

Ludwig Beck

Half-Year Financial Report 2024

for the 2nd Quarter and the 1st Six Months of the Fiscal Year 2024
for the Period from January 1 - June 30, 2024

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 2023.

GENERAL ECONOMIC AND SECTORAL DEVELOPMENT

Macroeconomic development

The German economy showed subdued momentum in the first half of 2024 and is facing the challenges of weak overall economic demand. Gross domestic product (GDP) recorded growth of 0.2 per cent in the first quarter of 2024. Year-on-year inflation shows a downward trend. In March and April 2024, inflation was at 2.2 per cent. In May, it rose slightly by 0.2 percentage points to 2.4 per cent, but fell again to 2.2 per cent in June. By comparison, in June 2023 inflation was still at 6.4 per cent. Economists interpret the renewed fall in inflation as an indication of a downward trend. In response to the current economic situation, the European Central Bank (ECB) lowered its key interest rates by 0.25 per cent in June 2024 which was the first cut in a long while.

Retail development

The German textile retail sector ended the first half of 2024 at par, i.e. with no significant year-on-year change. The first quarter was very positive: plenty of sunshine and spring-like temperatures in March boosted consumers' buying propensity, allowing the stationary fashion trade to record a 4 per cent increase in sales compared to the previous year. Yet there was a different picture in the second quarter. Consumers' buying mood and willingness to spend fell significantly in the cool, unstable, and rainy weather. Customers were particularly reluctant to buy seasonal goods such as T-shirts, shorts, and summer dresses, and the expected demand for summer clothing largely failed to materialize.

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

LUDWIG BECK generated gross sales of € 37.2m in the first half of the 2024 fiscal year (previous year: € 37.1m). The first half of 2024 was challenging for LUDWIG BECK. Severe weather with hail, continuous rain, and flooding around Munich as well as the UEFA European Championship, which attracted many fans to Munich's city centre but created more of a party than a shopping atmosphere, were the reasons for the negative sales development in May and June. The outsourcing of logistics to a new service provider in Schwaig, which has now been successfully completed, also had a slightly negative impact on sales in some product lines in the second quarter.

In the first half of the 2024 fiscal year, sales in the "textile" segment increased from € 27.1m to € 28.3m. Sales in the "non-textile" segment totalled € 8.9m, compared to € 9.9m in the previous year, partly due to the closure of a non-domestic online sales channel in the beauty segment.

Earnings situation

Gross profit fell from € 15.3m in the previous year to € 15.1m in the reporting year. The gross profit margin was 48.1% (previous year: 49.0%) due to higher price

discounts. Accordingly, the cost of goods sold totalled € 16.2m (previous year: € 15.9m).

Other operating income totalled € 1.9m (previous year: € 1.6m). At € 8.1m, personnel expenses remained at the previous year's level (previous year: € 8.2m) in line with the sales situation. At € 3.3m, depreciation remained at the previous year's level. As in the previous year, € 1.8m of this was depreciation of right-of-use assets resulting from the recognition of rental agreements in accordance with IFRS 16. Other operating expenses amounted to € 6.4m (previous year: € 5.9m). In addition to general price increases, one-off additional costs were incurred due to the outsourcing of the logistics activities.

Earnings before interest and taxes (EBIT) totalled € -1.0m (previous year: € -0.3m).

The ECB's permanent interest rate hikes to combat inflation had a negative impact on the financial result. This totalled € -1.5m in the reporting year after € -1.2m in the previous year. In June 2024, the European Central Bank (ECB) lowered its key interest rate for the first time by 0.25% on the back of the flattening of inflation in recent months. Additional interest rate cuts should have a positive effect on the financial result. As in the previous year, the interest expenses from the recognition of rental

agreements in accordance with IFRS 16 included in the financial result were around € -0.7m.

Earnings before taxes (EBT) totalled € -2.5m (previous year: € -1.5m).

Earnings after taxes (EAT) were thus € -1.5m in the first half of 2024 (previous year: € -0.8m).

ASSETS

Asset structure

Total assets of the LUDWIG BECK Group amounted to € 168.5m as of June 30, 2024 (December 31, 2023: € 169.8m).

At € 152.6m (December 31, 2023: € 153.8m), non-current assets made up the largest part of total assets. The most important items within non-current assets are the property at Munich's Marienplatz, LUDWIG BECK's flagship store, with a book value of around € 70m and the rental rights to be recognized in accordance with IFRS 16, which were reported at around € 59.1m as of June 30, 2024.

In addition, deferred tax assets in the amount of € 5.0m (December 31, 2023: € 3.8m) were recognised under non-current assets. Of this amount, € 4.6m is attributable to deferred taxes on losses incurred by LUDWIG BECK's operating business during and after the COVID-19 pandemic. The management assumes that these tax losses can be offset against positive earnings in the future.

Current assets amounted to € 15.9m as at the reporting date (December 31, 2023: € 16.0m). This includes inventories of merchandise in the amount of € 12.7m (December 31, 2023: € 12.4m).

EQUITY AND LIABILITIES

Capital structure

As of June 30, 2024, the LUDWIG BECK Group had equity in the amount of € 63.2m (December 31, 2023: € 65.5m). The equity ratio was 37.5 per cent after 38.5 per cent at the end of the 2023 fiscal year.

Long-term liabilities decreased due to scheduled repayments including rental rights totalling € 3.0m and the reclassification of two property loans totalling € 13.6m to short-term financial liabilities as they have a remaining term of less than one year. This was offset by the raising of two medium-term loans totalling € 10.0m. Long-term liabilities totalled € 64.6m (December 31, 2023: € 71.2m). In addition to bank loans, this item includes around € 50.0m in finance-lease liabilities.

Short-term liabilities increased accordingly from € 33.2m (December 31, 2023) to € 40.6m. The two property loans of € 13.6m included in this figure are to be refinanced in the 2025 fiscal year.

Total liabilities amounted to € 105.2m (December 31, 2023: € 104.3m). Of the total liabilities as at June 30, 2024, € 53.0m (December 31, 2023: € 54.7m) were attributable to rental liabilities to be recognized in accordance with IFRS 16.

Cash flows

Cash flows from operating activities amounted to € 0.0m after the first six months of 2024 (previous year: € -0.9m).

Cash flows from investing activities totalled € -1.0m in the reporting period (previous year: € -2.4m). This mainly relates to investments in the Munich's Marienplatz flagship store and in digital processes. The larger investments in the previous year primarily related to the redesign of the stationery department on the 4th floor and the trousers, children's, and swimwear departments on the 2nd floor.

Cash flows from financing activities totalled € 0.9m (previous year: € 3.1m).

EMPLOYEES

In the first half of 2024, the number of employees was 392 (excluding trainees) in accordance with Section 267 (5) HGB (June 30, 2023: 398). Weighted by full-time equivalents, the number of employees was 130 (June 30, 2023: 137). The number of trainees in the LUDWIG BECK Group was 35 (June 30, 2023: 33).

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

Economic conditions and developments in the retail sector

Despite the continuing geopolitical risks, there are signs of cautious optimism according to the Organisation for Economic Co-operation and Development (OECD) and the International Monetary Fund (IMF): inflation is declining faster than expected and unemployment is at historic lows in most regions. Companies and households are regaining confidence. Nevertheless, the tight financing conditions, particularly in the property and credit markets, remain clearly noticeable. In light of this still mixed, but not entirely negative backdrop, both the OECD and the IMF have revised their forecasts for global economic growth slightly upwards: The OECD increased its forecast for

2024 to 3.1%, while the IMF adjusted its forecast for 2024 slightly to 3.2%.

Despite this more positive outlook, the prospects continue to be dominated by geopolitical tensions and still restrictive global monetary policies, which are holding back global economic growth and leading to slower development. At this stage, the forecasts for 2024 are also characterized by significant uncertainties, particularly with regard to issues such as war, economic concerns, artificial intelligence (AI), and climate change, which will impact the global economy.

According to indicators such as the Ifo Business Climate in Retail, the GfK Consumer Climate, and the HDE Consumer Barometer, the sentiment in private consumption has improved continuously. Despite this positive development, retail sales have recently fallen short of expectations. A recovery in domestic demand on its own will not suffice for a long-term economic upturn. Additional strong stimuli from international trade are needed to sustainably strengthen economic growth.

LUDWIG BECK 2024

In the first half of 2024, the Munich region experienced an unusually high number of severe weather events, which had a significant negative impact on brick-and-mortar retail and LUDWIG BECK. In the spring, heavy rainfall caused flooding in some neighbourhoods and the surrounding areas of Munich. Stores in low-lying areas were particularly affected and had to contend with water damage and inventory losses. These weather events caused a noticeable drop in sales, as many customers avoided driving into the city centre.

June saw an unusually early heatwave with temperatures above 30 degrees Celsius. While stationary retail suffered from the heat, the outdoor gastronomy benefited from the warm weather. Many people enjoyed the opportunity to eat and drink outside.

The UEFA European Championship, part of which took place in Munich, did not have the hoped-for positive effect on LUDWIG BECK's business either. Although the many fans who gathered at Marienplatz in the run-up to the games brought a great atmosphere to the city, Marienplatz was so crowded that it was almost impossible for customers to get through to LUDWIG BECK.

These developments show how strongly external factors, such as weather conditions and major events, can influence the economic situation of bricks-and-mortar retailers.

OUTLOOK

LUDWIG BECK now hopes for a return to more suitable conditions, and that business and demand for summer fashion will pick up again in the third quarter. The Munich

Oktoberfest, which will start in September, is another important revenue driver for LUDWIG BECK. This world-famous festivity attracts not only locals but also many tourists who traditionally stock up on traditional costumes and festive clothing. The company is well prepared for the second half of the year, both strategically and in terms of its product range. With a well thought-out product assortment that sets both classic and fashionable accents, LUDWIG BECK is well positioned to fulfil the many different customer desires. LUDWIG BECK is optimistic about the second half of the year.

Based on the opportunities that LUDWIG BECK's management foresees for the second half of the year, the Executive Board is maintaining the forecasts published in March 2024.

APPENDIX

Accounting according to International Financial Reporting Standards (IFRS)

These quarterly financial statements of the LUDWIG BECK AG Group as of June 30, 2024, have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations of 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 at December 31, 2023. A comprehensive description of these policies is published in the notes to the IFRS consolidated financial statements as at December 31, 2023.

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 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 material 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, 2024 – JUNE 30, 2024, ACCORDING TO IASB PROVISIONS

	01/01/2024 - 30/06/2024	01/01/2023 - 30/06/2023	01/04/2024 - 30/06/2024	01/04/2023 - 30/06/2023
	€m	€m	€m	€m
1. Sales revenue				
- Gross sales	37.2	37.1	18.5	19.4
- Less VAT	5.9	5.8	3.0	3.0
- Net sales	31.3	31.2	15.6	16.3
2. Other own work capitalized	0.0	0.1	0.0	0.1
3. Other operating income	1.9	1.6	1.0	0.9
	33.2	33.0	16.6	17.3
4. Cost of materials	16.2	15.9	7.5	7.8
5. Personnel expenses	8.1	8.2	4.2	4.1
6. Depreciation	3.3	3.3	1.7	1.6
7. Other operating expenses	6.4	5.9	3.2	2.8
	34.1	33.3	16.6	16.4
8. Earnings before interest and taxes (EBIT)	-1.0	-0.3	-0.0	0.9
9. Financial result	-1.5	-1.2	-0.7	-0.6
-thereof financial expenses:				
as of 30 06: € 1.5m (previous year: € 1.2m)				
2nd quarter: € 0.7m (previous year: € 0.6m)				
10. Earnings before taxes (EBT)	-2.5	-1.5	-0.7	0.2
11. Taxes on income	-1.0	-0.7	-0.3	-0.0
12. Earnings after taxes	-1.5	-0.8	-0.4	0.3
Diluted and undiluted earnings per share in €	-0.41	-0.22	-0.11	0.07
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, 2024, ACCORDING TO IASB PROVISIONS

Assets	30/06/2024	31/12/2023
	€m	€m
A. Long-term assets		
I. Intangible assets	4.7	4.5
II. Property, plant, and equipment	142.8	145.3
III. Other assets	0.2	0.2
IV. Deferred taxes	5.0	3.8
Total long-term assets	152.6	153.8
B. Short-term assets		
I. Inventories	12.7	12.4
II. Receivables and other assets	2.8	3.2
III. Cash and cash equivalents	0.4	0.4
Total short-term assets	15.9	16.0
	168.5	169.8
Liabilities	30/06/2024	31/12/2023
	€m	€m
A. Shareholders' equity		
I. Subscribed capital	9.4	9.4
II. Capital reserve	3.5	3.5
III. Accumulated profit	51.0	53.2
IV. Other equity components	-0.6	-0.6
Total shareholders' equity	63.2	65.5
B. Long-term liabilities		
I. Financial liabilities	61.8	68.4
II. Accruals	2.5	2.5
III. Deferred taxes	0.3	0.3
Total long-term liabilities	64.6	71.2
C. Short-term liabilities		
I. Financial liabilities	35.7	27.7
II. Trade liabilities	1.3	1.1
III. Tax liabilities	0.0	0.0
IV. Other liabilities	3.6	4.4
Total short-term liabilities	40.6	33.2
Total debt (B. + C.)	105.2	104.3
	168.5	169.8

Segment Reporting

FOR THE PERIOD FROM JANUARY 1, 2024 – JUNE 30, 2024

	Textile		Non-textile		Group	
	€m	%	€m	%	€m	%
Gross sales	28.3	119.0	8.9	119.0	37.2	119.0
<i>Previous year</i>	27.1	119.0	9.9	119.0	37.1	119.0
VAT	-4.5	19.0	-1.4	19.0	-5.9	19.0
<i>Previous year</i>	-4.3	19.0	-1.1	19.0	-5.4	19.0
Net sales	23.8	100.0	7.5	100.0	31.3	100.0
<i>Previous year</i>	22.8	100.0	8.4	100.0	31.2	100.0
Cost of sales*	-12.4	51.9	-4.3	57.5	-16.7	53.3
<i>Previous year</i>	-11.7	51.1	-4.8	56.7	-16.4	52.6
Gross profit	11.4	48.1	3.2	42.5	14.6	46.7
<i>Previous year</i>	11.1	48.9	3.7	43.3	14.8	47.4
Personnel expenses	-2.2	9.3	-1.4	18.2	-3.6	11.4
<i>Previous year</i>	-2.2	9.7	-1.5	17.4	-3.7	11.8
Imputed expenditure on premises	-4.9	20.6	-1.1	14.4	-6.0	19.1
<i>Previous year</i>	-4.7	20.8	-1.1	12.9	-5.8	18.7
Imputed interest expenses	-0.4	1.6	-0.2	2.7	-0.6	1.9
<i>Previous year</i>	-0.4	1.6	-0.2	2.5	-0.6	1.9
Segment result	4.0	16.6	0.5	7.1	4.5	14.3
<i>Previous year</i>	3.8	16.7	0,9	10.4	4.7	15.0

* excluding cash discounts, rebates etc.

Segment Reporting

FOR THE PERIOD FROM APRIL 1, 2024 – JUNE 30, 2024

	Textile		Non-textile		Group	
	€m	%	€m	%	€m	%
Gross sales	14.1	119.0	4.5	119.0	18.5	119.0
<i>Previous year</i>	14.4	119.0	5.0	119.0	19.4	119.0
VAT	-2.2	19.0	-0.7	19.0	-3.0	19.0
<i>Previous year</i>	-2.3	19.0	-0.8	19.0	-3.1	19.0
Net sales	11.8	100.0	3.7	100.0	15.6	100.0
<i>Previous year</i>	12.1	100.0	4.2	100.0	16.3	100.0
Cost of sales*	-5.5	46.9	-2.2	57.6	-7.7	49.5
<i>Previous year</i>	-5.6	46.6	-2.4	56.7	-8.0	49.2
Gross profit	6.3	53.1	1.6	42.4	7.9	50.5
<i>Previous year</i>	6.5	53.4	1.8	43.2	8.3	50.8
Personnel expenses	-1.2	9.8	-0.7	18.6	-1.9	11.9
<i>Previous year</i>	-1.1	9.4	-0.7	17.2	-1.9	11.4
Imputed expenditure on premises	-2.4	20.7	-0.5	14.4	-3.0	19.2
<i>Previous year</i>	-2.4	19.6	-0.6	14.7	-3.0	18.3
Imputed interest expenses	-0.2	1.5	-0.1	2.7	-0.3	1.8
<i>Previous year</i>	-0.2	1.5	-0.1	3.0	-0.3	1.9
Segment result	2.5	21.0	0.3	6.8	2.7	17.6
<i>Previous year</i>	2.8	22.9	0.3	8.2	3.1	19.1

* excluding cash 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, 2024 – JUNE 30, 2024, ACCORDING TO IASB PROVISIONS

€m	01/01/2024 - 30/06/2024	01/01/2023 - 30/06/2023
Cash flow from operating activities:		
Earnings before taxes	-2.5	-1.5
Adjustments for:		
+ Depreciation on long-term assets	3.3	3.3
- Interest income	1.5	1.2
Operating result before changes to net working capital	2.4	3.0
Increase/decrease (-/+) in assets	0.1	-1.3
Increase/decrease (+/-) in liabilities	-0.6	-0.9
Cash flow from operating activities (before interest and tax payments)	1.9	0.7
Interest paid	-1.5	-1.2
Disbursements to other shareholders	-0.1	-0.1
Taxes on income paid	-0.2	-0.3
A. Cash flow from operating activities	0.0	-0.9
Payments for investments in fixed assets	-1.0	-2.4
B. Cash flow from investing activities	-1.0	-2.4
Dividend payment	-0.6	0.0
Increase/decrease in bank loans and loans from insurance companies	3.1	4.7
Increase/decrease in finance leases	-1.6	-1.6
C. Cash flow from financing activities	0.9	3.1
D. Net change in cash and cash equivalents (A.+B.+C.)	-0.1	-0.2
Cash and cash equivalents at the beginning of the period	0.4	0.5
Change in D.	-0.1	-0.2
Cash and cash equivalents at the end of the period	0.4	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, 2024 – JUNE 30, 2024,
ACCORDING TO IASB PROVISIONS

€m	Subscribed capital	Capital reserve	Accumulated profit	Other equity components	Total
Status 01/01/2024	9.4	3.5	53.2	-0.6	65.5
Earnings after taxes			-1.5		-1.5
Dividend payment			-0.6		-0.6
Disbursements to other shareholders			-0.1		-0.1
As per 30/06/2024	9.4	3.5	51.0	-0.6	63.2
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