

GERRY WEBER

INTERNATIONAL AG

Corporate News

FY 2021 sees GERRY WEBER return to profitability

- **Normalised EBITDA of EUR 28.8 million clearly above forecast**
- **Consolidated sales of EUR 262.7 million in line with expectations**
- **Group equity ratio up 9,5 percentage points to 19.8%**
- **Q1 2022: Sales of EUR 72.9 million and positive normalised EBITDA**
- **Forecast for 2022: Consolidated sales of EUR 310 million to EUR 335 million; normalised EBITDA in negative single-digit million range**

Halle/Westphalia, 30 May 2022 – GERRY WEBER International AG today presented its consolidated financial statements for the fiscal year 2021 (January to December) and the first quarter of the fiscal year 2022. The reports are available online at:

<https://ir.gerryweber.com/websites/gerryweber/English/4100/annual-reports.html>

<https://ir.gerryweber.com/websites/gerryweber/English/4200/interim-reports.html>

GERRY WEBER International AG was able to clearly improve its earnings position in the fiscal year 2021. At EUR 28.8 million, the Group's normalised EBITDA clearly exceeded both the forecast and the previous year's figure of EUR -39.7 million. Even adjusted for the positive effects of government stopgap aid, short-time work and valuation adjustments, normalised EBITDA was above the forecast.

Consolidated sales declined by 5.5% to EUR 262.7 million in the reporting year (previous year: EUR 278.1 million) and thus came in at the lower end of the range projected for 2021. This was due not only to the temporary closures and admission restrictions imposed on physical retail stores to fight the Covid-19 pandemic but also to bleaker consumer sentiment, declining consumer footfall and disruptions in global supply chains.

Angelika Schindler-Obenhaus, CEO of GERRY WEBER International AG, highlighted the progress made in the company's transformation: "On the way to tapping our newly defined, extended target group of the "Generation Wow" or baby boomers, we are seeing first successes. The much more modern style of our collection is increasingly attracting women over 50 and sometimes even their daughters to our stores, and our wholesale partners are also feeling this effect. In Germany alone, we are targeting some 15 million women in this age group, whom we want to inspire and fill with enthusiasm. What is more, the past fiscal year saw us make good progress in implementing important sustainability measures. For us, the firm rooting of sustainability in all areas of the company is a logical and forward-looking step in the further development of our brands. This is expected by both our customers and our shareholders."

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Clear growth in E-Commerce segment – Retail and Wholesale again affected by effects of the Covid-19 pandemic

The relatively long Covid-19 restrictions imposed on German retailers sent domestic sales falling to EUR 129.1 million (previous year: EUR 149.5 million). Foreign sales picked up slightly from EUR 128.6 million to EUR 133.6 million and, at 50.9%, made the somewhat larger contribution to consolidated sales.

At EUR 123.3 million, Retail sales remained slightly below the prior year level (EUR 126.9 million). The segment's share in total consolidated sales increased to 46.9% (previous year: 45.6%). Sales in GERRY WEBER Group's E-Commerce segment rose by an impressive 29.5% to EUR 42.1 million (previous year: EUR 32.5 million). The segment's share in total sales thus increased from 11.7% to 16.0%. The Wholesale segment recorded a sharp drop in sales from EUR 112.4 million to EUR 94.9 million, which represented 36.1% of total consolidated sales (previous year: 40.4%).

Reported EBITDA (incl. effects from lease accounting in accordance with IFRS 16) climbed from EUR -2.3 million in the previous year to EUR 63.2 million in the fiscal year 2021. The Group's reported operating result (EBIT) increased to EUR 18.3 million, up from EUR -59.4 million in the previous year. Adjusted for the effects of lease accounting pursuant to IFRS 16, normalised consolidated EBIT stood at EUR 11.1 million in 2021 (previous year: EUR -60.9 million). The normalised EBIT margin thus improved to 4.2% (previous year: -21.9%).

The GERRY WEBER Group's financial result improved noticeably to EUR 5.7 million, up from EUR -25.8 million in the previous year. This was primarily attributable to the remeasurement of insolvency and loan liabilities in the amount of EUR 30.3 million, which was fully recognised in profit/loss. The remeasurement was due to changed assessments of certain financial figures expected for the fiscal year 2023, which influenced the deferred financial liabilities from the restructuring of the Group in 2020. Together with the increase in the consolidated operating result, this resulted in a noticeably improved consolidated net income for the year of EUR 23.0 million (previous year: EUR -86.0 million). GERRY WEBER thus generated earnings per share of EUR 18.71, compared to EUR -76.33 in the previous year.

Noticeable reduction in net liabilities and improved Group equity ratio

The GERRY WEBER Group reduced the financial liabilities from EUR 142.6 million at the end of 2020 to EUR 69.1 million as of the balance sheet date of 31 December 2021. With cash and cash equivalents at EUR 50.0 million (previous year: EUR 85.3 million), the Group reduced its net debt from EUR 57.3 million to EUR 19.1 million. The Group's equity ratio improved by 9.5 percentage points to 19.8% (previous year: 10.3%).

The separate financial statements of GERRY WEBER International AG showed a loss of EUR -5.1 million. This was essentially due to the net loss of EUR -29.4 million absorbed from GERRY WEBER Retail GmbH, which was caused by largely Covid-19-related declines in sales and the necessary provisions for individual lease agreements. Moreover, the insolvency and loan liabilities continue to be recognised in the separate financial statements of GERRY WEBER International AG without remeasurement. As publicly announced on 13 May 2022, the equity capital of GERRY WEBER International AG was completely eaten up by the loss. The Extraordinary General Meeting to be convened by the company pursuant to section 92 para. 1 of the German Stock Corporation Act (AktG) will take place as part of the Annual General Meeting on 7 July 2022.

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The separate and the consolidated financial statements of GERRY WEBER International AG were, for the first time, audited by KPMG AG Wirtschaftsprüfungsgesellschaft, which was appointed as the new auditor in the past fiscal year. In this context, corrections identified in the 2021 financial statements were made by the Managing Board for the 2020 reporting period.

“We were able to strengthen the equity base of the Group and clearly reduced our liabilities last year,” said Florian Frank, CFO of GERRY WEBER International AG. “We are continuously working on options for the upcoming refinancing in the next fiscal year. The fact that the current developments led to increased risk provisions in the separate financial statements and thus to a depletion of equity is regrettable but does not jeopardise the Group’s ability to continue as a going concern. In view of the Russia-Ukraine war as well as the growing inflation and the ongoing Covid-19 pandemic, there can be no doubt that the environment for fashion retailers will remain challenging.”

Business performance in Q1 2022: GERRY WEBER operationally profitable

In the first quarter of the current fiscal year, GERRY WEBER generated consolidated sales of EUR 72.9 million (previous year: EUR 45.4 million), which break down equally between the Retail and Wholesale segments. The company’s E-Commerce segment generated revenues of EUR 9.7 million (previous year: EUR 8.2 million). The Group’s sales performance was influenced, inter alia, by ongoing restrictions imposed on physical retail stores due to the Covid-19 pandemic as well as by the generally subdued consumer sentiment.

In this challenging market environment, the Group improved its normalised EBITDA to EUR 1.7 million, up from EUR -3.5 million in the same period of the previous year. The company generated positive free cash flow of EUR 3.8 million and had cash and cash equivalents of EUR 64.1 million at the end of the quarter. At EUR 19.9 million, net debt remained more or less at the level of the 2021 balance sheet date (EUR 19.1 million). The equity ratio stood at 17.8% at the end of March 2022.

Forecast for FY 2022: Consolidated sales of EUR 310 million to EUR 335 million

In view of the year to date and the risks mentioned, the Managing Board of GERRY WEBER International AG projects consolidated sales of between EUR 310 million and EUR 335 million as well as normalised EBITDA in the negative low single-digit million euro range for the fiscal year 2022.

About the GERRY WEBER Group

Headquartered in Halle/Westphalia and employing some 2,200 people, GERRY WEBER International AG is one of the largest fashion and lifestyle companies in Europe. The company sells trend-oriented modern classic mainstream fashion in 54 countries. In addition to the GERRY WEBER brand, the GERRY WEBER Group also owns the younger TAIFUN brand and the plus-size brand SAMOON. For more information, visit www.gerryweber.com

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IN FIGURES

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

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

** Excluding effects from lease accounting according to IFRS 16

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IN FIGURES

in EUR million	Q1 2022	Q1 2021 ¹
Sales	72.9	45.4
Germany	34.6	18.6
Abroad	38.3	26.9
Sales by segments	72.9	45.4
GERRY WEBER Retail	31.7	12.1
GERRY WEBER E-Commerce	9.7	8.2
GERRY WEBER Wholesale	31.0	24.5
GERRY WEBER Other	0.5	0.7
Like-for-like growth in %	+187%	-67%
Sales by brands		
GERRY WEBER	71.8%	70.0%
TAIFUN	19.9%	22.3%
SAMOON	8.3%	7.7%
Earnings position		
EBITDA	10.3	4.7
EBITDA margin	14.1%	10.4%
Normalised EBITDA ²	1.7	-3.5
Normalised EBITDA margin ²	2.3%	-7.7%
EBIT	0.9	-5.2
EBIT margin	1.2%	-11.3%
Result for the period	-5.2	-10.9
Earnings per share in EUR	-4.3	-8.9
Financial position		
Net working capital	49.0	52.6 ³
Net worth position		
Equity	56.3	61.6 ³
Equity ratio	17.8%	19.8% ³
Cash and cash equivalents	64.1	50.0 ³
Financial liabilities	84.0	69.1 ³
Net debt	19.9	19.1 ³
Other success factors		
Average staff number	2,117	2,198

¹ Adjustments due to error corrections

² Excluding effects from lease accounting in accordance with IFRS 16

³ As of 31 Dec. 2021

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