

Ludwig Beck

Consolidated Interim Report

2021

for the 2nd Quarter and the 1st Six Months of the Fiscal Year 2021 for the
Period from January 1 - June 30, 2021

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. Therefore, the interim report should be read together with the IFRS consolidated financial statements published for the fiscal year 2020.

GENERAL ECONOMIC AND SECTORAL DEVELOPMENT

Macroeconomic development

The coronavirus pandemic continued to keep pressure on the global and German economies in the first half of 2021. The first quarter was heavily marked by the third wave of the pandemic and its effects, which led to a decline in gross domestic product of 1.8%. However, due to falling incidences, the easing of contact restrictions and an increasing vaccination rate, a notable recovery set in from the middle of the second quarter. The global economy slowly picked up speed again. After a slowdown in global industrial production in February (-0.6% month-on-month), global industrial production from March onwards (+0.3% month-on-month) followed the positive trend seen since May 2020. Global trade likewise reached a new high above pre-crisis levels (+2.2%) after a strong rebound. Sentiment indicators signal a further improvement of the global economy.

As the epidemiological risks persist, especially from new virus mutants, and both peoples and the economy adjust their behaviour accordingly, it will still take some time before one can speak of a sustained economic recovery. This is also reflected in the labour market. Even though unemployment and underemployment overall declined in spring due to seasonal factors, according to the Federal Employment Agency, the COVID-19 pandemic still caused an increase in unemployment of 453,000 people. However, the massive use of short-time work is declining significantly.

Retail development

The coronavirus pandemic, combined with the nationwide lockdowns, caused brick-and-mortar fashion retailers to lose more than half of their sales in the first half of 2021 versus a "normal year". Compared to 2019, losses of almost 60% were recorded. Brick-and-mortar fashion retailers ended the first half of 2021 down an average of 40 per cent on the 2020 financial year, according to a survey by TW Testclub. The coronavirus pandemic is a severe blow to the highly competitive textile retail sector, which has already been struggling in recent years with declining customer frequencies, unfavourable weather conditions, and a weakening shopping mood. The absence of tourists, declining footfall in the city centres and strict hygiene regulations visibly affected the retail sector in the first half of 2021.

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

The LUDWIG BECK Group generated gross sales of €20.2 million in the first half of the fiscal year 2021 (previous year: €24.8 million). The renewed severe restrictions in the first half of the year due to the COVID-19 pandemic had a significant impact on the sales development of the flagship store at Munich Marienplatz. In the first quarter, the stores were closed on 55 sales days due to official requirements.

Earnings situation

The negative sales development led to a gross profit of only €7.6 million (previous year: €9.1 million). The gross profit margin was 45.1% (previous year: 43.6%). As the Munich Marienplatz flagship store was completely closed from mid-December until March 8, 2021, the

autumn/winter goods, in particular, had to be sold with higher discounts like in the previous year. This negatively affected the earnings situation. The cost of sales was €9.3 million (previous year: €11.8 million).

Other operating income was €5.4 million (previous year: €1.5 million). The significantly higher operating income is due to a first payment of the Bridging Assistance III of €4.2 million. LUDWIG BECK had applied for this aid within the framework of the Federal Government support due to sales losses caused by COVID-19. In total, LUDWIG BECK expects to receive state support of approximately €5 million.

Personnel costs decreased from €6.7 million in the previous year to €5.9 million. Due to the hard lockdown and the subsequent massive restrictions for the retail industry, LUDWIG BECK applied for short-time work, which relieved the earnings situation. With €3.3 million,

depreciation and amortisation were almost at the previous year's level. Of this, €1.9 million was depreciation on rental rights in accordance with IFRS 16. At €4.9 million, other operating expenses were in line with the previous year.

Earnings before interest and taxes (EBIT) improved from €-4.0 million to €-1.0 million due to Bridging Assistance III.

The financial result was at the previous year's level of €-1.2 million. The interest expenses included in the financial result from the recognition of rental agreements in accordance with IFRS 16 amounted to €-0.7 million (previous year: €-0.8 million).

Earnings before taxes (EBT) were €-2.3 million (previous year: €-5.2 million).

Due to deferred tax income of €0.8 million (previous year: €1.8 million), earnings after taxes amounted to €-1.5 million (previous year: €-3.3 million) in the first half of 2021.

ASSETS

Asset structure

Total assets of the LUDWIG BECK Group amounted to €173.6 million as of June 30, 2021 (December 31, 2020: €183.8 million).

With €158.1 million (December 31, 2020: €158.5 million), 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 €70 million, and the rental rights to be recognized in accordance with IFRS 16, which amounted to approximately €61.5 million as of the reporting date June 30, 2021.

Within non-current assets, deferred tax assets of €4.9 million (December 31, 2020: €3.8 million) were recognised. €4.4 million relates to the deferred taxes on losses incurred due to the COVID-19 pandemic in the operating business of LUDWIG BECK. The management assumes that the tax losses can be offset against positive results in the future.

Current assets amounted to €15.5 million as at the reporting date (December 31, 2020: €25.3 million). The main item among current assets is inventories, which amounted to €12.7 million (December 31, 2020: €12.0 million).

EQUITY AND LIABILITIES

Capital structure

As of June 30, 2021, the LUDWIG BECK Group's equity was €58.0 million (December 31, 2020: €59.6 million). The equity ratio was 33.4% (December 31, 2020: 32.4%).

Long-term liabilities decreased from €92.5 million (December 31, 2020) to €90.5 million. In addition to real estate loans of €13.9 million and two LfA (specialist

promotional bank of the Free State of Bavaria) loans of €12.0 million, they also include liabilities from rental agreements recognized in the balance sheet amounting to €61.4 million.

Short-term liabilities decreased from €31.6 million (December 31, 2020) to €25.0 million, mainly due to a loan repayment.

Total liabilities amounted to €115.6 million (December 31, 2020: €124.2 million). As of June 30, 2021, €63.3 million (December 31, 2020: €64.8 million) of the total liabilities are attributable to rental agreements, which are classified as financial liabilities according to IFRS 16.

Cash flows

Cash flows from operating activities amounted to €0.2 million after the first six months of 2021 (June 30, 2020: €-5.1 million).

Cash flows from investing activities were €-1.8 million in the reporting period (June 30, 2020: €-0.8 million). This mainly relates to investments in the flagship store at Munich's Marienplatz. One of the key investments in the first quarter was the renovation of the women's trend section on the first floor of the flagship store.

Due to the sale of the property in Haar, the LUDWIG BECK Group had bank balances of €11.2 million as of December 31, 2020. A major part of this was used to balance utilised current account credit lines at the beginning of the fiscal year 2021, which was the main cause for cash flows from financing activities of €-9.3 million (June 30, 2020: €8.3 million).

EMPLOYEES

In the first half of 2021, the number of employees was 358 (excluding trainees) in accordance with Section 267 (5) HGB (June 30, 2020: 403). Weighted by full-time employees, the number of employees was 247 (June 30, 2020: 271). The number of apprentices in the LUDWIG BECK Group was 45 (June 30, 2020: 41). LUDWIG BECK uses the possibility of short-time working during the COVID-19 pandemic to secure jobs in the long term.

OPPORTUNITY AND RISK REPORT

As part of its activities in the sales markets, the LUDWIG BECK Group is exposed to a wide variety of opportunities and risks associated with entrepreneurial activity. These are described in detail in the company's current annual report for 2020, starting on page 70.

You can find the report on the company's website at www.ludwigbeck.de/kaufhaus in the "Investor Relations" section under "Financial Publications".

FORECAST REPORT

General economic conditions and developments in the retail sector

In the spring projection, which was published by the German government by the end of April, an increase in gross domestic product of 3.5% (price-adjusted) is expected for the year 2021. It is based on the assumption that the far-reaching restrictions of social contacts in public areas to protect health and life could be eased due to falling incidences and nationwide vaccination. As the incidence of infection continues to level off, a significant recovery of the domestic economy and private consumer spending is expected. The industrial sector and the international economic environment are also seen as important stimuli this year.

The retail sector should also benefit significantly in the second half of 2021 from declining infection rates, widespread vaccination, the return of tourism and rising consumer sentiment. According to a representative survey by the international strategy and marketing consultancy firm Simon-Kucher & Partners, fashion customers are planning to increase the use of stationary retail by about 9.5%, compared to before the pandemic. Thus, signs seem to be good for stationary trade, but this can only be taken with caution. The danger of the spread of new coronavirus mutants remains. If sufficient "herd immunity" is not achieved, it is quite possible that the government will impose new restrictions and closures. This would cause a new setback for the economy and especially for the stationary retail trade.

LUDWIG BECK 2021

LUDWIG BECK started 2021 with little hope 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". From mid-April, a negative rapid test had to be shown before customers could enter the shops at incidences over 50. It was not until 31 May 2021 that the situation eased, and LUDWIG BECK, after more than five and a half months, was allowed to reopen its doors to customers without the need for an appointment.

One of the biggest challenges for Munich, but also for LUDWIG BECK as a traditional costumes retailer, will be

the renewed cancellation of the Oktoberfest and the resulting loss of sales.

Even though the COVID 19 pandemic has recently eased significantly and there are signs of optimistic consumer behaviour, we still have to be prepared for an uncertain infection situation and its consequences for the global economy, the German economy, the retail trade, and LUDWIG BECK. The extent to which the economy could continue to be negatively affected cannot be determined at present. 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.

APPENDIX

Accounting according to International Financial Reporting Standards (IFRS)

The present quarterly financial statements of the LUDWIG BECK AG Group as of June 30, 2021, have been prepared in accordance with 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 in accordance with 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, 2020. A comprehensive description of these methods is published in the notes to the IFRS consolidated financial statements as of December 31, 2020.

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

"To the best of our knowledge, we assure that, in accordance with 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 so as 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, 2021 - JUNE 30, 2021, ACCORDING TO IASB PROVISIONS

	01/01/2021 - 30/06/2021	01/01/2020 - 30/06/2020	01/04/2021 - 30/06/2021	01/04/2020 - 30/06/2020
	€m	€m	€m	€m
1. Sales revenue				
- Gross sales	20.2	24.8	13.5	9.4
- Less VAT	3.2	4.0	2.2	1.5
- Net sales	16.9	20.9	11.3	7.9
2. Other own work capitalized	0.1	0.0	0.0	0.0
3. Other operating income	5.4	1.5	4.8	0.9
	22.4	22.4	16.1	8.8
4. Cost of materials	9.3	11.8	6.0	4.7
5. Personnel expenses	5.9	6.7	3.2	3.0
6. Depreciation	3.3	3.1	1.6	1.6
7. Other operating expenses	4.9	4.7	2.7	2.1
	23.4	26.3	13.6	11.3
8. Earnings before interest and taxes (EBIT)	-1.0	-4.0	2.5	-2.5
9. Financial result	-1.2	-1.2	-0.6	-0.6
- thereof financial expenses:				
as of 30/06: € 1.3 m (previous year: € 1.2 m)				
2 nd quarter: € 0.6 m (previous year: € 0.6 m)				
10. Earnings before taxes (EBT)	-2.3	-5.2	1.9	-3.1
11. Taxes on income	-0.8	-1.8	0.6	-1.1
12. Earnings after taxes from continued operations	-1.5	-3.3	1.3	-2.0
13. Earnings after taxes from discontinued operations	0.0	0.0	0.0	0.0
14. Earnings after taxes	-1.5	-3.3	-2.0	-2.0
Diluted and basic earnings per share in €	-0.39	-0.90	0.34	-0.54
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, 2021, ACCORDING TO IASB PROVISIONS

Assets	30/06/2021	31/12/2020
	€m	€m
A. Long-term assets		
I. Intangible assets	4.5	4.5
II. Property, plant and equipment	148.6	150.0
III. Other assets	0.1	0.1
IV. Deferred taxes	4.9	3.8
Total long-term assets	158.1	158.5
B. Short-term assets		
I. Inventories	12.7	12.0
II. Receivables and other assets	2.5	2.0
III. Cash and cash equivalents	0.3	11.2
Total short-term assets	15.5	25.3
	173.6	183.8
Liabilities	30/06/2021	31/12/2020
	€m	€m
A. Shareholders' equity		
I. Subscribed capital	9.4	9.4
II. Capital reserve	3.5	3.5
III. Accumulated profit	46.0	47.6
IV. Other equity components	-0.9	-0.9
Total shareholders' equity	58.0	59.6
B. Long-term liabilities		
I. Financial liabilities	87.4	89.4
II. Accruals	2.8	2.9
III. Deferred taxes	0.3	0.3
Total long-term liabilities	90.5	92.5
C. Short-term liabilities		
I. Financial liabilities	19.4	26.7
II. Trade liabilities	0.8	0.8
III. Tax liabilities	0.9	0.9
IV. Other liabilities	4.0	3.2
Total short-term liabilities	25.0	31.6
Total debt (B. + C.)	115.6	124.2
	173.6	183.8

Segment Reporting

FOR THE PERIOD FROM JANUARY 1, 2021 – JUNE 30, 2021

	Textile		Non-textile		Group	
	€m	%	€m	%	€m	%
Gross sales	13.4	119.0	6.8	119.0	20.2	119.0
<i>Previous year</i>	16.0	119.0	8.8	119.0	24.8	119.0
VAT	-2.1	19.0	-1.1	19.0	-3.2	19.0
<i>Previous year</i>	-2.6	19.0	-1.4	19.0	-4.0	19.0
Net sales	11.3	100.0	5.7	100.0	16.9	100.0
<i>Previous year</i>	13.4	100.0	7.4	100.0	20.8	100.0
Cost of sales	-6.5	57.3	-2.9	50.2	-9.3	54.9
<i>Previous year</i>	-8.0	59.5	-4.4	59.6	-12.4	59.6
Gross profit	4.8	42.7	2.8	49.8	7.6	45.1
<i>Previous year</i>	5.4	40.5	3.0	40.4	8.4	40.4
Personnel expenses	-1.2	11.0	-0.6	10.7	-1.8	10.9
<i>Previous year</i>	-1.7	12.5	-1.1	15.1	-2.8	13.4
Imputed expenditure on premises	-4.8	42.8	-1.1	18.7	-5.9	34.7
<i>Previous year</i>	-5.2	39.1	-1.1	14.4	-6.3	30.3
Imputed interest expenses	-0.5	4.4	-0.2	3.3	-0.7	4.0
<i>Previous year</i>	-0.4	3.3	-0.2	3.0	-0.7	3.2
Segment result	-1.8	-15.6	1.0	17.1	-0.8	-4.6
<i>Previous year</i>	-1.9	-14.3	0.6	7.9	-1.3	-6.4

* excluding discounts and rebates, etc.

Segment reporting

FOR THE PERIOD FROM APRIL 1, 2021 – JUNE 30, 2021

	Textile		Non-textile		Group	
	€m	%	€m	%	€m	%
Gross sales	9.6	119.0	3.9	119.0	13.5	119.0
<i>Previous year</i>	5.5	119.0	3.9	119.0	9.4	119.0
VAT	-1.5	19.0	-0.6	19.0	-2.2	19.0
<i>Previous year</i>	-0.9	19.0	-0.6	19.0	-1.5	19.0
Net sales	8.1	100.0	3.3	100.0	11.3	100.0
<i>Previous year</i>	4.7	100.0	3.4	100.0	8.0	100.0
Cost of sales	-4.3	53.8	-1.4	44.2	-5.8	51.1
<i>Previous year</i>	-2.9	61.7	-1.9	57.2	-4.8	59.9
Gross profit	3.7	46.2	1.8	55.8	5.5	48.9
<i>Previous year</i>	1.9	38.3	1.4	42.8	3.2	40.1
Personnel expenses	-0.8	9.4	-0.3	8.0	-1.0	9.0
<i>Previous year</i>	-0.7	15.3	-0.5	13.7	-1.2	14.7
Imputed expenditure on premises	-2.6	31.9	-0.5	16.3	-3.1	27.5
<i>Previous year</i>	-2.6	56.4	-0.5	16.0	-3.2	39.6
Imputed interest expenses	-0.2	3.0	-0.1	2.3	-0.3	2.8
<i>Previous year</i>	-0.2	4.7	-0.1	3.4	-0.3	4.2
Segment result	0.2	1.9	0.9	29.0	1.1	9.7
<i>Previous year</i>	-1.8	-38.2	0.3	9.6	-1.5	-18.3

* 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, 2021 - JUNE 30, 2021, ACCORDING TO IASB PROVISIONS

€m	01/01/2021 – 30/06/2021	01/01/2020 – 30/06/2020
Cash flow from operating activities:		
Earnings before taxes	-2.3	-5.2
Adjustments for:		
+ Depreciation on long-term assets	3.3	3.1
+ Interest expenses	1.3	1.2
Operating result before changes to net working capital	2.3	-0.9
Increase/decrease (-/+) in assets	-1.2	-2.0
Increase/decrease (+/-) in liabilities	0.6	-0.7
Cash flow from operating activities (before interest and tax payments)	1.8	-3.6
Interest paid	-1.2	-1.2
Disbursements to other shareholders	-0.1	-0.1
Taxes on income paid	-0.3	-0.2
A. Cash flow from operating activities	0.2	-5.1
Payments for investments in fixed assets	-1.8	-0.7
B. Cash flow from investing activities	-1.8	-0.7
Increase/decrease in bank loans and loans from insurance companies	-7.7	7.1
Increase/decrease in finance leases	-1.5	-1.3
C. Cash flow from financing activities	-9.3	5.8
D. Net change in cash and cash equivalents (A.+B.+C.)	-11.0	0.0
Cash and cash equivalents at the beginning of the period	11.2	0.6
Change in D.	-11.0	0.0
Cash and cash equivalents at the end of the period	0.3	0.6

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, 2021 - JUNE 30, 2021,
ACCORDING TO IASB PROVISIONS

€m	Subscribed capital	Capital reserve	Accumulated profit	Other equity components	Total
As per 01/01/2021	9,4	3,5	49,5	-0,8	61,6
Earnings after taxes			-3,3		-3,3
Disbursements to other shareholders			-0,1		-0,1
As per 30/06/2021	9,4	3,5	46,1	-0,8	58,2
As per 01/01/2020	9,4	3,5	49,5	-0,8	61,6
Earnings after taxes			-3,3		-3,3
Disbursements to other shareholders			-0,1		-0,1
As per 30/06/2020	9,4	3,5	46,1	-0,8	58,2