GERRY WEBER INTERNATIONAL AG

LIVING STYLE

THE FASHION AND LIFESTYLE COMPANY

ANNUAL REPORT 2016/17

GERRY WEBER
KEY FIGURES AT A GLANCE

in EUR million	2016/17	2015/16	Changes in %
Sales by region	**880.9**	**900.8**	**−2.2 %**
Domestic	557.6	598.9	−6.9 %
International	323.3	301.9	7.1 %
Sales by segment	**880.9**	**900.8**	**−2.2 %**
GERRY WEBER Core Wholesale	294.0	298.4	−1.5 %
GERRY WEBER Core Retail	392.6	419.2	−6.3 %
HALLHUBER	194.3	183.2	6.1 %
Sales split by brand			
GERRY WEBER	57.8 %	59.7 %	−1.9 pp
TAIFUN	15.6 %	15.5 %	0.1 pp
SAMOON	4.5 %	4.5 %	0.0 pp
HALLHUBER	22.1 %	20.3 %	1.8 pp
Earnings key figures			
EBITDA	58.2	77.3	−24.7 %
EBITDA margin	6.6 %	8.6 %	−2.0 pp
EBIT	10.3	13.8	−25.5 %
EBIT margin	1.2 %	1.5 %	−0.3 pp
EBT	2.6	5.2	−50.4 %
EBT margin	0.3 %	0.6 %	−0.3 pp
Annual net loss / profit	−0.8	0.5	−252.7 %
Earnings per share in Euro[1]	−0.02	0.01	−300.0 %
Capital structure	**789.9**	**900.7**	**−12.3 %**
Equity	412.7	446.5	−7.6 %
Investments	63.2	59.9	−79.1 %
Equity ratio	52.3 %	49.6 %	2.7 pp
Key figures			
Average staff number	6,921	7,022	−1.4 %
Return on Investment (ROI)[2]	1.3 %	1.5 %	−0.2 pp
Return on Equity (ROE)[2]	2.5 %	3.1 %	−0.6 pp

1 2016/17 on the basis of 45,695,674 shares (pro rata temporis calculation); 2015/16 on the basis of 45,905,960 shares
2 EBIT basis

M EUROS
880.9
IN REVENUES
GENERATED BY THE GERRY WEBER GROUP IN THE FINANCIAL YEAR 2016/17.

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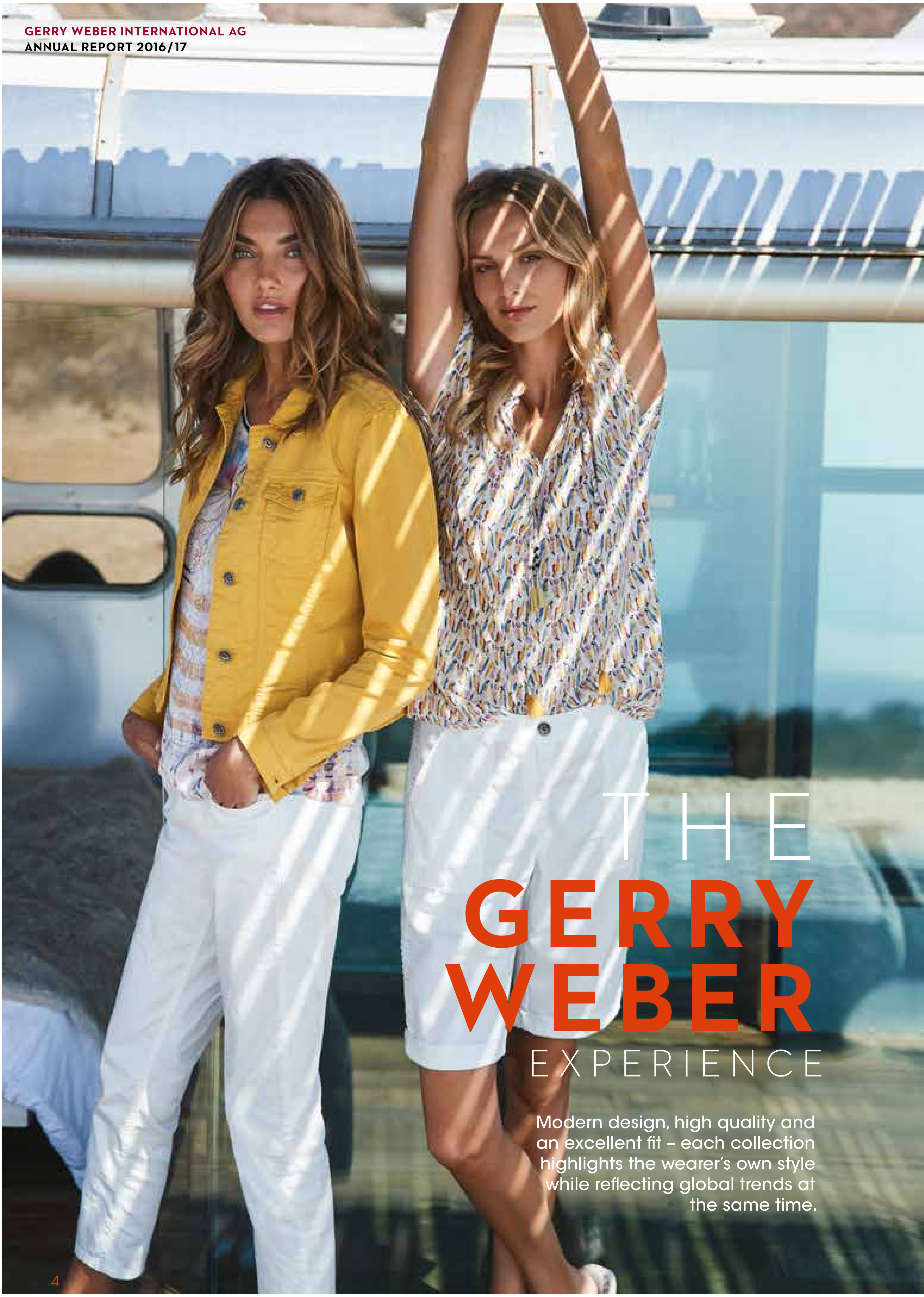
OUR ANNUAL REPORT IN BRIEF: THIS SYMBOL HIGHLIGHTS KEY INFORMATION ABOUT THE FINANCIAL YEAR 2016/17

M EUROS
58.2
IN CONSOLIDATED
EBITDA
REPORTED FOR THE PAST FINANCIAL YEAR

12

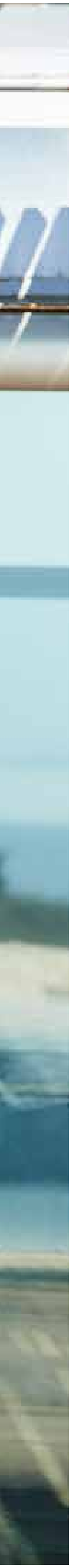
OUR BRANDS ARE AS MULTIFACETED AS OUR CUSTOMERS

CREATING FEMININE FASHION



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.



GERRY WEBER

THE GERRY WEBER GROUP AT A GLANCE:

A LISTED COMPANY WITH EXTENSIVE INTERNATIONAL OPERATIONS, OUR INTERNATIONAL FASHION AND LIFESTYLE GROUP IS VERY MUCH FAMILIAR WITH CONSUMERS' NEEDS AND USES ITS EXPERTISE TO TRANSLATE GLOBAL TRENDS INTO STYLISH FASHION ITEMS.

INSPIRED

DEAR SHAREHOLDERS, DEAR READERS,

The second year of the GERRY WEBER Group's realignment was again marked by the measures implemented in the context of the FIT4GROWTH programme as well as by the adverse and changing market situation faced by the fashion industry. In spite of the challenging market environment, we implemented all measures defined as part of the FIT4GROWTH realignment programme within the defined time-frame and completed the programme at the end of the fiscal year 2016/17. We would like to thank all employees for their readiness to implement and push ahead the realignment together with the management. During the past fiscal year we also readied ourselves for the new opportunities emerging in the marketplace and set the course for our return to profitable growth.

WE ADOPTED THE **FIT4GROWTH** realignment programme in February 2016 and immediately started to implement the defined measures. Already at the end of the fiscal year 2015/16, we were able to announce the first successes, whose positive effects were primarily reflected in the optimised cost structure in the past fiscal year 2016/17. I would like to outline the key measures of the programme on the following pages.

AN IMPORTANT MEASURE TO "OPTIMISE THE RETAIL OPERATIONS" – which was one module of **FIT4GROWTH** – was the planned closure of at least 103 GERRY WEBER stores as well as a review of another 50 stores. After closing 75 GERRY WEBER, TAIFUN and SAMOON stores in 2015/16, we closed another 68 domestic and international stores in the past fiscal year 2016/17. We may decide to scrutinise the profitability of more stores in the context of our portfolio optimisation efforts and we may opt not to renew lease agreements where this appears appropriate. The store closures not only reduce our rental expenses but also reduce the overdistribution, especially in Germany. In addition, we have defined clear performance indicators in order to make the profitability of each store more transparent. The aim is to help the GERRY WEBER Core Retail segment to return to profitability.

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STORE CLOSURES RELATED TO FIT4GROWTH IN 2016/17

„ALL OUR ACTIVITIES ARE GEARED TOWARDS OUR CUSTOMERS“

GERRY WEBER INTERNATIONAL AG
RALF WEBER • CHIEF EXECUTIVE OFFICER

ALL OUR ACTIVITIES ARE GEARED TOWARDS **OUR CUSTOMERS**. We have therefore started to redesign our stores on both the outside and the inside. The new shop windows present our fashion in an exciting and inviting way and our new shop fittings encourage shoppers to browse and spend time in our stores.

We have also revised our **STRUCTURES AND PROCESSES**. To serve our customers even more effectively, we have established three Strategic Business Units: GERRY WEBER (incl. talkabout), TAIFUN together with SAMOON as well as HALLHUBER. The aim is to make the brands and core products of the Group more visible and to give the people in charge maximum decision-making authority to cater more effectively to the needs and requirements of their respective target groups.

We had subjected all key processes to a critical review and reorganised them where necessary already in the previous fiscal year 2015/16. In this context, we had to cut about 200 jobs in Halle/Westphalia. Consequently, personnel expenses of the GERRY WEBER Core segment were down significantly by EUR 16.0 million compared to the previous financial year to EUR 153.7 million in the fiscal year 2016/17.

The **"STRENGTHEN THE WHOLESALE OPERATIONS"** module of the FIT4GROWTH programme focused on the introduction of partnership schemes to improve the service for our Wholesale customers and optimise the flow of merchandise at our partners' points of sale. This has been achieved. Wholesale revenues declined by 1.5% to EUR 294.0 million, which was in line with the general market trend and below the medium single-digit percentage decline we had expected. To strengthen our Wholesale customers, we have launched a new brand, "talkabout", exclusively for Wholesale customers. Due to the high acceptance of this trendy brand, which captures the zeitgeist of today's young women, the number of shops carrying the brand was increased from 30 to 138 at the end of the fiscal year.

138

TALKABOUT SALES SPACES BY THE END OF THE FINANCIAL YEAR 2016/17

The **MODERNISATION OF THE CORE BRAND**, GERRY WEBER, remains one of the main tasks for the coming months. Our GERRY WEBER collections have become more modern and up-to-date, cater even more to consumers' requirements and have an even higher quality appeal. We have also modified the composition of the collections; by strengthening the GERRY WEBER Casual sublabel, for instance, we have notably increased the share of casual garments. The presentation of the new GERRY WEBER collection was supported by an inspiring campaign starring 1990s super model Eva Herzigova. We will continue the successful cooperation with Eva Herzigova also for the upcoming spring/summer season.

The GERRY WEBER Group demonstrated its ability to innovate already when launching the young talkabout brand. We now go even one step further. In spring 2018 we will launch our first online-only brand. **gr[8]ful** stands for premium ladieswear for consumers with special demands who appreciate a high degree of innovation, style and quality. Being an online-only brand,

„DIGITALISATION IS THE KEYWORD WHEN IT COMES TO SHAPING OUR VALUE CHAIN“

GERRY WEBER
INTERNATIONAL AG
JÖRG STÜBER • CHIEF FINANCIAL OFFICER

gr[8]ful will be exclusively available through our own online shops and represents a further step towards the digitalisation of our business model.

DIGITALISATION IS THE KEYWORD WHEN IT COMES TO SHAPING OUR VALUE CHAIN. After having modernised and redesigned our GERRY WEBER, TAIFUN and SAMOON online shops – each of which is now independently branded – and having developed exclusive online products, our activities will now focus on expanding the cooperation with external online platforms, redesigning the HALLHUBER e-shop and expanding our online services. The relaunch of the GERRY WEBER, TAIFUN and SAMOON online shops delivered the first positive results already in the past fiscal year, when revenues increased by 9.5% to EUR 28.6 million compared to the previous year.

In times of declining customer footfalls in city centres and fundamentally changing customer behaviour, it is essential to be able to serve several distribution channels at the same time. Aside from growing and managing our online business, the challenge lies in integrating our virtual and physical stores. Consumers expect an increasingly connected shopping experience where choosing a particular purchasing channel for a desired product is a matter of secondary importance. The only thing that counts is the ability to fulfil customers' wishes as quickly and conveniently as possible. In the background, we are working on the introduction of a new customer relationship management system that uses the incoming information and data to offer each customer group an individualised service.

But we have gone even one step further. We have established E-GERRY WEBER Digital GmbH, an independent entity whose mission is to pick up digital innovations and adapt them to our business model. The aim is to not only digitalise our sales structures but to also use the opportunities offered by digital innovation for other stages of the value chain such as logistics, procurement and product development.

For the GERRY WEBER Core segment, the fiscal year 2016/17 was marked by the implementation of the **FIT4GROWTH** measures, whereas our HALLHUBER subsidiary continued its controlled expansion and was progressively integrated into the GERRY WEBER Group. As a result of the new store openings of the past years, HALLHUBER's revenues increased by 6.1% to EUR 194.3 million. While we will continue to grow HALLHUBER in the current fiscal year 2017/18, we will primarily focus on improving the company's profitability. In the past fiscal year, we have therefore begun to integrate some administrative functions as well as the logistics area into the structures and processes of our head office in Halle / Westphalia.

We have achieved a lot in the past two fiscal years but there is still a long way to go. Our plans remain ambitious also for the current fiscal year. While the profitability of the GERRY WEBER Core Retail segment is to be steadily improved, our focus for the Wholesale segment will be placed on the service-oriented cooperation with and support of our Wholesale partners.

6.1%

HALLHUBER SALES GROWTH
TO EUR 194.3 MILLION IN THE FINANCIAL YEAR 2016/17

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To make our strong brands fit for the future, we must respond to the changing market conditions. Against this background, we are currently reviewing our existing product development and procurement processes. Digital innovation opens up new, more cost-efficient possibilities, which means that we will review every single step in the development of our products without compromising on the high quality and good fit of our products.

Our collections form the basis of our business model. The consistent further development and modernisation of our brands will be at the focus of our work also in the coming months. Improving the profitability of the whole GERRY WEBER Group is the primary objective we have set ourselves for 2017/18. Although the market environment remains challenging and sales revenues for the German fashion industry are expected to decline, we project almost constant Group revenues level of between EUR 870 million and EUR 890 million for the fiscal year 2017/18.

The realignment of our company, the expansion of HALLHUBER and the digitalisation of our value chain entails expenses and investments. In spite of the cost savings achieved as a result of **FIT4GROWTH**, we therefore do not expect the Group's operating result to improve materially compared to the previous year. As we continue to pursue the goal of sustainable profitable growth of the GERRY WEBER Group and with additional expenses and forward-looking investments expected to result from the reorganisation of the Group, we consequently expect consolidated EBIT to come in at between EUR 10 million and EUR 20 million.

We are aware that the current fiscal year 2017/18 will be another year of change and transformation for the GERRY WEBER Group. Thanks to our strong brands, our company's ability to innovate and the commitment of our employees, we are confident that we will successfully tackle the necessary measures also in the financial year 2017/18. It is the primary objective of our company to return to stronger growth, to improve our profitability on a sustained basis and to become one of the leading ladieswear suppliers in the GERRY WEBER Core markets and in our segment in the long term.

Ralf Weber
Chief Executive Officer (CEO)

Jörg Stüber
Chief Financial Officer (CFO)

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.**

INSPIRED

TAIFUN

talk about

HALLHUBER

GERRY WEBER

SAMOON

5 POWERFUL BRANDS

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, **2,480 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 **6,900 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.

BRINGING **THE BEST** TO EVERY WOMAN WE DRESS

FEMININE CASUAL CHIC INSIPIRING

PREDOMINANTLY **NATURAL MATERIALS,** EXCELLENT FINISHING, GREAT **ATTENTION TO DETAIL** AS WELL AS COMFORTABLE FITS DEFINE THE STYLE UNIVERSE OF GERRY WEBER CASUAL.

GERRY WEBER
casual

GERRY WEBER
Collection

IN
SPIR
ED

THAT *EXTRA SOMETHING* WHAT WOMEN WANT

INSPIRED by

GERRY WEBER
ACCESSORIES

THE FASHION AND LIFESTYLE UNIVERSE OF GERRY WEBER IS IDEALLY COMPLEMENTED BY **GERRY WEBER ACCESSORIES** AND LICENSED COLLECTIONS: GERRY WEBER BAGS, GERRY WEBER SHOES AND GERRY WEBER EYEWEAR. GERRY WEBER ACCESSORIES ARE FASHIONABLE COMPLEMENTS TO EVERY OUTFIT. RANGING FROM SCARVES, SHAWLS AND HATS TO BELTS AND GLOVES, THESE STYLISH ACCESSORIES OFFER CUSTOMERS AN IDEAL WAY TO COMPLETE THEIR PERSONAL FASHION STATEMENTS.

STYLING COMPLETED

DRESSED FOR SUCCESS

TAIFUN STANDS FOR INTERNATIONAL **AND URBAN FASHION WHICH IS TREND-ORIENTED** AND SUITABLE FOR **BUSINESS AT THE** SAME TIME.

15.6%

WAS TAIFUN'S CONTRIBUTION TO TOTAL REVENUES


ALWAYS WITH AN
UNMISTAKEABLY
»FEMININE TOUCH«
INSPIRED by
TAIFUN
URBAN
CONTEMPORARY
DRESSY

CONFIDENT
POSITIVE
CONTEMPORARY

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**.

INSPIRED by

SAMOON

THE PERFECT PLUS

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

42

4.5 ***PERCENT***

A SOLID SHARE IN GROUP SALES OF THE SAMOON BRAND

HALLHUBER IS AN **INTERNATIONALLY NETWORKED BRAND** WITH A FIRM FOCUS ON THE **ZEITGEIST**. CAREFULLY HAND-PICKED, 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**.

22.1

PERCENT

WAS HALLHUBER'S CONTRIBUTION TO TOTAL GROUP REVENUES


READY
TO
WEAR
INSPIRED
by
HALLHUBER

L I F E IS WHAT HAPPENS EVERY DAY. NOT THE SPECIAL OCCACIONS.

LET'S TALK
ABOUT **TALK
ABOUT**

COOL

C O S Y

R E L A X E D

ELEGANT

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.

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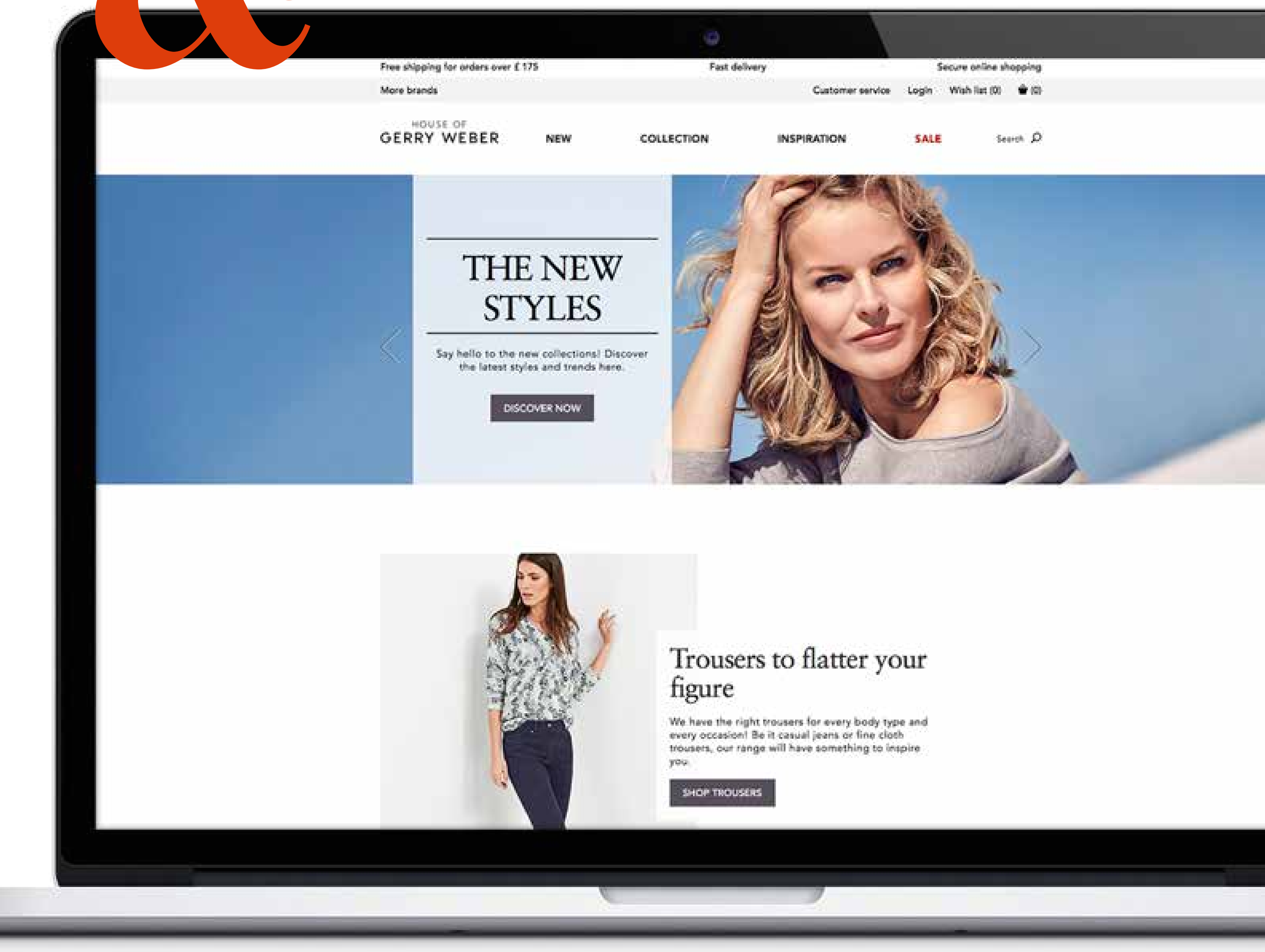
C O L L E C T I O N S

PER YEAR WITH 15 ARTICLES EACH

DISCOVER THE **FASHION WORLD** FROM GERRY WEBER ONLINE WWW.GERRYWEBER.COM

TASTEFUL & EXCLUSIVE



GERRY WEBER

STYLISH LOOKS FOR EVERY DAY

WE AT GERRY WEBER KNOW THAT WOMEN'S CLOTHING IS MORE THAN JUST A LOVELY COVER. **HIGH QUALITY** AND **PREMIUM MATERIALS** MAKE A TOP INTO A WELL-LOVED FEEL-GOOD PIECE. FEMININE SILHOUETTES AND TASTEFUL DESIGNS TRANSFORM A DRESS INTO A STATEMENT PIECE THAT WILL ATTRACT BOTH ADMIRING AND ENVIOUS LOOKS. GERRY WEBER STANDS FOR **STYLISH, ELEGANT WOMEN'S CLOTHING** WITH EXCLUSIVE CHARM FOR THE MODERN, DISCERNING WOMAN.

365

DAYS, 24/7

WE ARE THERE FOR OUR CUSTOMERS

BEAUTIFUL ON THE OUTSIDE AND COMFORTABLE ON THE INSIDE: CASUAL CLOTHING FROM GERRY WEBER COMBINES **STYLISH LOOKS WITH EXCEPTIONAL CLOTHING** – JUST RIGHT FOR WEEKEND EXCURSIONS OR A SHOPPING TRIP WITH YOUR BEST FRIENDS.

VIVA CON AGUA –

ALL FOR **WATER!**

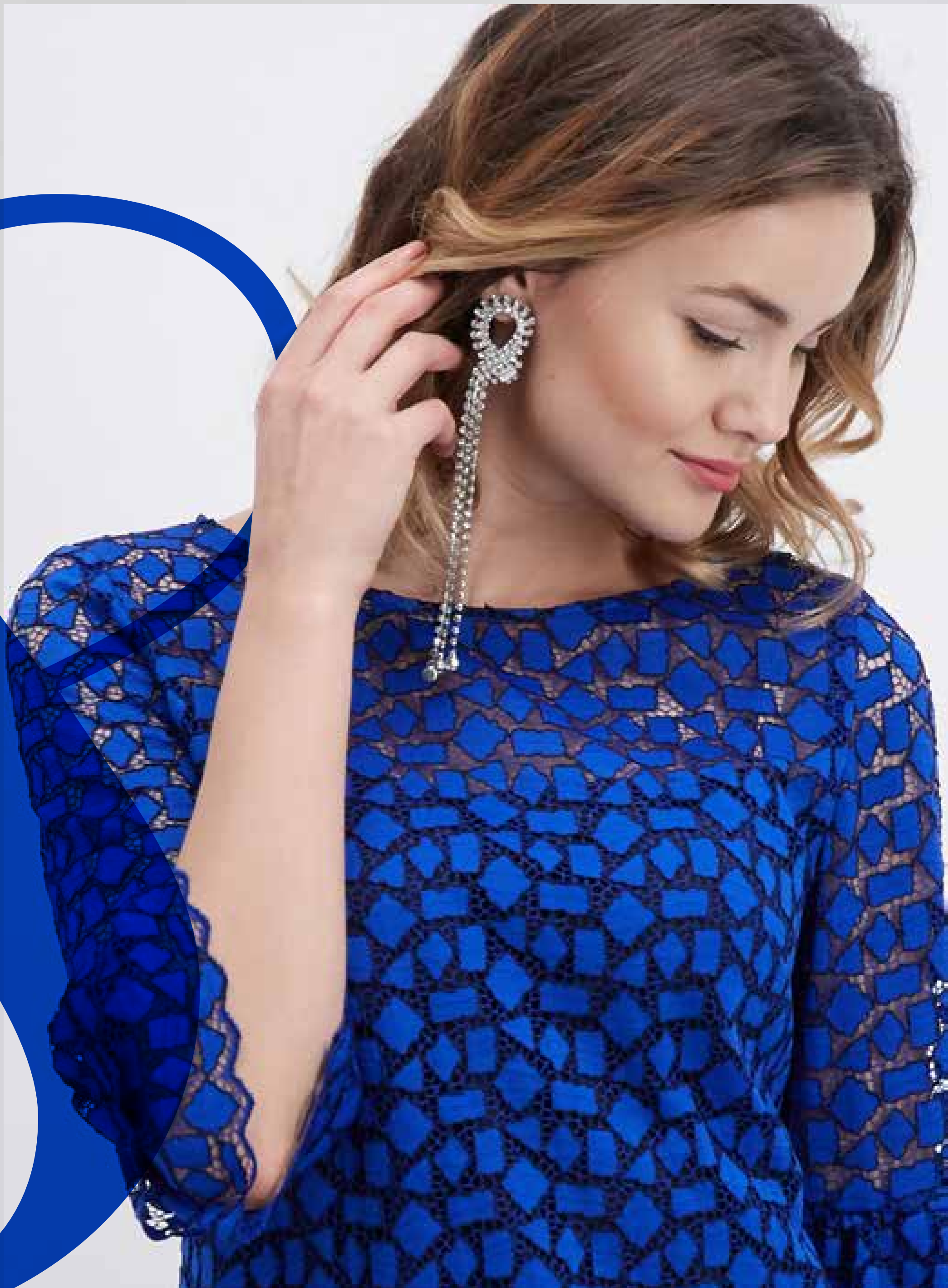
WATER FOR **ALL!**

FROM UGANDA AND NEPAL TO RWANDA AND ETHIOPIA – VIVA CON AGUA **ST. PAULI E.V. IS A HAMBURG-BASED** NON-PROFIT ORGANISATION THAT IS COMMITTED TO GIVING ALL PEOPLE PERMANENT ACCESS TO CLEAN DRINKING WATER.

WE SUPPORT THE IMPORTANT WORK OF THE HAMBURG-BASED ORGANISATION VIVA CON AGUA WITH THE REVENUES FROM THE **SALE OF PLASTIC AND PAPER BAGS** IN OUR GERRY WEBER STORES.

STYLE GR[8]FUL

THE GR8FUL STYLE IS CONFIDENT, OF **HIGH QUALITY AND CHARACTERISED** BY **CASUAL LUXURY** AND **RELAXATION**.



PREMIUM
FEMININE
RELAXED
STYLE-CONSCIOUS
ONLINE

WWW.GR8FULFASHION.COM/ WWW.FACEBOOK.COM/GR8FULFASHION/ WWW.INSTAGRAM.COM/GR8FULFASHION/

REPORT OF THE SUPER-VISORY BOARD

DEAR SHAREHOLDERS,

The past fiscal year 2016/17 was another year of major reorientation for our employees, our customers and our shareholders. The period was characterised, on the one hand, by the continued focus on our FIT4GROWTH realignment programme and, on the other hand, by setting the strategic course for the entire company.

All defined measures are aimed at adapting the GERRY WEBER Group to the changed market structures and resulting changed consumer behaviour to lay the foundations for our company's future profitable growth

Advice and monitoring in dialogue with the Managing Board

In the fiscal year 2016/17, the Supervisory Board of GERRY WEBER International AG performed the tasks imposed on it by the law, the statutes and the rules of procedure with great care and in accordance with the German Corporate Governance Code. It monitored the work of the Managing Board on an ongoing basis and supported the Managing Board by providing advice on the company's strategic development as well as important individual measures. To this end, the Supervisory Board regularly obtained up-to-date and detailed information about all relevant aspects of the company's development, the situation of the Group including the risk situation as well as other current topics. The Supervisory Board received this information at and in between its meetings in the form of written or oral reports. 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 discussed the reports of the Managing Board and debated the prospects and opportunities of the GERRY WEBER Group as well as its individual brands and segments in detail with the Managing Board. In addition to the reports prepared by the Managing Board, the Supervisory Board asked the Board for additional information on individual topics. In between the Supervisory Board meetings, the Chairman of the Supervisory Board and the Managing Board remained in regular contact and the Managing Board informed the Supervisory Board about important individual matters and material decisions in a timely manner. 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 vote following thorough analysis.

SUPERVISORY BOARD MEMBERS

THE SHAREHOLDERS ARE REPRESENTED BY:

- DR. ERNST F. SCHRÖDER (CHAIRMAN)
- GERHARD WEBER (DEPUTY CHAIRMAN)
- ALFRED THOMAS BAYARD
- UTE GERBAULET
- UDO HARDIECK
- CHARLOTTE WEBER-DRESSELHAUS.

THE WORKFORCE IS REPRESENTED ON THE SUPERVISORY BOARD BY:

- OLAF DIECKMANN
- KLAUS LIPPERT
- ANDREAS STRUNK
- ANNETTE VON DER RECKE
- SOWIE MANFRED MENNINGEN
- AND HANS-JÜRGEN WENTZLAFF AS A REPRESENTATIVE OF THE IG METALL TRADE UNION.

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 fiscal year 2018/19.

This means that the shareholder representatives fulfil the statutory female representation rate 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). 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 ordinary meetings in the fiscal year 2016/17 (1 November 2016 until 31 October 2017). All members attended more than half of the meetings in person. The Supervisory Board resolutions were adopted at the four meetings or by written vote. The members of the Managing Board attended most of the meetings, some of which were additionally attended by specialised experts, who reported on specific topics. The Supervisory Board also met without the Managing Board or with only some of its members.

At all meetings of the Supervisory Board, the Managing Board provided reports on the business situation including detailed information about the general market trend, the sales and earnings situation, the pre-orders received by the individual brands as well as the development of key financial figures of the individual segments. At these meetings, the Managing Board moreover reported on the progress of the FIT4GROWTH programme and the measures implemented in a timely manner. 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. Furthermore, the Supervisory Board was regularly updated on the logistics centre project. The regular information provided by the Managing Board also covered the share price performance as well as capital market-related

4

ORDINARY MEETINGS
were held in the fiscal year 2016/17.

topics. Besides the topics mentioned above, the following subjects and projects were discussed at the four ordinary Supervisory Board meetings:

At its first ordinary meeting of the fiscal year 2016/17 on **22 November 2016**, the Supervisory Board discussed and approved the operational plans including the investment budget for the fiscal year 2016/17. Moreover, the Managing Board presented the mid-term plans and budgets of the GERRY WEBER Group. The sales and earnings plans for the fiscal year 2016/17 and the following two years were explained in detail. On this occasion, the Managing Board furthermore presented the strategic fields of action of the individual brands and the related targets.

At this meeting, the Supervisory Board also addressed compliance with and implementation of the Corporate Governance Code and adopted the Declaration of Conformity for 2017 together with the Managing Board.

After preparation by the Human Resources Committee, the Supervisory Board approved the composition and amount of the variable compensation component of the Managing Board for the past fiscal year 2015/16 at an extraordinary meeting on the same day; this meeting was not attended by the Managing Board.

At its meeting on **25 February 2016**, the Supervisory Board audited and approved the separate and the consolidated financial statements including the management report for the fiscal year 2015/16 as well as the appropriation of profits submitted and proposed by the Managing Board. The meeting was attended by the auditor, who reported on the audit and the audit results. The Supervisory Board approved the Managing Board's proposal to propose a dividend of EUR 0.25 to the Annual General Meeting and adopted the agenda for the 2017 AGM.

As in the previous years, the Supervisory Board subjected itself to an efficiency audit in the form of a self-assessment. The results were evaluated by the auditors in anonymised form and presented to the full Supervisory Board. All in all, the analysis and the information provided indicate that the Supervisory Board is working efficiently.

A short review of the 2017 Annual General Meeting took place at the ordinary meeting of the Supervisory Board on **8 June 2017**. In addition to a report on the state of the FIT4GROWTH programme, this meeting focused in particular on the presentation of the strategic fields of action defined for the company and especially the individual brands. The introduction of strategic business units for the individual brands and the appointment of Executive Vice Presidents reporting directly to the Managing Board is to further increase the individuality and independence of the individual GERRY WEBER brands.

The Managing Board moreover emphasised the enormous importance of digitisation for GERRY WEBER's entire business model. In this context, it presented the digitisation strategy as well as the related targets for the next four years to the Supervisory Board. The planned foundation of E-GERRY WEBER Digital GmbH is to make a key contribution to the development and implementation of new digital strategies.

Other topics addressed at this meeting were the status report of the Compliance and Corporate Social Responsibility Departments.

The last ordinary meeting of the Supervisory Board in the fiscal year 2016/17 was held on **11 October 2017**. After the regular report of the Managing Board on the current business trend as well as the key figures derived from it, the discussion focused on the short and medium-term plans of the GERRY WEBER Group as of the next fiscal year 2017/18. In this context, the Managing Board explained the underlying planning parameters as well as the strategy for the individual brands depending on their life and product cycle. In connection with the medium-term plans, the Managing Board also presented the cash flow and investment plans.

Another topic addressed at the October 2017 meeting was the current activities of the Group Auditing Department. Moreover, the Supervisory Board discussed the amendments of the Corporate Governance Code as well as the targets for the future composition and the resulting competence profile of the Supervisory Board.

The Supervisory Board met at three separate meetings without the participation of the Managing Board in order to discuss topics affecting the Managing Board, its structure and its compensation.

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

At the following Supervisory Board meetings, the chairpersons of the committees reported on the work and meetings of the committees to the full Supervisory Board.

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 fiscal year 2016/17, the Audit Committee held three meetings prior to Supervisory Board meetings as well as three telephone conferences in the run-up to the quarterly reports. At its meeting on 21 November 2016, the Audit Committee discussed the medium-term plans presented by the Managing Board and prepared the approval by the full Supervisory Board. Further topics addressed at this meeting were the future dollar hedging of procurement activities as well as the permissibility of non-audit services provided by the auditor.

At the Audit Committee meeting on 25 February 2017, the committee members extensively addressed the separate and the consolidated financial statements for 2015/16 and the auditor's report. The meeting was attended by the auditor, who explained the separate and the consolidated financial statements in detail. After thorough discussion of the separate and the consolidated financial statements, the Audit Committee prepared the approval of the separate and the consolidated financial statements 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 10 October 2017 was the definition of the focal points for the upcoming audit of the separate and the consolidated financial statements for the fiscal year 2016/17. Moreover, the parameters and the results of the short and medium-term plans as of the fiscal year 2017/18 were discussed in detail with the Managing Board and prepared for the full Supervisory Board.

The **Human Resources Committee** met prior to the ordinary Supervisory Board meeting on 22 November 2016. 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 fiscal year 2016/17.

Corporate Governance

The Supervisory Board attaches great importance to ensuring good corporate governance. In the fiscal year 2016/17, it therefore again discussed the company's corporate governance standards as well as the implementation of the recommendations and suggestions of the German Corporate Governance Code in detail together with the Managing Board. 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 fiscal year 2016/17. 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 2016/17 (reporting period)

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

The financial statements, 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

4

Supervisory Board committees
complement the work
of the full Supervisory Board.

Supervisory Board. The financial statements and the audit reports were addressed and discussed in detail at the annual accounts meeting of the Supervisory Board on 21 February 2018 which was attended by the auditor. The auditor also reported on the scope, focus and key results of the audit. In addition, the auditor stated that a risk management system meeting statutory provisions is in place; the latter was audited and found to be effective. No weaknesses requiring reporting were identified with regard to the accounting-related internal control system.

Based on the final result of the audit by the Audit Committee and the full Supervisory Board, the Supervisory Board consented to the results of the auditor. Accordingly, the Supervisory Board endorsed the separate and the consolidated financial statements as well as the combined management and Group management report for the fiscal year 2016/17 at the annual accounts meeting on 21 February 2018. The financial statements for the fiscal year 2016/17 have thus been duly approved in accordance with section 172 of the German Stock Corporate Act (AktG).

Changes on the Managing Board

Chief Retail Officer Norbert Steinke resigned from the Managing Board of GERRY WEBER International AG with effect from 21 June 2017. Johannes Ehling will join the company's Managing Board as Chief Sales Officer and Chief Digital Officer on 1 September 2018 or earlier and will hence take over Norbert Steinke's former responsibilities on the Managing Board as well as being in charge of all digitalisation activities. After the end of the reporting period 2016/17, Dr. David Frink, Chief Operating Officer and Chief Financial Officer, resigned from the Managing Board of GERRY WEBER International AG with effect from 16 November 2017. Jörg Stüber was appointed interim Managing Board member in charge of Finance, Controlling, Investor Relations, Central Purchasing, Compliance and IT.

The composition of the Supervisory Board remained unchanged in the fiscal year 2016/17.

On behalf of the Supervisory Board
Halle / Westphalia, 21 February 2018

Dr. Ernst F. Schröder
Chairman of the Supervisory Board

TAIFUN

* PERCENT OF THE SHARE

CAPITAL WAS REPRESENTED

at the 2017 Annual General Meeting.

CORPORATE GOVERNANCE REPORT

including the Corporate Governance Statement and Compensation Report

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

At GERRY WEBER, good and responsible corporate governance comprises not only the principles of the German Corporate Governance Code but also our compliance guidelines and our Code of Conduct. The Corporate Governance Report of the Managing Board and the Supervisory Board of GERRY WEBER International AG in accordance with clause 3.10 of the German Corporate Governance Code (GCGC) is provided below. In addition to the declaration of conformity pursuant to section 161 of the German Stock Corporation Act (AktG), the Corporate Governance Report in this Annual Report also comprises the Corporate Governance Statement pursuant to section 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 management report for the fiscal year 2016/17 and as such of the audited consolidated financial statements of GERRY WEBER International AG.

Corporate Governance Report pursuant to the German Corporate Governance Code

Since the introduction of the German Corporate Governance Code in 2002, GERRY WEBER International AG has complied with nearly all recommendations of the Code. There are only 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 outlined under the respective clause of the Code.

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

In accordance with section 161 of the German Stock Corporation Act (AktG), the Supervisory Board and the Managing Board of GERRY WEBER International AG declare that the company has, since the publication of the last annual declaration of conformity on 22 November 2016, complied with the recommendations made by the Government Commission of the German Corporate Governance Code as amended on 7 February 2017 and published by the Federal Ministry of Justice in the official section of the Federal Gazette, save for the exceptions outlined below:

Code 4.2.3 — Forward-looking multiple-year assessment basis for the Managing Board's variable compensation:
Variable compensation components shall generally have a multiple-year assessment basis that shall have essentially forward-looking characteristics. While part of the variable compensation of the Managing Board has a multiple-year assessment basis, the latter is not essentially forward-looking. The Supervisory Board considers the assessment basis for the Managing Board's variable compensation component to be appropriate, which is why no amendment of the compensation structure for the

Managing Board is planned at present. If the compensation structure for the Managing Board were to be amended, the Supervisory Board would aim to comply with the recommendations of the German Corporate Governance Code.

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 5.3.2 — 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.

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 and statements 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.

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

ALLOCATION OF POWERS, COMPOSITION AND WORK OF THE MANAGING BOARD AND THE SUPERVISORY BOARD

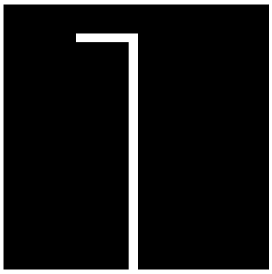
The dual board system, under which the company is managed by the Managing Board and supervised by the Supervisory Board, is a key characteristic of GERRY WEBER's corporate governance structure. Other characteristics include the equal representation of shareholders and employees on the Supervisory Board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

Management and conduct of business by the Managing Board

At the time of the preparation of this report the Managing Board of GERRY WEBER International AG is composed of two members, i. e. Chairman Ralf Weber and interim Board member Jörg Stüber. Board member Dr. David Frink resigned from the Managing Board with effect from 16 November 2017. Johannes Ehling will join the company as new Board member on 1 April 2018. The Managing Board has sole responsibility for managing the company free from third-party instructions in accordance with the applicable laws, the statutes, the rules of procedure of the Managing Board and the resolutions adopted by the Annual General Meeting. While the Managing Board as a whole has collective responsibility, each Board member is responsible for managing the departments of which they are in charge. The Managing Board defines the corporate objectives and the strategic positioning of the GERRY WEBER Group and controls and monitors the business units and subsidiaries.

The rules of procedure of the Managing Board show which Managing Board member is responsible for which business segment. 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 processes for passing resolutions. Amendments of the rules of procedure of the Managing Board require the unanimous decision of the Managing Board as well as 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. Before closing important business transactions, which are defined in the rules of procedure of the Managing Board, the Managing Board must obtain the Supervisory Board's approval.

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



APRIL 2018:
Johannes Ehling will formally join the company's Managing Board.

Supervisory function of the Supervisory Board

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

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

In accordance with clause 5.2 of the German Corporate Governance Code, the Chairman of the Supervisory Board should be available – within reasonable limits – to discuss Supervisory Board-related issues with investors. The Chairman of the Supervisory Board is of the opinion that all relevant information is available to the Managing Board and that the Managing Board should therefore continue to communicate with capital market participants and investors.

Composition of the Supervisory Board

The Supervisory Board of GERRY WEBER International AG is composed of twelve members. Six members are elected by the shareholders at the Annual General Meeting, while the other six members are elected by the employees of GERRY WEBER International AG and its German Group companies. The term of office of the members 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 fiscal year 2018/19.

In accordance with the recommendations of the German Corporate Governance Code, the Supervisory Board had already set itself specific targets for its composition and complemented them in accordance with the recommendations of the Code. The existing composition targets were revised in the fiscal year 2016/17 and summarised in a competence profile for the full Supervisory Board. Save for one exception, the composition of the Supervisory Board of GERRY WEBER International AG complies with the defined targets and, hence, with the competence profile. Two of the six shareholder representatives are women, which meets the legal requirements. One of the six employee representatives is a woman, which does not meet the requirements of section 96 para. 2 of the German Stock Corporation Act (AktG) yet. Pursuant to statutory provisions, the minimum share must be met only once new appointments or elections become necessary.

Targets and competence profile for the composition of the Supervisory Board

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

Professional diversity

- Members of the Supervisory Board shall have experience in the fields of corporate management, strategy and human resources. They should also be competent with regard to corporate governance and compliance related issues.
- The Supervisory Board shall also have knowledge of the company, its competitors and the markets in which the company operates. Specific industry knowledge of the customer side is also required.
- At least one independent member must have the necessary financial competence as well as knowledge of accounting, internal control procedures or auditing. This independent member of the Supervisory Board shall not be a former member of the Managing Board whose term of office ended less than two years ago.
- At least one shareholder representative shall have several years of international experience from a professional activity or be a foreign national.
- One shareholder representative shall moreover have the required know-how and experience in dealing with capital market participants.

Diversity

- Besides professional diversity, the Supervisory Board aims for an appropriate degree of female representation. With a view to 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. With two of the six shareholder representative positions filled by women, the shareholder representatives meet these requirements already today.

Independence

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

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

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

36.8

PERCENT SHARE OF WOMEN
at the first management tier below the Management Board as at 31 October 2017.

60.6

PERCENT SHARE OF WOMEN
at the second management tier below the Management Board as at 31 October 2017.

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

In 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 three 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. 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.

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 of the preparation of the Annual Report, the Managing Board of GERRY WEBER International AG is composed of two members – Chairman Ralf Weber as well as Jörg Stüber, who has held temporary responsibility for Finance, IR, Central Purchasing, Compliance and IT since Dr. David Frink resigned from the Managing Board. As of 1 April 2018, Johannes Ehling will join the Managing Board of GERRY WEBER International AG, where he will be in charge of all sales activities as well as the digitisation of the company. There are currently no women on the company's Managing Board. Against the background of the existing contracts and in view of the size of the Managing Board, the Supervisory Board refrains from stipulating a share of women for the Managing Board.

In accordance with statutory requirements, the Managing Board defined a share of women for the first and second management tier below the Managing Board already in September 2015. The target was to have a share of women of 30% at the first management tier and a share of women of 50% at the second management tier as of 30 June 2017. A share of 36.8% at the first management tier and of 60.6% at the second management tier on 30 June 2017 means that we have reached the targets we had set ourselves.

With the target for the first period having been reached, the Managing Board has maintained the targets or 30% and 50%, respectively, for the first and second management tier below the Managing Board. As from the financial year 2017/18 the targets will be reviewed on 31 October of each year, i.e. at the end of the fiscal year.

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.

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. Each share in GERRY WEBER International AG carries one vote. There is no upper limit for voting rights or extraordinary voting rights. Each shareholder who registers in time and proves that he/she is entitled to attend the Annual General Meeting and exercise his/her voting rights is entitled to attend the Annual General Meeting.

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

In the past fiscal year, the Annual General Meeting was held on 27 April 2017 and was attended by some 800 shareholders, who represented about 72% of the share capital. 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

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft was elected auditor of the 2016/17 financial statements of GERRY WEBER International AG and the Group 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.

Compliance

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

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

1. Compliance Organisation

Corporate Audit is responsible for performing the compliance-related tasks, which cover all essential areas of the company. 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. In addition, the Supervisory Board is informed of compliance-related aspects at its meetings.

2. Code of Conduct of the GERRY WEBER Group

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

3. Compliance Guidelines

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

4. Whistleblowing

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

The Compliance Programme is organised in such a way that the GERRY WEBER Group meets the recommendations and suggestions of clause 4.1.3 of the German Corporate Governance Code.

* COMPLIANCE PROGRAMME

THE GERRY WEBER GROUP'S COMPLIANCE PROGRAMME INCLUDES COMPLIANCE WITH THE RECOMMENDATIONS AND SUGGESTONS IN **CLAUSE 4.1.3 OF THE GERMAN CORPORATE GOVERNANCE CODE.**

Opportunity and risk management

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

Potential conflicts of interest and directors' dealings

Pursuant to art. 19 of the EU Market Abuse Regulation (MAR), members of the Managing Board and the Supervisory Board as well as closely related persons must report transactions involving shares or debt instruments of GERRY WEBER International AG or related financial instruments to the company as well as to the Federal Financial Supervisory Authority if the total amount of the transactions reaches or exceeds EUR 5,000 in a calendar year. GERRY WEBER International AG publishes such information immediately. Securities transactions reported in the fiscal year 2016/17 are additionally published on the company's website **www.gerryweber.com** under "Investors" – "Financial News". The shareholdings of the Managing Board and the Supervisory Board of GERRY WEBER International AG as of the end of the fiscal year 2017 (31 October 2017) are also shown in the notes to the consolidated financial statements in the present Annual Report. The Managing Board and the Supervisory Board are committed to serving the interests of the company. They are not allowed to exploit their position to pursue personal interests or for the benefit of related parties. Any conflicts of interest resulting from sideline activities must immediately be disclosed to the Supervisory Board. The latter then decides about any further steps to be taken. In the past fiscal year, no conflicts of interest of members of the Managing Board or the Supervisory Board occurred.

Transparent and timely communication

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

The following instruments are used, among others, to report on the business situation and the financial results as well as current events of the GERRY WEBER Group:

- annual and interim reports,
- ad-hoc announcements and press releases,
- annual accounts press conferences,
- telephone conferences, held upon publication of the annual and quarterly results and on special occasions as well as
- numerous shareholder and investor events at national and international level

The dates of the regular financial reports are shown in the financial calendar.

Compensation report 2016/17

The compensation report forms part of the combined management report and outlines the principles of the compensation system for the Managing Board and the Supervisory Board of GERRY WEBER International AG in accordance with statutory provisions and the recommendations of the German Corporate Governance Code as amended from time to time. Against this background, the compensation of the individual Managing Board and Supervisory Board members is shown.

Compensation of the Managing Board

Principles of the Managing Board compensation

The compensation system for the Managing Board as well as the amount of the compensation received by the individual members of the Managing Board are defined by the Supervisory Board and regularly checked for appropriateness. In accordance with statutory provisions and the recommendations of the German Corporate Governance Code, the compensation of the individual Managing Board members is mainly based on the economic situation as well as the performance and future prospects of the GERRY WEBER Group. 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 current structure of the Managing Board compensation was approved by the Annual General Meeting on 14 April 2016. No changes have occurred since that date.

The compensation for the members of the Managing Board comprises a fixed, non-performance-based annual salary as well as performance-based (variable) components. As a general rule, performance-based components with a multiple-year assessment basis are agreed with each Managing Board member. Additional performance-based components with a one-year or multiple-year assessment basis may be defined at the discretion of the Supervisory Board. Besides this compensation, the Managing Board members receive the usual non-monetary benefits (company car, etc.) as well as insurance cover. 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 components: The first component, which is individually agreed with each Managing Board member, is a percentage share in the adjusted result before tax stated in the consolidated financial statements to IFRS and reflects the company's performance. The second component is a performance-linked bonus based on their individual performance and individually agreed objectives. This component may have a single-year or a multiple-year assessment basis. The assessment basis for the first variable compensation component is the result before tax stated in the consolidated financial statements to IFRS adjusted for extraordinary effects from the sale of assets, equity investments, brands or other operations (adjusted result). The assessment basis covers several years, i.e. the imputed average of the adjusted result of the fiscal year for which the compensation is to be paid as well as for the preceding two years is used. 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 basis. To calculate the assessment basis for the first two years following the introduction of the new compensation system, an adjusted result of EUR 40 million was used for the fiscal years 2013/14 and 2014/15.

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.

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 2 February 2017.

Managing Board compensation for the fiscal year 2016/17

Against the background of the compensation system described above, the total compensation of the Managing Board of GERRY WEBER International AG for the fiscal year 2016/17 amounts to EUR 2.1 million (previous year: EUR 2.3 million). The tables below show the respective fixed and variable amounts, with the prior year figures shown in parentheses.

KEUR	Fixed compensatio	Variable compensation	Total
Ralf Weber (CEO)	712 (719)	190 (150)	**902 (869)**
Dr. David Frink (until 16 November 2017 Member of th Managing Board)	593 (568)	175 (150)	**768 (718)**
Norbert Steinke (until 21 June2017 Member of the Managing Board)[1]	341 (512)	100 (150)	**441 (662)**
Arnd Buchardt (until 30 November 2015 Member of the Managing Board)	0 (48)	0 (0)	**0 (48)**
Total	**1,646 (1,847)**	**465 (450)**	**2,111 (2,297)**

1 In the context of the retirement of Norbert Steinke from the Managing Board of GERRY WEBER International AG a payment of KEUR 861,8 was made.

Granted benefits ("target renumeration")

EUR	Ralf Weber CEO			
	2015/16	2016/17	2016/17 (Min)	2016/17 (Max)
Fixed compensation	700,000	700,000	700,000	700,000
Fringe benefits	18,665	12,269	12,269	12,269
Total	*718,665*	*712,269*	*712,269*	*712,269*
One-year variable compensation	150,000	190,000	0	230,000
Multi-year variable compensation	400,000	400,000	0	1,000,000
Total	*550,000*	*590,000*	*0*	*1,230,000*
Total compensation	**1,268,665**	**1,302,269**	**712,269**	**1,942,269**

EUR	Dr. David Frink COO and CFO (until 16 November 2017)			
	2015/16	2016/17	2016/17 (Min)	2016/17 (Max)
Fixed compensation	550,000	575,000	575,000	575,000
Fringe benefits	18,408	18,439	18,439	18,439
Total	*568,408*	*593,439*	*593,439*	*593,439*
One-year variable compensation	150,000	175,000	0	207,000
Multi-year variable compensation	360,000	360,000	0	900,000
Total	*510,000*	*535,000*	*0*	*1,107,000*
Total compensation	**1,078,408**	**1,128,439**	**593,439**	**1,700,439**

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 (until 21 June 2017)			
	2015/16	2016/17	2016/17 (Min)	2016/17 (Max)
Fixed compensation	500,000	333,333	333,333	333,333
Fringe benefits	12,000	8,000	8,000	8,000
Total	*512,000*	*341,333*	*341,333*	*341,333*
One-year variable compensation	150,000	100,000	0	207,000
Multi-year variable compensation	360,000	360,000	0	900,000
Total	*510,000*	*460,000*	*0*	*1,107,000*
Total compensation	**1,022,000**	**801,333**	**341,333**	**1,448,333**

EUR	Arnd Buchardt CPO (until 30 November 2017)			
	2015/16	2016/17	2016/17 (Min)	2016/17 (Max)
Fixed compensation	45,833	0	0	0
Fringe benefits	1,756	0	0	0
Total	*47,589*	*0*	*0*	*0*
One-year variable compensation	12,500	0	0	0
Multi-year variable compensation	30,000	0	0	0
Total	*42,500*	*0*	*0*	*0*
Total compensation	**90,089**	**0**	**0**	**0**

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 2015/16	Ralf Weber CEO 2016/17
Fixed compensation	700,000	700,000
Fringe benefits	18,665	12,269
Total	*718,665*	*712,269*
One-year variable compensation	120,000	150,000
Multi-year variable compensation	130,000	0
Total	*250,000*	*150,000*
Total compensation	**968,665**	**862,269**

EUR	Norbert Steinke CRO (until 21 June 2017)[1] 2015/16	Norbert Steinke CRO (until 21 June 2017)[1] 2016/17
Fixed compensation	500,000	333,333
Fringe benefits	12,000	8,000
Total	*512,000*	*341,333*
One-year variable compensation	20,000	150,000
Multi-year variable compensation	0	0
Total	*20,000*	*150,000*
Total compensation	**532,000**	**491,333**

1 In the context of the retirement of Norbert Steinke from the Managing Board of GERRY WEBER International AG a payment of KEUR 861,8 was made.

EUR	Dr. David Frink COO and CFO (until 16 November 2017) 2015/16	Dr. David Frink COO and CFO (until 16 November 2017) 2016/17
Fixed compensation	550,000	575,000
Fringe benefits	18,408	18,439
Total	*568,408*	*593,439*
One-year variable compensation	120,000	150,000
Multi-year variable compensation	130,000	0
Total	*250,000*	*150,000*
Total compensation	**818,408**	**743,439**

EUR	Arnd Buchardt CPO (until 30 November 2017) 2015/16	Arnd Buchardt CPO (until 30 November 2017) 2016/17
Fixed compensation	45,833	0
Fringe benefits	1,756	0
Total	*47,589*	*0*
One-year variable compensation	120,000	0
Multi-year variable compensation	130,000	0
Total	*250,000*	*0*
Total compensation	**297,589**	**0**

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.

talk about

Compensation of the Supervisory Board of GERRY WEBER International AG

The compensation of the Supervisory Board is determined by the Annual General Meeting and is governed by section 13 of the statutes of GERRY WEBER International AG. The structure and the amount of the compensation of the Supervisory Board remained unchanged in the past fiscal year 2016/17. Besides the reimbursement of their expenses, the members of the Supervisory Board receive a fixed annual compensation in the amount of EUR 60,000.00. Each Vice Chairman receives 1.5 times this amount, while the Chairman of the Supervisory Board receives three times this amount.

The exclusively fixed compensation is paid after the Annual General Meeting for the past fiscal year. If and when new elections are held the compensation is paid on a pro rata temporis basis. The company refunds the turnover tax imposed on each Supervisory Board member's compensation and takes out D&O insurance for the members of the Supervisory Board. In accordance with the recommendations of the German Corporate Governance Code, the D&O insurance includes a deductible. The compensation paid to the individual members of the Supervisory Board in the fiscal year 2016/17 is shown in the table below.

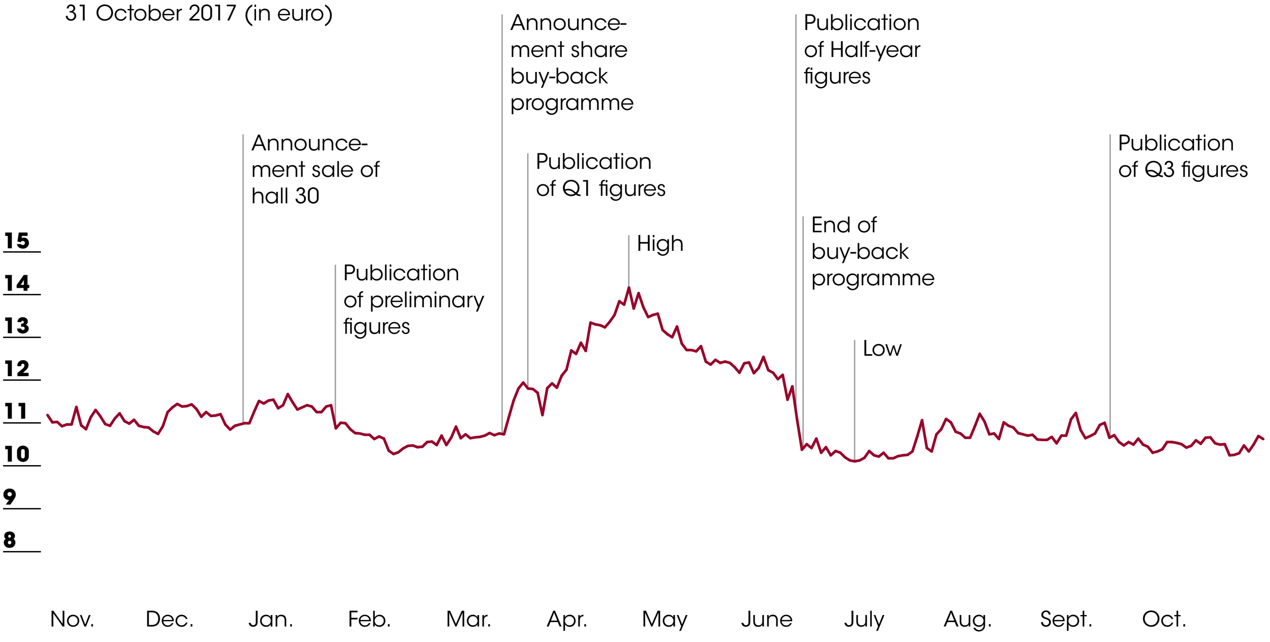
KEUR	2016/17	2015/16
Dr. Ernst F. Schröder (Chairman)	180	180
Gerhard Weber (Vice Chairman)	90	90
Alfred Thomas Bayard	60	60
Ute Gerbaulet	60	60
Udo Hardieck	60	60
Charlotte Weber-Dresselhaus	60	60
Olaf Dieckmann	60	60
Klaus Lippert	60	60
Annette von der Recke	60	60
Andreas Strunk	60	60
Manfred Menningen	60	60
Hans-Jürgen Wentzlaff	60	60
Total	**870**	**870**

THE GERRY WEBER SHARE

Two main drivers influenced the price of the GERRY WEBER share in the past fiscal year, namely the share buy-back programme carried out between 28 March and 13 June 2017 and media coverage of the FIT4GROWTH realignment programme.

Consequently, the past fiscal year 2016/17, too, was marked by the implementation and the completion of the measures initiated as part of the FIT4GROWTH realignment programme. In our interim and quarterly publications, we regularly reported on the progress made in the context of the programme and its implications for the financial figures of the GERRY WEBER Group. This is also reflected in the performance of the GERRY WEBER share.

Development of GERRY WEBER International AG share price
from 1 November 2016 to 31 October 2017 (in euro)



Performance of the DAX in GERRY WEBER's fiscal year 2016/17

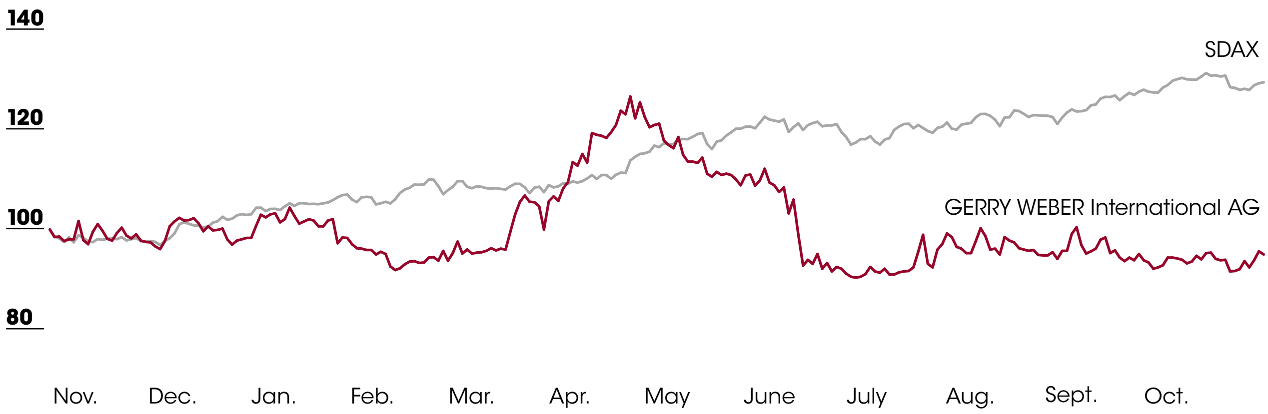
During GERRY WEBER's fiscal year 2016/17 (1 November 2016 to 31 October 2017), Germany's DAX index showed an extremely positive performance, gaining 23.4% during the reporting period. Not even the US interest rate hikes, the Brexit negotiations and the tensions surrounding North Korea have derailed this bull market so far. At 13,229 points on 30 October 2017, the last trading day in our fiscal year, the DAX reached the highest level in our fiscal year (Xetra closing price). Up to the preparation of the present report, the index stayed at similarly high levels.

The DAX opened the GERRY WEBER fiscal year at 10,526 points on 1 November 2016 (Xetra opening price) and marked a low of 10,259 points only a few days later, on 4 November 2016 (Xetra closing price). The ECB's early December 2016 decision not to raise interest rates but to keep them at a low level stimulated the German stock exchanges and sent the DAX rising in the ensuing months. As the US Dow Jones passed the 20,000 points mark on 25 January 2017, the DAX also picked up notably. In early April, the unrest surrounding the conflict between the USA and North Korea sent the DAX falling slightly, but the index recovered quickly in the following weeks and the positive trend continued. Following a short somewhat weaker phase during the summer months of July and August, a long and steady upturn started at the end of August. During this phase, on 12 October 2017, the DAX even passed the 13,000 points mark.

Performance of the GERRY WEBER share in the fiscal year 2016/17

During the fiscal year 2016/17 from 1 November 2016 to 31 October 2017, the share price of GERRY WEBER International AG declined by 6.5%. This means that the share underperformed the SDAX benchmark index, which gained 27.9% during the same period. In March 2017, GERRY WEBER International AG launched a share buy-back programme in the amount of up to

Performance of GERRY WEBER share price in comparison to SDAX
from 1 November 2016 to 31 October 2017 (indexed)



EUR 5.0 million. A total of 398,245 own shares in the amount of EUR 5.0 million were repurchased during the period from 28 March to 13 June 2017.

The GERRY WEBER share opened the new fiscal year 2016/17 at a price of EUR 11.36 (Xetra closing price) on 1 November 2016. Until mid-January 2017, the share price moved within a range of EUR 10.80 to EUR 11.70 with a slightly upward trend, almost in sync with the SDAX. The announcement of the sale of Hall 30, a property not needed for the company's operations, and the extraordinary sales proceeds in the amount of EUR 21.9 million on 22 December 2016 provided some short-term stimulation and sent the share price rising to the upper third of the above-mentioned range following a slightly weaker phase. Between mid-January and late February 2017, the price of the GERRY WEBER share isolated itself from the performance of the SDAX and hit a low of EUR 10.27 (Xetra closing price) on 10 February 2017. As the initial successes of the FIT4GROWTH realignment programme and the objectives set for the current fiscal year were announced at the annual accounts press conference, the price of the GERRY WEBER share picked up again. The announcement of a share buy-back programme on 15 March and the positive quarterly figures on 16 March 2017 sent the share price rising sharply in the ensuing months. On 24 April 2017, the share price of the GERRY WEBER share reached the highest level of the fiscal year 2016/17 at EUR 14.16 (Xetra closing price).

The share was unable to maintain this level in the following weeks, though. Both the publication of the interim figures on 14 June 2017 and the decision of Managing Board member Norbert Steinke to leave the company, which was announced on 21 June 2017, disappointed the capital market and led to a further drop in the share price. Accordingly, the GERRY WEBER share reached the lowest level of the fiscal year 2016/17 at EUR 10.10 (Xetra closing price) on 30 June 2017. The price of the GERRY WEBER share stabilised in July and August and moved within a range of EUR 10.10 to EUR 11.25 (Xetra closing prices). The announcement of the nine-month figures on 14 September 2017 sent the trading volume rising in the ensuing days. On average, a total of roughly 74,300 shares per day were traded in the fiscal year 2016/17, compared to an average of 137,838 shares per day in the previous fiscal year 2015/16. A total of 18.9 million of GERRY WEBER shares were traded in the fiscal year 2016/17 as a whole (previous year: 34.9 million).

18.9

Million
GERRY WEBER shares were traded in the financial year 2016/17

	2016/17	2015/16	2014/15
Net income for the year after taxes (in EUR million)	**–0.8**	0.5	52.20
Earnings per share* (in EUR)	**–0.02**	0.01	1.14
Dividend per share (in EUR)	**0.0****	0.25	0.40
Payout volume (in EUR million)	**0.0****	11.4	18.40

* 2016/17 on the basis of 45,695,674 shares (pro rata temporis calculation); 2015/16 and 2014/15 on the basis of 45,905,960 shares
** 2016/17: proposal to the Annual General Meeting

Shareholder structure and Annual General Meeting

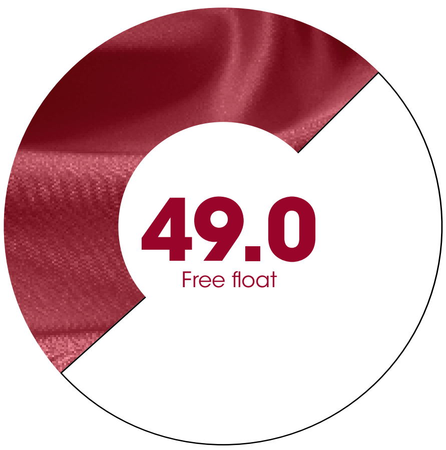
At the end of the fiscal year 2016/17, the following shares were directly or indirectly attributable to the members of the Managing Board and the Supervisory Board: Gerhard Weber, Vice Supervisory Board Chairman and company founder, held 29.6% of the shares. Udo Hardieck, company founder and member of the Supervisory Board, held 17.5% of the shares. 3.9% of the shares were attributable to Ralf Weber, CEO of GERRY WEBER International AG. As of 31 October 2017, the free float thus stood at 49.0%. The ordinary Annual General Meeting on 27 April 2017 in Halle / Westphalia was attended by some 800 shareholders. About 72% of the company's share capital of EUR 45,905,960 was represented at the Annual General Meeting. All voting items on the agenda, including the proposal to pay a dividend of EUR 0.25 per share, were approved by a large majority of the shareholders.

Share buy-back programme

On 15 March 2017, the Managing Board of GERRY WEBER International AG decided, with the consent of the Supervisory Board, to carry out a share buy-back programme in an amount of up to 500,000 shares of GERRY WEBER International AG, but at a total purchase price (excl. ancillary expenses) of no more than EUR 5.0 million. The buy-back was announced in an ad-hoc announcement on 15 March 2017 in accordance with article 17 of the Market Abuse Regulation (MAR). The repurchase, which was made exclusively through Xetra trading at the Frankfurt Stock Exchange, commenced on 28 March 2017 and ended on 13 June 2017. In the course of the fiscal year 2016/17, a total of 398,245 own shares were acquired in the context of the share buy-back programme at an average price of EUR 12.56. For a detailed presentation of the share repurchases, visit **ir.gerryweber.com**.

398,245 OWN SHARES WERE PURCHASED AT AN AVERAGE PRICE OF **EUR 12.56** PER SHARE.

Shareholder structure
as of 31 October 2017
in %



29.6 Gerhard Weber, **17.5** Udo Hardieck, **3.9** Ralf Weber, **8.6** Axxion S.A.*

* included in the free float

Key facts and figures of the GERRY WEBER share

WKN/ISIN	330410/DE0003304101
Indices	SDAX, SDAXsector Consumer, DAXsubsector Clothes & Footwear, DAXPLUS Family 30, CDAX
Transparency levels	Regulated Market Frankfurt/Prime Standard
Number of shares as of 31 October 2017	45,905,960
Designated sponsor	ODDO SEYDLER BANK AG

Share prices in the fiscal year 2016/17

High* (in EUR)	14.16
Low* (in EUR)	10.10
Closing price on 31 Oct. 2017 (in EUR)	10.62
Share price performance in the fiscal year in %	–6.5
Market capitalisation as of 1 Nov. 2016 (in EUR million)	521.5
Market capitalisation as of 31 Oct. 2017 (in EUR million)	487.5
Average daily turnover** (in EUR)	837,253
Average daily turnover in shares**	74,300
Dividend per share*** (in EUR)	0.0
Earnings per share**** (in EUR)	–0.02

* Xetra closing price
** All German stock exchanges
*** 2016/17: Proposal to the next Annual General Meeting
**** on the basis of 45,695,674 shares (pro rata temporis calculation)

GERRY WEBER in the capital market

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 form the basis of our communication with the capital market. In our quarterly reports and statements, we extensively reported on the progress made in the context of the FIT4GROWTH programme. We also informed capital market participants about the progress of the realignment in the different areas in numerous talks and meetings at conferences and roadshows. The fiscal year 2016/17 saw us participate in seven national and international conferences. Various roadshow days as well as five analyst calls were organised to report in detail on the situation of the GERRY WEBER Group and our key performance indicators and to answer questions. Topics addressed besides our KPIs included the future development of the company, the FIT4GROWTH realignment programme and the risks and opportunities that may influence the company's performance. We held two shareholder events to inform private shareholders about the current state of the company and answered their questions directly. Besides the financial reports, the presentations 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 **ir.gerryweber.com**. Our Investor Relations Team is happy to answer any further questions.

THE PERFECT *PLUS*

SAMOON

58 COMBINED MANAGEMENT REPORT

Combined Management Report for the fiscal year 2016/17

In accordance with section 315 para. 3 of the German Commercial Code (HGB) in conjunction with section 298 para. 2 HGB, the Group management report has been combined with the management report of GERRY WEBER International AG. The combined management report includes the presentation of the net worth, financial and earnings position of GERRY WEBER International AG and of the GERRY WEBER Group as well as additional disclosures required under the German Commercial Code. All financial amounts are shown in euros.

The Declaration of Conformity according to § 289a and § 315 para 5 of the German Commercial Code (HGB) is permanently accessible on the Investors' section on the GERRY WEBER website www.gerryweber.com as well as in the Corporate Governance report in this Annual Report.

GENERAL CORPORATE INFORMATION

Business model

Business activity and organisation

The GERRY WEBER Group is one of the best-known German fashion and lifestyle companies. The company's five brand families – GERRY WEBER, TAIFUN, SAMOON, HALLHUBER and talkabout – offer high-quality fashion, accessories and lifestyle products for demanding, stylish and quality-conscious consumers. Each brand individually addresses a specific target group in terms of fashion style, age group or size. Our collections are sold to consumers through specialist fashion retailers (Wholesale segment) and through company-managed GERRY WEBER stores and online shops (Retail segment). Launched in the fiscal year 2015/16, the "talkabout" brand is exclusively available from selected retail partners. Following a test phase comprising 30 points of sale, the brand was rolled out to a total of 138 talkabout shop-in-shops by 31 October 2017. We plan to increase their number to 180–200 points of sale in the next 12 months.

COLLECTIONS PER YEAR

* premium brand
* exclusively available online
* Feminine. Relaxed. Style-conscious.

The great success of the talkabout brand vindicates management's decision to develop new brand concepts. In spring 2018, the latest addition to the GERRY WEBER Group's brand portfolio will be presented under the name of "gr[8]ful". gr[8]ful is positioned in the premium market segment and will exclusively be available online. The brand stands for attributes such as FEMININE, RELAXED, STYLE-CONSCIOUS and ONLINE. gr[8]ful expresses a very unique attitude that is characterised by understatement, quiet confidence, high quality, casual luxury and a relaxed nature. The first of the seven collections per year will be available from spring 2018 at gr8fulfashion.com.

Today's GERRY WEBER International AG was established by Gerhard Weber and Udo Hardieck in Halle / Westphalia in 1973. As at 31 October 2017, the Group had sales structures in over 60 countries worldwide. The company has its origin in the Wholesale segment. Today, there are 266 franchised GERRY WEBER stores as well as 2,482 shop-in-shops in the stores of our retail partners. The company's own Retail business represents the second distribution segment and comprises the company-managed GERRY WEBER Core sales spaces of the GERRY WEBER, TAIFUN, SAMOON and GERRY WEBER EDITION brands as well as the online shops. The GERRY WEBER Core Retail segment consists of 454 GERRY WEBER stores, 79 mono-label stores of the TAIFUN and SAMOON brands, 281 concession stores as well as 36 GERRY WEBER outlet stores. Following the acquisition of the vertically integrated Munich-based fashion label HALLHUBER by the GERRY WEBER Group in February 2015, its store portfolio now also comprises 140 company-managed HALLHUBER mono-label stores, 240 HALLHUBER concession stores as well as 17 HALLHUBER outlet stores. For reasons of transparency and operational management, HALLHUBER is reported as a separate segment. Together with the GERRY WEBER Retail spaces, there are a total of 1.247 company-managed points of sale. Both HALLHUBER and the GERRY WEBER Core brands (GERRY WEBER, SAMOON and TAIFUN) have their own online shops and partnerships with online platforms. The percentage of online revenues has increased steadily over the past years and these revenues will play an increasingly important role for the company in the future.

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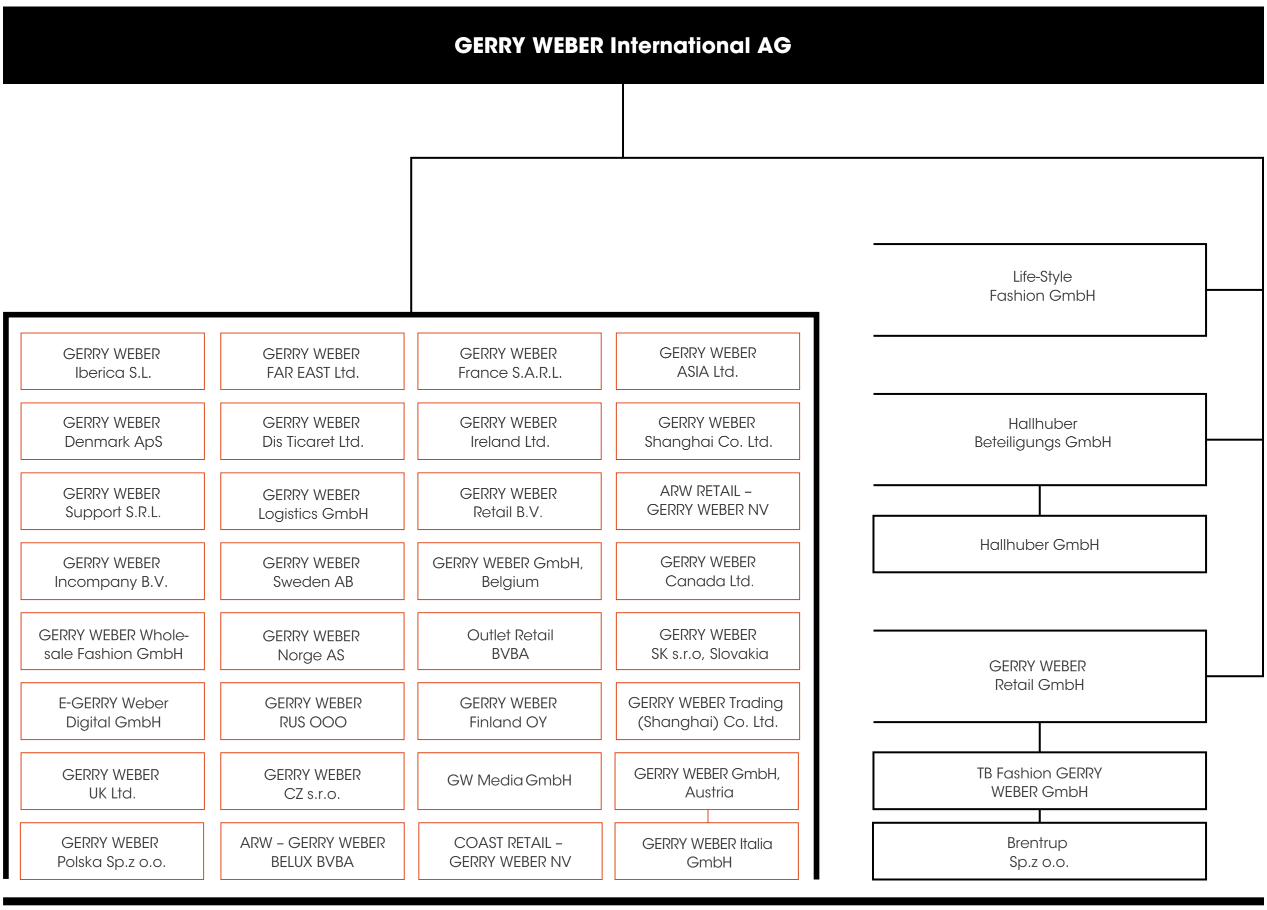
BELONGED TO THE
GERRY WEBER Group as at 31 October 2017.

In the fiscal year 2016/17 (1 November 2016 to 31 October 2017), the Group employed an average of 6.921 employees worldwide. Sales revenues of the GERRY WEBER Group amounted to EUR 880.9 million in the fiscal year 2016/17 (previous year: EUR 900.8 million), while the Group's result stood at EUR –0.8 million (previous: EUR 0.5 million).

Headquartered in Halle / Westphalia, GERRY WEBER International AG is an active holding company which provides the three Strategic Business Units of the GERRY WEBER brand (including talkabout), the TAIFUN and SAMOON brands as well as the HALLHUBER brand with Group-wide services such as accounting, controlling, human resources, IT, auditing as well as compliance. The holding company also handles the procurement processes for the GERRY WEBER Core brands (GERRY WEBER, TAIFUN, SAMOON and talkabout). This allows economies of scale to be realised 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. Even though we started to merge some departments as for example the accounting and human resources divisions in 2016/17, some departments such as the design and product development department as well as marketing will remain in Munich. With a view to realising further synergies, HALLHUBER's logistic processes were also almost entirely migrated to the new logistic centre in Halle / Westphalia in the fiscal year 2016/17. The management of the e-commerce activities of all brands was pooled, too.

Legal corporate structure



The three Strategic Business Units (GERRY WEBER incl. talkabout, TAIFUN and SAMOON as well as HALLHUBER) are responsible for all brand and product-related matters. The aim is to create a consistent brand and product experience for the consumer – from product development to marketing and visual merchandising to the customer's touch point, i. e. the sales space or the online shop. The services provided by the holding company are used by all three Strategic Business Units.

GERRY WEBER International AG comprises three distribution segments, namely the GERRY WEBER Core Wholesale segment, which includes all Wholesale revenues of the GERRY WEBER Core brands (GERRY WEBER, TAIFUN, SAMOON and talkabout), the GERRY WEBER Core Retail segment, which includes all Retail revenues of the GERRY WEBER Core brands, and the HALLHUBER segment, in which all business transactions related to the HALLHUBER brand are pooled. The "Other segments" segment, which essentially comprised the income and expenses as well as the assets and liabilities relating to the Hall 30 investment property, was given up in the fiscal year 2015/16 as a result of the sale of Hall 30 in late October 2016.

As at 31 October 2017, the basis of consolidation of the GERRY WEBER Group comprised GERRY WEBER International AG as well as 38 domestic and international subsidiaries.

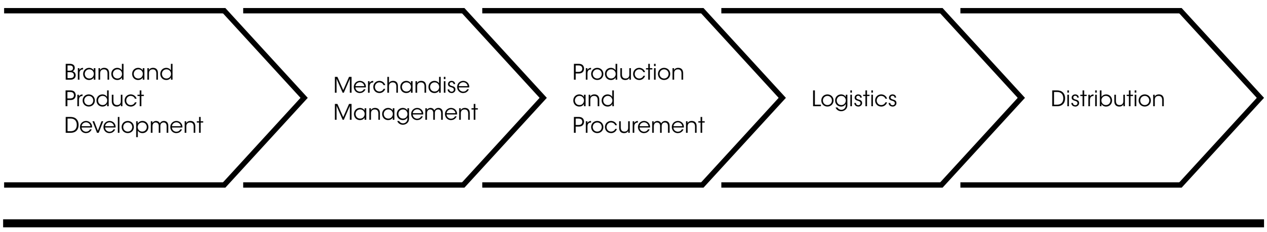
Key business processes

Unlike many other fashion companies, the GERRY WEBER Group's business model covers the full value chain, which starts with the development and design of the individual brand collections. Based on the information from the past seasons, merchandise management anticipates the merchandise requirements of the individual product groups down to each individual piece in the collection. Following the development of the collections, the national and international procurement departments are in charge of the proper and punctual production of the merchandise. Located in the immediate vicinity of the headquarters in Halle / Westphalia, the company's own logistic centre is responsible for nearly all logistic processes and controls the punctual receipt and delivery of the merchandise. As outlined above, our products are distributed by our Retail segment directly to the consumers or by the Wholesale segment to our retail partners. Smooth interaction between the individual departments at the interfaces of the various stages of the value chain is a precondition for the success of the Group. We continuously strive to further improve our processes. In the context of the FIT4GROWTH programme, all existing processes were analysed and reorganised, where necessary, in the fiscal year 2015/16. As a result of the implementation of the adjusted processes and workflows, a total of about 200 jobs were cut at the headquarters in Halle / Westphalia, which led to a notable reduction in personnel expenses in the past fiscal year 2016/17.

Development of the collections

At GERRY WEBER, product development is mainly a team effort. Unlike many other fashion companies, GERRY WEBER does not have a single designer who decides on the composition and the style of the collections but a team of designers, engineers and product managers. The teams combine creativity and innovative spirit with technical expertise and a commercial view of the individual products. The designers regularly visit the trend-setting cities, always on the lookout for new trends, new cuts, new colours and new ideas. They translate the latest

Value-added process



fashion trends into products which meet the needs and expectations of the customer groups targeted by the respective GERRY WEBER brand.

The clothing engineers and the designers jointly decide which product ideas can be realised using which materials. The product manager who is responsible for the individual brand and product category prepares the calculation and evaluates the targeted price range and the required quantities of each product. The designs prepared by the design teams are then passed on to the inhouse patternmaking department, which creates the prototypes. This approach ensures that our production partners comply with our manufacturing and quality standards and that the utilisation of materials is optimised. Moreover, this form of collection development makes it easy to quickly change production partners, while at the same time allowing us to maintain control over our own cuts and fits. Many of the work steps that used to be done manually in the past can nowadays be replaced by digitalised processes which allow for an even faster development of our collections.

Unlike the GERRY WEBER Core brands (GERRY WEBER, TAIFUN, SAMOON and talkabout), HALLHUBER does not develop its collection at the Group's headquarters in Halle / Westphalia but at the HALLHUBER head office in Munich. HALLHUBER's collection development process is largely identical with GERRY WEBER's, but the products are not sourced by GERRY WEBER's own procurement offices but by external agents. 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 will increasingly use the network of the GERRY WEBER procurement offices to benefit from further economies of scale.

Merchandise management

The development of the collections is followed by merchandise management, in the context of which it is decided what quantities of which articles and in which sizes are to be produced for which retail spaces. Various aspects and past experiences are considered when taking this decision. Besides the prior year figures, which serve as the basis, trends are analysed and specific characteristics such as colours and regional preferences are considered depending on the store format and size as well as the sales regions. In parallel to this process, the Wholesale segment conducts the "pre-order" process with the retail partners. Our sales staff present the new collection to the franchise and retail partners who place their orders for the coming season based on these sample collections. The pre-order process usually takes place in one of the 22 domestic and international showrooms. Alternatively, customers may place their orders using the Internet-based order platform.

24.4

MILLION

individual items of the GERRY WEBER Group made up the production volume in the fiscal year 2016/17, with HALLHUBER accounting for 4.5 million items.

Open-to-buy limits represent an increasingly important element of our merchandise management process. Under this form of production and procurement planning, the buyers initially order only 80% of their anticipated merchandise 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 purpose is to produce only the quantity of merchandise that will actually be sold at the point of sale in order to minimise excess inventories.

But the open-to-buy limits are not only a means to avoid excess inventories; they also play an increasingly important role in the context of in-season management. Shifting customer behaviour as well as more frequent unseasonal weather conditions make it increasingly important to be able to quickly adjust to customers' constantly changing requirements. More flexible merchandise management, i.e. requirement planning that can be adjusted to changing circumstances at short notice, is an indispensable element. 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 or to respond to weather-related changes in demand.

Apart from in-season management, the open-to-buy limits play an increasingly important role in making the pre-order process more flexible. In the past fiscal year 2016/17, we began to successively reduce the share of pre-order limits of our retail partners, initially for the TAIFUN and SAMOON brands, from about 80% to about 40%. This allows Wholesale customers to use the remaining order limit in accordance with their actual needs and current trends in the course of a season.

Production and procurement

The production requirements for each individual product are defined on the basis of the merchandise management and the pre-order data of the Wholesale customers. In the fiscal year 2016/17, the production volume of the GERRY WEBER Group totalled approximately 24.4 million items, of which 4.5 million items related to the HALLHUBER brand.

We generally distinguish between two different types of procurement, i. e. cut-make trim (CMT) on the one hand and full package service (FPS) on the other hand. In the former case, all components required for a garment, such as zippers, yarns and buttons, are purchased by the GERRY WEBER Group in advance and made available for production. This means that the external manufacturing partners are merely in charge of the production process proper. In contrast to CMT suppliers, our FPS partners compose and produce the complete garment. In this case, they are responsible not only for manufacturing but also for the procurement of the individual components. Clear instructions for outer fabrics and other findings as well as the technical data from the pattern-making department provide the framework for the manufacturing partners. Unlike the GERRY WEBER Core brands (GERRY WEBER, TAIFUN, SAMOON and talkabout), HALLHUBER has its garments produced exclusively under FPS arrangements in cooperation with specialist agencies. Due to the necessary speed that is required for the development of the collections, the GERRY WEBER Core segment will increasingly procure its merchandise using FPS cooperations.

The cost efficiency and the speed of the procurement structures are material aspects of our company's success. The GERRY WEBER Group has its own international procurement team, which manages the selection of the best manufacturing partners for our company. Besides compliance with our high quality and social standards, the team bases its decisions on the availability of the necessary capacities and, most importantly, on competitive prices. Before being accepted as a GERRY WEBER supplier, all manufacturing partners must undergo extensive checks to ensure that they meet our selection criteria. As far as the technical production criteria are concerned, we always attach the greatest importance to compliance with our high standards of quality and workmanship, the quality-consciousness of our manufacturing partners in the production process and the quality of the materials used. With regard to the quality and processing of the materials and findings, we pay strict attention to compliance with legal regulations and standards. This is why we not only rely on internationally renowned testing institutes but also have our own in-house laboratory in Halle / Westphalia, where we conduct random checks of the merchandise. Punctual delivery of the merchandise is another very import criterion for the selection of potential suppliers. It is indispensable for us to receive the merchandise 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 (amfori BSCI) but also conduct our own audits based on our own criteria. We only choose manufacturing partners who have been approved by the Social Compliance Department and who meet our requirements in terms of social and environmental compliance. Apart from the above-mentioned aspects, criteria considered when selecting manufacturing partners include their respectability, reputation and creditworthiness.

Our global network of manufacturing partners and suppliers allows us to award each production order to the most suitable manufacturer depending on the product, the material and the required quantities. This makes our sourcing process extremely flexible and cost-efficient. As we employ our own staff in our local procurement offices in Shanghai, Istanbul and Bangkok, we can regularly verify compliance with our high quality standards and review the working conditions.

In the fiscal year 2016/17, the GERRY WEBER Core brands (GERRY WEBER, TAIFUN, SAMOON and talkabout) sourced about 74.3% (previous year: 71.1%) of their merchandise from FPS suppliers and about 25.7% (previous year: 28.9%) from CMT suppliers. Nearly all products sourced under CMT arrangements are produced in Eastern Europe, primarily in Bulgaria, Macedonia and Ukraine, which means that products made in Eastern Europe (FPS and CMT) represent 24.2% of the total output (previous year: 28.7%). Accounting for approximately 48.2% (previous year: 46.3%), Asia is the main procurement

24.6

PERCENT
of our products are made in Europe.

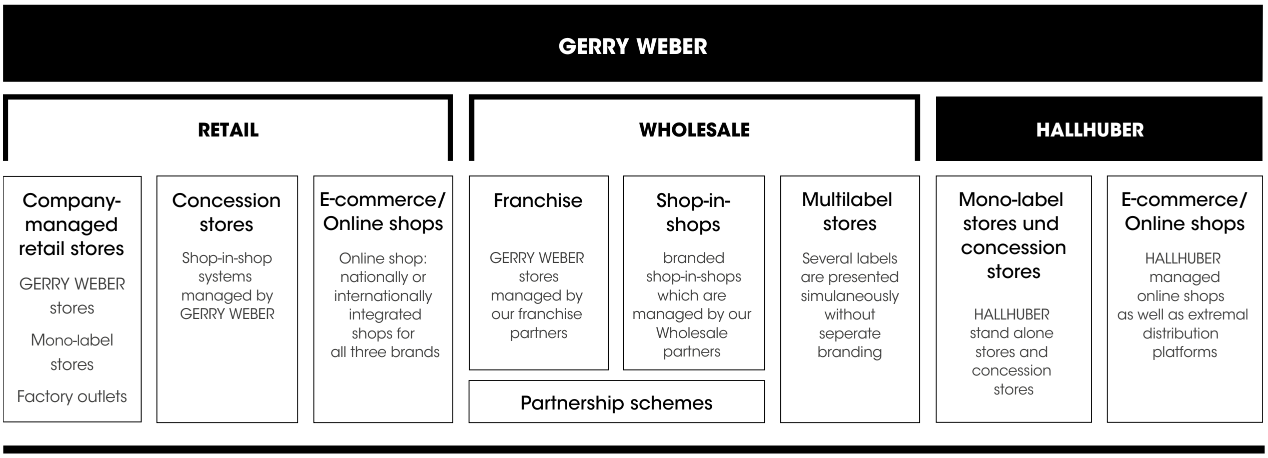
region of the GERRY WEBER Core brands, with the regional focus on China, Sri Lanka, India and, after the latest audit of production partners, in Bangladesh. Turkey accounts for 21.3% (previous year: 23.8%). The remaining 6.3% (previous year: 4.3%) of the merchandise comes from Western Europe and North Africa. HALLHUBER's most important manufacturing countries are China (34.1%, previous year: 39.4%) and Turkey, which accounts for 36.7% (previous year: 32.7%) of the total production volume. 20.0% (previous year: 21.6%) of HALLHUBER's merchandise is produced in Europe.

Logistics

In the past, the GERRY WEBER Group primarily used external service providers to handle 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. The new GERRY WEBER logistic centre was taken into operation at the end of the year 2016. This new multi-channel warehouse is precisely matched to the needs and distribution structures of the multi-brand Group. The former eight logistic centres (of GERRY WEBER Core and HALLHUBER), which differed considerably in terms of specialisation and location, have been merged into a shared multi-channel warehouse for all distribution channels. E-commerce is the only channel which has not yet been integrated into the new warehouse. By 2020 at the latest, all processes are to be handled out of the new warehouse, which is located in the immediate vicinity of the company's headquarters in Halle / Westphalia. Thanks to the single stock of merchandise across all brands and channels, it is possible for 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 compared to the former situation where the assignment of each item to a specific distribution channel potentially curtailed its availability in other channels. What is more, the logistic costs per item have been reduced significantly thanks to the high degree of automation of the new logistic centre.

To leverage the full potential of the multi-channel warehouse, radio frequency identification (RFID) technology, which we introduced in 2010, plays an important role. It forms the basis for the automation of the warehouse. All products are marked with a 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 in the warehouse as well as in the stores, which makes it easy to identify the goods upon delivery to the multichannel warehouse, to check them for completeness and to transport them to their place in the warehouse fully automatically. 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

Distribution channels



* Merchandise planning is to some extent managed by GERRY WEBER

3,589

GERRY WEBER Core points of sale worldwide

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 GERRY WEBER Group markets its fashion collections through 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, which exclusively operates its own retail spaces and online shops. 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 shops of the GERRY WEBER Core brands (except talkabout). Besides the GERRY WEBER stores, this includes the mono-label stores of the TAIFUN, SAMOON and GERRY WEBER EDITION brands, the concession stores and outlet stores as well as our own online shops. Going forward, the new gr[8]ful brand, which is to be launched in spring 2018, will be distributed exclusively through its own online shop. The company's Retail operations are characterised not only by its own points of sale but also by its own staff as well as the full merchandise risk. On the other hand, the company benefits from better control over the flow of merchandise, a perfect brand presentation and, provided that sales revenues meet the company's plans, from a higher margin. The GERRY WEBER Core Retail segment accounted for 44.5% of total Group revenues in the fiscal year 2016/17.

The first company-managed GERRY WEBER store was opened in Bielefeld in December 1999. At the end of the reporting period on 31 October, 2017, the Retail segment comprised 850 (previous year: 924) domestic and international company-managed points of sale of the GERRY WEBER Core brands. A GERRY WEBER store has an average sales space of about 200 square metres. Depending on the size and the location of the point of sale, the latter sells all GERRY WEBER Core brands (except for talkabout and gr[8]ful). The smaller mono-label stores with an average sales space of approximately 100 square metres sell TAIFUN branded and SAMOON branded products, respectively.

In the context of the "Optimise the Retail operations" module of the FIT4GROWTH realignment programme, the GERRY WEBER Group closed a number of Retail stores that failed to meet its profitability targets or whose future prospects appeared negative. With 75 of the planned 103 stores closed already in the previous year, a total of 68 company-managed sales spaces were closed in the past fiscal year. Apart from the 103 firmly planned closures, some 50 stores were on a watch list, of which another 40 have meanwhile been closed in view of the general market environment and their individual performance. As a result, the number of GERRY WEBER stores amounted to 454 at the end of the fiscal year, compared to 487 in the previous year. In addition, there were 79 TAIFUN, SAMOON and GERRY WEBER EDITION mono-label stores, compared to 107 in the previous year. Besides the GERRY WEBER stores and the mono-label stores, the GERRY WEBER Core Retail business also comprises 36 (previous year: 35) factory outlets as well as 281 (previous year: 295) concession stores. The latter are company-managed shop-in-shops, which are staffed with our own people

397

HALLHUBER
points of sale
in Europe

and where we have full control over the flow of merchandise. In most cases, the rent is dependent on turnover, which makes the share of fixed costs much lower. Most of the concession shops are situated in large department stores in Germany and abroad, e. g. at our Spanish partner El Corte Inglés or at Galeria Kaufhof in Germany.

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Number of sales spaces by distribution channel	31 Oct. 2017	31 Oct. 2016
GERRY WEBER Core-Retail		
GERRY WEBER stores	454	487
Monolabel stores	79	107
Concession stores	281	295
Factory outlets	36	35
	850	*924*
GERRY WEBER Core-Wholesale		
GERRY WEBER franchised stores	266	269
Shop-in-shops	2,482	2,396
	2,748	*2,665*
HALLHUBER		
HALLHUBER mono-label stores	140	138
HALLHUBER concession stores	240	188
HALLHUBER outlet stores	17	16
	397	*342*

The GERRY WEBER Core Retail business also comprises the revenues of the GERRY WEBER Core brands generated by the company's own online shops. The GERRY WEBER Core shops for the GERRY WEBER, TAIFUN and SAMOON brands were relaunched in March 2017. The new, more up-to-date look and feel and the more individualised presentation of the brands have helped to further sharpen the profiles of the individual brands and to match them more closely to their respective target groups. The relaunch of the GERRY WEBER, TAIFUN and SAMOON online shops yielded the first positive results already in the past fiscal year 2016/17. Online revenues were up by 9.5% on the previous year to EUR 28.6 million.

The increasing digitisation of the distribution channels is a central goal of the FIT4GROWTH realignment programme ("Optimise the Retail operations" module). The relaunch of the online shops of the GERRY WEBER Core brands and the related improvement in the online services, has laid the basis for the ongoing digitisation of all distribution channels. The GERRY WEBER Group also worked towards another important objective in the past fiscal year, i. e. the increasing integration of the physical and online distribution channels. Customers should 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: our customers 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 at the HALLHUBER mono-label stores has been very well received by HALLHUBER customers.

As a purely vertically integrated fashion supplier, HALLHUBER manages all its stores itself, staffs them with its own people and manages its merchandise flow independently. As at 31 October 2017, HALLHUBER operated a total of 140 mono-label stores, 240 concession stores and 17 outlet stores. Besides the physical stores, HALLHUBER distributes its products through its five online shops in Germany, Switzerland, Austria, France and the UK. HALLHUBER products are additionally available on another 15 external platforms such as Amazon, Otto, Zalando or House of Fraser in the UK. In the past fiscal year 2016/17, online revenues represented 10.4% (+13.4%) of HALLHUBER's total revenues.

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

Company-managed sales spaces per country / region	Total	thereof GWI Core	thereof HALLHUBER
Germany	812	545	267
Austria	52	36	16
Netherlands	112	105	7
Belgium	47	29	18
Scandinavia	46	38	8
Eastern Europe	20	20	0
Spain	50	50	0
UK & Ireland	63	26	37
Switzerland	42	0	42
Italy	2	1	1
Luxembourg	1	0	1
Total	**1,247**	**850**	**397**

The **Wholesale segment** handles business with our external partners. Our wholesale and franchise partners order collection items and sell them to the consumers in their own stores. The GERRY WEBER Wholesale segment comprises three distribution channels – the GERRY WEBER stores run by franchisees, the shop-in-shops at our retail partners and the multi-label business. At the end of the past fiscal year 2016/17, 266 GERRY WEBER stores were managed by franchisees (previous year: 269). These stores feature the same branding and shop fittings as our company-managed GERRY WEBER stores so that shoppers will not notice any difference between the two formats. Shop-in-shops are sales spaces at our retail partners whose fittings and general design clearly identify them as belonging to the respective brand. Unlike the concession shops, which are also located in the stores of our retail partners, shop-in-shops are operated by the latter. This means that the retail partners bear both the personnel risk and the merchandise risk. In contrast to the shop-in-shops, the multi-label spaces do not visually represent the brand. Instead, these are traditional retailers selling several brands. As at 31 October 2017, there were 2,482 shop-in-shops, compared to 2,396 in the previous year. 560 of these shops are located outside Germany (previous year: 550).

The table below shows the number of franchise partners by regions.

Franchise partners per country/region	GWI Core as of 31 Oct. 2017	GWI Core as of 31 Oct. 2016
Russia	55	59
Germany	52	55
Middle East	35	31
Switzerland	25	24
Eastern Europe	25	20
France	13	18
Baltic states	14	13
Benelux	11	11
Poland	6	7
Italy	4	5
Austria	4	4
Others	22	22
Total	**266**	**269**

The Wholesale segment, too, is subject to increasing vertical integration, meaning that more and more retailers leave the selection of the collection items and the merchandise management process to the GERRY WEBER specialists. The extensive know-how of our in-house specialists based on the information delivered by a large number of internal and external data interfaces allows us to effectively manage the flow of merchandise in accordance with the needs of each point of sale. The aim is to use the insight gained from the sales analysis for the ongoing optimisation of the collections and to push ahead with the vertical integration of the Wholesale operations. This not only improves the pricing but also gives us greater control over the flow of merchandise to the individual points of sale. In connection with the introduction of partnership schemes with improved services for our Wholesale customers, part of the merchandise risk has been transferred to GERRY WEBER for selected partners. This means that, depending on their partner status, Wholesale partners may return part of the unsold merchandise to GERRY WEBER at the end of a season. This merchandise is then sold at GERRY WEBER's own factory outlet

10.4

PERCENT
of HALLHUBER's revenues were generated online.

stores. The partnership schemes not only optimise the presentation of the collections at the point of sale but also lead to improved pricing and, consequently, to higher income for both partners.

Online business

The GERRY WEBER Core brands are marketed through the company's own online shops and on external platforms. Revenues generated by the company's own online shops are counted towards the Core Retail segment. GERRY WEBER Core also makes increasing use of external online platforms such as Otto, Amazon or Zalando as well as digital distribution channels such as shopping channels. As the platform operators buy the merchandise from us, these revenues are counted towards the Wholesale segment. Online revenues of the GERRY WEBER Core brands amounted to EUR 31.5 million in the fiscal year 2016/17, which represents approximately 8% of total GERRY WEBER Core revenues.

HALLHUBER also sells its products not only in physical stores but through its own online shops in Germany, Switzerland, Austria, France and Great Britain. In addition, HALLHUBER products are available on 15 external platforms, including Amazon, Otto, Zalando and House of Fraser. Unlike GERRY WEBER Core, HALLHUBER uses the marketplace models of these platforms, which means that the company is responsible for delivery, handling and the management of returns. These online models thus represent a vertical distribution model and are therefore counted towards the company's own online shops. HALLHUBER's online revenues amounted to EUR 20.1 million in the fiscal year 2016/17, which represents 10.4% of the total revenues.

The GERRY WEBER Core shops for the GERRY WEBER, TAIFUN and SAMOON brands were relaunched at the end of March 2017. The new, more up-to-date look and feel and the more individualised presentation of the brands have helped to further sharpen the profiles of the individual brands and to match them more closely to their respective target groups. The relaunch of the GERRY WEBER, TAIFUN and SAMOON online shops led to the first positive results already in the past fiscal year. Online revenues were up by 9.5% on the previous year to EUR 28.6 million.

The platform business has also picked up momentum. Online revenues of GERRY WEBER Core generated through external platforms and shopping channels almost doubled from EUR 1.8 million in the previous year to EUR 2.9 million in the past fiscal year.

All these are important steps towards our objective to double our online revenues compared to the fiscal year 2016/17 to EUR 100 million by the year 2020. gr[8]ful, the new premium online brand that is to be launched in spring 2018 will be a key element in our online strategy. For more information on our digitisation strategy and the expansion of our online business, refer to page 74 of the present Annual Report.

STRATEGY AND OBJECTIVES

The market environment for the fashion retail sector remains challenging. Customer footfalls in the city centres and shopping malls have stayed at a very low level and other products and services such as electronic devices and furniture or recreational activities have replaced clothing as one of consumers' main spending items. Structural market changes such as the growing sale of garments and accessories via digital channels such as e-commerce or teleshopping call for fundamental changes within the fashion industry.

The GERRY WEBER Group began at an early stage to adjust its business model to the changing market environment and customer behaviour in order to secure GERRY WEBER's profitable growth in the long term. Consequently, the Managing Board has defined – and in most cases begun to implement – a set of strategies which reflect both our FIT4GROWTH realignment programme and the fields of action defined for the strategic further development of the GERRY WEBER Group.

The satisfaction of our customers and consumers is at the focus of all our activities. Attractive collections, a profitable and carefully balanced distribution network and the best possible services ensure the sustainable and profitable growth of the GERRY WEBER Group. We have defined three strategic fields of action to achieve our objectives and to ensure this also in the future.

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

2. Consistent development and optimisation of all distribution channels

3. Digitalisation of the business model

To improve the sustainable profitability of the GERRY WEBER Group, the continuation of our consistent cost management supports the implementation of the three strategic fields of action.

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STRATEGY / OBJECTIVES

MODERNISATION AND SHARPENING OF THE BRAND PROFILES, ESPECIALLY OF THE GERRY WEBER CORE BRANDS, IN CONJUNCTION WITH THE ONGOING REFINEMENT OF OUR COLLECTIONS AND THE DESIGN OF THE PRODUCT RANGE

CONSISTENT FURTHER DEVELOPMENT AND OPTIMISATION OF ALL DISTRIBUTION CHANNELS IN LINE WITH ACTUAL REQUIREMENTS

INCREASE THE PROFITABILITY OF THE GERRY WEBER CORE RETAIL SEGMENT

DIGITALISATION OF THE BUSINESS MODEL

CONTROLLED GROWTH AND STRENGTHENING OF HALLHUBER'S SUSTAINABLE PROFITABILITY

PROCESS AND COST OPTIMISATION AS AN ONGOING CORPORATE CHALLENGE

FIT4GROWTH realignment programme completed at the end of fiscal year 2016/17

The realignment programme of the GERRY WEBER Core segment, which was announced in February 2016, was completed successfully at the end of the reporting period. All measures defined in the context of FIT4GROWTH were implemented effectively within the defined time-frame. Apart from reducing the cost base, the programme was primarily designed to lay the basis for the GERRY WEBER Group's medium-term return to profitable growth. For a detailed presentation of the measures implemented and their results, please refer to page 76 of the present Management Report.

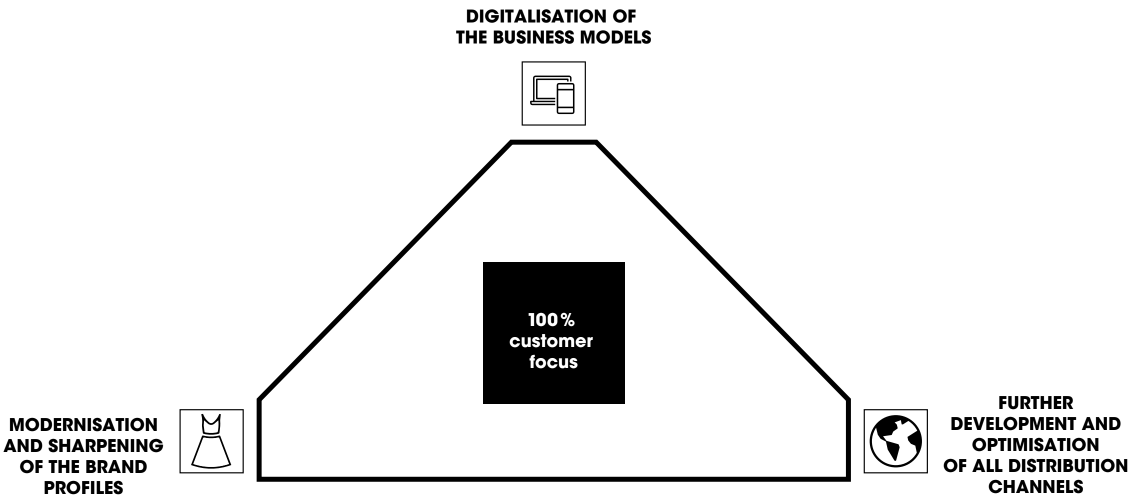
After completion of the transformation period of almost two years, the management of the GERRY WEBER Group defined the above-mentioned fields of action in order to ensure sustainable revenue growth and improved profitability. Detailed measures and objectives were broken down to the individual brands and distribution channels to leverage the potential of the individual brands most effectively.

MODERNISE AND SHARPEN THE BRAND PROFILES, ESPECIALLY OF THE GERRY WEBER CORE BRANDS, IN CONJUNCTION WITH THE ONGOING FURTHER DEVELOPMENT OF THE COLLECTIONS

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. 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 three strategic Business Units have been established: GERRY WEBER (including talkabout), TAIFUN together with 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 and SAMOON as well as 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 women starting at their mid-thirties 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 August 2016 exclusively for, and in close cooperation with, our Wholesale partners, talkabout is an up-to-date, unique and sensual brand.

STRATEGIC FIELDS OF ACTION



22.1

PERCENT
is HALLHUBER's share
in Group revenues.

The GERRY WEBER brand family

At 57.8% (previous year: 59.6%), the GERRY WEBER brand family made the biggest contribution to Group revenues. Within the brand family, GERRY WEBER Collection stands for a feminine, high-quality combination collection meeting consumers' demand for perfectly matched colour and shape combinations.

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. All collections share the high quality of the products combined with a perfect fit and high wearing comfort.

The GERRY WEBER brand family's share in Group revenues declined in the past two fiscal years, with the Collection sublabel recording the strongest drop in revenues. In some cases, the orientation and the fashion appeal of the collections no longer met consumers' expectations. Against this background, the GERRY WEBER Collection brand has been modernised and adapted to consumers' current requirements. The revived and inspiring collection was launched in a new image campaign starring 1990s super model Eva Herzigova.

The expansion of the GERRY WEBER Casual sublabel is another strategic measure. In response to the current trend towards casual and sporty fashion, we will increase the share of Casual items at our own points of sale and our retail partners' stores. GERRY WEBER Casual primarily uses natural materials such as cotton or cashmere. Certain items are made from pure organic cottons, whose origin can be traced via an online portal www.remei.ch.

The EDITION sublabel will continue to focus on unique individual items, with the main emphasis on individualised items made from functional, high-quality, materials such as Gore-Tex for outdoor jackets. 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.

These measures should lead to a stabilisation of the sales revenues of the GERRY WEBER brand family.

TAIFUN brand

Accounting for 15.6% of total revenues (previous year: 15.5%), TAIFUN stands for urbane fashion for self-confident women from their mid-30s. TAIFUN has a feminine orientation and presents an intelligent mix of formal businesswear and casual fashion that combines different styles without compromising on its own unique signature.

Due to the growing demand for 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 was designed for the presentation of the unique TAIFUN style already in the past fiscal year and will gradually replace the former concept. We primarily plan to expand the TAIFUN shop-in-shops at our Wholesale partners. The TAIFUN collections are complemented by unusual capsule collections, e.g. "athleisure" items and decorative accessories. TAIFUN is targeted at a younger, online-oriented target group, which makes it possible to give the brand an increasingly digital positioning. The separation from the GERRY WEBER online shop and the individualised presentation of the brand under its own domain in March 2017 represent an important step towards digitising the brand. It is planned to make strong use of social media for marketing measures, campaigns or blogs in order to address the online-oriented customer group more directly and individually. The aim for the fiscal year 2017/18 is to increase revenues of the TAIFUN brand at a low single-digit percentage in spite of the difficult market environment.

SAMOON brand

SAMOON presents casual, self-confident fashion made from high-quality materials in flattering fits for customers wearing plus sizes (42 to 54). SAMOON accounts for 4.5% of total Group revenues (previous year: 4.5%).

SAMOON is available in our large GERRY WEBER stores as well as in selected shop-in-shops in Wholesale partners' stores. But e-commerce is SAMOON's most successful distribution channel. Against this background, we will continue to expand the distribution of SAMOON via digital channels. Apart from our own online shops in various countries, a focus will be placed on expanding our cooperation with national and international external platforms as well as in the teleshopping sector. Management expects to be able to increase SAMOON's revenues at a low single-digit percentage in fiscal year 2017/18.

30

new HALLHUBER sales spaces are already planned for the fiscal year 2017/18

talkabout brand

"talkabout" became the youngest member of the GERRY WEBER brand family in mid-2016. Under the motto "Life is what happens every day", talkabout offers fashion for any time of the day and any occasion. The design of the trendy talkabout items is purist and playful, elegant and casual or relaxed and exciting at the same time. The talkabout design team develops an individual selection of approx. 15 items per month, i. e. 12 collections per year.

Following a test phase comprising 30 shop-in-shops in the stores of selected Wholesale customers, we were able to increase the number of shops to 138 as of the end of October 2017. Accordingly, the revenue and earnings contribution made by the new brand in the past and the current fiscal 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. We therefore intend to expand the number of talkabout stores to 180 to 200 shop-in-shops by the end of fiscal year 2017/18.

HALLHUBER brand family

HALLHUBER and its brands – "HALLHUBER" and "HALLHUBER Donna" – joined the GERRY WEBER brand universe in early 2015. 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. The aim is to turn HALLHUBER into a vertically integrated premium brand.

HALLHUBER grew at an above-average rate in the past fiscal year. Management expects sales revenues to increase again in the current fiscal year 2017/18. The projected growth is based on the POS growth of the past years and an improvement in like-for-like revenues. After the successful change in merchandise management in the first nine months of the past fiscal year 2016/17, we expect like-for-like revenues of the existing HALLHUBER points of sale to pick up again by a low single-digit percentage.

HALLHUBER will continue to open new Retail spaces in fiscal year 2017/18. Most of the planned 30 or so new POS will be concession stores (75%).

In the HALLHUBER core markets – Germany, Austria and Switzerland – new points of sale will primarily take the form of concession stores and consignment contract stores, mostly in cooperation with new and existing Wholesale partners. In the defined focus markets – Great Britain, BeNeLux and Scandinavia – the controlled expansion in the metropolitan cities of the respective countries will be continued. Here, too, the focus of the new POS will be on concession stores. They will be supported by selected HALLHUBER mono-label stores or individual pop-up stores for increased brand awareness.

Additional growth will be generated through the consistent expansion of the online business and the related services for the HALLHUBER customer. To optimally serve the online-oriented customer, the HALLHUBER online shop will be redesigned before the end of the fiscal year 2017/18. In addition, cooperation with national and international online platforms will be expanded.

In spite of HALLHUBER's ongoing expansion, improving HALLHUBER's profitability is the prime objective besides the brand's controlled revenue growth. Relevant measures such as the migration of HALLHUBER's logistics to the new GERRY WEBER logistic centre in summer 2017 or the merger of central functions have already been implemented. The task for fiscal year 2017/18 will be to identify and leverage further potential for value creation.

CONSISTENT FURTHER DEVELOPMENT AND OPTIMISATION OF ALL DISTRIBUTION CHANNELS

GERRY WEBER Core Retail

With 143 GERRY WEBER stores closed in the context of the FIT4GROWTH realignment programme, the fiscal year 2017/18 of the GERRY WEBER Core Retail segment will be marked by measures aimed at improving the segment's profitability. Against the background of the continued difficult market environment, we assume that customer footfalls in the physical retail stores will continue to decline and expect like-for-like sales revenues for the German market as a whole to drop by approx. 2%. Accordingly, we do not expect like-for-like revenues of our GERRY WEBER Core Retail segment to pick up markedly. We may decide not to renew the lease agreements of stores that fail to reach our performance targets and to close these stores. Consequently, we do not project any net space growth for the GERRY WEBER Core Retail segment for 2017/18.

We aim to increase the revenues per square metre in conjunction with an improvement in the conversion rate and the gross profit in order to better cover our fixed costs and, hence, to increase the operating result per store. Besides meeting our financial targets, we want to make shopping at a GERRY WEBER store a sustainable experience for the consumer. A customer-specific, inspiring presentation of our brands, training courses for our employees and more time dedicated to our customers are to underline the appeal of the GERRY WEBER brands. We therefore expect the profitability of the GERRY WEBER Core Retail segment to improve notably in the fiscal year 2017/18.

GERRY WEBER Core Wholesale

The GERRY WEBER shop-in-shops have already achieved a very good market penetration in our core markets, Germany, Austria and Switzerland. In these regions, space growth makes only little sense for the GERRY WEBER brand, not least to avoid overdistribution of the brand. But there is still potential for growth for the TAIFUN and SAMOON brands and for talkabout, our youngest brand, in the DACH region (Germany, Austria and Switzerland).

The past years saw sales to our Wholesale partners in the Middle East and Russia decline for economic and geopolitical reasons but now the international expansion of the GERRY WEBER and TAIFUN brands will target these regions. In addition to increase sales to existing partners again, a focus will be placed on opening new franchised stores.

On balance, sales revenues of the Wholesale segment are expected to increase moderately, with the operating margin remaining stable. TAIFUN and talkabout will make the biggest contributions to revenue growth of the GERRY WEBER Core Wholesale segment.

Vertical integration of the Wholesale segment

The growing vertical integration of our Wholesale distribution structures is an important element of our growth strategy. To better serve our Wholesale partners, we introduced partnership schemes last year 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. This approach ensures a stable pricing policy at our Wholesale partners' points of sale.

As a next step in our vertical integration efforts, we have begun to adjust the order and delivery cycles. Most of the customers of our TAIFUN and SAMOON brands have already been switched to a changed, more individualised delivery pattern. While about 80% of the sales to a Wholesale customer were ordered during the pre-order, i.e. about five months before the start of a season and delivery, in the past, it is our medium-term objective to reduce the pre-order share to less than 40% of the sales volume. The remaining sales limit is composed of capsule collections during the season, never-out-of-stock items as well as accessories and lifestyle products. The aim is to improve merchandise management throughout the season, to avoid excess inventories and to optimise the pricing policy. We want consumers to find ready-to-wear items that match the respective season at our Wholesale partners' points of sale.

Digitalisation of the Business Model

Digitalisation is an ongoing process that must be actively managed and used. The e-commerce segment is an important element of our digitalisation strategy. Having modernised and relaunched the online shops of the GERRY WEBER, TAIFUN and SAMOON brands, each of which now has its own unique brand presentation, and developed exclusive online products, we will now focus on expanding cooperation with external online platforms, redesigning the HALLHUBER e-shop and introducing new online services.

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.

We will therefore successively integrate our online activities with our physical stores. HALLHUBER already offers its customers a "Click & Collect" function, which allows consumers to collect goods they have ordered online in the stores or to order goods using a tablet computer while in the store. This and other services will also be introduced in the shops of the other brands, always keeping a close eye on consumers' needs and expectations. During a pilot phase in selected GERRY WEBER stores, we will determine the services that are relevant to our customers based on their in-store orders. The long-term objective is to offer the respective customer target groups exactly those services which they request and which provide them with the greatest value. Spring 2018 will see the unveiling of "gr[8]ful"", the latest, purely digital addition to the brand portfolio of the GERRY WEBER Group. Positioned in the premium segment of the market, gr[8]ful will exclusively be available online. gr[8]ful stands for attributes such as FEMININE, RELAXED, STYLE-CONSCIOUS and ONLINE. gr[8]ful expresses a very unique attitude that is characterised by understatement, quiet confidence, high quality, casual luxury, a relaxed nature and, last but not least, as indicated by the name, by gratefulness. This way, the brand deliberately sets itself apart from the constraints of our fast-paced everyday life and offers customers a haven of peace and quiet and a digital refuge centring on their inspiring lifestyle. gr[8]ful will be marketed exclusively through digital communication channels, either directly with its customers or through Instagram or Facebook or in blogs of trend-setting influencers.

In the background, we are working on the introduction of a new customer relationship management system (CRM) that uses the incoming information and data to serve each customer group in accordance with its specific needs and expectations. By implementing a standardised CRM system, we want to use customer data across all brands and distribution channels for an individualised and personalised approach to our customers.

The aim is to nearly double the revenues generated via digital distribution channels within the next four to five years. The investments required to reach our ambitious online targets will total about EUR 10 million.

Moving forward, the digitalisation of our distribution channels is only one component of our digitalisation strategy. We want to review the GERRY WEBER Group's complete value chain for possibilities of digital applications and adopt new concepts established in other industries. Previously manual work can today be replaced with digitalised processes. To take maximum advantage of the opportunities opened up by the digital world, we have established a think tank that provides room for creative, innovative developments and ideas.

ACHIEVEMENT OF TARGETS AND OBJECTIVES

The fiscal year 2015/16 and the 2016/17 reporting period that has just ended were marked by the realignment of the GERRY WEBER Group. In the context of the FIT4GROWTH programme, we defined a set of measures and objectives to adjust the company to the changing market situation and to ensure its profitable and sustainable long-term growth.

Consolidated sales revenues, consolidated earnings before interest and taxes (EBIT) and consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA) are the key performance indicators used by the Group to quantify profitable growth. Targets for these KPIs are defined in the context of the annual budget planning process.

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Target achievement

Target achievement			
	Forecast 2016/17	Target achievement 2016/17	
Sales	**Target: Group sales of** EUR 865–883 million (prev. year: EUR 900,8 million)	**Group sales:** EUR 880,9 million	✔
EBITDA (reported)	**Target: Group EBITDA** EUR 60–70 million	**Group EBITDA:** EUR 58,2 million – these include EUR 6,2 million extraordinary cost	!
EBIT (reported)	**Target: Group EBIT** EUR 10–20 million	**Group EBIT:** EUR 10,3 million – these include EUR 6,2 million extraordinary cost and EUR 3,4 million depreciation relaled to the FIT4GROWTH programme	✔
HALLHUBER	**Target: Number of Openings** 40–50 sales spaces	**Number of store openings:** 55 sales spaces	✔

Revenue targets reached

The Managing Board had projected consolidated revenues for the past fiscal year 2016/17 to remain 2% to 4% below the prior year level. In the reporting period, the Group's revenues amounted to EUR 880.9 million, after EUR 900.8 million in the previous year, which means that the GERRY WEBER Group reached the revenue target it had set itself for the fiscal year 2016/17. Group revenues actually came in at the upper end of the projected range thanks to Wholesale revenues, at EUR 294,0 million, exceeding the forecast.

Group results mainly in line with expectations

The fiscal year 2016/17 was marked by a challenging environment in our core markets, on the one hand, and, on the other hand, by the implementation of comprehensive measures affecting the entire business model. These measures had a direct and indirect effect on our revenue and earnings targets.

The target for the fiscal year 2016/17 was to generate consolidated earnings before interest, taxes, depreciation and amortisation (consolidated EBITDA reported) of between EUR 60 million and EUR 70 million. Actual EBITDA in the fiscal year amounted to EUR 58.2 million and included extraordinary expenses resulting from the FIT4GROWTH programme of EUR 6.2 million. The earnings result target to generate Group EBITDA (reported) – including all extraordinary effects – in the amount of at least EUR 60.0 million has been missed only slightly.

After depreciation/amortisation of EUR 47.9 million, reported Group EBIT amounted to EUR 10.3 million, which is at the lower end of the projected EBIT range of EUR 10 million to EUR 20 million. Reported EBIT include extraordinary effects and write-downs relating to the FIT4GROWTH programme of EUR 6.2 million and EUR 3.4 million, respectively. This means that extraordinary costs for the FIT4GROWTH realignment programme were EUR 3.6 million higher than the originally budgeted EUR 6.0 million for the fiscal year that has just ended. Accordingly, adjusted Group-EBIT amounted to EUR 19.9 million in the fiscal year 2016/17. Consequently, the earnings forecast is in line with the announced targets for the just ended fiscal year 2016/17. Due to the weak market environment with declining footfall in city centres the GERRY WEBER Core Retail segment posted a higher loss contribution than expected. In addition, the income contribution of the HALLHUBER segment fell short of the originally planned budget. The main reason for this was in particular a change in the HALLHUBER merchandise flow combined with a reduction in the amount of merchandise on the sales floors at the beginning of the financial year 2016/17. For a detailed analysis, please read the net worth financial and earnings position in this Management Report.

19.9

MILLION EURO
Group EBIT (adjusted)
in fiscal year 2016/17.

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

The realignment programme of the GERRY WEBER Core segment announced in February 2016 was completed successfully by the end of the reporting period. All measures defined in the context of FIT4GROWTH were implemented effectively within the defined time-frame. Apart from reducing the cost base, the programme was primarily designed to lay the basis for the GERRY WEBER Group's medium-term return to profitable growth.

Scheduled to run for two years the programme comprised four elements: "Optimise the Retail operations", "Adjust structures and processes", "Strengthen the Wholesale operations" and "Modernise the brands". Each element consisted of different measures, which had to be implemented by the end of the fiscal year 2016/17 as defined in the time schedule. The achievement of objectives for the individual elements of the programme is outlined below:

Optimise the Retail operations

Since the start of the FIT4GROWTH realignment programme in February 2016, 143 stores of the GERRY WEBER Core brands have been closed, which means that we have closed both the 103 originally defined stores and almost all of the 50 stores on our watch list within our defined time-frame.

The digitisation strategy is an important element of our future positioning. Apart from developing a roadmap for the ongoing digitisation of the sales structures, we have greatly improved the digital brand experience. The online shops for the GERRY WEBER Core brands relaunched in March 2017 feature a redesigned product presentation for each individual brand that caters to the specific customer requirements of the respective brand. A new photo studio installed close to the design teams supports the timely realisation of the collection statements. Moreover, HALLHUBER introduced Click & Collect while GERRY WEBER Core has launched an in-store ordering project to further push ahead with the integration of the physical stores and the online shop.

Adjust structures and processes

To increase the effectiveness and shrink the cost base, all material business processes and workflows were analysed already in the fiscal year 2015/16 and adjusted where necessary. As a result, about 200 positions were cut at the headquarters in Halle / Westphalia, which reduced personnel and operating expenses on Group level by approximately EUR 30.0 million not including extraordinary burdens resulting from FIT4GROWTH associated with the respective corresponding reference periods. This means that the original target to save total costs of EUR 20 million to EUR 25 million compared to the fiscal year 2014 / 15 has even been achieved.

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. Since the end of October 2017, all GERRY WEBER Core brands and about 80% of HALLHUBER's logistic quantities have been handled by the new logistic centre. E-commerce will be migrated to the new logistic centre at a later date. Here, too, all defined measures were implemented within the defined time-frame.

Strengthen the Wholesale operations

By launching our new partnership schemes, we have taken an important step towards offering our Wholesale customers better services as well as the first steps towards the vertical integration of the Wholesale segment. 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 among other aspects the replenishment of sold out products as well as the replacement of collection items during the season. What is also new is that, depending on the partnership status, we even take back part of the merchandise that has not been sold. The 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.

The ongoing vertical integration of our business model is a long-term objective of the GERRY WEBER Group. The launch of the partnership schemes for our Wholesale customers, together with the partial support in merchandise management at the point of sale and the initiated adjustment of our pre-order processes for the TAIFUN and SAMOON brands, represent the first important steps towards achieving the objective of vertical integration.

The launch of the talkabout brand exclusively for the Wholesale segment is another measure aimed at strengthening the Wholesale operations. Following an introductory phase comprising 30 test shops, another 120 to 150 talkabout shop-in-shops were to be opened in the reporting period. The number of 138 points of sale as at 31 October 2017 shows the high acceptance of the new brand.

Modernise the brands

Our high-quality fashion is 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 perceived 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.

The attractiveness of the GERRY WEBER brand is supported not only by high-quality presentations at the point of sale and in our shop windows but also by an inspiring image campaign starring supermodel of the nineties Eva Herzigova.

The two other GERRY WEBER Core brands, TAIFUN and SAMOON, also stand for trendy, high-quality fashion for the respective target group. Each brand represents its own style universe and is matched to the requirements of the respective customer group. TAIFUN combines casual styles for every day with individualised business outfits. Sportive single items and individualised accessories for special occasions have been added to the collection to complement the style universe of the urban target group.

Strategic Business Units have been established below the holding company level in order to strengthen the GERRY WEBER, TAIFUN, SAMOON, talkabout and HALLHUBER brands and allow them to operate more independently in the market. 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 three Strategic Business Units have been established: GERRY WEBER (including talkabout), TAIFUN together with SAMOON as well as HALLHUBER.

HALLHUBER

The HALLHUBER subsidiary is the main growth driver of the GERRY WEBER Group. The controlled expansion of HALLHUBER continued in the fiscal year 2016/17. All of the planned 55 new stores were opened within the defined time-frame. Consequently, HALLHUBER's revenue contribution increased from EUR 183.2 million in the previous year to EUR 194.3 million in the reporting period.

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Summary

Nearly all our targets and objectives were reached in the past fiscal year 2016/17. In spite of the diverse measures taken and the significant cost reductions, we have been unable to significantly improve the profitability of the GERRY WEBER Group in the short term. Especially the weak month of October 2017 lead to a significantly lower gross profit margin of the GERRY WEBER Core Retail segment than originally predicted for the financial year that has just ended. As well the income contribution of our subsidiary HALLHUBER fell short of the originally planned budget.

In addition, the processual measures that have been initiated will realise their earnings potential only in the coming fiscal years. Moreover, it will take a number of seasons for the upgraded fashion appeal to translate into higher desirability on the part of consumers. Aside from that, the entire fashion market in our core regions, especially in Germany, remains difficult. Against this background, the Managing Board may decide to initiate further measures to improve the revenue and earnings performance.

MANAGEMENT AND CONTROL / KEY PERFORMANCE INDICATORS

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

It is the long-term objective of GERRY WEBER International AG to grow profitably and, hence, to increase the enterprise value. Consequently, consolidated revenues are a key performance indicator of the GERRY WEBER Group. The composition of consolidated revenues by distribution channels (GERRY WEBER Core Retail and Wholesale as well as HALLHUBER) and by brands (GERRY WEBER, TAIFUN, SAMOON, talkabout, HALLHUBER) is another important performance indicator, as it reflects the performance and the revenue contribution made by the individual brands and distribution channels.

We primarily use the operating result to measure the profitability of the GERRY WEBER Group. Consequently, Group earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation and amortisation (EBITDA) are key performance indicators of the Group. 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 annual budget planning process and their evolution is monitored in the context of the rolling forecast.

In addition to the revenue and earnings figures, the number of newly opened HALLHUBER stores and points of sale is a key performance indicator of the growth of the HALLHUBER segment. 30–40 new HALLHUBER points of sale are to be opened per fiscal year in Germany and abroad, most of them concession stores. HALLHUBER's expansion will be a main growth driver of the GERRY WEBER Group in the coming months. No net growth of the company-managed points of sale of the GERRY WEBER Core brands is planned for the fiscal year 2017/18, although the number of franchised stores is expected to increase. The number of points of sale of each individual store format (e.g. mono-label store, concession store, franchised store) and the sales space in square metres are important non-financial performance indicators of the company.

In addition, we have defined company-specific early indicators for the individual brands and distribution channels, whose changes may have a positive or negative impact on the net worth, financial and earnings position. These include, among other things, the productivity per square metre of sales space, the conversion rate and the number of visits to our online shops for the Retail segment. Complementary performance indicators have been defined for the other operating areas, whose performance and target achievement are monitored in the context of the internal control system, e.g. logistic costs per item. Other indicators such as those relating to corporate social responsibility, human resources or marketing are not used for direct business management purposes but provide meaningful insights that are instrumental in achieving the financial targets of the GERRY WEBER Group.

ECO-NOMIC AND SECTOR REPORT

The behaviour of consumers, i.e. the people buying our products at retail, is one of the key drivers of the GERRY WEBER Group's sales and earnings performance as a fashion and lifestyle company. While consumer behaviour is influenced by the state of the economy and the development of available incomes in a given region, an increasingly important role is played by structural factors such as the decline in city centre footfall. Dramatic changes in customer behaviour have resulted from the partial shifting of purchasing activity onto the Internet with its 24/7 availability of products and instantly transparent prices.

Macroeconomic situation

Following on from 2016's global economic growth of only 3.2%, which marked the slowest annual growth since the global financial crisis, the International Monetary Fund's Global conomic Outlook forecasts global economic growth of 3.6% and 3.7% for 2017 and 2018, respectively. This means that the uptrend in global economic activity, which became apparent already in the second half of 2016, is set to gain in strength. The forecast rise in global economic growth mainly reflects adjustments to the expected economic performance in parts of Europe, the Asian emerging economies as well as Russia compared to previous forecasts. In contrast, the IMF's economists now expect the U.S. and British economies to grow at a slower pace than previously expected. The overall positive trend predicted by the IMF is supported by the positive trend in the ifo World Economic Climate index; the November 2017 survey showed improvements in almost all regions of the world and returned the best reading since 2011.

63.3

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

The German economy experienced a boom in 2017 and the leading economic forecasters expect growth to accelerate until 2019. The economic forecasts for 2017 and 2018 published in spring 2017 were significantly upgraded in autumn. On average, the forecasts are now predicting approximately 1.9% growth for 2017 and a slightly higher rate for 2018. It should be noted that the more recent forecasts and the ones upgraded in October and November 2017 tend to sit in the upper band between 2.0% and 2.2%. The annual report published by the German Council of Economic Experts in November expects economic growth of 2.0% and 2.2% for 2017 and 2018, respectively. However, the council also sees "clear signs of production capacities being over-utilised" and points to the risk of the German economy overheating.

Consumer behaviour in the German core market

Accounting for 63.3% of sales, Germany remained the GERRY WEBER Group's most important output market in the fiscal year 2016/17. The boom experienced by the German economy is clearly reflected in the GfK Consumer Confidence Index which aggregates GfK's "Economic Expectations", "Income Expectations" and "Willingness to Buy" indicators. Consumer confidence was neither dampened by the unresolved conflict with North Korea, nor by the protracted Brexit negotiations, nor by the pick-up in inflation. On the contrary, September 2017 saw the index climb to 10.9 points, its highest level seen in a while. "Economic Expectations" stood at 15.3 points at the start of GERRY WEBER's fiscal year in November 2016. Following a lull in March 2017 and ignoring another setback in August, the indicator rose steadily to mark a three-year high at 44.6 points in July 2017 before settling at 43.5 points in October 2017.

Both the "Willingness to Buy" and the "Income Expectations" indicators fluctuated at persistently high levels during the fiscal year which saw them trending slightly upwards, ending the period at 59.2 points and 48.7 points, respectively in October 2017.

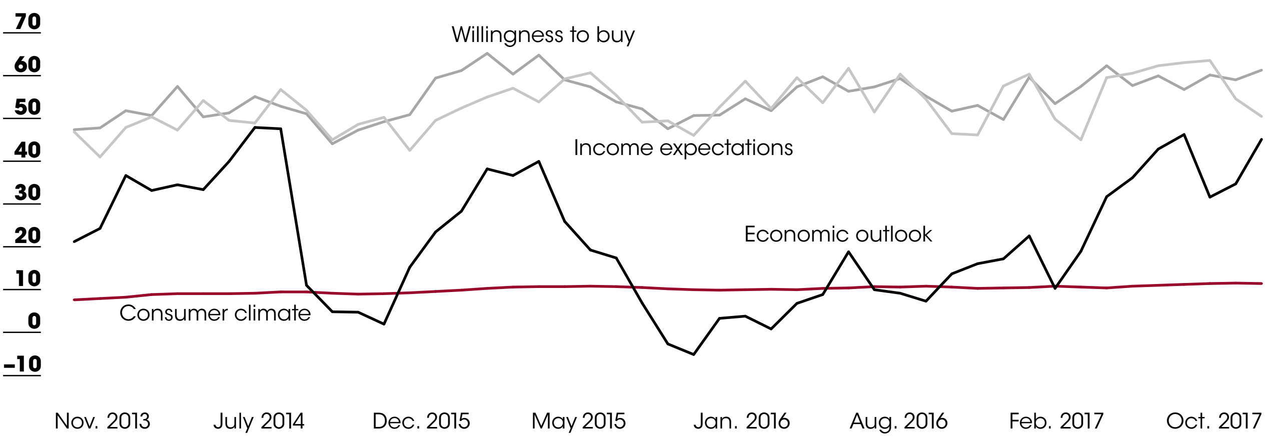
Consumer confidence in Europe

A look at consumer confidence across Europe during GERRY WEBER's fiscal year reveals a picture similar to the one in Germany. While there were substantial differences between the individual countries, consumer confidence across Europe developed very positively, marking its highest level since the end of 2016 at 20.9 points in September. While the Brexit negotiations clearly impacted consumer confidence in the UK, Belgian and Austrian consumers responded favourably to the improved expectations for their local economies. The "Willingness to Buy" indicator has risen again also in the Netherlands. All told, private consumption provided a strong underpinning for the European economy during the reporting period.

Russia

Russia is an important market for the GERRY WEBER Group, accounting for some EUR 19 million in sales. The erosion of the oil price and the sanctions imposed in the context of the

Development of the GfK consumer data for Germany during the Financial Years 2013 / 14, 2014 / 15, 2015 / 16 and 2016 / 17
GfK Indicator points

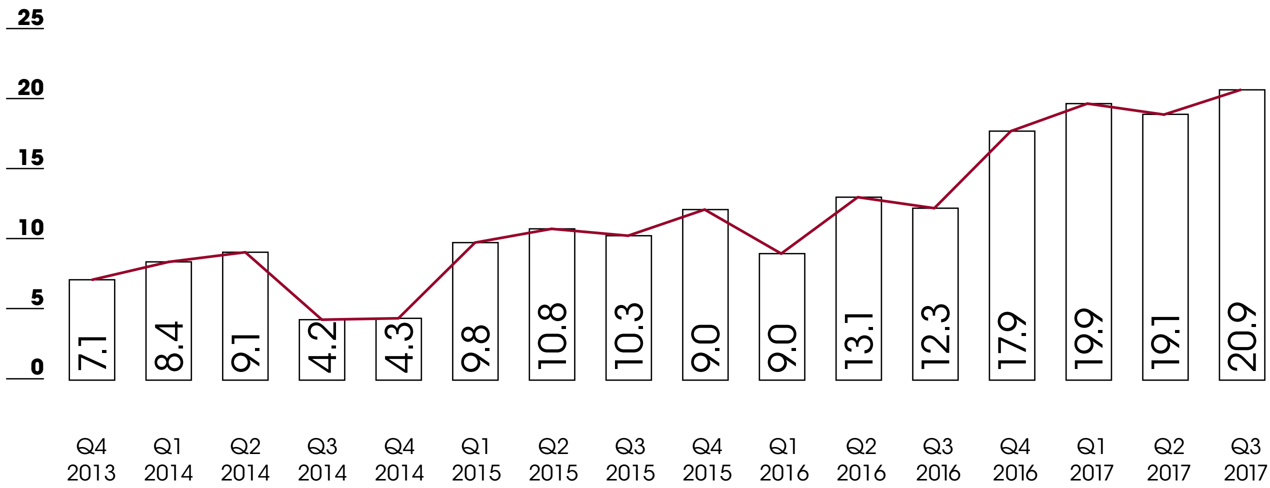


20.9

POINTS was the GfK consumer climate index for Europe in September 2017.

Crimea crisis caused a substantial contraction in the Russian economy from 2014. However, the situation improved markedly during the second half of 2016, with the final quarter of 2016 delivering a return to slight growth in GDP of 0.3% according to the Russian statistics office Rosstat. Growth accelerated to 0.5% in the first quarter of 2017, followed by an even stronger second quarter of 2017 which saw the Russian economy grow at a rate of 2.5%. According to early estimates by the statistics office, the economy grew by 1.8% in the third quarter of 2017. Rosstat attributed the positive trend during the first half of the year primarily to consumers' loosening their purse-strings as well as to low temperatures driving up energy production during the months of April to June 2017. In their October 2017 forecast for the full year 2017, the IMF economists predict growth of 1.8% and 1.6% for 2017 and 2018, respectively. While this represents a significant recovery following on from the –0.2% contraction in 2016, experts believe that sustainable growth in the Russian economy will be conditional on structural reforms being carried out over the longer term.

Consumer Climate in Europe during the financial years 2013 / 14, 2014 / 15, 2015 / 16 and 2016 / 17
GfK Indicator points



The German textile retail sector

The German textile retail sector's trading performance has failed to reflect the strong consumer sentiment in this country. Sales volumes in the textiles and clothing retail trade during GERRY WEBER's fiscal year were characterised by significant volatility. Following a moderate start in the months of November and December 2016 with year-on-year increases of 1% and 0%, respectively, January and February 2017 disappointed with sales contracting by –7% and –9% year-on-year. A positive signal came in March, when sales surged by 9%. This was followed by another series of disappointing figures from April to July, with monthly sales shrinking by –7%, –6%, –2% and –8%. Moderate 3% growth in August was followed by a 20% year-on-year surge in September, in spite of the weak prior year level (–16%) sparking hopes that the sector might have bottomed out. However, October 2017 brought another disappointment, with sales contracting by –13%. All told, the sector once again faced challenging trading conditions during GERRY WEBER's fiscal year 2016/17.

-2

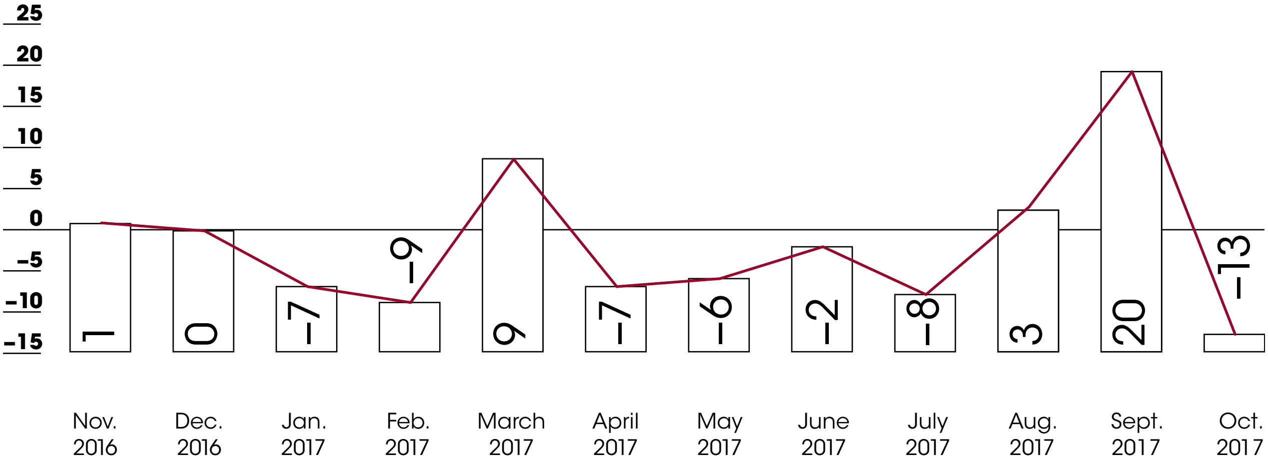
PERCENT was the decline in sales in the German fashion retail sector between November 2016 and October 2017.

Overall assessment of the economic environment in the fiscal year 2016/17

With monthly sales declining in total by some 2% year-on-year during the twelve months between November 2016 and October 2017, the past fiscal year, too, was marked by declining sales across the entire German fashion sector. Fashion retailers once again failed to benefit from the positive trend in private households' available incomes. Consumers currently favour other product groups such as electronic devices, furniture as well as spending on sports and leisure, all of which is now absorbing a rising percentage of available incomes.

Unable to isolate themselves from this trend in the marketplace, our GERRY WEBER Core brands saw like-for-like sales contract by 1.9%. The modernisation of our brands, the attractive presentation of our collections in and outside our stores as well as the new image campaigns all contributed to the GERRY WEBER brands faring in sync with the overall market in Germany during the past fiscal year.

German textile sector sales according to Textilwirtschaft in the Financial Year 2016/17
in percent compared to the corresponding previous year's months



NET WORTH, FINANCIAL AND EARNINGS POSITION

Sales performance

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Consolidated sales revenues of EUR 880.9 million (previous year: EUR 900.8 million) mean we have reached our objective to generate consolidated revenues that are 2% to 4% lower than last year's revenues. Our plans for the past fiscal year had already assumed that sales revenues would decline due to both the planned store closures in the context of the FIT4GROWTH realignment programme and the still adverse market environment.

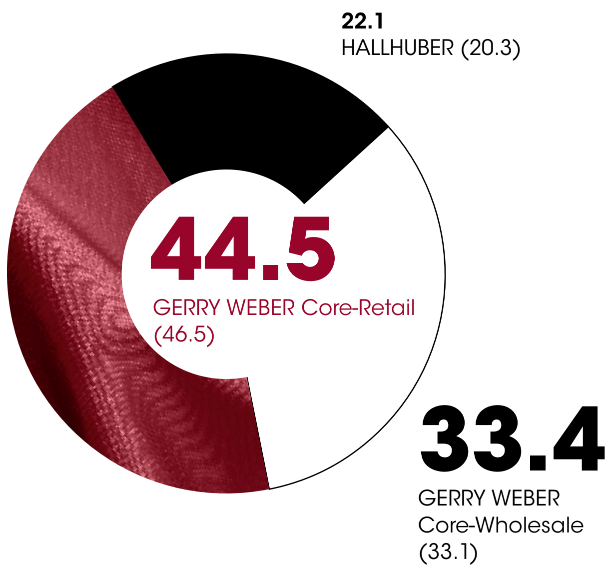
The market conditions for the fashion retail sector as a whole remained challenging and difficult also in the past twelve months. Declining customer footfall in the city centres and shopping malls and changing consumer behaviour have weighed on sales in the German fashion retail sector. The share of consumers' disposable income that is spent on fashion products continues to decline, with more money being spent on goods such electronic devices, recreational and holiday activities or capital goods. German fashion retailers' like-for-like revenues were down by approx. 2% on the prior year period in GERRY WEBER's fiscal year 2016/17 (1 November 2016 to 31 October 2017).

Sales revenues of the GERRY WEBER Group are composed of the revenues of the GERRY WEBER Core segment, which comprises the GERRY WEBER, TAIFUN, SAMOON and talkabout brands, and the revenues of the HALLHUBER subsidiary. Sales revenues of the GERRY WEBER Core brands declined by 4.4% to EUR 686.6 million (previous year: EUR 717.6 million) in the reporting period from November 2016 to October 2017. The GERRY WEBER Core Wholesale segment contributed EUR 294.0 million (previous year: EUR 298.4 million) to total Core revenues, while the Core Retail segment generated EUR 392.6 million (previous year: EUR 419.2 million) in sales.

HALLHUBER, the wholly-owned subsidiary, contributed EUR 194.3 million (previous year: EUR 183.2 million), which represented approx. 22.1% (previous year: 20.3%) of the GERRY WEBER Group's total revenues.

The chart below shows a breakdown of 2016/17 Group revenues by segments (previous year in parentheses):

Sales revenues 2016/17 by segments
as of 31 October 2017 in percent
(previous year in parentheses)



880.9

million euro group sales revenues
in the financial year 2016/17

Sales performance of GERRY WEBER Core-Retail

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

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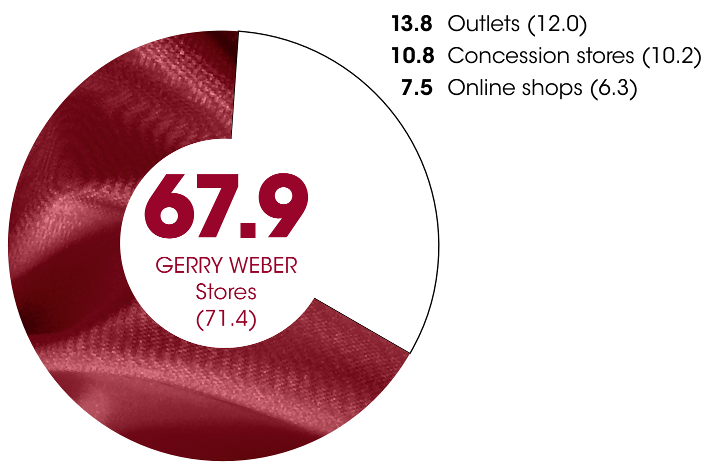
Sales revenues of the Core Retail segment declined by 6.3% to EUR 392.6 million in fiscal year 2016/17 (previous year: EUR 419.2 million). The reduction is primarily due to the stores closed in the context of the FIT4GROWTH programme. In the fiscal year 2016/17, 68 company-managed stores were closed in Germany and abroad, while 75 stores were closed in the previous year. As a consequence, the number of company-managed GERRY WEBER, TAIFUN and SAMOON stores declined from 924 to 850 in the fiscal year.

The Core Retail segment's revenues were also adversely affected by declining like-for-like revenues. The latter were down by 1.9% on the previous year, which means that they moved in sync with the German fashion market as a whole, whose revenues also declined by roughly 2% compared to the previous year. Like-for-like revenues are defined as revenues generated by all POS that are older than two years.

The GERRY WEBER Core online business showed a positive trend. Online revenues increased by 9.5% from EUR 26.1 million to EUR 28.6 million in the reporting period.

A breakdown of GERRY WEBER Core Retail revenues by shop formats shows that the 533 GERRY WEBER stores and mono-label stores contributed 67.9% to total Retail revenues (previous year: 71.4%). The decline is primarily attributable to the above-mentioned store closures. The revenue shares of the concession stores and the online shop increased from 10.2% to 10.8% and from 6.3% to 7.5%, respectively. The chart below shows a breakdown of Group revenues by shop formats.

Sales split "GERRY WEBER Core Retail" 2016/17 in percent
(previous year in parentheses)



Sales performance of the GERRY WEBER Core Wholesale segment

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Sales revenues of the Core Wholesale segment comprise all revenues generated with our retail partners, i. e. franchisees, specialist retailers and the large department stores whose shop-in-shops sell our Core brands. Not least in view of the market situation, we had originally expected Wholesale revenues to decline by a medium single-digit percentage compared to the previous year. As a result of the measures already implemented in the context of the FIT4GROWTH programme, Wholesale revenues declined by only 1.5% to EUR 294.0 million (previous year: EUR 298.4 million). This confirms not only the success of the measures we have taken but also the increasing attractiveness of our new collections.

Sales performance of HALLHUBER

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Being a vertically integrated fashion company, HALLHUBER exclusively operates its own points of sale. These comprise mono-label stores, concession stores, outlet stores as well as company-managed online shops. As a result of HALLHUBER's expansion, sales revenues increased by 6.1% on the previous year to EUR 194.3 million in fiscal year 2016/17 (previous year: EUR 183.2 million).

The increase in revenues is exclusively attributable to the opening of new HALLHUBER stores, whereas like-for-like revenues declined by 3.5%. The negative like-for-like revenue trend, especially in the first half of the fiscal year, is primarily attributable to a change in merchandise management during this period. To avoid excess inventories at the end of the season and to improve the gross profit margin, about 25% less merchandise on average was supplied to the HALLHUBER points of sale in the first half of 2016/17. The number of items per square metre was increased gradually only as of the end of April 2017. The first positive effects of this measure already became apparent in the third quarter of 2016/17. In the fourth quarter of 2016/17 alone, HALLHUBER's like-for-like revenues already showed a positive trend again and picked up by +2.3%.

Sales revenues also include the online operations, which contributed EUR 20.1 million (previous year: EUR 17.6 million) or 10.4% (previous year: 9.7%) to HALLHUBER's total revenues.

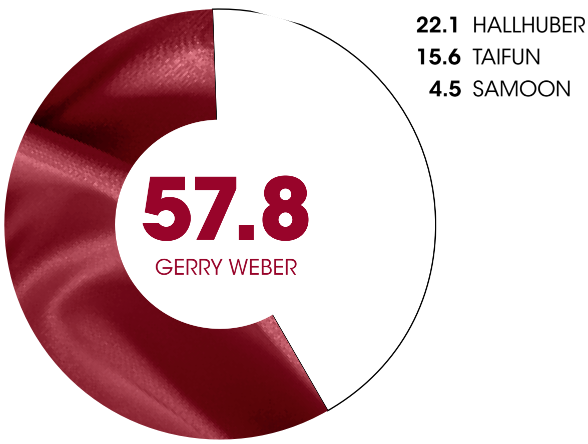
Brand sales performance

Against the background of the expansion-related increase in HALLHUBER's revenues and the closure of Core brand stores, the share of the GERRY WEBER brand family, including the COLLECTION, EDITION and CASUAL sublabels, declined from 59.7% to 57.8%. The EDITION and Casual sublabels together meanwhile account for more than half of the GERRY WEBER brand family's revenues. In spite of the store closures, the relative shares in Group revenues of the TAIFUN and SAMOON brands remained almost unchanged at 15.6% and 4.5%, respectively. HALLHUBER increased its contribution to Group revenues from 20.3% to 22.1% thanks to newly opened points of sale.

A breakdown of the GERRY WEBER Core revenues (excl. HALLHUBER) shows that the GERRY WEBER brand family accounted for 74.3% of total sales revenues (previous year: 75.0%). 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 from 19.3% in the previous year to 20.0%. At 5.7%, the share of the SAMOON brand remained almost unchanged.

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

Sales revenues by segments 2016/17
in percent

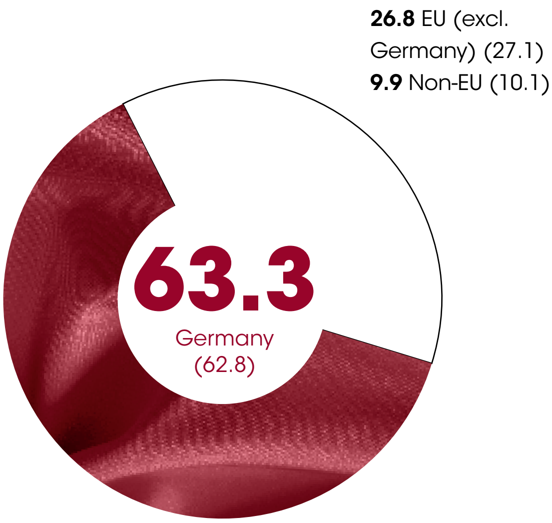


Regional sales performance

Against the background of the expansion of HALLHUBER, the growing importance of the Wholesale segment and the launch of the talkabout brand in Germany, the percentage of Group revenues generated in Germany rose from 62.8% in the previous year to 63.3%. The GERRY WEBER Core brands generated 59.3% (previous year: 58.9%) and HALLHUBER as much as 77.5% (previous year: 78.5%) of their revenues in Germany.

At 6.5% and 6.0%, respectively, the Netherlands and Austria remained important output markets of the Group. Foreign markets accounted for 36.7% (previous year: 37.2%) of the Group's total sales revenues, which breaks down into 26.8% (previous year: 27.1%) for the European Union (excl. Germany) and 9.9% (previous year: 10.1%) for non-EU markets.

Breakdown of 2016/17 Group revenues by regions (incl. HALLHUBER) in percent (previous year in parentheses)



Earnings position

Condensed proft and loss account 2016/17 and 2015/16

EUR million	2016/17	2015/16	Change in %
Sales revenues	**880.9**	900.8	−2.2%
Other operating income	**14.6**	46.3	−68.5%
Changes in inventories	**−8.1**	12.7	163.8%
Cost of materials	**−356.7**	−369.8	−3.5%
Personnel expenses	**−192.0**	−202.7	−5.3%
Drepreciation/Amortisation	**−47.9**	−63.5	−24.6%
Other operating expenses	**−279.3**	−308.7	−9.5%
Other taxes	**−1.2**	−1.3	−7.7%
Operating result	**10.3**	**13.8**	**−25.4%**
Financial result	**−7.7**	−8.6	−10.5%
Result from ordinary activities	**2.6**	**5.2**	**−50.0%**
Taxes on income	**−3.3**	−4.7	−29.8%
Annual net loss/profit	**−0.8**	**0.5**	

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Consolidated sales revenues of GERRY WEBER International AG declined by 2.2% from EUR 900.8 million in the previous year to EUR 880.9 million in the fiscal year 2016/17. A detailed presentation of the composition of the Group's revenues is provided in the present consolidated financial statements in the chapter entitled "Sales performance". Other operating income of the 2016/17 reporting period declined notably from EUR 46.3 million to EUR 14.6 million. This is primarily attributable to the extraordinary effects of the previous year. In fiscal year 2015/16, other operating income included the book profit from the sale of the Hall 30 investment property in the amount of EUR 23.4 million. In the previous year, this item also included rental income of EUR 2.7 million from Hall 30. Other operating income of the reporting period declined accordingly.

As a result of the 68 GERRY WEBER Core store closures (GERRY WEBER, TAIFUN and SAMOON) in the fiscal year 2016/17 and due to changes in merchandise management at both GERRY WEBER Core and our HALLHUBER subsidiary, inventories declined by EUR 8.1 million. In the previous year,

68

further store closures in 2016/17
after 75 closures in 2015/16

the GERRY WEBER Group had recorded a EUR 12.7 million increase in inventories. The combination of a revised collection structure characterised by a growing share of smaller, seasonal capsules and the modified merchandise management is designed to improve the company's ability to respond more quickly to emerging trends but also to avoid the build-up of inventories and the usually associated need to sell seasonal merchandise at a discount at the end of a season.

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The cost of materials in fiscal year 2016/17 was down by 3.5% on the previous year to EUR 356.7 million (previous year: EUR 369.8 million). Investments in the purchase of merchandise of even higher quality, especially for the Core brands, GERRY WEBER, TAIFUN and SAMOON, temporarily weighed on the Group's gross profit margin, which fell from 60.4% in the previous year to 58.6%. This is also apparent when comparing the GERRY WEBER Core and HALLHUBER segments. While HALLHUBER was able to once again increase its gross margin from 60.5% to 63.7% thanks to the change in merchandise management, the gross margin of the GERRY WEBER Core segment declined from 60.3% in the previous year to 57.1%. The gross margin is calculated as the cost of materials, adjusted for changes in inventories, in relation to sales revenues.

Personnel expenses across the GERRY WEBER Group declined by a strong 5.3% or EUR 10.7 million to EUR 192.0 million in spite of HALLHUBER's expansion. The reduction in personnel expenses primarily results from the staff reductions in the context of the FIT4GROWTH realignment programme. The store closures and the process adjustments at the headquarters involved redundancies both in the Retail segment and at the headquarters in Halle / Westphalia. Consequently, the headcount of the Core segment declined from 5,174 to 4,857, while personnel expenses were reduced by an impressive EUR 16.0 million (9.4%) to EUR 153.7 million. By contrast, HALLHUBER's personnel expenses increased by EUR 5.3 million (16.0%) to EUR 38.3 million, as new stores were opened. As a result, HALLHUBER's headcount increased from 1,847 to 2,064 people on an annual average.

The Group's depreciation / amortisation declined by EUR 15.6 million to EUR 47.9 million in fiscal year 2016/17. In this context, it should be noted that the previous year was adversely affected by extraordinary write-downs of EUR 15.0 million associated with the store closure programme. The figure for the fiscal year 2016/17 also includes minor write-downs related to store closures in the amount of EUR 3.4 million.

The Group's depreciation / amortisation includes depreciation / amortisation of the HALLHUBER subsidiary in the amount of EUR 13.6 million (previous year: EUR 12.8 million). HALLHUBER'S depreciation / amortisation also includes the regular amortisation of the purchase price allocation in the amount of EUR 6.5 million (previous year: EUR 6.5 million).

At EUR 279.3 million, other operating expenses of the GERRY WEBER Group were down by EUR 29.4 million (9.5%) on the previous year in fiscal year 2016/17. The marked reduction is primarily attributable to the savings achieved in the context of the FIT4GROWTH programme in conjunction with the closure of 68 GERRY WEBER Core stores. It should also be noted that other operating expenses of the previous year included extraordinary charges related to the FIT4GROWTH programme in the amount of EUR 9.6 million. The 2016/17 reporting period was also adversely affected by FIT4GROWTH-related extraordinary effects of EUR 3.3 million.

A look at the GERRY WEBER Core segment on a stand-alone basis shows that the segment's operating expenses were reduced by as much as EUR 35.1 million to EUR 201.6 million. By contrast, HALLHUBER's operating expenses increased from EUR 71.9 million to EUR 77.7 million (+8.0%) as a result of the expansion.

At EUR 148.6 million (previous year: EUR 155.7 million), rental costs represent a key component of the Group's other operating expenses. HALLHUBER accounted for EUR 56.0 million of the rental costs (previous year: EUR 52.1 million). Rental costs of the Core segment declined by a strong EUR 11.0 million to EUR 92.6 million in fiscal year 2016/17 due to the store closures. The fact that our logistic processes are now handled by our own new logistic centre also helped to cut costs. Freight and packaging expenses dropped from EUR 35.7 million to EUR 22.0 million.

7.3

PERCENT EBIT margin adjusted for extraordinary effects in 2016/17.

Other operating expenses also include marketing costs, which increased slightly from EUR 25.6 million in the previous year to EUR 29.7 million. Marketing expenses represented 3.4% (previous year: 2.8%) of the Group's sales revenues. By contrast, collection development costs decreased slightly from EUR 5.5 million to EUR 4.9 million in the reporting period. Due to the introduction of new IT systems and the migration of our subsidiaries to our system environment, IT expenses climbed from EUR 12.0 million in the previous year to EUR 14.6 million this year. On balance, it is to be noted that all cost-cutting measures of the FIT4GROWTH programme have been implemented successfully. The aim was to cut Group-wide personnel and operating expenses by between EUR 20 million and EUR 25 million. This has been achieved.

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After deduction of all operating expenses, consolidated earnings before interest, taxes, depreciation and amortisation (Group EBITDA reported) amounted to EUR 58.2 million (previous year: EUR 77.3 million). Accordingly, the EBITDA margin dropped from 8.6% to 6.6% in the reporting period. The Group's adjusted EBITDA excluding extraordinary effects from the FIT4GROWTH realignment programme in the amount of EUR 6.2 million amounts to EUR 64.4 million. In the previous year, the Group's EBITDA, also excluding extraordinary effects and the profit from the sale of Hall 30, amounted to EUR 71.6 million. The adjusted EBITDA margin thus stands at 7.3% (previous year: 7.9%).

After deduction of depreciation/amortisation of EUR 47.9 million, the Group's reported EBIT amounted to EUR 10.3 million (previous year: EUR 13.8 million) and the EBIT margin (reported) stood at 1.2% (previous year: 1.5%). Adjusted for the extraordinary effects from the FIT4GROWTH programme, the Group's EBIT in the fiscal 2016/17 year amounted to EUR 19.9 million, while the adjusted EBIT margin stood at 2.3% (previous year: 2.6%).

In spite of the successful implementation of the FIT4GROWTH programme and the resulting reduction in personnel and operating expenses by approximately EUR 30 million, we were unable to improve the Group's operating result. In particular, the reduction in gross profit of the GERRY WEBER Core segment by EUR 40.5 million to EUR 392.4 million, reflecting both the drop in revenues and investments in product quality, had an adverse impact on the operating result; this was not fully offset by the cost reductions. Due to weak market demand, especially in October 2017, the Core segment's gross profit remained EUR 3.4 million below the projections. Moreover, even though our HALLHUBER subsidiary posted earnings before interest and taxes (EBIT) of EUR –2.5 million in fiscal year 2016/17, a result which was significantly better than the year before, is was, however, still negative and thus additionally weighed on the Group's EBIT. While we reached the EBIT target of at least EUR 10 million, we are not satisfied with our profitability in the fiscal year 2016/17.

The negative financial result improved from EUR 8.6 million to EUR 7.7 million in the reporting period. This is mainly due to interest expenses declining by EUR 1.1 million to EUR 5.7 million. The scheduled repayment of a tranche of the note loan in the amount of EUR 20 million led, among other things, to a drop in interest expenses. After deduction of income taxes, the GERRY WEBER Group posted a net loss of EUR 0.8 million for the fiscal year 2016/17. The loss per share amounted to EUR 0.02 (previous year: earnings per share of EUR 0.01).

19.9

MILLION EURO
Group EBIT (adjusted) in fiscal year 2016/17

Net worth position

Compared to the end of the previous fiscal year 2015/16, total assets of the GERRY WEBER Group declined by 12.3% or EUR 110.7 million to EUR 789.9 million as at 31 October 2017. The changes in the balance sheet structure were primarily driven by the scheduled repayment of the first tranche of the note loan issued in November 2014, the exercise of the call options for the remaining 49% share in our Dutch and Belgian subsidiaries as well as the scheduled utilization of provisions compared to the previous year.

On the assets side, non-current assets declined by a moderate 2.1% compared to 31 October 2016 and amounted to EUR 513.1 million on 31 October 2017. Intangible assets totalled EUR 229.9 million as at 31 October 2017, compared to EUR 226.2 million at the end of the fiscal year 2015/16. Apart from rights of supply to franchised GERRY WEBER stores and goodwill, the latter also comprise advantageous lease agreements and customer relationships in the context of the acquisitions of the past financial years. This balance sheet item also includes brand rights taken over in the context of the acquisitions (essentially HALLHUBER). The biggest change within non-current assets related to property, plant and equipment, which declined by 5.2% or EUR 15.1 million to EUR 272.9 million due, among other things, to the closures of the company-managed Retail stores and the related shop fittings. At EUR 2.1 million, non-current financial assets remained almost unchanged as at the end of the reporting period (previous year: EUR 2.3 million).

Current assets totalled EUR 276.8 million as at 31 October 2017, down EUR 99.7 million or 26.5% on the prior year reporting date. This was due, among other things, to the reduction in inventories by 5.7% from EUR 173.3 million in the previous fiscal year to EUR 163.4 million in fiscal year 2016/17. Apart from this, the decline in current assets is mainly attributable to other assets, which dropped from EUR 87.0 million to EUR 21.0 million (–75.8%). In the previous year, this item also included the purchase price receivable from the sale of Hall 30. When the conditions for payment were fulfilled in December 2016, the purchase price of EUR 49.1 million was received at the beginning of the fiscal year 2016/17. Upon receipt of the purchase price, cash and cash equivalents increased accordingly, while the repayment of the first tranche of the note loan (EUR 20.0 million), the exercise of the call options for the remaining 49% stake in our Dutch and Belgian subsidiaries (EUR 17.2 million) as well as the payments made to repurchase shares in the context of the share buy-back programme (EUR 5.0 million) led to a reduction in cash and cash equivalents as at the end of the fiscal year 2016/17. As at the end of the reporting period, cash and cash equivalents totalled EUR 36.6 million, compared to EUR 50.8 million as at 31 October 2016. Trade receivables also declined in the reporting period, namely from EUR 63.3 million to EUR 49.2 million (–22.2%).

On the liabilities side, equity capital declined by 7.6% (EUR 33.7 million) compared to the end of fiscal year 2015/16 to EUR 412.7 million as at 31 October 2017. Because of the share buy-back programme, equity capital is stated less the shares held by the company. GERRY WEBER International AG started a buy-back programme for purchased shares in an amount of up to 500,000 shares at a maximum total purchase price (excl. ancillary expenses) of EUR 5.0 million on 28 March 2017. The share buy-back programme was terminated on 13 June 2017. During the reporting period, the company repurchased 398,245 own shares in the amount of EUR 5.0 million. As a result of the shares held by the company, revenue reserves declined by EUR 4.6 million to EUR 225.8 million on 31 October 2017. Against the background of the EUR / USD exchange rate trend, accumulated other comprehensive income / loss pursuant to IAS 39 amounted to EUR –4.7 million as at 31 October 2017, compared to EUR 10.9 million in the previous year. The equity ratio increased to 52.3% at the end of the fiscal year 2016/17 from 49.6% on 31 October 2016.

Non-current liabilities declined by 6.7% to EUR 261.6 million (previous year: EUR 280.3 million), which is due, among other things, to the reduction in non-current financial liabilities by EUR 3.0 million to EUR 218.2 million and in miscellaneous liabilities by EUR 8.6 million to EUR 3.6 million. Moreover, deferred tax liabilities also declined notably by EUR 7.4 million to EUR 30.9 million.

11.6

MILLION EURO
(–5.7%) reduction of the net debt at 31 October 2017.

Current liabilities dropped by almost one third from EUR 173.9 million in the previous year to EUR 115.5 million on 31 October 2017. The payments made in the context of the FIT4GROWTH programme led to a drop in both current personnel provisions from EUR 16.2 million to EUR 12.2 million and other provisions from EUR 18.0 million to EUR 10.1 million. Total current provisions declined from EUR 45.4 million to EUR 24.5 million (–46.0%).

Current financial liabilities decreased from EUR 33.5 million in December 2016 to EUR 10.8 million at the end of the reporting period mostly because of the repayment of the first tranche of the note loan (EUR 20.0 million). Other liabilities declined by EUR 9.3 million or –24.7% to EUR 28.3 million, mainly due to the scheduled exercise of the call options for the remaining 49% in our Dutch and Belgian subsidiaries.

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An equity ratio of 52.3% reflects the solid balance sheet structure of the GERRY WEBER Group. Current and non-current financial liabilities are not subject to any covenants or collateralisation and totalled EUR 229.1 million at the end of fiscal year 2016/17, compared to EUR 254.8 million on 31 October 2016. As a result of the reduced financial liabilities, net debt declined by 5.7% to EUR 192.5 million on 31 October 2017 (previous year: EUR 204.1 million).

Financial position

With the consolidated operating result down EUR 3.5 million on the previous year to EUR 10.3 million, net cash provided by operating activities declined by 13.6% to EUR 47.2 million (previous year: EUR 54.6 million). Non-cash depreciation dropped from EUR 63.5 million to EUR 47.9 million. It should be noted that the prior year figure included extraordinary write-downs of EUR 15.0 million resulting from the store closures in the context of the realignment programme. Both the reduction in inventories (EUR 9.9 million) and the decline in trade receivables (EUR 14.0 million) had a positive effect on cash flow from operating activities. In addition, provisions dropped by EUR 11.5 million and trade liabilities by EUR 5.4 million. By contrast, income tax payments of EUR 18.2 million had an adverse effect on cash flow from operating activities. Taking into account the cash financial result of EUR 6.7 million, net cash provided by operating activities amounted to EUR 40.5 million (previous year: EUR 47.8 million). In the course of the reporting period, the GERRY WEBER Group cash-effective extraordinary expenses of EUR 6.2 million (previous year: EUR 9.6 million) in the context of the FIT4GROWTH realignment programme.

The payment received for the sale of the Hall 30 investment property in December 2016 resulted in net cash of EUR 49.1 million. As in the fiscal year 2016/17, cash flow was primarily characterised by investments in property, plant and equipment and intangible assets in the amount of EUR 38.2 million. These mainly comprise investments in IT systems for the ongoing digitalisation of our business model as well as shop fittings for the newly opened HALLUBER sales spaces. Moreover, cash in the amount of EUR 23.9 million was invested in the acquisition of the shares in our Dutch, Belgian and Norwegian subsidiaries. Total net cash used in investing activities amounted to EUR 12.5 million, compared to EUR 58.8 million. In this context, it should be noted that the previous year was primarily influenced by cash outflows in conjunction with the construction of the new logistic centre.

In the fiscal year 2016/17, net cash used in financing activities comprised both the dividend payment of EUR 11.4 million and the repayment of financial loans in the amount of EUR 30.7 million. Moreover, an amount of EUR 5.0 million was invested in the repurchase of 398,245 own shares. Net cash from financing activities totalled EUR 47.1 million. Compared to the prior year reporting date, cash and cash equivalents declined by EUR 19.1 million (previous year: EUR 25.4 million) and amounted to EUR 31.6 million (previous year: EUR 50.7 million) as at 31 October 2017.

Segment report

Based on its internal reporting structure, the GERRY WEBER Group divides its business model into three segments, "Wholesale", "Retail" and "HALLHUBER". As a result of the sale of Hall 30, there are no more "Other Segments" as of the fiscal year 2016/17. 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.

The previous year's "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

Just like our company, our Wholesale partners are also affected by the difficult market conditions in the German fashion retail sector and the resulting drop in sales revenues. What is more, the fashion retail sector is in the midst of a consolidation phase, which also weighed on our Wholesale revenues. GERRY WEBER's Core Wholesale revenues were down by approx. 2% on the previous year, moving almost in sync with the general revenue trend. At 1.5%, the drop in revenues to EUR 294.0 million in fiscal year 2016/17 was smaller than originally projected by us. This reflects not only the success of the measures we implemented in the context of the FIT4GROWTH programme but also the increasing attractiveness of our new collections. Our partnership schemes have helped to greatly improve the service for our Wholesale partners, while our active merchandise management approach represents an important step towards the vertical integration of the distribution channel. The successful launch of the up-and-coming "talkabout" brand exclusively for our Wholesale customers has also helped to strengthen our partners' confidence in the GERRY WEBER Group.

At 266, the number of franchised GERRY WEBER stores remained almost unchanged. The increase in the number of shop-in-shops from 2,396 to 2,482 also reflects the high acceptance of our collections.

The Wholesale segment's personnel expenses of were down by an impressive EUR 8.5 million (17.9%) to EUR 39.1 million. As a result, the segment's EBITDA of EUR 34.6 million remained almost unchanged in spite of the drop in sales revenues. Due to the pro-rata allocation of the depreciation of the new logistic centre of EUR 10.6 million (previous year: EUR 9.4 million), depreciation / amortisation increased moderately, which is why the Wholesale segment's EBIT, at EUR 24.0 million, was slightly below the previous year's EUR 25.4 million.

The segment's assets and liabilities amounted to EUR 248.6 million and EUR 63.6 million, respectively. Investments in noncurrent assets totalled EUR 16.5 million and primarily reflect the prorated allocation of the holding company's assets and liabilities to the individual segments.

In spite of the staff reduction at the headquarters, the Wholesale segment's headcount remained almost unchanged at 757. This is due to the fact that the logistic staff is counted towards the Wholesale segment.

Number of sales spaces by distribution channel	31 Oct. 2017	31 Oct. 2016
GERRY WEBER Core RETAIL		
GERRY WEBER stores	454	487
Mono-label stores	79	107
Concession stores	281	295
Factory outlets	36	35
	850	*924*
GERRY WEBER Core-WHOLESALE		
GERRY WEBER franchised stores	266	269
Shop-in-shops	2,482	2,396
	2,748	*2,665*
HALLHUBER		
HALLHUBER stores	140	138
HALLHUBER concession stores	240	188
HALLHUBER outlet stores	17	16
	397	*342*

135

THOUSAND SQUARE METERS
GERRY WEBER Core sales floor space as of 31 October 2017

GERRY WEBER Core Retail segment

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

Sales revenues of the GERRY WEBER Core Retail segment declined by 6.3% to EUR 392.6 million in fiscal year 2016/17 (previous year: EUR 419.2 million). The reduction is primarily attributable to the store closures aimed at optimising the domestic and international store portfolio. 68 stores were closed in the fiscal year 2016/17, with 75 company-managed stores closed in the previous year, including about one third outside Germany. The Core Retail segment's sales revenues were additionally affected by a 1.9% drop in like-for-like revenues.

In the context of the above-mentioned optimisation of the store portfolio, the number of company-managed points of sale was reduced from 924 to 850. Most of the POS closed were POS of TAIFUN and SAMOON. As a result, the sales space of the GERRY WEBER Core brands declined from 145,000 square metres at the end of the previous fiscal year to now 135,400 square metres.

Due to the store closures, personnel expenses of the Core Retail segment declined notably by EUR 7.4 million to EUR 114.7 million. Consequently, the segment's headcount dropped from 4,428 to 4,099 on an annual average. The store closures also reduced the rental expenses, which is why the Core Retail segments negative EBIT improved significantly from EUR –31.9 million in the previous year to EUR –11.1 million. It should be noted that most of the extraordinary effects resulting from the realignment programme affected the Retail segment's EBIT in both fiscal years. Write-downs for impairment alone amounted to as much as EUR 15.0 million in fiscal year 2015/16 and to EUR 3.4 million in 2016/17.

The closure of company-managed Retail stores and the resulting reduction in property, plant and equipment (e.g. leasehold improvements) as well as the reduction in the Retail segment's share in the holding company's assets reduced the Retail segment's assets by 16.8% to EUR 385.7 million. At the same time, the Retail segment's liabilities declined to EUR 119.6 million (–35.1%) as the segment's relative share in financial liabilities and the provisions for the Retail segment were reduced.

Online business remains in the focus

The GERRY WEBER Core Retail segment also comprises the online business of the GERRY WEBER, TAIFUN and SAMOON brands, which increased by 9.5% year-on-year to EUR 28.6 million. Online sales on external platforms showed a particularly positive trend, growing by 62.0% and contributing EUR 2.9 million (previous year: EUR 1.8 million) to the Group's online revenues. Including HALLHUBER's online revenues of EUR 20.1 million, the Group's total online revenues amounted to EUR 51.6 million (previous year: EUR 45.5 million), up 13.4% on the previous year.

EUR million	2016/17	2015/16	change in %
GERRY WEBER Core Retail	28.6	26.1	9.5%
GERRY WEBER external platforms	2.9	1.8	62.0%
HALLHUBER	20.1	17.6	14.2%
Online Group sales	**51.6**	**45.5**	**13.4%**

HALLHUBER segment

HALLHUBER is 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 company-managed online shops as well as platforms. As of the end of the reporting period (31 October 2017), there were 397 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	2014	2015	2016	2017
Germany	161	193	231	267
Switzerland	28	31	38	42
UK/Ireland	11	19	26	37
Belgium	10	15	17	18
Norway	–	5	7	8
Austria	8	11	16	16
Netherlands	1	1	6	7
Luxembourg	–	–	1	2
Summe	**219**	**275**	**342**	**397**
Thereof Mono-label stores	94	117	138	140
Thereof Concession stores	113	145	188	240
Thereof Factory outlets	12	13	16	17

Based on the expansion of the company-managed sales space from roughly 45,000 square metres to 52,000 square metres at the end of the fiscal year 2016/17, HALLHUBER's revenues increased from EUR 183.2 million to EUR 194.3 million (+6.1%). Like-for-like revenues of HALLHUBER were down by 3.5% on the previous year, which is mainly attributable to a change in merchandise management. To avoid excess inventories at the end of the season and to improve the gross profit margin, about 25% less merchandise on average was supplied to the HALLHUBER points of sale in the first half of 2016/17. The number of items per square metre was increased gradually only as of the end of April 2017. The first positive effects of this measure already became apparent in the third quarter of 2016/17. In the fourth quarter of 2016/17 alone, HALLHUBER's like-for-like revenues already showed a positive trend again and picked up by +2.3%.

The increase in the number of points of sale (+55) sent the number of employees rising from 1,847 to 2,065 on an annual average. Consequently, HALLHUBER's personnel expenses climbed from EUR 33.0 million to EUR 38.3 million (+16.0%). Other operating expenses increased by 8.2% to EUR 77.7 million (previous year: EUR 71.9 million), also as a result of the expansion, which pushed rental costs up by EUR 3.9 million to EUR 56.0 million.

HALLHUBER generated earnings before interest, taxes, depreciation and amortisation (EBITDA) of EUR 11.1 million in the fiscal year 2016/17, compared to EUR 8.3 million in the previous year. This 33.9% increase is mainly attributable to the improvement in the gross profit margin from 60.5% to 63.7%. Depreciation and amortisation increased from EUR 12.8 million to EUR 13.6 million as a result of the company's ongoing expansion. Depreciation / amortisation of the HALLHUBER segment also comprises the scheduled Group's depreciation for the purchase price allocation in the amount of EUR 6.5 million.. However, the previous year's negative HALLHUBER EBIT improved from EUR –4.5 million to EUR –2,5 million this year (+ 45.5%).

Liabilities attributable to the HALLHUBER segment amounted to EUR 201.6 million as at 31 October 2017 and thus remained almost unchanged from the previous year. They include the funds for the financing of the acquisition of HALLHUBER. HALLHUBER's assets declined by a moderate 2.2% to EUR 189.7 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 and the Strategic Business Units (GERRY WEBER incl. talkabout, TAIFUN and SAMOON as well as HALLHUBER). GERRY WEBER International AG is also responsible for procurement.

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

Earnings position of GERRY WEBER International AG

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

As a result of the amendment of the German Accounting Directive Implementation Act (BILRUG) and the resulting amendment to the definition of sales revenues pursuant to section 277 para. 1 HGB, sales revenues of GERRY WEBER International AG increased sharply by EUR 44.3 million to EUR 389.4 in fiscal year 2016/17 (+12.8%). Business transactions were previously included in other operating income are now recognised as sales revenues as a result of the amended accounting policy. Accordingly, other operating expenses declined from EUR 60.7 million to EUR 3.5 million. It should also be noted that the previous year's "Other operating income" item also included the income from the sale of the Hall 30 investment property in the amount of EUR 23.4 million. Due to the lower sales of the distribution companies, especially of the Core Retail segment, the cost of materials of GERRY WEBER International AG for the goods sourced also declined by 6.8% to EUR 282.5 million (previous year: EUR 302.9 million). The store closures also reduced the quantity of goods ordered and, hence, the cost of materials. As a result of the headcount reduction at GERRY WEBER International AG from 670 to 587 (annual average) in conjunction with the FIT4GROWTH realignment programme, personnel expenses declined by a notable 17.8% to EUR 41.3 million. Other operating expenses remained

17.8

percent reduction in personnel expenses compared to the previous year.

constant at EUR 76.9 million (previous year: EUR 76.9 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 part of the profit-and-loss transfer, income of EUR 26.3 million was received. The decline from the previous year's EUR 32.0 million reflects the difficult business situation of the GERRY WEBER Group and its subsidiaries in the fiscal year 2016/17. Amortisation / depreciation of intangible fixed assets and property, plant and equipment rose to EUR 12.0 million (previous year: EUR 10.4 million), which is primarily attributable to increased depreciation in conjunction with the construction of the logistic centre as well as to new digitalisation projects.

Interest income was down by a strong 23.4% on the previous year to EUR 1.5 million in fiscal year 2016/17. Interest expenses declined by 4.8% to EUR 4.1 million (previous year: EUR 4.3 million), which is primarily attributable to the scheduled repayment of a tranche of the note loan as well as the favourable interest rates.

Against the background of the declining sales revenues of the subsidiaries and the lower other operating income in comparison to the previous year, the result after taxes declined from EUR 15.8 million to EUR –3.4 million in spite of the reduction in personnel and operating expenses. After deduction of other taxes of EUR 0.5 million, the net loss for the year stood at EUR –3.9 million (previous year: annual profit of EUR 15.5 million). Based on a slightly decreased average number of shares due to a buy-back of own shares, the net loss per share amounted to EUR 0.09 (previous year: earnings per share of EUR 0.34).

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 declined by EUR 71.8 million or 9.7% to EUR 672.2 million in fiscal year 2016/17. On the assets side, fixed assets picked up by 5.6% to EUR 440.6 million, while current assets dropped by EUR 96.3 million (–29.7%).

Fixed assets are composed of intangible assets (EUR 42.9 million; previous year EUR 29.0 million), property, plant and equipment (EUR 160.2 million; previous year EUR 165.5 million) as well as financial assets (EUR 237.5 million; previous year: EUR 222.5 million). The strong increase in intangible assets was mainly due to investments in various digitalisation projects. The rise in financial assets by 6.7% or EUR 15.0 million is primarily attributable to the increase in shares in affiliated companies. The latter climbed by EUR 15.1 million to EUR 235.8 million as we exercised the call option for the remaining 49% in our Dutch and Belgian subsidiaries.

On the assets side, the reduction in total assets was mainly attributable to current assets dropping by a sharp 29.7% or EUR 96.3 million from EUR 324.2 million to EUR 227.9 million, with receivables and other assets declining particularly strongly from EUR 214.7 million to EUR 142.9 million. In the previous year, "Other assets" (2016/17: EUR 9.5 million; previous year: EUR 55.5 million) included the sales price of Hall 30, as payment was received only in December 2016 as agreed. Inventories, which form part of current assets, also dropped sharply from EUR 84.3 million to EUR 74.0 million. Declining by EUR 14.2 million to EUR 11.0 million (–56.2%), cash and bank balances also contributed to the reduction in current assets.

On the liabilities side, a reduction in equity capital (EUR –20.4 million), lower provisions (EUR 13.2 million) than in the previous year and greatly reduced liabilities (EUR –38.4 million) contributed to the EUR 71.8 million decline in total assets. GERRY WEBER International AG's equity capital declined by 4.8% or EUR 20.4 million from EUR 427.3 million to EUR 407.0 million at the end of fiscal year 2016/17. This is attributable to both the dividend payment in May 2017, the share buy-back programme and the net loss for the reporting period. Provisions were reduced by 62.7% or EUR 13.2 million to EUR 7.9 million in fiscal year 2016/17 due to the completion of the FIT4GROWTH programme and the resulting release of the provisions established for this purpose. Tax provisions declined by a particularly strong EUR 7.5 million to EUR 0.2 million. Liabilities dropped by a total of 13.0% or EUR 38.4 million to EUR 256.6 million as of the reporting date. This was mainly due to the 9.4% reduction in financial liabilities to EUR 223.9 million (previous year: EUR 247.1 million), which, in turn, was the result of the scheduled repayment in December 2016 of the first tranche of the EUR 20.0 million note loan issued in November 2014 to finance the logistic centre. In spite of the reduced equity capital, the equity ratio of GERRY WEBER International AG stood at a very solid 60.5% (previous year: 57.4%) thanks to the consistent and scheduled reduction in financial liabilities and other liabilities.

60.5

percent was the equity ratio of GERRY WEBER International AG as at 31 October 2017 (previous year: 57.4%)

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 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. GERRY WEBER International AG expects the holding company's earnings before interest and taxes (EBIT) to recover somewhat in the fiscal year 2017/18 due to slightly higher income from profit transfer agreements of the subsidiaries.

FEMININE
CASUAL
CHIC
INSIPIRING

GERRY WEBER
casual

OPPORTUNITY AND RISK REPORT

Opportunities and risks

The performance of the GERRY WEBER Group is materially influenced by the identification of opportunities and risks to our business model and the consistent and effective management of the opportunities and risks identified. This is based on a strict risk management system which is designed to identify risks at an early stage and to manage them accordingly. The term "risks" stands for events, developments or actions that prevent us from or slow us down in reaching the goals we have set ourselves. The sustainable success of the company and its long-term profitable development are not only the focus of corporate governance at GERRY WEBER but also form the basis for the risk management system. Management's present assessment of the opportunities and risks including the company's environment refer to the period covered by the general overall forecast of the business performance of GERRY WEBER International AG. Opportunities and risks are not offset against each other.

RISK REPORT

Principles of the risk management system

As a key element of corporate governance, the GERRY WEBER Group's risk management system reflects the operational processes of the structural and operational organisation, the planning system, the reporting and information systems, the technical standards and a number of management guidelines. The system aims to identify potential events and developments that may lead to a deviation from the anticipated business performance and to manage them to the extent possible. The risk management system is characterised by:

- integration of the risk management system into current operational business, planning and investment processes,
- identification of risks and monitoring of the measures initiated by the specialist and functional departments,
- assessment of risks and control together with the Risk Management Team,
- reduction of existing risks to an acceptable minimum by launching appropriate counter-measures as well as
- active participation and integration of the individual employees in the specialist and functional areas.

Organisation and instruments of the risk management system

The risk management system and the internal control system for the Group's accounting processes are managed and controlled centrally by the parent company, GERRY WEBER International AG. This means that 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. 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.

Identifying risks

Potential risks that may result in the defined objectives being achieved only with a certain delay or not at all are identified by the employees in the individual departments. They review not only the achievement of Group objectives but also of divisional and departmental objectives. The risks identified are passed on to the risk management system. To identify the risks, the individual departments use different instruments and KPI systems such as changes in order intake, sales revenues, results and inventories but also market and competitor analyses and talks with customers.

Assessing, quantifying and managing risks

The Risk Management Team is responsible for collecting and aggregating the risks identified. The Team analyses the individual risks with regard to their probability of occurrence and their potential implications in consultation with the respective specialist departments. Their task is to assess potential deviations, as to whether and to what extent the individual risks as well as the risks as a whole may affect the planned EBIT and, hence, the performance of the company. The analysis of the implications covers not only deviations from planned earnings but also the impact on non-monetary factors such as security, reputation or strategy.

Once the individual risks as well as the aggregated overall risk 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.

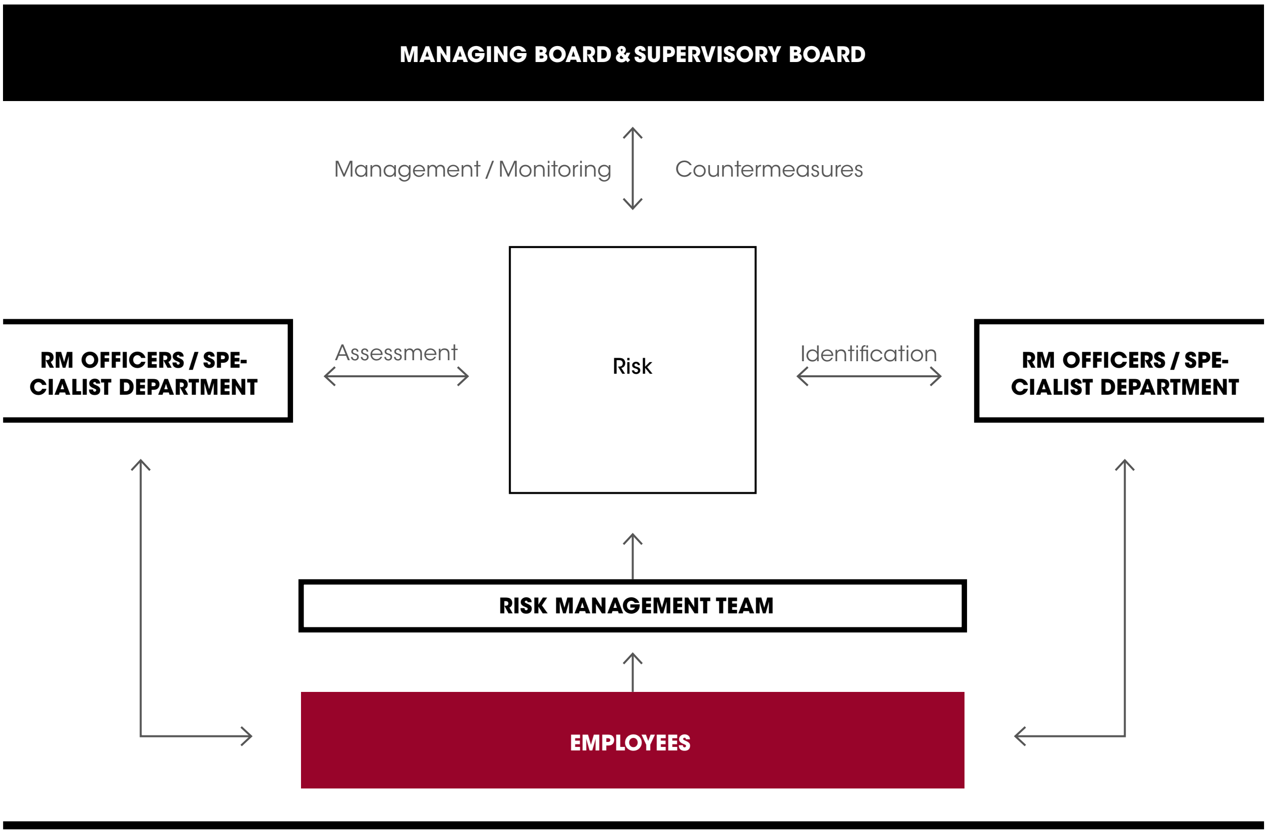
Instruments

The individual risks are described in the risk report together with the possible counter-measures. As such the risk report discloses 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 and directly passed on to the Managing Board by the Risk Management Team. The Managing Board 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.

Internal control system and accounting process

The internal control system for the accounting process forms part of the risk management system. Its principles and processes ensure the correctness, reliability and effectiveness of the accounting process. The aim is to have available reliable data on the net worth, financial and earnings position of the GERRY WEBER Group at all times. The internal control system additionally comprises assessments and analyses of defined plans and KPIs to minimise the risks which have a direct impact on financial reporting.

Risk management system



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 are audited and certified by independent auditors. This primarily serves to ensure the process-independent and objective 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 paragraph details the individual risks which may have an impact on the business, net worth, financial and earnings position of the GERRY WEBER Group and describes the potential counter-measures. Unless stated otherwise, the individual risks refer to all GERRY WEBER segments. The classification into a risk category is based on an assessment of the probability of occurrence and an evaluation of the impact on planned / expected Group earnings before interest and taxes (EBIT) over the planning horizon of 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

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

Unseasonal temperatures or extreme weather patterns may weigh heavily on consumers' inclination to buy the seasonal merchandise offered at a given point in time. A very mild autumn and winter, for instance, may lead to reduced or elayed sales of autumn and winter apparel. As a result, merchandise may no longer be sold at the full price but only at a discount. Consequently, higher discounts to sell the remaining seasonal merchandise and / or increased stocks at the end of a season may be a consequence of adverse weather conditions. The influence of atypical seasonal weather conditions on consumers' purchasing behaviour affects both the physical stores and

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

online sales. If the weather is seasonally atypical for an extended period or for several seasons in a row, this may have notably negative effects on the sales revenues and earnings of the GERRY WEBER Group.

The increasingly changing climatic conditions in our output markets and the resulting seasonal shifts, hence, do not only influence our customers' purchasing behaviour, but also the production and delivery processes of the GERRY WEBER Group. In early 2016, the GERRY WEBER Group began to make its purchasing processes more flexible in response to the increasing 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" in the total collection. Accordingly, we also raised the number of products which are available for short-term delivery to the stores depending on the prevailing weather conditions or special occasions. Moreover, we have begun in the fiscal year 2016/17 to reduce the pre-order share in the total collection for TAIFUN and SAMOON to allow our Wholesale customers to respond more flexibly and quickly to customers' wishes. This means that the Wholesale customers can re-order exactly those items that are in high demand at any given time in the course of a season. In view of the measures outlined above as well as the modified structure of our collection, we consider the probability of being unable to supply the right merchandise for a given season to be low. The potential effect is considered to be material, however. This means that the risk resulting from adverse weather conditions is classified as a material risk.

Macroeconomic and geopolitical risks

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

Geopolitical events or changes in the regulatory environment, e.g. the unrest in the Near and Middle East, the political changes in Turkey or trade sanctions, may also have an adverse impact on consumer demand and thus on our business performance. Such a negative trend in consumer spending may lead not only to declining sales but also to increased pressure on margins. By contrast, an economic upturn in Russia, of which the first signs emerged in the past fiscal year, could send revenues and earnings in this region rising. Our diversified distribution structures in different countries and regions and our target-oriented regional expansion reduce our exposure to individual regions and also 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. The launch of the new talkabout brand as well as the planned launch of gr[8]ful, a brand that will exclusively be available online, have increased the number of brands in our portfolio, which will successively reduce our dependence on individual brands or customer groups. What is more, our regular customers across all brands in the portfolio have a higher average income and are thus less affected by economic fluctuations. Against this background, we consider the effect of a negative economic and / or geopolitical trend, in conjunction with a slowdown in consumer spending, on our business model to be moderate. The probability of occurrence is currently regarded as low. This risk is thus classified as a medium risk.

Force majeure risk

Besides political and regulatory changes, unforeseen events such as terrorist acts and natural disasters may have an adverse impact on the business performance of the GERRY WEBER Group. On the one hand, such events may impede the procurement of our merchandise; on the other hand, they may increase the risk of reduced revenues in our output markets. With a view to minimising such risks in our procurement markets, the GERRY WEBER Group has developed a flexible sourcing system which allows us to replace manufacturing partners swiftly and easily. To minimise the force majeure risk in our output markets, GERRY WEBER products are primarily distributed in countries characterised by stable political conditions. To the extent possible, insurance cover has been taken out for potential losses or damages resulting from natural disasters. Nevertheless, we cannot entirely rule out temporary effects, e.g. due to store closures because of terrorist attacks. The company currently considers the force majeure risk to be negligible. A decline in the Global Terrorism Index for 2017 contrasts with a moderate increase in the number of deaths caused by natural disasters, which implies an unchanged low probability of occurrence. The probability of occurrence is classified as unlikely and the effect as very low.

143

GERRY WEBER Core stores were closed in the context of the FIT4GROWTH programme.

Industry and market risks

Fashion and collection risk

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

To anticipate upcoming trends, we monitor emerging trends in the national and international fashion markets and adapt them for our target groups. Regular customer surveys and the feedback received from our fashion advisors in our own stores help us identify the needs of our customers and to incorporate them into our collections. We also use the information obtained from our online activities and the 6,000 or so points of sale to incorporate this insight into the development of new collections. The GERRY WEBER Group represents five brand families, which greatly reduces the probability of all our collections failing to meet consumer expectations in a given season. The launch of the new talkabout brand and the planned launch of gr[8]ful will successively spread this risk over even more brands and collections. The gradual minimisation of the pre-order share for TAIFUN and SAMOON for the Wholesale customers leads to more flexible and demand-oriented merchandise management and additionally ensures that we can respond to demand for individual trends in a more flexible and customer-oriented manner.

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

Just like the GERRY WEBER Group, our Wholesale customers are exposed to internal and external risks which may have an adverse impact on their sales revenues, earnings and cash position. Declining demand from consumers may cause our Wholesale partners' business situation to deteriorate in the same manner as it may have negative effects on our own Retail operations. This may lead to existing customers of the Wholesale segment being lost altogether or reducing the volume of the orders placed with the GERRY WEBER Group. Moreover, the market entry of new fashion or retail firms may entail changes to existing sales structures. The present market consolidation may also reduce the number of potential distribution partners for the GERRY WEBER brands. On the other hand, the ongoing digitisation of the fashion industry results in the emergence of new online retailers, who represent additional sales potential.

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 and online 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 Wholesale 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 customers in the long term. The launch of talkabout as an exclusive brand for our Wholesale customers increases the attractiveness of the GERRY WEBER Group as a partner. By reducing the pre-order share in the total collection, we ensure greater flexibility for the Wholesale customer as well as for trend and demand-oriented merchandise management. This reduces the order risk for the Wholesale customer, thereby making the GERRY WEBER Group an even more attractive partner. The latter measure was successively introduced in the past fiscal year initially for TAIFUN and SAMOON.

In view of the measures outlined above, the fragmented fashion market 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 try to discourage new competitors from entering our market segment by consolidating our market share and increasing the entry barriers for new market participants through the good price-performance ratio of our products, the unique fashion statement of our collections and our individualised services. At the same time, the ongoing consolidation in the fashion industry also opens up opportunities to increase our market share. This is offset by the growing number and the increasing importance of online-only dealers. The growing share of the online business has changed not only the competitive environment but also the structures and processes within the fashion industry in general.

We continue to take a variety of measures to reduce the risks that may result from a changing competitive structure. Attractive, high-quality collections, support in merchandise management for wholesalers and the ongoing expansion of our physical and digital services result in increased customer retention and make it difficult for new competitors to enter the market. In view of the challenges resulting from online commerce, we classify the risks arising from a changing competitive structure as a medium risk in spite of the consolidation among physical retail stores. This does not reflect the opportunities that result, for instance, from new online distribution channels. Accordingly, we have raised the probability of new competitors entering our market segment from unlikely to low. The direct impact on our business is also regarded as low.

Strategic risks

Risks relating to the Retail distribution segment

The vertical integration of the business model 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 five years preceding the launch of the FIT4GROWTH realignment programme in early 2016.

A growing number of company-managed sales spaces generally increases the inventory risk as well as the volatility of revenues and earnings. On the one hand, own Retail spaces support a higher gross profit margin than Wholesale activities; on the other hand, however, they entail higher fixed costs such as rents and personnel expenses. A decline in demand and, hence, revenues may have an adverse impact on the GERRY WEBER Group's profitability, as constant fixed costs could result in a lower margin. It may be impossible to reduce the fixed costs quickly enough or to adjust them to sales revenues.

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

Against the background of changing consumer behaviour, declining footfalls especially in small and medium-sized cities and the growing importance of online shopping, GERRY WEBER decided in early 2016 to close some of the GERRY WEBER, TAIFUN and SAMOON (GERRY WEBER Core) stores. By 31 October 2017, 143 company-managed Retail stores had been closed as part of the FIT4GROWTH programme, while 122 HALLHUBER points of sale had been opened during the past two years. In spite of the store closures, we still consider the potential risk arising from the Retail business to be material. If the market conditions continue to deteriorate, this could lead to a further deterioration in the profitability of the Retail operations. Also, measures initiated to improve the profitability may fail to have the desired success or their implementation may be delayed.

We have taken various measures to mitigate the risks arising from the Retail business. Before planning and opening a new sales space, we conduct detailed location analyses as well as analyses of the market and customer potential. At present, this primarily relates to new HALLHUBER points of sale. Most of these are concession stores, whose risk profiles are much lower than those of a mono-label store.

To better manage our fixed costs, we have initiated measures to make the personnel and rental expenses of the Retail segment more flexible. These include, among other things, the implementation of a centrally controlled working time management system and the introduction of variable salary components in the Retail segment as well as the agreement of turnover-based rents, e.g. for the concession stores. We have, moreover, defined measures to improve the sales per square meter and profitability of our own Retail stores.

Against the background of the persistently challenging trading conditions such as low footfall in the city centres, the related external risks and the importance of the Retail segment for the Group as a whole, we classify the risks arising from the Retail operations as a material risk for the GERRY WEBER Group. In view of the measures already initiated and the existing monitoring tools, we consider the probability of occurrence to be medium and the effect to be moderate.

Brand and corporate image risk

A positive brand image and the sustainable positioning of our brands provide the basis for the economic success of the GERRY WEBER Group. Attractive fashion products that meet consumer demands, the appeal of the individual brands, the high quality standards and the good fit of our garments are unmistakable characteristics and form the basis for the brand image. 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 shaped by both the image of the individual brands and by the way the company is perceived by its stakeholders such as customers, shareholders, suppliers and employees. Collections that are unattractive to our target group, 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 GERRY WEBER's image. Unexpected events which the general public perceives as negative such as missed revenue and earnings targets, job cuts and general failures may also have a negative effect on the image of the GERRY WEBER brands and the Group.

Various events as well as marketing and sponsorship measures support the positioning of our brands and thus help mitigate the brand and corporate image risk. The individual brands are presented in accordance with their respective brand image both at the points of sale and in the online shop. The March 2016 relaunch of our online 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. During manufacture 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 two years, the implementation of the FIT4GROWTH realignment programme 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 investment risks associated with the opening of new company-managed sales spaces, failed investments and / or deviations from the costs projected for other investment projects may have an adverse impact on the net worth, financial and earnings position of the GERRY WEBER Group.

Our HALLHUBER brand will continue its controlled and planned expansion in the coming fiscal years. Apart from company-managed stores, we particularly intend to make investments in low-risk concession stores. The planned HALLHUBER concession stores represent about 75% of the total openings planned for the fiscal year 2017/18. Only a very small number of new store openings are planned for the GERRY WEBER, TAIFUN and SAMOON brands. Besides this, investments relating to the digitisation of the business model and the expansion of our online activities in the amount of roughly EUR 10 million are planned for the current fiscal year. These measures are

9.6

EUR MILLION
extraordinary one-time expenses resulted from the FIT4GROWTH programme.

pooled in and coordinated by the newly established E-GERRY WEBER Digital GmbH, a think tank for forward-looking digital projects as well as our E-commerce segment. In addition, part of our investment budget will be used for the ongoing adaptation and renewal of our IT structures and systems. Apart from this, no major investment projects are planned. Against the background of our monitoring measures and budget controls, we consider the probability of future failed investments to be rather unlikely. Accordingly, the large number of small and medium-sized projects means that the effect on the earnings position of the GERRY WEBER Group is very low. We therefore classify the risk of failed investments as negligible.

FIT4GROWTH realignment programme

Customers' changing purchasing habits, declining footfall in city centres and shopping malls, the continuing growth of online retailing as well as ever shorter fashion trend cycles are having a sustained effect on our business environment. The persistently difficult situation in the fashion industry as a whole but also undesirable internal developments have weighed heavily on the sales revenues and profitability of the GERRY WEBER Group. To counteract these negative developments and make the GERRY WEBER Group fit for the changing market conditions, the Managing Board implemented the "FIT4GROWTH" programme for the GERRY WEBER Core segment already at the beginning of the fiscal year 2016. The programme is designed to support and secure the growth and the sustainable profitability of the GERRY WEBER Group in the long term.

The FIT4GROWTH realignment programme was completed successfully at the end of the past fiscal year 2016/17. The programme consisted of four modules: (1) Optimise the Retail operations; (2) Adjust structures and processes; (3) Strengthen the Wholesale operations; (4) Modernise the brands. The measures presented were aimed at enabling future revenue growth, improving the efficiency of the processes and workflows, reducing costs and increasing the gross profit. In the context of the FIT4GROWTH programme, various measures were defined whose implementation weighed on revenues and earnings of the GERRY WEBER Group. The consolidation of the store network and the efficiency-enhancing measures led to reduced revenues resulting from store closures, on the one hand, and to extraordinary one-time expenses and write-downs, on the other hand. Having amounted to EUR 31.2 million in the fiscal year 2015/16, these one-time expenses totalled EUR 9.6 million in the 2016/17 reporting period, which was EUR 3.6 million more than the originally planned budget for FIT4GROWTH of EUR 6.0 million.

A detailed presentation of the measures implemented and the results achieved in the context of the realignment programme is provided on pages 76 et seq. of the present Annual Report. Even though the programme was completed as of 31 October 2017, we will continue to work towards exceeding our objectives. In the fiscal year 2017/18, a focus will be placed on the continuous optimisation of our store portfolio and the regular review and adjustment of our processes as well as on the modernisation and positioning of our brands. The modernisation and the resulting upgrading of our brands, especially the GERRY WEBER brand, will take several seasons before the full effect is achieved. Image campaigns and POS measures will be undertaken in order to highlight the changes made within the collections and to create sustained awareness of these changes on the customer side.

As the realignment programme and the measures defined in its context were completed on schedule as of 31 October 2017, the risk resulting from the implementation of the FIT4GROWTH programme no longer applies. It is once again listed in the present risk report merely for comparison with the previous year and for better comprehensibility.

Financial risks

Currency risk

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

20
MILLION EURO
for the first promissory note loan were repaid as scheduled.

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

Currency hedges are used to mitigate currency risks arising from procurement activities outside the eurozone. As we source part of our goods in USD, especially a further weakening of the euro against the US dollar may lead to increased procurement costs and, hence, to reduced operating margins. The USD 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 classified as low. Because of the USD-denominated procurement volume, the effect on the procurement side before countermeasures is rated as material. Due to the existing hedges and the flexible sourcing system, however, the actual effect is regarded as moderate. We therefore classify the overall currency risk as medium.

Risk of debtor defaults

A risk of default arises whenever a customer or another business partner fails to meet its payment obligations in full or in part or does so belatedly. Default risks mainly relate to trade receivables.

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

Financing and liquidity risk

Liquidity risk describes the risk that cash for the fulfilment of payment obligations is not available or can be raised only at excessive costs. To ensure that the company is able to meet its current payment obligations at any time 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 mostly 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 HALLHUBER. 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, GERRY WEBER's financing and liquidity risk is negligible. Even in the event of banks tightening their lending policies, we consider the risk of having insufficient liquidity at any time 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 that may have an impact on future interest payments on variable-rate deposits and loans. Material interest rate hikes may therefore weigh on the earnings, liquidity and financial position of the Group. GERRY WEBER International AG minimises this risk by raising long-term liabilities at mostly fixed interest rates. If required, interest rate derivatives are used to hedge against seasonal peaks in liquidity requirements with variable-rate interest agreements and to cushion the effect 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%. The variable tranche was repaid as planned in November 2016. 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 carried a coupon of 7.25%, was repaid as planned in the fiscal year 2015/16 as of 18 June 2016. Compared to prior fiscal years, the repayment had a positive effect on the 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 the Retail operations is outlined under "Risks relating to the Retail distribution segment".

Due to the growing inventories kept for the Wholesale segment, the latter is also exposed to a sales and inventory risk. Depending on the status and the conditions of the partnership schemes agreed with selected Wholesale partners in the past fiscal year, GERRY WEBER takes back a predefined part of the remaining merchandise at the end of a season and/or exchanges it for new merchandise. This increases the risk of returns and, consequently, the sales and inventory risk for the GERRY WEBER Group.

We have also adjusted the merchandise management for our Wholesale customers. GERRY WEBER handles the exchange and the replacement of predefined items for some of the Wholesale customers. The exchange of products may also increase the risk of growing inventories at the end of a season. The inventory risk has also increased because of the higher share of seasonally independent never-out-of-stock merchandise in the collections. Stocks of these non-seasonal products need to be on hand in order to fill top-up orders at any time.

As the partnership and warehouse schemes are expanded, the quantity of merchandise taken back by GERRY WEBER from its Wholesale customers may grow, which would also increase the inventory risk of the Wholesale segment. In return, the share of seasonal items and products which may be produced at short notice has been increased, which may lead to an opposite effect.

To fill potential top-up orders placed by our Wholesale partners in the course of a season, flexible open-to-buy limits may be used to order merchandise as quickly as possible. Should merchandise that is earmarked for the Wholesale segment still be left at the end of a season, it may be sold via the GERRY WEBER Group's outlet stores, which reduces the probability of occurrence of the inventory risk in the Wholesale segment. The pooling of Wholesale and Retail stocks in a central warehouse also leads to improved inventory management and, hence, to reduced inventories.

Based on the management and monitoring measures we have implemented, we consider the probability of unplanned excess inventories to be medium. The effect of this risk if it materialises is regarded as low, which is why the sales and inventory risk is classified as a 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 comprehensive expertise as well as their capacities and creditworthiness, we primarily check our potential suppliers' compliance with social standards and local laws and regulations. Even after having been accepted as GERRY WEBER suppliers, the latter are subjected to regular quality checks. GERRY WEBER staff from the local procurement offices monitor compliance with our standards on site. Contracts for the production of GERRY WEBER products are managed centrally by our Procurement Department. The production volume is spread over several previously audited suppliers in different regions, which means that the risk of non-performance is reduced.

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.

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

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

To counteract the procurement risk, the GERRY WEBER Group maintains a reliable, tried-and-tested network of strategic suppliers 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, moreover, able to flexibly replace production partners. In view of the fact that production volumes are spread over a large portfolio of suppliers in different countries, our own local sourcing offices and the internal and external checks carried out by renowned institutes, we consider the probability of delayed deliveries and additional expenses resulting from procurement problems to be unlikely. The effect is considered to be low. The risk is therefore classified as a negligible risk.

Logistic risk

Since the logistic centre was taken into operation in 2016, GERRY WEBER has handled almost all its logistic processes internally. Any disruption of the logistic processes may have an adverse impact on our ability to deliver our goods on time and in full. This could lead to declining sales revenues, additional costs and, possibly, to a deterioration in our customer relationships. As a result of the construction of the Group's own logistic centre, the previously eight logistic centres (GERRY WEBER Core and HALLHUBER) operated by external partners have been merged into a single warehouse for all distribution channels. A precise allocation of incoming products to individual distribution channels is now no longer necessary (currently still except for the online channel). There is a single stock of merchandise for all brands and distribution channels. This way the new centralised logistic concept reduces the risk of misallocating goods to the wrong distribution channel and cuts logistic costs.

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

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

We consider the probability of material losses, delays and / or incorrect deliveries to be rather low. In view of the large number of deliveries of different sizes, the effect is also considered to be low. All in all, the logistic risk is classified as a medium risk.

IT risk

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

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

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

Due to the introduction of new material IT systems and programmes as well as the growing digitisation, we classify project delays as an additional risk, albeit with a low probability of occurrence. The effects are considered to be moderate, which is why the IT risk is classified as a medium risk for the GERRY WEBER Group.

Other risks

Human resources risk

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

Especially after completion of the FIT4GROWTH programme, we 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 personnel measures taken in the past two fiscal years and the implementation of the realignment programme, we currently consider the probability of occurrence of human resources risks as medium. The effect of these risks is considered to be low, which is why the human resources risk continues to be classified as a medium risk.

Legal and compliance risks

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

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

GERRY WEBER has implemented a comprehensive Compliance Programme, which comprises a number of organisational and preventive measures, in order to anchor compliant behaviour in the company. Our Code of Conduct and our Group Guidelines define a set of principles for responsible governance which are

binding on all employees. Group-wide compliance with these rules and regulations is monitored centrally and reported directly to the Managing Board. While these defined rules of conduct, which are monitored by the Compliance Team, cannot fully rule out violations, we consider the probability to be unlikely and the effect to be low. The risk is therefore classified as negligible.

Liability risk

Liability risks may result from property damage and / or business disruptions. The company has taken out insurance against material risks from such damages. In the event of damage, GERRY WEBER International AG 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					
	Risk relating to adverse weather conditions	low	material	material risk	⇥
	Risk relating to economic trend	low	moderate	medium risk	⇥
	Force majeure risk	unlikely	very low	negligible risk	⇥
Industry and market risks					
	Fashion and collection risk	low	material	material risk	⇥
	Risk relating to a changing customer structure	unlikely	low	negligible risk	⇥
	Risk relating to a changing competitive structure	low	low	medium risk	↗
Strategic risks					
	Risk relating to the Retail segment	medium	moderate	material risk	⇥
	Brand and corporate image risk	medium	moderate	material risk	⇥
	Investment risk	unlikely	very low	negligible risk	⇥
	FIT4GROWTH	Risk does no longer exists as the programme has been completed successfully			
Financial risks					
	Currency risk	low	moderate	medium risk	⇥
	Risk of debtor defaults	unlikely	low	negligible risk	⇥
	Financing and liquidity risk	unlikely	very low	negligible risk	⇥
	Interest rate risk	unlikely	very low	negligible risk	⇥
Performance risks					
	Sales and inventory risk	medium	low	medium risk	⇥
	Procurement risk	unlikely	low	negligible risk	⇥
	Logistic risk	low	low	medium risk	⇥
	IT risk	low	moderate	medium risk	⇥
Other corporate risk					
	Human resources risk	medium	low	medium risk	⇥
	Legal and compliance risks	unlikely	low	negligible risk	⇥
	Liquidity risk	unlikely	very low	negligible risk	⇥

⇥ unchanged risk ↗ increased risk ↘ decreased risk

OPPORTUNITY REPORT

Besides the negative changes and events that may influence the business performance of the GERRY WEBER Group, we also need to identify and manage positive changes and the resulting possibilities. With regard to our business model, not only fashion trends and seasons but also the economic, political and social conditions in our output markets change. To identify the resulting risks, we have implemented the risk management system. We are equally challenged to identify the resulting opportunities and to leverage them to the benefit of the company.

For instance, a possible improvement in the **economic and geopolitical situation** in some key output markets in which we sell our products may have a positive effect on revenues and earnings of the GERRY WEBER Group. A recovery in the Russian economy, for instance, may have a positive impact on the business trend of the GERRY WEBER Group, whose revenues declined over the past three years due to the economic situation in Russia and the rouble exchange rate trend.

Where the development of new products and brands is concerned, the launch of the talkabout brand has shown that we respond quickly to the new demands of fashion consumers and can implement extensive roll-outs to our Wholesale customers. We expect the same for our new gr[8]ful brand. In response to the growing online commerce, we have developed gr[8]ful as an online-only brand and positioned it as a premium product. We have shown that we are able to seize opportunities which arise and to tap new distribution channels and customer groups and, hence, new possibilities for growth for the GERRY WEBER Group. This has also been demonstrated in the context of the acquisition of HALLHUBER. Apart from the launch of new brands, we see potential in adding lifestyle items from the home and living segment or cosmetics such as hand cream to our product range. The **development of new products and brands** thus opens up new growth potential for the GERRY WEBER Group.

The flexible procurement structures and the large pool of tested production partners allow us to produce in different regions and to react quickly if we need to change suppliers for structural, geopolitical or financial reasons. This allows us to ensure consistent quality at a low price structure.

The new logistic centre has minimised our dependence on external partners. After the ramp-up phase, there is additional potential to cut our logistic costs and, most importantly, to ensure even faster and optimised availability of our products in the stores. The new logistic centre thus not only reduces our logistic costs but also offers the opportunity to leverage 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 the GERRY WEBER online shops for the GERRY WEBER, TAIFUN and SAMOON brands in spring 2017 and expanding our online business on external platforms we have responded to the changing shopping behaviour of our customers and taken the first step to tap new customer groups online. As a next step, we see the further integration of physical stores and online shops as an opportunity to leverage unused sales potential. Products that are not available at the physical POS at the time the customer needs them can be ordered via tablet computers made available in the stores. Our customers are free to choose whether they want to have the products delivered to their home or to collect them in the store.

As a general rule, we need to seize the opportunities opened up by the growing digitisation and to adapt them to our business processes. At the beginning of the fiscal year 2017/18, we established a company, E-GERRY WEBER Digital GmbH, specifically for this purpose. This think tank is tasked with taking up and developing new ideas and transferring digital innovations to GERRY WEBER's business processes.

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. Moreover, an insolvent company or its brand may be a potential acquisition candidate for the GERRY WEBER Group, provided that it is an interesting brand that will be successful in the long term.

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

As of the end of the fiscal year on 31 October 2017, the subscribed capital (share capital) of GERRY WEBER International AG remained unchanged at EUR 45,905,960. Due to the share buy-back programme carried out in the fiscal year 2016/17, the share capital of EUR 45,507,715 is stated in the balance sheet less the amount that relates to the shares held by the company. The share capital consisted of 45,905,960 bearer shares. Each share thus represents an imputed EUR 1.00 of the share capital. GERRY WEBER International AG started a buy-back programme for own shares in the amount of up to EUR 5.0 million in March 2017. Between 28 March 2017 and 13 June 2017, the company repurchased 398,245 own shares in the amount of EUR 5.0 million.

All shares carry the same rights and duties. Each share grants one vote at the Annual General Meeting and determines the shareholders' share in the company's profits. No restrictions, special privileges or comparable agreements exist with regard to the shares. There are no shares with special privileges granting controlling powers nor are there any voting right controls over employees holding shares.

Shareholdings exceeding 10% of the voting rights

Gerhard Weber, Vice Chairman of the Supervisory Board, directly and indirectly held 29.6% of the company's share capital as of 31 October 2017. Supervisory Board member Udo Hardieck directly and indirectly held 17.5% 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 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. The Managing Board is entitled, 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 fiscal 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 for any permissible purpose until 15 April 2020 in accordance with section 71 para. 1 No. 8 of the German Stock Corporation Act (AktG). The shares acquired in accordance with the present authorisation, together with other shares in the company which the company has previously acquired and still holds or which are attributable to the company as own shares pursuant to sections 71d and 71e of the German Stock Corporation Act (AktG), must, at no time, represent more than 10% of the respective share capital.

On 15 March 2017, the Managing Board of GERRY WEBER International AG decided, with the consent of the Supervisory Board, to carry out a share buy-back programme in an amount of up to 500,000 shares of GERRY WEBER International AG, but at a total purchase price (excl. ancillary expenses) of no more than EUR 5.0 million. The buy-back was announced in an ad-hoc announcement on 15 March 2017 in accordance with article 17 of the Market Abuse Regulation (MAR). The repurchase, which was made exclusively through Xetra trading at the Frankfurt Stock Exchange, commenced on 28 March 2017 and ended on 13 June 2017. In the course of the fiscal year 2016/17, a total of 398,245 own shares were acquired in the context of the share buy-back programme at an average price of EUR 12.56. For a detailed presentation of the share repurchases, visit the company's website at **ir.gerryweber.com**.

As of the reporting date on 31 October 2017, i. e. after completion of the share buy-back programme, the company held 398,245 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 7 February 2017. 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.

FORE-CAST

Forward-looking statements

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

With growth in 2017 ahead of projections, at 3.6%, the experts of the International Monetary Fund (IMF) expect the global gross domestic product to grow by 3.7% in 2018. The World Bank also raised its global growth forecast of June 2017 to 3.1% in January 2018. At the same time, however, the organisation warned of the risks of these developments. If the booming economy forces central banks to raise interest rates more quickly than expected, this may adversely affect the financial markets, in particular. Important issues in 2018 include the uncertain outcome of the Brexit negotiations and its implications for European trade, the tensions between North Korea and the USA, the isolationist tendencies in Turkey, the continuation of the protectionist policy of the US government and, most importantly for the capital markets, the future interest rate decisions of the Fed and the European Central Bank. Issues such as the growing risk of cyber attacks and terrorism could also gain importance in 2018.

At the turn of 2017/18, the German economy was in a boom phase characterised by a low unemployment rate and full order books; going forward, however, production capacity may reach its limits due to a shortage of skilled labour. Some experts currently see a risk of overheating in case of full capacity utilisation, whereas others are optimistic about the year 2018. Having reached an all-time high in November, the ifo business climate index stayed at a high level in December. The German Bundesbank raised its growth forecast for the German economy significantly in December 2017. It now projects a growth rate of 2.6% for 2017 and of 2.5% for 2018, both adjusted for the number of working days. In June 2017, the respective forecasts still stood at 1.9% and 1.7%, respectively. According to the experts, capacity utilisation will soon reach the same high level as at the height of the economic boom prior to the 2007 global financial crisis. They expect the broad-based upswing to lead to rising wages and growing government budget surpluses but also project a slowdown as of 2019 as the shortage of skilled labour will increasingly make itself felt.

Germans remain in a spending mood. Consumer sentiment is excellent and the consumer climate indicator, which hit a high 10.9, 10.8 and 10.7 points in the months from September to November, stayed at the high level of 10.7 points in December 2017. In spite of the high consumption propensity, German fashion retailers have been unable to benefit from the good conditions. After a disappointing year 2017, Germany's Textilwirtschaft magazine announced year-on-year changes in revenues of 2.5%, –2.7% and +3.0% for the first three months of

GERRY WEBER's fiscal year, i.e. November and December 2017 as well as January 2018. Declining customer footfall in the city centres, growing online commerce and a fundamental change in consumer behaviour have dramatically changed the market conditions not only for German fashion retailers but also for GERRY WEBER. The effects were clearly felt in the past fiscal year. The management of GERRY WEBER International AG does not expect conditions to improve significantly in the current fiscal year 2017/18. Right on the contrary, the trend is expected to continue. By pursuing a digitalisation strategy and expanding its online activities, GERRY WEBER is adapting to the constantly changing market situation. The GERRY WEBER Group will therefore place a strategic focus on measures in conjunction with the digitalisation of the value chain and the changing consumer behaviour.

Future orientation of the GERRY WEBER Group and strategic measures

The fashion retail sector in and outside Germany has been in a phase of transformation for many years. Customer footfall in the city centres and shopping malls continues to decline and other products and services such as electronic devices and furniture or recreational activities have replaced clothing as one of consumers' main spending items. Structural market changes such as the growing sale of garments and accessories via digital channels such as e-commerce or teleshopping call for fundamental changes within the fashion industry.

Already two years ago, the GERRY WEBER Group launched the FIT4GROWTH realignment programme to adjust its business model to the changed market environment and customer behaviour in order to secure GERRY WEBER's profitable growth in the long term. The FIT4GROWTH programme and its four modules – "Optimise the Retail operations", Adjust structures and processes", "Strengthen the Wholesale operations" and "Modernise the brands" – was completed successfully at the end of fiscal year 2016/17. All planned measures were implemented successfully within the defined time-frame. For a detailed presentation of the measures, please refer to the chapter "Achievement of targets and objectives" in this management report.

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But our efforts to secure sustainable profitable growth are not over yet. We need to adapt to the changing market conditions and to align the GERRY WEBER Group successfully. We must identify and seize opportunities that arise from new digital developments. Consequently, the Managing Board has laid out – and in most cases begun to implement – a set of strategies which address the fields of action defined for the strategic further development of the GERRY WEBER Group. All our activities are geared to customer satisfaction and to offering the right products at our points of sale. Attractive collections, a balanced distribution network and services of the highest quality underpin the sustainable and profitable growth of the GERRY WEBER Group. In addition, our activities will focus on optimising the processes in the fields of procurement, product development and product range design, while always taking into account current market developments and the latest digital possibilities. Measures aimed at optimising the above areas will be refined consistently and their implementation will start already in fiscal year 2017/18. These measures are expected to result in changes as well as a significant reduction in personnel and operating expenses also in fiscal year 2017/18. The extraordinary charges and forward-looking investments expected in this context were already incorporated into the forecast for the fiscal year 2017/18.

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The measures we have developed are aimed not only at improving the gross profit margin but also at increasing the revenues, especially of the GERRY WEBER Core brands.

Apart from developing these measures, the Managing Board has defined a number of strategic fields of action to achieve our objectives,

1. Modernise and sharpen the brand profiles, especially of the GERRY WEBER Core brands, in conjunction with the ongoing further development of the collections and the optimisation of our product range,

2. Consistent development and optimisation of all distribution channels,

3. Digitalisation of the business model.

To improve the sustainable profitability of the GERRY WEBER Group, the continuation of our consistent cost management supports the implementation of the three strategic fields of action. For further information on the defined fields of action, please refer to the chapter “Strategy and objectives” in this management report.

The Managing Board expects the challenging market environment as well as the measures to be developed in the coming months with regard to product development, product range design and procurement will influence both revenues and earnings of the GERRY WEBER Group in the fiscal year 2017/18 and in the next fiscal year.

Expected earnings and financial performance

In this management report, we have provided detailed information on the difficult market conditions. The Managing Board does not expect the market to recover in 2018, especially in our core markets, Germany, Austria and the Netherlands. Although the market is expected to continue declining slightly, the Managing Board assumes that Group revenues will remain stable at between EUR 870 million and EUR 890 million (2016/17 revenues: EUR 880.9 million).

Sales revenue projections

After sales revenues of EUR 880.9 million in fiscal year 2016/17, the aim for the fiscal year 2017/18 is to keep the Group’s revenue stable at between EUR 870 million and EUR 890 million in fiscal year 2017/18. The anticipated moderate drop in revenues of the GERRY WEBER brand will be offset by the planned increase in revenues of TAIFUN, SAMOON and, most importantly, HALLHUBER. The sales revenues of HALLHUBER will continue to grow in the fiscal year 2017/18 due to the expansion of the brand and to the expected positive trend in like-for-like revenues.

Earnings projections

As a result of the measures taken in the context of the FIT4GROWTH programme, the Group saved approx. EUR 30 million p.a. in personnel and operating expenses. On the other hand, the gross result in fiscal year 2016/17 was down by EUR 27.7 million on the previous year, although HALLHUBER’s gross profit increased by EUR 13.1 million. In addition, extraordinary effects of EUR 9.6 million resulting from the FIT4GROWTH programme and the integration of HALLHUBER weighed on the Group’s earnings before interest and taxes (EBIT reported). Consequently, the Group’s adjusted EBIT amounted to EUR 19.9 million.

The implementation of the planned forward-looking measures in the areas of product development, procurement and product range design as well as the ongoing realisation of the brand modernisation measures will result in further extraordinary effects in fiscal year 2017/18, which will have an adverse impact on the GERRY WEBER Group’s EBIT. The aim of the measures to be developed is to improve the gross profit margin, especially of the GERRY WEBER brand, and to increase the productivity at the points of sale in order to improve the profitability of the Core segment. The positive effects of the measures, whose details yet have to be developed, will be felt only in the coming fiscal years, however.

Management expects HALLHUBER’s EBIT to improve notably and to make a positive contribution to the consolidated EBIT in the fiscal year 2017/18. Positive cost effects will result, in particular, from the integration of HALLHUBER’s logistic structures into the new GERRY WEBER logistic centre in the second half of 2017 and the partial merger of administrative functions. We will continue the controlled expansion of HALLHUBER in fiscal year 2017/18, envisaging some 30 new points of sale to be opened during the period.

In view of the above developments and the extraordinary charges resulting from the measures yet to be developed, the Managing Board of GERRY WEBER International AG projects consolidated EBIT (reported) of between EUR 10.0 million and EUR 20.0 million. This amount includes scheduled depreciation of approx. EUR 45.0 million to EUR 48.0 million. Consequently, the Managing Board expects consolidated EBITDA (reported) to come in at between EUR 55.0 million and EUR 68.0 million. The continued difficult market environment, the realignment of the Group in conjunction with the vertical integration of our business model and the charges resulting from the set of measures yet to be developed will affect the profitability of the GERRY WEBER in the fiscal year 2017/18. The full amount of the charges will depend on the measures in the fields of procurement, product development and product range design, the details of which still need to be developed.

General statement on the projected developments

In the next two fiscal years, our revenues and earnings will be influenced by external factors such as continued low footfalls in the stores and the changing consumer behaviour but also by internal factors.

END

The modernisation of our brands, the optimisation of our procurement and product development processes and the product range design on the one hand as well as the vertical integration of our distribution structures on the other hand will continue to influence, in particular, the profitability of the GERRY WEBER Core brands. In addition, we will continue to invest in the digitalisation of our value chain. The Managing Board therefore projects a stable consolidated EBIT (reported) of EUR 10.0 million to EUR 20.0 million on almost constant revenues of between EUR 870 million and EUR 890 million for the fiscal year 2017/18.

In view of our strong brands, the company's ability to innovate and its flexibility to adjust to changes, it remains our primary objective to stabilise the growth of the GERRY WEBER Group and to improve it significantly as of the fiscal year 2018/19.

CONSOLI-DATED FINANCIAL STATEMENTS

2016/17 in a single sentence:
The past fiscal year 2016/17 was primarily influenced by extraordinary effects resulting from the FIT4GROWTH realignment programme.

CONSOLIDATED INCOME STATEMENT

for the fiscal year 2016/17 and 2015/16

KEUR	Notes	2016/17	2015/16
Sales	(20)	880,885.2	900,791.0
Other operating income	(21)	14,640.4	46,347.6
Changes in inventories	(22)	–8,078.5	12,726.3
Cost of materials	(23)	–356,743.1	–369,801.2
Personnel expenses	(24)	–192,026.4	–202,708.3
Depreciation/Amortisation	(25)	–47,850.9	–63,450.6
Other operating expenses	(26)	–279,333.1	–308,719.6
Other taxes	(27)	–1,191.4	–1,364.5
Operating result		***10,302.2***	***13,820.7***
Financial result	**(28)**		
Income from the fair value valuation of financial liabilities		17.6	20.0
Interest income		20.2	42.9
Write-downs on financial assets		–350.0	0.0
Incidential bank charges		–1,752.6	–1,906.7
Financial expenses		–5,671.2	–6,802.0
		–7,736.0	***–8,645.8***
Results from ordinary activities		***2,566.2***	***5,174.9***
Taxes on income	**(29)**		
Taxes of the fiscal year		–4,777.4	–10,879.7
Deferred taxes		1,429.7	6,216.6
		–3,347.7	–4,663.1
Consolidated net loss/profit for the year		***–781.5***	***511.8***
Earnings per share (basic)	(30)	–0.02	0.01
Earnings per share (diluted)	(30)	–0.02	0.01

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the fiscal year 2016/17 and 2015/16

KEUR	2016/17	2015/16
Consolidated net loss/profit for the year	–781.5	511.8
Other comprehensive income	0.0	0.0
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	–1,084.6	1,399.4
Cash flow hedges: changes in the amount recognised in equity		
Changes in the fair value of derivatives used for hedging purposes	–22,583.2	–29,373.3
Taxes on income		
Income taxes on the components of other net income	7,141.7	8,971.7
COMPREHENSIVE LOSS	–17,307.6	–18,490.4

CONSOLIDATED BALANCE SHEET

for the year ended 31 October 2017

ASSETS

KEUR	Notes	2016/17	2015/16
NON-CURRENT ASSETS			
Fixed Assets	**(1)**		
Intangible assets	(a)	229,890.0	226,224.0
Property, plant and equipment	(b)	272,923.8	287,978.6
Financial assets	(d)	2,082.2	2,274.2
Other non-current assets			
Other non-current assets	(2)	150.7	279.4
Deferred tax assets	**(3)**	**8,046.0**	**7,418.9**
		513,092.7	524,175.1
CURRENT ASSETS			
Inventories	(4)	163,389.4	173,286.8
Receivables and other assets			
Trade receivables	(5)	49,239.0	63,285.4
Other assets	(6)	21,033.3	86,957.9
Income tax claims	(7)	6,574.9	2,213.0
Cash and cash equivalents	**(8)**	**36,577.5**	**50,747.1**
		276,814.1	***376,490.2***
Balance sheet total		**789,906.8**	**900,665.3**

EQUITY AND LIABILITIES

KEUR	Notes	2016/17	2015/16
EQUITY	**(9)**		
Subscribed capital	(a)	45,507.7	45,906.0
Capital reserve	(b)	102,386.9	102,386.9
Retained earnings	(c)	225,778.9	230,380.6
Accumulated other comprehensive income / loss acc. to IAS 39	(d)	−4,671.0	10,930.1
Exchange differences	(e)	−2,506.2	−1,581.3
Accumulated profits	(f)	46,252.3	58,477.4
		412,748.6	***446,499.7***
NON-CURRENT LIABILITIES			
Provisions for personnel	(10)	291.0	184.6
Other provisions	(11)	8,598.4	8,324.6
Financial liabilities	(12)	218,250.0	221,250.0
Other liabilities	(13)	3,616.9	12,242.4
Deferred tax liabilities	(3)	30,880.8	38,307.7
		261,637.1	***280,309.3***
CURRENT LIABILITIES			
Provisions			
Tax accruals	(14)	2,213.1	11,205.8
Provisions for personnel	(15)	12,216.6	16,198.7
Other provisions	(16)	10,055.8	17,967.6
Liabilities			
Financial liabilities	(17)	10,843.9	33,547.4
Trade payables	(18)	51,857.8	57,294.3
Other liabilities	(19)	28,333.9	37,609.1
Income tax liabilities		0.0	33.4
		115,521.1	***173,856.3***
Balance sheet total		789,906.8	**900,665.3**

STATEMENT OF CHANGES IN GROUP EQUITY

for the fiscal year 2016/17 and 2015/16

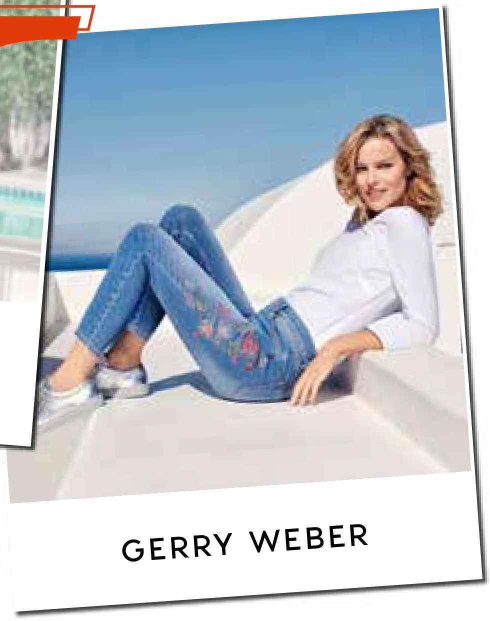
KEUR	Notes	Capital stock	Capital reserves	Retained earnings	Accumulated other comprehensive income/loss	Exchange differences	Accumulated profits	Equity
As of 1 Nov. 2016		**45,906.0**	**102,386.9**	**230,380.6**	**10,930.1**	**−1,581.3**	**58,477.4**	**446,499.7**
Group net loss							−781.5	**−781.5**
Other comprehensive loss					−15,601.2	−924.9		**−16,526.1**
Overall comprehensive result		**0.0**	**0.0**	**0.0**	**−15,601.2**	**−924.9**	**−781.5**	**−17,307.6**
Acquisition of own shares		−398.3		−4,601.7				**−5,000.0**
Dividend payments to the shareholders of the parent company							−11,443.6	**−11,443.6**
As of 31 Oct. 2017	**(9)**	**45,507.7**	**102,386.9**	**225,778.9**	**−4,671.1**	**−2,506.2**	**46,252.3**	**412,748.6**
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	**(9)**	**45,906.0**	**102,386.9**	**230,380.6**	**10,930.1**	**−1,581.3**	**58,477.4**	**446,499.7**

CONSOLIDATED CASH FLOW STATEMENT

for the fiscal year 2016/17 and 2015/16

KEUR	2016/17	2015/16
Operating result	10,302.2	13,820.7
Depreciation / amortisation	47,850.9	63,450.6
Profit / loss from the disposal of fixed assets	481.8	–22,318.7
Decrease / Increase in inventories	9,897.4	–9,703.1
Decrease in trade receivables	14,046.3	675.6
Decrease in other assets that do not fall under investing or financing activities	877.5	4,004.8
Decrease / Increase in provisions	–11,513.6	6,449.5
Decrease in trade payables	–5,436.5	–3,367.8
Decrease in other liabilities that do not fall under investing or financing activities	–1,170.3	–2,996.9
Income tax refunds / payments	–18,165.4	4,576.7
Cash inflows from operating activities	***47,170.3***	***54,591.4***
Income from loans	17.7	20.0
Interest received	20.2	42.9
Incidential bank charges	–1,752.6	–1,906.7
Interest paid	–4,954.2	–4,986.9
Cash inflows from current operating activities	***40,501.4***	***47,760.7***
Proceeds from the disposal of properties, plant, equipment and intangible assets	612.0	745.2
Cash outflows for investments in property, plant, equipment and intangible assets	–38,193.8	–59,799.1
Cash outflows for the acquisition of fully consolidated companies less cash and cash equivalents acquired	–23,885.0	0.0
Cash inflows for investments in investment properties	49,101.0	0.0
Cash outflows for investments in investment properties	0.0	–107.2
Proceeds from the disposal of financial assets	91.6	336.3
Cash outflows for investments in financial assets	–249.6	–13.7
Cash outflows from investing activities	***–12,523.7***	***–58,838.5***
Dividend payment	–11,443.6	–18,362.4
Cash outlows for the acquisition of own shares	–5,000.0	0.0
Proceeds from borrowings	0.0	33,771.0
Cash outflows for the repayment of financial liabilities	–30,695.6	–29,714.0
Cash outflows from financing activities	***–47,139.2***	***–14,305.4***
Changes in cash and cash equivalents	–19,161.5	–25,383.3
Cash and cash equivalents at the beginning of the fiscal year	50,747.0	76,130.3
Cash and cash equivalents at the end of the fiscal year*	**31,585.5**	**50,747.0**

* Cash and cash equivaltents constist of cash (KEUR 36,577.5; previous year: 50,747.0) less current liabilities to banks (KEUR 4,992.0; previous year: KEUR 0.0)



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Consolidated financial statements comprise the financial statements of the parent company and those of 38 subsidiaries.

NOTES

Information about the GERRY WEBER segments are provided on page 179 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 fiscal year began on 1 November 2016 and ended on 31 October 2017 (previous year: 1 November 2015 to 31 October 2016).

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 2017 were prepared in accordance with the International Financial Reporting Standards (IFRS) such as they are applicable in the European Union. The term “IFRS” also includes the applicable International Accounting Standards (IAS) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the former Standing Interpretations Committee (SIC). All IFRS that were mandatory for the fiscal year 2016/17 were applied to the extent that they had been endorsed by the European Union.

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

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

New IASB regulations for first-time application in the fiscal year 2016/17

The following accounting standards and supplements to existing regulations became mandatory for the fiscal year from 1 November 2016 to 31 October 2017:

New regulations			Impacts
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Companies	Investment companies: application of the consolidation exception	No impact
Amendments to IFRS 11	Joint Agreements	Accounting for acquisitions of interests in joint operations	No impact
Amendments to IAS 1	Presentation of Financial Statements	Disclosure Initiative: amendments clarify issues regarding statement of financial position and statement of profit or loss	Different presentation and structuring within the notes
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants	New regulation regarding the valuation of biological assets and transfer to IAS 16	No impact
Amendments to IAS 16 and IAS 38	Property, Plant and Equipment	Clarification of acceptable methods of depreciation and amortisation	No impact
Amendments to IAS 27	Separate Financial Statements	Application of the equity method in separate financial statements	No impact
Improvement-Project 2014	Improvement of IFRS (2012–2014) IFRS 5, IFRS 7, IAS 19, IAS 34	The minor amendments to FRS 5, IFRS 7, IAS 19 and IAS 34 essentially comprise clarifications regarding servicing contracts and changes in methods of disposal	No material impact

The amendments to IAS 36, which are effective for annual periods commencing on or after 1 January 2016, were applied by the GERRY WEBER Group already in the fiscal year 2014/15.

New IASB regulations not applicable in the fiscal year 2016/17:

Regulations that were not applied			Published by the IASB	First-time application	Adopted by the EU Commission	Anticipated impact
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	03.11.2017	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	22.11.2016	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

Regulations that were not applied			Published by the IASB	First-time application	Adopted by the EU Commission	Anticipated impact
Amendments to IFRS 9	Financial Instruments	Classification of certain financial instruments with prepayment features	12.10.2017	01.01.2019	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 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	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	09.11.2017	Strong increase in fixed assets and liabilities. Shift between operating result and financial result
IFRS 17	Insurance Contracts	Principles for the accounting of insurance contracts replace the former transitional standard IFRS 4	18.05.2017	01.01.2021	Not yet	No material impact
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	06.11.2017	No material impact
Amendments to IAS 12	Deferred Tax	Recognition of deferred tax assets for unrealised losses	19.01.2016	01.01.2017	06.11.2017	No material impact
Amendments to IAS 28	Investments in Associates and Joint Ventures	Obligation to apply IFRS 9 to long-term interests in associates or joint ventures	12.10.2017	01.01.2019	Not yet	No impacts
Amendments to IAS 40	Investment Property	Transfer of investment property	08.12.2016	01.01.2018	Not yet	No impacts
Improvement-Project 2016	Improvement of IFRS (2014–2016) IFRS 1, IFRS 12, IAS 28	Collective standard for amendments or supplements to the corresponding regulations	08.12.2016	01.01.2017	Not yet	No material impact

Regulations that were not applied			Published by the IASB	First-time application	Adopted by the EU Commission	Anticipated impact
Improvement-Project 2017	Improvement of IFRS (2015–2017) IFRS 3, IFRS 11, IAS 12, IAS 23	Collective standard for amendments or supplements to the corresponding regulations	12.12.2017	01.01.2019	Not yet	The impact that would result from application is still being reviewed
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
IFRIC 23	Uncertainty over Income Tax Treatments	Clarifies uncertainties over income tax treatments under IAS 12	07.06.2017	01.01.2019	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

As in the previous year, the consolidated financial statements comprise GERRY WEBER International AG as the parent company and the subsidiaries listed below:

- Life-Style Fashion GmbH, Halle / Westphalia,
- Gerry Weber Retail GmbH, Halle / Westphalia,
- E-Gerry Weber Digital GmbH, Halle / Westphalia,
- Gerry Weber 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., Bucharest, Romania,
- Gerry Weber GmbH, Vienna, Austria,
- GERRY WEBER Italia GmbH, Italy,
- GERRY WEBER UK Ltd., London, Great Britain,
- 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, Brussels, 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,
- 000 Gerry Weber RUS, Moscow, Russia
- Gerry Weber Trading (Shanghai) Co. Ltd., Shanghai, China.

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

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.

Business combinations pursuant to IFRS 3

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

Currency translation

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

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

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

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

Currencies		Closing rate		Average annual exchange rate	
1 EUR in		**31 Oct. 2017**	**31 Oct. 2016**	**2016/17**	**2015/16**
Denmark	DKK	7.44	7.44	7.44	7.45
UK	GBP	0.88	0.90	0.87	0.80
Hong Kong	HKD	9.08	8.49	8.65	8.61
Canada	CAN	1.50	1.47	1.45	1.47
Romania	RON	4.60	4.51	4.55	4.48
Russia	RUB	67.87	69.25	65.58	75.16
Turkey	TRY	4.42	3.40	3.96	3.26
USA	USD	1.16	1.10	1.11	1.11
China	CNY	7.72	7.42	7.55	7.28
Switzerland	CHF	1.16	1.08	1.10	1.09
Poland	PLN	4.24	4.33	4.29	4.34
Sweden	SEK	9.74	9.87	9.62	9.38
Czech Republic	CZK	25.67	27.02	26.57	27.03
Norway	NOK	9.52	9.04	9.22	9.34

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 due to a lack of separability. 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 2.5% (previous year: 2.9%) 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 Germany.

Where permissible and required, reclassifications are made as of the end of the fiscal year. No reclassifications were made in the fiscal year 2016/17 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 if they are of a long-term nature, 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-traded 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 fiscal 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 were paid out in ten equal amounts in the assessment periods from 2008 to 2017. In the previous years, the present value of the receivables was stated with a discount factor of 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 the relevant standards (in particular IAS 19 and IAS 37). They are established when legal or constructive obligations exist as a result of a past event and a reliable estimate can be made of the amount of the outflow of resources required to settle the obligation. In the case of individual risks, the provision is valued as the most probable settlement amount taking into account all discernible risks. 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. As a result, the calculation of the provisions was not subject to major uncertainties.

Non-current provisions are discounted and recognised at their present value on the basis of a pre-tax rate. As of 31 October 2017, non-current provisions were discounted at an average rate of 2.5% (previous year: 2.9%). 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 at the reporting date result from the acquisition of a retail company and are recognised at fair value. The strike price of the option depends on the future EBIT of the target company. 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.

Rental and lease agreements

Where rental and lease agreements are concerned, the company examines, in accordance with IAS 17, whether the risks and rewards and, hence, the economic ownership lie with the lessor or the lessee. Under a finance lease, the lessee is the economic owner; under an operating lease, the lessor is the economic owner. The GERRY WEBER Group has leased sales spaces on a large scale under operating leases; some of these sales spaces are sublet. On a small scale, the company lets its own sales spaces to third parties. Income and expenses relating to operating leases are recognised in the income statement for the duration of the lease.

Realisation of income and expenses

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

(a) Sale of goods – Wholesale

The Group produces and sells a range of ladieswear to wholesalers. As a general rule, revenues from the sale of goods are recognised when a Group entity has 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. Delivery will be deemed to have occurred only after all goods have been sent to the stipulated place, the risk of obsolescence and loss has passed to the wholesaler and either the wholesaler has accepted the goods in accordance with the provisions of the purchase contract or the Group has objective indications that all conditions of acceptance have been met. In addition, partnership schemes have been agreed with some customers. Partnership schemes help improve the presentation of the GERRY WEBER collections at the point of sale and to generate higher income for both parties through a better pricing policy. In this context, possibilities to return merchandise within a limited time-frame and value range were granted. Provisions for anticipated returns have been established for this purpose with an impact on sales revenues. 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. Sales revenues are therefore recognised only after the merchandise has been sold to the final customer.

(b) Sale of goods – Retail

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

When repurchasing own shares, the nominal value of the shares is deducted from subscribed capital and the portion of the purchase price that exceeds the nominal value is deducted from free revenue reserves.

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.

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 section 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

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. 2016	***213,327***	***87,675***	***15,312***	***316,315***
Exchange differences	–400	–511	0	**–910**
Additions	11,257	0	13,856	**25,114**
Reclassifications	3,850	0	–3,182	**668**
Disposals	–1,373	0	0	**–1,373**
31 Oct. 2017	***226,662***	***87,165***	***25,987***	***339,813***
Depreciation / amortisation				
1 Nov. 2016	***89,826***	***264***	***0***	***90,091***
Exchange differences	–270	0	0	**–270**
Additions	21,127	0	0	**21,127**
Reclassifications	0	0	0	**0**
Disposals	–1,025	0	0	**–1,025**
31 Oct. 2017	***109,659***	***264***	***0***	***109,923***
Carrying amount 31 Oct. 2016	**123,501**	**87,411**	**15,312**	**226,224**
Carrying amount 31 Oct. 2017	**117,003**	**86,900**	**25,987**	**229,890**

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

Additions to other intangible assets mainly relate to acquired software and in the previous year to acquired software. There are advance payments in the context of essential IT projects (ERP systems) of the Group.

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 12,373 (previous year: KEUR 10,551). Depreciation of these rights of supply totalled KEUR 4,028 in the fiscal year 2016/17 (previous year: KEUR 3,788), disposals at residual carrying amounts totalled KEUR 198. Additions in the fiscal year totalled KEUR 6,048.

Lease agreements

The item also comprises purchased advantageous lease agreements for stores in an amount of KEUR 13,986 (previous year: KEUR 18,580). The amortisation of these assets amounted to KEUR 4,583 in the fiscal year 2016/17 (previous year: KEUR 6,090). In the previous year, the amount included impairments of KEUR 1,333 caused by the FIT4GROWTH programme.

The rents stipulated in the lease agreements taken over in the context of the business combinations of the past fiscal 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 2017, customer relationships were recognised as intangible assets in the amount of KEUR 19,497 (previous year: KEUR 24,422). The amortisation of these assets amounted to KEUR 4,827 in the fiscal year 2016/17 (previous year: KEUR 4,979). In the previous year, the amount included impairments of KEUR 117 caused by the FIT4GROWTH programme.

Customer relationships were identified in the context of the business combinations of the past fiscal 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 2017, goodwill was recognised at a carrying amount of KEUR 86,900 (previous year: KEUR 87,411) and results from the positive difference arising from the business combinations.

The following goodwill is recognised:

KEUR	31 Oct. 2017	31 Oct. 2016
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	9,627	10,138
Stores Finland	1,384	1,384
Retail Hallhuber	52,224	52,224
	86,900	**87,411**

The goodwill relating to the stores in Norway has decreased as a result of a currency-related adjustment in the amount of KEUR 511 made with effect from the balance sheet date. In the previous year, this goodwill increased by KEUR 624 also as a result of a currency-related adjustment.

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 impairments in the past fiscal year. Due to a consistent risk structure cash flows were discounted using a weighted average cost of capital (WACC) before taxes of 9.35% (after taxes of 6.94%) 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 7.94%, 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

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. 2016	***234,823***	***68,895***	***99,318***	***2,294***	***405,330***
Exchange differences	–20	–67	–289	–13	**–389**
Additions	4,923	1,419	6,779	107	**13,227**
Reclassifications	371	268	378	–1,685	**–668**
Disposals	–4,075	–125	–5,172	–191	**–9,562**
31 Oct. 2017	***236,023***	***70,390***	***101,014***	***512***	***407,938***
Depreciation/ amortisation					
1 Nov. 2016	***53,336***	***8,568***	***55,448***	***0***	***117,352***
Exchange differences	–2	–64	–178	0	**–244**
Additions	10,884	3,568	12,272	0	**26,724**
Reclassifications	10	0	–10	0	**0**
Disposals	–3,825	–56	–4,936	0	**–8,817**
31 Oct. 2017	***60,402***	***12,017***	***62,596***	***0***	***135,015***
Carrying amount 31 Oct. 2016	**181,487**	**60,327**	**43,870**	**2,294**	**287,979**
Carrying amount 31 Oct. 2017	**175,621**	**58,373**	**38,418**	**512**	**272,924**

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**

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 0 (previous years: KEUR 2,244) were capitalised in the context of the construction of the new logistic centre in Halle / Westphalia (RAVENNA-Park) in the fiscal year 2016/17. A capitalisation rate of 2.0% was used to determine the borrowing costs eligible for capitalisation.

(c) Investment properties

KEUR	Investment properties
Costs	
1 Nov. 2016	*0*
Exchange differences	0
Additions	0
Reclassifications	0
Disposals	0
31 Oct. 2017	*0*
Depreciation/amortisation	
1 Nov. 2016	*0*
Exchange differences	0
Additions	0
Reclassifications	0
Disposals	0
31 Oct. 2017	*0*
Carrying amount 31 Oct. 2016	**0**
Carrying amount 31 Oct. 2017	**0**

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 November 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**

The Group acquired a property in Düsseldorf and built a new order centre, which was then leased to other fashion companies. 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 investment property was sold in full in the previous 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 0 (previous year: KEUR 3,371), while direct operating expenses amounted to KEUR 0 (previous year: KEUR 934).

(d) Financial assets

KEUR	Investments	Other loans	Total
Costs			
1 Nov. 2016	*301*	*2,687*	*2,989*
Exchange differences	0	0	0
Additions	5	244	250
Reclassifications	0	0	0
Disposals	0	–92	–92
31 Oct. 2017	*306*	*2,840*	*3,147*
Depreciation / amortisation			
1 Nov. 2016	*264*	*450*	*714*
Exchange differences	0	0	0
Additions	0	350	350
Reclassifications	0	0	0
Disposals	0	0	0
31 Oct. 2017	*264*	*800*	*1,064*
Carrying amount 31 Oct. 2016	**37**	**2,237**	**2,274**
Carrying amount 31 Oct. 2017	**42**	**2,040**	**2,082**

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**

Itemised breakdown:

KEUR	31 Oct. 2017	31 Oct. 2016
Long-term loans	1,727	1,862
Long-term deposits	178	232
Rent deposits	136	143
Shares in limited partnerships	35	30
Shares in foreign corporations	7	7
	2,082	**2,274**

Financial assets were recognised at amortised cost, which is equivalent to the fair value taking potential impairments into account. As a general rule the shares in limited partnerships and the shares in foreign corporations are recognised at cost as the fair value cannot be reliably determined. There is no active market in these shares. A long-term loan was written down in full (KEUR 350) in the fiscal year.

(2) Other assets (non-current)

Other non-current assets exclusively comprise non-financial assets and have terms of up to four years.

(3) Deferred taxes

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

KEUR	Deferred tax assets		Deferred tax liabilities	
	31 Oct. 2017	31 Oct. 2016	31 Oct. 2017	31 Oct. 2016
Non-current assets	780	1,771	28,818	31,948
Current assets	853	1,282	1,727	1,415
Non-current provisions	2,093	2,256	336	320
Tax loss carryforwards	2,318	2,069	0	0
Changes in equity not stated through profit or loss – according to IAS 39	2,002	41	0	4,625
	8,046	7,419	30,881	38,308

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 514 (previous year: KEUR 640) relates to goodwill in the amount of KEUR 2,056 (previous year: KEUR 2,559), as this is tax-deductible.

Tax loss carryforwards amount to EUR 23.8 million (previous year: EUR 23.1 million). They mainly refer to the companies in Spain, Ireland, Belgium and Norway. The resulting deferred tax assets in the amount of KEUR 5,399 (previous year: KEUR 5,870) were written down in an amount of KEUR 3,185 (previous year: KEUR 3,800) as the realisation of the respective tax advantages is unlikely in the medium term.

Of the unrecognised deferred tax assets, amounts totalling KEUR 3,034 (previous year: KEUR 3,065) 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, as they were of minor importance.

(4) Inventories

KEUR	31 Oct. 2017	31 Oct. 2016
Raw materials and supplies	10,307	12,126
Work in progress	11,650	12,976
Finished goods and merchandise	141,432	148,185
	163,389	**173,287**

The impairment resulting from the sales-oriented measurement of inventories amounted to KEUR 2,419 (previous year: KEUR 3,831). The expenses are included in the cost of materials. The usual reservations of ownership apply.

(5) Trade receivables

Trade receivables in an amount of KEUR 49,239 (previous year: KEUR 63,285) 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 2,393 (previous year: KEUR 1,293). 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.

(6) Other assets (current)

Other assets in an amount of KEUR 21,033 (previous year: KEUR 86,958) have a maturity of less than one year.
Other assets comprise:

KEUR	31 Oct. 2017	31 Oct. 2016
Financial assets		
Supplier balances	7,447	7,128
Bonus claims	238	245
Rent receivables	17	40
Receivables from insurance companies	75	62
Sale of the Hall 30 property	0	49,100
Currency forwards and currency options	0	17,699
	7,777	*74,274*
Non-financial assets		
Tax claims	3,673	5,253
Prepaid expenses	6,200	4,820
HR receivables	1,149	1,191
Receivables relating to GERRY WEBER Open	767	742
Other	1,467	679
	13,256	*12,684*
	21,033	**86,958**

With regard to the positive market values of the currency forwards and currency options, please refer to paragraph E. Additional disclosures and explanations regarding financial instruments.

(7) Corporate income tax claims

Tax refund claims of KEUR 6,575 (previous year: KEUR 2,213) relate to domestic corporate income tax and trade tax as well as to the solidarity surcharge associated with corporate income tax.

(8) 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.

(9) 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 fiscal year 2014/15.

Equity capital and total assets amounted to:

KEUR	31 Oct. 2017	31 Oct. 2016	Change
Equity capital in KEUR	412,749	446,500	–33,751
Equity in % of total capital	52%	50%	2%
Debt capital in KEUR	377,158	454,166	–77,007
Debt capital in % of total capital	48%	50%	–2%
Total capital (equity and debt capital) in KEUR	**789,907**	**900,665**	**–110,758**

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) fully paid 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.

398,245 bearer shares were repurchased between March and June 2017 at a cost of EUR 4,999,958.

As of the reporting date, the subscribed capital, reduced by the nominal value of the repurchased shares of EUR 398,245, is stated at EUR 45,507,715.00. The amount of EUR 4,601,713 that exceeds the nominal amount was deducted from free revenue reserves. No repurchased shares were sold in the fiscal year.

(b) Capital reserve

The capital reserve includes the premiums on the shares issued. This item also includes the amount resulting from the sale of own shares after deduction of the nominal value and the share not offset in retained earning.

(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.

(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.

KEUR	31 Oct. 2017	31 Oct. 2016	Change
Positive fair values of financial instruments	0	15,750	−15,750
Negative fair values of financial instruments	−6,673	−135	−6,538
Deferred tax assets	2,002	41	1,961
Deferred tax liabilities	0	−4,725	4,725
	−4,671	**10,930**	**−15,601**

The tax effects of KEUR 6,686 (previous year: KEUR 8,972) 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 −10,341 (previous year: KEUR −16,973) was reclassified to the cost of materials with a positive effect on the result, while an amount of KEUR −135 (previous year: KEUR 92) 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:

KEUR	
Carried forward from 1 Nov. 2016	58,478
Dividend payment in 2017	−11,444
Net income for the year 2016/17	−782
Accumulated profits as of 31 Oct. 2017	46,252

(10) Provisions for personnel (non-current)

An amount of KEUR 291 (previous year: KEUR 185) resulted from offsetting the assets used to secure the old-age part-time obligations against the corresponding provisions as of 31 October 2017. This asset is shown under “Provisions for personnel (non-current)”.

(11) Other provisions (non-current)

This item includes an amount of KEUR 8,598 (previous year: KEUR 8,325) 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. An amount of KEUR 274 (previous year: KEUR 533) was added to these provisions.

Interest expenses in the amount of KEUR 155 (previous year: KEUR 181) from unaccrued interest on provisions were recognised. Expected cash outflows accrue within a period of 5 to 20 years.

(12) Financial liabilities (non-current)

KEUR	31 Oct. 2017	31 Oct. 2016
Liabilities to banks and insurance companies	218,250	221,250

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 fiscal year 2017:

	Carrying amount 2016/17 KEUR	Carrying amount 2015/16 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 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	***55,000***			
Other loans					
Loan bank 1	8,250	11,250	05/2019	0.89	0.89
Loan bank 2	15,000	15,000	06/2021	0.85	0.85
	23,250	26,250			
	218,250	**221,250**			

* Tranche 1 and 2 were repaid already in the previous year.

Non-current financial liabilities with a maturity of more than 5 years represented KEUR 40,000 (previous year: KEUR 115,000).

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.

(13) Other liabilities (non-current)

KEUR	31 Oct. 2017	31 Oct. 2016
Financial liabilities		
Liabilities from minority options	3,247	3,036
Payment of remaining purchase price for acquisitions	330	8,578
Other	40	628
	3,617	**12,242**

The company has options, which already existed in the previous years, 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 were made in fiscal year 2016/17. The remaining purchase price for the acquisition of a Norwegian company was also paid prematurely in the fiscal year 2016/17.

Another liability in the amount of KEUR 330 for the takeover of Joh. Maehle & Co AS had to be recognised already in the previous years.

The non-interest-bearing liabilities from minority options and the remaining purchase price payments recognised in current and non-current liabilities were compounded up to the time of payment in the fiscal year. The accrued interest totalling KEUR 717 was recognised in interest expenses.

Provisions 31 Oct. 2017 and 31 Oct. 2016 (current)

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

Type of provision in KEUR	Carried forward 1 Nov. 2016	Use	Reversal	Allocation	As of 31 Oct. 2017
(14) Tax provisions	**11,206**	**11,206**	**0**	**2,213**	**2,213**
(15) Provisions for personnel					
Bonuses	3,315	3,315	0	2,150	2,150
Vacation	4,124	4,124	0	3,834	3,834
Old-age part-time work (current)	92	92	0	146	146
Special annual payment	3,511	3,511	0	3,699	3,699
Severance payments	4,247	3,520	279	1,023	1,471
Other	910	862	48	917	917
	16,199	*15,424*	*327*	*11,769*	*12,217*
(16) Other provisions					
Guarantees	267	267	0	549	549
Outstanding invoices	4,530	4,393	137	4,237	4,237
Accounting expenses	645	563	82	703	703
Restructuring	6,609	5,702	907	0	0
Supervisory Board compensation	870	870	0	870	870
Other	5,047	4,752	295	3,697	3,697
	17,968	*16,547*	*1,421*	*10,056*	*10,056*
	45,373	**43,177**	**1,748**	**24,038**	**24,486**

Type of provision in KEUR	Carried forward 1 Nov. 2015	Use	Reversal	Allocation	As of 31 Oct. 2016
(14) Tax provisions	**5,601**	**5,200**	**0**	**10,805**	**11,206**
(15) 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***
(16) 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**	**44,497**	**45,373**

The previous year's restructuring provisions in the amount of KEUR 6,609 were established in conjunction with the FIT4GROWTH programme. The same applies to major parts of the provisions for severance payments, which amounted to KEUR 4,247.

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

KEUR	31 Oct. 2017	31 Oct. 2016
Thereof liabilities to banks	10,651	33,548

The amounts are due until November 2017 (previous year: November 2016) and have an average nominal interest rate of 0.89% to 2.00% (previous year: 1.46% to 2.20%) and an average effective interest rate of 0.89% to 2.00% (previous year: 1.58% to 2.20%).

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.

(18) Trade payables

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

(19) Other liabilities

KEUR	31 Oct. 2017	31 Oct. 2016
Financial liabilities		
Currency forwards and currency options	6,673	0
Liabilities to customers	595	595
Liabilities from minority options	0	15,890
	7,268	***16,485***
Non-financial liabilities		
Other taxes (especially wage and turnover tax)	8,941	9,474
Customer vouchers, bonus cards and goods on return	3,607	3,916
Liabilities to personnel	2,854	2,862
Deferred income	2,359	2,463
Social security	703	338
Miscellaneous liabilities	2,602	2,104
	21,066	***21,157***
	28,334	**37,643**

In the previous year, the company had 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 were made in fiscal year 2016/17.

D. NOTES TO THE INCOME STATEMENT

(20) Sales revenues

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

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

Sales revenues include licensing fees in an amount of KEUR 1,727 (previous year: KEUR 2,095) for the utilisation of the name rights.

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

(21) Other operating income

Other operating income comprises the following:

KEUR	2016/17	2015/16
Rental income	6,721	10,696
Exchange gains	1,593	2,653
Income from the reversal of provisions and allowances	1,566	835
Income from the provision of motor vehicles	1,269	1,110
Income from own work	175	1,191
Income from asset disposal	26	23,352
Other	3,290	6,511
	14,640	**46,348**

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

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

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

KEUR	2016/17	2015/16
Expenses for raw materials and supplies and purchased goods	52,598	66,852
Expenses for services purchased	304,145	302,949
	356,743	369,801

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.

(24) Personnel expenses

KEUR	2016/17	2015/16
Wages and salaries	161,721	172,188
Social security contributions	30,306	30,520
	192,026	202,708

The GERRY WEBER Group concludes old-age part-time agreements according to the "block model". In accordance with IAS 19, provisions are established according to the projected unit credit method at an interest rate for accounting purposes of 2.88% (previous year: 3.32%) 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 fiscal year for potential future obligations of the GERRY WEBER Group arising from the use of old-age part-time options, as this probability was estimated at zero.

Personnel expenses of the previous year included restructuring-related expenses in the amount of KEUR 6,542.

Average number of employees:

KEUR	2016/17		2015/16	
	Total	Germany	Total	Germany
Blue-collar workers	260	0	271	0
White-collar workers	6,619	5,259	6,700	5,215
Trainees/apprentices	42	42	51	51
	6,921	5,302	7,022	5,266

(25) Depreciation / amortisation

The composition of depreciation and amortisation can be seen from the changes in the individual fixed asset component. In the fiscal year 2016/17, extraordinary write-downs for impairment amounted to KEUR 3,377 (previous year: KEUR 14,998). To determine the impairments of the previous year, primarily the full remaining carrying amounts relating to closed stores were used.

(26) Other operating expenses

Other operating expenses comprise the following:

KEUR	2016/17	2015/16
Rent, space costs	148,582	153,212
Advertising, trade fairs	29,744	25,586
Freight, packaging, logistics *	21,990	35,664
IT costs	14,581	12,045
Legal and consulting costs	9,456	8,249
Commissions *	9,327	8,907
Other personnel expenses	8,149	9,935
Insurance, contributions, fees	5,096	5,905
Collection development	4,921	5,504
Exchange rate fluctuations	4,240	3,069
Travelling expenses	4,213	4,775
Vehicles	3,622	3,521
Office and communications	3,149	3,645
Maintenance	2,472	3,957
General administration	2,352	3,660
Del credere and credit card commissions	2,222	2,106
Losses on receivables / allowances	948	680
Supervisory Board compensation	870	870
Loss from asset disposal	507	1,033
Restructuring expenses	0	9,632
Compensation	0	1,001
Other	2,893	5,765
	279,333	308,720

* Prior year figures adjusted

(27) Other taxes

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

(28) Financial result

KEUR	2016/17	2015/16
Interest income	20	43
Income from financial assets loaned	18	20
Depreciation of financial assets	–350	0
Incidental bank charges	–1,753	–1,907
Interest expenses	–5,671	–6,802
	–7,736	**–8,646**

Incidental bank charges essentially comprise fees for letters of credit.

(29) Taxes on income

Taxes on income comprise the following main components:

KEUR	2016/17	2015/16
Taxes of the fiscal year	4,517	10,211
Tax expenses of prior years	260	669
Deferred taxes	–1,430	–6,217
	3,348	**4,663**

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

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

KEUR	2016/17	2015/16
Profit before taxes on income	2,566	5,175
Group tax rate	30.00%	30.00%
Expected tax expenses	770	1,553
Non-recognition of deferred tax assets due to operating losses and utilisation of those assets	566	0
Initial recognition of deferred tax assets for tax loss carryforwards	0	–252
Taxes on trade tax additions/deductions	1,683	1,643
Taxes on non-deductible operating expenses	227	257
Off-period tax expenses/income	260	669
Tax rate differences	0	0
Tax effect on non-taxable expenses and non-taxable income	–250	766
Miscellaneous	92	27
Actual tax expenses 30.5% (previous year: 90.1%)	**3,348**	**4,663**

(30) 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	2016/17	2015/16
Consolidated net income/loss attributable to ordinary shareholders of the parent company	–782	512

Number of ordinary shares	Shares
Voting shares on 31 Oct. 2016	45,905,960
Buy-back of own shares in fiscal 2016/17	398,245
Voting shares on 31 Oct. 2017	45,507,715

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:

Date	change (buyback)	Number of shares	Months	weighted
November 2016 until February 2017	0	45,905,960	4	15,301,987
March 2017	37,202	45,868,758	1	3,822,397
April 2017	100,298	45,768,460	1	3,814,038
May 2017	220,000	45,548,460	1	3,795,705
June 2017	40,745	45,507,715	1	3,792,310
July until October 2017	0	45,507,715	4	15,169,238
	398,245		**12**	**45,695,674**

Fiscal year 2016/17	Fiscal year 2015/16
45,695,674 (calculation pro rata temporis) = 45,695,674 shares	45,905,960 × 12/12 = 45,905,960 shares

Earnings per share amount to EUR –0.02 (previous year: EUR 0.01).

Basic earnings per share are identical with diluted earnings per share.

The accumulated profits were used to pay out a dividend of EUR 0.25 (previous year: EUR 0.40) per share. The remaining amount was carried forward to new account.

It is to be proposed to the Annual General Meeting to carry the entire net profit forward to new account.

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	1,727	0	0	0	0	0	500
Trade receivables	40,196	3,062	1,575	88	1,073	0	3,245
Other assets	7,778	0	0	0	0	0	0
Carrying amount 31 Oct. 2017	***49,701***	***3,062***	***1,575***	***88***	***1,073***	***0***	***3,745***
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	0	0	0	0	0
Carrying amount 31 Oct. 2016	***129,840***	***4,535***	***2,205***	***0***	***0***	***0***	***4,284***

Write-down schedule

KEUR	Prev. year	Addition	Con-sumption	Release	Reporting year
Loans	150	350	0	0	500
Trade receivables	1,293	1,331	98	133	2,393
Other assets	0	0	0	0	0
2016/17	***1,443***	***1,681***	***98***	***133***	***2,893***
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***

Trade credit insurance is taken out for the trade receivables, which cover about 75% (previous year: 68%) 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.

KEUR	Carrying amount	Undiscounted cash flows			Total
		up to 1 year	**1 to 5 years**	**more than 5 years**	
Note loan	195,000	0	155,000	40,000	195,000
Loans	26,250	3,000	23,250	0	26,250
Liabilities from company acquisitions	3,577	0	3,577	0	3,577
Other financial liabilities	7,691	7,651	40	0	7,691
Financial liabilities (total)	***232,518***	***10,651***	***181,867***	***40,000***	***232,518***
Trade liabilities	51,858	51,858	0	0	51,858
Carrying amount 31 Oct. 2017	***284,375***	***62,508***	***181,867***	***40,000***	***284,375***
Note loan	195,000	0	95,000	100,000	195,000
Loans	29,250	3,000	26,250	0	29,250
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***

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.

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

KEUR	Undiscounted interest payments			Total
	up to 1 year	1 to 5 years	more than 5 years	
Note loan	3,378	8,904	2,400	**14,682**
Loans	183	187	0	**370**
Other financial liabilities	75	0	0	**75**
As of 31 Oct. 2017	***3,635***	***9,091***	***2,400***	***15,126***
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	***4,904***	***12,942***	***4,064***	***21,911***

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 derivates

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 and the UK.

Nominal amount of financial derivatives

KEUR	Nominal amount as of 31 Oct. 2017 up to 12 month	12 to 24 month	more than 24 month	Summe	Nominal amount as of 31 Oct. 2016 up to 12 month	12 to 24 month	more than 24 month	Summe
Currency forwards and currency options								
in the procurement of goods	160,690	132,188	0	292,878	147,173	134,145	0	281,318
in the sale of goods	0	0	0	0	2,355	0	0	2,355

Fair values of the financial derivatives

Currency forwards and currency options qualifying for hedge accounting.

KEUR	Nominal amount 31 Oct. 2017	Nominal amount 31 Oct. 2016	Fair values 31 Oct. 2017	Fair values 31 Oct. 2016
Currency forwards and currency options				
in the procurement of goods	292,878	282,033	286,205	297,783
in the sale of goods	0	2,355	0	2,220

Changes in the carrying amounts are recognised in equity and are shown in the statement of comprehensive income.

As of 31 October 2017, negative effects from fair value measurement after deduction of deferred taxes in the amount of KEUR 6,673 (previous year: positive effects of KEUR 10,930) were recognised in equity.

Currency forwards and currency options not qualifying for hedge accounting.

KEUR	Nominal amount 31 Oct. 2017	Nominal amount 31 Oct. 2016	Fair values 31 Oct. 2017	Fair values 31 Oct. 2016
Currency forwards and currency options				
in the procurement of goods	0	7,692	0	8,926
in the sale of goods	0	0	0	0

All derivates qualify for hedge accounting.

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. 2017	Carrying amount 31 Oct. 2016
Assets		
Currency forwards and options		
Qualifying for hedge accounting (Cash flow hedges)	0	15,750
Not qualifying for hedge accounting	0	1,234
Liabilities		
Currency forwards and options		
Qualifying for hedge accounting (Cash flow hedges)	6,673	135
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. 2017 KEUR	Cash inflows	Cash outflows	Net amount	Absolute effect of a +5% change in the exchange rate
USD	9,794	−289,887	−280,093	−165
GBP	4,504	−19	4,486	−214

31 Oct. 2016 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

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 33,750 (31 October 2016: KEUR 46,750) 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:

KEUR	2016/17		2015/16	
	+100 bp	–30 bp	+100 bp	–30 bp
Cash flow risks	608	–213	953	–286

Bottom line effect of financial instruments

KEUR	Loans and receivables	Financial liabilities
From interest rates	20	–5,671
From losses of receivables and write-downs	–948	0
2016/17	**–928**	**–5,671**
From interest rates	43	–6,802
From losses of receivables and write-downs	–680	0
2015/16	**–637**	**–6,802**

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.

KEUR	Measured at amortised cost		Measured at the fair value	Non-financial assets and liabilities	
	Carrying amount 31 Oct. 2017	For information: Fair value 31 Oct. 2017	Carrying amount 31 Oct. 2017	Carrying amount 31 Oct. 2017	Carrying amount in the balance sheet 31 Oct. 2017
Financial assets	**2,082**	**2,082**			**2,082**
Loans and receivables	2,041	2,041			2,041
Available-for sale financial assets	42	42			42
Trade receivables (non-current)	**49,239**	**49,239**			**49,239**
Loans and receivables	49,239	49,239			49,239
Other assets (current)	**7,777**	**7,777**	**0**	**13,256**	**21,033**
Derivatives qualifying for hedge accounting		0			0
Loans and receivables	7,777	7,777			7,777
Non-financial assets				13,256	13,256
Cash and cash equivalents	**36,578**	**36,578**			**36,578**
Loans and receivables	36,578	36,578			36,578
Total financial assets	**95,676**		**0**		**108,932**
Financial liabilities (non-current)	**218,250**	**218,250**			**218,250**
Measured at amortised cost	218,250	218,250			218,250
Other liabilities (non-current)	**3,617**	**40**	**3,577**		**3,617**
Measured at amortised cost	40	40			40
Liabilities from company acquisitions	3,577	0	3,577		3,577
Financial liabilities (current)	**10,844**	**10,844**			**10,844**
Measured at amortised cost	10,844	10,844			10,844
Bond					
Trade liabilities (current)	**51,858**	**51,858**			**51,858**
Measured at amortised cost	51,858	51,858			51,858
Other liabilities	**595**	**595**	**6,673**	**21,066**	**28,334**
Measured at amortised cost	595	595			
Negative fair value of financial instruments			6,673		6,673
Liabilities from company acquisitions	0		0		0
Non-financial liabilities				21,066	21,066
Total financial liabilities	**285,164**		**10,250**		**312,903**

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)	**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**	**628**	**11,614**		**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		15,890		15,890
Non-financial liabilities				21,124	21,124
Total financial liabilities	**340,819**		**27,504**		**361,943**

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 fiscal year 2016/17.

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 36,577; previous year: KEUR 50,747) less current liabilities to banks (KEUR 4,992; previous year: KEUR 0).

The cash flow statement describes the cash flows in the fiscal year 2016/17 and the previous year, divided into cash inflows and outflows from operating activities, from investing activities and from financing activities. Changes in the basis of consolidation and in exchange rates had no effect on cash and cash equivalents.

Cash outflow from investing activities comprises additions to property, plant and equipment, financial assets and investment properties as well as income from fixed asset disposals. Financing activities comprise changes in other financial liabilities.

In the fiscal year 2016/17, cash inflow from operating activities includes payments for interest received in an amount of KEUR 20 (previous year: KEUR 43) and for interest paid in an amount of KEUR 4,954 (previous year: KEUR 4,987). Income tax refunds of KEUR 4,599 were received (previous year: refunds of KEUR 4,577).

The GERRY WEBER Group has an unused credit line in an amount of EUR 60.2 million (previous year: EUR 65.2 million).

G. SEGMENT REPORTING

Report by business segments

Fiscal year 2016 / 17

KEUR	Wholesale GERRY WEBER	Retail GERRY WEBER	Retail HALLHUBER	Other	Consoli-dation	Total
Sales by segment	**301,972**	**395,667**	**194,312**	**0**	**–11,066**	**880,885**
thereof: sales with external third parties	293,994	392,579	194,312	0	0	880,885
Inter segment revenues	7,979	3,087	0	0	–11,066	0
EBIT	23,973	–11,146	–2,474	0	–51	10,302
Depreciation	10,646	23,630	13,575	0	0	47,851
EBITDA	34,618	12,484	11,101	0	–51	58,153
Personnel expenses	39,079	114,663	38,284	0	0	192,026
Interest income	10	9	2	0	0	21
Interest expenses	1,104	3,264	1,303	0	0	5,671
Assets	248,648	358,691	189,738	0	–7,170	789,907
Liabilities	63,605	119,642	201,615	0	–7,704	377,158
Investments in non-current assets	16,479	13,512	8,203	0	0	38,194
Number of employees (annual average)	757	4,099	2,065	0	0	6,921
Impairments recog-nised in profit/loss						
of inventories	–159	1,571	0	0	0	1,413
of trade receivables	–875	39	0	0	0	–836

Report by business segments

Fiscal year 2015/16

KEUR	Wholesale GERRY WEBER	Retail GERRY WEBER	Retail HALLHUBER	Other	Consoli-dation	Total
Sales by segment	**306,450**	**422,414**	**183,168**	**0**	**–11,241**	**900,791**
thereof: 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	77,271
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 recog-nised in profit/loss						
of inventories	–626	520	0	0	0	–106
of trade receivables	686	122	0	0	0	807

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" no longer comprise the income and expenses as well as the assets and liabilities of the Hall 30 investment property, as the latter was sold in the previous fiscal year. 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.

Geographic information:

2016/17 KEUR	Germany	Abroad	Total
Sales by regions	**541,226**	**339,659**	**880,885**
Non-current assets	454,404	58,689	513,093
Investments in non-current assets	35,767	2,427	38,194
Number of employees	5,302	1,620	6,921

2015/16 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

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 4,921 (previous year: KEUR 5,504) 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 0 (previous year: KEUR 7).

There is a payment obligation for shares in partnerships (start-up funds) in an amount of KEUR 13 (previous year: KEUR 14).

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.

KEUR	31 Oct. 2017	31 Oct. 2016
Within 1 year	99,301	99,361
Between 1 and 5 years	264,192	268,905
After 5 years	94,496	116,878
	457,989	**485,144**

In the fiscal year 2016/17, rental expenses in an amount of KEUR 114,759 (previous year: KEUR 122,916) 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, which break down as follows:

KEUR	31 Oct. 2017	31 Oct. 2016
Within 1 year	2,077	1,978
Between 1 and 5 years	6,269	6,437
After 5 years	2,445	2,693
	10,791	**11,108**

In the fiscal year 2016/17, the Group generated KEUR 2,691 (previous year: KEUR 2,855) from subleases. The table below shows the minimum lease payments from subleases:

KEUR	31 Oct. 2017	31 Oct. 2016
Within 1 year	3,751	2,928
Between 1 and 5 years	10,313	8,220
After 5 years	1,832	2,134
	15,896	**13,282**

In addition, the Group has the following other financial obligations from operating leases:

KEUR	31 Oct. 2017	31 Oct. 2016
Within 1 year	7,898	8,765
Between 1 and 5 years	1,262	1,721
	9,160	**10,486**

Expenses for these operating leases totalled KEUR 7,898 in fiscal year 2016/17 (previous year: KEUR 8,765).

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:

KEUR	31 Oct. 2017	31 Oct. 2016
Within 1 year	1,790	1,819
Between 1 and 5 years	4,253	3,963
After 5 years	22	42
	6,065	**5,824**

The “Hall 30” property in Düsseldorf, which was sold in the previous 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.

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 2017, the purchase commitment for investments in non-current assets amounted to EUR 2.3 million (previous year: EUR 1.5 million); thereof EUR 2.0 million (previous year: EUR 1.4 million) related to intangible assets.

Litigations

Adequate provisions have been established in the balance sheet for potential risks from pending court or arbitration proceedings. As of the balance sheet date, GERRY WEBER International AG or its subsidiaries were not involved in court or arbitration proceedings that have a major impact on the situation of the Group.

Related party disclosures

Related parties within the meaning of IAS 24 (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 of Gerry Weber International AG. There are no unconsolidated entities as well as associates and joint ventures.

In the fiscal year 2016/17, transactions were made only with members of the executive bodies and/or with companies that are controlled by such members. The table below shows the goods and services received (expenses) and the goods and services provided (income) from and for these companies:

KEUR	2016/17	2015/16
Services provided by the Group		
Goods and services	7,164	6,137
Rental, lease and leasing agreements	0	44
Management and consulting services	175	164
Other services	257	255
Total	**7,596**	**6,600**
Services received by the Group		
Advertising services	3,850	3,809
Management and consulting services	30	477
Rental, lease and leasing agreements	653	669
Hotel services	244	291
Other services	660	1,010
Goods and services	0	0
Total	**5,437**	**6,256**

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:

KEUR	31 Oct. 2017	31 Oct. 2016
Trade receivables	916	1,490

KEUR	31 Oct. 2017	31 Oct. 2016
Credit receivables from loans	1,517	1,517

KEUR	31 Oct. 2017	31 Oct. 2016
Trade payables	321	183

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. Pursuant to a supplement to the agreement dated 25 January 2017, the option was exercised and the agreement was renewed until 31 December 2022.

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 2018 to 31 December 2022.

Consultancy agreement with Mr Gerhard Weber

Mr Gerhard Weber provided consulting services in the amount of KEUR 0 in the fiscal year 2016/17 (previous year: KEUR 470).

Rental services and consultancy agreement with Mr Udo Hardieck

In the fiscal year 2016/17, Mr Udo Hardieck provided rental services of KEUR 0 (previous year: KEUR 16) and consulting services of KEUR 30 (previous year: KEUR 0).

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, until 16 November 2017, Board member in charge of Finance, Logistics, IT, Administration and Human Resources, businessman, Bielefeld,
- Norbert Steinke, until 21 June 2017, Board member in charge of Retail, businessman, Starnberg,
- Jörg Stüber, since 16 November 2017, Board member in charge of Finance, IR, Central Purchasing, Compliance and IT, Halle / Westphalia.

As in the previous year, Dr. David Frink sits on the Supervisory Board of DSC Arminia Bielefeld GmbH & Co. KGaA, Bielefeld (until 16 November 2017)

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
- Alfred Thomas Bayard, Bern
- Olaf Dieckmann, Halle / Westphalia, – staff representative –,
- Klaus Lippert, Halle / Westphalia, – staff representative –,
- Annette von der Recke, Bielefeld – staff representative –,
- Andreas Strunk, Bad Salzuflen, – staff representative –,
- Manfred Menningen, Frankfurt am Main, – staff representative –,
- Hans-Jürgen Wentzlaff, Bielefeld, – staff representative –

The Supervisory Board members also sit on the following supervisory boards and controlling bodies as defined in section 125 para. 1 sentence 3 of the German Stock Corporation Act.

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 other mandates

Mr Udo Hardieck, Diplom-Ingenieur, Halle / Westphalia
Member of the advisory council:
- Nordfolien GmbH, Steinfeld

Ms Charlotte Weber-Dresselhaus, banker, Halle / Westphalia
- No other mandates

Mr Olaf Diekmann, technical employee, Halle / Westphalia
- No other mandates

Mr Klaus Lippert, commercial employee, Halle / Westphalia
- No other mandates

Ms Ute Gerbaulet, businesswoman, Düsseldorf.
Member of the Supervisory Board:
- RWE AG, Essen

Member of the Supervisory Board:
- NRW.BANK, Düsseldorf

Member of the Audit Committee:
- NRW.BANK, Düsseldorf

Member of the Promotion Committee:
- NRW.BANK, 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:
- SPN Invest AG, Visp, Switzerland
- Bayard Immobilien & Handels AG, Visp, Switzerland

Member of the Supervisory Board:
- Mode Bayard AG, Bern, Switzerland
- Soladis Krankenkasse, Visp, Switzerland
- Tennis & Sportcenter AG, Visp, Switzerland

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

Member of the Audit Committee:
- 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:

KEUR	2016/17 Basic salary	2016/17 Variable	2016/17 Total	2015/16 Basic salary	2015/16 Variable	2015/16 Total
Ralf Weber	712	190	**902**	719	150	869
Dr. David Frink[3]	593	175	**768**	568	150	718
Arnd Buchardt[1]	0	0	**0**	48	0	48
Norbert Steinke[2]	341	100	**441**	512	150	662
	1,646	**465**	**2,111**	**1,847**	**450**	**2,297**

1 Until 30 November 2015
2 Until 21 June 2017. In the context of Norbert Steinke's retirement from the Managing Board of GERRY WEBER International AG a payment in the amount of KEUR 861,8 was paid.
3 Until 16 November 2017

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 870) for its work for the parent company and the Group, which was provisioned for in the fiscal year. No variable compensation is granted.

The table below shows the compensation paid to the individual members of the Supervisory Board, which are short-term benefits in accordance to IAS 24.17(a).

In detail, the following amounts were paid:

KEUR	2016/17 Basic salary	2016/17 Total	2015/16 Basic salary	2015/16 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**	60	60
Andreas Strunk Staff representative	60	**60**	60	60
Hans-Jürgen Wentzlaff IG Metall	60	**60**	60	60
Manfred Menningen IG Metall	60	**60**	60	60
Alfred Thomas Bayard	60	**60**	60	60
Ute Gerbaulet	60	**60**	60	60
	870	**870**	**870**	**870**

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

Shares held by the Managing Board

As at the balance sheet date, the Managing Board directly and indirectly held 1,823,046 shares (previous year: 1,552,239 shares).

Shares held by the Supervisory Board

As at the balance sheet date, members of the Supervisory Board directly and indirectly held 21.729.929 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 9 October 2017 that its share of the voting rights in GERRY WEBER International AG, Halle / Westphalia, Germany, fell below the 5% threshold of voting rights on 1 October 2017 and on that date amounted to 0.04% (corresponding to 20,000 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).

Axxion S.A., Grevenmacher, Luxemburg, notified us pursuant to section 21 para. 1 WpHG on 6 October 2017 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 1 October 2017 and on that date amounted to 8.62% (corresponding to 3,958,607 voting rights).

FMR LLC, Wilmington, Delaware, USA, notified us pursuant to section 21 para. 1 WpHG on 31 October 2017 that its share of the voting rights in GERRY WEBER International AG (ISIN: DE0003304101), 33790 Halle / Westphalia, Germany, exceeded the 3% threshold of voting rights on 27 January 2017 and on that date amounted to 3.25% (corresponding to 1,493,203 voting rights).

FMR LLC, Wilmington, Delaware, USA, notified us pursuant to section 21 para. 1 WpHG on 21 March 2017 that its share of the voting rights in GERRY WEBER International AG (ISIN: DE0003304101), 33790 Halle / Westphalia, Germany, fell below the 3% threshold of voting rights on 15 March 2017 and on that date amounted to 2.98% (corresponding to 1,369,919 voting rights).

FMR LLC, Wilmington, Delaware, USA, notified us pursuant to section 21 para. 1 WpHG on 13 April 2017 that its share of the voting rights in GERRY WEBER International AG (ISIN: DE0003304101), 33790 Halle / Westphalia, Germany, exceeded the 3% threshold of voting rights on 7 April 2017 and on that date amounted to 3.06% (corresponding to 1,405,903 voting rights).

FMR LLC, Wilmington, Delaware, USA, notified us pursuant to section 21 para. 1 WpHG on 19 April 2017 that its share of the voting rights in GERRY WEBER International AG (ISIN: DE0003304101), 33790 Halle / Westphalia, Germany, fell below the 3% threshold of voting rights on 10 April 2017 and on that date amounted to 2.99% (corresponding to 1,375,903 voting rights).

FMR LLC, Wilmington, Delaware, USA, notified us pursuant to section 21 para. 1 WpHG on 26 June 2017 that its share of the voting rights in GERRY WEBER International AG (ISIN: DE0003304101), 33790 Halle / Westphalia, Germany, exceeded the 3% threshold of voting rights on 22 June 2017 and on that date amounted to 3.01% (corresponding to 1,382,283 voting rights).

FMR LLC, Wilmington, Delaware, USA, notified us pursuant to section 21 para. 1 WpHG on 29 June 2017 that its share of the voting rights in GERRY WEBER International AG (ISIN: DE0003304101), 33790 Halle / Westphalia, Germany, fell below the 3% threshold of voting rights on 28 June 2017 and on that date amounted to 2.99% (corresponding to 1,370,938 voting rights).

FMR LLC, Wilmington, Delaware, USA, notified us pursuant to section 21 para. 1 WpHG on 29 September 2017 that its share of the voting rights in GERRY WEBER International AG (ISIN: DE0003304101), 33790 Halle / Westphalia, Germany, exceeded the 3% threshold of voting rights on 27 September 2017 and on that date amounted to 3.02% (corresponding to 1,386,285 voting rights).

FMR LLC, Wilmington, Delaware, USA, notified us pursuant to section 21 para. 1 WpHG on 12 October 2017 that its share of the voting rights in GERRY WEBER International AG (ISIN: DE0003304101), 33790 Halle / Westphalia, Germany, fell below the 3% threshold of voting rights on 5 October 2017 and on that date amounted to 2.98% (corresponding to 1,366,402 voting rights).

FMR LLC, Wilmington, Delaware, USA, notified us pursuant to section 21 para. 1 WpHG on 9 November 2017 that its share of the voting rights in GERRY WEBER International AG (ISIN: DE0003304101), 33790 Halle / Westphalia, Germany, exceeded the 3% threshold of voting rights on 3 November 2017 and on that date amounted to 3.11% (corresponding to 1,428,674 voting rights).

FMR LLC, Wilmington, Delaware, USA, notified us pursuant to section 21 para. 1 WpHG on 22 November 2017 that its share of the voting rights in GERRY WEBER International AG (ISIN: DE0003304101), 33790 Halle / Westphalia, Germany, fell below the 3% threshold of voting rights on 15 November 2017 and on that date amounted to 2.97% (corresponding to 1,363,636 voting rights).

FMR LLC, Wilmington, Delaware, USA, notified us pursuant to section 21 para. 1 WpHG on 4 January 2018 that its share of the voting rights in GERRY WEBER International AG (ISIN: DE0003304101), 33790 Halle / Westphalia, Germany, exceeded the 3% threshold of voting rights on 29 December 2017 and on that date amounted to 3.24% (corresponding to 1,487,813 voting rights).

Transactions pursuant to section 15a of the German Securities Trading Act (WpHG)

Mr Ralf Weber, Chairman of the Managing Board, acquired 275,807 shares at a price of EUR 11.00 per share to EUR 11.58 per share in the fiscal year.

Auditor's fees

The following auditor's fees were recognised as Group expenses:

KEUR	2016/17	2015/16
Audit services	479	517
Other certification services	13	11
Tax consulting services	180	88
Other services	170	88
	842	**704**

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

German Corporate Governance Code / Statement required under section 161 AktG

The statement required under section 161 of the German Stock Corporation Act was issued by the Managing Board and the Supervisory Board on 11 October 2017 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 fiscal year 2016 / 2017 (31 October 2017), 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.

Dr. David Frink resigned from the Managing Board of Gerry Weber International AG with effect from 16 November 2017.

On 30 January 2018, 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 27 February 2018.

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 2018 and thus be approved for electronic publication in the Federal Gazette.

Halle / Westphalia, 30 January 2018

The Managing Board

Ralf Weber | Jörg Stüber

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 2018

GERRY WEBER International AG

The Managing Board

Ralf Weber Jörg Stüber

INDEPENDENT AUDITOR'S REPORT

To Gerry Weber International Aktiengesellschaft, Halle / Westphalia

Report on the audit of the Consolidated Financial Statements and the Group Management Report

Audit opinions

We have audited the consolidated financial statements of Gerry Weber International Aktiengesellschaft, Halle / Westphalia, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 October 2017, the consolidated income statement and consolidated statement of comprehensive income, the statement of changes in Group equity and the consolidated cash flow statement for the fiscal year from 1 November 2016 to 31 October 2017, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. We have also audited the Group management report of Gerry Weber International Aktiengesellschaft, which is combined with the management report of the company, for the fiscal year from 1 November 2016 to 31 October 2017. In accordance with the statutory provisions applicable in Germany, we have not audited the contents of the corporate governance statement pursuant to section 289a and section 315 para. 5 of the German Commercial Code (HGB).

According to our assessment based on the findings of our audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to section 315a of the German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the net worth and financial position of the Group as at 31 October 2017, and of its earnings position for the fiscal year from 1 November 2016 to 31 October 2017 and

- the accompanying Group management report as a whole provides a suitable view of the Group's position. In all material respects, the group management report is consistent with the consolidated financial statements, complies with legal requirements and suitably presents the future opportunities and risks. Our audit opinion of the Group Management Report does not cover the contents of the corporate governance statement mentioned above.

Pursuant to section 322 para. 3 sentence 1 of the German Commercial Code (HGB), we state that our audit has not led to any reservations with respect to the correctness of the consolidated financial statements and the Group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and the Group management report in accordance with section 317 of the German Commercial Code (HGB) and the EU Audit Regulation (No. 537 / 2014, hereinafter referred to as "EU Audit Regulation") and in compliance with German generally accepted standards for the audit of financial statement promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW). Our responsibility under those provisions and standards are further described in the "Auditor's responsibility for the audit of the consolidated financial statements and the Group management report" section of our report. We are independent of the Group in accordance with the requirements of European and German commercial and professional law, and we have fulfilled our ethical responsibilities applicable in Germany in accordance with these requirements. In accordance with Article 10 para. 2 letter f of the EU Audit Regulation, we also declare that we have not provided non-audit services prohibited under Article 5 para 1 of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements and the Group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were most important in our audit of the consolidated financial statements for the fiscal year from 1 November 2016 to 31 October 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

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

- Impairment of goodwill
- Valuation of inventories

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

- Situation and problem
- Audit procedure and findings
- Reference to further information

The key audit matters are presented below:

- Impairment of goodwill
- Situation and problem

In the consolidated financial statements of Gerry Weber International AG, goodwill is recognised under "Intangible assets" in a total amount of € 86.9 million (11.0% of total assets). Goodwill is tested for impairment by the company once a year or on special occasions in order to determine the potential need for write-downs. The impairment test is carried out at the level of those groups of cash-generating entities to which the goodwill is assigned. In the context of the impairment test, the carrying amount of goodwill is compared with the corresponding recoverable amount. As a general rule, the recoverable amount is determined by means of the value in use. The valuation is regularly based on the present value of future cash flows of the respective group of cash-generating entities. The present values are determined using discounted cash flow models. The medium-term budgets adopted by the Group form the starting point and are continued with assumptions of long-term growth rates. In this context, expectations of future market developments and assumptions regarding macroeconomic influencing factors are also taken into account. The weighted average capital costs of the respective group of cash-generating entities are used for discounting. The impairment test did not reveal any need to recognise an impairment loss. The result of this valuation is highly dependent on the legal representatives' expectations regarding the future cash flows of the respective group of cash-generating entities, the discount rate used, the growth rate as well as other assumptions and is therefore subject to great uncertainty. Against this background and due to the complexity of the valuation, this aspect was of special importance in the context of our audit.

- Audit procedure and findings

As part of our audit, we reviewed the method used to carry out the impairment test. After having compared the future cash flows used in the calculation with the medium-term budgets adopted by the Group, we satisfied ourselves of the appropriateness of the calculation, especially by checking it against general and industry-specific market expectations. We also satisfied ourselves of the proper consideration of the costs of Group functions. Knowing that even relatively small changes in the discount rate used can have a material impact on the amount of goodwill determined this way, we took a very close look at the parameters used to determine the discount rate and reviewed the calculation scheme. In view of the uncertainty associated with the forecast, we reviewed the sensitivity analyses prepared by the company. In this context, we noted that, taking the available information into account, the respective goodwill is sufficiently covered by the discounted future cash flows. On balance, the valuation parameters and assumptions used by the legal representatives are in line with our expectations and lie within acceptable limits.

- Reference to further information

The information provided by the company on goodwill included in "Intangible assets" and on the respective impairment test is contained in section C. of the notes to the consolidated financial statements.

- Valuation of inventories
- Situation and problem

Inventories in the total amount of € 163.4 million (20.7% of total assets) are recognised in the consolidated financial statements of Gerry Weber International AG. These are ladieswear textiles that are subject to fashion and seasonal influences. For a loss-free valuation of inventories, the latter inventories are discounted on a collection basis. Flat-rate devaluation rates are assigned, which reflect the experience-based risk of recovery.

- Audit procedure and findings

In the context of our audit, we reviewed the discount rates used on the basis of historical data and checked their consistent and steady application over time. We noted that the inventories were valued appropriately and adequately reflected the risk of recovery.

- Reference to further information

The information provided by the company on the valuation methods for "Inventories" and the write-downs for impairment / depreciation are contained in section C. of the notes to the consolidated financial statements.

Other information

The legal representatives are responsible for providing "other information". Such "other information" comprises the corporate governance statement pursuant to section 289a and section 315 para. 5 of the German Commercial Code (HGB).

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

Our audit opinions of the consolidated financial statements and the Group management report do not cover "other information" and we therefore issue no audit opinion or any other type of audit conclusion regarding such "other information".

As part of our audit, it is our responsibility to read the "other information" and to check whether such "other information"

- shows material inconsistencies with the consolidated financial statements, the Group management report or the knowledge obtained in the context of our audit or

- otherwise appear to be materially misstated.

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

The legal representatives are responsible for the preparation of the consolidated financial statements that comply with IFRS as adopted in the EU and the additional requirements of German commercial law pursuant to section 315a of the German Commercial Code (HGB) and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the net assets, financial and earnings position of the Group. In addition the legal representatives are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility – where applicable – for disclosing matters related to the going concern and for using the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The legal representatives are also responsible for preparing a Group management report which, as a whole, provides a suitable view of the Group's position, and is consistent with the consolidated financial statements in all material aspects, complies with German legal requirements and suitably presents the future opportunities and risks. In addition, the legal representatives are responsible for such arrangements and measures (systems) as they consider necessary to enable the preparation of a Group management report that complies with the requirements of German commercial law and to enable the provision of sufficient and appropriate evidence for assertions in the Group management report.

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

Auditor's responsibility for the audit of the consolidated financial statements and the Group management report

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Group management report as a whole provides a suitable view of the situation of the Group and is consistent with the consolidated financial statements in all material aspects as well as with the findings of our audit, complies with the legal provisions applicable in Germany and adequately reflects the future opportunities and risks as well as to issue an audit certificate that contains our audit opinions of the consolidated financial statements and the Group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 of the German Commercial Code (HGB) and the EU Audit Regulation and in compliance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in total, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

During our audit, we exercise professional judgment and maintain professional scepticism. Moreover,

- we identify and assess the risks of material misstatement of the consolidated financial statements and the Group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;

- we obtain an understanding of the internal control system that is relevant for the audit of the consolidated financial statements and of the arrangements and measures that are relevant for the audit of the Group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems;

- we evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of accounting estimates and related disclosures made by the legal representatives;

- we conclude on the appropriateness of the legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or in the Group management report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may result in the Group no longer being able to continue as a going concern;

- we evaluate the overall presentation, structure and content of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the net worth as well as the financial and earnings position of the Group in accordance with IFRS as adopted in the EU and the additional requirements of German commercial law pursuant to section 315a of the German Commercial Code (HGB);

- we obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an audit opinion on the consolidated financial statements and the Group management report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion;

- we assess the consistency of the Group management report with the consolidated financial statements, its compliance with applicable laws and the view it provides of the situation of the Group;

- we perform audit procedures on the forward-looking information presented by the legal representatives in the Group management report. Based on sufficient audit evidence, we hereby review, in particular, the significant assumptions used by the legal representatives as a basis for the forward-looking information and evaluate the appropriate derivation of the forward-looking information from these assumptions. We do not express a separate audit opinion on the forward-looking information and on the underlying assumptions. There is a substantial unavoidable risk that future events will deviate materially from the forward-looking information.

We discuss with the supervisory body, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the supervisory body with a statement that we have complied with the relevant independence requirements and discuss with it all relationships and other matters that may reasonably be thought to bear on our independence and the protective measures taken in this context.

From the matters discussed with the supervisory body, we determine those matters that were most important in the audit of the consolidated financial statements of the reporting period and are therefore the key audit matters. We describe these matters in our report on the audit of the consolidated financial statements unless laws or other regulations preclude public disclosure of such matters.

Other legal and regulatory requirements

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditors by the Annual General Meeting on 27 April 2017. We were commissioned by the Supervisory Board on 27 April 2017. We have been the auditors of the consolidated financial statements of Gerry Weber International Aktiengesellschaft, Halle / Westphalia, without interruption since the fiscal year 2012 / 13.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (audit report).

German public accountant responsible for the audit

The German Public Accountant responsible for the audit is Carsten Schürmann.

Bielefeld, 9 February 2018

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Carsten Schürmann	ppa. Maik Schure
Wirtschaftsprüfer	Wirtschaftsprüfer

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Financial statements
of the GERRY WEBER International AG

FINANCIAL STATEMENTS

GERRY WEBER International AG is an operating holding company providing Group-wide services.

INCOME STATEMENT

from 1 November 2016 to 31 October 2017

KEUR	2016/17	2014/15
Sales revenues	389,360.3	345,055.3
Decrease/increase in finished goods and work in progress	–7,021.5	27,248.2
Other own work capitalised	175.4	780.4
Other operating income	3,477.0	60,668.0
thereof currency differences: KEUR 96.3 (previous year: KEUR 1,6661.6)		
Cost of materials		
a) Cost of raw materials and supplies	–62,779.8	–73,510.8
b) Cost of purchased services	–219,679.8	–229,426.2
	–282,459.6	***–302,937.0***
Personnel expenses		
a) Wages and salaries	–35,726.5	–43,850.0
b) Social security contributions	–5,553.0	–6,357.1
	–41,279.5	***–50,207.1***
Depreciation of intangible assets and tangible assets	–11,988.8	–10,426.4
Other operating expense	–76,949.2	–76,948.6
thereof currency differences: KEUR 1,398.7 (previous year: KEUR 24.2)		
Income from transfer agreements	24.7	57.4
thereof related to affiliated companies: KEUR 24.8 (previous year: KEUR 57.4)		
Income from profit transfer agreements	26,305.9	31,976.2
Income from other investments and long-term loans	17.5	20.0
Other interests and similar income	1,463.4	1,911.0
thereof relating to affiliated companies: KEUR 1,460.2 (previous year: KEUR 1,883.7)		
Depreciation of financial assets and of securities held as current assets	–350.0	0.0
Interests and similar expenses	–4,045.1	–4,250.1
thereof relating to affiliated companies: KEUR 26.4 (previous year: KEUR 49.0)		

KEUR	2016/17	2014/15
Taxes on income	–158.1	–7,195.4
Earnings after taxes	**–3,427.6**	**15,751.9**
Other taxes	–485.6	–222.6
Annual net loss/profit	***–3,913.2***	***15,529.3***
Profit carried forward	37,351.5	33,265.8
Net profit of the year	**33,438.3**	**48,795.1**

BALANCE SHEET

for the year ended 31 October 2016

ASSETS

KEUR	31.10.2017	31.10.2016
Fixed assets		
Intangible assets		
Concessions, industrial property rights and related rights and values as well as licences for such rights and values	17,874.3	13,735.8
Payments on account	24,999.3	15,311.9
	42,873.6	*29,047.7*
Tangible assets		
Land and leasehold rights and buildings, including buildings on third-party land	100,114.0	102,259.6
Plant and machinery	56,205.0	57,724.7
Other fixtures, tools and equipment	3,773.0	4,591.9
Payments on account and plants under construction	132.0	942.8
	160,224.0	*165,519.0*
Financial assets		
Shares in affiliated companies	235,750.3	220,636.1
Investments	35.8	30.3
Other loans	1,726.7	1,862.5
	237,512.8	*222,528.9*
	440,610.4	417,095.6
Current assets		
Inventories		
Raw materials and supplies	9,836.3	11,763.5
Work in progress	11,650.2	12,958.1
Finished goods and merchandise	51,477.6	57,392.6
Advance payments	1,008.2	2,158.3
	73,972.3	*84,272.5*
Receivables and other assets		
Trade receivables	1,776.5	2,164.0
Receivables from affiliated companies	131,633.6	157,040.2
thereof with a remaining maturity of more than one year: KEUR 25,215.5 (previous year: KEUR 34,497.6)		
Other assets	9,450.9	55,510.0
	142,861.0	*214,714.2*
Cash on hand, cash in baking accounts	11,028.5	25,198.7
	227,861.8	324,185.4
Prepayments and accrued income	3,772.7	2,756.0
	672,244.9	744,037.0

LIABILITIES

KEUR	31,10,2017	31,10,2016
Equity		
Subscribed capital	45,507.7	45,906.0
Capital reserves	63,201.1	63,201.1
Revenue reserves	264,824.7	269,426.4
Net profit of the year		
Profit carried forward	37,351.5	33,265.8
Annual net loss / profit	–3,913.2	15,529.3
	33,438.3	***48,795.1***
	406,971.8	***427,328.6***
Provisions		
Provisions for taxation	198.8	7,716.4
Other provisions	7,670.9	13,353.5
	7,869.7	***21,069.9***
Liabilities		
Financial liabilities	223,902.1	247,097.8
Trade accounts payable	21,884.4	30,543.6
Liabilities to affiliated companies	5,555.2	4,307.1
thereof from trade accounts payable: KEUR 4,060.8 (previous year: KEUR 2,074.1)		
Other liabilities	5,250.8	12,990.0
thereof from taxes: KEUR 5,178.3 (previous year: KEUR 4,761.6)		
thereof from social security contributions: KEUR 1.4 (previous year: KEUR 1.2)		
	256,592.5	***294,938.6***
Deferred income	810.9	**699.9**
	672,244.9	**744,037.0**

GERRY WEBER
ACCESSORIES

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For more information, please contact the IR-Team.

SERVICE

This year's Annual General Meeting will take place on 26 April 2018.

CALENDAR FOR FINANCIAL EVENTS

2017/18	
Annual Results Press Conference	27 February 2018
Publication of the First Quarter Report 2017/18	15 March 2018
Annual General Meeting	26 April 2018
Publication of the First Half Year Report	14 June 2018
Publication of the Nine Month Report 2017/18	13 September 2018
End of the fiscal year 2017/18	31 October 2018

IMPRINT

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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	2016/17	2015/16	2014/15	2013/14	2012/13
Sales	**880.9**	**900.8**	**920.8**	**852.1**	**852.0**
Domestic	557.6	598.9	574.6	510.4	520.2
International	323.3	301.9	346.2	341.7	331.8
Sales by segment	**880.9**	**900.8**	**920.8**	**852.1**	**852.0**
GERRY WEBER Core Wholesale	294.0	298.4	365.4	447.2	488.3
GERRY WEBER Core Retail	392.6	419.2	440.3	404.9	363.7
HALLHUBER[3]	194.3	183.2	115.2	0.0	0.0
Sales split by brand					
GERRY WEBER	57.8 %	59.7 %	66.6 %	76.2 %	75.2 %
TAIFUN	15.6 %	15.5 %	16.1 %	18.3 %	19.4 %
SAMOON	4.5 %	4.5 %	4.8 %	5.6 %	5.3 %
HALLHUBER[3]	22.1 %	20.3 %	12.5 %	0.0 %	0.0 %
Cost of materials	356.7	369.8	392.7	390.9	386.2
Personnel expenses	192.0	202.7	187.1	154.9	143.3
Other operating income	279.3	308.7	273.8	214.3	203.7
Depreciation / Amortisation	47.9	63.5	36.5	25.3	21.6
Earnings key figures					
EBITDA	58.2	77.3	115.8	134.2	127.5
EBITDA margin	6.6 %	8.6 %	12.6 %	15.7 %	15.0 %
EBIT	10.3	13.8	79.3	108.9	105.8
EBIT margin	1.2 %	1.5 %	8.6 %	12.8 %	12.4 %
EBT	2.6	5.2	73.1	104.6	102.8
EBT margin	0.3 %	0.6 %	7.9 %	12.3 %	12.1 %
Annual net loss / profit	–0.8	0.5	52.2	71.4	71.0
Earnings per share in Euro[1]	–0.02	0.01	1.14	1.56	1.55
Capital structure	**789.9**	**900.7**	**938.6**	**685.2**	**531.6**
Equity	412.7	446.5	483.4	455.3	395.8
Investments	63.2	59.9	216.6	65.0	37.9
Equity ratio	52.3 %	49.6 %	51.5 %	66.4 %	74.5 %
Key figures					
Average staff number	6,921	7,022	7,027	5,202	4,700
Return on Investment (ROI)[2]	1.3 %	1.5 %	8.4 %	15.9 %	19.9 %
Return on Equity (ROE)[2]	2.5 %	3.1 %	16.4 %	23.9 %	26.7 %

1 2016/17 on the basis of 45,695,674 shares (pro rata temporis calculation); all other years on the basis of 45,905,960 shares
2 EBIT basis
3 2014/15 only nine months consolidated

INSPIRED by

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INTERNATIONAL AG

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