



## THE FIRST HALF OF THE YEAR AT A GLANCE

|                          |           | 6M 2020 | 6M 2019 | Change<br>absolute | relative |
|--------------------------|-----------|---------|---------|--------------------|----------|
| <b>Income statement</b>  |           |         |         |                    |          |
| Revenue                  | € million | 138.1   | 236.0   | -97.9              | -41.5%   |
| EBITDA                   | € million | -19.7   | 25.0    | -44.7              | >>-100%  |
| EBITDA margin            |           | -14.3%  | 10.6%   | -24.9 pp           |          |
| EBIT                     | € million | -48.2   | 2.4     | -50.6              | >>-100%  |
| EBIT margin              |           | -34.9%  | 1.0%    | -35.9 pp           |          |
| Consolidated net loss    | € million | -49.4   | -4.9    | -44.5              | >>-100%  |
| <b>Per-share figures</b> |           |         |         |                    |          |
| Earnings per share       | €         | -2.67   | -0.27   | -2,40              | >>-100%  |

|                           |           | 30 June<br>2020 | 31 Dec<br>2019 | Change<br>absolute | relative |
|---------------------------|-----------|-----------------|----------------|--------------------|----------|
| <b>Financial position</b> |           |                 |                |                    |          |
| Total assets              | € million | 380.7           | 409.4          | -28.7              | -7.0%    |
| Equity                    | € million | 16.6            | 66.1           | -49.5              | -74.9%   |
| Equity ratio              |           | 4.4%            | 16.1%          | -11.8 pp           |          |
| Debt/equity ratio         |           | 21.90           | 5.19           |                    |          |

|  |           | 6M 2020 | 6M 2019 | Change<br>absolute | relative |
|--|-----------|---------|---------|--------------------|----------|
| <b>Cash flows</b>                          |           |         |         |                    |          |
| Cash flows from operating activities (net) | € million | -22.7   | 24.5    | -47.2              | >>-100%  |
| Cash flows from investing activities       | € million | -2.1    | -2.0    | -0.1               | -5.0%    |
| Free cash flow                             | € million | -24.8   | 22.5    | -47.3              | >>-100%  |
| <b>Employees</b>                           |           |         |         |                    |          |
| Employees                                  | Number    | 3,426   | 3,599   | -173               | -4.8%    |
| <b>Stores</b>                              |           |         |         |                    |          |
| Stores                                     | Number    | 171     | 175     | -4                 | -2.3%    |



## FINANCIAL CALENDAR

6 May 2020  
6 August 2020  
5 November 2020

Annual General Meeting (postponed)  
Report on the first half of 2020  
Report on the first nine months of 2020

# INTERIM GROUP MANAGEMENT REPORT AS AT 30 JUNE 2020

## KEY FACTS

### REPORTING PERIOD

- H1 2020 operating performance massively disrupted by COVID-19 pandemic
- Like-for-like decrease in revenue: –40%
- Earnings down sharply despite comprehensive measures to adjust costs
- Sound liquidity of €44.4 million thanks to visionary syndicated loan

### OUTLOOK AND STRATEGY

- Measures initiated to put Company back on track towards profitable growth
- Focus on cost efficiency, securing liquidity and generating substantial revenue potential
- Gradual uptick in business and significantly improved EBITDA for H2 expected

## ECONOMIC SITUATION & BUSINESS DEVELOPMENT

The first half of 2020 was severely impacted by the effects of the COVID-19 pandemic. The lockdowns ordered by governments around the world to contain the pandemic led to considerable economic upheaval. In June of 2020, the International Monetary Fund (IMF) therefore lowered its outlook for the global economic development in 2020 to forecast a 4.9% decline: a further 1.9 percentage points lower than in the April forecast of the same year. According to the IMF, the COVID-19 pandemic had a more severely negative impact on economic activity than expected, with the recovery also taking longer than initially hoped.

The IMF expects that social distancing will remain the norm in the second half of 2020, with productivity curtailed due to health and safety measures and hygiene rules. According to the IMF, the eurozone is likely to be more heavily affected this year, with economic output expected to drop by 10.2%. The IMF believes that output in Germany, ADLER's core territory, will fall by 7.8%.

It forecasts global economic growth to reach 5.4% next year. Thus, global economic output in 2021 would be roughly 6.5 percentage points lower than the January 2020 forecast.

Like all retailers, Adler Modemärkte AG was drastically affected by the lockdowns in the first half of the year, with authorities in Germany, Austria, Luxembourg and Switzerland ordering businesses to close in all 171 ADLER locations in March. Beginning in the second half of April, stores were gradually re-opened – subject to conditions, including in some instances restrictions on floor space. However, in general, sales activities in the first half of the year were down significantly compared to prior years as a result of these limitations.

## THE ENVIRONMENT FOR THE GERMAN TEXTILE RETAIL INDUSTRY

The coronavirus pandemic cost brick-and-mortar fashion retailers more than a third of their revenue in the first half of the year. This figure was calculated on the basis of a survey conducted by Textilwirtschaft's Testclub, which boasts the largest panel of brick-and-mortar fashion retail companies. According to that survey, revenue from January to June 2020 was down year on year by an average of 35% (H1 2019: –1%). The weeks-long shutdown that was ordered in mid-March hit fashion retailers particularly hard (March: –60%). As a consequence, in April, fashion retailers were able to generate not even a quarter of the revenues generated in the previous year (April: –76%). In May (–29%) and June (–22%) there were signs of continuing improvement, although the situation was still far removed from the levels recorded in the previous year.

## DEVELOPMENT AND ANALYSIS OF REVENUE

In light of the increasing spread of COVID-19, the responsible authorities in Germany, Austria, Luxembourg and Switzerland imposed far-reaching restrictions on retailers, with every one of ADLER's 171 stores gradually shutting down between 16 and 18 March 2020. From this date onward, the Company, and the industry as a whole, recorded a severe drop in revenue. Even before this, the COVID-19 pandemic had already sowed uncertainty amongst customers, leading to a decline in spending on their part. However, the like-for-like revenue trend in January, February and the first days of March had been extremely strong and within expectations. As stores began to re-open at the end of April, customers remained wary due to the restrictions associated with the pandemic, and therefore revenue was significantly below-average for the months of May and June.

The ADLER Group's total revenue under IFRS amounted to € 138.1 million in the first six months of 2020, down 41.5% year on year (H1 2019: € 236.0 million). The like-for-like decrease was somewhat less pronounced at 40.1% in the reporting period.

The store optimisation programme was also continued in H1 2020. The store in Heilbronn, Germany, was closed in January (last sales day at the end of December 2019) and the stores in Marl and Neunkirchen, also in Germany, were shuttered in March. However, one store in Schwäbisch Hall, Germany, was also opened in March. ADLER modernised its Kassel store during the reporting period. Consequently, the total number of ADLER stores amounted to 171 as at 30 June 2020 (30 June 2019: 175). 142 stores are located in Germany, with 24 in Austria, three in Luxembourg, and two in Switzerland.

## FINANCIAL PERFORMANCE

The cost of materials decreased in the first half of 2020 by €35.7 million from €107.0 million in the previous year to €71.3 million. Gross profit declined by 48.3% from €129.0 million to €66.8 million. The gross profit on goods sold decreased to 48.4% (H1 2019: 54.7%) due to the costs caused by the coronavirus – specifically discounts aimed at increasing footfall after the stores were allowed to re-open.

In the first six months of 2020, personnel expenses declined by 22.1% from €50.8 million to €39.5 million, due primarily to the implementation of short-time working hours beginning in mid-March 2020 and staff redundancy measures in connection with the efficiency enhancement measures introduced in the previous year. This also includes €1.9 million in transformation costs in connection with ADLER's strategic realignment (H1 2019: €1.9 million).

Other operating expenses decreased by €5.0 million and totalled €50.9 million as at the end of the reporting period (H1 2019 (adjusted): €55.9 million).

In the first six months of 2020, marketing costs (€19.1 million) decreased year on year (H1 2019: €21.9 million). These expenditures have been reduced significantly since the end of March on account of the coronavirus crisis. Maintenance and modernisation expenses (€5.8 million) decreased by €0.3 million. Building expenditures amounted to €9.8 million, €0.3 million lower than the €10.1 million reported in the previous year. Other expenses amounted to €4.6 million, falling by €0.8 million as compared to the first six months of 2019 (€5.4 million). Other operating expenses in the first half of the year included transformation costs of €0.2 million (costs to return stores to their original state after closing down).

Earnings before interest, taxes, depreciation and amortisation (EBITDA) deteriorated due to the massive costs resulting from the coronavirus pandemic, from €25.0 million (adjusted) to €-19.7 million.

At €22.7 million, depreciation, amortisation and write-downs were roughly on par with the previous year (€22.6 million (adjusted)).

In light of the likely performance of individual stores going forward, especially in the wake of the COVID-19 pandemic, impairment losses amounting to €5.8 million on fixed assets had to be recognised in the first half of the year.

Earnings before interest and taxes (EBIT) decreased from €2.4 million (adjusted) in the prior-year period to €-48.2 million in the first six months of 2020. Net finance costs improved year on year from €-8.5 million in H1 2019 to €-8.2 million.

Earnings before taxes (EBT) declined from €-6.1 million (adjusted) in the first six months of 2019 to €-56.4 million. In the first six months of 2020, ADLER reported a consolidated net loss of €49.4 million (H1 2019 (adjusted): consolidated net loss of €4.9 million). This resulted in earnings per share of €-2.67 (based on 18,510,000 no-par value shares). Earnings per share amounted to €-0.27 (adjusted) in the same period of the previous year.

## QUARTERLY COMPARISON

ADLER's revenue under IFRS amounted to €64.9 million in the second quarter of 2020, corresponding to a decline of 52.5% (Q2 2019: €136.7 million). The like-for-like decrease in revenue was a slightly less pronounced at 51.7%.

Cost of materials decreased in Q2 2019 by 40.8% to €33.6 million (Q2 2019: €56.7 million). Gross profit decreased from €80.0 million in Q2 2019 to €31.3 million, with the gross profit on goods sold falling from 58.5% to 48.3%.

In the second quarter of 2020, personnel expenses decreased by 37.8% from €25.7 million to €16.0 million. Adjusted for the costs incurred in connection with the transformation, personnel expenses decreased from €24.5 million in Q2 2019 to €15.0 million.

Other operating expenses declined significantly by 14.2% to €24.3 million (Q2 2019: €28.3 million) due to cost savings.

At €-6.9 million, EBITDA was down significantly year on year (Q2 2019: €27.4 million).

Depreciation, amortisation and write-downs rose slightly from €11.2 million in the previous year to €11.4 million. In light of the Company's performance going forward, especially in the wake of the COVID-19 pandemic, impairment losses amounting to €5.8 million on fixed assets had to be recognised in the second quarter. Earnings before interest and taxes (EBIT) decreased from €16.2 million in the second quarter of 2019 to €-24.1 million in the reporting quarter. Net finance costs decreased slightly from €4.2 million in the previous year to €4.3 million.

## FINANCIAL POSITION AND CASH FLOWS

The ADLER Group's total assets amounted to €380.7 million as at 30 June 2020; this represents a €28.7 million decrease compared with total assets as at 31 December 2019 (€409.4 million).

Due to fewer additions, intangible assets decreased slightly from €4.1 million as at 31 December 2019 to €3.8 million as at 30 June 2020.

Property, plant and equipment decreased in the first half of 2020, rising from €23.8 million as at 31 December 2019 to €21.0 million as at 30 June 2020.

Right-of-use assets decreased in the first half of 2020, from €207.2 million as at 31 December 2019 to €194.7 million as at 30 June 2020.

Inventories at the end of the reporting period increased by 6.4% to €78.1 million (31 December 2019: €73.4 million; 30 June 2019: €74.2 million).

Cash and cash equivalents amounted to €44.4 million (31 December 2019: €70.1 million; 30 June 2019: €54.5 million).

The consolidated net loss in the first six months caused equity to decrease from €66.1 million as at the end of 2019 to €16.6 million as at 30 June 2020. Consequently, the equity ratio decreased from 16.1% as at 31 December 2019 to 4.4% as at 30 June 2020.

A significant share of the €364.1 million in total liabilities (31 December 2019: €343.3 million) was attributable to finance lease liabilities amounting to €254.2 million (31 December 2019: €264.7 million).

Non-current financial liabilities rose to €22.0 million (31 December 2019: €1.6 million) as the result of draw-downs on the syndicated loan.

As at the end of the reporting period, liabilities from the customer loyalty programme amounted to €13.3 million (31 December 2019: €11.7 million).

Trade payables increased to €35.1 million from €26.0 million as at 31 December 2019 (30 June 2019: €22.0 million) due to seasonal factors and longer payment terms being granted.

The debt/equity ratio of 21.90 was above the figure for the end of 2019 (5.19) and above the 6.27 (adjusted) recorded as at 30 June 2019.

ADLER's working capital (inventories plus trade receivables less trade payables) is based on the retail business mainly from inventories less accounts payable to suppliers. In particular the increase in trade payables led to a decrease in working capital from €47.5 million as at 31 December 2019 to €43.1 million as at 30 June 2020. As at 30 June 2019, working capital had amounted to €52.3 million.

## CASH FLOW & CASH FLOW MANAGEMENT

Cash flows from operating activities fell from €24.5 million in the first half of 2019 to €-22.7 million in the first half of the current financial year, due mainly to the consolidated net loss, interest payments and the expansion of inventories.

In H1 2020, cash flows used in investing activities amounted to €-2.1 million (H1 2019: €-2.0 million).

At €-24.8 million, the free cash flow for the first half of 2020 fell short of the prior-year figure of €22.5 million (adjusted).

Cash flows used in financing activities were €0.9 million lower than in the previous year (H1 2019 (adjusted): €-22.8 million) due to the drawdown of €20.5 million under the syndicated loan. These primarily included payments connected with liabilities from finance leases.

Overall, cash decreased in the first half of 2020 by €25.7 million to €44.4 million as at the end of the reporting period.

## INVESTMENT

The ADLER Group's investments during the first half of 2020 totalled €2.1 million (H1 2019: €2.1 million). Of this figure, €1.9 million (H1 2019: €1.7 million) was attributable to property, plant and equipment (operating and office equipment) and €0.2 million (H1 2019: €0.4 million) to intangible assets.

## EMPLOYEES

The employee headcount totalled 3,426 as at the reporting date, or approximately 4.8% fewer than in the same period of the previous year (30 June 2019: 3,599). Expressed as FTEs, ADLER employed 2,186.5 staff, down 4.4% on the prior-year figure of 2,287.7. In the reporting period, personnel expenses (including transformation costs) decreased to €39.5 million (H1 2019: €50.8 million). This decline was due primarily to the introduction of short-time working hours in the second half of March 2020.

The ADLER Group had 227 trainees as at 30 June 2020, 4.6% more than as at the prior-year reporting date (217).

## SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

The Company's performance during the reporting period was marked significantly by the coronavirus shutdown and resulting closure of all ADLER stores. On 16 March, all stores in Austria and Luxembourg were closed, followed by stores in Switzerland on 17 March and Germany on 18 March. This meant that ADLER was forced to suspend all brick-and-mortar retail operations. It was not possible to recoup the resulting loss of revenue through the ADLER online shop. Stores gradually began to re-open in Germany on 20 April, with the utilisation of limited floor space (800 m<sup>2</sup>) permitted in certain states, followed by the lifting of restrictions on floor space on 4 May. Stores in Austria were also re-opened on 2 May, and Switzerland and Luxembourg followed on 11 May. Now that the stores have re-opened, customer footfall is beginning to increase again, albeit not at the same levels seen prior to the coronavirus crisis.

The loss of revenue while most costs continued to mount led to a rapid decline in the Company's liquidity reserve.

ADLER reacted to this situation by taking out a syndicated loan, thereby securing funding for the Company for the long term. The syndicated loan has been granted on the basis of a joint guarantee by the state governments of Bavaria and North Rhine-Westphalia, to be disbursed to Adler Modemärkte AG by its core lenders at standard market terms for a term of six years. The total commitment amounts to €69 million, comprising a €15 million cash line of credit, a €45 million amortising loan and a €9 million bullet loan.



## RISK REPORT

Opportunities and risks may impact business development positively or negatively. ADLER employs a proven risk management and control system to identify in advance and effectively manage the relevant opportunities and risks. ADLER's risk management is an integral part of all of the Group's decisions and business processes and thus supports the long-term protection of our Company's future success.

The COVID-19 pandemic massively disrupted the ADLER Group's operating performance in the first half of the year 2020. The temporary closure of all stores and the ancillary impact of the COVID-19 pandemic from mid-March until well into April necessitated extensive strategic adjustments in order to secure liquidity for the Company and safeguard its ability to operate as a going concern. ADLER's management team is continuously monitoring events as they develop in order to take speedy action as required to minimise risks across the board. In this context, the Group responded quickly by initiating numerous cost, financing and liquidity measures, many of which have already been fully implemented. These measures meant that the Company was able to effectively mitigate the impact of the pandemic on large segments of its staff by taking advantage of short-time working hours. The €69 million financing commitment negotiated in May, which secured the Company's financial stability, particularly bears highlighting. The situation has eased increasingly with the re-opening of all ADLER stores; nevertheless, customers remain reticent in the face of the restrictions imposed in the wake of the pandemic. For more information, please see "Report on expected developments and overall assertion". Furthermore, ADLER is in constant contact with all of its partners and other stakeholders that secure the Group's value chain. For instance, the Company does not expect the COVID-19 crisis to have any significant impact on the supply of its merchandise because the majority of the spring/summer collections had already been manufactured and were being shipped at the time the lockdowns were put in place in Asia and Europe. In addition, there are currently no indications that there will be any such problems with respect to the autumn/winter collections.

All of Adler Modemärkte AG's activities during the COVID-19 pandemic are focussed on supporting the Company's customers and employees and society as a whole. The Company began to reopen its stores on 20 April and in connection with this is primarily focusing on taking all the necessary precautions and hygiene measures to offer its customers and staff the best level of protection possible. A comprehensive safety concept has been developed and implemented at all stores for this purpose.

Beyond this, we have detailed the specific risks and opportunities that could have material long-term effects on our financial position, financial performance or cash flows, as well as the structure of ADLER's risk management system; see pages 48 to 52 of our report on the 2019 financial year.

Given the current uncertainty regarding the duration and magnitude of the COVID-19 pandemic, ADLER is unable at this time to predict with any degree of certainty whether its previous and future measures will effectively mitigate the impact of the pandemic. Nevertheless, Adler Modemärkte AG's management team currently believes that the measures will suffice to prevent any material risks from arising that could jeopardise the Group's long-term financial position, financial performance or cash flows.



## REPORT ON EXPECTED DEVELOPMENTS & OVERALL ASSERTION

On 18 March 2020, due to the impact of the COVID-19 pandemic on its operating performance, ADLER retracted its original outlook for financial year 2020 (consolidated revenue roughly in line with prior year at approximately €495 million, EBITDA between €66 million and €69 million). The closure of all stores ordered by the authorities in Germany, Austria, Luxembourg and Switzerland between 16 and 18 March 2020 had a massive negative impact on all financial KPIs for the Group in the first half of the year. Stores gradually re-opened between the end of April and mid-May. However, the health and safety and hygiene-related restrictions resulting from the pandemic meant that customer spending would not bounce back to prior-year levels by the end of the quarter.

Although demand is currently expected to pick up again over the remainder of the year, revenue in the second half of the year is not likely to reach the levels recorded in the same period of the previous year. Provided that the pandemic does not flare up again and no further restrictions need to be imposed, Adler Modemärkte AG's Executive Board has set a revenue target for the months from July to December which is unlikely to fully replicate the prior-year figures. Revenue is expected to increase gradually over the remainder of the year. Depending on ADLER's ability to place the inventories not sold off in the first half of the year and to remain as flexible and efficient as possible in managing its costs, EBITDA for the second half of 2020 is expected to improve significantly compared to the first half of the year. An outlook is currently not possible. From today's perspective, there should be no further losses in 2020 of the same magnitude as the impairments reported for the first half of the year in respect of fixed assets written off. After-tax earnings are projected to be significantly in the red, given the weak performance in the first six months of the year. For the remainder of the year, the management will focus on securing the Company's liquidity and cash flows, and significantly improving its equity.

Due to the unprecedented impact of the COVID-19 pandemic, the Company's Executive Board continues to monitor the situation closely. In light of this, the management intends to initiate a number of measures to put ADLER back on track towards profitable growth. This will include measures to improve cost efficiency and liquidity, as well as strategic moves to generate additional revenue streams by massively expanding the Company's e-commerce business and making targeted use of the available CRM data in its own operations, as well as through cooperation deals.

The forecast already includes the expected increase in personnel expenses due to the collective bargaining agreement and the transformation expenses. ADLER expects only minor changes as it pertains to the EUR/USD exchange rate. The same applies to the development of key commodity prices.

## ADLER'S SHARE PRICE PERFORMANCE

ADLER's shares began the reporting period on a positive trajectory before losing ground during the remainder of the period on account of the COVID-19 pandemic. After closing 2019 at €3.76, the shares initially trended sideways, before making gains in February due in part to the publication of the preliminary results for the 2019 financial year. The shares peaked in the first half of the year at €5.00 on 21 February 2020. Thereafter, the shares were sucked into the general downward spiral seen on stock exchanges as a result of the COVID-19 pandemic and closed the first quarter at €2.70. The shares were once again down slightly in the second quarter. Neither the quarterly figures reported on 5 May 2020 nor the €69 million in financing commitments communicated on 12 May 2020 had any noteworthy influence on the share price, which hit its nadir for the first half of the year on 24 June 2020, at €2.42. On the final trading day of the first half of the year, the shares closed at €2.52. This corresponds to a decrease of 33.0% compared to the closing price on 30 December 2019.

Adler Modemärkte AG's Executive Board continued its proactive and candid dialogue with investors, analysts and business media during the first six months of 2020. The 2019 Annual Report and the report on the first three months of 2020 were each presented and discussed in detail in a conference call, during which the entire Executive Board took questions from participants. This included an update on the measures implemented as part of the "Strategy 2020", which will be continued as the "Strategy 2023", as well as an in-depth report on how the Company intends to address the aftermath of the COVID-19 pandemic.

## ADLER MODEMÄRKTE AG, HAIBACH RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Haibach, 5 August 2020



Thomas Freude  
Chairman of the  
Executive Board



Karsten Odemann  
Member of the  
Executive Board



Carmine Petraglia  
Member of the  
Executive Board

# CONSOLIDATED FINANCIAL STATEMENT AS AT 30 JUNE 2020

## CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020

| €'000  | 1 Jan –<br>30 June<br>2020 | 1 Jan –<br>30 June<br>2019<br>adjusted* |
|--|----------------------------|---|
| <b>Revenue</b>   | <b>138,062</b>             | <b>236,025</b>                          |
| Other operating income   | 3,928                      | 2,722                                   |
| Cost of materials  | -71,291                    | -106,988                                |
| Personnel expenses   | -39,526                    | -50,836                                 |
| Other operating expenses*  | -50,865                    | -55,877                                 |
| <b>EBITDA*</b>   | <b>-19,693</b>             | <b>25,047</b>                           |
| Depreciation, amortisation and write-downs*                          | -22,662                    | -22,610                                 |
| Impairments  | -5,841                     | 0                                       |
| <b>EBIT*</b>   | <b>-48,195</b>             | <b>2,437</b>                            |
| Other interest and similar income                                    | 14                         | 9                                       |
| Interest and similar expenses  | -8,195                     | -8,532                                  |
| <b>Net finance costs</b>   | <b>-8,181</b>              | <b>-8,524</b>                           |
| <b>Net income from operations*</b>                                   | <b>-56,376</b>             | <b>-6,087</b>                           |
| Income taxes*  | 6,951                      | 1,158                                   |
| <b>Consolidated net profit/loss*</b>                                 | <b>-49,425</b>             | <b>-4,929</b>                           |
| <b>of which attributable to shareholders of Adler Modemärkte AG*</b> | <b>-49,425</b>             | <b>-4,929</b>                           |
| <b>Earnings per share** (continuing operations)*</b>                 |                            |   |
| Basic in €/**  | -2.67                      | -0.27                                   |
| Diluted in €/**  | -2.67                      | -0.27                                   |

\* H1 2019 figures restated due to retrospective changes in the annual financial statements in accordance with the first-time application of IFRS 16 using the full retrospective approach.

\*\* Earnings per share were calculated as in the prior-year period on the basis of the weighted average of existing shares in the period from 1 January 2020 to 30 June 2020 in the amount of 18,510,000 shares.

## CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD FROM 1 APRIL TO 30 JUNE 2020

| €'000  | 1 April –<br>30 June<br>2020 | 1 April –<br>30 June<br>2019<br>adjusted* |
|--|------------------------------|---|
| <b>Revenue</b>   | <b>64,908</b>                | <b>136,703</b>                            |
| Other operating income   | 2,002                        | 1,417                                     |
| Cost of materials  | -33,592                      | -56,722                                   |
| Personnel expenses   | -15,963                      | -25,666                                   |
| Other operating expenses*  | -24,287                      | -28,317                                   |
| <b>EBITDA*</b>   | <b>-6,932</b>                | <b>27,416</b>                             |
| Depreciation, amortisation and write-downs*                          | -11,362                      | -11,219                                   |
| Impairments  | -5,841                       | 0   |
| <b>EBIT*</b>   | <b>-24,134</b>               | <b>16,196</b>                             |
| Other interest and similar income                                    | 9                            | 0   |
| Interest and similar expenses  | -4,292                       | -4,239                                    |
| <b>Net finance costs</b>   | <b>-4,283</b>                | <b>-4,238</b>                             |
| <b>Net income from operations*</b>                                   | <b>-28,417</b>               | <b>11,958</b>                             |
| Income taxes*  | 1,618                        | -3,349                                    |
| <b>Consolidated net profit/loss*</b>                                 | <b>-26,799</b>               | <b>8,610</b>                              |
| <b>of which attributable to shareholders of Adler Modemärkte AG*</b> | <b>-26,799</b>               | <b>8,610</b>                              |
| <b>Earnings per share** (continuing operations)*</b>                 |                              |   |
| Basic in €/**  | -1.45                        | 0.47                                      |
| Diluted in €/**  | -1.45                        | 0.47                                      |

\* Q2 2019 figures restated due to retrospective changes in the annual financial statements in accordance with the first-time application of IFRS 16 using the full retrospective approach.

\*\* Earnings per share were calculated as in the prior-year period on the basis of the weighted average of existing shares in the period from 1 April 2020 to 30 June 2020 in the amount of 18,510,000 shares.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020

| €'000  | 1 Jan –<br>30 June<br>2020 | 1 Jan –<br>30 June<br>2019<br>adjusted* |
|--|----------------------------|---|
| <b>Consolidated net profit/loss*</b>   | -49,425                    | -4,929                                  |
| Currency translation gains from foreign subsidiaries                                       | -74                        | -52                                     |
| Remeasurement of defined benefit pension entitlements and similar obligations              | 54                         | -246                                    |
| Deferred taxes   | -16                        | 73                                      |
| <b>Items that will not be recycled to the income statement going forward</b>               | <b>-36</b>                 | <b>-225</b>                             |
| Change in fair value of financial instruments in equity instruments measured at fair value | -7                         | 12                                      |
| Deferred taxes   | 0                          | 0                                       |
| <b>Items that may subsequently be recycled to the income statement</b>                     | <b>-7</b>                  | <b>12</b>                               |
| <b>Other comprehensive income</b>  | <b>-42</b>                 | <b>-213</b>                             |
| <b>Consolidated total comprehensive income*</b>  | <b>-49,468</b>             | <b>-5,142</b>                           |

\* H1 2019 figures restated due to retrospective changes in the annual financial statements in accordance with the first-time application of IFRS 16 using the full retrospective approach.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 APRIL TO 30 JUNE 2020

| €'000  | 1 April –<br>30 June<br>2020 | 1 April –<br>30 June<br>2019<br>adjusted* |
|--|------------------------------|---|
| <b>Consolidated net profit/loss*</b>   | -26,799                      | 8,610                                     |
| Currency translation gains from foreign subsidiaries                                       | 28                           | -22                                       |
| Remeasurement of defined benefit pension entitlements and similar obligations              | 54                           | -246                                      |
| Deferred taxes   | -16                          | 73  |
| <b>Items that will not be recycled to the income statement going forward</b>               | <b>66</b>                    | <b>-196</b>                               |
| Change in fair value of financial instruments in equity instruments measured at fair value | 21                           | 3   |
| Deferred taxes   | 0                            | 0   |
| <b>Items that may subsequently be recycled to the income statement</b>                     | <b>21</b>                    | <b>3</b>                                  |
| <b>Other comprehensive income</b>  | <b>86</b>                    | <b>-193</b>                               |
| <b>Consolidated total comprehensive income*</b>  | <b>-26,713</b>               | <b>8,417</b>                              |

\* Q2 2019 figures restated due to retrospective changes in the annual financial statements in accordance with the first-time application of IFRS 16 using the full retrospective approach.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

| ASSETS €'000   | 30 June<br>2020 | 31 Dec<br>2019 |
|--|-----------------|----------------|
| <b>Non-current assets</b>  |                 |                |
| Intangible assets  | 3,765           | 4,104          |
| Property, plant and equipment  | 20,961          | 23,824         |
| Right-of-use assets  | 194,660         | 207,173        |
| Other non-current receivables and assets                                   | 484             | 381            |
| Deferred tax assets  | 29,648          | 22,855         |
| <b>Total non-current assets</b>  | <b>249,519</b>  | <b>258,337</b> |
| <b>Current assets</b>  |                 |                |
| Inventories  | 78,057          | 73,358         |
| Trade receivables  | 168             | 102            |
| Other current receivables and assets                                       | 8,275           | 7,210          |
| Financial assets measured at fair value through other comprehensive income | 274             | 281            |
| Cash and cash equivalents  | 44,398          | 70,089         |
| <b>Total current assets</b>  | <b>131,171</b>  | <b>151,041</b> |
| <b>TOTAL ASSETS</b>  | <b>380,690</b>  | <b>409,378</b> |



| EQUITY AND LIABILITIES €'000                         | 30 June<br>2020 | 31 Dec<br>2019 |
|--|-----------------|----------------|
| <b>CAPITAL AND RESERVES</b>                          |                 |                |
| Subscribed capital                                   | 18,510          | 18,510         |
| Capital reserves                                     | 127,408         | 127,408        |
| Accumulated other comprehensive income               | -2,900          | -2,858         |
| Negative retained earnings                           | -126,396        | -76,971        |
| <b>Total equity</b>                                  | <b>16,622</b>   | <b>66,089</b>  |
| <b>LIABILITIES</b>                                   |                 |                |
| Non-current liabilities                              |                 |                |
| Provisions for pensions and similar obligations      | 5,344           | 5,585          |
| Other non-current provisions                         | 1,308           | 1,282          |
| Non-current financial liabilities                    | 21,965          | 1,627          |
| Liabilities from finance leases                      | 211,617         | 223,287        |
| Other non-current liabilities                        | 2,934           | 3,245          |
| Deferred tax liabilities                             | 33              | 33             |
| <b>Total non-current liabilities</b>                 | <b>243,201</b>  | <b>235,058</b> |
| Current liabilities                                  |                 |                |
| Other current provisions                             | 6,383           | 5,160          |
| Liabilities from the customer loyalty card programme | 13,310          | 11,664         |
| Current financial liabilities                        | 323             | 322            |
| Liabilities from finance leases                      | 42,584          | 41,456         |
| Trade payables                                       | 35,123          | 25,966         |
| Other current liabilities                            | 22,533          | 23,319         |
| Current income tax liabilities                       | 611             | 343            |
| <b>Total current liabilities</b>                     | <b>120,867</b>  | <b>108,230</b> |
| <b>Total liabilities</b>                             | <b>364,069</b>  | <b>343,288</b> |
| <b>TOTAL EQUITY and LIABILITIES</b>                  | <b>380,690</b>  | <b>409,378</b> |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020 (ADJUSTED)

| €'000                                   | Subscribed capital | Capital reserves | Accumulated other comprehensive income |                      |                 | Negative retained earnings* | Total equity* |
|---|--------------------|------------------|--|----------------------|-----------------|-----------------------------|---------------|
|   |                    |                  | Securities                             | Currency translation | Other changes** |                             |               |
| <b>As at 1 January 2020</b>             | <b>18,510</b>      | <b>127,408</b>   | <b>17</b>                              | <b>-202</b>          | <b>-2,674</b>   | <b>-76,971</b>              | <b>66,089</b> |
| Consolidated net profit/loss            | 0                  | 0                | 0                                      | 0                    | 0               | -49,425                     | -49,425       |
| Other comprehensive income              | 0                  | 0                | -7                                     | -74                  | 38              | 0                           | -81           |
| Consolidated total comprehensive income | 0                  | 0                | -7                                     | -74                  | 38              | -49,425                     | -49,468       |
| <b>As at 30 June 2020</b>               | <b>18,510</b>      | <b>127,408</b>   | <b>10</b>                              | <b>-276</b>          | <b>-2,636</b>   | <b>-126,396</b>             | <b>16,622</b> |
| <b>As at 1 January 2019</b>             | <b>18,510</b>      | <b>127,408</b>   | <b>-1</b>                              | <b>-58</b>           | <b>-2,171</b>   | <b>-82,105</b>              | <b>61,584</b> |
| Consolidated net profit/loss            | 0                  | 0                | 0                                      | 0                    | 0               | -4,929                      | -4,929        |
| Other comprehensive income              | 0                  | 0                | 12                                     | -52                  | -173            | 0                           | -213          |
| Consolidated total comprehensive income | 0                  | 0                | 12                                     | -52                  | -173            | -4,929                      | -5,142        |
| <b>As at 30 June 2019*</b>              | <b>18,510</b>      | <b>127,408</b>   | <b>11</b>                              | <b>-103</b>          | <b>-2,344</b>   | <b>-87,034</b>              | <b>56,442</b> |

\* H1 2019 figures restated due to retrospective changes in the annual financial statements in accordance with the first-time application of IFRS 16 using the full retrospective approach.

\*\* Other changes relate to actuarial gains and losses less deferred taxes.

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020

| €'000   | 30 June<br>2020 | 30 June<br>2019<br>adjusted* |
|---|-----------------|------------------------------|
| <b>Consolidated profit or loss before tax*</b>                                      | <b>-56,376</b>  | <b>-6,087</b>                |
| Depreciation (+) of property, plant and equipment and amortisation of intangible    | 22,662          | 22,610                       |
| Impairment  | 5,841           | 0                            |
| Increase (+)/decrease (-) in pension provisions                                     | -188            | -156                         |
| Gains (-)/losses (+) from the sale of non-current assets                            | 0               | -14                          |
| Gains (-)/losses (+) from currency translation                                      | -75             | -60                          |
| Other non-cash expenses (+)/income (-)  | 3,619           | 1,351                        |
| Net interest income   | 8,181           | 8,524                        |
| Interest income   | 14              | 6                            |
| Interest expense*   | -8,169          | -6,339                       |
| Income taxes refunded (+)/paid (-)  | 443             | 1,889                        |
| Increase (-)/decrease (+) in inventories  | -8,101          | 3,597                        |
| Increase (-)/decrease (+) of trade receivables and other receivables                | -1,495          | -3,915                       |
| Increase (+)/decrease (-) of trade payables, other liabilities and other provisions | 10,953          | 3,098                        |
| Increase (+)/decrease (-) in other items of the statement of financial position     | -2              | 0                            |
| <b>Cash from (+)/used (-) in operating activities (net cash flow)*</b>              | <b>-22,694</b>  | <b>24,504</b>                |
| Proceeds from disposals of non-current assets                                       | 30              | 253                          |
| Payments for investments in non-current assets                                      | -2,105          | -2,221                       |
| <b>Cash from (+)/used (-) in investing activities</b>                               | <b>-2,074</b>   | <b>-1,967</b>                |
| <b>Free cash flow*</b>  | <b>-24,769</b>  | <b>22,537</b>                |
| Repayment (-)/payment (+) of financial liabilities                                  | 20,500          | 0                            |
| Payments in connection with the repayment of loan liabilities                       | -160            | -159                         |
| Payments in connection with finance lease liabilities*                              | -21,262         | -22,793                      |
| <b>Cash from (+)/used (-) in financing activities*</b>                              | <b>-923</b>     | <b>-22,952</b>               |
| <b>Net decrease (-)/increase (+) in cash and cash equivalents</b>                   | <b>-25,691</b>  | <b>-416</b>                  |
| Cash and cash equivalents at beginning of period                                    | 70,089          | 54,933                       |
| Cash and cash equivalents at end of period  | 44,398          | 54,517                       |
| <b>Net decrease (-)/increase (+) in cash</b>  | <b>-25,691</b>  | <b>-416</b>                  |

\* Q1 2019 figures restated due to retrospective changes in the annual financial statements in accordance with the first-time application of IFRS 16.

# CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

## PRELIMINARY REMARKS

Adler Modemärkte AG is a corporation (Kapitalgesellschaft) in accordance with German law with its registered office at Industriestraße Ost 1–7, Haibach, Federal Republic of Germany. The relevant registration court is located in Aschaffenburg (registered under Number HRB 11581).

The ADLER Group (Adler Modemärkte AG and its subsidiaries) is engaged in apparel retailing and operates specialist clothing stores in Germany, Luxembourg, Austria and Switzerland. Under the trade name “ADLER”, the Group operates specialist clothing stores on a stand-alone basis, as part of specialist store or shopping centres, or together with other retailers at locations operated jointly. The range of goods offered by the ADLER stores includes womenswear, menswear and kidswear.

The euro (€) is both the reporting currency and the functional currency of the ADLER Group. Unless stated otherwise, the figures in the notes to the consolidated financial statements are quoted in thousands of euros (€'000).

In its role as the ADLER Group’s holding company, Adler Modemärkte AG assumes Group-wide responsibilities for all of its subsidiaries. In particular, these include procuring goods, marketing, providing IT infrastructure, financial accounting, audits, controlling and legal.

As the parent, S&E Kapital GmbH, Munich, prepares the consolidated financial statements for the largest and at the same time smallest group of companies. These financial statements can be obtained at the Company’s registered office in Munich. Adler Modemärkte AG, Haibach, also prepares consolidated financial statements. These financial statements are published in the Federal Gazette and can be obtained at the Company’s registered office in Haibach.

## NOTES ON THE BASES AND METHODS EMPLOYED IN THE CONSOLIDATED FINANCIAL STATEMENTS

### ACCOUNTING POLICIES

The consolidated financial statements of Adler Modemärkte AG were prepared in accordance with the requirements of the International Accounting Standards Board (IASB), London, in conformity with International Financial Reporting Standards (IFRSs), as adopted by the EU. The interpretations issued by the IFRS Interpretations Committee (formerly the International Financial Reporting Interpretations Committee and the Standing Interpretations Committee) were also applied. Accordingly, these consolidated interim financial statements as at 30 June 2020 were prepared in accordance with IAS 34 “Interim Financial Reporting”. Depreciation and amortisation, additions to provisions for pensions and interest payments are recognised as an expense in the period to which they relate during the year. Income and expenses in connection with taxes on income were determined on the basis of actual tax calculations.

Those International Financial Reporting Standards (IFRSs) were applied that had become mandatory by the end of the reporting period on 30 June 2020. IFRS 16 was applicable for the first time for financial year 2019 and had a material effect on the net assets, financial position and profit or loss of Adler Modemärkte AG. The transition primarily affected the accounting of real estate lease agreements and motor vehicle and IT leases. Some of the lease agreements were already accounted for as finance leases. The Company has elected to apply the full retrospective transition method in accordance with IFRS 16.C5(a). Pursuant to IAS 8, this method must be applied retrospectively and the figures for the comparative period(s) must be restated. All existing leases as at 1 January 2019 were taken into account. The discount rate applied was the interest rate at the date the agreements were entered into. Differences between the carrying amounts of the right-of-use assets and lease liabilities were reported in equity as at 1 January 2019.

The fair values of securities are determined on the basis of the market price available in an active market. The determination of the fair value falls under Level 1 for the inputs used in the determination of fair values in accordance with IFRS 7. Equity instruments measured at fair value amounted to €274 thousand (31 December 2019: €281 thousand) and included securities. The item consists entirely of fund units.

#### GROUP OF CONSOLIDATED COMPANIES/SHAREHOLDINGS

The consolidated financial statements include Adler Modemärkte AG as well as four German and three foreign subsidiaries. These subsidiaries are listed in the table below.

| Name, registered office                                       | Shareholding<br>in % | Currency | Subscribed capital/<br>limited partnership capital<br>in local currency |
|---|----------------------|----------|---|
| Adler Modemärkte Gesellschaft m.b.H.,<br>Ansfelden/Österreich | 100                  | €'000    | 1,500   |
| ADLER MODE S.A., Foetz/Luxembourg                             | 100                  | €'000    | 31  |
| Adler Mode GmbH, Haibach                                      | 100                  | €'000    | 25  |
| Adler Mode AG Schweiz, Zug/Switzerland                        | 100                  | CHF '000 | 100   |
| Adler Orange GmbH & Co. KG, Haibach                           | 100                  | €'000    | 4,000   |
| Adler Orange Verwaltung GmbH, Haibach                         | 100                  | €'000    | 1,040   |
| A-Team Fashion GmbH, Bochum                                   | 100                  | €'000    | 25  |

Due to the fact that the Group holds 100% of shares in the subsidiaries, there are no minority (non-controlling) interests.

ALASKA GmbH & Co. KG, Pullach im Isartal, in which the Group holds no interest, has also been included in the consolidated financial statements as a structured entity in accordance with IFRS 10 on the basis of a rental agreement with Adler Modemärkte AG, Haibach (relating to an administration building).

#### OTHER NOTES

##### EARNINGS PER SHARE

There were 18,510,000 existing shares during the period under review. As in the previous year, the weighted average of existing shares amounted to 18,510,000 shares.

Earnings per share amounted to €-2.67 in the first half of 2020 (30 June 2019: €-0.27 (adjusted)).

Shares bought back during a period are taken into account on a pro-rated basis for the period in which they are in circulation. There are no dilutive effects at the present time.

**MATERIAL TRANSACTIONS**

The Company's performance during the reporting period was marked significantly by the coronavirus shutdown and resulting closure of all ADLER stores. On 16 March, all stores in Austria and Luxembourg were closed, followed by stores in Switzerland on 17 March and Germany on 18 March. This meant that ADLER was forced to suspend all brick-and-mortar retail operations. It was not possible to recoup the resulting loss of revenue through the ADLER online shop. Stores gradually began to re-open in Germany on 20 April, with the utilisation of limited floor space (800 m<sup>2</sup>) permitted in certain states, followed by the lifting of restrictions on floor space on 4 May. Stores in Austria were also re-opened on 2 May, and Switzerland and Luxembourg followed on 11 May. Now that the stores have re-opened, customer footfall is beginning to increase again, albeit not at the same levels seen prior to the coronavirus crisis.

The loss of revenue while most costs continued to mount led to a rapid decline in the Company's liquidity reserve.

**SEGMENT REPORTING**

| 30 June 2020 (€'000) | Stores segment | Reconciliation with IFRS | ADLER Group |
|----------------------|----------------|--------------------------|-------------|
| Total revenue (net)  | 137,606        | 456                      | 138,062     |
| EBITDA               | -50,157        | 30,464                   | -19,693     |
| EBIT                 | -55,318        | 7,123                    | -48,195     |

| 30 June 2019 (€'000) | Stores segment | Reconciliation with IFRS | ADLER Group (adjusted)* |
|----------------------|----------------|--------------------------|-------------------------|
| Total revenue (net)  | 235,800        | 226                      | 236,025                 |
| EBITDA*              | -4,375         | 29,422                   | 25,047                  |
| EBIT*                | -8,313         | 10,750                   | 2,437                   |

\* H1 2019 figures restated due to retrospective changes in the annual financial statements in accordance with the first-time application of IFRS 16 using the full retrospective approach.

The reconciliation contains differences from various account allocations for internal control purposes and differences arising between national accounting standards and IFRSs.

Where revenue and other operating income is concerned, these differences relate primarily to customer discounts and the accounting requirements of IFRS 15, while the differences relating to cost of materials stem from logistics services, inventory measurements and the accounting requirements of IFRS 15, and differences relating to personnel expenses and other operating expenses stem primarily from differences in account allocation and the accounting treatment for leases and pension provisions under HGB and IFRSs. Depreciation, amortisation and write-downs under IFRSs include depreciation, amortisation and write-downs on right-of-use assets in accordance with IFRS 16 and useful lives that in some cases deviate from the useful lives under HGB.

The segment report was prepared in accordance with IFRS 8 "Operating Segments". The segments were defined in accordance with the ADLER Group's internal management and reporting procedures. "Stores (Modemärkte)" was the only segment at the end of the reporting period. The Stores segment comprises the Company's entire activities relating to the stores operated by the ADLER Group. Due to the mass market in the Stores segment, there is no concentration risk with regard to key or significant customers.

Since the internal reporting system is based on the accounting requirements of the HGB, the information contained in the segment report has been prepared on the basis of the HGB. In accordance with the provisions of IFRS 8.28, a reconciliation has been provided to the accounting principles applied in the consolidated financial statements and therefore to the amounts presented in the consolidated income statement.

The principal performance indicator used by the ADLER Group's decision-makers for management purposes is the figure reported internally for EBITDA, which is defined as the profit or loss from operations before interest, taxes, depreciation and amortisation on property, plant and equipment and intangible assets, and impairment.

Non-current assets, defined as intangible assets, property, plant and equipment and investment property, are broken down by region as follows:

| €'000              | 30 June 2020 |               |         | 31 December 2019 |               |         |
|--------------------|--------------|---------------|---------|------------------|---------------|---------|
|                    | Germany      | International | Group   | Germany          | International | Group   |
| Non-current assets | 178,358      | 41,028        | 219,386 | 193,974          | 41,126        | 235,101 |

## RELATED PARTY DISCLOSURES

Adler Modemärkte AG has been an associated company of S&E Kapital GmbH, Munich, and indirectly an associated company of Steilmann Holding AG i. I., Bergkamen, since 25 July 2013. Steilmann Holding AG i. I. and its subsidiaries are thus to be considered related parties.

Transactions with related parties are contractually agreed and carried out at arm's length prices.

The following transactions were entered into with related parties:

No services were purchased from the Steilmann Group (previous year: €14.8 thousand; this primarily comprised the services of NTS Holding Ltd., Hong Kong). Trade payables/services to related parties of the Steilmann Group in the prior-year period amounted to €0.8 thousand, primarily in connection with the operating business with NTS Holding Ltd., Hong Kong.

No goods were procured from Elan PVT Limited, Hong Kong, in the reporting period. The company is associated with a member of the Supervisory Board.

As in the previous year, remuneration for members of the Supervisory Board in their function as employees amounted to €58 thousand during the reporting period.

For information relating to the remuneration of the Executive Board, please refer to the details given in the consolidated financial statements as at 31 December 2019.

## MATERIAL EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no material events after the end of the reporting period from 1 January to 30 June 2020.

## GERMAN CORPORATE GOVERNANCE CODE

The current version of the Declaration of Conformity with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (Aktiengesetz, "AktG") can be found on the Company's website at <https://www.adlermode-unternehmen.com/en/investor-relations/corporate-governance/>.

Haibach, 5 August 2020



Thomas Freude  
Chairman of the  
Executive Board



Karsten Odemann  
Member of the  
Executive Board



Carmine Petraglia  
Member of the  
Executive Board



## REVIEW REPORT

To Adler Modemärkte AG, Haibach

We have reviewed the condensed consolidated interim financial statements – consisting of the statement of financial position, income statement, statement of comprehensive income, statement of cash flows, statement of changes in equity and the condensed notes to the consolidated financial statements – and the interim Group management report of Adler Modemärkte AG, Haibach, for the period from 1 January to 30 June 2020, which form part of the half-yearly financial report in accordance with § 115 of the German Securities Trading Act (Wertpapierhandelsgesetz, "WpHG"). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Stuttgart, August 5, 2020

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Angelika Kraus  
Wirtschaftsprüferin  
(German Public Auditor)

ppa. Kerstin Riewe  
Wirtschaftsprüferin  
(German Public Auditor)



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