GERRY WEBER
INTERNATIONAL AG

THE FASHION AND LIFESTYLE COMPANY

MORE THAN STYLE

ANNUAL REPORT 2015/16

GERRY WEBER

THE GERRY WEBER GROUP AT A GLANCE:

THE INTERNATIONALLY OPERATING LISTED LIFESTYLE AND FASHION COMPANY KNOWS THE NEEDS OF ITS CUSTOMERS AND USES ITS EXPERTISE TO TRANSLATE GLOBAL TRENDS INTO STYLISH FASHION ITEMS.

*JUST LIKE ME

*JUST LIKE ...: FASHION AND LIFESTYLE CELEBRATED BY HIGH-QUALITY MATERIALS AND EXCEPTIONAL DETAILING

OUR ANNUAL REPORT IN BRIEF: THIS SYMBOL HIGHLIGHTS KEY INFORMATION ABOUT THE FINANCIAL YEAR 2015/16

PAGE 71

5 POWERFUL BRANDS

GERRY WEBER, TAIFUN, SAMOON, HALLHUBER AND TALKABOUT WEAVE TOGETHER A FASCINATING NARRATIVE FOR TODAY'S DEMANDING AND QUALITY-CONSCIOUS CUSTOMER, ACCENTUATING HER FASHIONABLE AND CAREFREE OUTLOOK ON LIFE WITH EXCELLENT FITS AND TRENDY CUTS.

EACH OF OUR FIVE POWERFUL BRANDS has a characteristic and contemporary signature which crystallises the individual style and personality of its wearer.

With distribution structures in more than **60 countries**, some **1,270 company-run stores** and sales spaces, **2,300 shops-in-shops**, **270 franchised stores** as well as branded online stores in nine countries, the GERRY WEBER Group is one of the best known German fashion companies.

Our company's dynamic culture and the impressive commitment demonstrated by our approximately **7,000 employees** will continue to drive our growth in the future. Our courage to embrace new ideas and the strong team spirit of our workforce will be instrumental in the GERRY WEBER Group's sustained success.

MILLION EUROS IN
900.8
REVENUES
GENERATED BY THE GERRY WEBER GROUP
IN THE FINANCIAL YEAR 2015/16

MILLION EUROS IN
77.3
CONSOLIDATED
EBITDA
REPORTED FOR THE PAST
FINANCIAL YEAR

GERRY WEBER
KEY FIGURES AT A GLANCE

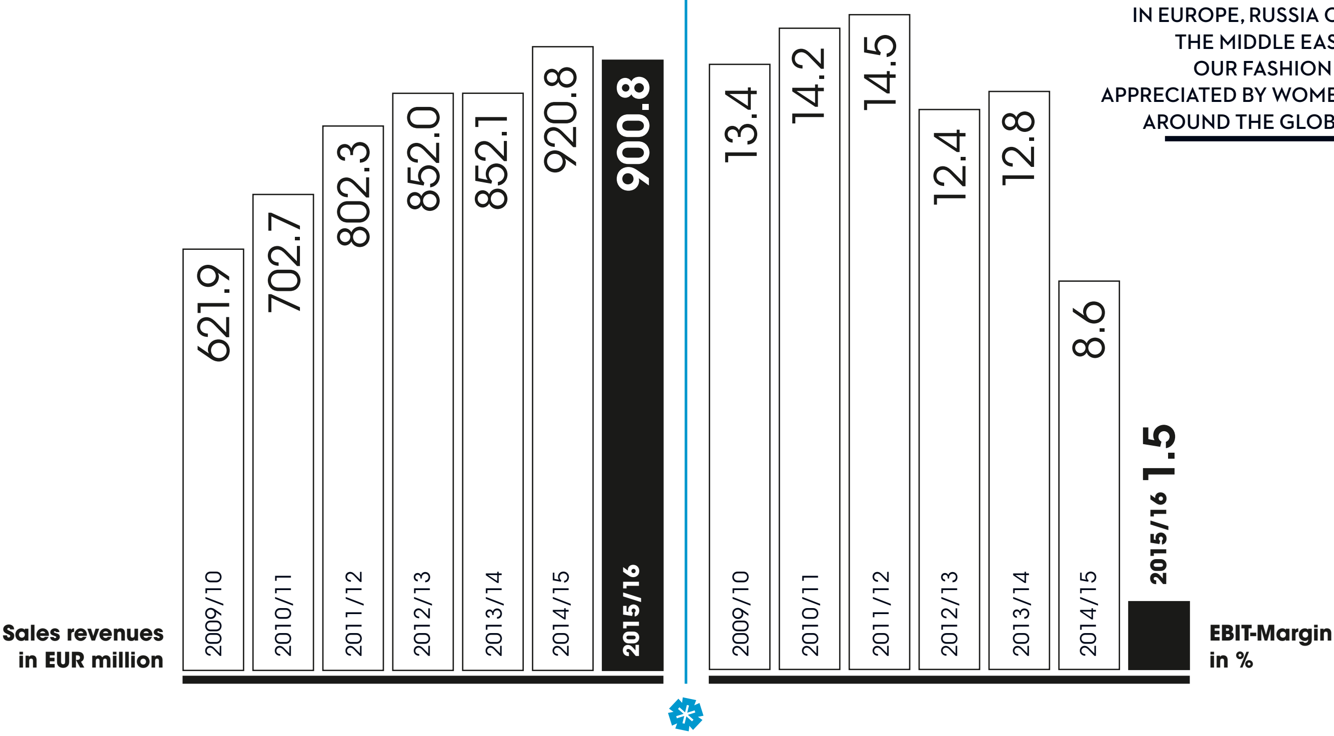
in EUR million	2015 / 16	2014 / 15	Changes in %
Sales by region	**900.8**	**920.8**	**–2.2%**
Domestic	**598.9**	574.6	4.2%
International	**301.9**	346.2	–12.8%
Sales by segment	**900.8**	**920.8**	**–2.2%**
GERRY WEBER Core Wholesale	**298.4**	365.4	–18.3%
GERRY WEBER Core Retail	**419.2**	440.3	–4.8%
HALLHUBER[3]	**183.2**	115.2	59.0%
Sales split by brand			
GERRY WEBER	**59.7%**	66.6%	–6.9% pp
TAIFUN	**15.5%**	16.1%	–0.6% pp
SAMOON	**4.5%**	4.8%	–0.3% pp
HALLHUBER[3]	**20.3%**	12.5%	7.8% pp
Others	**<1.0%**	<1.0%	
Earnings key figures			
EBITDA	**77.3**	115.8	–33.3%
EBITDA margin	**8.6%**	12.6%	–4.0 pp
EBIT	**13.8**	79.3	–82.6%
EBIT margin	**1.5%**	8.6%	–7.1 pp
EBT	**5.2**	73.1	–92.9%
EBT margin	**0.6%**	7.9%	–7.3 pp
Net income of the year	**0.5**	52.2	–99.0%
Earnings per share in Euro[1]	**0.01**	1.14	–99.0%
Capital structure	**900.7**	**938.6**	**–4.0%**
Equity	**446.5**	483.4	–7.6%
Investments	**59.9**	216.6	–72.3%
Equity ratio	**49.6%**	51.5%	–1.9 pp
Key figures			
Average staff number	**7,022**	7,027	–0.1%
Return on Investment (ROI)[2]	**1.5%**	8.4%	–6.9 pp
Return on Equity (ROE)[2]	**3.1%**	16.4%	–13.3 pp

1 On the basis of 45,905,960 shares **2** EBIT basis **3** 2014/15 only nine months consolidated

GERRY WEBER WORLDWIDE

*JUST LIKE:

DOING BUSINESS ALL OVER THE WORLD: GERRY WEBER GENERATES MORE THAN 37 PERCENT OF ITS REVENUES OUTSIDE GERMANY. WHETHER IT IS IN EUROPE, RUSSIA OR THE MIDDLE EAST, OUR FASHION IS APPRECIATED BY WOMEN AROUND THE GLOBE.



CREATING FEMININE FASHION *in style* CONTENT

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SERVICE

so chic

THE GERRY WEBER
EXPERIENCE

Modern design, high quality and an excellent fit – each collection highlights the wearer's own style while reflecting global trends at the same time.

A FASHION AND LIFE STYLE COMPANY

THE GERRY WEBER GROUP AT A GLANCE

GERRY WEBER International AG is one of Germany's most high-profile fashion and lifestyle companies. **FIVE BRAND FAMILIES – GERRY WEBER, TAIFUN, SAMOON, HALLHUBER AND TALKABOUT** – stand for high-quality, trend-oriented fashion and accessories for demanding and quality-conscious customers. All our brands highlight the wearer's individual style in their own unique way.

DEAR SHAREHOLDERS, DEAR READERS,

2015/16 was a challenging financial year for the GERRY WEBER Group. The period was primarily influenced by the FIT4GROWTH realignment programme launched in February 2016. In spite of the difficult market environment we were able to reach the targets we had set ourselves and implemented all measures of our realignment programme as planned. All our employees worked very hard to achieve this.

THE **FIT4GROWTH** PROGRAMME comprises four elements: (1) Optimise the Retail operations; (2) Adjust structures and processes; (3) Strengthen the Wholesale operations; (4) Modernise the brands. To implement these programme elements, we have defined a set of comprehensive measures, thanks to which we have already made some initial progress.

WITH REGARD TO ELEMENT 1, **'OPTIMISE THE RETAIL OPERATIONS'**, we were able to complete 75 of the 103 planned store closures by the end of the financial year 2015/16 on 31 October; this number increased to 87 by the end of 2016. The remaining stores will be closed in the current financial year 2016/17. The respective agreements have already been signed. Upgrading our digitalisation strategy is an important focus of our strategy to optimise our Retail operations. Among other developments we are on track with the preparations of the relaunch of the e-shop for the GERRY WEBER, TAIFUN and SAMOON brands in spring 2017. In addition, we are expanding our cross-channel activities, as the integration of physical and online commerce is key to our success. In selected stores, consumers have access to free WLAN, and HALLHUBER has introduced "Click&Collect" as well as "In-Store-Ordering" as an additional Omnichannel service in its stores.

THE MEASURES relating to the **'ADJUSTMENT OF STRUCTURES AND PROCESSES'** have largely been completed. The last of the three phases of the social compensation plan and the inevitable job cuts was implemented in October 2016. The first effects will be felt in the financial year 2016/17.

“IN SPITE OF THE DIFFICULT MARKET ENVIRONMENT WE WERE ABLE TO REACH THE TARGETS.”

GERRY WEBER INTERNATIONAL AG

RALF WEBER · CHIEF EXECUTIVE OFFICER

WE ALSO DID OUR HOMEWORK WITH REGARD TO POINT 3, **‘STRENGTHEN THE WHOLESALE OPERATIONS’**, and introduced new partnership programmes with the aim of offering our Wholesale partners better services, optimising the flow of merchandise and the availability of products at our partners’ stores and presenting the brand more effectively at the point of sale. In addition, we want to win new Wholesale customers. By the end of the financial year 2015/16, 40% of our Wholesale partners in Germany, Austria and Switzerland had already adopted the new partnership schemes. Against the background of the difficult market environment, we do not expect our Wholesale revenues to recover quickly yet, however, as the market environment is not easy for our Wholesale partners, either.

We have also taken some important steps with regard to the **MODERNISATION OF OUR BRANDS**. This primarily applies to the modernisation of the collection of the GERRY WEBER brand. We have introduced new materials – in the outdoor segment we cooperate with Gore-Tex, for instance – and have added new items made from organic cotton to the GERRY WEBER Casual collections.

On the whole, the collections have been expanded and complemented by individual items of higher quality. This also includes a more up-to-date and target group-specific customer approach, e.g. a new image campaign and a more up-to-date presentation of the merchandise in the stores and the shop windows. Moreover, we have launched a new, modern brand under the name of **'talkabout'**, which is targeted specifically at young women with an individual lifestyle. "talkabout" was initially tested at 30 points of sale of our Wholesale partners in Germany. Because of the positive response, we are planning to expand this number to 120 to 150 POS in the financial year 2016/17.

WE WILL CONTINUE TO FOCUS ON THE MODERNISATION OF OUR BRANDS – especially the GERRY WEBER core brand – also in the current financial year. We are conducting surveys among consumers to find out more about our customers' needs and their expectations of us and our products. We aim to increase the value of our brand and to highlight the modern appeal, the high quality and the excellent fit of the collections again. For this purpose, we will continue the measures already initiated. We support purposeful the modernisation of the products with completely new visuals, from our image campaign to our points of sale. We must offer even better service both in the stores and **online** to offset the declining footfall. The importance of each individual customer must be highlighted even more effectively. In addition, we will push ahead with our digitalisation strategy in a focused manner and continue to invest in strengthening our Wholesale business.

We are pursuing the right strategy and will maintain the scope of the programme. But needless to say, we are continuously checking if and to what extent we must take further measures in response to changes in the market and the needs of our customers. We are flexible enough to fine-tune our approach where we identify further potential for improvement.

31.2

M EUROS

EXTRAORDINARY EFFECTS AND WRITE-DOWNS BASED ON THE MEASURES OF FIT4GROWTH HAD A NEGATIVE IMPACT ON OUR EARNINGS

"THE IMPLEMENTATION OF FIT4GROWTH WAS THE RIGHT AND NECESSARY PATH."

GERRY WEBER
INTERNATIONAL AG
DR. DAVID FRINK · CHIEF FINANCE & OPERATING OFFICER

When we announced the programme, we already emphasised that another 50 stores are on our watch list. We are taking a closer look at these stores and may decide to close them and/or to not renew lease agreements depending on their performance. We must keep an eye on market developments, as it would be careless not to do so. What is most important, however, is that **FIT4GROWTH** is the right strategy.

In view of the realignment programme announced in February 2016, we made conservative yet optimistic projections for the past financial year 2015/16. As the year progressed, however, the market environment deteriorated again, and it did so quite significantly. The entire fashion sector is under extreme pressure. On the one hand, consumers are spending less money on apparel, and on the other hand, footfall figures in city centres continue to decline. The extremely mild September also failed to support sales in the fashion retail sector. This is a problem not only for our company but also for many other fashion companies. We clearly felt this at the operational level and the last three months of the financial year 2015/16, which is a very important quarter, were not very satisfying. We were unable to defy this trend in spite of our realignment exercise. This shows all the more that it was right and extremely important to respond to the changing market conditions at such an early stage.

We were able to reach our financial targets in spite of the partly weak operations, although this was primarily achieved thanks to the sale of "Hall 30", an investment property that did not form part of our core business. At the beginning of the financial year 2015/16 we defined revenue and earnings targets which already included extraordinary income and expenses. Our sales revenue projections for the past financial year amounted to EUR 890 million to EUR 920 million and our EBIT target to between EUR 10 million and EUR 20 million as recognised in the income statement. At EUR 900.8 million and EUR 13.8 million, respectively, both our sales revenues and the EBIT(reported) were in line with our projections.

The write-downs and special charges incurred in conjunction with the store closures had a particularly adverse effect on the result of the GERRY WEBER Group in the financial year 2015/16. After all, the extraordinary effects based on the measures of the FIT4GROWTH programme totalled EUR 31.2 million. Adjusted for these expenses but also adjusted for the extraordinary income from the sale of the property, EBIT amounted to EUR 23.1 million.

HALLHUBER was also unable to isolate itself entirely from the negative market trend. While we were able to open new points of sale and to increase our like-for-like sales revenues, this growth initially weighed on our profitability. But **HALLHUBER** stays on the growth track and we want to continuously increase both sales revenues and profitability – in our stores and online.

The situation will not become easier in the foreseeable future. We are not merely facing a soft patch but a fundamental change in the fashion market. Consumer behaviour and demand have changed. Today's consumers want to decide spontaneously when and where to shop. We must be able to offer them these possibilities together with excellent service. Footfall figures in the city centres will not recover in the foreseeable future. It will therefore be more important to attract the individual consumer to our stores and to offer her excellent advice. There are currently no signs which suggest that the situation in the fashion market will ease. It is therefore all the more important to vigorously push ahead with our **realignment** programme.

In view of this market situation, we must be realistic: There will be no short-term improvement in our operating result and no return to a double-digit EBIT margin. While the first positive effects of the **FIT4GROWTH** programme will be felt in the financial year 2016/17, it will take time till next financial year 2017/18 before we will see a significant improvement in our operating result. Both for our GERRY WEBER Core Retail segment and our Wholesale segment, we do not expect sales revenues to recover and the operating result to improve notably in the financial year 2016/17. And the positive effects of the measures already implemented will only partly be reflected in the operating result.

WE WILL RELAUNCH OUR ONLINE SHOP IN SPRING 2017 SHOWING A NEW LOOK AND FEEL AND EVEN MORE SERVICES FOR OUR CUSTOMERS

43.9

MILLION EUROS IN ONLINE SALES CONTRIBUTED TO CONSOLIDATED SALES REVENUES IN 2015/16.

"THE MAIN FOCUS OF OUR WORK IN THE NEXT MONTH IS THE INTEGRATION OF PHYSICAL AND ONLINE COMMERCE."

HALLHUBER will continue to grow but will not reach the same profitability as the GERRY WEBER Core segment yet. Following sales revenues of EUR 900.8 million in the past financial year, we therefore expect consolidated sales revenues to decline moderately by –2% to –4% in 2016/17. Consequently, we project consolidated EBIT of EUR 10 to 20 million, which would be similar to the previous year.

We are well aware that the current phase is not easy for our employees, customers, partners and shareholders. But we already pointed out in February 2016 that the realisation of the **FIT4GROWTH** programme lasts 18 to 24 months. The Managing Board is convinced that the current realignment programme will pay off for everybody. **FIT4GROWTH** is designed to get the GERRY WEBER Group back on the road to success in order to achieve profitable and sustainable growth again in the future. It is our declared goal to secure and expand our position as a leading fashion and lifestyle company.

We are on the right track.

Ralf Weber Chief Executive Officer	Dr. David Frink Chief Finance & Operating Officer	Norbert Steinke Chief Retail Officer

5 BRANDS

EXCITING, MODERN AND IRRESISTIBLY FEMININE

BRAND PORTFOLIO: FIVE POWERFUL FASHION BRANDS
STAND FOR A VIVACIOUS LIFESTYLE: GERRY WEBER, TAIFUN, SAMOON, HALLHUBER AND TALKABOUT.

THE FASHION AND LIFESTYLE COMPANY

MORE THAN STYLE

OUR FIVE BRAND FAMILIES STAND FOR MORE THAN JUST FASHION – THEY EXPRESS A LIFESTYLE.

BE SURE TO EXPLORE
OUR STYLE UNIVERSES!

*JUST LIKE
GERRY WEBER
casual

casual

A. ADJ (ADV CASUALLY)
1. HAPPENING BY CHANCE
2. IRREGULAR, OCCASIONAL
3. INFORMAL, RELAXED
“HIS CASUAL MANNER”
4. APPROPRIATE FOR WEAR ON INFORMAL OCCASIONS “CASUAL WEAR” “DRESS CASUALLY”

PREDOMINANTLY NATURAL MATERIALS, EXCELLENT FINISHING, GREAT ATTENTION TO DETAIL AS WELL AS COMFORTABLE FITS DEFINE THE STYLE UNIVERSE OF GERRY WEBER CASUAL. ACCESSORIES PERFECTLY COORDINATED WITH THE COLLECTION COMPLEMENT THE LEISURELY LOOK.

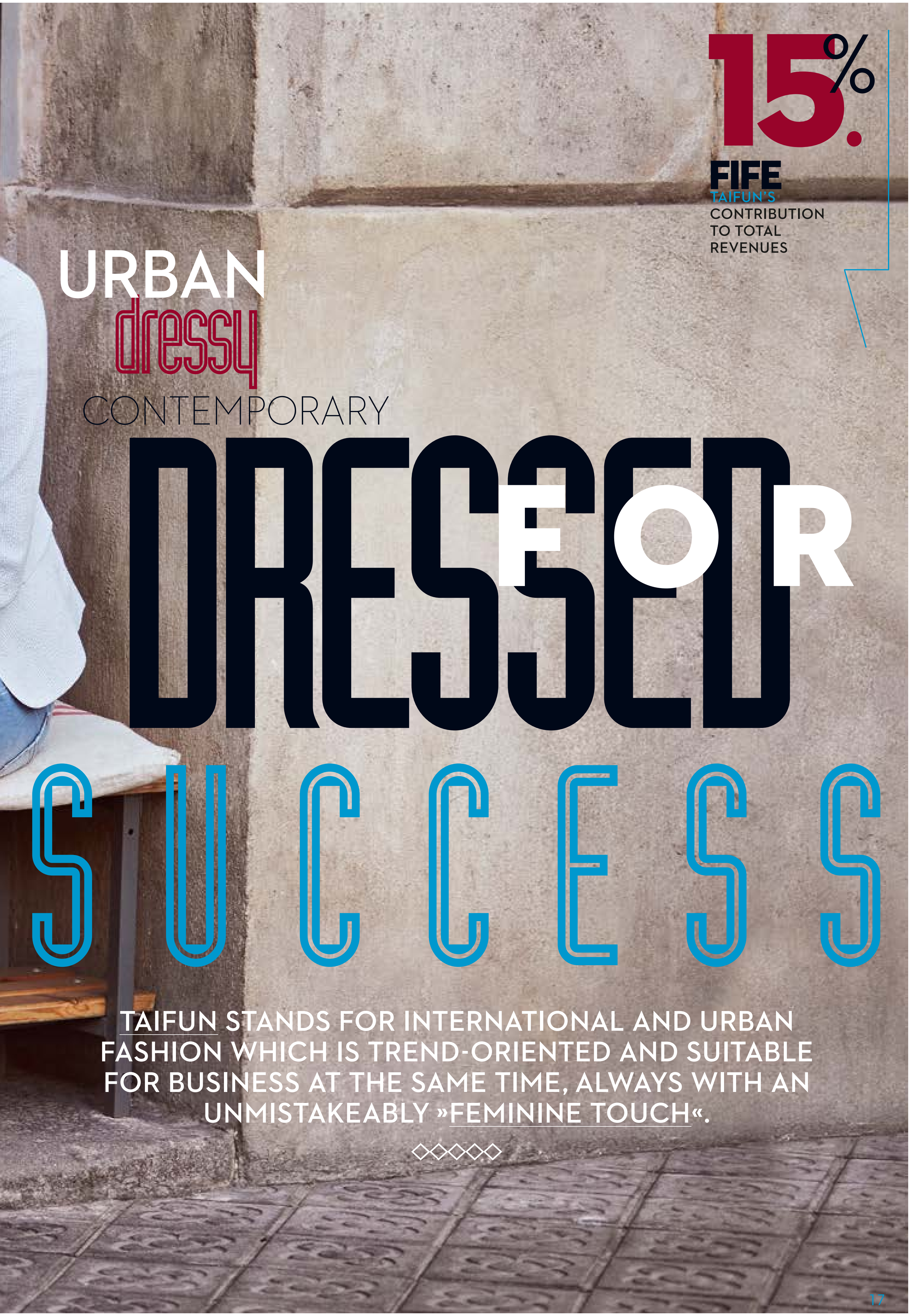
emotional
NATURAL
CHIC

ORGANIC COTTON:

SHIRTS MADE OF BIORÉ COTTON AND KNITWEAR USING GOTS (GLOBAL ORGANIC TEXTILE STANDARD) CERTIFIED YARNS

- ORGANIC COTTON FROM CONTROLLED CULTIVATION
- ECO AND SKIN FRIENDLY
- FULL TRANSPARENCY ENSURED BY ELECTRONIC TOOL WHICH ALLOWS TO TRACE BACK FROM THE FACTORY TO THE FARM
- QUALITY LABEL FROM REMEI AG
- FAIR PRODUCTION


JUST
LIKE
TAIFUN



15%.

FIFE

TAIFUN'S CONTRIBUTION TO TOTAL REVENUES

URBAN
dressy
CONTEMPORARY

DRESSED FOR SUCCESS

TAIFUN STANDS FOR INTERNATIONAL AND URBAN FASHION WHICH IS TREND-ORIENTED AND SUITABLE FOR BUSINESS AT THE SAME TIME, ALWAYS WITH AN UNMISTAKEABLY »FEMININE TOUCH«.

SKILFUL INTERPRETATIONS OF CURRENT FASHION TRENDS ENSURE THAT FEMININE CURVES ARE SHOWN IN THE BEST POSSIBLE LIGHT, RESULTING IN A NEW SELF-ASSURED BODY PERCEPTION.

JUST LIKE SAMOON

4.5%

A SOLID
SHARE IN GROUP SALES
OF THE
SAMOON
BRAND

the *perfect* plus +

SELF-ASSURED FASHION FOR TODAY'S PLUSSIZE WOMAN, WITH TRENDY CUTS, EXQUISITE MATERIALS AND EXCELLENT FITS.

confident
POSITIVE
CONTEMPORARY

183.2 MILLION EUROS
WAS HALLHUBER'S CONTRIBUTION TO TOTAL REVENUES

READY TO WEAR

HALLHUBER IS AN INTERNATIONALLY NETWORKED **BRAND** WITH A FIRM FOCUS ON THE ZEITGEIST. CAREFULLY HANDPICKED, LUXURIOUS FABRICS ARE FASHIONED INTO LEADING-EDGE FASHION ITEMS. **HALLHUBER** CUSTOMERS CAN CONSTANTLY LOOK FORWARD TO FRESH SURPRISES, WITH NEW COLLECTIONS TELLING UNIQUE STORIES DELIVERED TO STORES EVERY TWO WEEKS, OFFERING COUNTLESS OPTIONS FOR PERSONALIZED MIXING AND MATCHING.


JUST LIKE
HALLHUBER

LET'S TALK ABOUT

talk about

LIFE IS WHAT HAPPENS EVERY DAY, NOT THE SPECIAL OCCASIONS.

TALKABOUT-FASHION.COM

12 COLLECTIONS
PER YEAR WITH 15 ARTICLES EACH

COOL
RELAXED
COSY
ELEGANT
TRENDY

FASHION BRINGS PEOPLE TOGETHER, FASHION IS COMMUNICATION. THE NEW TALKABOUT BRAND PUTS FASHION STATEMENTS AND INDIVIDUAL LOOKS CENTRE-STAGE.

ELEGANT AND EASY-GOING AT THE SAME TIME, TALKABOUT HAS ITS FINGER ON THE PULSE. TALKABOUT FASHION EXPRESSES AN OUTLOOK ON LIFE DEFINED BY A MINDSET RATHER THAN BY AN AGE BRACKET, INSPIRED BY THE LOVE OF HIGH-QUALITY MATERIALS AND INDIVIDUAL LOOKS WHICH NEVER CEASE TO SURPRISE AND INSPIRE.

JUST LIKE talk about

THE FASHION AND LIFESTYLE UNIVERSE OF GERRY WEBER IS IDEALLY COMPLEMENTED BY GERRY WEBER ACCESSORIES AND LICENSED COLLECTIONS:

GERRY WEBER BAGS, GERRY WEBER SHOES, GERRY WEBER JEWELRY AND GERRY WEBER EYEWEAR

GERRY WEBER ACCESSORIES ARE FASHIONABLE COMPLEMENTS TO EVERY OUTFIT. RANGING FROM SCARVES, SHAWLS, PONCHOS AND STOLES TO CAPS, HATS, BELTS, FASHION JEWELRY AND GLOVES, THESE STYLISH ACCESSORIES OFFER CUSTOMERS AN IDEAL WAY TO COMPLETE THEIR PERSONAL FASHION STATEMENTS.

2.1 MILLION EUROS IN INCOME FROM LICENSED PRODUCTS IN THE FINANCIAL YEAR 2015/16


THAT
EXTRA
WHAT
WOMEN
WANT
SOMETHING
STYLING
COMPLETED
GERRY WEBER

BABY. I LIKE YOUR style

*JUST LIKE ME

DIGITAL FITTING ROOM

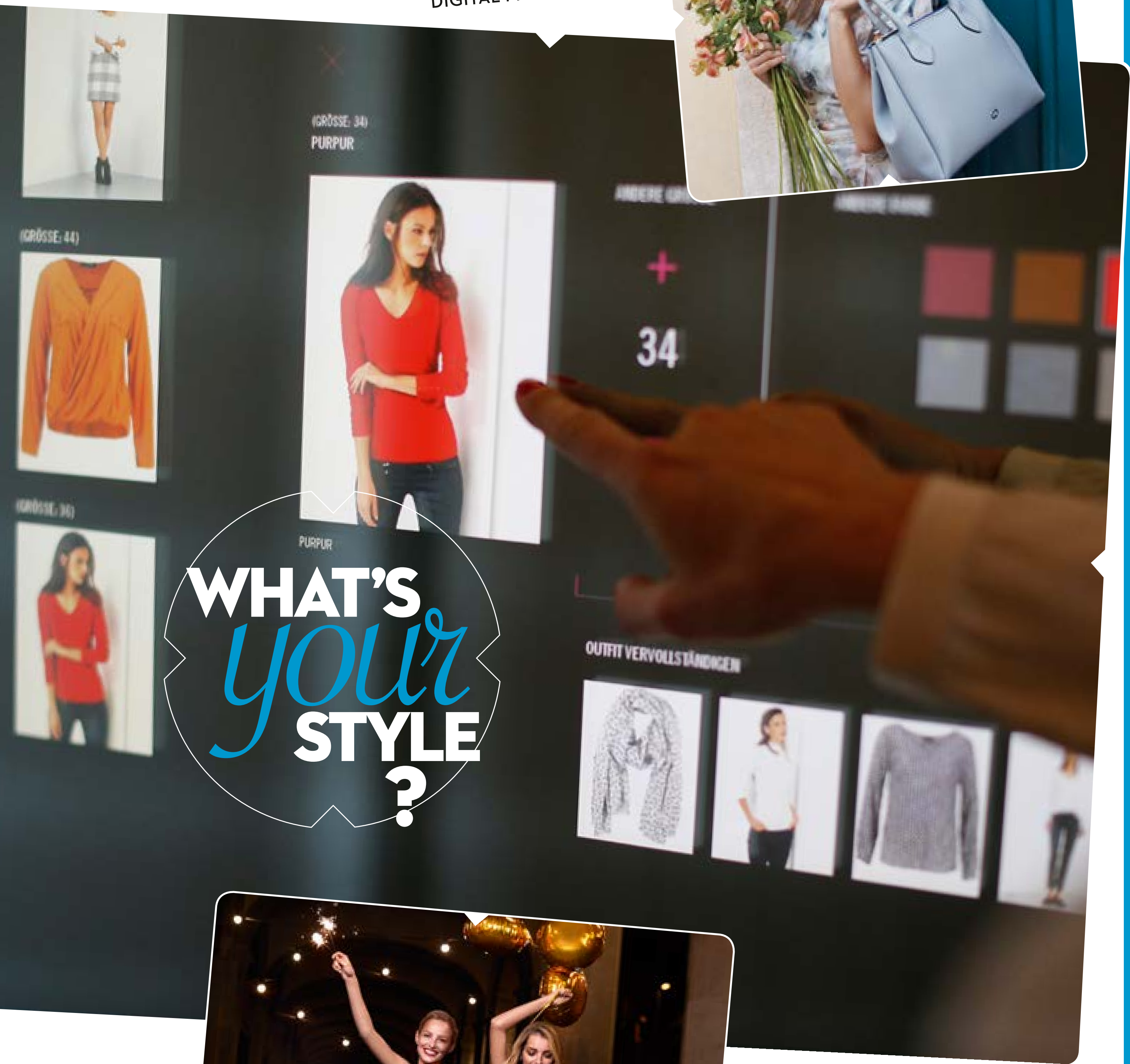
EUROPEAN DEBUT: TAIFUN USES INTERACTIVE MIRROR FROM OAK LABS, INC. FOR AN INNOVATIVE AND PERSONALISED SHOPPING EXPERIENCE

THE TECHNOLOGY embedded in the mirror uses RFID to detect the number of garments brought to the fitting room, prompting the mirror surface to display relevant product information including a product photo, the available colours and sizes as well as suggested alternative products. The touch-sensitive surface allows the customer to select other sizes and colours; her request is automatically relayed to a fashion advisor in the showroom. In addition, customers can select a lighting theme in the fitting room, choosing between "Street Style", "Candlelight Dinner" and "Dress-Up", thereby allowing to view outfits in specific lighting conditions.

"BY USING ONE OF THE MOST ADVANCED RETAIL TECHNOLOGIES, WE CAN OFFER OUR INCREASINGLY NETWORKED CUSTOMERS A UNIQUE SHOPPING EXPERIENCE."

STREETSTYLE: DAYLIGHT LIGHTING BRINGS OUT THE CASUAL FEEL IN VIBRANT STREET STYLES FROM THE WORLD'S METROPOLITAN CENTRES – AUTHENTIC, STRAIGHT, HERE AND NOW.

DRESS UP: READY, SET, GO: PARTY OUTFITS SPARKLE IN THE "DRESS UP" LIGHTING MODE SELECTABLE IN THE DIGITAL FITTING ROOM.



WHAT'S *your* STYLE?

CANDLELIGHT DINNER: THE "CANDLELIGHT DINNER" LIGHTING MODE REVEALS THE TRUE CLASSINESS OF A SEDUCTIVE EVENING DRESS.

ATTEN TION!

JUST AS THE EYES ARE WINDOWS ON THE SOUL.

OUR SHOP WINDOWS ARE THE CALLING CARD OF OUR STORES AND A VIVID EXPRESSION OF OUR FASHION. WHATEVER PEOPLE SEE IN OUR SHOP WINDOWS SHOULD AROUSE CURIOSITY AND ENCOURAGE THEM TO **STEP INSIDE**. AS PART OF THE "OPTIMISE THE RETAIL OPERATIONS" MODULE OF OUR "FIT4GROWTH" PROGRAMME WE HAVE REDESIGNED OUR STORE WINDOWS IN A MODERN AND EXCEPTIONAL STYLE WHICH IS SURE TO ATTRACT ATTENTION AND FOOTFALL.

BE SURE TO DISCOVER THE NEW DNA OF THE GERRY WEBER CORE BRANDS BY VISITING ONE OF OUR STORES.

SHOP BY *Inspiration*

IN·SPI·RA·TI·ON IS AS INDIVIDUAL AS OUR CUSTOMERS. INSPIRATION GIVES US NEW IDEAS AND IMPETUS, IMBUING OUR FASHION WITH A DISTINCT CHARACTER. AT THE SAME TIME, FASHION IS A SOURCE OF INSPIRATION FOR OUR CUSTOMERS' DIVERSE LIFESTYLES.

STORES IN STYLE

OUR STORES CREATE A FEEL-GOOD ATMOSPHERE, INVITING CUSTOMERS TO LINGER AND EXPERIENCE FASHION IN A WHOLE NEW AMBIANCE.

594

COMPANY-MANAGED STORES OF THE GERRY WEBER BRANDS

LET'S FACE IT:

Our wardrobes are full and there is really no pressing need to go shopping for new clothes. Shopping is no longer a chore but rather an exciting and exhilarating experience. Gone are the days when people were willing to squeeze themselves into cramped fitting cubicles and to desperately scour racks for the right sizes. Today, shopping needs to be a fun, relaxed and inspiring activity, whether it is undertaken with your best friend or your partner. To present yourself in the best possible way, you want to highlight your own style through new favourite items and have great fun picking them out and trying them on.

OUR NEW STORES

create a unique feel-good atmosphere. All the Houses of GERRY WEBER refitted as part of our FIT4GROWTH realignment programme offer customers the perfect ambiance for relaxed and enjoyable shopping.

Step inside and feel right at home every time.

37

MILLION

ITEMS PASS THROUGH
THE SYSTEM PER YEAR

5.6

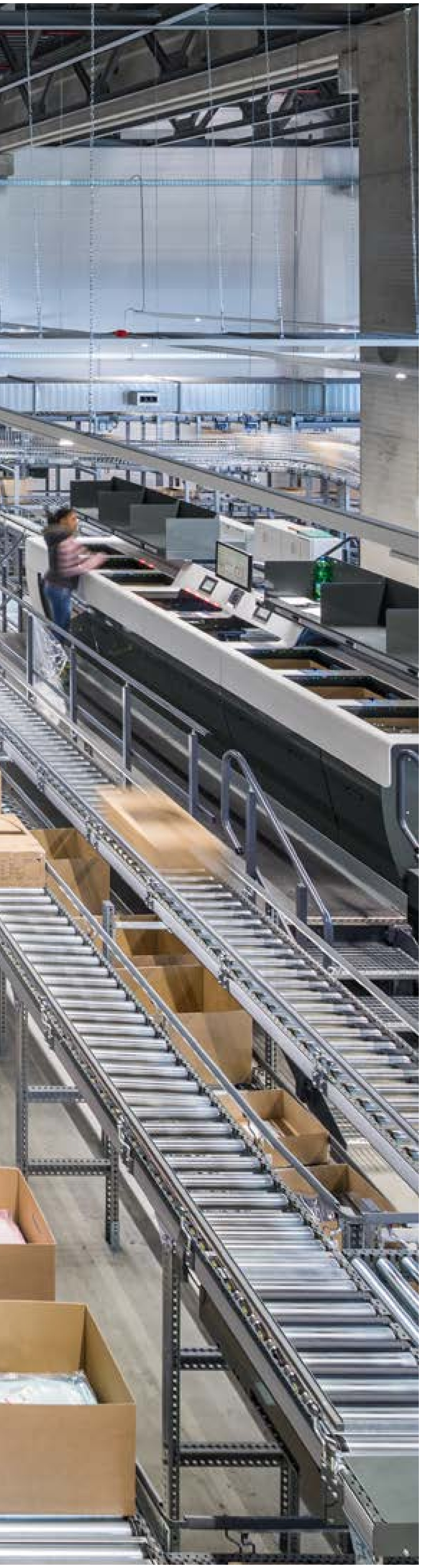
MILLION

ITEMS WAREHOUSE
CAPACITY

76K SQM

WAREHOUSE AND FUNCTIONAL SPACE

ON THREE LEVELS



ORDERED PACKED SENT

LIGHTLY SWINGING DRESSES SOAR UPWARDS INTO THE HIGH-BAY WAREHOUSE

WHERE high-tech shuttles loaded with merchandise dash past the rows of shelves at breathtaking speeds. As if by magic, countless hanging and boxed garments float through the giant halls towards their designated storage, packaging and shipping points. Equipped with state-of-the-art technology and almost fully automated, this new 30,000 sqm logistics centre was constructed in just under 20 months.

THE STYLE

WE TALK ABOUT

talk about

In June 2016 the Panorama fashion show in Berlin provided the backdrop for the launch of the STORE CONCEPT for talkabout, our new Wholesale brand. By supporting our Wholesale partners in presenting this new brand, the new store concept is instrumental in positioning our brand optimally in the market.

approx. 100 NEW TALKABOUT SHOPS ARE PLANNED FOR THE FINANCIAL YEAR 2016 / 17

AN OPEN AND STRAIGHT-LINE LOFT CHARACTER

characterises the talkabout store design. Its black, white and apricot colour scheme creates an impression of lightness and transparency with a highly contemporary feel. A variety of elements such as plants, designer furniture and indirect lighting project a decidedly modern lifestyle.

TOGETHER WITH OUR WHOLESALE PARTNERS

we continue to fine-tune the merchandise presentation for talkabout, our new Wholesale brand. This photo shows a Leffers store window in Leer featuring our talkabout brand.

OPTIMUM MERCHANDISE PRESENTATION AND BRAND EXPOSURE

at the point of sale go hand in hand with innovative shop window design. Going forward, we want to install more such high-profile showcases in order to build awareness of our new talkabout brand and strengthen the Wholesale partners selling our brands.

TALK ABOUT a brand new style offensive

BRAND new

STRENGTHEN OUR WHOLESALE BUSINESS: TAIFUN STORE CONCEPT 2.0

UNCONVENTIONAL INDUSTRIAL DESIGN, A COOL FACTORY STYLE AND A CLEAR COLOUR SCHEME UNDERLINE THE SOPHISTICATED AND FEMININE FASHION STATEMENT OF **TAIFUN** AND **TAIFUN SEPARATES.**

TAIFUN 2.0

URBAN TOUCH

IN ORDER TO POSITION THE TAIFUN BRAND MORE INDEPENDENTLY AND TO BETTER CATER TO ITS YOUNGER TARGET CUSTOMERS' EXPECTATIONS, A NEW STORE CONCEPT WAS DEVISED SPECIFICALLY FOR TAIFUN DURING THE PAST FINANCIAL YEAR. MEANWHILE THE FIRST SHOWROOMS AT OUR WHOLE-SALE PARTNERS HAVE BEEN REFITTED WITH THE NEW CONCEPT. THE MODERN SET-UP HELPS OUR PARTNERS SHOWCASE OUR MERCHANDISE IN PERFECT ALIGNMENT WITH OUR BRAND IMAGE.

REPORT OF THE SUPER-VISORY BOARD

DEAR SHAREHOLDERS,

The GERRY WEBER Group is looking back on a challenging financial year. The Managing Board and the employees accepted the challenges, developed appropriate measures and executed them successfully. The Supervisory Board supported the Managing Board throughout the financial year and kept itself informed of the progress made in implementing these measures.

The FIT4GROWTH realignment programme defined and presented by the Managing Board at the beginning of the financial year 2015 / 16 was implemented consistently and within the defined time-frame. The programme aims to steer the GERRY WEBER Group back onto the road to success and to secure the company's profitability in the long term.

The first year of the programme was marked by the streamlining of the Retail portfolio and the optimisation of the existing workflows and processes within the Group headquarters. We were able to close three quarters of the planned 103 Retail stores in 2015 / 16. The preparation and implementation of the social compensation plan at the headquarters in Halle / Westphalia were also completed within the financial year 2015 / 16.

The two areas of the FIT4GROWTH programme that will lead to increased sales revenues in the long term were also launched successfully. The importance of our Wholesale partners has been highlighted not only through the introduction of the partnership models but, most importantly, through the launch of the "talkabout" brand, which is to be marketed exclusively through selected Wholesale partners. We have already begun to modernise the brand image of GERRY WEBER.

The realignment programme has not only led to severe cuts for the employees but also initiated a comprehensive change process within the Group. Changes need time and can only be implemented jointly. My fellow Supervisory Board members and I would ask your continued support as the Managing Board and the Supervisory Board steer our GERRY WEBER Group back on the road to success.

* MEETINGS

THE FOLLOWING TOPICS WERE DISCUSSED IN ALL FOUR REGULARLY SUPERVISORY BOARD MEETINGS:
- CURRENT BUSINESS DEVELOPMENT OF THE GROUP AND THE SUBSIDIARIES
- SALES PERFORMANCE OF THE INDIVIDUAL BRANDS, ALSO ON A LIKE-FOR-LIKE BASIS
- SHARE PRICE PERFORMANCE AS WELL AS CAPITAL MARKET-RELATED TOPICS
- BUSINESS OPPORTUNITIES AND RISKS REPORT
- RAMP-UP AND THE CAPACITY UTILISATION OF THE NEW LOGISTIC CENTRE

Cooperation between the Managing Board and the Supervisory Board

In the financial year 2015 / 16, the Supervisory Board performed the tasks imposed on it by the law, the statutes, the rules of procedure and the German Corporate Governance Code with great care. The Managing Board regularly and comprehensively informed the Supervisory Board orally and in writing about all relevant aspects of the company's development, the situation of the Group including the risk situation as well as other current topics. Against the background of the realignment of the GERRY WEBER Group, the Managing Board provided regular information on the state of the measures initiated in the context of the FIT4GROWTH programme.

The Supervisory Board and its committees thoroughly reviewed and critically evaluated the reports by the Managing Board. The Supervisory Board monitored the work of the Managing Board, also on the basis of these reports, and advised it on managing the company's operations and implementing the realignment programme. In addition to the reports prepared by the Managing Board, the Supervisory Board asked the Board for additional information on individual topics, which means that a regular exchange took place also in-between the Supervisory Board meetings, especially between the Chairman of the Supervisory Board and the Managing Board. The Supervisory Board was involved in all decisions of fundamental importance for the Group at an early stage. Where planned measures and / or transactions required the Supervisory Board's approval pursuant to the law, the statutes or the rules of procedure of the Managing Board, they were decided by the Supervisory Board at its meetings or by written circulation procedure following thorough analysis.

Composition of the Supervisory Board

The Supervisory Board of GERRY WEBER International AG is composed of twelve members, half of whom represent the workforce and the shareholders, respectively. The shareholders are represented by Dr. Ernst F. Schröder (Chairman), Gerhard Weber (Vice Chairman), Alfred Thomas Bayard, Ute Gerbaulet, Udo Hardieck and Charlotte Weber-Dresselhaus. The workforce is represented by Olaf Dieckmann, Klaus Lippert, Andreas Strunk, Annette von der Recke as well as Manfred Menningen and Hans-Jürgen Wentzlaff as representatives of the IG Metall trade union. The term of office of the Supervisory Board members will expire at the end of the Annual General Meeting approving the actions of the Supervisory Board during the financial year 2018 / 19.

This means that the shareholder representatives fulfilled the statutory female representation rate of 30% even before the coming into force of the "Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen" (Law on the Equal Participation of Women and Men in Leadership Positions) on 1 January 2016. For more information on the composition of the Supervisory Board, please refer to the Corporate Governance Report in this Annual Report.

Key topics addressed by the Supervisory Board

The Supervisory Board held four regular meetings in the financial year 2015 / 16 (1 November 2015 until 31 October 2016). All members attended more than half of the meetings in person. The Supervisory Board resolutions were adopted at the meetings or by written circulation procedure. The members of the Managing Board attended most of the meetings, some of which were additionally attended by experts, who reported on specific topics. The Supervisory Board also met without the Managing Board or with only some of its members.

The current business trend and the state of the implementation of the FIT4GROWTH programme were addressed at all four ordinary meetings. Moreover, the Managing Board provided a regular overview of the sales performance of the individual brands, also on a like-for-like basis, in relation to the general market trend in Germany. The Supervisory Board was continuously apprised of the business opportunities and risks as well as of compliance-related topics. Consequently, the Supervisory Board and the Audit Committee, which is a component of the internal control system of the GERRY WEBER Group, were aware of the company's risk situation at all times. The regular information provided by the Managing Board also covered the share price performance as well as capital market-related topics. Regular reports were also provided on the ramp-up and the capacity utilisation of the new logistic centre. Besides the topics mentioned above, the following subjects and projects were discussed at the four ordinary Supervisory Board meetings:

The first ordinary Supervisory Board meeting of the financial year 2015 / 16 was held on **24 November 2015**. Besides the regular topics, the Managing Board presented the short and mid-term plans and budgets of the GERRY WEBER Group including HALLHUBER. The sales and earnings plans for the financial year 2015 / 16 and the following two years were explained in detail.

At this meeting, the Supervisory Board also addressed compliance with and implementation of the Corporate Governance Code and adopted the Declaration of Conformity for 2016 together with the Managing Board.

At an extraordinary Supervisory Board meeting also held on 24 November which was not attended by the Managing Board, the Chairman of the Supervisory Board explained the composition and the amount of the Managing Board's variable compensation for the financial year 2014 / 15, which was approved unanimously.

The Supervisory Board meeting on **25 February 2016** focused on the audit of the separate and the consolidated financial statements for the financial year 2014 / 15 and the appropriation of profits. The meeting was attended by the auditor, who reported on the audit and the audit results. Following the preparation by the Audit Committee, the consolidated financial statements for 2014 / 15 were discussed in detail and approved by the full Supervisory Board. The Supervisory Board approved the Managing Board's suggestion to propose a dividend of EUR 0.40 to the Annual General Meeting and adopted the agenda for the 2016 AGM.

As in the previous years, the Supervisory Board subjected itself to an efficiency audit. The results were evaluated by the auditors in anonymised form. According to the auditor, the high averages achieved indicate a high efficiency of the activity of the Supervisory Board.

Besides its regular reports, the Managing Board informed the Supervisory Board about the concept and the implementation of the strategic business units for the individual brands. The Board also reported on the next steps in the implementation of the short-term measures in the context of the FIT4GROWTH realignment programme. The main focus was on the closure of the designated Retail stores as well as the consequences of the process optimisation for the workforce. Another important item on the agenda was the presentation of the long-term brand strategy for the individual GERRY WEBER brand families: GERRY WEBER, TAIFUN, SAMOON and HALLHUBER.

At an extraordinary meeting, which was not attended by the Managing Board members, the Chairman of the Supervisory Board explained the proposal for the adjustment of the Managing Board compensation system. The new variable compensation system was adopted unanimously and approved by the Annual General Meeting on 14 April 2016.

A review of the Annual General Meeting of 14 April 2016 took place at the Supervisory Board meeting on **20 May 2016**. One of the key aspects addressed at this meeting was the Managing Board's report on the progress made in implementing the FIT4GROWTH realignment programme. In this context, Dr. Frink, Director of Labour Relations, reported on the possible details of the social compensation plan and the planned timeframe. The development and the presentation of the new GERRY WEBER brand, “talkabout”, mark an important milestone in the realignment exercise. The fashion statement and the objectives of the new brand were outlined in detail by the Managing Board Chairman at the Supervisory Board meeting on 20 May 2016. Other topics addressed at this meeting included the status report of the Compliance Department as well as the presentation and the implications of the “Market Abuse Regulation”, which came into force on 3 July 2016. Against the background of the changed distribution of management responsibilities resulting from the departure of the Chief Product Officer, the rules of procedure for the Managing Board were revised. At a separate meeting not attended by the Managing Board, the Supervisory Board decided to renew the management contracts of Ralf Weber and Dr. David Frink by another three years.

Another ordinary meeting of the Supervisory Board was held on **16 September 2016**. Besides the report on the state of the implementation of the FIT4GROWTH programme, the consultations primarily focused on the presentation of the parameters for the GERRY WEBER Group's short and mid-term plans and budgets. The Supervisory Board took a close look at the current business situation of HALLHUBER and asked the Managing Board for information on the company's planned future expansion strategy. Moreover, the Managing Board informed the Supervisory Board in detail about the developments in the individual output markets and their future distribution focus. Other topics addressed at the September meeting included the current activities of the Group Auditing Department and the results of the "Fashion Future" study and its implications for the GERRY WEBER Group.

Prior to the ordinary Supervisory Board meetings, the Supervisory Board met without the Managing Board in order to discuss topics affecting the Managing Board, its structure and its compensation. The resolutions regarding the renewal of the management contracts of Ralf Weber and Dr. David Frink by another three years were discussed at a meeting on 19 May 2016. The resolution to adjust the contract of Norbert Steinke to the new compensation structure that came into effect in April 2016 was adopted at a meeting on 15 September 2016.

Committees of the Supervisory Board

The Supervisory Board formed four committees from among its members: a Mediation Committee, a Human Resources Committee, an Audit Committee and a Nomination Committee, which are composed as follows:

Committee	Members
Mediation Committee	Dr. Ernst F. Schröder, Gerhard Weber, Olaf Dieckmann, Hans-Jürgen Wentzlaff
Human Resources Committee	Dr. Ernst F. Schröder, Gerhard Weber, Klaus Lippert, Olaf Dieckmann
Audit Committee	Dr. Ernst F. Schröder, Gerhard Weber, Udo Hardieck, Ute Gerbaulet, Manfred Menningen, Klaus Lippert
Nomination Committee	Dr. Ernst F. Schröder, Gerhard Weber, Udo Hardieck

The **Audit Committee** monitors the accounting process as well as the proper functioning of the risk management system and the internal control system. It also addresses issues relating to the annual audit of the GERRY WEBER Group and prepares them for discussion by the full Supervisory Board. In the financial year 2015 / 16, the Audit Committee held two meetings and reported on its activities to the full Supervisory Board. In addition, three telephone conferences were held in the run-up to the quarterly reports. At the meeting on **25 February 2016,** the committee members extensively addressed the separate and the consolidated financial statements for 2014 / 15 and the auditor's report. The meeting was attended by the auditor, who explained the separate and the consolidated financial statements in detail. The members of the Audit Committee discussed and prepared the separate and the consolidated financial statements for approval by the full Supervisory Board. In addition, the Audit Committee satisfied itself of the independence of the auditor.

One of the main aspects addressed at the Audit Committee meeting on 15 September 2016 was the definition of the focal points for the upcoming audit of the separate and the consolidated financial statements for the financial year 2015 / 16.

The **Human Resources Committee** met prior to the three ordinary Supervisory Board meetings. Its tasks primarily include appointments to the Managing Board and related matters as well as the composition of the compensation structure of the Managing Board and the preparation of these topics for the full Supervisory Board. The **Nomination Committee** and the **Mediation Committee** held no meetings in the financial year 2015 / 16.

* SUPERVISORY BOARD MEMBERS

AS SHAREHOLDER REPRESENTATIVES:
DR. ERNST F. SCHRÖDER, GERHARD WEBER, ALFRED THOMAS BAYARD, UTE GERBAULET, UDO HARDIECK, CHARLOTTE WEBER-DRESSELHAUS
AS REPRESENTATIVES OF THE WORKFORCE:
OLAF DIECKMANN, KLAUS LIPPERT, ANDREAS STRUNK, ANNETTE VON DER RECKE AS WELL AS MANFRED MENNINGEN AND HANS-JÜRGEN WENTZLAFF AS REPRESENTATIVES OF THE IG METALL TRADE UNION

Corporate governance

In the financial year 2015 / 16, the Supervisory Board, together with the Managing Board, again addressed issues of good corporate governance and the German Corporate Governance Code. The joint Declaration of Conformity issued by the Managing Board and the Supervisory Board in accordance with section 161 of the German Stock Corporation Act (AktG) forms part of the Corporate Governance Report and is made permanently accessible on the company's website. It shows that GERRY WEBER International AG complies 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 past financial year 2015 / 16. For more information on corporate governance, please refer to the Corporate Governance Report and the Corporate Governance Statement pursuant to section 289a of the German Commercial Code (HGB). These and the Declaration of Conformity of the previous years are made available at www.gerryweber.com under "Investors – Corporate Governance".

Audit of the separate and the consolidated financial statements for 2015 / 16 (reporting period)

The separate financial statements prepared by the Managing Board of GERRY WEBER International AG in accordance with the provisions of the German Commercial Code (HGB) and the consolidated financial statements prepared pursuant to the International Financial Reporting Standards (IFRS) as well as the combined management report for the financial year 2015 / 16 were audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft and received an unqualified audit opinion.

The auditor of the separate and the consolidated financial statements was elected by the Annual General Meeting and appointed by the Supervisory Board. The Supervisory Board satisfied itself of the independence of the auditor and the persons acting on its behalf.

The financial statements, the auditor's audit report and the profit appropriation proposal of the Managing Board were handed out properly and in good time to all members of the Supervisory Board. Having been pre-examined by the Audit Committee, the financial statements and the audit reports were discussed in depth at the plenary Supervisory Board meeting on 21 February 2017. The deliberations on the separate and the consolidated financial statements were attended by the auditor in charge who reported on the essential findings of the audit and was available to answer any pertinent questions. In addition, the auditor stated that a risk management system meeting statutory provisions is in place; the latter was audited and found to be effective. No weaknesses requiring reporting were identified with regard to the accounting-related internal control system.

Based on its own examination of the separate financial statements as well as the consolidated financial statements and the combined management report of GERRY WEBER International AG, the Supervisory Board concurred with the results of the audit performed by the auditor. Accordingly, the Supervisory Board endorsed the separate and the consolidated financial statements as well as the combined management and Group management report for the financial year 2015 / 16 at the annual accounts meeting on 21 February 2017. The financial statements for the fiscal year 2015 / 16 have thus been duly approved in accordance with section 172 of the German Stock Corporate Act.

OUR THANKS ALSO GO TO OUR BUSINESS PARTNERS, CUSTOMERS AND SHAREHOLDERS FOR THEIR **LOYALTY** AND THE **CONFIDENCE** PLACED IN US.

ON BEHALF OF THE ENTIRE SUPERVISORY BOARD AND THE MANAGING BOARD, I WOULD LIKE TO **THANK** ALL EMPLOYEES FOR THEIR HARD WORK AND THEIR COMMITMENT TO OUR COMPANY IN A DIFFICULT YEAR CHARACTERISED BY MAJOR CHALLENGES AND PIVOTAL TURNING POINTS.

I have thus come full circle from the beginning of the Supervisory Board report and encourage you to stay with us on the road we are travelling on to the benefit of our GERRY WEBER Group.

On behalf of the Supervisory Board
Halle / Westphalia, 21 February 2017

Dr. Ernst F. Schröder
Chairman of the Supervisory Board

25

Euro cent Divident
per share

Taking into account the interests of both the company and its shareholders, the Supervisory Board concurs with the Managing Board's profit appropriation proposal and the proposal to pay out a dividend of EUR 0.25 per share.

70.3

* PERCENTAGE OF THE COMPANY'S

SHARE CAPITAL

were represented at the AGM in 2016.

COR-PORATE GOVER-NANCE REPORT

including the Corporate Governance Statement and compensation report

Corporate governance describes the legal and factual framework for the management and supervision of an enterprise. This includes, among other things, the allocation of powers between the Annual General Meeting, the Supervisory Board and the Managing Board with regard to the management and control of the company, but also the set of values we have defined for our day-to-day activities. This way, we ensure that GERRY WEBER is managed and controlled in a responsible manner geared to sustainable value creation. Responsible and transparent corporate governance that meets both national and international standards thus represents an important basis for our success. We aim to strengthen the confidence placed in us by our customers, investors, employees and the public through good corporate governance. The Managing Board and the Supervisory Board attach great importance to a constructive and open-minded working relationship as well as to complying with the recommendations of the German Corporate Governance Code (DCGK).

The Corporate Governance Report of the Managing Board and the Supervisory Board of GERRY WEBER International AG in accordance with clause 3.10 of the German Corporate Governance Code is provided below.

* WOMANS QUOTA

THE SUPERVISORY BOARD AIMS FOR AN APPROPRIATE DEGREE OF FEMALE REPRESENTATION. **WITH TWO OF SIX FEMALE MEMBERS** THE SHAREHOLDER REPRESENTATIVES FULFIL THE **STATUTORY REGULATIONS.**

In the financial year 2015 / 16, both bodies thoroughly studied the requirements of the German Corporate Governance Code. In addition to the Declaration of Conformity pursuant to section 161 of the German Stock Corporation Act (AktG), the Corporate Governance Report in this Annual Report also comprises the Corporate Governance Statement pursuant to section 289a para. 2 no. 3 of the German Commercial Code (HGB). Both documents – and all declarations and statements of prior years – are permanently available in digital form in the “Investors” section of our website at **www.gerryweber.com**. This Corporate Governance Report moreover includes the compensation report of GERRY WEBER International AG. The latter also forms part of the combined Group management report for the financial year 2015 / 16 and as such of the audited consolidated financial statements of GERRY WEBER International AG.

Corporate Governance Report pursuant to the German Corporate Governance Code

Since the introduction of the DCGK in 2002, GERRY WEBER International AG has complied with nearly all recommendations of the Code. There are only very 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 also outlined below.

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

Declaration by the Managing Board and the Supervisory Board of GERRY WEBER International AG regarding the recommendations of the Government Commission of the German Corporate Governance Code pursuant to section 161 of the German Stock Corporation Act (AktG)

In accordance with section 161 of the German Stock Corporation Act (AktG), the Supervisory Board and the Managing Board of GERRY WEBER International AG declare that the company has, since the publication of the last annual Declaration of Conformity on 24 November 2015, complied with the recommendations made by the Government Commission of the German Corporate Governance Code as amended on 5 May 2015 and published by the Federal Ministry of Justice in the official section of the Federal Gazette, save for the exceptions outlined below:

Code 4.2.3 – Compensation cap for the Managing Board:

The amount of compensation shall be capped, both overall and for the variable compensation components. As a general rule, the variable compensation is capped in the Managing Board contracts of GERRY WEBER International AG as the parameters used to determine it are limited. The Supervisory Board may grant a special bonus and / or adjust the calculation of the variable performance-based compensation components only in exceptional cases because of special circumstances or achievements. This shall not result in an unreasonable advantage or disadvantage for the Managing Board.

Code 5.2 – Chairman of the Audit Committee:

The Chairman of the Supervisory Board is also the Chairman of the Audit Committee, which means that GERRY WEBER International AG does not comply with the recommendation of the Code that these positions be held by two different persons. The company is of the opinion that the dual chairmanship makes supervision more efficient and improves communication within the Supervisory Board.

5

OF 7 SUGGESTIONS
of the German Corporate Governance Code fulfilled by GERRY WEBER.

97

OF ALLTOGETHER 102
recommendations of the German Corporate Governance Code fulfilled by GERRY WEBER.

Code 5.4.1 – Age limit and regular limit of length of membership for members of the Supervisory Board:

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

Code 5.4.6 – Compensation of the members of the Supervisory Board:

Members of the Mediation Committee, the Human Resources Committee, the Nomination Committee and the Audit Committee receive no additional compensation, as the company is of the opinion that the regular Supervisory Board compensation is sufficient.

Code 7.1.2 – Consolidated financial statements:

The consolidated financial statements were publicly accessible within 120 days of the end of the reporting period. The interim reports are publicly accessible within 45 days, which is in accordance with the recommendations of the German Corporate Governance Code. GERRY WEBER International AG aims to comply with the 90-day deadline for the consolidated financial statements recommended by the Code in future. So far, the company has not complied with the recommended deadlines in order to ensure a higher quality of the figures reported.

Not only the recommendations of the German Corporate Governance Code but also the suggestions of the Code provide guidance for good corporate governance. The suggestions with which the company does not comply are outlined below:

Code 2.3.2 – Voting proxies

The company shall facilitate the personal exercising of shareholders' voting rights and the use of proxies as far as possible. The proxies designated by GERRY WEBER International AG can be reached by all participants on the premises until shortly before the voting. Shareholders who do not attend the Annual General Meeting in person can reach the proxies until 4:00 pm on the day before the Annual General Meeting. In order to ensure smooth and proper exercising of the voting rights, only shareholders attending the Annual General Meeting can to date reach the proxies after that time.

Code 2.3.4 – AGM broadcast on the Internet:

The company should make it possible for shareholders to follow the Annual General Meeting on the Internet, e.g. by a live stream. The 2016 Annual General Meeting was not broadcast on the Internet. However, the address by the CEO and the voting results of the individual items on the agenda were published in the "Investors" section of the company's website at www.gerryweber.com immediately afterwards.

Corporate Governance Statement pursuant to section 289a 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, these principles are based on our general values and provide guidance for our day-to-day activities. They are included in the Corporate Governance Statement, which is published in full under "Investors" – "Corporate Governance" on our website at **www.gerryweber.com**. An extract from the Corporate Governance Statement on the allocation of powers, the composition and the work of the Managing Board and the Supervisory Board and on the equal participation of women and men in leadership positions is provided below.

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

Managing Board

Under the dual board system of GERRY WEBER International AG, the Managing Board is responsible for managing the company 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 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 Managing Board gears its activities and decisions to the interests of the company. In doing so, it is committed to creating sustainable value.

The Managing Board is currently composed of three members. The rules of procedure of the Managing Board show which Managing Board member is responsible for which business segment. These rules also govern material affairs of the company that require a decision by the full Managing Board as well as the tasks of the Managing Board Chairman and the process for passing resolutions. Amendments require the unanimous decision of the Managing Board and the approval of the Supervisory Board. As a general rule, the Managing Board takes its decisions by a simple majority. In the event of a tie, the Chairman has the casting vote.

The Managing Board informs the Supervisory Board regularly, without delay and comprehensively of all issues of importance to the company with regard to planning, business development, risk situation and risk management. It coordinates the company's strategic approach with the Supervisory Board. The Managing Board must obtain the Supervisory Board's prior approval for certain transactions which are defined in the statutes of GERRY WEBER International AG and in the rules of procedure of the Managing Board.

Supervisory Board

The Supervisory Board appoints, supervises and supports the Managing Board and is directly involved in decisions that are of fundamental importance for the GERRY WEBER Group. The Supervisory Board maintains a constant exchange with the Managing Board, which ensures that it is at all times informed of the business performance, corporate planning, the strategy as well as all matters of material importance. The Supervisory Board approves the annual budget and the financing framework and endorses the financial statements of GERRY WEBER International AG and the Group.

The Chairman of the Supervisory Board coordinates the work on the Supervisory Board, leads its meetings and represents the body's interests externally. The Supervisory Board has laid down its own rules or 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 of the voting Supervisory Board members. In the event of a tied vote, the Chairman has the deciding vote. All resolutions are passed at meetings. To simplify the procedure, the Supervisory Board may stipulate that resolutions be passed by way of a circulation procedure.

Composition of the Supervisory Board

The Supervisory Board of GERRY WEBER International AG is currently composed of twelve members, six of whom were elected as representatives of the workforce. In accordance with the recommendations of the German Corporate Governance Code, the six representatives of the shareholders are elected individually by the Annual General Meeting. The term of office of the members of the Supervisory Board reconstituted on 16 April 2015 will end at the end of the Annual General Meeting resolving on ratifying the actions of the Supervisory Board for the financial year 2018 / 19.

In the context of the composition of the Supervisory Board of GERRY WEBER International AG it was always taken heed of that all members have the knowledge, skills and expert experience required to perform their tasks properly. Diversity is another aspect ensured in the composition of the Supervisory Board. The aim is to appoint the members of the Supervisory Board in such a way as to ensure the competent control and advice of the Managing Board as well as the proper exercise of the decision-making and other rights of the Supervisory Board.

Objectives for the composition of the Supervisory Board

The Supervisory Board has set itself objectives regarding its future composition, allowing itself sufficient lead time. The following objectives have been defined taking into account the size of the Supervisory Board, the company's specific requirements as well as diversity:

- Members of the Supervisory Board shall have experience in the fields of corporate governance, strategy and human resources. In addition, familiarity with the company and the markets in which it operates and / or specific knowledge of the customers' industries are required.

- At least one independent member must have 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.

- 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 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 have sufficient time to perform their mandate, so that they can fulfil their mandate with the required regularity and care. A Supervisory Board member who sits on the Managing Board of a listed company shall not accept more than a total of three Supervisory Board mandates in listed companies or in supervisory bodies of companies with similar requirements that are not members of the group of which the company for which the Managing Board activity is performed is a member.

- The Supervisory Board aims for an appropriate degree of female representation. With a view to complying with 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. This will be taken into account by the Supervisory Board in its election proposals for the next scheduled election of the Supervisory Board or when a Supervisory Board member departs prematurely.

- 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. The existence of an employment relationship between a member of the Supervisory Board and a company of the GERRY WEBER Group or the existence of old-age pension commitments of one of these companies in favour of Supervisory Board members as such shall not be deemed to constitute a conflict of interest. In accordance with the recommendations of the Code, the Supervisory Board has subjected itself to an efficiency review. Two members of the Supervisory Board are former members of the Managing Board of GERRY WEBER International AG, who resigned from the company's Managing Board more than eight years and more than two years ago, respectively. The Supervisory Board thus has three independent members, which is a sufficiently high number. There were no conflicts of interest of individual Supervisory Board members.

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.

At the time the present Annual Report was prepared, the Managing Board of GERRY WEBER International AG was composed of three members – Ralf Weber (CEO), Dr. David Frink (CFO) and Norbert Steinke (CRO). No women sit on the company's Managing Board at present. Against this background and in view of the existing Managing Board contracts, it is not planned to appoint women to the Managing Board of GERRY WEBER International AG before the expiry of the statutory deadline on 30 June 2017. As at 31 October 2016, the degree of female representation was 43.8% (previous year: 33.3%) at the first management tier below the Managing Board of GERRY WEBER International AG and 53.3% (previous year: 53.1%) at the second management tier. The future aim is to have a minimum share of women of 30% at the first management tier below the Managing Board of GERRY WEBER International AG and of 50% at the second management tier. The shareholder representatives fulfilled the statutory female representation rate of 30% even before the coming into force of the "Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen" (Law on the Equal Participation of Women and Men in Leadership Positions) on 1 January 2016.

The desired share of women on the Managing Board and the first and second management levels below the Managing Board of GERRY WEBER International AG is to reach the above targets by 30 June 2017. The company will regularly report on the status quo and the achievement of the defined targets in the Group management report and the Corporate Governance Statement.

44

PERCENTAGE WOMEN'S QUOTA
at the first management tier below the Managing Board

53

PERCENT
degree of female representation at the second management tier below the Managing Board as at 31 October 2016

Annual General Meeting and shareholders' rights

The shareholders of GERRY WEBER International AG exercise their voting and control rights at the ordinary Annual General Meeting. The "one share, one vote" principle applies, which means that each share carries one vote. In the past financial year, the Annual General Meeting was held on 14 April 2016 and was attended by some 1,000 shareholders, who represented 70.3% of the share capital. The shareholders of GERRY WEBER International AG may cast their votes personally, via a proxy of their choice or via a designated proxy of the company who is bound by instructions. Prior to the Annual General Meeting, shareholders receive all relevant information or can access it (including annual and quarterly reports) in the "Investors" section of the company's website at **www.gerryweber.com**.

Accounting and audit

The consolidated financial statements and the interim reports of the GERRY WEBER Group are prepared in compliance with the International Financial Reporting Standards (IFRS) of the International Accounting Standard Board (IASB) under consideration of the Interpretations of the Financial Reporting Interpretations Committee (IFRIC), such as they are applicable in the European Union. The separate financial statements of GERRY WEBER International AG are prepared in accordance with the German Commercial Code (HGB).

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft was elected auditor by the Annual General Meeting. The Audit Committee of the Supervisory Board had previously satisfied itself of the independence of 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.

Opportunity and risk management

Good corporate governance also includes managing risks in a responsible manner. The early identification of risks and opportunities allows us to anticipate negative deviations and to initiate counter-measures but also to seize opportunities more effectively. The GERRY WEBER Group has a Group-wide internal control and risk management system which analyses and evaluates the risk situation 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.

Compliance

GERRY WEBER defines compliance as the sustainable anchoring of compliant behaviour in the corporate structure. This not only covers compliance with legal provisions but also the observance of our own internal regulations and values which anchor ethical and moral behaviour in the corporate culture. GERRY WEBER International AG has a Group-wide compliance organisation which aims to counteract and prevent illegal and unethical behaviour. Specific organisational measures and processes have been developed to prevent, identify and – if applicable – sanction individual misbehaviour.

The compliance programme of GERRY WEBER International AG is based on a code of conduct that is binding upon all employees. The code comprises all behavioural rules for dealing with colleagues, customers, suppliers and other external stakeholders. Besides the code of conduct, our compliance structure comprises rules relating to social compliance, competition and antitrust law, the avoidance of conflicts of interest, gifts and invitations, the capital market and communications as well as health, safety and the environment.

The Compliance unit is part of the Group Auditing Department and covers all material areas of the company. Reporting directly to the CFO, the Chief Compliance Officer is responsible for ensuring that the compliance programme is implemented in all areas of the Group and that all employees and executives receive compliance training. The Compliance Committee aims to constantly improve the compliance programme and meets at regular intervals. The compliance programme encourages employees to openly express their concerns and to highlight circumstances which indicate that laws or internal regulations have been violated. In the event of justified suspicions, an independent external ombudsman may serve as the port of call for employees and external parties.

Where capital market compliance is concerned, a number of material amendments to the applicable laws became effective in the past financial year. The EU Market Abuse Regulation (MAR) came into force on 3 July 2016. This Regulation was adopted in the context of the European Union's efforts to standardise the market abuse legislation and to make it more stringent and implement it in all member states. The amendment of the capital market regulations essentially aims to increase the integrity and transparency of the capital markets and to improve the protection of investors. GERRY WEBER International AG has taken all necessary preparations and defined processes to implement the Market Abuse Regulation throughout the Group.

Potential conflicts of interest and directors' dealings

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.

Pursuant to article 19 of the Market Abuse Regulation (MAR), the members of the Managing Board and the Supervisory Board as well as certain related parties must disclose the acquisition or sale of shares as well as related rights and report them to Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Financial Supervisory Authority) as well as to the company. The directors' dealings of the past financial year 2015 / 16 are listed on the company's website **www.gerryweber.com** under "Investors – Financial News". The shareholdings of the members of the Managing Board and the Supervisory Board of GERRY WEBER International AG as of 31 October 2016 are also listed in the notes to the consolidated financial statements in this Annual Report.

Transparent and timely communication

All shareholders, capital market participants and the media as well as the interested public are informed of material developments and events as well as the general situation of the GERRY WEBER Group in a timely and equitable manner. All information is immediately made available to all stakeholders in German and English. Upon publication of the documents, all information is made available on our website, where it can be accessed at any time. The financial calendar on our corporate website lists all important dates of the financial year such as the date of the Annual General Meeting and the publication dates of the financial reports. The financial calendar can also be found at the end of this Annual Report.

Compensation report 2015 / 16

This compensation report comprises a summary of the principles for the determination of the total compensation of the Managing Board and the Supervisory Board of GERRY WEBER International AG. The report is based on the recommendations of the German Corporate Governance Code (DCGK) and the requirements of the German Commercial Code (HGB), German generally accepted accounting standards as well as the International Financial Reporting Standards (IFRS). The compensation report forms part of the Group management report and, hence, of the audited financial statements.

Compensation of the Managing Board

Principles of the Managing Board compensation

The structure of the compensation system and the amount of the compensation received by the individual members of the Managing Board are defined by the Supervisory Board. The compensation of the Managing Board of GERRY WEBER International AG is structured in such a way that it supports the company's sustainable development and the creation of value. The amount of the Managing Board compensation is linked to the economic situation, the performance and the future prospects of the GERRY WEBER Group. The variable component of the Managing Board compensation is furthermore based on the personal achievements of the individual Managing Board members as well as the compensation of the horizontal and vertical comparative environment, which is determined by the compensation structures of peer companies on the one hand and by the salaries of the senior management and the relevant workforce of the company on the other hand. The Supervisory Board regularly reviews the appropriateness of the Managing Board compensation. The current structure of the Managing Board compensation was approved by the Annual General Meeting on 14 April 2016.

The compensation for the members of the Managing Board comprises a fixed, non-performance-based annual salary as well as performance-based (variable) components. Performance-based components with a multi-year assessment base are agreed with each Managing Board member. Additional performance-based components with a one-year or multi-year assessment base may be defined at the discretion of the Supervisory Board. Besides this compensation, the Managing Board members receive the usual non-monetary benefits (company car, etc.) as well as insurance cover. The Managing Board compensation does not include any share-based components. No pension commitments have been made to the members of the Managing Board.

Fixed compensation

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

Performance-based compensation components

The performance-based compensation comprises two possible components: The first component, which is agreed with each Managing Board member, is a percentage share in the adjusted result before tax stated in the consolidated financial statements according to IFRS and reflects the company's performance. As a second component, the Supervisory Board has the possibility to grant each Managing Board member a performance-linked bonus based on their individual performance (discretionary bonus); this bonus may be determined on a one-year or multi-year assessment base.

a) The assessment base for the first variable compensation component is the result before tax stated in the consolidated financial statements according to IFRS adjusted for extraordinary effects from the sale of assets, equity investments, brands or other operations (adjusted result). The assessment base covers several years, i.e. the imputed average of the adjusted result of the financial year for which the compensation is to be paid as well as for the preceding two years is used. Each member of the Managing Board receives a fixed individual percentage of this average result. The entitlement to a bonus calculated according to the above formula arises only if and when the average adjusted result exceeds EUR 40.0 million. This compensation component is capped insofar as an average adjusted result of no more than EUR 100.0 million serves as the assessment base. To calculate the assessment base for the first two years following the introduction of the new compensation system, an adjusted result of EUR 40 million is used for the financial year 2013 / 2014 and 2014 / 2015.

b) In addition, the Supervisory Board may decide to grant each member of the Managing Board an individual performance-based bonus. For this purpose, qualitative objectives may be agreed between the Supervisory Board and the Managing Board members. If this is the case, the agreed bonus will be paid out in full if 100% of the objectives are achieved. If the Managing Board member exceeds or falls short of the targets, the Supervisory Board may increase or reduce the bonus by up to 50% of the fixed annual salary.

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

As a general rule, the variable compensation is capped in the Managing Board contracts of GERRY WEBER International AG, as the parameters used to determine it are limited. The Supervisory Board may grant a special bonus and / or adjust the calculation of the variable performance-based compensation components only in exceptional cases because of special circumstances or achievements. This shall not result in an unreasonable advantage or disadvantage for the Managing Board.

Regulations relating to the termination of Managing Board contracts

If Managing Board contracts are terminated prematurely without serious cause, compensation including other benefits is continued to be paid to the leaving Managing Board member for a maximum of two years (severance payment cap) and may not exceed the compensation for the remaining term of the respective contract. This means that the regulations in the Managing Board contracts comply with the relevant recommendations of the German Corporate Governance Code as amended on 5 May 2015.

Managing Board compensation for the financial year 2015 / 16

Against the background of the compensation system described above, the total compensation of the Managing Board of GERRY WEBER International AG for the financial year 2015 / 16 amounts to EUR 2.3 million (previous year: EUR 2.6 million). The tables below show the respective fixed and variable amounts, with the prior year figures shown in parentheses.

KEUR	Fixed compensation	Variable compensation	Total
Ralf Weber (CEO)	719 (671)	150 (250)	**869** **(921)**
Dr. David Frink	568 (568)	150 (250)	**718** **(818)**
Norbert Steinke (since 19 October 2015 in the Managing Board)	512 (42)	150 (20)	**662** **(62)**
Arnd Buchardt (until 30 November 2015 in the Managing Board)	48 (571)	0 (250)	**48** **(821)**
Total	**1,847** **(1,852)**	**450** **(770)**	**2,297** **(2,622)**

Granted benefits ("target renumeration")

EUR	Ralf Weber CEO			
	2014/15	2015/16	2015/16 (Min)	2015/16 (Max)
Fixed compensation	650,000	**700,000**	700,000	700,000
Fringe benefits	21,141	**18,665**	18,665	18,665
Total	***671,141***	***718,665***	***718,665***	***718,665***
One-year variable compensation	150,000	**150,000**	0	250,000
Multi-year variable compensation	411,600	**400,000**	0	1,000,000
Total	***561,600***	***550,000***	***0***	***1,250,000***
Total compensation	**1,232,741**	**1,268,665**	**718,665**	**1,968,665**

EUR	Dr. David Frink COO and CFO			
	2014/15	2015/16	2015/16 (Min)	2015/16 (Max)
Fixed compensation	550,000	**550,000**	550,000	550,000
Fringe benefits	18,376	**18,408**	18,408	18,408
Total	***568,376***	***568,408***	***568,408***	***568,408***
One-year variable compensation	150,000	**150,000**	0	250,000
Multi-year variable compensation	411,600	**360,000**	0	900,000
Total	***561,600***	***510,000***	***0***	***1,150,000***
Total compensation	**1,129,976**	**1,078,408**	**568,408**	**1,718,408**

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

EUR	Norbert Steinke CRO			
	2014/15	2015/16	2015/16 (Min)	2015/16 (Max)
Fixed compensation	41,700	500,000	500,000	500,000
Fringe benefits	1,000	12,000	12,000	12,000
Total	*42,700*	*512,000*	*512,000*	*512,000*
One-year variable compensation	12,500	150,000	0	250,000
Multi-year variable compensation	34,300	360,000	0	900,000
Total	*46,800*	*510,000*	*0*	*1,150,000*
Total compensation	**89,500**	**1,022,000**	**512,000**	**1,662,000**

EUR	Arnd Buchardt until 30 November in the Managing Board			
	2014/15	2015/16	2015/16 (Min)	2015/16 (Max)
Fixed compensation	550,000	45,833	45,833	45,833
Fringe benefits	21,075	1,756	1,756	1,756
Total	*571,075*	*47,589*	*47,589*	*47,589*
One-year variable compensation	150,000	12,500	0	20,833
Multi-year variable compensation	411,600	30,000	0	75,000
Total	*561,600*	*42,500*	*0*	*95,833*
Total compensation	**1,132,675**	**90,089**	**47,589**	**143,422**

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

Compensation inflow

EUR	Ralf Weber CEO 2014 / 15	Ralf Weber CEO 2015 / 16
Fixed compensation	650,000	700,000
Fringe benefits	21,141	18,665
Total	*671,141*	*718,665*
One-year variable compensation	129,000	120,000
Multi-year variable compensation	221,000	130,000
Total	*350,000*	*250,000*
Total compensation	**1,021,141**	**968,665**

EUR	Norbert Steinke CRO (since 19 October 2015) 2014 / 15	Norbert Steinke CRO (since 19 October 2015) 2015 / 16
Fixed compensation	41,700	500,000
Fringe benefits	1,000	12,000
Total	*42,700*	*512,000*
One-year variable compensation	0	20,000
Multi-year variable compensation	0	0
Total	*0.00*	*20,000*
Total compensation	**42,700**	**532,000**

EUR	Dr. David Frink COO and CFO 2014 / 15	Dr. David Frink COO and CFO 2015 / 16
Fixed compensation	550,000	550,000
Fringe benefits	18,376	18,408
Total	*568,376*	*568,408*
One-year variable compensation	129,000	120,000
Multi-year variable compensation	221,000	130,000
Total	*350,000*	*250,000*
Total compensation	**918,376**	**818,408**

EUR	Arnd Buchardt Managing Board (until 30 November 2015) 2014 / 15	Arnd Buchardt Managing Board (until 30 November 2015) 2015 / 16
Fixed compensation	550,000	45,833
Fringe benefits	21,075	1,756
Total	*571,075*	*47,589*
One-year variable compensation	129,000	120,000
Multi-year variable compensation	221,000	130,000
Total	*350,000*	*250,000*
Total compensation	**921,075**	**297,589**

These tables show the inflows within the meaning of the Income Tax Act in the past financial year and the previous year. The variable compensation usually relates to payments of claims earned and recognised in the previous year.

Compensation of the Supervisory Board of GERRY WEBER International AG

The compensation of the Supervisory Board is determined by the Annual General Meeting and is governed by section 13 of the statutes of GERRY WEBER International AG. Besides the reimbursement of their expenses, the members of the Supervisory Board receive a fixed annual compensation in the amount of EUR 60,000.00. Each Vice Chairman receives 1.5 times this amount, while the Chairman of the Supervisory Board receives three times this amount. The exclusively non-performance-based compensation is paid after the Annual General Meeting for the past fiscal year. If and when new elections are held the compensation is paid on a pro rata temporis basis. The company refunds the turnover tax imposed on each Supervisory Board member's compensation and takes out D&O insurance for the members of the Supervisory Board. The compensation paid to the individual current and retired members of the Supervisory Board in the financial year 2015 / 16 is shown in the table below. The figures in parentheses are the previous year's amounts.

KEUR	2015 / 16	2014 / 15
Dr. Ernst F. Schröder (Chairman)	180	180
Gerhard Weber (Vice Chairman)	90	90
Alfred Thomas Bayard	60	32
Ute Gerbaulet	60	32
Udo Hardieck	60	60
Charlotte Weber-Dresselhaus	60	60
Olaf Dieckmann	60	60
Klaus Lippert	60	60
Annette von der Recke	60	32
Andreas Strunk	60	32
Manfred Menningen	60	32
Hans-Jürgen Wentzlaff	60	32
Total	**870**	**702**

The table shows that the compensation of the Supervisory Board increased in the past financial year and totalled KEUR 870.0, compared to KEUR 702.3 in the previous year. In April 2015, the number of Supervisory Board members was raised from six to twelve due to legal provisions. Accordingly, the compensation of the six new members was taken into account only on a pro rata temporis basis. In the past financial year 2015 / 16, the Supervisory Board compensation increased only because this was the first full year of activity of the new Supervisory Board members. The structure of the Supervisory Board compensation did not change in the past financial year.

6+6

The Supervisor Board consists of six shareholder representatives and six representatives of the workforce.

THE GERRY WEBER SHARE

The persistently difficult market environment characterised by declining footfall in Germany's shopping streets led to unsatisfactory results nearly throughout the whole fashion sector. At the beginning of our financial year 2015 / 16, we launched our "FIT4GROWTH" realignment programme in response to the changing market conditions.

Consequently, the financial year 2015 / 16 was materially influenced by the announcement and the implementation of the FIT4GROWTH realignment programme and its financial effects on the revenue and earnings situation of GERRY WEBER International AG. This is also reflected in the performance of the GERRY WEBER share. On the occasion of the publication of the interim and quarterly figures, we regularly reported on the progress made in implementing the measures defined as part of the programme as well as its implications.

Performance of the DAX

Throughout the reporting period, i. e. the past financial year of the GERRY WEBER Group (1 November 2015 to 31 October 2016), the performance of the German Stock Index (DAX) was repeatedly influenced by disappointed expectations. The DAX opened the financial year of the GERRY WEBER Group at 10,950.67 points on 2 November 2015 and initially moved upwards during the first days, reaching the highest level of the reporting period at 11,382.23 on 30 November 2015. Mario Draghi, President of the European Central Bank (ECB), had made several statements indicating a further loosening of the ECB's monetary policy, which fuelled the markets. But the decision on 3 December 2015 about the future monetary policy disappointed the markets. In the ensuing months, the index dropped sharply, hitting a low of 8,752.87 points on 11 February 2016. A weak oil price and fears of recession in the USA clearly caused notable uncertainty in the international stock markets. In the months until June 2016, the DAX recovered only modestly and was unable to reach its previous level again. In the days preceding the British referendum on EU membership, strong movements occurred in the international stock markets, including the DAX. According to the polls, the British people would vote against a Brexit, and this decision seemed to have been priced in by the markets before the referendum proper. The actual outcome of the referendum in favour of Great Britain leaving the EU came as a shock to many and sent the DAX falling on 23 June 2016 and the following days. The DAX was able to recover the losses incurred immediately after the referendum in the weeks that followed. Nevertheless, the DAX gained only a moderate 2.7% during the GERRY WEBER financial year.

Performance of the GERRY WEBER share in the financial year 2015 / 16

The GERRY WEBER share opened the financial year 2015 / 16 of the GERRY WEBER Group at EUR 15.28 on 2 November 2015 (Xetra closing price). Climbing moderately during the first few days, it reached the highest level of the reporting period at EUR 16.28 already on 4 November 2015. In sync with the general market trend, the price of the GERRY WEBER share declined during the ensuing weeks and hit the lowest level of the reporting period at EUR 10.08 on 19 January 2016. The announcement of the FIT-4GROWTH realignment programme and the publication of the preliminary figures on 26 January 2016, which slightly exceeded the general market expectations, led to a notable and lasting increase in the GERRY WEBER share price to EUR 14.65 on 22 February 2016. The detailed presentation of the FIT-4GROWTH programme and all its implications for the current and the next financial year as well as the forecast for the financial year 2015 / 16 at the annual accounts press conference on 26 February 2016 disappointed the capital market participants and sent the share price falling again. While the share recovered in the weeks that followed, it was unable to return to its previous level. Until 31 October 2016, the GERRY WEBER share moved sideways within a range of EUR 10.14 and EUR 13.42. At the end of the financial year 2015 / 16, the price of the GERRY WEBER share stood at EUR 11.38 (Xetra closing price), which means that the share lost approx. 25.5% in the reporting period. The SDAX, in which the GERRY WEBER share is listed, gained 4.1% during the same period.

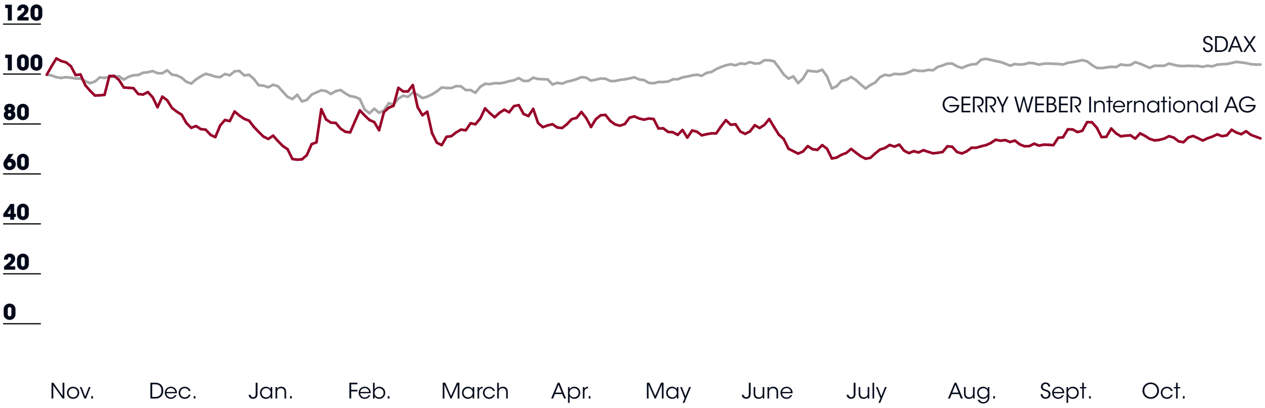
34.9

MILLION

GERRY WEBER shares were traded in financial year 2015/16 at all stock markets.

The average daily turnover of shares declined from 246,475 shares in the financial year 2014 / 15 to 137,838 in the financial year 2015 / 16. The lower trading volume is due, among other things, to the relisting from the MDAX to the SDAX on 21 September 2015. A total of 34.9 million GERRY WEBER shares were traded in the financial year 2015 / 16 (previous year: 62.1 million).

Performance of GERRY WEBER share price in comparison to SDAX
from 1 November 2015 to 31 October 2016 (indexed)



	2015 / 16	2014 / 15	2013 / 14
Net result for the year after taxes (in EUR million)	0.5	52.2	71.4
Earnings per share (in EUR)	0.01	1.14	1.56
Dividend per share (in EUR)	0.25 *	0.40	0.75
Payout volume (in EUR million)	11.5 *	18.4	34.4
Payout ratio (in %)		35.1	48.2

* Proposal to the next Annual General Meeting

Shareholder structure and Annual General Meeting

As of 31 October 2016, i.e. the end of the financial year 2015 / 16, the following shares were attributable to the members of the Managing Board and the Supervisory Board. Vice Supervisory Board Chairman and company founder Gerhard Weber held 29.6% of the shares. Udo Hardieck, company founder and member of the Supervisory Board, held 17.5% of the shares. 3.4% of the shares were attributable to Ralf Weber, CEO of GERRY WEBER International AG. The free float thus remained unchanged at 49.5% at the end of the financial year 2015 / 16. The ordinary Annual General Meeting, which took place in Halle / Westphalia on 14 April 2016, was personally attended by some 1,000 shareholders, who represented 70.3% (previous year: 73.3%) of the company's share capital of EUR 45,905,960. All voting items on the agenda were approved by a large majority of the shareholders. For details of the agenda items and the voting results, please refer to the "Investors" section under "Annual General Meeting" at **www.gerryweber.com.**

GERRY WEBER in the capital market

In times of change, such as we are experiencing them in the context of our realignment programme, transparent and regular communication and an open dialogue with our stakeholders are particularly important. The publication of annual and quarterly reports as well as the preparation and publication of press releases and presentations in which we report on the performance of the GERRY WEBER Group are important elements of our communication with capital market participants. In our quarterly reports, we regularly and extensively reported on the progress made in the context of the FIT4GROWTH programme. The implementation and the implications of the realignment programme were also repeatedly addressed in numerous talks at conferences and roadshows as well as a large number of phone calls. The financial year 2015 / 16 saw us participate in 10 national and international conferences. Various roadshows and meetings with investors were organised to outline and explain the current and future development of the company, the progress of the FIT4GROWTH programme and the risks and opportunities faced by the company. We held two shareholder events to inform private shareholders about the

Development of the GERRY WEBER share price
from 1 November 2015 to 31 October 2016 (in Euro)

current state of the company and the progress made in the context of the FIT4GROWTH programme and directly answered their questions. Besides the financial reports and the events attended by our company, all stakeholders will find comprehensive information on topics such as corporate governance and the Annual General Meeting as well as other useful information on our website at **www.gerryweber.com**. Our Investor Relations Team is happy to answer any further questions.

1k

SHAREHOLDERS
represented their votes at the AGM 2016 in Halle / Westphalia.

Key facts and figures of the GERRY WEBER share

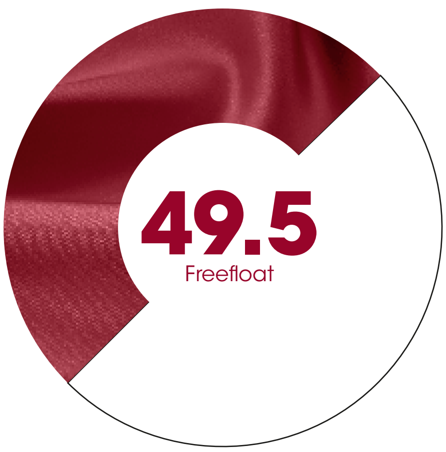
WKN / ISIN	330410 / DE0003304101
Indices	SDAX, DAXsector Consumer, DAXsubsector Clothes & Footwear, DAXPLUS Family 30, CDAX
Transparency levels	Regulated Market Frankfurt / Prime Standard
Number of shares as of 31 Oct. 2016	45,905,960
Designated Sponsor	ODDO Seydler Bank AG

Share prices in FY 2015/16

High* (in EUR)	16.28
Low* (in EUR)	10.08
Closing price on 31 Oct. 2016 (in EUR)	11.38
Share price performance in the financial year in %	–25.52
Market capitalisation as of 1 Nov. 2015 (in EUR million)	701.4
Market capitalisation as of 31 Oct. 2016 (in EUR million)	522.4
Average daily turnover in EUR**	1,698,815
Average daily turnover in shares**	137,838
Dividend per share (in EUR)***	0.25
Earnings per share (in EUR)	0.01

* Xetra closing price
** All German stock exchanges
*** Proposal to the next Annual General Meeting

Shareholder structure
as of 31 October 2016
in %

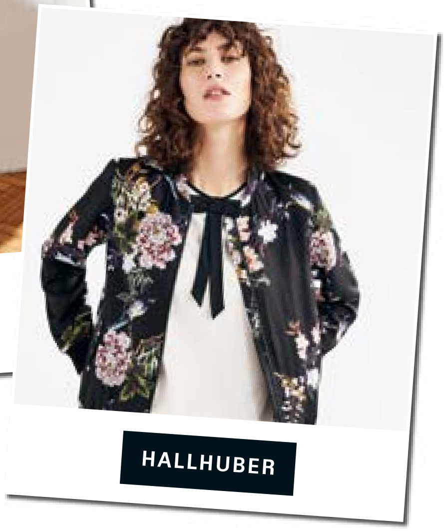


29.6 Gerhard Weber, **17.5** Udo Hardieck, **3.4** Ralf Weber, **5.3** BNY Mellon Kapitalanlage-Gesellschaft *

* included in free float

TAIFUN

64



COMBINED MANAGEMENT REPORT

Combined Management Report for the fiscal year 2015 / 16

In accordance with section 315 para. 3 of the German Commercial Code (HGB) in conjunction with section 298 para. 3 HGB, the Group management report has been combined with the management report of GERRY WEBER International AG. The combined management report includes the presentation of the net worth, financial and earnings position of GERRY WEBER International AG and of the GERRY WEBER Group as well as additional disclosures required under the German Commercial Code. All financial amounts are shown in euros.

GENERAL CORPORATE INFORMATION

Business model

Business activity and organisation

GERRY WEBER International AG is one of the best known fashion and lifestyle companies in Germany. Five large brand families – GERRY WEBER, TAIFUN, SAMOON by GERRY WEBER (SAMOON), talkabout and HALLHUBER – offer trend-oriented apparel and accessories for demanding and quality-conscious consumers. Each of the brands is targeted at a specific and unique market. talkabout, our youngest brand, was developed in the financial year 2015 / 16 exclusively for, and in close cooperation with, our Wholesale partners. The brand is currently undergoing a test phase, with some 30 Wholesale partners presenting the autumn / winter 2016 / 17 collections at their points of sale. It is planned to increase the number of shop-in-shops to 120 to 150 during the current financial year 2016 / 17.

TRENDY, COOL, FRESH, RELAXED

* launch in summer 2016 with 30 test shops
* brand is exclusively for our Wholesale partners
* fully vertical brand with twelve delivery dates
* expansion to 120 to 150 shop in shops in 2016 / 17

GERRY WEBER International AG was established by Gerhard Weber and Udo Hardieck in Eastern Westphalia in 1973. As of 31 October 2016, the company maintained distribution structures in over 60 countries across the globe. The company-managed Retail spaces comprise 487 Houses of GERRY WEBER and 107 mono-label stores, 295 GERRY WEBER concession stores as well as 35 GERRY WEBER outlet stores worldwide. The acquisition of Munich-based ladieswear manufacturer HALLHUBER in February 2015 added another 138 HALLHUBER branches and 188 concession stores as well as 16 HALLHUBER outlet stores to the GERRY WEBER Group's store portfolio, which brings the total number of company-managed sales spaces to 1,266 at the end of the past financial year.

The Wholesale segment comprises another 269 franchised Houses of GERRY WEBER as well as 2,396 shop-in-shops in the stores of our retail partners. The distribution structure is rounded off by our own branded online shops serving both German and international consumers. Some 7,022 employees worldwide form part of the GERRY WEBER Group (annual average). In the financial year 2015 / 16 (1 November 2015–31 October 2016), the GERRY WEBER Group generated sales revenues of EUR 900.8 million (previous year: EUR 920.8 million) and a consolidated net income of EUR 0.5 million (previous year: EUR 52.2 million).

GERRY WEBER International AG headquartered in Halle / Westphalia is an operating holding company providing Group-wide services such as accounting, controlling, HR, IT, auditing, compliance management as well as marketing and communication services. The holding company is also responsible for product development and procurement for the GERRY WEBER Core brands, resulting in economies of scale and cost advantages across all brands. Only a few service divisions of HALLHUBER, our subsidiary acquired in 2015, are not fully integrated into the holding company for historical reasons. In the past financial year 2015 / 16, responsibility for the e-commerce activities of the GERRY WEBER Core brands (GERRY WEBER, TAIFUN, SAMOON) were pooled at HALLHUBER in Munich. We have already begun to transfer the logistic processes of HALLHUBER to the new GERRY WEBER logistic centre in Halle / Westphalia with a view to generating further synergies.

Two distribution companies, Life-Style Fashion GmbH and GERRY WEBER Retail GmbH, are responsible for the distribution activities of the GERRY WEBER Core "Retail" and "Wholesale" segments in Germany. In addition, there are local subsidiaries for the distribution of the Retail products in the individual countries as well as procurement structures in the different regions. All income and expenses as well as the assets and liabilities of the development and production divisions including transport and logistics are allocated proportionately to the Wholesale and Retail segments. Since the acquisition of HALLHUBER in February 2015, the income, expenses, liabilities and assets of the subsidiary are recognised separately in the "HALLHUBER" segment. The other segments primarily comprise the income and expenses as well as the assets and liabilities of the Hall 30 investment property. Income and expenses as well as assets and liabilities of the holding company are also allocated proportionately to the individual segments.

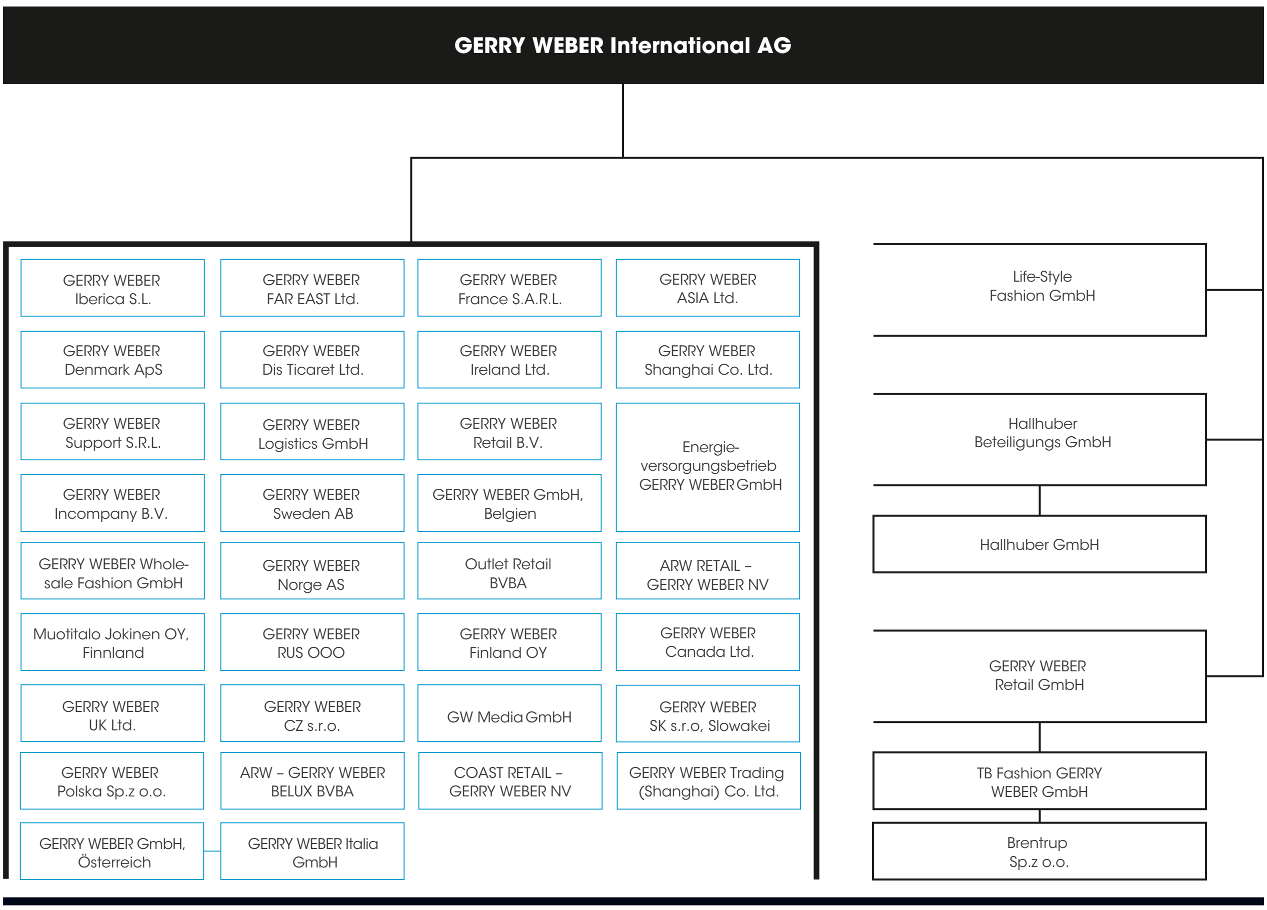
39

SUBSIDIARIES
belonged to the GERRY WEBER Group as at 31 October 2016.

As at 31 October 2016, the basis of consolidation of the GERRY WEBER Group comprised GERRY WEBER International AG as well as 39 domestic and international subsidiaries.

To effectively strengthen our brands, GERRY WEBER, TAIFUN, SAMOON, talkabout and HALLHUBER, and support their independence in the market, Strategic Business Units were established in February 2016. The aim is to place a stronger focus on the brands and core products of the Group and to provide the responsible people with maximum decision-making powers to cater to customers' specific requirements. The four Strategic

Legal corporate structure



Business Units are GERRY WEBER (including talkabout), TAIFUN. SAMOON as well as HALLHUBER. The corresponding sales functions in charge (Retail, Wholesale and Online) are responsible for the distribution and merchandise management of all brands, servicing the GERRY WEBER Core brands on a cross-sectional basis.

Key business processes

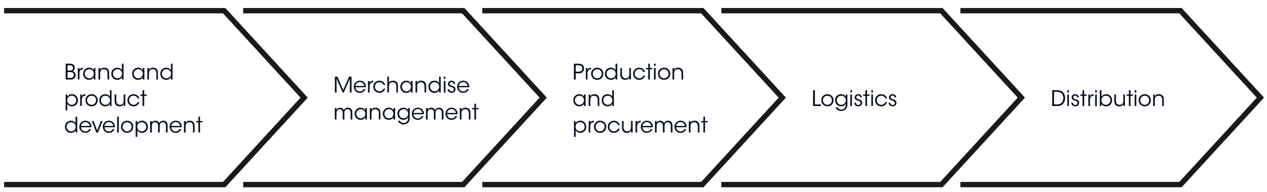
The business model of the GERRY WEBER Group covers the complete value chain, starting with the development and design of the collections. Our national and international procurement departments are responsible for the proper and punctual completion of the products. The new logistic centre is increasingly assuming responsibility for all logistic processes and controls the punctual receipt and delivery of the merchandise. Our own Retail segment sells our collections directly to consumers, whereas the Wholesale segment distributes our products directly to our partners in the retail trade. The smooth interaction between the individual departments at the interfaces of the various stages of the value chain is one of our core competencies, as it ensures the special quality of our products and thus forms the basis of our long-term success. To produce and distribute the collections in a time and cost-efficient manner, all processes need to be coordinated as effectively as possible. We therefore strive continuously to further improve our processes. As part of the "Optimise structures and processes" element of the FIT4GROWTH realignment programme, all existing processes were analysed during the past financial year and redesigned where necessary. As a result of the more efficient processes and workflows at the head office in Halle / Westphalia, we were able to cut approx. 200 positions.

Development of the collections

Unlike many other fashion companies, GERRY WEBER's product development activities do not focus on individual designers but are a team effort. The design teams comprise designers as well as engineers and product managers who decide on the development of individual products and the composition of the collections. The teams combine creativity with technical knowhow and the databased calculation of the products. Our designers regularly visit the large fashion capitals of the world and seek inspiration from the latest trends, cuts and colours. As trend followers, we adapt these trends and adjust them to the requirements of our customers. The clothing engineers and the creative teams jointly decide which product ideas can be realised using which materials. The designs prepared by the design teams are then passed on to the inhouse patternmaking department. All prototypes are produced in Halle / Westphalia. Each individual collection item is approved by the design teams at a final workshop or subjected to modifications that may be required to guarantee the unique fit of our products. The technical data produced by the pattern-making department includes the patterns for the different sizes as well as exact positioning parameters for optimum utilisation of the materials. This way, GERRY WEBER ensures that our contractual partners meet our production and quality standards. This approach allows us to keep control over our own patterns and to remain flexible when it comes to choosing manufacturing partners. New manufacturing partners can swiftly be integrated into the procurement structures of the GERRY WEBER Group.

Unlike the GERRY WEBER Core brands – GERRY WEBER, TAIFUN and SAMOON – HALLHUBER does not develop its collections in Halle / Westphalia but at its head office in Munich. HALLHUBER's collection development approach is very similar to that of the GERRY WEBER Core brands. So far, however, HALLHUBER has sourced its merchandise through specialist agencies, as the company has no own network of local procurement offices in the manufacturing regions. The quality of the products is controlled on an ongoing basis by both internal specialists and external testing institutes in order to guarantee compliance with HALLHUBER's high quality standards. Going forward, however, HALLHUBER is to use the regional network of the GERRY WEBER procurement offices to benefit from potential cost advantages.

Value-added process



Merchandise management

The collection development process is followed by merchandise management, which includes the decision what quantities of which articles should be produced for which retail spaces. For this purpose, the prior year figures are analysed, trends are examined and specific characteristics such as certain colours which are more popular in some countries than others are considered. The sizes of the individual points of sale as well as potential new openings or closures must also be included in the calculation. In parallel to the merchandise management process in the Retail segment, the Wholesale segment conducts the so-called "pre-order" for all Wholesale customers. The sales staff use sample collections to present the new collection to the franchising and retail partners, from which the latter order the required merchandise. The pre-order usually takes place in one of the 22 domestic and international showrooms. Alternatively, customers may place their orders using the Internet-based order platform.

The introduction of "open-to-buy limits" at GERRY WEBER was an important process taken over from our fully vertically integrated HALLHUBER subsidiary. Under this form of production and procurement planning, retailers initially order about 80% of their anticipated total requirements of a collection from the producer who reserves capacity for the remaining 20% in order to fill potential top-up orders by the customer. The aim is to produce only the quantity of merchandise that will actually be sold at the point of sale and to avoid high excess inventories at the end of a season. In the context of in-season management, the open-to-buy limits and the respective spare capacity may also be used for the short-term production of products reflecting the latest trends or individual items for special occasions.

Production and procurement

The production requirements per product are defined on the basis of the merchandise management and the pre-order data of the Wholesale customers. In the financial year 2015 / 16, the production volume of the GERRY WEBER Group totalled approx. 27.4 million items, of which 4.3 million items related to the HALLHUBER brand.

We generally distinguish between two different types of procurement, namely cut-make trim (CMT) and full package service (FPS). In the former case, all findings and components required for a garment, such as zippers, buttons and fabrics, are purchased by GERRY WEBER in advance and compiled for production. This means that the selected manufacturing partners are merely in charge of the production process proper. In contrast to CMT suppliers, our FPS partners make the entire garment. In this case, they are responsible not only for manufacturing but also for the procurement of all materials. FPS partners also receive the technical data as well as clear instructions regarding outer fabrics and findings from GERRY WEBER. Unlike the GERRY WEBER Core brands (GERRY WEBER, TAIFUN, SAMOON and talkabout) designed and developed in Halle / Westphalia, HALLHUBER has so far had its garments produced exclusively under FPS agreements and in cooperation with procurement agencies.

27.4

MILLION

was the number of individual items that were produced by the GERRY WEBER Group in 2015 / 16, thereof 4.3 million items of the HALLHUBER brand.

Cost-efficient procurement structures are an important competitive advantage. The GERRY WEBER Group therefore has its own domestic and international procurement team, which allows us to choose the manufacturing partner who meets our quality standards and our social compliance requirements at competitive prices best. Before being accepted as a GERRY WEBER supplier, all potential manufacturing partners must subject themselves to various checks in order to fulfil our strict selection criteria. Such criteria include, on the one hand, objective, production-related parameters and, on the other hand, a number of GERRY WEBER specific aspects. The main focus is always placed on compliance with our high quality and processing standards. The quality of the materials used is just as important as our manufacturers' quality awareness in the context of the production process. We pay strict attention to compliance with legal provisions regarding the materials and findings used. By no means may GERRY WEBER products contain materials that are detrimental to consumers' health. To ensure this, we not only rely on internationally acknowledged testing institutes but also perform random checks at our own laboratory in Halle / Westphalia. Punctual delivery is another very import criterion for the selection of potential suppliers. It is indispensable for us to receive the quantities we have ordered at the agreed time.

Besides the technical production parameters, our manufacturing partners must also meet the specific selection criteria relating to GERRY WEBER's social and environmental standards. We are not only a member of the globally acknowledged Business Social Compliance Initiative (BSCI) but also conduct our own audits based on our own criteria. We only choose manufacturing partners who have been approved by our Social Compliance Department and who meet our requirements in terms of social and environmental compliance. Apart from the above-mentioned aspects, criteria considered when selecting manufacturing partners include their respectability, reputation and creditworthiness.

We maintain a global network of suppliers and production partners and make our decision which of our audited partners is awarded a production order dependent on the product, the material and the required quantities. This makes our sourcing process extremely flexible, quality-driven and cost-efficient. The fact that we employ our own staff in our offices in Shanghai, Istanbul and Bangkok means that we can regularly verify compliance with our high quality standards and review the working and production conditions in the procurement regions.

In the financial year 2015 / 16, the GERRY WEBER Core brands (GERRY WEBER, TAIFUN, talkabout and SAMOON) sourced about 71.1% (previous year: 77.1%) of their merchandise from FPS suppliers and about 28.9% (previous year: 22.9%) from CMT suppliers. Nearly all products sourced under CMT arrangements are produced in Eastern Europe, primarily in Bulgaria and Macedonia, which means that products made in Eastern Europe (FPS and CMT) represent 28.7% of the total output (previous year: 24.5%). Accounting for approx. 46.3% (previous year: 48.2%), Asia is the main procurement region of the GERRY WEBER Core brands, with the regional focus on China, Sri Lanka, India and, after the latest audit of production partners, in Bangladesh. Turkey accounts for 20.7% (previous year: 23.8%). The remaining 4.3% (previous year: 3.5%) of the merchandise comes from Western Europe and North Africa. HALLHUBER's most important manufacturing countries are China (39.4%, previous year: 39.5%) and Turkey, which accounts for 32.7% (previous year: 23.6%) of the total production volume. 21.6% of HALLHUBER's merchandise is produced in Europe.

Logistics

In the past the GERRY WEBER Group primarily used external service providers to manage its logistic processes. A total of eight warehouses specialising in hanging, folded, outlet and online merchandise, respectively, handled all logistic processes, from transport preparations and stock-keeping to processing and order picking to delivery to the individual points of sale. In 2016, the new GERRY WEBER logistic centre was taken into operation, which is precisely matched to the requirements of the multi-brand Group and its specific distribution structures. The formerly eight logistic centres operated by external partners (for GERRY WEBER Core and HALLHUBER) were merged into a single multi-channel warehouse for all distribution channels. By providing a shared pool of merchandise, the new logistic centre allows us to decide just in time before delivery which distribution channel to use for a given item. This enables us to exploit previously unused sales potential more effectively. What is more, we will greatly reduce the logistic costs per item thanks to the very high degree of automation of the new logistic centre.

Since the beginning of 2016, the products of the individual brands have been transferred to the new logistic centre and delivered from there according to a precisely defined process and time schedule. At the same time, the available capacities have increasingly been used and expanded. The online merchandise is the only exception as it will be transferred to the new logistic centre at a later date for contractual reasons. Up to this date, online sales to our end customers will continue to be handled by our external partners.

To leverage the full potential of the multi-channel warehouse, radio frequency identification (RFID) technology, which we introduced in 2010, plays an important role. This technology allows many logistic processes to be simplified and accelerated. All GERRY WEBER products are marked with a

71.1

PERCENT
of the merchandise were sourced from CMT suppliers.

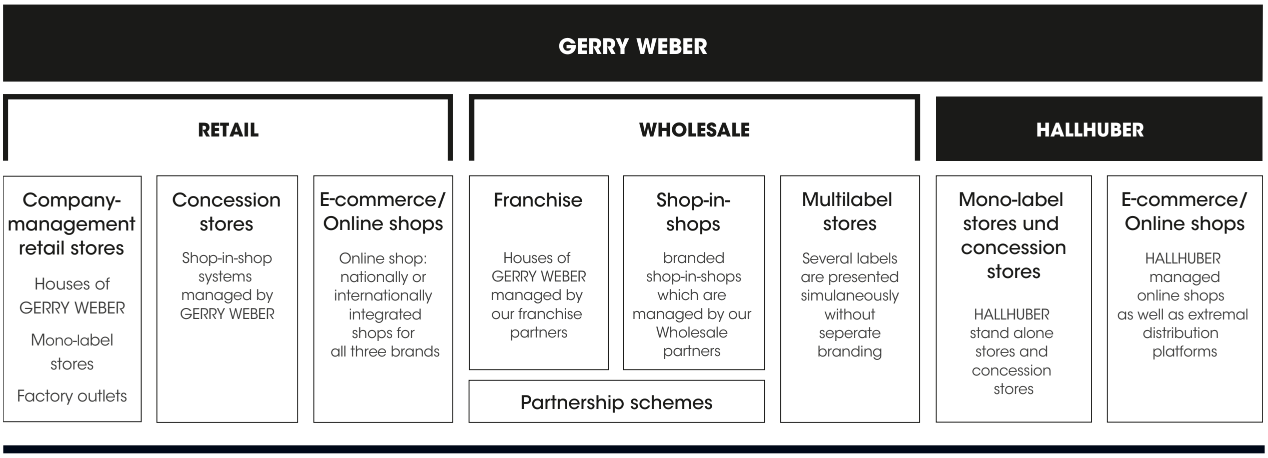
unique product number in the RFID microchip that is sewn into the care label during the production process. This product number can be recorded and evaluated by special reading devices, which makes it easy to identify the goods upon delivery to the multi-channel warehouse, to check them for completeness and to transport them to their destination in the warehouse fully automatically. The same applies to recording stocks at the individual stores. RFID technology not only makes the logistic process more transparent but also affords a more exact overview of stocks and enables a faster supply of merchandise to the points of sale. Once a product has been sold, the microchip is either deactivated or removed at the check-out or it is destroyed after several washes. Thanks to the RFID chip's excellent visibility on the care label, it can also be easily removed by the consumer at any time.

Sales and distribution channels

The business of the GERRY WEBER Group is based on three distribution channels, mirroring the segment structure of the GERRY WEBER Group. The Wholesale segment supplies the retail partners with the collections of the GERRY WEBER Core brands, GERRY WEBER, TAIFUN, SAMOON and talkabout. The Retail segment distributes the collections of the GERRY WEBER Core brands (except talkabout) through the company-managed sales spaces and online shops directly to end customers. The third channel, which also constitutes the third segment of the GERRY WEBER Group, is represented by the fully vertically integrated HALLHUBER brand. Acquired in February 2015, HALLHUBER has been fully consolidated since the second quarter 2014 / 15. For increased transparency, the results of HALLHUBER are stated in a separate segment reflecting its stand-alone operational control.

The **GERRY WEBER Core Retail business** covers all company-managed sales spaces and online platforms of the GERRY WEBER Core brands (except talkabout). Besides the Houses of GERRY WEBER, this includes the mono-label stores of the TAIFUN, SAMOON and GERRY WEBER EDITION brands, the concession stores and outlet centres as well as our own online shops. The GERRY WEBER Core Retail segment accounted for 46.5% of total Group revenues in the reporting period.

Distribution channels



3,589

GERRY WEBER Core
sales spaces around the globe

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Number of sales spaces by distribution channel (31 October 2016)	2015 / 16	2014 / 15
GERRY WEBER Core-RETAIL		
Houses of GERRY WEBER	487	520
Mono-label stores	107	142
Concession stores	295	291
Factory outlets	35	34
	924	*987*
GERRY WEBER Core-WHOLESALE		
Houses of GERRY WEBER	269	271
Shop-in-shops	2,396	2,510
	2,665	*2,781*
HALLHUBER		
HALLHUBER mono-label stores	138	117
HALLHUBER concession stores	188	145
HALLHUBER outlet stores	16	13
	342	*275*

The first company-managed House of GERRY WEBER was opened in Bielefeld in December 1999. As of the end of the reporting period on 31 October 2016, the Retail segment comprised 924 (previous year: 987) company-managed sales spaces of the GERRY WEBER Core brands in Germany and abroad. A House of GERRY WEBER has an average sales area of approx. 200 square metres. Depending on the actual size and location, such a House of GERRY WEBER sells all GERRY WEBER brands (not HALLHUBER and talkabout). The smaller mono-label stores of the TAIFUN and SAMOON brands, which average about 100 square metres in size, each specialise in the presentation of a specific brand. In the context of the measures defined as part of the FIT4GROWTH realignment programme ("Optimise the Retail operations") 75 of the 103 planned stores of the GERRY WEBER Core brands were closed in the past financial year. Above and beyond these 103 defined stores, another 50 stores are on the watchlist.

Besides the Houses of GERRY WEBER and the mono-label stores, the GERRY WEBER Core Retail segment also comprises 35 factory outlets (previous year: 34) as well as 295 concession stores (previous year: 291). Concession stores are company-managed shop-in-shops which are manned with our own staff and for which we manage the merchandise. In most cases, the rent is dependent on turnover, which makes the share of fixed costs much more flexible. The concession stores are located in

342

HALLHUBER sales spaces
in Europe

9.7

PERCENT
of HALLHUBER sales were generated with the online business.

large department stores outside Germany, e.g. at our Spanish partner “El Corte Inglés” (45 stores) and in the Netherlands at “van Uffelen”, “Hout Brox” and “van Vuuren Mode” (58 stores), but also in Germany (e.g. at 85 “GALERIA Kaufhof” department stores). Six online shops complement the GERRY WEBER Core Retail segment’s portfolio of physical stores, making GERRY WEBER products available on the Internet in a total of nine countries. Today, customers in Germany, Switzerland, the Netherlands, Austria, Poland, Belgium, Sweden, the UK and France can buy fashion products of the GERRY WEBER, TAIFUN and SAMOON brands online. Our aim is to support the physical retail stores with a dedicated online shop in the respective country. The ongoing digitalisation of the distribution channels is another important part of the FIT4GROWTH programme (“Optimise the Retail operations” element). Apart from the introduction of Click&Collect at the HALLHUBER mono-label stores, this also includes the relaunch of the GERRY WEBER online shop for the Core brands in spring 2017. The aim is to increasingly integrate the online and physical distribution channels. Going forward, consumers must be able to choose for themselves where and how they want to buy a product, how it is delivered to them or where they want to collect it. The same applies to returns: consumers should be able to return a product they do not want at the store or to send it back by mail. The introduction of the Click&Collect system has been very well received by the HALLHUBER customers. The return rate for merchandise ordered on shop assistants’ tablets in the stores is much lower than for merchandise ordered by consumers themselves over the Internet.

HALLHUBER has been part of the GERRY WEBER brand universe since the acquisition of HALLHUBER Beteiligungs GmbH in February 2015. HALLHUBER is a fully vertically integrated fashion company selling its products only through its own points of sale and online shops. HALLHUBER is the third segment in the Group’s segment report and is counted towards the Retail distribution channel because of its vertical structures. As at 31 October 2016, HALLHUBER operated a total of 138 mono-label stores, 188 concession stores and 16 outlet stores. Besides the physical stores, HALLHUBER also sells its products online through five company-owned online shops in Germany, Switzerland, Austria, France and the UK. In addition, consumers find HALLHUBER products on another 15 external platforms such as Amazon, Otto, Zalando or House of Fraser. HALLHUBER currently generates about 9.7% of its total revenues online.

The chart / table below provides a detailed breakdown of the **Retail store portfolio** by regions.

Country/Region	Total	Thereof GWI Core	Thereof HALLHUBER
Germany	**818**	587	231
Austria	**58**	42	16
The Netherlands	**110**	104	6
Belgium	**46**	29	17
Scandinavia	**48**	41	7
Eastern Europe	**25**	25	0
Spain	**53**	53	0
UK & Ireland	**57**	31	26
Switzerland	**38**	0	38
Canada	**5**	5	0
Italy	**6**	6	0
France	**1**	1	0
Luxembourg	**1**	0	1

The **Wholesale segment** is the third distribution channel of GERRY WEBER. Our retail and franchise partners order collection items and sell them to the final consumer in their own stores. The Wholesale segment comprises three distribution channels: Houses of GERRY WEBER run by our franchisees, shop-in-shops and multi-label stores. As of the end of the financial year 2015 / 16, 269 Houses of GERRY WEBER were run by franchisees (previous year: 271). These stores feature the same shop fittings as our company-managed Houses of GERRY WEBER so that end customers will not notice any differences between the Retail and Wholesale channels. Shop-in-shops are sales spaces whose fittings clearly identify them as belonging the respective brand. They are located in the stores of our retail partners and are operated by the latter. In contrast to the shop-in-shops, multi-label retail stores sell our products alongside third-party merchandise and do not visually represent the brand. As at 31 October 2016, the number of shop-in-shops amounted to 2,396, compared to 2,510 in the previous year. 550 of these shops were located outside Germany (previous year: 536).

Long-standing experience, which is also gained from the systematic evaluation of the daily sales figures obtained from the point of sale through over 6,000 EDI interfaces, enables us to optimally manage the merchandise in line with the specific requirements of the individual sales spaces. This helps us to bring our merchandise to the stores even faster and align it even more effectively with consumer expectations also in the Wholesale segment and to ensure that our merchandise is presented as desired by us. The aim is to use the insight gained from the sales analysis to optimise the composition of the collections and to push ahead with the vertical integration of the Wholesale operations, i. e. to gain greater control over merchandise management at the POS.

To support our Wholesale partners, we have defined various measures as part of the FIT4GROWTH realignment programme ("Strengthen the Wholesale operations") to offer our Wholesale partners a better service and to control the flow and the presentation of merchandise more effectively. This includes, among other things, the introduction of partnership schemes. Depending on the (bronze, silver, gold or platinum) status of the partnership programmes, GERRY WEBER experts assume responsibility for placing merchandise in our partners' shop-in-shops; this involves the replenishment of sold out products as well as the replacement of collection items during the season. We have also introduced a partial takeback of unsold merchandise which is then sold at our GERRY WEBER outlet stores after the end of the season. The newly introduced partnership models not only optimise the presentation of the GERRY WEBER collections at the points of sale but also lead to improved pricing and, as a consequence, better margins for both partners. This way, the partners' order limits remain flexible. It is also our declared objective to increase the share of customers supplied under the Trusted Wholesale Concept. As many as 40% of our Wholesale customers in the DACH region (Germany, Austria, Switzerland) use this form of partnership. The launch of the talkabout brand exclusively for the Wholesale segment is another measure aimed at strengthening the Wholesale operations. The collections have been developed jointly with our Wholesale partners and were tested in 30 shop-in-shops in the past financial year 2015 / 16. Due to the positive feedback, the number of talkabout sales spaces will be increased to 120 to 150 shop-in-shops over the next twelve months.

Franchise partners per country/region	GWI Core
Russia	59
Germany	55
Middle East	31
Switzerland	24
Eastern Europe	20
France	18
Baltic States	13
BeNeLux	11
Poland	7
Italy	5
Austria	4
Others	22

75

OF 103
stores that had been defined in the context of the FIT4GROWTH programme were already closed as at 31 October 2016.

Strategy and objectives

The sustainable and profitable growth of the Group is the primary objective of the company. The challenging market environment for the fashion industry, which is characterised by declining footfall and changing consumer behaviour, but also adverse internal developments have prompted us to constantly review our strategies to achieve this long-term objective. Consequently, the Managing Board has defined and initiated strategies which reflect both our FIT4GROWTH realignment programme and the fields of action defined for the strategic further development of the GERRY WEBER Group.

Consistent implementation of the FIT4GROWTH realignment programme

The cost optimisation elements of the FIT4GROWTH programme have largely been implemented already in the past financial year 2015 / 16. 75 of the defined 103 stores were closed in the course of the reporting period and the staff adjustments resulting from process optimisations were also completed by the end of October 2016. As a result, a total of approx. 200 jobs were cut at the headquarters in Halle / Westphalia. While the first cost effects are expected to be felt in the financial year 2016 / 17, the first full-year effect will come through only in the following financial year. We expect these measures and the positive effects of the insourcing of the logistic processes to result in cost-savings of EUR 20 million to EUR 25 million (full-year effect) as of the financial year 2017 / 18 compared to the reference year 2014 / 15.

We must nevertheless continue to implement the programme consistently within the planned time-frame. Should internal developments or external conditions call for a further adjustment of the process and cost structures, GERRY WEBER is positioned flexibly enough to make such adjustments as well.

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* STRATEGY / OBJEKTIVES

1 **OPTIMISE PROCESSES** AND COSTS AS AN ONGOING CORPORATE CHALLENGE
2 **MODERNISE AND SHARPEN THE BRAND PROFILES,** ESPECIALLY OF THE GERRY WEBER CORE BRANDS, IN CONJUNCTION WITH THE ONGOING FURTHER DEVELOPMENT OF THE COLLECTIONS AND PRODUCTS WE OFFER
3 **RESTORE** THE PREVIOUS PROFITABILITY OF THE GERRY WEBER CORE RETAIL SEGMENT
4 **VERTICALLY INTEGRATE** AND STRENGTHEN THE WHOLESALE SEGMENT
5 **DIGITALISE** AND CONNECT THE DISTRIBUTION CHANNELS
6 **GROW** HALLHUBER IN A **CONTROLLED** AND CONSISTENTLY PROFITABLE MANNER

Modernise and sharpen the brand profiles, especially of the GERRY WEBER Core brands, in conjunction with the ongoing further development of the collections and products we offer

In order to strengthen the GERRY WEBER, TAIFUN, SAMOON, talkabout and HALLHUBER brands and allow them to operate more independently in the market, Strategic Business Units were established in February 2016. The aim is to place a stronger focus on the brands and core products of the Group and to give the respective decision-makers maximum autonomy in catering to their target customers' specific needs and requirements. A total of four strategic Business Units have been established: GERRY WEBER (including talkabout), TAIFUN, SAMOON as well as HALLHUBER.

Our brands are clearly positioned in terms of their markets, customers and price segments. The brand families – GERRY WEBER (including talkabout), TAIFUN, SAMOON and HALLHUBER – are positioned at the upper end of the medium price segment. Our target group are fashion conscious women who appreciate attractive and trend-driven designs combined with excellent fits and high-quality workmanship. Apart from these common features, each brand has its very own style and fashion statement. While HALLHUBER tends to target women aged 20+, TAIFUN is marketed to the 30+ segment. The target group of the GERRY WEBER brands comprises fashion-conscious women aged 40+. The brand portfolio is complemented by SAMOON, which targets women of any age wearing plus sizes. Developed in the past financial year exclusively for, and in close cooperation with, our Wholesale partners, talkabout is an up-to-date, unique and sensual brand.

The GERRY WEBER brand family

At 59.7% (previous year, HALLHUBER consolidated for only nine months: 66.6%), our longest established brand family, GERRY WEBER, makes the biggest contribution to Group revenues. GERRY WEBER stands for high-quality apparel for fashion-conscious women aged 40+. As a combination collection, GERRY WEBER Collection caters to consumers' wishes for perfectly matched colour and shape combinations of high quality with a good fit and high wearing comfort.

GERRY WEBER Collection is complemented by the sublabels GERRY WEBER EDITION and GERRY WEBER CASUAL. Unlike GERRY WEBER Collection, GERRY WEBER EDITION consists of sporty individual items in the knitwear, shirt, blouses, trousers, skirts and outdoor segments. GERRY WEBER CASUAL, with its natural and casual chic, offers outfits for every day made from natural materials. The GERRY WEBER brand family thus offers style-conscious women aged 40+ the right fashion products for every occasion.

Parts of the current brand presentation no longer live up to GERRY WEBER's aspirations as a leading fashion and lifestyle company. To modernise the GERRY WEBER brand family, in particular, we have already initiated measures which support the modernisation of the brand. Apart from adjusting the collection structure of GERRY WEBER Collection, expanding the CASUAL sublabel and focusing on unique individual items for GERRY WEBER EDITION, we have also increased the quality and value of the products and aligned the collections more closely with consumers' current requirements – e.g. by using new materials such as Gore-Tex for outdoor products, fairly traded organic cotton for selected CASUAL products or Swarovski crystals for individual EDITION items. These innovations are complemented by a modern, customer-oriented presentation of the collections across all distribution channels from the point of sale to the online shop.

The TAIFUN brand family

Accounting for 15.5% of total revenues (previous year, HALLHUBER consolidated for only nine months: 16.1%), TAIFUN stands for urbane fashion that is trend-oriented and at the same time suitable as businesswear. TAIFUN has a feminine orientation and presents an intelligent mix of formal businesswear and casual fashion that combines different styles. Due to the high acceptance enjoyed by the TAIFUN collection, the brand is to be expanded going forward and to be presented more autonomously and in a more urbane environment. A new store concept has been designed for the presentation of the unique TAIFUN style, which is to be rolled out in the coming months. Moreover, the first brand-specific accessories were developed in the past financial year 2015 / 16, which match the TAIFUN collection items to round off the portfolio and complete the TAIFUN universe.

The somewhat younger and online-oriented target group allows us to position TAIFUN as a brand that plays a pioneering role in the digitalisation of the GERRY WEBER brand universe. The cooperation with bloggers and the introduction of digital fitting rooms in September of the past financial year 2015 / 16 reflect this trend and mark the beginning of the digitalisation of the TAIFUN brand. The digital fitting rooms adapt the online shopping process; as soon as a customer enters the fitting room with an RFID-labelled product, recommendations are made regarding possible combinations, garment sizes and alternative items. Moreover, the shop assistant may be called at any time at the press of a button. The shopping experience is rounded off by atmospheric light which may be adapted to the customer's specific taste.

The SAMOON brand family

SAMOON stands for high-quality plus-size fashion. SAMOON offers casual, self-confident garments made from high-quality materials with a flattering fit for women wearing sizes 42 to 54. SAMOON customers prefer to buy their garments online, which is reflected in the disproportionate share of online revenues compared to the other GERRY WEBER Core brands. Accounting for 4.5% of total sales revenues (previous year: HALLHUBER consolidated for only nine months: 4.8%), SAMOON has huge potential as a brand with a constantly growing customer base in the industrialised countries. In view of the preferences displayed by SAMOON customers as well as the generally growing volume of online business, we expect SAMOON to grow primarily in the online segment.

The talkabout brand

The new "talkabout" brand was launched in mid-2016 to complement the GERRY WEBER brand family. Reflecting the popular "contemporary" style, the brand was first presented at the Panorama fashion fair in Berlin in July 2016. The motto of talkabout is "Life is what happens every day". The design of talkabout is purist, elegant and easy-going at the same time. The talkabout design team develops an individual selection of approx. 15 items per month, i.e. 12 collections per year. The new brand is currently presented by some 30 selected Wholesale partners to test its acceptance among customers. Accordingly, the revenue and earnings contribution made by the new brand in the past and the current financial year is of relatively low importance for the GERRY WEBER Group as a whole. The experience gained over the past months has shown, however, that talkabout is very well received by customers, which is why the number of sales spaces is to be increased to between 120 and 150 in spring 2017.

HALLHUBER brand family

Since the acquisition of HALLHUBER Beteiligungs GmbH in February 2015, HALLHUBER and its brands – "HALLHUBER" and "HALLHUBER Donna" – have formed part of the GERRY WEBER brand universe. HALLHUBER is feminine, modern and style-setting and always reflects the zeitgeist. HALLHUBER offers fashion-loving women a unique choice of ready-to-wear items, accessories, bags and shoes to create individualised looks. HALLHUBER uses carefully selected high-quality fabrics to produce trendy favourite items with great love for detail. HALLHUBER was fully consolidated with effect from the second quarter of the financial year 2014/15. At the end of the financial year HALLHUBER operated a total of 342 sales spaces and accounted for 20.3% of the Group's total sales revenues (previous year: 12.5 %).

Restore the previous profitability of the GERRY WEBER Core Retail segment

Optimising the GERRY WEBER Core Retail segment with the aim of increasing its profitability is another element of the FIT4GROWTH programme. Besides the streamlining of the store portfolio, which has largely been completed, the flexibilisation of fixed costs is another important task. New working time schemes, the improved allocation of working hours, the reduction of administrative tasks and the increased use of variable compensation components are designed to support a fixed cost structure that is matched to sales revenues. This also includes the increased use of turnover-based rental schemes such as concession stores.

20.3

PERCENT
was the share of HALLHUBER in total Group sales.

Vertically integrate and strengthen the Wholesale segment

With a view to achieving sustainable profitable growth in the long term, we place a major focus on our vertical integration strategy. This also includes the ongoing vertical integration of the Wholesale segment. In the context of the FIT4GROWTH programme, we have introduced partnership schemes to gain better control over the merchandise flow and to offer our Wholesale partners improved services for their respective points of sale. Depending on the status of the partnership programmes, GERRY WEBER experts assume responsibility for placing merchandise in our partners' shop-in-shops; this involves the replenishment of sold out products as well as the replacement of collection items during the season. We have also introduced a partial takeback of unsold merchandise which is then sold at our GERRY WEBER outlet stores after the end of the season.

In cooperation with selected Wholesale partners, we have launched a new brand that has been developed exclusively for the Wholesale segment. Offering 12 monthly collections, the new talkabout brand is fully vertically integrated and thus supports the ongoing vertical integration of the Wholesale structures.

Digitalise and connect the distribution channels

In times of declining customer footfall in the city centres and fundamentally changing customer behaviour, it is of central importance to be able to serve several distribution channels at the same time. Not only the online commerce as such but also the connection of online and physical commerce plays an important role in this context. Consumers are calling for an increasingly connected shopping experience where the "channel" through which they buy a product is of secondary importance. The only important thing is the ability to fulfil customers' wishes and specific requirements as quickly and conveniently as possible.

Over the next 12 months, our digitalisation strategy will focus on the refinement of existing offerings and systems. Scheduled for relaunch in spring 2017, the fully responsive GERRY WEBER online shop will for the first time separate the individual GERRY WEBER Core brands in order to ensure a clear and customised approach to each individual customer group. In addition, we plan to offer smaller collection capsules exclusively for the online shops with a view to increasing the customer target group on the one hand and expanding the online distribution channel on the other hand.

To further push ahead with the digitalisation of our company, we are working on a roadmap which comprises measures that will enable us to increase our online revenues significantly over the next five years and to achieve the full integration of the distribution channels.

Grow HALLHUBER in a controlled and consistently profitable manner

Apart from entering new markets, HALLHUBER will continue to focus on expanding its presence in existing markets. Norway is the eighth country after Germany, Austria, Switzerland, the Netherlands, Belgium, Luxembourg and the UK in which HALLHUBER sets up shop. The sales spaces break down into 138 mono-label stores, 188 concession stores as well as 16 outlet stores. The number of own points of sale is to be expanded by 40–50 in the financial year 2016 / 17, making HALLHUBER a growth driver of the GERRY WEBER Group.

Management and control / key performance indicators

To achieve our strategic objectives, we need key performance indicators and figures to measure the results of our activities. It is the long-term goal of GERRY WEBER International AG to return to profitable growth and to increase the enterprise value. The Group's key performance indicators therefore comprise sales revenues as well as earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation and amortisation (EBITDA).

The profitable **growth of the Group's revenues** is an important corporate objective and a key performance indicator used by the Managing Board to control the company. The **breakdown of sales revenues by distribution channels (GERRY WEBER Core Retail and Wholesale as well as HALLHUBER) and brands (GERRY WEBER, TAIFUN, SAMOON, talkabout)** is another important KPI, as it reflects the growth of the individual brands and distribution channels.

Earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation and amortisation (EBITDA) are important KPIs for controlling the Group's profitability. Any operational decision is gauged by its sustained impact on EBIT and EBITDA in the short and long term. Targets for these parameters are determined in the context of the annual budget planning process. We primarily use EBIT as a key performance indicator, as it allows the performance over several reporting periods to be assessed most effectively.

* KEY PERFORMANCE INDICATORS

- **UMSATZ**
- EBITDA
- **EBIT**

In addition to sales and earnings, the number of newly opened HALLHUBER stores and shops is a key performance indicator of the HALLHUBER segment. 40–50 new HALLHUBER points of sale are to be opened per financial year in Germany and abroad. Over the next months, the expansion of HALLHUBER will be a growth driver of the GERRY WEBER Group. Our expansion strategy will not focus on the store portfolio of the GERRY WEBER Core brands in the next 12 months. However, the number of sales spaces / square metres of sales space remains an important non-financial performance indicator of the company.

In addition, we have defined company-specific early indicators whose material changes may have a positive or negative impact on the net worth, financial and earnings position. These include, among other things, the performance per square metre of sales space, the conversion rate for the Retail segment or – for the Wholesale segment – the percentage of retailers using our partnership schemes.

ECO-NOMIC AND SECTOR REPORT

The sales and earnings performance of the GERRY WEBER Group as a fashion and lifestyle company primarily depends on consumers' spending behaviour. On the one hand, consumers' behaviour is influenced by the economic situation in each country as well as by consumers' disposable incomes; on the other hand, structural factors such as declining footfalls in small and medium-sized cities are playing an increasingly important role. The shift to the online world and the resulting increased availability of products and high price transparency have already led to significant changes in customer behaviour.

Macroeconomic situation

The International Monetary Fund (IMF) is viewing **the global economic trend** critically. According to IMF Managing Director Christine Lagarde, 2016 was the fifth consecutive year in which global economic growth fell short of the 1990–2007 average of 3.7%. The IMF projects a growth rate of 3.1% for the global gross domestic product in 2016. The IMF had slightly downgraded its forecast of January 2016 in October in response to lower-than-expected US growth figures and Britain's vote to leave the European Union. Although the potential repercussions are difficult to quantify, the IMF predicts a substantial increase in economic, political and institutional uncertainty. While the World Bank also downgraded its January forecast clearly from 2.9% to 2.4%, the OECD still projects a growth rate of 2.9% for 2016.

The **German economy** was again primarily driven by construction spending and private consumption in 2016. Having grown by 0.7% and 0.4% in the first and second quarter, respectively, the economy slowed down noticeably to a growth rate of 0.2% in the third quarter. The leading indicators are suggesting a year-end rally for the fourth quarter, however. The ifo Business Climate Index, for instance, marked a two-year high at the end of 2016. Many CEOs are hence expecting a good start for 2017. The leading research institutes project a growth rate of approx. 1.9% for 2017. According to the experts, however, the start of the negotiations about Britain's exit from the EU could lead to growing uncertainty. Moreover, German exports could be adversely affected by a Trump administration's potential decision to restrict free trade and shut off the US market. While economic researchers consequently agree that economic growth in 2017 will be lower than in 2016, the forecasts issued by the individual institutes differ significantly and currently average 1.5%.

Consumer behaviour in the German core market

Accounting for 62.8% of total Group revenues, Germany remained the GERRY WEBER Group's most important output market in the financial year 2015 / 16. The Consumer Climate Index for Germany computed by GfK (Gesellschaft für Konsumforschung), which aggregates "economic outlook", "income expectations" and "willingness to buy" into a single indicator, was very robust in 2016 and was not overly impressed by uncertainties such as the Brexit vote, the terrorist attacks or geopolitical developments. From July to September 2016, economic expectations declined moderately, only to pick up again over the following months.

62.8

PERCENT
of the GERRY WEBER Group revenues were generated in Germany.

At the beginning of the GERRY WEBER Group's financial year 2015/16, economic outlook of the German population stood at –5.3 points, the lowest level since 2011, due to the expectation of higher unemployment figures resulting from the influx of asylum seekers. As the year progressed, they picked up steadily and closed at 13 points in October 2016. Income expectations and the willingness to buy stayed at a consistently high level throughout the financial year, with the latter, in particular, again turning out to be a major driver of the German economy. Income expectations declined slightly at the end of the financial year 2015/16, dropping to 44.8 points in October 2016 from 59.6 points in June 2016, the highest level since German reunification. The consumer climate, as an overall indicator of economic outlook, income expectations and willingness to buy, continued to climb from its already high level in the reporting period and closed at 10 points in October 2016, up from 9.4 points in November 2015.

Consumer climate in Europe

In the fourth quarter of the calendar year 2015, consumer sentiment in Europe was influenced by low consumer prices and good economic conditions but also by the attacks in Paris. As the positive aspects dominated during this period, the consumer climate for the European Union climbed 1.9 points to 12.2 points. In the first quarter of 2016, however, European consumers' awareness of the negative aspects increased as a result of the closure of the Balkan route and the growing influx of refugees, the war in Syria and the increasing risk of terrorist attacks. The consumer climate declined by 3.2 points to 9 points. As the second quarter of 2016 was primarily influenced by country-specific topics, the consumer climate in the individual countries differed considerably. The overall climate index for Europe climbed 4.1 points to 13.1 points. The British population's decision to leave the European Union was undisputedly the dominant topic of the third quarter. The consumer climate and, in particular, economic outlook dropped in all countries, especially in Great Britain, in some cases quite dramatically (June/July) but recovered quickly (September). By contrast, the European real economy showed a positive trend. As political uncertainty increased, the positive trend of the real economy was unable to defy consumers' feeling of uncertainty. After the Brexit vote, the indicator lost 10 points from June to July but largely recovered by September 2016, when it was back at the level seen at the beginning of the reporting period (12.3 points).

Development of the GfK consumer data for Germany during the Financial Years 2013/14, 2014/15 and 2015/16
GfK Indicator points

12.3

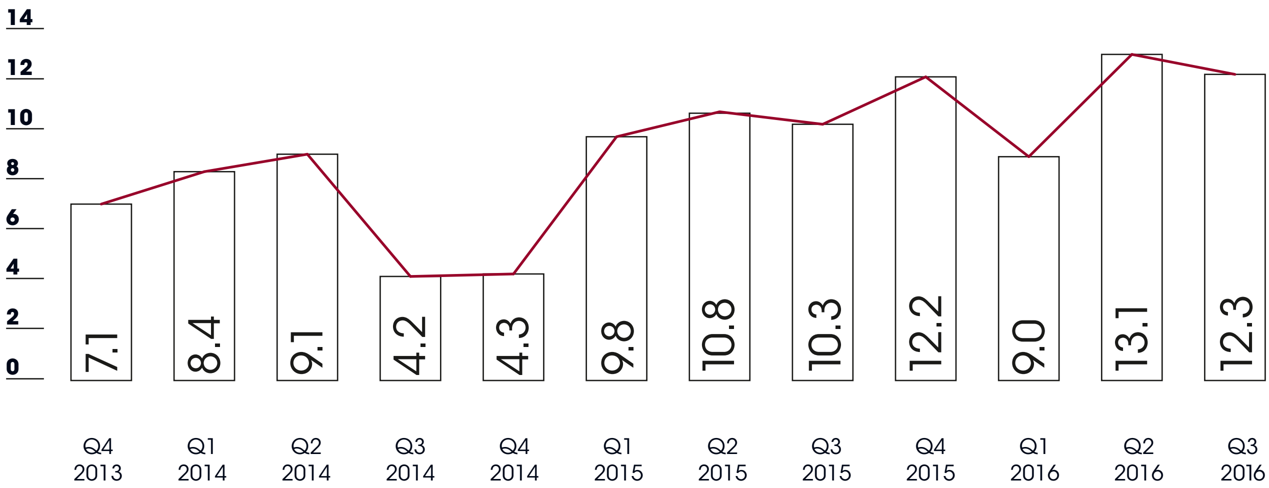
points highest level of the GfK consumer confidence index in the third quarter of 2016

Russia

Sales revenues of approx. EUR 18 million make Russia an important output market of the GERRY WEBER Group, although we have no own Retail operations in the country. The low oil price and the sanctions imposed by the west as a result of the Crimean crisis remain the key problems of the Russian economy. Fossil raw materials continue to account for about 70% of Russia's exports and half of the Russian budget.

While Russia's gross domestic product (GDP) contracted by 3.7% in the calendar year 2015, the first signs of a slowdown in the downward trend became apparent in the course of 2016. Following a weak first and second quarter, in which Russia's GDP fell by 1.2% and 0.6%, respectively, it declined by only 0.4% in the third quarter. Even though the forecasts for 2016 range from sceptical (World Bank and International Monetary Fund: –0.8%) to cautiously optimistic (Russia's Ministry for the Economy: –0.6%), 2016 was the first year since 2009 to see a decline in real wages.

Consumer Climate in Europe during the financial years 2013/14 to 2015/16
GfK Indicator points



Declining footfall in German shopping malls and city centres

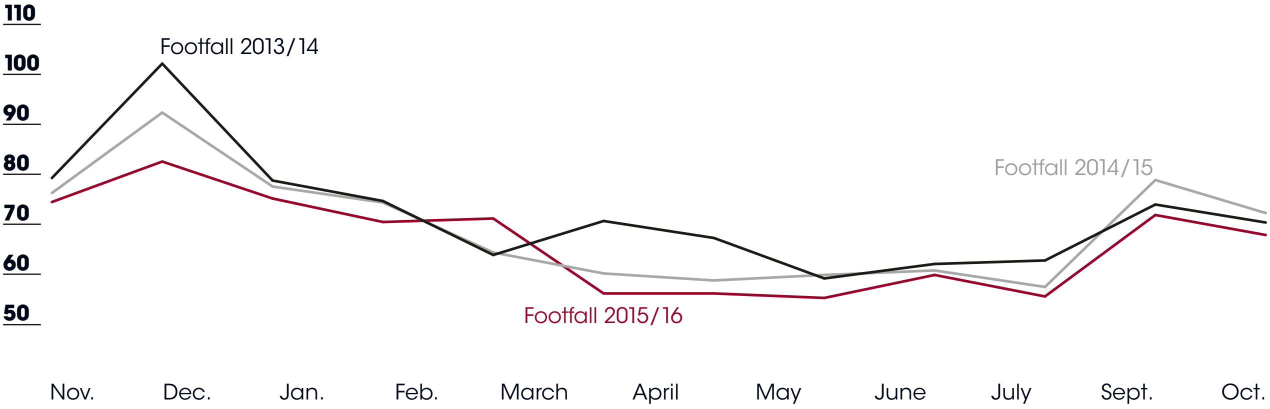
The ShopperTrak Index is a national benchmark indicating footfall in Germany's shopping centres and retail stores. It was defined with a baseline of 100 in the 41st calendar week of 2004. The chart below shows the changes in footfall over the past three financial years of GERRY WEBER.

The chart clearly shows that footfall in shopping malls and city centres declined significantly over the past three years. Comparing the average footfall of 72.2 in FY 2013 / 14 with the averages of 69.5 in FY 2014 / 15 and 66.5 in FY 2015 / 16, it is obvious that the entire fashion industry will be facing declining footfall figures in the long term. This is particularly true of small and medium-sized cities, which are becoming less and less attractive as shopping destinations. We at GERRY WEBER therefore need to adjust our activities. Apart from pursuing a multi-channel approach, i. e. integrating the retail and online channels and expanding our online activities, this also means offering each individual customer better services. The fewer customers visit our stores, the more important each individual customer becomes.

The German textile retail sector

The German fashion industry was again unable to benefit from the good consumer climate. According to TW Testclub, a panel of German trade magazine Textilwirtschaft, sales fell by an average of 3% to 4% during GERRY WEBER's financial year 2015 / 16, reflecting both unseasonal weather conditions, such as temperatures of more than 30 degrees in September, and the decline in footfall in small and medium-sized cities discussed above. In the first three months of GERRY WEBER's financial year (November and December 2015 and January 2016), sales were disappointing at –5%, –1% and –4%. The 3% increase in sales in February was only a short ray of hope, and it was based on a low prior year level. In March 2016, sales were up by 2% on the previous year. The summer months of May, June, July and August were again disappointing at –1%, –2%, –3% and –3%, followed by a dramatic –16% slump in industry-wide sales in September. With temperatures at very

German Footfall in FY 2013/14, 2014/15 and 2015/16



The ShopperTrak Index is a national benchmark of the visitors frequency in shopping malls and high streets in Germany. Basis: KW 41/2004=100. Source: http://uk.shoppertrak.com/

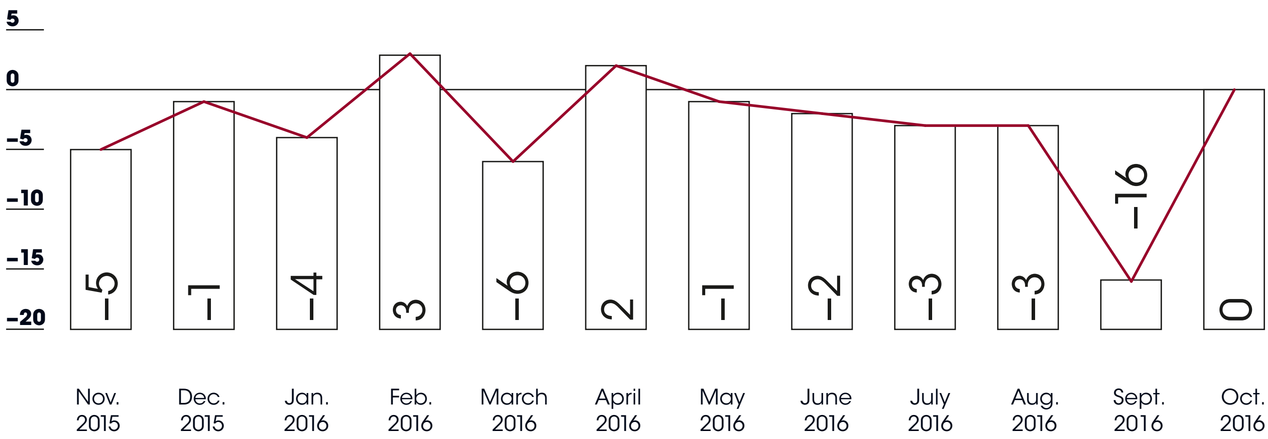
high levels, the autumn / winter merchandise that had just arrived in the stores mostly stayed on the shelves. October was unable to catch up, with sales coming in on a par with the same month of the previous year.

Overall assessment of the economic environment in the financial year 2015 / 16

The sales figures of Germany's textile retail sector continue to contrast sharply with the still very good consumer climate and private households' high willingness to buy. A 7.6% decline in like-for-like sales of the GERRY WEBER Core brands shows that GERRY WEBER was unable to defy this market trend in the financial year 2015 / 16.

Besides a shift in consumer preferences to other product groups such as electronics, travel and real estate, a structural change in shopping behaviour is being felt almost throughout the fashion industry. Consumers who buy fashion products in physical stores increasingly tend to do so in the big cities, whereas small and medium-sized cities are facing sharply declining footfalls. While we are largely able to counteract unseasonal weather conditions and avoid high inventories thanks to our open-to-buy limits, such weather conditions still lead to a shortfall in sales revenues. We must increase our online presence, especially for the HALLHUBER, TAIFUN and SAMOON brands, in response to the growing online commerce, which is increasingly happening on smart phones and no longer on personal computers. Young consumers, in particular, are no longer making their purchasing decisions in the shopping mall of their small home town but more and more often on the couch while watching TV, on the train on their way to work or during their lunch break using their smart phones. While the increase in online sales cannot offset the drop in sales in physical stores, it is becoming increasingly important to design our online activities in such a way that they serve as a distribution channel on the one hand but also as a means of communication to integrate online and physical commerce and bring consumers back to the stores on the other.

Total sector sales according to Textilwirtschaft in the Financial Year 2015/16
in percent



ACHIEVEMENT OF TARGETS AND OBJECTIVES

It is the long-term objective of GERRY WEBER International AG to return to profitable growth and to increase the company value in the process. Sales revenues, earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation and amortisation (EBITDA) are the key performance indicators used by the Group to quantify this objective. Targets for these KPIs are defined in the context of the annual budget planning process.

Growing its points of sale in a controlled and dynamic manner is the main growth target of HALLHUBER, which is achieved through the opening of new company-managed POS. For the past financial year 2015/16, HALLHUBER had set itself the objective to open 50 to 60 new HALLHUBER points of sale in Germany and abroad. This target was met and exceeded, with 67 new stores opened and the total sales space expanded by approx. 7,000 sqm or 19%.

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Target achievement

Target achievement

	Forecast 2015/16	Target achievement 2015/16
Sales	**Target: Group sales:** EUR 890–920 million (prev. year: 920.8 million) **Target: sales HALLHUBER** EUR 180–190 million	**Group sales:** EUR 900.8 million **Sales stake HALLHUBER:** EUR 183.2 million
EBITDA (reported)	**Target: Group EBITDA** EUR 60–70 million	**Group EBITDA:** EUR 77.3 million – These include EUR 16.2 million extraordinary costs related to the FIT4GROWTH programme
EBIT (reported)	**Target: Group EBIT** EUR 10–20 million.	**Group EBIT:** EUR 13.8 million – These include EUR 16.2 million extraordinary costs and EUR 15.0 million depreciation related to the FIT4GROWTH programme
HALLHUBER	**Target: Number of Openings** 50–60 points of sales	**Number of Openings:** 67 points of sales

37

NEWLY OPENED
HALLHUBER sales spaces

Revenue targets reached

In February 2016, GERRY WEBER International AG announced separate forecasts for GERRY WEBER Core (GERRY WEBER, TAIFUN, SAMOON) and HALLHUBER for the full financial year 2015/16. When drawing up the projections on the basis of market conditions at the time of the forecast, the Managing Board expected the Group to generate consolidated sales revenues of EUR 890 million to EUR 920 million in the financial year 2015/16. The Managing Board of GERRY WEBER International AG expected HALLHUBER to contribute between EUR 180 million and EUR 190 million to the Group's total sales revenues. Group revenues of EUR 900.8 million and revenues of EUR 183.2 million generated by the HALLHUBER segment mean that the GERRY WEBER Group reached its revenue targets for the reporting period.

Group's earnings in line with projected targets

The target for the financial year 2015/16 was to generate consolidated earnings before interest, taxes, depreciation and amortisation (Group EBITDA reported) of between EUR 60 million and EUR 70 million. This amount already included budgeted extraordinary expenses of EUR 25 million resulting from the measures implemented as part of the FIT4GROWTH realignment programme. Actual EBITDA in the financial year amounted to EUR 77.3 million and included extraordinary expenses of EUR 16.2 million.

A target of EUR 10 million to EUR 20 million had been set for the Group's earnings before interest and taxes (EBIT reported) for the financial year 2015/16. The EBIT target included extraordinary effects and depreciation/amortisation resulting from the FIT4GROWTH programme in the amount of EUR 36 million, which break down into extraordinary effects of EUR 25 million and depreciation/amortisation of EUR 11 million based on the one-time measures of the FIT4GROWTH programme. Actual EBIT in the financial year 2015/16 amounted to EUR 13.8 million and include extraordinary expenses of EUR 31.2 million as well as non-recurrent income from the sale of Hall 30 in the amount of EUR 21.9 million. This means that earnings, too, are in line with the targets announced for the financial year.

In the financial year 2015/16 HALLHUBER could not fully reach its earnings projections as planned. In spite of having generated EUR 183.2 million in sales, which was in line with the given guidance of between EUR 180 and 190 million, HALLHUBER EBITDA fell short of expectations (EUR 15 to 20 million) and amounted to EUR 8.3 million. The same applies to HALLHUBER EBIT, which also came in below the given guidance and amounted to EUR -4.5 million. The HALLHUBER results situation is explained in detail in the earnings situation section of this consolidated management report.

Achievement of objectives defined in the context of the FIT4GROWTH realignment programme

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To secure its key corporate objective of sustainable profitable growth, the management of GERRY WEBER International AG defined a realignment programme in February 2016. Entitled FIT4GROWTH, the programme is scheduled for two years and comprises four elements: "Optimise the Retail operations", "Adjust structures and processes", "Strengthen the Wholesale operations" and "Modernise the brands". Each element consists of different measures, part of which were implemented already in FY 2015/16 as defined in the time schedule. Some of the measures also extend into the financial year 2016/17, however. The achievement of objectives for the individual elements of the programme is outlined below:

Optimise the Retail operations

In the first year of the FIT4GROWTH programme, 75 of the planned 103 stores of the GERRY WEBER, TAIFUN and SAMOON brands were closed. The remaining stores will be closed as planned by mid-2017. In accordance with the corresponding degree of concretisation of the remaining measures, depreciation and extraordinary burdens were considered in the annual financial statement. With a view to improving the brand experience, we not only arranged the shop windows of the TOP stores in a more modern style but also started to redesign our flagship stores.

The digitalisation strategy plays a key role in improving the brand experience and presenting our brands in a more customer-specific manner. Here, too, a lot has been achieved: the product presentation in the GERRY WEBER online shop was redesigned from scratch and aligned with the different customer requirements of the individual brands. A new photo studio installed close to the design teams supports the timely realisation of the collection statements. Moreover, HALLHUBER introduced Click&Collect to further push ahead with the integration of the physical stores and the online shop. The digitalisation strategy is a key element of our future positioning. For detailed information about the digital positioning of the GERRY WEBER Group, please refer to the chapter entitled "Strategy and objectives" in this Group management report.

Adjust structures and processes

To increase the effectiveness and shrink the cost base, all material business processes and workflows were analysed in the course of the year and adjusted where necessary. As a result, about 200 positions were cut at the headquarters in Halle/Westphalia. The corresponding social compensation plans and agreements were negotiated and implemented in the 2015/16 reporting period. At the beginning of 2016 we also started to transfer all logistic processes to the new logistic centre and to gradually ramp up the capacity. We expect the transfer of the eight existing logistic warehouses to a single logistic centre operated by our company and matched to our requirements to result not only in improved logistic processes but also in significant cost savings in the following years.

75

of the 103 stores that were defined in the context of the FIT4GROWTH programme were already closed.

Strengthen the Wholesale operations

To support our Wholesale partners, we have defined and already started to implement various measures to offer them a better service and to control the flow and the presentation of merchandise more effectively. This includes, among other things, the introduction of partnership schemes. Depending on the (bronze, silver, gold or platinum) status of the partnership programmes, we assume responsibility for placing merchandise in the external shop-in-shops; this involves the replenishment of sold out products as well as the replacement of collection items during the season. Depending on the partnership status, we even take back part of the merchandise that has not been sold. The newly introduced partnership models not only optimise the presentation of the GERRY WEBER collections at the points of sale but also lead to improved pricing and, as a consequence, better margins for both partners. As many as 40% of our Wholesale customers in the DACH region use this form of partnership.

The launch of the talkabout brand exclusively for the Wholesale segment is another measure aimed at strengthening the Wholesale operations. The collections have been developed jointly with ourWholesale partners and were tested in 30 shop-in-shops in the past financial year 2015/16. Due to the positive feedback, the number of talkabout sales spaces will be increased to 120 to 150 shop-in-shops over the next twelve months.

Modernise the brands

In order to strengthen the GERRY WEBER, TAIFUN, SAMOON, talkabout and HALLHUBER brands and allow them to operate more independently in the market, we have established Strategic Business Units. The aim is to place a stronger focus on the brands and core products of the Group and to give the respective decision-makers maximum autonomy in catering to their target customers' specific needs and requirements. A total of four strategic Business Units were established: GERRY WEBER (including talkabout), TAIFUN, SAMOON as well as HALLHUBER.

To modernise the GERRY WEBER Core brands, we not only made the presentation of the brands at the point of sale more attractive but also sharpened the respective image of each brand. The visuals used for the brand campaign have been revised and updated. Each brand now presents its own style. At the same time, the brand logos have been redesigned and adapted to the new styles.

Our high-quality collections are at the heart of our company. To further modernise our products and adapt them to consumers' changing needs, we not only updated the composition of our collections but also invested in the value of our products. We further expanded the CASUAL sublabel with a view to modernising the GERRY WEBER brand family. CASUAL stands for casual chic and the use of mostly natural materials; some 5% of the shirts are already made of fairly traded organic cotton. Consumers can trace the origin of a product back to the cotton plantation. The CASUAL sublabel is supported by a dedicated shop fitting concept based on natural materials. The value of our products has been increased not only through the use of new materials of the highest quality, e.g. Gore-Tex for outdoor apparel or special denim materials for EDITION, but also through special finishes and details such as high-quality Swarovski crystals, which add a modern and exclusive touch to our products.

5

PERCENT
of the GERRY WEBER CASUAL shirt merchandise is made of fair trade organic cotton.

TAIFUN combines casual styles for every day with individualised business outfits. Individual items and accessories for special occasions have been added to the collection to complement the style universe of the urban target group. The somewhat younger and online-oriented target group allows us to position TAIFUN as a brand that plays a pioneering role in the digitalisation of the GERRY WEBER brand universe. Our cooperation with bloggers and the introduction of digital fitting rooms ideally reflect this trend, as does the customised, elegant TAIFUN shop concept.

We reached nearly all of the objectives we set ourselves for the past financial year 2015/16. The measures aimed at reducing the cost structure have largely been completed but will not be fully reflected in our financial figures before the next financial year 2017/18. While we have already implemented a wide range of measures to modernise the GERRY WEBER, TAIFUN and SAMOON brands, we will continue to focus on modernising our collections and adjusting them to consumers' requirements.

NET WORTH, FINANCIAL AND EARNINGS POSITION

Sales performance

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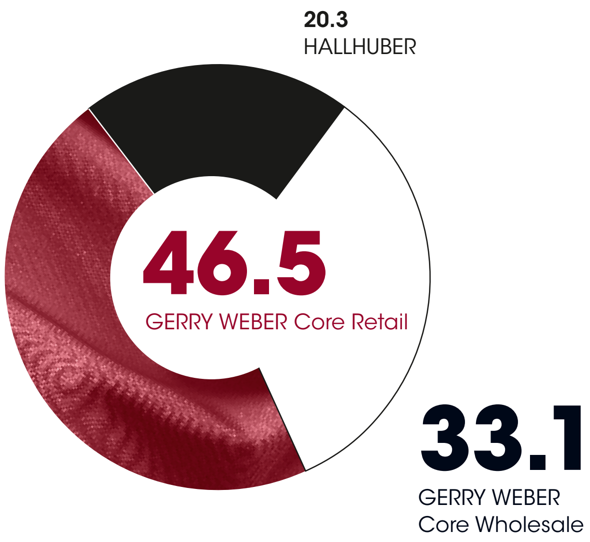
External and internal factors had an adverse impact on our business performance, leading to a 2.2% decline in the GERRY WEBER Group's consolidated sales revenues to EUR 900.8 million in FY 2015 / 16 (previous year: EUR 920.8 million). The textile retail sector has been unable to benefit from the good economic environment, especially in Germany, our biggest market. Market conditions for the fashion retail sector as a whole remain challenging and difficult. Declining customer footfall in the city centres and shopping malls and changing consumer behaviour have weighed on sales in the German fashion retail sector. Like-for-like sales of the German fashion retail sector were down by 3% to 4% on the previous year in the financial year of GERRY WEBER.

Sales revenues of the GERRY WEBER Core brands (GERRY WEBER, TAIFUN and SAMOON) declined by 10.9% to EUR 717.6 million in the reporting period (previous year: EUR 805.6 million). Our HALLHUBER subsidiary contributed EUR 183.2 million (previous year: EUR 115.2 million) or approx. 20.3% to total Group revenues, compared to 12.5% in the previous year. In this context, it should be noted, however, that HALLHUBER was consolidated only as of February 2015 and therefore only contributed to the Group's total revenues for a nine-month period in the financial year 2014 / 15, which impairs the comparability of the two financial years.

The GERRY WEBER Core segment comprises the Retail segment and the Wholesale segment. Core Retail revenues declined from EUR 440.3 million to EUR 419.2 million in the financial year 2015 / 16 and represented 46.5% of total Group revenues. Wholesale revenues dropped sharply by 18.3% to EUR 298.4 million.

The chart below shows a breakdown of Group revenues by segments:

Breakdown of 2015 / 16 Group revenues by segment
as of 31 October 2016 in percent



900.8

million Euro Group sales revenues
in financial year 2015 / 16

Sales performance of the GERRY WEBER Core Retail segment

The sales revenues of the GERRY WEBER Core brands – GERRY WEBER, TAIFUN and SAMOON – are generated at our company-managed points of sale and counted towards the GERRY WEBER Core Retail segment, which also includes the revenues generated by the GERRY WEBER, TAIFUN and SAMOON brands through our own online shops. Sales revenues of the Core Retail segment declined by 4.8% to EUR 419.2 million in FY 2015 / 16 (previous year: EUR 440.3 million). The reduction is primarily attributable to lower like-for-like revenues, which were down by 7.6% on the previous year. Like-for-like revenues are defined as revenues generated by all POS that are older than two years.

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The closure of stores also had an adverse impact on Retail revenues. 75 of the 103 planned stores that are to be closed in the context of the FIT4GROWTH realignment programme were closed in FY 2015 / 16. The remaining 28 stores will be closed by mid of 2017. As a result, the number of company-managed points of sale declined from 987 to 924 although a small number of new stores were opened. This total includes 295 concession stores.

The GERRY WEBER Core online business showed a positive trend. Online revenues increased by 10.3% from EUR 23.8 million to EUR 26.1 million in the reporting period.

A breakdown of GERRY WEBER Core Retail revenues by shop formats shows that the 594 Houses of GERRY WEBER and mono-label stores contributed 71.4% to total Retail revenues (previous year: 74.8%). The revenue shares of the concession stores and the online shop increased from 5.6% to 10.2% and from 5.6% to 6.3%, respectively. The chart below shows a breakdown of Group revenues by shop formats:

Breakdown of 2015 / 16 GERRY WEBER Core Retail revenues by distribution channel in percent

Sales performance of the GERRY WEBER Core Wholesale segment

Most of our Wholesale partners were also unable to defy the difficult market environment. This resulted in lower order volumes, which had an adverse impact on the Wholesale segment's revenues. Accordingly, the latter declined by a notable 18.3% from EUR 365.4 million to EUR 298.4 million. To counteract this trend, we have already initiated comprehensive measures to support our Wholesale partners and offer them even better service. The introduction of partnership schemes and the launch of the talkabout brand, which is available exclusively at our Wholesale partners' stores, have already been described in detail in this Group management report.

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Sales performance of HALLHUBER

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Our HALLHUBER subsidiary contributed EUR 183.2 million or 20.3% (previous year: 12.5%) to the GERRY WEBER Group's total sales revenues. In this context, it should be noted that the previous year's consolidated financial statements covered only nine months of HALLHUBER's financial year, which impairs the comparability with the prior year figures.

Over the 12-month period, HALLHUBER's revenues increased from EUR 155.6 million (Nov. 2014–Oct. 2015) by 17.7%. This growth is attributable not only to the newly opened POS but also to the existing stores. HALLHUBER's like-for-like revenues increased by 2.1%, clearly outperforming the German fashion market as a whole (–3% to –4%). The revenue growth was also driven by online sales, which were up by 44.9% on the prior year period. Online revenues of EUR 17.8 million represented 9.7% (previous year: 8.3%) of HALLHUBER's total revenues.

HALLHUBER opened 67 new points of sale in the financial year 2015 / 16. As at 31 October 2016, the company operated 342 points of sale with a total size of approx. 45,000 sqm in Germany and abroad.

Brand sales performance

The individual brands' shares in total Group revenues cannot be fully compared with the prior year figures, as HALLHUBER was consolidated only as of February 2015, i. e. only for nine months of the financial year 2014 / 15.

183.2

MILLION EURO

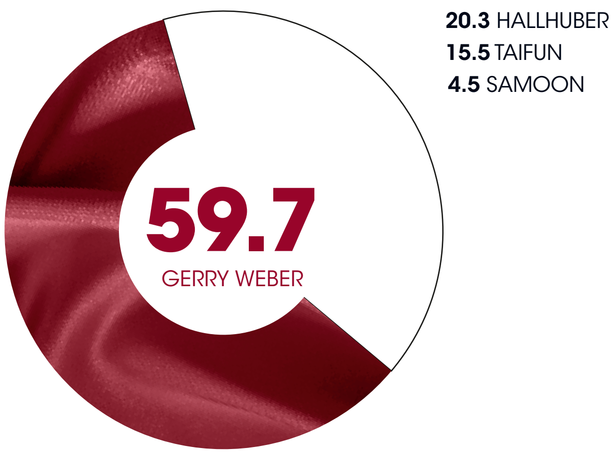
HALLHUBER contribution to Group sales in the financial year 2015/16

The GERRY WEBER brand family, which includes the sublabels COLLECTION, EDITION, CASUAL and G.W, contributed 59.7% (previous year: 66.6%) to total Group revenues in the financial year 2015 / 16. This decline is explained by the initial full consolidation of the HALLHUBER brand and its strong presence as the growth driver of the GERRY WEBER Group. The EDITION and CASUAL sublabels meanwhile account for more than half of the GERRY WEBER brand family's revenues.

A breakdown of the GERRY WEBER Core revenues (excl. HALLHUBER) shows that the GERRY WEBER brand family accounted for 75.0% of total sales revenues (previous year: 76.1%). The decline on the previous year is primarily due to the good performance of TAIFUN. Within the GERRY WEBER Core brands, TAIFUN increased its share of sales from 18.4% in the previous year to 19.3% in 2015 / 16. At 5.7%, the share of the SAMOON brand was slightly higher than in the previous year (5.5%).

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

Breakdown of 2015/ 16 Group revenues by brand family
in percent



Regional sales performance

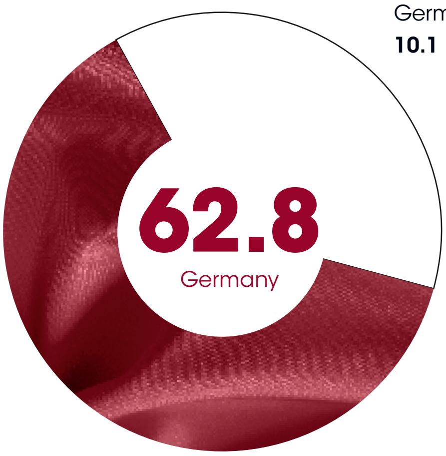
Accounting for 62.8% of total Group revenues (previous year: 62.4%), Germany remains the most important output market of the GERRY WEBER Group. The GERRY WEBER Core brands generate 58.9% (previous year: 60.0%) of their revenues in Germany, while HALLHUBER generates as much as 78.5% of its revenues in the German home market.

An isolated look at the revenues of the GERRY WEBER Core brands shows that the percentage of revenues generated in Germany declined moderately due to the fact that most of the store closures implemented in the context of FIT4GROWTH occurred in Germany. Accounting for 7.5% and 6.3%, respectively, the Netherlands and Austria are also important output markets of the GERRY WEBER Core brands. HALLHUBER generates 9.0% of its revenues in Switzerland.

Foreign markets accounted for 37.2% of the Group's total sales revenues, which breaks down into 27.1% (previous year: 27.3%) for the European Union (excl. Germany) and 10.1% (previous year: 10.3%) for Non-EU markets.

Breakdown of 2015 / 16 Group revenues by regions (incl. HALLHUBER):

Breakdown of 2015/16 Group revenues by region (incl. HALLHUBER) in percent



Earnings position

Condensed proft and loss account 2015 / 16 and 2014 / 15

EUR million	2015 / 16	2014 / 15	Change in %
Sales	900.8	920.8	–2.2 %
Other operating income	46.3	37.7	22.8 %
Changes in inventories	12.7	12.4	–2.4 %
Cost of materials	–369.8	–392.7	–5.8 %
Personnel expenses	–202.7	–187.1	8.3 %
Depreciation / Amortisation	–63.5	–36.5	74.0 %
Other operating expenses	–308.7	–273.8	12.7 %
Other taxes	–1.4	–1.5	–6.7 %
Operating result	**13.8**	**79.3**	**–82.6 %**
Financial result	–8.6	–6.2	38.7 %
Results from ordinary activities	**5.2**	**73.1**	**–92.9 %**
Taxes on income	–4.7	–20.9	–77.5 %
Net income of the year	**0.5**	**52.2**	**–99.0 %**

As already outlined in detail, consolidated sales revenues of the GERRY WEBER Group declined from EUR 920.8 million in the previous financial year to EUR 900.8 million in the past financial year. This was not only due to the shortfall of revenues resulting from the store closures but also to the sharp drop in Wholesale revenues and the 7.6% decline in like-for-like GERRY WEBER Core Retail revenues. Our HALLHUBER subsidiary contributed EUR 183.2 million to total Group revenues. Due to the decline in the Core segments' sales revenues and the reduced profitability of HALLHUBER's revenues but also as a result of extraordinary charges resulting from the FIT4GROWTH realignment programme, the Group's profitability declined as well. The Group's earnings before interest, taxes, depreciation and amortisation (consolidated EBITDA) including all extraordinary charges amounted to EUR 77.3 million in FY 2015 / 16, compared to EUR 115.8 million in the previous year (previous year excl. extraordinary effects). The two financial years can therefore not be fully compared. Consolidated EBITDA are the result of the financial figures and business events described below.

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Other operating income increased from EUR 37.7 million to EUR 46.3 million in the financial year 2015 / 16. This includes also income from fixed asset disposals in the amount of EUR 23.4 million, which, include almost exclusively the book profit from the sale of the Hall 30 investment property. Other operating income also includes the rental income from the Hall 29 and Hall 30 showroom centres (EUR 10.7 million).

60.4

PERCENT
gross margin of the Group in financial year 2015 / 16

In spite of the 75 store closures of the GERRY WEBER Core brands (GERRY WEBER, TAIFUN and SAMOON) in the reporting period, inventories in the amount of EUR 12.7 million were built up (previous year: EUR 12.4 million). This is mostly due to the increase in non-seasonal NOS merchandise, of which higher stocks need to be kept due to the full-year reordering cycles, as well as to the store growth of HALLHUBER.

The cost of materials declined by 5.8% to EUR 369.8 million in the reporting period. Sales revenues decreased by 2.2% during the same period. The Group's gross margin improved from 58.7% to 60.4% due to an improved pricing policy at the point of sale and fewer discounts granted than in the previous year. Seen on its own, HALLHUBER's gross margin of 60.5% is at the same level as the gross margin of the Group as a whole. In the previous year, HALLHUBER's gross margin had stood at 67.1%. The year-on-year deterioration is primarily attributable to the delayed opening of new stores. Some of the points of sale that were scheduled to open with spring / summer merchandise in the first half of the year opened only in the final quarter of 2015 / 16, selling autumn / winter garments. As a result, the spring / summer merchandise that had already been ordered had an adverse impact on inventories. To quickly offset this one-time increase in inventories, HALLHUBER offered much higher discounts. This led to a decline in the gross margin compared to the prior year period. With the increased inventories resulting from the delayed store openings back to normal, HALLHUBER also expects the gross margin to return to a normal level in the financial year 2016 / 17. By contrast, GERRY WEBER Core was able to increase its gross margin significantly from 57.5% to 60.3%. Also the strict pricing policy and the reduced discounts lead to this increase. The gross margin is calculated as the cost of materials, adjusted for changes in inventories, in relation to sales revenues.

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The Group's personnel expenses increased by 8.4% to EUR 202.7 million year-on-year. This amount includes HALLHUBER's pension expenses of EUR 33.0 million. The increase on the previous year's EUR 21.5 million is due not only to the fact that HALLHUBER's headcount climbed from 1,579 to 1,847 (annual average) but especially also to the first full-year effect. HALLHUBER was consolidated only as of February 2015, i. e. it was included for nine months in the previous year's consolidated financial statements of the GERRY WEBER Group. HALLHUBER's personnel expenses as a percentage of sales declined from 18.7% in the previous year to 18.0% in the current financial year. The GERRY WEBER Core segment accounted for EUR 169.7 million of the Group's total personnel expenses. In spite of the staff cuts at the Group's headquarters and in the Retail segment from 5,448 to 5,174 staff members, the Core segment's personnel expenses rose by a moderate 2.5% or EUR 4.1 million. This includes, among other things, severance payments in the context of the job cuts but partly also the personnel expenses for the newly hired staff of the logistic centre.

Depreciation / amortisation rose sharply from EUR 36.5 million to EUR 63.5 million in FY 2015 / 16. In this context, it should be noted that extraordinary write-downs of approx. EUR 15 million relating to the store closures had an adverse impact on the Group's depreciation / amortisation. Moreover, depreciation / amortisation of our HALLHUBER subsidiary increased from EUR 8.5 million in the previous year to EUR 12.8 million because of the full-year effect. This amount includes the Group's depreciation of the purchase price allocation for HALLHUBER in the amount of EUR 6.5 million. In addition, consolidated depreciation rose due to scheduled depreciation on the logistics centre.

23.1

MILLION EURO
Group-EBIT adjusted in the financial year 2015 / 16

Other operating expenses totalled EUR 308.7 million in the reporting period (previous year: EUR 273.8 million). The increase by EUR 34.9 million is mainly attributable to the twelve-month consolidation of HALLHUBER (previous year: nine months). Consequently, other operating expenses attributable to HALLHUBER climbed from EUR 47.7 million to EUR 71.9 million (EUR +24.2 million). The GERRY WEBER Core segment thus accounts for EUR 236.8 million of the Group's other operating expenses (previous year: EUR 226.1 million). In this context, it should be noted that this item includes extraordinary effects of EUR 9.6 million resulting from the FIT4GROWTH programme.

At EUR 155.7 million (previous year: EUR 131.2 million), rental costs represent a key component of the Group's other operating expenses. HALLHUBER accounted for EUR 52.1 million of the rental costs (9 months of the previous year: EUR 33.3 million). In spite of the full-year consolidation of HALLHUBER, freight and packaging costs remained almost constant at EUR 40.3 million (previous year: EUR 40.9 million). Other operating expenses also include marketing and sponsoring costs, which declined slightly from EUR 28.3 million in the previous year to EUR 25.6 million. Marketing expenses represented 2.8% (previous year: 3.1%) of the Group's sales revenues. At EUR 5.5 million, collection development expenses remained almost unchanged compared to the previous year. Because of the start-up phase of the logistic centre, other personnel expenses, which are also included in other operating expenses, climbed from EUR 4.8 million to EUR 9.9 million; they also include the compensation paid to temporary workers at the logistic centre.

After deduction of all operating expenses, earnings before interest, taxes, depreciation and amortisation (EBITDA reported) amounted to EUR 77.3 million (previous year: EUR 115.8 million). Accordingly, the EBITDA margin dropped from 12.6 % to 8.6% in the reporting period. This reduction is primarily due to the fact that sales revenues of the GERRY WEBER Core segment declined while fixed costs remained unchanged as well as to the integration of HALLHUBER. The cost-cutting effects resulting from the FIT4GROWTH programme will not be felt in full before the financial year 2017 / 18. Moreover, HALLHUBER is still posting a lower EBITDA margin than the GERRY WEBER Core segments because of its strong expansion and the above-mentioned decline in the gross margin. Add to this the fact the consolidated EBITDA (reported) were additionally affected by expenses resulting from the FIT4GROWTH programme. Adjusted for these extraordinary effects (EUR 16.2 million) and the income from the sale of Hall 30 (EUR 21.9 million), EBITDA amounted to EUR 71.6 million.

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After deduction of depreciation and amortisation of EUR 63.5 million, consolidated earnings before interest and taxes (consolidated EBIT reported) amounted to EUR 13.8 million. Adjusted for extraordinary effects and depreciation / amortisation relating to the FIT4GROWTH realignment programme, consolidated EBIT stood at EUR 23.1 million. The adjusted EBIT margin amounted to 2.6%.

The financial result deteriorated from EUR 6.2 million to EUR 8.6 million in the reporting period. This is mainly due to income from the fair value measurement of financial liabilities in the amount of EUR 1.4 million which had a positive effect on the previous year's financial result.

Taking into account the deferred taxes, the comparatively high tax load relative to the pre-tax result primarily results from trade tax payment, tax additions as well as taxes on non-deductible operating expenses. With the number of shares outstanding remaining unchanged at 45,905,960, earnings per share amounted to EUR 0.01 (previous year: EUR 1.14).

49.6

percent equity ratio
in the financial year 2015 / 16

Net worth position

Compared to the end of the previous financial year 2014 / 15, the GERRY WEBER Group's total assets declined by 4.0% or EUR 37.9 million to EUR 900.7 million as at 31 October 2016. On the assets side, non-current assets were down by 5.3% or EUR 29.1 million to EUR 524.2 million at the end of the financial year 2015 / 16. The decline was mainly due to the sale of Hall 30 in October 2016, which had been carried in the balance sheet as at 31 October 2015 at a carrying amount of EUR 26.5 million. The investment property did not form part of the company's necessary business assets and was therefore sold in the context of the concentration on the core business.

Forming part of the Group's fixed assets, intangible assets amounted to EUR 226.2 million as at 31 October 2016, compared to EUR 229.9 million at the end of the previous financial year. Apart from rights of supply to franchised Houses of GERRY WEBER as well as advantageous lease agreements, these intangibles also include customer relationships in the context of the business combinations of the past financial years. Add to this brand rights taken over in the context of the acquisitions (in essence the HALLHUBER brand). The decline in intangible assets compared to the previous year is mainly attributable to scheduled amortisation. At EUR 288.0 million, property, plant and equipment remained almost unchanged compared to EUR 287.8 million on 31 October 2015. Apart from the head offices in Halle / Westphalia, properties in Düsseldorf and Romania, property, plant and equipment also comprise leasehold improvements in the retail stores as well as the logistic centre close to the headquarters.

Current assets declined by 2.3% from EUR 385.4 million at the end of the previous financial year to EUR 376.5 million as at 31 October 2016. Inventories changed materially, picking up by 5.9% to EUR 173.3 million. This was due, among other things, to an increased share of NOS (never-out-of-stock) merchandise as well as to the expansion of our HALLHUBER subsidiary. At EUR 63.3 million, trade receivables remained almost unchanged as at 31 October 2016 (previous year: EUR 63.7 million).

Other (current) assets increased by 23.4% from EUR 70.5 million to EUR 87.0 million. Apart from the market values of the currency forwards and currency options, this item also includes the sales price of Hall 30. As the price of EUR 49.1 million was paid in December 2016, it was recognised under other assets as at 31 October 2016. The increase in inventories and other current assets was more than offset by the decline in cash and cash equivalents from EUR 76.1 million to EUR 50.7 million, which means that total current assets dropped by 2.3% to EUR 376.5 million.

On the liabilities side, equity declined by EUR –36.9 million (–7.6%) to EUR 446.5 million on 31 October 2016. Accumulated other comprehensive income / loss pursuant to IAS 39 declined from EUR 31.5 million in the previous year to EUR 10.9 million. It comprises the positive fair values of financial instruments qualifying for hedge accounting (currency forwards). The decline in equity was not only attributable to other comprehensive income / loss pursuant to IAS 39 but also to lower accumulated profits than in the previous year. At EUR 58.5 million on 31 October 2016, accumulated profits were down by EUR 17.9 million or 23.4% on the previous year's EUR 76.3 million. The equity ratio stood at a still solid 49.6% at the end of the financial year 2015 / 16, compared to 51.5% on 31 October 2015.

Non-current liabilities declined by 7.0% from EUR 301.4 million in the previous year to EUR 280.3 million in the reporting period. Deferred tax liabilities dropped from EUR 51.1 million to EUR 38.3 million, while other liabilities fell from EUR 26.6 million to EUR 12.2 million. By contrast, non-current financial liabilities increased by a moderate EUR 6.3 million to EUR 221.3 million. Non-current financial liabilities include two note loans issued to finance the construction of our logistic centre (volume: EUR 75 million) and the HALLHUBER acquisition (volume: EUR 140 million). On balance, financial liabilities (current and non-current) remained almost constant at EUR 254.8 (previous year: EUR 250.7 million).

Current liabilities rose by EUR 20.0 million (13.0%) from EUR 153.8 million at the end of the previous financial year to EUR 173.9 million as at 31 October 2016. This includes an increase in current provisions from EUR 33.1 million to EUR 45.4 million, as the Group established provisions for personnel and for store closures in the context of the FIT4GROWTH programme. At the same time, tax provisions climbed from EUR 5.6 million to EUR 11.2 million. The increase in other current liabilities from EUR 24.3 million to EUR 37.6 million is primarily attributable to a reclassification of other liabilities. When acquiring a 51% stake in our franchise partners in the Netherlands and Belgium, a purchase option for the remaining 49% was agreed. Because of its maturity, the liability recognised as a result has been reclassified from non-current to current liabilities.

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An equity ratio of 49.6% shows that the balance sheet structure of the GERRY WEBER Group remains solid. Current and non-current financial liabilities are not backed by any covenants or collaterals and totalled EUR 254.8 million as at 31 October 2016, putting net debt at EUR 204.0 million.

Financial position

Against the background of the much lower operating result of EUR 13.8 million generated in the financial year 2015 / 16 (previous year: EUR 79.3 million), net cash provided by operating activities also declined from EUR 82.7 million in the previous year to EUR 54.6 million. Non-cash depreciation increased from EUR 36.5 million to EUR 63.5 million, primarily as a result of the extraordinary write-downs resulting from the store closures outlined in the “Earnings position” section. The increase in inventories (EUR 9.7 million) had the opposite effect.

Taking into account the cash financial result, net cash provided by operating activities amounted to EUR 47.8 million (previous year: EUR 77.9 million). In the course of the reporting period, the GERRY WEBER Group incurred cash extraordinary charges of EUR 9.6 million in the context of the FIT4GROWTH realignment programme.

In the financial year 2015 / 16, cash flow was again influenced by above-average investments in property, plant and equipment in the amount of EUR 59.8 million. They include, in particular, the remaining payments for our new logistic centre as well as investments made in conjunction with stores opened by our HALLHUBER subsidiary. Taking into account proceeds from the sale of fixed assets and financial assets, net cash used in investing activities amounted to EUR –58.8 million, which was clearly below the previous year’s EUR –211.2 million. The previous year’s investments mainly related to the acquisition of the HALLHUBER subsidiary as well as our new logistic centre. When analysing net cash provided by investing activities, it should be noted that the payment from the sale of Hall 30 was received only after this payment became due under the purchase contract, i. e. in FY 2016 / 17.

54.6

million EUR
net cash inflow from operating activities in the financial year 2015 / 16

Net cash used in financing activities in FY 2015 / 16 comprised the dividend of EUR 18.4 million as well as proceeds from borrowings in the amount of EUR 33.8 million. This contrasts with the repayment of borrowings (EUR 29.7 million), which mainly comprises the repayment of the HALLHUBER bond in June 2016. Net cash used in financing activities totalled EUR 14.3 million, compared to net cash inflows of EUR 102.3 million in the previous year, which was influenced primarily by the issue of a note loan used to finance the HALLHUBER acquisition.

Compared to the prior year reporting date, cash and cash equivalents declined by EUR 22.6 million and amounted to EUR 50.7 million as at 31 October 2016.

Capital expenditures

The GERRY WEBER Group's capital expenditures in the financial year 2015 / 16 totalled EUR 59.9 million, which was clearly below the previous year's EUR 216.6 million. The previous year was influenced by investments in the new logistic centre (EUR 68.4 million) and the acquisition of HALLHUBER (EUR 104 million incl. ancillary expenses) as well as by investments in property, plant and equipment (EUR 45.2 million). This year's investments primarily comprise remaining payments related to the construction of the logistic centre as well as expansion-related investments made by HALLHUBER.

Segment report

Based on its internal reporting structure, the GERRY WEBER Group divides its business model into four segments, "Wholesale", "Retail", "HALLHUBER" and "Other segments. The "Wholesale" and "Retail" segments comprise the business activities of the GERRY WEBER Core segment and the GERRY WEBER, TAIFUN, SAMOON and talkabout brands. All development and production processes of these brands including transport and logistics are allocated to these two segments. Accordingly, all income and expenses as well as assets and liabilities which can be assigned to product development and procurement are allocated to the "Retail" segment and the "Wholesale" segment.

Since the acquisition of HALLHUBER in February 2015, the business activities of our wholly-owned subsidiary have been reported as a third segment. For the purpose of greater transparency, income and expenses as well as assets and liabilities of HALLHUBER are thus reported as a separate segment. When comparing the two financial years, it should be noted that HALLHUBER was consolidated only as of the second quarter of the previous financial year 2014 / 15, i. e. for only nine months. "Other segments" primarily comprise the income and expenses as well as the assets and liabilities of the Hall 30 investment property, which was sold in October 2016. Income and expenses as well as assets and liabilities of the holding company are also allocated proportionately to the individual segments.

GERRY WEBER Core Wholesale segment

Sales revenues of the GERRY WEBER Core Wholesale segment dropped from EUR 365.4 million in the previous year 2014 / 15 to EUR 298.4 million; the segment's share in total Group revenues thus declined from 39.7% to 33.1%. This decline by 18.3% or EUR 67.0 million is primarily attributable to stagnating and declining order volumes from our Wholesale partners, whose retail business has likewise been affected by the difficult market conditions described above. Excess inventories at the end of a season and high discounts led to reduced and more cautious ordering. What is more, the consolidation in the fashion retail sector is continuing, which means that we were not able to sign up new retailers to compensate for the loss of individual Wholesale partners. In the course of the financial year, we were able to slow down the decline in Wholesale revenues, which amounted to 38.0% in Q1, to 12.0% in Q4. As the market environment remains difficult, however, we expect Wholesale revenues to continue to decline by a high single-digit percentage also in the current financial year 2016 / 17.

At 269, the number of franchised Houses of GERRY WEBER remained almost unchanged. By contrast, the number of worldwide shop-in-shops declined slightly from 2,510 to 2,396.

As a result of higher personnel expenses and other operating expenses as well as increased depreciation, especially in conjunction with intra-Group charging as well as extraordinary effects from the FIT4GROWTH programme, the Wholesale segment's earnings before interest and taxes dropped sharply from EUR 63.1 million to EUR 25.9 million. The pro-rated allocation of the staff of the logistic centre, which was taken into operation in the reporting period, not only led to an increase in the number of Wholesale employees from 704 to 747 but also sent personnel expenses rising by 6.0% to EUR 47.5 million.

The segment's assets and liabilities amounted to EUR 280.8 million and EUR 77.8 million, respectively. Investments in noncurrent assets totalled EUR 25.7 million and primarily reflect the prorated allocation of the holding company's assets and liabilities to the individual segments.

Number of sales spaces by distribution channel (31 October 2016)	2015 / 16	2014 / 15
GERRY WEBER Core-RETAIL		
Houses of GERRY WEBER	487	520
Mono-label stores	107	142
Concession stores	295	291
Factory outlets	35	34
	924	*987*
GERRY WEBER Core-WHOLESALE		
Houses of GERRY WEBER	269	271
Shop-in-shops	2,396	2,510
	2,665	*2,781*
HALLHUBER		
HALLHUBER mono-label stores	138	117
HALLHUBER oncession stores	188	145
HALLHUBER outlet stores	16	13
	342	*275*

GERRY WEBER Core Retail segment

The GERRY WEBER Core Retail segment comprises all company-managed distribution channels of the GERRY WEBER Core brands, i. e. GERRY WEBER, TAIFUN and SAMOON.

Due to the store closures already implemented and, most importantly, to the decline in like-for-like Retail revenues (–7.6%), sales revenues of the GERRY WEBER Core Retail segment fell by 4.8% to EUR 419.2 million. The number of company-managed points of sale dropped from 987 to 924 in the reporting period. The closures primarily related to Houses of GERRY WEBER as well as to TAIFUN and SAMOON mono-label stores. As a result, the total sales space of the GERRY WEBER Core brands was reduced from 156,300 sqm at the end of the past financial year to 145,000 sqm. By contrast, the GERRY WEBER Core online business showed a positive trend, with sales revenues up by 10.3% on the previous year to EUR 26.1 million.

The Retail segment's earnings before interest, taxes, depreciation and amortisation (EBITDA) dropped sharply from EUR 31.5 million to EUR 9.3 million. The decline was due not only to the lower revenues but also to the extraordinary effects of the FIT4GROWTH realignment programme. These expenses include, among other things, compensation payments and severance payments in conjunction with the closure of stores.

Depreciation / amortisation of the Retail segment picked up as well, namely from EUR 19.3 million to EUR 40.6 million. This amount includes extraordinary write-downs in the amount of EUR 15.0 million based on the depreciation of the remaining carrying amounts in the context of the store closures as well as the Retail segment's share in depreciation of the new logistic centre. After deduction of all extraordinary effects and depreciation / amortisation, the Retail segment consequently posted negative earnings before interest and taxes of EUR –31.3 million in the financial year 2015 / 16 (previous year: EUR 12.2 million).

Due to the pro-rated allocation of the holding company's assets, including the new logistic centre, the Retail segment's assets rose from EUR 417.0 million to EUR 431.3 million. Liabilities declined by 10.1% to EUR 184.5 million. The Retail segment's headcount dropped from 4,743 to 4,428 (annual average) as a result of the store closures.

145k

square metres **GERRY WEBER sales floor space** at the end of the financial year

HALLHUBER segment

Ever since the February 2015 acquisition, HALLHUBER has been a wholly-owned subsidiary of GERRY WEBER International AG. HALLHUBER operates in the upper midprice ladieswear segment and is fully vertically integrated, which means that the products are exclusively distributed via the company's own sales spaces and online shops as well as platforms. As of the end of the reporting period (31 October 2016), there were 342 companymanaged HALLHUBER sales spaces in Germany and a few other European countries. For a detailed breakdown by type of sales space and region as well as their performance over the past years, please refer to the table below:

Sales Floor Spaces	2013	2014	2015	Oct. 2016
Germany	141	161	193	231
Switzerland	24	28	31	38
UK / Ireland	6	11	19	26
Belgium	3	10	15	17
Norway	–	–	5	7
Austria	7	8	11	16
The Netherlands	1	1	1	6
Luxembourg	–	–	–	1
Total	**182**	**219**	**275**	**342**
Thereof mono-label stores	79	94	117	138
Thereof concession stores	91	113	145	188
Thereof factory outlets	12	12	13	16

2.1

PERCENT
like-for-like sales increase
of HALLHUBER in 2015 / 16

In the previous financial year 2014 / 15 (consolidated for 9 months), HALLHUBER contributed EUR 115.2 million to the GERRY WEBER Group's total revenues; this contribution increased to EUR 183.2 million in FY 2015 / 16 (12 months). In the full 12-month period of the previous year, HALLHUBER generated revenues of EUR 155.6 million. This represents a year-on-year increase of 17.7% (1 months). The 2.1% increase in like-for-like revenues generated by HALLHUBER deserves special mention, as it means that HALLHUBER clearly outperformed the German textiles sector as a whole, whose like-for-like revenues declined by approx. 3% to 4% during the same period. HALLHUBER's online showed an exceptionally positive trend, with online revenues soaring 44.9% to EUR 17.8 million.

As explained above, a comparison with the prior year figures is impaired by the fact that HALLHUBER was included in the consolidated financial statements of GERRY WEBER for different periods. Personnel expenses rose from EUR 21.5 million in the previous year to EUR 33.0 million. Apart from the full-year effect, this increase is mainly attributable to the fact that the company's headcount climbed from 1,579 to 1,847 as a result of the expansion. At 18.0%, personnel expenses as a percentage of sales remained largely unchanged, though.

HALLHUBER generated earnings before interest, taxes, depreciation and amortisation (EBITDA) of EUR 8.3 million in the financial year 2015 / 16, compared to EUR 10.9 million in the previous year (February to October 2015). The reduction is primarily due to the deterioration in the gross profit margin from 67.1% to 60.5%. The year-on-year decline in HALLHUBER's gross margin is mainly due to the delayed opening of new stores. Some of the points of sale that were scheduled to open with spring / summer merchandise in the first half of the year opened only in the final quarter of 2015 / 16, selling autumn / winter garments. As a result, the spring / summer merchandise that had already been ordered had an adverse impact on inventories. To quickly offset this one-time increase in inventories, HALLHUBER offered much higher discounts. This led to a decline in the gross margin compared to the prior year period. With the increased inventories resulting from the delayed store openings back to normal by the end of the financial year 2015 / 16, HALLHUBER also expects the gross margin to return to a normal level in the financial year 2016 / 17.

The company's depreciation / amortisation increased not only because of the first-time full-year effect but also as a result of the ongoing expansion. Depreciation / amortisation also comprised the Group's depreciation of the purchase price of EUR 6.5 million and totalled EUR 12.8 million. After deduction of Group related depreciation / amortisation, HALLHUBER posted an operating result (EBIT) of EUR –4.5 million in FY 2015 / 16 (previous year: EUR 2.4 million).

Liabilities attributable to the HALLHUBER segment amounted to EUR 200.9 million as of 31 October 2016, compared to EUR 197.1 million at the end of the previous financial year 2014 / 15. They include 100% of the financing of the acquisition of HALLHUBER Beteiligungs GmbH. As at 31 October 2016, the company's liabilities contrasted with assets in the amount of EUR 194.1 million (31 October 2015: EUR 198.1 million).

SEPARATE FINANCIAL STATEMENTS OF GERRY WEBER INTERNATIONAL AG

(Condensed according to German Commercial Code (HGB))

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

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

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

Earnings position of GERRY WEBER International AG

In its capacity as the Group’s holding company, GERRY WEBER International AG provides its subsidiaries with numerous central services. The company is also responsible for developing the products of the GERRY WEBER brands as well as for the sourcing of goods. The goods sourced by GERRY WEBER International AG are invoiced to the distribution subsidiaries at defined Group transfer prices. The resulting revenues contrast with the costs incurred for procurement. The revenues and income generated by GERRY WEBER International AG are shown as expenses at the subsidiaries.

Due to the decline in sales revenues of the GERRY WEBER Core Retail and Wholesale segments, GERRY WEBER International AG’s sales revenues were down by EUR 91.5 million on the previous year to EUR 345.1 million in FY 2015/16. By contrast, other operating income increased sharply from EUR 35.1 million to EUR 60.7 million, which is mainly attributable to the sale of the Hall 30 investment property. This item also includes intragroup cost allocations and the rents received for Hall 29 and Hall 30.

Because of the distribution companies’ lower sales, the cost of materials incurred by GERRY WEBER International AG for the goods sourced also declined by 10.5% to EUR 302.9 million (previous year: EUR 338.6 million). The store closures already implemented and planned also contributed to the decline in products sourced and, consequently, the cost of materials.

15.5

MILLION EURO
net profit of the year in the financial year 2015 / 16

Although the headcount declined from 723 to 670 (annual average), personnel expenses increased by a moderate 2.4% to EUR 50.2 million. This is mainly due to severance payments in conjunction with the FIT4GROWTH realignment programme. At the same time, other operating expenses rose from EUR 67.1 million in the previous year to EUR 76.9 million, among other things as a result of increased legal and consulting expenses as well as restructuring costs in the total amount of EUR 7.9 million. Besides sales revenues and other operating income, the earnings position of GERRY WEBER International AG is also influenced by the performance of its subsidiaries. As a consequence of the profit transfer agreement, GERRY WEBER International AG received earnings in the amount of EUR 32.0 million (previous year: EUR 51.2 million). The decline clearly reflects the difficult business trend of the GERRY WEBER Group in FY 2015 / 16. Amortisation / depreciation of intangible fixed assets and property, plant and equipment rose to EUR 10.4 million (previous year: EUR 7.3 million), which is primarily attributable to increased depreciation in conjunction with the construction of the logistic centre.

Interest expenses rose from EUR 3.3 million to EUR 4.3 million in FY 2015 / 16; the increase was due to the fact that the note loan issued to finance the HALLHUBER acquisition was recognised for the full financial year, which was not the case in the previous year. By contrast, interest income remained almost constant at EUR 1.9 million (previous year: EUR 2.1 million).

Against the background of the drop in sales revenues and the extraordinary expenses incurred in conjunction with the realignment exercise, the result from ordinary activities declined from EUR 54.1 million to EUR 22.9 million. After deduction of taxes (EUR 7.4 million), net income for the year amounted to EUR 15.5 million (previous year: EUR 36.5 million). With the number of shares outstanding unchanged, earnings per share stood at EUR 0.34 (previous year: EUR 0.80).

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

Net worth position of GERRY WEBER International AG

Total assets of GERRY WEBER International AG increased by EUR 29.8 million or 4.2% to EUR 744.0 million in FY 2015 / 16. On the assets side, fixed assets picked up by 6.5% to EUR 417.1 million. Fixed assets are composed of intangible assets (EUR 29.0 million), property, plant and equipment (EUR 165.5 million) as well as financial assets (EUR 222.5 million). The completion of the new logistic centre and the sale of Hall 30 led to a shift in property, plant and equipment. The start-up of the logistic centre is also reflected in "depreciation of property, plant and equipment".

Current assets remained almost unchanged at EUR 324.2 million. Inventories, which are included in current assets, rose from EUR 57.0 million to EUR 84.3 million. By contrast, cash

57.4

percent equity ratio of GERRY WEBER International AG as at 31 October 2016

on hands and bank balances declined by EUR 23.8 million to EUR 25.2 million. Receivables and other assets remained almost unchanged at EUR 214.7 million (previous year: EUR 214.2 million). The sales price of Hall 30 is included in other assets, as the payment was made only in December 2016.

On the liabilities side, GERRY WEBER International AG's equity capital remained more or less constant at EUR 427.3 million, compared to EUR 430.2 million at the end of FY 2014 / 15 (–0.7%). At EUR 48.8 million, accumulated profits were down by approx. 5.5% on the previous year (previous year: EUR 51.6 million) as at 31 October 2016 as a result of the dividend payout.

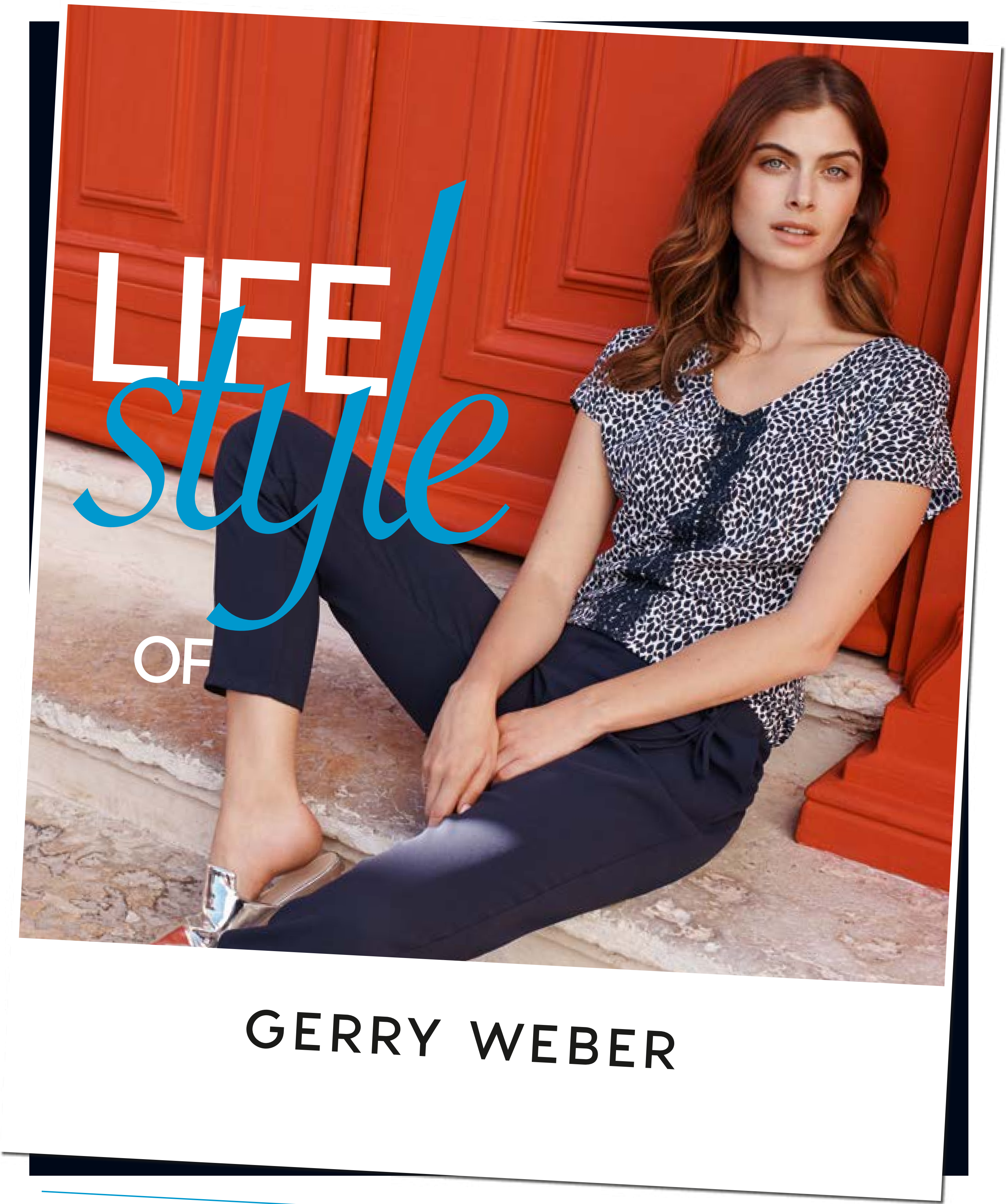
Provisions rose by 63.2% or EUR 8.2 million in FY 2015 / 16 and totalled EUR 21.1 million. Tax provisions increased particularly strongly by EUR 7.5 million to EUR 7.7 million. With financial liabilities climbing 12.3% to EUR 247.1 million (previous year: EUR 220.0 million), total liabilities rose by 9.1% or EUR 24.5 million to EUR 249.9 million as of the reporting date. In spite of the increased provisions and liabilities, with equity remaining almost unchanged, the equity ratio of GERRY WEBER International AG still reached a very solid 57.4%, compared to 60.2% in the previous year.

Risks and opportunities of GERRY WEBER International AG

The business of GERRY WEBER International AG is essentially exposed to the same risks and opportunities as the GERRY WEBER Group. The risk management system and the internal control system for the accounting process are installed at GERRY WEBER International AG and monitored by the latter in its capacity as the parent company. For a detailed presentation of the GERRY WEBER Group's risk and opportunity profile, please refer to the risk and opportunity report in the combined Group management report.

Outlook

The expectations for the business performance of GERRY WEBER International AG in the next twelve months are essentially identical with the outlook for the GERRY WEBER Group, as the earnings position of the parent company is largely influenced by the performance of the subsidiaries. The expectations and projections of the GERRY WEBER Group are outlined in detail in the forecast in the present management report. For the financial year 2016 / 17 we expect the operating result (EBIT) of GERRY WEBER International AG to be on the prior-year level.


LIFE
style
OF
GERRY WEBER

OPPORTUNITY AND RISK REPORT

Opportunities and risks

The performance of the GERRY WEBER Group is also influenced by our ability to identify and actively manage risks and opportunities. The task of risk management is to identify opportunities and risks at an early stage and to consider them appropriately in our strategic and operational decisions. The aim is to secure our company's sustained success and to support its profitable long-term development. Opportunity and risk management is therefore an integral element of corporate governance at GERRY WEBER. Management's present assessment of the risks and opportunities relates to the period covered by the general forecast on the business performance of GERRY WEBER International AG.

Risk report

Principles of the risk management system

The GERRY WEBER risk management system is a key element of corporate management and is reflected, among other things, in the operational processes, the organisational and operational structure, the planning system, the reporting and information systems, the technical standards and a large number of management instructions. The system is designed to identify and to manage the potential future developments or events that may lead to a deviation from the expected business performance. These are the key features of the risk management system:

- Integration of the risk management system into current operational business processes
- Identification of risks and monitoring of the measures initiated by the specialist and functional departments
- Assessment and control of risks together with the Risk Management Team
- Reduction of existing risks to an acceptable minimum by launching appropriate counter-measures
- Active involvement and integration of all employees in the specialist and functional departments

Organisation and instruments of the risk management system

Against the background of the importance of the risk management system and the internal control system for the accounting process, these are managed and controlled centrally by the parent company, GERRY WEBER International AG. The company's Managing Board is responsible for the consistent implementation of and compliance with the defined processes. The risk management system covers all companies in which GERRY WEBER International AG holds a majority interest.

Identifying risks

Potential risks are identified by the individual departments and employees. Identified risks are reported to the Risk Management Team. A wide range of instruments and KPI systems are used to identify risks, e.g. analyses of order intake, sales revenues, changes in results and inventories, market and competitor analyses, talks with customers as well as the ongoing monitoring and assessment of the economic environment.

Assessing, quantifying and managing risks

The Risk Management Team is responsible for collecting and aggregating the risks identified. The Team also analyses the individual risks and assesses their probability of occurrence as well as their potential implications in consultation with the respective specialist departments. This results in an assessment as to whether and to what extent the individual risks may affect the GERRY WEBER Group. The calculated implications are interpreted as deviations from the planned / expected EBIT.

Once the risks have been assessed and quantified, effective counter-measures are devised in the specialist departments but also on a cross-departmental basis in order to minimise the impact of the risks as far as possible. Each specialist department has a Risk Officer who is responsible for implementing and controlling the defined preventive measures together with a member of the Risk Management Team.

Instruments

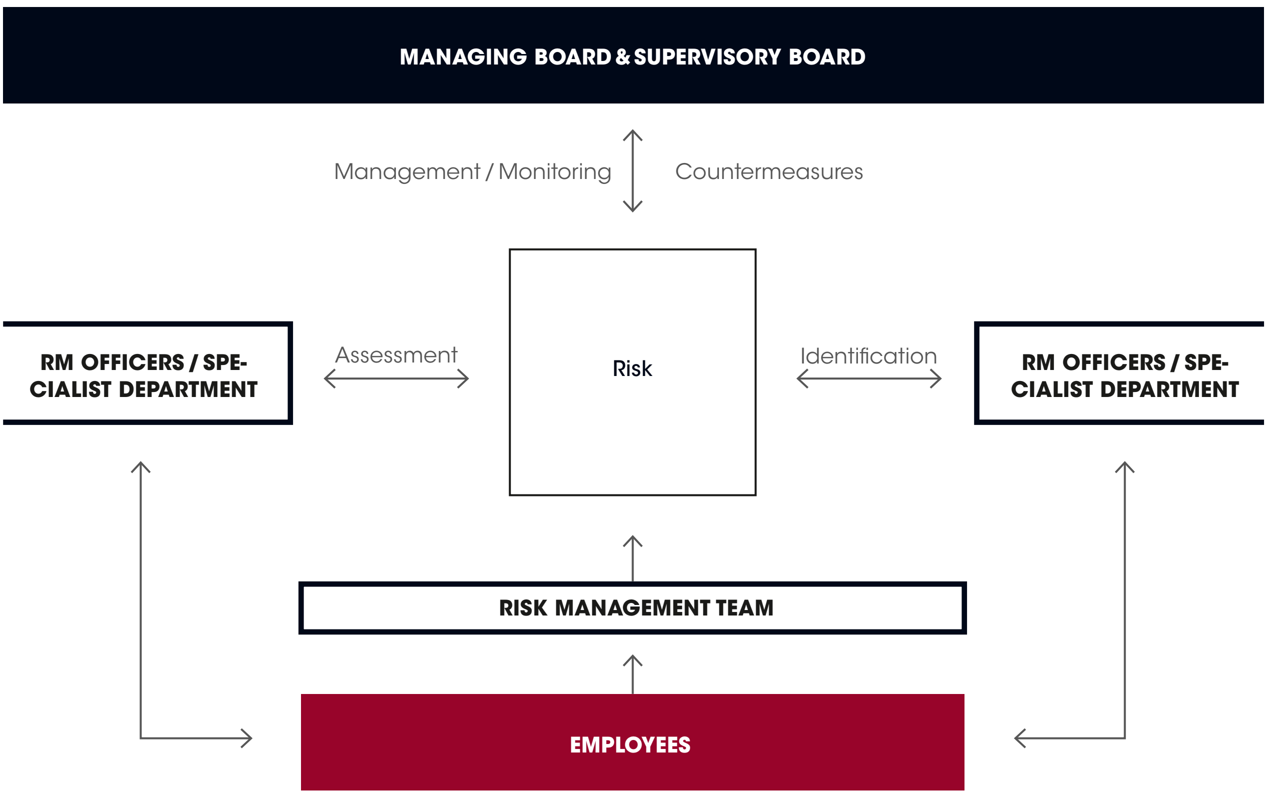
The individual risks and their assessment as well as the description of the counter-measures are summarised in the risk report. As such the risk report reveals the individual risks of all divisions and provides information on the GERRY WEBER Group's overall risk exposure. The risk report is prepared on a quarterly basis. The Risk Management Team reports directly to the Managing Board, which submits the risk report to the Supervisory Board at the prescribed intervals and briefs the Supervisory Board on an ad-hoc basis if and when required. The principles, risk segments, guidelines and reporting lines for our risk management system are laid down in a Group-wide Risk Manual, which must be complied with by all employees.

Internal control system and accounting process

The disclosures below include information pursuant to section 289 para. 5 and section 315 para. 2 No. 5 of the German Commercial Code (HGB).

The internal control system for the accounting process forms part of the risk management system. It comprises the principles, processes and measures implemented to ensure the effectiveness, cost-efficiency and correctness of the accounting

Risk management system



process as well as compliance with legal provisions. The aim is to have available reliable data on the net worth, financial and earnings position of the GERRY WEBER Group at all times. Apart from these fundamentals, we perform assessments and analyses to minimise the risks which have a direct impact on financial reporting.

The Finance Department, which is led by the Chief Financial Officer, is in charge of the accounting process and, consequently, of the preparation of the consolidated financial statements and of the separate financial statements of most subsidiaries. The financial statements of the auditable entities, i. e. the material domestic subsidiaries, are audited and certified by independent auditors. This primarily serves to ensure the process-independent surveillance of the Group accounting process. The interim and annual financial statements of some foreign subsidiaries are prepared by external service providers. They are certified by local accountants before they are incorporated into the consolidated financial statements. Interim consolidated financial statements are prepared each quarter; the annual consolidated financial statements are subjected to a full audit by the auditor.

Risks and risk categories

The following is a description of the individual risks which may have an impact on the business, net worth, financial and earnings position of the GERRY WEBER Group. Unless stated otherwise, the individual risks relate to all GERRY WEBER segments. The risk category is based on an assessment of the probability of occurrence and an evaluation of the impact on planned / expected Group earnings before interest and taxes (EBIT) over the planning horizon of one year. The risks that are relevant for the GERRY WEBER Group are divided into six risk groups: external risks, industry and market risks, strategic risks, financial and performance risks as well as corporate risks.

Risks resulting from external conditions

Risks relating to adverse weather conditions

Increasing changes and seasonal shifts in the climatic conditions in our output markets influence not only the purchasing behaviour of our customers but also the production and delivery processes of the GERRY WEBER Group.

Adverse weather conditions may have a negative impact on the sales revenues and earnings of the GERRY WEBER Group, as unseasonal temperatures or extreme weather patterns may weigh heavily on consumers' inclination to buy the seasonal merchandise offered at a given point in time. A very mild autumn and winter, for instance, may lead to reduced or delayed sales of autumn and winter apparel. Such developments may result in increased inventories at the end of the respective season and in higher discounts to sell the remaining seasonal merchandise. If the weather is seasonally atypical for an extended period or for several seasons in a row, this may have negative effects on the sales revenues and earnings of the GERRY WEBER Group.

Risk categories

PROBABILILITY OF OCCURANCE	EXTENT (BASED ON EBIT)			
	< EUR 1.0 million very low	= EUR 1.0 – 5.0 million low	= EUR 5.0 – 10.0 million moderate	> EUR 10.0 million material
unlikely < 10 %	NEGLIGIBLE RISK	NEGLIGIBLE RISK	MEDIUM RISK	MEDIUM RISK
low = 10 % – 20 %	NEGLIGIBLE RISK	MEDIUM RISK	MEDIUM RISK	MATERIAL RISK
medium = 20 % – 50 %	MEDIUM RISK	MEDIUM RISK	MATERIAL RISK	SERIOUS RISK
likely > 50 %	MEDIUM RISK	MATERIAL RISK	SERIOUS RISK	SERIOUS RISK

In early 2016, the GERRY WEBER Group began to make its purchasing processes more flexible in response to potential volatility in customers' shopping behaviour. We have introduced "open-to-buy limits", under which fewer goods are initially produced than would be required to reach the plan and production capacities are "reserved" at our manufacturing partners. If the respective season starts as planned, these capacity reserves can be used for subsequent deliveries and for the production of products reflecting the latest trends. We have also improved our "in-season management" and increased the share of "all-year merchandise" (NOS-products). We raised the number of products which are available for short-term delivery to the stores depending on the prevailing weather conditions or special occasions. In view of the measures outlined above as well as the modified structure of our collection, we consider the probability of being unable to supply the right merchandise for a given season to be low. The potential effect is considered to be material, however. This means that the risk resulting from adverse weather conditions is classified as a material risk.

Macroeconomic and geopolitical risks

The GERRY WEBER Group is generally exposed to the general economic developments and political changes in the countries and regions in which we operate. Accordingly, the economic environment or political uncertainty may have a material impact on consumer spending and, by extension, on the company's sales revenues and earnings. Private households' propensity to consume and buy is particularly important for our business model. This is influenced by economic expectations and income growth but also by unemployment figures, among other things.

Geopolitical events or changes in the regulatory environment, e.g. the crisis in Russia or trade sanctions, may also have an adverse impact on consumer demand and thus on our business performance. Such a negative trend in consumer spending may lead not only to declining sales but also to increased pressure on margins. Our diversified distribution structures in different countries and regions and our increased brand presence reduce our exposure to individual regions and allow us to participate in positive developments. The diversity of our brands enables us to develop new markets and potential customer groups and to counter-act potentially declining demand in individual markets. Against this background, we consider the effect of a negative economic trend, in conjunction with a slowdown in consumer spending, on our business model to be moderate. The probability of occurrence is currently regarded as low. This risk is thus classified as a medium risk.

Force majeure risk

Besides political and regulatory changes, terrorist acts and natural disasters also pose a hazard to the business trend of the GERRY WEBER Group. With a view to minimising such risks in our procurement markets, the GERRY WEBER Group has developed a flexible sourcing system which allows us to replace manufacturing partners swiftly and easily. To minimise this risk in our output markets, GERRY WEBER products are primarily distributed in countries characterised by stable political conditions. To the extent possible, insurance cover has been taken out for potential losses or damages resulting from natural disasters. Nevertheless, we cannot entirely rule out temporary effects, e.g. due to store closures because of terrorist attacks. The company currently considers the force majeure risk to be negligible; the probability of occurrence is classified as unlikely and the effect as very low.

Industry and market risks

Fashion and collection risk

Our business model comprises the design, development, production and distribution of fashion collections and accessories. The challenge is to anticipate trends and to translate them into attractive collections that cater to the requirements of our end customers. In this context, there is a risk of ignoring new trends or market tendencies or of not recognising them early enough or of part of the collections failing to meet consumers' current needs and requirements.

To anticipate upcoming trends, we monitor trends in the national and international fashion markets and adapt them for our target groups. Regular customer surveys and the feedback received from our fashion advisors in our own stores help us identify the needs of our customers and to incorporate them into our collections. Moreover, some 6,000 points of sale provide us with daily sales updates on products, sizes and colours.

6k

points of sale
provide relevant sales figures on a daily basis.

All information is immediately collated by the design teams and used in the development of future collections. What is more, our collections comprise 16 themes per year as well as product capsules for special occasions and are structured in such a way that new products are delivered to the points of sale every two to three weeks. The GERRY WEBER Group today represents five brand families, which greatly reduces the probability of all our collections failing to meet consumer expectations in a given season.

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

Risks relating to a changing customer structure

Our Wholesale customers are also exposed to internal and external risks which may have an adverse impact on their sales revenues, earnings and cash position. Declining demand from consumers may equally cause our Wholesale partners' business situation to deteriorate. This may lead to existing customers of the Wholesale segment being lost altogether or reducing the volume of the orders placed with GERRY WEBER. Moreover, the market entry of new fashion or retail firms may entail changes to existing sales structures. The present market consolidation may also reduce the number of potential distribution partners for the GERRY WEBER brands.

To mitigate the declines in sales revenues and earnings which may result from these risks, we operate our own Retail stores but also continue to expand our Wholesale customer structure. Moreover, we reduce our dependence on a few major customers by expanding our presence in different regions and countries and by spreading our sales over several brands. No customer of the Wholesale segment currently accounts for more than 5% of our sales revenues.

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

In view of the measures outlined above, the fragmented fashion market, which is characterised by a large number of retailers, and our diversified distribution structures, we classify the risk resulting from a changing customer structure as negligible. The probability of occurrence is classified as unlikely while the effects on EBIT are classified as low.

Risks relating to a changing competitive structure

The entry of new competitors into our market segment may lead to fiercer competition and, hence, to a loss of market share. Moreover, a changed price structure of our competitors may reduce our margins. We aim to further expand our USP in our segment and for our target groups by building on the high quality and excellent fit of our products as well as the style of our collections, thus raising the market entry barriers for new competitors. By constantly expanding and refining our collections and our distribution channels, we meet the needs and requirements of our customers and intensify their ties with our brands.

We have launched partnership schemes for our Wholesale customers to support our partners in merchandise presentation and merchandise management and tie them to our brands.

In view of the high fragmentation of the fashion market in our segment as well as the ongoing consolidation in the fashion industry, we consider the probability of new competitors entering our market segment to be rather unlikely. Due to the low effect, we classify this risk as negligible.

Strategic risks

Risks relating to the Retail distribution segment

The vertical integration of the business model is an important strategy for the ongoing development of the GERRY WEBER Group. Besides the vertical integration of the Wholesale segment, e.g. through the introduction of partnership schemes and the partial takeover of merchandise management on the sales spaces, the expansion of the Group's own Retail sales spaces played an important role in implementing GERRY WEBER's vertical integration strategy in the last five years.

Against the background of changing consumer behaviour, declining footfalls especially in small and medium-sized cities and the growing importance of online shopping, GERRY WEBER has decided to close some of the GERRY WEBER, TAIFUN and SAMOON (GERRY WEBER Core) stores. 103 stores were identified for closure as part of the FIT4GROWTH programme. Management does not rule out further closures above and beyond the 103 defined stores. By contrast, the purely vertically integrated HALLHUBER subsidiary continues its controlled expansion.

A growing number of company-managed sales spaces generally increase the inventory risk. Inventory management should be designed in such a way that sufficient merchandise for the stores is available at all times while at the same time avoiding high excess inventories at the end of a season.

In addition, the expansion of GERRY WEBER's own Retail operations increases the Group's fixed costs, e.g. personnel and rental expenses, which are offset by a higher gross profit margin if sales revenues reach the planned level. A decline in demand and, consequently, in sales revenues may have an adverse impact on the GERRY WEBER Group's profitability, as constant fixed costs could result in a lower margin. It may be impossible to reduce the fixed costs quickly enough or to adjust them to sales revenues.

The success of the Retail expansion also depends on the choice of the right locations. An economically unsuccessful store may fail to reach the required profitability target and contribute a lower profit or even a loss to the Group's performance. This could also have an adverse impact on sales revenues and earnings of the GERRY WEBER Group. Such a scenario should also be seen in conjunction with other risks such as a changing competitor structure or atypical weather conditions, which may lead to an economically unattractive business trend at individual stores.

As a result of the measures implemented in the context of the FIT4GROWTH realignment programme and the related store closures, the risk profile has improved slightly. This reduced risk contrasts with the new stores opened by our HALLHUBER subsidiary, however, so that we still consider the potential risk arising from the Retail business to be material.

We have taken various measures to mitigate the risks arising from the Retail business. Before opening a new sales space, we conduct detailed location analyses as well as analyses of the market and customer potential. To reduce the inventory risk, the GERRY WEBER Group has increased the flexibility of its purchasing processes. Under our open-to-buy limits, fewer goods are initially produced than would be required to reach the plan and production capacities are "reserved" at our manufacturing partners. If the respective season starts as planned, these capacity reserves can be used for subsequent deliveries and for the production of products reflecting the latest trends. The more flexible production volumes allow us not only to respond more quickly and effectively to changing market conditions but also to avoid excess inventories. To better manage our fixed costs, we have initiated measures to make the personnel and rental expenses of the Retail segment more flexible. These include, among other things, the implementation of a centrally controlled working time management system and the introduction of variable salary components in the Retail segment as well as the agreement on turnover-based rents, e.g. for the concession stores.

In view of changing framework conditions and the related external risks, we regard the current probability of occurrence of a risk associated with the Retail segment as medium. Against the background of the challenging current market environment and the importance of our own Retail operations, we consider the effect to be moderate. We therefore classify the Retail risks as material. At the same time, however, we also see significant opportunities that would support the future growth of the GERRY WEBER Group.

Brand and corporate image risk

The economic success of the GERRY WEBER Group hinges, among other things, on the brand image and the long-term positioning of our brands. The fashion statement, the style of our brands, the high quality standards and the good fit of our garments are unmistakable characteristics and form the basis for the brand image. A clear brand positioning and its effective communication as well as the unambiguous definition of our individual target groups support the positive perception of the GERRY WEBER brand universe.

The corporate image of the GERRY WEBER Group is determined by the perception of the company by its stakeholders such as customers, shareholders, suppliers and employees. Failure to meet our quality standards, an ambiguous brand positioning or non-compliance with national and international laws and social standards by our partners are potential risks which may have an adverse impact on the image of the GERRY WEBER brand families. Moreover, individual measures of the FIT4GROWTH realignment programme, e.g. during the implementation phase, may impact the company's image.

To mitigate the brand and corporate image risk, we support the positioning of our brands with various events as well as marketing and sponsorship measures. The brands are presented in accordance with their respective brand image both at the points of sale and in the e-shop. The relaunch of our e-shop allows us to address the individual target groups even more effectively in line with their actual needs and to present the brands in an individualised manner.

To make sure that our high quality standards are met, our manufacturing partners undergo comprehensive audits before being accepted as producers for the GERRY WEBER Group. Besides examining our partners' production capacities and know-how, we also check their compliance with national and international laws and social standards. At the production sites, our employees examine whether the agreed standards have been implemented and are complied with. Finally, our goods are checked for quality standards by internal and external experts. These processes are complemented by a Group-wide compliance management system. Against the background of the business trend during the past months and the related presentation of the GERRY WEBER Group in the media, we classify the probability of our brand image being adversely affected as medium. The potential effect is regarded as moderate. Consequently, this risk is classified as a material risk.

Investment risk

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

Our HALLHUBER brand will continue its controlled and planned expansion in the coming financial years 2016 / 17 and 2017 / 18. Apart from company-managed stores, we intend to make investments in low-risk concession stores. Only a very small number of new store openings are planned for the GERRY WEBER, TAIFUN and SAMOON brands. No major investment projects are on the agenda, either. Against this background, we consider the risk of future failed investments for the GERRY WEBER Group as a whole to be much lower than in the past years. Based on a low probability of occurrence and the calculation of a very low effect, we classify the investment risk as negligible.

Expansion of the FIT4GROWTH programme

DThe difficult situation currently prevailing in the fashion industry, which is characterised by changing customer behaviour and declining footfalls, but also unfavourable internal developments have weighed heavily on the sales revenues and profitability of the GERRY WEBER Group. To counteract these negative developments and secure the company's profitability and growth in the long term, the Managing Board has implemented the FIT4GROWTH programme aimed at repositioning the GERRY WEBER Group.

In the financial year 2015 / 16, all measures planned as part of the programme were implemented within the defined time-frame. This applies, in particular, to the store closures, the definition of new processes and the related job cuts at the head office as well as the first measures taken to strengthen the Wholesale segment and to modernise the brands.

Delays or significant problems in implementing the measures planned for the financial year 2016 / 17 may lead to additional one-time expenses and lower results. Another risk to the company's performance may result from the need to expand these measures above and beyond the current level.

Should the market environment for the fashion industry continue to deteriorate and / or external factors lead to a notable deterioration in consumption propensity in our core markets and / or the company be unable to modernise the GERRY WEBER core brand quickly enough, further measures and investments would be required, which may have an adverse impact on sales revenues and earnings. At this stage, we consider the risk of the FIT4GROWTH programme having to be expanded to be low. Should this low risk materialise, however, the effect would be moderate, so that we classify the risk as medium.

Financial risks

Currency risk

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

Currency hedges are used to mitigate currency risks arising from procurement activities outside the eurozone. As we source part of our goods in USD, especially a further weakening of the euro against the US dollar may lead to increased procurement costs and, hence, to reduced operating margins. The USD

0.1

PERCENT
bad debt-ratio in the financial year 2015 / 16

requirements resulting from the procurement activities are determined based on the budget calculations for each individual collection and are fully hedged by currency forwards. The foreign currency derivatives usually have terms of between 12 and 24 months. Where additional foreign currency requirements arise in the course of a season, these positions are hedged as well if required. Apart from this, GERRY WEBER International AG does not trade in financial instruments.

Our flexible sourcing system and the number of audited production partners in various countries additionally help to avoid currency risks.

The intra-group currency risks are also minimised through natural hedging. This means that income and expenses in foreign currencies more or less offset each other.

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

The probability of considerable exchange rate fluctuations occurring in general is considered to be medium. In view of the existing hedges and the resulting planning certainty, however, the actual probability of being affected by exchange rate fluctuations is regarded as unlikely. In view of the USD-denominated procurement volume, the effect on the procurement side is rated as material. In view of the existing hedges and the flexible sourcing system, however, the actual effect is regarded as moderate. We therefore classify the overall currency risk as a medium risk.

Risk of debtor defaults

The creditworthiness of our customers, which is an important precondition for avoiding bad debts, hinges on their ability to meet their payment obligations punctually. The personal and financial creditworthiness of our customers is therefore reviewed and monitored continuously. In spite of these reviews and our bad debt management system, it is possible that trade receivables are settled belatedly or not at all. To mitigate defaults, all new customers are subjected to strict creditworthiness checks and short payment terms are agreed. Where credit insurance is inadequate, we request advance payments from our customers. If this is also not possible, we reserve the right not to supply this customer for the time being. Payment terms are usually agreed based on the history and the volume of the business relationship as well as experience gathered from previous transactions. Moreover, customers' payment behaviour is monitored and checked continuously. The effectiveness of these measures is clearly reflected in the Group-wide bad debt ratio, which currently stands at 0.1%. In view of the measures implemented, we consider the probability of debtor defaults to be rather unlikely and the effect on EBIT to be low. The overall risk of debtor defaults is therefore classified as negligible.

Financing and liquidity risk

Liquidity risks may arise when a company lacks the financial resources to settle liabilities with regard to their maturity, amount and currency structure. This would result in a lack of liquidity to settle liabilities or in rising financing costs. To ensure that the company is able to meet its current payment obligations as well as to ensure financial flexibility, sufficient liquid funds and credit lines are kept available in accordance with our financial and rolling cash projections. The company's operations are largely equity-funded. Two note loans in the amount of EUR 75 million and EUR 140 million, respectively, were taken out to finance the logistic centre and the acquisition of the HALLHUBER fashion company. No collateral has been furnished and the note loans are not subject to any covenants. Repayments were made as planned already in November 2016. Consequently, the financing and liquidity risk plays only a minor role for GERRY WEBER. Even in the event of banks changing their lending policies, we consider the risk of insufficient liquidity and the risk of not being able to raise sufficient debt capital at attractive terms to be negligible. The probability of occurrence is unlikely and the effect very low.

Interest rate risk

Interest rate risks arise as a consequence of changing market interest rates and may have an impact on future interest payments on variable-rate deposits and loans. Material changes in interest rates may therefore influence the profitability, liquidity and financial position of the Group. GERRY WEBER International AG manages this risk by raising long-term liabilities at mostly fixed interest rates. In some cases, interest rate derivatives are used to hedge against seasonal peaks in liquidity requirements with variable-rate interest agreements and to cushion the effect

30

MILLION EURO
HALLHUBER bond was repaid in July 2016.

of the variable tranches of the note loans. A certain amount of borrowing at variable interest rates is deemed acceptable to the extent that it permits to benefit from low interest rates.

The EUR 75 million note loan raised to finance the logistic centre has fixed and variable interest rate tranches. The fixed tranches yield an average interest rate of 2.3%. Taking into account the current low interest rates and the excellent creditworthiness of the GERRY WEBER Group, the average interest rate for the full amount is currently below 2.0%. Another note loan in the amount of EUR 140 million was issued. The note loan was used to finance the HALLHUBER acquisition. This note loan carries an average fixed interest rate of 1.5%. The bond issued by our HALLHUBER subsidiary in 2013, which carries a coupon of 7.25%, was repaid as planned in the financial year 2015 / 16 as of 18 June 2016. The repayment will have a positive effect on the future interest expenses of the whole GERRY WEBER Group.

Against the background of the favourable interest rates of the financing structure, the high equity portion of GERRY WEBER International AG and the current low interest rates, we consider the probability of occurrence to be unlikely and the effect of the interest rate risk to be very low. The interest rate risk is therefore classified as negligible.

Performance risks

Sales and inventory risk arising from the Wholesale operations

The sales and inventory risk resulting from our own Retail activities has already been outlined in detail in this risk report. Due to low inventories kept for the Wholesale business, e.g. to fulfil top-up orders or deliver NOS merchandise, a merchandise and inventory risk exists also in the Wholesale segment. A certain returns and inventory risk additionally arises from the newly introduced partnership schemes.

The opentobuy limits described above can also be used to fulfil potential top-up orders placed by our Wholesale partners during a season. The risk of undesirable inventory build-up is also mitigated by the expansion of our in-store stock management scheme at locations run by our trading partners. Against this background, we consider both the probability of occurrence and the effect of the inventory risk of the Wholesale segment to be low. The risk is therefore classified as medium risk.

Procurement risk

The high demands made on the quality and the fit of the GERRY WEBER products as well as on compliance with delivery deadlines means that equally high demands are made on our suppliers. Before qualifying as a GERRY WEBER supplier, all potential production partners must subject themselves to various controls to meet our strict selection criteria. Besides technical manufacturing standards and expertise as well as their capacities and creditworthiness, we primarily check our potential suppliers' compliance with social standards and local laws and regulations. But we do not content ourselves with preliminary checks. During the production process, GERRY WEBER staff from the local procurement offices monitor compliance with our standards on site. Contracts for the production of GERRY WEBER products and the available production capacities are managed centrally by our Procurement Department. The production volume is spread over several previously audited suppliers in different regions, which means that the risk of non-performance is reduced effectively.

Our HALLHUBER subsidiary places procurement orders with established and audited procurement agencies, most of which have worked for the company for many years. Continuous quality checks are carried out at the HALLHUBER headquarters in Munich and by external institutes to ensure that all products and materials meet our quality standards.

There is a risk of losing one or several suppliers, e.g. because of technical or financial problems. A sudden change of supplier may lead to delayed deliveries and / or to higher procurement prices. The same applies in the case of increased procurement prices due to pay rises, trade restrictions and / or higher customs duties.

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

To counteract this risk, the GERRY WEBER Group maintains a reliable, tried-and-tested network of strategic suppliers and, in the case of HALLHUBER, of well-established procurement agencies. Thanks to our in-house product development unit and the comprehensive technical production preparations made internally at GERRY WEBER, such as the production of the patterns and the scaling of the sizes in Halle / Westphalia, we are able to respond swiftly and flexibly and to replace production partners if required. In view of the fact that production volumes are spread over a large portfolio of suppliers in different countries, our own local sourcing offices and the internal and external checks carried out by renowned institutes, we consider the probability of delayed deliveries and additional expenses resulting from procurement problems to be unlikely. The effect is considered to be low. The risk is therefore classified as a negligible risk.

Logistic risk

Any disruption of the logistic processes may have an adverse impact on our ability to supply and deliver our products at the agreed dates. This could lead to declining sales revenues, additional costs and, possibly, to a deterioration in our customer relationships. Since the beginning of 2016, all logistic processes have successively been taken over by our newly built logistic centre, which will gradually replace our external logistic partners.

Completed in late 2015, the new logistic centre is precisely matched to our requirements and is operated and staffed by a wholly-owned subsidiary of GERRY WEBER International AG. The formerly eight logistic centres (GERRY WEBER Core and HALLHUBER) operated by external partners will thus be merged into a single warehouse for all distribution channels. Once all distribution channels have been integrated into the new logistic centre, it will no longer be necessary to precisely allocate each incoming item to a specific distribution channel. Instead, all channels will be fed from a shared inventory pool. This way the new centralised logistic concept reduces the risk of misallocating goods to the wrong distribution channel and cuts logistic costs.

Since the beginning of 2016, the products of the individual brands have been transferred to the new logistic centre and delivered from there according to a precisely defined process and time schedule. At the same time, the available capacities have increasingly been expanded and used. The online merchandise is the only exception as it will be transferred to the new logistic centre at a later date for contractual reasons. Up to this date, online sales to our end customers will continue to be handled by our external partners.

Delays and / or misallocations may occur during the shift from our local warehouses to the central logistic centre. In order to minimise this risk, we have, however, included sufficient time for this transition. The same applies to the need for technical and / or procedural adjustments of the newly implemented processes. Should this phase of change take longer than planned and / or far-reaching adjustments of the technical equipment or processes be required, this could have an impact on the net worth, financial and earnings position of the GERRY WEBER Group.

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

Against the background of the timing of the transfer phase and the technical equipment of the new logistic centre, we consider the probability of occurrence of a risk relating to the centralisation of the logistic processes to be low. The potential effects are also regarded as low, so that the logistic risk is classified as a medium risk.

IT risk

There is generally a risk that IT components and systems may fail, be adversely affected and / or distorted or even destroyed by external influences. Such failures may lead to a disruption of business operations. Projects of material importance for the Group could be delayed and thus become more expensive than planned. Moreover, cybercrime, e.g. in the form of viruses, could lead to system failures and to the loss of critical and / or confidential information. To minimise this risk, our networks are monitored constantly. Most of the server structures have been outsourced to an external computing centre to ensure even better protection of our systems and data. In addition, we have implemented security and protection systems to prevent the loss and abuse of data.

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

Due to the introduction of new material IT systems and programmes and the growing utilisation of the logistic centre, however, we classify the risk of projects being delayed as a low risk once and only for the financial year 2016 / 17. The effect is also considered to be low, which is why the IT risk is classified as a medium risk.

Other risks

Human resources risk

The commitment and the skills of our employees as well as their expert knowledge are critical factors for the success of the GERRY WEBER Group. Human resources risks primarily arise in the context of recruitment, skills shortage and staff turnover. We take different approaches to mitigate these risks, e.g. attractive compensation schemes and flexible working hours, challenging tasks and diverse career prospects, all of which are designed to tie our employees to the GERRY WEBER Group. We invest in the development of young talent by creating new apprenticeships as well as by expanding the availability of job-specific internships and graduate programmes.

While the risk resulting from a potential skills shortage has been minimised for the time being by the measures implemented in the context of the FIT4GROWTH programme, it may regain importance for specific positions in the future. We will therefore continue to improve the GERRY WEBER Group's attractiveness as an employer and maintain our focus on a sustainable and forward-looking human resources policy.

Against the background of the implementation of the realignment programme and its effects, we currently consider the probability of occurrence of human resources risks to be medium. We consider the effect of the above risks to be low. The human resources risk as a whole is classified as a medium risk.

Legal and compliance risks

Legal risks may arise in the context of our business activities. All material legal transactions are examined and approved using external specialists in order to avoid legal disputes. Should legal disputes occur nevertheless, they may not only entail high costs but also have an adverse impact on the image of GERRY WEBER International AG. At present there are no legal disputes that could have a material impact on the financial situation of the GERRY WEBER Group.

GERRY WEBER has implemented a comprehensive Compliance Programme, which comprises a number of organisational and preventive measures, in order to avoid legal risks and anchor compliant behaviour in the company. Our code of conduct and our group guidelines define a set of principles for responsible governance which are binding on all employees. Group-wide compliance with these rules and regulations is monitored centrally and reported directly to the Managing Board. While these defined rules of conduct, which are monitored by the Compliance Team, cannot fully rule out violations, we consider the probability to be unlikely and the effect to be low. The risk is therefore classified as negligible.

Liability risk

GERRY WEBER International AG has taken out external cover to protect itself against material risks, e.g. from property damage and business disruptions. In the event of damage, GERRY WEBER must bear no more than the amount of the deductible. Moreover, we have mitigated our exposure to property risks by implementing effective constructional and technical protective measures such as fire doors and smoke detectors as well as by ensuring regular maintenance and inspections of plant and machinery. All risks insured are constantly reviewed by the company to avoid over or underinsurance. We consider the financial effect of liability risks to be very low and the probability of occurrence to be unlikely. We therefore classify the risk as negligible.

Risk category	Individual risks	Probability of occurance	Effect	Risk category	Development of risks
External Risks					
	Risks relating to adverse weather conditions	low	material	material risk	→I
	Risks relating to the economic trend	low	moderat	medium risk	→I
	Force majeure risk	unlikely	very low	negligible risk	→I
Industry and market risks					
	Fashion and collection risk	low	material	material risk	→I
	Risk relating to a changing customer structure	unlikely	low	negligible risk	→I
	Risks relating to a changing competitive structure	unlikely	low	negligible risk	→I
Strategic risks					
	Risk relating to the national and international Retail expansion	medium	moderat	material risk	→I
	Brand and corporate image risk	medium	moderat	material risk	↗
	Investment risk	unlikely	very low	negligible risk	→I
	FIT4GROWTH	low	moderat	medium risk	n,a,
Financial risks					
	Currency risk	unlikely	moderat	medium risk	↗
	Risk of debtor defaults	unlikely	low	negligible risk	→I
	Financing and liquidity risk	unlikely	very low	negligible risk	→I
	Interest rate risk	unlikely	very low	negligible risk	→I
Performance risks					
	Sales and inventory risk	low	low	medium risk	→I
	Procurement risk	unlikely	low	negligible risk	→I
	Logistic risk	low	low	medium risk	↗
	IT risk	low	low	medium risk	↗
Other corporate risks					
	Human resources risk	medium	low	medium risk	→I
	Legal and compliance risks	unlikely	low	negligible risk	→I
	Liability risks	unlikely	very low	negligible risk	→I

→I unchanged risk ↗ increased risk ↘ decreased risk

Opportunity report

As an international fashion company, we are exposed not only to changing fashion trends and seasonal patterns but also to changing economic, political and social conditions in our output markets. To minimise the risks resulting from changing conditions and environments, the risk management system outlined above has been implemented within the Group. Our opportunity management system is designed to identify positive developments at an early stage and to seize the opportunities arising in this context to the benefit of the company.

A possible improvement in the economic and geopolitical situation in individual countries or regions in which we sell our products may have a positive effect on sales revenues and earnings of the GERRY WEBER Group. An economic recovery in Russia, for instance, could open up additional business opportunities.

Generally speaking, HALLHUBER's planned entry into new markets and the cooperation with new partners opens up the opportunity to tap new customer groups and, consequently, additional growth potential for the GERRY WEBER Group. The development of new products and brands also means further growth potential for the GERRY WEBER Group. Apart from introducing new product groups in existing collections, e.g. fashionable trend capsules for fast delivery, we see further potential in the expansion of the sales space for our recently launched "talkabout" brand.

Thanks to our flexible procurement structures and our broad pool of audited manufacturing partners in different regions, we can respond quickly and use production capacities in those regions which are characterised by lower price structures while offering consistently high quality.

The new logistic centre not only reduces our logistic costs but also ensures faster and optimised availability of products in the stores, thus offering the opportunity to leverage previously unused sales potential.

The growing importance of online commerce in the fashion industry will also open up opportunities for winning new customer groups for the GERRY WEBER brands. By relaunching our GERRY WEBER online shop in spring 2017 and expanding our online business on external platforms, we want to respond to customers' changing purchasing behaviour, develop new customer groups and benefit from potential arising in the market. We believe that the greater integration of stationary retail stores and online shops offers a way to exploit previously unused sales potential.

The increasing consolidation in the fashion retail sector also represents a potential opportunity. Moreover, competitors may exit our output markets as the market environment becomes more and more challenging. In both cases, the GERRY WEBER Group could win additional market shares.

Our opportunity management system is aimed at identifying existing and arising opportunities at an early stage and to leverage them to the benefit of the GERRY WEBER Group.

INFORMATION

pursuant to section 289 para. 4 HGB and section 315 para. 4 HGB

Composition of the subscribed capital

At the end of the reporting period on 31 October 2016, the subscribed capital (share capital) of GERRY WEBER International AG totalled EUR 45,905,960.00. The share capital consisted of 45,905,960 bearer shares. There were no capital measures in the fiscal year 2015 / 16.

Each share represents 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 other 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

Gerhard Weber, Chairman of the Managing Board until 31 October 2014 and member of the Supervisory Board since 1 November 2014, directly and indirectly held 29.64% of the company's share capital as of 31 October 2016. Supervisory Board member Udo Hardieck directly and indirectly held 17.52% of the share capital as of the same date. The company is not aware of any other voting rights exceeding 10% of the share capital of GERRY WEBER International AG.

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

Amendments to the statutes of GERRY WEBER International AG require a resolution by the Annual General Meeting supported by a majority of at least three quarters of the share capital represented when the resolution is passed; 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

According to a resolution adopted by the Annual General Meeting on 6 June 2013, the existing authorised capital was cancelled and the following authorisation was granted: Pursuant to section 5 para. 3 of the statutes, the Managing Board is authorised to increase the company's share capital by 5 June 2018 once or several times against cash or non-cash contributions by a total of up to EUR 22,952,980.00 by issuing new bearer shares with the consent of the Supervisory Board.

As a general rule, the shareholders benefit from subscription rights. With regard to the subscribed capital, the statutes of GERRY WEBER International AG entitle the Managing Board, under certain conditions, to exclude shareholders' subscription rights with the consent of the Supervisory Board.

The sum total of the shares issued against cash and non-cash contributions in an ex-rights issue subject to this authorisation is limited to an amount which does not exceed 20% of the share capital, neither at the time this authorisation becomes effective nor at the time this authorisation is used.

The Managing Board is authorised, subject to the consent of the Supervisory Board, to stipulate the further details of the capital increase and its execution including the details of the share rights and the conditions of the share issue.

The Annual General Meeting on 6 June 2013 also resolved to conditionally increase the share capital by up to EUR 4,590,590.00 through the issue of 4,590,590 new bearer shares. The conditional capital increase serves to grant bearer shares to the holders of convertible or option bonds (or combinations of these instruments) with conversion or option rights or conversion or option obligations issued by the company or a member company of the Group as defined in section 18 of the German Stock Corporation Act (AktG) by 5 June 2018. The new shares shall be issued at a conversion or option price to be determined. 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. The new shares issued due to the exercise of conversion or option rights or the settlement of conversion or option obligations are entitled to profit from the beginning of the financial year in which they are issued. The Managing Board is authorised to stipulate the further details of the execution of the conditional capital increase with the consent of the Supervisory Board.

Powers of the Managing Board regarding the acquisition of own shares

According to a resolution adopted by the Annual General Meeting on 16 April 2015, the Managing Board is authorised to acquire own shares in the amount of up to 10% of the current share capital until 15 April 2020 in accordance with section 71 para. 1 No. 8 of the German Stock Corporation Act (AktG). The shares acquired in accordance with the present authorisation, together with other shares in the company which the company has previously acquired and still holds or which are attributable to the company as own shares pursuant to section 71d and 71e of the German Stock Corporation Act (AktG), must, at no time, represent more than 10% of the respective share capital.

As of the reporting date on 31 October 2016, the company held no own shares.

Conditions of a change of control resulting from a takeover bid

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

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

If Managing Board contracts are terminated prematurely without serious cause, compensation including other benefits will be paid to the leaving Managing Board member for a maximum of two years (severance payment cap) and may not exceed the compensation for the remaining term of the respective contract. This means that the regulations in the Managing Board contracts comply with the relevant recommendations of the German Corporate Governance Code as amended on 5 May 2015. In the event of premature termination of a Managing Board member's contract due to a change of control, the respective Managing Board members are entitled to a compensation payment. In accordance with the German Corporate Governance Code, the compensation payments for the members of the Managing Board amount to 150% of the severance payment caps.

POST BALANCE SHEET EVENTS

No material events which may influence the earnings, net worth and financial position as well as the future business performance of the GERRY WEBER Group occurred after the end of the financial year 2015/16 (31 October 2016).

FORE-CAST

Forward-looking statements

The present forecast of GERRY WEBER International AG summarises management's expectations regarding the future company-specific, financial, macroeconomic, sector-specific and geopolitical developments which may influence the company's business activities. The following section reflects management's knowledge at the time of the preparation of the Group management report. GERRY WEBER being an international fashion and lifestyle company with sales and procurement structures in Germany and abroad, the economic, social and political conditions outside our German home market also play an important role for the company.

Outlook on economic developments in the key output markets

With a growth rate of 3.1% projected for 2016, the International Monetary Fund (IMF) expects global GDP to grow by 3.4% in 2017. Increasing uncertainty may arise, however, from the start of the negotiations about Great Britain's exit from the EU and pose a potential risk to growth. However, at present we do not expect any immediate effects on our turnover in Great Britain resulting from Brexit. Should US President Donald Trump restrict free trade and shut off the US market, this may not only have an adverse impact on the world economy also but weigh heavily on the export-oriented German economy, in particular. While economic researchers consequently agree that GDP growth in 2017 will be lower than in 2016, the forecasts and growth targets issued by the individual institutes differ and currently average 1.5%.

As described in the sector and economic report, consumer climate has remained very stable over the past months and years and has been characterised by high spending and consumption propensity, especially in Germany, and this trend appears set to continue in the next financial year. The consumer climate index again picked up in November and December 2016 and January 2017, when it reached 9.7, 9.8 and 9.9 points, respectively, with the economic outlook improving at the same time. From an economic point of view, the high consumption propensity should result in excellent demand for the fashion industry. In fact, however, both the German textile retail sector as a whole and the GERRY WEBER Group faced declining demand in 2016 in spite of excellent framework conditions. As a result of structural changes and changed consumer behaviour, past experience is no longer a valid guide when it comes to determining the drivers of future consumer behaviour. Besides the changes in demand – digital gadgets, travel, recreational products and real estate instead of clothing – the declining footfall in the city centres and the growing online commerce will also play an important role in the future. While physical stores still account for as much as 90% of total retail sales, online offerings are gaining importance not only for the transaction as such but also for information and customer retention prior to the actual transaction. The number of spontaneous buys via the smartphone is growing strongly especially among young women, although most purchases still seem to be planned, according to a study conducted by management consultancy A.T. Kearney. In many cases, the purchase in the physical store apparently marks the final step in a digitally planned journey. This means that consumers seek information on the Internet and make a decision before actually entering the store. Referred to as "webrooming", this trend entails both opportunities and risks for retailers. On the one hand, the digital journey must be supported by the respective offerings; on the other hand, the shopping experience in the store should be as uncomplicated and efficient as possible. Otherwise, it will frustrate the consumer and lead to a brand experience with negative associations.

Declining footfall figures may be counteracted by a well-installed Click & Collect system. According to a study conducted by Tyco Retail Solutions, Click&Collect may have a neutralising effect on the decline in footfall. More than half of all customers polled in a survey stated that they had visited the stores more often since the introduction of Click & Collect, prompting them to make additional purchases. This effect apparently has a positive effect even on neighbouring stores. Between them, all these aspects mean that the interaction with the customer must be managed digitally also prior to the purchase as such. As a consequence, the close connection between online and offline will play an important role in our future digitalisation strategy.

Future positioning of the GERRY WEBER Group and strategic measures

The FIT4GROWTH realignment programme was presented by the Managing Board already at the beginning of the past financial year 2015 / 16. Implementation of the measures resulting from the FIT4GROWTH programme is projected to take between 18 and 24 months. In accordance with the defined time-table, some of the measures were implemented already in recent months, which means that our realignment programme is proceeding to plan and we have reached the objectives we have set ourselves. The measures are outlined in detail in the present management report.

We will continue to implement the FIT4GROWTH programme as planned in the current financial year. Consequently, the financial year 2016 / 17 will also be influenced by the realignment of the GERRY WEBER Core segment. A focus will be placed on modernising our brands. For this purpose, we will continue the measures stated (e.g. to increase the perceived quality and value of our products) with great determination. The modernisation of the collections will be supported by the use of completely new visuals – from the image campaign to the point of sale To offset the declining footfall we offer even better service both in the stores and online. The importance of each individual customer must be highlighted even more effectively. In addition, we will push ahead with our digitalisation strategy in a focused manner and continue to invest in strengthening our Wholesale operations.

Increasing the percentage of Wholesale customers using the new partnership schemes is one of the objectives defined for the Wholesale segment. A better service for our Wholesale partners will not only secure the sales revenues generated with these customers but will also allow us to exert greater influence over the merchandise delivered to the individual points of sale and the pricing policy. The newly launched talkabout brand will continue to be marketed exclusively through our Wholesale segment. The number of talkabout shop-in-shops is to be increased from 30 to between 120 and 150 in the current financial year.

The coming months will see us place a strong focus on the further development of our e-commerce activities. Following the relaunch of the GERRY WEBER online shop in spring 2017, we will also expand our presence on external platforms. Further we will additionally begin to offer capsule collections exclusively for the online business. The aim is to increase online sales for all brands of the GERRY WEBER Group significantly.

We do not expect the market environment to improve. The framework conditions – especially in our core markets of Germany, Austria, the Netherlands and Belgium – will remain challenging in the next 12 to 24 months. There are still no signs of a pick-up in footfall in city centres and shopping malls. This means that we are pursuing the right strategy and will maintain the scope of the FIT4GROWTH programme. Needless to say, we will constantly check if and to what extent we need to respond to changes in the market and in customer requirements. We are positioned flexibly enough to make adjustments where we may identify further potential for improvement.

The next twelve months will again be characterised by fundamental changes and adjustments for the GERRY WEBER Core segment (GERRY WEBER, TAIFUN, SAMOON). The aim of this transformation phase is to adapt to changing market conditions, become more responsive and more efficient and to present the GERRY WEBER core brand, in particular, in a more modern and high-quality manner.

But we have not lost sight of our long-term strategies and objectives. Once we have completed the transformation, we want to grow profitably again. Special emphasis will be placed on the optimisation and vertical integration of all distribution channels and the internationalisation of our brands. The focus of our work will be on expanding the online business and integrating the physical stores with our online activities.

HALLHUBER will continue to grow during the transformation phase of the GERRY WEBER Core segments. Our subsidiary will primarily focus on increasing brand awareness and expanding its points of sale from 40 to 50 stores in 2016 / 17 in selected European countries while at the same time improving its profitability.

To achieve our long-term corporate objective of sustainable and profitable growth, the Managing Board has defined and initiated strategies which reflect both our FIT4GROWTH realignment programme and the fields of action defined for the strategic further development of the GERRY WEBER Group:

1. Optimise processes and costs as an ongoing corporate challenge
2. Modernise and sharpen the brand profiles, especially of the GERRY WEBER Core brands, in conjunction with the ongoing further development of the collections and products we offer
3. Restore the previous profitability of the GERRY WEBER Core Retail segment
4. Vertically integrate and strengthen the Wholesale segment
5. Digitalise and connect the distribution channels
6. Grow HALLHUBER in a controlled and consistently profitable manner

These strategies and fields of action are described in detail in the chapter entitled “Strategies and objectives” of the present management report.

Sales revenues and earnings of the GERRY WEBER Group will continue to be influenced by the difficult market environment but also by the internal realignment phase in the current and the following financial year.

Expected earnings and financial performance

In this Group management report we have already reported in detail on the continued challenging conditions in the European fashion market. We do not assume that the market conditions will improve during the coming months. Consequently, the Managing Board does not expect sales revenues of the GERRY WEBER Group to improve in the financial year 2016 / 17.

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Sales revenue projections 2016 / 17

The store closures of the past financial year and an expected moderate decline in like-for-like sales revenues will have an adverse impact on the revenue position of the GERRY WEBER Core Retail segment in the financial year 2016 / 17. We also expect the situation in our Wholesale segment to remain difficult, as our external retail partners are facing the same difficult market conditions as our own Retail segment. We therefore do not expect revenues to pick up in this segment, either, but project a moderate single-digit percentage decline compared to the previous year. While we expect online revenues to continue to increase steadily at rates of about 10%, these will be insufficient to offset the reduction in revenues of the GERRY WEBER Core Retail and Wholesale segments. By contrast, our HALLHUBER subsidiary will benefit from the POS growth of the past two years and increase its revenues even further. Against the background of the above mentioned, the Managing Board of GERRY WEBER International AG expects sales revenues in the financial year 2016 / 17 to be down by between –2% and –4% year on year (previous year: EUR 900.8 million).

Due to the construction of the new logistics centre, the acquisition of HALLHUBER but also in light of the expansion of the Retail store network, capital expenditure had risen sharply during the past years. In the current fiscal 2016 / 17 it will return to a lower level in the amount of some EUR 30 million and will include investments in the e-commerce business, the maintenance and improvement of our IT structure as well as investments in the scheduled expansion of the HALLHUBER sales space.

Earnings projections 2016 / 17

The anticipated drop in Wholesale revenues as well as the decline in the GERRY WEBER Core Retail segment will have an adverse impact on earnings in the financial year 2016 / 17. The increased earnings projected for HALLHUBER will not be able to offset these adverse impacts. Moreover, we will continue to implement our FIT4GROWTH realignment programme with great determination and may make adjustments where we identify further potential for improvement or where the volatile market developments make such adjustments necessary. The Managing Board projects the resulting special charges to amount to approx. EUR 6 million. The first savings achieved as a result of the measures already implemented in the context of the FIT4GROWTH programme will be almost offset by the above special charges associated with the continuing programme.

Against this background, the Managing Board of GERRY WEBER International AG projects consolidated earnings before interest, taxes, depreciation and amortisation (consolidated EBITDA reported) of between EUR 60 and 70 million for the financial year 2016 / 17. This amount includes depreciation and amortisation of approx. EUR 48 to 50 million, which means that consolidated earnings before interest and taxes reported in the income statement (consolidated EBIT reported) will amount to between EUR 10 and 20 million.

While the Managing Board expects GERRY WEBER Core revenues to stabilise in the following financial year 2017 / 18, most of the revenue growth in this year will be generated by our HALLHUBER subsidiary. Consequently, the Managing Board projects only a moderate increase in sales revenues of the whole GERRY WEBER Group for the financial year 2017 / 18 as compared to FY 2016 / 17. Because of the positive effects of the measures implemented in the context of the FIT4GROWTH programme and an improvement in HALLHUBER's profitability, however, the Managing Board expects the profitability of the GERRY WEBER Group as a whole to increase significantly in 2017 / 18.

Overall statement on the projected performance

The Managing Board of GERRY WEBER International AG does not expect the framework conditions for our business model to improve in the coming months. Neither the overall economy nor sector-specific factors will have a positive impact on our business performance. Our sales revenues and earnings will continue to be influenced by growing consumer uncertainty resulting from political developments as well as by declining footfall in city centres. By launching the FIT4GROWTH realignment programme in the first half of the financial year 2015 / 16, we have set the course to steer our GERRY WEBER Group back on the road to success in the long term. As announced on the occasion of the launch of the programme, however, the realignment exercise will continue throughout the financial year 2016 / 17. Against this background and in view of the resulting slightly lower revenue expectations for the GERRY WEBER Core segment, the Managing Board expects consolidated sales revenues in the financial year 2016 / 17 to be down by between –2% and –4% on the previous year (previous year: EUR 900.8 million). Consequently, the Managing Board projects consolidated earnings before interest, taxes, depreciation and amortisation (consolidated EBITDA reported) of between EUR 60 and 70 million (previous year: EUR 77.3 million). This amount includes depreciation and amortisation of approx. EUR 48 to 50 million, which means that consolidated earnings before interest and taxes reported in the income statement (consolidated EBIT reported) will amount to between EUR 10 and 20 million.

END

Acquired in February 2015, our HALLHUBER subsidiary will continue to grow in a controlled manner with the aim of improving its profitability. The performance of the past months and the expansion of the points of sale mean that HALLHUBER will continue to grow also in FY 2016 / 17 and FY 2017 / 18.

Just like FY 2015 / 16, the current financial year will also be influenced by the realignment of the GERRY WEBER Group and the adjustment to the changing market conditions. We expect the profitability of the GERRY WEBER Group as a whole to increase only after the consolidation of the GERRY WEBER Core segment is completed.

CONSOLIDATED FINANCIAL STATEMENTS

2015 / 16 in one sentence:
despite the positive HALLHUBER development the last financial year 2015 / 16 was not an easy one.

CONSOLIDATED INCOME STATEMENT

for the fiscal year 2015/16

in KEUR	Notes	2015/16	2014/15
Sales	22	900,791.0	920,838.3
Other operating income	23	46,347.6	37,676.9
Changes in inventories	24	12,726.3	12,403.1
Cost of materials	25	–369,801.2	–392,659.7
Personnel expenses	26	–202,708.3	–187,078.5
Depreciation/Amortisation	27	–63,450.6	–36,496.7
Other operating expenses	28	–308,719.6	–273,841.9
Other taxes	29	–1,364.5	–1,551.5
Operating result		*13,820.7*	***79,290.0***
Financial result	**30**		
Income from the fair value management of financial liabilities		20.0	1,354.1
Interest imcome		42.9	639.3
Income from loans of financial assets		0.0	20.4
Incidential bank charges		–1,906.7	–1,489.0
Financial expenses		–6,802.0	–6,749.2
		–8,645.8	***–6,224.4***
Results from ordinary activities		*5,174.9*	***73,065.6***
Taxes on income	**31**		
Taxes of the fiscal year		–10,879.7	–21,502.4
Deferred taxes		6,216.6	614.1
		–4,663.1	–20,888.3
Net income of the year		*511.8*	***52,177.3***
Earnings per share in Euro (basic)	32	0.01	1.14
Earnings per share in Euro (diluted)	32	0.01	1.14

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the fiscal year 2015/16

in KEUR	2015/16	2014/15
Net income of the year	511.8	52,177.3
Other comprehensive income		
Items that can be reclassified in the profit and loss account		
Currency translation: changes in the amount recognised in equity		
Changes in the balancing item for the currency translation of foreign subsidiaries	1,399.4	–3,130.7
Cash flow hedges: changes in the amount recognised in equity		
Changes in the fair value of derivatives used for hedging purposes	–29,373.3	18,813.8
Taxes on income		
Income taxes on the components of other net income	8,971.7	–5,341.5
Comprehensive income	**–18,490.4**	**62,518.9**

CONSOLIDATED BALANCE SHEET

for the year ended 31 October 2016

ASSETS

in KEUR	Notes	2015 / 16	2014 / 15
NON-CURRENT ASSETS			
Fixed Assets	**(1)**		
Intangible assets	(a)	226,224.0	229,862.1
Property, plant and equipment	(b)	287,978.6	287,828.0
Investment properties	(c)	0.0	26,537.4
Financial assets	(d)	2,274.2	2,596.8
Other non-current assets			
Trade receivables	(2)	0.0	245.2
Other non-current assets	(3)	279.4	387.1
Income tax claims	(4)	0.0	577.4
Deferred tax assets	**(5)**	**7,418.9**	**5,212.1**
		524,175.1	553,246.1
CURRENT ASSETS			
Inventories	(6)	173,286.8	163,583.7
Receivables and other assets			
Trade receivables	(7)	63,285.4	63,715.7
Other assets	(8)	86,957.9	70,479.8
Income tax claims	(9)	2,213.0	11,454.4
Cash and cash equivalents	**(10)**	**50,747.1**	**76,130.3**
		376,490.2	*385,363.9*
Balance sheet total		**900,665.3**	**938,610.0**

EQUITY AND LIABILITIES

in KEUR	Notes	2015 / 16	2014 / 15
EQUITY	**(11)**		
Subscribed capital	(a)	45,906.0	45,906.0
Capital reserve	(b)	102,386.9	102,386.9
Retained earnings	(c)	230,380.6	230,380.6
Accumulated other comprehensive income/loss acc. to IAS 39	(d)	10,930.1	31,491.4
Exchange differences	(e)	–1,581.3	–3,140.4
Accumulated profits	(f)	58,477.4	76,328.0
		446,499.7	*483,352.5*
NON-CURRENT LIABILITIES			
Provisions for personnel	(12)	184.6	49.6
Other provisions	(13)	8,324.6	8,645.0
Financial liabilities	(14)	221,250.0	215,000.0
Other liabilities	(15)	12,242.4	26,637.5
Deferred tax liabilities	(5)	38,307.7	51,086.5
		280,309.3	*301,418.6*
CURRENT LIABILITIES			
Provisions			
Tax liabilities	(16)	11,205.8	5,601.5
Provisions for personnel	(17)	16,198.7	11,792.2
Other provisions	(18)	17,967.6	15,739.2
Liabilities			
Financial liabilities	(19)	33,547.4	35,740.4
Trade payables	(20)	57,294.3	60,662.0
Other liabilities	(21)	37,609.1	24,303.6
Income tax liabilities		33.4	0.0
		173,856.3	*153,838.9*
Balance sheet total		900,665.3	938,610.0

STATEMENT OF CHANGES IN GROUP EQUITY

for the fiscal year 2015 / 16 and 2014 / 15

in KEUR	Notes	Capital stock	Capital reserves	Retained earnings	Accumulated other comprehensive income / loss	Exchange differences	Accumulated profits	Equity
As of 1 Nov. 2015		45,906.0	102,386.9	230,380.6	31,491.5	–3,140.5	76,328.0	483,352.5
Group net income							511.8	511.8
Other comprehensive income					–20,561.4	1,559.2		–19,002.2
Overall comprehensive income		0.0	0.0	0.0	–20,561.4	1,559.2	511.8	–18,490.4
Transactions with shareholders								
Dividend payments to the shareholders of the parent company							–18,362.4	–18,362.4
As of 31 Oct. 2016	11	45,906.0	102,386.9	230,380.6	10,930.1	–1,581.3	58,477.4	446,499.7
As of 1 Nov. 2014		45,906.0	102,386.9	230,380.6	18,321.8	–312.4	58,580.1	455,263.1
Group net income							52,177.3	52,177.3
Other comprehensive income					13,169.7	–2,828.1		10,341.6
Overall comprehensive income		0.0	0.0	0.0	13,169.7	–2,828.1	52,177.3	62,518.9
Transactions with shareholders								
Dividend payments to the shareholders of the parent company							–34,429.4	–34,429.4
As of 31 Oct. 2015	11	45,906.0	102,386.9	230,380.6	31,491.5	–3,140.5	76,328.0	483,352.5

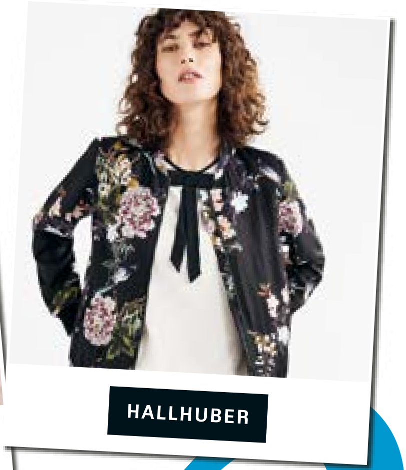
CONSOLIDATED CASH FLOW STATEMENT

for the fiscal year 2015 / 16 and 2014 / 15

in KEUR	2015 / 16	2014 / 15
Operating result	13,820.7	79,290.0
Depreciation / amortisation	63,450.6	36,496.7
Non-Cash relevant income	0.0	–14,083.0
Profit / loss from the disposal of fixed assets	–22,318.7	1,449.6
Increase in inventories	–9,703.1	–6,853.2
Decrease in trade receivables	675.6	7,363.5
Decrease in other assets that do not fall under investing or financing activities	4,004.8	1,544.6
Increase in provisions	6,449.5	2,757.4
Decrease / Increase in trade payables	–3,367.8	12,062.6
Decrease in other liabilities that do not fall under investing or financing activities	–2,996.9	–2,306.0
Income tax payments	4,576.7	–35,019.6
Cash inflows from operating activities	***54,591.4***	***82,702.3***
Income from loans	20.0	0.0
Interest received	42.9	639.3
Incidential bank charges	–1,906.7	–1,489.0
Interest paid	–4,986.9	–3,946.0
Cash inflows from current operating activities	***47,760.7***	***77,906.6***
Proceeds from the disposal of properties, plant, equipment and intangible assets	745.2	5,368.8
Cash outflows for investments in property, plant, equipment and intangible assets	–59,799.1	–108,757.8
Cash outflows for the acquisition of fully consolidated companies less cash and cash equivalents acquired	0.0	–107,524.6
Cash outflows for investments in investment properties	–107.2	–196.5
Proceeds from the disposal of financial assets	336.3	94.5
Cash outflows for investments in financial assets	–13.7	–144.5
Cash outflows from investing activities	***–58,838.5***	***–211,160.1***
Dividend payment	–18,362.4	–34,429.5
Proceeds from borrowings	33,771.0	140,000.0
Cash outflows for the repayment of financial liabilities	–29,714.0	–3,233.9
Cash outflows / inflows from financing activities	***–14,305.4***	***102,336.6***
Changes in cash and cash equivalents	–25,383.3	–30,916.9
Currency related changes in cash and cash equivalents	0.0	–79.6
Cash and cash equivalents at the beginning of the fiscal year	76,130.3	104,295.5
Cash and cash equivalents at the end of the fiscal year *	**50,747.0**	**73,299.0**

* Cash and cash equivaltents constist of cash (KEUR 50,747.1; previous year: KEUR 76,130.3) less current liabilities to banks (KEUR 0.0; previous year: KEUR 2,831.2)

Consolidated financial statements comprise the financial statements of the parent company and those of 39 subsidiaries.



NOTES

Information about the GERRY WEBER Group's segments are provided on page 182 et seq.

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 Prime Standard segment of the stock exchange in Frankfurt. It is the ultimate parent company of the Group.

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

The financial year began on 1 November 2015 and ended on 31 October 2016 (previous year: 1 November 2014 to 31 October 2015).

Accounting principles

Pursuant to EU Directive (EC) No. 1606 / 2002 in conjunction with section 315a para. 1 of the German Commercial Code (HGB), the consolidated financial statements of GERRY WEBER International AG, the parent company, for the year ended 31 October 2016 were prepared in accordance with the International Financial Reporting Standards (IFRS) such as they are applicable in the European Union. The term "IFRS" also includes the applicable International Accounting Standards (IAS) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the former Standing Interpretations Committee (SIC). All IFRS that were mandatory for the financial year 2015 / 16 were applied to the extent that they had been endorsed by the European Union.

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

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

New IASB regulations for first-time application in the financial year 2015 / 16

The following accounting standards and supplements to existing regulations became mandatory for the financial year from 1 November 2015 to 31 October 2016:

New regulations			Impact
Amendments to IAS 19	Employee Benefits – Employee contribution to defined benefit plans	Clarification that contributions to defined benefit plans which are made by employees or third parties themselves and are not linked to periods of service may be set off, for reasons of simplification, from the service cost of the period in which the corresponding employee services were rendered.	No impact
Improvement-Project 2012	Improvement of IFRS (2010–2012) IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38, IAS 24	Minor content-related amendments to the clarifications regarding the recognition, disclosure and measurement for standards IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24.	No material impact
Improvement-Project 2013	Improvement of IFRS (2011–2013) IFRS 1, IFRS 3, IFRS 13, IAS 40	The minor amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40 essentially include clarifications regarding recognition, disclosure and measurement.	No material impact

The amendments to IAS 36, which are effective for annual periods commencing on or after 1 January 2015, were applied by the GERRY WEBER Group already in the financial year 2013 / 14.

New IASB regulations not applicable in the financial year 2015 / 16:

Regulations that were not applied			Published by the IASB	First-time application	Adopted by the EU Commission	Anticipated impact on the GERRY WEBER Group
Amendments to IFRS 2	Share-based Payments	Classification and measurement of share-based transactions	20.06.2016	01.01.2018	Not yet	No impacts
Amendments to IFRS 4	Insurance Contracts	Application of IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	12.09.2016	01.01.2018	Not yet	The impact that would result from application is still being reviewed
IFRS 9	Financial Instruments	Rules regarding the recognition of impairment losses, changes of the classification and measurement of financial assets	24.07.2014	01.01.2018	Not yet	The impact that would result from application is still being reviewed
Amendments to IFRS 10 and IAS 28	Consolidated Financial Statements and Investments in Associates and Joint Ventures	Sale or contribution of assets between an investor and its associate or joint venture	11.09.2014	01.01.2016	Not yet	No impact
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Companies	Investment companies: application of the consolidation exception	18.12.2014	01.01.2016	22.09.2016	No impact

Regulations that were not applied			Published by the IASB	First-time application	Adopted by the EU Commission	Anticipated impact on the GERRY WEBER Group
Amendments to IFRS 11	Joint Agreements	Accounting for acquisitions of interests in joint operations	06.05.2014	01.01.2016	24.11.2015	No impact
IFRS 14	Regulatory Deferral Accounts	Financial reporting for regulatory deferral account balances that arise when an entity provides goods or services at a price or rate that is subject to rate regulation	30.01.2014	01.01.2016	Not yet*	No impacts
IFRS 15	Revenue from Contracts with Customers	Principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer	28.05.2014	01.01.2018	22.09.2016	The impact that would result from application is still being reviewed; in view of our current business activity, we do not expect any material impacts.
Amendments to IFRS 15	Clarification regarding IFRS 15	The clarification relates to the identification of performance obligations, principal versus agent considerations, licensing and the transition guidance	12.04.2016	01.01.2018	Not yet	The impact that would result from application is still being reviewed; in view of our current business activity, we do not expect any material impacts.
IFRS 16	Leases	The lessee must recognise longer-term leases in the form of a right of use and a liability in the balance sheet	13.01.2016	01.01.2019	Not yet	Strong increase in fixed assets and liabilities. Shift between operating result and financial result
Amendments to IAS 1	Presentation of Financial Statements	Disclosure Initiative: amendments clarify issues regarding statement of financial position and statement of profit or loss	18.12.2014	01.01.2016	18.12.2015	Different presentation and structuring within the notes
Amendments to IAS 7	Cash Flow Statement	In conjunction with the Disclosure Initiative, additional disclosures are required in the notes to assess the changes in liabilities from financing activities	29.01.2016	01.01.2017	Not yet	The impact that would result from application is still being reviewed
Amendments to IAS 12	Deferred Tax	Recognition of deferred tax assets for unrealised losses'	19.01.2016	01.01.2017	Not yet	The impact that would result from application is still being reviewed
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants	New regulation regarding the valuation of biological assets and transfer to IAS 16	30.06.2014	01.01.2016	23.11.2015	No impacts
Amendments to IAS 16 and IAS 38	Property, Plant and Equipment	Clarification of acceptable methods of depreciation and amortisation	12.05.2014	01.01.2016	02.12.2015	The impact that would result from application is still being reviewed
Amendments to IAS 27	Separate Financial Statements	Application of the equity method in separate financial statements	12.08.2014	01.01.2016	18.12.2015	No impacts
Amendments to IAS 40	Investment Property	Transfer of investment property	08.12.2016	01.01.2018	Not yet	No impacts

Regulations that were not applied			Published by the IASB	First-time application	Adopted by the EU Commission	Anticipated impact on the GERRY WEBER Group
Improvement-Project 2014	Improvement of IFRS (2012–2014) IFRS 5, IFRS 7, IAS 19, IAS 34		25.09.2014	01.01.2016	15.12.2015	No material impact
Improvement-Project 2016	Improvement of IFRS (2014–2016) IFRS 1, IFRS 12, IAS 28		08.12.2016	01.01.2017	Not yet	No material impact
IFRIC 22	Foreign Currency Transactions and Advance Consideration	Accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.	08.12.2016	01.01.2018	Not yet	The impact that would result from application is still being reviewed

* In November the EFRAG announced that the European Commission will not propose the IFRS interim standard for transposition into EU law due to the very limited user group.

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

Basis of consolidation

The consolidated financial statements cover GERRY WEBER International AG as the parent company as well as the following subsidiaries:

- Life-Style Fashion GmbH, Halle / Westphalia,
- Gerry Weber Retail GmbH, Halle / Westphalia,
- Energieversorgungsbetrieb Gerry Weber GmbH, Halle / Westphalia,
- Gerry Weber Iberica S.L., Palma de Mallorca, Spain,
- GERRY WEBER FAR EAST Ltd., Hong Kong, China,
- Gerry Weber France s.a.r.l., Paris, France,
- Gerry Weber Denmark ApS, Albertslund, Denmark,
- Gerry Weber Dis Ticaret Ltd. Sirkuti, Istanbul, Turkey,
- Gerry Weber Ireland Ltd., Dublin, Ireland,
- Gerry Weber Support s.r.l., Bukarest, Romania,
- Gerry Weber GmbH, Vienna, Austria,
- GERRY WEBER Italia GmbH, Italy,
- GERRY WEBER UK Ltd., London, UK,
- Gerry Weber GmbH, Raeren, Belgium,
- GERRY WEBER ASIA Ltd., Hong Kong, China,
- Gerry Weber Shanghai Co. Ltd., Shanghai, China,
- GERRY WEBER Polska Sp. z o.o., Warsaw, Poland,
- Gerry Weber Logistics GmbH, Halle / Westphalia,
- GW Media GmbH, Halle / Westphalia,
- GERRY WEBER Incompany B.V., Amsterdam, Netherlands *,
- GERRY WEBER Retail B.V., Amsterdam, Netherlands *,
- GERRY WEBER Sweden AB, Malmö, Sweden,
- GERRY WEBER CZ s.r.o., Prague, Czech Republic,
- ARW – GERRY WEBER BELUX BVBA, Brussels, Belgium *,
- ARW RETAIL – GERRY WEBER NV, Brussels, Belgium *,
- COAST RETAIL – GERRY WEBER NV, Nieuwpoort, 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,
- Outlet Retail BVBA, Brüssel, Belgium,
- Gerry Weber Norge AS, Trondheim, Norway,
- TB Fashion GERRY WEBER GmbH, Halle / Westphalia *,
- Brentrup Sp. z o.o., Lodz, Poland*,
- Hallhuber GmbH, Munich,
- Hallhuber Beteiligungs GmbH, Munich,
- Muotitalo Jokinen OY, Finland,
- OOO Gerry Weber RUS, Moskow, Russia,
- Gerry Weber Trading (Shanghai) Co. Ltd., Shanghai, China.

* The shareholdings in of the two Dutch companies, in the three Belgian companies and in TB Fashion Gerry Weber GmbH and its subsidiary, Brentrup Sp. z o.o., amount to 51% each. All other companies are wholly owned.

Changes to the basis of consolidation

The basis of consolidation changed through the foundation of

- Gerry Weber Trading (Shanghai) Co. Ltd.

The consolidated subsidiaries have the same reporting date as the parent company.

Consolidation principles

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

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

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

Business combinations

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

Where mutual call and put options for the non-acquired shares are agreed for company acquisitions, it is examined, in each individual case, whether the owner-specific rewards and risks are economically attributable to the GERRY WEBER Group already at the time the option agreement is signed. In these cases, a purchase price liability needs to be recognised for the (conditional) liability (liabilities from minority options), which is recognised at cost. Non-controlling interests in the amount of the option are not recognised.

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

Any contingent consideration is measured at the 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 IAS 39 and any resulting gain or loss is recognised either in profit or loss. A contingent consideration classified as equity will not be remeasured and its subsequent settlement will be recognised in equity.

Goodwill

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

IFRS 3 was not applied retrospectively to business combinations prior to 1 November 2004. The former consolidation method under the provisions of the German Commercial Code has been maintained. As a result, the fully amortised goodwill determined in accordance with the German Commercial Code in an amount of KEUR 264 has been retained for all business combinations prior to 1 November 2004. The same approach was applied to goodwill in an amount of KEUR 4,120, which was charged against equity with no effect on P / L under the old accounting regime. The presentation of the reserves and the profit carried forward was adjusted to the equity situation of the parent company as of 1 January 2004.

Business combinations pursuant to IFRS 3

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

Currency translation

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

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

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

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

Currencies		Closing rate		Average annual exchange rate	
1 EUR in		**31 Oct. 2016**	**31 Oct. 2015**	**2015/16**	**2014/15**
Denmark	DKK	7.44	7.46	7.45	7.45
UK	GBP	0.90	0.72	0.80	0.74
Hong Kong	HKD	8.49	8.54	8.61	8.81
Canada	CAN	1.47	1.45	1.47	1.41
Romania	RON	4.51	4.43	4.48	4.44
Turkey	TRY	3.40	3.21	3.26	2.97
USA	USD	1.10	1.10	1.11	1.14
China	CNY	7.42	6.97	7.28	7.09
Switzerland	CHF	1.08	1.09	1.09	1.09
Poland	PLN	4.33	4.26	4.34	4.17
Sweden	SEK	9.87	9.39	9.38	9.36
Czech Republic	CZK	27.02	27.09	27.03	27.39
Norway	NOK	9.04	9.39	9.34	8.84

B. ACCOUNTING AND VALUATION PRINCIPLES

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

Goodwill

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

Other intangible assets

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

Development expenditure is recognised as an expense as the capitalisation requirements of IAS 38 do not apply. This expenditure mainly comprises the cost of the development of the collections.

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

	Useful life
Software	3–5 years
Supply rights	3–5 years
Advantageous lease agreements	5–15 years
Customer bases	5–10 years
Brand rights	5–30 years

Property, plant and equipment

Property, plant and equipment are recognised at cost – for each category – less scheduled straight-line depreciation. On a small scale, movable assets with a useful life of more than ten years that were added before 31 October 2007 were written down using the declining-balance method to the extent that this approach reflected the actual decrease in value. Since 1 November 2008, these assets have also been written down using the straight-line method.

The acquisition cost comprises the purchase price, ancillary costs and cost reductions. The cost of internally generated assets includes direct costs as well as directly attributable portions of the overheads. Borrowing costs are taken into account for qualifying assets. Where furnishings and fittings for rented properties were concerned, dismantling costs were capitalised at their present value. An average interest rate of 2.9% (previous year: 3.6%) p.a. was applied.

No investment-related government grants were received.

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

	Useful life
Building components and furnishings and fittings for rented properties	10–50 years
Plant and machinery	3–15 years
Other plant, furnitures and fixtures	1–15 years

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

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

Impairment of non-financial assets

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

Borrowing costs

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

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

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

Investment property

Investment property is disclosed in accordance with IAS 40. It is recognised at cost and the building is written down using the straight-line method over a useful life of 50 years. Rental income from properties held as financial investments are recognised as other operating income over the term of the respective tenancy on a straight-line basis.

Financial instruments

IAS 39 defines a financial instrument as any contract that gives rise to both a financial asset of one enterprise and a financial liability of equity instrument of another enterprise.

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

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

To the extent relevant for the GERRY WEBER Group, financial assets and financial liabilities are divided into the following categories:

- financial assets or financial liabilities at fair value through profit or loss,
- available-for-sale financial assets,
- loans and receivables,
- held-to-maturity financial assets,
- financial liabilities recognised at amortised cost.

Financial assets and liabilities are assigned to the above categories upon initial recognition.

The category “at fair value through profit or loss” comprises the earn-out payments from the purchase of retail stores in the Netherlands, Belgium, Norway and Germany.

Where permissible and required, reclassifications are made as of the end of the financial year. No reclassifications were made in the financial year 2015 / 16 and the previous year.

Where no active market exists and the fair value cannot be reliably measured, equity instruments are measured at amortised cost.

Financial assets

All regular way purchases and sales of financial assets are recognised in the balance sheet as of the trade date, i. e. the date that the Group commits to purchase or sell the asset.

Financial assets are measured at fair value upon initial recognition. Transaction costs directly attributable to the acquisition are recognised for all financial assets not classified as “financial assets or financial liabilities at fair value through profit or loss”.

The fair values recognised in the balance sheet are usually identical with the market prices of the financial assets. Where these are not available, they are calculated using accepted measurement methods and current market parameters. The measurement methods include the use of the latest transactions between knowledgeable, willing parties in an arm’s length transaction, the comparison with the fair value of another, essentially identical financial instrument, the analysis of discounted cash flows and the use of other measurement models.

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

After initial recognition, trade receivables as well as other loans and receivables are measured at amortised cost, possibly using the effective interest rate method, less impairment. Gains and losses are recognised in net profit / loss for the period upon derecognition, impairment or settlement of the receivables.

The category "at fair value through profit or loss" comprises derivative financial instruments which do not qualify for hedge accounting pursuant to IAS 39 although they represent a hedge from an economic point of view.

Gains or losses on financial assets recognised at fair value through profit or loss are always recognised in profit or loss.

Financial assets not assigned to the category "at fair value through profit or loss" are tested for impairment at each balance sheet date.

The carrying amounts of financial assets not recognised at fair value through profit or loss are tested for objective evidence of impairment at each balance sheet date. There is objective evidence of impairment in the following cases: evidence of financial difficulty of a customer or customer group, default or delinquency in interest or principal payments, the probability of bankruptcy as well as facts indicating a measurable reduction in estimated future cash flows such as unfavourable changes in the payment situation of the borrower or the economic situation which are consistent with the default. The impairment loss for financial assets recognised at amortised cost is equivalent to the difference between the carrying amount and the present value of the expected future cash flows, discounted at the original effective interest rate of the financial asset. If, in a subsequent period, an increase in the fair value is determined, the impairment is reversed up to an amount no higher than amortised cost.

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

No financial assets are posted as collateral for liabilities or contingent liabilities.

Financial liabilities

Financial liabilities are measured at fair value upon initial recognition. Derivatives not forming part of an effective hedging relationship are assigned to the category "financial liabilities at fair value through profit or loss" if they have a negative fair value. An exchange-trade bond obligation as well as conditional purchase price obligations from company acquisitions also fall in this category. Gains and losses from subsequent measurement are recognised through profit or loss.

After initial recognition, trade accounts payable and interest-bearing loans are measured at amortised cost using the effective interest-rate method. Gains and losses arising in this process are recognised in profit or loss upon derecognition or repayment of the liabilities.

A financial liability is derecognised when the underlying obligation is settled, is cancelled or expires.

As in the previous year, no liabilities from finance leases existed as of the balance sheet date.

Derivative financial instruments

The GERRY Weber Group uses derivative financial instruments exclusively in the form of cash flow hedges to hedge exchange rate risks from its operating activities.

The cash flow hedges serve to hedge the foreign currency risk in the procurement or sale of goods. The Group uses currency forwards and currency options. These are contractual arrangements for the purchase or sale of two defined currencies at a given time at a fixed price.

When using hedges, suitable derivatives are assigned to certain hedged items. The requirements of IAS 39 regarding the qualification for hedge accounting are met with the following exception: as of the balance sheet date, there were a few currency forwards / options which did not meet the requirements for hedge accounting in accordance with IAS 39. Changes in the fair value of these derivative financial instruments are recognised in profit or loss.

According to IAS 39, all derivative financial instruments must be recognised at their fair value regardless of the purpose or intention for which they are used.

If the financial instruments used are effective hedges in the context of a hedging relationship as defined in IAS 39 (cash flow hedges), fluctuations in the fair value have no effect on profit or loss during the term of the derivative. Fluctuations in the fair value are recognised in the respective equity item. The accumulated value in equity is recognised in profit or loss upon maturity of the hedged cash flow. Where an ineffective portion of the value changes of the hedges exists, these are recognised in profit or loss.

Transactions not qualifying for hedge accounting should be classified as a financial asset or a financial liability recognised at fair value through profit or loss and classified as such upon initial recognition. Positive fair value is included in other assets, while negative fair value is included in other liabilities. Income generated and expenses incurred are included in other operating income and other operating expenses, respectively.

The fair value is generally equivalent to the current or market value. If no active market exists, the fair value is mostly determined by banks using accepted calculation methods.

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 valuations at fair value result from quoted prices (unadjusted) in active markets for identical financial assets or liabilities.

- Level 2 valuations at fair value are based on parameters other than quoted prices for assets and liabilities included within level 1 (data), either directly derived (i. e. as prices) or indirectly derived.

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

The Group has a hedging policy of only using effective derivatives to hedge currency risks. With the exception of the above-mentioned derivatives not qualifying for hedge accounting, the material and formal hedge accounting requirements of IAS 39 were fulfilled both on the day the hedges were signed and on the balance sheet date.

Current tax

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

Deferred tax

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

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

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

Income tax receivables

Confirmed German corporate income tax assets will be paid out in ten equal amounts in the assessment periods from 2008 to 2017. The present value of the receivables is stated with a discount factor of 4% (previous year: 4%).

Inventories

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

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

The costs of conversion of finished goods are assessed based on the realisable selling price.

Intercompany profits resulting from sales within the Group are eliminated

Miscellaneous provisions

Provisions are recognised in accordance with IAS 37. They are established when legal or constructive obligations exist as a result of a past event and a reliable estimate can be made of the amount of the outflow of resources required to settle the obligation. In the case of individual risks, the provision is valued as the most probable settlement amount taking into account all discernible risks. The determination of provisions for restructuring related to the FIT4GROWTH programme requires in particular contractually fixed compensation payments as well as outstanding severance payments, which were determined on the basis of pronounced terminations.

Non-current provisions are discounted and recognised at their present value on the basis of a pre-tax rate. As of 31 October 2016, non-current provisions were discounted at a average rate of 2.93% (previous year: 3.6%). Increases in provisions resulting purely from interest compounding are expensed through profit or loss in the income statement.

Other liabilities / liabilities from minority options

The liabilities from minority options result from the acquisition of retail companies in the Netherlands, Belgium and Germany, which are recognised at fair value. The strike price of the respective option depends on the future EBIT figures of the target companies. The amount was recognised on the basis of an EBIT plan. If the actual EBIT differ from the plan, the liability is to be adjusted in the income statement.

In addition, the company recognised outstanding purchase price payments and earn-out payments from the purchase of the Norwegian retail companies. The earn-out payments depend on future sales and earnings targets being reached.

Realisation of income and expenses

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

(a) Sale of goods – Wholesale

The Group produces and sells a range of ladieswear to wholesalers. Revenues from the sale of goods are recognised in principle when a Group entity has delivered products to a wholesaler, when the sales channel and the sales price of the product are at the discretion of the wholesaler and when there are no unmet obligations which could affect the wholesaler's acceptance of the goods. In such cases delivery will be deemed to have occurred only after all goods have been sent to the stipulated place, the risk of obsolescence and loss has passed to the wholesaler and either the wholesaler has accepted the goods in accordance with the provisions of the purchase contract or the Group has objective indications that all conditions of acceptance have been met.

Besides partnership programms were closed with some of the customers. The Partnership programms help to improve the presentation of the GERRY WEBER collections at the point of sale and to generate higher income for both parties through a better pricing policy. In this context returns limited by value terms and duration were granted.

For this purpose sales-related provisions for unexpected returns were built. This calculation based on expected return rates. Moreover, consignment contracts have been signed with selected partners, under which the merchandise remains the property of GERRY WEBER until it is sold to the final consumer.

(b) Sale of goods – Retail

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

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

(c) Internet revenues

Revenues from the web-based sale of goods are recognised at the time when the risks and benefits from the goods pass to the customer, i.e. upon delivery. Provisions for Internet credit items are calculated on the basis of the expected returns; this calculation is based on historical return rates.

Capital reserve and retained earnings

The premiums that exceeded the par value of own shares repurchased in the previous years were deducted from the capital reserve in the pro-rata amount of the premium paid per share relative to the originally paid-in capital; the excess amount is deducted from retained earnings.

Historical sales proceeds generated from the sale of own shares in excess of the imputed nominal amount were fully allocated to the capital reserve.

Assumptions, estimates and discretionary decisions

Impairment of non-financial assets

When testing intangible assets, especially goodwill and property, plant and equipment of the company-managed retail stores, certain basic assumptions were made with regard to the recoverable amount. Within this framework, the expected cash flows for the impairment tests are derived from planned budgets for the cash-generating units or groups of cash-generating units and discounted. Management assumes that the assumptions and estimates on which the discounted cash flows are based are adequate. Changes in the economic conditions and the sector-specific growth assumptions may, however, have an impact on the impairment tests that may lead to impairment in future. The basic assumptions made to determine the recoverable amount for the different cash-generating units are explained in greater detail in paragraph C. “Intangible assets / Goodwill”.

Accounting for acquisitions

Acquisitions typically result in the recognition of goodwill reflecting the difference between the consideration and the amount of the non-controlling interests in the acquired company and its assets and liabilities. Upon initial recognition, all identifiable assets and liabilities are recognised at the fair value. These fair values constitute a key estimate. Where intangible assets are identified, the fair value is determined using adequate measurement techniques, depending on the type of the intangible asset. These measurements are based on different input factors and partly on management's assumptions regarding the future performance of the assets and the discount rates used.

Acquisitions have resulted in liabilities from minority options which are recognised at fair value. The strike price of the minority options depends on the expected EBIT of the individual companies. In the event of deviations from the expected EBIT, liabilities from minority options should be adjusted through profit or loss in the income statement.

In the previous year, the minority options were adjusted through profit or loss due to changes in EBIT expectations of the companies in the amount of KEUR 12,612. As the earnings expectations were confirmed in the current year, no adjustment was required.

Provisions

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

Inventories

To account for inventory risks, inventories are written down to the expected lower selling price. The costs of conversion of finished goods are assessed based on the realisable selling price.

Write-downs of receivables

The recoverability of receivables is assessed on the basis of the estimated probability of default. Overdue receivables are written down using individually determined percentage rates. If the financial situation of a customer deteriorates, the amount of the actually required derecognition may exceed the write-downs, which may have an adverse impact on the earnings position.

Derivative financial instruments

The assumptions made to measure derivative financial instruments are based on market conditions prevailing at the balance sheet date and thus reflect the fair value. For more details, please refer to E. Additional disclosures and explanations regarding financial instruments.

C. NOTES TO THE BALANCE SHEET

(1) Fixed assets

No security interests in fixed asset items have been provided for liabilities of the Group.

(a) Intangible assets / Goodwill

in KEUR	Concessions, industrial rights and similar rights and assets as well as licenses to such rights and assets	Goodwill	Payments on account	Total
Costs				
1 Nov. 2015	***198,335***	***87,051***	***12,022***	***297,409***
Exchange differences	455	624	0	**1,079**
Additions	9,078	0	7,625	**16,703**
Reclassifications	6,080	0	–4,206	**1,874**
Disposals	–620	0	–129	**–749**
31 Oct. 2016	***213,327***	***87,675***	***15,312***	***316,315***
Depreciation / amortisation				
1 Nov. 2015	***67,282***	***264***	***0***	***67,546***
Exchange differences	–20	0	0	**–20**
Additions	22,857	0	0	**22,857**
Reclassifications	0	0	0	**0**
Disposals	–293	0	0	**–293**
31 Oct. 2016	***89,826***	***264***	***0***	***90,091***
Carrying amount 31 Oct. 2015	**131,053**	**86,787**	**12,022**	**229,862**
Carrying amount 31 Oct. 2016	**123,501**	**87,411**	**15,312**	**226,224**

in KEUR	Concessions, industrial rights and similar rights and assets as well as licenses to such rights and assets	Goodwill	Payments on account	Total
Costs				
1 Nov. 2014	*104,973*	*34,187*	*6,589*	*145,749*
Exchange differences	–1,227	–1,678	0	–2,905
Additions	94,197	54,543	6,418	155,158
Reclassifications	985	0	–828	157
Disposals	–594	0	–157	–750
31 Oct. 2015	*198,335*	*87,052*	*12,023*	*297,409*
Depreciation / amortisation				
1 Nov. 2014	*50,589*	*265*	*0*	*50,853*
Exchange differences	–207	0	0	–207
Additions	17,365	0	0	17,365
Reclassifications	0	0	0	0
Disposals	–464	0	0	–464
31 Oct. 2015	*67,282*	*265*	*0*	*67,547*
Carrying amount 31 Oct. 2014	54,384	33,923	6,589	94,896
Carrying amount 31 Oct. 2015	131,053	86,787	12,023	229,862

Additions to other intangible assets mainly relate to acquired software. In the previous year essentially acquired software as well as trademark rights, customer relationships and rental contracts related to company acquisitions.

Exclusive rights of supply

Intangible assets include exclusive rights of supply to Houses of GERRY WEBER operated by third parties in an amount of KEUR 10,551 (previous year: KEUR 10,101). Depreciation of these rights of supply totalled KEUR 3,788 in the financial year 2015 / 16 (previous year: KEUR 3,261), disposals at residual carrying amounts totalled KEUR 167. Additions in the financial year totalled KEUR 4,405.

Lease agreements

The item also comprises purchased advantageous lease agreements for stores in an amount of KEUR 18,580 (previous year: KEUR 24,620). The amortisation of these assets amounted to KEUR 6,090 in the financial year 2015 / 16 (previous year: KEUR 4,036) and contained extraordinary depreciation / amortisation related to the FIT4GROWTH programme of TEUR 1,333. Additions in the financial year totalled KEUR 0 (previous year: KEUR 14,400).

The rents stipulated in the lease agreements taken over in the context of the business combinations of the past financial years are clearly below the market level. These advantages were capitalised at the present value. The present value was determined based on the remaining duration of the lease agreements using a duration-specific discount rate. The advantageous lease agreements recognised as depreciable intangible assets are written off over the remaining term of the leases using the straight-line method. The resulting expenses are recognised in the income statement under "Depreciation / Amortisation".

Customer relationships

As of 31 October 2016, customer relationships were recognised as intangible assets in the amount of KEUR 24,422 (previous year: KEUR 29,029). The amortisation of these assets amounted to KEUR 4,979 in the financial year 2015 / 16 (previous year: KEUR 4,290) and contained extraordinary depreciation / amortisation related to the FIT4GROWTH programme of TEUR 117. Additions in the financial year amounted to KEUR 0 (previous year: KEUR 16,929).

Customer relationships were identified in the context of the business combinations of the past financial years. They were capitalised at the present value. The present value was determined based on an assumed useful life of five to eight years using a duration-specific discount rate. The customer relationships recognised as depreciable intangible assets are written off using the straight-line method. The resulting expenses are recognised in the income statement under “Depreciation / Amortisation”.

“CHANTAL” brand name

In the context of the takeover of T. Angen Kapesenteret AS, the “CHANTAL” brand name was acquired and shown under intangible assets valued at KEUR 711. The “CHANTAL” brand has a presence in the market through the 16 multi-label stores operated by T. Angen Kapesenteret AS and generates assignable cash flows. The brand, which is recognised as a depreciable intangible asset, is written off over a period of ten years using the straight-line method. The resulting expenses are recognised in the income statement under “Depreciation / Amortisation”.

“Hallhuber” brand name

In the context of the takeover of Hallhuber, the “Hallhuber” brand name was acquired and shown under intangible assets valued at KEUR 54,000. The “Hallhuber” brand has a presence in the market and generates assignable cash flows. The brand, which is recognised as a depreciable intangible asset, is written off over a period of 30 years using the straight-line method. The resulting expenses are recognised in the income statement under “Depreciation / Amortisation”.

“Maehle” brand name

In the context of the takeover of Joh. Maehle & Co AS, the “Maehle” brand name was acquired and shown under intangible assets valued at KEUR 213. The “Maehle” brand has a presence in the market through the 5 multi-label stores operated by Joh. Maehle & Co AS and generates assignable cash flows. The brand, which is recognised as a depreciable intangible asset, is written off over a period of four years using the straight-line method. The resulting expenses are recognised in the income statement under “Depreciation / Amortisation”.

Goodwill

As of 31 October 2016, goodwill was recognised at a carrying amount of KEUR 87,411 (previous year: KEUR 86,787) and results from the positive difference arising from the business combinations.

The following goodwill is recognised:

in KEUR	31 Oct. 2016	31 Oct. 2015
Retail Austria	2,136	2,136
Retail Germany	3,495	3,495
Stores Netherlands	10,675	10,675
Concessions Netherlands	1,161	1,161
Stores Belgium	6,198	6,198
Stores Norway	10,138	9,514
Stores Finland	1,384	1,384
Retail Hallhuber	52,224	52,224
	87,411	86,787

The goodwill relating to the stores in Norway has increased as a result of a currency-related adjustment in the amount of KEUR 624 made with effect from the balance sheet date. In the previous year, this goodwill declined also currency-related by KEUR 1,678.

Goodwill is primarily attributable to the "Retail Gerry Weber" segment, save for the Hallhuber goodwill, which is attributable to the "Retail Hallhuber" segment. In these segments, the individual sales spaces are defined as cash-generating units.

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

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

Impairment tests for intangible assets did not result in write-downs in the past financial year. Due to a consistent risk structure cash flows were discounted using a weighted average cost of capital (WACC) before taxes of 9.11% (after taxes of 6.76%) based on market data. Gerry Weber uses constant growth rates of 1% to extrapolate the cash flows beyond the detailed planning period of three years. Besides new store openings and closures of individual points of sale, like-for-like sales growth of 1% to 5% depending on the location as well as capital expenditures in the same amount as depreciation / amortisation are assumed for the detailed planning period. Even in the unlikely event of reduced assumptions, no need for write-downs would occur. If the discount rate before taxes were increased by one percentage point to 10.11%, no write-downs would be required. This would also be the case if the growth rate used to calculate the perpetual annuity were reduced by one percentage point and if the planned operating result declined by 5%.

(b) Tangible assets

in 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 Nov. 2015	***184,931***	***7,960***	***96,020***	***97,987***	***386,897***
Exchange differences	–188	–51	–71	36	**–275**
Additions	19,249	9,893	11,994	1,960	**43,096**
Reclassifications	43,100	51,120	1,588	–97,683	**–1,874**
Disposals	–12,269	–27	–10,212	–6	**–22,514**
31 Oct. 2016	***234,823***	***68,895***	***99,318***	***2,294***	***405,330***
Depreciation/ amortisation					
1 Nov. 2015	***44,197***	***6,515***	***48,357***	***0***	***99,069***
Exchange differences	–79	–49	–96	0	**–224**
Additions	21,258	2,109	16,736	0	**40,104**
Reclassifications	0	0	0	0	**0**
Disposals	–12,040	–8	–9,549	0	**–21,598**
31 Oct. 2016	***53,336***	***8,568***	***55,448***	***0***	***117,352***
Carrying amount 31 Oct. 2015	**140,734**	**1,444**	**47,663**	**97,987**	**287,828**
Carrying amount 31 Oct. 2016	**181,487**	**60,327**	**43,870**	**2,294**	**287,979**

in 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 Nov. 2014	*172,478*	*7,780*	*79,712*	*25,135*	*285,103*
Exchange differences	–52	–14	–173	–29	–267
Additions	23,818	486	20,849	73,045	118,198
Reclassifications	94	11	–98	–164	–157
Disposals	–11,407	–303	–4,270	0	–15,980
31 Oct. 2015	*184,931*	*7,960*	*96,020*	*97,987*	*386,897*
Depreciation / amortisation					
1 Nov. 2014	*42,392*	*6,179*	*41,407*	*0*	*89,978*
Exchange differences	–22	–13	–71	0	–106
Additions	7,125	652	10,868	0	18,645
Reclassifications	0	0	0	0	0
Disposals	–5,297	–303	–3,847	0	–9,447
31 Oct. 2015	*44,197*	*6,515*	*48,357*	*0*	*99,069*
Carrying amount 31 Oct. 2014	130,086	1,601	38,305	25,135	195,126
Carrying amount 31 Oct. 2015	140,734	1,444	47,663	97,987	287,828

This item comprises company properties in Halle / Westphalia, Düsseldorf and Romania including their furnitures and fixtures. It also comprises furnishings and fittings installed in rented retail properties.

Borrowing costs of KEUR 725 (previous years: KEUR 1,519) were capitalised in the context of the construction of the new logistic centre in Halle / Westphalia (RAVENNA-Park) in the financial year 2015 / 16. A capitalisation rate of 2.0% (previous year: 2.0%) was used to determine the borrowing costs eligible for capitalisation.

(c) Investment properties

in KEUR	Investment properties
Costs	
1 Nov. 2015	*28,418*
Exchange differences	0
Additions	107
Reclassifications	0
Disposals	−28,525
31 Oct. 2016	*0*
Depreciation / amortisation	
1 Nov. 2015	*1,881*
Exchange differences	0
Additions	489
Reclassifications	0
Disposals	−2,370
31 Oct. 2016	*0*
Carrying amount 31 Oct. 2015	**26,537**
Carrying amount 31 Oct. 2016	**0**

in KEUR	Investment properties
Costs	
1 Nov. 2014	*28,221*
Exchange differences	0
Additions	197
Reclassifications	0
Disposals	0
31 Oct. 2015	*28,418*
Depreciation / amortisation	
1 Nov. 2014	*1,393*
Exchange differences	0
Additions	487
Reclassifications	0
Disposals	0
31 Oct. 2015	*1,881*
Carrying amount 31 Oct. 2014	**26,828**
Carrying amount 31 Oct. 2015	**26,537**

In the financial year 2008/09 the Group acquired a property in Düsseldorf. The company built a new order centre, whose premises were let to other fashion companies, on this site. The property was recognised at cost and the building was written down using the straight-line method over a useful life of 50 years. The building was completed in the financial year 2011/12 and was subsequently used by tenants. The investment property was sold in full in the past financial year. The sale generated income in the amount of KEUR 22,945, which is recognised in other operating income.

Income generated from the property up to the sale amounted to KEUR 3.371 (previous year: KEUR 3,322), while direct operating expenses amounted to KEUR 934 (previous year: KEUR 990).

(d) Financial assets

in KEUR	Investments	Other loans	Total
Costs			
1 Nov. 2015	***484***	***2,827***	***3,311***
Exchange differences	8	0	8
Additions	14	0	14
Reclassifications	0	0	0
Disposals	–205	–140	–344
31 Oct. 2016	***301***	***2,687***	***2,989***
Depreciation / amortisation			
1 Nov. 2015	***264***	***450***	***714***
Exchange differences	0	0	0
Additions	0	0	0
Reclassifications	0	0	0
Disposals	0	0	0
31 Oct. 2016	***264***	***450***	***714***
Carrying amount 31 Oct. 2015	220	2,377	2,597
Carrying amount 31 Oct. 2016	37	2,237	2,274

in KEUR	Investments	Other loans	Total
Costs			
1 Nov. 2014	***406***	***2,868***	***3,274***
Exchange differences	-13	0	**-13**
Additions	91	54	**145**
Reclassifications	0	0	**0**
Disposals	0	–95	**–95**
31 Oct. 2015	***484***	***2,827***	***3,311***
Depreciation / amortisation			
1 Nov. 2014	***264***	***450***	***714***
Exchange differences	0	0	**0**
Additions	0	0	**0**
Reclassifications	0	0	**0**
Disposals	0	0	**0**
31 Oct. 2015	***264***	***450***	***714***
Carrying amount 31 Oct. 2014	**142**	**2,418**	**2,559**
Carrying amount 31 Oct. 2015	**220**	**2,377**	**2,597**

Itemised breakdown:

in KEUR	31 Oct. 2016	31 Oct. 2015
Long-term loans	**1,862**	1,965
Long-term deposits	**232**	232
Rent deposits	**143**	180
Shares in limited partnerships	**30**	17
Shares in foreign corporations	**7**	203
	2,274	**2,597**

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

(2) Trade receivables (non-current)

Trade receivables with a maturity of more than one year amounted to KEUR 0 (previous year: KEUR 245). These are market rate interest-bearing trade receivables.

(3) Other assets (non-current)

Other non-current assets are solely non-financial assets and have duration times up to four years.

(4) Income tax receivables (non-current)

This item is an officially confirmed corporate income tax credit, which will be paid out in ten equal amounts in the assessment periods from 2008 to 2017. The present value of the receivables is stated with a discount factor of 4% (previous year: 4%). The portion that has a term of more than one year was recognised as non-current income tax receivables.

Existing corporate income tax credits of the domestic companies are recognised under non-current income tax receivables in an amount of KEUR 0 (previous year: KEUR 577). The short-term portion of corporate income tax credits and other tax refunds in an amount of KEUR 2,213 (previous year: KEUR 11,454) is recognised under current income tax receivables.

(5) Deferred taxes

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

in KEUR	Deferred tax assets		Deferred tax liabilities	
	31 Oct. 2016	31 Oct. 2015	31 Oct. 2016	31 Oct. 2015
Non-current assets	1,771	963	31,948	35,880
Current assets	1,282	1,293	1,415	1,411
Non-current provisions	2,256	1,999	320	299
Tax loss carryforwards	2,069	957	0	0
Changes in equity not stated through profit or loss according to IAS 39	41	0	4,625	13,496
	7,419	5,212	38,308	51,086

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

Of the deferred tax assets relating to non-current assets, an amount of KEUR 640 (previous year: KEUR 766) relates to goodwill in the amount of KEUR 2,559 (previous year: KEUR 3,063), as this is tax-deductible.

Tax loss carryforwards amount to EUR 23.1 million (previous year: EUR 23.8 million). They mainly refer to the companies in Spain, Belgium Ireland and Norway. The resulting deferred tax assets in the amount of KEUR 5,870 (previous year: KEUR 5,977) were written down in an amount of KEUR 3,800 (previous year: KEUR 4,261) as the realisation of the respective tax advantages is unlikely in the medium term.

Of the unrecognised deferred tax assets, amounts totalling KEUR 3,065 (previous year: KEUR 3,484) will expire in one to thirteen years.

If deferred taxes arise at Group companies which posted losses in the current period or the previous years, these are capitalised only if management assumes that the company will in future generate profits which support the value of the deferred tax assets. Except for the deferred taxes on loss carryforwards, no deferred taxes were capitalised for these companies in the current year and the previous year.

Deferred tax assets and deferred tax liabilities were not netted for reasons of materiality.

(6) Inventories

in KEUR	31 Oct. 2016	31 Oct. 2015
Raw materials and supplies	12,126	15,149
Work in progress	12,976	12,250
Finished goods and merchandise	148,185	136,185
	173,287	**163,584**

The impairment resulting from the sales-oriented measurement of inventories amounted to KEUR 3,831 (previous year: KEUR 3,725).

The expenses are included in the cost of materials. The usual reservations of ownership apply.

(7) Trade receivables (current)

Trade receivables in an amount of KEUR 63,285 (previous year: KEUR 63,716) have a maturity of less than one year, with the biggest portion being due in less than three months.

Allowances for doubtful accounts amounted to KEUR 1,194 (previous year: KEUR 1,976). Any existing trade credit insurance is taken into account in the calculation of the allowances.

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

(8) Other assets (current)

Other assets in an amount of KEUR 86.958 (previous year: KEUR 70,480) have a maturity of less than one year.
Other assets comprise:

in KEUR	31 Oct. 2016	31 Oct. 2015
Financial assets		
Sale of the Hall 30 property	49,100	0
Currency forwards and currency options	17,699	46,173
Supplier balances	7,128	5,464
Bonus claims	245	517
Rent receivables	40	1,898
Receivables from insurance companies	62	0
Sale of promotional items	0	132
	74,274	*54,184*
Non-financial assets		
Tax claims	5,253	4,831
Prepaid expenses	4,820	5,309
HR receivables	1,191	1,160
Receivables relating to GERRY WEBER Open	742	550
Other	679	4,446
	12,684	*16,296*
	86,958	70,480

With regard to the positive market values of the currency forwards and currency options, please refer to paragraph E.

(9) Corporate income tax claims (current)

Tax refund claims of KEUR 2,213 (previous year: KEUR 11,454) relate to domestic corporate income tax and trade tax as well as to the solidarity surcharge associated with corporate income tax.

(10) Cash and cash equivalents

Apart from current accounts with banks, this item comprises cheques, payments in transit and cash.
Current accounts are held with various banks in different currencies.

(11) Equity

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

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 ensures that all Group companies can operate as a going concern. The capital structure is exclusively managed centrally by the parent company. To monitor capital management requirements and targets, regular reporting processes have been installed, from which decisions about dividend payments or capital measures are derived on a case-by-case basis. In view of these targets, it was decided to raise the note loans in the financial year 2014 / 15.

Equity capital and total assets amounted to:

in KEUR	31 Oct. 2016	31 Oct. 2015	Change
Equity capital in KEUR	446,500	483,353	–36,853
Equity in % of total capital	49.6 %	51.5 %	–1.9 %
Debt capital in KEUR	454,166	455,258	–1,092
Debt capital in % of total capital	50.4 %	48.5 %	1.9 %
Total capital (equity and debt capital) in KEUR	**900,665**	**938,610**	**–37,945**

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

(a) Subscribed capital

The subscribed capital of GERRY WEBER International AG is divided into 45,905,960 (previous year: 45,905,960) bearer shares with an accounting par value of EUR 1.00.

Pursuant to section 5 para. 3 of the statutes, the Managing Board of GERRY WEBER International AG is authorised, subject to the consent of the Supervisory Board, to increase the company's share capital once or several times by up to a total amount of EUR 22,952,980 by 5 June 2018.

The Managing Board is authorised to stipulate the further details of the capital increase and its execution with the approval of the Supervisory Board.

The Supervisory Board is entitled to amend the statutes from time to time to properly reflect the respective utilisation of the authorised capital as well as after expiry of the authorisation.

The Managing Board is also authorised to define the details of the execution of a conditional capital increase with the consent of the Supervisory Board. For this purpose, the share capital has been conditionally increased by up to EUR 4,590,590 through the issue of up to 4,590,590 new bearer shares. The Annual General Meeting of 16 April 2015 additionally authorised the Managing Board to repurchase own shares representing up to 10% of the share capital by 15 April 2020.

(b) Capital reserve

The capital reserve includes the premiums on the shares issued less the pro-rated premiums paid in the acquisition of own shares plus the premiums paid in the sale of own shares.

(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 as well as earnings effects resulting from consolidation measures in the previous years less the pro-rated premiums paid in the acquisition of own shares, to the extent that they were not deducted from the capital reserve.

(d) Cumulative changes in equity not stated through profit or loss according to IAS 39

This item includes the effects of the remeasurement of financial instruments after taxes being accounted for in equity. All of the financial instruments used by the company are currency hedges.

in KEUR	31 Oct. 2016	31 Oct. 2015	Change
Positive fair values of financial instruments	**15,750**	44,988	–29,238
Negative fair values of financial instruments	**–135**	0	–135
Deferred tax assets	**41**	0	41
Deferred tax liabilities	**–4,725**	–13,497	8,772
	10,930	**31,491**	**–20,561**

The tax effects of KEUR 8,972 (previous year: KEUR –5,341) shown in the statement of comprehensive income relate to changes in the fair values of the currency hedges.

Of the other comprehensive income, an amount of KEUR –16,973 (previous year: KEUR –11.619) was reclassified to the cost of materials with a positive effect on the result, while an amount of KEUR 92 (previous year: KEUR 288) was reclassified to sales revenues in the income statement.

(e) Exchange differences

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

(f) Accumulated profits

The table below shows the changes in accumulated profits:

in KEUR	
Carried forward from 1 Nov. 2015	76,328
Dividend payment in 2016	–18,362
Net income for the year 2015/2016	512
Accumulated profits as of 31 Oct. 2016	58,478

(12) Provisions for personnel (non-current)

An amount of KEUR 185 (previous year: KEUR 50) resulted from offsetting the assets used to secure the old-age part-time obligations against the corresponding provisions as of 31 October 2016. This asset is shown under "Provisions for personnel (non-current)".

(13) Other provisions (non-current)

This item includes an amount of KEUR 8,325 (previous year: KEUR 8,645) resulting from the company's obligation to remove furnishings and fittings from rented properties.

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.

Allocations amounted to KEUR 533 (previous year: KEUR 947). Costs for the removal of furnishings and fittings of KEUR 853 were incurred in the financial year, which were offset against the provision. There were no unutilised amounts that would have to be released in the financial year.

Interest expenses in the amount of KEUR 181 (previous year: KEUR 589) from unaccrued interest on provisions were recognised. Expected cash outflows accrue within a period of 5 to 20 years.

(14) Financial liabilities (non-current)

in KEUR	31 Oct. 2016	31 Oct. 2015
Liabilities to banks and insurance companies	221,250	215,000

The table below shows the main contractual terms of the non-current loan liabilities to banks and insurance companies as at the closing date of the financial year 2016:

	Carrying amoun 2015 / 16 in KEUR	Carrying amount 2014 / 15 in KEUR	Maturity until month / year	Nominal interest rate % p. a.	Effective interest rate % p. a.
Note loan 1					
Tranche 1 (fixed)	40,000	40,000	03 / 2020	1.13	1.19
Tranche 2 (fixed)	60,000	60,000	03 / 2022	1.44	1.49
Tranche 3 (fixed)	40,000	40,000	03 / 2025	2.00	2.03
	140,000	*140,000*			
Note loan 2					
Tranche 1 (fixed)	0	10,000	11 / 2016	1.53	1.74
Tranche 2 (variable)	0	10,000	11 / 2016	0.86	1.07
Tranche 3 (fixed)	23,500	23,500	11 / 2018	2.19	2.30
Tranche 4 (variable)	7,500	7,500	11 / 2018	1.06	1.17
Tranche 5 (fixed)	24,000	24,000	11 / 2020	2.80	2.88
	55,000	*75,000*			
Other loans					
Loan bank 1	11,250	0	05 / 2019	0.89	0.89
Loan bank 2	15,000	0	06 / 2021	0.85	0.85
	26,250	0			
	221,250	215,000			

Non-current financial liabilities with a maturity of more than 5 years represented KEUR 115,000 (previous year: KEUR 124,000).

The differences between the carrying amounts and the fair values of the non-current financial liabilities are described in paragraph E. Additional disclosures and explanations regarding financial instruments.

(15) Other liabilities (non-current)

in KEUR	31 Oct. 2016	31 Oct. 2015
Financial liabilities		
Liabilities from minority options	3,036	16,956
Payment of remaining purchase price for acquisitions	8,578	8,185
Other	628	1,497
	12,242	**26,638**

The company has options to acquire the interests held by minority shareholders in the fully consolidated companies in the Netherlands, Belgium and Germany. The payments relating to the options for companies in the Netherlands and Belgium are due in FY 2016 / 2017. These liabilities were therefore recognised under other current liabilities as of the reporting date.

The option price depends on the future EBIT of these companies. If the projected EBIT differ by + / – 5% from the actual EBIT, the corresponding liability for TB Fashion GERRY WEBER GmbH will change by + / – KEUR 95.

The payment of the remaining purchase price for acquisitions relates to the remaining purchase price payments for the acquisition of the Norwegian companies. These portions of the purchase prices are due in 2018.

Another liability in the amount of KEUR 302 had to be recognised for the takeover of Joh. Maehle & Co AS. In addition a currency-related adjustment of KEUR 1,055 was made in the previous year on the basis of a hedged exchange rate. The price gain was recognised in other operating income in the previous year.

The non-interest-bearing liabilities from minority options and the remaining purchase price payments recognised in current and non-current liabilities were compounded in the financial year. The accrued interest totalling KEUR 1,815 was recognised in interest expenses.

In the previous financial year, the liabilities for the minority options for Belgium and the Netherlands were adjusted through profit / loss in view of changed expectations regarding the purchase-price-relevant EBIT of the respective companies. The adjustment amount totalling KEUR 12,612 was recognised under other operating income. No such adjustment was required in the financial year.

Provisions 31 Oct. 2016 and 31 Oct. 2015 (current)

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

Type of provision in KEUR	Carried forward 1 Nov. 2015	Use	Reversal	Allocation	As of 31 Oct. 2016
(16) Tax provisions	**5,601**	**5,200**	**0**	**10,805**	**11,206**
(17) Provisions for personnel					
Bonuses	3,102	3,102	0	3,315	**3,315**
Vacation	3,667	3,667	0	4,124	**4,124**
Old-age part-time work (current)	25	0	0	67	**92**
Special annual payment	4,100	4,100	0	3,511	**3,511**
Severance payments	143	143	0	4,247	**4,247**
Other	755	667	88	910	**910**
	11,792	***11,679***	***88***	***16,174***	***16,199***
(18) Other provisions					
Guarantees	659	659	0	267	**267**
Outstanding invoices	10,109	10,019	90	4,530	**4,530**
Accounting expenses	586	556	30	645	**645**
Restructuring	0	0	0	6,609	**6,609**
Supervisory Board compensation	702	702	0	870	**870**
Other	3,683	3,683	0	5,047	**5,047**
	15,739	***15,619***	***120***	***17,968***	***17,968***
	33,132	**32,498**	**208**	**44,947**	**45,373**

Type of provision in KEUR	Carried forward 1 Nov. 2014	Use	Reversal	Allocation	As of 31 Oct. 2015
(16) Tax provisions	**2,680**	**1,660**	**0**	**4,581**	**5,601**
(17) Provisions for personnel					
Bonuses	6,494	6,334	160	3,102	3,102
Vacation	3,369	3,369	0	3,667	3,667
Old-age part-time work (current)	0	0	0	25	25
Special annual payment	3,529	3,529	0	4,100	4,100
Other	552	452	100	898	898
	13,944	*13,684*	*260*	*11,792*	*11,792*
(18) Other provisions					
Guarantees	783	783	0	659	659
Outstanding invoices	3,292	3,112	180	10,109	10,109
Accounting expenses	515	484	31	586	586
Payments to commercial agents	115	115	0	0	0
Supervisory Board compensation	510	510	0	702	702
Other	3,214	3,214	0	3,683	3,683
	8,429	*8,218*	*211*	*15,739*	*15,739*
	25,053	23,562	471	32,112	33,132

The restructuring provisions in the amount of KEUR 6,609 were established in conjunction with the FIT4GROWTH programme. The same applies for a substantial part of the provisions for severance payments, which amounted to EUR 4,247.

(19) Financial liabilities (remaining maturity of less than one year)

in KEUR	31 Oct. 2016	31 Oct. 2015
Thereof liabilities to banks and insurance companies	33,548	6,776

in KEUR	Carrying amount 2015 / 16	Carrying amount 2014 / 15
Bank	29,670	425
Bond	0	28,964
Insurance company	0	2,143
Other	3,878	4,208
	33,548	35,740

The amounts are due until November 2016 (PY July 2016) and have an average nominal interest rate of 1.46% to 2.20% (PY 3.51% to 7.25%) and an average effective interest rate of 1.58% to 2.20% (PY 3.56% to 7.25%).

With effect from 19 June 2013, HALLHUBER issued a bond in the amount of EUR 30 million. This five-year bond was listed in the Mittelstandsmarkt segment of the Düsseldorf Stock Exchange. It was measured at fair value and carried a coupon of 7.25% p. a. In view of more favourable financing options becoming available, the bond was called prematurely in the financial year 2014 / 15 with effect from 18 June 2016 and repaid as of this date. All of the covenants stipulated in the terms and conditions of the bond were met in the financial year and in the previous year.

There are currently no signs of a liquidity or financing risk. Principal and interest were paid at maturity.

Due to the short-term maturities no significant differences exist between market values and the carrying amounts of the other current financial liabilities.

(20) Trade payables

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

(21) Other liabilities

in KEUR	31 Oct. 2016	31 Oct. 2015
Financial liabilities		
Liabilities from minority options	15,890	0
Liabilities to customers	595	452
	16,485	*452*
Non-financial liabilities		
Other taxes (especially wage and turnover tax)	9,474	10,122
Customer vouchers, bonus cards and goods on return	3,916	3,253
Liabilities to personnel	2,862	1,383
Social security	338	417
Deferred income	2,463	984
Miscellaneous liabilities	2,104	7,693
	21,125	*23,852*
	37,643	24,304

The company has options to acquire the interests held by minority shareholders in the fully consolidated companies in the Netherlands and Belgium. The payments relating to the options for companies in the Netherlands and Belgium are due in FY 2016 / 2017. These liabilities were therefore reclassified from non-current to other current liabilities in the financial year.

The option price depends on the future EBIT of these companies. If the projected EBIT differ by + / – 5% from the actual EBIT, the corresponding liability for the Dutch companies will change by + / – KEUR 580 and for the Belgian companies by + / – KEUR 619.

D. NOTES TO THE INCOME STATEMENT

(22) Sales revenues

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

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

Sales revenues include licensing fees in an amount of KEUR 2,095 (previous year: KEUR 2,059) for the utilisation of the name rights.

Revenues are deemed to be realised once the service has been provided in full.

(23) Other operating income

Other operating income comprises the following:

in KEUR	31 Oct. 2016	31 Oct. 2015
Income from asset disposal	23,352	0
Rental income	10,696	11,787
Exchange gains	2,653	3,213
Income from own work	1,191	1,048
Income from the reversal of provisions and allowances	835	1,806
Income from the provision of motor vehicles	1,110	1,191
Release of liabilities for purchase price options	0	12,612
Other	6,511	6,020
	46,348	37,677

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

The release of liabilities for purchase price options related to the minority options for Belgium and the Netherlands, which were adjusted through profit / loss in view of changed expectations regarding the purchase-price-relevant EBIT of the respective companies in the previous year.

Income from asset disposal includes KEUR 22,945 from the sale of the investment property.

(24) Inventory changes and (25) cost of materials

in KEUR	2015 / 16	2014 / 15
Expenses for raw materials and supplies and purchased goods	66,852	62,510
Expenses for services purchased	302,949	330,150
	369,801	392,660

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

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

(26) Personnel expenses

in KEUR	2015 / 16	2014 / 15
Wages and salaries	172,188	157,150
Social security contributions	30,520	29,929
	202,708	187,078

The GERRY WEBER Group concludes old-age part-time agreements according to the “block model”. In accordance with IAS 19, provisions are established according to the projected unit credit method at an interest rate for accounting purposes of 3.32% (previous year: 4.00%) based on a salary trend of 1.00% p.a. (previous year: 1.00% p.a.). The computations are based on the Heubeck mortality tables 2005 G. No discount on staff turnover is taken into account.

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

Personnel expenses include restructuring-related expenses in the amount of KEUR 6,542.

Average number of employees:

in KEUR	2015 / 16		2014 / 15	
	Total	Germany	Total	Germany
Blue-collar workers	271	0	266	0
White-collar workers	6,700	5,215	6,706	5,177
Trainees / apprentices	51	51	55	55
	7,022	5,266	7,027	5,232

(27) Depreciation / amortisation

The composition of depreciation and amortisation can be seen from the changes in the individual fixed asset component. In the financial year 2015 / 2016, write-downs for impairment amounted to KEUR 14,998 (previous year: KEUR 0). The determination of extraordinary write-downs based on the entire residual book value of the closed stores.

(28) Other operating expenses

Other operating expenses comprise the following:

in KEUR	2015 / 16	2014 / 15
Rent, space costs	153,212	131,150
Freight, packaging, logistics	40,306	40,929
Advertising, trade fairs	25,586	28,274
IT costs	12,045	10,854
Legal and consulting costs	8,249	8,233
Other personnel expenses	9,935	4,798
Restructuring expenses	9,632	0
Insurance, contributions, fees	5,905	5,527
Collection development	5,504	5,840
Travelling expenses	4,775	4,884
Sales agent commissions	4,265	7,108
Vehicles	3,521	3,591
Maintenance	3,957	3,447
Office and communications	3,645	3,293
General administration	3,660	3,153
Exchange rate fluctuations	3,069	1,556
Del credere and credit card commissions	2,106	2,863
Compensation	1,001	0
Supervisory Board compensation	870	702
Losses on receivables / allowances	680	1,425
Loss from asset disposal	1,033	1,449
Other	5,765	4,766
	308,720	**273,842**

(29) Other taxes

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

(30) Financial result

in KEUR	2015 / 16	2014 / 15
Income from the fair value measurement of financial liabilities	0	1,355
Interest income	43	639
Income from financial assets loaned	20	20
Incidental bank charges	–1,907	–1,489
Interest expenses	–6,802	–6,749
	–8,646	**–6,224**

Incidental bank charges essentially comprise fees for letters of credit.

(31) Taxes on income

Taxes on income comprise the following main components:

in KEUR	2015 / 16	2014 / 15
Taxes of the financial year	10,211	21,411
Tax expenses of prior years	669	91
Deferred taxes	–6,217	–614
	4,663	**20,888**

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

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

in KEUR	2015 / 16	2014 / 15
Profit before taxes on income	5,175	73,066
Group tax rate	30.00 %	30.00 %
Expected tax expenses	1,553	21,920
Non-recognition of deferred tax assets due to operating losses and utilisation of those assets	0	759
Initial recognition of deferred tax assets for tax loss carryforwards	–252	0
Taxes on trade tax additions/deductions	1,643	1,362
Taxes on non-deductible operating expenses	257	240
Off-period tax expenses	669	91
Tax rate differences	0	111
Tax effect on non-effective expenses and non-taxable income	766	–3,784
Miscellaneous	27	189
Actual tax expenses 90.1% (previous year: 28.6%)	4,663	20,888

(32) Earnings per share

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

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

Consolidated net income/loss for the year in KEUR	2015 / 16	2014 / 15
Consolidated net income/loss attributable to ordinary shareholders of the parent company	512	52,177

Number of ordinary shares	Shares
Voting shares on 31 Oct. 2015	45,905,960
Voting shares on 31 Oct. 2016	45,905,960

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

The table below shows the average number of shares outstanding determined on the basis of a time weighting factor:

Financial year 2015 / 16	Financial year 2014 / 15
45,905,960 × 12/12	45,905,960 × 12/12
45,905,960 shares	**45,905,960 shares**

Earnings per share amount to EUR 0.01 (previous year: EUR 1.14).

Basic earnings per share are identical with diluted earnings per share.

The accumulated profits were used to pay out a dividend of EUR 0.40 (previous year: EUR 0.75) per share. The remaining amount was carried forward to new account.

It shall be proposed to the Annual General Meeting to pay out a dividend of EUR 0.25 per share from the accumulated profits. This is equivalent to an amount of EUR 11.5 million. In Germany, dividends are subject to capital income tax of 25% plus 5.5% solidarity surcharge.

E. ADDITIONAL DISCLOSURES AND EXPLANATIONS REGARDING FINANCIAL INSTRUMENTS

Maturity analysis of financial assets

The maturities of the financial assets are shown below:

in KEUR	Neither written down nor due as of the reporting date	Not written down as of the reporting date but due since:					Gross value of the written-down receivables
		< 1 month	1 bis 3 month	3 bis 6 month	6 bis 12 month	> 12 month	
Loans	1,512	0	0	0	0	0	500
Trade receivables	54,054	4,535	2,205	0	0	0	3,784
Other assets	74,274	–	–	–	–	–	0
Carrying amount 31 Oct. 2016	***129,840***	***4,535***	***2,205***	***0***			***4,284***
Loans	1,615	0	0	0	0	0	500
Trade receivables	57,935	3,406	499	299	0	0	3,807
Other assets	54,184	0	0	0	0	0	0
Carrying amount 31 Oct. 2015	***113,734***	***3,406***	***499***	***299***	***0***	***0***	***4,307***

Write-down schedule

in KEUR	Prev. year	Addition	Consump-tion	Release	Reporting year
Loans	150	0	0	0	150
Trade receivables	1,976	264	774	173	1,293
Other assets	0	0	0	0	0
2015/16	***2,126***	***264***	***774***	***173***	***1,443***
Loans	150	0	0	0	150
Trade receivables	2,629	26	359	320	1,976
Other assets	335	0	335	0	0
2014/15	***3,114***	***26***	***694***	***320***	***2,126***

Trade credit insurance is taken out for the trade receivables, which cover about 68% (previous year: 71%) of the respective total receivables. In addition, the creditworthiness of the counterparties is examined. In the other cases, the default risks are equivalent to the carrying amounts.

Contractual remaining terms of financial liabilities

The table below shows the contractual remaining maturities of the financial liabilities. The figures are based on undiscounted cash flows, based on the earliest day on which the GERRY WEBER Group may be obliged to pay.

in KEUR	Carrying amount	Undiscounted cash flows			Total
		up to 1 year	**1 to 5 years**	**more than 5 years**	
Note loan	195,000	0	95,000	100,000	195,000
Loans	29,250	3,000	26,250	0	29,250
Bond	0	0	0	0	0
Liabilities from company acquisitions	27,503	16,595	12,900	0	29,495
Other financial liabilities	11,176	10,548	629	0	11,177
Financial liabilities (total)	***262,930***	***30,142***	***134,779***	***100,000***	***264,921***
Trade liabilities	57,294	57,294	0	0	57,294
Carrying amount 31 Oct. 2016	***320,224***	***87,436***	***134,779***	***100,000***	***322,215***
Note loan	215,000	0	91,000	124,000	215,000
Loans	2,568	2,568	0	0	2,568
Bond	28,964	28,427	0	0	28,427
Liabilities from company acquisitions	25,141	0	26,786	0	26,786
Other financial liabilities	5,705	5,705	0	0	5,705
Financial liabilities (total)	***277,378***	***36,700***	***117,786***	***124,000***	***278,486***
Trade liabilities	60,662	60,662	0	0	60,662
Carrying amount 31 Oct. 2015	***338,040***	***97,362***	***117,786***	***124,000***	***339,148***

The short-term cash outflows from financial liabilities are offset by planned cash inflows from receivables and other financial assets. To cover short-term cash outflows, GERRY WEBER International AG additionally has a sufficient funding reserve in the amount of cash and cash equivalents and unused credit lines available as of the balance sheet.

Due to the early termination, the bond obligation recognised at fair value was repaid at 102% of its nominal amount, which was taken into account in the recognition of the undiscounted cash flows in the previous year.

The contractually agreed remaining maturities of the financial liabilities as of the reporting date result in the following future interest payments for the GERRY WEBER Group.

Future interest payments

in KEUR	Undiscounted interest payments			Total
	up to 1 year	1 to 5 years	more than 5 years	
Note loan	4,243	12,514	4,064	**20,821**
Loans	240	428	0	**668**
Other financial liabilities	421	0	0	**421**
As of 31 Oct. 2016	***5,093***	***12,942***	***4,064***	***21,911***
Note loan	4,284	14,421	6,400	**25,105**
Loans	108	0	0	**108**
Other financial liabilities	1,192	0	0	**1,192**
As of 31 Oct. 2015	***5,584***	***14,421***	***6,400***	***26,405***

Accounting for derivative financial instruments and hedges

All derivatives are recognised in the balance sheet at their fair value. Some derivatives do not qualify for hedge accounting, although they represent a hedge from an economic point of view. The relations between hedging instruments and hedged items as well as the risk management objectives and strategies in conjunction with the individual hedges are documented.

Financial derivatives

GERRY WEBER exclusively uses market financial derivatives with sufficient market liquidity. These are currency forwards and currency options. The present strategy provides for the use of hedges to limit the currency risks. The transactions are made exclusively with banks of excellent credit standing. Risks are managed centrally by GERRY WEBER International AG.

The nominal amount is the sum total of all purchase and sale amounts underlying the transactions. The financial instruments as of the reporting date serve to hedge against currency risks from the operating activities. No financial derivatives are used for speculation purposes.

The company hedges expected cash flows from the currency areas in which the GERRY WEBER Group has material operations; these include the US dollar area, the UK and Canada.

Nominal amount of financial derivatives

in KEUR	Nominal amount as of 31 Oct. 2016 up to 12 month	12 to 24 month	more than 24 month	Total	Nominal amount as of 31 Oct. 2015 up to 12 month	12 to 24 month	more than 24 month	Total
Currency forwards and currency options in the								
procurement of goods	147,173	134,145	0	281,318	147,136	150,949	60,268	358,353
in the sale of goods	2,355	0	0	2,355	3,573	0	0	3,573

Fair values of the financial derivatives

Currency forwards and currency options qualifying **for** hedge accounting

in KEUR	Nominal amount 31 Oct. 2016	Nominal amount 31 Oct. 2015	Fair values 31 Oct. 2016	Fair values 31 Oct. 2015
Currency forwards and currency options				
in the procurement of goods	282,033	358,353	297,783	403,249
in the sale of goods	2,355	3,573	2,220	3,481

Changes in the carrying amounts are recognised in equity and are shown in the statement of comprehensive income.

As of 31 October 2016, positive effects from fair value measurement after deduction of deferred taxes in the amount of KEUR 10,930 (previous year: positive effects of KEUR 31,491) were recognised in equity.

Currency forwards and currency options not qualifying for hedge accounting

in KEUR	Nominal amount 31 Oct. 2016	Nominal amount 31 Oct. 2015	Fair values 31 Oct. 2016	Fair values 31 Oct. 2015
Currency forwards and currency options				
in the procurement of goods	7,692	9,026	8,926	10,046
in the sale of goods	0	0	0	0

Some derivatives do not qualify for hedge accounting, although they represent a hedge from an economic point of view, e. g. accumulating currency forwards. The corresponding income of KEUR 214 (previous year: KEUR 1,020) is shown under other operating income.

The fair values do not necessarily represent the amounts that can be generated in future under current market conditions.

The table below shows the carrying amounts of the financial derivatives which are equivalent to the fair values. A difference is made between derivatives qualifying for hedge accounting pursuant to IAS 39 and derivatives not qualifying for hedge accounting.

Derivative financial instruments in KEUR	Carrying amount 31 Oct. 2016	Carrying amount 31 Oct. 2015
Assets		
Currency forwards and options		
Qualifying for hedge accounting (Cash flow hedges)	15,750	44,988
Not qualifying for hedge accounting	1,234	1,020
Liabilities		
Currency forwards and options		
Qualifying for hedge accounting (Cash flow hedges)	135	0
Not qualifying for hedge accounting	0	0

The carrying amounts of the financial assets are recognised as other assets or as other liabilities.

Financial instruments

Financial risk management

As a result of its international activities, the GERRY WEBER Group is exposed to a number of financial risks. These include, in particular, the effects of changes in exchange rates and interest rates. The risk management system of GERRY WEBER is geared to reducing risks.

The Managing Board defines the general risk management guidelines and thus determines the general approach to hedging exchange rate and interest rate risks and the use of derivative financial instruments. For further information on financial market risks and financial risk management, please refer to the Group management report.

Exchange rate risk

The GERRY WEBER Group is exposed to exchange rate risks relating to different foreign currencies, especially the US dollar, the Canadian dollar and the British pound. To mitigate these risks, currency forward and option contracts are signed with banks of excellent credit standing. The net requirement / surplus of the respective currencies is hedged at close to 100%.

Sensitivity analyses were performed to quantify the exchange rate risk. This is done on the basis of a hypothetical 5% change in the exchange rate.

The tables below show the pre-tax effect including the exchange rate hedges:

31 Oct. 2016 in KEUR	Cash inflows	Cash outflows	Net amount	Absolute effect of a +5% change in the exchange rate
USD	10,413	–321,905	–311,491	–444
GBP	4,352	–18	4,334	–101

31 Oct. 2015 in KEUR	Cash inflows	Cash outflows	Net amount	Absolute effect of a +5% change in the exchange rate
USD	2,700	–425,828	–423,128	–655
GBP	4,658	0	4,658	–56

Counterparty risk

The GERRY WEBER Group has counterparty default risks in the amount of the invested liquid funds and the positive market values of the derivatives. As a general rule, money transactions and financial instruments are signed only with a defined group of banks of excellent credit standing. The creditworthiness of these banks is monitored continuously and classified using quantitative and qualitative factors.

Liquidity risk

Liquidity risks may arise from the lack of available follow-up financing (liquidity risk in the narrower sense) as well as from delays in planned cash inflows and unplanned payments (plan risk). The liquidity risk is monitored continuously on the basis of the budget prepared for the budget year and the following years. New and unplanned business transactions (e.g. acquisitions) are incorporated continuously. In addition, the maturity profiles of financial assets and liabilities are matched regularly. Plan risks are managed through constant monitoring of projected and actual cash flows. Furthermore, the durations of financings are chosen in such a way that the maturities are diversified over time, so that an increase in the refinancing costs would have an effect only in the long term. Unplanned payments are covered by credit lines from banks.

Interest rate risk

Interest rate risks primarily relate to interest-bearing financial liabilities. The GERRY WEBER Group manages interest rate risks by raising long-term loans and through a high equity ratio. The financial liabilities of the GERRY WEBER Group mostly carry fixed interest rates agreed for long durations.

Sensitivity analyses are performed to quantify the interest rate risk from these financial liabilities. In view of the continued low interest rates, a +100 / –30 bp shift in the yield curve was assumed as of the balance sheet date to ensure that realistic scenarios are used for the analysis of the interest rate sensitivities.

Variable interest rate liabilities of KEUR 46,750 (31 October 2015: KEUR 17,500) were included in the analysis. The resulting interest payments expected until the maturity date are not hedged by financial derivatives. The resulting interest rate risk is also a cash flow risk with implications for the amount of future interest payments. The pre-tax effect on consolidated net income for the year is shown:

in KEUR	2015 / 16		2014 / 15	
	+100 bp	–30 bp	+100 bp	–30 bp
Cash flow risks	953	–286	–413	124

Bottom line effect of financial instruments

in KEUR	Loans and receivables	Financial liabilities
From interest rates / payments	43	–6,802
From losses of receivables and write-downs	–680	0
2015 / 16	**–637**	**–6,802**
From interest rates / payments	636	–6,749
From losses of receivables and write-downs	–1,424	0
From adjustments of minority options	0	12,612
2014 / 15	**–788**	**5,863**

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 and reconciles them with the corresponding balance sheet items. The fair values of cash and cash equivalents, of current receivables, of trade payables and of other current financial liabilities are largely identical with the carrying amounts. This is primarily due to the short maturities of such instruments.

in KEUR	Measured at amortised cost		Measured at the fair value	Non-financial assets and liabilities	
	Carrying amount 31 Oct. 2016	For information: Fair value 31 Oct. 2016	Carrying amount 31 Oct. 2016	Carrying amount 31 Oct. 2016	Carrying amount in the balance sheet 31 Oct. 2016
Financial assets	**2,274**	**2,274**			**2,274**
Loans and receivables	2,237	2,237			2,237
Available-for sale financial assets	37	37			37
Trade receivables (non-current)	**0**	**0**			**0**
Loans and receivables	0	0			0
Trade receivables (current)	**63,285**	**63,285**			**63,285**
Loans and receivables	63,285	63,285			63,285
Other assets (current)	**56,575**	**56,575**	**17,699**	**12,684**	**86,958**
Derivatives qualifying for hedge accounting			17,699		17,699
Loans and receivables	56,575	56,575			56,575
Non-financial assets				12,684	12,684
Cash and cash equivalents	**50,747**	**50,747**			**50,747**
Loans and receivables	50,747	50,747			50,747
Total financial assets	**172,881**		**17,699**		**203,264**
Financial liabilities (non-current)	**221,250**	**221,250**			**221,250**
Measured at amortised cost	221,250	221,250			221,250
Other liabilities (non-current)	**12,242**	**956**	**11,286**		**12,242**
Measured at amortised cost	628	628			628
Liabilities from company acquisitions	11,614	0	11,614		11,614
Financial liabilities (current)	**33,548**	**33,548**			**33,548**
Measured at amortised cost	33,548	33,548			33,548
Bond					
Trade liabilities (current)	**57,294**	**57,294**			**57,294**
Measured at amortised cost	57,294	57,294			57,294
Other liabilities	**16,485**	**595**	**15,890**	**21,124**	**37,609**
Measured at amortised cost	595	595			
Liabilities from company acquisitions	15,890	–5	15,890		15,890
Non-financial liabilities				21,124	21,124
Total financial liabilities	**340,819**		**27,504**		**361,943**

in KEUR	Measured at amortised cost		Measured at the fair value	Non-financial assets and liabilities	
	Carrying amount 31 Oct. 2015	For information: Fair value 31 Oct. 2015	Carrying amount 31 Oct. 2015	Carrying amount 31 Oct. 2015	Carrying amount in the balance sheet 31 Oct. 2015
Financial assets	**2,597**	**2,597**			**2,597**
Loans and receivables	2,377	2,377			2,377
Available-for sale financial assets	220	220			220
Trade receivables (non-current)	**245**	**245**			**245**
Loans and receivables	245	245			245
Trade receivables (current)	**63,716**	**63,716**			**63,716**
Loans and receivables	63,716	63,716			63,716
Other assets (current)	**8,011**	**8,011**	**46,173**	**16,296**	**70,480**
Derivatives qualifying for hedge accounting			46,173		46,173
Loans and receivables	8,011	8,011			8,011
Non-financial assets				16,296	16,296
Cash and cash equivalents	**76,130**	**76,130**			**76,130**
Loans and receivables	76,130	76,130			76,130
Total financial assets	**150,699**		**46,173**		**213,168**
Financial liabilities (non-current)	**215,000**	**215,000**			**215,000**
Measured at amortised cost	215,000	215,000			215,000
Other liabilities (non-current)	**26,638**	**1,497**	**25,141**		**26,638**
Measured at amortised cost	1,497	1,497			1,497
Liabilities from company acquisitions	25,141		25,151		25,141
Financial liabilities (current)	**35,740**	**6,776**	**28,964**		**35,740**
Measured at amortised cost	6,776	6,776			6,776
Bond	28,964		28,964		28,964
Trade liabilities (current)	**60,662**	**60,662**			**60,662**
Measured at amortised cost	60,662	60,662			60,662
Other liabilities	**452**	**452**		**23,852**	**24,304**
Measured at amortised cost	452	452			452
Non-financial liabilities				23,852	23,852
Total financial liabilities	**338,492**		**54,105**		**362,344**

Fair values of financial assets and liabilities by measurement categories

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

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

As in the previous year, no reclassifications between levels 1, 2 and 3 were made in the financial year 2015/16.

Market comparison methods are used to determine the fair values of level 2. The fair values of currency forwards and currency options are based on valuations by banks. Given that similar contracts are traded in an active market, these valuations reflect the actual transactions for similar instruments.

F. NOTES TO THE CASH FLOW STATEMENT

Cash and cash equivalents comprise current liquid funds (KEUR 50,747.1; previous year: KEUR 76,130.3) less current liabilities to banks (KEUR 0; previous year: KEUR 2,831.3).

The cash flow statement describes the cash flows in the financial year 2015/16 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.

Non-cash income in the previous year related primarily to the release of purchase price liabilities from minority options in Belgium and the Netherlands, which were adjusted through profit/loss in view of changed expectations regarding the purchase-price-relevant EBIT of the respective companies.

Cash outflow from investing activities comprises additions to property, plant and equipment, financial assets and investment properties as well as income from fixed asset disposals. Financing activities comprise changes in other financial liabilities.

In the financial year 2015/16, cash inflow from operating activities includes payments for interest received in an amount of KEUR 43 (previous year: KEUR 639) and for interest paid in an amount of KEUR 4,987 (previous year: KEUR 3,946). Income tax refunds of KEUR 4,577 were received (previous year: payments of KEUR 35,020).

The GERRY WEBER Group has an unused credit line in an amount of EUR 65.2 million (previous year: EUR 55.2 million).

G. SEGMENT REPORTING

Financial year 2015 / 16

in KEUR	Wholesale GERRY WEBER	Retail GERRY WEBER	Retail HALLHUBER	Other	Consoli-dation	Total
Sales by segment thereof:	**306,450**	**422,414**	**183,168**	**0**	**–11,241**	**900,791**
sales with external third parties	298,434	419,190	183,168	0	0	900,791
Inter segment revenues	8,017	3,224	0	0	–11,241	0
EBIT	25,901	–31,328	–4,535	23,808	–25	13,821
Depreciation	9,430	40,589	12,827	605	0	63,451
EBITDA	35,331	9,261	8,292	24,412	–25	77,272
Personnel expenses	47,470	121,974	33,039	225	0	202,708
Interest income	15	24	4	0	0	43
Interest expenses	994	3,753	2,054	0	0	6,802
Assets	280,788	431,284	194,095	2,699	–8,201	900,666
Liabilities	77,827	184,472	200,941	0	–9,075	454,165
Investments in non-current assets	25,742	23,320	10.858	0	0	59.920
Number of employees (annual average)	747	4,427	1,847	1	0	7,022
Impairments recognised inprofit/loss						
of inventories	–626	520	0	0	0	–106
of trade receivables	686	122	0	0	0	807

Financial year 2014 / 15

in KEUR	Wholesale GERRY WEBER	Retail GERRY WEBER	Retail HALLHUBER	Other	Consoli-dation	Total
Sales by segment thereof:	**373,430**	**443,207**	**115,189**	**0**	**–10,988**	**920,838**
sales with external third parties	365,398	440,251	115,189	0	0	**920,838**
Inter segment revenues	8,032	2,956	0	0	–10,988	**0**
EBIT	63,130	12,172	2,408	1,942	–362	**79,290**
Depreciation	8,063	19,314	8,516	604	0	**36,497**
EBITDA	71,193	31,486	10,924	2,546	–362	**115,787**
Personnel expenses	44,787	120,762	21,529	0	0	**187,078**
Interest income	379	237	18	0	5	**639**
Interest expenses	1,090	3,802	1,863	0	–6	**6,749**
Assets	300,087	417,004	198,091	29,360	–5,932	**938,610**
Liabilities	59,249	205,136	197,069	0	–6,196	**455,258**
Investments in non-current assets	47,025	59,313	167,162	197	0	**273,697**
Number of employees (annual average)	704	4,743	1,579	1	0	**7,027**
Impairments recognised inprofit/loss						
of inventories	102	–1,610	0	0	0	**–1,508**
of trade receivables	529	156	0	0	0	**685**

For the purpose of segment reporting, the segments of the GERRY WEBER Group are defined by the Group's business activities pursuant to the management approach (IFRS 8).

The "Retail" segment comprises the company's own retail activities in the national and international Houses of GERRY WEBER and mono-label stores, the concession stores, the factory outlets and online shops (e-commerce). The "Wholesale" segment comprises the wholesale activities of the Group's brands (GERRY WEBER, TAIFUN and SAMOON).

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

The "other segments" also remained unchanged and primarily comprise the income and expenses as well as the assets and liabilities of the Hall 30 investment property, which was sold in the past financial year, however. EBIT of the other segments also include the income from the sale of the investment property in the amount of KEUR 22,945.

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

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

The Managing Board of GERRY WEBER INTERNATIONAL AG has chosen earnings before interest and taxes (EBIT) and sales revenues as performance indicators for controlling and reporting.

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

2015 / 16 in KEUR	Germany	Abroad	Total
Sales by regions	**598,874**	**301,917**	**900,791**
Non-current assets	468,337	55,838	524,175
Investments in non-current assets	59.757	163	59.920
Number of employees	5,266	1,756	7,022

2014 / 15 in KEUR	Germany	Abroad	Total
Sales by regions	**574,603**	**346,235**	**920,838**
Non-current assets	461,304	86,730	548,034
Investments in non-current assets	261,054	12,643	273,697
Number of employees	4,786	1,756	7,027

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

H. MISCELLANEOUS INFORMATION

Research and development

Research and development expenses shown under expenses amount to KEUR 5,504 (previous year: KEUR 5,840) and refer to the development of the collections.

Contingencies

The Group has contingencies resulting from the issue and transfer of bills of exchange in an amount of KEUR 7 (previous year: KEUR 30).

There is a payment obligation for shares in partnerships (start-up funds) in an amount of KEUR 36 (previous year: KEUR 29).

Other financial liabilities / operating leases where the company is the lessee

In particular, the property leases comprise properties leased for the Group's own retail activities and offices used by Group companies.

in KEUR	31 Oct. 2016	31 Oct. 2015
Within 1 year	99,361	103,245
Between 1 and 5 years	268,905	303,575
After 5 years	116,878	162,381
	485,144	**569,201**

In the financial year 2015 / 16, rental expenses in an amount of KEUR 122,916 (previous year: KEUR 105,825) were recognised. Store leases are usually signed for a period of 10 to 15 years. Some leases include renewal options. The leases contain price adjustment clauses that are typical of the industry and are linked to general inflation.

In conjunction with the store leases, the company frequently agrees to make contributions to the communal advertising expenses:

in KEUR	31 Oct. 2016	31 Oct. 2015
Within 1 year	1,978	2,254
Between 1 and 5 years	6,437	7,342
After 5 years	2,693	3,443
	11,108	**13,039**

In the financial year 2015 / 16, the Group generated KEUR 2,855 (previous year: KEUR 2,855) from subleases. The table below shows the minimum lease payments from subleases:

in KEUR	31 Oct. 2016	31 Oct. 2015
Within 1 year	2,928	2,586
Between 1 and 5 years	8,220	8,019
After 5 years	2,134	3,137
	13,282	**13,742**

In addition, the Group has the following other financial obligations from operating leases:

in KEUR	31 Oct. 2016	31 Oct. 2015
Within 1 year	8,765	7,478
Between 1 and 5 years	1,721	2,087
	10,486	**9,565**

Expenses for these operating leases totalled KEUR 8,765 in FY 2015 / 16 (previous year: KEUR 7,478).

Most of these are motor vehicle and IT leases, which usually have a term of three to five years and do not include any renewal options. There are no price adjustment clauses.

Operating leases where the company is the lessor

The "Hall 29" order centre in Düsseldorf, which is used by the company itself, generates rental income from the letting of premises to other textile manufacturers. The leases usually have a term of five years. The rent is inflation-linked. The leases include a one-time renewal option for the tenant, usually for another five years. No purchase options have been agreed. The table below shows the remaining minimum leases until the end of the respective contractual period:

in KEUR	31 Oct. 2016	31 Oct. 2015
Within 1 year	1,819	1,598
Between 1 and 5 years	3,963	1,814
After 5 years	42	79
	5,824	**3,491**

The "Hall 30" property in Düsseldorf, which was sold in the financial year, generated rental income from the letting of premises to other textile manufacturers. The leases usually had a term of four years. The rent was inflation-linked. The leases included a one-time renewal option for the tenant, usually for another four to six years. No purchase options were agreed. The table below shows the minimum leases remaining until the end of the respective contractual period as of the prior year reporting date:

in KEUR	31 Oct. 2015
Within 1 year	2,575
Between 1 and 5 years	1,225
After 5 years	200
	4,000

Lease agreements in which the GERRY WEBER Group is the lessor are classified as operating leases pursuant to IAS 17. Rental income is recognised on a straight-line basis over the term of the respective lease agreement.

As of 31 October 2016, the purchase commitment for investments in non-current assets amounted to EUR 1.5 million (previous year: EUR 11.1 million).

Litigations

GERRY WEBER International AG or its subsidiaries are not involved in court or arbitration proceedings that have a major impact on the situation of the Group.

Adequate risk provisions were established to cover risks from current court or arbitration proceedings.

Related party disclosures

Related parties within the meaning of IAS 24 (Related Party Disclosures) 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 Gerry Weber International AG. There are no unconsolidated entities as well as associates and joint ventures.

In the financial year 2015 / 16, transactions were made only with members of the executive bodies and / or with companies that are controlled by such members. The table below shows the goods and services received (expenses) and the goods and services provided (income) from and for these companies:

in KEUR	2015 / 16	2014 / 15
Services provided by the Group		
Goods and services	6,137	5,227
Rental, lease and leasing agreements	44	159
Management and consulting services	164	105
Other services	255	113
Total	**6,600**	**5,604**
Services received by the Group		
Advertising services	3,809	4,756
Management and consulting services	477	484
Rental, lease and leasing agreements	669	107
Hotel services	291	390
Other services	1,010	474
Goods and services	0	756
Total	**6,256**	**6,967**

The transactions listed above essentially relate to companies that are controlled by members of the executive bodies. Only the management and consulting services received by the Group relate directly to such members.

In addition, the Group had the following receivables and liabilities towards these related parties as at the balance sheet date, with the balances relating exclusively to companies controlled by members of the executive bodies:

in KEUR	31 Oct. 2016	31 Oct. 2015
Trade receivables	**1,490**	734

in KEUR	31 Oct. 2016	31 Oct. 2015
Credit receivables from loans	**1,517**	1,518

in KEUR	31 Oct. 2016	31 Oct. 2015
Trade payables	**183**	259

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

No allowances or derecognitions relating to receivables from related parties were required. No guarantees or securities were obtained or granted; nor do financial assets serve as collateral.

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

Contracts and agreements

Sponsorship agreement with Gerry Weber Management & Event oHG

On 20 December 2012, a new sponsorship agreement was signed with Gerry Weber Management & Event oHG with effect from 1 January 2013, 00:00 h.

In this agreement, Gerry Weber Management & Event oHG undertakes, among other things, to carry out and market its activities under the "GERRY WEBER WORLD" umbrella brand. These activities include, in particular, all sports and entertainment events related to the GERRY WEBER Stadium, the GERRY WEBER Event & Convention Center, the GERRY WEBER Sportpark and the GERRY WEBER Sportpark Hotel. The agreement runs from 1 January 2013 to 31 December 2017 and includes two renewal options for periods of five years each.

Based on an independent appraisal, sponsorship amounts totalling EUR 21.5 million were determined for the right to the name "GERRY WEBER WORLD" and for the sponsorship payments for the "GERRY WEBER OPEN" for the period from 1 January 2013 to 31 December 2017.

Consultancy agreement with Mr Gerhard Weber

A consultancy agreement was signed with Mr Gerhard Weber starting 1 November 2014. The object of the agreement was the provision of advice and comprehensive support in the contractually agreed consultancy areas. The agreement was terminated with effect from 31 May 2016.

Lease agreement with DALOU Grundstücks-GmbH & Co. KG

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

The agreement commenced on 1 October 2014 and has a fixed term until 30 September 2024 and includes a 5-year option right for the lessee. Obligations in the amount of KEUR 5,300 arise under this agreement.

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

Managing Board

- Ralf Weber, Chairman, in charge of Corporate Development and Distribution, businessman, Steinhagen,
- Dr. David Frink, Board member in charge of Finance, Logistics, IT, Administration and Human Resources, businessman, Bielefeld,
- Arnd Buchhardt, until 30 November 2015, Board member in charge of Products, Brands and Licences, businessman, Bielefeld.
- Norbert Steinke, since 19 October 2015, Board member in charge of Retail, businessman.

As in the previous year, Dr. David Frink sits on the Supervisory Board of DSC Arminia Bielefeld GmbH & Co. KGaA, Bielefeld.

Norbert Steinke is a member of the advisory council of eyes and more GmbH, Hamburg.

None of the Managing Board members was a member of other supervisory boards or control organs as defined in section 125 para. 1 sentence 3 of the German Stock Corporation Act.

Supervisory Board

- Dr. Ernst F. Schröder, Bielefeld, Chairman
- Gerhard Weber, Halle / Westphalia, Vice Chairman
- Udo Hardieck, Halle / Westphalia
- Charlotte Weber-Dresselhaus, Halle / Westphalia
- Ute Gerbaulet, Düsseldorf, since 16 April 2015
- Alfred Thomas Bayard, Bern, since 16 April 2015
- Olaf Dieckmann, Halle / Westphalia, staff representative
- Klaus Lippert, Halle / Westphalia, staff representative
- Annette von der Recke, staff representative, since 16 April 2015
- Andreas Strunk, staff representative, since 16 April 2015
- Manfred Menningen, Frankfurt am Main, staff representative, since 16 April 2015
- Hans-Jürgen Wentzlaff, Bielefeld, staff representative, since 16 April 2015

The Supervisory Board members also sit on the following supervisory boards and controlling bodies as defined in section 125 para. 1 sentence 3 of the German Stock Corporation Act.

Dr. Ernst F. Schröder, businessman, Bielefeld.
Chairman of the Supervisory Board:
- L. Possehl GmbH & Co., Lübeck
- S.A.S. Hôtel Le Bristol, Paris, France
- S.A.S. Hôtel du Cap-Eden-Roc, Antibes, France
- S.A.S. Château du Domaine St. Martin, Vence, France

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

Chairman of the advisory council:
- Bankhaus Lampe KG, Düsseldorf

Mr Gerhard Weber, businessman, Halle / Westphalia
- No mandates

Mr Udo Hardieck, Diplom-Ingenieur, Halle / Westphalia
Member of the advisory council:
- Nordfolien GmbH, Steinfeld

Ms Charlotte Weber-Dresselhaus, banker, Halle / Westphalia
- No mandates

Mr Olaf Diekmann, technical employee, Halle / Westphalia
- No mandates

Mr Klaus Lippert, commercial employee, Halle / Westphalia
- No mandates

Ms Ute Gerbaulet, businesswoman, Düsseldorf.
Member of the Supervisory Board:
- RWE Supply & Trading GmbH, Essen

Member of the Supervisory Board:
- NRW Bank, Düsseldorf

Member of the advisory council:
- Lampe Beteiligungsgesellschaft mbH, Düsseldorf

Ms Annette von der Recke, commercial employee, Bielefeld.
- No other mandates

Mr Andreas Strunk, technical employee, Bad Salzuflen.
- No other mandates

Mr Alfred Thomas Bayard, businessman, Bern, Switzerland.
President of the Supervisory Board:
- Mode Bayard Holding AG, Bern, Switzerland
- SPN Invest AG, Visp, Switzerland
- Bayard Immobilien & Handels AG, Visp, Switzerland
- Gerry Weber Switzerland AG, Bern, Switzerland

Member of the Supervisory Board:
- Mode Bayard AG, Bern, Switzerland
- Bayard & Co. AG, Bern, Switzerland
- Tennis & Sportcenter AG, Bern, Switzerland

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

Mr Hans-Jürgen Wentzlaff, second commissioner of IG Metall, Bielefeld.
- No other mandates

Total compensation of the Managing Board

The table below shows the compensation paid to the individual members of the Managing Board, mostly by the parent company:

in KEUR	2015 / 16 Basic salary	2015 / 16 Share in profits	2015 / 16 Total	2014 / 15 Basic salary	2014 / 15 Share in profits	2014 / 15 Total
Ralf Weber	719	150	869	671	250	921
Dr. David Frink	568	150	718	568	250	818
Arnd Buchardt [1]	48	0	48	571	250	821
Norbert Steinke [2]	512	150	662	42	20	62
	1,847	450	2,297	1,852	770	2,622

1 until 30 November 2015
2 since 19 October 2015

The variable components of the Managing Board compensation are performance-linked and are included in provisions. There are no stock option plans or other remuneration models based on the share price. The compensation represents a short-term benefit within the meaning of IAS 24.17 (a).

Total compensation of the Supervisory Board

In accordance with the statutes, the Supervisory Board exclusively receives fixed compensation of KEUR 870 (previous year: KEUR 702) for its work for the parent company and the Group, which was provisioned for in the financial year. No variable compensation is granted.

The table below shows the compensation paid to the individual members of the Supervisory Board, which are short-term benefits in accordance to IAS 24.17(a).

In detail, the following amounts were paid:

in KEUR	2015 / 16 Basic salary	2015 / 16 Total	2014 / 15 Basic salary	2014 / 15 Total
Supervisory Board				
Dr. Ernst F Schröder Chairman	180	**180**	180	180
Gerhard Weber Vice Chairman	90	**90**	90	90
Udo Hardieck	60	**60**	60	60
Charlotte Weber-Dresselhaus	60	**60**	60	60
Olaf Dieckmann Staff representative	60	**60**	60	60
Klaus Lippert Staff representative	60	**60**	60	60
Annette von der Recke Staff representative	60	**60**	32	32
Andreas Strunk Staff representative	60	**60**	32	32
Hans-Jürgen Wentzlaff IG Metall	60	**60**	32	32
Manfred Menningen IG Metall	60	**60**	32	32
Alfred Thomas Bayard	60	**60**	32	32
Ute Gerbaulet	60	**60**	32	32
	870	**870**	**702**	**702**

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

There is a lease agreement with Udo Hardieck e.K., which is controlled by Udo Hardieck. Rent payments in the financial year 2015 / 16 totalled KEUR 16 (previous year: KEUR 25).

Shares held by the Managing Board

As at the balance sheet date, the Managing Board directly and indirectly held 1,552,239 shares (previous year: 1,550,239 shares).

Shares held by the Supervisory Board

As at the balance sheet date, members of the Supervisory Board directly and indirectly held 21,729,677 shares (previous year: 21,729,977 shares).

Shareholdings

R+U Weber GmbH & Co. KG, Halle / Westphalia, Germany, notified us pursuant to section 21 para. 1 WpHG on 21 March 2005 that its share of the voting rights in GERRY WEBER International AG (ISIN: DE0003304101), 33790 Halle / Westphalia, Germany, exceeded the 5% threshold of voting rights on 21 March 2005 and on that date amounted to 26.35%.

Hardieck Anlagen GmbH & Co. KG, Halle / Westphalia, Germany, notified us pursuant to section 21 para. 1 WpHG on 24 October 2012 that its share of the voting rights in GERRY WEBER International AG (ISIN: DE0003304101), 33790 Halle / Westphalia, Germany, exceeded the 3, 5, 10, 15% thresholds of voting rights on 19 October 2012 and on that date amounted to 16.78% (corresponding to 7,704,000 voting rights).

Hardieck Anlagen-Verwaltungs-GmbH, Halle / Westphalia, Germany, notified us pursuant to section 21 para. 1 WpHG on 24 October 2012 that its share of the voting rights in GERRY WEBER International AG (ISIN: DE0003304101), 33790 Halle / Westphalia, Germany, exceeded the 3, 5, 10, 15% thresholds of voting rights on 19 October 2012 and on that date amounted to 16.78% (corresponding to 7,704,000 voting rights). All of these voting rights are imputable to Hardieck Anlagen-Verwaltungs-GmbH pursuant to section 22 para. 1 sentence 1 No. 1 WpHG. Of the following controlled companies, 3% or more is imputable towards Hardieck Anlagen-Verwaltungs-GmbH: Hardieck Anlagen GmbH & Co. KG.

Mr Ralf Weber, Germany, notified us pursuant to section 21 para. 1 WpHG on 16 June 2015 that his share of the voting rights in GERRY WEBER International AG, Halle / Westphalia, Germany, exceeded the 3% threshold of voting rights on 12 June 2015 and on that date amounted to 3.3204% (corresponding to 1,524,239 voting rights). 0.9411% of these voting rights (corresponding to 432,000 voting rights) are imputable to Mr Ralf Weber pursuant to section 22 para. 1, sentence 1, No. 1 WpHG.

BNY Mellon Service Kapitalanlage-Gesellschaft mbH, Frankfurt am Main, Germany, notified us pursuant to section 21 para. 1 WpHG on 26 January 2015 that its share of the voting rights in GERRY WEBER International AG, Halle / Westphalia, Germany, exceeded the 5% threshold of voting rights on 22 January 2015 and on that date amounted to 5.25% (corresponding to 2,412,000 voting rights).

Deutsche Bank AG, Frankfurt am Main, Germany, notified us pursuant to section 21 para. 1 WpHG on 24 February 2016 that its share of the voting rights in GERRY WEBER International AG, Halle / Westphalia, Germany, fell below the 3% threshold of voting rights on 16 February 2016 and on that date amounted to 0.36% (corresponding to 165,002 voting rights).

Goldman Sachs Asset Management International, London, UK, notified us pursuant to section 21 para. 1 WpHG on 3 December 2015 that its share of the voting rights in GERRY WEBER International AG, Halle / Westphalia, Germany, fell below the 3% threshold of voting rights on 26 November 2015 and on that date amounted to 2.69% (corresponding to 1,234,756 voting rights).

FMR LLC, Wilmington, Delaware, United States of America, notified us pursuant to section 21 para. 1 WpHG on 16 August 2016 that its share of the voting rights in GERRY WEBER International AG, Halle / Westphalia, Germany, exceeded the 3% threshold of voting rights on 9 August 2016 and on that date amounted to 3.08% (corresponding to 1,415,798 voting rights).

FMR LLC, Wilmington, Delaware, United States of America, notified us pursuant to section 21 para. 1 WpHG on 16 August 2016 that its share of the voting rights in GERRY WEBER International AG, Halle / Westphalia, Germany, fell below the 3% threshold of voting rights on 10 August 2016 and on that date amounted to 2.86% (corresponding to 1,313,740 voting rights).

Transactions pursuant to section 15a of the German Securities Trading Act (WpHG)

Mr Ralf Weber, Chairman of the Managing Board, acquired 2,000 shares at a price of EUR 11.79 per share in the financial year.

Mr Klaus Lippert, member of the Supervisory Board, acquired 300 shares at a price of EUR 12.94 per share in the financial year.

Auditor's fees

The following auditor's fees were recognised as Group expenses:

in KEUR	2015 / 16	2014 / 15
Audit services	517	480
Other certification services	11	70
Tax consulting services	88	63
Other services	88	557
	704	1,170

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 24 November 2015 and published on the website of GERRY WEBER International AG at www.gerryweber.com under Investors / Corporate Governance.

Post balance sheet events

After the end of the financial year 2015 / 16 (31 October 2016), no material events occurred which may have a material influence on the net worth, financial and earnings position as well as the future business performance of the GERRY WEBER Group.

On 30 January 2016, the Managing Board resolved that the consolidated financial statements and the Group management report of GERRY WEBER International AG be submitted to the Supervisory Board.

The consolidated financial statements will be published on 23 February 2017.

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 management report:

- Life-Style Fashion GmbH, Halle / Westphalia,
- Gerry Weber Retail GmbH, Halle / Westphalia

Publication of the consolidated financial statements

The consolidated financial statements in the legally required form will be examined and endorsed by the Supervisory Board of GERRY WEBER International AG at its meeting on 21 February 2017 and thus be approved for electronic publication in the Federal Gazette.

Halle / Westphalia, 30 January 2017

The Managing Board

Ralf Weber	Dr. David Frink	Norbert Steinke

RESPONSIBILITY STATEMENT

"To the best of our knowledge, and in accordance with the applicable reporting 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 combined Group management report includes a fair review of the performance of the development and performance of the business 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, 30 January 2017

GERRY WEBER International AG

The Managing Board

Ralf Weber | Dr. David Frink | Norbert Steinke

AUDIT CERTIFICATE

We have audited the consolidated financial statements of GERRY WEBER International AG, Halle / Westphalia – comprising balance sheet, income statement, statement of changes in equity, segment reporting, cash flow statement and notes – as well as the Group management report, which has been combined with the management report for GERRY WEBER International AG, for the fiscal year from 1 November 2015 to 31 October 2016.

The preparation of the consolidated financial statements and the combined Group management report according to IFRS, such as they are applicable in the EU, and to the complementary accounting standards as defined in section 315 a para. 1 of the German Commercial Code (HGB) as well as the supplementary provisions of the articles of incorporation is the responsibility of the company's Managing Board. It is our task, based on our audit, to provide an opinion on the consolidated financial statements and the combined Group management report.

We conducted our audit pursuant to section 317 HGB in compliance with German generally accepted auditing principles defined by the Institute of German Certified Public Accountants (IDW). According to these principles, the audit must be planned and conducted in a manner sufficiently likely to identify misrepresentations and violations having a major impact on the net worth, financial and earnings position as presented by the consolidated financial statements established in accordance with applicable accounting standards as well as the combined Group management report.

When defining the auditing processes, the knowledge of the business activity and the economic and legal environment of the Group as well as the expectations regarding potential errors are taken into account. In the context of the audit, the effectiveness of the accounting-related internal controlling system and the records provided to prove the correctness of the information and figures in the consolidated financial statements and the combined Group management report are largely checked on the basis of random samples. The audit covers the assessment of the financial statements of the consolidated companies, the definition of the scope of consolidation, the accounting and consolidation principles applied and the most important estimations made by the Managing Board as well as the evaluation of the overall presentation of the consolidated financial statements and the combined Group management report. We are confident that our audit is a sufficiently safe basis for our audit opinion.

Our audit has resulted in no objections.

In our opinion, based on the results of our audit, the consolidated financial statements comply with IFRS, such as they are applicable in the EU, and with the complementary accounting standards as defined in section 315 a para. 1 of the German Commercial Code (HGB) as well as the supplementary provisions of the articles of incorporation present a true and fair view of the net worth, financial and earnings position of the Group.

The combined Group management report is in accordance with the consolidated financial statements, provides a true and fair view of the situation of the Group and correctly presents the risks and opportunities of the future development.

Bielefeld, 10 February 2017

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Carsten Schürmann	ppa. Maik Schure
Auditor	Auditor


LIFE
style
OF
GERRY WEBER
ACCESSORIES

FINANCIAL STATEMENTS

GERRY WEBER International AG is an operating holding company providing Group-wide services.

INCOME STATEMENT

from 1 November 2015 to 31 October 2016

in KEUR	2015 / 16	2014 / 15
Sales revenues	345,055.3	436,552.5
Increase / decrease in goods and services in progress	27,248.2	–6,757.1
Other own work capitalised	780.4	1,048.0
Other operating income	60,668.0	35,063.1
thereof currency differences: KEUR 1,661.6 (previous year: KEUR 7.8)		
Cost of materials		
a) Cost of raw materials and supplies	–73,510.8	–63,002.5
b) Cost of purchased services	–229,426.2	–275,570.3
	–302,937.0	*–338,572.7*
Personnel expenses		
a) Wages and salaries	–43,850.0	–42,305.6
b) Social security contributions	–6,357.1	–6,720.0
	–50,207.1	*–49,025.6*
Depreciation of intangible assets and tangible assets	–10,426.4	–7,262.2
Other operating expense	–76,948.6	–67,053.2
thereof currency differences: KEUR 24.2 (previous year: KEUR 1,054.7)		
Income from transfer agreements	57.4	169.8
thereof related to affiliated companies: KEUR 57.4 (previous year: KEUR 169.8)		
Income from profit transfer agreements	31,976.2	51,189.6
Income from other investments and long-term loans	20.0	20.4
Other interests and similar income	1,911.0	2,122.0
thereof relating to affiliated companies: KEUR 1,883.7 (previous year: KEUR 2,077.9)		
Depreciation of financial assets and of securities held as current assets	0.0	–83.5
Interests and similar expenses	–4,250.1	–3,346.4
thereof from the discounting of receivables: KEUR 6.2 (previous year: KEUR 31.0)		
thereof from the compounding of provisions: KEUR 3.2 (previous year: KEUR 2.0)		
thereof relating to affiliated companies: KEUR 49.0 (previous year: KEUR 4.9)		
Results from ordinary activities	*22,947.3*	*54,064.6*

in KEUR	2015 / 16	2014 / 15
Taxes on income	–7,195.4	–17,129.6
Other taxes	–222.6	–394.4
Income for the year	***15,529.3***	***36,540.6***
Profit carried forward	33,265.8	15,087.6
Net profit of the year	**48,795.1**	**51,628.2**

BALANCE SHEET

for the year ended 31 October 2016

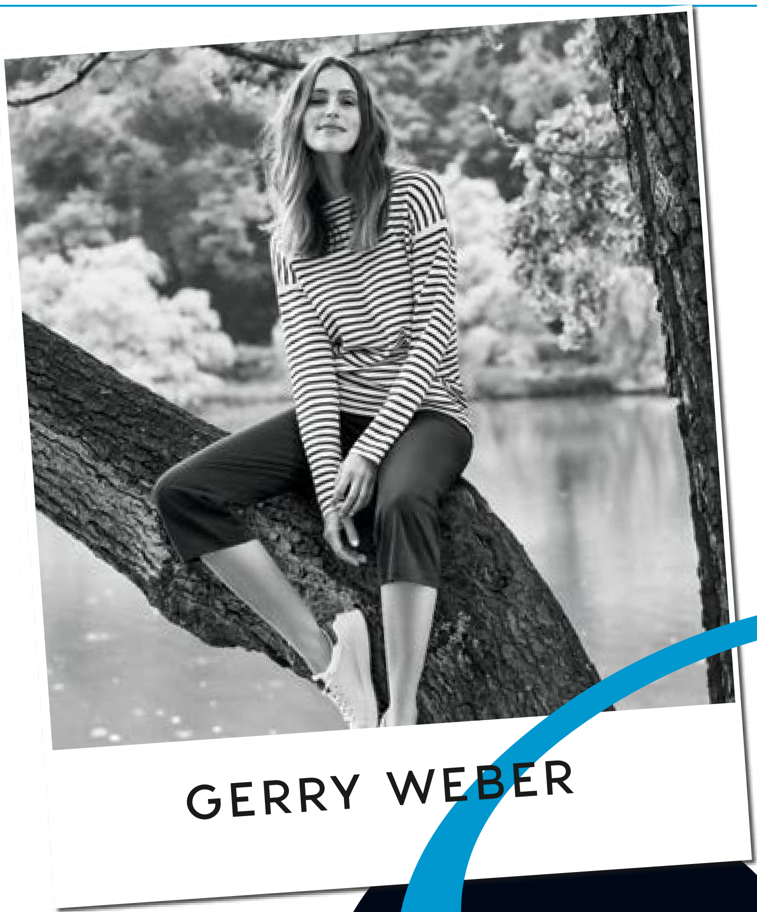
ASSETS

in KEUR	31 Oct. 2016	31 Oct. 2015
Fixed assets		
Intangible assets		
Concessions, industrial property rights and related rights and values as well as licences for such rights and values	13,735.8	8,130.2
Payments on account	15,311.8	12,022.5
	29,047.6	*20,152.7*
Tangible assets		
Land and leasehold rights and buildings, including buildings on third-party land	102,259.6	80,635.0
Plant and machinery	57,724.7	105.0
Other fixtures, tools and equipment	4,591.9	4,450.2
Payments on account and plants under construction	942.8	92,629.5
	165,519.0	*177,819.7*
Financial assets		
Shares in affiliated companies	220,636.1	188,376.5
Loans to affiliated companies	0.0	3,271.8
Investments	30.3	16.6
Other loans	1,862.5	1,965.0
	222,528.9	*193,629.9*
	417,095.6	391,602.2
Current assets		
Inventories		
Raw materials and supplies	11,763.5	13,578.9
Work in progress	12,958.1	12,250.0
Finished goods and merchandise	57,392.6	29,620.5
Advance payments	2,158.3	1,566.6
	84,272.5	*57,015.9*
Receivables and other assets		
Trade receivables	2,164.0	1,623.0
thereof with a remaining maturity of more than one year: KEUR 0.00 (previous year KEUR 245.2)		
Receivables from affiliated companies	157,040.2	195,977.1
thereof with a remaining maturity of more than one year: KEUR 34,497.6 (previous year: KEUR 27,660.0)		
Other assets	55,510.0	16,562.1
thereof with a remaining maturity of more than one year: KEUR 0.00 (previous year: KEUR 437.7)		
	214,714.2	*214,162.2*
Cash on hand, cash in baking accounts	25,198.7	49,004.5
	324,185.3	320,182.6
Prepayments and accrued income	2,756.1	2,415.6
	744,037.0	714,200.5

LIABILITIES

in KEUR	31 Oct. 2016	31 Oct. 2015
Equity		
Subscribed capital	45,906.0	45,906.0
Capital reserves	63,201.1	63,201.1
Revenue reserves	269,426.4	269,426.4
Net profit of the year		
Profit carried forward	33,265.8	15,087.6
Annual net profit	15,529.3	36,540.5
	48,795.1	***51,628.1***
	427,328.6	***430,161.6***
Provisions		
Provisions for taxation	7,716.4	204.2
Other provisions	13,353.5	12,708.6
	21,070.0	***12,912.8***
Liabilities		
Financial liabilities	247,097.8	219,981.1
Trade accounts payable	30,543.6	33,570.1
Liabilities to affiliated companies	4,307.1	3,294.1
thereof from trade accounts payable: KEUR 2,074.1 (previous year: KEUR 1,377.6)		
Other liabilities	12,990.0	13,545.0
thereof from taxes: KEUR 4,761.6 (previous year: KEUR 4,784.6)		
thereof from social security contributions: KEUR 1.2 (previous year: KEUR 0,00)		
	294,938.6	***270,390.3***
Deferred income	699.9	**735.8**
	744,037.0	**714,200.5**


LIFE
style
OF
GERRY WEBER
casual



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For more information, please contact the IR-Team.

SERVICE

This year's Annual General Meeting will take place on 27 April 2017.

CALENDAR FOR FINANCIAL EVENTS

2016 / 17

Annual Results Press Conference	23 February 2017
Publication of the First Quarter Report 2016 / 17	16 March 2017
Annual General Meeting	27 April 2017
Publication of the First Half Year Report	14 June 2017
Publication of the Nine Month Report 2016 / 17	14 September 2017
End of the fiscal year 2016 / 17	31 October 2017

IMPRINT

Editor and Contact
GERRY WEBER International AG
Claudia Kellert / Anne Hengelage
Neulehenstraße 8
33790 Halle / Westphalia

Telefon: +49 (0) 5201 18 5 – 0
Fax: +49 (0) 5201 58 57
E-Mail: ir@gerryweber.de
Internet: www.gerryweber.com

Concept and Layout
IR-ONE, Hamburg
www.ir-one.de

Statements relating to the future

This annual report contains statements that relate to the future and are based on assumptions and estimates made by the management of GERRY WEBER International AG. Even if the management is of the opinion that these assumptions and estimates are appropriate, the actual development and the actual future results may vary from these assumptions and estimates as a result of a variety of factors. These factors include, for example, changes to the overall economic environment, the statutory and regulatory conditions in Germany and the EU and changes in the industry. GERRY WEBER International AG makes no guarantee and accepts no liability for future development and the actual results achieved in the future matching the assumptions and estimates stated in this annual report. It is neither the intention of GERRY WEBER International AG nor does GERRY WEBER International AG accept a special obligation to update statements related to the future in order to align them with events or developments that take place after this report is published. Rounding differences may occur in the percentages and figures stated in this report.

The annual report is available in English. If there are variances, the German version has priority over the English translation. It is available for download in both languages at www.gerryweber.com.

FIVE-YEAR-OVERVIEW

in EUR million	2015 / 16	2014 / 15	2013 / 14	2012 / 13	2011 / 12
Sales	**900.8**	**920.8**	**852.1**	**852.0**	**802.3**
Domestic	598.9	574.6	510.4	520.2	491.0
International	301.9	346.2	341.7	331.8	311.3
Sales by segment	**900.8**	**920.8**	**852.1**	**852.0**	**802.3**
GERRY WEBER Core Wholesale	298.4	365.4	447.2	488.3	502.8
GERRY WEBER Core Retail	419.2	440.3	404.9	363.7	299.5
HALLHUBER[3]	183.2	115.2	0.0	0.0	0.0
Sales split by brand					
GERRY WEBER	59.7%	66.6%	76.2%	75.2%	76.4%
TAIFUN	15.5%	16.1%	18.3%	19.4%	18.3%
SAMOON	4.5%	4.8%	5.6%	5.3%	5.3%
HALLHUBER[3]	20.3%	12.5%	0.0%	0.0%	0.0%
Others	<1.0%	<1.0%	<1.0%	<1.0%	<1.0 %
Cost of materials	369.8	392.7	390.9	386.2	404.8
Personnel expenses	202.7	187.1	154.9	143.3	125.8
Other operating income	308.7	273.8	214.3	203.7	187.6
Depreciation / Amortisation	63.5	36.5	25.3	21.6	16.3
Earnings key figures					
EBITDA	77.3	115.8	134.2	127.5	132.3
EBITDA margin	8.6%	12.6%	15.7%	15.0%	16.5%
EBIT	13.8	79.3	108.9	105.8	115.9
EBIT margin	1.5%	8.6%	12.8%	12.4%	14.5%
EBT	5.2	73.1	104.6	102.8	113.7
EBT margin	0.6%	7.9%	12.3%	12.1%	14.2%
Net income of the year	0.5	52.2	71.4	71.0	78.8
Earnings per share in Euro[1]	0.01	1.14	1.56	1.55	1.72
Capital structure	**900.7**	**938.6**	**685.2**	**531.6**	**483.6**
Equity	446.5	483.4	455.3	395.8	363.0
Investments	59.9	216.6	65.0	37.9	84.8
Equity ratio	49.6%	51.5%	66.4%	74.5%	75.1%
Key figures					
Average staff number	7,022	7,027	5,202	4,700	4,121
Return on Investment (ROI)[2]	1.5%	8.4%	15.9%	19.9%	24.0%
Return on Equity (ROE)[2]	3.1%	16.4%	23.9%	26.7%	31.9%

1 On the basis of 45,905,960 outstanding shares **2** EBIT basis **3** 2014/15 only nine months consolidated

GERRY WEBER

INTERNATIONAL AG

JUST LIKE ME

GERRY WEBER International AG
Neulehenstraße 8 · 33790 Halle/Westfalen · Germany

Phone: +49 (0)5201 185-0   Fax: +49 (0) 5201 5857
ir@gerryweber.com · gerryweber.com