

Ludwig Beck

Consolidated Interim Report

2022

For the Second Quarter and the First Six Months of the Fiscal Year 2022
for the Period from January 1 - June 30, 2022

INTRODUCTION

LUDWIG BECK's financial reporting is based on the International Financial Reporting Standards (IFRS) and follows 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 under IFRS serve as the foundation for LUDWIG BECK's financial reporting under IFRS as the preferred accounting system. Therefore, the interim report should be read alongside the IFRS consolidated financial statements published for the fiscal year 2021.

GENERAL ECONOMIC AND SECTORAL DEVELOPMENT

Macroeconomic development

At the beginning of the year, the high infection rate, driven by the omicron variant, dampened consumer sentiment. The start of the war in Ukraine in February and the following price increases, especially in the energy sector, also made consumers cautious. Another impact of the war in Ukraine is uncertainties in the stock market, rising key interest and a rising inflation rate, which, however, declined slightly for the first time in June according to preliminary data. According to the Federal Statistical Office, the inflation rate fell to 7.6%. In May it still stood at 7.9%.

Retail development

Fashion brick-and-mortar retail was still struggling with the effects of the COVID-19 pandemic in the first months of the year. Although the coronavirus restrictions were eased in the first months of 2022, brick-and-mortar fashion retailing still struggled to cover due to the war in Ukraine. According to a study by GfK Consumer Panel Fashion, fashion spending has slowed down significantly due to the tense economic and political situation. In addition, the fashion industry is struggling with supply bottlenecks and material shortages, especially with the procurement of preliminary products and raw materials. It is expected that these conditions in the industry will continue for an extended period.

PRESENTATION OF FIGURES IN THE INTERIM REPORT

All sums and figures in the text and tables were calculated 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 Group generated gross sales of € 34.0m in the first half of the fiscal year 2022 (previous year: € 20.2m). In the first quarter of 2021, the flagship store was closed on 55 sales days due to COVID-19 restrictions that the authorities imposed. The subsequent Click & Meet requirements did not improve consumer sentiment in the previous year's quarter. In the current year, there were no more closure requirements for brick-and-mortar retail, but the severe infection situation in the first months of the year and the start of the war in Ukraine negatively impacted consumer sentiment.

Earnings situation

Net gross profit rose strongly from € 7.6m in the previous year to € 14.1m in the reporting year. The gross profit margin improved significantly from 45.1% to 49.2% because of smaller price discounts. The cost of sales was € 14.5m (previous year: € 9.3m).

Other operating income was € 2.2m (previous year: € 5.4m). The significantly higher operating income in the previous year was due to an initial payment of € 4.2m from Bridging Assistance III. In the current year, around € 0.6m from Bridging Assistance IV is included in other operating

income. Compared to the fiscal year 2019, the group recorded a sales decline of -31.5% in January 2022 and was thus eligible for application within the framework of the legal provisions. LUDWIG BECK had applied for this aid within the scope of the Federal Government support due to sales losses caused by COVID-19.

Personnel costs increased from € 5.9m to € 7.7m, in line with the development of turnover and frequency. Due to the hard lockdown, personnel costs in the previous year were additionally relieved by short-time work. Depreciation, at € 3.2m, was almost at the previous year's level (€ 3.3m). Of this, € 1.7m was depreciation on rental rights under IFRS 16. Other operating expenses increased from € 4.9m to € 5.8m. In the previous year, negotiated rent waivers for € 0.4m (as of 30.06.: € 0.1m) relieved occupancy costs; in addition, sales costs rose significantly in the current year due to the sales development.

Earnings before interest and taxes (EBIT) improved from -€ -1.0m to € -0.4m.

The financial result improved by € 0.2 m and totalled € -1.0m (previous year: € -1.2m). As in the previous year, the interest expenses included in the financial result from the recognition of rental agreements under IFRS 16 amounted to € -0.7m.

Earnings before taxes (EBT) were € -1.5m (previous year: € -2.3m).

Earnings after taxes amounted to € -0.8m (previous year: € -1.5m) in the first half of 2022.

ASSETS

Asset structure

Total assets of the LUDWIG BECK Group amounted to € 169.0m as of June 30, 2022 (December 31, 2021: € 168.2m).

With € 150.5m (December 31, 2021: € 151.6m), non-current assets accounted for by far the largest part of total assets. 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 under IFRS 16, which amounted to approximately € 58.8m as of the reporting date June 30, 2022.

Within non-current assets, deferred tax assets of € 4.7m (December 31, 2021: € 3.7m) were to be recognised. € 4.2m relates to deferred taxes on losses incurred by LUDWIG BECK's operative business during the COVID-19 pandemic. The management assumes that the tax losses can be offset against positive results in the future.

Current assets amounted to € 18.5m as of the reporting date (December 31, 2021: € 16.6m). The main item among current assets is inventories of merchandise, which amounted to € 11.2m (December 31, 2021: € 10.2m).

EQUITY AND LIABILITIES

Capital structure

As of June 30, 2022, the LUDWIG BECK Group equity was € 62.1m (December 31, 2021: € 63.0m). The equity ratio was 36.7% (December 31, 2021: 37.4%).

Long-term liabilities decreased from € 87.0m (December 31, 2021) to € 84.3m. They mainly include real estate loans of € 13.9m, two LfA loans of € 11.4m and liabilities from rental agreements of € 61.4m.

Short-term liabilities increased from € 18.3m (December 31, 2021) to € 22.6m, mainly due to higher overdraft facilities.

Total liabilities amounted to € 106.9m (December 31, 2021: € 105.3m). As of June 30, 2022, € 61.4m (December 31, 2021: € 63.0m) of the total liabilities are attributed to the rental agreements, which are classified as financial liabilities according to IFRS 16.

Cash flows

Cash flows from operating activities amounted to € -0.3m after the first six months of 2022 (previous year: € 0.2m).

Cash flows from investing activities were € -1.2m in the reporting period (previous year: € 1.8m). This mainly

relates to investments in Munich's Marienplatz flagship store. The renovation of the traditional costumes section on the fourth floor was one of the main investments.

Cash flows from financing activities were € 1.5m (previous year: € -9.3m). In the previous year, the bank balances of € 11.2m available at the beginning of the fiscal year, € 10.0m of which resulted from the sale of the property in Haar, were largely used to balance bank overdrafts.

EMPLOYEES

In the first half of 2022, the number of employees increased to 374 (excluding trainees) under Section 267 (5) HGB (June 30, 2021: 358). Weighted by full-time equivalents, the number of employees was 255 (June 30, 2021: 247). The number of apprentices in the LUDWIG BECK Group was 39 (June 30, 2021: 45).

OPPORTUNITY AND RISK REPORT

As part of its activities in the sales markets, the LUDWIG BECK Group is exposed to various opportunities and risks related to entrepreneurial activity. These are described in detail in the company's current annual report for 2021, starting on page 68.

You can find the report on the company's website at www.kaufhaus.ludwigbeck.de/en/company/investor-relations under "Financial Publications".

FORECAST REPORT

General economic conditions and developments in the retail sector

A GfK study shows that the consumer climate fell to a new record low in June. Consumers continue to view recession as a high risk. The war in Ukraine and market supply chain problems as well as material shortages are currently strongly limiting production in Germany. In addition, there is a risk that private consumption, an important pillar of the economy, might collapse due to high inflation.

At present, the further development of the war in Ukraine cannot be predicted. However, a quick end to the war should not be expected. How the war's consequences will continue to affect the German and international economies is yet to be determined. The key to a sustainable turnaround in consumer confidence is to curb the high inflation rates and prevent the German economy from slipping into recession. Furthermore, it will only become clear in autumn how the COVID-19 pandemic will evolve. After more than two years, the pandemic has still not been overcome. Should there be another surge of infections and renewed restrictions and regulations for the stationary trade, consumer sentiment will once again be impacted negatively.

LUDWIG BECK 2022

Despite a difficult start to the year due to the COVID-19 pandemic, LUDWIG BECK could already notice a slow

recovery in consumer sentiment by the end of the first quarter. With the start of the Easter holidays and the return of tourists to Munich's city centre, business at LUDWIG BECK developed much more positively and sales were almost as high as in a normal year. The newly opened LUDWIG BECK Trachtenwelt (traditional costumes) developed particularly well and customers received it very well. On the one hand, the anticipation of the upcoming Oktoberfest is noticeable, and on the other hand, summer festivals and weddings are stimulating demand. If business continues to develop positively with the returning of the Oktoberfest and an unrestricted Christmas business, with Christmas markets as before the pandemic, LUDWIG BECK expects gross sales of between € 85m and € 88m and slightly positive earnings before taxes (EBT) in the fiscal year 2022, as already presented in the forecast report of the consolidated financial statements of December 31, 2021.

However, a prerequisite for this forecast is that there are no further restrictions in the city centres, such as lockdowns, 2G regulations, curfew hours, or access restrictions. In case of renewed restrictions due to the COVID-19 pandemic or negative developments in the Ukraine conflict, it would be difficult to estimate the extent to which the sales and earnings situation of LUDWIG BECK would be affected negatively.

APPENDIX

Accounting according to International Financial Reporting Standards (IFRS)

The present quarterly financial statements of the LUDWIG BECK AG Group as of June 30, 2022, have been prepared

under 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 under IAS 34 (interim reporting).

Accounting and valuation methods

The same accounting and valuation methods are used in the quarterly financial statements as in the consolidated financial statements as of December 31, 2021. A comprehensive description of these methods is published in the notes to the IFRS consolidated financial statements as of December 31, 2021.

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

"To the best of our knowledge, we assure that, per the accounting principles to be used for the interim reporting, the interim consolidated financial statement provides a true and fair view of the net assets, financial position, and results of operations of the Group, and the interim Group management report presents the development and the performance of the business and the position of the Group to provide a true and fair view, 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, 2022 - JUNE 30, 2022, ACCORDING TO IASB PROVISIONS

	01/01/2022 - 30/06/2022	01/01/2022 - 30/06/2022	01/04/2022 - 30/06/2022	01/04/2021 - 30/06/2021
	€m	€m	€m	€m
1. Sales revenue				
- Gross sales	34.0	20.2	19.3	13.5
- Less VAT	5.4	3.2	3.1	2.2
- Net sales	28.6	16.9	16.2	11.3
2. Other own work capitalized	0.0	0.1	0.0	0.0
3. Other operating income	2.2	5.4	0.9	4.8
	30.8	22.4	17.2	16.1
4. Cost of materials	14.5	9.3	7.8	6.0
5. Personnel expenses	7.7	5.9	4.0	3.2
6. Depreciation	3.2	3.3	1.6	1.6
7. Other operating expenses	5.8	4.9	2.9	2.7
	31.3	23.4	16.3	13.6
8. Earnings before interest and taxes (EBIT)	-0.5	-1.0	0.9	2.5
9. Financial result	-1.0	-1.2	-0.5	-0.6
- thereof financial expenses: as of 30/06.: € 1.0m (previous year € 1,3m) 2 nd quarter: € 0.5m (previous year: € 0.6m)				
10. Earnings before taxes (EBT)	-1.5	-2.3	0.3	1.9
11. Taxes on income	-0.7	-0.8	0.0	0.6
12. Earnings after taxes	-0.8	-1.5	0.3	1.3
Diluted and basic earnings per share in €	-0.21	-0.39	0.09	0.34
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, 2022, ACCORDING TO IASB PROVISIONS

Assets	30/06/2022	31/12/2021
	€m	€m
A. Long-term assets		
I. Intangible assets	4.5	4.7
II. Property, plant and equipment	141.2	143.0
III. Other assets	0.1	0.1
IV. Deferred taxes	4.7	3.7
Total long-term assets	150.5	151.6
B. Short-term assets		
I. Inventories	11.4	10.3
II. Receivables and other assets	6.8	6.0
III. Cash and cash equivalents	0.3	0.3
Total short-term assets	18.5	16.6
	169.0	168.2
Liabilities	30/06/2022	31/12/2021
	€m	€m
A. Shareholders' equity		
I. Subscribed capital	9.4	9.4
II. Capital reserve	3.5	3.5
III. Accumulated profit	50.1	51.0
IV. Other equity components	-0.9	-0.9
Total shareholders' equity	62.1	63.0
B. Long-term liabilities		
I. Financial liabilities	80.9	83.5
II. Accruals	3.1	3.2
III. Deferred taxes	0.3	0.3
Total long-term liabilities	84.3	87.0
C. Short-term liabilities		
I. Financial liabilities	16.5	12.5
II. Trade liabilities	0.8	0.9
III. Tax liabilities	0.5	0.5
IV. Other liabilities	4.7	4.4
Total short-term liabilities	22.6	18.3
Total debt (B. + C.)	106.9	105.3
	169.0	168.2

Segment Reporting

FOR THE PERIOD FROM JANUARY 1, 2022 – JUNE 30, 2022

	Textile		Non-textile		Group	
	€m	%	€m	%	€m	%
Gross sales	24.6	119.0	9.4	119.0	34.0	119.0
<i>Previous year</i>	13.4	119.0	6.8	119.0	20.2	119.0
VAT	-3.9	19.0	-1.5	19.0	-5.4	19.0
<i>Previous year</i>	-2.1	19.0	-1.1	19.0	-3.2	19.0
Net sales	20.7	100.0	7.9	100.0	28.6	100.0
<i>Previous year</i>	11.3	100.0	5.7	100.0	16.9	100.0
Cost of sales	-10.7	51.7	-4.5	56.5	-15.2	53.0
<i>Previous year</i>	-6.5	57.3	-2.9	50.2	-9.3	54.9
Gross profit	10.0	48.3	3.4	43.5	13.4	47.0
<i>Previous year</i>	4.8	42.7	2.8	49.8	7.6	45.1
Personnel expenses	-1.5	7.3	-0.8	9.9	-2.3	8.0
<i>Previous year</i>	-1.2	11.0	-0.6	10.7	-1.8	10.9
Imputed expenditure on premises	-4.8	23.3	-1.0	13.1	-5.9	20.5
<i>Previous year</i>	-4.8	42.8	-1.1	18.7	-5.9	34.7
Imputed interest expenses	-0.4	1.8	-0.2	2.2	-0.5	1.9
<i>Previous year</i>	-0.5	4.4	-0.2	3.3	-0.7	4.0
Segment result	3.3	15.8	1.5	18.4	4.7	16.5
<i>Previous year</i>	-1.8	-15.6	1.0	17.1	-0.8	-4.6

* excluding discounts and rebates, etc.

Segment reporting

FOR THE PERIOD FROM APRIL 1, 2022 – JUNE 30, 2022

	Textile		Non-textile		Group	
	€m	%	€m	%	€m	%
Gross sales	14.4	119.0	4.9	119.0	19.3	119.0
<i>Previous year</i>	9.6	119.0	3.9	119.0	13.5	119.0
VAT	-2.3	19.0	-0.8	19.0	-3.1	19.0
<i>Previous year</i>	-1.5	19.0	-0.6	19.0	-2.2	19.0
Net sales	12.1	100.0	4.1	100.0	16.2	100.0
<i>Previous year</i>	8.1	100.0	3.3	100.0	11.3	100.0
Cost of sales	-5.8	47.5	-2.3	56.4	-8.1	49.8
<i>Previous year</i>	-4.3	53.8	-1.4	44.2	-5.8	51.1
Gross profit	6.4	52.5	1.8	43.6	8.2	50.2
<i>Previous year</i>	3.7	46.2	1.8	55.8	5.5	48.9
Personnel expenses	-0.8	6.9	-0.4	10.1	-1.3	7.7
<i>Previous year</i>	-0.8	9.4	-0.3	8.0	-1.0	9.0
Imputed expenditure on premises	-2.5	20.6	-0.5	12.5	-3.0	18.6
<i>Previous year</i>	-2.6	31.9	-0.5	16.3	-3.1	27.5
Imputed interest expenses	-0.2	1.6	-0.1	1.8	-0.3	1.7
<i>Previous year</i>	-0.2	3.0	-0.1	2.3	-0.3	2.8
Segment result	2.8	23.3	0.8	19.1	3.6	22.2
<i>Previous year</i>	0.2	1.9	0.9	29.0	1.1	9.7

* excluding discounts and rebates, etc.

Consolidated Cash Flow Statement

CONSOLIDATED CASH FLOW STATEMENT OF LUDWIG BECK AM RATHAUSECK - TEXTILHAUS FELDMEIER AG, MUNICH, FOR THE PERIOD JANUARY 1, 2022 - JUNE 30, 2022, ACCORDING TO IASB PROVISIONS

€m	01/01/2022 – 30/06/2022	01/01/2021 – 30/06/2021
Cash flow from operating activities:		
Earnings before taxes	-1.5	-2.3
Adjustments for:		
+ Depreciation on long-term assets	3.2	3.3
- Interest income	1.1	1.3
Operating result before changes to net working capital	2.8	2.3
Increase/decrease (-/+) in assets	-1.8	-1.2
Increase/decrease (+/-) in liabilities	0.1	0.6
Cash flow from operating activities (before interest and tax payments)	1.1	1.8
Interest paid	-1.0	-1.2
Disbursements to other shareholders	-0.1	-0.1
Taxes on income paid	-0.2	-0.3
A. Cash flow from operating activities	-0.3	0.2
Payments for investments in fixed assets	-1.2	-1.8
B. Cash flow from investing activities	-1.2	-1.8
Increase/decrease in bank loans and loans from insurance companies	3.0	-7.7
Increase/decrease in finance leases	-1.5	-1.5
C. Cash flow from financing activities	1.5	-9.3
D. Net change in cash and cash equivalents (A.+B.+C.)	0.0	-11.0
Cash and cash equivalents at the beginning of the period	0.3	11.2
Change in D.	0.0	-11.0
Cash and cash equivalents at the end of the period	0.3	0.3

Group 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, 2022 - JUNE 30, 2022,
ACCORDING TO IASB PROVISIONS

€m	Subscribed capital	Capital reserve	Accumulated profit	Other equity components	Total
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
As per 01/01/2021	9.4	3.5	47.6	-0.9	59.6
Earnings after taxes			-1.5		-1.5
Disbursements to other shareholders			-0.1		-0.1
As per 30/06/2021	9.4	3.5	46.0	-0.9	58.0