

LUDWIG BECK



SEIT 1861

CONSOLIDATED QUARTERLY REPORT

for the First Nine Months of the Fiscal Year 2024
for the Period from January 1 to September 30, 2024

LUDWIG BECK with positive third quarter 2024

Munich, October 17, 2024 – Munich-based fashion group LUDWIG BECK (ISIN DE 0005199905) picked up speed again in the third quarter of 2024, improving its sales from a flat position in June to a slight increase by September 2024.

General economic conditions and retail trade development

The German retail sector continues to face considerable and ongoing challenges. The overall economic situation remains tense, which is also emphasised by the Federal Government's estimates. It is forecasting a further decline in economic output for the remainder of 2024.

However, brick-and-mortar fashion retailers saw an upturn in August and September, primarily driven by spontaneous weather-related purchases of autumn and winter clothing. Cooler temperatures, along with unstable, rainy, and stormy weather, significantly increased consumer interest in new autumn and winter fashion. Thanks to successful sales in September, cumulative annual sales increased, bringing brick-and-mortar fashion retailing to the previous year's level by the end of September, according to the trade magazine "*Textilwirtschaft*".

BASIC PRESENTATION OF THE FIGURES IN THE INTERIM STATEMENT

All totals and figures in the text and tables were calculated exactly and then rounded to € million. The percentages in the text and tables have been calculated on the basis of precise (unrounded) figures. This may lead to summation-related rounding differences.

CONSOLIDATED EARNINGS SITUATION

Development of sales

While the first half of the year was still heavily impacted by external factors, particularly extreme weather conditions and the European Football Championship, both of which had a noticeably negative effect on sales, LUDWIG BECK recorded a sales growth of 2.0% in the third quarter of 2024. This growth was achieved despite the fact that this year's Oktoberfest took place a week later, causing some of the sales traditionally generated in September to shift into October. Sales of traditional costume fashion, in particular, increased again compared to the strong results of the previous year.

LUDWIG BECK was also able to further increase its sales in the online fashion trade compared to the previous year, while online beauty sales declined slightly in the same period.

LUDWIG BECK generated gross sales of € 60.3m in the first nine months of the fiscal year 2024 (previous year: € 59.6m). In the third quarter 2024, LUDWIG BECK generated gross sales of € 23.0m at group level (previous year: € 22.6m).

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Earnings situation

As in the previous year, gross profit totalled € 24.5m. The gross profit margin decreased slightly from 48.9% in the previous year to 48.3% in the reporting year.

As in the previous year, other operating income totalled € 3.0m.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to € 5.4m after the first nine months of the fiscal year (previous year: € 4.8m).

With depreciation and amortisation of € 4.9m, including amortisation of right-of-use assets in accordance with IFRS 16 (€ 2.8m), earnings before interest and taxes (EBIT) amounted to € 0.4m (previous year: € -0.1m). Due to the cancellation of a property sale in Hanover, the previous year was impacted by a one-off charge of € 1.2m.

With a financial result of € -2.3m (previous year: € -1.8m), earnings before taxes (EBT) totalled € -1.8m (previous year: € -1.9m).

Earnings after taxes (EAT) totalled € -1.0m (previous year: € -1.1m).

ASSET SITUATION

Balance sheet structure

As of September 30, 2024, the balance sheet total of the LUDWIG BECK Group amounted to € 169.6m (December 31, 2023: € 169.8m).

As in previous years, the largest items under non-current assets in the amount of € 151.3m (December 31, 2023: € 153.8m) are LUDWIG BECK's flagship store, the property at Munich's Marienplatz (approximately € 70m), and the rental rights to be recognised in accordance with IFRS 16 (€ 57.0m). In addition, deferred tax assets in the amount of € 5.0m (December 31, 2023: € 3.8m) were recognised under non-current assets.

Current assets totalled € 18.3m. At the end of the previous year, these totalled € 16.0m. Inventories increased from € 12.4m to € 14.6m as planned due to seasonal factors.

Cash and cash equivalents amounted to € 0.4m, the same as at December 31, 2023.

FINANCIAL SITUATION

Balance sheet structure

As of September 30, 2024, the LUDWIG BECK Group's equity stood at € 63.7m (December 31, 2023: € 65.5m). The equity ratio amounted to 37.6 % (December 31, 2023: 38.5 %).

Long-term liabilities decreased by € 8.0m to € 63.2m (December 31, 2023: € 71.2m). Short-term liabilities moved in the opposite direction, increasing from € 33.2m to € 42.7m. This was primarily due to ongoing repayments of medium-term loans and the reclassification of two property loans, totalling € 13.6m, to short-term financial liabilities as their remaining term is now less than one year. However, the raising of two medium-term loans totalling € 10.0m had the opposite effect.

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The Group's total liabilities as of September 30, 2024, were € 105.9m (December 31, 2023: € 104.3m).

Cash flows

Cash flow from operating activities after the first nine months of 2024 was € 1.4m (previous year: € -1.1m).

Cash flow from investing activities amounted to € -1.2m (previous year: € -2.7m). The investments are mainly investments in the flagship store at Marienplatz and investments in the infrastructure of LUDWIG BECK.

Cash flow from financing activities was € -0.2m (previous year: € 3.8m).

EMPLOYEES

In the first nine months of the fiscal year 2024, the number of employees, excluding apprentices in accordance with Section 267 (5) HGB, remained largely unchanged from the previous year's figure of 403, standing at 400. On average, the LUDWIG BECK Group employed 37 apprentices in the current fiscal year (previous year: 35).

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FORECAST REPORT

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

German economy now faces more than two years of stagnation. Economic growth is unlikely to return to pre-COVID-19 pandemic levels in the near future. On a positive note, falling inflation is gradually strengthening the purchasing power of private households. Inflation is expected to be 2.2% in the current year and to fall to 2.0% in 2025 and 2026, which is close to the European Central Bank's (ECB) target. The development will be primarily driven by price increases in the services sector.

According to the recent ifo Institute surveys, business climate in German retail continued to deteriorate in September. The corresponding indicator fell from -23.1 points in August to -25.6 points in September. Retailers rated their current business situation slightly worse and are increasingly pessimistic about the coming months. Consumer uncertainty regarding the economic policy environment is dampening expectations, and no significant revival in private consumer spending is anticipated for the remainder of 2024.

Overall, gross domestic product (GDP) is expected to decline by 0.1% in 2024. However, growth of 0.8% and 1.3% is projected for 2025 and 2026, respectively. Economic institutes have slightly revised their spring 2024 forecast downward, primarily due to a weaker-than-expected recovery in the industrial sector.

LUDWIG BECK remains within its forecast earnings range for 2024. Given that the fourth quarter is traditionally the strongest for the fashion house in terms of sales, this period will be decisive for the annual results of the tradition-rich Munich company. Last year, the increasingly important "Black Week" in November, when retailers competed on discounts, had a noticeable negative impact on the subsequent Christmas business. It remains to be seen to what extent this phenomenon will influence consumer behaviour in December this year. Early spending during the discount campaigns could once again dampen the typical Christmas business.

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GROUP KEY FIGURES

€m	01/01/2024	01/01/2023
	-	-
	30/09/2024	30/09/2023
RESULT		
Gross sales	60.3	59.6
Value added tax (VAT)	-9.6	-9.5
Net sales	50.7	50.1
Gross profit	24.5	24.5
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	5.4	4.8
Earnings before interest and taxes (EBIT)	0.4	-0.1
Earnings before taxes (EBT)	-1.8	-1.9
Earnings after taxes (EAT)	-1.0	-1.1
CASHFLOW		
Cash flow from operating activities	1.4	-1.1
Cash flow from investing activities	-1.2	-2.7
Cash flow from financing activities	-0.2	3.8
EMPLOYEES		
Number of employees (average without trainees)	400	403
Number of trainees (average)	37	35
Personnel expenses in €m	12.1	12.3
SHARE		
Number of shares in million	3.70	3.70
Earnings per share basic and diluted (in €)	-0.27	-0.31

BALANCE SHEET

€m	30/09/2024	31/12/2023
BALANCE SHEET		
Long-term assets	151.3	153.8
Short-term assets	18.3	16.0
Shareholders' equity	63.7	65.5
Long-term liabilities	63.2	71.2
Short-term liabilities	42.7	33.2
Balance sheet total	169.6	169.8
Investments in fixed assets	-1.2	-3.2
Equity ratio in %	37.6	38.5

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SEGMENT PRESENTATION

01/01/24 – 30/09/24	Textile		Non-textile		Group	
	€m	%	€m	%	€m	%
Gross sales	46.4	119.0	13.8	119.0	60.3	119.0
<i>Previous year</i>	44.6	119.0	15.1	119.0	59.6	119.0
Value added tax (VAT)	-7.4	19.0	-2.2	19.0	-9.6	19.0
<i>Previous year</i>	-7.1	19.0	-2.4	19.0	-9.5	19.0
Net sales	39.0	100.0	11.6	100.0	50.7	100.0
<i>Previous year</i>	37.5	100.0	12.7	100.0	50.1	100.0
Cost of sales	-20.2	51.9	-6.7	57.3	-26.9	53.1
<i>Previous year</i>	-19.3	51.4	-7.2	57.0	-26.5	52.8
Gross profit	18.8	48.1	5.0	42.7	23.8	46.9
<i>Previous year</i>	18.2	48.6	5.4	43.0	23.6	47.2
Personnel expenses of sales	-3.3	8.3	-2.1	17.8	-5.3	10.5
<i>Previous year</i>	-3.4	9.0	-2.2	17.0	-5.5	11.0
Calculatory occupancy costs	-7.4	18.9	-1.6	13.9	-9.0	17.7
<i>Previous year</i>	-7.2	19.2	-1.6	12.9	-8.8	17.7
Calculatory interest	-0.6	1.5	-0.2	1.8	-0.8	1.6
<i>Previous year</i>	-0.6	1.6	-0.3	2.5	-0.9	1.8
Segment result	7.6	19.4	1.1	9.2	8.7	17.1
<i>Previous year</i>	7.0	18.7	1.3	10.5	8.3	16.6

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

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