

# LUDWIG BECK



SEIT 1861

## **CORPORATE QUARTERLY STATEMENT**

for the first quarter of the fiscal year 2021  
for the period from January 1 to March 31, 2021

### **LUDWIG BECK - First quarter 2021 with significant sales and earnings losses due to COVID-19 lockdown**

**Munich, April 22, 2021** - The Munich-based fashion group LUDWIG BECK (ISIN DE 0005199905) ended the first quarter of 2021 with a significant decline in sales of 56.8% compared to the same period of the previous year as a result of the officially ordered lockdown until March 7, 2021, and the subsequent "Click & Meet" due to the COVID-19 pandemic.

#### **Economic environment and development in retail**

The German economy fell into recession due to the COVID-19 pandemic in 2020. It left its mark on nearly all sectors of the economy. As a result, the federal budget in 2020 recorded a deficit for the first time in seven years. The industrial and service sectors continue to be particularly hard hit.

There was little hope at the start of 2021 after a new "hard" lockdown was imposed on businesses that do not meet daily needs in mid-December. In Bavaria, the lockdown lasted until March 7, 2021. After that, stationary retailers were allowed to reopen their doors if the seven-day incidence of infection was below 50 and if hygiene regulations were met. With a seven-day incidence of between 50 and 100, as it was in Munich according to the RKI, retailers were only allowed to offer "Click & Meet", i.e., customers had to book and register for an appointment before entering the shop. Although "Click & Meet" was positively accepted by LUDWIG BECK's customers, sales under these conditions were far from comparable to a normal shop opening.

After the stationary fashion retail reported sales declines of 78% and 74% for January and February, respectively, a drop in turnover of 46% was reported in March. According to TextilWirtschaft, a German magazine for the textile and fashion industry, larger retailers were hit harder and had to struggle with sales declines of up to 51%.

#### **GENERAL PRESENTATION OF FIGURES IN THE INTERIM STATEMENT**

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

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## CONSOLIDATED EARNINGS SITUATION

### Development of sales

Under the prevailing conditions, the LUDWIG BECK Group generated gross sales of €6.7m (previous year: €15.4m) in the first quarter of 2021. The losses in sales affected both the textile segment with sales of €3.8m (previous year: €10.5m) and the non-textile segment with €2.9m (previous year: €4.9m). The non-textile segment also includes the LUDWIG BECK online beauty shop.

### Profitability of the Group

Net gross profit deteriorated by €3.5m and amounted to €2.3m (previous year: €5.8m). The net gross profit margin declined from 45.1% to 41.7% due to significantly higher discounts resulting from the late sale of the current autumn/winter merchandise. Compared to the previous year, savings of €1.5m were achieved in operating expenses, mainly in the areas of personnel expenses and occupancy costs.

The operating result (EBIT) was €-3.5m and thus again significantly below the previous year (€-1.5m). The previous year was also burdened by the COVID-19 pandemic with a lockdown from March 18, 2020, onwards.

As in the previous year, the financial result was €-0.6m.

With earnings before taxes of €-4.2m (previous year: €-2.1m) and deferred tax income of €1.4m (previous year: €0.8m), the result after taxes was €-2.7m (previous year: €-1.4m).

## CAPITAL STRUCTURE

### Balance sheet structure

The total assets of the LUDWIG BECK Group as of March 31, 2021, amounted to €178.1m, down from €183.8m as at the balance sheet date of December 31, 2020.

As in the previous year, the main components of long-term assets were the rights of use for rental agreements and the property at Munich's Marienplatz. In total, long-term assets amounted to €159.8m (December 31, 2020: €158.5m).

Short-term assets decreased significantly from €25.3 million (December 31, 2020) to €18.3m. Inventories increased from €12.0m (December 31, 2020) to €15.0m due to seasonal effects and the lockdown. Cash and cash equivalents were €0.4m (December 31, 2020: €11.2m). At the end of 2020, the proceeds from the sale of the property in Haar amounting to €10.1m were included in the bank balances. This amount was used to offset short-term bank liabilities at the beginning of the new fiscal year.

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## FINANCIAL POSITION

### Balance sheet structure

As of March 31, 2021, the LUDWIG BECK Group had equity of €56.8m (December 31, 2020: €59.6m). With total assets of €178.1m (December 31, 2020: €183.8m), the equity ratio was 31.9% (December 31, 2020: 32.4%).

Long-term liabilities decreased mainly due to the reduction of financial liabilities by €0.9m and amounted to €91.6m (December 31, 2020: €92.5m).

Short-term liabilities decreased from €31.6m (December 31, 2020) to €29.6 million. The settlement of short-term bank liabilities of €10.1m at the beginning of the fiscal year, which is shown under the capital structure, more than compensated for the effects from the negative result in the first quarter and the financing of the seasonal increase in inventories. The Group's total liabilities as of March 31, 2021, were, therefore, €121.3m (December 31, 2020: €124.2m).

### Cash flow

Cash flow from operating activities after the first three months of 2021 was €-5.7m (previous year: €-5.1m). The cash flow from investing activities amounted to €-1.3m (previous year: €-0.4m). The investments mainly relate to the new Ladies' Trend department that opened in March in our Marienplatz department store. Cash flow from financing activities was €-3.9m (previous year: €8.3m).

## EMPLOYEES

In the first three months of the 2021 fiscal year, the number of employees (pursuant to Section 267 (5) of the German Commercial Code) declined to 358 (excluding trainees) (previous year: 405), mainly due to the coronavirus pandemic and the COVID-19 lockdown. The decrease was mainly due to temporary staff and natural fluctuation. As of March 31, 2020, the LUDWIG BECK Group employed 47 trainees (previous year: 43).

## FORECAST REPORT

### General economic conditions, development in retail, and at LUDWIG BECK

Due to the COVID-19 pandemic with the continuing imponderability of infection and the resulting consequences for the global economy, the German economy, the retail trade, and LUDWIG BECK, in particular, it is not possible to estimate the extent to which the economy will continue to be negatively affected.

Due to a possibly renewed "hard" lockdown, which is currently being discussed, and the associated uncertainty about further developments, the management still cannot make a serious forecast on sales and earnings for the fiscal year 2021. It is not possible to estimate the extent to which the sales and earnings of LUDWIG BECK will be affected by the ongoing pandemic situation and the resulting impediments to visiting the department store. The renewed closure of the department store, allowing customers to only "Click & Meet" with or without a test, and only one customer per 40 sqm sales area, the absence of customers especially tourists, supplier bottlenecks or potential additional official measures may also have a significant negative impact on the further fiscal year 2021.

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The Executive Board assumes that the pandemic situation will only ease significantly after a nationwide vaccination and that a return to a normal business routine will be possible. The Executive Board's top priority remains the safeguarding of the company and the preservation of jobs.

## GROUP KEY FIGURES

in €m	01/01/2021	01/01/2020
	03/31/2021	03/31/2020
<b>PROFIT AND LOSS ACCOUNT</b>		
Sales (gross)	6.7	15.4
Value Added Tax	-1.1	-2.5
Sales (net)	5.6	12.9
Gross profit	2.3	5.8
Earnings before interest, taxes, depreciation, and amortisation (EBITDA)	-1.9	0.0
Earnings before interest and taxes (EBIT)	-3.5	-1.5
Earnings before taxes (EBT)	-4.2	-2.1
Earnings after taxes (EAT)	-2.7	-1.4
<b>CASH FLOW</b>		
Cash flow from operating activities	-5.7	-5.1
Cash flow from investing activities	-1.3	-0.4
Cash flow from financing activities	-3.9	8.3
<b>EMPLOYEES</b>		
Number of employees (average, excluding trainees)	358	405
Number of trainees (average)	47	43
Personnel expenses (in €m)	2.7	3.8
<b>SHARE</b>		
Number of shares (in m)	3.70	3.70
Earnings per share, undiluted and diluted (in €)	-0.73	-0.37

## BALANCE SHEET

	03/31/2021	12/31/2020
<b>BALANCE SHEET</b>		
Long-term assets	159.8	158.5
Short-term assets	18.3	25.3
Equity	56.8	59.6
Long-term liabilities	91.6	92.5
Short-term liabilities	29.6	31.6
Balance sheet total	178.1	183.8
Investments	-1.3	-2.4
Equity ratio (in %)	31.9	32.4

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## SEGMENT REPORTING

	Textile		Non-textile		Group	
	€m	%	€m	%	€m	%
<b>Gross sales</b>	<b>3.8</b>	<b>119.0</b>	<b>2.9</b>	<b>119.0</b>	<b>6.7</b>	<b>119.0</b>
<i>Previous year</i>	10.5	119.0	4.9	119.0	15.4	119.0
VAT	-0.6	19.0	-0.5	19.0	-1.1	19.0
<i>Previous year</i>	-1.7	19.0	-0.8	19.0	-2.5	19.0
<b>Net sales</b>	<b>3.2</b>	<b>100.0</b>	<b>2.4</b>	<b>100.0</b>	<b>5.6</b>	<b>100.0</b>
<i>Previous year</i>	8.8	100.0	4.1	100.0	12.9	100.0
Cost of sales*	-2.1	65.6	-1.4	58.2	-3.5	62.5
<i>Previous year</i>	-5.1	57.7	-2.5	61.3	-7.6	58.8
<b>Gross profit</b>	<b>1.1</b>	<b>34.4</b>	<b>1.0</b>	<b>41.8</b>	<b>2.1</b>	<b>37.5</b>
<i>Previous year</i>	3.7	42.3	1.6	38.7	5.3	41.2
Personnel expenses of sales	-0.6	17.5	-0.4	15.4	-0.9	16.6
<i>Previous year</i>	-1.0	10.9	-0.7	16.3	-1.6	12.6
Calculatory occupancy costs	-2.2	70.3	-0.5	21.9	-2.8	56.1
<i>Previous year</i>	-2.6	29.6	-0.5	13.2	-3.2	24.4
Calculatory interests	-0.3	8.0	-0.1	4.6	-0.4	6.5
<i>Previous year</i>	-0.2	2.4	-0.1	2.7	-0.3	2.5
<b>Segment result</b>	<b>-2.0</b>	<b>-62.5</b>	<b>0.0</b>	<b>-0.1</b>	<b>-2.0</b>	<b>-35.7</b>
<i>Previous year</i>	0.0	-0.5	0.3	6.4	0.2	1.7

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

### Investor Relations

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