LUDWIG BECK

SEIT 1861

CONSOLIDATED QUARTERLY REPORT
for the First Nine Months of the Fiscal Year
for the Period from January 1 to September 30, 2022

LUDWIG BECK - Normalisation of sales and earnings development during the third quarter of the fiscal year 2022

Munich, October 20, 2022 - Munich-based fashion group LUDWIG BECK (ISIN DE 0005199905) saw sales and earnings normalise in the third quarter despite a subdued start to the fiscal year 2022.

General economic conditions and retail trade development

The effects of the COVID-19 pandemic were still being felt at the beginning of the year, especially by the retail sector. With the start of the war in Ukraine in February, the economic conditions deteriorated massively. The effects of the war have only worsened, causing bottlenecks due to production delays, logistics problems, rising interest rates, rising inflation, massively rising energy prices and general uncertainty in the stock market. All these factors have caused a subdued consumer sentiment since then. There is currently no end in sight.

BASIC PRESENTATION OF FIGURES IN THE INTERIM REPORT

All sums and figures in the text and tables were calculated precisely and then rounded to the nearest € m. Percentages given in the text and tables were calculated based on exact (not rounded) figures.

CONSOLIDATED EARNINGS SITUATION

Development of sales

Despite all the adverse conditions, LUDWIG BECK recorded a positive trend in the third quarter. The new traditional costume department, which opened in March 2022, made one pleasing contribution here. After a two-year Corona break, Oktoberfest finally took place again this year. This inspired many residents and tourists in Munich to wear new traditional costumes and accessories. Sales in the traditional costume department were well above the "pre-pandemic level" of 2019.

This, coupled with other positive effects, enabled LUDWIG BECK to increase sales again significantly in the third quarter compared to the previous year, generating gross sales of € 56.4m (previous year: € 40.0m) in the first nine months of the fiscal year 2022. In the third quarter alone, LUDWIG BECK achieved gross sales of € 22.4m at the group level compared to € 19.8m in the previous year.

Earnings situation

The increased gross sales led accordingly to an improvement in gross profit at the group level from € 15.2m in the previous year to € 23.2m. The gross profit margin increased from 45.2% to 48.9% due to significantly lower price discounts compared to the previous year.

Other operating income amounted to € 3.1m (previous year: € 6.4m). The significantly higher operating income in the previous year is the result of an initial payment of € 4.2m in May 2021 from bridging aid III. In the current year, around € 0.6m from bridging aid IV is included in the operating income.

The operating result (EBIT) rose significantly from € -0.4m in the previous year to € 1.0m at the end of September.

With a financial result of € -1.6m (previous year: € -1.8m), earnings before taxes (EBT) amounted to € -0.6m (previous year: € -2.2m).

Earnings after taxes (EAT) was € -0.1m (previous year: € -1.5m).

ASSET SITUATION

Balance sheet structure

As of September 30, 2022, the balance sheet total of the LUDWIG BECK Group amounted to € 170.1m (December 31, 2021: € 168.2m).

The rights of use for rental agreements to be recognised (€ 57.9m) and the property at Munich's Marienplatz with a balance sheet value of approximately € 70m continued to be the main items under non-current assets. Deferred tax assets, which had to be recognised mainly due to the losses that the COVID-19 pandemic caused, amounted to € 4.6m (December 31, 2021: € 3.7m). The company assumes that in the future, positive results will use up the deferred tax assets on losses carried forward. In total, non-current assets amounted to € 149.3m (December 31, 2021: € 151.6m).

Current assets increased from € 16.6m (December 31, 2021) to € 20.8m. Inventories increased from € 10.3m (December 31, 2021) to € 13.7m as scheduled for seasonal reasons.

As at the end of the previous year, cash and cash equivalents amounted to € 0.3m.

FINANCIAL SITUATION

Balance sheet structure

As of September 30, 2022, the LUDWIG BECK Group's equity amounted to € 62.7m (December 31, 2021: € 63.0m). The equity ratio was 36.8% (December 31, 2021: 37.4%).

Non-current liabilities decreased by € 4.3m mainly due to the reduction of financial liabilities as a result of loan repayments and totalled € 82.7m (December 31, 2021: € 87.0m).

An increase of € 5.7m was recorded in short-term financial liabilities and this was mainly due to the loan repayments in the medium-term range and the financing of the planned higher inventory. Overall, current liabilities amounted to € 24.8m (December 31, 2021: € 18.3m).

The Group's total liabilities as of September 30, 2022, were € 107.5m (December 31, 2021: € 105.3m).

Cash flows

Cash flow from operating activities amounted to € 0.2m (previous year: € 1.9m) after the first nine months of 2022.

Cash flow from investing activities amounted to € -1.6m (previous year: € 2.6m). The investments were mainly for fixtures and fittings in the flagship store at Munich's Marienplatz. After the women's trend department in the previous year, the traditional costume department was renewed this year.

Cash flow from financing activities was € 1.5m (previous year: € -10.2m). In the previous year, the proceeds from the sale of the property in Haar were offset against short-term bank liabilities.

EMPLOYEES

Due to the return to normal business operations, the number of employees, excluding trainees per section 267 (5) HGB, rose from 360 to 378 in the first nine months of the fiscal year 2022. Vacant positions were gradually filled to meet LUDWIG BECK's customer orientation.

On average, the LUDWIG BECK Group has employed 42 trainees in the current fiscal year (the previous year 46).

FORECAST REPORT

General economic conditions, development in the retail trade, and at LUDWIG BECK

The German economy is slowly slipping into recession. The ifo business climate index fell in September to 84.3 (August 88.6 points). The decline extends across all economic sectors and significantly clouds the outlook for the coming months.

The Cologne Institute for Retail Research (IFH) expects the population's uncertainty to cause a significant consumer restraint and thus a decline in economic earnings. Rising energy prices, which are at least four times higher than normal, are affecting private households and businesses. Thus, according to the research institute, barely any positive earnings can be generated due to narrow margins. Continuing supply problems and production bottlenecks also harm the sector, with some retailers not being able to offer certain products in demand. According to the institute, the coming Christmas business will be decisive in how companies finish the year. According to the researchers, proximity to customers is an important factor to offer a special shopping experience.

While LUDWIG BECK is currently still within the forecast earnings range for 2022, the last quarter will also be decisive for the results of the traditional Munich company. For the fashion house, the fourth quarter is the strongest in terms of sales. If the COVID-19 pandemic again causes restrictions in autumn and winter, it will be difficult for LUDWIG BECK to keep its earnings forecasts, especially when there is already inflation and an energy crisis.

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GROUP KEY FIGURES

in €m	01/01/2022 - 09/30/2022	01/01/2021 - 09/30/2021
RESULT		
Gross sales	56.4	40.0
Value added tax (VAT)	-9.0	-6.4
Net sales	47.4	33.6
Gross profit	23.2	15.2
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	5.8	4.5
Earnings before interest and taxes (EBIT)	1.0	-0.4
Earnings before taxes (EBT)	-0.6	-2.2
Earnings after taxes (EAT)	-0.1	-1.5
CASHFLOW		
Cash flow from operating activities	0.2	1.9
Cash flow from investing activities	-1.6	-2.6
Cash flow from financing activities	1.5	-10.2
EMPLOYEES		
Employees (average without trainees)	378	360
Trainees (average)	42	46
Personnel expenses in €m	11.6	9.5
SHARE		
Number of shares in million	3,70	3,70
Earnings per share basic and diluted (in €)	-0.03	-0.41

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BALANCE SHEET

in €m	09/30/2022	12/31/2021
BALANCE SHEET		
Long-term assets	149.3	151.6
Short-term assets	20.8	16.6
Shareholders' equity	62.7	63.0
Long-term liabilities	82.7	87.0
Short-term liabilities	24.8	18.3
Balance sheet total	170.1	168.2
Investments in fixed assets	-1.6	-3.0
Equity ratio in %	36.8	37.4

SEGMENT PRESENTATION

	Textile		Non-textile		Group	
	€m	%	€m	%	€m	%
Gross sales	**41.7**	**119.0**	**14.7**	**119.0**	**56.4**	**119.0**
Previous year	*27.7*	*119.0*	*12.3*	*119.0*	*40.0*	*119.0*
Value added tax (VAT)	-6.7	19.0	-2.3	19.0	-9.0	19.0
Previous year	*-4.4*	*19.0*	*-2.0*	*19.0*	*-6.4*	*19.0*
Net sales	**35.1**	**100.0**	**12.4**	**100.0**	**47.4**	**100.0**
Previous year	*23.3*	*100.0*	*10.3*	*100.0*	*33.6*	*100.0*
Cost of sales*	-18.3	52.1	-7.0	56.3	-25.2	53.2
Previous year	*-13.7*	*58.7*	*-5.7*	*55.7*	*-19.4*	*57.8*
Gross profit	**16.8**	**47.9**	**5.4**	**43.7**	**22.2**	**46.8**
Previous year	*9.6*	*41.3*	*4.6*	*44.3*	*14.2*	*42.2*
Personnel expenses of sales	-2.3	6.7	-1.2	9.6	-3.5	7.4
Previous year	*-2.2*	*9.3*	*-1.6*	*15.3*	*-3.7*	*11.1*
Calculatory occupancy costs	-7.3	20.9	-1.6	12.6	-8.9	18.7
Previous year	*-7.4*	*31.8*	*-1.6*	*15.3*	*-9.0*	*26.7*
Calculatory interest	-0.5	1.6	-0.3	2.4	-0.8	1.8
Previous year	*-0.7*	*3.0*	*-0.3*	*3.1*	*-1.0*	*3.1*
Segment result	**6.6**	**18.8**	**2.4**	**19.1**	**8.9**	**18.9**
Previous year	*-0.6*	*-2.8*	*1.1*	*10.6*	*0.4*	*1.3*

** excluding discounts, rebates, etc. on cost of sales*

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