AHLERS AG

Herford

Half-year report 2020/21

AHLERS AG

HALF-YEAR REPORT 2020/21

(December 1, 2020 to May 31, 2021)

PERFORMANCE IN THE FIRST SIX MONTHS OF THE FISCAL YEAR 2020/21

H1 2020/21

- Q2 2020/21: Revenue growth of 89 percent compared to prior-year's period
- Pandemic-related charges send sales revenues falling by 16.1 percent to EUR 59.3 million in H1 2020/21 (previous year: EUR 70.7 million)
- Lower operating expenses as a result of cost-cutting measures and declining revenues (EUR -3.1 million or -7.3 percent)
- Government stopgap aid is the main reason for one-time effects of EUR 9.1 million and clearly improved consolidated earnings of EUR -4.1 million (previous year: EUR -9.4 million)
- Solid financial position with equity ratio of 47.2 percent (previous year: 48.8 percent) and secured medium-term financing
- Forecast for 2020/21 adjusted to reflect lower revenues caused by extended lockdowns. However, government stopgap aid leads to much better consolidated earnings than previously expected

1. BUSINESS AND GENERAL CONDITIONS

With COVID-19 infection rates on the decline and vaccination campaigns picking up speed, many European countries have begun to ease the restrictions imposed to fight the pandemic. As lockdown easing continues and brick-and-mortar stores reopen, economic and social life in the eurozone should recover rapidly. Most economic institutes have therefore raised their growth forecasts for the eurozone for 2021 from 4.0 percent to 4.5 percent (all forecasts courtesy Commerzbank Research May 2021). The gross domestic product is expected to pick up sharply especially in the second half of 2021 and to be back at the prior year level towards the end of the year. Economic growth is supported by the unchanged expansionary monetary policy of the European Central Bank, the national sets of measures initiated to strengthen the economy and by the European COVID-19 Recovery Fund, which should disburse the first funds in the coming months. Among the four major eurozone countries, France and Spain are expected to record the strongest economic growth of 6.5 and 5.8 percent, respectively, in 2021; but GDP growth of 4.0 percent each is also forecast for Italy and Germany.

Besides the positive economic outlook, the labour market situation and the associated income expectations have a particularly strong impact on consumer sentiment. Although the jobless rate in Europe is expected to increase moderately to 8.2 percent (+0.2 percent), uncertainty about the labour market situation should decline. As more and more COVID-19 restrictions are eased, the number of short-time workers should decrease and real incomes should pick up. Moreover, many private households have built up high savings during the lockdowns. A return to the former lower savings rate alone would drive private consumer spending (GfK Consumer Climate May 2021). Although the preconditions for a gradual recovery in consumption are good, private consumption in Germany, at +0.6 percent, is likely to lag clearly behind the macroeconomic trend. An increase of 3.2 percent is projected for the eurozone.

It remains to be seen whether physical clothing stores will be able to benefit from the improving consumer sentiment. While growing online sales of apparel are far from offsetting the declines recorded by brick-and-mortar stores, they generally ensured that fashion remains available also during the lockdowns, which means that pent-up demand for clothing should be rather moderate. Above all, however, the return to normal spending behaviour should support the consumption of fashion in Europe.

2. EARNINGS, FINANCIAL AND NET WORTH POSITION

Q2 2020/21: 89 percent revenue growth due to low prior-year basis and short-term easing of restrictions in March – Six-month revenues impacted by COVID-related lockdowns

It was mainly the low prior-year basis and the short-term easing of the pandemic-related restrictions in March 2021 which sent sales revenues rising by 89 percent to EUR 36.9 million in the second quarter of 2020/21 (March – May 2021), up from EUR 19.5 million in Q2 2019/20. Large parts of the pre-ordered merchandise could be delivered at the beginning of the second quarter, providing positive catch-up effects after the Europe-wide lockdown in winter 2020/21. The current fiscal year 2020/21 will nevertheless be strongly influenced by COVID-19. After the brief easing phase, the containment measures against the COVID-19 pandemic were noticeably tightened again as infection numbers in Germany and many other European countries picked up sharply again. As before, this entailed the closure of essentially all clothing stores between April and the end of May 2021. The revenue shortfall of the first quarter of 2020/21, which was strongly affected by the pandemic, could not be offset as expected. On the whole, the COVID-related restrictions in the first six months of 2020/21 sent revenues falling by EUR 11.4 million or 16.1 percent to EUR 59.3 million (H1 2019/20: EUR 70.7 million). Revenues thus came in at the lower end of expectations. Especially in Germany, six-month revenues were clearly lower than in the previous year (-23.1 percent). In the rest of Europe, revenues were less strongly affected and exceeded this level. In Western Europe, revenues declined by -8.1 percent in the first half of FY 2020/21. Clothing stores in Russia remained open throughout subject to certain conditions. Also in Poland, which is an important market for Ahlers, brick-and-mortar stores were allowed to open for comparatively longer periods, leading to catch-up effects, especially in May 2021. As a result, sales revenues in Eastern Europe/Other declined by a relatively moderate -4.9 percent.

Own e-commerce revenues up by 56 percent

Ahlers' own e-commerce segment grew its revenues by 56 percent in the first half of the year, thus dampening the general downward trend. Both the company's own online shops and the marketplace business contributed to this growth in roughly equal measure. Together, the share of eCommerce in total sales was 14.4 percent (previous year 7.6 percent). Declining by 18 percent, like-for-like revenues of the Group's entire own retail activities were slightly below the general business trend. The share of own retail revenues in total revenues thus declined to 13.2 percent (previous year: 13.8 percent).

EARNINGS POSITION

Government stopgap aid is the main reason for high one-time effects and clearly improved consolidated earnings

In the first half of 2020/21, the gross profit margin fell by 3.4 percentage points to 44.4 percent (previous year: 47.8 percent), mainly due to the aggressive sale of old merchandise and, to a lesser extent, to write-downs on seasonal goods and price reductions. It was mainly the drop in revenues that sent gross profit falling by EUR 7.5 million to EUR 26.3 million (-22.2 percent; previous year: EUR 33.8 million). Due to cost-cutting measures and the lower Group revenues, operating expenses, which comprise personnel expenses, the balance of operating expenses and income as well as write-downs, declined by EUR 3.1 million or 7.3 percent. This was essentially attributable to the reduced personnel expenses, which dropped by a noticeable EUR 3.4 million or 17.3 percent to EUR -16.3 million as the company made use of short-time work. Operating expenses increased by EUR -0.8 million to EUR -18.8 million in the reporting period, mainly due to clearly higher legal and consulting costs. Write-downs declined by EUR 0.5 million to EUR -4.1 million (previous year: EUR -4.6 million). In the prior-year period, extraordinary expenses were slightly higher than extraordinary income, resulting in one-time effects of EUR -0.4 million. In the first half of FY 2020/21, it was primarily the government's stopgap aid for companies that had to discontinue all or essential parts of their business operations due to the COVID-19 lockdowns which generated considerable extraordinary income. The sale of a non-operating property made an additional contribution to extraordinary income. One-time effects in H1 2020/21 thus totalled EUR 9.1 million. The financial result declined by EUR -0.4 million to EUR -1.1 million due to additional borrowings and higher interest. As a result of the one-time effects, the result before income taxes rose by EUR 4.7 million from EUR -9.6 million to EUR -4.9 million in the first half of FY 2020/21. As of the reporting date, deferred tax liabilities were reversed. This resulted in tax income of EUR 0.8 million. As of the six-month stage of 2020/21, consolidated earnings stood at EUR -4.1 million, up by 56.4 percent on the previous year (EUR -9.4 million).

Earnings position

EUR million	**H1 2020/21**	**H1 2019/20**	Change in %
Sales	**59.3**	**70.7**	**-16.1**
Gross profit	26.3	33.8	-22.2
in % of sales	44.4	47.8	
Personnel expenses	-16.3	-19.7	17.3
Balance of other expenses/income	-18.8	-18.0	-4.4
EBITDA *	**-8.8**	**-3.9**	**<-100.0**
Depreciation and amortisation *	-4.1	-4.6	10.9
EBIT *	**-12.9**	**-8.5**	**-51.8**
One-time effects	9.1	-0.4	
Financial result	-1.1	-0.7	-57.1
Pre-tax profit	**-4.9**	**-9.6**	**49.0**
Income taxes	0.8	0.2	>100.0
Consolidated net income	**-4.1**	**-9.4**	**56.4**

* before one-time effects

SEGMENT RESULTS

Premium segment: Baldessarini and Otto Kern report increased revenues – Pierre Cardin revenues on the decline

The Baldessarini premium brand was able to grow its revenues slightly, mainly due to the aggressive sale of old merchandise. Otto Kern achieved mid-double-digit percentage revenue growth in the reporting period, starting from a low base. By contrast, Pierre Cardin's revenues dropped sharply in the first half of 2020/21 due to the COVID-19 pandemic. Total revenues of the three premium brands Baldessarini, Pierre Cardin and Otto Kern declined by 14,2 percent from EUR 49.2 million to EUR 42.2 million. The Premium segment's share in total revenues rose slightly to 71 percent in the reporting period (previous year: 70 percent).

The gross profit margin of the three premium brands Baldessarini, Pierre Cardin and Otto Kern declined by 5.4 percentage points, mainly due to the aggressive marketing of old merchandise. While the lower operating expenses of the three premium brands including variable selling expenses (-8.6 percent) dampened the gross profit decline, they failed to offset it in full. The Premium segment's result before one-time effects therefore declined by EUR -3.0 million to EUR -10.1 million because of the lower revenues.

Pandemic control measures send revenues and results in the Jeans & Workwear segment falling

In the previous year, sales of mouth-nose masks had supported Pionier Workwear's Q2 revenues. As this effect did not recur in the reporting period, the drop in sales of workwear was stronger than the Group-wide decline in percentage terms. By contrast, revenues of Pioneer Authentic Jeans, the second brand in the Jeans & Workwear segment, were slightly above the Group-wide revenue trend. At the bottom line, revenues in the Jeans & Workwear segment declined by EUR 4.4 million or 20.5 percent to EUR 17.1 million. The segment's share in total revenues decreased slightly from 30 percent to 29 percent.

Due to short-term cost-cutting measures and the declining revenues, the Jeans & Workwear segment's costs were reduced by 4.2 percent. This was insufficient to offset the decline in gross profit. Earnings in the Jeans & Workwear segment fell by EUR 1.4 million in the reporting period to EUR -2.8 million (previous year: EUR -1.4 million).

Sales by segments

EUR million	**H1 2020/21**	**H1 2019/20**	Change in %
Premium Brands *	42.2	49.2	-14.2
Jeans & Workwear	17.1	21.5	-20.5
Total	**59.3**	**70.7**	**-16.1**

* incl. „miscellaneous“ EUR 0.2 million (previous year: EUR 0.2 million)

EBIT before one-time effects by segments

EUR million	**H1 2020/21**	**H1 2019/20**	Change in %
Premium Brands	-10.1	-7.1	-42.3
Jeans & Workwear	-2.8	-1.4	-100.0
Total	**-12.9**	**-8.5**	**-51.8**

FINANCIAL AND NET WORTH POSITION

Solid equity ratio and secured medium-term financing reflect stable financial position

At EUR 134.8 million, total assets were clearly below the previous year's EUR 159.4 million on May 31, 2021 (minus EUR 24.6 million). At EUR -18.1 million, the decline in non-current assets made a major contribution to this balance sheet contraction. In the second quarter of 2021, the company completed the sale of a non-operating property in Herford. The sale of a work of art and the systematic depreciation on machinery, factory and office equipment and on rights of use in leased items between the balance sheet dates also led to a decline in non-current assets. Current assets decreased by EUR -6.5 million. Raw material inventories were reduced by EUR -3.8 million due to the lower production volume. By contrast, finished goods inventories increased by EUR 1.7 million as a result of the lockdowns. At the bottom line, inventoried declined by EUR -2.5 million. Trade receivables were down by EUR -0.3 million on the previous year because of the lower revenues. The reduced purchasing volume sent trade payables falling noticeably by EUR -8.4 million. Between them, these factors sent net working capital (balance of inventories, trade receivables and trade payables) rising by EUR 5.6 million to EUR 74.7 million (previous year: EUR 69.1 million). At EUR 4.4 million in normalised terms, cash and cash equivalents were below the prior year level (EUR 8.8 million) on the reporting date. To cope with the COVID-related burdens, the company took out new loans in two financing rounds, backed by guarantees from the state of North Rhine-Westphalia. Income from the sale of non-current assets which were not necessary for operation was used for repayment on the loans. At EUR 40.2 million, net financial liabilities (balance of non-current and current financial liabilities less cash and cash equivalents) exceeded the previous year's EUR 37.6 million by EUR 2.6 million. The result of the last fiscal year and the reduced consolidated earnings led to a reduction in revenue reserves. Equity capital dropped by EUR -14.1 million to EUR 63.6 million (previous year: EUR 77.7 million). As total assets declined as well, the equity ratio stood at a solid 47.2 percent on May 31, 2021 (previous year: 48.8 percent).

Key management and financial indicators

		H1 2020/21	H1 2019/20
Sales	EUR million	59.3	70.7
Gross margin	in %	44.3	47.8
EBITDA *	EUR million	-8.8	-3.9
EBITDA-Margin *	in %	-14.8	-5.5
EBIT *	EUR million	-12.9	-8.5
EBIT-Margin *	in %	-21.8	-12.0
Net income	EUR million	-4.1	-9.4
Profit margin before taxes	in %	-8.2	-13.6
Profit margin after taxes	in %	-6.9	-13.3
Earnings per share		-0.3	-0.7
Cash flow from operating activities	EUR million	-7.7	-10.5
Net Working Capital **	EUR million	74.7	69.1
Equity ratio	in %	47.2	48.8
Employees		1,613	1,820

* before one-time effects

** Inventories, trade receivables and trade payables

3. POST BALANCE SHEET EVENTS

After the reporting date, Ahlers AG submitted another application for funds from the Federal Government's "Überbrückungshilfe III" stopgap aid package. The decision on the approval of these funds is expected in the third quarter of 2020/21. On June 29, 2021, the Supervisory Board and the Management Board of Ahlers AG moreover decided to apply to the Frankfurt Stock Exchange for the revocation of the admission of the Ahlers shares to the sub-segment of the Regulated Market with additional follow-up obligations (Prime Standard) in accordance with Section 57 of the Exchange Rules in a timely manner. This is an ex officio order to commence trading of the Ahlers shares on the Regulated Market (General Standard). This does not restrict the tradability of the shares. Other than that, no events of special significance for the Ahlers Group occurred between the end of the first half of the fiscal year 2020/21 and the publication of the half-year report.

4. RISK REPORT

The fundamental statements made in the risk report of the 2019/20 consolidated financial statements remain valid. The overall risk situation of Ahlers AG and the Group has improved due to the governmental stopgap aid packages to mitigate the pandemic consequences.

5. EMPLOYEES

On May 31, 2021, Ahlers employed 1,613 people, 207 less than a year ago (1,820). This reduction is primarily the result of the cost-cutting measures initiated in the course of 2020 and the efficiency programmes of the previous year. Due to the general streamlining of structures and the closure of unprofitable stores, the number of employees in Germany declined by 57 to 449 (previous year: 506 employees). In the Group's foreign entities, the headcount was reduced primarily in the own Retail segment (-49 employees). The discontinuation of the company's own production in Poland sent the number of employees falling by 68. The production capacity in Sri Lanka was reduced slightly (-32 employees).

6. PERFORMANCE OF THE AHLERS SHARES

Over the last few years, the prices of most German fashion stocks declined noticeably. This also affected the Ahlers share. On May 29, 2020, the share traded at EUR 1.65 and slightly lost in value by the end of the fiscal year on November 30, 2020 (EUR 1.56). Since then, it has remained more or less stable and traded at EUR 1.55 on May 31, 2021, which was 6,1 percent below the price of the previous year.

7. FORECAST

Most economic institutes project noticeable growth for the eurozone economy for the coming months. In view of the successful continuation of the vaccination campaign, the summer temperatures and the resulting sharp drop in infection numbers, governments have begun to ease the COVID-19-related restrictions considerably (all forecasts courtesy Commerzbank Research May 2021). As sufficient vaccine to achieve widespread immunity should be available in the second half of 2021, daily life is expected to return to normal. At the end of 2021, the eurozone's gross domestic product (GDP) should be back to the pre-crisis level. Private demand is likely to benefit from the fact that consumers have built up additional savings due to limited consumption options during the height of the pandemic. Services that were not available during the lockdowns, such as restaurant and theatre visits or holidays, should benefit most from a surge in demand. Consequently, the market environment for apparel in Germany and Europe is likely to remain very challenging in the fiscal year 2020/21.

Full-year forecast adjusted to reflect expectation of lower revenues caused by extended lockdowns and clearly improved consolidated earnings due to high extraordinary income from stopgap aid

The Management Board has adjusted the revenue and earnings forecast for the full fiscal year published in the 2019/20 Annual Report. The course of the COVID-19 pandemic ("third wave") led to more extensive and longer-lasting Europe-wide containment measures than originally assumed. The lockdown-related revenue shortfall of the first six months of 2020/21 is unlikely to be largely offset in the second half of the fiscal year as previously projected. As a result, Group sales revenues in FY 2020/21 are now expected to be at best in the mid-single-digit percentage range below the prior year level (2019/20: EUR 151.6 million).

The gross profit margin is likely to decline moderately (previous year: 47.3 percent), mainly due to the aggressive marketing of old merchandise. While the largely revenue-related reduction in the cost structure should dampen the decline in gross profit, it will not offset it in full. EBIT before one-time effects are expected to be below the previous year's level by a mid-single-digit million amount (2019/20: EUR -12.4 million). In the full fiscal year 2020/21, extraordinary income from stopgap aid granted by the government will lead to high positive one-time effects, though. Consequently, earnings before and after income taxes are likely to improve much more strongly than previously expected. While consolidated earnings in the second COVID-19 year are expected to be negative again, they should be about halved compared to the previous year (2019/20: EUR -18.4 million). The company's financial position should thus be affected less strongly than assumed at the beginning of the fiscal year. The comprehensive restructuring project "New Tomorrow" should take full effect as of the following fiscal year and have a greater impact on earnings. The rest of the forecast published in the 2019/20 Annual Report remains unchanged.

Slightly lower net working capital and almost balanced operating cash flow expected

In the second half of the fiscal year, we will continue to reduce our net working capital primarily by consistently selling off old merchandise. As retailers' stocks of merchandise will remain excessively high also in the fiscal year 2020/21, inventories are not expected to fully return to normal before 2022. Operating cash flow in the fiscal year 2020/21 is likely to be influenced by consolidated earnings that will improve noticeably but will nevertheless remain negative. This effect should be counteracted by the moderate decline in net working capital as well as by write-downs.

This full-year forecast is subject to the unstable planning premises arising from the still dynamic pandemic developments in our markets. Adjustments in the course of the coming months are therefore possible.


BALDESSARINI

Consolidated balance sheet

as of May 31, 2021

ASSETS

KEUR	May 31, 2021	May 31, 2020	Nov. 30, 2020
A. Non-current assets			
I. Property, plant and equipment			
1. Land, land rights and buildings	5,547	11,586	10,868
2. Technical equipment and machines	1,298	1,564	1,477
3. Other equipment, plant and office equipment	4,038	5,967	5,067
4. Payments on account and plant under construction	146	11	51
	11,029	**19,128**	**17,463**
II. Intangible assets			
1. Industrial property rights and similar rights and assets	16,784	17,306	17,145
2. Payments on account	0	44	78
	16,784	**17,350**	**17,223**
III. Rights of use to leasing objects	7,266	11,079	9,333
IV. At-equity investments	211	571	211
V. Other non-current assets			
1. Other financial assets	678	833	754
2. Other assets	5,463	10,021	9,384
	6,141	**10,854**	**10,138**
VI. Deferred tax assets	743	1,303	526
Total non-current assets	**42,174**	**60,285**	**54,894**
B. Current assets			
I. Inventories			
1. Raw materials and consumables	8,215	12,043	8,927
2. Work in progress	1,113	1,527	1,273
3. Finished goods and merchandise	57,896	56,191	61,544
	67,224	**69,761**	**71,744**
II. Trade receivables	12,734	13,005	12,289
III. Other current assets			
1. Other financial assets	0	0	8
2. Receivables from affiliates	1,447	235	0
3. Current income tax claims	388	555	396
4. Other assets	6,440	6,756	6,333
	8,275	**7,546**	**6,737**
IV. Cash and cash equivalents	4,434	8,827	4,590
Total current assets	**92,667**	**99,139**	**95,360**
Total assets	**134,841**	**159,424**	**150,254**

EQUITY AND LIABILITIES

KEUR	May 31, 2021	May 31, 2020	Nov. 30, 2020
A. Equity			
I. Subscribed capital	43,200	43,200	43,200
II. Capital reserve	15,024	15,024	15,024
III. Retained earnings	7,687	21,259	11,909
IV. Currency translation adjustments	-3,117	-2,569	-2,692
Equity attributable to shareholders of Ahlers AG	**62,794**	**76,914**	**67,441**
V. Non-controlling interest	805	814	908
Total equity	**63,599**	**77,728**	**68,349**
B. Non-current liabilities			
I. Pension provisions	3,064	3,264	3,215
II. Other provisions	602	494	581
III. Finanzielle Verbindlichkeiten			
1. Other financial liabilities	25,493	14,843	32,462
2. Non-controlling interests in partnerships	1,861	1,333	1,239
	27,354	**16,176**	**33,701**
IV. Long term lease liabilities	4,354	6,953	5,833
V. Other liabilities			
1. Liabilities to affiliated companies	1,600	0	1,000
2. Other liabilities	17	18	17
	1,617	**18**	**1,017**
VI. Deferred tax liabilities	473	979	1,500
Total non-current liabilities	**37,464**	**27,884**	**45,847**
C. Current liabilities			
I. Current income tax liabilities	774	584	471
II. Other provisions	5,784	5,990	6,834
III. Financial liabilities	11,756	20,482	5,418
IV. Short term lease liabilities	3,030	4,194	3,605
V. Trade payables	5,299	13,696	10,247
VI. Other liabilites			
1. Liabilities to affiliates	280	225	2,020
2. Other liabilities	6,855	8,641	7,463
	7,135	**8,866**	**9,483**
Total current liabilities	**33,778**	**53,812**	**36,058**
Total liabilities	**71,242**	**81,696**	**81,905**
Total equity and liabilities	**134,841**	**159,424**	**150,254**

Consolidated income statement

for the first half year 2020/21

KEUR	H1 2020/21	H1 2019/20
1. Sales	59,326	70,710
2. Change in inventories of finished goods and work in progress	-4,074	4,572
3. Other operating income	10,256	1,639
4. Cost of materials	-28,943	-41,436
5. Personnel expenses	-16,342	-19,699
6. Other operating expenses	-19,915	-20,058
7. Depreciation, amortisation, and impairment losses on property, plant, and equipment, intangible assets and other non-current assets	-4,108	-4,668
8. Interest and similar income	26	79
9. Interest and similar expenses	-1,089	-776
10. Pre-tax profit	**-4,863**	**-9,637**
11. Income taxes	756	262
12. Consolidated net income for the period	**-4,107**	**-9,375**
13. of which attributable to:		
- Shareholders of Ahlers AG	-4,388	-9,272
- Non-controlling interest	281	-103
Earnings per share (EUR)	**-0.32**	**-0.68**

Consolidated statement of other comprehensive income

or the first half year 2020/21

KEUR	H1 2020/21	H1 2019/20
12. Consolidated net income for the period	**-4,107**	**-9,375**
Not to be reclassified to profit and loss		
14. Actuarial gains/losses on defined benefit pension plans	-	-
To be reclassified to profit and loss		
15. Net result from cash flow hedges	44	-188
16. Currency translation differences	-469	-921
17. Other changes	-243	-53
18. Other comprehensive income after taxes	**-668**	**-1,162**
19. Total comprehensive income	**-4,775**	**-10,537**
20. of which attributable to:		
- Shareholders of Ahlers AG	-4,813	-10,381
- Non-controlling interest	38	-156

Consolidated income statement

for Q2 of 2020/21

KEUR	Q2 2020/21	Q2 2019/20
1. Sales	36,937	19,558
2. Change in inventories of finished goods and work in progress	-9,277	3,493
3. Other operating income	9,611	727
4. Cost of materials	-11,971	-15,524
5. Personnel expenses	-7,982	-8,717
6. Other operating expenses	-11,170	-7,719
7. Depreciation, amortisation, and impairment losses on property, plant, and equipment, intangible assets and other non-current assets	-2,004	-2,326
8. Interest and similar income	15	42
9. Interest and similar expenses	-526	-425
10. Pre-tax profit	**3,633**	**-10,891**
11. Income taxes	597	281
12. Consolidated net income for the period	**4,230**	**-10,610**
13. of which attributable to:		
- Shareholders of Ahlers AG	3,934	-10,543
- Non-controlling interest	296	-67
Earnings per share (EUR)	**0.29**	**-0.77**

Consolidated statement of other comprehensive income

for Q2 of 2020/21

KEUR	Q2 2020/21	Q2 2019/20
12. Consolidated net income for the period	**4,230**	**-10,610**
Not to be reclassified to profit and loss		
14. Actuarial gains/losses on defined benefit pension plans	-	-
To be reclassified to profit and loss		
15. Net result from cash flow hedges	82	-56
16. Currency translation differences	-305	-466
17. Other changes	-229	-36
18. Other comprehensive income after taxes	**-452**	**-558**
19. Total comprehensive income	**3,778**	**-11,168**
20. of which attributable to:		
- Shareholders of Ahlers AG	3,712	-11,065
- Non-controlling interest	66	-103

Consolidated cash flow statement

for the first half year 2020/21

KEUR	H1 2020/21	H1 2019/20
Consolidated net income for the period	-4,107	-9,375
Income taxes	-757	-262
Interest income / Interest expenses	1,063	696
Depreciation and amortisation	4,108	4,668
Gains / losses from the disposals of non-current assets (net)	-1,659	91
Increase / decrease in inventories and other current and non-current assets	2,597	-716
Change in non-current provisions	-131	-60
Change in non-controlling interests in partnerships and other non-current liabilities	21	45
Change in current provisions	-1,050	-1,431
Change in other current liabilities	-7,849	-4,627
Income taxes paid	-49	-317
Income taxes received	154	795
Cash flow from operating activities	**-7,659**	**-10,493**
Cash receipts from disposals of items of property, plant, and equipment	6,973	22
Cash receipts from disposals of other non-current assets	3,927	345
Payments for investment in property, plant, and equipment	-351	-329
Payments for investment in intangible assets	-383	-168
Interest received	26	79
Cash flow from investing activities	**10,192**	**-51**
Repayment of non-current financial liabilities	-6,370	-393
Repayment of short- and long-term lease liabilities	-1,959	-2,207
Interest paid	-858	-743
Cash flow from financing activities	**-9,187**	**-3,343**
Net change in liquid funds	-6,654	-13,887
Effects of changes in the scope of exchange rates	90	-459
Liquid funds as of December 1	-503	8,638
Liquid funds as of May 31 (prev. year as of May 31)	**-7,067**	**-5,708**

Consolidated statement of changes in equity

as of May 31, 2021 (previous year as of May 31, 2020)

KEUR	Subscribed capital: Common shares	Capital-reserve	Retained earnings	Equity diff. from currency translation	**Total Group holdings**	Capital	Accumulated other comprehen-sive income	**Total non-controlling interest**	**Total equity**
Balance as of Dec. 1, 2019	**43,200**	**15,024**	**30,533**	**-1,460**	**87,297**	**523**	**447**	**970**	**88,267**
Total comprehen-sive income for the period			-9,272	-1,109	-10,381	0	-156	-156	-10,537
Others			-2		-2			0	-2
Balance as of May 31, 2020	**43,200**	**15,024**	**21,259**	**-2,569**	**76,914**	**523**	**291**	**814**	**77,728**
Balance as of Dec. 1, 2020	**43,200**	**15,024**	**11,909**	**-2,692**	**67,441**	**523**	**385**	**908**	**68,349**
Total comprehen-sive income for the period			-4,388	-425	-4,813	0	38	38	-4,775
Others			166		166		-141	-141	25
Balance as of May 31, 2021	**43,200**	**15,024**	**7,687**	**-3,117**	**62,794**	**523**	**282**	**805**	**63,599**

Group segment informations

as of May 31, 2021 (previous year as of May 31, 2020)

business segment

KEUR	Premium Brands 2020/21	Premium Brands 2019/20	Jeans & Workwear 2020/21	Jeans & Workwear 2019/20	Others 2020/21	Others 2019/20	Total 2020/21	Total 2019/20
Sales	42,037	49,078	17,121	21,462	168	170	59,326	70,710
Intersegment sales	-	-	-	-	-	-	-	-
Segment result	-4,637	-7,880	-212	-1,590	0	-99	-4,849	-9,569
thereof								
Depreciation and amortisation	1,536	1,736	588	639	9	8	2,133	2,383
Other non-cash items	2,149	329	494	337	-	-	2,643	666
Interest income	20	56	6	23	-	-	26	79
Interest expense	702	443	276	177	0	0	978	620
Net assets	96,747	110,169	23,796	25,832	5,902	10,487	126,445	146,488
Capital expenditure	569	361	166	136	-	-	735	497
Liabilities	44,120	49,773	18,247	18,725	-	55	62,367	68,553

by geographic region

KEUR	Premium Brands 2020/21	Premium Brands 2019/20	Jeans & Workwear 2020/21	Jeans & Workwear 2019/20	Others 2020/21	Others 2019/20	Total 2020/21	Total 2019/20
Germany								
Sales	18,588	23,555	12,055	16,359	168	170	30,811	40,084
Net assets	69,478	77,559	15,469	17,875	5,902	10,471	90,849	105,905
Western Europe								
Sales	13,904	15,198	3,673	3,921	-	-	17,577	19,119
Net assets	7,196	7,522	2,351	3,279	-	-	9,547	10,801
Central/ Eastern Europe/ Other								
Sales	9,545	10,325	1,393	1,182	-	-	10,938	11,507
Net assets	20,073	25,087	5,975	4,679	-	16	26,048	29,782

8. NOTES TO THE FINANCIAL STATEMENTS

Accounting and valuation principles

The interim financial statements for the first six months of fiscal 2020/21 have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretation Committee's interpretations of the IFRS (IFRIC). They comply in particular with the provisions of IAS 34 – Interim financial reporting.

The accounting and valuation methods as well as the consolidation principles are the same as those applied in the consolidated financial statements for the period ended November 30, 2020. A detailed explanation of these principles has been published in the notes to the consolidated financial statements of the 2019/20 Annual Report.

The half-year report is prepared in euros and all figures are given in thousands of euros (KEUR). Due to the fact that the report is prepared in KEUR, rounding differences can arise, since computations of individual items are based on figures in euros.

Earnings per share

Earnings per share are defined as net income (attributable to the shareholders of Ahlers AG) divided by the weighted average number of shares outstanding during the reporting period. No shares existed either as of May 31, 2021, or May 31, 2020 that would have a diluting effect on earnings per share.

Contingent liabilities

Contingent liabilities have not changed materially since the last balance sheet date on November 30, 2020.

Segment reporting

The Ahlers Group defines its reporting segments by the type of products. This primarily reflects the internal reporting system as well as the internal decision-making processes.

The Group's reporting segments break down into a Premium Brands segment and a Jeans & Workwear segment. Expenses for central functions are charged to the segments with due consideration to the arm's length principle and based on actual usage. Due to the different positioning of the segments, no inter-segment revenues are generated. Where a clear allocation of assets and liabilities is not possible, these are allocated using appropriate distribution ratios. The segment result is the result before taxes, as income taxes are not segmented due to the central management. For the same reason, assets and liabilities do not include deferred or current tax assets and liabilities. This means that the total assets stated in the balance sheet (EUR 134,841 thousand) result from the assets as derived from the segment information (EUR 126,445 thousand) plus deferred tax assets and current income tax assets (EUR 1.130 thousand) as well as the rights of use in the items leased (EUR 7,266 thousand). Accordingly, the liabilities stated in the balance sheet (EUR 71,242 thousand) result from the liabilities as derived from the segment information (EUR 62,367 thousand) plus deferred tax liabilities and current income tax liabilities (EUR 1,247 thousand) as well as lease liabilities (EUR 7,628 thousand).

The Group segment information by geographic regions reflects the main output markets of the Ahlers Group. The valuation principles for the segment report are the same as for the consolidated financial statements.

9. OTHER INFORMATION

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the 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 principal opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Herford, July 2021
The Management Board

Review pursuant to section 37w para. 5 of the German Securities Trading Act (WpHG)

The abridged financial statements and the interim report have neither been reviewed by an auditor nor been audited in accordance with section 317 of the German Commercial Code (HGB).

Forward-looking statements

This report contains forward-looking statements, which are subject to a number of uncertainties that could cause actual results to differ materially from expectations of future developments should one or more of these uncertainties, whether specified or not, materialise or if any assumptions underlying the statements above prove to be incorrect.

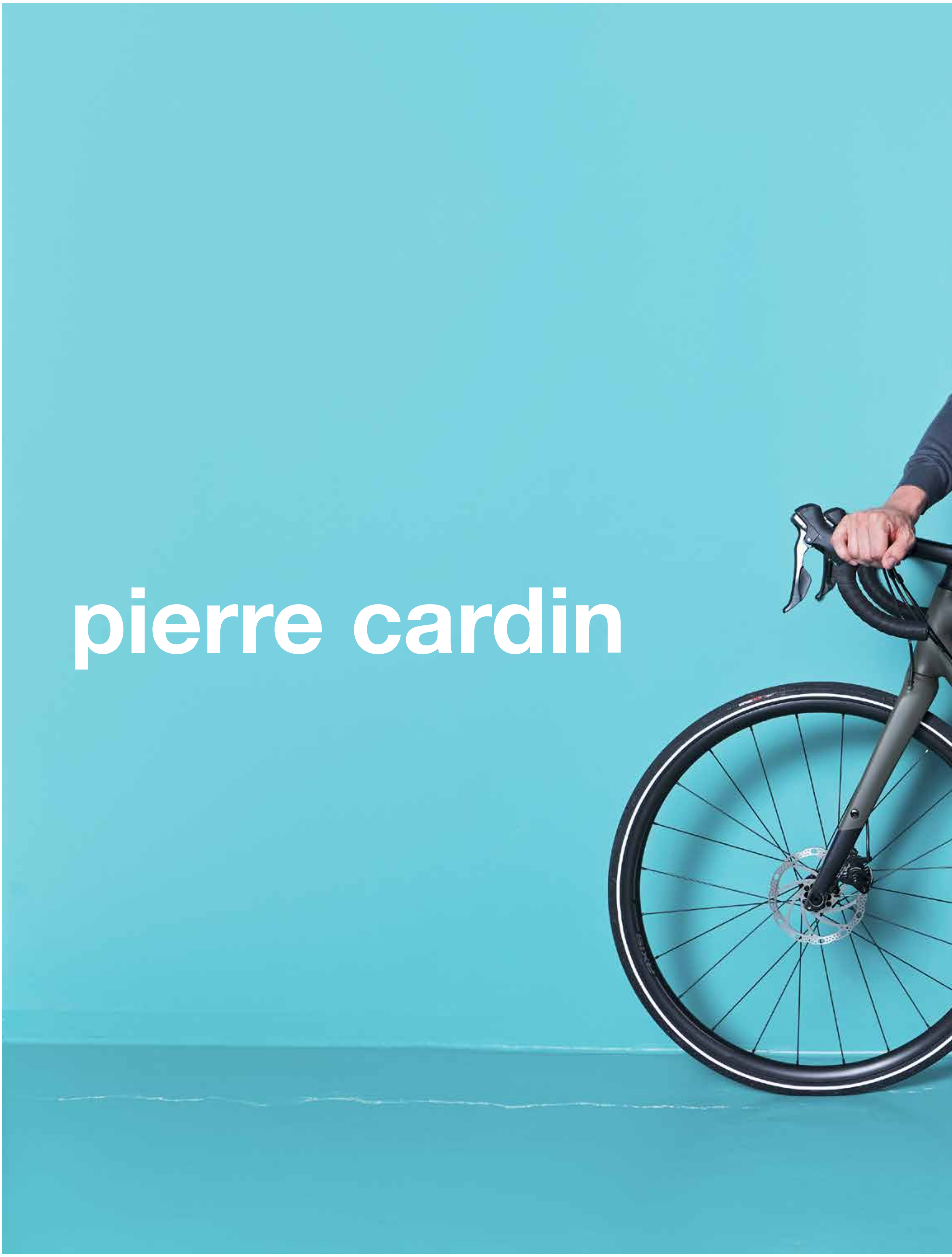
Financial calendar *

Half-year report 2020/21	July 7, 2021

* subject to the upcoming change from Prime Standard to General Standard

Ahlers AG

- was established by Adolf Ahlers in 1919 and listed as a joint stock corporation in 1987
- is family-run in the third generation by Dr. Stella A. Ahlers
- is one of the big listed European manufacturers of menswear
- produces fashion under five brands, tailored to its respective target groups
- generates about 70 percent of its sales revenues from premium brands
- produces around 6 million fashion items per year
- sources about one third of the production volume from its own factory in Sri Lanka
- employs some 1,600 people
- generates its sales revenues in business with stationary specialist retailers,
  in e-commerce and with its own retail activities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AXIS SPORT

The brands

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