

**BASTEI LÜBBE AG
GROUP
QUARTERLY
STATEMENT
1 APRIL -
31 DECEMBER 2020**



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At a glance

	01/04/2020 - 31/12/2020	01/04/2019 – 31/12/2019	Change
Key financial figures (IFRS) in EUR million			
Group sales	70.8	62.1	13.9%
EBIT	7.5	3.6	108.1%
EBIT margin in %	10.7%	5.8%	4.8%
Profit for the period from continuing operations	4.6	1.8	162.0%
Profit/loss for the period from discontinued operations	0.6	-11.2	–
Group results	5.2	-9.4	–
Earnings per share ¹ in EUR	0.37	-0.48	–
	01/10. – 31/12/2020	01/10. – 31/12/2019	
Group sales	29.7	23.8	24.6%
EBIT	4.2	1.8	128.3%
EBIT margin in percent	14.1%	7.7%	6.4%
Profit for the period from continuing operations	2.7	1.0	164.1%
Profit/loss for the period from discontinued operations	–	-11.2	–
Group results	2.7	-10.2	–
Earnings per share ¹ in EUR	0.21	-0.55	–
	31/12/2020	31/03/2020	
Balance sheet total	76.0	68.6	10.8%
Equity ²	33.2	27.4	21.2%
Equity ratio in %	43.6%	39.9%	3.7%
Net debt	-8.2	0.6	–

1) For calculation see Annual Report 2019/2020: Notes to the consolidated financial statements, Note 18.

2) incl. equity attributable to non-controlling interests

Economic Report

General conditions

The past 9 months have been characterized by pandemic-related measures and have had a significant impact on economic development. Following extensive reductions of lockdown measures in the summer, there have been restrictions on economic activity worldwide since fall 2020. As a result, in its fall report the EU Commission expects the euro area economy to contract by 7.8% in 2020¹. This means that the forecast has been revised upward by 0.9% compared to the summer of 2020². A similar trend can be seen in Germany. According to provisional figures and initial calculations by the German Federal Statistical Office, economic output is expected to decline by -5.1% over 2020 as a whole. The last time there was such a material decline was during the global financial crisis of 2009. Corona, technological progress, demographic change and the desire for a climate-neutral economy represent major challenges, as well as opportunities, for Germany. The German Council of Economic Experts expects a growth of 3.7% in 2021 and expresses that the pre-crisis level of Q4 2019 will probably not be reached before early 2022.

The industry environment in the Bastei Lübbe AG business segments

The **book retail** looks back on a difficult year. In the industry, cumulative sales in the distribution channels of retail bookstores, e-commerce, station bookstores, department stores, and electronics and drugstores from January to December 2020 were 2.3% below the level of the period to the year prior. Unfortunately, sales - i.e., the number of copies sold - declined by 12.2%, while book prices were 4% higher, according to the Börsenverein des Deutschen Buchhandels (German Publishers and Booksellers Association)⁴.

According to the Börsenverein des Deutschen Buchhandels (German Publishers and Booksellers Association), sales of **e-books** rose by 17.8% in the first six months of 2020 compared with the same period of the previous year. In the process, e-book sales grew by 15.3% in the same period compared to 2019, from 16.3 million to 18.8 million. The e-book sales share of the audience market from January to June 2020 increased to 7.5%, a year-over-year growth of 1.5 percentage points. With a growth of 0.3%, the number of e-book buyers increases only slightly compared to the previous year, but the number of units per capita increased by 15.0%. Meanwhile, the trend towards falling prices was halted. The average price paid for an e-book rose by 2.1% in the first two quarters of 2020 to an average of 6.38 euros⁵. As of February 10, 2021, more up-to-date data is not yet available for the calendar year 2020.

Sales of **physical audiobooks / audiobooks** recorded a significant decline of 17.1% in 2020 compared to the prior-year period. No data is yet available on sales of digital audio formats for the calendar year 2020⁶. However, it can be assumed that the sales share of storage-saving audio streaming in the audiobook market will continue to increase.

Economic report

General conditions

Bastei Lübbe's share in Daedalic, part of a management buy-out, was sold with financial effect on May 31, 2020. In the following explanations, we refer to the continuing operations to that extent. The prior-year figures in the income statement have been adjusted accordingly. Daedalic is reported as a discontinued operation.

The 2020 / 2021 financial year continues to be characterized by the COVID 19 pandemic. Bastei Lübbe AG was able to develop well despite the difficult general conditions and generated consolidated sales of € 70.8 million in the reporting period after € 62.1 million in the previous year. Sales were thus 13.9% higher than in the previous year and slightly above the expectation despite the pandemic. Group EBIT improved to 7.5 million euros in the reporting period compared to 3.6 million euros in the same period of the previous year. EBIT includes the non-recurring income of 1.1 million euros from the settlement with the former executive bodies. When comparing with the previous year, it should be noted that the preceding period also included extraordinary income of EUR 0.4 million from the sale of the puzzle division.

In the "Books" segment, sales increased from 56.2 million euros to 65.4 million euros in the reporting period. Third quarter revenues of 29.7 million euros (PY quarter: 23.8 million euros) shows the strong 2020 fall program in the fiction division with the bestselling authors Ken Follett and Dirk Roßmann, as well as the good business performance of the publishing brand LYX. Sales of digital audio formats and eBooks also developed positively. In the overall audio division, revenues increased despite the decline in revenues from physical audiobook CDs, due to the growth rates in digital formats. Including the income from the settlement with the former executive bodies, the segments EBIT improved to EUR 6.5 million in the current financial year, following an EBIT of EUR 2.3 million in the same period of the previous year.

The "Novel Booklets" segment achieved sales of € 5.4 million in the first nine months of the financial year 2020 / 2021 compared to € 6.0 million in the previous year. The sales revenues of the current fiscal year are only comparable with those of the previous year to a limited extent, as Bastei Lübbe AG sold the puzzle division with effect from May 31, 2019 and was thus able to realize income in the amount of 0.4 million euros in the previous year. Segment EBIT in the reporting period was €1.1 million, compared to €1.3 million in the previous year.

At -3.0 million euros, the change in inventories of finished goods and work in progress was 0.6 million euros lower than in 2019 (previous year: -2.4 million euros). This is due, among other things, to impairments as a result of changed market conditions in the area of physical audio books.

At 1.3 million euros, other operating income was above the level of the previous year (previous year: 0.6 million euros), mainly as a result of the aforementioned income from the settlement with the former executive bodies of 1.1 million euros.

At 35.8 million euros, the total cost of materials in the reporting period was significantly higher than in the previous year (31.6 million euros). This is due to the higher level of sales and the increased scheduled depreciation of the guarantee fees of the top authors from the fall program in the "Book" segment.

Personnel expenses rose from 11.4 million euros in the previous year to 12.4 million euros. In addition to special effects in connection with the change in the Management Board, this was also due to the regular salary adjustments and the inclusion of variable performance payments.

Other operating expenses fell slightly from 12.0 million euros in the previous year to 11.9 million euros. Slightly higher legal and consulting costs due to the M&A activity were offset by lower travel and advertising expenses. Depreciation of rights of use under leases amounted to 1.0 million euros (previous year: 1.1 million euros).

Group profit from operating activities (EBIT) for the period from April to December now amounts to 7.5 million euros, compared with 3.6 million euros in the previous year, mainly due to increased sales and special income. As of December 31, 2020, the EBIT margin was 10.7%, compared to 5.8% in the period to the year prior. Income from investments accounted for using the equity method amounted to 0.2 million euros (previous year: 0.2 million euros).

The financial result improved in the reporting period from -1.0 million euros in the previous year to -0.6 million euros, mainly due to lower borrowings. This is also reflected in the development of net financial liabilities. Interest expenses on lease liabilities amounted to -0.2 million euros (previous year: -0.2 million euros).

Earnings before taxes (EBT) from continuing operations amounted to 7.2 million euros (previous year: 2.8 million euros).

The net profit for the period from continuing operations amounted to 4.6 million euros (previous year: 1.8 million euros). The net result for the period from discontinued operations amounts to 0.6 million euros (previous year: -11.2 million euros), of which 0.2 million euros is attributable to the Group's shareholders. This includes expenses from the deconsolidation of Daedalic amounting to -0.2 million euros. The consolidated result for the period amounts to 5.2 million Euro (previous year: -9.4 million Euro). The consolidated net income for the period attributable to the shareholders of Bastei Lübbe AG amounts to EUR 4.8 million (previous year: EUR -6.4 million). Earnings per share thus now amount to € 0.37 after € -0.48 in the previous year. The number of shares outstanding in the reporting period was 13,200,100 (unchanged from the previous year).

Asset position

Compared to March 31, 2020, the consolidated balance sheet total increased by EUR 7.4 million from EUR 68.6 million to EUR 76.0 million.



Non-current assets amounted to 33.7 million euros, compared to 32.6 million euros as of March 31, 2020. Prepaid author fees increased by 4.0 million euros, mainly due to advance payments to two bestselling authors. As a result of the extraordinary repayment of the loan receivable by Räder GmbH, non-current financial assets decreased by 0.7 million euros. Deferred tax assets decreased by 1.3 million euros due to the utilization of tax loss carryforwards in the reporting period. Rights of use under leases amount to 6.2 million euros (March 31, 2020: 6.9 million euros).

Current assets increased in the reporting period from 36.0 million euros as of March 31, 2020 to 42.3 million euros as of December 31, 2020. Trade receivables increased by 11.3 million euros due to the termination of factoring of digital receivables and the high level of sales from the Christmas business. Cash and cash equivalents increased by EUR 6.9 million in the reporting period, from EUR 2.8 million as of March 31, 2020 to EUR 9.7 million as of December 31, 2020. This is offset by the disposal of current assets of Daedalic amounting to 9.5 million euros, which were classified as "held for sale" as of the last balance sheet date.

The share of equity attributable to the shareholders of the parent company of EUR 33.0 million is higher than at March 31, 2020 (EUR 28.3 million). The increase results from the positive result for the period of 5.3 million euros (of which 4.8 million euros are attributable to the shareholders of Bastei Lübbe AG).

Non-current liabilities amount to 6.5 million euros after 7.3 million euros as of March 31, 2020. Leasing liabilities within non-current liabilities amount to 5.3 million euros (March 31, 2020: 6.0 million euros).

Current liabilities amount to 36.4 million euros as of December 31, 2020, compared with 33.9 million euros as of March 31, 2020. This is mainly the 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. In addition, loan liabilities of EUR 1.9 million were repaid. On the other hand, trade payables increased from EUR 10.3 million as of March 31, 2020 to EUR 21.2 million as of December 31, 2020 mainly due to the recognition of additional liabilities to authors in the amount of EUR 8.2 million. In addition, remission provisions as of December 31 are 1.9 million euros higher than those as of March 31, 2020 due to seasonality. Lease liabilities within current liabilities amount to 1.1 million euros (March 31, 2020: 1.2 million euros).

At 8.2 million euros, net financial assets as of December 31, 2020 are 8.8 million euros above the figure as of March 31, 2020 (net financial debt: 0.6 million euros).

Supplementary report

With a notarized agreement dated December 22, 2020 and with financial effect as of January 01, 2021, Bastei Lübbe AG acquired 100 % of the shares in Business Hub Berlin UG based in Berlin. The company operates the publishing house "smarticular", which specializes in sustainability, as well as the sustainability platforms www.smarticular.net and www.kostbarenatur.net.

At the beginning of January 2021, Bastei Lübbe AG concluded new credit agreements for an operating line and acquisition financing with two well-known credit institutions. The agreements have a term until December 31, 2024 and December 31, 2025, respectively. In addition, the agreement for the factoring of receivables from physical sales was extended with a reduced factoring line until December 31, 2024.

On January 21, 2021, Bastei Lübbe AG published an ad hoc announcement in which the Company communicated an increase in the forecast for the current fiscal year 2020 / 2021 (see section Forecast Report).

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

In the past third quarter of the financial year 2020 / 2021, the risk from the change in the audio book market materialized. Due to the stronger than expected decline in the market for physical audio books during the Corona crisis, Bastei Lübbe AG has impaired significant parts of the inventory of physical audio books.

Beyond this, the risk situation of Bastei Lübbe AG and its opportunities have not changed in principle compared to the presentation in the annual report 2019 / 2020 and the half-year report of 2020 / 2021.

The COVID 19 pandemic and the corresponding containment measures continue to represent a risk that is difficult to quantify. In a worst-case scenario, there is a risk of a prolonged retail closure extending over further weeks or even months, which - despite a then increasing e-commerce and e-book business - would result in a material loss of sales in the stationary book trade.

Forecast

Compared to the presentation in the Annual Report 2019 / 2020 and the announcements made in the first half of the year, the Executive Board's forecast for fiscal 2020 / 2021 has improved significantly.

As a result of the better-than-expected Christmas business and cost-cutting measures implemented in good time, a significant improvement in consolidated sales and, above all, consolidated EBIT is expected, which will be above the previous forecast. In the current 2020 / 2021 financial year, Group sales of around 90 million euros (previously: lower end of the range of 85 to 90 million euros) and EBIT in a range between 7 and 8 million euros (previously: 5 to 6 million euros) are now expected. The increase in the EBIT forecast is due to the earnings contribution from higher sales and the effects of cost-cutting measures.

Despite the extraordinary termination of the factoring of receivables from "digital" sales revenues and the acquisition of Business Hub UG, the financial planning of the Bastei Lübbe Group now assumes, thanks to the strong Christmas business, that a free cash flow in the range of € 7 to 8 million (previously: lower edge of the range € 5 to 8 million) can be achieved in the current financial year.

From the Executive Board's point of view, the effects of the possible extension of the measures to contain the COVID 19 pandemic described in the opportunities and risks report fundamentally represent an uncertainty in relation to the updated forecast. However, the Executive Board does not anticipate any material risks in the further course of the remaining fiscal year due to the near-term fiscal year-end of March 31, 2021.

Köln, 11 February 2021
Bastei Lübbe AG



Joachim Herbst
Spokesman of the
Management Board
Chief Financial Officer



Sandra Dittert
Director
Sales and Marketing



Simon Decot
Director
Programme

Consolidated balance sheet as of 31 December 2020

	31/12/2020	31/03/2020
	TEUR	TEUR
Long-term assets		
Intangible assets	1,062	1,130
Inventory of pre-paid royalties	19,324	15,347
Tangible assets (incl. rights of use)	7,561	8,415
Investments accounted for under the equity method	1,114	999
Financial investments	2,581	3,276
Trade receivables	281	420
Deferred tax claims	1,760	3,043
	33,684	32,629
Short-term assets		
Inventories	9,028	11,959
Trade receivables	19,829	8,482
Financial assets	1,372	1,053
Income tax receivables	357	374
Other receivables and assets	2,091	1,815
Cash and cash equivalents	9,653	2,765
Assets held for sale	–	9,501
	42,331	35,950
Total assets	76,015	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	8,893	4,060
Accumulated other income	1,886	1,990
	33,024	28,295
Equity capital shares of non-controlling shareholders	138	-940
Total equity	33,162	27,354
Long-term liabilities		
Accruals	86	86
Financial liabilities	5,746	6,448
Trade payables	658	768
	6,489	7,302
Short-term liabilities		
Financial liabilities	4,183	5,581
Trade payables	21,176	10,338
Income tax liabilities	1,456	266
Accruals	7,891	5,748
Other liabilities	1,656	1,668
Liabilities in connection with assets classified as held for sale	–	10,321
	36,363	33,922
Total debt	42,852	41,225
Total liabilities	76,015	68,579

Consolidated profit and loss account for the period from 01 April to 31 December 2020

	01/04 – 31/12/2020	01/04 – 31/12/2019
Continuing operations	KEUR	KEUR
Sales revenue	70,796	62,141
Change in inventories of finished goods and work in progress	-2,951	-2,389
Other operating income	1,300	578
Material expenses	-35,844	-31,596
Personnel expenses	-12,357	-11,422
Other operating expenses	-11,870	-12,017
Earnings from investments	14	42
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	9,089	5,338
Amortisation of intangible assets and property, plant and equipment	-1,544	-1,713
Earnings before interests and taxes (EBIT)	7,545	3,625
Result from at-equity accounted investments	209	188
Other financial result	-596	-979
Earnings before taxes (EBT) from continuing operations	7,158	2,834
Taxes on income and earnings	-2,529	-1,067
Profit for the period from continuing operations	4,629	1,767
Profit for the period from discontinued operations	624	-11,213
Consolidated net profit for the period	5,253	-9,446
Of which is attributable to:		
Shareholders of Bastei Lübbe AG		
Earnings from continuing operations	4,596	1,787
Earnings from discontinued operations	242	-8,142
	4,838	-6,355
Equity capital shares of non-controlling shareholders		
Earnings from continuing operations	33	-20
Earnings from discontinued operations	382	-3,071
	415	-3,091
Profit per share (undiluted = diluted) (with reference to the net period earnings attributable to shareholders of Bastei Lübbe AG)	0,37	-0,48

Consolidated profit and loss account for the period from 01 October to 31 December 2020

	01/10 – 31/12/2020	01/10 – 31/12/2019
Continuing operations	KEUR	KEUR
Sales revenue	29,670	23,815
Change in inventories of finished goods and work in progress	-2,630	-610
Other operating income	121	97
Material expenses	-13,769	-13,199
Personnel expenses	-4,159	-3,669
Other operating expenses	-4,513	-3,974
Earnings from investments	0	0
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	4,721	2,460
Amortisation of intangible assets and property, plant and equipment	-529	-624
Earnings before interests and taxes (EBIT)	4,192	1,836
Result from at-equity accounted investments	-58	0
Other financial result	-205	-292
Earnings before taxes (EBT) from continuing operations	3,929	1,544
Taxes on income and earnings	-1,186	-505
Profit for the period from continuing operations	2,743	1,038
Profit for the period from discontinued operations	-	-11,626
Consolidated net profit for the period	2,743	-10,587
Of which is attributable to:		
Shareholders of Bastei Lübbe AG		
Earnings from continuing operations	2,715	1,042
Earnings from discontinued operations	-	-8,352
	2,715	-7,310
Equity capital shares of non-controlling shareholders		
Earnings from continuing operations	28	-3
Earnings from discontinued operations	-	-3,273
	28	-3,277
Profit per share (undiluted = diluted) (with reference to the net period earnings attributable to shareholders of Bastei Lübbe AG)	0,21	-0,55

Consolidated statement of comprehensive income for the period from 1 April 2020 to 31 December 2020

	01/04 – 31/12/2020	01/04 – 31/12/2019
	KEUR	KEUR
Results for the period	5,253	-9,446
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	-97	7
Currency differences	-97	7
Other income	-97	7
Consolidated comprehensive income	5,157	-9,439
Of which is attributable to:		
Shareholders of Bastei Lübbe AG	4,730	-6,346
Equity capital shares of non-controlling shareholders	427	-3,093

Consolidated statement of comprehensive income for the period from 1 October 2020 to 31 December 2020

	01/10 – 31/12/2020	01/10 – 31/12/2019
	KEUR	KEUR
Results for the period	2,743	-10,587
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	-25	-9
Currency differences	-25	-9
Other income	-25	-9
Consolidated comprehensive income	2,717	-10,596
Of which is attributable to:		
Shareholders of Bastei Lübbe AG	2,686	-7,318
Equity capital shares of non-controlling shareholders	31	-3,278

Segment reporting for the period from 01 April to 31 December 2020

	Book		Novel booklets		Games		Total	
	04-12/ 2020	04-12/ 2019	04-12/ 2020	04-12/ 2019	04-12/ 2020	04-12/ 2019	04-12/ 2020	04-12/ 2019
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Segment sales	65,411	56,235	5,431	5,977	2,358	8,664	73,199	70,877
Internal sales	46	71	–	–	–	160	46	232
External sales	65,365	56,164	5,431	5,977	2,358	8,504	73,153	70,645
EBITDA	7,861	3,833	1,228	1,490	878	3,607	9,967	8,930
Depreciation	-1,392	-1,521	-152	-192	0	-15,368	-1,544	-17,080
EBIT	6,469	2,312	1,076	1,298	878	-11,760	8,423	-8,150

	Group Total		Continuing operations		Discontinued operations	
	04-12/ 2020	04-12/ 2019	04-12/ 2020	04-12/ 2019	04-12/ 2020	04-12/ 2019
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Segment sales	73,199	70,877	70,841	62,213	2,358	8,664
Internal sales	46	232	46	71	–	160
External sales	73,153	70,645	70,796	62,141	2,358	8,504
EBITDA	9,967	8,930	9,089	5,338	878	3,592
Depreciation	-1,544	-17,080	-1,544	-1,713	–	-15,368
EBIT	8,423	-8,150	7,545	3,625	878	-11,775
Result from at-equity accounted investments	209	188	209	188	–	–
Financial result	-713	-1,157	-596	-979	-117	-179
Earnings before income taxes	7,919	-9,120	7,158	2,834	761	-11,954
Taxes on income and earnings	-2,665	-326	-2,529	-1,067	-137	741
Result for the period	5,253	-9,446	4,629	1,767	624	-11,213

Segment reporting for the period from 01 October to 31 December 2020

	Book		Novel booklets		Games		Total	
	10-12/ 2020	10-12/ 2019	10-12/ 2020	10-12/ 2019	10-12/ 2020	10-12/ 2019	10-12/ 2020	10-12/ 2019
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Segment sales revenue	27,868	21,996	1,828	1,872	–	3,674	29,696	27,542
Internal sales	26	52	–	–	–	14	26	66
External sales	27,843	21,944	1,828	1,872	–	3,660	29,670	27,476
EBITDA	4,299	2,077	422	383	–	997	4,721	3,457
Depreciation	-477	-555	-52	-69	–	-13,430	-529	-14,054
EBIT	3,821	1,522	370	314	–	-12,433	4,192	-10,597

	Group Total		Continuing operations		Discontinued operations	
	10-12/ 2020	10-12/ 2019	10-12/ 2020	10-12/ 2019	10-12/ 2020	10-12/ 2019
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Segment sales	29,696	27,542	29,696	23,868	–	3,674
Internal sales	26	66	26	52	–	14
External sales	29,670	27,476	29,670	23,815	–	3,660
EBITDA	4,721	3,457	4,721	2,460	–	997
Depreciation	-529	-14,054	-529	-624	–	-13,430
EBIT	4,192	-10,597	4,192	1,836	–	-12,433
Result from at-equity accounted investments	-58	0	-58	0	–	–
Financial result	-205	-394	-205	-292	–	-102
Earnings before income taxes	3,929	-10,991	3,929	1,544	–	-12,535
Taxes on income and earnings	-1,186	404	-1,186	-505	–	909
Result for the period	2,743	-10,587	2,743	1,038	–	-11,626

Financial calendar 2021 / 2022

Date	Event
13 July 2021	Annual results press conference
12 August 2021	Quarterly Statement (Q1)
15 September 2021	General Meeting
11 November 2021	Semi-annual report as of 30 September 2020 (HY1)
10 Februar 2022	Quarterly Statement (Q3)

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