic and potential cost increases on the procurement side can be fully passed on to customers through price increases;

- the planned sales and margin growth will be reached and the additional liquidity securing measures can be implemented successfully;

- in the event of non-compliance with covenants, the Managing Board will be able to negotiate a waiver with the main financing partners.

Beyond the end of the forecast period, the company's ability to continue as a going concern will essentially depend on the successful refinancing of the long-term credit agreements and bonds including interest as at 31 December 2023. If the refinancing of the financial liabilities fails, the company and, hence, the Group, will not be able to service the liabilities due on 31 December 2023.

Should one of the assumptions underlying the liquidity planning fail to materialise, the Group will depend on additional cash being made available, especially by the main financing partners, to meet the existing financial obligations, unless the liquidity requirements can be covered otherwise.

These events and circumstances indicate that material uncertainty exists which may cast significant doubt about the parent company's and the Group's ability to continue as a going concern and which represents a going concern risk within the meaning of section 322 para. 2 sentence 3 of the German Commercial Code (HGB), which is why the parent company, individual material subsidiaries as well as the Group as a whole may not be able to realise assets and meet liabilities in the ordinary course of business.

The consolidated financial statements were prepared on a going concern basis and do not include any adjustments to the carrying amounts and classifications of assets, liabilities and recognised expenses that might be necessary if the going concern assumption were not appropriate.

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, Halle/Westphalia,
- E-GERRY WEBER Digital GmbH, Halle/Westphalia,
- GERRY WEBER Fashion Ibérica S.L.U., Palma de Mallorca, Spain,
- GERRY WEBER FAR EAST Ltd., Hong Kong, China,
- Gerry Weber France S.à.r.l., Paris, France,
- Gerry Weber Denmark ApS, Albertslund, Denmark,
- Gerry Weber Dış Ticaret Ltd. Şirketi, Istanbul, Turkey,
- Gerry Weber Ireland Ltd., Dublin, Ireland,
- Gerry Weber GmbH, Vienna, Austria,
- GERRY WEBER Italia S.r.l., Brennero, Italy
- GERRY WEBER UK Ltd., London, United Kingdom,
- GERRY WEBER ASIA Ltd., Hong Kong, China,
- Gerry Weber Shanghai Co. Ltd., Shanghai, China,
- GERRY WEBER Polska Sp. z o.o., Warsaw, Poland,
- Gerry Weber Logistics GmbH i.L., Halle/Westphalia,
- GERRY WEBER Retail B.V., Amsterdam, Netherlands,
- GERRY WEBER CZ S.R.O., Prague, Czechia,
- Gerry Weber Belux BVBA, 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 Norge AS, Trondheim, Norway,
- OOO GERRY WEBER RUS, Moscow, Russia,
- OOO GERRY WEBER, Moscow, Russia.

All companies are wholly owned.

The major subsidiaries prepare their financial statements as of 31 December 2021 like the parent company. The subsidiaries reporting as of a different balance sheet date than the parent company were included in the consolidated financial statements on the basis of interim financial statements.

The following entities were liquidated or merged in the fiscal year 2021:

- Gerry Weber Retail Verwaltungs GmbH, Halle/Westphalia,
- Gerry Weber GmbH, Raeren, Belgium,
- GERRY WEBER Incompany B.V., Amsterdam, Netherlands,
- GERRY WEBER Sweden AB, Malmö, Sweden,
- Gerry Weber Retail NV, Brussels, Belgium,
- Gerry Weber Coast NV, Brussels, Belgium,
- Gerry Weber Outlet BVBA, Brussels, Belgium,
- TB Fashion GERRY WEBER GmbH, Halle/Westphalia,
- Brentrup Sp. z o.o., Lodz, Poland.

In the previous year, Gerry Weber Trading (Shanghai) Co. Ltd. and GW Media GmbH, Halle/Westphalia were liquidated and merged, respectively.

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.

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.

Business combinations in the fiscal year 2021

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. 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.

Foreign currency transactions in the financial statements of GERRY WEBER International AG and its subsidiaries are translated into the respective functional currency of the Group companies at the spot rate on the day of the transaction. As at the balance sheet date, monetary items in foreign currency are translated at the closing rate. Resulting exchange gains and losses are recognised through profit or loss.

Non-monetary assets and liabilities measured at fair value in a foreign currency are translated at the exchange rate prevailing on the date when the fair value is determined. Non-monetary items measured at historical cost in a foreign currency are translated using the exchange rate on the day of the transaction. As a general rule, currency translation differences are recognised in profit or loss for the period and reported in other operating expenses and income.

Assets and liabilities of subsidiaries included in the consolidated financial statements whose functional currency is not the euro are translated into the presentation currency, the euro, at the closing rate on the reporting date. Income and expenses from foreign operations are translated at the average annual exchange rate.

Currency translation differences from the translation of the financial statements of subsidiaries resulting from deviating exchange rates in the balance sheet and the income statement are recognised in other comprehensive income and reported in the currency translation reserve in equity.

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

Currencies		Closing rate		Average annual exchange rate	
EUR 1 in		**31 Dec. 2021**	**31 Dec. 2020**	**1 Jan. 2021–31 Dec. 2021**	**1 Jan. 2020–31 Dec. 2020**
Denmark	DKK	7.44	7.44	7.44	7.45
UK	GBP	0.84	0.90	0.86	0.89
Hong Kong	HKD	8.83	9.51	9.20	8.86
Canada	CAD	1.44	1.56	1.48	1.53
Romania	RON	4.95	4.87	4.92	4.84
Russia	RUB	85.30	91.47	87.23	82.72
Turkey	TRY	15.23	9.11	10.47	8.05
USA	USD	1.13	1.23	1.18	1.14
China	CNY	7.19	8.02	7.63	7.87
Switzerland	CHF	1.03	1.08	1.08	1.07
Poland	PLN	4.60	4.56	4.56	4.44
Sweden	SEK	10.25	10.03	10.14	10.48
Czech Republic	CZK	24.86	26.24	25.65	26.46
Norway	NOK	9.99	10.47	10.16	10.72

Error corrections

In the fiscal year 2021, the Group made the following error corrections by adjusting the respective items in the financial statements for previous years. The tables below summarise the effects on the consolidated balance sheet, on the consolidated income statement, on the consolidated statement of comprehensive income and on earnings per share. There were no material effects on cash flow from current operating activities and on cash flow from investing or financing activities for the period from 1 January to 31 December 2020, with the exception of the adjustments presented in section (I) Inventory adjustment and (III) Lease adjustment.

(I) Inventory adjustment

Up to and including 2020, inventories were measured at average manufacturing cost, as it was assumed that GERRY WEBER controls the manufacturing process due to its risk position and involvement in the process and is therefore the manufacturer of the goods. In 2021, it was determined that, with regard to full package service arrangements, the overall picture of the manufacturing process does not allow the conclusion that the process is controlled by GERRY WEBER but that goods are acquired in the context of a purchase transaction that must be accounted for at cost. Accordingly, no change in inventories of goods is shown in the income statement using the type of expenditure format. In this context, it has also been determined that the previous capitalisation of collection development costs as work in progress does not fall under the scope of IAS 2, but that the development costs should be recognised as intangible assets in accordance with IAS 38.57. They are written off on a systematic basis over the term of a collection (1 year). For products made under cut-make trim arrangements, it has been determined that the raw materials in production used to be recognised as direct costs under work in progress. The recognition under raw materials and supplies has therefore also been corrected, with the corresponding adjustment of changes in inventories.

Due to the fact that until 31 December 2019 the system was able to differentiate between cut-make trim inventories and full package service inventories only to a limited extent and that, from today's perspective, a retroactive differentiation is possible only on the basis of assumptions, a correction of the error as of 1 January 2020 is impracticable, which is why the error was corrected retroactively only for the comparative period of 2020 and as of 31 December 2020. As a result of the classification of the collection development costs as an intangible asset, cash outflows of KEUR 3,748 were retrospectively allocated to cash flow from investing activities and no longer to cash flow from current operating activities in the fiscal year 2020.

(II) Derivatives adjustment

In the fiscal year 2021, it was noticed that a financing agreement concluded by the Group in 2019 contains an embedded derivative that had to be separated from the underlying transaction and therefore accounted for separately and measured at fair value at the time the financing was utilised in the fiscal year 2020. The initial fair value of the embedded derivative was determined, recognised against the carrying amount of the financial liability and taken into account in the determination of the effective interest rate of the financial liability.

(III) Lease adjustment

With regard to the accounting for right-of-use assets and lease liabilities, it was noticed in the reporting year that no appropriate premium for the company-specific credit risk was taken into account when determining the incremental borrowing rate applicable to the leases. This affects all leases since the introduction of IFRS 16. The correction thus reduces the carrying amounts of the right-of-use assets and the lease liabilities.

In addition, lease agreements were recognised retroactively, as they had erroneously not been accounted for in accordance with IFRS 16 as of 31 December 2020. The carrying amounts of the right-of-use assets and the lease liabilities have thus been increased. Taking into account both error corrections, the carrying amounts of the right-of-use assets and the lease liabilities have reduced. Due to the adjustment of the incremental borrowing rate used to discount the lease liabilities and the fact that the interest portion included in the lease payments is reported in the cash flow from current operating activities and the repayment portion is included in the cash flow from financing activities, the cash flow from operating activities decreased by KEUR 16,154, whereas the cash flow from financing activities increased by the same amount.

(IV) Definition of cash-generating unit and event-driven impairment test for right-of-use assets

In the fiscal year, it was noticed that in the Retail segment, each retail store represents a cash-generating unit (CGU) with the consequence that right-of-use assets in retail stores are to be subjected to an impairment test in accordance with IAS 36 if there are indications of impairment. In 2020, there were indications of impairment of the retail stores' right-of-use assets because of the Covid-19-related restrictions and the resulting plan deviations. An impairment test was performed by determining the recoverable amount of the respective retail stores and comparing it to the carrying amount of the respective right-of-use assets and related assets of the CGU. The impairment test resulted in an impairment of right-of-use assets and of property, plant and equipment assets attributable to the CGU, which was recognised through profit or loss in the depreciation/amortisation item.

A correction of the error as of 1 January 2020 is impracticable, since the adaption of the corporate plans and budgets at CGU level would require a large number of assumptions and estimates by the management at that time, which from today's perspective cannot be objectively determined free of the effects of the knowledge gained in the last two fiscal years (such as the effects of the Covid-19 pandemic). This is why the error was merely corrected retroactively as of 31 December 2020.

(V) Provision adjustment
In the reporting year, it was noticed that liabilities for outstanding invoices had been reported in the balance sheet under "Other provisions" in the fiscal year 2020. In the financial statements for the period ended 31 December 2021, these were reclassified to trade payables, which had no impact on the income statement for the fiscal year 2020.

(VI) Returns adjustment
The GERRY WEBER Group grants customers the right to return goods. In the reporting year, it was noticed that the refund liability to be recognised for this purpose and the asset for GERRY WEBER's right to retrieve the goods were netted in the balance sheet. According to IFRS 15, however, the refund liability must be recognised separately from the asset for the right to retrieve the goods. It was also noticed that additional margin components had not been accrued. The amounts of the right to retrieve the goods and the refund liability were adjusted accordingly.

(VII) Tax adjustment
The aforementioned error corrections made retrospectively as of 1 January 2020 and 31 December 2020, respectively, led to a change in the carrying amount of assets and liabilities in the GERRY WEBER consolidated financial statements relevant for the determination of temporary valuation differences and for the recognition of deferred taxes. It was also noticed that, although the conditions for netting deferred tax assets and liabilities were in place in the previous years, these were not netted in full. As a result, deferred tax assets and liabilities were netted in full as at 31 December 2020 and 1 January 2020 and the deferred tax expense for the fiscal year 2020 was adjusted accordingly.

(VIII) Logistic costs
Up to and including 31 December 2020, costs for freight, packaging and logistic services that serve to prepare the goods for sale were reported under other operating expenses, although they qualify as part of inventories and must therefore be reported as cost of materials when the inventories are sold. The correction led to a reduction in other operating expenses and an increase in the cost of materials. The balance sheet as at 31 December 2020 and 1 January 2020 is not affected by the adjustment.

Affected balance sheet items as at 31 December 2020

in KEUR	Effects due to error corrections							
	As previously reported	**Inventory adjustment (I)**	**Derivatives adjustment (II)**	**Lease adjustment (III)**	**Impairment test adjustment (IV)**	**Provision adjustment (V)**	**Returns adjustment (VI)**	**Tax adjustment (VII)**	**31 Dec. 2020 (adjusted)**
Right-of-use assets	179,194	0	0	−48,436	−9,182	0	0	0	121,576
Property, plant and equipment	74,250	0	0		−4,007	0	0	0	70,243
Other financial assets	183	0	1,773	0	0	0	0	0	1,956
Deferred tax assets	2,080	0	0	0	0	0	0	−2,080	0
Intangible assets	13,776	0	0	0	0	0	0	0	13,776
Non-current assets	***269,483***	***0***	***1,773***	***−48,436***	***−13,189***	***0***	***0***	***−2,080***	***207,551***
Intangible assets	0	2,811	0	0	0	0	0	0	2,811
Inventories	46,702	−2,811	0	0	0	0	1,667	0	45,558
Other assets	18,176	0	0	0	0	0	0	0	18,176
Other	98,653	0	0	0	0	0	0	0	98,653
Current assets	***163,531***	***0***	***0***	***0***	***0***	***0***	***1,667***	***0***	***165,198***
Total assets	**433,014**	**0**	**1,773**	**−48,436**	**−13,189**	**0**	**1,667**	**−2,080**	**372,749**
Equity	***56,134***	***0***	***76***	***−6,033***	***−13,189***	***0***	***−238***	***1,548***	***38,298***
Lease liabilities	151,023	0	0	−42,003	0	0	0	0	109,020
Financial liabilities	109,579	0	1,697	0	0	0	0	0	111,276
Deferred tax liabilities	3,628	0	0	0	0	0	0	−3,628	0
Other liabilities	4,199	0	0	0	0	0	0	0	4,199
Non-current liabilities	***268,429***	***0***	***1,697***	***−42,003***	***0***	***0***	***0***	***−3,628***	***224,495***
Other provisions	19,477	0	0	0	0	−2,098	−335	0	17,044
Trade liabilities	15,055	0	0	0	0	2,098	0	0	17,153
Lease liabilities	30,398	0	0	−400	0	0	0	0	29,998
Other liabilities	6,776	0	0	0	0	0	2,240	0	9,016
Other	36,745	0	0	0	0	0	0	0	36,745
Current liabilities	***108,451***	***0***	***0***	***−400***	***0***	***0***	***1,905***	***0***	***109,956***
Total assets	**433,014**	**0**	**1,773**	**−48,436**	**−13,189**	**0**	**1,667**	**−2,080**	**372,749**

Affected balance sheet items as at 1 January 2020

in KEUR	Effects due to error corrections								
	As previously reported	**Inventory adjustment (I)***	**Derivatives adjustment (II)**	**Lease adjustment (III)**	**Impairment test adjustment (IV)***	**Provision adjustment (V)**	**Adjustment (VI) Returns**	**Tax adjustment (VII)**	**1 January 2020 (adjusted)**
Right-of-use assets	236,024	–	0	−56,191	–	0	0	0	179,833
Property, plant and equipment	80,474	–	0	0	–	0	0	0	80,474
Other financial assets	221	–	0	0	–	0	0	0	221
Deferred tax assets	2,083	–	0	0	–	0	0	−2,083	0
Intangible assets	20,136	–	0	0	–	0	0	0	20,136
Non-current assets	***338,938***	***–***	***0***	***−56,191***	***–***	***0***	***0***	***−2,083***	***280,664***
Intangible assets	0	–	0	0	–	0	0	0	0
Inventories	65,065	–	0	0	–	0	1,039	0	66,105
Other assets	33,697	–	0	0	–	0	0	0	33,697
Other	142,967	–	0	0	–	0	0	0	142,967
Current assets	***241,729***	***–***	***0***	***0***	***–***	***0***	***1,039***	***0***	***242,770***
Total assets	**580,667**	**–**	**0**	**−56,191**	**–**	**0**	**1,039**	**−2,083**	**523,433**
Equity	***121,442***	***–***	***0***	***274***	***–***	***0***	***−453***	***2,842***	***124,105***
Lease liabilities	194,901	–	0	−56,465	–	0	0	0	138,436
Financial liabilities	73,623	–	0	0	–	0	0	0	73,623
Deferred tax liabilities	4,925	–	0	0	–	0	0	−4,925	0
Other	4,231	–	0	0	–	0	0	0	4,231
Non-current liabilities	***277,680***	***–***	***0***	***−56,465***	***–***	***0***	***0***	***−4,925***	***216,291***
Other provisions	31,552	–	0	0	–	−4,159	−1,050	0	26,343
Trade liabilities	14,090	–	0	0	–	4,159	0	0	18,249
Lease liabilities	42,953	–	0	0	–	0	0	0	42,953
Other liabilities	11,610	–	0	0	–	0	2,542	0	14,152
Other	81,340	–	0	0	–	0	0	0	81,340
Current liabilities	***181,545***	***–***	***0***	***0***	***–***	***0***	***1,493***	***0***	***183,038***
Total assets	**580,667**	**–**	**0**	**−56,191**	**–**	**0**	**1,039**	**−2,083**	**523,433**

* Determination as at 1 January 2020 was deemed impractical; see information above.

Affected items of the statement of comprehensive income for the period from 1 January 2020 to 31 December 2020

in KEUR	Effects due to error corrections*								
	As previously reported	**Inventory adjustment (I)**	**Derivatives adjustment (II)**	**Lease adjustment (III)**	**Impairment test adjustment (IV)**	**Returns adjustment (VI)**	**Tax adjustment (VII)**	**Logistic costs adjustment (VIII)**	**2020 (adjusted)**
Sales revenues	278,186	0	0	0	0	–79	0	0	278,108
Own work capitalised	0	3,748	0	0	0	0	0	0	3,748
Other operating income	13,323	0	0	0	0	0	0	0	13,323
Change in inventories	–15,740	15,740	0	0	0	0	0	0	0
Cost of materials	–106,356	–18,551	0	0	0	291	0	–3,670	–128,283
Personnel expenses	–85,559	0	0	0	0	0	0	0	–85,559
Depreciation/ amortisation	–49,141	–937	0	6,205	–13,189	0	0	0	–57,062
Other operating expenses	–85,974	0	0	–1,010	0	0	0	3,670	–83,314
Other	–398	0	0	0	0	0	0	0	–398
Operating result	***–51,659***	***0***	***0***	***5,196***	***–13,189***	***212***	***0***	***0***	***–59,437***
Financial expenses	–12,347	0	76	–11,502	0	0	0	0	–23,773
Other	–1,985	0	0	0	0	0	0	0	–1,985
Financial result	***–14,332***	***0***	***76***	***–11,502***	***0***	***0***	***0***	***0***	***–25,758***
Results from ordinary activities	***–65,991***	***0***	***76***	***–6,306***	***–13,189***	***212***	***0***	***0***	***–85,195***
Taxes on income	538	0	0	0	0	0	–1,294	0	–757
Consolidated net loss for the year	***–65,453***	***0***	***76***	***–6,306***	***–13,189***	***212***	***–1,294***	***0***	***–85,952***
Other comprehensive income	–898	0	0	0	0	0	0	0	–898
Comprehensive income	***–66,351***	***0***	***76***	***–6,306***	***–13,189***	***212***	***–1,294***	***0***	***–86,850***
Earnings per share (basic)	–58.12	0.00	0.07	–5.60	–11.71	0.18	–1.15	0	–76.33
Earnings per share (diluted)	–58.12	0.00	0.07	–5.60	–11.71	0.18	–1.15	0	–76.33

Assumptions, estimates and discretionary decisions

The preparation of the consolidated financial statements requires the Managing Board to make discretionary decisions and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates are recorded prospectively.

The important forward-looking assumptions and sources of estimation uncertainties as at 31 December 2021 that may entail a significant risk of causing a material adjustment to the carrying amounts of recognised assets and liabilities within the next fiscal year are presented below:

Discretionary decisions

Accounting based on the going concern principle

The consolidated financial statements of the GERRY WEBER Group were prepared on the basis of a going concern assumption. The assessment of the company's ability to continue as a going concern is based on the current plans and budgets prepared by the Managing Board. There are material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. See section "Assumption of going concern as the basis of accounting".

Term of rental and lease obligations

In determining the term of leases, the Group takes into account not only the non-cancellable period of the lease but also periods resulting from an option to extend the lease, provided that it is reasonably certain that this option will be exercised. This is a discretionary decision, the basis of which is presented in paragraph B. Accounting and valuation principles "Term of rental and lease obligations".

Reasonable certainty in the recognition of public grants and subsidies

The recognition of grants and subsidies in profit/loss in the fiscal year ("Überbrückungshilfe III" stopgap aid) requires the Group to be able to assume with reasonable certainty that there will be no repayment claim and that the stopgap aid granted can be permanently recognised in the amount collected. The discretionary decisions made by the Group in this context are explained in paragraph B. Accounting and valuation principles "Accounting of public grants and subsidies".

Assumptions and estimates

Impairment of non-financial assets (impairment test)

The impairment testing of non-financial assets requires assumptions and estimates regarding the future performance of the Group. The main assumptions and estimates made in this context relate to future sales, changes in personnel expenses taking into account future wage increases and personnel capacity planning, discount rates applied and the planned period of use of the leased retail stores. The assumptions and estimates are described in more detail in section B. Accounting and valuation principles "Impairment of non-financial assets".

Leases – Estimation of the incremental borrowing rate

The determination of the incremental borrowing rate applied to the Group's leases is subject to assumptions, in particular with regard to non-observable input factors such as the company-specific credit risk. The approach chosen to determine these assumptions is explained in section B. Accounting and valuation principles "Determination of the incremental borrowing rate".

Revenue recognition (return rates)
For sales where customers are granted a right of return, the Group must estimate the expected merchandise returns. Details of this estimate are provided in section B. Accounting and valuation principles "Sales revenues".

Recognition of deferred tax assets
Deferred tax assets on temporary differences as well as existing loss and interest carryforwards are capitalised only to the extent that it can be reasonably assumed that future taxable income will be available for offsetting. The assessment of whether and in what amount taxable income will be available in the future requires assumptions and estimates, as described in section B. Accounting and valuation principles "Deferred tax" and in section C. Notes to the balance sheet "(5) Deferred tax".

Measurement of the fair value of financial instruments
Where observable market data are not exclusively available for the purpose of determining the fair value of financial instruments, the determination of fair values is based to a large extent on assumptions and estimates made by the Managing Board, which are described in section B. Accounting and valuation principles "Determination of fair values".

Inventories
The determination of the lower fair value for the measurement of inventories at the balance sheet date requires assumptions and estimates regarding the realisable sales proceeds, which are set out in Section B. Accounting and valuation principles "Inventories".

Other provisions
Other provisions include provisions for dismantling obligations as well as for restructuring measures. The provisions for dismantling obligations include an estimate of the settlement amount required for dismantling leasehold improvements in rented POS. The provisions for restructuring measures include assumptions regarding the handling of the restructuring in accordance with the restructuring agreement. These are explained in more detail in section B. Accounting and valuation principles "Other provisions".

Valuation of insolvency liabilities and loan liabilities
The amounts of some of the insolvency liabilities resulting from the insolvency proceedings of GERRY WEBER International AG and GERRY WEBER Retail GmbH as well as of the loan liabilities are dependent on the future development of financial performance indicators of the Group. The Managing Board assumes that, even based on the upper range of the current medium-term planning for 2023, no payment obligation will arise from the deferred liabilities. The assumptions made for the valuation of the insolvency liabilities and loan liabilities are described in more detail in section C. Notes to the balance sheet "(15) Financial liabilities".

B. ACCOUNTING AND VALUATION PRINCIPLES

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

Other intangible assets

Purchased intangible assets with definite useful lives are recognised at cost taking transaction costs into account, and amortised over their expected useful lives using the straight-line method. The costs from the consumption of value of other intangible assets are recorded under depreciation and amortisation in the income statement.

Expenses for the development of the collections are capitalised as internally generated intangible assets when they are incurred if they can be measured reliably, the collection is commercially viable, future economic benefits are probable and the Group has both the intention and sufficient resources to complete the development and to market the collection. They are depreciated on a straight-line basis over the expected useful economic life and subjected to an impairment test if there are indications of impairment. Capitalised development costs are recognised under own work capitalised. Amortisation of capitalised collection development costs is recognised in the income statement in the depreciation/amortisation item.

The following expected useful lives are applied in each case:

	Useful life
Collection development expenses	1 year
Software and other rights	3–5 years
Customer bases and delivery rights	5–10 years

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses. Property, plant and equipment, with the exception of land, are depreciated on a straight-line basis over their expected useful economic lives, taking into account any residual carrying amounts.

The acquisition cost comprises the purchase price as well as ancillary transaction costs. 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. Discount rates of 0.0% to 0.1% (previous year: 1.5%) p.a. were applied.

No investment-related government grants were received.

The following estimated useful lives are used as a basis:

	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

If there are triggering events which suggest that non-financial assets (property, plant and equipment and intangible assets) may be impaired, the recoverable amount is determined. 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 before tax is used. 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 exceeds the recoverable amount, an impairment loss is initially recognised in profit or loss for the asset to which the CGU is assigned. The remaining impairment loss proportionally reduces the remaining non-current assets of the CGU or group of CGUs. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss recognised for goodwill is not reversed.

Due to the Covid-19 pandemic, there were indications of an impairment of right-of-use assets in 2020. Because of these triggering events, an impairment test was carried out as of 31 December 2020 for all right-of-use assets in retail stores and for furniture and fixtures at the level of the respective CGUs. This was based on the adopted financial plans, taking into account the effects of the Covid-19 pandemic expected at the time. For the fiscal year 2020, impairment losses of KEUR 13,189 were recognised retrospectively (see section A. GENERAL INFORMATION "Error corrections"), of which KEUR 7,005 relates to retail stores in Germany, KEUR 2,732 to Austria and KEUR 2,634 to Belgium.

In 2021, the Group changed its measurement technique for determining the recoverable amount from the traditional approach (adjusted discount rate approach), which considers only one cash flow scenario, to the expected cash flow approach, which considers multiple probability-weighted cash flow scenarios instead of only one cash flow scenario. This measurement technique was changed in view of the greatly increased estimation uncertainty and a larger number of possible cash flow projections resulting from the increasing uncertainty for the sales and earnings performance of the Group's retail stores, especially caused by the unpredictable development of the Russia-Ukraine conflict as well as the further course of the Covid-19 pandemic. The Managing Board assumes that the two scenarios described below (base and risk scenario) reflect the developments that are considered possible. Each scenario was weighted with a probability of occurrence by the Managing Board. The recoverable amount was determined by calculating the present value of the probability-weighted expected cash flows. The fair value measurement was classified as a Level 3 fair value based on the inputs to the measurement technique used.

- The first scenario (base scenario) assumes noticeable year-on-year sales and profitability growth for the Retail segment in the planning year 2022, while sales in the planning year 2023 and the subsequent planning years are assumed to grow in line with the market. Growth in the planning year 2022 is based, among other things, on the assumption that the stores will remain open throughout, that demand for the Group's products increases noticeably compared to the previous year and that cost increases can be passed on in full to customers through price increases.

- The second scenario (risk scenario) assumes that customer demand for the Group's products remains below plan. This risk scenario also expects sales to increase compared to the previous year, albeit at a somewhat lower rate than planned in the base scenario, and considers additional cost-cutting measures. For the planning year 2023 and the subsequent planning years, the risk scenario expects sales to grow in line with the market.

The impairment tests are based on updated financial plans and estimates. The following estimates and assumptions are subject to increased uncertainty:

- Sales growth: The assumptions regarding the speed and intensity of sales growth are based on externally published studies for the recovery of the clothing industry in the European market from the effects of the Covid-19 pandemic and were used in particular to derive country-specific sales growth rates from 2022 to 2023. The growth rates assumed in the base scenario for the business performance of the Retail segment are above those of the European clothing industry, as GERRY WEBER expects to grow more strongly than the total average of all market participants in the clothing industry in 2022. The risk scenario assumes somewhat lower sales growth rates and considers additional measures to cut costs and secure liquidity. In this context, please refer to the information provided in section A. GENERAL INFORMATION - Assumption of going concern as the basis of accounting.

- Sustainable nominal retail growth: all growth rates are based on published industry-related market data for the European market. These growth rates were taken as the basis for sales assumptions for lease agreements with a term beyond 2023.

- Discount rates: The discount rates represent a pre-tax figure estimated on the basis of the historical industry-average weighted cost of capital at a possible gearing level of 30 percent and a market interest rate of 7.5 percent.

- Planned useful life of the retail stores: The planning period is based on the remaining terms of the leases, which are determined and reviewed annually.

- Probability weighting: The Managing Board has – at its discretion and based on its assumptions regarding the economic situation – assigned probability weightings to the individual scenarios and assumes an equal distribution of both scenarios. The Board believes that the assigned probabilities reflect a reasonable assessment of the probability of the scenarios occurring, taking into account, on the upside, the potential for a more robust recovery and, on the downside, a further deterioration in economic developments.

The assumptions underlying the impairment test are presented below:

Parameter	2021	2020
Weighted average cost of capital (WACC) – depending on maturity and country of the respective store	9.2%–13.4%	9.1%–10.2%
Sales-related growth rate from 2024 (previous year: 2023)	1.0%	1.0%–1.9%
Duration of the planning (until the end of the assumed rental periods per store)	2022–2040	2021–2041

Although great care has been taken in the derivation of estimates and assumptions, especially with regard to the economic consequences of Covid-19, actual results may differ, especially taking into account the continued considerable uncertainties related to Covid-19. Changes in the assumptions made may therefore lead to further impairments or reversals of impairments in the future.

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.

No interest on borrowings was capitalised in the fiscal year.

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

Financial instruments

Financial instruments – Initial recognition and subsequent measurement

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables and debt instruments issued are recognised as of the date on which they arise. All other financial assets and liabilities are recognised for the first time on the trade date when the company becomes a party to the contract under the contractual provisions of the instrument.

Financial assets

Initial recognition and measurement

Upon initial recognition, financial assets are classified for subsequent measurement either as at amortised cost, at fair value outside profit or loss or at fair value through profit or loss.

The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial assets and the Group's business model for managing its financial assets. Except for trade receivables that do not have a significant financing component or for which the Group has applied the practical expedient, the Group measures a financial asset at its fair value and, in the case of a financial asset not measured at fair value through profit or loss, plus transaction costs. Trade receivables that do not have a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price indicated in section B. Accounting and valuation principles "Sales revenues".

For a financial asset to be classified and measured at amortised cost or at fair value outside profit or loss, the cash flows must consist of solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is called "SPPI test" and is carried out at the level of the individual financial instrument. Financial assets with cash flows that are not solely payments of principal and interest are classified as at fair value through profit or loss and are measured accordingly, regardless of the business model.

The Group's business model for managing its financial assets reflects how an entity manages its financial assets to generate cash flows. Depending on the business model, cash flows arise from the collection of contractual cash flows, the sale of financial assets or both. Financial assets classified and measured at amortised cost are held in a business model whose objective is to hold financial assets to collect the contractual cash flows. By contrast, financial assets classified and measured at fair value through other comprehensive income are in a business model whose objective is both to collect the contractual cash flows and to sell financial assets.

Subsequent measurement
For subsequent measurement, financial assets are classified into four categories:

- financial assets measured at amortised cost (debt instruments)
- financial assets at fair value through profit or loss
- financial assets at fair value outside profit or loss
- equity investments at fair value outside profit or loss

Financial assets measured at amortised cost (debt instruments)
Financial assets measured at amortised cost are measured in subsequent periods using the effective interest method and must be tested for impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets measured at amortised cost include trade receivables, other loans and receivables such as rent receivables and balances with suppliers as well as other cash and cash equivalents recognised in the balance sheet. These comprise cash on hand, bank balances as well as current deposits and are initially measured at amortised cost.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are recognised in the balance sheet at fair value, with positive changes in fair value recognised in interest income and negative changes recognised in financing expenses in the income statement.

This category comprises derivative financial instruments. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

A derivative embedded in a hybrid contract with a financial or non-financial liability as the host contract is separated from the host contract and accounted for separately if the economic characteristics and risks of the embedded derivative are not closely related to the host contract, a stand-alone instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value, with changes in fair value recognised in profit or loss. Remeasurement takes place only in the event of a change in the contractual terms if such change leads to a significant change in the cash flows that would otherwise have arisen from the contract or when a financial asset is reclassified from the "at fair value through profit or loss" category.

In the reporting year, an error relating to derivative financial instruments was corrected, which is presented in section A. GENERAL INFORMATION "Error corrections".

Financial assets at fair value outside profit or loss
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, exchange gains and losses as well as impairments are recognised in profit or loss. Other net gains or losses are recognised in other comprehensive income. On derecognition, the accumulated other comprehensive income is reclassified to profit or loss.

Equity investments at fair value outside profit or loss
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss, unless the dividend obviously represents a recovery of part of the cost of the investment. Other net gains or losses are recognised in other comprehensive income and never reclassified to profit or loss.

Derecognition

A financial asset (or part of a financial asset or part of a group of similar financial assets) is derecognised (i.e. removed from the consolidated balance sheet) principally when one of the following conditions is met:

- The contractual rights to receive cash flows from the financial asset have expired.
- The Group has transferred its contractual rights to receive cash flows from the financial asset to a third party.

When the Group transfers its contractual rights to receive cash flows from an asset, it assesses whether and to what extent it retains the risks and rewards of ownership. If the Group has neither retained nor transferred substantially all of the risks and rewards of the asset, nor has transferred control of the asset, it continues to recognise the asset to the extent to which it has a continuing involvement in the asset. In this case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured to reflect the rights and obligations that the Group has retained.

If the continuing involvement takes the form of guaranteeing the transferred asset, the extent of the continuing involvement is the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group might be required to repay.

Impairment

Impairment losses on financial assets measured at amortised cost are determined using the expected credit loss model of IFRS 9. At GERRY WEBER, this primarily affects trade receivables, for which the simplified approach is used. Under this approach, the expected credit losses are determined over the entire term of the receivables. For the purpose of determining the expected losses, the Group groups trade receivables into the Wholesale, E-Commerce and Retail portfolios and determines the risk provisions. The recognised impairments are based on historical information on historical bad debts, default probabilities of the respective sectors and additional information taking into account the respective economic environment. The default rates are adjusted as required if there are indications of a higher risk of default in the future.

For all other financial assets within the scope of IFRS 9 (cash and other financial assets), the Group recognises expected credit losses anticipated in the next 12 months. A significant increase in the credit risk is assumed when such a financial asset is more than 30 days past due. The expected credit losses determined for cash and other financial assets are of minor importance for the Group.

The Group generally assumes that a financial asset is in default when it is 90 days past due. In the E-Commerce segment, a default is assumed already after 71 days past due. The gross carrying amount of a financial asset is written down if the Group does not reasonably believe that the financial asset is fully or partly recoverable.

Presentation

Cash and cash equivalents include bank balances. The balance sheet item also includes bank balances that are subject to restrictions on disposal and serve to settle liabilities to be fulfilled in the insolvency proceedings (trust accounts).

Financial liabilities

Financial liabilities and other liabilities of the Group are initially measured at fair value less directly attributable transaction costs. In subsequent periods, non-current financial liabilities are measured at amortised cost using the "effective interest method".

Financial liabilities measured at amortised cost

The GERRY WEBER Group's financial liabilities include loans, bonds and insolvency liabilities. After initial recognition, financial liabilities measured at amortised cost are measured at amortised cost using the effective interest method. Amortised cost is calculated taking into account any premium or discount on acquisition as well as any fees or costs that are an integral element of the effective interest rate. Any difference between the net loan amount (less transaction costs) and the redemption value is recognised in the income statement as part of finance expenses spread over the term of the financial liability.

For further information, please refer to note (15) "Financial liabilities".

Derecognition

A financial liability is derecognised when the underlying obligation is settled, is terminated or expires. When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the respective carrying amounts is recognised in profit or loss.

Modifications of financial liabilities

When the terms and conditions of a financial liability change, the Group assesses whether the cash flows of the adjusted liability are significantly different from those before the change. To do this, the Group assesses whether the present value of the cash flows under the modified terms and conditions, discounted at the effective interest rate of the existing financial liability, differs from the present value of the existing financial liability by more than 10%. To the extent that the changes do not result in significantly different cash flows, the Group treats the change as a modification, whereupon a gain equal to the aforementioned difference between the present values of the existing and modified financial liability is recognised in interest income and the modified liability is subsequently measured at amortised cost using the existing effective interest rate. In the event of a modification, transaction costs are offset against the carrying amount of the financial liability and reversed as interest expense over the term of the liability.

Convertible bonds

Compound financial instruments issued by the Group include convertible bonds denominated in euros that are convertible into equity shares at the option of the holder. The compound financial instruments are divided into a debt component recognised in financial liabilities and an equity component resulting from the conversion rights. The liability component of the compound financial instrument is initially recognised at the fair value of a similar liability that does not contain an option to convert to equity. The liability component is subsequently measured at amortised cost using the effective interest method. The equity component is initially recognised as the difference between the fair value of the compound financial instrument and the fair value of the liability component. The equity component of the compound financial instrument is carried forward at the value recognised at initial recognition. Directly attributable transaction costs shall be allocated in proportion to the carrying amounts of the liability and equity components of the financial instrument at the time of initial recognition.

The convertible bond was issued on 15 June 2020 and has a fixed term until 31 December 2023. The convertible bond bears interest at 3% p.a., interest is paid semi-annually. The holders of the convertible bonds have the right to convert them into shares of GERRY WEBER International AG at a share price of EUR 33.33 for the nominal amount of the convertible bond at any time until final maturity.

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).

For assets and liabilities that are recognised at fair value on a recurring basis in the financial statements, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is relevant to the fair value). Reclassifications are recognised by the Group at the end of each reporting period. In the fiscal year 2021 and in the previous year, there were no reclassifications within the fair value hierarchies.

The derivative financial assets allocated to Level 3 are termination options embedded in loans. These are measured by means of an option pricing model, which uses historical interest rate volatilities of debt instruments of comparable issuers, as they represent a more reliable estimate at the reporting date than current market volatilities. CDS spreads as well as spread volatilities are used as important non-observable input parameters in the option pricing model, which were determined on the basis of current market prices of debt instruments of comparable issuers. Risk-free interest and spread were simulated separately.

The GERRY WEBER Group also discloses the fair values of non-current financial liabilities measured at amortised cost (see section Fair values of financial assets and liabilities by measurement categories). The fair value of these instruments is measured by discounted cash flows. The measurement model takes into account the present value of the expected payments, discounted using a risk-adjusted discount rate. The fair values thus determined are Level 3 fair value measurements.

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. Current tax is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

IFRIC 23 contains clarifications on how to apply the recognition and measurement rules set out in IAS 12 when there is uncertainty about the income tax treatment and relates to current and deferred tax assets or liabilities. According to IFRIC 23, uncertain tax treatments may have to be considered independently or together with one or several other uncertain tax treatments. The entity should use the method that provides better predictions of the resolution of the uncertainty. In this assessment, the entity is to assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so. If the entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it has to use either the most likely amount or the expected value of each uncertain tax treatment to consider the effect of the uncertainty, depending on which method provides better predictions of the resolution of the uncertainty.

The Group's entities are subject to income tax in a large number of countries worldwide. When assessing worldwide income tax assets and liabilities, the interpretation of tax regulations in particular can be subject to uncertainty. It cannot be ruled out that the respective taxation authorities have different views regarding the correct interpretation of tax standards. Changes in assumptions about the correct interpretation of tax standards, such as those resulting from changes in case law, are reflected in the accounting for uncertain income tax assets and liabilities in the respective fiscal year.

Deferred tax

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

Temporary differences relating to a right-of-use asset and a lease liability for a specific lease are considered together (the lease) for the purpose of recognising deferred tax.

Deferred tax assets from deductible temporary differences, tax loss carryforwards and interest carryforwards that exceed taxable temporary differences are recognised only to the extent that it can be assumed with reasonable certainty that the respective entity will generate sufficient taxable income to realise the tax benefit. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the deferred tax asset can be utilised at least partially.

Deferred tax assets and deferred tax liabilities are netted if certain conditions are met. They are reported as non-current in accordance with IAS 1.70 and are not discounted.

In the reporting year, an error relating to deferred taxes was corrected, which is presented in section A. GENERAL INFORMATION "Error corrections".

Inventories

Inventories are generally measured at cost. Cost is the cost of acquisition (including taxes, transport and handling costs) including all discounts received. Borrowing costs are not capitalised.

Where required, inventories are written down to lower net realisable values at the balance sheet date. The latter correspond to the estimated sales proceeds realisable in the normal course of business less the estimated costs incurred until the sale. When the circumstances which previously caused inventories to be written down no longer exist, the amount of the write-down is reversed.

Uniform collection-specific markdowns are applied throughout the Group for the write-downs to the net realisable value, except for the Russian Group entities. For this purpose, price markdowns are taken into account depending on the utilisation possibilities in the respective distribution channels and output markets. For the Russian market, the collection-specific markdowns are determined taking into account the local market conditions and opportunities of realisation (see Section C. NOTES TO THE BALANCE SHEET "(7) Inventories".

In the reporting year, an error relating to inventories was corrected, which is presented in section A. GENERAL INFORMATION "Error corrections".

Assets classified as held for sale

Assets or disposal groups classified as held for sale are non-current assets and liabilities that are expected to be recovered principally through a sale rather than through continuing use. For this, the planned sale must be highly probable and immediately possible in the present state. For such classification, it must also be unlikely that material changes will be made to the plans to sell or that the decision to sell will be reversed. Also, it must be reasonably expected that the planned sale will be made within one year from the time of classification. Assets and liabilities classified as held for sale are shown as current items in the balance sheet.

These assets are recognised at the lower of the carrying amount and the fair value less costs to sell.

Assets classified as held for sale are no longer depreciated or amortised.

The Ravenna Park logistics centre was sold on 28 May 2021 at a price of EUR 25.0 million in accordance with the provisions of the insolvency plan. The proceeds from the sale were due to the insolvency creditors. The Group did not generate any profit or loss from the sale.

Other provisions

Provisions 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.

Non-current provisions are discounted and recognised in the balance sheet at their present value, using a pre-tax rate that reflects current market expectations regarding the time value of money as well as the risks specific to the liability.

As of 31 December 2021, non-current provisions were discounted at rates of 0.0% to 0.6% (previous year: 1.5%). Increases in provisions resulting purely from interest compounding are recognised as interest expenses through profit or loss in the income statement.

A provision for restructuring measures is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring measures have either started or have been publicly announced.

Future operating losses are not taken into account. The provisions for restructuring measures were established based on the valid reconciliation of interests and/or the social plan as well as on individual settlement agreements. The planned severance costs for store closures are based on the agreement reached with the Works Council on severance arrangements for POS closures. Estimates in connection with the recognition and measurement of future severance payments result from the values determined by the transfer companies. The cost components consist of the salary costs of the respective employee plus any qualification and profiling costs.

Provisions for dismantling obligations in the retail stores are recognised as liabilities at the present value of the best estimate of the settlement amount, insofar as the Group has a contractual obligation to dismantle or restore the leased space. The corresponding assets are capitalised in the same amount and depreciated on a systematic basis over the duration of the lease. The estimate of the costs caused by dismantling is based on the Group's historical experience and also takes into account expected future cost increases.

Employee benefits

Short-term benefits

Obligations from short-term employee benefits are recognised as an expense as soon as the related service is provided. A liability shall be recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay that amount as a result of employee service and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised as an expense at the earlier of the following: when the Group is no longer able to withdraw the offer of such benefits or when the Group recognises costs for restructuring. If benefits are not expected to be settled in full within twelve months after the reporting date, they are discounted Please also refer to the information on restructuring provisions.

Share-based payments

In 2021, GERRY WEBER International AG implemented a share-based payment system for two members of the Managing Board. This model was implemented in the context of a Long Term Incentive Program (LTI).

The LTI is treated as a cash-settled share-based payment. In the event of a departure during the course of a fiscal year, the LTI is granted pro rata temporis. The commitment is made in annual tranches, each with a term of four years (performance period), in the form of performance share units (PSU). The 2021 tranche was granted as of 1 January 2021. The initial number of PSUs is calculated by dividing the LTI target amount of a tranche by the relevant volume-weighted average price of the GERRY WEBER International AG share. The exercisable number of PSUs depends on two financial performance criteria (market capitalisation and online sales) and two non-financial performance criteria (employee satisfaction and three sustainability goals). Overall target achievement results from the average of the financial and non-financial performance criteria. Within the financial and non-financial performance criteria, in turn, the average of the respective sub-targets is taken as a basis. The bandwidth of achievement for the three sustainability goals ranges from 0% to 100% and for the other targets from 0% to 200%. The exercisable number of PSUs is finally multiplied with the relevant share price to determine the provisional payout amount. This provisional payout amount may be adjusted upwards or downwards (+/- 10% of the provisional payout amount) by the Supervisory Board at its due discretion to take account of unforeseen developments. The result is the amount of the final payout, which is capped at twice the LTI target amount granted.

As of the end of the year, these entitlements had a fair value of EUR 452,352, which is shown under non-current pension provisions. It is the result of the estimated number of exercisable PSUs after the performance period multiplied with the fair value of a PSU. The fair value is recognised as a personnel expense with a corresponding increase in the liability over the period in which the employees become unconditionally entitled to these payments. The liability is remeasured at each reporting date and at the settlement date based on the fair value of the stock appreciation rights. All changes in the liability are recognised in profit or loss.

Based on the determination of the average target achievement as described above, the performance criteria as a whole are to be classified as non-market conditions. The best possible estimate for the fair value of a PSU therefore is the share price, for which the closing price of GERRY WEBER International AG on 30 December 2021 in the amount of EUR 38.00 was used.

The expected target achievement of the individual targets and finally their mean value is used as an estimate for the number of exercisable PSUs. For 2021, a target achievement rate of 100% was used in the calculation. This result is based on the analysis of target achievement as of the balance sheet date as well as a commercial assessment for further target achievement. The initial number of PSUs granted at the beginning of the 2021 tranche is calculated by dividing the LTI target amount by the volume-weighted average price of the XETRA-traded GERRY WEBER International AG share in the first three months of 2021 (EUR 21.00). Personnel expenses for the LTI in 2021 totalled EUR 452,352.

Rental and lease agreements

At the inception of a contract, the Group assesses whether the contract creates or contains a lease. This is the case when the contract gives the right to control the use of an identified asset for a specified period of time in exchange for payment of a fee.

Lessee

In its capacity as lessee, the GERRY WEBER Group leases various types of assets, especially buildings (retail stores, offices) as well as furniture and fixtures.

At the commencement date, the Group recognises a right-of-use asset as well as a lease liability for each lease. The right-of-use asset is initially measured at amortised cost. These comprise the amount of the initial measurement of the lease liability less lease incentives received, plus any initial direct costs.

The right-of-use asset is subsequently measured less accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. As a general rule, the right-of-use asset is depreciated on a straight-line basis over the term of the lease agreement, unless ownership of the underlying asset is transferred to the Group at the end of the lease term or the cost of the right-of-use asset includes an allowance for the Group to exercise a purchase option. In these cases, the right of use is depreciated over the useful life of the underlying asset, which is determined in accordance with the rules for property, plant and equipment. The lease liability is initially measured at the present value of the lease payments not yet made as of the commencement date, discounted at the interest rate underlying the lease or, if this cannot be readily determined, at the Group's incremental borrowing rate. The Group exclusively uses the incremental borrowing rate as the discount rate, which is adjusted to the country-specific risk, the contractual currency risk and the contract term.

The lease payments included in the measurement of the lease liability comprise fixed payments, including de facto fixed payments.

After the commencement date, the lease instalments are divided into principal and interest payments. The lease liabilities are subsequently measured by increasing the carrying amount by the interest cost of the lease liabilities using the effective interest rate and reducing the carrying amount by the lease instalments paid. A lease liability is remeasured if the lease agreement is amended or is revalued because the future lease payments change due to an index or (interest) rate change, if the Group adjusts its estimate of the expected payments under a residual value guarantee, if the Group changes its estimate of the exercise of a purchase, extension or termination option or if a de facto fixed lease payment changes.

On such remeasurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount of the right-of-use asset has declined to zero.

Existing lease agreements may be renegotiated, especially in the case of retail store leases. Also, the Group, in its capacity as lessee, was granted temporary rent reductions by the landlords during the Covid-19 pandemic. The Group distinguishes between these two reasons for changes in leases. In the event of a renegotiation with a long-term change in the contractual terms and conditions, the lease liability and the right-of-use asset are remeasured and the carrying amount is adjusted. In the fiscal year 2021 and the fiscal year 2020, such adjustments were made and resulted in a reduction in the right-of-use asset by KEUR 18,598 (previous year: KEUR 25,155), a reduction in the lease liability by KEUR 18,660 (previous year: KEUR 25,680) and the recognition of income of KEUR 62 (previous year: KEUR 525). Rent reductions as a result of the Covid-19 pandemic, which were granted for a certain period of time, did not lead to a remeasurement of the right-of-use asset or the lease liability in application of the corresponding practical expedient of IFRS 16, and resulted in the recognition of income of KEUR 3,208 (previous year: KEUR 3,615).

The Group reports right-of-use assets and lease liabilities as separate items in the balance sheet.

Short-term leases and leases based on low-value assets
The Group has decided not to recognise right-of-use assets and lease liabilities for leases that are based on low-value assets as well as for short-term leases (less than twelve months and the contract includes no purchase option). The Group recognises the lease payments related to these leases as other operating expenses on a straight-line basis over the lease term.

Term of rental and lease obligations

The Group determines the term of a lease on the basis of the non-cancellable period of the lease including periods resulting from an option to extend the lease, provided that it is reasonably certain that it will exercise this option.

The Group has signed several lease agreements that include extension options. When assessing whether it is reasonably certain that the option to extend the lease will be exercised or not, the Group makes discretionary decisions. This means that it takes all relevant factors into account which make it economically attractive to exercise the extension option. After the commencement date, the Group re-determines the lease term if and when a significant event or change in circumstances occurs that is within its control and will affect whether or not the Group will exercise the option to extend the lease (e.g. material leasehold improvements or material adjustment to the underlying asset).

After detailed analysis and streamlining of its store portfolio, GERRY WEBER assumes that all available extension options will be exercised in full. The Group thus usually exercises its option to extend these leases in full, as it would have considerable adverse effects on its operations if stores outside the already streamlined portfolio were to be closed.

Moreover, extension options on leases for motor vehicles are not included in the lease term, as the Group usually leases the vehicles for a maximum period of five years and consequently does not exercise any extension option. Also, the periods resulting from a termination option are included in the lease term only if it is reasonably certain that the option will not be exercised.

The assessment of whether the options will be exercised with reasonable certainty has an impact on the term of the lease and may therefore considerably influence the measurement of the lease liabilities and/or the right-of-use assets.

Determination of the incremental borrowing rate

The Group uses the incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay if it borrowed the funds it would need in a comparable economic environment for an asset with a value comparable to the right of use for a comparable term with comparable security. The incremental borrowing rate thus reflects the interest that the Group “would have to pay”. If no observable interest rates are available or if the interest rate needs to be adjusted to reflect the terms and conditions of the lease, the incremental borrowing rate needs to be estimated. The Group estimates the incremental borrowing rate using observable input factors (e.g. market rates) where available and is required to make certain entity-specific estimates. The estimation of the company-specific credit risk has a material impact on the determination of the incremental borrowing rate. The Group has derived this credit risk from an implicit rating. The incremental borrowing rate also takes into account the country-specific risk, the contractual currency-related risk, the asset-specific collateralisation and the contract term.

In the reporting year, an error in connection with the determination of the incremental borrowing rate was corrected, which is presented in section A. GENERAL INFORMATION “Error corrections”.

Lessor

When the Group acts as lessor, it classifies each lease as either a finance lease or an operating lease at the inception of the contract.

For the purpose of classifying each lease, the Group has made an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is classified as a finance lease; if not, it is an operating lease. In making this assessment, the Group considers certain indicators, e.g. whether the lease covers the major part of the economic life of the asset.

In connection with the subletting of retail stores, the Group accounts for the head lease and the sublease separately if it acts as an intermediate lessor. It classifies the sublease on the basis of its right of use from the head lease and not on the basis of the underlying asset. If the head lease is a short-term lease to which the Group applies the exception described above, it classifies the sublease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the contractual consideration.

The Group applies the derecognition and impairment requirements of IFRS 9 to the net investment in the lease.

Lease payments under operating leases are recognised by the Group as income in other operating income on a straight-line basis over the lease term.

Sales revenues

The Group is active in the production and trade of ladieswear and generates related sales.

Sales are measured on the basis of the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control of an asset to a customer. The timing of revenue recognition is determined by the individual contract and delivery terms.

Sales revenues are recognised at the fair value of the consideration received or receivable, taking into account returns, rebates and discounts.

Revenue streams of the Group

The following statements provide information on the nature and timing of the fulfilment of performance obligations under contracts with customers, including material payment terms, and the related revenue recognition principles.

(a) Sale of goods – Wholesale

The Group sells its goods through wholesalers, among others. As a general rule, revenue from the sale of goods is recognised when control of the goods is transferred to a wholesale customer. This is usually the case if, in particular, the sales channel and sales price of the goods are at the wholesaler's discretion and there are no unfulfilled obligations that could affect the wholesaler's acceptance of the goods. In these cases, revenue is not recognised until the goods are dispatched to the agreed place of delivery, the risk of accidental loss has passed to the wholesaler and the wholesaler has accepted the goods in accordance with the terms and conditions of the sales contract.

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

In addition, partnership schemes were agreed with some customers, which allow the customer to return deliveries within a defined time and value range and provide possibilities to exchange goods. For expected returns deliveries, obligations from return rights and returns were recognised as a reduction in revenue. The expected return deliveries are determined on the basis of the contractually agreed returns.

Moreover, consignment contracts ("Depotverträge") have been signed with selected partners, under which the merchandise remains the property of GERRY WEBER until it is sold to the final consumer. In these cases, control is transferred and revenue is recognised only once the sale to the final consumer has taken place.

b) Sale of goods – Retail

The Group operates a chain of retail stores in which GERRY WEBER sells its goods. Revenue from the sale of goods is recognised when control of the goods sold has passed to the customer. In physical retail stores, control is usually transferred at the time of sale and payment of the goods. Payments are made in cash or by debit or credit card.

The Group grants customers a 14-day right of return for direct purchases in the retail stores. Financial liabilities are created on the basis of historical return rates and empirical values derived from them to cover the expected refund liabilities from returns.

(c) E-Commerce sales

Online revenues from the sale of goods are recognised at the time when control over these goods passes to the customer. At this point, revenue is recognised regardless of whether sales are made via the Group's own online shops or via external sales platforms. The Group also grants online customers a right of return, which generally covers a period of 14 to 100 days. Financial liabilities are created on the basis of historical return rates to cover the expected refund liabilities from returns.

Online sales are generally paid at the time of purchase by credit or debit card and processed through external payment service providers.

Determination of the expected return rate for rights of return

Historical information is used as the basis to estimate the rate of returns and for the recognition of the corresponding refund liability at the time of sale.

The Group updates its estimate of expected product returns annually and the refund liability is adjusted accordingly. Estimates of expected returns are subject to changes in circumstances, and the Group's historical returns may not be representative of actual returns and rebate claims in the future. As of 31 December 2021, the amount recognised as refund liability for expected returns was KEUR 6,242 (2020: KEUR 5,844). It is reported in the balance sheet under Other liabilities.

In the reporting year, an error relating to the accounting for rights of return was corrected, which is presented in section A. GENERAL INFORMATION "Error corrections".

Customer reward points programmes in the Retail segment

The Group operates a customer reward points programme where customers can collect points and redeem them as vouchers provided that certain conditions are met. The customer reward points constitute a separate performance obligation as they confer a material right on the customer to purchase future goods at a lower price. A portion of the transaction price is allocated to the reward points granted to customers based on the relative stand-alone selling prices and is recognised as a contract liability until the points are redeemed. Revenue is recognised as soon as a customer redeems points for products.

In estimating the relative stand-alone selling prices of the customer reward points, the Group considers the probability that a customer will redeem the points. The Group updates its estimates of points that will be redeemed on a yearly basis, and any adjustments to the contract liability balance are recognised against revenue.

Trade receivables

A receivable is recognised when there is an unconditional right to consideration from the customer. The accounting policies for financial assets are explained in the section "Financial instruments – Initial recognition and subsequent measurement".

Contract liabilities

A contract liability is recognised when the customer makes payment or payment becomes due before the Group transfers the related goods or services to the customer. Contract liabilities are recognised as revenue as soon as the Group fulfils its contractual obligations or as soon as it transfers control of the corresponding goods or services to the customer. The Group reports contract liabilities under current other liabilities.

Assets and liabilities arising from a right of return

Assets from rights of return

A right of return asset is recognised when the Group has the right to collect the products that are expected to be returned by the customer. The asset is measured at the original carrying amount of the inventories after deducting any costs expected to be incurred to recover the products and any potential impairment losses. The Group adjusts the measurement of the asset to take into account the change in expectations with regard to the quantity of returned products and the additional impairment of the returned products. Right of return assets are recognised in inventories.

Refund liabilities

A refund liability is recognised for the obligation to refund all or part of the consideration received (or to be received) from the customer. The Group's refund liabilities result from the rights of return granted to customers. The liability is recognised in the amount that the Group expects to have to refund to the customer. The Group adjusts its estimates of refund liabilities (and corresponding changes in the transaction price) at the end of each reporting period. Refund liabilities are reported under other current liabilities.

Accounting for public grants and subsidies

In the context of the Covid-19 pandemic, the GERRY WEBER Group received public grants and subsidies in the fiscal year 2021. These were reimbursements of employers' social security contributions in connection with short-time work. The reimbursement of employers' social security contributions in the context of the receipt of short-time allowance was netted with the corresponding personnel expenses in the income statement. The short-time allowance granted by the employment agency was paid to the employees as a transitory item without affecting the income statement.

In addition, GERRY WEBER International AG was granted Covid-19 stopgap aid ("Überbrückungshilfe III") of EUR 29.2 million in the fiscal year 2021. The grants are performance-related grants. Such government grants may be recognised through profit or loss only if there is reasonable certainty that the entity meets the conditions attaching to them and that the grants will not be repaid.

An amount of EUR 12.0 million of the grants granted was paid out to the company already in the fiscal year 2021. Another EUR 17.2 million was granted in January 2022. The application was made in the fiscal year 2021. The legal representatives are of the opinion that the factual requirements for the grant were met as at 31 December 2021, which is why the legal representatives of the company consider the decision after the reporting date to be an adjusting event. The stopgap aid granted was recognised through profit/loss in the fiscal year 2021 in the amount of EUR 16.3 million, i.e. except for an amount of KEUR 852, as there is reasonable certainty that the funds received from and granted by the federal government will not have to be repaid and that this amount of stopgap aid granted can be recognised on a permanent basis. This assumption is based on professional process guidance and concrete disclosure of discretionary issues to the federal government at the time of application.

With regard to the EUR 12.0 million paid out in the fiscal year 2021, the legal representatives have changed their assessment regarding the existence of certainty assurance within the fiscal year 2021 to the effect that a condition precedent of the grant was fulfilled during the fiscal year 2021. Now that the condition has been fulfilled, there is reasonable certainty that the grants can be recognised through profit/loss.

C. NOTES TO THE BALANCE SHEET

(1) Intangible assets

As of the reporting date, the item "Concessions, industrial rights and similar rights and assets as well as licenses to such rights and assets" essentially included software.

KEUR	Concessions, industrial rights and similar rights and assets as well as licenses to such rights and assets	Payments on account	Total
Costs			
1 January 2021	***130,392***	***547***	***130,939***
Exchange differences	6	0	6
Additions	1,429	2,181	3,610
Reclassifications	1,484	–1,615	–131
Disposals	–7,749	–71	–7,820
31 December 2021	***125,562***	***1,042***	***126,604***
Depreciation/amortisation			
1 January 2021	***117,163***	***0***	***117,163***
Exchange differences	1	0	1
Additions	5,826	0	5,826
Reclassifications	0	0	0
Disposals	–7,588	0	–7,588
31 December 2021	***115,402***	***0***	***115,402***
Carrying amount 31 December 2020	**13,229**	**547**	**13,776**
Carrying amount 31 December 2021	**10,159**	**1,042**	**11,201**

Costs			
1 January 2020	***127,383***	***4,285***	***131,668***
Exchange differences	–2	0	–2
Additions	242	2,604	2,846
Reclassifications	4,331	–6,223	–1,892
Disposals	–1,562	–119	–1,681
31 December 2020	***130,392***	***547***	***130,939***
Depreciation/amortisation			
1 January 2020	***111,532***	***0***	***111,532***
Exchange differences	–2	0	–2
Additions	7,437	0	7,437
Reclassifications	–657	0	–657
Disposals	–1,147	0	–1,147
31 December 2020	***117,163***	**0**	***117,163***
Carrying amount 31 December 2019	**15,851**	**4,285**	**20,136**
Carrying amount 31 December 2020	**13,229**	**547**	**13,776**

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

(2) Right-of-use assets

Right-of use assets essentially result from rented retail space. Information on the accounting treatment of agreements in the GERRY WEBER Group is presented in section (14) Leases.

KEUR	Retail stores	Leased furniture and fixtures	**Total Right-of-use assets**
1 January 2020	***179,137***	***696***	**179,833**
Additions	2,614	131	2,745
Modifications	−25,168	13	−25,155
Depreciation/amortisation	−26,126	−540	−26,666
Impairment losses	−9,182	0	−9,182
Write-ups	0	0	0
Currency translation effects	0	0	0
Other changes	0	0	0
31 December 2020	***121,275***	***301***	***121,576***
Additions	8,934	109	9,043
Modifications	−18,691	93	−18,598
Depreciation/amortisation	−22,925	−353	−23,278
Impairment losses	−6,345	0	−6,345
Write-ups	2,340	0	2,340
Currency translation effects	0	0	0
Other changes	0	0	0
31 December 2021	**84,588**	**150**	**84,737**

As a general rule, right-of-use assets are regularly tested for impairment. Irrespective of the existence of any indications, also based on the experience of the previous year, the right-of-use assets in retail stores as well as furniture and fixtures attributable to the respective CGU were subjected to an impairment test as at 31 December 2021. As part of the determination of the profitability of the respective retail stores, the recoverable amount of the CGU was hereby calculated as the present value of the expected net cash flows on the basis of the right-of-use asset.

This test revealed change in the carrying amounts totalling KEUR 4,005, which resulted in write-ups of KEUR 2,340 at the level of the various CGUs as well as impairments of KEUR 6,345 of individual CGUs. The recoverable amount for the CGUs for which impairment was recognised totalled KEUR 24,551 as at 31 December 2021.

The write-downs and write-ups for right-of-use assets from retail stores made in the fiscal year in the context of the impairment test of the CGUs relate to the company's own retail activities in the Retail segment where, contrary to expectations in 2020, a lower future economic benefit is expected.

In the year 2020, right-of-use assets were written down for impairment as a result of the Covid-19 pandemic. An impairment loss of KEUR 9,182 was determined. See the information on error correction (Section A. GENERAL INFORMATION "Error corrections").

(3) Property, plant and equipment

TEUR	Land, leasehold rights and buildings including buildings on third-party land	Plant and machinery	Other fixtures and fittings, tools and equipment	Payments on account and plant under construction	**Total**
Costs					
1 January 2021	***154.769***	***68.491***	***59.872***	***66***	**283.198**
Exchange differences	121	0	244	0	365
Additions	424	0	1.160	402	1.986
Reclassifications	311	0	260	−439	132
Disposals	−56.180	−63.903	−3.400	0	−123.483
31 December 2021	***99.445***	***4.588***	***58.136***	***29***	***162.198***
Depreciation/amortisation					
1 January 2021	***91.773***	***68.336***	***52.796***	***49***	***212.954***
Exchange differences	117	0	228	0	345
Additions	5.254	57	2.593	0	7.904
Write-up	−211	0	−86	−49	−346
Reclassifications	0	0	0	0	0
Disposals	−31.026	−63.856	−3.265	0	−98.147
31 December 2021	***65.907***	***4.537***	**52.266**	**0**	***122.710***
Carrying amount 31 December 2020	**62.996**	**155**	**7.076**	**16**	**70.243**
Carrying amount 31 December 2021	**33.538**	**51**	**5.870**	**29**	**39.488**

In the fiscal year 2021, Ravenna Park, which was previously reported under land, leasehold rights and buildings on third-party land, was sold, resulting in cash flow of EUR 25.0 million.

KEUR	Land, leasehold rights and buildings including buildings on third-party land	Plant and machinery	Other fixtures and fittings, tools and equipment	Payments on account and plant under construction	**Total**
Costs					
1 January 2020	***160,222***	***68,295***	***64,994***	***31***	**293,542**
Exchange differences	−169	0	−213	0	−382
Additions	1,063	46	582	441	2,132
Reclassifications	1,175	260	864	−406	1,893
Disposals	**−7,522**	**−110**	**−6,355**	**0**	**−13,987**
Reclassification in accordance with IFRS 5	0	0	0	0	0
31 December 2020	***154,769***	***68,491***	***59,872***	***66***	***283,198***
Depreciation/amortisation					
1 January 2020	***91,574***	***68,027***	***53,467***	***0***	***213,068***
Exchange differences	−145	0	−200	0	−345
Additions	6,771	103	5,917	49	12,840
Reclassifications	641	278	−261	0	658
Disposals	−7,068	−72	−6,127	0	−13,267
Reclassification in accordance with IFRS 5	0	0	0	0	0
31 December 2020	***91,773***	***68,336***	***52,796***	***49***	***212,954***
Carrying amount 31 December 2019	**68,648**	**268**	**11,527**	**31**	**80,474**
Carrying amount 31 December 2020	**62,996**	**155**	**7,076**	**16**	**70,243**

Land and leasehold rights, including buildings on third-party land, essentially comprise own properties 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".

In the context of the impairment test of the CGUs and the allocated right-of-use-assets and tangible assets made as at 31 December 2021, write-ups of KEUR 346 were recognised for furniture and fixtures in retail stores. The carrying amounts of the furniture and fixtures attributable to the individual CGUs total KEUR 2,007. The write-up to furniture and fixtures made in the fiscal year relates to the company's own retail activities where, contrary to expectations in 2020, a higher future economic benefit is expected.

Because of the Covid-19 pandemic in 2020, furniture and fixtures in retail stores were subjected to an impairment test taking into account the expected economic effects of the pandemic. An impairment loss of KEUR 4,007 was determined. See the information on error correction (Section A. GENERAL INFORMATION "Error corrections").

(4) Other financial assets

TEUR	**31.12.2021**	31.12.2020
Investments	254	255
Loans	1,236	978
Derivatives	2,581	1,773
Other financial assets (before impairment)	**4,071**	**3,006**
Impairment losses	–1,050	–1,050
Other financial assets	**3,021**	**1,956**

Other financial assets include financial assets of KEUR 2,581 (2020: KEUR 1,773) measured at fair value through profit or loss. These represent embedded derivatives subject to separation in relation to termination rights integrated into the financing agreements. In this respect, please refer to the error correction in section A.

For the parameters and estimates used, please refer to section A. General information "Assumptions, estimates and disclosures decisions".

(5) Deferred tax

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

KEUR	1 Jan. 2021					31 Dec. 2021		
	Deferred tax assets	**Deferred tax liabilities**	**Net**	**Recognition in P&L**	**Recognition in other comprehensive income**	**Net**	**Deferred tax assets**	**Deferred tax liabilities**
Property, plant and equipment	657	–210	447	3,985	0	4,432	4,665	–233
Leases	649	0	649	5,192	0	5,841	5,841	0
Intangible assets	0	–843	–843	–141	0	–984	0	–984
Derivatives	0	–774	–774	774	0	0	0	0
Inventories	1,702	0	1,702	–650	0	1,052	1,052	0
Trade receivables	49	0	49	44	0	93	93	0
Other provisions	29	–163	–134	–27	0	–161	0	–161
Financial liabilities	0	–1,096	–1,096	–9,177	0	–10,273	0	–10,273
Total before netting	**3,086**	**–3,086**	**0**	**0**	**0**	**0**	**11,651**	**–11,651**
Netting	–3,086	3,086	0	0	0	0	–11,651	11,651
Total after netting	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

KEUR	1 Jan. 2021					31 Dec. 2021		
	Deferred tax assets	**Deferred tax liabilities**	**Net**	**Recognition in P&L**	**Recognition in other comprehensive income**	**Net**	**Deferred tax assets**	**Deferred tax liabilities**
Property, plant and equipment	173	–187	–14	461	0	447	657	–210
Leases	14	0	14	635	0	649	649	0
Intangible assets	0	0	0	–843	0	–843	0	–843
Derivatives	0	0	0	–774	0	–774	0	–774
Inventories	89	0	89	1,613	0	1,702	1,702	0
Trade receivables	8	0	8	41	0	49	49	0
Other provisions	7	–104	–97	–37	0	–134	29	–163
Financial liabilities	0	0	0	–1,096	0	–1,096	0	–1,096
Total before netting	**291**	**–291**	**0**	**0**	**0**	**0**	**3,086**	**–3,086**
Netting	–291	291	0	0	0	0	–3,086	3,086
Total after netting	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

In the fiscal year, retrospective changes were made to deferred taxes in the balance sheet and income statement as at 1 January 2020 and 31 December 2020 and for the financial year 2020, respectively, which are described in section A. GENERAL information "Error corrections".

As in the previous year, tax loss carryforwards essentially exist in Germany, Spain, Austria and Belgium as shown below. The resulting deferred tax assets are not recognised at present as it is not likely in the current situation that the respective tax advantages will be realised in the medium term.

KEUR	**31 Dec. 2021**	31 Dec. 2020
Corporate income tax loss carryforwards (unlimited in time)	142,860	133,961
Trade tax loss carryforwards (unlimited in time)	112,641	106,087
Interest carried forward (unlimited in time)	7,593	3,361

In addition to the unrecognised deferred tax assets on loss carryforwards, deferred taxes on temporary differences that can be used indefinitely in the amount of KEUR 17,120 (previous year: KEUR 47,350) were not recognised as at 31 December 2021, as no sufficient taxable profit is expected for this.

At a foreign subsidiary, there are temporary differences of KEUR 70 for which no deferred taxes have been recognised in accordance with IAS 12.39, as GERRY WEBER is able to control the timing of such a reversal and does not currently plan to make a distribution.

(6) Intangible assets

KEUR	Collection development costs
1 January 2020	***0***
Additions	3,748
Depreciation/amortisation	−937
31 December 2020	***2,811***
Additions	4,373
Depreciation/amortisation	−3,904
31 December 2021	***3,280***

In the fiscal year, collection development costs totalling KEUR 3,904 (previous year: KEUR 937) were expensed in depreciation/amortisation. See the information on error correction in section A. GENERAL INFORMATION "Error corrections".

(7) Inventories

KEUR	**31 Dec. 2021**	31 Dec. 2020
Raw materials and supplies	20	2,072
Finished goods and merchandise	63,116	41,820
Right to retrieve returned goods	2,194	1,666
	65,330	**45,558**

The usual reservations of ownership apply. For the collateralisation of loans with inventory assets, please refer to section "(14) Financial liabilities".

In the fiscal year, write-downs for impairment of goods not sold in the amount of KEUR 14,783 were recognised (previous year: KEUR 22,538). Additional write-downs for impairment may be required if the expectations regarding the marketing of seasonal goods that could not be sold turn out to be much too optimistic. No reversals of impairment losses were made. Impairment losses on inventories were recognised in the cost of materials.

For the accounting changes relating to inventories, please refer to section A. General information "Error corrections".

(8) Trade receivables

Trade receivables in an amount of KEUR 14,712 (previous year: KEUR 12,015) have a maturity of less than one year, with the vast majority being due in less than three months.

The changes in the risk provision for expected defaults on trade receivables are presented in section E. Additional disclosures and explanations "Write-down schedule". Any existing trade credit insurance is taken into account in the calculation of the write-downs and allowances.

Expenses and income relating to write-downs of trade receivables are recognised in other operating expenses and income.

(9) Other assets (current)

Other assets comprise:

KEUR	**31 Dec. 2021**	31 Dec. 2020
Financial assets		
Rent receivables	1,521	2,078
Supplier balances	836	702
	2,357	***2,780***
Non-financial assets		
Government grants ("Überbrückungshilfe III")	16,281	0
Payments on account for inventories	11,749	8,101
Receivables from advance turnover tax return	2,136	4,704
Prepaid expenses	3,799	1,857
Collateral	254	276
HR receivables	439	209
Other	162	249
	34,820	***15,396***
	37,177	**18,176**

All "other assets" have a maturity of less than one year. Prepaid expenses essentially include advance payments for insurance fees and maintenance costs.

With notice dated 4 January 2022, the company was granted stopgap aid in the amount of EUR 17.2 million to bridge the Covid-19 pandemic, which was paid out in the first quarter of 2022. The application for the grant for small and medium-sized enterprises was filed in the fiscal year 2021.

Please refer to section A. General information "Assumptions, estimates and discretionary decisions" as well as section B. Accounting and valuation principles "Accounting of public grants and subsidies".

The payments on account essentially relate to payments to suppliers for the purchase of finished goods and merchandise.

(10) Tax refund claims

Tax refund claims of KEUR 1,380 (previous year: KEUR 1,388) relate to domestic corporate income tax and trade tax as well as to the solidarity surcharge associated with corporate income tax.

(11) Cash and cash equivalents

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

Cash and cash equivalents reported as of 31 December 2021 also include trust accounts with a balance of KEUR 12,224 (previous year: KEUR 21,108). These are subject to restrictions on disposal and serve to settle liabilities to be met in the insolvency proceedings.

KEUR	**31 Dec. 2021**	31 Dec. 2020
Bank balances	37,789	64,142
Bank balances in trust accounts	12,224	21,108
Cash and cash equivalents	***50,013***	***85,250***
Overdraft facilities used for cash management	0	–17,500
Cash and cash equivalents reported in the cash flow statement	**50,013**	**67,750**

As of the balance sheet date of 31 December 2021, there were unused credit lines in the amount of EUR 17.5 million (previous year: EUR 17.5 million; of which used: EUR 17.5 million).

(12) 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 are in place to monitor changes in the capital structure.

Equity capital and total assets amount to:

KEUR	**31 Dec. 2021**	31 Dec. 2020	Change
Equity capital in KEUR	61,580	38,298	23,282
Equity in % of total capital	20%	10%	10%-Pkt
Debt capital in KEUR	248,759	334,451	–85,692
Debt capital in % of total capital	80%	90%	–10%-Pkt
Total capital (equity and debt capital) in KEUR	310,339	372,749	–62,410

Equity capital comprises the subscribed capital, the reserves of the Group and the accumulated profits.
The Group's loan agreements include covenants of the main financing partners, which are explained in more detail in section "(15) Financial liabilities".

(a) Subscribed capital

Based on an entry in the Commercial Register on 23 August 2021, the subscribed capital of GERRY WEBER International AG was increased by EUR 17,608.00 from EUR 1,220,238.00 to EUR 1,237,846.00. After deduction of 76 own shares held as at the balance sheet date, the subscribed capital amounted to EUR 1,237,770.00. The nominal amount per share is EUR 1.

On 3 December 2019, the Annual General Meeting of GERRY WEBER International AG authorised the Managing Board to issue new shares with a nominal value of up to EUR 400,000.00 from authorised capital against cash and/or non-cash contributions. The authorisation to issue shares was limited until 15 November 2024. The authorised capital was registered on 11 May 2020.

On 19 August 2021, the Annual General Meeting of GERRY WEBER International AG authorised the Managing Board to issue new shares with a nominal value of up to EUR 610,119.00 from authorised capital against cash and/or non-cash contributions and, in this context, resolved to cancel the capital authorised in 2019.

(b) Capital reserve

The capital reserve mainly includes the premium paid in the context of share issues as well as the equity component of the convertible bond issued.

A premium of EUR 14.90 per bearer share was charged in the context of the KEUR 18 increase in the share capital in the reporting year. Consequently, a premium of KEUR 262 was allocated to the capital reserve. The cost of funding of KEUR 1 was deducted from the capital reserve. Moreover, share options granted in the previous year as part of an employee compensation programme were reversed. As a result, the capital reserve was reduced by KEUR 173.

(c) Retained earnings

Retained earnings comprise the profits generated by the consolidated companies in the past which were not distributed or converted into share capital less the pro-rated premiums paid in the acquisition of own shares.

(d) Exchange differences

This item includes all exchange differences arising from the translation of the financial statements of foreign subsidiaries that do not prepare their accounts in EUR.

(e) Accumulated profits

The table below shows the changes in accumulated profits:

KEUR	
Carried forward 31 December 2020	39,069
Net income for the fiscal year 2021	***22,951***
Accumulated profits as of 31 December 2021	**62,020**

(13) Provisions for personnel (non-current)

Offsetting the assets used to secure the old-age part-time obligations in the amount of KEUR 30 (previous year: KEUR 547) against the corresponding provisions of KEUR 35 (previous year: KEUR 524) resulted in a total amount of KEUR 5 (previous year: KEUR 23) as of 31 December 2021. This asset is shown under "Provisions for personnel (non-current)".

Long-term personnel provisions include provisions for share-based payments granted to members of the Managing Board. As of 31 December 2021, these amounted to EUR 452,352 (previous year: 0). The terms and conditions of the granting as well as the basis of valuation of the performance share units (PSUs) are presented in section B. Accounting and valuation principles "Share-based payments".

(14) Other provisions (non-current)

This item includes an amount of KEUR 4,491 (previous year: KEUR 4,176) resulting from the company's obligation to remove leasehold improvements.

These provisions are established on the basis of the expected settlement amounts as well as the agreed lease terms. Uncertainties exist with regard to the cost estimates and the actual time at which the provisions will be used. A total of KEUR 837 was added, an amount of KEUR 323 was used and KEUR 199 was released (previous year: KEUR 1,063 added and KEUR 955 released).

Interest expenses in the amount of KEUR 683 (previous year: KEUR 128) from unaccrued interest on provisions were recognised. Expected cash outflows accrue within a period of 5 to 10 years.

(15) Financial liabilities

This item primarily includes liabilities to insolvency creditors as well as loans from the main financing partners.

Apart from the insolvency liabilities, the Group has the following material financing agreements:

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

Revolving credit facility and loan liabilities – The Group has long-term loans ("2019 TFA") and a EUR 17.5 million revolving credit facility ("RCF"). The current interest rate for the long-term loan is 12.0% p.a.; up to 8.0% thereof may be deferred until final maturity (PIK). The loan is accounted for using the effective interest method, taking into account a one-off amount of KEUR 2,496 deferred until 30 June 2024. The revolving credit facility has an interest rate of 8.0% p.a. and a commitment rate of 4.0% p.a. The long-term loan has a final maturity date of 31 December 2023. The revolving credit facility is limited until 31 December 2023.

In the fiscal year 2021, the bondholders were offered the option to convert their claims into a new loan ("2021 TFA") against an additional cash payment in the amount of the converted amount under certain conditions, which led to the raising of additional EUR 5.0 million in cash and cash equivalents as well as a reclassification of the bonds liabilities of a further EUR 5.0 million.

The revolving credit facility and the long-term loans (in the previous year: RCF and 2019 TFA) are secured by land and buildings, inventories, trade receivables as well as cash and cash equivalents. As of 31 December 2021 (31 December 2020), this collateral had carrying amounts of KEUR 15,000 (KEUR 15,000), KEUR 67,514 (KEUR 48,963), KEUR 11,144 (KEUR 9,054) and KEUR 42,329 (KEUR 75,234), respectively. The collateral is provided by GERRY WEBER International AG, Gerry Weber Retail GmbH & Co. KG, Life Style Fashion GmbH and GERRY WEBER Retail B.V., Amsterdam, Netherlands. Depending on their nature, the assets are secured by pledge, creation of a land charge, assignment or transfer and subsequent custody by the lenders.

The covenants in the loan agreements for the long-term loans and the revolving credit facility were revised with the issuance of the 2021 TFA. The Group is required to maintain liquidity (cash and cash equivalents plus unused credit commitments) of at least EUR 4.0 million and to achieve a net-debt-to-normalised-EBITDA ratio of 5.94 or less as of 31 December 2022 and of 3.10 or less as of 31 December 2023. As of 31 December 2021, this ratio stood at 0.66. In addition, the normalised-EBITDA-to-interest-expense ratio must stand at or above 1.31 as of 31 December 2022 and at or above 2.84 as of 31 December 2023. As of 31 December 2021, this ratio stood at 2.70. Also, investments may not exceed an annual amount of EUR 12.1 million in 2022 and EUR 6.9 million in 2023.

In accounting for part of the loan liabilities, the Group makes an assumption that influences the amount of liabilities recognised. The recognition as a liability of transaction fees of KEUR 2,496 with final maturity on 30 June 2024 depends on the achievement of certain financial ratios as of 31 December 2023. The sum total of 3 times adjusted consolidated EBITDA of the year 2023 plus cash and cash equivalents less minimum liquidity and net debt (as the sum of credit lines, loans, bonds, lease liabilities) must be equal to or exceed the total deferral amount resulting from these transaction fees as well as the deferred receivables described in the following section "Insolvency liabilities". In the event of no cover or only partial cover, these transaction fees will not be paid in full or only on a pro rata basis.

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

As a consequence of the Covid-19 pandemic, individual agreements were reached with a large number of creditors from all insolvency creditor groups of GERRY WEBER International AG in April and May 2020 regarding the adjustment of their claims. Essentially, it was agreed that these creditors would defer 35% of their claims until 31 December 2023. As a result, the non-current portion of liabilities to insolvency creditors increased, while the current portion decreased. The deferred claims existed in the form of claims from cash quotas, additional quotas and excess liquidity quotas. The deferral was treated as the derecognition of the original liability and the recognition of a new liability in 2020.

In return for the deferral of claims from cash, additional and excess liquidity quotas, the creditors were promised a payment of 2% ("exit kicker") of their claims filed in the insolvency table. This payment will be made only to the extent that adjusted consolidated EBITDA of EUR 30.0 million are achieved in the fiscal year 2023.

Additional quotas were created for the insolvency creditors of GERRY WEBER International AG, e.g. for the sale of the Ravenna Park logistics centre and the remaining 12% interest in HALLHUBER held by GERRY WEBER International AG. As of 31 December 2020, the fair value of the shares in Hallhuber recognised under other financial assets was assumed to be zero instead of the previous KEUR 1,500 as insolvency proceedings were opened against the company's assets in July 2020. Correspondingly, the HALLHUBER additional quota was fully derecognised through profit and loss in the fiscal year 2020. Due to the sale of the Ravenna Park logistics centre in the fiscal year 2021 and the realisation of additional special assets, the additional quota could be reduced by EUR 27.1 million as of 31 December 2021.

In accounting for insolvency liabilities, the Group makes two assumptions that influence the amount of liabilities recognised. First, the recognition of the exit kicker as a liability requires the estimate of adjusted consolidated EBITDA of the fiscal year 2023. In addition, the repayment of the insolvency liabilities is subject to the condition that the sum total of 3 times adjusted consolidated EBITDA of the year 2023 plus cash and cash equivalents less minimum liquidity and net debt (as the sum of credit lines, loans, bonds, lease liabilities) exceeds the amount of the deferred receivables. In the event of no or partial cover, the creditors waive the deferred claims in full or on a pro rata temporis basis.

Income from the measurement of financial liabilities

Taking into account deferred insolvency liabilities and parts of the loan liabilities (transaction fees), the total deferral amount measured at amortised cost was EUR 30.3 million as at 31 December 2021.

The Group has changed its assumption regarding the achievement of financial performance indicators compared to the previous year and, as at 31 December 2021, no longer assumes that adjusted consolidated EBITDA of EUR 30.0 million will be achieved in the fiscal year 2023, that the exit kicker will be paid to the creditors and that the deferred claims from the cash and excess liquidity quotas will be serviced.

The estimates are based on the company's plans and budgets, the assumptions of which are described in more detail in section B. Accounting and valuation principles "Impairment of non-financial assets". The changed estimate of payments to be made in the future has led to an adjustment through profit/loss of the insolvency liabilities measured at amortised cost and parts of the loan liabilities. The income from the adjustment of the insolvency liabilities in the amount of EUR 30.3 million was recognised in the financial result in the item "Income from the measurement of financial liabilities". In the event of a positive deviation of 20% or more from the planned adjusted consolidated EBITDA for the fiscal year 2023, the deferred insolvency liabilities and parts of the loan liabilities would be repaid pro rata to full.

In the fiscal year 2021, interest payments due on long-term loans in the second half of the year were deferred by the creditors until January 2022, which increased the carrying amounts of the loans as of 31 December 2021, as interest of KEUR 1,039 is not payable before 2022. As the deferral did not result in a significant change in cash flows, it was treated as a modification of the existing liability and interest income of KEUR 2 was subsequently recognised. In the fiscal year 2020, the aforementioned restructuring of the insolvency liabilities led to the derecognition of the previous insolvency liabilities, the recognition of the deferred amounts and the recognition of an interest expense of KEUR 2,457 from deferral and additional compensation from the exit kicker.

The table below shows the changes in non-current and current financial liabilities in the fiscal year 2021:

KEUR	1 Jan. 2021	Repayment/ New raising	Inter- est	Deferral	Reclassification current and non-current	Measure- ment	Other	**31 Dec. 2021**
GWI* cash quota	1,182	–1,175	22	0	964	0	0	993
GWR* cash quota and excess liquidity quota (100%)	7,309	–5,736	52	0	0	0	0	1,625
Additional quotas	0	0	0	0	2,570	0	0	2,570
Provisions and adjustments	5,309	–592	0	0	0	0	–4,611	106
Current insolvency liabilities	***13,800***	***–7,503***	***74***	***0***	***3,534***	***0***	***–4,611***	***5,294***
Revolving credit facility (incl. capitalised interest)	17,500	–17,500	889	0	0	0	0	889
Current portion of long-term loans	0	0	1,050	0	0	0	0	1,050
Current financial liabilities	***31,300***	***–25,003***	***2,013***	***0***	***3,534***	***0***	***–4,611***	***7,233***
Bonds	38,487	0	0	0	0	–11,009	–5,002	22,476
Convertible bonds	1,832	0	0	0	0	–641	0	1,191
GWI* cash quota	6,817	0	307	0	–964	–6,160	0	0
GWI* excess liquidity quota	9,447	0	319	0	0	–9,766	0	0
Additional quotas	29,146	–27,110	1,945	0	–2,570	0	0	1,411
Bond interest	311	0	566	0	0	–877	0	0
Non-current insolvency liabilities	***86,040***	***–27,110***	***3,137***	***0***	***–3,534***	***–28,453***	***–5,002***	***25,078***
Long-term loans (incl. capitalised interest)	25,236	5,002	3,355	–2	0	–1,823	5,002	36,770
Non-current financial liabilities	**111,276**	**–22,108**	**6,492**	**–2**	**–3,534**	**–30,276**	**0**	**61,848**

* GERRY WEBER International AG / GERRY WEBER Retail GmbH

Besides the aforementioned payments from the sale of Ravenna Park and the related repayment of liabilities from additional quotas as well as the exchange and payments of claims of former bondholders into the long-term loans, it was primarily a court decision in favour of the GERRY WEBER Group in the fiscal year 2021 which led to a reduction in the provisions and adjustments included in current insolvency liabilities by KEUR 4,611.

(16) Other liabilities (non-current)

This item includes the non-current liabilities from license agreements of KEUR 809 (previous year: KEUR 0). The financial liabilities are non-interest-bearing.

(17) Leases

Lessee

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 may 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 have a term of three to five years and do not include any renewal options. There are no price adjustment clauses.

The following amounts from rental/lease agreements were recognised in the income statement of the GERRY WEBER Group in the period from 1 January to 31 December 2021:

KEUR	**1 Jan.– 31 Dec. 2021**	1 Jan.– 31 Dec. 2020
Interest expenses for rental and lease liabilities	–13,436	–17,340
Variable rental/lease payments not included in the valuation of rental/lease liabilities	–3,790	–4,625
Income from the sub-letting of right-of-use assets	238	1,330
Expenses from current lease agreements as well as from lease agreements for low-value assets	–132	–172
	–17,120	**–20,807**

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

GERRY WEBER exercises the option not to assess whether a remeasurement of the lease liability and right-of-use asset is required for Covid-19-related rent concessions (see A. General information).

Cash outflows that are not included in the lease liabilities as of the respective reporting date may result, in particular, from variable lease payments that are expected to be made in the following year and amounted to KEUR 3,716 as at 31 December 2021, of which KEUR 2,905 is due within one year and KEUR 811 is due within one to five years.

Future lease payments for non-cancellable leases commencing in 2022 and 2023 amount to KEUR 3,638 (previous year KEUR 5,901) and KEUR 250 (previous year TEUR 720, respectively.

Lease liabilities

The GERRY WEBER Group reports interest expenses for lease liabilities as part of the financial result in the income statement. The cash flow statement shows outflows for redemption payments of rental and lease liabilities in the amount of KEUR 17,774 (previous year: KEUR 26,216). Payments for interest payments of KEUR 13,436 are reported within operating cash flow. 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 accounting for leases has an impact on the covenants of the Group’s loan agreements, which are presented in sections “(15) Financial liabilities”.

The following lease liabilities are recognised in the balance sheet of the GERRY WEBER Group as of 31 December 2021:

KEUR	**31 Dec. 2021**	31 Dec. 2020
Within 1 year	27,781	29,998
Between 1 and 5 years	62,132	78,242
After 5 years	18,506	30,778
	108,419	**139,018**
thereof current	27,781	29,998
thereof non-current	80,638	109,020

For a maturity analysis of the undiscounted payments relating to lease liabilities, see E. Additional disclosures and explanations regarding financial instruments.

Leases as lessor

To a limited extent, the Group leases its rented retail stores to third parties (subleases). The Group classifies subleases as operating or finance leases.

Finance leases

The table below presents a maturity analysis of the lease receivables from subleases classified as finance leases and shows the undiscounted lease payments to be received after the balance sheet date.

in KEUR	**2021**	2020
Less than one year	0	354
One to two years	0	144
Two to five years	0	0
More than five years	750	844
Total amount of undiscounted lease receivables	**750**	**1,342**
Unrealised financial income	–358	–552
Net investment in the lease	**392**	**790**

Operating leases

The Group has classified some subleases as operating leases as these do not transfer substantially all the risks and rewards incidental to ownership. In 2021, the Group recognised lease income of KEUR 34 (2020: KEUR 120).

The table below presents a maturity analysis of the lease receivables and shows the undiscounted lease payments to be received after the balance sheet date.

KEUR	**2021**	2020
Less than one year	0	50
One to two years	0	
Two to five years	85	126
More than five years	0	0
Total amount of undiscounted lease receivables	**85**	**176**

(18) Current provisions

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

Type of provision in KEUR	Carried forward 1 Jan. 2021	Use	Reversal	Addition	**31 Dec. 2021**
(17) Tax provisions	***34***	***34***	***0***	***67***	***67***
(18) Provisions for personnel					
Bonuses	698	183	3	1,915	2,427
Vacation	1,791	1,757	34	1,991	1,991
Old-age part-time work (current)	11	11	0	3	3
Special annual payment	303	303	0	77	77
Severance payments	1,755	838	308	1,174	1,783
Other	853	392	461	301	301
	5,411	***3,484***	***806***	***5,461***	***6,582***
(19) Other provisions					
Guarantees	819	819	0	0	0
Accounting expenses	1,013	861	152	1,636	1,636
Restructuring	8,360	3,650	684	724	4,750
Supervisory Board compensation	70	27	43	4	4
Other	6,782	6,460	322	4,490	4,490
	17,044	***11,817***	***1,201***	***6,854***	***10,880***
	22,489	**15,335**	**2,007**	**12,382**	**17,529**

Miscellaneous other provisions mainly include provisions for costs related to leased properties.

Offsetting the assets used to secure the old-age part-time obligations in the amount of KEUR 15 (previous year: KEUR 274) against the corresponding provisions of KEUR 18 (previous year: KEUR 262) resulted in a total amount of KEUR 3 (previous year: KEUR 11) as of 31 December 2021. This asset is shown under "Provisions for personnel (non-current)".

In the context of the restructuring, current provisions of KEUR 4,750 (previous year: KEUR 8,360) were recognised as of 31 December 2021. As part of the GERRY WEBER Group's concept for the future, which has become necessary to master the Covid-19 crisis, further measures to cut jobs have been agreed with the staff representatives and the competent trade union in 2020. Estimates in connection with the recognition and measurement of future severance payments are based on the values determined by the transfer companies. The cost components consist of the salary costs of the respective employee plus any qualification and profiling costs. The timing and the amount of the cash outflow depend on the number of employees who finally accept the offer of the transfer company as well as on the timing of the acceptance. As of 31 December 2021, the GERRY WEBER Group continues to assume, as in the previous year, that all beneficiaries will claim the benefits and therefore recognised the full amount of the obligations as a provision.

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

KEUR	**31 Dec. 2021**	31 Dec. 2020
Social plan and severance payment obligations	890	2,188
Expected dismantling and compensation payments for store closures and redemption of landlord liens	301	510
Litigation costs	3,559	5,662
	4,750	**8,360**

(19) Other liabilities

KEUR	**31 Dec. 2021**	31 Dec. 2020
Financial liabilities		
Refund liability	3,349	2,240
	3,349	***2,240***
Non-financial liabilities		
Other taxes (especially wage and turnover tax)	9,476	1,945
Contract liabilities	2,335	1,701
Liabilities to personnel	989	632
Deferred income	463	500
Social security	359	527
Other liabilities	1,145	1,471
	14,767	***6,776***
	18,116	**9,016**

D. NOTES TO THE INCOME STATEMENT

(20) Sales revenues

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

KEUR	**2021**	2020
Retail	123,314	126,901
Wholesale	94,871	112,384
E-Commerce	42,123	32,531
Licensing income and other revenues	2,347	6,292
	262,655	**278,108**

For a breakdown of sales revenues by business segments, please see the presentation in the segment report.

Licence revenues arose from the use of the rights to the name.

Contract balances

The table below provides information on receivables and contractual liabilities from contracts with customers:

KEUR	**31 December 2021**	31 December 2020
Trade receivables	14,712	12,015
Contract liabilities	2,335	1,701
Refund liabilities	3,349	2,240

Contract liabilities essentially relate to advance payments received from customers from the sale of voucher cards as well as unredeemed customer reward points. The latter have a value of KEUR 720 (2020: KEUR1,374). They are recognised as revenue when the points are redeemed by customers, which is expected within the next two years. Contract liabilities from unredeemed voucher cards amount to KEUR 1,615 (2020: KEUR 327). Revenue is recognised when the performance obligation is fulfilled and the voucher is redeemed. The vouchers are expected to be redeemed within the next two years.

The amount of KEUR 1,701 included in contract liabilities as at 31 December 2020 was recognised as revenue in the fiscal year 2021 (2020: KEUR 335).

As permitted by IFRS 15, no disclosures are made about the remaining performance obligations as at 31 December 2021 or 31 December 2020 that have an expected original term of one year or less.

(21) Other operating income

Other operating income comprises the following:

KEUR	**1 Jan. 2021–31 Dec. 2021**	1 Jan. 2020–31 Dec. 2020
Public grants and subsidies	30,394	2,068
Income from reversals of impairment losses	4,943	1,981
Exchange gains	2,191	116
Income from the release of provisions	2,007	3,162
Reversals of impairment losses	951	0
Rental income	904	2,695
Insurance compensations	414	86
Income from the provision of motor vehicles	402	561
Restructuring gain	0	2,050
Income from asset disposal	0	11
Other	1,457	593
	43,663	**13,323**

Government grants recognised in other operating income are grants in response to the economic impact of the Covid-19 pandemic.

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. For further information, please refer to section "(17) Leases".

(22) Personnel expenses

KEUR	**1 Jan. 2021–31 Dec. 2021**	1 Jan. 2020–31 Dec. 2020
Wages and salaries	58,760	71,886
Social security contributions	11,995	13,673
	70,755	**85,559**

In the fiscal year, public grants in the form of reimbursements of social security contributions in the amount of KEUR 1,708 (previous year: KEUR 1,656) were granted and deducted from personnel expenses through profit/loss. In addition, short-time work allowance in the amount of KEUR 2,648 (previous year: KEUR 2,178) was paid directly to the employees as a transitory item without affecting the income statement.

Personnel expenses of the fiscal year included restructuring-related expenses in the amount of KEUR 1,189 (previous year: KEUR 5,008).

Personnel expenses also include KEUR 452 (previous year: KEUR 0) in expenses from share-based payments, as described in Section B. Accounting and valuation principles "Share-based payments".

Average number of employees:

KEUR	**1 Jan. 2021–31 Dec. 2021**		1 Jan. 2020–31 Dec. 2020	
	Total	**Germany**	**Total**	**Germany**
White-collar workers	2,175	1,476	2,468	1,642
Trainees / apprentices	23	23	29	29
	2,198	**1,499**	**2,497**	**1,671**

(23) Other operating expenses

Other operating expenses comprise the following:

KEUR	**1 Jan. 2021–31 Dec. 2021**	1 Jan. 2020–31 Dec. 2020
Advertising, trade fairs	16,036	11,197
Freight, packaging, logistics	13,369	8,412
IT costs	10,984	10,329
Rental and ancillary costs	7,953	11,808
Legal and consulting costs	7,517	14,054
Commissions	4,171	2,188
Insurance, contributions, fees	3,156	3,522
Maintenance	2,501	3,833
Collection development	1,921	2,060
Restructuring expenses	1,265	4,033
Office and communications	1,182	1,289
Other personnel expenses	1,089	1,101
Del credere and credit card commissions	897	866
Vehicles	841	924
General administration	815	923
Travelling expenses	689	798
Losses on receivables / allowances	630	4,240
Loss from asset disposal	568	834
Supervisory Board compensation	388	508
Other	983	395
	76,955	**83,314**

(24) Financial result

KEUR	**1 Jan. 2021–31 Dec. 2021**	1 Jan. 2020–31 Dec. 2020
Interest income	3	11
Income from the measurement of financial liabilities	30,276	0
Expenses from fair value measurement of assets held for sale	0	–1,500
Incidental bank charges	–533	–496
Result from modification of financial liabilities	2	–2,457
Financing expenses	–24,096	–21,316
	5,652	**–25,758**

Interest expenses mainly result from the compounding of interest on insolvency liabilities, interest on liabilities from lease agreements (IFRS 16), loans granted by the main financing partners and unaccrued interest on provisions.

Incidental bank charges essentially comprise bank fees.

(25) Taxes on income

Taxes on income comprise the following main components:

KEUR	**1 Jan. 2021– 31 Dec. 2021**	1 Jan. 2020– 31 Dec. 2020
Taxes of the fiscal year	722	757
Tax expenses of prior years	292	0
Deferred tax	0	0
	1,014	**757**

Deferred taxes were generally calculated on the basis of the applicable tax rates of each company. For simplification purposes, a uniform tax rate of 30.00% (previous year: 30.00%) was used as the basis for calculating deferred taxes on consolidation measures recognised in profit or loss, as a possible deviation is considered immaterial in comparison to the use of actual tax rates. This domestic tax rate, which comprises corporate income tax and trade tax, was also used as the basis for tax reconciliation.

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

KEUR	**1 Jan. 2021– 31 Dec. 2021**	1 Jan. 2020– 31 Dec. 2020
Profit before taxes on income	23,966	–85,195
Group tax rate	30.00%	30.00%
Expected tax income	7,190	–25,559
Temporary differences and loss carryforwards on which no deferred taxes were formed	4,274	23,882
Utilisation of previously unrecognised temporary differences	–12,549	0
Taxes on trade tax additions/deductions	365	286
Taxes on non-deductible operating expenses	1,446	2,317
Off-period tax expenses/income	292	0
Tax rate differences	–205	–218
Other	201	48
Actual tax expenses 4.23% (previous year: –0.9%)	**1,014**	**757**

(26) Earnings per share

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

In calculating diluted earnings per share, both the weighted average number of shares outstanding and the weighted average number of shares assuming conversion of all dilutive potential shares were taken into account and set in relation to the consolidated net income after tax attributable to the ordinary shareholders of GERRY WEBER International AG.

As an exercise of the convertible bond in the current loss-making situation would counteract the dilution, up to 40,000 shares (in the previous year there were no dilution effects on balance) were not considered in the calculation of the diluted average of ordinary shares. The reclassification of the claims of convertible bondholders into long-term loans (TFA21; see also sections (14) Non-current financial liabilities and (17) Current financial liabilities) in the fiscal year did not result in any changes, as the convertible bonds were not taken into account in the calculation of the diluted average, as described. As a result, there were no dilution effects for the fiscal year.

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

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

Consolidated net income/loss for the year in KEUR	**1 Jan. 2021– 31 Dec. 2021**	1 Jan. 2020– 31 Dec. 2020
Consolidated net loss attributable to ordinary shareholders of the parent company	**22,951**	**–85,952**

Number of ordinary shares	Shares
Voting shares on 31 December 2020	1,220,162
Capital increase (Commercial Register entry of 23 August 2021)	+17,608
Voting shares on 31 December 2021 (basic)	1,237,770

Taking into account the entry of the capital increase in the Commercial Register on 23 August 2021, this results in a weighted average of 1,226,481.56 shares in circulation during the reporting period (previous year: 1,126,019.84 shares).

Earnings per share thus amount to EUR 18.71 (previous year: EUR -76.33).

No dividend was paid for either the fiscal year 2021 or the comparative period.

E. ADDITIONAL DISCLOSURES AND EXPLANATIONS REGARDING FINANCIAL INSTRUMENTS

Write-down schedule

The table below shows the write-down schedule for trade receivables as of 31 December 2021:

31 Dec. 2021 in KEUR	Expected credit losses (not impaired)	Expected credit losses (impaired)	Total expected credit losses
As of 31 Dec. 2020	***121***	***5,418***	***5,539***
Additions	0	292	292
Drawings	0	−3,335	−3,335
Reversals	0	−396	−396
As of 31 Dec. 2021	**121**	**1,979**	**2,100**

31 Dec. 2020 in KEUR	Expected credit losses (not impaired)	Expected credit losses (impaired)	Total expected credit losses
As of 31 Dec. 2019	***185***	***3,811***	***3,996***
Additions	0	3,712	3,712
Drawings	0	−2,021	−2,021
Reversals	−64	−84	−148
As of 31 Dec. 2020	**121**	**5,418**	**5,539**

The change in expected credit losses in the fiscal year 2021 is due to the derecognition of defaulted trade receivables that were classified as permanently uncollectible. The latter is primarily the result of the derecognition of receivables of KEUR 2,561 from insolvent Hallhuber GmbH from previous years.

Trade credit insurance or similar hedging instruments that cover over 90% of the respective receivables portfolio are used to cover trade receivables in the Wholesale segment.

The table below includes information on the estimated risk of default and the expected credit losses for trade receivables as of 31 December 2021 and 31 December 2020.

31 December 2021 in KEUR	Loss rate (weighted average)	Gross carrying amount	Write-downs	Impaired creditworthiness
Not overdue	1 %	14,450	–121	No
1 – 30 days overdue	70 %	1,234	–866	Yes
>30 days overdue	99 %	1,128	–1,113	Yes
		16,812	**–2,100**	**14,712**

31 December 2020 in KEUR	Loss rate (weighted average)	Gross carrying amount	Write-downs	Impaired creditworthiness
Not overdue	0 %	11,486	0	No
1 – 30 days overdue	30 %	753	–224	Yes
>30 days overdue	100 %	5,315	–5,315	Yes
		17,554	**–5,539**	**12,015**

Contractual remaining terms of financial liabilities

The table below shows the contractual remaining maturities of the financial liabilities as well as interest payments as at the balance sheet date of the fiscal year 2021.

		Undiscounted cash flows			
KEUR	Carrying amount	up to 1 year	1 to 5 years	more than 5 years	Total
Insolvency liabilities	30,373	6,280	26,374	0	32,654
Loans from the plan sponsorsmain financing partners	37,820	2,551	44,447	0	46,998
Other loan and interest liabilities	0	0	0	0	0
Lease liabilities	108,419	28,747	76,016	32,571	137,334
Other financial liabilities	888	888	0	0	888
Financial liabilities (total)	***177,501***	***38,466***	***146,837***	***32,571***	***217,874***
Refund liabilities	3,349	3,349	0	0	3,349
Trade liabilities	30,307	30,307	0	0	30,307
Carrying amount 31 Dec. 2021	**211,157**	**72,122**	**146,837**	**32,571**	**251,530**

KEUR	Carrying amount	Undiscounted cash flows: up to 1 year	1 to 5 years	more than 5 years	Total
Insolvency liabilities	99.840	15.136	94.525	0	109.661
Loans from the plan sponsorsmain financing partners	25.236	974	34.776	0	35.750
Other loan and interest liabilities	17.500	17.500	0	0	17.500
Lease liabilities	139.018	31.037	107.972	66.071	205.081
Other financial liabilities	1.697	1.697	0	0	1.697
Financial liabilities (total)	***283.291***	***66.344***	***237.273***	***66.071***	***369.689***
Refund liabilities	2.240	2.240	0	0	2.240
Trade liabilities	17.153	17.153	0	0	17.153
Carrying amount 31 Dec. 2020	**302.684**	**85.737**	**237.273**	**66.071**	**389.082**

The short-term cash outflows from financial liabilities are offset by planned cash inflows from receivables and other financial assets.

There is a possibility that the long-term cash outflows from the 'ZQ2' and 'Ravenna Park' insolvency quotas in the amount of KEUR 4,129 will occur much earlier than stated, as the Gerry Weber Group has the right to service these quotas at any time. The two quotas have a remaining term until 31 December 2023.

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, liquidity-related risks as well as the effects of changes in exchange rates and interest rates. The GERRY WEBER Group is not exposed to material interest rate risks, as most of the long-term loans (insolvency liabilities and main financing partners) maturing on 31 December 2023 have fixed 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. In the fiscal year, the Group used currency forwards to hedge USD transactions in a nominal amount of EUR 21.4 million, which were serviced before 31 December 2021 (in the previous year, no derivatives other than embedded derivatives were used). 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 Russian rouble. Foreign currency holdings in the form of receivables, liabilities and bank balances are recognised for these currencies.

Sensitivity analyses were performed to quantify the exchange rate risk. This is based on a hypothetical change in the exchange rate of 5% and simulates the extent to which a different valuation of trade receivables and payables as well as bank balances as at 31 December 2021 (previous year: 31 December 2020) held in foreign currency would have had an effect on the result for the period.

Pre-tax effect as at 31 December 2021:

31 Dec. 2021 KEUR	Cash inflows	Cash outflows	Net amount	Absolute effect of a +/– 5% change in the exchange rate on the net result for the period
USD	1,024	9,676	10,700	510/–510
RUB	1,609	–474	1,135	59/–54

31 Dec. 2020 KEUR	Cash inflows	Cash outflows	Net amount	Absolute effect of a +/– 5% change in the exchange rate on the net result for the period
USD	224	–4,738	–4,514	–215/215
RUB	2,617	–160	2,457	129/–117

Counterparty risk

The GERRY WEBER Group is exposed to default risks on financial assets (loans, receivables and other assets) and invested cash and cash equivalents. The creditworthiness of counterparties to financial assets is monitored by the accounting system. In addition, del credere cover is provided by insurers and other parties such as central regulators. As a general rule, bank balances are held only with a defined group of banks of excellent credit standing. The creditworthiness of these banks is monitored continuously and classified using quantitative and qualitative factors.

The maximum risk of default corresponds to the carrying amount of the corresponding financial assets.

Liquidity risk

Liquidity risks may arise from the lack of available follow-up financing (liquidity risk in the narrower sense) as well as from delays in planned cash inflows and unplanned payments (plan risk). The liquidity risk is monitored continuously on the basis of the budget prepared for the budget year and the following years. 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 continues also after the end of the proceedings and consists in particular of rolling 13-week and medium-term liquidity planning, with the help of which the Group monitors and manages the risk of a short-term liquidity bottleneck. 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, which will result in a concentration of liquidity-related risk at this point in time. This affects the insolvency liabilities described above as well as the loans from the main financing partners, which the Managing Board assesses as concentration risk due to their maturity on 31 December 2023. With regard to related uncertainties and assumptions, please refer to section A. GENERAL INFORMATION "Assumption of going concern as the basis of accounting".

In addition, liquidity risks also exist until the refinancing date, depending in particular on the planned business performance and the implementation of the measures planned by the Managing Board to avoid liquidity gaps. These are described in detail in section A. GENERAL INFORMATION - "Assumption of going concern as the basis of accounting".

Bottom line effect of financial instruments

KEUR	Financial assets (AC)	Embedded derivatives (FVTPL)	Financial liabilities (AC)
From interest rates	3	−537	−11,439
From the measurement of financial liabilities	0	0	30,276
From losses of receivables and write-downs	−630	0	0
31 Dec. 2021	***−627***	***−537***	***18,837***
From interest rates	12	76	−6,404
From losses of receivables and write-downs	−4,241	0	0
31 Dec. 2020	***−4,229***	***76***	***−6,404***

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. 2021	**Carrying amount**	**For information: fair value**	**Recognised in profit or loss (net profit/loss for the year)**	**outside profit or loss (other comprehensive income)**
Non-current financial assets				
Loans	435	435		
Equity instruments			6	
Other financial assets (embedded derivatives)			2,581	
Current financial assets				
Trade receivables	14,712	14,712		
Other financial assets	2,357	2,357		
Cash and cash equivalents	50,013	50,013		
	67,517	***67,517***	***2,587***	***0***
Non-current liabilities				
Financial liabilities	61,848	66,771		
Other financial liabilities	809	809		
Current liabilities				
Financial liabilities	7,233	7,928		
Trade liabilities	30,307	30,307		
	100,197	**105,815**	**0**	**0**

Long-term loans are mainly long-term rent deposits. Other non-current liabilities include licence payments for software. For both items, it is assumed that the fair value does not differ materially from the carrying amount in view of the nature of the payment obligation.

As of the previous year's reporting date of 31 December 2020, the financial instruments were classified as follows:

	IFRS 9 valuation			
KEUR	Amortised cost (adjusted*)		Fair value	
Financial instruments as of 31 Dec. 2020	**Carrying amount**	**For information: fair value**	**Recognised in profit or loss (net profit/loss for the year)**	**outside profit or loss (other comprehensive income)**
Non-current financial assets				
Loans	178	178		
Equity instruments			6	
Other financial assets (embedded derivatives)			1,773	
Current financial assets				
Trade receivables	12,015	12,015		
Other financial assets	2,780	2,780		
Cash and cash equivalents	85,250	85,250		
	100,223	***100,223***	***1,779***	***0***
Non-current liabilities				
Financial liabilities	111,276	116,739		
Other financial liabilities	0	0		
Current liabilities				
Financial liabilities	31,300	33,120		
Trade liabilities	17,153	17,153		
	159,729	**167,012**	**0**	**0**

Fair values of financial assets and liabilities by measurement categories

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

The fair value of the current financial assets measured at amortised cost is also shown in the table above. It is assumed that the fair value approximates the carrying amount. For current assets and liabilities, this assumption is based on their short maturity.

Embedded derivatives

Termination options have been identified in the financing agreements concluded in 2019 and 2021. The existing termination options may be exercised voluntarily by the GERRY WEBER Group through early repayment . The loan agreements contain embedded termination options that are to be separated from the host contract as separable derivatives.

These embedded termination options were separated and recognised at fair value through profit or loss. As of 31 December 2021, the embedded derivatives had a carrying amount of KEUR 2,581 (other financial assets) (2020: KEUR 1,773; adjusted *see section Error corrections). The effects on the bottom line are shown under interest income and interest expenses.

The Group used the following methods and assumptions to determine the fair values:

Termination options integrated in the financing agreements are valued using a valuation technique with inputs observable in the market as outlined in section B. ACCOUNTING AND VALUATION PRINCIPLES. Non-observable significant valuation parameters are the applied CDS spreads of 208 to 307 basis points (previous year: 168 to 325 basis points) and the spread volatility of 13.5% to 13.65% (previous year: 16.43% to 16.96%).

A change in interest rates of 100 basis points (bp) deemed possible at the reporting date would have increased or decreased profit or loss by the amounts shown below. In this analysis, it was assumed that all other influencing factors, especially exchange rates, remain constant.

KEUR	100 bp increase	100 bp decrease
31 December 2021		
Embedded derivatives	–379	423
31 December 2020		
Embedded derivatives	–324	382

F. NOTES TO THE CASH FLOW STATEMENT

Cash and cash equivalents comprise current liquid funds (KEUR 50,013; previous year: KEUR 85,250; in the previous year less current liabilities to banks KEUR 17.500).

The cash flow statement describes the cash flows in the fiscal year 1 January 2021 to 31 December 2021 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 inflow from investing activities comprises additions to property, plant and equipment and financial assets as well as income from fixed asset disposals. Financing activities comprise changes in other financial liabilities.

Cash inflow from current operating activities in the fiscal year 2021 includes payments for interest received of KEUR 3 (previous year: KEUR 11) and for interest paid of KEUR 10,474 (previous year: KEUR 8,120). An amount of KEUR 973 was paid for income tax (previous year: KEUR 851).

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

		Financing activities		
KEUR	1 Jan. 2021	Cash Borrowings/ repayments	Non-cash Reclassifications/ accruedAccrued interest/Adjust-ment from measu-rement	31 Dec. 2021
Non-current financial liabilities				
Insolvency liabilities	86,040	–20,813	–40,149	25,078
Loans from the plan sponsorsmain financing partners	25,236	5,002	6,532	36,770
Lease liabilities	109,020	0	–28,382	80,638
	220,296	***–15,811***	***–61,999***	***142,486***
Current financial liabilities				
Insolvency liabilities	13,800	–13,800	5,294	5,294
Other loans	17,500	–17,500	1,939	1,939
Lease liabilities	29,998	–17,774	15,557	27,781
	61,298	***–49,074***	***22,790***	***35,014***
Total liabilities from financing activities	**281,594**	**–64,885**	**–39,209**	**177,500**

The other loans raised are short-term current account liabilities that are included in cash and cash equivalents. These cash inflows are therefore not part of the cash flow from financing activities.

KEUR	1 Jan. 2020	Financing activities: Cash Borrowings/ repayments	Financing activities: Non-cash Reclassifications/ accrued interest	31 Dec. 2020
Non-current financial liabilities				
Insolvency liabilities	39.423	–18.645	65.263	86.040
Loans from the plan sponsorsmain financing partners	34.200	–12.319	3.355	25.236
Lease liabilities	138.436	0	–29.416	109.020
	212.059	***–30.964***	***39.201***	***220.296***
Current financial liabilities				
Insolvency liabilities	74.187	0	–60.387	13.800
Other loans	0	17.500	0	17.500
Lease liabilities	42.953	–16.095	3.140	29.998
	117.140	***1.405***	***–57.247***	***61.298***
Total liabilities from financing activities	**329.199**	**–29.559**	**–18.046**	**281.594**

The GERRY WEBER Group has an unused credit line of EUR 17.5 million.

G. SEGMENT REPORTING

Fiscal year 2021

KEUR	Wholesale	Retail stores	Retail e-commerce	Other	Consolidation	**Total**
Sales by segment	***98,111***	***123,382***	***42,158***	***161,093***	***−162,089***	***262,655***
thereof:						
Sales with external third parties	94,871	123,315	42,123	2,346	0	262,655
Inter-segment revenues	3,240	67	35	158,747	−162,089	0
EBIT	***5,908***	***−30,449***	***3,168***	***20,198***	***19,489***	***18,314***
Depreciation/ amortisation	2,101	4,871	33	8,458	29,453	44,916
EBITDA	***8,009***	***−25,578***	***3,201***	***28,655***	***48,943***	***63,230***
Personnel expenses	6,329	35,710	1,461	28,438	−1,183	70,755
Interest income	1	2	0	0	0	3
Interest expenses	34	565	0	7,067	16,428	24,094
Assets	98,536	78,035	10,424	195,154	−71,812	310,339
Liabilities	93,095	83,575	11,284	196,903	−136,098	248,759
Investments in non-current assets	698	1,460	869	6,967	0	9,994
Number of employees (annual average)	111	1,631	25	431	0	2,198
Impairments recognised in profit/loss						
of inventories	−248	−4,394	0	−2,137	0	−6,779
of trade receivables	104	1,517	−12	2,517	−333	3,793

Fiscal year 2020

KEUR	Wholesale	Retail stores	Retail E-Commerce	Other	Consolidation	**Total**
Sales by segment	***113,166***	***127,840***	***32,840***	***163,106***	***–158,535***	***278,108***
thereof:						
Sales with external third parties	112,384	126,901	32,531	6,291	0	278,108
Inter-segment revenues	782	939	0	156,814	–158,535	0
EBIT	***1,441***	***–23,544***	***3,599***	***–24,951***	***–15,982***	***–59,437***
Depreciation/ amortisation	3,718	6,054	0	6,330	40,960	57,062
EBITDA	***5,159***	***–17,490***	***3,599***	***–18,621***	***24,978***	***–2,375***
Personnel expenses	8,974	41,322	1,160	41,698	–7,595	85,559
Interest income	5	4	3	0	0	12
Interest expenses	251	482	4	3,593	19,443	23,773
Assets	101,339	89,817	12,966	211,627	–43,000	372,749
Liabilities	90,782	79,338	5,973	199,760	–41,402	334,451
Investments in non-current assets	560	821	1,010	8,335	0	8,726
Number of employees (annual average)	96	1,674	25	702	0	2,497
Impairments recognised in profit/loss						
of inventories	–182	291	0	2,805	0	2,914
of trade receivables	1,557	–974	–12	–2,093	–578	–2,100

For the purpose of segment reporting, the segments of the GERRY WEBER Group are defined by the Group's business activities, especially the distribution channels, pursuant to the management approach (IFRS 8). Since the fiscal year 2021, the segment report has included the E-Commerce segment in addition to the Retail and Wholesale segments. The E-Commerce segment was classified as a separate segment in the reporting year due to its increased importance and the fact that it now accounts for more than 10% of consolidated sales revenues.

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 as well as the factory outlets. The "Wholesale" segment comprises the wholesale activities of the Group's brands (GERRY WEBER, TAIFUN and SAMOON). The E-Commerce segment includes all online activities, essentially the e-shops and marketplaces.

The segment information is based on the same recognition and valuation measures as the consolidated financial statements. Transactions between the segments are presented as inter-segment sales and eliminated in the consolidation column for the purpose of reconciling sales revenues. The key figures of the segments correspond to the statutory reporting values of the entities included in the Group. For the purpose of reconciliation to the reported Group figures, adjustments are made to the Group's uniform reporting and valuation methods, which are included in the consolidation column alongside the eliminations of intra-Group transactions. The figures allocated to the "Other" segment essentially include key financial figures from intra-Group transactions of GERRY WEBER International AG in its capacity as the parent company of the Group.

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

Geographic information

1 Jan. 2021–31 Dec. 2021 in KEUR	Germany	Abroad	**Total**
Sales by regions	***129,116***	***133,539***	**262,655**
Non-current assets	98,458	39,990	138,448
Number of employees	1,499	699	2,198

1 Jan. 2020 –31 Dec. 2020 in KEUR	Germany	Abroad	**Total**
Sales by regions	***149,494***	***128,614***	**278,108**
Non-current assets	180,108	27,443	207,551
Number of employees	1,671	825	2,497

Sales revenues by region include the geographies that are material for the Group, i.e. Germany (KEUR 129,116; previous year KEUR 149,494) and the Benelux region (KEUR 43,756; previous year KEUR 41,242).

Where the geographical information is concerned, external sales are based on the customer's billing address or, in the event of on-site purchases, on the point of sale. A regional distinction is made between "Germany" and "outside Germany".

H. MISCELLANEOUS INFORMATION

Purchase commitments for investments & other financial obligations

As of 31 December 2021, the purchase commitment for investments and projects amounted to EUR 2.8 million (previous year: EUR 2.9 million), of which EUR 2.1 million (previous year: EUR 2.0 million) related to intangible assets.

In connection with the store leases, commitments are often made for advertising subsidies for sales promotion purposes, which are recognised as advertising costs in other operating expenses at the time of payment and break down as follows:

KEUR	**31 Dec. 2021**	31 Dec. 2020
Within 1 year	832	687
Between 1 and 5 years	2,042	1,593
After 5 years	415	98
	3,289	**2,378**

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 and their close relatives. There are no unconsolidated entities as well as associates and joint ventures.

GERRY WEBER has identified the following related parties:

- main financing partners of the company who are also shareholders, to the extent that these can (jointly) exercise a controlling or material influence;members of the Managing Board; and
- members of the Supervisory Board.

Control structure and related parties

The following are the plan sponsors or main financing partners:

- JPMorgan Chase & Co., Wilmington, Delaware, United States of America
- Whitebox Advisors LLC, Minneapolis, Minnesota, United States of America, as well as Whitebox General Partner LLC, Wilmington, Delaware, United States of America
- Robus Capital Management Limited, London, United Kingdom

Managing Board

- Angelika Schindler-Obenhaus, Gütersloh, from 1 August 2020 (Chief Operating Officer)
- from 19 August 2021 (Chief Executive Officer and Chairwoman of the Managing Board)
- Florian Frank, Hamburg, from 2 October 2018 (Chief Restructuring Officer), from 1 January 2021 (Chief Financial Officer)
- Alexander Gedat, Rosenheim, from 20 February 2020 until 19 August 2021 (Chief Executive Officer and Chairman of the Managing Board)

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.

Members of the Managing Board did not directly or indirectly hold any shares at the balance sheet date and the previous year's balance sheet date.

Supervisory Board

Supervisory Board	Roles on supervisory boards and control bodies within the meaning of section 125 para. 1 sentence 3 AktG.
Alexander Gedat, Rosenheim from 19 August 2021 (Chairman from 15 September 2021)	Chairman of the Supervisory Board: Ahlers AG, Herford Member of the Supervisory Board: CA Akademie privates Institut für Controlling und Unternehmensführung AG, Wörthsee Gruppe Nymphenburg Consult AG, Munich Member of the advisory council: Fynch-Hatton Retail GmbH, Mönchengladbach Sportalm GmbH, Kitzbühel, Austria Yoona Ventures GmbH, Berlin
Dr. Tobias Moser, Munich until 19 August 2021 (Chairman until 19 August 2021)	
Manfred Menningen, Frankfurt am Main (trade union representative) until 19 August 2021 (Vice Chairman until 19 August 2021)	Member of the Supervisory Board: Hella GmbH & Co. KGaA, Lippstadt
Christina Käßhöfer, Tutzing until 19 August 2021 and from 8 September 2021	
Dagmar Heuer, Billerbeck until 19 August 2021	
Milan Lazovic, London/United Kingdom until 19 August 2021	
Sanjib (Sanjay) Sharma, London/United Kingdom full year (Vice Chairman from 15 September 2021)	
Barbara Jentgens, Frankfurt am Main (trade union representative) until 19 August 2021	
Klaus Lippert, Halle/Westphalia (Staff representative) until 19 August 2021 and from 2 September 2021	
Rena Marx, Herzebrock-Clarholz, Bielefeld (staff representative) until 31 March 2021	
Benjamin Noisser, München until 19 August 2021	
Antje Finke, Halle/Westphalia (Staff representative) until 19 August 2021 and from 26 November 2021	
Norbert Steinke, Tutzingen from 8 September 2021	
Yvonne Glomb, Castrop-Rauxel ´from 13 January 2021 until 31 March 2021	
Kirstin Meese, Herford from 9 August 2021 until 19 August 2021	
Gökay Bostanci, Halle/Westphalia from 9 August 2021 until 19 August 2021	

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. As at the balance sheet date, members of the Supervisory Board directly and indirectly held a total of 16,351 shares (previous year: 0 shares).

Related party transactions

In the fiscal year from 1 January 2021 to 31 December 2021 and in the previous year, transactions with related parties were made. Related party transactions take into account business relationships between GERRY WEBER International AG and its subsidiaries on the one hand and the controlling companies and other companies that are also controlled by them on the other hand.

The table below shows the goods and services received (expenses) and the goods and services provided (income) from and for these companies:

KEUR	**31 Dec. 2021**	31 Dec. 2020
Services provided by the Group		
Goods and services	0	0
Total	**0**	**0**
Services received by the Group		
Interest	5,206	2,331
Fees	916	395
Legal and consulting costs	78	0
Total	**6,200**	**2,726**

The transactions listed above relate to companies that are also controlled by controlling entities. 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 that are also controlled by controlling entities:

KEUR	**31 Dec. 2021**	31 Dec. 2020
Trade receivables	0	0

KEUR	**31 Dec. 2021**	31 Dec. 2020
Financial liabilities (non-current)	40,117	52,974

No allowances or derecognitions relating to receivables from related parties were required. There are no financial obligations from purchase commitments towards related parties. In addition, the Managing Board and the Supervisory Board were granted compensation within the scope of their respective activities. For details, see the information below.

The financing and interest liabilities to related parties result from financing agreements with the main financing partners. With regard to the collateralisation and maturity of the loans as well as the resulting interest from the aforementioned transactions, please refer to section (15) Financial liabilities, which describes the main credit conditions of the loans with the main financing partners. No bad and doubtful debt expense was recognised in the current year and the previous year in respect of amounts due from related parties. Guarantees were neither granted nor received.

As described in section (15) Financial liabilities – "Income from the measurement of financial liabilities", financial liabilities measured at amortised cost, which comprise insolvency liabilities and parts of the non-current loan liabilities, were remeasured in the fiscal year 2021. As a result, financial liabilities and parts of the loan liabilities were reduced by EUR 30.3 million, which include liabilities to the company's main financing partners who are also shareholders, to the extent that they can (jointly) exercise a controlling or material influence, and thus related parties.

Total compensation of the Supervisory Board

In accordance with the statutes, the Supervisory Board exclusively receives fixed compensation of KEUR 387 (previous year: KEUR 508) for its work for the parent company and the Group, which was provisioned for in the fiscal year. No variable compensation is granted. The compensation represents a short-term benefit within the meaning of IAS 24.17 (a). The staff representatives on the Supervisory Board remain entitled to a regular salary under their employment contracts.

Business transactions with key management personnel

The compensation of key management personnel comprises:

KEUR	**2021**	2020
Short-term benefits	1,454	1,405
Benefits after termination of employment	0	0
Other long-term benefits	0	0
Termination benefits	0	2,408
Share-based payments	452	0

The compensation of key management personnel includes salaries, benefits in kind and, in the previous year, termination benefits. Short-term benefits also include profit-related bonuses. With regard to share-based payment, please refer to section B. ACCOUNTING AND VALUATION PRINCIPLES "Share-based payments".

Total compensation of the Managing Board pursuant to section 314 para.1 in conjunction with section 315e of the German Commercial Code (HGB).

The Managing Board's compensation in the fiscal year 2021 totalled KERU 1,688 (previous year: KEUR 1,400) and includes share-based payments in the amount of KEUR 250 (previous year: KEUR 0). In the previous year, an additional KEUR 2,408 in compensation was paid to departing members of the Managing Board on the occasion of the termination. The share-based payment awards presented represent the fair value of the awards at the date of grant and are presented in section B. ACCOUNTING AND VALUATION PRINCIPLES "Share-based payments". As in the previous year, former members of the Managing Board did not receive any compensation in the fiscal year 2021.

Directors' dealings

On 7 July 2021, Alexander Gedat acquired 15,723 shares at a price of EUR 15.90 per share in the total amount of EUR 249,995.70.

Auditor’s fees

The following auditor’s fees were recognised as Group expenses:

KEUR	**2021**	2020
Audit services	1,186	660
thereof attributable to other auditors	11	190
Tax consulting services	0	0
Other services	0	5
	1,186	**665**

Audit services 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 by KPMG AG Wirtschaftsprüfungsgesellschaft. In the previous year, GERRY WEBER International AG and the consolidated entities were audited by auditing firm Rödl & Partner GmbH. In the previous year, other services related to coordination services in connection with the liquidation of a foreign subsidiary.

German Corporate Governance Code / Statement required under section 161 AktG

The statement required under section 161 of the German Stock Corporation Act was issued by the Managing Board and the Supervisory Board on 31 March 2022 and published on the website of GERRY WEBER International AG at group.gerryweber.com under Investors / Corporate Governance.

Post balance sheet events

Überbrückungshilfe III (stopgap aid)

In the fiscal year 2021, GERRY WEBER International AG applied for stopgap aid (“Überbrückungshilfe III”) to mitigate the economic consequences for enterprises during the Covid-19 crisis. An amount of EUR 12.0 million of the grants granted was paid out to the company in the fiscal year 2021. Another EUR 17.2 million was granted by notification dated 4 January 2022 and paid out on 6 January 2022. The Managing Board is of the opinion that the factual requirements for the grant were met as at 31 December 2021, which is why the notification after the reporting date is regarded as an adjusting event.

Please refer to the information provided in section B. ACCOUNTING AND VALUATION PRINCIPLES - Accounting for public grants and subsidies.

Refinancing

The GERRY WEBER Group must refinance its outstanding debt by the end of 2023. As a first step on this way, the revolving credit facility (RCF) was partly refinanced in January 2022.

Russia-Ukraine conflict

On 24 February 2022, Russia started an invasion of Ukraine, which continues at the time of preparing the consolidated financial statements. The GERRY WEBER Group maintains business relationships in both countries; together with wholesale partners, it operates 18 POS in Ukraine and 64 franchise stores as well as shop-in-shops in Russia. At this stage, our business is affected by the war to a minor extent. Due to the importance of the region for the GERRY WEBER Group, however, the war may lead to a decline in sales and increased pressure on margins and thus have an adverse impact on the net worth, financial and earnings position of the GERRY WEBER Group in the fiscal year 2022.

Please refer to the more detailed information provided in the forecast in the combined management report.

Covenants

Due to the belated preparation and publication of the consolidated financial statements for the period ended 31 December 2021, the Group failed to comply with covenants in the existing credit agreements on the long-term loans and the revolving credit facility. On 3 May 2022, the company therefore negotiated a waiver with its lenders, which grants a deferral with regard to the preparation and publication of the audited consolidated financial statements until 30 May 2022.

Please refer to the information on the financial position in the combined management report, where the covenants are described in detail.

Other than that, there were no material events between the end of the fiscal year 2021 and the preparation of the present report that might have a material impact on the net worth, financial and earnings position of the GERRY WEBER Group.

Exemption from disclosures pursuant to section 264 para. 3 of the German Commercial Code (HGB)

The following fully consolidated domestic subsidiaries took advantage of the options provided under section 264 para. 3 of the German Commercial Code (HGB) with regard to the disclosure of their annual accounts and the preparation of the notes and the management report:

- GERRY WEBER Retail GmbH, Halle/Westphalia,
- Life-Style Fashion GmbH, Halle/Westphalia,
- Gerry Weber Logistics GmbH i.L., Halle/Westphalia,

Halle/Westphalia, 23. May 2022

Managing Board

Angelika Schindler-Obenhaus

Florian Frank

INDEPENDENT AUDITOR'S REPORT

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

Audit opinions

We have audited the consolidated financial statements of GERRY WEBER International AG, Halle (Westphalia), and its subsidiaries (the Group), which comprise the consolidated balance sheet as of 31 December 2021, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in Group equity and the consolidated cash flow statement for the fiscal year from 1 January to 31 December 2021 as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. We have also audited the management report for the company and the Group (hereinafter referred to as "combined management report") of GERRY WEBER International AG for the fiscal year from 1 January to 31 December 2021.

In accordance with the statutory provisions applicable in Germany, we have not audited the components of the combined 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 2021 and of its earnings position for the fiscal year from 1 January to 31 December 2021 and
- the accompanying combined management report as a whole provides a suitable view of the Group's position. In all material respects, the combined management report is consistent with the consolidated financial statements, complies with German legal requirements and suitably presents the future opportunities and risks. Our audit opinion on the combined management report does not cover the content of the components of the combined management report mentioned in the section "Other information".

Pursuant to section 322 para. 3 sentence 1 of the German Commercial Code (HGB), we state that our audit has not led to any reservations with respect to the correctness of the consolidated financial statements and the combined management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and the combined management report in accordance with section 317 of the German Commercial Code (HGB) and the EU Audit Regulation (No. 537/2014, hereinafter referred to as "EU Audit Regulation") and in compliance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW). The International Standards on Auditing (ISA) were additionally considered in our audit of the consolidated financial statements. Our responsibility under those provisions, principles and standards are further described in the "Auditor's responsibility for the audit of the consolidated financial statements and the combined management report" section of our report. We are independent of the Group in accordance with the requirements of European and German commercial and professional law and we have fulfilled our ethical responsibilities applicable in Germany in accordance with these requirements. In accordance with Article 10 para. 2 letter f of the EU Audit Regulation, we also declare that we have not provided non-audit services prohibited under Article 5 para. 1 of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements and the combined management report.

Material uncertainty in connection with the going concern

Reference is made to section A – General information "Assumption of going concern as the basis of accounting" in the notes to the consolidated financial statements as well as to the information provided in the Forecast, risk and opportunity report of the combined management report, in which the Managing Board describes that a balanced liquidity position is planned in its base and risk scenario of the liquidity planning. This presupposes, however, that a number of assumptions – also beyond the forecast period – on which the company's liquidity planning is based will materialise.

As part of the audit, we therefore identified the appropriateness of the going concern assumption and the adequate presentation of the material uncertainty related to the going concern as a material risk and performed audit procedures including the following:

We first assessed the liquidity planning prepared by the company. As a result, the company made plan adjustments and prepared planning scenarios in the form of the base scenario and the risk scenario for the forecast period. In a second step, we took a look at these planning scenarios. In consultation with our restructuring specialist, we gained an understanding of the planning process and discussed the material assumptions underlying the liquidity planning with the responsible parties. We compared whether the assumptions are consistent with internal explanations and external market assessments. We assessed the most material assumptions, such as future sales and margins, based on past business performance as well as on the order backlog and incoming orders.

We additionally addressed the quality of the company's historical forecasts by comparing the planning for previous fiscal years with the actual results and analysing any deviations. We also analysed the company's current liquidity situation.

In its written going concern forecast, the Managing Board described which liquidity securing measures are required to achieve a balanced liquidity position in the forecast period and how these measures should be implemented. We considered the feasibility of these liquidity securing measures and assessed whether they are sufficiently probable and feasible. We also assessed the reliability of the underlying data.

No separate audit opinion is issued for these matters.

The assumptions made by the Managing Board of the company and the presentation in the notes to the consolidated financial statements and the Group management report are comprehensible.

Nevertheless, it should be noted that the continuation of the company as a going concern according to the liquidity planning is dependent on the following assumptions underlying the liquidity planning being successfully implemented within the forecast period:

- business operations will not be restricted by government measures imposed to fight the Covid-19 pandemic and potential cost increases on the procurement side can be fully passed on to customers through price increases;
- the planned sales and margin growth will be reached and the additional liquidity securing measures can be implemented successfully;
- in the event of non-compliance with covenants, the Managing Board will be able to negotiate a waiver with the main financing partners.

Beyond the end of the forecast period, the company's ability to continue operating as a going concern will essentially depend on the successful refinancing of the non-current financial liabilities including interest as at 31 December 2023. If the financial liabilities are not refinanced, the company and, hence, the Group, might not be able to service the liabilities due on 31 December 2023.

Should one of the assumptions underlying the liquidity planning fail to materialise, the Group would depend on additional cash being made available, especially by the main financing partners, to meet the existing financial obligations.

As outlined in section A. "Assumption of going concern as the basis of accounting" and in the section "Forecast, risk and opportunity report" of the combined management report, these events and circumstances indicate the existence of material uncertainty which may cast significant doubt on the parent company's and 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). Our audit opinions in respect of this matter have not been modified.

Key audit matters in the audit of the consolidated financial statements
Key audit matters are those matters which, in our professional judgment, were most important in our audit of the consolidated financial statements for the fiscal year from 1 January to 31 December 2021. 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.

Recoverability of inventories

For the accounting policies applied and the adjustment of the opening balance sheet as at 1 January 2021, please refer to the notes to the consolidated financial statements, section B. "Accounting and valuation principles – Inventories" and section A. "General information – Error corrections". In addition, reference is made to note No. 7 on the impairment of inventories.

THE RISK TO THE FINANCIAL STATEMENTS

The consolidated balance sheet for the period ended 31 December 2021 shows inventories of EUR 65.3 million following recognition of impairment losses of EUR 14.8 million. Representing 21.0% of total assets, inventories are of material importance for the net worth position.

Inventories initially measured at cost (taking into account transaction costs as well as purchase price reductions) should be measured at the lower of cost or net realisable value. The net realisable value is determined on the basis of collection-related devaluation rates, taking opportunities for realisation in the distribution channels and output markets into account.

The determination of the net realisable values is discretionary. The net realisable value required estimates regarding the proceeds expected to be realised in the sale as well as of the costs of disposal still to be incurred. The estimates are partly based on historical experience.

There is a risk to the consolidated financial statements that the inventories are overvalued at the balance sheet date due to unidentified impairment.

OUR AUDIT APPROACH

We obtained an understanding of the process for determining the net realisable values by means of interviews and inspection of the documentation.

We assessed the selling prices used to determine the net realisable value on the basis of the historical price markdowns granted. We reviewed this historical data by means of evaluations prepared by the company on the price markdowns made for the last ten seasons. In addition, we reviewed the estimated distribution costs based on the company's historical analyses and assessed whether the expected distribution costs are reasonable. We also addressed the planned sale in the distribution channels. We have arithmetically reconstructed the calculation of the collection-related devaluation rates as well as the derivation of the impairment of inventories.

OUR CONCLUSIONS

The assumptions underlying the determination of the net realisable value are appropriate overall.

Recoverability of the right-of-use assets in retail stores and of the furniture and fixtures attributable to the respective cash generating unit (CGU)

For the accounting policies applied and the adjustment of the opening balance sheet as at 1 January 2021, please refer to the notes to the consolidated financial statements, section B. "Accounting and valuation principles – Impairment of non-financial assets" and section A. "General information – Error corrections". Information on the amount of the right-of-use assets and the amount of the impairment losses recognised is provided in the notes to the consolidated financial statements, No. 2. Information on the amount of the furniture and fixtures attributable to the respective CGU is provided in the notes to the consolidated financial statements, No. 3. Explanations on the economic performance of the Retail segment are provided in the combined management report in the section "Earnings, net worth and financial position".

THE RISK TO THE FINANCIAL STATEMENTS

As of 31 December 2021, the right-of-use assets from leased retail stores amounted to EUR 84.6 million. Together with the related furniture and fixtures assets in the amount of EUR 2.0 million, the right-of-use assets and the furniture and fixtures attributable to the respective CGU account for 27.9% of total assets and thus represent a considerable share of the assets. For the purpose of impairment testing, the respective retail stores and their associated furniture and fixtures were defined as CGUs by the company in the fiscal year 2021. As a result, the accounting for the right-of-use assets from leased points of sale was adjusted retrospectively as of 1 January 2021 and tested for impairment.

Due, among other things, to the insight gained in connection with the retrospective restatement as of 1 January 2021, the right-of-use assets in retail stores as well as the furniture and fixtures attributable to the respective CGU were subjected to an impairment test as of 31 December 2021. For the impairment test, the carrying amount is compared with the recoverable amount of the respective CGU. If the carrying amount is higher than the recoverable amount, there is a need for write-downs. If the carrying amount is higher than the recoverable amount, there is a need for write-ups. The write-up is limited by the systematically amortised cost. The recoverable amount is the higher of the fair value less costs to sell and the value in use of the CGU.

The impairment test of the right-of-use assets from retail stores and the furniture and fixtures attributable to the respective CGU is complex and requires a number of discretionary assumptions. These include, in particular, the expected sales of the retail stores for the duration of the lease and the discount rate used. The Managing Board consulted an external expert to determine the discount rate and design the measurement model.

As a result of the impairment test, GERRY WEBER International AG recognised a write-down for impairment of EUR 6.3 million and write-ups of EUR 2.6 million.

There is a risk for the consolidated financial statements that the write-downs for impairment and the write-ups existing on the reporting date were not recognised in an appropriate amount. There is also a risk that the related disclosures in the notes, including the disclosures on retrospective restatement, are not appropriate.

OUR AUDIT APPROACH

We first obtained an understanding of the process and assessed the design and implementation of the internal controls in place over the performance of the impairment test and the determination of impairment.

In consultation with our valuation specialists, we assessed, among other things, the appropriateness of the material assumptions and of the calculation method of the company. For this purpose, we discussed the expected business and earnings performance of the Retail segment as well as the assumed long-term growth rates with the persons responsible for planning. In addition, we assessed the consistency of the assumptions with external market estimates and analysed the like-for-like performance (excl. expansion and closures). Moreover, we looked at the quality of the company's historical forecasts by comparing the planning for previous fiscal years with the actual results and analysing any deviations. For a risk-oriented selected sample of leased points of sale, we examined whether an appropriate planning of the respective CGU was derived from the planning at segment level. Also, to ensure the arithmetical accuracy of the measurement method used, we retraced the calculations made by the company on the basis of elements selected in a risk-oriented manner. We checked the consistency of the assumptions and estimates by reconciliation to those of other internally available planning used for measurement purposes.

We compared the assumptions and data underlying the discount rate, in particular the risk-free interest rate, the market risk premium and the beta factor, with our own assumptions and publicly available data. We assessed the expertise, skills and objectivity of the independent expert appointed by GERRY WEBER International AG.

Finally, we assessed whether the disclosures in the notes on the recoverability of the right-of-use assets from leased retail space and the related furniture and fixtures are appropriate. This also included assessing the appropriateness of the disclosures in the notes on the retrospective restatement of the right-of-use assets.

OUR CONCLUSIONS

The calculation method underlying the impairment test of the right-of-use assets from retail space and the furniture and fixtures attributable to the respective CGU is appropriate and in line with the applicable measurement principles.

The company's assumptions and data underlying the measurement are appropriate overall.

The related disclosures in the notes are appropriate.

Determination of the incremental borrowing rate used for the measurement of the right-of-use assets from retail spaces and the lease liabilities

For the accounting and measurement methods used and the restatement of the opening balance sheet as at 1 January 2021, please refer to the notes to the consolidated financial statements, section B. "Accounting and valuation principles – Determination of the incremental borrowing rate" and A. "General information – Error corrections". For information on the amount of the right-of-use assets, please refer to No. 2 of the notes to the consolidated financial statements. For information on the amount of the right-of-use assets, please refer to No. 17 of the notes to the consolidated financial statements.

THE RISK TO THE FINANCIAL STATEMENTS

As of 31 December 2021, the consolidated financial statements of GERRY WEBER International AG show right-of-use assets in the amount of EUR 84.7 million and lease liabilities in the amount of EUR 108.4 million. Lease liabilities represent 34.9% of total liabilities and thus have a material impact on the company's net worth position.

When accounting for leases for retail stores, the determination of the discount rate has a material impact on the amount of the right-of-use assets and lease liabilities to be recognised in the balance sheet. The determination of the incremental borrowing rate used is discretionary and based on estimates, in particular the lessee-specific credit risk, the asset-specific collateralisation and the term of the lease.

The Managing Board used the incremental borrowing rate as the discount rate and consulted an external expert to determine it. In the fiscal year 2021, the company determined he incremental borrowing rate taking the company-specific credit risk and the asset-specific collateralisation. As a result, the measurement of the right-of-use assets from retail spaces and the lease liabilities was adjusted retrospectively as of 1 January 2020.

There is a risk to the consolidated financial statements that the lease liabilities and the right-of-use assets are not measured appropriately. There is also a risk that the related disclosures in the notes, including the disclosures on retrospective restatement, are not appropriate.

OUR AUDIT APPROACH

As part of the initial audit, we assessed the measurement model used to determine the incremental borrowing rate. In consultation with our valuation specialists, we compared the assumptions and data underlying the incremental borrowing rates with our own assumptions and publicly available data.

Where discretionary decisions were made to determine the incremental borrowing rate, we compared the assumptions and data underlying the discount rate, in particular the lessee-specific credit risk, the asset-specific collateralisation and the term of the lease, with our own assumptions and publicly available data. We assessed the expertise, skills and objectivity of the independent expert appointed by GERRY WEBER International AG.

We verified whether the incremental borrowing rates used for the measurement are appropriate by comparing the parameters that are relevant for measurement with the underlying lease contracts. In addition, we reconstructed the measurement of the right-of-use assets and lease liability using the incremental borrowing rate.

This was based on lease contracts selected on the basis of a mathematical-statistical procedure as well as on lease contracts selected on a risk-oriented basis. In determining our sample size, we considered the control weaknesses identified in our assessment of internal controls.

We also assessed the adequacy of the disclosures in the notes, including the disclosures on the retrospective restatement of the right-of-use assets and the lease liabilities.

OUR CONCLUSIONS

The result of the assumptions and data underlying the determination of the incremental borrowing rate used to measure the lease liabilities and right-of-use assets is appropriate.

The disclosures in the notes, including the disclosures on the retrospective restatement of the right-of-use assets and the lease liabilities, are appropriate.

Valuation of insolvency liabilities and loan liabilities

For the accounting and measurement methods used, please refer to the notes to the consolidated financial statements, section B. "Accounting and valuation principles – Financial liabilities" and section A. "General information – Valuation of insolvency liabilities". In addition, please also refer to the information provided in No. 15 of the notes to the consolidated financial statements.

THE RISK TO THE FINANCIAL STATEMENTS

As of 31 December 2021, the consolidated financial statements of GERRY WEBER International AG show financial liabilities consisting of insolvency liabilities, incl. bonds, bond interest and convertible bonds in the amount of EUR 38.7 million, and long-term loans (incl. capitalised interest) in the amount of EUR 30.4 million. Deferred insolvency liabilities and parts of the loan liabilities (transaction fees) represent 9.8% of total liabilities and thus have a material impact on the company's net worth position. Due to the reassessment of expected cash outflows, deferred insolvency liabilities and parts of the loan liabilities with a carrying amount of EUR 30.3 million were remeasured as at 31 December 2021.

The amount of the repayment of the deferred insolvency liabilities is subject to the fulfilment of financial performance indicators in the fiscal year 2023, which the Managing Board no longer expects to be achieved on the basis of the updated liquidity planning as at 31 December 2021. As a consequence, the expected payment series of the deferred insolvency liabilities was reassessed- A reduction in the expected cash flows led to an adjustment through profit/loss of EUR 29.1 million in liabilities recognised at amortised cost. Should the earnings prospects be better than expected, the measurement must be adjusted through profit/loss in future periods.

The measurement of the deferred insolvency liabilities and the parts of the loan liabilities is complex as well as discretionary and is based on a number of estimates and assumptions in connection with the achievement of the agreed financial performance indicators. The estimates are based on the corporate planning and the performance of the Group in the fiscal years 2022 and 2023, in particular adjusted consolidated EBITDA. In addition, the amount of the repayment of the deferred insolvency liabilities is dependent on whether and to what extent the sum total of 3 times adjusted consolidated EBITDA of the year 2023 plus cash and cash equivalents less minimum liquidity and net debt (as the sum of credit lines, loans, bonds, lease liabilities) exceeds the amount of the deferred receivables.

There is a risk to the consolidated financial statements that the deferred insolvency liabilities and the parts of the loan liabilities are not measured appropriately. There is also a risk that the related disclosures in the notes are not appropriate.

OUR AUDIT APPROACH

In consultation with our valuation specialists, we assessed, among other things, the appropriateness of the material assumptions and of the calculation method of the company. For this purpose, we discussed the expected business and earnings performance of the Group as well as the assumed growth rates with the persons responsible for planning. In addition, we assessed the consistency of the assumptions with external market estimates. Moreover, we looked at the quality of the company's historical forecasts by comparing the planning for previous fiscal years with the actual results and analysing any deviations. We checked the consistency of the assumptions and estimates by reconciliation to those of other internally available planning used for measurement purposes.

We inspected the deferral agreement of each creditor group and assessed the provisions contained therein for calculating the amount of the payment of the deferred claims. To ensure the arithmetical accuracy of the measurement method used, we reconstructed the company's calculation.

Finally, we assessed whether the disclosures in the notes are appropriate. This also included the assessment of the appropriateness of the disclosures in the notes on estimation uncertainties in the event of a possible change in material assumptions underlying the measurement.

OUR CONCLUSIONS

The calculation method underlying the measurement is consistent with the provisions in the deferral agreement of each creditor group. The assumptions and data underlying the measurement are appropriate. The related disclosures in the notes are appropriate.

Other information

Other information is the responsibility of the Managing Board and/or Supervisory Board. Other information includes the following components of the combined management report, whose content has not been audited:

- the separate combined non-financial report of the company and the Group, to which reference is made in the combined management report and
- the combined corporate governance statement of the company and the Group, to which reference is made in the combined management report.

Other information additionally comprises the other parts of the Annual Report. Other information does not comprise the consolidated financial statements, the disclosures in the combined management report whose content has been audited as well as our corresponding auditor's report.

Our audit opinions on the consolidated financial statements and the combined management report do not cover "other information" and we therefore issue no audit opinion or any other type of audit conclusion regarding such "other information".

As part of our audit, 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 information in the combined management report whose content has been audited or the knowledge obtained in the context of our audit or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that such other information is materially misstated, we are required to report this fact. We have nothing to report in this respect.

Responsibilities of the Managing Board and the Supervisory Board for the consolidated financial statements and the combined management report

The Managing Board is responsible for preparing the consolidated financial statements in compliance with IFRS as adopted in the EU and with the additional requirements of German commercial law pursuant to section 315e para. 1 of the German Commercial Code (HGB) and for ensuring that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the net assets, financial and earnings position of the Group. In addition, the Managing Board is responsible for such internal control as it has 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 Managing Board is responsible for assessing the Group's ability to continue as a going concern. In addition, it is responsible for disclosing facts relating to the going concern status, where relevant. It is also responsible 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 Managing Board is furthermore responsible for preparing a combined management report which, as a whole, provides a suitable view of the Group's position and is consistent with the consolidated financial statements in all material aspects, complies with German legal requirements and suitably presents the future opportunities and risks. In addition, the Managing Board is responsible for such arrangements and measures (systems) it considers necessary to enable the preparation of a combined management report that complies with the requirements of German commercial law and to enable the provision of sufficient and appropriate evidence for assertions in the combined management report.

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

Auditor's responsibility for the audit of the consolidated financial statements and the combined management report

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides a suitable view of the situation of the Group and is consistent with the consolidated financial statements in all material aspects as well as with the findings of our audit, complies with the legal provisions applicable in Germany and adequately reflects the future opportunities and risks as well as to issue an audit report that contains our audit opinions of the consolidated financial statements and the Group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 of the German Commercial Code (HGB) and the EU Audit Regulation and in compliance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW) and in additional consideration of the ISA will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in total, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

During our audit, we exercise professional judgment and maintain professional scepticism. Moreover,

- we identify and assess the risks of material misstatement of the consolidated financial statements and the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls;
- we obtain an understanding of the internal control system that is relevant for the audit of the consolidated financial statements and of the arrangements and measures that are relevant for the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems;
- we evaluate the appropriateness of accounting policies used by the Managing Board and the reasonableness of accounting estimates and related disclosures made by the Managing Board;
- we conclude on the appropriateness of the Managing Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or in the combined management report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may result in the Group no longer being able to continue as a going concern;
- we evaluate the overall presentation, structure and content of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the net worth as well as the financial and earnings position of the Group in accordance with IFRS as adopted in the EU and the additional requirements of German commercial law pursuant to section 315e para. 1 of the German Commercial Code (HGB);
- we obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an audit opinion on the consolidated financial statements and the combined management report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion;

- we assess the consistency of the combined management report with the consolidated financial statements, its compliance with applicable laws and the view it provides of the situation of the Group;
- we perform audit procedures on the forward-looking information presented by the Managing Board in the combined management report. Based on sufficient audit evidence, we hereby review, in particular, the significant assumptions used by the Managing Board as a basis for the forward-looking information and evaluate the appropriate derivation of the forward-looking information from these assumptions. We do not express a separate audit opinion on the forward-looking information and on the underlying assumptions. There is a substantial unavoidable risk that future events will deviate materially from the forward-looking information.

We discuss with the supervisory body, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the supervisory body with a statement that we have complied with the relevant independence requirements and discuss with it all relationships and other matters that may reasonably be thought to bear on our independence and the protective measures taken in this context.

From the matters discussed with the supervisory body, we determine those matters that were most important in the audit of the consolidated financial statements of the reporting period and are therefore the key audit matters. We describe these matters in our report on the audit of the consolidated financial statements unless laws or other regulations preclude public disclosure of such matters.

Other legal and regulatory requirements

Report on the audit of the electronic reproduction of the consolidated financial statements and the combined management report prepared for the purpose of disclosure pursuant to section 317 para. 3a of the German Commercial Code (HGB)

Pursuant to section 317 para. 3a HGB, we have performed an audit to obtain reasonable assurance about whether the reproductions of the financial statements and the combined management report (hereinafter also referred to as "ESEF documents") contained in the attached file gerryweberinternationalag-2021-12-31-de.zip (SHA256 hash value: 2b04cc15a4cbab5deef703580d5d691225c17c5d662e0feae8a70e45400e32fb) and prepared for the purpose of disclosure comply in all material respects with the requirements of section 328 para. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with the legal provisions applicable in Germany, this audit only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and thus neither the information contained in these reproductions nor any other information contained in the aforementioned file.

In our opinion, the reproductions of the consolidated financial statements and the combined management report contained in the aforementioned file and prepared for the purpose of disclosure comply in all material respects with the requirements of section 328 para. 1 HGB for the electronic reporting format. Other than this audit opinion and our audit opinions on the attached consolidated financial statements and the attached combined management report for the fiscal year from 1 January to 31 December 2021 included in the above "Report on the audit of the consolidated financial statements and the combined management report", we do not express any audit opinion on the information contained in these reproductions or any other information contained in the aforementioned file.

We have performed our audit of the reproductions of the consolidated financial statements and the combined management report contained in the aforementioned file made available in accordance with section 317 para. 3a HGB in compliance with the IDW audit standard: Audit of electronic reproductions of financial statements and management reports prepared for the purpose of disclosure pursuant to section 317 para. 3a HGB (IDW PS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility under these standards is described in more detail below. Our audit firm has met the requirements for the quality assurance system of the IDW quality assurance standard: Requirements for quality assurance in audit firms (IDW QS 1).

The Managing Board of the company is responsible for the preparation of the ESEF documents containing the electronic reproductions of the consolidated financial statements and the combined management report in accordance with section 328 para. 1 sentence 4 No. 1 HGB and for marking up the consolidated financial statements in accordance with section 328 para. 1 sentence 4 No. 2 HGB.

In addition, the Managing Board is responsible for the internal controls it considers necessary to enable the preparation of the ESEF documents that are free from material non-compliance, whether due to fraud or error, with the requirements of section 328 para. 1 HGB for the electronic reporting format.

The Supervisory Board is responsible for surveilling the process of preparing the ESEF documents as part of the accounting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of section 328 para. 1 HGB. During our audit, we exercise professional judgment and maintain professional scepticism. Moreover,

- we identify and assess the risks of material non-compliance, whether due to fraud or error, with the requirements of section 328 para. 1 HGB, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion;
- we obtain an understanding of the internal controls that are relevant for the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these controls;
- we assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents made available meets the requirements of Delegated Regulation (EU) 2019/815, as last amended prior to the reporting date, regarding the technical specification for that file;
- we assess whether the ESEF documents provide a consistent XHTML reproduction of the audited consolidated financial statements and the audited combined management report;
- we assess whether the mark-up of the ESEF documents with inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of Delegated Regulation (EU) 2019/815 as applicable at the reporting date provides an adequate and complete machine-readable XBRL copy of the XHTML reproduction.

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected auditors by the Annual General Meeting on 19 August 2021. We were appointed by the Audit Committee on 6 November 2021. We have been the auditors of the consolidated financial statements of GERRY WEBER International AG without interruption since the fiscal year 2021.

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).

Other matters - Use of the auditor's report

Our auditor's report should always be read in conjunction with the audited consolidated financial statements and the audited combined management report as well as the audited ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not replace them. In particular, the ESEF note and our audit opinion contained therein may be used only in conjunction with the audited ESEF documents provided in electronic form.

AUDITOR IN CHARGE

The auditor in charge of the audit is Dr. Victoria Röhricht.

Bielefeld, 27 May 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr. Röhricht
Wirtschaftsprüferin (German Public Auditor)

Bienert
Wirtschaftsprüferin (German Public Auditor)

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SEPARATE FINANCIAL STATEMENTS OF GERRY WEBER INTERNATIONAL AG

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BALANCE SHEET

as of 31 December 2021

ASSETS

KEUR	31 Dec. 2021	31 Dec. 2020
FIXED ASSETS		
Intangible assets		
Internally generated rights and assets	3,280	0
Concessions, industrial rights and similar rights and assets as well as licenses to such rights and assets acquired for a consideration	6,257	8,558
Payments on account	565	459
	10,102	***9,017***
Property, plant and equipment		
Land, leasehold rights and buildings including buildings on third-party land	26,673	52,873
Plant and machinery	17	94
Other plant, furniture and fixtures	1,906	2,580
Payments on account and plant under construction	0	39
	28,596	***55,586***
Financial assets		
Shares in affiliated companies	17,887	21,389
Investments	0	0
Other loans	0	0
	17,887	***21,389***
	56,585	***85,992***
CURRENT ASSETS		
Inventories		
Raw materials and supplies	20	20
Work in progress	0	4,862
Finished goods and merchandise	36,963	25,473
Payments on account	11,058	7,472
	48,041	***37,827***
Receivables and other assets		
Trade receivables	548	128
Receivables from affiliated companies	34,500	7,880
thereof trade accounts payable: KEUR 24,268 (previous year: KEUR 239)		
Other assets	21,543	7,704
	56,591	***15,712***
Cash on hand, bank balances	**15,127**	**40,011**
	119,759	***93,550***
PREPAID EXPENSES	***1,380***	***824***
EXCESS OF PLAN ASSETS OVER PENSION LIABILITY	**55**	**0**
Loss not covered by equity	3,464	**0**
	181,243	**180,366**

LIABILITIES

KEUR	31 Dec. 2021	31 Dec. 2020
EQUITY		
Subscribed capital	1,238	1,220
./. Nominal amount of own shares	0	0
Issued capital stock	1,238	1,220
Capital reserve	274	12
Retained earnings	102	103
Accumulated profits	–5,078	10,230
thereof not covered by equity	3,464	0
	0	***11,565***
PROVISIONS		
Other provisions	9,846	10,072
	9,846	***10,072***
LIABILITIES		
Bonds	23,667	28,669
thereof convertible: KEUR 1,832 (previous year: KEUR 1,191)		
Liabilities to banks	14,924	17,832
Trade liabilities	21,999	8,325
Liabilities to affiliated companies	46,914	13,423
thereof trade accounts payable: KEUR 17,574 (previous year: KEUR 4,552)		
Other liabilities	63,443	89,988
thereof to shareholders: KEUR 24,333 (previous year: KEUR 19,351)		
thereof from taxes: KEUR 295 (previous year: KEUR 354)		
	170,947	***158,237***
PREPAID EXPENSES	**450**	**492**
	181,243	**180,366**

INCOME STATEMENT

for the fiscal year from 1 January 2021 to 31 December 2021

KEUR	1 Jan. 2021–31 Dec. 2021	1 Jan. 2020–31 Dec. 2020
Sales revenues	152,615	145,769
Decrease in work in progress and finished goods	0	–12,160
Other own work capitalised	4,373	0
Other operating income	40,720	31,788
thereof from currency translation: KEUR 1,329 (previous year: KEUR 1,023)		
Cost of materials		
Expenses for raw materials and supplies and purchased goods	107,727	15,074
Expenses for services purchased	1,262	91,949
	108,989	***107,023***
Personnel expenses		
Wages and salaries	18,447	24,524
Social security contributions	3,029	3,895
	21,476	***28,419***
Amortisation of intangible fixed assets and depreciation of property, plant and equipment	9,516	5,951
Other operating expenses	37,799	54,101
thereof from currency translation: KEUR 134 (previous year: KEUR 189)		
Income from equity investments	1,742	545
thereof from affiliated companies: KEUR 1,724 (previous year: KEUR 54)		
Income from profit transfer agreements	4,023	11,942
Other interests and similar income	287	378
thereof from affiliated companies: KEUR 287 (previous year: KEUR 373)		
Depreciation of financial assets and of securities held as current assets	5,282	19,967
Interests and similar expenses	5,883	3,702
Expenses from loss transfers	29,393	12,274
Taxes on income	88	27
Earnings after taxes	***–14,666***	***–53,202***
Other taxes	642	305
Annual net loss / profit	***–15,308***	***–53,507***
Loss/profit carried forward	10,230	63,737
Withdrawal from capital reserves	0	0
Withdrawal from retained earnings	0	0
Income from capital reduction	0	0
Allocation to retained earnings	0	0
Accumulated profits	**–5,078**	**10,230**

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FURTHER INFORMATION

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RESPONSIBILITY STATEMENT

Consolidated financial statements

To the best of our knowledge, and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report, which is combined withe the management report of GERRY WEBER International AG, provides a true and fair view of the business trend including the results and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Halle/Westphalia, 23 May 2022

Angelika Schindler-Obenhaus
Chief Operating Officer
COO

Florian Frank
Chief Financial Officer
CFO

FINANCIAL CALENDAR

Date	
7 July 2022	Annual General Meeting 2022
11 August 2022	Publication of H1 interim report 2022
10 November 2022	Publication 9M interim statement 2022

IMPRINT

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Future-related statements

These financial statements contain forward-looking statements based on assumptions and estimates made by the management of GERRY WEBER International AG. Even if the company management is of the opinion that these assumptions and estimates are correct, future actual developments and future actual results may differ considerably from these assumptions and estimates due to a variety of factors. These factors may include, for example, changes in the overall economic situation, the legal and regulatory framework in Germany and the EU, and changes in the industry. GERRY WEBER International AG gives no guarantee and accepts no liability that future developments and the actual results achieved in the future will correspond to the assumptions and estimates expressed in these financial statements. GERRY WEBER International AG neither intends nor assumes any obligation to update forward-looking statements to reflect events or developments after the date of this report. Percentages and figures in this report may be subject to rounding differences.

GERRY WEBER

I LIVE MY STYLE.

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