ANNUAL REPORT

2022

Contents

Annual Report 2022

1 GENERAL *Information*

2 CONSOLIDATED FINANCIAL STATEMENTS *& Consolidated Notes*

3 CONSOLIDATED *Management Report*

4 ADDITIONAL *Information*

1 GENERAL *Information*

THERE ARE DEPARTMENT STORES, FASHION HOUSES, AND TEMPLES OF CONSUMERISM – AND THEN THERE IS *LUDWIG BECK*. WHETHER FOR OUR CUSTOMERS, EMPLOYEES, INVESTORS, AND BUSINESS PARTNERS, WE STRIVE TO BE RECOGNIZED AS MUCH FOR OUR HONESTY, *UNIQUENESS*, AND DESIRABILITY AS FOR THE EXCLUSIVE BRANDS WE OFFER.

STYLE HAS A NEW HOME.

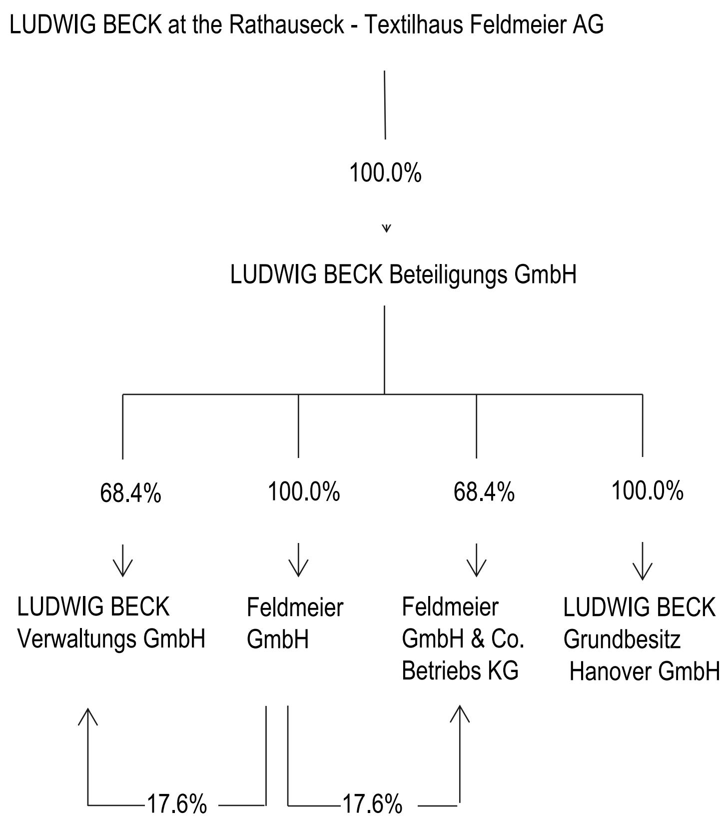
LUDWIG BECK.

Key figures of the Group

		2022	2021	2020	2019*)	2018*)
		(IFRS/IAS)	(IFRS/IAS)	(IFRS/IAS)	(IFRS/IAS)	(IFRS/IAS)
Result						
Sales (gross)	€m	83.3	66.0	60.4	95.3	95.5
Value-added tax (VAT)	€m	13.4	10.6	8.9	15.2	15.2
Sales (net)	€m	70.4	55.4	51.5	80.1	80.3
	%	100.0	100.0	100.0	100.0	100.0
Gross profit	€m	35.0	25.4	20.5	38.6	38.7
	%	49.8	45.8	39.8	48.2	48.1
Earnings before interest, taxes, depreciation and amortization (EBITDA)	€m	11.3	13.0	4.3	12.9	10.3
	%	16.0	23.5	8.4	16.1	12.8
Earnings before interest and taxes (EBIT)	€m	4.9	6.7	-1.9	7.0	7.6
	%	7.0	12.0	-3.6	8.7	9.5
Earnings before taxes (EBT)	€m	2.8	4.3	-4.3	4.6	6.9
	%	4.0	7.8	-8.3	5.8	8.5
Consolidated net profit	€m	2.2	3.6	-1.7	3.4	5.0
	%	3.2	6.6	-3.4	4.3	6.2
Balance sheet						
Equity	€m	65.3	63.0	59.6	61.6	75.8
Equity ratio	%	38.8	37.4	32.4	34.8	59.9
Return on equity before taxes	%	4.3%	6.9%	-7.1%	7.5%	9.1%
Investments	€m	2.4	3.0	4.9	1.7	2.5
Balance sheet total	€m	168.6	168.2	183.8	177.2	126.5
Personnel						
Employees	People	389	373	397	442	455
Personnel expenses	€m	15.8	13.2	13.5	17.4	17.4
	%	22.5	23.8	26.3	21.8	21.6
Net sales per employee (weighted, average)	€k	264.6	217.3	194.3	272.4	259.9
Share						
Number of shares	m.	3.70	3.70	3.70	3.70	3.70
Earnings per share undiluted and diluted	€	0.60	0.98	-0.47	0.93	1.34
Dividend	€	0.00	0.00	0.00	0.00	0.00
Other details (as of December 31)						
Sales area	sqm	12,400	12,400	12,400	12,400	12,400
Gross sales per square metre	€/sqm	6,753	5,312	4,862	7,685	7,702

*) Continued operations

Group Structure



LUDWIG BECK Executive Board

CHRISTIAN GREINER

Chairman of the Executive Board, Board Member for Personnel, Purchasing, Sales and Marketing of LUDWIG BECK AG

In 2004, Christian Greiner developed the Young Fashion concept U1 for Rudolf Wöhrl AG in Nuremberg, which he managed as a director until the end of 2007. Since 2008, Christian Greiner has been managing director of INTRO Retail & Media GmbH, and he is also co-owner and managing director of the Nuremberg-based Kreativagentur nuts communication GmbH. In 2010, he moved from the Supervisory Board to the Executive Board of LUDWIG BECK AG and is now responsible for personnel, purchasing, sales, and marketing.

JENS SCHOTT

Executive Board Member for Finance, IT, and Logistics of LUDWIG BECK AG

Jens Schott specialised in taxes and accounting during his studies in business administration. From 1998 to 2002, he gained valuable experience in a well-known Munich-based auditing and tax consulting company. Jens Schott has managed Group accounting and financial controlling at LUDWIG BECK AG since 2002 and has led Group accounting since 2015. Since September 1, 2019, he has been responsible for the company's finance, IT, and logistics.

From left: Christian Greiner, Jens Schott

PERSONAL THANKS

The Executive Board would like to thank all employees, customers, and business partners of the LUDWIG BECK Group for their commitment and trust shown to our company in 2022.

Supervisory Board’s Report

Since the Annual General Meeting on July 28, 2020, the Supervisory Board of Ludwig Beck AG has consisted of Dr Bruno Sälzer (Chairman), Sandra Pabst (Deputy Chairwoman), Clarissa Käfer, and Josef Schmid as shareholder representatives and Michael Eckhoff and Michael Neumaier as employee representatives. Dr Moritz Frhr. v. Hutten z. Stolzenberg is a substitute member of the shareholder representatives.

In the fiscal year 2022, the Supervisory Board of LUDWIG BECK again intensively dealt with the development and strategic goals of the group. It exercised its advisory, controlling and monitoring function vis-à-vis the Executive Board conscientiously and with all due diligence. In four meetings, the Supervisory Board discussed and advised the Executive Board on issues of corporate management and planning, the risk position and risk management.

The oral and written reports of the Executive Board within the meaning of section 90 Stock Corporation Act (AktG) formed an essential basis for the Supervisory Board's activities.

The Executive Board reported regularly and in detail to the Supervisory Board, orally and in writing, both within and outside the meetings of the Supervisory Board and its committees. In this way, the Supervisory Board was directly and comprehensively informed about all developments and current events involving the company and the group.

The Executive Board thus fully complied with its duties to provide information at all times. No additional or supplementary reports were required.

The reporting mainly referred to the business policy and fundamental issues of corporate planning, the profitability of the company, the current business development, the internal control systems, compliance, investment and disinvestment decisions, and transactions of primary importance for the profitability and liquidity of LUDWIG BECK AG and the group.

The Supervisory Board participated in all major strategic corporate decisions which were discussed and examined in detail and, if necessary, approved. In the exercise of its supervisory function, the Supervisory Board was able to satisfy itself of the legality and regularity of the corporate management by the Executive Board.

The Supervisory Board and the Executive Board were in constant communication about the evaluation of the company’s opportunities and risks. The Executive Board informed the Supervisory Board about possible or actual risk scenarios for which solutions were found in joint consultations. In addition, opportunities serving the company’s economic objectives were discussed.

The Supervisory Board, in particular the chairman of the Supervisory Board, was also in constant exchange with the Executive Board and was informed in detail by the latter about the ongoing stationary and online business development.

In this context, the Executive Board also reported on the effects of the COVID-19 pandemic, which were still present at the beginning of the year, the Ukraine war, and high inflation, and outlined measures for counteraction.

The Supervisory Board was also informed about current and planned reconstruction projects and approved them where necessary. The Supervisory Board shares the Executive Board's conviction that these investments will secure the company’s location and competitiveness and are an important factor for the sustainability of Ludwig Beck.

There were no personnel changes in the Executive Board of LUDWIG BECK AG in the fiscal year 2022.

There were no objections to the work of the Executive Board. Also, to the knowledge of the Supervisory Board, no conflicts of interest arose among Executive Board members.

The following is an overview of the Supervisory Board’s meetings and their main topics:

Four meetings in 2022

Four meetings were held in the fiscal year 2022. All acting members of the Supervisory Board as well as the members of the Executive Board attended the meetings. The Supervisory Board met without the Executive Board when necessary or appropriate. The meetings took place again in presence, partly as hybrid events.

The discussions focused on the current business development, corporate strategy, and measures for its implementation in the company and its subsidiaries. Topical issues were discussed with individual members of the Supervisory Board, in particular the chairman of the Supervisory Board, in telephone calls that were arranged at short notice.

In several meetings, the second level, the division heads, also informed the Supervisory Board directly and in detail about upcoming projects, plans, challenges, and goals in the individual divisions.

The balance sheet meeting according to section 171 (1) Stock Corporation Act (AktG) was held on March 31, 2022. The auditor also participated in this meeting. At this meeting, the annual financial statements prepared by the Executive Board and the consolidated financial statements were approved. The annual financial statements of LUDWIG BECK AG were thus adopted.

Also at this meeting, the Executive Board presented the Supervisory Board with a medium-term corporate forecast.

In addition, the proposed resolutions on the items on the agenda of the Annual General Meeting, which took place in virtual form on May 31, 2022, were approved.

Another meeting of the Supervisory Board was held following the virtual Annual General Meeting on May 31, 2022. The members of the Supervisory Board followed the Annual General Meeting on-site so that the meeting (during which questions and topics relating to the ongoing fiscal year were discussed) was held in presence.

On September 14, 2022, another ordinary meeting of the Supervisory Board took place, in which the Supervisory Board dealt, among other things, with the current business development in the first eight months of 2022. In addition, the declaration of compliance with the German Corporate Governance Code was adopted.

In the last meeting of the year, on December 15, 2022, the Supervisory Board discussed, among other things, the business development in the fourth quarter and the Executive Board's planning for the 2023 fiscal year. Furthermore, the results of the compliance risk analysis that the Executive Board commissioned for the areas of HR, anti-corruption and money laundering were presented.

The Annual General Meeting on May 9, 2023, will occur virtually. Both the Executive Board and the Supervisory Board consider this reasonable in terms of costs and sustainability.

Members of the Supervisory Board disclose potential conflicts of interest to the Supervisory Board and this usually leads to the non-participation of the affected Supervisory Board member in the discussion and vote on the agenda item causing the conflict of interest. In the reporting year 2022, no conflicts of interest arose among Supervisory Board members.

The Supervisory Board has formed two committees, an Audit Committee and an Executive and Personnel Committee.

Audit Committee

Since July 28, 2020, the Audit Committee is composed of the members Clarissa Käfer (Chairwoman), Dr Bruno Sälzer and Josef Schmid.

The Audit Committee met as follows in the 2022 fiscal year:

The first meeting took place on March 31, 2022, ahead of the Supervisory Board meeting on the annual financial statements. All members of the Audit Committee and a representative of the auditor attended this meeting.

Two virtual meetings followed on December 5 and 7, 2022. All acting committee members as well as a representative of the auditor and both Executive Board members attended these two meetings. Dr Karsten Heider also attended the meeting on December 7, 2022, as a legal advisor.

The committee chair consulted with the auditor's representatives on the annual audit at four further meetings (12.01.2022, 03.03.2022, 11.03.2022, and 18.03.2022).

The Audit Committee focused on the audit of the separate and consolidated financial statements and the management report, the proposal for the appropriation of profits, the monitoring of the accounting process, and the effectiveness of the internal control and risk management systems. In addition, the auditor's fee and the bridging aid were the subjects of the meetings. The corresponding financial information was reviewed and approved quarterly.

In the presence of the auditor, the committee discussed the audit results and recommended to the Supervisory Board to approve the annual accounts and the consolidated financial statements for the 2021 fiscal year and to endorse the Executive Board's proposal to the 2022 Annual General Meeting for the appropriation of the balance sheet profit.

The committee prepared the appointment of the auditor for the 2022 fiscal year and addressed the auditor's audit planning and the focal points of the audit. It was informed about the so-called non-audit services that the auditor provided. The audit committee verified the independence of the auditor by obtaining the declaration of independence.

The committee also dealt with the selection of the auditor and advised the Supervisory Board to propose BTU Treuhand GmbH, Wirtschaftsprüfungsgesellschaft, Munich, to the Annual General Meeting as an auditor for the 2022 fiscal year.

Executive and Personnel Committee

Since 28 July 2020, the Executive and Personnel Committee is composed of the members Dr Bruno Sälzer (Chairman), Sandra Pabst, and Clarissa Käfer.

In 2022, no meeting of the Executive and Personnel Committee took place, as no relevant topics were pending. Nevertheless, the members of the Executive and Personnel Committee were in regular contact.

German Corporate Governance Code and Declaration on Corporate Governance

The Supervisory Board is committed to the standards of good and responsible corporate governance set out in the German Corporate Governance Code. For this reason, the Audit Committee, through its chairwoman, has obtained a declaration from the auditor stating that there are no business, financial, personal, or other relationships between the auditor and the company that could give rise to doubts about the auditor's independence. The auditor submitted this declaration of independence to the chairwoman of the Audit Committee in a letter dated March 24, 2022.

It also relates to consultancy services that the auditor provided to the company in the past fiscal year, or which were agreed upon for the current fiscal year.

The declaration of compliance adopted on September 14, 2022, in accordance with section 161 of the German Stock Corporation Act (AktG) was published on the company's website under the Investor Relations menu item in the Corporate Governance section and is included in the Declaration on Corporate Governance also made available on the company's website. On March 29, 2023, the Supervisory Board, together with the Executive Board, issued the Declaration on Corporate Governance and made it publicly available on the company's website.

Consolidated financial statements and annual financial statements

The appointed auditor, BTU Treuhand GmbH, audited the annual financial statements and the consolidated financial statements as of December 31, 2022, as well as the management report and the group management report, including the accounting records, and devised an unqualified audit opinion about them.

The members of the Supervisory Board were provided with all financial statement documents and audit reports in good time before the Supervisory Board's financial statements meeting on March 29, 2023, and the Supervisory Board carefully examined these. The Audit Committee and the entire Supervisory Board discussed the documents in detail in the presence of the auditor. The auditor did not identify any weaknesses in the internal control and risk management system concerning the accounting process. The Supervisory Board was able to satisfy itself that the auditor's report follows the legal requirements. At this meeting, the auditor also explained the scope, focus and costs of the audit and provided information about its impartiality and the services it provided in addition to the audit.

The Supervisory Board approved the results of the auditor's audit at the financial statements meeting. Before the meeting, the Supervisory Board had already reviewed the annual financial statements and the consolidated financial statements, the management report, and the group management report. The statements of the management report and the group management report were consistent with the assessments of the Supervisory Board.

According to the final result of its examination, there were no objections to the annual financial statements, the consolidated financial statements, the management report, and the group management report. The Supervisory Board unanimously approved the annual financial statements 2022 of LUDWIG BECK AG that the Executive Board prepared; the annual financial statements are thus adopted. It also approved the group consolidated financial statements for 2022.

Personal thanks

The Supervisory Board expresses its gratitude to the Executive Board, the works council and all employees of LUDWIG BECK AG for their achievements in 2022 and their great personal commitment.

The Supervisory Board would also like to thank our customers who have remained loyal to LUDWIG BECK in 2022, as well as all business partners for their trust.

Munich, March 2023

Dr Bruno Sälzer
Chairman of the Supervisory Board

Share

THE STOCK MARKET YEAR 2022

The global economy was hit by three main developments in the calendar year 2022: Russia's war of aggression on Ukraine, the aftermath of the COVID-19 pandemic, and the economic slowdown in China. After the global economy recovered in 2021 due to rising vaccination rates and a pick-up in real consumer spending, with the global gross domestic product (GDP) growing by 6.2%, the International Monetary Fund (IMF) expects global GDP to grow by just 3.4% in 2022. The slowdown in economic growth was particularly triggered by rising inflationary pressures, especially in the USA and Europe, worsened by corona-induced bottlenecks in the supply of goods and services and labour shortages, especially in the service sector. Energy prices, which were already high, also contributed to the increase in inflation. With the beginning of the Russian war against Ukraine on February 24, 2022, energy prices, which had already risen significantly in the second half of 2021, continued to soar. The shortage and subsequent cessation of gas deliveries from Russia caused European natural gas prices to increase more than tenfold compared to 2021. Not only the price of gas but also the market price for Brent oil almost doubled in the wake of the Ukraine war. Both factors disproportionately affected the German industry, especially energy-intensive sectors such as the chemical industry. The strains on European and German industries were aggravated by China's zero COVID policy, which was further tightened with the emergence of the Delta and the highly contagious Omicron variants. The US Federal Reserve Bank responded to the mounting inflationary pressure with a severe tightening of monetary policy. This triggered an appreciation of the US dollar against most other currencies and fuelled inflation outside the US, forcing the European Central Bank (ECB) to react and raise the main refinancing rate by a total of 200 basis points from August to December.

Rising costs coupled with rising interest rates and Russia's aggression on Ukraine had—beyond the human tragedy—also an impact on global financial markets. The DAX40 just missed its previous record high of 16,290 points from November 2021 with 16,285 points in January 2022, but in the following months, the macroeconomic gravity forces prevailed. Equity market valuations were already at lofty heights, especially in the US, and there in the technology sector, after the previous bull market. Thus, the DAX40 ended trading on December 30, 2022, at 13,924 points, 14.5% below its year high and 12.7% below its opening value of the year.

LUDWIG BECK SHARE

Share data	
ISIN	DE0005199905
WKN	519990
Ticker symbol	ECK
Industry	Retail
Segment	Prime Standard
Number of shares	3,695,000
Market capitalisation per December 31, 2022	€ 104.2m
Trading venues	Frankfurt/M., Stuttgart, Munich, Düsseldorf, Berlin/Bremen, Hamburg, XETRA
Price year-end (12/30/2022)	€ 28.20
Price high (12/22/2022)	€ 29.20
Price low (03/18/2022)	€ 23.60
Designated Sponsor	DZ Bank

LUDWIG BECK share with positive development

The LUDWIG BECK AG share opened the year 2022 at € 26.60 and closed at € 28.20. As in the two years before, the COVID-19 pandemic and its effects on sales and earnings marked the share price development in 2022. On top of this came the uncertainties caused by the war in Ukraine and a sharp rise in inflation. The LUDWIG BECK AG share price registered its annual low of € 23.60 on March 18, 2022, and its annual high of € 29.20 on December 22, 2022.

Earnings per share

LUDWIG BECK shares closed the year 2022 with positive earnings per share of € 0.60 (previous year: € 0.98).

Dividend

Against the backdrop of the effects of the war in Ukraine and the resulting significant economic consequences, such as inflation, rising interest rates, and general uncertainties on the markets, there are still considerable sales losses compared to a normal year. The net loss for the 2022 fiscal year was € -0.6 million. This was fully offset by withdrawals from the revenue reserves of LUDWIG BECK AG. The balance sheet profit 2022 of LUDWIG BECK AG thus amounted to € 0. Therefore, the Executive Board and the Supervisory Board will not propose a dividend distribution for the 2022 fiscal year at the Annual General Meeting in May 2023.

Shareholder structure

According to the latest reports, the shareholder structure of LUDWIG BECK AG is as follows:

Christian Greiner	26.1%
Hans Rudolf Wöhrl	25.2%
Alfons Doblinger	25.0%
OST-WEST Beteiligungs- und Grundstücksverwaltungs-AG	5.0%
Rheintex Verwaltungs AG	3.0%

As voting rights are only reported when certain thresholds are reached, the free float of the company can only be given as an estimate. This is therefore 15.7%.

Investor Relations

As a Prime Standard listed company, LUDWIG BECK is committed to the principles of fair disclosure in its information policy. These are timeliness, continuity, and equal treatment. Regular dialogue with investors, analysts, and the press is a matter of course for the company. Interested parties are kept informed about the company's activities and planning.

LUDWIG BECK's reporting is bilingual and linked to fixed dates, such as the publication of the annual financial statements and the analysts' conference in March, where LUDWIG BECK's management presents the annual report for the past fiscal year. Furthermore, LUDWIG BECK AG publishes quarterly reports for the first and the third quarters of the year, as well as a group interim report for the second quarter and the first six months, along with corporate news releases.

The publications on the aforementioned events can be viewed online in the Investor Relations section at **http://kaufhaus.ludwigbeck.de.** In addition, this menu item offers comprehensive information on the group's corporate strategy, continuous reports, corporate news, analyst recommendations, and archived annual reports from the year 2000 onwards. The company's current events and statements are communicated in the shareholder newsletter. In addition, the Investor Relations team of LUDWIG BECK can be contacted directly at any time.

The company's Financial Calendar for the year 2023 can be found on page 65 of this Annual Report and online under the section Investor Relations / Corporate Events / Financial Calendar.

2 Consolidated Financial Statements

& Consolidated Notes

Consolidated Balance Sheet

Consolidated balance sheet of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, as of December 31, 2022, according to IASB provisions.

Assets			**12/31/2022**	**12/31/2021**
		Notes	**€k**	**€k**
A.	**Long-term assets**			
I.	Intangible assets	(1)	4,472	4,746
II.	Property, plant, and equipment	(1)	141,783	142,986
III.	Other assets	(2)	143	143
IV.	Deferred taxes	(10)	3,496	3,728
	Total long-term assets		**149,894**	**151,602**
B.	**Short-term assets**			
I.	Inventories	(3)	11,839	10,344
II.	Receivables and other assets	(4)	6,329	5,969
III.	Cash and cash equivalents	(5)	492	333
	Total short-term assets		**18,659**	**16,646**
			168,553	**168,249**

Liabilities			**12/31/2022**	**12/31/2021**
		Notes	**€k**	**€k**
A.	**Shareholders' equity**			
I.	Subscribed capital	(6)	9,446	9,446
II.	Capital reserves	(6)	3,459	3,459
III.	Accumulated profit	(6)	53,010	51,016
IV.	Other equity components	(6)	-594	-946
	Total shareholders' equity		**65,321**	**62,975**
B.	**Long-term liabilities**			
I.	Financial liabilities	(9)	79,157	83,499
II.	Accruals	(8)	2,507	3,188
III.	Deferred taxes	(10)	328	328
	Total long-term liabilities		**81,991**	**87,015**
C.	**Short-term liabilities**			
I.	Financial liabilities	(9)	14,968	12,450
II.	Trade liabilities	(9)	1,121	940
III	Tax liabilities	(9)	244	450
IV.	Other liabilities	(9)	4,908	4,419
	Total short-term liabilities		**21,241**	**18,258**
	Total debt (B. – C.)		**103,233**	**105,273**
			168,553	**168,249**

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 – December 31, 2022, according to IASB provisions.

			1/1/2020 – 12/31/2022		1/1/2021 – 12/31/2021	
		Notes	**€k**	**€k**	**€k**	**€k**
1.	Sales revenue	(11)				
	- Gross sales		83,834		65,950	
	- less VAT		13,438		10,551	
	- Net sales			70,396		55,399
2.	Other own work capitalized	(12)		63		118
3.	Other operating income	(13)		3,761		11,325
				74,220		**66,842**
4.	Cost of materials	(14)	35,366		30,027	
5.	Personnel expenses	(15)	15,822		13,176	
6.	Depreciation	(16)	6,365		6,352	
7.	Other operating expenses	(17)	11,762	69,316	10,646	60,200
8.	**Earnings before interest and taxes (EBIT)**			**4,905**		**6,642**
9.	**Financial result**	(18)		**-2,082**		**-2,315**
	- thereof financial expenses: € 2,400k (previous year: € 2,459k)					
10.	**Earnings before taxes (EBT)**			**2,823**		**4,327**
11.	Taxes on income	(19)		588		**697**
12.	**Earnings after taxes (EAT)**			**2,235**		**3,630**
13.	**Expenditures and income entered directly into equity**	(20)				
13a.	Components that cannot be reclassified to the income statement					
	Actuarial gains (+) / losses (-) from pension commitments			524		-45
13b.	Deferred taxes on expenditures (+) and income (-) entered directly into equity			172		-14
	Total expenditures and income entered directly into equity			**352**		**-31**
14.	**Consolidated comprehensive income**			**2,587**		**3,599**
Diluted and undiluted earnings per share in €		(21)		0.60		0.98
Average number of outstanding shares in thousands				3,695		3,695

Consolidated Equity Statement

Consolidated equity statement of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period from January 1, 2022 – December 31, 2022.

	Subscribed capital (6)	Capital reserve (6)	Accumulated profit (6)	Other equity components*) (6)	Total
	€k	€k	€k	€k	€k
As per 1/1/2022	**9,446**	**3,459**	**51,016**	**-946**	**62,975**
Consolidated net income	0	0	2,235	0	2,235
Dividend payments	0	0	-241	0	-241
Change in income and expenditures entered directly into consolidated shareholders' equity	0	0	0	352	352
As per 12/31/2022	**9,446**	**3,459**	**53,010**	**-594**	**65,321**

Consolidated equity statement of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period from January 1, 2021 – December 31, 2021.

	Subscribed capital (6)	Capital reserve (6)	Accumulated profit (6)	Other equity components*) (6)	Total
	€k	€k	€k	€k	€k
As per 1/1/2020	**9,446**	**3,459**	**47,605**	**-915**	**59,595**
Consolidated net income	0	0	3,630	0	3,630
Dividend payments	0	0	-219	0	-219
Change in income and expenditures entered directly into consolidated shareholders' equity	0	0	0	-31	-31
As per 12/31/2020	**9,446**	**3,459**	**51,016**	**-946**	**62,975**

*) Other equity components mainly result from actuarial profits and losses, which in the future will not be reclassified in the income statement.

Consolidated Cash Flow Statement

Consolidated cash flow statement of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period January 1, 2022 – December 31, 2022, according to IASB provisions.

	1/1/2022 – 12/31/2022	1/1/2021 – 12/31/2021
	€k	€k
Earnings before taxes on income	**2,823**	**4,327**
Adjustments for:		
- Depreciation	6,365	6,352
- Interest income	-67	-85
- Interest expenses	2,148	2,400
- Profits/losses (-/+) from the disposal of fixed assets	11	-2,266
Operating result before changes to net working capital	**11,281**	**10,728**
Increase/decrease (-/+) in assets:		
Inventories	-1,495	1,701
Trade receivables	-289	-313
Other assets	-74	-47
Increase/decrease (+/-) in liabilities:		
Trade liabilities	181	108
Other liabilities	489	1,174
Increase/decrease (+/-) in accruals:		
Accruals	-122	-327
Cash flow from operating activities (before interest and tax payments)	**9,971**	**13,024**
Interest paid	-2,109	-2,368
Interest received	2	1
Disbursements to other shareholders	-241	-219
Taxes on income paid	-739	-195
A. Cash flow from operating activities	**6,884**	**10,243**
Disbursements for investments in intangible assets and fixed assets	-2,391	-3,031
Proceeds from disposals of fixed assets	0	2,000
B. Cash flow from investing activities	**-2,391**	**-1,031**
Acceptance/repayment (+/-) of long-term bank loans and loans from insurance comp.	-2,781	-2,779
Acceptance/repayment (+/-) of short-term bank loans and loans from insurance comp.	1,737	-13,981
Acceptance/repayment (+/-) of other loans	-30	-276
Repayment of finance leases	-3,260	-3,065
C. Cash flow from financing activities	**-4,334**	**-20,101**
Changes in cash and cash equivalents affecting cash flows (A.+B.+C.)	159	-10,889
Cash and cash equivalents at the beginning of the fiscal year	333	11,222
Cash and cash equivalents at the end of the fiscal year	**492**	**333**

Consolidated Notes

Consolidated notes to the IFRS-compliant consolidated financial statements for the fiscal year 2022 of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich

A. GENERAL DATA

LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich (hereinafter also referred to as LUDWIG BECK AG), the parent company of the LUDWIG BECK Group, was founded on August 13, 1992, by means of transformation from the company LUDWIG BECK am Rathauseck – Textilhaus Feldmeier GmbH, Munich. The registered seat of LUDWIG BECK AG is at 80331 Munich, Marienplatz 11.

LUDWIG BECK AG is listed in the Commercial Register of the Local Court of Munich, Germany, under the registration number HRB No. 100213.

The object of the LUDWIG BECK Group is the sale of all kinds of goods, especially the wholesale and retail of textiles, clothing, hardware, and other merchandise, also by mail order or online, as well as the acquisition, holding, and management of investments in unincorporated and incorporated companies, especially companies that own real estate or which themselves hold interest in such companies.

The consolidated financial statements of LUDWIG BECK AG as of December 31, 2022, have been prepared per International Financial Reporting Standards (concisely: IFRS) / International Accounting Standards (concisely: IAS) as applicable in the EU, and the interpretations of the International Financial Reporting Interpretations Committee (concisely: IFRIC) / Standing Interpretations Committee (concisely: SIC). All of the aforementioned standards and interpretations that were mandatorily applicable to the fiscal year 2022 were complied with. In line with section 315e Commercial Code (HGB), certain information, including the consolidated management report, was added to the consolidated financial statements.

The consolidated balance sheet of LUDWIG BECK AG was drawn up as per the balance sheet dates December 31, 2022, and December 31, 2021. The relevant consolidated statement of comprehensive income, the consolidated equity statement, the consolidated cash flow statement, and the notes to the consolidated financial statements cover the periods from January 1, 2022, to December 31, 2022, and from January 1, 2021, to December 31, 2021. The balance sheet dates of the consolidated companies are identical.

The amounts contained in the consolidated financial statements are given in €k (thousand Euro). The consolidated financial statements have been set up based on precise (unrounded) figures, which were then rounded to €k. This may lead to summation-related rounding differences.

The present consolidated financial statements complying with the relevant IFRS/IAS standards in all respects give an accurate picture of the actual assets, financial and earnings situation of LUDWIG BECK AG.

The layout of items in the consolidated balance sheet, the consolidated statement of comprehensive income (total cost method), the consolidated equity statement, and the consolidated cash flow statement is in accordance with IAS 1.

The preparation of the consolidated financial statements requires estimates and assumptions that may affect the amounts stated for assets, liabilities and financial commitments as of the balance sheet date, as well as income and expenses of the fiscal year. Actual future amounts may differ from these estimates. The most important future-oriented assumptions and other major sources of estimation uncertainty as of the reporting date, involving the considerable risk that significant adjustment to the book values of assets and liabilities will be required in the following year, are disclosed in the respective notes. The LUDWIG BECK Group made estimations and assumptions in particular concerning the valuation of intangible assets, property, plant, and equipment (notes 4 and 5), inventories (note 6), accruals (note 9), and deferred taxes (note 10).

The consolidated financial statements will be submitted to the Supervisory Board for approval at the meeting on March 29, 2023. The Executive Board will afterward release the consolidated financial statements for publication. The Annual General Meeting cannot change the consolidated financial statements approved by the Supervisory Board.

B. ACCOUNTING AND CONSOLIDATION PRINCIPLES

I. Consolidated Group

In addition to the parent company, LUDWIG BECK AG, the following subsidiaries, all domiciled in Germany, are included in the consolidated financial statements as of December 31, 2022:

Name	Shareholding ratio (also voting rights ratio)
LUDWIG BECK Beteiligungs GmbH	100.0%
LUDWIG BECK Verwaltungs GmbH	86.0%
Feldmeier GmbH & Co. Betriebs KG	85.9%
Feldmeier GmbH	100.0%
LUDWIG BECK Grundbesitz Hannover GmbH	100.0%

The aforementioned companies are each fully consolidated due to the existing control through the majority of voting rights.

LUDWIG BECK Grundbesitz Hannover GmbH held two properties that were rented externally in the fiscal year 2021. Both properties were sold as of December 31, 2021, so there are no longer any risks from market developments or changes in cash flows from rents. LUDWIG BECK Grundbesitz Hannover GmbH is to be merged with LUDWIG BECK Beteiligungs GmbH in the fiscal year 2023.

II. Consolidation methods

1. Capital consolidation

The capital of the fully consolidated companies is consolidated using the purchase method. The acquisition costs of the investments are offset against the proportionate shareholder's equity of the fully consolidated company at the time of purchase. In the course of consolidation, the hidden reserves and liabilities charges were allocated to the assets and liabilities of the acquired company. A complete revaluation of assets and liabilities was undertaken for the purpose of consolidation.

The capital of Feldmeier GmbH & Co. Betriebs KG was consolidated at the time of acquisition. Simultaneously, for all other first-tier and second-tier subsidiaries, capital consolidation was undertaken at the time of foundation or acquisition of the companies.

Within the scope of subsequent consolidation, uncovered hidden reserves and liabilities are treated similarly to the corresponding assets and liabilities.

In equity components of other shareholders (limited partners) of Feldmeier GmbH & Co. Betriebs KG are reported in compliance with IAS 32 and IAS 1.

No differences arose from the capital consolidations.

2. Consolidation of receivables and liabilities

Receivables and liabilities between consolidated companies were eliminated during the consolidation of receivables and liabilities.

3. Consolidation of expenses and income

Intra-group sales, other operating income, cost of materials, and other operating expenses were offset against each other. Interest income and interest expenses within the group were also offset against each other.

4. Elimination of intercompany profits

No elimination of intercompany profits resulted from intercompany sales and services.

III. Principles of foreign currency translation

No foreign currency translations were required during the consolidation of the subsidiaries, as all subsidiaries are German.

The reporting currency is thousand Euro (€k).

IV. Accounting principles and valuation methods

1. General

The consolidated balance sheet and consolidated statement of comprehensive income of the companies included in the consolidated financial statements were prepared in accordance with the accounting and valuation methods of the parent company as described below.

2. Initial application of IFRS/IAS

In recent years, the International Accounting Standards Board (IASB) has made various amendments to the existing IFRS and published new IFRS and interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

The interpretations and standards that companies had to apply for the first time in the fiscal year beginning on January 1, 2022, did not affect the consolidated financial statements of LUDWIG BECK.

The following standards or their amendments are not pertinent for LUDWIG BECK, so their first-time application has no effect on the consolidated financial statements as of December 31, 2022:

- Amendments to IFRS 3: Reference to the conceptual framework
- Amendments to IAS 16: Property, plant, and equipment – Proceeds before intended use
- Amendments to IAS 37: Onerous contracts – Cost of fulfilling a contract
- Annual improvements project, 2018-2020 cycle: Changes to the
  - IFRS 1: Subsidiary as a first-time adopter
  - IFRS 9: Fees in the 10% test for derecognition of financial liabilities
  - IFRS 16: Lease incentives (amendment to illustrative example 13)
  - IAS 41: Biological assets – taxation in fair value measurements

The following amendments to IFRS 16, which were mandatory for LUDWIG BECK for the first time in the 2021 fiscal year, have been voluntarily applied in advance in the consolidated financial statements as of December 31, 2020; the IASB has extended the application period to payments originally due on or before June 30, 2022:

- Amendments to IFRS 16 regarding COVID-19 related lease concessions and their recognition in lease accounting: The amendment allows lessees under certain conditions to waive the review of a contract modification within the meaning of IFRS 16, as well as the recognition in the balance sheet. These conditions are:
  (1) The concessions must have been agreed upon as a direct consequence of the COVID-19 pandemic.
  (2) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
  (3) Any reduction in lease payments affects only payments originally due on or before June 30, 2022.
  (4) The rent concessions are not associated with substantive changes to other terms and conditions of the lease.

These conditions were met at LUDWIG BECK and the amended provision was applied to all lease concessions. Confidentiality was agreed upon with the lessors on the details of the rent concessions.

The initial application of the following new standards and amendments to existing standards is not expected to have a significant impact on the consolidated financial statements of LUDWIG BECK:

- IFRS 17: Insurance contracts
- Amendments to IAS 1 and IFRS Guidance Document 2: Disclosure of accounting policies
- Amendments to IAS 8: Definition of accounting estimates
- Amendments to IAS 12: Deferred taxes related to assets and liabilities arising from a single transaction

- Amendments to IFRS 17: Initial application of IFRS 17 and IFRS 9 – Comparative information
- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture (postponed indefinitely; EU adoption not yet effected)
- Amendments to IAS 1: Classification of liabilities as current or non-current and non-current liabilities with covenants (EU adoption not yet effected)
- Amendments to IFRS 16: Lease liability in a sale and leaseback (EU adoption not yet effected)

3. Currency translation applied by consolidated companies

Hedging transactions for foreign currencies do not exist.

Receivables and payables in foreign currencies are always reported at the exchange rate valid on the day of the transaction according to IAS 21.

Receivables and payables in foreign currencies are valued at the relevant exchange rate on the consolidated balance sheet date.

4. Intangible assets

Except for the "LUDWIG BECK" brand, intangible assets acquired on a payment basis are capitalized at acquisition cost and amortized in scheduled amounts over their expected useful lives using the straight-line method (pro-rata temporis) in accordance with IAS 38.

Software, industrial property rights, and similar rights
These are licences and purchased or modified user software that are amortized over an expected useful life of three years or up to ten years in the case of essential software programs.

Brand name “LUDWIG BECK”
The brand name “LUDWIG BECK” (€ 2,039k) is shown under the item "Intangible assets" since it is an identified brand name according to IAS 38. In line with the application of this standard, scheduled amortization ended on January 1, 2004, as this right is not consumed over time (unlimited useful life). As to the impairment test performed, please refer to section C.I. (1). Consequently, no impairment of the brand name, as of December 31, 2022, was needed.

5. Property, plant, and equipment

Property, plant, and equipment are carried at acquisition or production costs, including ancillary expenses, if any, according to IAS 16.

The essential item is the real estate of Feldmeier GmbH & Co. Betriebs KG at Marienplatz in Munich, reported at its assessed fair value in 2001 following the acquisition through merger by LUDWIG BECK Beteiligungs GmbH. The fair value of the land at initial consolidation in 2001 was determined based on the acquisition costs as well as the development of guideline land prices between 1998 and 2000. The amount stated in 2001 remained unaltered until December 31, 2022. The building is depreciated according to schedule.

Property, plant, and equipment with a limited useful life are depreciated on a straight-line basis (pro rata temporis) over the normal useful life (limited by any shorter duration of the rental/leasing agreements). Depending on the relevant assets, the following useful lives are applied:

Buildings	25 – 40 years
Buildings – rented under operating lease	40 years
Buildings on third-party land	10 – 20 years
Other equipment, operating, and office equipment	3 – 10 years

Movable fixed assets up to a value of € 150.00 are expensed in full in the year of acquisition outside fixed assets. Movable fixed assets with a value of more than € 150.00 and less than € 1,000.00 are pooled in the year of acquisition for reasons of materiality and depreciated over a useful life span of five years using the straight-line method.

Advance payments made on assets under construction are capitalized with the amount paid.

Maintenance costs are expensed in the respective period.

LUDWIG BECK as lessee
LUDWIG BECK has entered rental and leasing contracts to be classified as operating leases according to IAS 17 and were therefore not recognized in the consolidated balance sheet. With the mandatory implementation of IFRS 16, the distinction between finance and operating leases has been eliminated, and rental agreements must be included uniformly in the consolidated balance sheet. The right of use from the rental agreements is capitalized in the consolidated balance sheet, and the payment obligation relating to future rental payments is recognized as a financial liability. The initial accounting for rights of use and payment obligations is carried out in the amount of the present value of future rental payments. The capitalized rights of use are amortized on a straight-line basis over the term of the respective rental agreement, as the term is generally shorter than the useful life of the underlying assets. In the consolidated income statement, depreciation and finance costs are presented instead of rental expenses.

LUDWIG BECK as lessor
Leases in which LUDWIG BECK is the lessor are classified as finance leases according to IFRS 16 if they transfer substantially all the risks and rewards incidental to ownership to the lessee; otherwise, leases are classified as operating leases.

In the fiscal year 2022, LUDWIG BECK was not active as a lessor.

LUDWIG BECK Grundbesitz Hannover GmbH leased two properties in Hanover to WORMLAND until December 31, 2021. Since the deconsolidation of WORMLAND, these leases were to be presented in the consolidated financial statements of LUDWIG BECK as leases with external third parties, classified as operating leases pursuant to IFRS 16. As of December 31, 2021, LUDWIG BECK sold these properties.

Rental income from operating leases is recognized on a straight-line basis over the term of the respective lease. Initial direct costs from the negotiation and conclusion of lease agreements are added to the book value of the leasing object and depreciated on a straight-line basis over the lease term.

Generally, the rented properties classify as financial investments per IAS 40. The annual rental income amounted to € 255k in the previous year and was of absolutely minor importance in proportion to LUDWIG BECK's total sales and, therefore, of no relevance for the assessment of LUDWIG BECK's earnings and financial situation and the Group's control. In the last two consolidated balance sheets, no book values had to be recognized due to the sale of the properties. Therefore, LUDWIG BECK did not apply IAS 40 to the properties in Hanover.

Subleases exist only to an insignificant extent. The contracts do not contain any non-lease components.

6. Inventories

Raw materials, supplies, and merchandise are generally valued at acquisition cost in accordance with IAS 2. The FIFO principle was applied to the consumption of inventory where necessary.

Appropriate deductions to the lower net realisable value were made for old stock and goods of reduced saleability (marketability). For this purpose, a distinction is made between standard, fashionable, and high-fashion goods and different discounts are applied, depending on the age of the goods. In addition, lump sum reductions were made for cash discounts. Due to restrained consumer sentiment and declining frequencies in connection with the COVID-19 pandemic, write-downs to the lower net realisable value were also made on the autumn/winter 21/22 merchandise. The cost of external capital was not capitalized.

7. Receivables and other assets

Trade receivables are carried at amortized costs that usually equal nominal values before valuation allowances. Adequate valuation allowances are made for doubtful receivables and receivables with recognizable risks; bad debts are written off.

Other assets are recognized at amortized cost. There are no identifiable risks that would necessitate a valuation allowance.

The deferred item is a component of other assets and only concerns prepaid operating expenses.

The book values of trade receivables and other assets correspond to their fair values.

8. Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand and short-term bank balances. The amounts are given at nominal values. Fair value equals book value. There are no default risks.

9. Accruals

According to IAS 37, accruals are recognized when an entity has a current legal or constructive obligation that results from a past event when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation.

The amount posted to accrual represents the best estimate of the expenditure required to settle the current obligation at the reporting date.

Long-term non-interest-bearing accruals were discounted to their present value.

Pension commitments
Pension commitments were accounted for in accordance with IAS 19R "Employee Benefits".

The actuarial valuation of pension commitments is based on the projected unit credit method prescribed in IAS 19R for post-employment benefit plans. This method considers not only the pension benefits and accrued future pension benefits known at the balance sheet date but also expected future increases in salaries and pensions. Actuarial gains and losses are recognized directly in equity.

10. Liabilities

Financial liabilities
According to IFRS 13, financial liabilities are carried at fair value. Fair values are determined taking into account changes in the market interest rate level for financial liabilities with comparable conditions (term, repayment conditions, and collaterals).

Trade payables and other liabilities
Trade payables and other liabilities are generally carried at amortized cost that essentially corresponds to fair values. They are usually due within one year and comprise various individual items.

Derivative financial instruments
The LUDWIG BECK Group does not utilize any derivative financial instruments.

11. Deferred taxes

Deferred taxes are calculated according to the balance sheet liability method (IAS 12). This generally requires deferred taxation items to be stated for all temporary accounting and valuation differences between valuations, according to IFRS and tax-relevant valuations. Deferred tax assets are only recognized to the extent that realisation is probable.

The calculation of deferred taxes (corporate tax, solidarity surcharge, trade tax) was based on the corporate tax rate of 32.975% as applicable to LUDWIG BECK AG. The trade tax rate calculated based on the municipal trade tax factor of 490% for Munich was 17.15%. Deferred tax assets were recognized in full in the balance sheet for the tax losses incurred solely because of the COVID-19 pandemic, as the company assumes sufficient taxable income will be available in the future to use the tax loss carried forward.

For temporary differences that result from Feldmeier GmbH & Co. Betriebs KG, the tax rate of 15.825% (corporate tax and solidarity surcharge) was applied to the shares attributable to LUDWIG BECK Beteiligungs GmbH and Feldmeier GmbH. Trade tax was not considered in these temporary differences due to trade tax reduction regulations in Feldmeier GmbH & Co. Betriebs KG.

Deferred tax assets and liabilities were offset in accordance with IAS 12.74.

12. Maturities

Asset and liability items with a residual term of up to one year were recognized as “short-term.” Asset and liability items with a residual term of more than one year were recognized as “long-term."

13 Revenue recognition

Sales revenue is recognized at the conclusion of sales contracts. Sales revenues are reported less sales deductions and refund credits with open deduction of value-added tax.

For loyalty points that customers acquire within the framework of our loyalty programme with the LUDWIG BECK Card, part of the turnover is not realized upon purchase but upon redemption of credit. Until the redemption, a contract liability for the equivalent value is recognized. The contract liability is valued at the sales value of the credit balances based on a portfolio approach. As no reliable empirical values are available on the redemption behaviour of loyalty card holders yet, a 100%

redemption of the balances was assumed as of December 31, 2022. If balances have expired as of the balance sheet date without being redeemed, the proceeds are realized and the liability is removed.

14. Financial instruments

Financial assets and liabilities included in the consolidated balance sheet comprise cash and cash equivalents, trade receivables and trade payables, other receivables, other payables, and liabilities to banks. The accounting principles regarding carrying amounts and valuation of these items are described in the respective explanations of these consolidated notes.

Financial instruments are classified as assets or liabilities per the economic content of the contractual terms. Therefore, interest, gains, and losses from these financial instruments are presented as expenses or income.

Financial instruments are offset if the Group has a legally enforceable right to offset and intends to settle either only the balance or both the receivables and the liabilities at the same time.

Financial assets and liabilities are recognized as soon as a contractual payment claim or a contractual payment obligation arises and are derecognized when payment is made, total loss of the payment claim has occurred, or LUDWIG BECK is relieved from the obligation.

Per IAS 32.18 (b), shareholdings of the other shareholder in Feldmeier GmbH & Co. Betriebs KG are classified as debt capital.

Management of financial risks
The LUDWIG BECK Group uses a centralized approach to financial risk management for the identification, assessment, and control of risks. No significant risks could be identified as of the balance sheet date. Areas of risk from financial assets and liabilities can be subdivided into liquidity, credit, and interest risks.

Liquidity risk
The term generally describes the risk that the LUDWIG BECK Group would not be in a position to meet its obligations that result from financial liabilities.

Management is constantly monitoring and planning required liquidity needs based on up-to-date cash flow ratios and plans. To ensure sufficient liquid funds, the company relies on credit lines and loans. As of the balance sheet date, short-term credit facilities in the amount of € 43,000,000 were available until further notice, of which approximately 28% (including bank guarantees taken out) had been used as per the relevant date.

According to the cash flow forecasts for the future and available credit lines, no liquidity bottlenecks can be identified. Risks can essentially only arise in the event of a deterioration in creditworthiness or if the cash flows forecast from the business plan are significantly undercut. The maturity structure of the liabilities is shown under the respective balance sheet items.

Bad debt risk
The risk of bad debt concerns the default risk involved in financial assets. LUDWIG BECK basically generates primary sales against cash or credit card or EC card receivables. Therefore, LUDWIG BECK is exposed to the risk of bad debt to a very limited extent. Compared to stationary trade, online trade still plays a subordinate role. The credit card providers mainly bear the risks involved in credit card payments. The monitoring of receivables from EC card sales is outsourced to an external service provider. Risks arising from the physical movement of cash are minimized through implemented monitoring mechanisms.

Derivative financial instruments
There were no derivative financial instruments on the balance sheet date.

Interest rate risk
The LUDWIG BECK Group uses overdraft facilities with variable interest rates. The Group is subject to an interest rate risk from financial liabilities from these positions that can be considered minor under the current market situation.

15. Changes in accounting and valuation methods

Accounting and valuation principles remained unchanged compared to the previous year.

C. EXPLANATIONS TO INDIVIDUAL ITEMS OF THE CONSOLIDATED BALANCE SHEET AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

I. Consolidated Balance Sheet

(1) Intangible assets and property, plant, and equipment

This term comprises the following items shown in the consolidated balance sheet:

- Intangible assets
- Property, plant, and equipment

The development of acquisition costs, cumulative depreciation and amortisation, and book values of intangible and tangible fixed assets are presented in the following schedule of assets.

Intangible assets
Intangible assets only comprise assets acquired on a payment basis.

The useful life of software is between three and ten years. Software is depreciated pro-rata temporis using the straight-line method. The used enterprise resource planning system is depreciated over a useful life span of eight years.

The intangible asset originating from the purchase of the brand name "LUDWIG BECK" in 1995 was amortized on a straight-line basis (pro rata temporis) at an annual rate of € 170k until December 31, 2003. By the applied IAS 36 and IAS 38 standards, the yearly scheduled amortization of this intangible asset ended on January 1, 2004.

The brand name “LUDWIG BECK” only concerns the cash-generating unit “Marienplatz Flagship Store.” Impairment tests are conducted annually. The recoverable amount is the value in use, as there is no active market for the brand name. The value in use was derived from the planned cash flows of the flagship store (before financing activities and income taxes) that were discounted at an after-tax interest rate of 3.0%. The interest rate was determined from the weighted average cost of capital. Cash flows were deduced from previous years and were extrapolated for a period of five years within the company’s planning. An increase in sales of 1.5% as well as a gross profit margin of approximately 49% and cost indexation of 3.0% were assumed.

No impairment was required as a result of the impairment test. LUDWIG BECK considers the discount rate and the assumptions about the increase in sales/costs to be the key assumptions for the impairment test. Alternative scenarios were calculated with a deviation of the discount rate of ±1% and a change in sales/cost increases of ±1%. All scenarios showed no impairments had to be taken into account.

In the fiscal year 2022, advance payments of € 381,000 were made for intangible assets (previous year: € 0,000).

Development of consolidated fixed assets of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, from January 1, 2022, to December 31, 2022

	As o 1/1/2022 *1/1/2021*	**Addition**	**Dis-posal**	**Reclas-sifica-tion**	**As of 12/31/2022** *12/31/2021*	**Cumula-tive Depre-ciation**	**Book value 12/31/2022** *12/31/2021*	**Book value 12/31/2021** *12/31/2020*	**Depre cia-tion 2022** *2021*
	€k	**€k**	**€k**	**€k**	**€k**	**€k**	**€k**	**€k**	**€k**
I. Intangible assets									
1. Software, industrial, and similar rights	**5,144**	**54**	**18**	**0**	**5,180**	**3,128**	**2,052**	**2,707**	**709**
Previous year	*4,349*	*811*	*65*	*49*	*5,144*	*2,437*	*2,707*	*2,453*	*574*
2. Brand name	**3,399**	**0**	**0**	**0**	**3,399**	**1,359**	**2,039**	**2,039**	**0**
Previous year	*3,399*	*0*	*0*	*0*	*3,399*	*1,359*	*2,039*	*2,039*	*0*
3. Advance payments	**0**	**330**	**0**	**51**	**381**	**0**	**381**	**0**	**0**
Previous year	*49*	*0*	*0*	*-49*	*0*	*0*	*0*	*49*	*0*
	8,542	**384**	**18**	**51**	**8,960**	**4,487**	**4,472**	**4,746**	**709**
Previous year	*7,796*	*811*	*65*	*0*	*8,542*	*3,797*	*4,746*	*4,541*	*574*
II. Property, plant, and equipment									
1. Land, land rights, and buildings, including buildings on third-party land	**172,238**	**2,810**	**208**	**53**	**174,893**	**37,186**	**137,707**	**139,535**	**4,690**
Previous year	*175,405*	*1,405*	*4,803*	*232*	*172,238*	*32,703*	*139,535*	*146,770*	*4,722*
2. Other fixtures and fittings, tools, and equipment	**12,640**	**853**	**1,097**	**129**	**12,525**	**9,320**	**3,205**	**3,190**	**966**
Previous year	*12,247*	*1,240*	*1,055*	*208*	*12,640*	*9,450*	*3,190*	*2,821*	*1,056*
3. Advance payments and assets under construction	**260**	**854**	**9**	**-234**	**872**	**0**	**872**	**260**	**0**
Previous year	*453*	*247*	*0*	*-440*	*260*	*0*	*260*	*453*	*0*
	185,138	**4,517**	**1,314**	**-51**	**188,289**	**46,506**	**141,783**	**142,986**	**5,656**
Previous year	*188,104*	*2,892*	*5,858*	*0*	*185,138*	*42,153*	*142,986*	*150,043*	*5,778*
	193,681	**4,901**	**1,333**	**0**	**197,249**	**50,994**	**146,255**	**147,731**	**6,365**
Previous year	*195,901*	*3,703*	*5,923*	*0*	*193,681*	*45,949*	*147,731*	*154,584*	*6,352*

Property, plant, and equipment

Rights of use from leasing agreements

As of 31 December 2022, rights of use under leasing agreements are as follows:

		Residual term		
	Total	**up to 1 year**	**1 – 5 years**	**over 5 years**
	€k	**€k**	**€k**	**€k**
Land, land rights, and buildings on third-party properties	**59,586**	**3,632**	**13,663**	**42,291**

In the 2022 fiscal year, rights of use in the amount of € 2,510k were added as a result of rent adjustments (previous year: € 0k).

Land, land rights, and buildings, including buildings on third-party land

Buildings are depreciated over their expected useful life of 25-40 years, using the straight-line method (pro rata temporis). Fixtures and fittings are depreciated uniformly across the Group over the normal useful life of 10-20 years or shorter lease terms using the straight-line method (pro rata temporis).

Real estate at Marienplatz

The land was valued at € 68,779k on September 1, 2001. As of the date of acquisition within the scope of initial consolidation, the building (September 1, 2001: € 3,527k) is depreciated over 30 years at annual rates of € 118k (December 31, 2022: € 1.019k). For the valuation of land at the initial consolidation of Feldmeier GmbH & Co. Betriebs KG, hidden reserves amounting to € 66,661k were uncovered. For the fair value measurement of land at initial consolidation in 2001, acquisition costs and development of guideline land prices between 1998 and 2000 were considered. The carrying value determined in 2001 was maintained until December 31, 2022, without changes.

The property at Marienplatz is encumbered with land charges in the amount of € 20,000k (previous year: € 20,000k) for interest-bearing liabilities recognized in the balance sheet.

Other real estates

The LUDWIG BECK Group owned two properties in Hanover that were sold with benefits and encumbrances as of December 31, 2021. There were no restrictions on disposal or encumbrances in respect of these properties.

Other fixtures and fittings, tools, and equipment

The assets under this item are depreciated (pro-rata temporis) over a useful life of 3 to 10 years using the straight-line method.

Advance payments and assets under construction amounted to € 872k (previous year: € 260k) as of December 31, 2022.

(2) Other assets (long-term)

Other long-term assets concern long-term deferred items.

(3) Inventories

Inventories consist of the following items:

	12/31/2022	**12/31/2021**
	€k	**€k**
Raw materials and supplies (at cost)	152	150
Merchandise (at cost)	12,866	12,023
Less write-downs of merchandise	-1,179	-1,829
	11,839	**10,344**

The usual retention of title until complete payment for the merchandise applies to all disclosed inventories. It can be expected that most inventory items will be sold within the next 12 months.

Until the date of inventory taking, discrepancies were considered for stock determination. Between the date of inventory taking and December 31, 2022, goods on hand per department were reduced by a deduction for wastage based on the average of the last three years. This deduction led to a valuation allowance of € 178k (previous year: € 231k). All merchandise was carried at cost less value allowances. Appropriate deductions on the lower realizable net value were made for stocks of reduced saleability (marketability). Additional write-downs due to the COVID-19 pandemic were no longer made in the current fiscal year (previous year: € 700k). Lump sum reductions for cash discounts were also recognized. In the fiscal year, write-downs amounted to € 1,179k (previous year: € 1,829k). Additions to and reversals of the write-downs are netted (IAS 2.36 e, f).

In the reporting period, merchandise in the amount of € 36,016k (previous year: € 31,426k) was carried as an expense (cost of goods sold before adjustment of valuation allowance on net realizable value).

(4) Receivables and other assets (short-term)

Receivables and other assets are as follows:

	12/31/2022	12/31/2021
	€k	€k
Trade receivables	916	627
Other assets	5,169	5,172
Deferred item	245	171
	6,329	**5,969**

The disclosed carrying amounts correspond to market values. All maturities are within one year. There are no identifiable risks of default as of the relevant date.

Trade receivables (short-term)
Trade receivables are as follows:

	12/31/2022	12/31/2021
	€k	€k
Total receivables	920	631
Less allowances	-4	-4
Receivables	**916**	**627**

There are specific and general allowances.

There were no hedging activities.

Other assets (short-term)
Other short-term assets are as follows:

	12/31/2022	12/31/2021
	€k	€k
Debit-side creditors	65	94
Receivables due from tax authorities	0	0
Receivables due from suppliers	197	68
Sale of real estate in Hanover	4,270	4,450
Claim from bridging aid III	400	476
Other	237	84
	5,169	**5,172**

The remainder of the purchase price claim for the sale of a property in Hanover was reported under other assets. The property was sold with benefits and encumbrances as of December 31, 2021. The purchase price was meant to be settled by the end of the first quarter of 2022. Due to temporarily turbulent negative developments in the financing markets, the purchaser had to entirely revise its financing structure. The remaining purchase price is now to be paid in full by June 30, 2023, at the latest.

Based on the agreement reached, the Executive Board assumes that the purchaser will meet this obligation. The amount due is subject to monthly interest of € 15k until settlement.

The claim from bridging aid III corresponds to the final claim that has already been prepared internally based on the current state of knowledge. The actual final claim may result in a different amount. There is no historical information on the procedure of the granting agencies and the FAQ yet.

Deferred item
The deferred item concerns various expenses representing costs incurred for a specific period after the consolidated balance sheet date.

(5) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances.

Cash and cash equivalents are as follows:

	12/31/2022	12/31/2021
	€k	€k
Cash in hand	248	240
Bank balances	243	93
	492	**333**

Bank balances were not interest-bearing as of the reporting date. Cash in hand is not interest-bearing. There are no hedging activities.

(6) Shareholders' equity

Concerning the presentation of changes in shareholders' equity for the 2022 fiscal year, we refer to the equity statement.

The company's equity management objectives focus mainly on:

- Safeguarding financing and liquidity on an ongoing basis,
- Ensuring an appropriate credit rating, and
- Procuring adequate return on equity.

The principal objective of capital management is the control of liquid funds and debt capital, whereby the focus is on ensuring sufficient liquidity at all times to finance planned investments and ongoing business operations.

The group monitors equity using various equity key figures, such as the equity ratio and the return on equity. To determine the equity ratio, the economic equity is set in relation to the balance sheet total. The economic equity of the LUDWIG BECK Group corresponds to balance sheet equity. Neither LUDWIG BECK AG nor any of its consolidated subsidiaries are subject to external minimum capital requirements.

Subscribed capital
The subscribed capital (share capital) of LUDWIG BECK AG is divided into 3,695,000 no-par-value shares (ordinary shares) as of December 31, 2022 (December 31, 2021: 3,695,000). The no-par value shares are bearer shares with a notional share in the equity capital of € 2.56. The share capital was fully paid. In the 2022 fiscal year, an average of 3,695,000 shares were outstanding. All ordinary shares are entitled to profit distribution to be resolved by the General Meeting. In the fiscal year 2022, no dividend payment was made due to the negative result of the parent company of LUDWIG BECK AG in the fiscal year 2021.

The subscribed capital amounted to € 9,446k in the fiscal year (previous year: € 9,446k).

Shareholder structure
According to the company's knowledge, the shareholder structure of LUDWIG BECK AG as of December 31, 2022, is as follows:

Christian Greiner	26.1%
Hans Rudolf Wöhrl	25.2%

Alfons Doblinger	25.0%
OST-WEST Beteiligungs- und Grundstücksverwaltungs-AG	5.0%
Rheintex Verwaltungs AG	3.0%
Retail investors (investors under 3%)	15.7%

Notifications according to section 21 (former version) or section 33 (1) (new version) Securities Trading Act (WpHG)

OST-WEST Beteiligungs- und Grundstücksverwaltungs AG, Cologne reported on June 18, 2009, that it exceeded the 5% threshold of voting rights in LUDWIG BECK AG on June 18, 2009, and held 5.007% at that date. This corresponds to 185,000 votes, 4.87% (180,000 votes) of which are attributable to subsidiaries.

Rheintex Verwaltungs AG, Cologne reported on June 22, 2009, that it exceeded the 3% threshold of voting rights in LUDWIG BECK AG on June 18, 2009, and held 3.019% on that date. This corresponds to 111,550 votes.

Mr Christian Greiner reported holding a total of 965,399 shares in LUDWIG BECK AG on August 16, 2021. At the time of notification, he thus held approximately 26.13% of the voting rights. This includes voting rights from 25.69% of the shares in LUDWIG BECK AG held directly by Hans Rudolf Wöhrl Verwaltungs GmbH (new: Christian Rudolf Greiner Verwaltungs GmbH) that are to be attributed to Mr Greiner according to section 34 WpHG.

Mr Hans Rudolf Wöhrl reported holding a total of 930,805 shares in LUDWIG BECK AG on August 16, 2021. At the time of notification, he thus held approximately 25.19% of the voting rights. This includes voting rights from 25.19% of the shares in LUDWIG BECK AG held directly by INTRO-Verwaltungs GmbH that are to be attributed to Mr Wöhrl according to section 34 WpHG.

Mr Alfons Doblinger reported holding a total of 923,767 shares in LUDWIG BECK AG on July 22, 2022. At the time of notification, he thus held approx. 25.00% of the voting rights. This includes voting rights from 24.00% of the shares in LUDWIG BECK AG held directly by BG Heppenheim Grundstücks GmbH that are to be attributed to Mr Doblinger according to section 34 WpHG.

Capital reserve

The development of capital reserve is shown in the equity statement. The capital reserve serves to secure the long-term financing of the company.

Accumulated profit

The development of accumulated profit is shown in the equity statement. Accumulated profit serves to secure the short-term and long-term financing of the company.

Per IAS 32.18 (b), compensation claims from limited partners' interests of other shareholders are generally classified as debt capital (cf. explanations in clause (7) below).

(7) Compensation claim for other shareholders

The compensation claim for other shareholders of Feldmeier GmbH & Co. Betriebs KG is subject to the provisions outlined in the company agreement. The amount of the compensation claim is calculated based on the market value of the relevant shares. In contrast, the carrying amount of the market value of the Marienplatz property was determined in the company agreement. Furthermore, the agreement provides that the company shall be entitled to set off payment claims against a withdrawing shareholder against this shareholder's compensation balance, if any, at any time. In the fiscal year, the calculation was as follows:

	12/31/2022	**12/31/2021**
	€k	**€k**
Assumed market value of Feldmeier GmbH & Co. Betriebs KG for the purpose of computing a potential compensation claim according to the company agreement	87,074	87,074
Other shareholders' interest (14.06%)	12,243	12,243
Receivables from other shareholders	-15,629	-15,651
	-3,386	**-3,408**

Since the claim against the other shareholder exceeds his share in the market value of the company, no compensation obligation had to be entered into the balance sheet.

According to the provisions outlined in the company agreement, the other shareholder is generally not obligated to settle the aforementioned receivables – except for the aforementioned setoff option. Therefore, LUDWIG BECK cannot claim receivables from the other shareholder on account of this excess.

(8) Accruals

The following disclosures are to be made on the accruals formed in accordance with IAS 37:

	As of 1/1/2022	Utilization	Addition	As of 21/31/2022
	€k	€k	€k	€k
Repair and maintenance obligation	1,939	1	0	1,938
Previous year	*1,267*	*0*	*672*	*1,939*
Pension commitments	1,057	557	0	500
Previous year	*1,064*	*7*	*0*	*1,057*
Obligation from accepted legacy	192	123	0	69
Previous year	*519*	*327*	*0*	*192*
Total accruals	**3,188**	**681**	**0**	**2,507**
Previous year	*2,851*	*334*	*672*	*3,188*

Repair and maintenance obligations

The provision relates to restoration obligations from a rental agreement and was derived from an expert opinion. These are deconstruction obligations upon termination of this rental agreement. The amounts of the obligation were estimated for the anticipated dates of fulfilment. The values set down in the expert opinion were extrapolated based on an average construction cost increase and discounted at a normal market rate. The accruals will be compounded proportionally unless this estimation is to be adjusted in the coming years.

Utilization is scheduled for the relevant determination date of the underlying rental agreement. Due to the long term of the rental agreement, a short- to medium-term utilization is not to be expected.

Pension commitments

Accruals for pension commitments are established for employee benefit schemes providing for retirement, invalidity, and surviving dependents' benefits if the pension plan is a defined benefit plan in accordance with IAS 19R.

Pension obligations for defined benefit plans are determined per the internationally accepted "projected unit credit method" according to IAS 19R. Future pension commitments are measured based on the prorated acquired entitlements as of the balance sheet date.

In these consolidated financial statements, the company recognizes pension obligations per IAS 19R. Accordingly, so-called actuarial gains and losses are recognized directly under shareholders' equity according to IAS 19R. Furthermore, the company paid contributions into an external pension fund that will make payments in the event giving rise to benefits. This insurance policy qualifies as a plan asset. Due to the aforementioned transfer of pension liabilities to a pension fund, LUDWIG BECK assumes the Group will not have payment obligations when pension benefits fall due.

The present value of the pension commitments and the fair value of the plan assets have developed as follows in the fiscal year:

	12/31/2022	12/31/2021
	€k	€k
Present value of pension commitments as of 1/1	3,101	3,511
Interest costs	40	32
Retirement benefits	-113	-487
Actuarial gains (-) / losses (+) to be recognized directly in equity	-490	45
Present value of the pension commitments as at 12/31	2,538	3,101
Carrying amount of pension commitments before offsetting	**2,538**	**3,101**

	12/31/2022	12/31/2021
	€k	€k
Present value of plan assets as at 1/1	-2,044	-2,447
Income from plan assets	-64	-84
Payments from plan assets	105	487
Actuarial gains (-) / losses (+)	-34	0
Present value of plan assets as of 12/31	**-2,038**	**-2,044**
Remaining difference as of 12/31	**500**	**1,057**

The present values of pension commitments amounted to € 3,511k as of December 31, 2020, and to € 3,413k as of December 31, 2019, those of the plan assets to € 2,447k and € 2,469k, respectively.

The following actuarial assumptions form the basis for the determination of the balance sheet value of the commitments:

	2022	2021
Discount factor	3.9%	1.3%
Pension trend	2.1%	1.7%

The “2018 G Reference Tables” by Klaus Heubeck served as a biometric basis for the relevant calculations.

Actuarial gains or losses resulted from asset changes and deviations of the actual trends (e.g., interest rate variations) from the original calculation parameters.

A change of the actuarial rate by +0.5 percentage points would result in a reduction in the present value of the benefit commitments to € 2,419k. A change of -0.5 percentage points would raise the present value of the benefit commitments € 2,667k.

A 7.5% pension trend adjustment every five years would reduce the present value of the benefit commitments to € 2,437k. A change to 7.5% every three years would raise the present value of the benefit commitments to € 2,724k.

The company expects service costs of € 0k and an interest cost of € 82k as well as plan asset yields of € 60k for the fiscal year 2023. No contributions to plan assets have been made since December 1, 2017. The weighted average term of benefit commitments is 11.58 years.

Obligation from accepted legacy

By accepting the legacy of a late shareholder, LUDWIG BECK incurred contractual obligations towards the surviving relatives of this former shareholder amounting to € 69k (previous year: € 192k) as of December 31, 2022. In return, the LUDWIG BECK Group received shareholder’s interest in Feldmeier GmbH & Co. Betriebs KG.

It is expected that the total amount of € 69k will be fully utilized in 2023.

(9) Liabilities

As of the balance sheet date, liabilities are as follows:

				Residual term
	Total	**up to 1 year**	**1 – 5 years**	**over 5 years**
	€k	**€k**	**€k**	**€k**
1. Financial liabilities	94,125	14,968	32,426	46,731
Previous year	*95,949*	*12,450*	*35,422*	*48,077*
2. Trade liabilities	1,121	1,121	0	0
Previous year	*940*	*940*	*0*	*0*
3. Tax liabilities	244	244	0	0
Previous year	*450*	*450*	*0*	*0*
4. Other liabilities	4,908	4,908	0	0
Previous year	*4,419*	*4,419*	*0*	*0*
- tax-related: € 1.286k (previous year: € 932k)				
12/31/2022	**100,398**	**21,241**	**32,426**	**46,731**
Previous year	*101,757*	*18,258*	*35,422*	*48,077*

In connection with the financial liabilities mentioned previously, the following contractually agreed interest payments would have to be made in the coming years:

				Residual term
	Total	**up to 1 year**	**1 – 5 years**	**over 5 years**
	€k	**€k**	**€k**	**€k**
Loan interests	642	303	339	0
Previous year	*997*	*355*	*642*	*0*

€ 13,826k of financial liabilities in the total amount of € 94,125k were applied to financing the "Marienplatz" property. The financial liabilities are secured as follows:

	€k
Land charges UniCredit Bank AG for real estate loans	13,826
Land charges UniCredit Bank AG for LfA loans	6,174

The other financial liabilities are not collateralized as of December 31, 2022.

9 a) Financial liabilities (long-term)
Long-term financial liabilities are as follows:

	12/31/2022	12/31/2021
	€k	€k
Loan UniCredit Bank AG	20,212	23,617
Leasing	58,945	59,882
	79,157	**83,499**

Loans do not contain loan derivatives (structured products) that have to be split off or valued separately.

Long-term financial liabilities are carried at amortized cost that, in the present case, equal the repayment amounts. The interest rates in the reporting year were between 1.1% and 1.8%.

The fair value of long-term financial liabilities amounted to € 77,610k (previous year: € 84,425k) as of the balance sheet date.

9 b) Financial liabilities (short-term)
Short-term financial liabilities are as follows:

	12/31/2022	12/31/2021
	€k	€k
Current account liabilities	8,242	6,508
Loan UniCredit Bank AG	3,405	2,778
Leasing	3,271	3,084
Other loans	50	80
	14,968	**12,450**

As of December 31, 2022, the current account and guarantee credit lines granted by banks amounted to € 43,000k. They were subject to interest at market rates when utilized.

Short-term financial liabilities are recognized at the repayment value.

The interest rates for short-term financial liabilities ranged between 1.1% and 3.9% in the year under report.

Summarized Presentation of long-term and short-term liabilities from finance leases

		Residual term		
	Total	up to 1 year	1 – 5 years	over 5 years
	€k	€k	€k	€k
1. Minimum lease payments	80,947	4,675	17,189	59,083
Previous year	*82,586*	*4,497*	*16,847*	*61,242*
2. Interest and administrative costs	18,731	1,404	4,975	12,352
Previous year	*19,620*	*1,413*	*5,042*	*13,165*
3. Redemption (present value of lease liabilities)	62,216	3,271	12,214	46,731
Previous year	*62,966*	*3,084*	*11,804*	*48,077*

No purchase options were agreed upon within the framework of finance leases.

9 c) Trade payables (short-term)

Trade payables amounting to € 1,121k (previous year: € 940k) are carried at their repayment value. Due to the short-term maturities of these liabilities, this amount corresponds to the fair value of these liabilities. Suppliers are generally paid within ten days to benefit from cash discounts, whereas the credit period is usually 60 days.

9 d) Other liabilities ((short-term)

	12/31/2022	12/31/2021
	€k	€k
Wage and sales taxes	1,286	932
Purchase vouchers	1,483	1,509
Customer card	260	216
Personnel costs	171	162
Year-end closing and tax declaration costs	128	162
Other accrued liabilities	1,580	1,438
	4,908	**4,419**

9 e) Tax liabilities (short-term)

Income tax liabilities amounted to € 244k (previous year: € 420k) as of December 31, 2022.

(10) Deferred taxes (assets and liabilities)

Deferred taxes are attributable to the following consolidated balance sheet items or matters:

	12/31/2022		12/31/2021	
	Assets-side	Liabilities-side	Assets-side	Liabilities-side
	€k	€k	€k	€k
Brand name "LUDWIG BECK		673		673
Land		328		328
Accruals	89		339	
Finance lease	867		798	
Loss carry forwards	3,231		3,282	
Other		18		18
Total	**4,186**	**1,019**	**4,419**	**1,019**
Net balance of deferred taxes	-691	-691	-691	-691
Total according to the consolidated balance sheet	**3,496**	**328**	**3,728**	**328**

Except for the categories brand name “LUDWIG BECK” and land, deferred taxes have resulted exclusively from temporary taxable differences between the tax balance sheet and the IFRS balance sheet of the respective company (IAS 12.15). These temporary differences and hence the deferred taxes will be released over the corresponding periods (until the recognition of the respective asset or liability).

Deferred tax liabilities were formed for a “quasi-permanent” difference between the valuation of the land in the tax balance sheet of Feldmeier GmbH & Co. Betriebs KG and the IFRS balance sheet. The sale of the real estate company has been considered the most probable realization proposition.

Deferred tax liabilities were also formed for the "quasi-permanent" difference between the valuation of the "LUDWIG BECK" brand name in the IFRS balance sheet and the valuation in the tax balance sheet.

Deferred tax assets were recognized in full in the balance sheet for the tax losses incurred solely because of the COVID-19 pandemic, as the company assumes that sufficient taxable profits will be available in the future to utilize the tax loss carry forward. The usability of the tax loss carried forward is not limited in time. In the 2022 fiscal year, deferred taxes of € 52k were used.

The residual terms of the accrual-related deferred items, as well as those attributable to the two "quasi-permanent" differences, have a remaining term of more than 12 months.

The balance sheet item for deferred taxes includes deferred tax assets in the amount of € 292k (previous year: € 465k) that are attributable to expenses and income recognized directly in equity.

II. Consolidated statement of comprehensive income

(11) Sales revenue

	2022	2021
	€k	€k
Sales revenue (net)	70,396	55,399

The segment reporting provides more detailed information on sales revenues. All but € 1,989k (previous year: € 2,717k) of the LUDWIG BECK Group's sales were generated in Germany.

Sales revenues do not include rental income from operating leases (previous year: € 255k).

(12) Other own work capitalized

Other own work capitalized amounted to € 63k (previous year: € 118k) in the 2022 fiscal year This item concerns personnel expenses incurred during refurbishing works at the department store at Marienplatz.

(13) Other operating income

Other operating income consists of the following items:

	2022	2021
	€k	€k
Rental income	1,473	867
Sales proceeds	700	459
Personnel earnings	376	295
Cafeteria earnings	282	184
Aperiodic income	577	526
Income from bridging aid III	0	5,667
Other income	354	3,328
	3,761	**11,325**

Other income includes € 2,315k capital gains on the sale of two properties in Hanover.

(14) Cost of materials

	2022	2021
	€k	€k
Cost of merchandise	35,366	30,027

The expenses reported under this item include merchandise at cost less discounts received, as well as changes in opening and closing stock and reductions due to lack of saleability.

(15) Personnel expenses

	2022	2021
	€k	€k
Wages and salaries	13,160	10,945
Social security contributions	2,538	2,117
Pension costs	124	114
	15,822	**13,176**

In the previous year, the LUDWIG BECK Group applied for or received a short-time allowance of € 745k.

Pensions
The LUDWIG BECK Group has a so-called defined contribution and defined benefit pension plans (IAS 19R) for employees.

These are divided into the following groups:

a) Pension scheme for all employees of LUDWIG BECK
As of January 1, 2001, employees can apply for inclusion in the union-agreed pension scheme after six months of service.

For employees who joined the company before March 31, 2000, the pension scheme is a direct insurance agreement with an independent third party (with complete reinsurance cover). For employees who joined the company after March 31, 2000, contributions are paid into a pension fund.

The scheme is financed by employer contributions expensed to the consolidated profit and loss account.

Employees who joined the company by March 31, 2000, are older than 25 years, and have been with the company for at least five years receive a voluntary pension commitment from LUDWIG BECK, whereby the collectively agreed entitlements are offset.

The scheme qualifies as a contribution-oriented plan within the meaning of IAS 19R.

The expenses for these pension commitments amounted to € 124k in 2022 (previous year: € 114k).

A total of 286 (previous year: 271) employees participate in the pension schemes.

b) Pension scheme for members of the Executive Board
Two former Executive Board members have received a pension commitment from LUDWIG BECK. The commitment is a defined benefit plan within the meaning of IAS 19R. The benefit entitlement for one member of the Executive Board was settled in 2021 by payments from plan assets.

Expenses from pension obligations are shown under (8).

(16) Depreciation

For details concerning the composition of depreciation and amortization of intangible assets and property, plant, and equipment, please refer to the fixed asset schedule.

(17) Other operating expenses

Other operating expenses include the following items:

	2022	2021
	€k	€k
Rental expenses	457	200
Other occupancy costs	2,003	2,176
Administrative costs	1,967	1,583
Sales expenses	5,298	5,015
Other personnel costs	1,169	772
Insurances/contributions	250	222
Other taxes	121	121
Other	498	556

	2022	2021
	€k	€k
	11,762	**10,646**

(18) Financial result

	2022	2021
	€k	€k
Interest income	66	85
Interest expenditure	2,148	2,400
Financial result	**-2,082**	**-2,315**

Interest income concerned interest received on plan assets in the amount of € 64k (previous year: € 84k). The interest portion of interest expenditure relating to pension commitments was € 40k (previous year: € 32k).

(19) Taxes on income

	2022	2021
	€k	€k
Taxes on income	529	645
Other deferred tax income (-) / tax expense (+)	59	52
	588	**697**

Deferred tax income / tax expense	2022	2021
	€k	€k
From the accounting of loss carry forwards	51	66
From the accounting of financing leases according to IFRS 16	-69	-143
From temporary differences in accounting for buildings	6	49
From temporary differences in accounting for pension accruals	71	80
Total deferred tax income (-) / tax expense (+)	**59**	**52**

The following overview provides a reconciliation between the tax expense or tax income, which arithmetically results from applying the Group tax rate of 32.975% (corporation tax, solidarity surcharge, and trade tax), and the tax expense or tax income in the consolidated financial statements according to IFRS:

	2022	2021
	€k	€k
Earnings before taxes on income	2,823	4,327
Nominal Group tax rate in %	32.975	32.975
Calculated tax expense	931	1,427
Changes in the calculated tax expense:		
- Tax rate difference from real estate companies of the LUDWIG BECK Group	-584	-939
- Deviating tax base	254	212
- Other	-13	-3
Actual tax expense	**588**	**697**

(20) Income and expenses directly entered in equity

Income and expenses directly entered inequity are subject to the following deferred tax expenses or income:

	2022	2021
	€k	€k
Net pension commitment		
- Income (+) / Expense (-)	524	-45
- Deferred tax income (-) / tax expense (+)	172	-14
Net income (+) / net expense (-)	352	-31
Total income (+) and expenses (-) directly entered in equity	**352**	**-31**

(21) Explanations of earnings per share

Earnings per share are calculated in accordance with IAS 33 by dividing the consolidated profit by the weighted average number of shares issued during the period under review.

Earnings per share

	2022	2021
Consolidated net profit (+) / net loss (-) in €k	2,235	3,630
Weighted number of shares in thousands	3,695	3,695
Earnings per share in € (undiluted and diluted)	0.60	0.98

Undiluted and diluted earnings are identical.

Dividend proposal

The Board of Directors proposes to distribute no dividend for the 2022 fiscal year.

D. EXPLANATION TO SEGMENT REPORTING

The following segment reporting follows IFRS 8 “Operating Segments,” which defines the requirements for reporting on the financial results of a company’s operating segments. The applied method is the so-called “management approach" that requires segment information to be presented based on internal reporting as it is regularly used by the so-called "chief operating decision maker" to decide on the allocation of resources to individual segments and to assess their performance.

LUDWIG BECK subdivides its reporting segments into "textile" (clothing) and "non-textile" (accessories, stationery, music, beauty).

Tn the 2022 fiscal year, the Group figures to be segmented are split among individual segments as follows:

	Group	**Textile**	**Non-textile**
	€k	**€k**	**€k**
Gross sales	**83,834**	**60,825**	**23,009**
Previous year	*65,950*	*44,409*	*21,541*
VAT	-13,438	-9,709	-3,729
Previous year	*-10,551*	*-7,091*	*-3,460*
Net sales	**70,396**	**51,116**	**19,280**
Previous year	*55,399*	*37,319*	*18,080*
Cost of sales (without discounts, rebates, etc.)	-37,380	-26,291	-11,089
Previous year	*-30,858*	*-20,371*	*-10,126*
Net gross profit	**33,016**	**24,825**	**8,191**
Previous year	*24,542*	*16,948*	*7,954*
Personnel expenses of sales	-7,215	-4,373	-2,843
Previous year	*-5,315*	*-3,037*	*-2,278*
Calculatory occupancy costs	-11,892	-9,773	-2,119
Previous year	*-11,927*	*-9,915*	*-2,012*
Calculatory interests	-1,149	-740	-409
Previous year	*-1,319*	*-890*	*-428*
Segment result	**12,760**	**9,939**	**2,820**
Previous year	*5,981*	*3,106*	*3,236*
Discounts, rebates etc. on the cost of sales	2,014		
Previous year	*831*		
Other operating income and expenses	3,954		
Previous year	*12,724*		
Other personnel expenses	-8,607		
Previous year	*-7,861*		
Depreciation	-6,365		
Previous year	*-6,352*		
Other financial results	-933		
Previous year	*-996*		
Taxes on income	-588		
Previous year	*-697*		
Earnings after taxes from continued operations	**2,235**		
Previous year	*3,630*		
Segment assets			
Inventories	11,839	7,195	4,644
Previous year	*10,344*	*6,136*	*4,208*
Total segment assets	**11,839**	**7,195**	**4,644**
Previous year	*10,344*	*6,136*	*4,208*

E. EXPLANATIONS TO CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement shows how the Group's liquid funds changed during the year under review because of inflows and outflows of cash. In accordance with IAS 7 (Cash Flow Statements), the company distinguishes between cash flows from operating, investing, and financing activities. The liquidity shown in the cash flow statement comprises cash-in-hand and bank balances.

Cash and cash equivalents within the meaning of IAS 7.6. et seq. equal the sum of cash-in-hand and short-term bank balances.

As of December 31, 2022, the LUDWIG BECK Group has access to framework credit facilities of € 43,000k. Approximately 28% of these were utilized through guarantees and short-term bank loans.

F. EXPLANATIONS TO CONSOLIDATED EQUITY STATEMENT

The equity statement reflects the changes to the Group's equity items in the year under review. The presentation is in accordance with IAS 1.

G. OTHER DETAILS

I. Contingent liabilities, contingent receivables

1. Contingent liabilities

In addition to actual commitments covered by accruals, there are no probable occurring commitments depending on future events.

2. Contingent receivables

There are no contingent receivables to be disclosed according to IAS 37.

II. Other financial commitments

As of the balance sheet date, there are purchase order commitments for merchandise in the amount of € 15,194k (previous year: € 13,954k).

III. Leasing

The accounting principles for assets and liabilities for leases are described in section B. IV. 5.

Leasing agreements where LUDWIG BECK acts as lessee

The development of rights of use assets from leasing agreements in which LUDWIG BECK acts as the lessee is shown in section C. I. (1).

	2022	2021
	€k	€k
Depreciation of the fiscal year		
Land, land rights, and buildings, including buildings on third-party land	3,470	3,457
Other fixtures and fittings, tools, and equipment	0	42
Addition for the fiscal year		
Land, land rights, and buildings, including buildings on third-party land	2,510	0
Interest expense	1,415	1,478
Total payments for financial leases	4,675	3,896

The development of leasing liabilities from leasing agreements in which LUDWIG BECK acts as the lessee is shown in section C. I. 9b).

Operating leasing agreements where LUDWIG BECK acts as the lessor

In the fiscal year 2021, properties for which LUDWIG BECK functioned as a lessor were sold. Accordingly, no more payments are expected as of January 1, 2022.

IV. Declaration of conformity according to section 161 Stock Corporation Act (AktG) (Corporate Governance)

On September 14, 2022, the Executive Board and the Supervisory Board of LUDWIG BECK AG issued the Declaration of Conformity according to section 161 Joint Stock Corporation Act (AktG).

The Declaration of Conformity is made permanently available to shareholders on the Company's website in the Investor Relations section under the Corporate Governance menu item on the Declaration of Compliance page.

V. Relations to related companies and persons

The following lists the companies and persons related to the Group according to IAS 24.

Executive Board:

Christian Greiner, Chairman, Businessman
Jens Schott, Businessman

The total remuneration of the Executive Board of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier Aktiengesellschaft for its activities in the fiscal year 2022 amounted to € 620k (previous year: € 557k).

As of December 31, 2022, members of the Executive Board held 965,399 (previous year: 965,399 shares).

Individual details of Executive Board remuneration are included in the Remuneration Report section of the consolidated management report.

Supervisory Board:

Dr Bruno Sälzer, Chairman, Businessman, Grünwald
Sandra Pabst, Deputy Chairperson, Managing Director, Nuremberg
Clarissa Käfer, Tax Consultant and Lawyer, Munich
Josef Schmid, Lawyer, Munich
Michael Eckhoff, Department Manager, Munich*)
Michael Neumaier, Commercial Clerk, Grafrath*)

*) Employee representatives

The total remuneration of the Supervisory Board in the fiscal year 2022 amounted to €208k (previous year: €166k).

In the 2021 fiscal year, transactions with related parties occurred only to an insignificant extent. All transactions with related parties were conducted at arm's length conditions.

The following members of the Executive Board and the Supervisory Board are members of the Supervisory Board or similar bodies of other companies:

Mr Christian Greiner

Supervisory Board Chairmen:	Rudolf Wöhrl SE, Nuremberg
Supervisory Board:	TETRIS Grundbesitz AG, Reichenschwand
Advisory Board:	Bültel International Fashion Group, Salzbergen
	Deutsche Bank AG, Advisory Board Bavaria

Dr Bruno Sälzer

Board of Directors:	Zino Davidoff SA, Basel
Supervisory Board:	Lacoste Holding SAS, Paris
Advisory Board:	Deichmann SE, Essen

Mrs Sandra Pabst

Supervisory Board:	AURUM-Project AG, Reichenschwand
	Curameo AG, Reichenschwand
Advisory Board:	Deutsche Bank AG, Advisory Board Bavaria

Ms Clarissa Käfer

Supervisory Board Chairwoman:	Käfer AG, Parsdorf
Supervisory Board:	Münchner Bank eG, Munich
Member of the Board of Trustees:	Bayrische Sportstiftung, Munich

As in the previous year, the members of the Supervisory Board held no shares as of December 31, 2022.

VI. Supplementary report

There were no significant events that occurred after the end of the fiscal year and are not reflected in the consolidated statement of comprehensive income or the consolidated balance sheet.

VII. Audit fees

The auditor's fee in the past fiscal year 2022 amounted to € 103k (previous year: € 104k).

The fee for the audit of the consolidated financial statements, the annual financial statements of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, as well as audit reviews carried out for subsidiaries amounted to € 100k (previous year: € 100k). The amount incurred for audit-related issues amounted to € 3k (previous year: € 4k).

VIII. Personnel

	2022	2021
Full-time	139	132
Part-time	160	155
Temporary	90	86
	389	**373**

Apprentices were not included in the calculation.

IX. Information according to section 297 (2) Commercial Code (HGB)

The Executive Board issued the statutory declaration required by section 297 (2) Commercial Code (HGB).

Munich, February 28, 2023

The Executive Board

Christian Greiner Jens Schott

3 Consolidated *Management Report*

I. Group Fundamentals

1. BUSINESS ACTIVITY

The Munich Fashion Group LUDWIG BECK operates a retail textile business in the medium and premium price segments. The offered product range mostly consists of textile goods but also non-textile goods such as accessories, cosmetics, paper products, and sound recordings. Its brick-and-mortar business centres on the “Store of the Senses” flagship store at Munich’s Marienplatz. In addition, exclusive beauty products are available in an annex in FÜNF HÖFE, Munich.

In addition to the brick-and-mortar shop, the ludwig-beck.de online portal offers customers in German-speaking regions a wide selection of premium cosmetics, textiles, and accessories.

2. STRATEGY AND GOALS

LUDWIG BECK seeks to permanently secure a top rank among Germany’s leading fashion houses. Combining top-end product selections, creatively staged product presentations, and service-oriented advice and sales culture, a top city location is the method of choice for cementing this market position.

Promotions, presentations, and sales spaces are constantly reviewed with a clear focus on optimization. LUDWIG BECK’s traditionally outstanding quality of service is further developed to keep up with growing customer demands.

To realize the envisaged high-end service level, LUDWIG BECK relies on satisfied employees who not only appreciate the Group as a sought-after employer and career home but also make active use of the wide range of generously offered development opportunities.

3. INTERNAL CONTROL SYSTEM

An internal control system provides LUDWIG BECK with all the required information for controlling inventories, product selections, and the allocation of sales areas in an efficient manner. The system allows for accurate to-the-date resource planning analyses, organized by categories, such as product group and article number through to department volume.

The Group's financial scope of action is continuously monitored based on these parameters by way of target-actual comparison, to be able to respond swiftly if significant deviations occur.

In addition to the financial performance indicators integrated into the control system mentioned previously, the company uses a number of other key parameters to measure economic efficiency. These refer to developments in sales and earnings, working capital as well as investments in relation to capital employed.

The monthly reporting system provides the Executive Board with information on target-actual analyses reflecting the development of the key parameters. This is to make sure that immediate action can be taken if current business performance results deviate from the plan. In parallel, a thorough cause analysis makes sure that risks are kept at a minimum and opportunities exploited.

II. Economic Report

1. MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

World economy marked by war and inflation

While 2021 was still dominated by the coronavirus pandemic, the war in Ukraine, high energy prices, and high inflation dominated 2022.

Although the pandemic remained a factor in the first quarter, the restrictions were gradually eased or suspended as incidences declined. Only China continued a strict zero-COVID policy with tight lockdowns, which, together with the real estate crisis, caused a decline in growth in the People's Republic and at the same time affected global economic development.

Russia's invasion of Ukraine in February aggravated the economic problems. That war amid Europe triggered a slowdown in growth, fuelled inflation, and intensified supply shortages in several markets. Energy supply has become an immediate issue—especially in Europe which is hit by high energy costs. The strength of the dollar is also a factor in terms of a significant reduction in purchasing power.

Global supply chains have recently begun to improve.

In addition to the war in Ukraine, many international conflicts are still unresolved, presenting ongoing risks for the global economy.

German economy in a difficult environment

Hopes for strong economic growth after the coronavirus crisis were disappointed due to the war in Ukraine and high inflation.

Nevertheless, according to preliminary statistics by the Federal Statistical Office, the German economy has grown by 1.9% adjusted for prices despite crises. Economic output has exceeded the pre-crisis level for the first time since the COVID-19 period. Compared to 2019, GDP was up 0.7%.

The performance in the individual sectors was very mixed. Material and supply bottlenecks as well as the labour shortage were still weighing on the industrial sector. Some service sectors, such as entertainment and gastronomy, benefited from catch-up effects after the end of the coronavirus restrictions.

Overall, private consumer spending in 2022 rose by 4.6% year-on-year in real terms and was the main pillar of the German economy.

The sharp price increases, especially for food, raw materials, and hence fuel and electricity, propelled inflation up to a high of 10.4% in October. The federal government has, among other things, launched three stimulus packages to alleviate the burden on companies and private households by cushioning the expected higher costs for energy.

According to the Federal Statistical Office, Germany saw a price-adjusted increase in exports of goods and services of +3.2% and an increase in imports of 6.7% year-on-year adjusted for prices.

Stationary textile sector experiences another challenging year

At the start of the year, retail was still suffering from the aftermath of the coronavirus pandemic and another high incidence of infectious diseases. Consumer sentiment was depressed.

The start of the war in Ukraine and the resultant price increases, especially for energy, had an additional negative impact on sales in stationary fashion retail.

Overall, the strong increase in prices for electricity, heating, petrol, and food and the resulting hesitancy to buy fashion has affected the fashion trade. Preliminary figures from the Federal Statistical Office show that consumer prices were 7.9% higher on average in 2022 than in 2021. The purchase of new clothes was postponed accordingly.

However, after three years of the pandemic, the demand for travel and events was high and festive events were possible again, which despite all buying reluctance led to a higher demand for more formal clothing.

The weather was another factor. Climate change is on everyone's lips and the high temperatures in summer curbed the buying mood. The high rate of inflation also weighed on consumer sentiment. The Christmas markets, which took place again, brought frequency to the cities and stimulated business. Nevertheless, consumer sentiment was subdued, and the all-important Christmas business had a very sluggish start.

The sector itself is struggling with rising costs for logistics, energy, merchandise, salaries, rents, etc. In addition, the personnel situation was difficult. The shortage of skilled workers was a noticeable factor and retailers have lost a lot of their attractiveness as employers.

The slowdown in consumption was also noticeable in online trading. The buying reluctance slowed down online trade considerably. In addition, the effects from the month-long brick-and-mortar closures in the previous year faded. Stationary retail was able to make up ground.

According to BTE estimates, market volume in the German fashion market declined slightly. Sales of clothing, shoes, and leather goods were down 2% compared to the pre-coronavirus year 2019.

Nevertheless, according to TextilWirtschaft, fashion retailers increased their sales by 9% and were thus able to slightly make up for the high losses in the first two coronavirus years. According to TW-Testclub, the panel with the highest number of participants in stationary fashion retail, more than half of fashion POS recorded an increase in sales compared to 2021. However, for most fashion retailers, sales did not match those of 2019.

2. LUDWIG BECK BUSINESS DEVELOPMENT

LUDWIG BECK started the fiscal year 2022 without a lockdown, but consumer sentiment was far from normal at the beginning of the year because of the high levels of infection that the Omicron variant drove. The onset of the war in Ukraine in February and resulting price increases, especially in the energy sector, uncertainties on the stock markets, rising key interest rates, and a rising inflation rate harmed consumer sentiment and thus initially on the sales at LUDWIG BECK.

However, despite all adverse conditions, LUDWIG BECK noticed a positive trend as of the beginning of summer. The new costume department, which was opened in March 2022, made a pleasing contribution here. After two years of coronavirus break, Oktoberfest finally took place again. This inspired many Munich residents and tourists to outfit themselves with new traditional costumes and accessories. Sales in the traditional costume department were far above the pre-pandemic level of 2019.

The negative effects of the war in Ukraine and restrained consumer sentiment again clearly marked the last quarter. Christmas business was pleasing, although it was not comparable to normal November/December business.

3. CONSOLIDATED EARNINGS

All sums in the following tables were calculated precisely and then rounded to one decimal place to €m. Percentages were derived from precise (not rounded) values.

	1/1/2022–12/312022		1/1/2021–12/312021		Delta
	€m	%	**€m**	%	**€m**
Gross sales	83.8	119.0	66.0	119.0	17.9
VAT	13.4	19.0	10.6	19.0	2.9
Net sales	**70.4**	**100.0**	**55.4**	**100.0**	**15.0**
Own work capitalized	0.1	0.1	0.1	0.2	-0.1

Other operating income	3.7	5.3	11.3	20.4	-7.6
	74.2	**105.4**	**66.8**	**120.7**	**7.4**
Cost of materials	35.4	50.2	30.0	54.2	5.3
Personnel expenses	15.8	22.5	13.2	23.8	2.6
Depreciation	6.4	9.0	6.4	11.5	0.0
Cost of office and storage space	2.5	3.6	2.4	4.3	0.1
Administrative expenses	2.0	2.8	1.6	2.9	0.4
Sales expenses	5.3	7.5	5.0	9.1	0.3
Other personnel costs	1.2	1.6	0.8	1.4	0.4
Insurance and contributions	0.2	0.4	0.2	0.4	0.0
Other operating expenses	0.6	0.9	0.7	1.2	-0.1
Total operating expenses	**11.8**	**16.7**	**10.6**	**19.2**	**1.1**
Earnings before interest and taxes (EBIT)	**4.9**	**7.0**	**6.6**	**12.0**	**-1.7**
Financial result	-2.1	-3.0	-2.3	-4.2	0.2
Earnings before taxes (EBT)	**2.8**	**4.0**	**4.3**	**7.8**	**-1.5**
Taxes on income	0.6	0.8	0.7	1.3	-0.1
Earnings after taxes (EAT)	**2.2**	**3.2**	**3.6**	**6.6**	**-1.4**
Expenses (-) and income (+) directly entered into equity	0.4	0.5	0.0	-0.1	0.4
Consolidated comprehensive income	**2.6**	**3.7**	**3.6**	**6.5**	**-1.0**
Gross profit	35.0	49.8	25.4	45.8	9.7
Earnings before interests, taxes, depreciation and amortization (EBITDA)	**11.3**	**16.0**	**13.0**	**23.5**	**-1.7**
Operating margin (EBT / net sales) in %	4.0		7.8		

Segment reporting

LUDWIG BECK's segment reporting comprises the segments "textile" and "non-textile":

1/1/2022–12/31/2022	**Textile**		**Non-textile**			**Group**
	€m	%	**€m**	%	**€m**	%
Gross sales	60.8	119.0	23.0	119.0	83.8	119.1
Previous year	*44.4*	*119.0*	*21.5*	*119.0*	*66.0*	*119.0*
VAT	-9.7	19.0	-3.7	19.0	-13.4	19.0
Previous year	*-7.1*	*19.0*	*-3.5*	*19.0*	*-10.6*	*19.0*
Net sales	51.1	100.0	19.3	100.0	70.4	100.0
Previous year	*37.3*	*100.0*	*18.1*	*100.0*	*55.4*	*100.0*
Cost of sales (without discounts, rebates etc)	-26.3	51.4	-11.1	57.5	-37.4	53.1
Previous year	*-20.7*	*55.6*	*-10.1*	*56.0*	*-30.9*	*55.7*
Gross profit	24.8	48.6	8.2	42.5	33.0	46.9
Previous year	*16.6*	*44.4*	*8.0*	*44.0*	*24.5*	*44.3*
Personnel expenses of sales	-4.4	8.6	-2.8	14.7	-7.2	10.2
Previous year	*-3.0*	*8.1*	*-2.3*	*12.6*	*-5.3*	*9.6*
Imputed occupancy costs	-9.8	19.1	-2.1	11.0	-11.9	16.9
Previous year	*-9.9*	*26.6*	*-2.0*	*11.1*	*-11.9*	*21.5*
Imputed interest costs	-0.8	1.4	-0.4	2.1	-1.2	1.6
Previous year	*-0.9*	*2.4*	*-0.4*	*2.4*	*-1.3*	*2.4*
Segment result	9.9	19.4	2.8	14.6	12.8	18.1
Previous year	*2.7*	*7.4*	*3.2*	*17.9*	*6.0*	*10.8*

Sales development

In the 2022 fiscal year, LUDWIG BECK (including online) generated gross sales of € 83.8m (previous year: € 66.0m). Due to the influencing factors already described, sales were still significantly below the "pre-crisis level" of 2019.

The "textile" segment contributed sales of € 60.8m (previous year: € 44.4m), the "non-textile" segment, which also includes online sales with Beauty, contributed € 23.0m (previous year: € 21.5m) to this development.

Earnings situation

In line with the development of sales, gross profit increased from € 25.4m to € 35.0m. The gross profit margin of 49.8% was significantly above the previous year's level of 45.8% due to lower price discounts and lower markdowns on old merchandise. The main increase in absolute gross profit resulted from the "textile" segment. Here, the gross profit increased from € 16.6m to € 24.8m. In the "non-textile" segment, gross profit of € 8.2m was roughly at the previous year's level (previous year: € 8.0m).

Other income, composed of rental, administrative, sales, and personnel income, totalled € 3.7m (previous year: € 11.3m). Taxable bridging aid totalling € 5.7m as well as gains from the sale of real estate in Hanover amounting to € 2.3m positively influenced the previous year.

Personnel expenses amounted to € 15.8m in the 2022 fiscal year (previous year: € 13.2m). Due to massive restrictions caused by shop closures and COVID-19 regulations in the previous year, LUDWIG BECK applied for short-time work during the affected months. Accordingly, € 0.7m through payments of short-time working allowances by the German Bundesagentur für Arbeit relieved personnel expenses in the previous year. No short-time working allowances could be applied for in the reporting year.

Other operating expenses increased from € 10.6m to € 11.8m, mainly due to LUDWIG BECK's slowly resuming operating activities. These mainly concerned sales, administrative, and other personnel costs.

Due to the high special factors in the previous year, earnings before interest, taxes, depreciation, and amortization (EBITDA) decreased from € 13.0m to € 11.3m. The EBITDA margin was 16.0% (previous year: 23.5%).

As in the previous year, depreciation and amortization amounted to € 6.4m in the 2022 fiscal year. Accordingly, earnings before interest and taxes (EBIT) was € 4.9m (previous year: € 6.6m). The EBIT margin in the 2022 fiscal year was 7.0% after 12.0% in the previous year.

The financial result improved slightly from € -2.3m in the previous year to € -2.1m in the 2022 fiscal year. Earnings before taxes (EBT) amounted to € 2.8m after € 4.3m in the previous year. In total, special factors in the amount of € 8.7m had a positive impact on the previous year's results.

Tax expenses amounted to € 0.6m in the 2022 fiscal year (previous year: € 0.7m).

Earnings after taxes (EAT) was € 2.2m (previous year: € 3.6m).

4. CONSOLIDATED ASSETS

Assets	2022		2021	
	€m	%	€m	%
Long-term assets				
Intangible assets	4.5	2.7	4.7	2.8
Property, plant, and equipment	141.8	84.1	143.0	85.0
Other assets	0.1	0.1	0.1	0.1
Deferred taxes	3.5	2.1	3.7	2.2
	149.9	88.9	151.6	90.1
Short-term assets				
Inventories	11.8	7.0	10.3	6.1
Receivables and other assets	6.3	3.8	6.0	3.5
Cash and cash equivalents	0.5	0.3	0.3	0.2
	18.7	11.1	16.6	9.9
Balance sheet total	**168.6**	**100.0**	**168.2**	**100.0**

At € 168.6m, the balance sheet total of the LUDWIG BECK Group as of the balance sheet date December 31, 2022, was at the same level as in the previous year at € 168.2m.

Intangible assets of € 4.5m were also at the previous year's level (December 31, 2021: € 4.7m). In the 2023 fiscal year, LUDWIG BECK continued to invest in digitalization. In addition, capitalizations were made for the realignment of the Group's logistics.

As in the previous year, property, plant, and equipment of € 141.8m was the largest item on the balance sheet (December 31, 2021: € 143.0m). In addition to the property at Munich's Marienplatz with a book value of more than € 70m, rights of use from rental agreements that have to be recognized since January 1, 2019, were the main items. These amounted to € 59.6 million (previous year: € 60.5 million). Additions due to rent increases of € 2.5 million in the reporting year offset depreciation on the rental rights of € 3.5 million. The shares in the real estate company, which includes the property at Munich's Marienplatz, were acquired in the 2001 financial year. The valuation of the property has remained unchanged since then until 31 December 2022.

Deferred taxes of € 3.2m reported on the assets side are deferred taxes on losses carried forward of LUDWIG BECK AG. These losses arose exclusively due to the COVID-19 pandemic in the fiscal years 2020 and 2021. The company assumes that sufficient taxable results will be available in the future to offset the tax losses carried forward.

Short-term assets increased by € 2.1m compared to the previous year and amounted to € 18.7m (December 31, 2021: € 16.6m). The most significant item under short-term assets is inventories of merchandise at € 11.8m (December 31, 2021: € 10.3m). The lower inventory in the previous year was due to a more moderate ordering strategy during the COVID-19 pandemic in 2020 and 2021 and partial supply bottlenecks due to severe COVID-19 restrictions in production and trade countries. These are now gradually dissolving.

The remainder of the purchase price receivable from the sale of a property in Hanover in the amount of € 4.3m was reported under other assets. The property was sold with benefits and encumbrances as of December 31, 2021. The purchase price was meant to be settled by the end of the first quarter of 2022. Due to the temporary turbulent negative developments in the financing markets, the purchaser had to entirely revise its financing structure. The purchaser will pay in full the remaining purchase price by June 30, 2023, at the latest. Based on the agreement reached, the Executive Board assumes that the purchaser will meet this obligation. The amount due is subject to monthly interest of € 15k until settlement.

Cash and cash equivalents amounted to € 0.5m as of the reporting date of December 31, 2022 (December 31, 2021: € 0.3m). These are cash in hand of LUDWIG BECK AG and bank balances of the subsidiaries. As a matter of principle, LUDWIG BECK AG uses free liquidity within the Group to balance current account lines.

5. FINANCIAL POSITION

Liabilities	2022		2021	
	€m	%	€m	%
Shareholders' equity	65.3	38.8	63.0	37.4
Long-term liabilities				
Financial liabilities	79.2	47.0	83.5	49.6
Accruals	2.5	1.5	3.2	1.9
Deferred taxes	0.3	0.2	0.3	0.2
	82.0	48.6	87.0	51.7
Short-term liabilities				
Financial liabilities	15.0	8.9	12.4	7.4
Trade liabilities	1.1	0.7	0.9	0.6
Accrued taxes	0.2	0.1	0.4	0.3
Other liabilities	4.9	2.9	4.4	2.6
	21.2	12.6	18.2	10.9
Balance sheet total	**168.6**	**100.0**	**168.2**	**100.0**

As of December 31, 2022, the LUDWIG BECK Group had shareholder's equity of € 65.3m (December 31, 2021: € 63.0m). The positive consolidated result was the reason for this development. The equity ratio of the LUDWIG BECK Group was 38.8% after 37.4% in the previous year and thus improved again.

The financial liabilities of the Group totalled € 103.2m (December 31, 2021: € 105.2m).

Short-term and long-term financial liabilities were € 94.2m (December 31, 2021: € 95.9m). Of the € 94.2m in financial liabilities, € 62.2m relates to finance lease liabilities (previous year: € 63.0m); i.e., the accounting of rental agreements. In addition to repayments of € 3.3m, additions of € 2.5m due to rent increases in individual contracts affected the finance lease liabilities in the 2022 fiscal year.

As in previous years, trade payables were recognized at the settlement amount. Due to the short-term maturities of these liabilities, this amount corresponds to the market value of the liabilities. Suppliers are regularly paid within ten days to benefit from cash discounts, whereas the payment term was usually 60 days.

The finance policy of the Group is directed at securing liquidity while optimizing financing costs. To the extent possible, non-operational risks are to be excluded.

Cash flow

Cash flow from operating activities amounted to € 6.9m in the 2022 fiscal year (previous year: € 10.2m). As already described under earnings situation, special factors totalling € 8.7m had a positive impact on the operating cash flow of the previous year.

Cash flow from investment activities amounted to € -2.4m (previous year: € -1.0m). In addition to investments in the flagship store at Munich's Marienplatz, such as in the traditional costume department, as well as down payments for reconstruction projects in the fiscal year 2023, the focus of investments was on IT and logistics and the digitalization of LUDWIG BECK.

Cash flow from financing activities totalled € -4.3m (previous year: € -20.1m). Cash flow from financing activities includes changes in bank liabilities and changes in liabilities from finance leases.

More details about individual cash flow items are listed in the consolidated cash flow statement.

6. SUMMARY STATEMENT ON BUSINESS DEVELOPMENT

While the store was closed on 56 sales days in the 2021 fiscal year due to the COVID-19 pandemic, there were no restrictions for LUDWIG BECK from this perspective in 2022. Even though the foothills of the pandemic were still apparent at the onset of the year and there was a strong wave of infections, the pandemic situation eased during the year. A new turning point that affected consumer sentiment was the start of the war in Ukraine in February 2022. From then on, the global economic situation changed dramatically, and rising energy costs, significant inflation, and general uncertainty in the stock markets had to be dealt with. LUDWIG BECK noticeably felt this in business development, as customers were rather cautious in spending. The Executive Board assumes that the economic effects of the war in Ukraine will persist in 2023 and affect the sales development of LUDWIG BECK.

7. NON-FINANCIAL PERFORMANCE INDICATORS

Employees

The qualification, motivation, and advisory competence of our employees are substantial factors for the business success of LUDWIG BECK. As intermediaries between our offer and our customers, their daily commitment is without equivalent. While trends and products come and go, the people behind the LUDWIG BECK brand are a permanent asset and constitute the real value of the company. No matter how high the quality of the products and the demands of the customers, the individual class of LUDWIG BECK's employees and their willingness to perform are more important. The company makes every effort to keep staff development and qualification at high levels.

LUDWIG BECK is also committed to the principles of Healthy Leading. This includes broad-ranged workshops for employees or fitness activities with cooperation partners. These health management activities minimize absences and enhance well-being at work.

The Executive Board would like to take this opportunity to thank its employees once again for their relentless commitment and loyalty to LUDWIG BECK even in these challenging times.

LUDWIG BECK had 389 employees on average in 2022 (previous year: 373). The number of apprentices was 42 (previous year: 46). The weighted number of employees was 266 (previous year: 255). The increase in the number of employees was mainly due to the slowly normalising course of business after two years of massive coronavirus restrictions.

III. Risk and Opportunity Report

RISK REPORT

Evaluation – a core mission

Long-term corporate success in a dynamic market can only be achieved by recognizing and engaging opportunities early on. This necessity is one of the fundamental entrepreneurial obligations.

The companies of the LUDWIG BECK Group are exposed to external and internal factors of influence that impact the business directly or indirectly. LUDWIG BECK classifies these potentials by quantitative and qualitative indicators. The management continually examines the identified risks and opportunities, considering that almost a third of LUDWIG BECK's customers are tourists. Locally insignificant risks become increasingly important from a trans-regional and global perspective. The same holds for opportunities.

For risk monitoring and evaluation, LUDWIG BECK has established the following risk categories:

Class A – significant risks: They include risks that, should they come to pass, would potentially endanger the company's existence. Diminishing or shifting these risks through controlling measures is only marginally possible – or not at all.

Class B – acceptable, yet relevant risks: Risks of this category either have a high damage potential and minor probability, or a high probability and minor damage potential.

Class C – non-relevant risks: Based on their extent of damage and probability, these risks can be classified as minor.

Constant evaluation enables the company to forestall and avert problems, and to utilize latent potentials to create value. Due to their size, DAX companies have personnel and technical resources to measure and evaluate opportunities and risks daily. LUDWIG BECK, however, relies on communication structures. To make the analytical process as efficient as possible, the Group's employees are in constant communication with the Executive Board that pursues an open-door policy. On a higher level, the Executive Board and Supervisory Board discuss potential risks and opportunities, consider solutions, and determine adequate sets of measures.

1. Risks from the environment

Macroeconomic risks (class B)
The combination of large stimulus packages, rescue packages for financial institutions and states in the Eurozone, and sinking tax receipts led to exceptional, historically high budget deficits and record levels of the national debt. Developments in some European countries have demonstrated how easily investor concerns regarding a country's public finances can spread into other countries. Furthermore, high levels of national debt can dampen economic growth in the long term, ultimately endangering monetary stability. Consumer sentiment may decline significantly if other issues gain priority.

Societal and socio-political risks (class B)
Global, socio-political risks also affect LUDWIG BECK. Political crises, currency slumps, wars, revolutions, and other societal upheavals in the countries of origin of refugees, as well as calls for boycotts can cause important target groups to stay away from Munich. A current example is the war in Ukraine.

With the influx of refugees into Europe and Germany, there is a growing danger of societal distortions due to failed or non-existent information and integration policies. The absence of clear signals from the government and a revival of radical currents could lead to an increasing polarization of German society, incidentally influencing economic circumstances and consumer climate. It is currently difficult to predict whether migrants can be integrated into social life and labour so that positive effects result for all. If this cannot be achieved in the long run, increasing exposure to the risk mentioned previously could be the consequence.

Risks due to epidemics and pandemics (class B)
A city as highly linked and open to tourism as Munich is susceptible to epidemics and pandemics. Not only can the possible risk of illness of employees and customers severely impair business activities, but the fears generated by the news, the information in the digital media, and rumours could also cause a drop in sales, particularly at the heavily frequented store at Marienplatz. The absence of daily visitors and tourists would cause an additional drawback for the flagship store, which is traditionally visited by many foreign customers. Finally, in the case of an escalating public perception of an epidemic or pandemic, the overall economic impact might also affect LUDWIG BECK. In particular, adverse effects on consumer behaviour, supply

shortages, or the official closure of stores could have a significantly negative effect on LUDWIG BECK's asset, financial, and earnings situation.

Risk of terrorism (class B)
Worldwide terrorist attacks are now part of everyday life in our society. Also, the city of Munich is not safe against them. The potential consequences of an attack on German society for the overall economic situation are difficult to assess. Not only real threats but also putative dangers may cause customers to avoid bustling places and centres of cities. The flagship store at Marienplatz could suffer, at least temporarily, from the absence of regular customers and tourists in case of an actual terror alert or immediately after a real terrorist attack someplace else. Because of the mere existence of this type of risk, an anxious population and people impelled to change their plans may become significant factors to consider.

Weather risk (class B)
Global climate change is a fundamental risk facing a company in the textile retail sector. Temperatures show anti-cyclical patterns; the macro weather situation is unpredictable. This uncertainty thwarts consumers' propensity to buy. The usual pattern of seasonal buying is broken.

Accessibility risk (class B)
The central location of the flagship store at Marienplatz largely requires accessibility via the public transport system or by car. Work stoppages in the public sector, a breakdown in local public transport or major road works can hamper or even prevent the unobstructed transportation of customers to the city centre. This results in the risk of a drop in sales if it cannot be compensated in the following days. The accessibility risk also includes obstructions by public reconstruction work nearby, such as those that have been taking place at Marienplatz since 2017 in connection with the construction of the second S-Bahn tube.

2. Sector risks

Online competition risks (class B)
Possible additional online vendors in the same sector can entail the risk of exacerbated competition in the segments in which LUDWIG BECK operates. A broader range of online vendors could create a situation of multiple choices for stationary customers regarding identical or similar products, due to the rising appeal, higher service quality, and, if nothing else, the enticing pricing of web portals. The Group recognizes this risk and is countering it with its own online shop. In its brick-and-mortar stores, the group offers its customers a unique shopping experience with its second-to-none product presentation.

Consumer behaviour risks (class C)
Altered consumer behaviour or a changing competitive situation in retail, triggered by the general economic situation, commercial framework conditions, and income trends, requires constant realignment of marketing concepts to meet the needs of customers in terms of product selection and service.

Corporate policy orientation is based on targeted market observation and analysis of the competitive situation, trends in consumer behaviour, as well as particular behavioural patterns of the relevant target groups. As a vendor of an exclusive product portfolio, LUDWIG BECK is a trendsetter and forerunner with the ability to influence the shopping behaviour of the target group to its benefit.

With precise positioning and strategy, LUDWIG BECK uses all opportunities resulting from this permanently changing market. High-quality service and depth of product ranges allow the company to benefit from niches in the specialist store segment.

Seasonality risks (class C)
Goods purchased much earlier than seasonal and sales peaks occur causes outflows of cash at times during which there are not necessarily corresponding sales revenue/inflows of liquid funds. These cash flow fluctuation risks are monitored and controlled through financial management using various cash management tools.

3. Economic performance risks

Supplier risks (class C)
As a textiles retail company, LUDWIG BECK is dependent on reliable external suppliers. This causes various risk factors, such as disruptions in the procurement of goods, breaches of quality, safety, and social standards, ethical doubts, or environmental abuse. LUDWIG BECK carefully selects its suppliers to ensure the products are high quality and in sufficient quantity. This is continuously checked. Due to a large number of cooperatives in place, there is no dependency on a single partner.

Logistics risks (Class B)
Any interruption of the chain of value creation at the level of product supply directly affects the availability of products that LUDWIG BECK offers. The broad spectrum of product selection is vulnerable to risks that may threaten inventory. This holds for the brick-and-mortar business as well as the online shop. For this reason, LUDWIG BECK diligently observes existing supply structures, especially in times of partial supply bottlenecks, and takes corrective action if necessary.

4. Financial risks

Financial risks (class B)
As a result of the European sovereign debt crisis, industry and trade may also face currently unforeseeable difficulties and restrictions in bank lending in the future. This could lead to liquidity constraints if the situation worsens and the banking sector is under pressure. The financial effects of the COVID-19 pandemic situation and the European Central Bank's interest rate policy in combination with rising inflation must also be considered a risk.

The LUDWIG BECK Group operates a central financial risk management system to identify, measure, and control financial risks. A financial resource balancing system between the businesses in the Group reduces the external financing volume of the individual companies. This in turn has a positive effect on LUDWIG BECK's interest result.

LUDWIG BECK's open and up-to-date information policy and equal treatment of all lenders is the basis for the trust creditors have in the company and their willingness to provide credit lines. To minimize concentration risks, credit volume is distributed among several lenders. The company's solid equity position, its current cash flows, and available bank loans form the basis for the company's long-term financing. Interest risks are controlled through the mix of maturities and fixed and variable rate positions. To secure future capital requirements, financial management also regularly reviews alternative financing opportunities.

Bad debt risk (class C)
LUDWIG BECK is only exposed to bad debt risk to a minor extent. Credit card providers mainly bear the risks resulting from credit card payments. The monitoring of EC-card payments is outsourced to an external service provider. Risks in cash payment transactions are low due to implemented control mechanisms.

Liquidity risk (class C)
Liquidity risk is the result of insufficient available funds to meet financial obligations in time. LUDWIG BECK has such obligations, particularly for the repayment of financial liabilities. The LUDWIG BECK Group constantly monitors and plans its liquidity. The Group companies regularly have liquid funds available to meet their current payment obligations. Furthermore, short-term lines of credit and overdraft facilities can be called upon. These are based on solid financing. The Group has a strong operative cash flow, considerable liquid funds, and unutilised lines of credit. Because of the effects of the COVID-19 pandemic, operating cash flow was considerably negatively affected in recent years. To cushion the negative consequences of the pandemic and to secure liquidity, LUDWIG BECK AG secured a medium-term LfA loan. Forward-looking liquidity planning ensures LUDWIG BECK is always solvent.

5. Other risks

IT risks (class B)
IT risks mainly concern the requirement of no-fail availability of cash registers and computer systems, including the necessary IT network, as well as the integrity of data in connection with potential external attacks on IT systems. A combination of external and internal services guarantees the quality and security of processes in the field of data processing. Effective IT management ensures the company's IT systems are permanently available and measures to protect the system from external attacks are taken.

Personnel risks (class B)
Employees are one of the decisive factors for success. In addition to creating a positive working environment, our human resources activities focus on in-company training and development, and the promotion of junior managers. The development of staff, in combination with the application of our management principles reduces the risk of personnel fluctuations and fundamentally ensures the high standard of qualification and service orientation of our employees.

However, the attractiveness of the retail sector has been reduced–especially due to the pandemic. Short-time work due to lockdown measures considerably affected stationary retail. Many businesses were forced to close or at least downsize due to a shift from stationary to online business. This has reduced the number of applicants in the entire sector and thus also at LUDWIG BECK.

LUDWIG BECK was an attractive employer during the pandemic and still is. For it to remain, staff remuneration has been adjusted to current market conditions. The constant expansion of company health management (BGM) is also a focus. A mobile working policy gives all employees with corresponding work areas the opportunity to achieve the best balance between work and free time/family within a "win-win situation."

Recruiting is becoming an even more important issue in human resources work. Not least due to various digitalization projects, successively higher resources are being mobilised for the effort to find the best talents.

There is also a continued strong focus on training and cross-functional development.

Legal and tax risks (class C)
LUDWIG BECK is exposed to legal and tax risks through possible breaches of legal provisions. Therefore, monitoring the current legal position, along with upcoming legislative amendments, is kept within the focus of the companies. The involvement of external advisors helps minimise this risk and regularly make necessary adjustments to the ever-changing legal environment.

To the best of the company's knowledge, it is not currently facing, nor expecting, legal proceedings or arbitration that might have an impact on the economic situation of LUDWIG BECK. As a result, no impact on business development is expected.

The company has sufficient insurance coverage for risks from damages and liability claims where requirements and conditions are subject to continual assessment both internally and externally.

Compliance risks (class C)
For an internationally active business, complying with a multitude of legal systems and regulations requires a high degree of attention and the integrity of employees in every position. Compliance risks can result from corruption when dealing with authorities, breaches of data protection rules, or non-observance of labour laws. To rule out infringements, LUDWIG BECK thoroughly educates its staff and ensures vigilant compliance awareness. To support and minimize risks, LUDWIG BECK has additionally appointed an external compliance officer.

6. Overall risk evaluation

Presently, the management of LUDWIG BECK considers the aforementioned risks to be generally controllable. At present, no risks that could endanger the continued existence of the company can be identified.

On the other hand, there is a multitude of opportunities that the Executive Board will seize to promote growth and earnings. These include, not least, the property owned by the Group at Munich's Marienplatz, one of the most sought-after sales locations in Europe.

LUDWIG BECK bears all entrepreneurial risks concerning the company's core and supporting processes but only if they are controllable and the required effort contributes to the Group's increase in value. This category includes strategic models, decisions about new areas of enterprise, or the purchasing and selling of products. Apart from this, LUDWIG BECK does not take risks.

The future effects of the war in Ukraine are currently difficult to assess. In addition to the absence of tourists from Russia, Ukraine, and other countries, the uncertainty could cause growing consumer restraint. In addition, the huge increase in inflation and the steep rise in interest rates have a negative impact on earnings.

OPPORTUNITIES REPORT

The new fiscal year offers LUDWIG BECK opportunities for successful business development. The property owned by the Group at Munich's Marienplatz, one of the most sought-after sales locations in Europe, offers excellent conditions for generating higher sales again. In addition, the COVID-19 pandemic appears to be over and there will be no more drastic restrictions. There are hardly any regulations or restrictions left and the people seem to be breathing a sigh of relief. This means that tourists, as well as customers from Munich and its region, will be drawn to Munich's city centre again.

Customer loyalty programmes are becoming increasingly important and offer opportunities for companies. LUDWIG BECK's customer loyalty programme with the LUDWIG BECK CARD enables customers to benefit from personal and attractive offers. This can significantly strengthen customer loyalty and increase LUDWIG BECK Card holders' spending propensity. LUDWIG BECK also seizes online sales opportunities and is constantly optimizing and developing its online shop for fashion and beauty.

Sustainability is becoming increasingly important for consumers. LUDWIG BECK can differentiate itself from other textile stores and lead by example. The company selects suppliers who attach importance to the origin and production of the goods. For example, LUDWIG BECK sells products that are labelled "zum fairlieben" (to love fairly). These products are characterised by special fairness towards the environment, people, and animals. There are now many certificates that ensure these standards are subject to permanent inspection and control. Among these certificates is the BSCI - Business Social Compliance Initiative – trade association amfori. BSCI is committed to the worldwide improvement of working conditions in global supply chains in compliance with all applicable laws and regulations. This certificate aims to ensure 30% of global cotton production is sourced from sustainable sources. LUDWIG BECK is placing increasing emphasis on certified producers.

However, the consequences of the war in Ukraine, a resulting absence of tourists from Eastern Europe, and a general consumption restraint could dampen these opportunities.

IV. Internal Control and Risk Management System

LUDWIG BECK has established a system of internal controls to secure proper accounting in compliance with legal requirements. Standardised guidelines and rules, as well as a clearly defined course of action, govern LUDWIG BECK's accounting procedures. To this effect, uniform accounting parameters and booking directions for various business transactions were established. Another control tool is the clear allocation of functions regarding various accounting processes. Accounting-relevant items are mainly recorded on an automated basis.

For Group accounting purposes, all bookkeeping data of the consolidated companies can be assessed. To survey compliance with applicable rules, LUDWIG BECK relies on process-integrated monitoring systems. LUDWIG BECK divided these systems into ongoing automated control mechanisms, like separation of functions and restricted access to certain sets of books for unauthorized personnel, and controls integrated into work processes that are secured through automated bookings, permanently stored codes, automated booking procedures, and the recording of the entire sales process (cash register systems).

The accounting-related risk management system of LUDWIG BECK is established in a way that the risks of misrepresentation, which mainly ensue from new business processes or amendments to legal provisions, are constantly monitored. These risks are contained by transferring decisions on accounting-related data resulting from unusual business transactions to the management level. Ongoing training about changes to the applicable accounting provisions is provided to management. External providers conduct up-to-date training in the basic principles described in the literature. In case of doubt, external consultants are called in to implement changes and integrate them into existing processes.

V. Forecast Report

GERMAN ECONOMY PLEASINGLY RESILIENT. LUDWIG BECK CAUTIOUSLY OPTIMISTIC

The global economy weathered the consequences of the war in Ukraine and the persistently high inflation slightly better than originally feared. This is the conclusion of the International Monetary Fund's (IMF) updated forecast for the global economy. It projects global growth to slow to 2.9% in 2023 (2022: 3.4%) and growth of 3.1% in 2024. However, in October much more pessimistic forecasts had been made. According to the IMF, the trend is due to the "unexpectedly high resilience" of many economies and China's turn from its zero-covid strategy. As a result, the IMF no longer expects the global economy to slip into recession—a scenario the IMF did not completely rule out in autumn.

For the Eurozone, the IMF expects economic growth of 0.7% in 2023, while, for Germany, the Kiel Institute for the World Economy (IfW) anticipates gross domestic product (GDP) growth of around 0.3%. In 2024, the German economy is expected to grow by 1.4%. The German consumer price index is expected to rise by 6.6%, which is also less than recently expected. The central banks' interest rate hikes are having an effect here. Nevertheless, 2023 is expected to be another difficult year for German retailers. This is even felt by chains that for years have expanded strongly—Primark, H&M, and Zara, for example, are planning to close many stores. The fashion chain Orsay is completely withdrawing from Germany. It is therefore even more important that retailers position themselves with omnichannel offers. According to a forecast by HDE, sales will still rise compared to 2022, but company earnings will drop due to persistently high inflation, causing another negative year for the retail sector.

LUDWIG BECK is cautiously optimistic about the 2023 fiscal year and still believes in the importance of stationary retail. Thus, LUDWIG BECK will continue to invest in the Marienplatz store in 2023—and by renovation create new exciting shopping worlds. Despite difficult economic conditions, the management of LUDWIG BECK AG expects gross sales between € 88m and € 92m and break-even in operating earnings (EBIT) for the 2023 fiscal year.

VI. Supplementary Details

1. DETAILS ACCORDING TO SECTION 315A (1) COMMERCIAL CODE (HGB)

Composition of subscribed capital

The subscribed capital (share capital) of LUDWIG BECK is divided into 3,695,000 no-par shares (ordinary shares). The no-par shares are issued to the bearer. The nominal value of each capital share is € 2.56 per no-par share. Direct and indirect capital holdings that represent more than ten in a hundred of the voting rights are listed below.

Direct and indirect holdings

According to the company's knowledge, the listed companies and individuals directly or indirectly hold more than ten in a hundred of the voting rights at LUDWIG BECK at the time of the preparation of the annual financial statements:

- Christian Rudolf Greiner Verwaltungs GmbH, Reichenschwand, 25.69% (direct)
- Mr Christian Greiner, Germany, 26.13% (direct and indirect)
- INTRO-Verwaltungs GmbH, Reichenschwand, 25.19% (direct)
- Mr Hans Rudolf Wöhrl, Germany, 25.19% (indirect)
- BG Heppenheim Grundstücks GmbH, Grasbrunn, 24.00% (direct)
- Mr Alfons Doblinger, Germany, 25.00% (direct and indirect)

Legal provisions and terms of the articles of association concerning the appointment and removal of members of the Executive Board as well as amendments to the articles of association

According to the Articles of Association and the relevant legal provisions, the Supervisory Board appoints and dismisses members of the Executive Board. The number of members is determined by the Supervisory Board. According to the resolution of the Annual General Meeting of June 3, 2019, the Executive Board consists of at least one person. Any amendment to the Articles of Association requires a resolution of the Annual General Meeting (Section 179 (1) Stock Corporation Act (AktG)).

According to Section 16 (3) of the Articles of Association, the resolution of the Annual General Meeting requires a simple majority of the votes cast or, as the case may be, in addition, a simple majority of the represented share capital, unless a more substantial majority or further prerequisites are stipulated by law or the Articles of Association. This is the case for resolutions on changes to the nature and purpose of the business or capital measures excluding shareholders' subscription rights. According to Section 12 (2) of the Articles of Association, the Supervisory Board is authorized to implement changes to the Articles of Association that only concern the wording.

Further details according to Section 315a (1) Commercial Code (HGB)

Since the provisions of Section 315a (1) No. 2, No. 4, No. 5, No. 8, and No. 9 HGB do not apply, no details have to be provided.

2. CONSOLIDATED DECLARATION ON CORPORATE GOVERNANCE ACCORDING TO SECTION 315D COMMERCIAL CODE (HGB)

The Declaration on Corporate Governance, according to § 289f HGB and § 315d HGB, has been made publicly available on the company's website in the section Corporate Governance under the menu item Declaration on Corporate Governance.

Munich, February 28, 2023

The Executive Board

Christian Greiner Jens Schott

4 Additional *Information*

Corporate Affidavit

"To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position, and profit and loss situation of the Group. The Consolidated Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.”

Munich, February 28, 2023

Christian Greiner Jens Schott

Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE CONSOLIDATED MANAGEMENT REPORT

AUDITOR'S OPINIONS

We have audited the Consolidated Financial Statements of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier Aktiengesellschaft and its subsidiaries (the Group) – comprising the Consolidated Balance Sheet as per December 31, 2022, the Consolidated Statement of Comprehensive Income, the Consolidated Equity Statement and the Consolidated Cash Flow Statement for the Fiscal Year from January 1 to December 31, 2022 together with the Consolidated Notes, including a summary of significant accounting methods. Furthermore, we have audited the Consolidated Management Report of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier Aktiengesellschaft for the Fiscal Year from January 1 to December 31, 2022.

According to our assessment based on the findings of our audit

- the attached Consolidated Financial Statements comply with the IFRS as adopted by the EU as well as with section 315e par. 1 Commercial Code (HGB) applicable as a supplementary source of German law, in all major aspects, and, with due regard to these provisions, give a true and fair view of the assets and financial situation of the Group as per December 31, 2022 and the Group's earnings position for the Fiscal Year from January 1 to December 31, 2022 and
- the attached Consolidated Management Report, as a whole, provides a suitable view of the Group's position. The Consolidated Management Report is consistent with the Consolidated Financial Statements in all major aspects, complies with the provisions of German law and accurately represents the opportunities and risks of future development.

In accordance with section 322 par. 3, sentence 1 Commercial Code (HGB) we declare that our audit has not revealed any grounds for objections against the regularity of the Consolidated Financial Statements or the Consolidated Management Report.

GROUNDS FOR OUR AUDIT OPINIONS

We conducted our audit of the Consolidated Financial Statements and the Consolidated Management Report pursuant to section 317 Commercial Code (HGB) and the EU Audit Regulations (No. 537/2014; hereinafter referred to as "EU AudReg") and with due regard to the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility according to these provisions and principles is set out in more detail in the "Responsibility of the auditor for the audit of the Consolidated Financial Statements and the Consolidated Management Report" section of our Auditor's Report. We are independent of the Group companies within the meaning of European and German provisions of commercial and professional law and have complied with our other professional duties under German law and the foregoing requirements. Furthermore, we declare in accordance with article 10 par. 2 lit. f) EU AudReg that we didn't render any prohibited non-audit services according to article 5 par. 1 EU AudReg. We believe that the audit evidence obtained forms a sufficient and appropriate basis for our audit opinions on the Consolidated Financial Statements and the Consolidated Management Report.

PARTICULARLY SIGNIFICANT FACTUAL MATTERS RELEVANT FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particularly significant factual matters relevant to the audit are factual matters that, at our reasonable discretion, have been the most important ones for the audit of the Consolidated Financial Statements for the Fiscal Year from January 1 to December 31, 2022. These factual matters were taken into consideration in connection with our audit of the overall Consolidated Financial Statements and the formation of our relevant audit opinion. We do not provide any separate opinion on these factual matters.

Revenue Recognition

Reasons for consideration as particularly significant factual matter: ISA [DE] 240 para 27 requires the auditor, in identifying and assessing risks of material misstatement due to fraud, to presume that risks of fraud exist in revenue recognition and to assess which types of revenue, revenue-generating transactions or statements give rise to such risks. According to ISA [EN] 240 para 28, the auditor has to treat the assessed risks of material misstatement due to fraud as significant risks.

Audit approach: Within the scope of our audit, we have assessed the design of the accounting-related internal controls in the area of sales/revenue from sales of goods and examined their effectiveness on a test basis. In particular, we have examined the interface between the cash register system and the financial accounting system and have understood the system for recording incoming payments and their reconciliation with the sales of goods. Furthermore, we reviewed the sales revenue accounts for possible manual sales revenue postings.

Due to LUDWIG BECK's business model, which involves the sale of merchandise against cash or card payment via a POS system connected to the financial accounting system, and the internal processes and controls established in the area of sales/revenue of goods, we do not consider the risk of material misstatement of revenue recognition to be significant after our audit. Our audit did not give rise to any objections with regard to revenue recognition.

Reference to pertinent information: The revenue recognition principles applied by LUDWIG BECK are described in the Notes to the Consolidated Financial Statements in section B. IV. 13. "Accounting principles and valuation methods - Revenue recognition". The internal control system is explained in section IV. "Internal Control and Risk Management System" of the Consolidated Management Report.

Valuation of merchandise

Reasons for consideration as particularly significant factual matter: Merchandise is accounted for at cost, reduced by discounts for age and slow-moving items (fashion risk, restrained consumer sentiment) as well as the cash discount granted. In our view, this valuation approach is a particularly important audit matter, as the measurement of these discounts requires discretionary decisions, estimates and assumptions with regard to the price reductions actually to be granted on the inventories in the following year as well as the sales costs that are expected to be incurred until the sale of the goods.

Audit approach: Within the scope of our audit we assessed the structuring of the accounting-related internal control system in the merchandise management area and valued its efficiency by random checking. Building on that, we retraced the deductions made using risk-oriented, selected samples for retrograde valuation. Furthermore, we reviewed the deductions for plausibility on the basis of the price reductions granted in the time after the reporting date. We also checked the plausibility of the assumptions underlying the special discount. In addition, we have checked the plausibility of the special discounts made in the previous year with the realised sales in 2022 in order to validate the estimation methods used.

Our audit activities did not give rise to any objections regarding the valuation of merchandise.

Reference to pertinent information: As regards the accounting principles applied by LUDWIG BECK to the reporting of merchandise we refer to “Accounting and valuation methods – inventories” in chapter B. IV. 6., and to “Explanations to individual items of the Consolidated Balance Sheet and the Consolidated Statement of Comprehensive Income – Consolidated Balance Sheet – inventories“ in chapter C. I. (3) of the Consolidated Notes.

OTHER INFORMATION

The legal representatives are responsible for the following other information we expect to be submitted to us after the date of our Auditor’s Report:

- Corporate Governance Report according to Section F. of the German Corporate Governance Code,
- Group Statement on Corporate Governance pursuant section 315d par. 1 Commercial Code (HGB); LUDWIG BECK prepares a combined Declaration and Group Declaration on Corporate Governance, that according to section 315d sentence 2 together with section 289f par. 1 sentence 2 Commercial Code (HGB) will be published on the corporate website,
- Declaration according to sections 297 par. 2, sentence 4 and 315 par. 1, sentence 5 Commercial Code (HGB) and
- The remaining parts of the Annual Report for the Fiscal Year 2022 with the exception of the audited Consolidated Financial Statements, the Consolidated Management Report and our pertinent Auditor’s Report.

The Supervisory Board is responsible for the following information we expect to be provided to us after the date of this Auditor's Report:

- Supervisory Board's Report.

Our audit opinions regarding the Consolidated Financial Statements and the Consolidated Management Report do not extend to other information. Accordingly, we neither give any audit opinion nor draw any other audit conclusion with regard thereto.

In the context of our audit, it is our responsibility to read the other information and to assess whether the other information

- contains significant inconsistencies regarding the Consolidated Financial Statements, the Consolidated Management Report or our audit findings or
- was otherwise gravely misrepresented.

RESPONSIBILITY OF THE LEGAL REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE CONSOLIDATED MANAGEMENT REPORT

The legal representatives are responsible for the preparation of the Consolidated Financial Statements in compliance with the IFRS as adopted by the EU as well as with section 315e par. 1 Commercial Code (HGB) applicable as a supplementary source of German law, in all major aspects, and for ensuring that, with due regard to these provisions, they convey an accurate and fair picture of the Group's assets, financial and earnings situation. Furthermore, the legal representatives are answerable for the internal controls they consider essential in order to facilitate the preparation of the Consolidated Financial Statements free of significant misrepresentations due to fraudulent acts (i.e. manipulation of accounts and damage to property) or errors.

With regard to compiling the Consolidated Financial Statements, the legal representatives are also obligated to assess the Group's ability to continue as a going concern. The legal representatives are also requested to present factual matters that are relevant to the continuation as a going concern. Furthermore, it is their responsibility to base their accounting on the accounting principle of going concern unless they intend to liquidate the Group or discontinue operations or have no viable alternative.

The legal representatives are also responsible for ensuring that the Consolidated Management Report prepared by them basically conveys an accurate picture of the Group's situation, is consistent with the Consolidated Financial Statements in all major aspects, complies with the provisions of German law and correctly represents the opportunities and risks of future development. Furthermore, the legal representatives are answerable for all precautions and measures (systems) they consider essential in order to facilitate the preparation of the Consolidated Management Report in compliance with the applicable provisions of German law and to provide sufficient and appropriate evidence for the statements contained in the Consolidated Management Report.

The Supervisory Board is responsible for monitoring the Group's financial reporting process as applied to the preparation of the Consolidated Financial Statements and the Consolidated Management Report.

RESPONSIBILITY OF THE AUDITOR FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE CONSOLIDATED MANAGEMENT REPORT

It is our objective to attain a sufficient level of assurance as to whether the Consolidated Financial Statements as a whole are free of misrepresentations due to fraudulent acts or errors and the Consolidated Management Report basically gives an accurate view of the Group's situation, is consistent with the Consolidated Financial Statements and the audit findings in all major aspects, complies with the provisions of German law and correctly represents the opportunities and risks of future development, and to provide an Auditor's Report that reflects our audit opinions concerning the Consolidated Financial Statements and the Consolidated Management Report.

Sufficient assurance means a high level of assurance, yet no guarantee that an audit carried out in accordance with section 317 Commercial Code (HGB) and EU AudReg, with due regard to the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW), will always detect significant misrepresentations. Misrepresentations may result from fraudulent acts or errors. They are considered significant if they can be reasonably expected to influence the economic decisions, individually or generally, taken by the recipients on the basis of these Consolidated Financial Statements and this Consolidated Management Report.

With regard to our audit we exercise due discretion and maintain a critical stance. Furthermore, we

- identify and assess the risks of significant misrepresentations due to fraudulent acts o errors in the Consolidated Financial Statements and the Consolidated Management Report, plan and carry out audit procedures in response to such risks and obtain audit evidence that is sufficient and appropriate to form the basis for our audit opinions. The risk of not detecting material misstatements resulting from fraud is higher than the risk of not detecting material misstatements resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misleading representations or override of internal controls.
- gain an understanding of the internal control systems relevant to the audit of the Consolidated Financial Statements and the precautions and measures relevant to the audit of the Consolidated Management Report in order to be able to plan audit actions that are appropriate under the given circumstances while at the same time refraining from giving an audit opinion on the efficiency of the company's systems.
- evaluate the appropriateness of the accounting processes applied by the legal representatives as well as the tenability of the estimated values and pertinent information provided by the legal representatives.
- draw conclusions on the adequateness of the accounting principle of going concern as applied by the legal representatives, as well as on the question as to whether, based on the audit evidence obtained, there is any significant uncertainty in connection with events or circumstances that give rise to reasonable doubt about the Group's ability to continue as a going concern. If we arrive at the conclusion that there is a significant uncertainty, we are obligated to draw attention to the pertinent information contained in the Consolidated Financial Statements and the Consolidated Management Report in our Auditor's Report, or if this information is inappropriate, to qualify our audit opinion. We draw our conclusions based on the audit evidence obtained until the date of our Auditor's Report. Future events or circumstances may, however, lead to a situation where the Group is no longer able to continue as a going concern.
- assess representation, layout and contents of the Consolidated Financial Statements as a whole including pertinent information, and evaluate whether the Consolidated Financial Statements reflect the transactions and events they are based on in a way that the Consolidated Financial Statements convey a fair and accurate picture of the Group's assets, financial and earnings situation, in compliance with the IFRS as adopted by the EU as well as with section 315e par. 1 Commercial Code (HGB) applicable as a supplementary source of German law.
- obtain sufficient and appropriate audit evidence for the companies' accounting details and intergroup transactions in order to give audit opinions on the Consolidated Financial Statements and the Consolidated Management Report. We are responsible for the derivation, monitoring and performance of the audit of the Consolidated Financial Statements. We have sole responsibility for our audit opinions.
- evaluate the Consolidated Management Report's consistency with the Consolidated Financial Statements, its legality and the picture of the Group's situation it conveys.
- perform audit activities with regard to the future-oriented information given by the legal representatives in the Consolidated Management Report. On the basis of sufficient and appropriate audit evidence we particularly retrace the significant assumptions the legal representatives based their future-oriented information on, and evaluate the proper derivation of the future-oriented information from these basic assumptions. We do not give any separate audit opinion on this future-oriented information or these basic assumptions. There is a considerable risk that future events may differ materially from this future-oriented information.

Among other, we discuss with the persons responsible for monitoring about the planned scope of and the time planning for the audit as well as significant audit findings, including possible shortcomings of the internal control system, which we detect in the course of our audit.

We declare vis-à-vis the persons responsible for monitoring that we have complied with the relevant requirements of independence, and explain to them all relations and other circumstances that can reasonably be expected to have an effect on our independence, and, where relevant, the actions taken or safeguards implemented to eliminate threats to independence.

From all factual matters discussed with the persons responsible for monitoring we select those factual matters that were most significant for the audit of the Consolidated Financial Statements for the current reporting period and therefore qualify as particularly significant factual matters. We relate these factual matters in our auditor's report unless statutory or other legal provisions preclude publication of the relevant data.

OTHER STATUTORY AND OTHER LEGAL REQUIREMENTS

REPORT ON THE AUDIT OF THE ELECTRONIC REPRODUCTIONS OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE CONSOLIDATED MANAGEMENT REPORT PREPARED FOR THE PURPOSE OF DISCLOSURE PURSUANT TO SECTION 317 PAR. 3A HGB

Audit opinion

Pursuant to section 317 par. 3a HGB, we have performed an audit with a sufficient level of assurance as to whether the reproductions of the consolidated financial statements and the consolidated management report (hereinafter also referred to as "ESEF documents") contained in the attached file 5299008RI8NGQL3F3J12-2022-12-31-de.zip (hash value SHA256 6672ED64F6140F6A95C39C450FB9ACAF913E8EBABE12956FA2C667A8AB6C87D7) and prepared for the purpose of disclosure comply in all material respects with the requirements of section 328 par. 1 HGB on the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this audit only covers the conversion of the information in the consolidated financial statements and the consolidated management report into the ESEF format and therefore neither the information contained in these reproductions nor any other information contained in the aforementioned file.

In our opinion, the reproductions of the consolidated financial statements and the consolidated management report contained in the aforementioned file and prepared for the purpose of disclosure comply in all material respects with the electronic reporting format requirements of section 328 par. 1 HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying consolidated management report for the financial year from January 1 to December 31, 2022 contained in the preceding "Report on the audit of the consolidated financial statements and the consolidated management report", we do not express any audit opinion on the information contained in these reproductions or on the other information contained in the aforementioned file.

Basis for the audit opinion

We conducted our audit of the reproductions of the consolidated financial statements and the consolidated management report contained in the above-mentioned attached file in accordance with section 317 par. 3a HGB and in compliance with the *IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for the Purpose of Disclosure pursuant to section 317 par. 3a HGB (IDW PS 410 (10.2021)) [IDW Prüfungsstandards: Prüfung der für Zwecke der Offenlegung erstellten elektronischen Wiedergaben von Abschlüssen und Lageberichten nach § 317 Abs. 3a HGB (IDW PS 410) (10.2021))].* Our responsibility thereunder is further described in the section "Auditor's Responsibility for the Audit of the ESEF Documents". Our auditing practice has complied with the quality assurance system requirements of the *IDW Standard on Quality Control 1: Requirements for Quality Control in Audit Firms (IDW QS 1) [IDW Qualitätssicherungsstandards 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1)].*

Responsibility of the legal representatives and the supervisory board for the ESEF documents

The legal representatives of the Company are responsible for the preparation of the ESEF documents with the electronic reproductions of the consolidated financial statements and the consolidated management report in accordance with section 328 par. 1 sentence 4 no. 2 HGB.

Furthermore, the legal representatives of the Company are responsible for the internal controls as they deem necessary to enable the preparation of the ESEF documents that are free from material non-compliance, whether due to fraud or error, with the electronic reporting format requirements of section 328 par. 1 sentence 4 no. 1 HGB.

The legal representatives of the Company are also responsible for submitting the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited consolidated management report as well as other documents to be disclosed to the operator of the Federal Gazette.

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Auditor's Responsibility for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of section 328 par. 1 HGB. During the audit, we exercise professional judgement and maintain a critical attitude. Furthermore, we

- identify and assess the risks of material non-compliance with the requirements of section 328 par. 1 HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion;
- obtain an understanding of internal control relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those controls;
- assess the technical validity of the ESEF documentation, i.e. whether the file containing the ESEF documentation meets the requirements of Delegated Regulation (EU) 2019/815, as amended at the reporting date, for the technical specification for that file;
- assess whether the ESEF documentation provides a consistent XHTML representation of the audited consolidated financial statements and the audited consolidated management report;
- assess whether the mark-up of the ESEF documents with inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of Delegated Regulation (EU) 2019/815, as applicable at the reporting date, provides an adequate and complete machine-readable XBRL copy of the XHTML rendering.

OTHER INFORMATION ACCORDING TO ARTICLE 10 EU-APRVO

We were appointed as auditors by the Annual General Meeting held on May 31, 2022. We were engaged by the Supervisory Board on December 16, 2022. We have acted as auditors for the Consolidated Financial Statements of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier Aktiengesellschaft, Munich, since the Fiscal Year 2009 without interruptions.

We declare that the audit opinions contained in our Auditor’s Report are consistent with the Supplementary Report to the Supervisory Board pursuant to article 11 EU AudReg (Auditor’s Report).

We have not performed any services, other than those disclosed in the consolidated financial statements or the group management report of the audited entity, in addition to the audit of the financial statements of the audited entity or the entities controlled by it.

OTHER MATTERS - USE OF THE AUDIT OPINION

Our audit opinion should always be read in conjunction with the audited consolidated financial statements and the audited group management report and the audited ESEF documentation. The consolidated financial statements and the group management report converted into the ESEF format - including the versions to be published in the Federal Gazette - are merely electronic reproductions of the audited consolidated financial statements and the audited group management report and do not replace them. In particular, the ESEF opinion and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

RESPONSIBLE AUDITOR

The responsible auditor for this audit is Mr. Peter Häussermann.

Munich, March 22, 2023

BTU TREUHAND GmbH

Wirtschaftsprüfungsgesellschaft

Clemens Dornseifer	Peter Häussermann
Public Auditor	Public Auditor

Financial Calendar

Publication of the Annual Report 2022	**March 29, 2023**
Analyst Conference for the Annual Report 2022 (virtual, Munich)	**March 31, 2023**
Interim Notification for the First Quarter 2023	**April 20, 2023**
Annual General Meeting 2023 (virtual, Munich)	**May 09, 2023**
Interim Report for the Second Quarter 2023 and the First Half 2023	**July 20, 2023**
Interim Notification for the Third Quarter 2023 and the Nine Months 2023	**October 19, 2023**

Imprint & Contact

Publisher: LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG | Marienplatz 11 | 80331 Munich
Tel. +49. 89. 23691-0 | Fax +49. 89. 23691-600 | info@ludwigbeck.de | kaufhaus.ludwigbeck.de

You can find more information about LUDWIG BECK at kaufhaus.ludwigbeck.de.
You can also subscribe to our financial newsletter there, so you are always up to date in a timely and comprehensive manner.