Ludwig Beck

Consolidated Interim Report 2023

for the 2nd Quarter and the 1st Six Months of the Fiscal Year 2023
for the Period from January 1 - June 30, 2023

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INTRODUCTION

LUDWIG BECK's financial reporting is based on the International Financial Reporting Standards (IFRS) and complies with Section 37w WpHG. In general, the interim report is prepared as an update of the annual report. Its focus is on the current reporting period. The consolidated financial statements prepared in accordance with IFRS serve as the starting point for LUDWIG BECK's financial reporting in accordance with IFRS as the preferred accounting system. The interim report should therefore be read together with the IFRS consolidated financial statements published for the fiscal year 2022.

GENERAL ECONOMIC AND SECTORAL DEVELOPMENT

Macroeconomic development

The first half of 2023 was again proving not to be easy for the German economy. The effects of the ongoing war in the Urkaine are still strongly felt. Inflation also remained at a very high level despite a slight decline. In April, for example, the inflation rate was 7.2% and decreased to 6.1% in May. The persistently high energy prices and price increases, especially for food and groceries, continue to cause uncertainty among consumers and thus once again contributed to restrained purchasing behaviour. In order to counter inflation, the European Central Bank (ECB) raised its key interest rate by 0.25% for the eighth time in a row

All these factors had a rather negative influence on the sentiment in the population.

Retail development

Retailers also struggled with the effects of inflation and the in part significant price increases for apparel and footwear. TW Testclub reported double-digit growth for the first six months of the 2023 fiscal year. However, this growth was mainly achieved in the first quarter. As expected, the industry lost momentum in the second quarter. In addition, rainy and cool months in April and May caused sales declines in the current spring/summer fashion segment. However, strong growth in June allowed for a more conciliatory end of a mixed half-year.

PRESENTATION OF FIGURES IN THE INTERIM REPORT

All sums and figures in the text and tables were calculated exactly and then rounded to the nearest € million. The percentages in the text and tables were calculated using the exact values (not the rounded values).

GROUP EARNINGS SITUATION

Sales development

In the first half of the fiscal year 2023, LUDWIG BECK generated gross sales of € 37.1m (previous year: € 34.0m). The second quarter was marked by the cold and rainy weather in April and May, which somewhat dampened the enjoyment for the current spring/summer collection. Nevertheless, LUDWIG BECK still achieved parity with the previous year in the second quarter. The increase in sales resulted from the first quarter and was thus at least maintained.

Earnings situation

Net gross profit rose from € 14.1m in the previous year to € 15.3m in the reporting year. At 49.0%, the gross profit margin was roughly at the previous year's level. Accordingly, the cost of sales amounted to € 15.9m (previous year: € 14.5m).

Other operating income was € 1.6m after € 2.2m in the previous year. In the previous year, income included € 0.6m from Bridging Assistance IV related to the COVID-19 pandemic. The constant normalisation of business to pre-pandemic levels also entailed a slight increase in personnel expenses from € 7.7m to € 8.2m due to increased frequencies and the associated increases in sales. Depreciation of € 3.3m was roughly at the previous year's level (€ 3.2m). Of this, € 1.8m was depreciation on rental rights in accordance with IFRS 16. At € 5.9m, other operating expenses were at the same level as the previous year (€ 5.8m).

Earnings before interest and taxes (EBIT) improved slightly from € -0.4m to € -0.3m.

The ECB's permanent interest rate increases had an impact on the financial result. This was € -1.2m in the reporting year after € -1.0m in the previous year. As in the previous year, the interest expenses included in the financial result from the accounting of rental agreements in accordance with IFRS 16 amounted to € -0.7m.

As in the previous year, earnings before taxes (EBT) amounted to € -1.5m.

Earnings after taxes in the first half of 2023 amounted to € -0.8m, as in the previous year.

ASSETS

Asset structure

Total assets of the LUDWIG BECK Group amounted to € 169.8m as of June 30, 2023 (December 31, 2022: € 168.6m).

At € 150.0m (December 31, 2022: € 149.9m), non-current assets made up by far the largest part of total assets. As at the end of the last fiscal year, the main items within the non-current assets are the property at Munich's Marienplatz, LUDWIG BECK's flagship store, with a book value of approximately € 70m, and rental rights to be recognised in accordance with IFRS 16, which amounted to approximately € 55.9m as of the reporting date June 30, 2023.

Within non-current assets, deferred tax assets of € 4.5m (December 31, 2022: € 3.5m) were to be recognized. Thereof, € 4.2m relates to deferred taxes on losses incurred by LUDWIG BECK's operative business in the course of the COVID-19 pandemic. The management assumes that the tax losses can be offset against positive results in the future.

Current assets amounted to € 19.8m as at the reporting date (December 31, 2022: € 18.7m). This includes inventories of merchandise, which increased by € 1.9m due to seasonal factors and amounted to € 13.7m (December 31, 2022: € 11.8m).

EQUITY AND LIABILITIES

Capital structure

As of June 30, 2023, the LUDWIG BECK Group's equity was € 64.4m (December 31, 2022: € 65.3m). The equity ratio was 37.9% after 38.8% at the end of the 2022 fiscal year.

Long-term liabilities decreased from € 82.0m (December 31, 2022) to € 79.4m due to scheduled repayments. They mainly include real estate loans of € 13.6m, two LfA loans of € 5.7m, and liabilities from rental agreements of € 57.3m.

Short-term liabilities increased from € 21.2m (December 31, 2022) to € 26.0m, mainly due to higher overdraft facilities.

Total liabilities amounted to € 105.4m (December 31, 2022: € 103.2 million). As of June 30, 2023, € 60.6m (December 31, 2022: € 62.2m) of the total liabilities, are as attributable to the rental agreements, which are classified as financial liabilities in accordance with IFRS 16.

Cash flows

Cash flows from operating activities amounted to € -0.9 m after the first six months of 2023 (June 30, 2022: € -0.3m).

Cash flows from investing activities were € -2.4m in the reporting period (June 30, 2022: € -1.2m). This mainly relates to investments in the Munich's Marienplatz flagship store. The trousers, children's, and swimwear departments on the 2nd floor and the stationery department on the 4th floor were redesigned.

Cash flows from financing activities amounted to € 3.1m (June 30, 2022: € 1.5m).

EMPLOYEES

In the first half of 2023, the number of employees increased to 398 (excluding trainees) in accordance with Section 267 (5) HGB (June 30, 2022: 374). Weighted by full-time equivalents, the number of employees was 137 (June 30, 2022: 134). The number of apprentices in the LUDWIG BECK Group was 33 (June 30, 2022: 39).

OPPORTUNITY AND RISK REPORT

As part of its activities in the sales markets, the LUDWIG BECK Group is exposed to various opportunities and risks associated with entrepreneurial activity. These are described in detail in the company's current annual report for the year 2023, starting on page 66.

You can find the report on the company's website at **www.kaufhaus.ludwigbeck.de/unternehmen** in the "Investor Relations" section under "Financial Publications".

FORECAST REPORT

General economic conditions and developments in the retail sector

The low point in consumer sentiment was reached in October 2022 (-42.8). Since then, the consumer climate index has climbed steadily, improving over the course of the year to reach -24.4 in June. However, according to a GFK study, the consumer climate in Germany has deteriorated slightly again. A consumer climate index of -25.4 is expected for July. Consumers continue to be highly unsettled, tend to save, consume less, and change their shopping behaviour. The reasons for this, according to GfK, are still the economic and geopolitical uncertainties due to the war in Ukraine. Persistently high inflation is also curbing consumers' propensity to buy. Consumers try to contain the real loss of income as much as possible. The ECB is attempting to counter inflation by raising the key interest rate, so prices may rise more slowly in the future and the inflation peak may already have been passed. If inflation continued to fall, this could have a positive effect on consumer sentiment. Reports of a stagnating or even shrinking economy further unsettle consumers. According to the ifo Institute, gross domestic product (GDP) will contract by 0.4% in 2023.

The economic environment for the German retail sector remains difficult. High energy costs in particular are a burden on retailers. The President of the HDE therefore warns against one-sided government actions. "In view of the high energy costs, which retail companies also have to bear, there must not only be relief for energy-intensive industries".

LUDWIG BECK 2023

At the beginning of the year and well beyond the first quarter, various areas at the flagship store at Marienplatz could not be used as sales areas because of conversion and renovation measures. Despite the shop renovations and continuing adverse economic conditions, LUDWIG BECK increased its sales by 9.1% in the first half of the year compared to the previous year. April and May brought a dip, whith untypical rainfall and temperatures that were too cold for the time of year somewhat curbing consumer sentiment for the latest summer merchandise.

LUDWIG BECK is looking positively to the second half of the year in view of the generally pleasing first half. Last year, the Oktoberfest was still slightly shadowed by the COVID-19 pandemic. Many Munich residents were still cautions about visiting the Wies'n. This year, a further bit more normality is expected to return. Management expects that the traditional costume business will once again have a positive impact on sales. At the same time, many areas on the 2nd and 4th floors are beeing given new splendor, creating a fascinating and exciting new shopping experience for customers.

Due to the positive development in the first half of 2023 and the opportunities that LUDWIG BECK's management expects for the second half of the year, management reiterated its guidance published in March 2023.

APPENDIX

Accounting according to International Financial Reporting Standards (IFRS)

The present quarterly financial statements of the LUDWIG BECK AG Group as of June 30, 2023, have been prepared in accordance with the regulations of the International Financial Reporting Standards (IFRS) and the interpretations by the International Financial Reporting Interpretations Committee (IFRIC).

Presentation method

The quarterly financial statements are prepared in accordance with IAS 34 (interim financial reporting).

Accounting and valuation methods

The same accounting policies are used in the quarterly financial statements as in the consolidated financial statements as of December 31, 2022. A comprehensive description of these methods is published in the notes to the IFRS consolidated financial statements as of December 31, 2022.

Confirmations of the legal representative Section 37y WpHG and Section 37 (2) No. 3 WpHG

"To the best of our knowledge, and in accordance with the applicable accounting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and results of operations of the Group, and the interim management report of the Group presents 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 financial year."

Consolidated statement of Comprehensive Income

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF
LUDWIG BECK AM RATHAUSECK - TEXTILHAUS FELDMEIER AG, MUNICH,
FOR THE PERIOD JANUARY 1, 2023 – JUNE 30, 2023, ACCORDING TO IASB PROVISIONS

		01/01/2023 – 30/06/2023		**01/01/2022 – 30/06/2022**		**01/04/2023 – 30/06/2023**		**01/04/2022 – 30/06/2022**
		€m		**€m**		**€m**		**€m**
1. Sales revenue								
- Gross sales	37.1		34.0		19.4		19.3	
- Less VAT	5.8		5.4		3.0		3.1	
- Net sales		31.2		28.6		16.3		16.2
2. Other own work capitalized		0.1		0.0		0.1		0.0
3. Other operating income		1.6		2,2		0.9		0.9
		33.0		**30.8**		**17.3**		**17.2**
4. Cost of materials	15.9		14.5		7.8		7.8	
5. Personnel expenses	8.2		7.7		4.1		4.0	
6. Depreciation	3.3		3.2		1.6		1.6	
7. Other operating expenses	5.9	33.3	5,8	31.3	2,8	16.4	2.9	16.3
8. Earnings before interest and taxes (EBIT)		**-0.3**		**-0.4**		**0.9**		**0.9**
9. Financial result		-1.2		-1.0		-0.6		-0.5
- thereof financial expenses: as of 30.06.: € 1.2m (previous year: € 1.1m) 2nd quarter: € 0.6m (previous year: € 0.5m)								
10. Earnings before taxes (EBT)		**-1.5**		**-1.5**		**0.2**		**0.3**
11. Taxes on income		-0.7		-0.7		-0.0		0.0
12. Earnings after taxes		**-0.8**		**-0.8**		**0.3**		**0.3**
Diluted and basic earnings per share in €		-0.22		-0.21		0.07		0.09
Average number of outstanding shares in million		3,70		3.70		3.70		3.70

Consolidated Balance Sheet

CONSOLIDATED BALANCE SHEET OF LUDWIG BECK AM RATHAUSECK - TEXTILHAUS FELDMEIER AG, MUNICH, AS OF JUNE 30, 2023, ACCORDING TO IASB PROVISIONS

Assets	30/06/2023	31/12/2022
	€m	€m
A. Long-term assets		
I. Intangible assets	4.3	4.5
II. Property, plant, and equipment	141.1	141.8
III. Other assets	0.1	0.1
IV. Deferred taxes	4.5	3.5
Total long-term assets	**150.0**	**149.9**
B. Short-term assets		
I. Inventories	13.7	11.8
II. Receivables and other assets	5.8	6.3
III. Cash and cash equivalents	0.3	0.5
Total short-term assets	**19.8**	**18.7**
	169.8	**168.6**

Liabilities	30/06/2023	31/12/2022
	€m	€m
A. Shareholders' equity		
I. Subscribed capital	9.4	9.4
II. Capital reserve	3.5	3.5
III. Accumulated profit	52.1	53.0
IV. Other equity components	-0.6	-0.6
Total shareholders' equity	**64.4**	**65.3**
B. Long-term liabilities		
I. Financial liabilities	76.6	79.2
II. Accruals	2.5	2.5
III. Deferred taxes	0.3	0.3
Total long-term liabilities	**79.4**	**82.0**
C. Short-term liabilities		
I. Financial liabilities	20.6	15.0
II. Trade liabilities	1.1	1.1
III. Tax liabilities	0.3	0.2
IV. Other liabilities	4.0	4.9
Total short-term liabilities	**26.0**	**21.2**
Total debt (B. + C.)	**105.4**	**103.2**
	169.8	**168.6**

Segment Reporting

FOR THE PERIOD FROM JANUARY 1, 2023 – JUNE 30, 2023

	Textile €m	Textile %	Non-textile €m	Non-textile %	Group €m	Group %
Gross sales	**27.1**	**119.0**	**9.9**	**119.0**	**37.1**	**119.0**
Previous year	24.6	119.0	9.4	119.0	34.0	119.0
VAT	-4.3	19.0	-1.1	19.0	-5.4	19.0
Previous year	-3.9	19.0	-1.5	19.0	-5.4	19.0
Net sales	**22.8**	**100.0**	**8.4**	**100.0**	**31.2**	**100.0**
Previous year	20.7	100.0	7.9	100.0	28.6	100.0
Cost of sales	-11.7	51.1	-4.8	56.7	-16.4	52.6
Previous year	-10.7	51.7	-4.5	56.5	-15.2	53.0
Gross profit	**11.1**	**48.9**	**3.7**	**43.3**	**14.8**	**47.4**
Previous year	*10.0*	48.3	3.4	43.5	13.4	47.0
Personnel expenses	-2.2	9.7	-1.1	12.8	-3.3	10.6
Previous year	-2.1	10.1	-1.0	12.7	-3.1	10.8
Imputed expenditure on premises	-4.7	20.8	-1.1	12.9	-5.8	18.7
Previous year	-4.8	23.3	-1.0	13.1	-5.9	20.5
Imputed interest expenses	-0.4	1.6	-0.2	2.5	-0.6	1.9
Previous year	-0.4	1.8	-0.2	2.2	-0.5	1.9
Segment result	**3.8**	**16.7**	**1.3**	**15.1**	**5.1**	**16.2**
Previous year	2.7	13.0	1.2	15.2	3.9	13.6

** excluding discounts, rebates, etc.*

Segment Reporting

FOR THE PERIOD FROM APRIL 1, 2023 – JUNE 30, 2023

	Textile		Non-textile		Group	
	€m	%	**€m**	%	**€m**	%
Gross sales	**14.4**	**119.0**	**5.0**	**119.0**	**19.4**	**119.0**
Previous year	14.4	119.0	4.9	119.0	19.3	119.0
VAT	-2.3	19.0	-0.8	19.0	-3.1	19.0
Previous year	-2.3	19.0	-0.8	19.0	-3.1	19.0
Net sales	**12.1**	**100.0**	**4.2**	**100.0**	**16.3**	**100.0**
Previous year	12.1	100.0	4.1	100.0	*16.2*	100.0
Cost of sales	-5.6	46.6	-2.4	56.7	-8.0	49.2
Previous year	-5.8	47.5	-2.3	56.4	-8.1	49.8
Gross profit	**6.5**	**53.4**	**1.8**	**43.2**	**8.3**	**50.8**
Previous year	6.4	52.5	1.8	43.6	8.2	50.2
Personnel expenses	-1.1	9.4	-0.5	12.5	-1.7	10.2
Previous year	-1.1	0.9	-0.5	12.2	-1.6	9.9
Imputed expenditure on premises	-2.4	19.6	-0.6	14.7	-3.0	18.3
Previous year	-2.5	20.6	-0.5	12.5	-3.0	18.6
Imputed interest expenses	-0.2	1.5	-0.1	3.0	-0.3	1.9
Previous year	-0.2	*1.6*	-0.1	*1.8*	-0.3	*1.7*
Segment result	**2.8**	**22.9**	**0.5**	**12.9**	**3.3**	**20.3**
Previous year	*2.6*	*21.5*	0.7	*17.1*	*3.3*	*20.4*

** excluding discounts, rebates, etc.*

Consolidated Cash Flow Statement

CONSOLIDATED CASH FLOW STATEMENT OF LUDWIG BECK AM RATHAUSECK - TEXTILHAUS FELDMEIER AG, MUNICH, FOR THE PERIOD JANUARY 1, 2023 – JUNE 30, 2023, ACCORDING TO IASB PROVISIONS

€m	**01/01/2023 – 30/06/2023**	**01/01/2022 – 30/06/2022**
Cash flow from operating activities:		
Earnings before taxes	-1.5	-1.5
Adjustments for:		
+ Depreciation on long-term assets	3.3	3.2
- Interest income	1.2	1.1
Operating result before changes to net working capital	**3.0**	**2.8**
Increase/decrease (-/+) in assets	-1.3	-1.8
Increase/decrease (+/-) in liabilities	-0.9	0.1
Cash flow from operating activities (before interest and tax payments)	**0.7**	**1.1**
Interest paid	-1.2	-1.0
Disbursements to other shareholders	-0.1	-0.1
Taxes on income paid	-0.3	-0.2
A. Cash flow from operating activities	**-0.9**	**-0.3**
Payments for investments in fixed assets	-2.4	-1.2
B. Cash flow from investing activities	**-2.4**	**-1.2**
Increase/decrease in bank loans and loans from insurance companies	4.7	3.0
Increase/decrease in finance leases	-1.6	-1.5
C. Cash flow from financing activities	**3.1**	**1.5**
D. Net change in cash and cash equivalents (A.+B.+C.)	**-0.2**	**0.0**
Cash and cash equivalents at the beginning of the period	0.5	0.3
Change in D.	-0.2	0.0
Cash and cash equivalents at the end of the period	**0.3**	**0.3**

Consolidated Statement of Changes in Equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF LUDWIG BECK AM RATHAUSECK - TEXTILHAUS FELDMEIER AG, MUNICH, FOR THE PERIOD JANUARY 1, 2023 – JUNE 30, 2023, ACCORDING TO IASB PROVISIONS

€m	Subscribed capital	Capital reserve	Accumulated profit	Other equity components	Total
Status 01/01/2023	**9.4**	**3.5**	**53.0**	**-0.9**	**65.3**
Earnings after taxes			-0.8		-0.8
Disbursements to other shareholders			-0.1		-0.1
As per 30/06/2023	**9.4**	**3.5**	**52.1**	**-0.9**	**64.4**
As per 01/01/2022	**9.4**	**3.5**	**51.0**	**-0.9**	**63.0**
Earnings after taxes			-0.8		-0.8
Disbursements to other shareholders			-0.1		-0.1
As per 30/06/2022	**9.4**	**3.5**	**50.1**	**-0.9**	**62.1**