

**BASTEI LÜBBE AG
GROUP
QUARTERLY
STATEMENT
1 APRIL -
30 JUNE 2020**



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At a glance

	01/04/2020- 30/06/2020	01/04/2019- 30/06/2019	Change
Key financial figures (IFRS) in EUR million			
Group sales	18.5	18.9	-2.0 %
EBIT	1.6	1.4	16.6 %
EBIT margin in %	8.5 %	7.2 %	1.3 Pp
Results for the period from continuing operations	1.0	0.7	36.7 %
Results for the period from discontinued operations	0.6	0.0	—
Group result	1.6	0.8	113.7 %
Earnings per share in EUR	0.09	0.06	65.8 %
	30/06/2020	31/03/2020	
Balance sheet total	68.3	68.6	-0.1 %
Equity*	29.5	27.4	8.0 %
Equity ratio in %	43.3 %	39.9 %	3.3 Pp
Net debt	-3.0	0.6	—

* incl. equity capital shares of non-controlling shareholders

Economic Report

General conditions

In its summer forecast, the EU Commission assumes that the economy in the Eurozone will decline by 8.7 % in 2020 and grow by 6.1 % in 2021.¹ A similar picture is emerging for Germany. The experts from the Institute for Economic Research expect the German economy to decline by 6.7 %. For 2021, they forecast growth of 6.4 %.² The number of unemployed will also increase from 2.3 million to 2.7 million in the current year, i.e. from 5.0 % to 5.9 %. For the coming year 2021, however, the unemployment rate will fall back to 5.6 %. Private consumption in 2020 will fall by 6.4 % compared to the previous year. German exports will fall by 13.3 % and German imports by 7.7 %.³

The industry environment in the Bastei Lübbe AG business segments

In **book retailing**, sales in the sales channels retail bookselling, e-commerce, railway station bookselling, department store, electrical goods and drugstore combined from January to June 2020 were significantly below the level of the previous year's period with a minus of 8.3 %. This is primarily due to the closures of the bookstores during the several-week lockdown due to the COVID-19-pandemic. While the number of copies sold fell by 9.6 %, 1.5 % higher book prices at least compensated somewhat for the drop in sales according to the German Publishers & Booksellers Association.⁴

E-books emerged as one of the winners from the COVID-19-pandemic. Due to the lockdown and the associated closures of bookstores, sales (price from EUR 3 upwards) of e-books in the first six months of 2020 increased by 15 % compared to the previous year. During the same period, the numbers of copies sold increased by 12 % compared to 2019. The average price of an e-book fell by 3 % compared to the first half of 2019, although the price of an e-book is still over EUR 9 on average (due to the exclusion of low-price titles).⁵

Sales of **physical audio books/audio books** recorded a significant decrease of 20.6 % in the first six months of 2020 compared to the same period last year.⁶ No data is yet available for digital formats for the calendar year 2020. However, it can be assumed that the sales share of storage-friendly audio streaming in the audio book market will continue to rise.

¹ https://ec.europa.eu/commission/presscorner/detail/de/ip_20_1269

² <https://www.ifo.de/node/56484>

³ <https://www.ifo.de/node/56484>

⁴ [https://www.boersenverein.de/tx_boev_newsletter_view?tx_boev_pi14\[uid\]=1560&tx_boev_pi14\[backend_layout\]=pagets__newsletter](https://www.boersenverein.de/tx_boev_newsletter_view?tx_boev_pi14[uid]=1560&tx_boev_pi14[backend_layout]=pagets__newsletter)

⁵ https://www.buchreport.de/news/effekt-der-e-reading-erfahrung/?utm_source=buchreport&utm_medium=link&utm_campaign=plus-gesehen&utm_content=Auch+nach+dem+Lockdown+w%C3%A4chst+das+E-Book

⁶ [https://www.boersenverein.de/tx_boev_newsletter_view?tx_boev_pi14\[uid\]=1560&tx_boev_pi14\[backend_layout\]=pagets__newsletter](https://www.boersenverein.de/tx_boev_newsletter_view?tx_boev_pi14[uid]=1560&tx_boev_pi14[backend_layout]=pagets__newsletter)

Business Performance

Profit situation

Following the resolution of the Management Board and Supervisory Board in the previous year to divest the subsidiary Daedalic Entertainment GmbH, Daedalic was classified as a discontinued operation. Daedalic was sold with financial effect as of 31 May 2020 in a management buy-out. In the following explanations we refer to the continuing operations. The previous year's figures in the income statement were adjusted accordingly.

The first quarter of fiscal 2020/2021 continued to be affected by the COVID-19-pandemic. However, Bastei Lübbe AG was able to develop above average in this difficult market environment and generated consolidated sales of EUR 18.5 million in the period from April to June of the 2020/2021 financial year, compared with EUR 18.9 million in the previous year. Sales were thus 2.0 % below the previous year. EBIT improved to EUR 1.6 million in the first quarter of 2019 compared to EUR 1.4 million in the same period of the previous year. The previous year included income of EUR 0.4 million from the sale of the puzzle business.

While bookselling sales were down on the previous year, Bastei Lübbe AG was able to match the previous year's sales revenue in the "Books" segment. In this respect, it should be noted that the sales revenue in the prior-year quarter included the first volume of Jeff Kinney's comic novel "Diary of an Awesome Friendly Kid: Rowley Jefferson's Journal". The second volume "Rowley Jefferson's Awesome Friendly Adventure" was postponed to August 2020 and therefore is not included in the sales revenue in the first quarter of the actual fiscal year. The fact that previous year's sales revenues were achieved is on the one hand due to the high demand for books from LYX and books for children and young adults. On the other hand, sales of digital products (e-books and audio files) are around 25 % higher than in the previous year. The segment EBIT improved from EUR 0.6 million in the previous year to EUR 1.3 million in the current financial year.

There were also no negative effects from the COVID-19-pandemic in the first quarter for the "Novel Booklets" segment. The "Novel Booklets" segment achieved sales of EUR 1.8 million in the first quarter compared to EUR 2.2 million in the previous year. The sales revenues of the current fiscal year can only be compared with those of the previous year to a limited extent, as the previous year's figure includes EUR 0.4 million from the disposal of the puzzle division, which was sold with effect as of 31 May 2019. Segment EBIT fell from EUR 0.8 million to EUR 0.3 million in the current fiscal year. The previous year's figure includes the proceeds of EUR 0.4 million from the sale of the puzzle magazines division.

At EUR -29k, the change in inventories of finished goods and work in progress was EUR 1.4 million higher than in the previous year (EUR -1.4 million). In the previous year, the measures for low-margin sale of excess inventory were intensified.

At EUR 8.9 million in the period under review, the material expenses was above the previous year's level (EUR 8.4 million). This is mainly due to higher printing costs resulting from a changed product mix.

Personnel expenses rose from EUR 3.8 million in the previous year to EUR 4.0 million.

Other operating expenses fell from EUR 3.9 million in the previous year to EUR 3.5 million. This is mainly due to lower legal and consulting costs.

Earnings before interest and taxes (EBIT) amounted to EUR 1.6 million in the period April to June (previous year: EUR 1.4 million). The EBIT margin was 8.5 % after 7.2 % in the same period of the previous year. The result from at-equity valued investments amounted to EUR 0.1 million (previous year: EUR 0.1 million).

Amortisation of rights of use under leases amounted to EUR 0.3 million (previous year: EUR 0.3 million)

The financial result totaled EUR -0.2 million (previous year: EUR -0.3 million). Earnings before taxes (EBT) amounted to EUR 1.4 million (previous year: EUR 1.2 million). Interest expenses from leasing liabilities amounted to EUR -0.1 million (previous year: EUR -0.1 million)

The results for the period from continuing operations amounted to EUR 1.0 million (previous year: EUR 0.7 million). The results for the period of the discontinued business units amounts to EUR 0.6 million (previous year: KEUR 32). This includes expenses from the deconsolidation of Daedalic amounting to EUR -0.2 million. The group results for the period amounts to EUR 1.6 million (previous year: EUR 0.8 million). The results for the period attributable to the shareholders of Bastei Lübbe AG amounted to EUR 1.2 million (previous year: EUR 0.7 million). Earnings per share amounted to EUR 0.09 after EUR 0.06 in the previous year. This was based on a number of 13,200,100 shares in circulation in the reporting period (unchanged from the previous year).

Asset position

The consolidated balance sheet total fell by EUR 0.3 million from EUR 68.6 million to EUR 68.3 million.



Non-current assets amounted to EUR 39.4 million, compared with EUR 32.6 million as of 31 March 2020. The level of prepaid royalties increased by EUR 7.5 million. This includes advance payments to two world bestselling authors. Rights of use under leasing agreements amount to EUR 6.7 million (31 March 2020: EUR 6.9 million).

Current assets decreased from EUR 36.0 million as of 31 March 2020 to EUR 28.9 million as of 30 June 2020 due to the deconsolidation of Daedalic. Daedalic's assets of EUR 9.5 million were reported as assets held for sale under current assets.

The share of equity attributable to shareholders of the parent company was EUR 29.4 million as of 31 March 2020 (EUR 28.3 million). The increase results from the positive net income of EUR 1.6 million for the period (of which EUR 1.2 million is attributable to the shareholders of Bastei Lübbe AG).

Non-current liabilities amount to EUR 8.0 million compared to EUR 7.3 million as of 31 March 2020. The increase is mainly due to the reclassification of loan liabilities from current liabilities to non-current liabilities in the amount of EUR 0.8 million. Leasing liabilities within non-current liabilities amount to EUR 5.8 million (31 March 2020: EUR 6.0 million).

Current liabilities amounted to EUR 30.8 as of 30 June 2020 compared with EUR 33.9 as of 31 March 2020, primarily as a result of two opposing effects. On the one hand, current liabilities are reduced by the disposal of liabilities in connection with assets held for sale in the amount of EUR 10.3 million as part of the deconsolidation of Daedalic. On the other hand, trade payables increase from EUR 10.3 million as of 31 March 2020 to EUR 19.2 million as of 30 June 2020 due to the recognition of additional liabilities to authors in the amount of EUR 7.7 million. Leasing liabilities within non-current liabilities amount to EUR 1.1 million (31 March 2020: EUR 1.2 million).

At EUR 3.0 million, net financial assets as of 30 June 2020 are EUR 3.6 million higher than as of 31 March 2020 (net financial debt: EUR 0.6 million).

Supplementary Report executive board

With effect from 31 July 2020, factoring of receivables from the "digital" book business was terminated. In agreement with Bastei Lübbe AG, the factor made use of his short-term right of termination. No refinancing is necessary due to the group's positive business development.

Subject to the approval of the Annual General Meeting on 15 September 2020, Bastei Lübbe will conclude a settlement with former board members regarding all claims asserted to date. Accordingly, the defendants will pay EUR 1.27 million to the publisher. Should the public prosecutor's investigations result in further claims, these can be asserted independently of this. For this reason, no discharge of the former board members for the respective financial year 2016/2017 is planned.

Sandra Dittert (Director of Marketing/Sales) and Joachim Herbst (CFO) joined Bastei Lübbe on 1 August 2020 and the new Management Board has now fully taken up its work together with Simon Decot (Director of Programme). Following the departure of Carel Halff (CEO) at the Annual General Meeting on 15 September 2020, Joachim Herbst will also take over the spokesman function.

No other events of particular significance for the assessment of the net assets, financial position, and results of operations of the Bastei Lübbe AG Group occurred after the reporting period.

Opportunity and Risk Report

The risk situation of Bastei Lübbe AG and its opportunities have not fundamentally changed since the presentation in the Annual Report 2019/2020.

Forecast

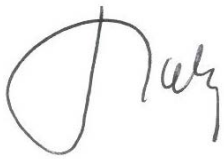
Compared with the presentation in the 2019/2020 Annual Report, the Management Board's forecast for the 2020/2021 financial year has not changed.

In the current fiscal year 2020/2021, Group sales are expected to be between EUR 85 and 90 million (previous year: EUR 81 million). Positive EBIT in a range between EUR 5 and 6 million (previous year: EUR 4.1 million) is still expected.

Due to the termination of the factoring of receivables from "digital" sales revenues, the financial planning of the Bastei Lübbe Group now assumes that a free cash flow at the lower end of the range of EUR 5 to 8 million (previous year: EUR 10.4 million) can be achieved in the current financial year.

Effects due to a renewed tightening of measures to contain the COVID-19-pandemic, which could lead to a reduction of the forecast, are still subject to considerable uncertainty in the view of the Management Board, as new information is emerging worldwide on a daily basis. In future quarterly reports and the half-year report, the Management Board will again communicate its expectations and the outlook for the future as usual on the basis of current developments.

Cologne, 13 August 2020
Bastei Lübbe AG



Carel Halff
Chief Executive Officer



Joachim Herbst
Chief Financial Officer



Sandra Dittert
Director
Sales and Marketing



Simon Decot
Director
Programme

Consolidated balance sheet as of 30 June 2020

	30/06/2020 KEUR	31/03/2020 KEUR
Long-term assets		
Intangible assets	1,100	1,130
Inventory of pre-paid royalties	22,843	15,347
Tangible assets (incl. rights of use)	8,049	8,415
Investments accounted for under the equity method	1,054	999
Financial investments	3,394	3,276
Trade receivables	368	420
Deferred tax claims	2,614	3,043
	39,422	32,629
Short-term assets		
Inventories	11,981	11,959
Trade receivables	8,480	8,482
Financial assets	667	1,053
Income tax receivables	126	374
Other receivables and assets	1,761	1,815
Cash and cash equivalents	5,877	2,765
Assets held for sale	—	9,501
	28,892	35,950
Total assets	68,314	68,579
Equity		
Share of equity attributable to parent company shareholders		
Subscribed capital	13,200	13,200
Capital reserves	9,045	9,045
Net profit/loss	5,268	4,055
Accumulated other income	1,886	1,995
	29,398	28,295
Equity capital shares of non-controlling shareholders	149	-940
Total equity	29,548	27,354
Long-term liabilities		
Accruals	86	86
Financial liabilities	7,146	6,448
Trade payables	748	768
	7,980	7,302
Short-term liabilities		
Financial liabilities	4,102	5,581
Trade payables	19,215	10,338
Income tax liabilities	254	266
Accruals	5,676	5,748
Other liabilities	1,540	1,668
Liabilities in connection with assets classified as held for sale	—	10,321
	30,786	33,922
Total debt	38,767	41,225
Total liabilities	68,314	68,579

Consolidated profit and loss account and consolidated statement of income for the period from 1 April 2020 to 30 June 2020

	01/04/ – 30/06/20	01/04/ – 30/06/19
	KEUR	KEUR
Continuing operations		
Sales revenue	18.493	18.877
Change in inventories of finished goods and work in progress	-29	-1.432
Other operating income	55	446
Material expenses	-8.935	-8.432
Personnel expenses	-4.009	-3.753
Other operating expenses	-3.501	-3.874
Income from investments	9	33
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	2.082	1.864
Amortisation of intangible assets and fixed assets	-506	-513
Earnings before interests and taxes (EBIT)	1.576	1.351
Result from at-equity valued investments	54	111
Financial result	-203	-302
Earnings before taxes (EBT) from continuing operations	1.427	1.161
Taxes on income and earnings	-441	-440
Results for the period from continuing operations	986	721
Results for the period from discontinued operations	624	32
Group results	1.610	753
Of which is attributable to:		
Shareholders of Bastei Lübbe AG		
Results from continued operations	972	709
Results from discontinued operations	242	23
	1.214	732
Equity shares of non-controlling shareholders		
Results from continued operations	14	12
Results from discontinued operations	382	9
	396	21
Profit per share (undiluted = diluted) (with reference to the net period earnings attributable to shareholders of Bastei Lübbe AG)	0,09	0,06

Consolidated statement of comprehensive income for the period from 1 April 2020 to 30 June 2020

	01/04/ – 30/06/20	01/04/ – 30/06/19
	KEUR	KEUR
Group results	1.610	753
Amounts that cannot be reclassified to the income statement in the future	–	–
Changes in fair value of available-for-sale financial assets	–	–
Amounts that can be reclassified to the income statement in the future	-103	16
Currency differences	-103	16
Other comprehensive income	-103	16
Consolidated comprehensive income	1.507	769
Of which is attributable to:		
Shareholders of Bastei Lübbe AG	1.099	748
Equity capital shares of non-controlling shareholders	408	21

Segment reporting for the period from 1 April 2020 to 30 June 2020

	Book		Novel Booklets		Games (discontinued)		Total	
	04-06/ 2020	04-06/ 2019	04-06/ 2020	04-06/ 2019	04-06/ 2020	04-06/ 2019	04-06/ 2020	04-06/ 2019
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Segment sales	16,727	16,696	1,771	2,181	2,358	2,349	20,857	21,226
Internal sales	6	0	0	0	0	0	6	0
External sales	16,722	16,696	1,771	2,181	2,358	2,349	20,851	21,226
EBITDA	1,748	1,033	334	831	878	909	2,960	2,773
Depreciation	-456	-452	-50	-61	0	-769	-506	-1,282
EBIT	1,292	582	284	770	878	139	2,454	1,491

	Group Total		Continuing operations		Discontinued operations	
	04-06/ 2020	04-06/ 2019	04-06/ 2020	04-06/ 2019	04-06/ 2020	04-06/ 2019
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Segment sales	20,857	21,226	18,499	18,877	2,358	2,349
Internal sales	6	0	6	0	0	0
External sales	20,851	21,226	18,493	18,877	2,358	2,349
EBITDA	2,960	2,773	2,082	1,864	878	909
Depreciation	-506	-1,282	-506	-513	0	-769
EBIT	2,454	1,491	1,576	1,351	878	139
Result from at-equity valued investments	54	111	54	111	—	—
Financial result	-321	-384	-203	-302	-117	-83
Income before income taxes	2,188	1,218	1,427	1,161	761	57
Taxes on income and earnings	-578	-464	-441	-440	-137	-24
Result for the period	1,610	753	986	721	624	32

Financial Calendar 2020/2021

Date	Event
15 September 2020	Annual General Meeting
12 November 2020	Semi-annual report as of 30 September 2020 (HY1)
11 February 2021	Quarterly Statement (Q3)

Legal Notice

For reasons of better readability, the simultaneous use of the language forms male, female and diverse (m/f/d) is largely omitted. All job and personal designations apply equally to all genders.

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The Q1/2020 Group statement of Bastei Lübbe AG can be downloaded as a PDF file at www.luebbe.com/en. You can also find further corporate information at www.luebbe.com/en.

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