LUDWIG BECK

SEIT 1861

CONSOLIDATED QUARTERLY REPORT
for the First Nine Months of the Fiscal Year 2021
for the Period from January 1 to September 30, 2021

LUDWIG BECK - Sales and earnings development in the first nine months of 2021 have clearly been marked by the effects of the COVID-19 pandemic

Munich, October 21, 2021 - Munich-based fashion group LUDWIG BECK (ISIN DE 0005199905) had to accept a significant loss in sales in the first nine months due to severe restrictions in connection with the COVID-19 pandemic.

General economic conditions and retail trade development

The third quarter of 2021 continued to be dominated by the COVID-19 pandemic. For the summer of 2021, the Ifo Institute expected a significant economic recovery but has now corrected the forecast growth downwards by 0.8% after nine months. This is due to supply bottlenecks caused by the Covid-19 pandemic which continue to persist.
TW-Testclub reported a significant increase in sales for the third quarter compared to 2020. The survey shows an average increase in sales of around 11%. Over the entire nine-month period, the stationary fashion trade is down 22% on the previous year, according to TW-Testclub.

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 € million. Percentages given in the text and tables were calculated based on exact (not rounded) figures.

CONSOLIDATED EARNINGS SITUATION

Development of sales

LUDWIG BECK continues to face the effects of the COVID-19 pandemic. In connection with the nationwide lockdowns in the first half of 2021 and the massive restrictions after the reopening of the flagship store, LUDWIG BECK had to accept significant sales losses. However, with visitor frequencies slowly returning to Munich's city centre and relaxed COVID-19 measures in the summer, the Group saw a noticeable recovery in the buying mood from the third quarter onwards.

In the third quarter, LUDWIG BECK achieved a significant increase compared to the previous year and generated gross sales of €40.0 million in the first nine months of the fiscal year 2021 (previous year: €41.0 million). In the third quarter, LUDWIG BECK generated gross sales of €19.8 million compared to €16.2 million in the previous year.

Even though another cancellation of the Oktoberfest caused a large drop in sales, particularly in the traditional costume segment, the current development gives reason to be positive about the fourth quarter. This will only persist if the authorities do not impose renewed tightening of measures and restrictions on the stationary retail trade due to the COVID-19 pandemic.

Earnings situation
Despite lower gross sales, gross profit at the Group level improved by €0.4 million. It totalled €15.2 million (previous year: €14.8 million). The gross profit margin increased from 42.5% to 45.2%. Other operating income amounted to €6.4 million (previous year: €2.2 million). The significantly higher operating income is due to the first payment of the bridging aid III in the amount of €4.2 million in May 2021.

The operating result (EBIT) was €-0.4 million and thus already significantly above the previous year's figure of €-5.0 million.

As in the previous year, the financial result amounted to €-1.8 million, of which €-1.1 million is attributable to the accounting treatment of rental agreements in accordance with IFRS 16.

Earnings before taxes (EBT) amounted to €-2.2 million (previous year: €-6.8 million).

Earnings after taxes (EAT) amounted to €-1.5 million (previous year: €-4.4 million).

ASSET SITUATION

Balance sheet structure
As of September 30, 2021, the balance sheet total of the LUDWIG BECK Group amounted to €172.2 million (December 31, 2020: €183.8 million).

Among the non-current assets, the property at Munich's Marienplatz with a balance sheet value of approximately €70 million remained one of the main items alongside rights of use for rental agreements to be recognised, which amounted to €60.6 million. Deferred tax assets, which had to be recognised mainly due to the losses caused by the COVID-19 pandemic, amounted to €5.1 million (December 31, 2020: €3.8 million). The Company expects that the deferred tax assets on losses carried forward will be used in the future by positive results. In total, non-current assets amounted to €157.4 million (previous year: €158.5 million).

Current assets decreased from €25.3 million (December 31, 2020) to €14.7 million. Inventories increased by €1.1 million from €11.9 million (December 31, 2020) to €13.0 million as scheduled for seasonal reasons.

Cash and cash equivalents amounted to €0.4 million (December 31, 2020: €11.2 million). At the end of 2020, the proceeds from the sale of the property in Haar amounting to €10.1 million were included in bank balances. This amount was used to settle short-term bank liabilities at the beginning of the new fiscal year.

FINANCIAL SITUATION

Balance sheet structure
As of September 30, 2021, the LUDWIG BECK Group's equity was €57.9 million (December 31, 2020: €59.6 million). With a balance sheet total of €172.2 million (December 31, 2020: €183.8 million), the equity ratio was 33.6% (December 31, 2020: 32.4%).

Non-current liabilities decreased by €4.3 million, mainly due to the reduction in financial liabilities, and totalled €88.2 million (December 31, 2020: €92.5 million).

Current liabilities decreased from €31.6 million (December 31, 2020) to €26.0 million. The settlement of short-term bank liabilities of €10.1 million at the beginning of the year more than offset the increase in liabilities due to the negative result in the first nine months and the financing of the seasonal increase in inventories.

The Group's total liabilities as of September 30, 2021, amounted to €114.3 million (December 31, 2020: €124.2 million).

Cash flows
Cash flow from operating activities amounted to €1.9 million after the first nine months of 2021 and was thus significantly above the previous year's figure of €-6.8 million. Cash flow from investing activities amounted to €-2.6 million (previous year: €-1.6 million). This mainly relates to investments in our flagship store at Munich’s Marienplatz. Cash flow from financing activities amounted to €-10.2 million (previous year: €8.3 million). This also reflected the settlement of short-term bank liabilities by the sale proceeds of the property in Haar.

EMPLOYEES

In the first nine months of the 2021 fiscal year, the number of employees, excluding trainees in accordance with section 267 (5) HGB, declined to 360 (previous year: 395), mainly due to the COVID-19 pandemic. However, this decline is not due to terminations. Rather, some vacant positions were not filled, and temporary contracts were not extended to counteract the massive loss of sales compared to the "normal year" of 2019.

On average, the LUDWIG BECK Group employed 46 trainees in the current fiscal year (previous year: 45).

FORECAST REPORT

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

Within private consumption, the economists of the Ifo Institute forecast significantly stronger growth in the gastronomy, hotel and culture sectors than, for example, in goods consumption. Retail sales are expected to decline slightly up to the end of the year

In their current industry report, the Institut für Handelsforschung Köln (IFH) and the retail consultancy BBE forecast only a slight recovery in the German fashion market this year. Sales of fashion and accessories in 2021 are thus still expected to be ten percent below the level of the pre-crisis year 2019. The forecast is based on the entire industry, i.e. online and stationary retail. Since online retail grew significantly during the COVID-19 pandemic, stationary sales losses are expected to be much higher.

LUDWIG BECK is cautiously positive about the fourth quarter based on the current situation, the relaxed COVID-19 restrictions and the increasing vaccination rate. The fourth quarter is usually the strongest sales quarter for the company. The announcement of open Christmas markets also gives hope for a more or less normal Christmas business. According to a survey by TW-Testclub, only 40% of retailers expect an increase, 20% expect a par, and 40% expect a minus compared to the previous year 2020.

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GROUP KEY FIGURES

in € million	01/01/2021 - 09/30/2021	01/01/2020 - 09/30/2020
RESULT		
Gross sales	40.0	41.0
Value added tax (VAT)	-6.4	-6.2
Net sales	33.6	34.8
Gross profit	15.2	14.8
Earnings before interest, taxes, depreciation and amortization (EBITDA)	4.5	-0.4
Earnings before interest and taxes (EBIT)	-0.4	-5.0
Earnings before taxes (EBT)	-2.2	-6.8
Earnings after taxes (EAT)	-1.5	-4.4
CASH FLOW		
Cash flow from operating activities	1.9	-6.8
Cash flow from investing activities	-2.6	-1.6
Cash flow from financing activities	-10.2	8.3
EMPLOYEES		
Employees (average without trainees)	360	395
Trainees (average)	46	45
Personnel expenses in € million	9.5	10.2
SHARE		
Number of shares in million	3.70	3.70
Diluted and undiluted earnings per share (in €)	-0.41	-1.18

BALANCE SHEET

	09/30/2021	12/31/2020
BALANCE SHEET		
Long-term assets	157.4	158.5
Short-term assets	14.7	25.3
Shareholders' equity	57.9	59.6
Long-term liabilities	88.2	92.5
Short-term liabilities	26.0	31.6
Balance sheet total	172.2	183.8
Investments in fixed assets	-2.6	-2.4
Equity ratio in %	33.6	32.4

SEGMENT PRESENTATION

	Textile		Non-textile		Group	
	€ million	%	€ million	%	€ million	%
Gross sales	**27.7**	**119.0**	**12.3**	**119.1**	**40.0**	**119.0**
Previous year	*27.4*	*117.7*	*13.6*	*117.9*	*41.0*	*117.8*
Value added tax (VAT)	-4.4	19.0	-2.0	19.1	-6.4	19.0
Previous year	*-4.1*	*17.7*	*-2.1*	*17.9*	*-6.2*	*17.8*
Net sales	**23.3**	**100.0**	**10.3**	**100.0**	**33.6**	**100.0**
Previous year	*23.3*	*100.0*	*11.5*	*100.0*	*34.8*	*100.0*
Cost of sales*	-13.7	58.7	-5.7	55.7	-19.4	57.8
Previous year	*-14.0*	*60.2*	*-6.6*	*57.0*	*-20.6*	*59.1*
Gross profit	**9.6**	**41.3**	**4.6**	**44.3**	**14.2**	**42.2**
Previous year	*9.3*	*39.8*	*5.0*	*43.0*	*14.2*	*40.9*
Personnel expenses of sales	-2.2	9.3	-1.6	15.3	-3.7	11.1
Previous year	*-2.5*	*10.9*	*-1.7*	*14.7*	*-4.2*	*12.2*
Calculatory occupancy costs	-7.4	31.8	-1.6	15.3	-9.0	26.7
Previous year	*-7.8*	*33.7*	*-1.6*	*13.7*	*-9.4*	*27.0*
Calculatory interest	-0.7	3.0	-0.3	3.1	-1.0	3.1
Previous year	*-0.7*	*2.9*	*-0.3*	*2.8*	*-1.0*	*2.9*
Segment result	**-0.6**	**-2.8**	**1.1**	**10.6**	**0.4**	**1.3**
Previous year	*-1.8*	*-7.6*	*1.3*	*11.4*	*-0.5*	*-1.3*

** excluding discounts, rebates, etc. on cost of goods sold*

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