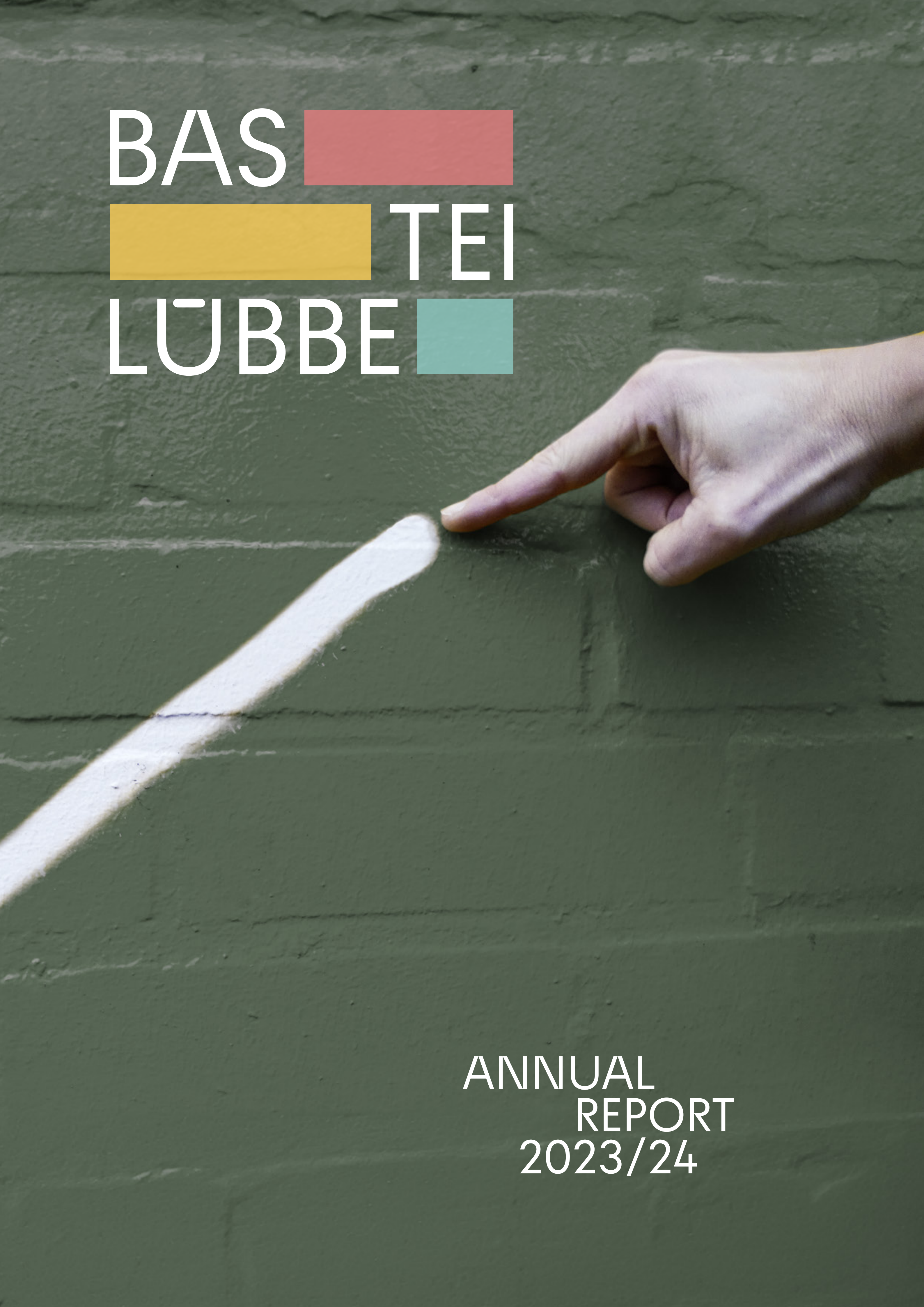
BASTEI LÜBBE



ANNUAL REPORT 2023/24

AT A GLANCE

KEY FIGURES BASTEI LÜBBE GROUP

Financial indicators (IFRS) in EUR millions	**2023/2024**	**2022/2023**	**Change**
Revenues	110.3	100.0	10.3%
EBIT	14.0	7.2	94.4%
EBIT margin (%)	12.7%	7.2%	5.5 Pp
Net profit for the period	8.8	4.0	121.5%
Total assets as of 31 March	103.9	107.9	-3.7%
Equity* as of 31 March	61.6	55.0	12.0%
Equity ratio (%) as of 31 March*	59.2%	51.0%	8.3 Pp
Net financial assets as of 31 March	16.5	16.7	-1.3%
Free cash flow	4.2	9.7	-56.4%
Other indicators			
Earnings per share** (EUR)	0.66	0.30	120.0%
Share price at the end of the fiscal year (EUR)	6.45	4.61	39.9%
Employees as of 31 March	323	321	0.6%

*incl. equity attributable to non-controlling interests
**Calculation see notes to the consolidated financial statements, Note no. 15

HIGHLIGHTS OF OUR FINANCIAL YEAR 2023/2024

Doing things together! 2023 was very special for Bastei Lübbe as it was the year in which we celebrated our **70th anniversary**. We took this opportunity to publish a chronicle that vividly tells the history of our publishing company by reference to selected titles through seven eventful decades.

APRIL 2023

On the occasion of the London Book Fair in April 2023, **top-selling author Ken Follett** hosted a reception for his international publishers at his London home to give them an insight into the research that had gone into this novel "The Weapons of Light", which was published a few months later, and to join him in toasting his new work.

The North and Baltic Seas provided the backdrop to many a murder in the **detective stories by Eva Almstädt, Sabine Weiss and Emmi Johannsen**. All three authors had released new novels in the spring, presenting their books in April in a conversation with cultural affairs journalist Margarete von Schwarzkopf. We brought the German coast into our company's foyer for that evening.

MAY

Comeback of the Queen of Romantic Comedy! After a protracted break, we were finally able to publish a novel by **top-selling author Petra Hülsmann** in May: "Morgen mach ich bessere Fehler" ("Tomorrow I'll make better mistakes") occupied the top ranks of the Spiegel bestseller list immediately after its release, as did its six predecessors. This alone was cause for great joy, heightened only by the fact that, after a long spell of mental illness with which she dealt in admirable openness, Petra Hülsmann is healthy again and feeling very well, delighting her fans with a small reading tour.

JUNE

A quarter of all fourth-graders have considerable reading difficulties! This is exactly why we have been involved in **Stifterrat der Stiftung Lesen (Reading Foundation Council)** since June 2023.The aim of the foundation is to give children and young people access to reading so that they can take their futures into their own hands. The meeting of the foundation members was held in Berlin on 27 June. Carla Scheunemann, Managing Director of Community Editions, and Mathias Siebel, Publishing Director of Children's and Young People's Books, took part and are pleased to be able to contribute their passion for reading to this committee.

JULY

In July, we celebrated another great birthday, when our **"ghost hunter John Sinclair"** turned 50. On this occasion, 800 Sinclair fans flocked to Cologne-Mülheim to celebrate authors and speakers – and of course to pay homage to Sinclair creator Jason Dark. The crowning glory of this successful event was the live audio play on the club stage featuring Katy Karrenbauer, Dietmar Wunder and many other celebrities.

First launched in 2022, the **LYX pop-up tour** event format came back for a second time in July 2023. Once again, a complete LYX world for the community was set up in five German cities for one day, allowing visitors to experience the new adult label live. Hamburg, Dresden, Cologne, Stuttgart and Nuremberg were the venues for the exclusive pop-up stores in the summer of 2023. Numerous LYX authors accompanied us, meeting their fans during signing sessions and discussions.

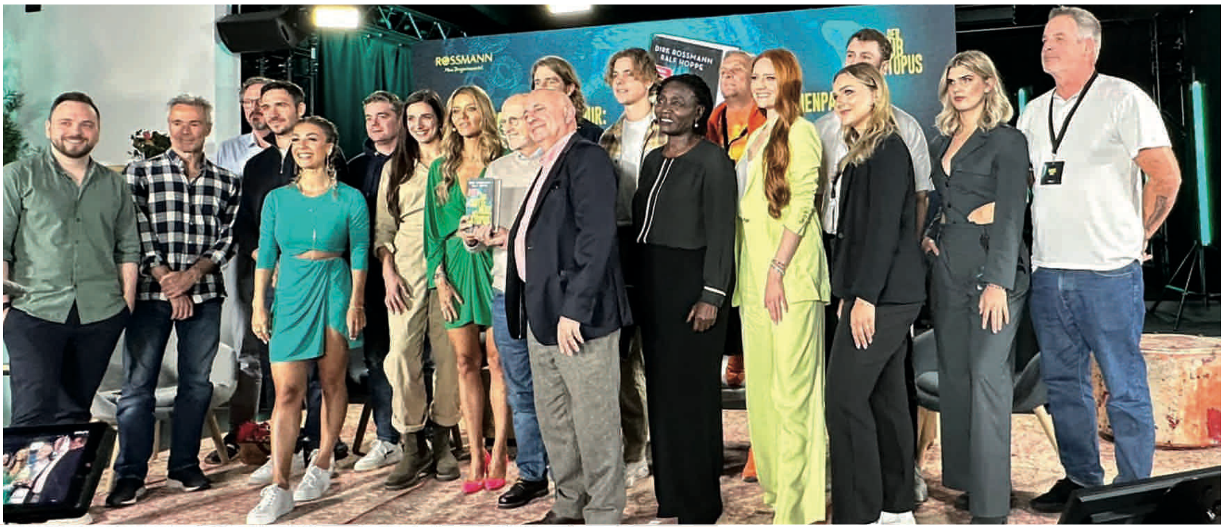
AUGUST

On 31 August, we held our **summer party** with all our employees inside and in front of our headquarters in Carlswerk. Bathed in sunshine, with a spread of mouthwatering eats from diverse food trucks and a dash of sports activities, the vibe was absolutely electric. The highlight of the evening was the performance by Cologne band *Druckluft*.

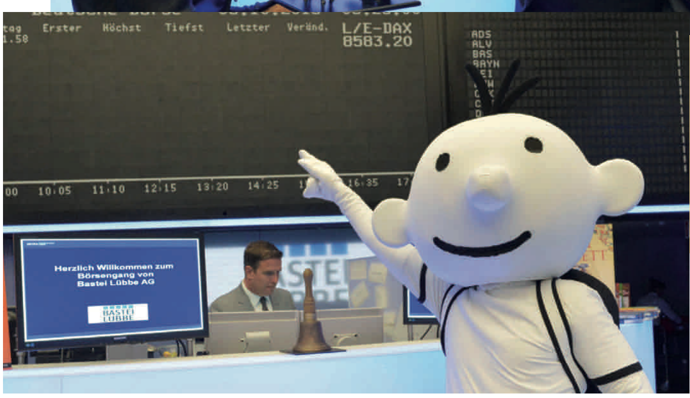
SEPTEMBER

Mathis Gerkensmeyer took up his position as new Chief Financial Officer on 1 September. A graduate in business administration and a financial expert with a proven track record, he joined Bastei Lübbe AG after holding posts at Axel Springer SE, Hamburg/Berlin, and the portfolio company Runtastic GmbH and thus completes the management team headed by Soheil Dastyari, Sandra Dittert and Simon Decot.

Once again, we welcomed our shareholders to our **annual general meeting** on 13 September at DOCK2 in Cologne. The Executive Board outlined the figures for the previous financial year, provided updates on current trends and described the success of the community-driven business models. This was the first time that the Executive Board attended an annual general meeting in its current line-up. The election of new members to the Supervisory Board was also on the agenda. Carsten Dentler, Chairman of the Supervisory Board of Bastei Lübbe AG since September 2022, was up for re-election. Dr Melanie Bockemühl and Dr Ralph Drouven were new candidates for election to the Supervisory Board. All three were elected with a large majority.



In their environmental thrillers, the octopus plays the title role. On 29 September, the two **top-selling authors Dirk Rossmann and Ralf Hoppe** launched their new novel “Der Zorn des Oktopus” (“The Wrath of the Octopus”) at a large-scale event in Kappeln an der Schlei, once again holding up a mirror to us all and emphasising that there is nothing more urgent than the need to protect the environment. They were supported by numerous celebrities, scientists and influencers, all of whom made their personal contribution to environmental protection and introduced themselves to the audience. On this day, the two authors founded “The Club of the Octopus” with those present.



OCTOBER

Further anniversaries were on the agenda in 2023: in October we celebrated **ten years** of being listed on the **Frankfurt Stock Exchange**. Back on 8 October 2013, publisher Stefan Lübbe and his wife Birgit had rung the famous bell on the stock market floor after the price of the share was fixed for the first time, thus signalling the company’s arrival at the Frankfurt stock exchange.

The **Frankfurt Book Fair** opened its doors from 18 to 22 October. Bastei Lübbe AG presented its new stand, which was very popular and attracted large crowds!

NOVEMBER

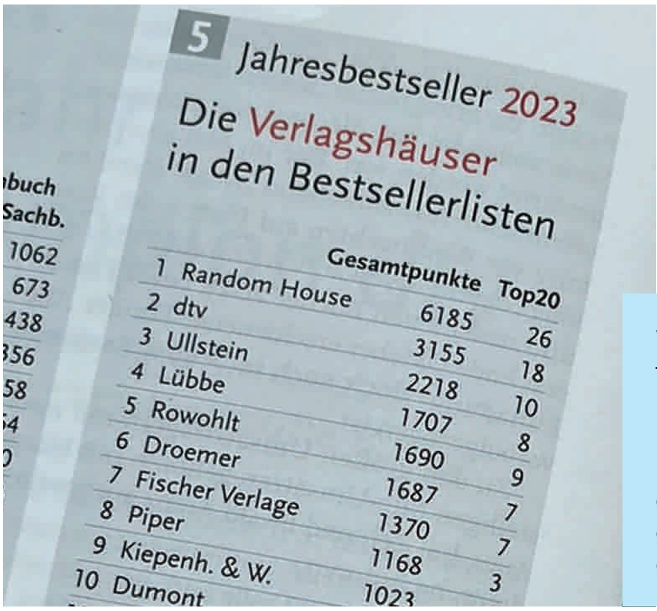
In conjunction with ZEIT Leo, we marked the publication of the 18th volume of “Diaries of a Wimpy Child” by organising a competition for the world’s **first Greg Heffley school**. In their entries, students had to explain why their school should win the title. The arguments put forward by Gymnasium Markt Indersdorf school convinced the jury. The prize included a visit to the school by the US superstar. Jeff attended a big party with the winners on 20 November. It was an unforgettable day of singing, dancing and quizzes, as Jeff Kinney is not only a great writer but also a born entertainer.

DECEMBER

humble
but bold.

Our Community Editions imprint, the most successful specialist in publications by social media artists, opened a new online shop called **“humble but bold”**, which includes calendars and postcards as well as other non-book products created by influencers. The first humblebutbold collection went live in December!

The German Federal Government's KulturPass: **LYX is number one with 18-year-olds**! An amount of 200 euros can be redeemed for cultural events from anyone who lived in Germany and turned 18 in 2023. It can be used at each individual's own discretion to buy tickets for concerts, theatre performances, cinemas, museums or parks, as well as books, records, sheet music or musical instruments. An evaluation shows that books accounted for half of the revenues. What we find particularly gratifying is that our new adult label LYX was very popular with the 18-year-olds who made KulturPass purchases. Hannah Grace's novel "Icebreaker" was the top title among the books purchased.



5 Jahresbestseller 2023

Die Verlagshäuser in den Bestsellerlisten

		Gesamtpunkte	Top20
1	Random House	6185	26
2	dtv	3155	18
3	Ullstein	2218	10
4	Lübbe	1707	8
5	Rowohlt	1690	9
6	Droemer	1687	7
7	Fischer Verlage	1370	7
8	Piper	1168	3
9	Kiepenh. & W.	1023	
10	Dumont		

JANUARY 2024

What a great year! **4th place for Bastei Lübbe** in the Spiegel list of top-selling publishers in 2023 – how fantastic is that? What a great achievement by the whole team, especially since there are two publishing groups ahead of us on the list. Our sincere thanks go to book retailers and, of course, to our readers for their confidence and passion for great stories!

FEBRUARY

Bastei Lübbe participated in the **#Zusammenland – Vielfalt macht uns stark initiative** ("Togetherland – Diversity makes us strong"), thus taking a stand against right-wing extremism. Together with the strong initiators ZEIT Verlagsgruppe, Süddeutsche Zeitung, Handelsblatt, WirtschaftsWoche and Verlag Der Tagesspiegel, we are committed to freedom, diversity and a welcoming culture. We think it's great that over 500 companies, foundations, associations and NGOs also joined this initiative in a very short space of time. We attach importance to clearly expressing our values by participating in the nationwide campaign organised by the leading German media. Hatred, exclusion, right-wing slogans and hate speech have no place in our world!

MARCH

The **Leipzig Book Fair** took place from 21 to 24 March and – as always – was a huge reading festival. We were delighted when Claudia Roth, the German Federal Minister of State for Culture, paid us a visit, learned about the LYX label and was given a copy of the novel "Icebreaker" – the book that topped the list of all KulturPass purchases.

After successfully repositioning itself, our **Eichborn** imprint excelled with a highly acclaimed programme and numerous highlights, including the books by award-winning US author Rebecca F. Kuang. Out of sheer enthusiasm for her new novel "Yellowface", we wrapped our headquarters, our Siebter Himmel bookstore and our stand at the Leipzig Book Fair in yellow – and are looking forward to great success with Eichborn programme manager Dominique Pleimling!

Sustainability is very important for us. We produce our books sustainably and use paper from sustainable forestry. We do not wrap our books in film. In addition, we only print in Germany and in other EU countries and work continuously with manufacturers to achieve a favourable ecological footprint. Our books bear our newly developed **sustainability seal** to highlight these measures, which are important to us.

NACHHALTIG
PRODUZIERT

CONTENTS

TO THE SHARE HOLDERS

FICTION – LÜBBE AND EICHBORN
DIGITAL PROGRAM – beHEARTBEAT AND beTHRILLED
NOVEL BOOKLET – BASTEI

LETTER FROM THE EXECUTIVE BOARD

DEAR SHAREHOLDERS, LADIES AND GENTLEMEN,

When it comes to entertainment, there's nothing people love as much as a good story. They're after excitement and adventure, entertainment and emotions. Identification, differentiation and confrontation – all this offers a good narrative. This is the way it has always been, particularly in such difficult, uncertain times as these.

This is precisely what we can offer people. Bastei Lübbe AG is a dedicated general-interest publisher. We publish the stories people love so much as printed books, as e-books or in audio editions. And this is the reason why in the 71st year of our existence we can look back on such an eventful success story.

As a leading independent general-interest publisher in Germany, our aim is always to be an innovation leader. We seek to identify at a very early stage new ideas, developments and trends that are well received by our target groups, to fill them with life and to translate them into attractive stories and products. To this end, we have assembled a portfolio of 15 strong imprints. The most recent one, known as pola, is just a few weeks old and is a prime example of our enthusiasm for innovation.

Strong and profitable growth

As a company listed in the Prime Standard quality segment, we keep you, our shareholders, informed very comprehensively and continuously about us and our figures, data and facts. Back in January 2024, we had stated in an ad hoc announcement that we were revising our revenue and earnings forecast upwards.

At the end of the financial year covered by this annual report, we can now confirm in full our favourable full-year performance, which was already clearly evident at that time: Bastei Lübbe AG had a very successful financial year in 2023/2024. We boosted Group revenues significantly to EUR 110 million (previous year: EUR 100.0 million).

SOHEIL DASTYARI, CEO

I find it particularly encouraging that our growth is on a broad footing and underpinned by the entire Company. All parts of the Company performed favourably. In particular, however, our investments in innovations and the future are paying off, with the community-driven business models in the New and Young Adult segment as well as the digital audio range continuing to record strong growth. The Community Editions imprint, which specialises in publications relating to social media artists, also made a positive contribution to growth following the successful launch of the new "humble but bold" online shop.

In addition, our attractive Christmas catalogue, featuring bestsellers such as "The Weapons of Light" by Ken Follett, "Das dritte Herz des Oktopus" by Dirk Rossmann and Ralf Hoppe and the 18th volume of "Diaries of a Wimpy Child" by Jeff Kinney, made a significant impact.

I am particularly pleased that we have not only been able to progress substantially in terms of revenues but that we have also managed to enhance our profitability to an even greater extent. The Bastei Lübbe Group achieved EBIT of EUR 14.0 million in the year under review (previous year: EUR 7.2 million). This not only marks a significant increase compared to the previous year but also exceeded the EBIT forecast that we had raised in January 2024 (EUR 12.5 – 13.5 million), meaning we became even more profitable in the course of the year.

Consistent focus on expanding communities

I am convinced that these figures are strong evidence that we are much better at pursuing a diversified business strategy than before. We no longer have to rely solely on one or two main drivers, but can develop our entire publishing group, ensuring that it is travelling in the right direction. I would like to particularly highlight the community-driven business models that I have already mentioned. Community – this means that the imprint, authors and readers positively influence each other and develop jointly. They effectively enter into a kind of symbiosis and thus grow together much closer than is usual with conventional imprints.

We see the results in a sustainable and positive way, especially with our LYX imprint, which publishes Sarah Sprinz, Lena Kiefer and Mona Kasten as well as many other extremely talented and successful authors. LYX is achieving something that has rarely been seen before. The imprint itself is a seal of quality. Readers know that if it comes from LYX, then it must be good. That makes us proud. And it shows us that we are on the right track. Just like the fact that over 160,000 people follow LYX on Instagram, making us the largest book community in the New Adult genre.

At Bastei Lübbe, we systematically focus on growth with community-driven models and have already successfully established several imprints in the form of ONE, LYX, and Community Editions. We are currently launching our fourth community-driven imprint: known as “pola”, it aims to shine a light on the realities faced by young women, presenting them in a way that is both entertaining and thought-provoking, unleashing inner discussions. The publishing rationale behind this is that, having created imprints for teenagers and young adults, we are now aiming at a more established target group with a community-based label. We are convinced that we have laid the foundations for another great success story.

Seeking opportunities – internally and externally

As we see it, being innovative also means always remaining flexible and keeping an eye out for new opportunities and possibilities. For this reason, we continuously look outside our own organisation to see if there are any attractive ideas in the digital or community field that could be a good fit for us.

We are in an extremely comfortable situation. We are in no hurry and under no pressure, as all our imprints – and thus Bastei Lübbe AG as a whole – are performing very well. At the same time, we can sit back and keep an eye out for acquisition possibilities offering future potential that may arise and strengthen our Company. The opportunities are definitely there: the publishing market in the German-speaking countries is highly fragmented, and Bastei Lübbe can and wants to play an active role in the ongoing consolidation process.

Positive outlook for 2024/2025

We are obviously very satisfied with the results of the past financial year. But as I mentioned at the beginning, we are convinced that we are strategically very well positioned and that this is just the beginning of a long-term, positive development. All the signs point to continued growth in the 2024/2025 financial year. We forecast an increase in revenues to EUR 111 – 115 million.

At the same time, our objective is always to operate profitably and to achieve an EBIT margin of over 10%. This should also be possible in the 2024/2025 financial year: we assume that the EBIT margin will again significantly exceed this threshold and that EBIT will reach EUR 13 – 14 million (year under review: EUR 14.0 million).

There’s one thing I don’t want to forget: all these figures, good earnings and favourable forecasts are the result of hard work, day after day. This encouraging performance would not be possible without the great teams across all parts of Bastei Lübbe AG, who drive our Company forward with their ideas, good work and tireless commitment. On behalf of my fellow members of the Executive Board, I would therefore like to express my sincere gratitude to all of our Company's employees for a very successful and good financial year in 2023/2024.

My thanks also go to you, our esteemed shareholders, for the trust that you placed in us last financial year. We are pleased to be able to justify this confidence through the continued growth of the share price and an attractive dividend return. We hope that we can count on your continued support as we move forward.

Not least of all, I would also like to thank all our business partners and the Supervisory Board for the good and trusting cooperation.

Let's work together on writing the next chapters of this amazing success story!

Cordially, yours

Soheil Dastyari

THE EXECUTIVE BOARD OF BASTEI LÜBBE AG

SANDRA DITTERT
Chief Marketing and Sales Officer

SIMON DECOT
Chief Programme Officer

MATHIS GERKENSMEYER
Chief Financial Officer

SOHEIL DASTYARI
Chief Executive Officer

BASTEI LÜBBE ON THE CAPITAL MARKET

SITUATION ON THE CAPITAL MARKET

The general stock market environment for Bastei Lübbe AG in the 2023/2024 financial year was again determined by the delicate triad of inflation, interest rate and macroeconomic expectations, which have materially shaped conditions on the capital markets since the outbreak of the war in Ukraine. Thus, muted economic data fuelled concerns over the prospect of a recession, culminating in fears of the dreaded scenario of stagflation, while overly strong economic data in turn nourished worries over rising inflation and interest rates. This was joined by mounting risks arising from other international hotspots, such as the conflict between Israel and Hamas in the Middle East and the tense situation between China and Taiwan. Despite the complexity of this situation and the sharp fluctuations that it provoked, the key national and international indices largely continued on an upward trajectory. The bellwether US Dow Jones index gained 19%, the technology-heavy Nasdaq Composite as much as 34%, the benchmark European Euro Stoxx 50 index 18% and the German DAX likewise 18% over the year as a whole.

This favourable performance was achieved in the face of a variety of economic adversities. Given the persistent strain caused by the Ukraine war, such as in the energy sector, the global economy was relatively robust, although it generally displayed only subdued growth. The German economy in particular was muted. In their efforts to combat inflation, key central banks maintained their restrictive monetary policies, accompanied by further interest rate hikes. The European Central Bank, for example, raised its key rates by a total of 150 basis points from 3.0% to 4.5% in May, June, August and September 2023.

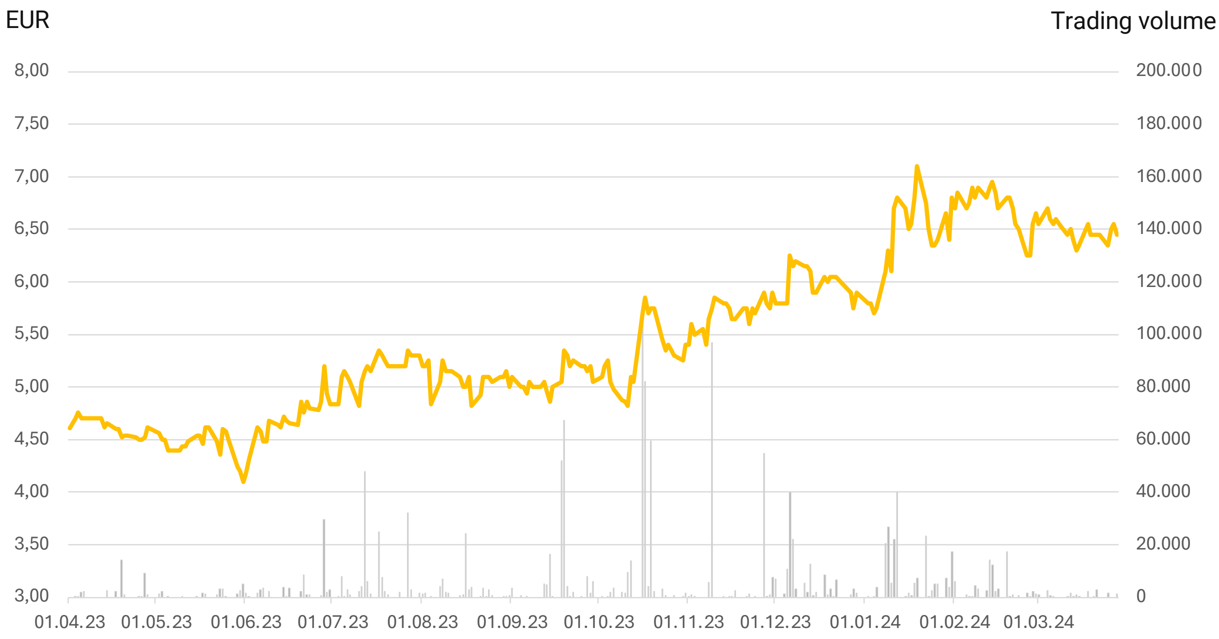
However, inflation proved to be more stubborn than expected, thwarting initial hopes of any rapid easing of monetary policy. Together with the Hamas attack on Israel, mounting concerns over high interest rates, which were also reflected in rising bond yields, triggered what in some cases were sharp declines in share prices, particularly from the end of July until the end of October, pushing the DAX down to a low of 14,687 points. With inflation data improving significantly, sentiment subsequently turned, causing share prices to rise substantially, with the DAX hitting a series of record highs. The main driver was again hopes of an early reversal of central bank policies and interest rate cuts in the first half of 2024. On 28 March 2024, the last trading day before Easter, the DAX closed at 18,492 points, 18.3% higher than at the end of March 2023.

Mid and small caps were not able to fully keep pace with this favourable trend as the muted German economic environment took a far greater toll on them than on the DAX bluechips with their international activities. Consequently, the MDAX declined by 2.1%, although the SDAX posted a gain of 8.7%.

THE BASTEI LÜBBE SHARE ON THE CAPITAL MARKET

The Bastei Lübbe share had already been largely able to shrug off the effects of general market conditions at the end of June thanks to the Company's sustained favourable business performance, continuing to build on this outperformance up until the end of the financial year. The share entered the 2023/2024 financial year at EUR 4.72 on 3 April 2023, closing it at EUR 6.45 on 28 March 2024, thus gaining just under 40% over the financial year as a whole. It reached a low for the year of EUR 4.04 on 31 May 2023, hitting a high for the year of EUR 7.40 on 12 January 2024 after the Company had revised its revenue and earnings forecast upwards a few days previously.

Share performance 2023/2024



Share information

Total number of shares	13,300,000 no-par value shares
Share capital	EUR 13,300,000.00
ISIN	DE000A1X3YY0
WKN	A1X 3YY
Ticker	BST
Market segment	Regulated market (Prime Standard)
Designated sponsor	Oddo Seydler Bank AG
Closing price on 28 March 2024	EUR 6.45
12-month high (closing price) on 19 January 2024	EUR 7.10
12-month low (closing price) on 31 May 2023	EUR 4.10

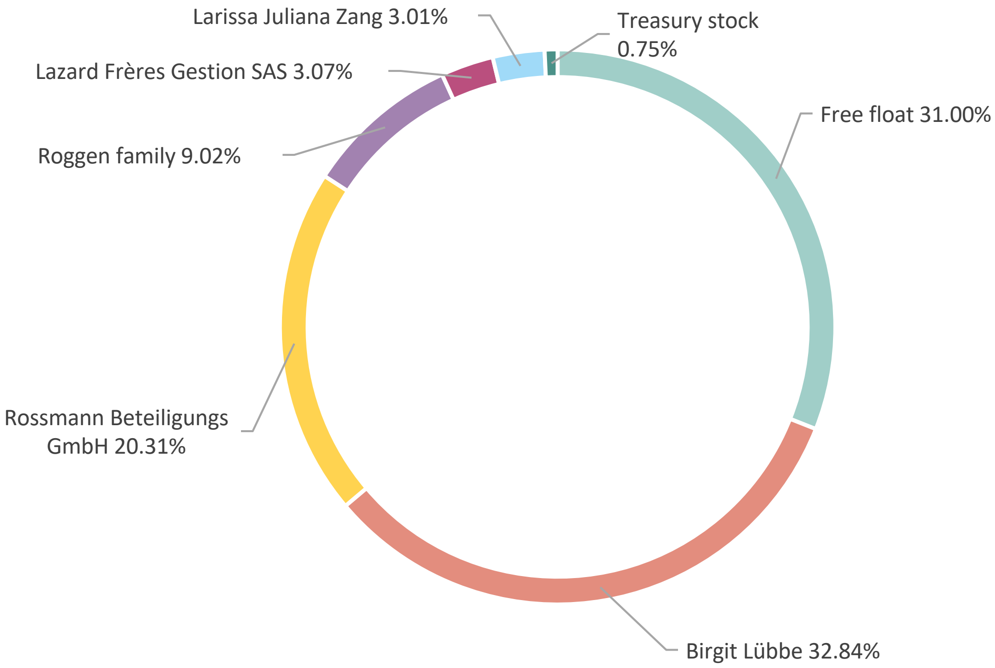
FAVOURABLE ANALYST RATINGS

The Bastei Lübbe AG share is currently being covered by DZ Bank as well as Warburg Research and Solventis. In their studies published in response to the publication of the interim report, all analysts gave the share a buy rating. The consensus target price stands at between EUR 8.00 and 10.40.

The full studies are available on the Bastei Lübbe AG website at

bastei-luebbe.de/en/company/investor-relations/share.

STABLE SHAREHOLDER STRUCTURE (AS OF 30 JUNE 2024)



Based on the most recently available voting rights notifications, the shareholder structure is as shown in the chart. It has changed in that the share held by Rossmann Beteiligungs GmbH has increased from 15.1% to 20.3% compared to the last annual report. This caused the free float to shrink from 36.7% to 31.0%. There are no other changes in the shares held.

ACTIVE INVESTOR RELATIONS

Bastei Lübbe AG attaches key importance to regular and close communications with institutional investors, analysts, private investors and the editorial teams of financial and business media, providing them with updates on the Company's business performance and outlook. In the 2023/2024 financial year, the Company attended Hamburger Investorentage for the first time as well as the German Equity Forum in Frankfurt am Main once again.

The Bastei Lübbe share is listed in the strictly regulated Prime Standard of the Frankfurt Stock Exchange. Accordingly, Bastei Lübbe AG complies with all important disclosure and transparency standards and provides detailed and timely information on important events, which are published in the form of ad hoc announcements or press releases. Bastei Lübbe AG is continuing its targeted communications strategy and open dialogue with capital market participants in the current fiscal year.

Further information is available to investors in the Investor Relations section of the website at

bastei-luebbe.de/en/company/investor-relations.

ANNUAL GENERAL MEETING FOR THE 2022/2023 FINANCIAL YEAR

The Supervisory Board and the Executive Board attach key importance to direct contact with the shareholders. Bastei Lübbe AG's annual general meeting was held in physical form on 13 September 2023. Following a review of the previous year, the new Chief Financial Officer of Bastei Lübbe AG, Mathis Gerkensmeyer, introduced himself to the shareholders. The members of the Executive Board outlined the Company's performance in the past financial year, touching on its strategic direction and, in particular, the successful performance of its community and digital business as well as various programme measures for sustainable growth. In addition, the election of the Supervisory Board was on the agenda. Carsten Dentler, who had been Chairman of the Supervisory Board of Bastei Lübbe AG since the previous financial year, was again elected to the Supervisory Board and was confirmed as Chairman of the Supervisory Board at the constituent meeting following the annual general meeting.

Dr Ralph Drouven and Dr Melanie Bockemühl were also elected to the Supervisory Board for the first time. All three members of the Supervisory Board were elected for a term expiring at the end of the annual general meeting at which a resolution is passed to ratify their actions for the 2027/2028 financial year.

Almost 78.5% of Bastei Lübbe AG's statutory share capital was represented at the annual general meeting. The actions of the members of the Executive Board and the Supervisory Board were ratified for the previous financial year by a large majority and all items on the agenda approved. Details of the items of the agenda as well as the voting results can be found in the Investor Relations section of the Company's website.

DIVIDEND POLICY

Bastei Lübbe AG continues to pursue a policy of dividend continuity with a distribution rate of 40-50% of distributable profits in order to allow shareholders to participate appropriately in the Company's success. In this context, long-term and sustainable business performance is seen as a prerequisite for the distribution of dividends. This safeguards the strategy as a value-oriented company, ensuring that shareholders can participate appropriately and continuously in its success. A dividend of EUR 0.16 per share was distributed in the previous year.

At the annual general meeting, the Executive Board and the Supervisory Board will be asking the shareholders to approve the distribution of a dividend of EUR 0.30 per share for the 2023/2024 financial year. Allowing for treasury stock, on which no dividend is payable, this is equivalent to a total payout of EUR 4.0 million or 45% of the distributable profit.

Bastei Lübbe AG's annual financial statements for the 2023/2024 financial year, which are prepared in accordance with the German Commercial Code and form the basis for the resolution approving the dividend to be distributed, carry an unappropriated surplus of EUR 8.9 million for the year. The remaining amount after payment of the dividend is to be carried forward.


CORPORATE
GOVER
NANCE
NONFICTION – QUADRIGA
SUSTAINABILITY GUIDES – SMARTICULAR

REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

The 2023/2024 financial year was heavily influenced by the disruptive geopolitical developments that are still leaving traces as well as the cumulative effects of individual challenges with regard to the procurement of raw materials and volatile energy prices that kindled inflation across virtually all stages of the value chain of the economy. It was with creativity, commitment, dynamic team work and the market success of our authors and themes that we had already been able to successfully overcome these obstacles in the 2022/2023 financial year.

Such an intensive phase begged the question as to what impact this would have on the company's subsequent development. In retrospect, it is fair to say that the Bastei Lübbe Group gave a very positive answer in the 2023/2024 financial year thanks to the productivity of its great authors in conjunction with the highly qualified staff of the individual imprints together with our readers, listeners and the entire Bastei Lübbe community.

On the one hand, it was possible to sensibly supplement the range of activities of our full-range publishing company. At the same time, activities that were outside the core of the brand universe were scaled back professionally. Underpinned by the continuation of the broad portfolio of existing activities in all parts of the Group, revenues and earnings were again noticeably higher than in the previous year.

The underlying mix of organic and inorganic growth was attributable to the ability to develop new activities from within the parent company as well as the successful integration of new people, topics and areas. These are the essential core competencies of a creative company that understands its mission of offering opinion, relevant information and entertainment as equally important goals. The Supervisory Board is convinced that this has created an important basis for the company's sustained success in a market environment that is continuing to experience dynamic change.

Gratifyingly, these developments also met with a favourable response in the capital market, reflected in the steady gains made by the share price among other things. The Executive Board and staff can interpret this both as a vote of confidence in the work they have done so far and trust that they will continue to act in the company's best interests moving forward.

The response of our readers, authors and industry representatives to Bastei Lübbe's presence at the Frankfurt Book Fair, the Leipzig Book Fair and the London Book Fair was once again extremely favourable. The stand design was modified to allow for readers' strong interest in meeting our authors. The experience arising from these direct encounters was thus optimised for both sides.

In the 2023/2024 financial year, the Supervisory Board monitored the activities of the Executive Board closely, advising it closely and regularly on the management of the company. It regularly exchanged views with the Executive Board on the ongoing development of the company's business, its thoughts on corporate strategy and the implementation of key measures and projects. Deviations from the plans were brought to the Supervisory Board's attention in good time and explained in detail. The risk situation and risk management were subject to careful consideration at all times.

CHANGES IN THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD IN THE 2023/2024 FINANCIAL YEAR

Upon the expiry of his contract, Mr Joachim Herbst stepped down from the company's Executive Board effective 31 July 2023. He was replaced by Mr Mathis Gerkensmeyer whom the Supervisory Board appointed as Chief Financial Officer with effect from 1 September 2023.

At the end of the annual general meeting on 13 September 2023, Prof. Friedrich Ekey and Dr Mirko Caspar resigned from the Supervisory Board. In their place, Dr Melanie Bockemühl and Dr Ralph Drouven were elected to the Supervisory Board at the annual general meeting on 13 September 2023. During the ensuing constitutive meeting, Mr Carsten Dentler was elected Chairman of the Supervisory Board and Dr Ralph Drouven Deputy Chairman.

SUPERVISORY BOARD MEETINGS AND MAIN CONTENT OF THE SUPERVISORY BOARD'S DELIBERATIONS

In the 2023/2024 financial year, the Supervisory Body held a total of five ordinary meetings as well as one constitutive meeting attended by the members in person in accordance with Section 110 (3) Sentence 1 of the German Stock Corporation Act. In addition, telephone conferences were held among the members of the Supervisory Board, usually with the participation of the Executive Board. To the extent required by law, the articles of association or the rules of procedure, the Supervisory Board passed resolutions on key operational, organisational and structural issues.

The main subjects of the deliberations held in the financial year under review included:

- ongoing business performance in the 2023/2024 financial year
- the future development and strategy of the company and its divisions,
- the analysis of the company and its investments as well as the definition and implementation of strategic measures,
- participation in and communication at industry fairs and in the capital market.

In the 2023/2024 financial year, the Supervisory Board discussed the following topics in particular at its meetings:

ORDINARY MEETING OF 4 MAY 2023

The Executive Board and the Supervisory Board discussed the multi-year plan. The Executive Board presented and outlined the performance of its investment in Smarticular. The procedure with regard to the acquisition opportunities presented to the company was discussed. In addition, the Executive Board's view of the risk situation as well as its further considerations on the company's compliance and risk management system were presented. In the light of the results of the public prosecutor's investigations, the Executive Board and the Supervisory Board decided to take legal action against former members of the company's governance bodies as well as third parties.

RESOLUTION BY WRITTEN CIRCULAR DATED 16 JUNE 2023

The Supervisory Board unanimously re-affirmed the existing targets for the Supervisory Board and the Executive Board. In addition, a resolution was passed approving the payment of a special bonus to the members of the Executive Board.

ORDINARY MEETING OF 4 JULY 2023

The Executive Board presented Bastei Lübbe AG's single-entity financial statements and the consolidated financial statements. It discussed significant aspects of these financial statements with the responsible representatives of the external auditor Ebner Stolz & GmbH Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Cologne, and the Executive Board. After detailed consultations with the external auditor, the financial statements were duly approved. The annual financial statements of Bastei Lübbe AG were thus adopted in accordance with Section 172 of the German Stock Corporation Act. Furthermore, the proposal for the distribution of a dividend to be approved at the annual general meeting on 13 September 2023 was discussed in detail and subsequently adopted. The invitation to the annual general meeting and the items of the agenda were finalised. In conclusion, the company's current business performance, its risk situation as well as that of its associates and existing legal disputes were discussed and appropriate measures agreed on. The Supervisory Board approved the appointment of Mr. Dastyari to the position of managing director of Bastei Ventures GmbH to replace Mr Herbst, who had left the company.

ORDINARY MEETING OF 7 SEPTEMBER 2023

The Executive Board and the Supervisory Board were informed of the current status of the legal disputes concerning Daedalic and the lawsuit against former members of the governance bodies. The Executive Board reported to the Supervisory Board on the progress made in restructuring and reorganising operations as well as related activities to measure customer satisfaction and product quality. The Supervisory Board was given an update on the latest developments with regard to Community Editions and the new "humble but bold" brand.

ORDINARY MEETING OF 7 NOVEMBER 2023

The draft of a new schedule of meetings was presented and agreed between the Executive Board and the Supervisory Board. The Executive Board presented the compliance management system. The current status of existing legal disputes was described and discussed. Plans for expanding the product portfolio were submitted to the Supervisory Board. The Executive Board provided detailed information on the company's business performance in the first half of the financial year, submitting the Group's report on the first half of the financial year to the Supervisory Board. At the Supervisory Board's request, the Executive Board elaborated on a number of items in this report. The Supervisory Board subsequently approved the publication of this report in the version submitted by the Executive Board.

ORDINARY MEETING OF 5 MARCH 2024

The Executive Board outlined the current status of the Bastei Lübbe Group's revenue forecast for the upcoming 2024/2025 financial year, broken down by segment. The proposal was discussed at length. Questions and suggestions from the Supervisory Board were answered or taken up by the Executive Board. The Supervisory Board subsequently approved the plan that had been submitted. The opportunities for and challenges facing individual divisions were discussed in detail and initial considerations for establishing a new imprint presented by the Executive Board. The Executive Board explained that, in order to improve the efficiency of internal processes, it was aiming for a further systematisation of corporate planning, which the Supervisory Board duly noted with approval. The Executive Board reported on the business performance of the main associates and the possibility for selling the business operations of Business Hub Berlin UG/Smarticular.

RESOLUTION PASSED AFTER A TELEPHONE CONFERENCE OF 22 MARCH 2024

The Supervisory Board approved the dismissal of Mr Christian Scholz as managing director of Business Hub Berlin UG/Smarticular with effect from 31 March 2024 and the sale of the business operations of Business Hub Berlin UG/Smarticular on the basis of the purchase agreement submitted by the Executive Board.

GERMAN CORPORATE GOVERNANCE CODE

As recommended in the German Corporate Governance Code, the Supervisory Board reviews the efficiency of its own activities on a regular basis, however at least once a year.

Once again, the Supervisory Board examined the recommendations of the German Corporate Governance Code in the 2023/2024 financial year. Save for a few exceptions, Bastei Lübbe AG complies with these recommendations and suggestions. The Executive Board and the Supervisory Board adopted the joint declaration of conformity in accordance with Section 161 of the German Stock Corporation Act on 5 March 2024, disclosing and explaining any decisions not to follow the recommendations of the German Corporate Governance Code. The current declaration of conformity as well as all previous ones have been made permanently available to shareholders on the company's website. Further information on corporate governance can be found in the corporate governance declaration, which the Supervisory Board believes to be complete and accurate.

COMPLIANCE

The Supervisory Board is particularly committed to ensuring that the conduct of the employees of the Bastei Lübbe Group is consistent with the law and the established compliance guidelines at all times. It believes that the compliance system that has been established by the Executive Board is suitable for achieving this goal. Should the Supervisory Board nevertheless become aware of any violations of laws, official orders or ethical guidelines for business conduct, it will make sure that such violations are strictly punished.

RISK EARLY WARNING SYSTEM

The Group has a risk early warning system, which is updated regularly, with the Supervisory Board kept informed of its current status. The Supervisory Board is satisfied that the risk management system alerts the Executive Board in good time to any significant risks that pose a threat to the company or the Group, ensuring that it can respond effectively.

AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2023/2024

Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Cologne, audited the annual financial statements prepared by the Executive Board in accordance with the provisions of the German Commercial Code and the consolidated financial statements prepared in accordance with IFRS, together with the combined Group management report and the management report of the company for the 2023/2024 financial year, issuing an unqualified audit opinion. The aforementioned documents and the audit report prepared by Ebner Stolz GmbH & Co KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Cologne, were submitted to the members of the Supervisory Board in a timely manner. They were dealt with in detail at the balance sheet meeting of the Supervisory Board on 10 July 2024, at which the Executive Board explained the annual financial statements, the consolidated financial statements and the combined Group management report and management report of the company; the auditor Ebner Stolz GmbH & Co KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Cologne, reported on the results of the audit in detail. During the meeting, all questions were answered exhaustively by the Executive Board and the auditor. After its own examination, the Supervisory Board had no reason to raise any objections to the annual financial statements, the management report, the consolidated financial statements or the Group management report. The Supervisory Board satisfied itself in a detailed examination that the mandatory disclosures made by the Executive Board in the combined management report and the Group management report were free of any errors or omissions. It concurred with the Executive Board in its assessment of the company's situation and approved the annual financial statements, which were thus duly adopted, and the consolidated financial statements for the 2023/2024 financial year. The Supervisory Board endorsed the Executive Board's proposal for the distribution of a dividend.

EXPRESSION OF THANKS FROM THE SUPERVISORY BOARD

In the 2023/2024 financial year, concerns over existing and new geopolitical crises left deep traces on social and political discourse, while the associated sanctions and other obstacles to economic growth adversely affected very many people's lifestyles and consumption preferences. Bastei Lübbe, its authors and all its employees were unable to escape the effects of this situation. This made personal and professional interaction with one another all the more important.

Mutual respect for people and their contribution to the team are the cornerstone of the strong motivation of all employees, encouraging them to continue playing a part in the favourable development that Bastei Lübbe AG has been experiencing over the last few years.

It was precisely against this backdrop that the Bastei Lübbe Group's strong team was able to achieve good operating results in the 2023/2024 financial year. That said, it should not be forgotten that, despite its favourable position, it is always a challenge for the company to achieve or even exceed its own, deliberately ambitious goals each financial year.

The success gained in the 2023/2024 financial year makes it possible for management to propose this year again that the shareholders approve the distribution of an appropriate dividend in excess of the previous year. The Supervisory Board therefore expressly thanks the Executive Board, the employees and all employee representatives of the Bastei Lübbe Group once again for their loyal and consistent commitment.

Personally, I would like to conclude by thanking my colleagues on the Supervisory Board, the members of the Executive Board, all employees and our market partners, who were again important supporters of Bastei Lübbe, helping us to achieve the goals that we had set this financial year. I thank you all for your confidence in us!

Cologne, July 2024

For the Supervisory Board

Carsten Dentler

Chairman of the Supervisory Board

CORPORATE GOVERNANCE STATEMENT

UNDERLYING PRINCIPLES OF CORPORATE ACTIVITY

Good corporate governance is the guarantee of responsible management of the Company. It encompasses the entire corporate management and supervision system. This includes the Company's organisation, its values, business principles and policies, as well as internal and external control and monitoring mechanisms. The goal of good and transparent corporate governance is to ensure responsible management and control of the Company geared towards value creation. This goal is embedded in the underlying conditions set by the German Corporate Governance Code among other things.

Transparent corporate governance promotes trust in Bastei Lübbe AG on the part of national and international investors, the financial markets, customers and other business partners, employees and the general public. We provide information on our corporate governance practices at bastei-luebbe.de/en/company/corporate-governance.

CORPORATE GOVERNANCE STATEMENT PURSUANT TO SECTIONS 289F AND 315D OF THE GERMAN COMMERCIAL CODE

The principles of responsible and good corporate governance determine the actions of Bastei Lübbe AG's Executive Board and Supervisory Board. The Executive Board and the Supervisory Board seek to align the management and supervision of the Company with national and international standards. Efficient cooperation between the Executive Board and the Supervisory Board within the framework of open and transparent corporate communication is indispensable for this.

In addition to the declaration of conformity with the recommendations of the German Corporate Governance Code, the corporate governance statement pursuant to Sections 289f and 315d of the German Commercial Code (HGB) contains further information on corporate governance, particularly corporate governance practices, and a description of the working methods of the Executive Board and the Supervisory Board.

DECLARATION OF CONFORMITY

The Executive Board and the Supervisory Board of Bastei Lübbe AG declare pursuant to Section 161 of the German Stock Corporation Act that, save for the following exceptions, the recommendations of the German Corporate Governance Code in the version dated 28 April 2022 (published in the official section of the Bundesanzeiger on 27 June 2022) ("2022 Code") have been complied with and will continue to be complied with in the future:

COMPOSITION OF THE SUPERVISORY BOARD (SECTION C.2)

Contrary to the recommendation in section C.2, no age limit is set for members of the Supervisory Board. According to the case law of the European Court of Justice, there are legal objections to the admissibility of such an age limit from the point of view of age discrimination. In addition, setting an age limit is an exclusion criterion for potentially suitable candidates that is not in the interests of the Company. Qualification as a Supervisory Board member depends on their experience, knowledge and skills. A decision must be made on a case-by-case basis, which should not be restricted by a rigid age limit.

SUPERVISORY BOARD COMMITTEES (D.2 TO D.4)

The German Corporate Governance Code recommends that the Supervisory Board should form professionally qualified committees. As the Supervisory Board has only three members, it has not formed any committees at present as there would be no difference in the identity of their members. The members of the Supervisory Board thus hold joint responsibility for making decisions on all matters. If the Supervisory Board is enlarged in the future, a decision will be made on the formation of committees.

PUBLICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND MANAGEMENT REPORT (F.2)

Contrary to the recommendation in F.2, the consolidated financial statements and the management report for the 2023/2024 financial year will not be made publicly available within 90 days, but within 120 days of the end of the financial year due to the processes related to the audit of the annual financial statements.

VARIABLE REMUNERATION OF EXECUTIVE BOARD MEMBERS (G.10 SENTENCE 2)

The German Corporate Governance Code recommends that long-term variable remuneration components granted should be accessible to Executive Board members only after a period of four years. In view of the Company's business strategy and the business cycle, a period of three years until the accessibility of the long-term variable remuneration components is considered appropriate.

RELEVANT DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES AND WORKING METHODS OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD

As a German public limited company, Bastei Lübbe AG is subject to German stock corporation law and therefore has a dual management and supervisory structure consisting of an Executive Board and a Supervisory Board. The tasks, powers and responsibilities of these two bodies are clearly defined by law and segregated in personnel terms.

For Bastei Lübbe AG, the fundamental principle of responsible corporate governance is to ensure efficient cooperation between the Executive Board and the Supervisory Board through a responsible and transparent corporate management and supervisory structure. Thus, a large number of issues were discussed in detail between the Supervisory Board and the Executive Board in the 2023/2024 financial year. The Supervisory Board monitored the actions of the Executive Board carefully and regularly and supported its activities continuously in an advisory capacity.

The Supervisory Board was always involved in all major decisions in a timely and appropriate manner. The Executive Board informed the Supervisory Board regularly, promptly and comprehensively in written or oral form about the course of business, the earnings and financial situation, the employment situation and personnel policy, short-, medium- and long-term corporate and financial planning and the strategic further development of the Company and its subsidiaries and associates. Any deviations from the plans were explained in detail to the Supervisory Board. The risk situation and risk management were subject to careful consideration at all times.

The Chairman of the Supervisory Board also maintained contact with the Executive Board outside of the meetings, which took place at regular intervals, and discussed the essential processes and upcoming decisions with it.

The requirements with regard to compliance with statutory provisions and internal regulations are for the most part laid down in the compliance rules adopted by the Supervisory Board and the Executive Board. Bastei Lübbe AG has also engaged an external compliance officer to deal with matters relating to compliance, which is defined as the adherence to rules and legal requirements and the integrity of processes and conduct within the Company. He engages in research and consults with the members of the Executive Board, department heads, the works council, other individual employees and the departmental staff in departmental meetings. The employees and third parties have the possibility of reporting any compliance violations to the compliance officer in a whistleblowing system. This can also be done anonymously. Reports can be submitted by e-mail, letter, telephone or in person. For this purpose, the compliance officer also has an internal e-mail account, holds monthly office hours and invites staff to contact him openly or anonymously, while guaranteeing confidentiality.

The compliance officer submitted a report to the Executive Board at the end of the 2023/2024 financial year, coming to the following conclusion: “In the light of my activities in the reporting year, I am satisfied that the compliance policy is being implemented as intended and that there are no noteworthy problems, especially serious ones or ones impacting the Company’s going-concern status.”

ALLOCATION OF RESPONSIBILITIES AND WORKING METHODS OF THE EXECUTIVE BOARD

Bastei Lübbe AG’s Executive Board manages the Company with the aim of creating sustainable value under its own responsibility and in the Company’s interests, i.e. primarily taking into account the interests of the shareholders, its employees and other stakeholders. In doing so, it is not bound by the instructions of any third parties and acts in accordance with the law, the articles of association and the rules of procedure issued by the Supervisory Board as well as the resolutions passed at the annual general meeting. When filling management positions within the Company, the Executive Board also pays attention to diversity and strives in particular for the appropriate inclusion of women. An enterprise-wide, formalised diversity strategy has not yet been implemented. The Executive Board and the Supervisory Board are of the opinion that diversity can be promoted and established even in the absence of a formalised diversity strategy.

Notwithstanding the principle of shared responsibility, under which all members of the Executive Board are jointly responsible for the management of the Company’s business, each member of the Executive Board manages the department assigned to him/her on his/her own responsibility and is solely authorised to do so. In doing so, each member may submit to the full Executive Board any matters requiring a resolution. As a rule, Bastei Lübbe AG’s Executive Board meets on a fortnightly basis at a minimum.

However, issues that are assigned to the full Executive Board by law, the articles association or the rules of procedure of the Executive Board are dealt with and decided on jointly by all members. In particular, the members of the Executive Board make all fundamental decisions on business policy and strategy in close consultation with the Supervisory Board. To this end, the Executive Board informs the Supervisory Board of all issues and key topics relevant to the Company as a whole. The Executive Board’s disclosure and reporting duties are defined in detail by the Supervisory Board in the Executive Board’s rules of procedure.

The Executive Board currently consists of Soheil Dastyari (Chief Executive Officer, responsible for corporate development and strategy, business development, human resources, corporate communications, subsidiaries), Mathis Gerkensmeyer (responsible for finance and accounting, controlling, financing, production, legal & contract management, compliance, internal audit, risk management, IT, central services), Sandra Dittert (responsible for distribution, marketing, product PR, metadata, novels) and Simon Decot (responsible for program strategy, imprints, licenses). The areas of investor relations and M&A are the responsibility of the entire Executive Board and receive particular attention from the Chief Financial Officer and the Chairman of the Executive Board. All members of the Executive Board have been appointed for a term of three years.

Together with the Executive Board, the Supervisory Board ensures long-term succession planning. As part of the process for long-term succession planning, the Supervisory Board ensures that the knowledge, skills and experience of the members of the Executive Board are varied and balanced in the best interests of the Company, also taking diversity considerations into account. One basis for long-term succession planning is provided by discussions between the Supervisory Board and the members of the Executive Board, through which the Supervisory Board also obtains an idea of the requirements for potential new candidates for Executive Board positions. Vacant positions on the Executive Board are filled on this basis, taking into account a candidate profile prepared by the Supervisory Board in each case.

Together with the Executive Board, the Supervisory Board ensures long-term succession planning. As part of the process for long-term succession planning, the Supervisory Board ensures that the knowledge, skills and experience of the members of the Executive Board are varied and balanced in the best interests of the Company, also taking diversity considerations into account. One basis for long-term succession planning is provided by discussions between the Supervisory Board and the members of the Executive Board, through which the Supervisory Board also obtains an idea of the requirements for potential new candidates for Executive Board positions. Vacant positions on the Executive Board are filled on this basis, taking into account a candidate profile prepared by the Supervisory Board in each case.

The Supervisory Board has set an age limit for members of the Executive Board. The office of member of the Executive Board may only be held by persons who have not yet reached the age of 68 years. The Supervisory Board must take this into account when appointing members of the Executive Board and when entering into the corresponding service contract.

In accordance with the statutory requirements, the Executive Board has installed professional risk management and internal control systems. Every year, the annual report provides information on how these systems are structured and what significant risks and opportunities have currently been identified.

REMUNERATION OF THE MEMBERS OF THE EXECUTIVE BOARD

The current remuneration system for the members of the Executive Board is in line with the German Corporate Governance Code save for the exception to recommendation G.10 Sentence 2 of the Code as explained in the declaration of conformity. The remuneration system was submitted to and approved by the shareholders at the annual general meeting held on 14 September 2022. The resolution and the system for the remuneration of the members of the Executive Board as well as the remuneration report are publicly available at bastei-luebbe.de/en/company/corporate-governance.

WORKING METHODS OF THE SUPERVISORY BOARD

The task of the Supervisory Board is to advise and supervise the Executive Board in the management of the Company. The rules of procedure for the Executive Board contain a catalogue of measures that require the approval of the Supervisory Board. This applies in particular to decisions that are of fundamental importance for the Company. Furthermore, certain transactions of the Company with related parties require the consent of the Supervisory Board in accordance with Section 111b of the German Stock Corporation Act. The Company's articles of association and the rules of procedure of the Supervisory Board contain comprehensive guidelines for the work of the Supervisory Board. The rules of procedure of the Supervisory Board can be found at bastei-luebbe.de/en/company/corporate-governance.

The Supervisory Board of Bastei Lübbe AG consists of three members elected by the shareholders. When candidates are proposed for election to the Supervisory Board, particular attention is paid to the knowledge, skills and professional experience required to perform the task in question. In this way, the Supervisory Board members provide the most effective supervision and support possible for the Executive Board in matters of strategic orientation.

The Supervisory Board consists of Carsten Dentler (Chairman of the Supervisory Board, Managing Director of Palladio Infrastruktur GmbH), member of the Supervisory Board since 14 September 2022, Dr. Ralph Drouven (Deputy Chairman of the Supervisory Board, Partner at Drouven Dietlein Rechtsanwälte Partnerschaft mbB), member of the Supervisory Board since 13 September 2023, and Dr. Melanie Bockemühl (member of the Supervisory Board, Managing Partner of River22 Invest GmbH, Managing Director of kolula solutions UG), member of the Supervisory Board since 13 September 2023. In accordance with Section 107 (4) Sentence 2 of the German Stock Corporation Act, the three members of the Supervisory Board also serve on the Audit Committee. Mr Carsten Dentler holds a degree in business administration and, due to his many years of professional experience at an auditing company, as well as at various national and international banks and as managing shareholder of Palladio Infrastruktur GmbH, holds special knowledge and experience in accounting and auditing, including sustainability reporting and auditing. He is a member of the supervisory boards of several listed and private companies. Accordingly, Mr Carsten Dentler simultaneously holds the function of financial expert within the meaning of Section 100 (5) of the German Stock Corporation Act. Due to her activities as managing director, shareholder and consultant, Dr. Melanie Bockemühl also meets the requirements of Section 100 (5) as a member with expertise in the field of accounting. They both actively contribute their expertise to the Supervisory Board.

The Chairman coordinates the Supervisory Board’s work, chairs its meetings and is responsible for its concerns and external representation. He maintains constant and regular contact with the Executive Board, in particular with the Chief Executive Officer, and discusses with him, both during and outside meetings, the main processes and upcoming decisions concerning the Company, particularly strategy and business performance as well as the risk situation, risk management and compliance. None of the members of the Supervisory Board are formerly members of the Executive Board.

The Supervisory Board reviews the efficiency of its own activities on a regular basis, but at least once a year. Accordingly, the next review will take place in connection with this year's balance sheet meeting on 10 July 2024. The efficiency of its activities will be discussed and reviewed, among other things, with regard to effective control and advice to the Executive Board of Bastei Lübbe AG. The Supervisory Board is of the opinion that Bastei Lübbe AG has sufficient organisational structures and systems to enable the Supervisory Board to fulfil its legal and statutory duties appropriately. The rules of procedure for the Supervisory Board and the defined procedures, the determination of transactions requiring approval as well as the timely and sufficient submission of information to the members of the Supervisory Board are decisive factors in ensuring that it can fulfil its supervisory duties in the required manner. On the basis of their qualifications and professional experience, the members of the Supervisory Board possess the knowledge required to fulfil their duties efficiently.

The Supervisory Board has adopted the following competence profile for the entire Board:

The Supervisory Board should be composed in such a way that its members jointly possess the necessary expertise, skills and professional experience to properly perform their duties. In particular, the Supervisory Board considers the following areas of competence and knowledge to be essential for the performance of its duties within the Company (competence profile): national and international business experience, management experience, understanding of the Company’s business in its main areas of activity, digitalisation, finance, accounting, auditing, controlling/risk management, human resources, governance/compliance and corporate sustainability. The members of the Supervisory Board in their entirety must be familiar with the sector in which the Company operates as a result of their own experience in the media industry. At least one member of the Supervisory Board must have expertise in accounting and at least one other member of the Supervisory Board must have expertise in auditing (financial experts within the meaning of Section 100 (5) of the German Stock Corporation Act).

The Supervisory Board has specified the following objectives for its composition:

- The Supervisory Board as a whole should have the knowledge, skills and professional experience required to perform its duties properly. With regard to its composition, the Supervisory Board strives to ensure that the aforementioned competence profile is fulfilled for the entire Board and that the areas of competence mentioned in it are duly covered.
- In addition, the Supervisory Board should have what it considers to be an appropriate number of independent members. For this purpose, more than half of the shareholder representatives should be independent of the Company and the Executive Board. If the Company has a majority shareholder, at least one shareholder representative should be independent of such majority shareholder.
- The Supervisory Board also takes account of diversity in its election proposals by encouraging a plurality of opinions and experience on the part of the candidates, for example with regard to age, gender, educational or professional background as well as international profile.
- At least one woman should be represented on the Supervisory Board.
- At least one member of the Supervisory Board should have international business experience or another international connection.
- Conflicts of interest on the part of members of the Supervisory Board impede independent advice to and supervision of the Executive Board. The Supervisory Board determines its response to potential or actual conflicts of interest in each individual case within the framework of the law and in the light of the German Corporate Governance Code. Conflicts of interest should be avoided in the composition of the Supervisory Board.

The Supervisory Board believes that its current composition meets the aforementioned objectives and fulfils the competence profile. The members of the Supervisory Board as a whole possess the knowledge, skills and experience required to properly perform their duties. The Supervisory Board includes what it considers to be an appropriate number of independent members. The Supervisory Board believes that all its members are independent within the meaning of the German Corporate Governance Code. The following qualification matrix individually sets out the current version of the competence profile for each member of the Supervisory Board:

	Carsten Dentler	Dr. Ralph Drouven	Dr. Melanie Bockemühl
Date of birth	12 September 1964	2 May 1958	15 October 1971
Gender	Male	Male	Female
Nationality	German	German	German
Independence[1]	✓	✓	✓
No overboarding[1]	✓	✓	✓
National and international business experience	✓	✓	✓
Management experience	✓	✓	✓
Understanding of the business in relation to the main areas of activity of the company	✓	✓	✓
Digitalisation	–	✓	✓
Finance	✓	✓	✓
Accounting[2]	✓	✓	✓
Auditing[2]	✓	–	–
Risk management, compliance and law	✓	✓	✓
Controlling	✓	✓	✓
Human resources	✓	✓	✓
Governance/compliance	✓	✓	✓
Corporate sustainability	✓	✓	✓

✓ Criterion fulfilled. The criteria for professional suitability are based on an annual self-assessment by the Supervisory Board. A tick signifies the presence of at least "good knowledge" and thus the ability to understand the relevant facts and make informed decisions on the basis of existing qualifications and the regular training measures taken by all members of the Supervisory Board.

1 As defined in the Code

2 As defined in Section 100 (5) of the German Stock Corporation Act and recommendation D.3 of the Code

Proposals of the Supervisory Board to the shareholders take into account the aforementioned objectives and aim to ensure compliance with the competence profile for the entire Supervisory Board. The Supervisory Board's decision on the election proposal to the shareholders is always guided by the Company's best interests in the light all the circumstances of the individual case.

The Supervisory Board also considers the effectiveness of the audit of the financial statements and prepares the proposed resolution for submission to the annual general meeting concerning the election of the independent auditor. It discusses the auditing activities together with the independent auditor and assesses their quality in this connection.

REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

The motion for a resolution on the remuneration of the Supervisory Board members submitted to the shareholders at the annual general meeting on 15 September 2021 and the remuneration report are publicly available at bastei-luebbe.de/en/company/investor-relations/general-meeting.

DETERMINATION OF TARGETS AND DEADLINES UNDER SECTION 76 (4) AND SECTION 111 (5) OF THE GERMAN STOCK CORPORATION ACT AND CURRENT STATUS OF IMPLEMENTATION

On 16 June 2023, the Supervisory Board resolved to set targets of one woman on the Supervisory Board and 25% on the Executive Board with an implementation deadline of 15 June 2028. As a woman has been a member of the Supervisory Board since 13 September 2023 and a woman has been a member of the Executive Board since 1 August 2020, these targets have been met.

On 2 September 2020, the Executive Board decided to set a target gender representation ratio of 50% for the two management levels below the Executive Board. As of the reporting date, the proportion of women in the top two management levels stood at 56%. Accordingly, the target figure has been achieved.

AVOIDANCE OF CONFLICTS OF INTEREST

In the financial year under review, the members of the Executive Board and the Supervisory Board of Bastei Lübbe AG did not have any conflicts of interest subject to immediate compulsory disclosure to the Supervisory Board. No member of the Executive Board was a member of any other supervisory board required to be established by law or of a comparable domestic or foreign supervisory body.

TRANSPARENCY

It is Bastei Lübbe AG's goal to ensure the greatest possible transparency and to provide all stakeholders with the same information at the same time. All stakeholders can obtain information on current developments at the Company via the Internet. The Company's ad hoc announcements are published in the "Investor Relations" section of the Bastei Lübbe AG website. Press releases and other corporate news are also made available there and our shareholders are kept informed of important dates by means of a financial calendar.

Information on the corporate governance practices is available at bastei-luebbe.de/en/company/corporate-governance. In particular, the corporate governance declarations pursuant to Sections 289f and 315d of the German Commercial Code (HGB), the declarations of compliance with the German Corporate Governance Code and the Articles of Association are also available there.

SECURITIES TRANSACTIONS SUBJECT TO COMPULSORY DISCLOSURE

Under Article 19 of the EU Market Abuse Regulation, persons performing management duties, particularly the members of the Executive Board and Supervisory Board, as well as persons closely related to them, must report any trading transactions involving shares in the Company and related financial instruments. These are also published on the website at bastei-luebbe.de/en/news. No such transactions were reported to the Company during the reporting period.

REPORTING AND AUDIT OF THE FINANCIAL STATEMENTS

The consolidated financial statements and interim reports of Bastei Lübbe AG are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU. The annual financial statements of Bastei Lübbe AG are prepared in accordance with the provisions of the German Commercial Code (HGB). Ebner Stolz GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Cologne, was elected as auditor for the 2023/2024 financial year at the annual general meeting held on 13 September 2023. Ebner & Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft ensures through internal rotation procedures that the audit activities are carried out with the necessary distance from the Company and, in particular, that the responsible auditors terminate their involvement in the audit of the Company's financial statements no later than five years after their initial appointment. Before being proposed for election at the annual general meeting, the auditor declared to the Supervisory Board that there were no circumstances with respect to the relationship between him and the Company liable to cast any doubts on his independence. Under the terms of his engagement, it was agreed that he would inform the Chairman of the Supervisory Board without delay of all findings and occurrences of significance for his duties that came to his attention during the performance of the audit. It was also agreed that the auditor would inform the Chairman of the Supervisory Board without delay and make a note in the audit report if, during the performance of the audit, he ascertained any facts indicating any misstatements in the declaration on the German Corporate Governance Code issued by the Executive Board and the Supervisory Board.

Cologne, 28 June 2024

For the Supervisory Board

- Chairman of the Supervisory Board -

Carsten Dentler

For the Executive Board

- Chief Executive Officer -

Soheil Dastyari

COMBINED MANAGEMENT REPORT

NEW ADULT – LYX
YOUNG ADULT – ONE

COMPANY PROFILE

GROUP BUSINESS MODEL

Bastei Lübbe AG is a German general-interest publisher based in Cologne, specialising in the publication of books, audio books and e-books in different, mutually complementary target groups. Its 15 imprints are successful on the market, offering fiction and popular science content. Licensing of rights is also part of the Company's business activities.

Bastei Lübbe divides its business activities into the "Book" and "Novel Booklets" segments. The "Book" segment includes all of Bastei Lübbe AG's print, audio and e-book products, which are primarily sold under the Lübbe, Quadriga, Eichborn, Baumhaus, ONE, LYX, LYX.audio, beHEARTBEAT, beTHRILLED and Lübbe Audio imprints. In addition, the Czech associate Moravská Bastei MOBA s.r.o. ("Moba") and the associates Business Hub Berlin UG ("smarticular") and CE Community Editions GmbH ("Community Editions") are allocated to the "Book" segment. Both Community Editions and smarticular are community-driven business models. Whereas Community Editions mainly publishes books by successful influencers, smarticular offers books and products on the topic of sustainability with the support of a generically structured online community. Following adjustments to the Company's strategic focus, smarticular's business operations were sold at the end of the financial year in March 2024.

The Group's business model entails the development of content in conjunction with the authors, inlicensing, content editing, the operation of standard physical and digital playback channels as well as customer- and reader-centric marketing. Its sell-side markets are mainly located in Germany, Switzerland and Austria. In the production of physical products, Bastei Lübbe works with various printing companies in Germany and the rest of the EU. The main input factors for the implementation of the business model are the Group's employees, exploitation rights and the raw materials required for the printed products.

In the "Novel Booklets" segment featuring the "Bastei" brand, classics such as "Der Bergdoktor", "Jerry Cotton", "Geisterjäger John Sinclair" and westerns by cult author G. F. Unger continue to achieve annual print runs in the millions. The Company's success in the "Novel Booklets" segment has continued unabated since 1953.

NON-CONSOLIDATED ASSOCIATES

As of 31 March 2024, Bastei Lübbe AG holds investments in the following non-consolidated companies:

Siebter Himmel Bastei Lübbe GmbH, Köln	100%
Bastei Ventures GmbH, Cologne	100%
Räder GmbH, Bochum	20%
Press wholesalers	2-5%

The above-mentioned subsidiaries in which Bastei Lübbe AG holds interests of 100% are not consolidated as they are of subordinate importance for the Company's net assets, financial position and results of operations.

OBJECTIVES AND STRATEGIES

As a German general-interest publisher, Bastei Lübbe offers media content that entertains, inspires and educates its readers and is consistently geared towards their needs. Within this framework, we apply the mechanisms of the modern, digital world as a beneficial component of our economic activities. This includes – where possible and appropriate – using modern, digital end-customer communications to create communities for our imprints. These communities connect users who feel an affinity with a label, find and exchange ideas on social media, attend events, share their enthusiasm, provide input, buy our products and recommend them to others. This enables effective and efficient brand communications, creating a pull effect at the sales level and producing positive momentum that ideally generates organic growth.

The extensive brand portfolio allows the Group to address different target groups precisely and gives it a broad position that diversifies risk. With respect to books for children and young people with the Baumhaus, Boje and ONE imprints, the Company publishes "Diaries of a Wimpy Child", the world's most successful children's book series. With LYX, we have established an imprint in the new adult segment. Characterised by extraordinarily strong brand loyalty within the community and, related to this, high visibility, for example on Booktok, it was again able to post substantially higher revenues in the 2023/2024 financial year compared with the previous year. In fiction, international top-selling authors such as Ken Follett, Dan Brown and the duo Dirk Rossmann and Ralf Hoppe are published on the Lübbe imprint. With its national and international authors, Eichborn gives us a strong position in upmarket literary entertainment. Accordingly, we cover a broad range of fiction. In autumn 2024, we will be launching another community-driven imprint called pola. Its catalogue will include both literary and non-fiction titles reflecting the realities of young women's lives. In doing so, we are applying a differentiated and open approach to the diverse topics and challenges that women encounter in their everyday lives.

With the non-fiction Quadriga imprint, we are intensifying debate with relevant voices who have something to contribute to social and political discourse. Our subsidiary Community Editions is very successful in influencer book business, representing the modern development of community-driven business models in the Bastei Lübbe Group. With the support and involvement of an organically assembled online community, we published content on sustainability, monetising it through e-commerce via our subsidiary smarticular. This smarticular business was sold in March 2024 and therefore no longer comes within the scope of the Group's future goals and strategies.

Under the Lübbe Audio and LYX.audio imprints, we are successfully exploiting our own as well as licensed content in audio formats and continuing to achieve attractive growth rates in streaming and download business. We are continuing to develop the beTHRILLED and beHEARTBEAT digital-only imprints, which are targeted at the e-book market, with a focus on developing serial content.

Against this backdrop, the cornerstones of our short- and medium-term strategy are as follows:

- We exploit opportunities for digitalisation by expanding digital media products, additional distribution channels and customer touchpoints as well as by implementing digital processes.
- In marketing and programme work, we seek a close connection to our readers and develop communities (especially LYX, ONE, pola, Community Editions, smarticular) and digital marketing measures to address specific target groups.
- By using digital channels in particular, we are understanding our readers better and better and are able to translate their wishes and lifestyles into content that inspires and captivates them. On this basis, we are seeking to develop not only new book products but also additional book-related ranges.
- Backed by a broad and diverse retail partner network, we reach our target groups in both stationary retail and online channels.
- Together with our authors, we design content that is a perfect fit for our target groups. In addition, we maintain and develop a tight network in the inlicensing market.
- We are seeking both organic and inorganic growth and, to this end, are focusing on our key performance indicators, namely revenues and EBIT.

CORPORATE GOVERNANCE

EXECUTIVE BOARD AND SUPERVISORY BOARD

As a stock corporation under German law, Bastei Lübbe AG has a dual management and supervisory structure consisting of an Executive Board and a Supervisory Board. The Executive Board consists of the four members Soheil Dastyari (Chief Executive Officer), Simon Decot (Chief Programme Officer), Sandra Dittert (Chief Marketing and Sales Officer) and, since September 2023, Mathis Gerkensmeyer (Chief Financial Officer). Joachim Herbst was Chief Financial Officer and a member of the Executive Board up until July 2023. The Executive Board reports regularly to the Supervisory Board. These reports mainly cover business policy and strategies as well as current business activities. The Supervisory Board is informed of all events liable to have a significant influence on the Bastei Lübbe Group's future.

The Supervisory Board appoints the members of the Executive Board and supervises and advises them in the management of the companies. The three members of the Supervisory Board represent the shareholders. The shareholder representatives are elected at the annual general meeting. The Supervisory Board has consisted of the three members Carsten Dentler (Chairman of the Supervisory Board), Dr Ralph Drouven (Deputy Chairman of the Supervisory Board) and Dr Melanie Bockemühl since the annual general meeting held on 13 September 2023.

INTERNAL CORPORATE CONTROL SYSTEM

Bastei Lübbe's overarching goal is to consistently increase its enterprise value. We do this by focusing on business areas that offer attractive opportunities for expansion and for improving or stabilising profitability.

The Executive Board and the Supervisory Board use various measures to manage the Company. The basis of strategic corporate planning is formed by an annually updated three-year plan with profit and loss calculations as well as investment and liquidity planning.

For the financial year following the planning process, a bottom-up revenue budget in volume and value terms is prepared and adopted in addition to the definition of a top-down target. The Company is controlled on the basis of its business objectives by means of a daily revenues analysis as well as a monthly P&L target deviation analysis and the forecast scenarios derived from it in relation to total revenues, segment revenues and earnings.

At Bastei Lübbe, the following financial performance indicators are of primary importance for corporate management (comprising a comparison of actual, target (budgeted) and the previous year's performance in each case):

- Revenues and EBIT (earnings after investment income before interest and taxes) at the Group level
- Revenues and EBIT of the segments/labels

With respect to corporate management based on EBIT, extraordinary effects are taken into account individually.

In contrast to previous reports, EBIT is no longer shown in the consolidated income statement. This ensures future comparability in line with the requirements of IFRS 18, which was adopted in April 2024.

NON-FINANCIAL PERORMANCE INDICATORS

Non-financial performance indicators such as employee numbers or social commitment are not used to manage Bastei Lübbe, as no quantifiable statements can be made about the causal relationships.

RESEARCH AND DEVELOPMENT

Bastei Lübbe AG does not conduct any research and development in the narrower sense. Nevertheless, we develop content by identifying and incorporating the needs of our potential readers and make it available on all playout channels. We thus complement the successful “push business” of a publishing company with “pull-oriented” content. For example, we factor in the lifestyles and interests of our more than 160,000 LYX followers on Instagram in our programme planning. In addition, we offer digital-only content in innovative structures via our beHEARTBEAT, beTHRILLED and LYX imprints. With these measures, our publishing company has also been able to achieve an above-average share of digital business in its revenues compared to other publishers. In addition, the Group tracks the latest technological trends on an ongoing basis. In particular, the use of artificial intelligence (AI) can generate added value in various areas, for example print run planning or audio pre-/post-production. The Bastei Lübbe Group is working with renowned technology partners and service provider institutions in these areas.

EMPLOYEES

At the end of the year under review, the Bastei Lübbe Group had 323 employees, compared with 321 as of 31 March 2023.

TRAINING AND FURTHER EDUCATION

Our employees provide the basis for the Group’s success. Special attention is therefore paid to promoting and developing them both professionally and personally. This also includes sharing information with each other. In addition to the Bastei Lübbe intranet and other digital communication channels, we also offer various formats for exchanging data, such as the monthly “stand-up” or the employee breakfast with the Executive Board. Generally speaking, we want to support our employees in performing their current and future tasks as effectively as possible. We coordinate training and further education with them and offer internal and external courses in a wide range of areas aligned to the needs of individual target groups. We attach importance to digitising our activities and fostering collaborative working practices. To this end, we have scaled up the use of Microsoft 365 and trained our employees accordingly.

We have developed our managers and our leadership culture through intensive sharing and optimised the collaborative approach in our matrix organisation.

With the help of various training methods, we are able to attract book- and digital-savvy talent to our Company. Through our apprenticeships, traineeships and student internships, we offer a wide range of opportunities for career beginners interested in entering the publishing industry and are thus able to train qualified junior staff internally.

Over the past few years, our trainees and our Company as an employer offering apprenticeships have regularly received awards from the Chamber of Industry and Commerce in recognition of our training courses and results. In addition, we support part-time study programmes – both financially and by offering special leave.

FAVOURABLE WORK/LIFE BALANCE AND OTHER BENEFITS

The reconciliation of personal and job requirements plays a key role in our personnel development activities.

As a family-friendly employer, we support our employees by offering in conjunction with a partner free counselling and childcare and childminding facilities as well as the care of relatives in need. In the area of childcare, we also offer company-sponsored placements and help our employees find nursery school places. In combination with different part-time working models, this allows parents to return to work on an earlier and plannable basis.

We also offer our employees various other benefits, such as a company pension scheme, capital-accumulation benefits, meal and travel allowances, free and discounted book orders, selected workout and sports activities, massages, weekly fruit baskets and free coffee, for example.

ENGAGING WITH THE COMMUNITY

As a general-interest publisher, we are aware of our high responsibility towards society. With our novel booklets, printed books, e-books and audio books, we reach many millions of readers each year. We are extremely pleased that our stories and narratives resonate with a broad audience across society and thus make an important contribution to the promotion of education and reading.

The content we distribute has an impact on the way readers form their opinions. We always seek to do justice to this responsibility with the selection of each individual title in our programme. The Group also regularly supports corresponding organisations with appropriate donations and projects on appropriate occasions.

ECONOMIC REPORT

MACROECONOMIC ENVIRONMENT

According to the International Monetary Fund (IMF), the global economy expanded by 3.2% in 2023, while global inflation reached 6.8%.[1] Although the COVID crisis has now been overcome, the effects of the war in Ukraine are still being felt and are leaving traces on the economy. Against this backdrop, the global economy proved to be relatively robust, although not particularly dynamic. The Eurozone economy, for example, slowed significantly, with growth coming to only 0.4%[2], while the annual average inflation rate in the EU[3] remained well above the European Central Bank's target of 6.4%. According to calculations by the German Federal Statistical Office (Destatis), price-adjusted gross domestic product (GDP) in Germany declined by 0.3% in 2023 compared to the previous year, thus reflecting the deterioration in general conditions, such as high prices at all economic levels, increased interest rates and lower domestic and foreign demand.[4] In the case of raw materials, on the other hand, the situation in the paper sector eased, with producer prices declining continuously in the course of the 2023/2024 financial year.[5] On the demand side, higher prices and persistent inflation also took their toll on consumer spending in 2023. This was also reflected in consumer confidence, which, although slightly improved, generally remained very muted.[6] In price-adjusted terms, consumer spending thus declined by 0.8% over the previous year.[7]

Although the German economy rebounded slightly in the first quarter of 2024, this was driven by construction spending and exports, while consumer spending continued to soften.[8]

Quarter-on-quarter GDP growth (%)	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Eurozone	0.1	-0.1	-0.1	0.3
Germany	-0.1	0.1	-0.5	0.2
Austria	-1.3	-0.3	-	0.2
Luxembourg	0.2	-1.4	-	-
Switzerland	-0.2	0.3	0.3	-
Czech Republic	0.3	-0.8	0.4	0.5

Source: Eurostat (adjusted for seasonal and calendar effects), as of 6 May 2024[9]

[1] https://www.imf.org/en/Publications/WEO/Issues/2024/04/16/world-economic-outlook-april-2024
[2] https://ec.europa.eu/eurostat/databrowser/view/tec00115/default/table?lang=de&category=t_na10.t_nama10.t_nama_10_ma
[3] https://www.destatis.de/Europa/DE/Thema/Wirtschaft-Finanzen/Inflation.html
[4] https://www.destatis.de/DE/Presse/Pressemitteilungen/2024/01/PD24_019_811.html
[5] Statistisches Bundesamt, Index der Erzeugerpreise Gewerbliche Produkte GP2019 (2-Steller): https://www-genesis.destatis.de/genesis/online?operation=abruftabelleBearbeiten&levelindex=0&levelid=1716992693636&auswahloperation=abruftabelleAuspraegungAuswaehlen&auswahlverzeichnis=ordnungsstruktur&auswahlziel=werteabruf&code=61241-0004&auswahltext=&nummer=6&variable=6&name=GP19M2&werteabruf=Werteabruf#abreadcrumb
[6] https://www.gfk.com/hubfs/website/editorial_ui_pdfs/20240425_PM_Konsumklima_Deutschland_dfin.pdf
[7] https://www.destatis.de/DE/Presse/Pressemitteilungen/2024/01/PD24_019_811.html
[8] https://www.destatis.de/DE/Presse/Pressemitteilungen/2024/04/PD24_173_811.html
[9] https://ec.europa.eu/eurostat/databrowser/view/NAMQ_10_GDP__custom_116696/bookmark/table?lang=de&bookmarkId=18264fa6-1c00-4698-b32a-2ba116759de1

The Bastei Lübbe Group generated the vast majority of its revenues in Germany. The remaining portion of its revenues mainly arose in Austria, Switzerland, Luxembourg and the Czech Republic. The Group's publishing products compete with numerous other consumer goods and are therefore also dependent on consumer confidence. Consequently, macroeconomic developments that impact consumer sentiment and demand for the Group's products have a bearing on its business performance.

In the year under review, Bastei Lübbe generally continued to operate in a volatile and challenging overall economic environment, which left noticeable traces on the consumption patterns of the Group companies' potential customers.

SECTOR ENVIRONMENT

Given the persistently challenging macroeconomic environment, the book industry performed relatively well in 2023. Consumer restraint, reduced CBD frequentation, and the only slow decline in the costs of energy, procurement and production caused problems for the industry. According to industry association Börsenverein des Deutschen Buchhandels (German Publishers & Booksellers Association), revenues in the main distribution channels (book retailing, e-commerce including Amazon, railway station book stores, department stores, consumer electrics stores and chemists) increased by 2.9%, primarily as a result of price hikes given the general decline in unit sales. In the previous year, revenues had dropped by 2.1%. This positive trend continued in the first quarter of 2024, with a combination of higher unit sales and price increases sending revenues up by 3.1%.[10] Book retailers failed to reach their pre-pandemic levels but were still able to regain lost revenues. Accordingly, they closed 2023 with a 2.8% increase in revenues over 2022, although this was still 4.7% short of the 2019 figure. Particularly noteworthy is the fiction product group, which not only achieved a 7.7% increase in revenues across all distribution channels but was also the only product group to generate higher unit sales. Higher revenues were also achieved with non-fiction (2.7%) and children's and young people's books (2.4%). Revenues in all other relevant product groups, such as guides and travel books, were down again in 2023.[11] [12]

The e-book market performed well in 2023. After remaining flat in the previous year, revenues rose again significantly in 2023. Revenues from e-book sales in the general-interest market in 2023 climbed by 5.2% over 2022. With 41.0 million unit sold, volume sales were also up, rising by 10.1% (2022: 37.3 million). At 3.0 million, the number of buyers remained stable (2022: 3.0 million). However, spending per buyer climbed by a further 5.1% to EUR 84.37, while purchasing intensity rose to an average of 13.5 (2022: 12.2) e-books per person.[13] All told, 6.1% of revenues in the general-interest book market were generated by e-books. In 2023, fiction accounted for 90.2% of e-book revenues in the general-interest book market.[14]

Audio content such as audio books, audio plays and podcasts continue to enjoy great popularity in Germany, remaining on their growth trajectory even after the end of the pandemic. According to the Audible Compass 2023, 46% of all Germans (2022: 42%) have listened to at least one audio book, audio play or podcast in the past twelve months. 41% (36%) consume audio content at least once a month. Among those under the age of 40, 54% regularly use audio content. 68% (2022: 64%) of Germans consume audio content at home, but also away from home (49%, 2022: 49%).[15]

On the other hand, audio revenues in bricks-and-mortar book retailing are continuing to fall due to the significant decline in the use of physical audio books. Thus, in 2023, revenues were again down year-on-year in each month.[16] Cumulative revenues from physical audio books dropped again by a substantial 26.2% over the previous year in 2023.[17] This reflects

[10] https://www.boersenverein.de/tx_boev_newsletter_view?tx_boev_pi14[uid]=2502&tx_boev_pi14[backend_layout]=pagets__newsletter
[11] https://www.boersenverein.de/presse/pressemitteilungen/detailseite/buchmarkt-2023-positive-umsatzbilanz-in-herausfordernden-zeiten/
[12] https://www.boersenverein.de/tx_boev_newsletter_view?tx_boev_pi14[uid]=2460&tx_boev_pi14[backend_layout]=pagets__newsletter
[13] https://www.boersenverein.de/presse/pressemitteilungen/detailseite/default-f8bd99f4fe0281ebf7de762b7a2dea0b-3/
[14] https://www.boersenverein.de/tx_file_download?tx_theme_pi1%5BfileUid%5D=19219&tx_theme_pi1%5BpageUid%5D=126&tx_theme_pi1%5Breferer%5D=https%3A%2F%2Fwww.boersenverein.de%2Fmarkt-daten%2Fmarktforschung%2Fe-books%2F&cHash=b4b0fa5461109af764d264bc6bafe7c5
[15] https://m.media-amazon.com/images/G/03/AudibleDE/de_DE/arya/site/Audible_Compass_2023_DE.pdf und https://www.audible.de/magazin/audible-compass-2022
[16] https://de.statista.com/statistik/daten/studie/183138/umfrage/umsatzentwicklung-von-hoerbuechern-im-buchhandel-monatszahlen/
[17] https://www.boersenverein.de/tx_boev_newsletter_view?tx_boev_pi14[uid]=2460&tx_boev_pi14[backend_layout]=pagets__newsletter

the continuation of the shift in the format mix in favour of streaming and download formats.

German press wholesalers closed 2023 with a decline of 3.3% in revenues from press products, including novel booklets. All in all, press wholesale revenues fell from EUR 1.57 billion to EUR 1.52 billion in 2023. Revenues from the core press range contracted by 2.8%. At the same time, total unit sales of newspapers, magazines and press-related non-press products declined by 11.0% to 895 million copies. The press wholesale sector continued to consolidate, with the number of press retail outlets shrinking from 85,768 in the previous year to 81,763.[18]

According to Media Control, Bastei Lübbe ranked 4th among German general-interest publishers in the 2023 calendar year with a market share of 6.5% (previous year: 5.7%). In the children's book sector (up to eleven years), Bastei Lübbe is in second place and was likewise able to expand its market share to 8.3% (previous year: 8.1%).[19] We continue to rate the industry environment, which is particularly characterised by increasing digitalisation, as neutral to challenging.

GROUP BUSINESS AND FINANCIAL PERFORMANCE

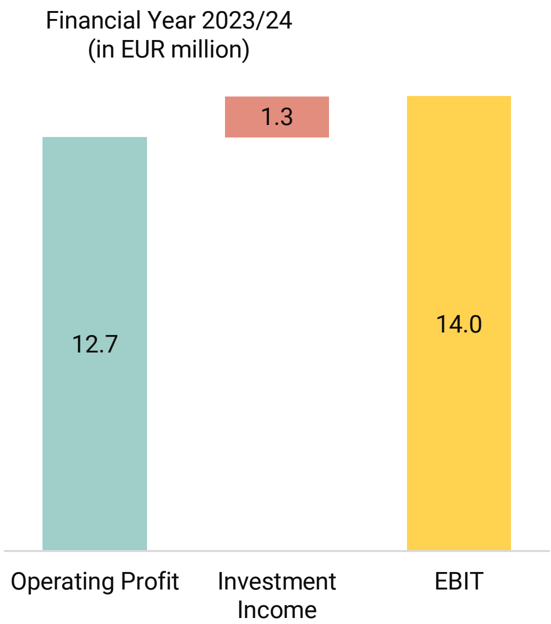
GENERAL STATEMENT ON BUSINESS PERFORMANCE AND ECONOMIC

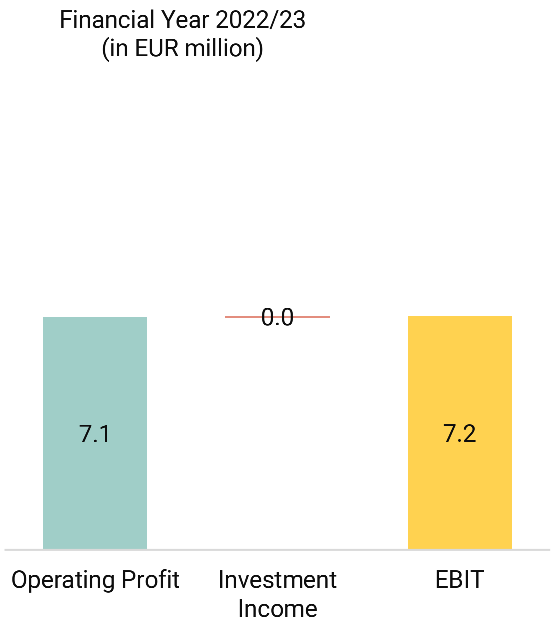
In the 2023 calendar year, the book market recorded slight growth of 2.9%, mainly due to general price increases (+ 4.9%).[20] The 2023/2024 financial year was also favourable for Bastei Lübbe, significantly underpinned as it was by the extraordinary success of the LYX community model. At EUR 110.3 million, revenues were very encouraging, substantially exceeding the previous year's figure of EUR 100.0 million and the forecast range of EUR 100 – 105 million projected at the beginning of the financial year. This figure is within the revenue forecast of EUR 109 – 111 million, which was adjusted in January.

The revenue growth and the deviation from the forecast are mainly due to the extraordinary successes in the "Book" segment. Revenue growth was significantly stronger in the first half of the 2023/2024 financial year compared to the previous year, delivering revenues of EUR 51.0 million (previous year: EUR 44.3 million).

[18] https://www.pressegrosso.de/fileadmin/user_upload/service/presse/Broschueren/Grosso_Geschaeftsbericht_2023_web.pdf
[19] Eigene Berechnungen auf Basis von Media Control-Zahlen
[20] https://www.boersenblatt.net/news/buchhandel-news/so-hat-der-buchhandel-das-jahr-2023-abgeschlossen-314169

The EBIT explained below is made up of the operating profit presented in the consolidated income statement plus the share of profit of associates.





At EUR 14.0 million, EBIT in the year under review was significantly higher than in the previous year (EUR 7.2 million) and above the original forecast of EUR 9.0 – 10.0 million. The EBIT forecast of EUR 12.5 – 13.5 million, which had been adjusted in January, was also exceeded. This is due to revenue growth achieved in the "Book" segment in tandem with a disproportionately low increase in expenses. The recovery in paper costs was particularly noticeable in the "Novel Booklets" segment. Excluding Räder and adjusted for the exceptional effects relating to smarticular, EBIT came to EUR 9.9 million in the previous year, increasing by EUR 4.0 million to EUR 13.9 million in the year under review.[21]

With revenues coming to EUR 102.9 million, the "Book" segment exceeded the previous year (EUR 92.8 million) by EUR 10.1 million or 10.9%. This was primarily underpinned by the higher revenues posted by LYX and Lübbe Audio. On a very encouraging note, the contribution to revenues made by the community-driven business models widened visibly from 33% in the previous year to 35% in the year under review, mainly due to the successes of the LYX imprint. The share of digital business in revenues climbed to EUR 32.4 million (previous year: EUR 31.5 million). As the community-driven business models are also digital to only a disproportionately low extent, the share of digital business in revenues (29%) did not increase over the previous year (32%). For the above reasons, the EBIT of EUR 13.0 million in the "Book" segment was substantially higher in the year under review than in the previous year (EUR 7.0 million).

At EUR 7.4 million, revenues in the "Novel Booklets" segment proved to be very stable despite the ongoing reduction in the number of press retail outlets and even slightly exceeded the previous year's figure of EUR 7.2 million. EBIT also increased significantly year-on-year to EUR 1.0 million (previous year: EUR 0.2 million), reflecting the decline in the cost of goods sold.

The decrease in cash flow from operating activities despite the profitable business models to EUR 2.7 million (previous year: EUR 10.4 million) is mainly the result of income tax payments for the year under review as well as previous ones. Net financial assets (cash and cash equivalents less liabilities to banks) contracted from EUR 16.7 million in the previous year to EUR 16.5 million as of 31 March 2024. At the same time, dividend payments of EUR 2.1 million were distributed in September 2023 and an acquisition loan reduced by a further EUR 0.9 million in the year under review.

[21] For an explanation of the exceptional effects, see "Results of operations" below.

RESULTS OF OPERATIONS

Bastei Lübbe generated Group revenues of EUR 110.3 million in the 2023/2024 financial year, up from EUR 100.0 million in the previous year. The increase of EUR 10.3 million (10.3%) was primarily driven by higher revenues in the “Book” segment (EUR 10.1 million or 10.9% compared to the previous year), with the new adult imprint LYX again expanding slightly more quickly by 16% over the previous year. Revenues in the audio segment, which increased by 10% over the previous year in the digital sector, and license revenues, which were 5% up on the very strong previous year, were also very pleasing again.

Finished goods and work in progress climbed by EUR 1.0 million in the 2023/2024 financial year, compared with EUR 1.3 million in the previous year.

Other operating income came to EUR 2.1 million, up from EUR 0.9 million in the previous year. In the year under review, this item mainly included remeasurement gains of EUR 1.4 million that had been recognised on author advances. In the previous year, income was mainly attributable to remeasurement gains on author advances of EUR 0.5 million.

At EUR 55.9 million, the cost of materials was EUR 5.2 million higher than in the previous year (EUR 50.8 million); this increase is solely attributable to increased revenues. The cost-of-materials ratio was unchanged over the previous year.

Personnel expenses climbed from EUR 20.2 million to EUR 21.5 million. With the number of employees remaining relatively stable, average remuneration per employee rose due to adjustments with existing employees and the recruitment of new employees. There was a 3.0% increase in salaries at Bastei Lübbe AG[22] under the industry-wide collective agreement as of 1 April 2023.

Other operating expenses rose slightly in the year under review by EUR 1.1 million from EUR 18.6 million to EUR 19.7 million, chiefly as a result of higher IT expenses as well as advertising and marketing expenses.

Amortisation and depreciation fell from EUR 5.4 million in the previous year to EUR 3.6 million in the year under review. This includes depreciation and impairments of EUR 1.3 million in connection with right-of-use assets under leases (previous year: EUR 1.4 million). The reduced depreciation is mainly due to the absence of the impairments of EUR 2.7 million that had been recognised in the previous year on the assets attributable to smarticular.

Once again, smarticular’s business performance was not satisfactory in the year under review, causing significant exceptional effects on Group earnings. In December 2023, impairments of EUR 1.0 million were recognised on intangible assets and property, plant and equipment, and the smarticular business was finally sold in March 2024. Overall, smarticular had a negative impact of EUR 1.8 million on Group EBIT, with the company’s business activities yielding an operating loss of EUR 0.7 million (previous year: operating loss of EUR 1.0 million).

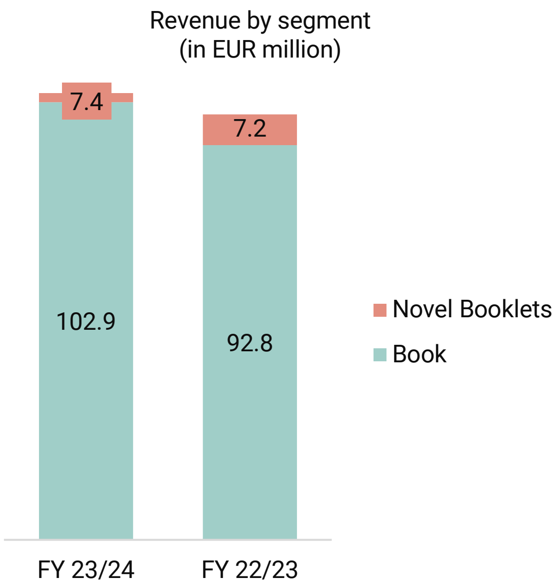
EBIT rose to EUR 14.0 million in the 2023/2024 financial year, up from EUR 7.2 million in the previous year, causing the EBIT margin to widen to 12.7% (previous year: 7.2 %). In the previous year, EBIT had included impairments of EUR 2.7 million on smarticular’s assets. Adjusted for this exceptional effect, EBIT would have reached EUR 9.9 million in the previous year, resulting in an EBIT margin of 9.9%. In the year under review, exceptional effects of EUR -1.1 million arose from further impairments recognised on the assets attributable to smarticular and the sale of this business, as well as extraordinary investment income of EUR 1.2 million from Räder GmbH. These two effects largely cancelled each other out, resulting in adjusted EBIT of EUR 13.9 million and a corresponding EBIT margin of 12.6%.

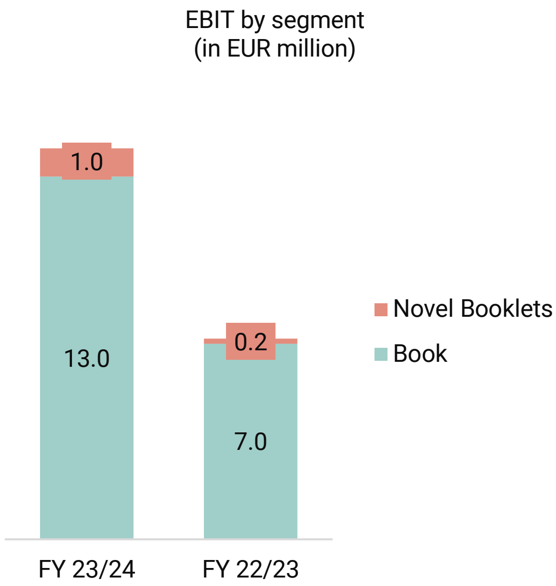
Income from other investments increased slightly by EUR 0.1 million over the previous year. Financing expenses increased by EUR 0.4 million, mainly due to higher interest expenses. Group earnings before taxes reached EUR 13.3 million in the year under review (previous year: EUR 6.8 million). After income taxes of EUR 4.5 million (previous year: EUR 2.8 million), consolidated net profit for the year reached EUR 8.8 million (previous year: EUR 4.0 million). Of this, EUR 8.7 million (previous year: EUR 3.9 million) is attributable to the equity holders of Bastei Lübbe AG.

This translates into earnings per share of EUR 0.66, up from EUR 0.30 in the previous year.

[22] Collective Agreement of the Employers’ Association of Publishers and Bookshops in North Rhine-Westphalia e.V.

BUSINESS PERFORMANCE BY SEGMENT





Revenues in the “Book” segment increased from EUR 92.8 million to EUR 102.9 million, thus exceeding the original forecast range of EUR 93 – 98 million. This performance was particularly spurred by the success of the community-driven new adult imprint LYX, whose revenues rose by around 16%. In audio business, total revenues expanded again by 11.3% despite the sustained decline in revenues from audiobook CDs (down EUR 0.2 million on the previous year). This increase reflects the extraordinarily successful marketing of downloaded and streaming content. Revenues in the children’s and young people’s book sector increased significantly by 18.8%, not least thanks to the community label ONE. Following the restructuring efforts, non-fiction and Eichborn business delivered a significant increase in revenues of 28.7% over the previous year. The Community Editions imprint, which specialises in publications relating to social media artists, also made a positive contribution to growth following the successful launch of the new “humble but bold” online shop, boosting its revenues by 38.4% year-on-year in the year under review. Revenues from the digital programme and smarticular fell short of the previous year.

EBIT in the “Book” segment came to EUR 13.0 million, compared with EUR 7.0 million in the previous year. In this connection, it should be borne in mind that the negative exceptional effects described above had related to smarticular in the previous year, while the exceptional effects described above in connection with smarticular and Räder largely cancelled each other out in the year under review. The original EBIT forecast of EUR 8.6 – 9.6 million for the “Book” segment was exceeded mainly because revenue performance was better than expected.

The “Novel Booklets” segment generated revenues of EUR 7.4 million, compared with EUR 7.2 million in the previous year, thus slightly exceeding the forecast of roughly EUR 7 million. This is favourable in view of the further decline in the number of sales outlets. Revenues from the webshop and from digital products were very favourable, causing growth to exceed expectations. At EUR 1.0 million, segment EBIT rose significantly over the previous year (EUR 0.2 million). The EBIT forecast of EUR 0.4 million was thus significantly exceeded thanks to the substantially improved gross margin, which particularly benefited from the lower cost of goods.

FINANCIAL POSITION

PRINCIPLES AND OBJECTIVES OF FINANCIAL AND CAPITAL MANAGEMENT

OBJECTIVES

The Bastei Lübbe Group's financing strategy serves the following purposes:

- To maintain business operations in the long term
- To secure liquidity and financial flexibility
- To avert financial risks

Bastei Lübbe generally strives for an equity ratio of greater than 40% and a ratio of net debt (liabilities to banks less cash and cash equivalents) to consolidated EBITDA (= gearing) of 2.5 or less at the Group level. At 59.2%, the equity ratio substantially exceeded this target as of 31 March 2024. The ratio of net debt to consolidated EBITDA stood at 0 as of the reporting date. Accordingly, instead of net debt, the Group has net financial assets of EUR 16.5 million.

The following key performance indicators are of particular importance for financial and capital management:

- Group equity ratio
- Ratio of net debt to Group EBITDA [23]

The covenant provided for in the syndicated loan agreement is tied to gearing (adjusted financial liabilities less cash in hand divided by EBITDA) as shown in the consolidated financial statements.

[23] EBITDA is operating earnings before interest, taxes, depreciation and amortization

FUNDING MIX

To ensure financial flexibility, Bastei Lübbe relies on a balanced mix of equity and external finance. External finance is unchanged over the previous year and is made up of the following components as of the reporting date:

- Working capital facility
- Acquisiton loan
- Factoring

Trade receivables arising from Bastei Lübbe AG's physical business are sold under factoring agreements.

The purpose of factoring is to generate short-term cash less a discount to allow for the transfer of risk to the factor. Bastei Lübbe AG has a factoring limit of EUR 10.0 million.

The following criteria are applied in selecting financing instruments:

- Terms
- Flexible drawdowns
- Covenants
- Maturity profiles

DIVIDEND POLICY

The Executive Board confirms the goal communicated in earlier periods of pursuing a dividend policy aligned to continuity with a dividend ratio of 40 - 50% of the Group's distributable profit as long as this is warranted by the Group's funding and earnings situation and its long-term sustainable business performance.

The Executive Board and the Supervisory Board will be asking the shareholders to approve the distribution of a dividend of 30 euro-cents per share, equivalent to 45% of the distributable profit, at the annual general meeting.

CAPITAL STRUCTURE

As of 31 March 2024, the Group's liquidity reserves are composed of cash and cash equivalents of EUR 18.4 million (previous year: EUR 19.5 million). Credit facilities of a total of EUR 10.0 million are available under the existing loan agreements. These facilities had not been drawn upon as of the reporting date. Liabilities to banks in the form of an acquisition loan arranged in January 2021 are valued at EUR 1.9 million (previous year: EUR 2.8 million). In addition, a large part of the receivables from sold books (physical) are subject to non-recourse factoring.

The Bastei Lübbe Group had current and non-current financial liabilities of EUR 10.8 million on 31 March 2024 (previous year: EUR 11.9 million). Of these, an amount of EUR 4.7 million is due for settlement in the next twelve months as of 31 March 2024 (previous year: EUR 4.3 million). The current and non-current financial liabilities include lease liabilities of EUR 6.4 million as of 31 March 2024 (previous year: EUR 6.9 million).

As of 31 March 2024, net financial assets were valued at EUR 16.5 million (previous year: EUR 16.7 million). This decline was mainly due to the drop in cash and cash equivalents from EUR 19.5 million to EUR 18.4 million as of 31 March 2024.

LIQUIDITY ANALYSIS AND CAPITAL SPENDING

Cash flow from operating activities fell from EUR 10.4 million in the previous year to EUR 2.7 million in the year under review. This is primarily attributable to high income tax payments in tandem with the substantially higher consolidated net profit for the year as well as an increase in trade receivables.

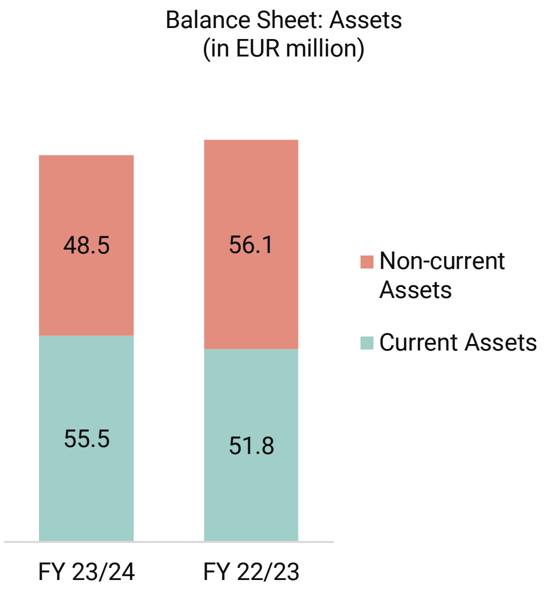
The cash flow from investing activities of EUR 1.6 million in the year under review was mainly attributable to the dividend of EUR 1.2 million paid by Räder GmbH (cash flow from investing activities in the previous year: EUR -0.8 million). Furthermore, proceeds of EUR 0.7 million were collected from disposals of intangible assets in connection with the sale of the smarticular business together with changes of EUR 0.4 million in working capital resulting from the aforementioned sale. The opposite effect arose from investments in intangible assets and property, plant, and equipment totalling EUR 1.0 million. In the previous year, this item had primarily comprised investments in software and in operating and business equipment.

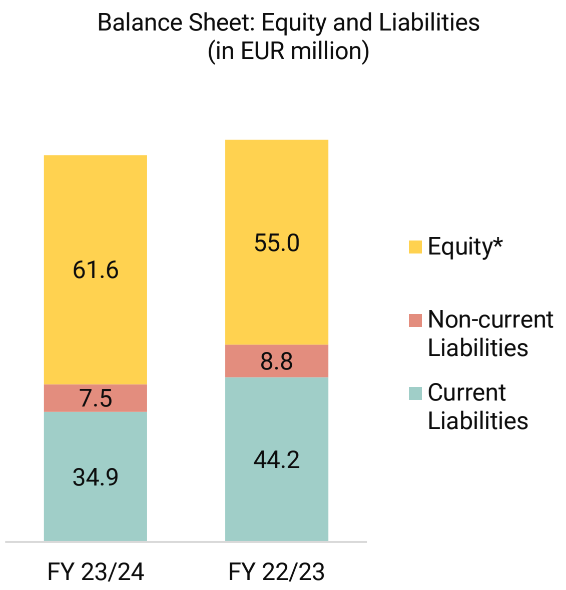
The cash flow from financing activities shows a total outflow of EUR 5.3 million in the year under review (previous year: outflow of EUR 8.2 million). A dividend of EUR 2.1 million was distributed to the shareholders of Bastei Lübbe AG in the year under review. As in the previous year, loan liabilities of EUR 0.9 million were also settled. Payments made to settle lease liabilities stood at EUR 1.2 million (previous year: EUR 1.2 million).

At EUR 4.2 million, free cash flow (cash flow from operating activities plus cash flow from investing activities) fell slightly short of the previous year (EUR 9.7 million) but was well above the forecast of between EUR -0.5 and 0.5 million. This primarily reflects the Group's strong operating earnings.

NET ASSETS

Non-current assets fell to EUR 48.5 million, down from EUR 56.1 million as of 31 March 2023, primarily as a result of the higher depreciation of author advances. The high depreciation is partly due to the sharp increase in revenues. On the other hand, depreciation was recognised on the high guaranteed royalties for best-seller authors. At the same time, author advances dropped from EUR 23.9 million to EUR 19.6 million.





* including non-controlling interests.

The investment in Räder GmbH, which is measured at fair value, was unchanged at EUR 15.1 million (previous year: EUR 15.1 million). A total purchase price of EUR 1 million was achieved on the sale of the smarticular business, which is largely attributable to intangible assets. As of 31 December 2023, impairments of EUR 1.0 million were recognised on the intangible assets of smarticular (impairments of EUR 2.7 million in the previous year). Under the asset deal, non-current assets with a carrying amount of EUR 0.8 million were subsequently sold.

Current assets climbed by EUR 3.6 million from EUR 51.8 million to EUR 55.5 million as of 31 March 2024. This was primarily due to the increase in trade receivables from EUR 16.1 million to EUR 19.3 million as of 31 March 2024 as a result of the higher revenues in the year under review. Inventories climbed from EUR 13.0 million to EUR 14.0 million as of 31 March 2024, mainly due to price-related stock-piling at Bastei Lübbe AG.

At EUR 61.3 million (previous year: EUR 54.8 million), the proportion of equity attributable to the equity holders of the parent company resulted in an equity ratio of 59.0% (previous year: 50.8%). The change in equity reflects the positive earnings situation as well as the dividend of EUR 2.1 million distributed to the shareholders of Bastei Lübbe AG in September 2023.

Non-current liabilities were valued at EUR 7.5 million as of the reporting date, compared with EUR 8.8 million as of 31 March 2023. This decline is primarily due to the settlement of liabilities of EUR 0.9 million to banks in the year under review as well as the settlement of lease liabilities. In addition, deferred tax liabilities fell from EUR 0.7 million to EUR 0.3 million. This decline was mainly due to the reversal of deferred tax liabilities on the assets remeasured in connection with the acquisition of smarticular. These deferred tax liabilities were reversed due to the inclusion of the impairment losses and the subsequent derecognition due to the asset deal.

Current liabilities are valued at EUR 34.9 million as of 31 March 2024, compared with EUR 44.2 million as of 31 March 2023. This was mainly due to the decrease of EUR 7.4 million in income tax liabilities due to payments made in the year under review. At the same time, trade payables fell by EUR 2.0 million, mainly as a result of reduced liabilities to authors

MATERIAL EVENTS OCCURRING AFTER THE REPORTING DATE

See Note 47 to the consolidated financial statements for the corresponding details.

OUTLOOK

MACROECONOMIC ENVIRONMENT

The economic outlook for the 2024 calendar year remains challenging. Global economic activity is still subdued in the wake of the ongoing efforts to combat inflation, particularly stubborn core inflation, which excludes volatile energy and food prices, rising interest rates, relatively high energy prices as well as mounting geopolitical tensions and conflicts. In addition, uncertainties are emerging ahead of the upcoming presidential election in the United States. In its World Economic Outlook of April 2024, the International Monetary Fund (IMF) projects consistently low global economic growth of 3.2% in the current year (2023: 3.2%). In the advanced economies, growth is expected to accelerate slightly from 1.6% in 2023 to 1.7% in 2024.[24] A comparable situation applies to Germany. In its spring projection, the German Federal Government expects slight economic growth of 0.3% for 2024. This marks a small improvement over the annual economic report (forecast growth of 0.2%). At the same time, it forecasts a decline in the inflation rate from 5.9% to 2.4% for 2024. Consumer spending in particular is expected to generate impetus for growth. Higher wages in tandem with receding inflation should strengthen purchasing power and spur consumer demand.[25] In contrast, the EU Commission has scaled back its forecast for 2024, lowering its growth outlook to 0.9% for the EU (instead of 1.3%) and to 0.8% for the Eurozone (instead of 1.2%). At the same time, inflation in the EU should drop from 6.3% in 2023 to 3.0% in 2024.[26] This forecast is also exposed to great uncertainties and actual developments could deviate considerably due to the risk factors already mentioned.

INDUSTRY ENVIRONMENT IN THE BASTEI LÜBBE BUSINESS SEGMENTS

Revenues in the German book market continued to grow in the first three months of 2024. According to Media Control, the industry closed the first quarter of the 2024 calendar year with a 3.1% year-on-year increase in revenues in the main distribution channels.[27]

The experts at PricewaterhouseCoopers (PwC) project an average annual decline of 1.8% in revenues for books, e-books and audiobooks between now and 2027. Total revenues in the German book market are expected to reach EUR 7.1 billion in 2027. According to PwC, the strong preference for digital media formats will continue. As a result, PwC projects an average annual growth rate of 2.8% for e-books and digital audiobooks and revenues of EUR 538.7 million by 2027.[28]

---

[24] https://www.imf.org/-/media/Files/Publications/WEO/2024/April/English/text.ashx
[25] Die Daten für die Jahreswirtschaftsbericht sind abrufbar unter: https://www.bmwk.de/Redaktion/DE/Schlaglichter-der-Wirtschaftspolitik/2024/03/03-jahreswirtschaftsbericht-2024.html
Die Daten für die Frühjahrsprojektion sind abrufbar unter https://www.bmwk.de/Redaktion/DE/Pressemitteilungen/2024/04/20240424-fruehjahrsprojektion-2024.html und https://www.bmwk.de/Redaktion/DE/Downloads/E/eckwerte-der-fruehjahrsprojektion-2024.pdf?__blob=publicationFile&v=4
[26] https://commission.europa.eu/news/inflation-eu-will-fall-faster-and-economy-grow-more-slowly-new-forecast-says-2024-02-15_de
[27] https://www.boersenverein.de/tx_boev_newsletter_view?tx_boev_pi14[uid]=2502&tx_boev_pi14[backend_layout]=pagets__newsletter
[28] PWC, German Entertainment & Media Outlook 2023-2027

GENERAL STATEMENT ON THE GROUP'S EXPECTED PERFORMANCE

The Executive Board is convinced that the book as part of our cultural heritage, supplemented by the attractive e-book and audio play-out channels, will continue to enable promising and highly profitable business models to be established and offer diverse opportunities for growth. We will be stabilising and expanding modern variants of community-driven models and, above all, addressing and leveraging the needs and wishes of readers seeking exciting and emotional entertainment and additional book-related products through digital channels in particular.

Accordingly, the Executive Board expects continued growth in revenues. The basis for this has been created with strong digital business and the further optimisation and expansion of marketing for the community-driven business models and the inlicensing of attractive rights. In this connection, the extraordinary success of the LYX imprint testifies to the overarching opportunities and potential that can be successfully harnessed by working closely with the authors together with a communication policy that takes the community's interests into account. In the 2024/2025 financial year, the community-driven approaches will be stepped up for books for children and young people. Autumn 2024 will also see the launch of another community-driven imprint known as pola. We are also leveraging the wishes and interests of our readers of Lübbe and Eichborn titles in close consultation with our authors to create a successful and reader-centric programme structure. At Community Editions, we expect to see an improvement in profitability given that the company established itself firmly in the book sector as well as in related e-commerce business in the year under review. In the novels segment, the Executive Board expects a decline in earnings compared to the year under review due to the challenges in press distribution.

Appropriate cost discipline continues to be observed across the entire Group. Expenses required to secure sustained business growth are integrated throughout the Group (including for (IT) infrastructure measures, business development and the launch of new imprints). We continue to expect very satisfactory liquidity for the Group in the 2024/2025 financial year. This will give it the necessary scope for financing investments, including the plans for non-organic growth that are still being pursued.

Looking forward to the 2024/2025 financial year, we consider ourselves to be very well positioned in terms of our catalogue. The great success enjoyed by LYX has continued into the new financial year. The film adaptation of Mona Kasten's bestseller "Save me" under the title "Maxton Hall" was the most successful launch of an international series on Amazon Prime to date, reaching number 1 position in over 120 countries. This is also spurring sales of books in the three-volume series. Mona Kasten will also be releasing the sequel to her bestseller "Fallen Princess" in autumn under the title "Haunted Reign". In addition, there are new projects by our number 1 top-selling authors Lena Kiefer and Sarah Sprinz, as well as sequels from our great Book Tok trend authors Ana Huang, Rebecca Ross, Scarlett St. Clair and Hannah Grace. The latter has published "Icebreaker", the best-selling book in 2023 in Kulturpass. ONE is releasing a new young adult thriller from Holly Jackson, another international Book Tok star. Her bestseller "A Good Girl's Guide to Murder" has been adapted into a film by the BBC and will soon also be shown in Germany. As well as this, we are celebrating the tenth anniversary of ONE by issuing special editions of the top bestsellers in a colour-cut design. The Lübbe catalogue will see the addition of two new books by our number 1 top-selling author Eva Almstädt, whose coastal thrillers have won her a large audience of fans. In addition, we can look forward to important paperback editions of Ken Follett's "The Weapons of Light" and "Das dritte Herz des Oktopus" by Dirk Rossmann and Ralf Hoppe. In the fiction segment, we will be launching pola this autumn. This imprint is closely geared towards a female target group aged around 30 years. By featuring topics that bring the reality of this target group's lives into sharp relief, we want to position pola as a further community-driven imprint, which will be marketed primarily via social media, events and reading clubs. Building on a strong previous year, Eichborn will be publishing the new novel by UK bestselling author Coco Mellors entitled "Blue Sisters" as well as the paperback editions of the international bestsellers "Babel" by Rebecca F. Kuang and "Tomorrow, and Tomorrow, and Tomorrow" by Gabrielle Zevin in the autumn. At Baumhaus, we are eagerly awaiting the 19th volume of our long-term success "Diaries of a Wimpy Child" by Jeff Kinney, one of the world's most successful children's book series. On top of this, we are celebrating the tenth anniversary of "Petronella Apfelmus" with a new release and other tie-ins, which we will be supporting with a major marketing and POS campaign. Community Editions will also be releasing new books for children and young people by Spiegel top-selling authors, such as Paluten, Arazhul, Benx and ViktoriaSarina. As well as this, Stefano Zarrella's new cookbook has already been launched very successfully. Among other things, our "humble but bold" D2C imprint will be offering new calendars and stationery products from influencer star Carmushka. The Executive Board of Bastei Lübbe AG expects Lübbe Audio to remain on its growth trajectory thanks, in particular, to the large number of the Group's own top-selling books which are turned into audio books with great professionalism and quality awareness at its own production facilities.

Business is exposed to risks arising from the challenging market environment and the consumer restraint that this is likely to prompt. These have been factored into the forecast based on information available at the time the report was finalised. Any additional uncertainties beyond the Company's control may cause actual developments to deviate both negatively and positively from the forecasts contained in this outlook. As usual, the Executive Board will review and, if necessary, revise the forecasts for the 2024/2025 financial year in future quarterly statements and the half-year report on the basis of the earnings figures reported.

EXPECTED EARNINGS AND FINANCIAL POSITION OF THE GROUP

Bastei Lübbe AG's results of operations improved significantly in the year under review, particularly in terms of revenues and EBIT. The Executive Board is confident that it will be able to maintain these performance indicators at a comparable level in the 2024/2025 financial year.

Looking forward to the 2024/2025 financial year, the Executive Board forecasts revenues in a range of EUR 111 – 115 million (year under review: EUR 110.3 million).

The previous forecast report had mentioned the possibility of a sustained EBIT margin of more than 10%. For the 2024/2025 financial year, the Executive Board assumes that the EBIT margin will remain significantly above this mark. The exceptional figure recorded in the year under review is expected to narrow slightly, with EBIT set to be in a range of EUR 13 – 14 million (year under review: EUR 14.0 million).

This performance will be underpinned by the "Book" segment, with projected revenues of EUR 104 – 107 million (year under review: EUR 102.9 million) and EBIT of EUR 12.5 – 13.5 million (year under review: EUR 13.0 million). In the challenging environment faced by the "Novel Booklets" segment, revenues of EUR 6.5 – 7.5 million (year under review: EUR 7.4 million) and EBIT of around EUR 0.5 million (year under review: EUR 1.0 million) are expected.

Financial planning for the 2024/2025 financial year assumes a free cash flow of EUR 2 – 4 million, compared with EUR 4.2 million in the year under review. The balance sheet ratios – equity ratio and gearing – will remain at an appropriate level.

RISK REPORT

GENERAL INFORMATION

One of the key tasks of the Executive Board is to secure the Company's long-term success on a permanent basis. The performance of its business exposes the Bastei Lübbe Group to the fundamental and individual risks that inevitably accompany corporate activity.

The Executive Board addresses this risk situation with a risk management system.

RISK MANAGEMENT SYSTEM AND INTERNAL CONTROL SYSTEM

The purpose of the risk management system (RMS) is to identify risks for the Group at an early stage to allow countermeasures to be taken and checks to be performed. The principles of risk management are governed by binding guidelines. Manageable, appropriate and controllable risks are deliberately accepted if they lead to the generation of appropriate returns. Where possible and if sensible, risks are covered by insurance. For all other risks, suitable countermeasures are determined and adherence to the measures is monitored at regular intervals. The countermeasures and the risk situation are revised and updated as required, at least every six months.

The RMS includes all consolidated subsidiaries. Risks are classified in accordance with uniform predefined categories and documented in a risk inventory. Subsequently, the risks are assessed on the basis of their probability and the potential loss they may cause.

The Bastei Lübbe Group's RMS classifies risks as follows:

- Operational risks
- Financial risiks
- Strategic risiks
- Personnel risiks
- Regulatory/legal risks

The Bastei Lübbe Group's risk management system is managed by a unit reporting to the Chief Financial Office (risk manager) under the overall organisational responsibility of the Executive Board. The managers below the Executive Board level are viewed as risk owners. In their areas or companies, they are responsible for identifying, evaluating, managing and monitoring the main risks and the precautions taken to mitigate risk. They are supported in this by Controlling. The risk owners are responsible for reporting the risks to the risk manager. Risks with a gross potential loss of less than EUR 250 thousand are not included in risk management. The Bastei Lübbe Group conducts a risk inventory once a year, on the basis of which a risk report is prepared. The risk assessments are updated as required and otherwise regularly every six months. If any risks with a material impact on the Group's business performance or reputation occur, the Executive Board is informed immediately.

The risk report is prepared by the risk manager on the basis of the risks reported by the risk owners and discussed with the Executive Board. The Executive Board regularly reviews the risk situation during its meetings and reports periodically to the Supervisory Board on risk management.

The risk management system is regularly updated and its adequacy and effectiveness reviewed by the Executive Board. In addition, the statutory auditor checks the risk early warning system integrated in the risk management system. In this connection, a particular emphasis is placed on determining the fundamental suitability of the risk management system for detecting any developments liable to affect the Company's going-concern status.

Despite this institutionalised structure for the detection and reduction of material risks, the opportunity and risk management system cannot guarantee complete certainty regarding the achievement of the associated goals.

The internal control system (ICS) is used to monitor business processes, the reliability of operational information, asset protection and compliance. The ICS at Bastei Lübbe is aligned to the scope of the Company's business and its risk situation. It monitors compliance with the target processes (in particular through automatic IT process controls), the "dual-control principle", documentation and separation of functions. The ICS currently focuses on data protection, compliance management and accounting-related ICS (see below for details). It undergoes continuous improvement.[29]

ACCOUNTING-RELATED RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The accounting-related risk management system is essentially part of the enterprise-wide risk management system, so that it identifies and assesses the corresponding risks. The measures to limit risks include the recruitment and training of employees with good specialist knowledge, the use of IT tools and the support of external consultants and service providers.

The accounting-related ICS includes the principles, procedures and measures for ensuring the proper operation and reliability of the internal and external accounting systems. It undergoes continuous further development with the aim of ensuring that the consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union. The additional provisions of German corporate law in accordance with Section 315e (1) of the German Commercial Code are also observed. The accounting-related ICS can also only provide relative, but not absolute, assurance that material accounting misstatements have been avoided or detected.

The Supervisory Board of the Group monitors the effectiveness of the ICS in accordance with Section 107 (3) Sentence 2 in conjunction with Section 107 (4) Sentence 1 of the German Stock Corporation Act. However, the scope and structure of the ICS are subject to the discretion and responsibility of the Executive Board in accordance with Section 91 (3) of the German Stock Corporation Act. The Executive Board holds this responsibility but delegates it to the relevant process and control owners.

Responsibility for preparing the financial statements is assigned to the CFO for organisational purposes and specifically to the accounting and controlling functions. Accordingly, this function has the authority to issue guidelines for the application of the relevant accounting rules as well as for the content and timing of the steps in the preparation of the financial statements.

The Chief Financial Officer's department as well as the accounting and controlling function at Bastei Lübbe AG oversee the processes for the preparation of the consolidated financial statements and the management reports. Statutory requirements, accounting standards and other standards are regularly analysed to determine whether and to what extent they are relevant and have an impact on the Group's ICS and accounting practices.

[29] This section contains information that is outside the scope of the management report and is therefore excluded from the auditor's review of the content of the combined management report.

On the other hand, material information and facts relevant for Group accounting are discussed with the relevant departments before being used and are subject to a critical assessment by Accounting to ensure they comply with the applicable accounting regulations.

Relevant requirements are documented and communicated internally and, together with the Group-wide financial statement schedule, form the basis for the preparation of the financial statements.

Where necessary, the Bastei Lübbe Group obtains external specialist support in the preparation of its consolidated financial statements. For example, Bastei Lübbe AG engages external appraisers to measure the personnel provisions and the fair value of its investments in associates, to perform impairment testing or in connection with purchase price allocation.

By harmonising the operational accounting processes at Bastei Lübbe AG and its group companies, the processes will become more efficient, additionally enhancing their quality and, thus, the reliability of the internal control system. The ICS secures internal process quality as well as the interfaces to the Group companies by means of appropriate controls. The Accounting and Controlling department handles the support and monitoring functions.

The accounting-related ICS includes internal controls defined in the light of risk aspects, which are both preventive and detective in nature, such as:

- Functional separation (e.g. approval of payment batches, annual financial statements postings)
- Four-eyes principle (including master data entry / invoice verification)
- IT-supported and manual reconciliation
- IT controls such as access controls for IT systems
- Documentation

Bastei Lübbe AG and the Group companies are responsible for ensuring compliance with the Group-wide requirements and procedures. The Group companies see to the proper and timely execution of their accounting-related processes and systems.

With the exception of Business Hub Berlin UG and Moravská Bastei MOBA s.r.o., accounting activities for the companies included in the consolidated financial statements are integrated in the Group's SAP environment. They are largely performed in accordance with uniform accounting plans, account assignment specifications and processes. In this connection, the above-mentioned separation of functions and the four-eyes principle are implemented appropriately by means of preventive and downstream controls.

Access to the accounting systems and processes is protected by an authorisation system that is tailored to the respective job profiles of the users. Employees involved in the accounting process receive regular training.

To prepare the consolidated financial statements, the single-entity financial statements and supplementary information are entered in the LucaNet consolidation accounting software system. If the single-entity financial statements do not comply with the IFRS accounting guidance, corresponding adjustment entries ("HB-II entries") are made. All consolidation processes and the transfer of the local single-entity financial statements to the IFRS accounting standard are implemented and documented centrally.

After the financial statements have been prepared, the annual and consolidated financial statements together with the combined management report are submitted to the Supervisory Board, which reviews the financial statements after discussion with the independent auditor and on the basis of the independent auditor's opinion. The Supervisory Board is continuously involved in the installation and ongoing development of the accounting-relevant internal control and risk management system.

The ICS incorporates new technologies and working methods on an ongoing basis and, where appropriate, integrates them within the operational processes.

If any shortfalls in the controls are identified, an analysis and evaluation are carried out to determine, in particular, the effects on the consolidated financial statements and the combined management report. In the event of any significant shortcomings in the controls, the content, the corresponding plans of action for rectifying the shortfalls and the ongoing progress are reported to the Executive Board and, in addition, to the Supervisory Board of Bastei Lübbe AG.

General assessment of the ICS and RMS:

As of the date on which this report was prepared, the Executive Board is not aware of any circumstances liable to impair the appropriateness and effectiveness of these systems.[30]

MATERIAL RISKS

In addition to the general business risks, the Group is exposed to the risks outlined below as of 31 March 2024. During an observation period of two years they are classified into categories A, B and C in descending order according to the expected potential loss, as shown in the chart below. The potential loss stated is derived from a net analysis of the impact on EBIT.

Potential loss (in EUR million) \ Probability of occurrence (%)	(5) Very low (0 to 10)	(4) Low (11 to 25)	(3) Medium (26 to 50)	(2) High (51 to 75)	(1) Very high (76 to 100)
(1) Very high (> 5)	B	A	A	A	A
(2) High (> 2.5 to ≤ 5)	B	B	A	A	A
(3) Medium (> 1 to ≤ 2.5)	B	B	B	A	A
(4) Low (> 0.5 to ≤ 1)	C	C	B	B	A
(5) Very low (> 0.25 to ≤ 0.5)	C	C	C	C	B

All category A and B risks of the Bastei Lübbe Group are described below. Category C risks are not listed individually because their impact is not material.

[30] This section contains information that is outside the scope of the management report and is therefore excluded from the auditor's review of the content of the combined management report.

ABSENCE OF POTENTIALLY SUCCESSFUL TITLES IN THE PROGRAMME

There is a risk that not enough titles, especially top titles, will be purchased in the "Book" segment for a given financial year to generate the necessary revenues and profits for that year. As a general rule, Bastei Lübbe plans its content with a lead time of 12 to 24 months. Contracts with international bestselling authors are signed with a longer lead time. In some segments, such as non-fiction and LYX, the lead time may be shorter. For the "Book" segment, programme targets have been set, arranged by size cluster and genre. The degree to which the targets have been met is updated regularly and analysed. This report serves as a basis for acquiring new titles, making it possible to determine whether the defined revenue targets can be achieved. As a result of the existing lead times, it may be possible to bring forward existing titles or acquire additional ones in order to generate revenues.

There is also a risk that an author may fail to meet the contractual deadlines for the submission of the manuscript and that the manuscript is received only subject to a delay or not at all. Although in such cases a request can be made for the return of any advances already made, the failure to publish top titles, in particular, could lead to EBIT falling below the forecast figure. Material revenue shortfalls may cause EBIT to drop below the forecast figure given the existing overheads structure of Bastei Lübbe AG and thus the Group.

The resultant risk is classified as a category A risk with a medium probability of occurrence and high potential loss (previous year category B risk, now more critical assessment of the probability due to the dynamic development of the market and competition).

RISK OF ASSOCIATES NOT PERFORMING AS PLANNED

Bastei Lübbe's economic success is also dependent on the future results of its associates. Associates harbour the risk of the expected results not being achieved, which may lead to an impairment of goodwill and other assets.

Bastei Lübbe manages associates on an earnings-oriented basis. Monthly business performance evaluations are submitted by the associates. They are regularly compared with the planned figures and analysed, as well as being discussed with the management of the associates.

In this way, Bastei Lübbe AG is kept informed at an early stage about the business performance and results of its associates and has the opportunity to establish appropriate countermeasures in the event of any undesirable developments.

After the impairments recognised on smarticular's assets in the year under review and the asset deal under which smarticular's operating assets and liabilities were sold, the consolidated financial statements as of 31 March 2024 continue to reflect the material goodwill and assets of the associate Community Editions. As a result, a potential risk of the associates not performing as planned must continue to be taken into account.

In addition, the 20% interest in Räder GmbH with a carrying amount of EUR 15.1 million, which is measured at fair value through other comprehensive income, has a significant influence on the Group's equity ratio. Negative business performance and, resulting from this, a reduction in fair value would cause a corresponding decline in other comprehensive income within equity.

The resultant risk is classified as a category B risk with a low probability of occurrence and high potential loss (previous year category A risk with higher potential loss including smarticular).

COMPLIANCE-RISIKS

Compliance refers to the adherence to legally binding requirements and company-specific guidelines. A large number of measures are taken to ensure that the conduct of the management bodies and all employees complies with all legal and regulatory requirements. The requirements with regard to compliance with statutory provisions and internal regulations are laid down in the compliance rules adopted by the Supervisory Board and the Executive Board. In addition, Bastei Lübbe AG has engaged an external compliance officer. Compliance violations can result in direct penalties and, above all, harm to the Group's reputation.

The Executive Board and the relevant persons responsible have identified the compliance risks that are to be taken into account and classified as "core compliance issues". The risks arising from the use of freelancers ("bogus self-employment"), anti-corruption law, competition and antitrust law as well as data protection have been identified as "core compliance matters" and corresponding responsibilities expressly assigned. The remaining compliance risks are managed and monitored in the departments. In order to mitigate the "bogus self-employment risk", new guidelines and a new process for utilising the services of freelancers have been adopted in consultation with specialist lawyers. Training courses on anti-corruption, competition and antitrust law have been set up with the external compliance officer and specialist lawyers. The adoption of the General Data Protection Regulation (GDPR) on 25 May 2018 has substantially increased the importance of data protection and entails extensive documentation and reporting requirements. Data needs to be handled responsibly and in accordance with the law in order to avert financial loss and reputational damage. The provisions of the German Federal Data Protection Act (BDSG) have been adopted by the Bastei Lübbe Group and implemented in its operations. Organisational and technical measures for handling customer data have been put in place in order to ensure compliance with statutory provisions. On top of this, internal processes (also with the use of external technical advice) and the IT landscape are regularly optimised. An enterprise-wide data protection committee has been established within Bastei Lübbe AG and holds regular discussions about recent legislation, current corporate processes and the experience gained in the handling of personal data. The external data protection officer is also a member of the data protection committee. In addition, data protection is closely linked with the issue of information security. Regular IT security reviews are conducted.

The compliance risk outlined above is classified as a category B risk with a low probability of occurrence and high potential loss.

RISKS RESULTING FROM EXCESSIVE ADVANCES

In the determination of the author advances, there is a risk that impairments will need to be recognised should sales fall short of plans, something which may weigh on the Bastei Lübbe Group's EBIT. All rights are therefore calculated in advance and their expected earnings potential evaluated in a documented process. When the potential of a title to be acquired is assessed, previous titles and, particularly in the case of new authors, comparable titles from other publishers are taken into account. In addition, targets based on sales expectations are defined for future programmes, with the acquisition of new rights based on these structures. High advances are paid to authors of international best sellers in particular. There is therefore a high probability of correspondingly high impairments on author advances. A standardised impairment test is carried out annually and as required on the basis of expected cash flows. All other titles are also reviewed annually and as required for potential future negative contribution margins using a standardised process. The large number of titles under review may result in impairments.

The resultant risk is classified as a category B risk with a low probability of occurrence and high potential loss.

BAD DEBTS

There is a risk that customers will not be able to pay for the goods delivered or pay for them only in part, or that a trading partner will default due to insolvency. Bastei Lübbe uses non-recourse factoring for a large part of its receivables from physical sales, transferring the risk of default to the factor. The credit risk lies with Bastei Lübbe for the remaining portion of the trade receivables, especially receivables from digital sales partners. Appropriate credit insurance has been taken out but does not fully cover the risks involved.

The resultant risk is classified as a category B risk with a very low probability of occurrence and medium potential loss.

IT RISKS

The threat to IT systems from external attacks poses a permanent and significant risk. In addition to disruptions to the work processes, the unlawful appropriation of protected works (manuscripts, etc.) as well as the encryption of data may result in economic damage. Disruptions to operational procedures due to the failure of key IT systems constitute a permanent risk for the Group. Bastei Lübbe has its own IT department. Data backup operations have for the most part been outsourced, meaning that the Company is able to remain operational for at least a certain period of time even in the absence of internal IT structures. Employees undergo regular training to prevent malware from penetrating the internal systems. In addition, a penetration test was carried out in the year under review, resulting in minor adjustments to the IT structure.

This risk is classified as a category B risk with a medium probability of occurrence and medium potential loss.

INTEGRITY RISKS

Integrity risks, particularly CEO fraud[31] and general integrity violations, pose significant threats to our Company. CEO fraud may result in significant financial loss and serious reputational damage, while general integrity issues may jeopardise confidence in our organisation and result in legal and financial consequences. In order to mitigate these risks, it is crucial to arrange comprehensive training and awareness programmes for employees, implement strict security and compliance measures and promote a strong, ethical corporate culture. These precautions help to identify and combat potential threats effectively at an early stage, thereby strengthening long-term stability and confidence in Bastei Lübbe AG.

The risk is classified as a category B risk with a low probability of occurrence and medium potential loss (previous year category C risk with lower potential loss).

[31] In the case of CEO fraud, for example, perpetrators impersonate a company's CEO and induce employees to transfer amounts of money to foreign accounts.

The following potential risks which are not quantified in the risk management system (RMS) in any greater detail are also under constant observation:

FINANCIAL RISKS

The Bastei Lübbe Group is exposed to financial risks such as the market-price, credit and liquidity risks inherent in its business activities. The credit risk is addressed through the above-mentioned measures (non-discourse factoring). To avoid liquidity risks, a regular cash forecast is drawn up as part of the planning process and on an ongoing basis in connection with the daily sales reports. There is only limited scope for controlling the market price risk arising from the measurement of the material investment in Räder GmbH as Bastei Lübbe does not exert any material influence on this company. Changes in the fair value of this investment that are within a range considered possible by the Company have a direct influence solely on net assets and only indirectly on the results of operations and the financial situation, via the cash inflow from investment income or from the possible sale of shares in the associate.

Essentially, the companies of the Bastei Lübbe Group operate in the euro currency area, so their dependence on exchange rates outside the euro currency area is limited. Furthermore, there is a risk that loan agreements may be terminated if the agreed covenants are breached, in addition to the risk from interest rate adjustment due to changes in the Group's debt load.

Liquidity risks result from the Bastei Lübbe Group's potential inability to meet existing or future payment obligations due to the insufficient availability of cash. As a publishing company, the Bastei Lübbe Group must prefinance most of its business. Authors usually receive their advances by the publication date of the book. Booksellers and platforms have long payment terms. The same principle applies to the secondary markets. Bastei Lübbe's financial risk is spread over several shoulders. For one thing, Bastei Lübbe AG funds itself via non-recourse factoring, while, for another, it has been granted credit facilities by renowned banks.

The Executive Board considers the risk of loan agreements being terminated as a consequence of a future covenant breach to be low as the Group has sufficient additional financing under the agreed covenants and the Executive Board considers the core business to be stable and robust.

As part of its liquidity management, the Bastei Lübbe Group makes efforts to ensure that it has sufficient funds available for its ongoing business operations and for investments. Credit risks are mitigated by means of factoring, by taking out credit insurance and through creditworthiness assessments as well as the credit checks and credit management systems.

MACROECONOMIC DISLOCATIONS

The Executive Board continues to view the ongoing war in Europe and the interest rate and inflation trends with concern. The assumptions and forecasts with regard to the Group's future performance factor in the current uncertainties caused by the war and the current inflationary trends in the existing interest rate environment. As the Executive Board does not think it likely that the war will spread to other countries in Europe or that inflation will continue rising substantially in the German-speaking region, these scenarios are not included in the forecasts.

OVERALL ASSESSMENT OF THE BASTEI LÜBBE GROUP'S RISK SITUATION

As things stand at present, it can be said on the basis of information currently known that there are no risks liable to jeopardise the Company's going-concern status and that no such risks are discernible in the future. An assessment of the current situation has shown that the risks can be largely tolerated or kept under control.

For further details, please refer to the outlook.

OPPORTUNITIES

The Executive Board of Bastei Lübbe AG employs strategic planning in particular as a basis for identifying opportunities and potential that ensure the Company's long-term success and further growth. Together with the management staff responsible for strategic planning, it additionally assesses existing and emerging options in the light of the constantly changing interests of our readers and the likewise changing practices of our competitors. This is complemented by analyses and measures relating to corporate development.

Potential and opportunities are particularly seen in the following areas:

- Strategic opportunities, such as market opportunities, changes in competition, developments with customers and suppliers
- Operational opportunities
- Financial opportunities
- Personnel opportunities

The opportunities that the Executive Board currently considers to be the most relevant are described below.

STRATEGIC OPPORTUNITIES

Media entertainment has been gaining in importance for decades, with consumers spending more time and money on it. Within the various types of entertainment, the book as a source of entertainment and as part of our cultural heritage including its digital playback channels is a reliable and future-proof constant. Bastei Lübbe is planning to penetrate the dynamic areas of the market through high-level digitisation, progressive target group orientation and a community-oriented acquisition strategy. The growing digital audio market offers opportunities thanks to increasing demand for audio productions and serialised content, which Bastei Lübbe intends to leverage by means of dedicated teams, resources and strategies. This will be aided by the many years of experience that it has gained as one of the particularly established operators in this market segment.

Further opportunities will arise from business expansion, which Bastei Lübbe is examining carefully. An example of this would be moving into areas related to the business model of a book publisher Opportunities may also arise by entering foreign markets, for example by exploiting our content and rights in other international markets.

The aforementioned growth opportunities alongside other ones can be addressed organically using existing structures or non-organically through the acquisition of other companies. Bastei Lübbe's current financial situation permits such options to be taken into consideration.

OPPORTUNITIES THROUGH FURTHER EXPANSION OF THE DIGITAL DIALOGUE WITH READERS

Traditional publishing business currently offers only limited opportunities for direct contact with end customers. Bastei Lübbe is therefore using digital touchpoints with readers as an additional important building block to gain an even better understanding of their needs. These findings and the direct dialogue with the community are important factors in content and program development. In addition to the indispensable contact with our retail partners we therefore see attractive opportunities in the establishment of target group communities, primarily on the relevant social media channels. Our imprints LYX, one and Community Editions in particular are already pursuing this course. With our pola imprint, which we are launching in 2024, we want to leverage further opportunities in related target groups and age groups. Finally, the dynamics of reviews and recommendations can create opportunities, allowing individual book titles and authors to achieve unexpectedly strong success.

This focus on community-driven business models is also unleashing new revenue opportunities, for example in e-commerce. It is already evident that selected communities are displaying a high degree of affinity to related complementary products through the associated imprints. This has been successfully tested with preliminary product lines, with the technical and organisational basis now being created for making even more effective use of such opportunities.

OTHER OPPORTUNITIES

Furthermore, Bastei Lübbe sees further promising opportunities in the publishing industry for safeguarding its earnings potential, for example, through the acquisition of promising titles on attractive terms by using the information and experience it has gathered on the needs of its readers. As well as this, scope for permanent process optimisation is systematically sought and identified in order to improve business results while ensuring that expenses remain the same or are lower (operational opportunities).

Bastei Lübbe also sees opportunities in expanding its employer branding efforts to attract qualified management employees possessing digital skills. In addition, opportunities are particularly seen in the provision of continuing education for highly qualified employees. Thus, training activities are being scaled up, with the content and findings permanently anchored within the Company in order to continue developing (leadership) skills in a contemporary and self-confident manner (personnel opportunities).

Finally, the newly developed artificial intelligence tools and the possibilities they offer provide further opportunities for enhancing efficiency and performance. Appropriate tools and programmes that are already being utilised in a publishing context will be tested in various areas to determine their suitability for use and marketability in the future. The aim is to be a progressive pioneer in the book-publishing industry in this regard as well and to objectively explore, adopt and leverage the possibilities of using artificial intelligence as a company at an early stage.

SUPPLEMENTARY DISCLOSURES ON BASTEI LÜBBE AG (IN ACCORDANCE WITH THE GERMANCOMMERCIAL CODE)

BUSINESS PERFORMANCE AND RESULTS OF OPERATIONS OF BASTEI LÜBBE AG

As the parent company of the Bastei Lübbe Group, Bastei Lübbe AG is dependent on the performance of the "Book" and "Novel booklets" segments, on the one hand, and on the performance of its associates, on the other hand, with respect to the course of its own business and expected development including significant opportunities and risks.

INCOME STATEMENT FOR THE PERIOD FROM 1 APRIL 2023 UNTIL 31 MARCH 2024 IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE

EUR k	2023/2024	2022/2023
Revenues	**100,110**	**91,665**
Changes in inventories of finished goods and work in progress	1,419	994
Other operating income	2.059	961
Cost of materials	-49,362	-44,574
Personnel expenses	-19,054	-17,620
Depreciation and amortisation	-963	-823
Other operating expenses	-21,645	-20,322
Income from profit transfer agreements	953	–
Share of profit of associates	1,736	511
Depreciation of financial assets and securities held as current assets	-1.815	-2,939
Other interest and similar income	252	60
Interest and similar expenses	-668	-371
Income taxes	-4,154	-3,181
Net profit for the period	**8,868**	**4,360**
Profit carried forward	12,656	10,408
Unappropriated surplus	**21,524**	**14,768**

Compared to the previous year's figure of EUR 91.8 million, Bastei Lübbe AG's revenues rose by EUR 8.4 million to EUR 100.1 million. This was mainly due to the extraordinary successes of the LYX imprint. Revenues were well in excess of the forecast range of EUR 90.0 – 95.0 million. This was primarily underpinned by the higher revenues posted by LYX (up 15.5% on the previous year) and Lübbe Audio (up 11.3% on the previous year).

The business performance of the "Book" and "Novel Booklets" segments is described in the segment report (Note 34 to the Consolidated Financial Statements).

The main components of other operating income are income from remeasurement gains on author advances (EUR 1.4 million) and income from the reversal of provisions (EUR 0.4 million).

The share of profit of associates of EUR 1.7 million (previous year: EUR 0.5 million) is composed of dividends received from Räder GmbH (EUR 1.2 million) and Moba (EUR 0.5 million). In the previous year, dividends had been received from Moba (EUR 0.5 million) and various press wholesalers.

In the year under review, the fair value of the investment in Business Hub Berlin UG was impaired by an amount of EUR 1.8 million. In the previous year, the fair value of the investment in Business Hub Berlin UG had been impaired by an amount of EUR 2.9 million.

Bastei Lübbe AG had an average of 272 employees in the 2023/2024 financial year (previous year: 269).

At EUR 15.3 million, the forecast of EUR 8.0 – 9.0 million for EBIT[32] was far exceeded primarily due to the revenue growth achieved. In the year under review, exceptional effects of EUR -1.8 million arose from the impairment of the share in smarticular and the extraordinary investment income of EUR 1.2 million from Räder GmbH. Net profit for the year came to EUR 8.9 million, compared with EUR 4.4 million in the previous year.

BASTEI LÜBBE AG'S FINANCIAL POSITION

As of 31 March 2024, Bastei Lübbe AG's liquidity reserves are composed of cash and cash equivalents of EUR 15.1 million (previous year: EUR 17.1 million). Credit facilities of a total of EUR 10.0 million (previous year: EUR 10 million) are available under the existing loan agreements but had not been drawn on as of the reporting date. Bastei Lübbe AG had liabilities to banks of EUR 1.9 million on 31 March 2024 (previous year: EUR 2.8 million).

BASTEI LÜBBE AG'S NET ASSETS

ASSETS (EUR k)	31 March 2024	31 March 2023
Fixed assets		
Intangible assets	1,463	1,245
Property, plant and equipment	430	684
Financial assets	8,493	9,552
	10,386	**11,481**
Author advances	**18,613**	**23,026**
Current assets		
Inventories	12,544	11,108
Receivables and other assets	17,652	13,730
Cash at banks	15,149	17,136
	45,345	**41,975**
Prepaid expenses	1,004	1,029
Total assets	**75,348**	**77,511**

Compared with 31 March 2023, total assets fell by EUR 2.2 million to EUR 75.3 million (previous year: EUR 77.5 million). The decline is mainly due to the reduction of EUR 7.4 million in tax provisions.

The decline in fixed assets is primarily caused by the impairments of EUR 1.8 million recognised in connection with smarticular within financial assets.

Author advances decreased from EUR 23.0 million to EUR 18.6 million.

Current assets climbed from EUR 42.0 million to EUR 45.3 million. Reflecting the favourable business performance, trade receivables climbed from EUR 12.5 million to EUR 15.6 million, while at the same time bank balances fell from EUR 17.1 million to EUR 15.1 million. Inventories increased from EUR 11.1 million in the previous year to EUR 12.5 million.

[32] EBIT is defined as net profit for the year excluding income taxes, interest and similar expenses, other interest and similar income, depreciation of financial assets and securities held as current assets, as well as income from other securities and loans of financial assets.

EQUITY AND LIABILITIES (EUR k)	31 March 2024	31 March 2023
Equity		
Issued capital	13,200	13,200
Share premium	8,900	8,900
Retained earnings	100	100
Unappropriated surplus	21,524	14,768
	43,724	**36,968**
Provisions	**12,528**	**19,471**
Liabilities		
Liabilities to banks	1,875	2,750
Prepayments received	93	137
Trade payables	15,599	17,023
Andere Verbindlichkeiten	1,387	975
	18,954	**20,885**
Deferred income	**142**	**188**
Total equity and liabilities	**75,348**	**77,511**

At EUR 43.7 million, equity was up on the previous year's figure of EUR 37.0 million, mainly due to the growth in business and the net profit for the year of EUR 8.9 million (previous year: EUR 4.4 million). A dividend of EUR 2.1 million was distributed from equity in September 2023.

Provisions are valued at EUR 12.5 million, compared with EUR 19.5 million of 31 March 2023. They include amounts of EUR 5.2 million (previous year: EUR 4.5 million) set aside for returns as well as provisions for outstanding invoices, bonuses and taxes. Tax provisions fell by EUR 7.4 million over the previous year due to tax payments made. The provisions for onerous author contracts set aside in the previous year were reclassified as manuscript assets in the year under review, as the title in question was published in the financial year. The impairment test as of the reporting date led to a reversal of EUR 0.5 million.

Liabilities dropped from EUR 20.9 million to EUR 19.0 million, primarily as a result of higher royalty commitments. In the year under review, loan liabilities of EUR -0.9 million were repaid.

BASTEI LÜBBE AG'S RISK SITUATION

The risk situation is essentially the same as that of the Bastei Lübbe Group and is presented in the risk report.

FORECAST FOR BASTEI LÜBBE AG

Revenues of EUR 98 – 102 million are expected for the 2024/2025 financial year (year under review: EUR 100.1 million). Of this, the “Book” segment should contribute EUR 91.0 – 95.0 million (year under review: EUR 92.7 million) and the “Novel Booklets” segment roughly EUR 7.0 million (year under review: EUR 7.4 million). All in all, Bastei Lübbe AG projects EBIT of EUR 11.0 – 12.0 million (year under review: EUR 15.3 million). Of this, the “Book” segment is expected to generate EBIT of EUR 10.5 – 11.5 million (year under review: EUR 12.6 million) and the “Novel Booklets” segment EBIT of around EUR 0.5 million (year under review: EUR 1.0 million).

In addition, please refer to the corresponding disclosures in the notes to the consolidated financial statements under no. 47.

MATERIAL EVENTS OCCURRING AFTER THE REPORTING DATE

The corresponding information can be found in the notes to Bastei Lübbe AG’s single-entity financial statements. See Note 47 to the consolidated financial statements for the corresponding details.

DISCLOSURES IN ACCORDANCE WITH SECTIONS 289A AND 315A OF THE GERMAN COMMERCIAL CODE

COMPOSITION OF SUBSCRIBED CAPITAL

The share capital amounts to EUR 13,300,000 and is divided into a total of 13,300,000 no-par value shares each with a notional share in the share capital of EUR 1.00. Under Article 23 (1) of Bastei Lübbe AG’s articles of association, each share grants one vote. As in the previous year, treasury stock on the reporting date comprised 99,900 shares (see Note 14 of the Consolidated Financial Statements).

APPOINTMENT AND DISMISSAL OF THE MEMBERS OF THE EXECUTIVE BOARD

The Supervisory Board determines the number of members of the Executive Board, their appointment and dismissal as well as the conclusion, amendment and termination of service contracts with them. The Supervisory Board may appoint one member of the Executive Board as Chairman or Speaker of the Executive Board and another member of the Executive Board as Deputy Chairman or Deputy Speaker of the Executive Board. Furthermore, it may grant individual representation rights to one or all members of the Executive Board. The Supervisory Board may authorise one or all members of the Executive Board to enter into self-contracting transactions as representatives of a third party (exemption from the restriction provided for in Section 181 Alternative 2 of the German Civil Code).

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The shareholders are responsible for amending the articles of association (Section 179 (1) Sentence 1 of the German Stock Corporation Act). Under Article 9 of Bastei Lübbe AG's articles of association, the Supervisory Board may pass resolutions to make amendments to the articles of association that only affect the wording.

AUTHORISATION OF THE EXECUTIVE BOARD TO ISSUE OR BUY BACK SHARES

The following resolution was passed at the annual general meeting on 10 September 2013:

1. The Executive Board is authorised, subject to the consent of the Supervisory Board, to use the Company's treasury stock for all permissible purposes with the exception of trading, including but not limited to the sale of the treasury stock in its entirety or via the stock exchange or in another manner, in whole or in part, via the stock exchange or by means of an offer to all shareholders, provided that the treasury stock is sold at a price that is no more than 5% lower than the price on the stock exchange of shares of the Company of the same class at the time of the sale. This authorisation is limited to a maximum of 10% of the Company's share capital. The relevant stock exchange price within the meaning of the above provision is the average of the opening and closing prices of the Company's shares in XETRA trading (or a functionally comparable successor system) during the ten trading days preceding the sale of the share.
2. The Executive Board is furthermore authorised, subject to the consent of the Supervisory Board, to redeem the treasury stock in whole or in part without any further resolution of the annual general meeting.
3. The Executive Board is also authorised, subject to the consent of the Supervisory Board, to use the treasury stock as (partial) consideration for business combinations or for the acquisition of companies, interests in companies or parts of companies. The value (price) at which the Company's shares are used in accordance with the authorisation in this paragraph may not be more than 5% lower than the stock exchange price of the Company's shares of the same class at the time of the sale. The relevant stock exchange price within the meaning of the above provision is the average of the opening and closing prices of the Company's shares in XETRA trading (or a functionally comparable successor system) during the ten trading days preceding the use of the shares.
4. The shareholders' pre-emptive subscription rights are excluded in the execution of the measures outside the stock exchange listed above in 1. and 3. The authorisations referred to in 1. to 3. above may be utilised in full or in partial amounts.

EQUITY INVESTMENTS OF MORE THAN 10%

Ms. Birgit Lübbe, Cologne, holds a stake of around 33%. Rossmann Beteiligungs GmbH, Burgwedel, holds around 20% in the Company's share capital. According to the notifications of significant voting rights received pursuant to Sections 33 and 34 of the German Securities Trading Act (WpHG) and directors' dealings pursuant to Article 19 of the Market Abuse Regulation, no other shareholders held more than 10% of the voting rights as of the reporting date.

MATERIAL AGREEMENTS SUBJECT TO A CHANGE-OF-CONTROL PROVISION

Bastei Lübbe AG has entered into the following material agreements that contain provisions for the event of a change of control, such as may occur as a result of a takeover bid, among other things:

- Customary change-of-control clauses are included in all major financing and distribution agreements.

SPECIAL RIGHTS AND CONTROL OF VOTING RIGHTS

The Executive Board is not aware of any restrictions affecting voting rights or the transfer of shares, including those that may result from agreements between shareholders. Furthermore, the shares do not grant any special rights conferring powers of control.

CORPORATE GOVERNANCE

The Company again considered the recommendations set out in the German Corporate Governance Code (the Code) in the 2023/2024 financial year. On 28 June 2024, the Executive Board and the Supervisory Board issued a declaration of conformity under Section 161 of the German Stock Corporation Act. Bastei Lübbe complies with the recommendations and suggestions of the Code with the exceptions described in the declaration of conformity. The current declaration of conformity as well as all previous ones have been made permanently available to shareholders on the Company's website (see bastei-luebbe.de/en/company/corporate-governance).

Further disclosures on corporate governance can be found in the separate section of the annual report entitled "Corporate governance statement".

The combined corporate governance statement pursuant to Sections 289f and 315d of the German Commercial Code is publicly available in the annual report and on the Company's website at bastei-luebbe.de/en/company/corporate-governance.

Cologne, 8. July 2024
Bastei Lübbe AG

Soheil Dastyari Chief Executive Officer	Mathis Gerkensmeyer Chief Financial Officer	Sandra Dittert Chief Marketing and Sales Officer	Simon Decot Chief Programme Officer

CONSOLIDATED FINANCIAL STATEMENTS

AUDIO PROGRAM –
LÜBBE AUDIO

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2024

EUR k	Note	31 March 2024	31 March 2023
Non-current assets			
Intangible assets	5.	6,448	8,204
Author advances	6.	19,569	23,931
Property, plant and equipment (including right-of-use assets)	7.	6,414	7,307
Financial assets	8.	15,293	15,338
Deferred tax assets	9.	757	1,285
		48,480	**56,066**
Current assets			
Inventories	10.	13,990	13,001
Trade receivables	11.	19,310	16,114
Financial assets	8.	146	135
Income tax refund claims	9.	309	203
Other receivables and assets	12.	3,318	2,912
Cash and cash equivalents	13.	18,387	19,482
		55,461	**51,848**
Total assets		**103,941**	**107,914**
Equity			
Equity attributable to the Parent Company's equity holders			
Subscribed capital	14.	13,200	13,200
Share premium	14.	9,045	9,045
Unappropriated surplus/accumulated deficit	14.	23,927	17,314
Other comprehensive income	14.	15,169	15,219
		61,340	**54,778**
Shares held by non-controlling shareholders	14.	226	215
Total equity		**61,567**	**54,993**
Non-current liabilities			
Provisions	16.	487	318
Deferred tax liabilities	9.	331	705
Financial liabilities	17.	6,058	7,593
Trade payables	18.	592	149
		7,467	**8,766**
Current liabilities			
Financial liabilities	17.	4,709	4,273
Trade payables	18.	19,805	21,838
Income tax liabilities	9.	613	8,010
Provisions	16.	7,598	8,014
Other liabilities	19.	2,182	2,021
		34,907	**44,156**
Total liabilities		**42,375**	**52,921**
Total equity and liabilities		**103,941**	**107,914**

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FOR THE PERIOD FROM 1 APRIL 2023 UNTIL 31 MARCH 2024

EUR k	Note	2023/2024	2022/2023
Revenues	20.	110,330	100,016
Changes in inventories of finished goods and work in progress	21.	1,034	1,252
Other operating income	22.	2,056	889
Cost of materials	23.	-55,910	-50,753
Personnel expenses	24./25.	-21,491	-20,228
Other operating expenses	26.	-19,693	-18,587
Amortisation and depreciation	27.	-3,598	-5,439
Operating profit		**12,728**	**7,150**
Share of profit of associates	28.	1,252	39
Income from other investments	29.	276	237
Profit before financing and income taxes		**14,256**	**7,425**
Financing expense	30.	-984	-633
Profit before income taxes		**13,272**	**6,793**
Income taxes	31.	-4,474	-2,821
Consolidated net profit for the period		**8,797**	**3,972**
Of which attributable to:			
Equity holders of Bastei Lübbe AG		8,724	3,916
Shares held by non-controlling shareholders	32.	72	56
Earnings per share in euros (basic = diluted) (based on the net profit for the period attributable to the equity holders of Bastei Lübbe AG)	15.	0.66	0.30

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 APRIL 2023 UNTIL 31 MARCH 2024

EUR k	Note	2023/2024	2022/2023
Consolidated net profit for the period		**8,797**	**3,972**
Amounts that can be recycled to profit and loss in the future		**-56**	**62**
Foreign currency translation differences		-56	62
Other comprehensive income		**-56**	**62**
Consolidated comprehensive income		**8,741**	**4,034**
Of which attributable to:			
Equity holders of Bastei Lübbe AG		**8,674**	**3,972**
Shares held by non-controlling shareholders		**67**	**62**

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 APRIL 2023 UNTIL 31 MARCH 2024

EUR k		**2023/2024**	**2022/2023**
Net profit for the period		8,797	3,972
+/-	Depreciation and amortisation/remeasurement gains of intangible assets and property, plant and equipment	3,598	5,439
+/-	Depreciation/remeasurement gains of author royalties	14,663	10,240
+/-	Other non-cash expenses/income	–	-114
+/-	Increase/decrease in provisions	852	-677
-/+	Profit/loss from the disposal of intangible assets and property, plant and equipment	110	–
-	Author advances	-11,401	-14,025
-/+	Increase/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	-5,045	-2,971
+/-	Increase/decrease in trade payables and other liabilities not attributable to investing or financing activities	-1,024	5,411
+/-	Interest expenses/income	708	581
+/-	Income tax expenses/income	4,474	2,821
+/-	Tax payments made	-11,823	-216
-	Investment income	-1,252	-39
Cash flow from operating activities		**2,658**	**10,423**
+	Payments received from the disposal of intangible assets	668	–
-	Payments made for purchases of intangible assets	-641	-440
+	Payments received from the disposal of property, plant and equipment	4	–
-	Payments made for purchases of property, plant and equipment	-391	-431
+	Payments received from the repayment of loans granted	45	66
-	Payments made for the grant of loans	–	-45
+	Loans to other associates	1,252	39
+	Interest received	252	50
+	Change in working capital due to asset deal	364	–
Cash flow from investing activities		**1,554**	**-761**
-	Payments to the shareholders of the Parent Company (dividends)	-2,112	-5,280
-	Payments made to non-controlling interests (dividends)	-55	-54
-	Payments made for the discharge of loans	-875	-1,000
-	Payments made for lease liabilities	-1,242	-1,216
-	Interest paid	-984	-633
Cash flow from financing activities		**-5,269**	**-8,183**
	Changes to cash and cash equivalents recognised in the cash flow statement	-1,058	1,478
	Exchange-rate and valuation-related changes to cash and cash equivalents	-37	30
+	Cash and cash equivalents at the beginning of the period	19,482	17,974
=	**Cash and cash equivalents at the end of the period**	**18,387**	**19,482**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 1 APRIL 2023 UNTIL 31 MARCH 2024

	Parent Company						Non-controlling interests	Group equity
				Cumulative other comprehensive income				
EUR k	Sub-scribed capital	Share premium	Unappropriated surplus	Reserve from investments in equity instruments	Foreign currency translation reserve	Equity	Equity	Equity
Amount on 1 April 2022	13,200	9,045	18,678	15,104	59	56,086	206	56,292
Dividend distributions to shareholders	–	–	-5,280	–	–	-5,280	-54	-5,334
Net profit for the period	–	–	3,916	–	–	3,916	56	3,972
Other comprehensive income	–	–	–	–	56	56	6	62
Comprehensive income	**–**	**–**	**3,916**	**–**	**56**	**3,972**	**62**	**4,034**
Amount on 31 March 2023	**13,200**	**9,045**	**17,314**	**15,104**	**114**	**54,778**	**215**	**54,993**
Amount on 1 April 2023	13,200	9,045	17,314	15,104	114	54,778	215	54,993
Dividend distributions to shareholders	–	–	-2,112	–	–	-2,112	-55	-2,167
Net profit for the period	–	–	8,724	–	–	8,724	72	8,797
Other comprehensive income	–	–	–	–	-50	-50	-6	-56
Comprehensive income	**–**	**–**	**8,724**	**–**	**-50**	**8,674**	**67**	**8,741**
Amount on 31 March 2024	**13,200**	**9,045**	**23,927**	**15,104**	**64**	**61,340**	**226**	**61,567**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CHILDREN –
BAUMHAUS

CONTENTS
CONSOLIDATED NOTES

GENERAL DISCLOSURES

1. INFORMATION ABOUT THE GROUP

Bastei Lübbe AG (hereinafter also the "Parent Company") has its registered office at Schanzenstraße 6 - 20, 51063 Cologne, Germany.

It is a media company operating as a general-interest publisher. In the performance of its business activities, Bastei Lübbe AG publishes books, audio books, e-books and other digital products featuring fiction and popular science content as well as periodicals in the form of novels.

As a listed public limited company, Bastei Lübbe AG is required under Article 4 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 concerning the application of international accounting standards to prepare consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) in the form endorsed by the European Union (EU). The company's shares are admitted to trading on the regulated market of the Frankfurt Stock Exchange (WKN: A1X3YY, ISIN: DE000A1X3YY0).

The reporting currency is the euro; unless otherwise stated, all amounts are stated in thousands of euros (EUR k). Totals and percentages were calculated on the basis of non-rounded euro amounts and may differ from a calculation based on the reported thousand euro amounts.

The consolidated financial statements for the financial year from 1 April 2023 until 31 March 2024 were prepared by the Executive Board on 8 July 2024 and approved for publication and submitted to the Supervisory Board on 10 July 2024 for approval.

Reference should be made to Note 47 with regard to events occurring between the reporting date and 8 July 2024 that could be material for an assessment of the Group's net assets, financial position and results of operations as well as its cash flows.

2. BASIS OF PREPARATION

A) UNDERLYING ACCOUNTING RULES

The consolidated financial statements as of 31 March 2024 have been prepared in accordance with the accounting rules in force on the reporting date in accordance with the International Financial Reporting Standards (IFRS) endorsed by the European Union (EU) and the interpretations of the IFRS Interpretations Committee (IFRS IC) and the Standing Interpretations Committee (SIC) of the International Accounting Standards Board (IASB), London. In addition, the German statutory provisions applicable pursuant to Section 315e (1) of the German Commercial Code (HGB) are observed.

B) MEASUREMENT OF ASSETS AND LIABILITIES

The consolidated financial statements are prepared on the basis of the historical cost principle, with the exception of the shares held in Räder GmbH and the provisions for share-based remuneration, which are measured at their fair value in accordance with IFRS 13 and IFRS 2.

C) CURRENCY TRANSLATION

The consolidated financial statements of economically independent foreign Group companies are translated into the Group currency in accordance with the functional currency method. For the purposes of translating these financial statements, all assets and liabilities are converted at the closing rate, while income and expense items are converted at the average rate for the reporting period. Equity components of subsidiaries are translated at the corresponding historical exchange rate at inception. The differences arising from currency translation are recognised as a currency translation adjustment item within other comprehensive income or non-controlling interests.

Transactions in foreign currencies are translated at the applicable daily exchange rate. Monetary items are translated at the mean spot exchange rate on the reporting date. The foreign exchange gains and losses resulting from such currency translation are recognised in profit and loss.

D) USE OF ASSUMPTIONS AND ESTIMATES AS WELL AS DISCRETIONARY DECISIONS

The preparation of the consolidated financial statements requires the use of assumptions and estimates that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the reporting date and the reported amounts of revenues and expenses. Material assumptions and estimates subject to uncertainty concern

- discounted future cash flows in connection with impairment tests for author advances and goodwill,
- the determination of amortisation processes for author advances,
- the expected return rates for sold goods for the determination of corresponding provisions,
- the measurement of provisions for onerous contracts,
- the depreciation of inventories due to limited marketability to calculate net realisable amounts,
- the fair value of the investment in Räder GmbH,
- the measurement of the provisions for share-based cash-settled remuneration and
- projected impairments of trade receivables.

Reference should be made to the corresponding notes for further disclosures that were determined on the basis of estimates.

Significant discretionary decisions particularly relate to the amortisation method for author advances, the methods for identifying impairments of inventories and the measurement of lease liabilities in connection with the exercise of termination and extension options. In addition, the assessment of Bastei Lübbe AG's inability to exercise material influence on its associate Räder GmbH entails a significant discretionary decision. The management of Bastei Lübbe does not exercise any significant influence on Räder GmbH despite the fact that the Parent Company holds 20% of the shares in this company. This view is based on the status that Bastei Lübbe has under company law as a minority shareholder, preventing it from being involved in any of the associate's financial and business policy decisions.

3. SIGNIFICANT ACCOUNTING POLICIES

For the sake of clarity, individual items are aggregated in the statement of comprehensive income and in the statement of financial position and disaggregated in the notes. Assets and liabilities that are realised or settled within one year are classified as current, while all others are classified as non-current.

In contrast to the previous year, the presentation of the subtotals in the consolidated income statement satisfies the requirements of IFRS 18, which was adopted in April 2024, to ensure future comparability. EBITDA and EBIT are not shown. On the other hand, operating profit and profit before financing and income taxes are reported separately.

These adjustments reflect the currently applicable version of IAS 1. In this respect, IFRS 18 was not early adopted either in full or in part.

E) NEW ACCOUNTING GUIDANCE APPLIED FOR THE FIRST TIME IN THE YEAR UNDER REVIEW

The Group applied *Disclosure of Accounting Policies (amendments to IAS 1 and to Practice Statement 2)* for the first time on April 1, 2023. The amendments prescribe "the disclosure of material accounting policies" rather than the "disclosure of significant accounting policies". Although the amendments did not result in any change in the accounting policies as such, they did have an impact on the disclosure of accounting policies in the notes to the consolidated financial statements. Other standards, clarifications and interpretations whose application has been mandatory since 1 April 2023 had no material impact on the presentation of the net assets, financial position and results of operations.

F) NEW ACCOUNTING GUIDANCE NOT YET APPLIED IN THE YEAR UNDER REVIEW

In the year under review, the Bastei Lübbe Group did not make use of the option to early adopt new standards and interpretations. It plans to apply the standards and interpretations from the date on which they become mandatory. The application of new standards and interpretations is not expected to have any material impact on the Group's net assets, financial position and results of operations.

G) CONSOLIDATION PRINCIPLES AND REPORTING DATE

Fully consolidated companies are generally accounted for using the purchase method at the time control is established (acquisition date). The assets and liabilities of the consolidated companies are measured at fair value.

Non-controlling interests are reported separately within equity. In the case of business combinations, hidden reserves and charges attributable to non-controlling interests are also disclosed and shown in equity under "Non-controlling interests".

Intragroup revenues, expenses and income as well as receivables and liabilities are offset against each other and eliminated.

For the purposes of consolidation accounting, the income tax effects are taken into account and, if necessary, deferred taxes are recognised.

One fully consolidated Group company and one Group company that is not consolidated for reasons of materiality have a financial year that matches calendar year and thus differs from the Group's financial year. The annual financial statements of the fully consolidated company Moravská Bastei MOBA s.r.o. , which are prepared for the calendar year, are included in the consolidated financial statements. Material transactions between the reporting date of the Group company and the reporting date of the consolidated financial statements are duly taken into account where applicable. There were no corresponding adjustments in the year under review. No interim financial statements are prepared for the company as its inclusion has no material impact on the Group's net assets, financial position and results of operations despite its different financial year. For one thing, it makes only a small contribution to the Group's revenues and earnings for the period. For another, its revenues and earnings have been stable over the last few years.

H) INTANGIBLE ASSETS

Intangible assets (with the exception of author advances) are measured at historical cost less straight-line amortisation distributed over their respective useful lives where they are considered to have finite useful lives. Systematic amortisation is based on the following useful lives and rates:

	Useful life Years	Amortisation rate (%)
Other intangible assets		
Software	3-7	14.29-33.33
Book rights	1.5-8	12.5-66.67
Publishing and title rights	8-15	6.67-12.5

Impairment tests are carried out at least annually on goodwill and intangible assets whose useful life cannot be determined; intangible assets subject to systematic amortisation are tested for impairment whenever there is any evidence to this effect. Impairment losses are recognised if this is required as a result of impairment testing. If the reasons for the impairment no longer apply, the impairment loss is reversed up to the amount of the amortised cost, except in the case of goodwill.

I) AUTHOR ADVANCES

Author advances relate to guaranteed payments for manuscripts for which Bastei Lübbe has acquired exploitation rights as well as advances made on these. They are each measured at cost.

Systematic depreciation is generally calculated on the basis of the revenue generated. If the revenues achieved fall short of a typified revenue trend, this is used as a basis for calculating depreciation. Author advances are generally amortised over five years. There is a close correlation between revenues and the consumption of the economic benefit of the exploitation rights. Author advances and part payments made are also reviewed at least once a year (usually on the reporting date) to determine whether there are any indications of impairment. If there is any evidence of impairment, the expected net income before royalty expenses is compared with the guaranteed royalties on the basis of an estimate of future sales volumes and the revenue calculated on this basis. To test the guaranteed author royalties for any impairment, a DCF (discounted cash flow) method based on an average WACC (weighted average cost of capital) in a range of 6.5 to 7.2% (previous year: 7.2 – 7.6%) is applied. The WACC is calculated on the basis of the data for a group of suitable peers. In cases in which the guaranteed royalties exceed the expected net income before royalty expenses, corresponding impairments are made or - if necessary - provisions recognised for onerous contracts. The resulting expenses are recognised within the cost of materials. Remeasurement gains are recognised within other operating income. Income from reversals of impairment losses arising from royalties not only results from a reduced WACC or changed planning assumptions, but may also reflect the carrying amount less amortisation.

All expenses in connection with author advances are included in a separate item entitled “Author royalties and depreciation of author royalties” within the cost of materials as these expenses are directly tied to the revenues used to cover them and must therefore be included in gross profit in the interests of economically appropriate allocation.

J) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognised in accordance with IAS 16 (Property, Plant and Equipment) at historical cost less cumulative systematic depreciation and impairment losses. Historical cost includes the purchase price, commissioning costs and transaction costs.

Costs for the repair of property, plant and equipment are recognised through profit and loss. They are only recognised as an asset if the costs result in an expansion or significant improvement of the respective item. Property, plant and equipment are subject to depreciation calculated on a straight-line basis over the expected useful lives of these assets. Systematic amortisation is based on the following useful lives and rates:

	Useful life Years	Depreciation rate (%)
Land and buildings		
Leasehold improvements	8-10	10.00-12.50
Technical equipment and machinery	5-10	10.00-20.00
Other equipment, operating and business equipment		
Fleet	6-9	11.11-16.67
Operating equipment, office machines and equipment	3-13	7.69-33.33
Low-value assets (up to 800 euros)	<1 year	100

If necessary, impairment losses are recognised if there are any indications of impairment. If the reasons for the impairment cease to apply, the impairment loss is reversed.

K) IMPAIRMENT TESTSTING

Bastei Lübbe tests assets for impairment at least once a year on the reporting date or during the year if any special events are identified and - if and to the extent that an independent measurement of the assets concerned is not possible - at the next higher level of the cash-generating units (CGU) within the meaning of IAS 36 (Impairment of Assets).

DEFINITION OF CGUS

At Bastei Lübbe, goodwill and intangible assets with indefinite useful lives acquired through business combinations are allocated to a group of CGUs that are expected to benefit from the synergistic effects of the business combination. This group of CGUs represents the lowest level at which these assets are monitored for management purposes. These are usually individual companies or publishers.

IMPAIRMENT TESTING

For the purposes of impairment testing, the residual carrying amounts of the individual cash-generating units are compared with their respective recoverable amount, which is the higher of fair value less costs to sell and value in use. Value in use is determined on the basis of the present value of future payments forecast for the next three years under Bastei Lübbe Group’s current planning calculated using a discounted cash flow method, broken down by company or division and primarily based on historical data. The periods beyond the detailed planning phase are represented by a perpetual annuity, taking into account individual growth rates in the specific business.

To determine the present value, the discount rate is calculated on the basis of the weighted cost of capital, applying an underlying interest rate which is currently 2.5% (as of the reporting date, previous year: 2.3%) and a market risk premium of 7.0% (previous year: 7.5%).

Impairment losses are reversed if the recoverable amount exceeds the carrying amount of the asset due to changes in the estimates on which the measurement is based. The reversal of impairment losses is capped at the amount that would have resulted if no impairment losses had been recognised. Impairment losses on goodwill are not reversed.

L) LEASES

Leases are reported as a right-of-use asset and a corresponding liability on the date on which the leased asset become available for use by the Group.

Lease liabilities are initially recognised at an amount equalling the present value of the lease payments still outstanding. Lease liabilities include the following lease payments:

- Fixed payments, less any leasing incentives to be provided,
- Variable lease payments linked to an index, initially measured using the index at the commencement date.

The measurement of the lease liability also includes lease payments based on reasonably certain utilisation of options to extend the lease.

Right-of-use assets are measured at cost, which breaks down as follows:

- The amount of the initial measurement of the lease liability,
- All lease payments made when or before the leased asset becomes available less any lease incentives received,
- All direct costs initially incurred by the lessee,
- Estimated costs incurred by the lessee in dismantling or removing the underlying asset, restoring the site on which it is located or returning the underlying asset to the condition specified in the lease agreement.

Depreciation of right-of-use assets is calculated on a straight-line basis over the useful life of the asset or the duration of the underlying lease, whichever is the shorter.

In determining the duration of leases, management considers all facts and circumstances offering an economic incentive to exercise options to extend the lease or to refrain from exercising options to terminate the lease. Any changes to the duration of leases resulting from the option to extend or terminate the lease are only included in the duration of the lease if it is reasonably certain that an option to extend the lease will be exercised or an option to terminate the lease will not be exercised.

The assessment is reviewed when an option to extend a lease is actually exercised or not exercised. The original assessment is revised upon the occurrence of a significant event or change in circumstances liable to influence the previous assessment.

The Bastei Lübbe Group generally applies the incremental borrowing rate to discount lease payments if the interest rate on which the lease is based cannot be readily determined.

To determine its incremental borrowing rate, the Bastei Lübbe Group obtains data on interest rates from external financial sources and makes certain adjustments to factor in the lease terms, the nature of the asset and the collateral provided.

Lease payments are split into payments of principal and payment of interest. The interest component is recognised through profit and loss for the duration of the lease so that a constant periodic interest rate is applied to the outstanding amount of the liability for each period.

Payments under short-term leases for operating and business equipment as well as for vehicles and leases for low-value assets are recognised as expense through profit and loss on a straight-line basis. Short-term leases are leases with a duration of less than 12 months. Low-value assets are all leases with an initial right-of-use asset of less than EUR 5k.

Nutzungsrechte werden linear über den kürzeren der beiden Zeiträume aus Nutzungsdauer und Laufzeit des zugrundeliegenden Leasingvertrags abgeschrieben.

M) FINANCIAL INSTRUMENTS

FINANCIAL ASSETS

In accordance with IFRS 9, financial assets are assigned to one of the following three categories:

- **(a)** At amortised cost (AC);
- **(b)** At fair value through other comprehensive income (FVOCI);
- **(c)** At fair value through profit and loss (FVPL).

Financial assets are initially recognised at fair value. In the case of financial assets other than those classified as at fair value through profit and loss, transaction costs directly attributable to the acquisition of the asset are also taken into account.

Financial assets are categorised upon being initially measured. All purchases and sales of financial assets are recognised on the trading date, which is the date that the Company undertakes to purchase or sell the asset. Trade receivables are recognised from the date on which they arose.

LOSS ALLOWANCES ON AND DERECOGNITION OF FINANCIAL ASSETS

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost. These loss allowances equal the amount of the expected credit losses over the term of the instrument in question and are solely calculated using the simplified method for determining loss allowances.

A financial asset is considered to be onerous if it is unlikely that the debtor will be able to settle its liability without recourse to any collateral provided.

- A financial asset is derecognised if the contractual rights to receive cash flows from a financial asset have expired or if the contractual rights to receive cash flows and all material opportunities and risks have been transferred.
- The Company retains the rights to receive cash flows from financial assets but assumes a contractual obligation to pay the cash flows immediately to a third party under an arrangement that meets the conditions of IFRS 9.3.2.5 (pass-through arrangement), or the Company has transferred its contractual rights to receive cash flows from a financial asset, whereby either (a) substantially all the risks and rewards of ownership of the financial asset are transferred, or (b) substantially all the risks and rewards of ownership of the financial asset are neither transferred nor retained, but control of the asset is transferred.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents recognised in the statement of financial position comprise cash in hand, balances with banks and other short-term deposits with an original term of less than three months. They are recognised upon receipt. Cheques are recognised upon receipt and incoming payments when they are credited to the bank account.

Cash and cash equivalents are measured at amortised cost. Holdings in foreign currencies are translated at the spot rate on the reporting date. Currency translation changes on the date of recognition are recognised in profit and loss.

TRADE RECEIVABLES

The simplified loss allowance model is applied to trade receivables and other receivables that do not contain a material financing component. With the simplified loss allowance model, it is not necessary to track any changes in the risk of credit losses. Instead, a loss allowance equalling the expected credit loss over the entire term is recognised both upon initial recognition and upon subsequent remeasurement. For this purpose, estimated default rates derived from external ratings are applied. Credit loss risks within each category have been divided into risk classes based on the classification of the customers. A risk rate is calculated for the expected credit loss for each segment.

FINANCIAL LIABILITIES

The Company determines the classification of its financial liabilities upon initial recognition. As of the reporting date, it had solely liabilities in the “measured at amortised cost” category. In the previous year, liabilities measured at fair value through profit and loss (“FVPL”) related to a contingent purchase price liability in connection with the acquisition of Business Hub Berlin UG and were recycled to profit and loss in the year under review.

Financial liabilities are initially recognised at fair value and, in the case of loans, directly attributable transaction costs. They are subsequently remeasured at amortised cost. Gains and losses are recognised in profit and loss when the liabilities are derecognised and through the amortisation process using the effective interest method. Amortised cost is calculated taking into account any fees or costs that are an integral part of the effective interest rate. Amortisation calculated using the effective interest method is reported in the income statement within finance expenses. Financial liabilities are derecognised when the underlying obligation is settled, extinguished or cancelled.

N) INVENTORIES

The inventories reported in accordance with IAS 2 (Inventories) are recognised at the lower of cost and the net realisable amount. Historical cost is calculated on the basis of a weighed average. Production costs include all material and printing costs directly attributable to production activities as well as production-related overheads.

Net realisable amount represents the estimated selling price less costs to sell. The net realisable amount of work in progress is determined retroactively on the basis of the net realisable amount of the finished goods, taking into account the costs still to be incurred until completion. To account for inventory risks, loss allowances for excess stock are recognised in the case of non-marketable inventories. To identify excess stocks, the age of the respective titles (based on the initial date of publication) is considered in addition to the historical sales volumes of the last few months.

The impairment is duly reversed if the reasons for recognising it cease to apply.

O) PROVISIONS

In accordance with the criteria specified in IAS 37 (Provisions, Contingent Assets and Contingent Liabilities), provisions are recognised for uncertain obligations when it is considered probable in each case that a direct outflow of resources embodying future economic benefits will be required to settle a present obligation and the value of that obligation can be measured reliably, including in the form of estimates.

The provisions for returns relate to returns of publishing products. Customers are issued with credit notes covering the full invoice amount. In the case of novel booklets which are distributed subject to non-physical returns, no goods are returned. Only the corresponding credit note is issued. The return rate in the year under review is used as a basis for determining the provisions for returns. These are calculated separately for the individual areas. The chronological course of returns has been recorded statistically for several years and is stable over time. Accordingly, the provisions for returns can be estimated reliably. The liability is mostly settled within the first eight months after the reporting date. Experience shows that returns are completed within 18 months. No further revenues arose from the provisions set aside in the previous year, as the returns either actually occurred or are expected.

In the case of cash-settled share-based payments for the Executive Board, provisions (LTIP provisions) are recognised for the services received and measured at fair value upon initial recognition using an option pricing model in accordance with IFRS 2. Pending settlement of the liability, the fair value is remeasured on every reporting date and at the settlement date. Any changes in fair value are reported through profit and loss within personal expenses.

In the case of non-current provisions, the portion that will not be paid out until after more than one year and for which a reliable estimate of the payment amounts or dates is possible is recognised at the present value determined by using an interest rate appropriate in the light of market conditions and the settlement period.

P) RECOGNITION OF REVENUES AND EXPENSES

Bastei Lübbe primarily generates product and licensing revenues. Revenues are recognised in accordance with IFRS 15 at the time at which the promised goods as well as rights and licences are transferred to the customer, i.e. when the Group has fulfilled its performance obligation.

In the case of sales of physical products, invoices are issued at this time and are usually payable within 35 to 120 days. In the case of sales of digital products, invoices are issued at this time and are usually payable within 30 days.

Revenues are recognised in the amount that Bastei Lübbe can expect to receive as consideration for the transfer. Discounts and taxes are deducted from revenues. Discounts granted on total sales are allocated to the respective products in proportion to their individual sales prices. Discounts granted on only certain products, on the other hand, are only allocated to such products.

Product revenues primarily arise from the sale of books, audio books and novel booklets to wholesalers and retailers. For products subject to a contractual right of return, adjustments are made to revenues on the basis of historical data.

Revenues are also generated from the transfer of exploitation rights for e-books and digital audio books via digital distribution portals.

In addition, licensing income arises from the resale of purchased and previously exploited rights to licensees in Germany and other countries. Revenues are recognised in accordance with the terms of the underlying contract, generally upon the transfer of the exploitation rights.

Other income is recognised when the economic benefits associated with the transaction can be measured reliably and have been received during the reporting period. Operating expenses are taken to the income statement upon the service in question being used or as of the date on which they occur.

Interest income and expenses are recognised using the effective interest method. Interest expenses include interest expenses on loans and factoring as well as discount factor unwind effects on non-current liabilities and lease liabilities.

Dividends and impairments on financial investments are reported in the share or profit of associates. Dividends are recognised through profit and loss when the legal claim to payment arises. This is the point in time at which it is probable that the economic benefits will flow to the Group and the income can be reliably measured.

Q) INCOME TAXES

Tax expenses include current income taxes paid or owed as well as deferred taxes. Current income taxes, including refund claims and liabilities, are calculated on the basis of the applicable laws and regulations.

Deferred taxes are recognised on temporary differences between the carrying amounts of assets and liabilities in the IFRS statement of financial position and the tax base. They are calculated on the basis of the individual tax rates expected to apply as of the date of realisation in accordance with the tax legislation in force or enacted as of the reporting date.

Deferred tax assets are only recognised to the extent that it appears sufficiently certain that the temporary differences will actually reverse with an effect on tax.

If deferred taxes relate to transactions that are recognised directly in equity or in other comprehensive income, they are likewise recognised directly in equity or in other comprehensive income. Otherwise, they are always recognised through profit and loss.

4. COMPANIES CONSOLIDATED AND SHAREHOLDINGS

The following table sets out the Group's main subsidiaries in the 2023/2024 financial year:

FULLY CONSOLIDATED COMPANIES

		Share held	
	Domicile	**31 March 2024**	**31 March 2023**
Moravská Bastei MOBA s.r.o.1)	Brno, Czech Republic	89.76%	89.76%
CE Community Editions GmbH	Cologne	100.00%	100.00%
Business Hub Berlin UG	Berlin	100.00%	100.00%

1) Different financial year from 1 January 2023 until 31 December 2023 included in the consolidated financial statements

The shares in Moravská Bastei MOBA s.r.o., Business Hub Berlin UG and CE Community Editions GmbH are allocated to the "Book" segment. Moravská Bastei MOBA s.r.o. distributed a dividend in the year under review as well as in the previous year. Other than this, there were no dividend payments from the other fully consolidated subsidiaries in the previous two financial years. A profit and loss transfer agreement was entered into between CE Community Editions GmbH and the Parent Company Bastei Lübbe AG in the 2023/2024 financial year. An amount of EUR 953k was transferred to the Parent Company for the 2023/2024 financial year.

NON-CONTROLLING INTERESTS

There are significant non-controlling interests in the following subsidiaries:

		Shares held by non-controlling shareholders	
	Domicile	**31 March 2024**	**31 March 2023**
Moravská Bastei MOBA s.r.o.1)	Brno, Czech Republic	10.24%	10.24%

1) Different financial year from 1 January 2023 until 31 December 2023 included in the consolidated financial statements

The following table sets out summarised financial information on the above-mentioned subsidiaries (before intercompany eliminations):

EUR k	Moba 31 December 2023	Moba 31 December 2022
Non-current assets	64	86
Current assets	2,607	2,387
Non-current liabilities	–	–
Current liabilities	458	371
Net assets	2,213	2,102
Net assets attributable to non-controlling interests	226	215
Revenues	2,799	2,530
Total profit/loss for the period	707	545
Total profit/loss attributable to non-controlling interests	72	56

NON-CONSOLIDATED SUBSIDIARIES AND OTHER INVESTMENTS

Subsidiaries and associates are not included in the consolidated financial statements if they are of only minor importance for the assessment of the Group's net assets, financial position and results of operations – both individually and in their entirety – due to their size or insignificant economic activity, or because the Parent Company – with the exception of statutory minority rights – does not have any contractual or other rights allowing it to exert a significant influence on the company.

The shares in non-consolidated affiliated companies (share of more than 50%) reported within financial assets are as follows as of the reporting date:

EUR k	Domicile	Share held	Equity	Net profit/loss for the year
Siebter Himmel Bastei Lübbe GmbH1)	Cologne	100%	347	76
Bastei Ventures GmbH2)	Cologne	100%	4	-3

1) Figures taken from the annual financial statements as of 31 March 2023
2) Figures taken from the annual financial statements as of 31 December 2022

Shares in non-consolidated companies (share of between 20% and 50%):

EUR k	Domicile	Share held	Equity	Net profit/loss
Räder GmbH1)	Bochum	20%	20,117	4,853

1) Figures taken from the annual financial statements as of 31 December 2023

Bastei Lübbe AG does not exert any significant influence on Räder GmbH. There are no material transactions between the company and Bastei Lübbe AG. Bastei Lübbe AG does not perform any management duties and has no influence on the company's decision-making processes.

The other investments reported under financial assets (share of less than 20%) consist of one investment (less than 5%) in a "GROSSO" press distribution company.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

5. INTANGIBLE ASSETS

EUR k	Goodwill	Title and trademark rights	Software	Prepayments made	Total
Historical cost					
Amount on 1 April 2022	5,671	5,805	7,181	338	18,995
Additions	–	–	356	84	440
Reclassifications	–	–	77	-77	–
Currency translation differences	–	–	1	–	1
Amount on 31 March 2023	**5,671**	**5,805**	**7,615**	**345**	**19,436**
Cumulative amortisation and impairment losses					
Amount on 1 April 2022	–	997	6,821	–	7,818
Depreciation and amortisation	–	583	191	–	774
Impairment losses	1,727	912	–	–	2,639
Currency translation differences	–	–	1	–	1
Amount on 31 March 2023	**1,727**	**2,492**	**7,013**	**–**	**11,232**
Carrying amounts					
Amount on 1 April 2022	5,671	4,808	360	338	11,177
Amount on 31 March 2023	**3,943**	**3,313**	**602**	**345**	**8,204**
Historical cost					
Amount on 1 April 2023	5,671	5,805	7,615	345	19,436
Additions	–	–	382	259	641
Disposals	–	-3,496	-1	-35	-3,532
Currency translation differences	–	–	-1	-0	-1
Amount on 31 March 2024	**5,671**	**2,310**	**7,994**	**569**	**16,544**
Cumulative amortisation and impairment losses					
Amount on 1 April 2023	1,727	2,492	7,013	–	11,232
Depreciation and amortisation	–	312	328	–	640
Impairment losses	–	977	–	–	977
Disposals	–	-2,751	-1	–	-2,752
Currency translation differences	–	–	-1	–	-1
Amount on 31 March 2024	**1,727**	**1,030**	**7,338**	**–**	**10,096**
Carrying amounts					
Amount on 1 April 2023	3,943	3,313	602	345	8,204
Amount on 31 March 2024	**3,943**	**1,279**	**656**	**569**	**6,448**

As of the reporting date, the carrying amounts of goodwill are allocated to the corresponding cash-generating units and segments as follows:

EUR k	31 March 2024	31 March 2023
Buch		
Community Editions	3,908	3,908
smarticular	–	–
Eichborn	35	35
Total	**3,943**	**3,943**

In the case of goodwill, the capitalised carrying amounts are tested once a year for impairment in accordance with IAS 36 and in the event of triggering events on the basis of cash-generating units.

The key assumptions used for estimating the recoverable amount are presented below. The recoverable amount was determined by calculating the value in use using cash flow projections on the basis of financial plans approved by the Executive Board for a detailed planning period of three years and on scenarios derived from these. The values assigned to the key assumptions represent the Executive Board's assessment of future developments and are based on historical data obtained from external and internal sources. Under the Company's assumptions, the growth rates do not exceed the long-term average growth rates of the business segment in which the respective cash-generating unit operates. In the case of the calculation of the value in use of the cash-generating units, the greatest estimation uncertainties relate to the EBIT margin as well as the growth rate of the perpetual annuity and discount rates.

Cash-generating unit	Community Editions	smarticular
Measurement date	31 March 2024	31 December 2023
Revenue growth p.a. after the end of the planning period	1.0%	1.0%
Discount rate (before taxes)	11.95%	14.43%
Discount rate (after taxes)	8.40%	10.08%
Carrying amount (EUR k)	8,022	2,306
Recoverable amount (EUR k)	12,394	1,306
Difference between recoverable amount and carrying amount (EUR k)	4,372	-1,000
Change in the EBIT margin in the perpetual annuity causing the recoverable amount to equal the carrying amount	-5.17pp	–
Change in the growth rate causing the recoverable amount to equal the carrying amount	-4.31pp	–
Change in WACC causing the recoverable amount to equal the carrying amount	3.69pp	–

The planned EBIT margin for Community Editions, which is adjusted for risks through the inclusion of several scenarios, is based on expected future revenues and earnings. These are derived from programme portfolios consisting of titles that have already been acquired as well as target programme portfolios and past business experience. Revenue growth was mainly planned on the basis of the increase in the number of titles as well as business expansion. Sales planning is based on historical volume sales data for comparable titles.

An impairment test was carried out on smarticular as of 31 December 2023 due to a triggering event as the restructuring measures initiated failed to produce the intended results. As a result, impairments of EUR 977k were recognised on the intangible assets (trademark and book rights) and of EUR 23k on property, plant and equipment as of 31 December 2023. Under an asset deal, all operating assets and liabilities were transferred to an external buyer in March 2024 in return for payment of a total purchase price of EUR 1,000k. Of this, EUR 634k was attributable to the intangible assets The carrying amounts of the intangible assets sold amounted to a total of EUR 745k at the time of the sale. Following this transaction, the assets concerned were derecognised.

With the exception of goodwill, there are no intangible assets with indefinite useful lives.

Other intangible assets mainly include title rights and trademarks totalling EUR 243k (previous year: EUR 294k) as of the reporting date, which are amortised over a useful life of 15 years. The hidden reserves on the acquired brands and domains that were recognised as assets in connection with purchase price allocation for Community Editions and smarticular, which are also amortised over a useful life of 15 years, amounted to EUR 1,036k as of the reporting date (previous year: EUR 2,415k). The hidden reserves within book rights acquired were written off in full as of the reporting date (previous year: EUR 604k). Depreciation, amortisation and impairment losses are presented in the consolidated income statement within the item entitled “Amortisation and depreciation”.

Intangible assets are used as collateral to a limited extent (title and trademark rights acquired).

6. AUTHOR ADVANCES

EUR k	Author advances	Prepayments made	Total
Historical cost			
Amount on 1 April 2022	108,771	5,578	114,349
Additions	14,937	2,296	17,234
Disposals	-3,200	-8	-3,209
Reclassifications	1,604	-1,717	-113
Currency translation	9	–	9
Amount on 31 March 2023	**122,121**	**6,150**	**128,271**
Cumulative amortisation and impairment losses			
Amount on 1 April 2022	94,111	94	94,205
Depreciation and amortisation	9,217	–	9,217
Impairment losses	1,369	112	1,481
Reversals of impairment losses	-458	–	-458
Reclassifications	-113	–	-113
Currency translation	7	–	7
Amount on 31 March 2023	**104,134**	**206**	**104,340**
Carrying amounts			
Amount on 1 April 2022	14,660	5,484	20,144
Amount on 31 March 2023	**17,988**	**5,943**	**23,931**
Historical cost			
Amount on 1 April 2023	122,121	6,150	128,271
Additions	9,368	2,426	11,794
Disposals	-1,130	-139	-1,269
Reclassifications	1,716	-1,716	–
Currency translation	-8	–	-8
Amount on 31 March 2024	**132,068**	**6,720**	**138,788**
Cumulative amortisation and impairment losses			
Amount on 1 April 2023	104,134	206	104,340
Depreciation and amortisation	15,945	–	15,945
Impairment losses	24	88	111
Reversals of impairment losses	-1,393	–	-1,393
Disposals	-806	-70	-876
Reclassifications	1,100	–	1,100
Currency translation	-7	–	-7
Amount on 31 March 2024	**118,996**	**224**	**119,219**
Carrying amounts			
Amount on 1 April 2023	17,988	5,943	23,931
Amount on 31 March 2024	**13,072**	**6,497**	**19,569**

In the year under review, impairment losses of EUR 111k (previous year: EUR 1,481k) were recognised where it was assumed that the present value of expected future net income before royalty expenses for the manuscript concerned would not cover the amount still recognised as an asset. In the year under review, remeasurement gains of EUR 1,393k (previous year: EUR 458k) were recognised on previously impaired author advances and prepayments made where it was assumed that future recoupable sales-based royalties for the manuscripts concerned would cover the amounts still recognised as an asset. Significant portions of impairment losses and remeasurement gains are based on changes in the estimates of future expected revenues. Income from remeasurement gains on royalties is not only due to a reduced WACC or changed planning assumptions, but also to the fact that the residual carrying amount of a manuscript has dropped as a result of monthly success-tied depreciation, necessitating a corresponding correction.

7. PROPERTY, PLANT AND EQUIPMENT (INCLUDING RIGHT-OF-USE ASSETS)

EUR k	Land and buildings	Technical equipment and machinery	Operating and business equipment	Prepayments towards assets under construction	Total
Historical cost					
Amount on 1 April 2022	11,535	38	5,795	–	17,368
Additions	469	–	421	–	889
Disposals	–	–	-117	–	-117
Currency translation differences	–	–	4	–	4
Amount on 31 March 2023	**12,004**	**38**	**6,102**	**–**	**18,144**
Cumulative amortisation and impairment losses					
Amount on 1 April 2022	4,337	38	4,558	–	8,933
Depreciation and amortisation	1,114	–	880	–	1,995
Impairment losses	31	–	–	–	31
Disposals	–	–	-117	–	-117
Reclassifications	-8	–	–	–	-8
Currency translation differences	–	–	4	–	4
Amount on 31 March 2023	**5,474**	**38**	**5,324**	**–**	**10,837**
Carrying amounts					
Amount on 1 April 2022	7,198	–	1,237	–	8,435
Amount on 31 March 2023	**6,529**	**–**	**778**	**–**	**7,307**

EUR k	Land and buildings	Technical equipment and machinery	Operating and business equipment	Prepayments towards assets under construction	Total
Historical cost					
Amount on 1 April 2023	12,004	38	6,102	–	18,144
Additions	233	–	805	53	1,091
Disposals	–	–	-444	–	-444
Currency translation differences	–	–	-3	–	-3
Amount on 31 March 2024	**12,237**	**38**	**6,460**	**53**	**18,788**
Cumulative amortisation and impairment losses					
Amount on 1 April 2023	5,474	38	5,324	–	10,837
Depreciation and amortisation	1,083	–	875	–	1,958
Impairment losses	23	–	–	–	23
Disposals	–	–	-441	–	-441
Currency translation differences	–	–	-3	–	-3
Amount on 31 March 2024	**6,581**	**38**	**5,755**	**–**	**12,374**
Carrying amounts					
Amount on 1 April 2023	6,529	–	778	–	7,307
Amount on 31 March 2024	**5,656**	**–**	**705**	**53**	**6,414**

In the year under review, impairment losses of EUR 23k (previous year: EUR 31k) were recognised. All depreciation of property, plant and equipment is included under the item "Depreciation and amortisation" in the income statement.

Property, plant and equipment include right-of-use assets of EUR 5,968k (previous year: EUR 6,600k) in connection with leased assets.

As in the previous year, property, plant and equipment are not used as collateral for the Group's own liabilities (with the exception of the customary retention of ownership rights for trade payables).

8. FINANCIAL ASSETS

EUR k	31 March 2024	31 March 2023
Non-current financial assets		
Other investments	15,187	15,187
Other borrowings	–	45
Shares in affiliated companies	106	106
	15,293	**15,338**
Current financial assets		
Creditors with debit accounts	99	86
Others	47	49
	146	**135**

Shares in affiliated companies are not consolidated as they are of minor importance for the Group's net assets, financial condition and results of operations.

The investment in Räder GmbH is accounted for using the equity method and measured at fair value through other comprehensive income (FVOCI). The investment is not held for trading purposes.

As of 31 March 2024, the share in Räder GmbH had a fair value of EUR 15,100k (previous year: EUR 15,100k). A dividend of EUR 1,200k (previous year: EUR 0) was received in the year under review.

Current financial assets are due for settlement within one year.

9. INCOME TAX ASSETS AND LIABILITIES

The following income tax assets and liabilities are shown separately in the statement of financial position:

EUR k	31 March 2024	31 March 2023
Deferred tax assets	757	1,285
Income tax refund claims	309	203
Deferred tax liabilities	-331	-705
Income tax liabilities	-613	-8,010
Net amount	**122**	**-7,226**

As in the previous year, the current tax refund claims and tax liabilities mainly relate to domestic trade tax and corporate income tax.

The deferred taxes recognised can be allocated to the individual items of the statement of financial position according to their origin as follows:

EUR k	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	Deferred taxes		Deferred taxes	
	31 March 2024		31 March 2023	
Other intangible assets	617	336	771	936
Property, plant and equipment	129	–	102	–
Financial assets	16	–	16	–
Trade receivables	59	61	61	47
Provisions	4	–	360	–
Financial liabilities	–	–	38	–
Tax losses carried forward	–	–	216	–
	824	**397**	**1,564**	**984**
Net amount	-67	-67	-278	-278
Carrying amounts	**757**	**331**	**1,285**	**705**

In connection with the asset deal for smarticular, it is no longer assumed that the loss carryforwards of EUR 664k attributable to that company can be used for tax purposes. For this reason, the deferred tax assets were dissolved in the year under review.

Deferred tax liabilities are offset against corresponding tax assets to the extent that they relate to the same taxable entity and the same taxation authority. The change in deferred taxes can be reconciled with the deferred taxes in the income statement as follows:

EUR k	31 March 2024		31 March 2023	
Deferred tax assets 1 April	1,285		1,370	
Deferred tax liabilities 1 April	-705	580	-1,358	13
Deferred tax assets 31 March	757		1,285	
Deferred tax liabilities 31 March	-331	426	-705	580
= change in the net amount		-154		567
= net deferred tax assets/liabilities as shown in the income statement		**-154**		**567**

10. INVENTORIES

EUR k	31 March 2024	31 March 2023
Raw materials, supplies and consumables	95	99
Work in progress	450	529
Finished goods	13,425	12,321
Merchandise	–	52
Prepayments towards inventories	21	–
Inventories	**13,990**	**13,001**

Impairments of inventories amounted to EUR 34k in the year under review (previous year: EUR 244k). Inventories that relate to Bastei Lübbe AG and with the exception of customary retained ownership rights are used as collateral for the existing loan agreements.

11. TRADE RECEIVABLES

All trade receivables are due for settlement within one year and are reported under current assets.

The Group's credit risk is mainly influenced by the individual characteristics of the customers (credit rating). However, the Executive Board also takes into account the characteristics of the overall customer base, including the credit risk inherent in the sectors in which customers operate, as these factors may also influence the credit risk. In the year under review, estimates of customer defaults are derived on the basis of external ratings. Accordingly, there is a general allocation to the lifetime expected credit losses (stage 2), which is replaced by classification as 12-month expected credit losses (stage 3) if there is objective evidence of a credit loss.

Trade receivables break down as follows:

EUR k	31 March 2024	31 March 2023
Trade receivables		
Trade receivables from third parties	20,001	16,696
Lifetime expected credit losses (stage 2)	-193	-197
12-month credit losses (stage 3)	-498	-385
Trade receivables	**19,310**	**16,114**

LOSS ALLOWANCES IN THE YEAR UNDER REVIEW

EUR k	2023/2024		2022/2023	
	Lifetime expected credit losses (stage 2)	12-month credit losses (stage 3)	Lifetime expected credit losses (stage 2)	12-month credit losses (stage 3)
Lifetime expected credit losses				
Amount at the beginning of the period	197	385	177	229
Net remeasurement	-4	114	20	156
Amount at the end of the period	**193**	**498**	**197**	**385**

Lifetime expected credit losses for trade receivables (stage 2) as of 31 March 2024 break down by customer group as follows:

EUR k	Average default rate	Carrying amount	Lifetime expected credit losses
Wholesale book trade	0.9%	5,701	53
Digital portals	0.6%	9,294	51
Other retail book trade	1.7%	1,325	22
Other customers	2.2%	3,183	70
Total	**0.9%**	**19,503**	**196**

Disclosures on lifetime expected credit losses on trade receivables as of 31 March 2023 (stage 2):

EUR k	**Average default rate**	**Carrying amount**	**Lifetime expected credit losses**
Wholesale book trade	1.2%	5,002	59
Digital portals	0.8%	7,090	54
Other retail book trade	1.7%	1,817	30
Other customers	2.2%	2,402	54
Total	**1.2%**	**16,311**	**197**

Trade receivables are used as collateral for the Group's own liabilities on the reporting date.

12. OTHER RECEIVABLES AND ASSETS

EUR k	**31 March 2024**	**31 March 2023**
Assets from expected returns	1,502	1,199
VAT refund claims	712	515
Other accruals and deferrals	1,046	1,112
Others	58	87
Other receivables and assets	**3,318**	**2,912**

All amounts can be collected within one year.

13. CASH AND CASH EQUIVALENTS

EUR k	**31 March 2024**	**31 March 2023**
Cash at banks	18,360	19,287
Cash in hand	28	196
Cash and cash equivalents	**18,387**	**19,482**

This item is not subject to any ownership or alienation restrictions.

14. EQUITY

Since the IPO in October 2013, the Parent Company's share capital has consisted of 13,300,000 no-par value shares, each with a notional interest in the share capital of EUR 1.00, i.e. a total of EUR 13,300,000.00.

As of the reporting date, the Company had 99,900 treasury shares. The treasury shares may be used for all legally permissible purposes. Accordingly, as in the previous year, there were 13,200,100 issued and fully paid-up no-par Bastei Lübbe AG shares outstanding on the reporting date. As in the previous financial year, there were no changes in this regard during the period under review.

The Group share premium mainly includes the premium from the capital increase in 2013. Effective 31 March 2020, an amount of EUR 17,759,170.71 was reclassified as an unappropriated surplus in accordance with Section 270 (1) of the German Commercial Code.

The unappropriated surplus (including retained earnings) is made up of the net profit for the year plus the profit carried forward of the companies included in the consolidated financial statements except where a dividend has been distributed.

A dividend of EUR 2,112k was distributed to the equity holders of Bastei Lübbe AG in the year under review, equivalent to a payout of EUR 0.16 per share.

Other comprehensive income includes the reserve from investments in equity instruments and the foreign currency translation reserve.

Non-controlling interests relate to the shares held by the non-controlling shareholders of Moravská Bastei MOBA s.r.o.

15. EARNINGS PER SHARE

Earnings per share (EUR 0.66, previous year: EUR 0.30) are calculated by dividing the net profit for the period attributable to the shareholders of the Parent Company by the number of shares outstanding (13,200,100 shares) less treasury shares.

There was no dilution effect in the year under review or in the previous year.

16. PROVISIONS

Movements in other provisions break down as follows:

EUR k	Amount on 1 April 2023	Reclassified	Utilised	Reversed	Added	Amount on 31 March 2024
Non-current						
Archiving costs	88	–	-1	–	–	87
Provisions for anniversaries	97	–	-7	-14	19	96
LTIP provisions	133	-133	–	–	304	304
	318	**-133**	**-8**	**-14**	**323**	**487**
Current						
Returns	6,141	–	-6,141	–	7,219	7,219
LTIP provisions	759	133	-759	–	245	378
Others	1,114	-1,100	-14	–	–	–
	8,014	**-967**	**-6,914**	**–**	**7,465**	**7,598**
	8,332	**-1,100**	**-6,922**	**-14**	**7,787**	**8,084**

The “Others” item included in the previous year contained provisions of EUR 1,100k for an onerous contract with an author, which was reclassified as a manuscript asset in the year under review, as the title in question was published in that period. The impairment test as of the reporting date led to a reversal of EUR 485k.

17. FINANCIAL LIABILITIES

	Amount on 31 March 2024 of which due for settlement in				Amount on 31 March 2023 of which due for settlement in			
EUR k	**Total**	**Less than 1 year**	**More than 1 year, up to 5 years**	**More than 5 years**	**Total**	**Less than 1 year**	**More than 1 year, up to 5 years**	**More than 5 years**
Liabilities (to/from)								
Banks	1,875	1,000	875	–	2,750	1,000	1,750	–
Lease liabilities	6,372	1,189	4,574	609	6,914	1,086	4,104	1,724
Employees	2,194	2,194	–	–	2,047	2,047	–	–
Contingent purchase price liabilities	–	–	–	–	24	10	14	–
Debtors with credit balances	326	326	–	–	130	130	–	–
Others	1	1	–	–	1	1	–	–
	10,767	**4,709**	**5,449**	**609**	**11,866**	**4,273**	**5,869**	**1,724**

The contingent purchase price liability represents the expected consideration under the future contingent purchase price payments to the sellers of Business Hub Berlin UG, the amount of which is tied to the achievement of contractual targets in the four financial years following the purchase. The earn-out period ends on 31 December 2024. As the asset deal has been settled, there are no purchase price liabilities, with the result that contingent purchase price liabilities now equal EUR 0k. This resulted in income, which is recognised within income from other investments, from the reduction of the contingent purchase price liability.

Liabilities to employees mainly include short-term bonuses to the Executive Board and bonuses to other employees.

18. TRADE PAYABLES

Trade payables (EUR 20,397k, previous year: EUR 21,987k) mainly relate to royalty liabilities to authors and agencies, liabilities to printers, liabilities to other publishers and liabilities from consulting services and rental agreements. The non-current liabilities of EUR 627k (previous year: EUR 171k) to a licensor are discounted to their present value of EUR 592k (previous year EUR 149k) as no interest is payable.

19. OTHER LIABILITIES

EUR k	**31 March 2024**	**31 March 2023**
Liabilities (to/under)		
Employees	629	509
Other taxes	611	478
Deferred income	154	205
Prepayments received	93	142
Phased retirement obligations	–	7
Others	696	680
Other liabilities	**2,182**	**2,021**

In addition to the amounts for which the Company is liable as a taxpayer, liabilities under other taxes include taxes paid for the account of third parties (particularly payroll and church tax).

All amounts shown have a remaining term of up to one year.

NOTES ON THE STATEMENT OF COMPREHENSIVE INCOME

The income statement is broken down by type of expense (total cost method). The following explanations and breakdowns relate to the items in the statement of comprehensive income.

20. REVENUES

	2023/2024			2022/2023		
EUR k	**Buch**	**Novel booklets**	**Total**	**Book**	**Novel booklets**	**Total**
Physical	67,248	6,808	74,056	58,742	6.644	65,386
Digital	31,828	587	32,415	30,970	505	31,475
Other	3,821	38	3,859	3,109	46	3,155
Revenues	**102,897**	**7,433**	**110,330**	**92,821**	**7,195**	**100,016**

The physical revenues in the “Book” segment mainly comprise revenues of EUR 67,248k (previous year: EUR 58,742k) from the sale of physical books and audiobooks to retailers less discounts. They also include e-commerce revenues of EUR 1,705k (previous year: EUR 500k). Revenues from digital business in the “Book” segment comprise income of EUR 14,127k (previous year: EUR 14,911k) from the sale of e-books less discounts as well as sales of digital audiobooks of EUR 17,701k less discounts (previous year: EUR 16,059k). Other revenues in the “Book” segment mainly include licence revenues of EUR 3,047k (previous year: EUR 2,905k).

Physical revenues in the “Novel Booklets” segment are derived from sales of physical novel booklets via retailers and the segment’s own e-commerce shop of EUR 6,808k (previous year: EUR 6,645k). Revenues from digital business in the “Novel Booklets” segment come from the sale of e-books of EUR 587k (previous year: EUR 505k). Other revenues in the “Novel Booklets” segment mainly include license revenues of EUR 37k (previous year: EUR 33k).

21. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

	Amount		Changes in inventories	
EUR k	**31 March 2024**	**31 March 2023**	**2023/2024**	**2022/2023**
Work in progress	450	529	-80	-23
Finished goods	13,425	12,321	1,104	1,285
			1,025	**1,262**
Currency translation differences			9	-11
Total			**1,034**	**1,252**

22. OTHER OPERATING INCOME

EUR k	2023/2024	2022/2023
Income from reversals of impairments of author advances	1,393	458
Income from the reversal of loss allowances	77	55
Income from the derecognition of liabilities	398	241
Currency translation gains	19	37
Off-period income	96	13
Income from asset disposals	5	1
Others	69	84
Other operating income	**2,056**	**889**

23. COST OF MATERIALS

EUR k	2023/2024	2022/2023*
Author royalties and amortisation of author royalties	33,717	28,884
Cost of services bought	21,827	21,324
Cost of raw materials and supplies	366	545
Cost of materials	**55,910**	**50,753**

* Previous year adjusted

In the previous year, the cost of raw materials, supplies and consumables had been reported within the cost of services purchased. In the year under review, they were reported as the cost of raw materials, supplies and consumables.

24. PERSONNEL EXPENSES

EUR k	2023/2024	2022/2023
Wages and salaries	18,328	17,292
Social security contributions	3,163	2,936
Personnel expenses	**21,491**	**20,228**

The employer contributions to statutory pension insurance amounted to EUR 1,444k in the year under review (previous year: EUR 1,369k).

25. SHARE-BASED PAYMENTS

Bastei Lübbe AG grants former and current members of the Executive Board share-based payments as defined by IFRS 2 in the form of a salary component. Under the agreements, the members of the Executive Board are entitled to collect a cash payment. The plan is structured in such a way that a number of virtual shares are issued in an amount equalling a contractually defined target on the grant date based on the average closing price of the Bastei Lübbe share over the 30 days prior to the respective start date (1 April), multiplied by a target achievement level as of the applicable reporting date. When the virtual shares are paid out, the period of activity in the respective three-year period is taken into account on a time-proportionate basis.

As of the reporting date, the following virtual shares had been issued to the current and former members of the Executive Board:

Number of virtual shares as of 31 March 2024	2021 - 2024	2022 - 2025	2023 - 2026
Soheil Dastyari, Chief Executive Officer	–	14,896	47,289
Mathis Gerkensmeyer, Chief Financial Officer (from 1 September 2023)	–	–	–
Sandra Dittert, Chief Marketing and Sales Officer	18,884	7,317	48,395
Simon Decot, Chief Programme Officer	18,209	7,056	27,654
Total	**37,093**	**29,269**	**123,338**

Number of virtual shares as of 31 March 2024	2021 - 2024	2022 - 2025	2023 - 2026
Joachim Herbst, Chief Financial Officer (1 August 2020 - 31 July 2023)	24,279	9,408	29,867
Total	**24,279**	**9,408**	**29,867**

The final number of virtual shares is linked to the achievement of a non-market target. The defined target achievement must be at least 75% and is capped at 150%. The number of virtual shares is adjusted at the end of the plan in accordance with average target achievement in a range of 0% - 150%. The share-based payments for the members of the Executive Board do not confer any right to claim shares in the Company.

The fair value of the virtual shares was determined using the Black-Scholes formula. Service and non-market performance conditions associated with the transactions were not considered in the calculation of fair value. The following parameters were used to determine the fair values on the grant date and the measurement date of the virtual shares:

Measurement parameters in accordance with IFRS 2	Grant date	Measurement date	Measurement date
	1 April 2022	31 March 2024	31 March 2023
Fair value of cap of 375% (in euros)	6.59	6.45	4.60
Fair value of cap of 250% (in euros)	6.15	6.42	4.57
Share price (in euros)	6.94	6.45	4.61
Expected volatility (weighted average, %)	44.8%	33.2%	36.7%
Expected term (in years)	3	1	2
Expected dividends (%)	2.6%	5.3%	4.0%
Risk-free interest rate (based on government bonds, %)	-0.4%	3.2%	2.7%

Measurement parameters in accordance with IFRS 2	Grant date	Measurement date
	1 April 2023	31 March 2024
Fair value of cap of 375% (in euros)	4.48	6.28
Fair value of cap of 250% (in euros)	4.27	5.83
Share price (in euros)	4.61	6.45
Expected volatility (weighted average, %)	42.6%	35.5%
Expected term (in years)	3	2
Expected dividends (%)	7.4%	5.3%
Risk-free interest rate (based on government bonds, %)	2.5%	2.7%

The expected volatility is based on an assessment of the historical volatility of the Company's share price, particularly in the period corresponding to the expected term.

The total expenses under cash-settled share-based payments come to EUR 549k (previous year: EUR 134k).

The total carrying amount of the liabilities under share-based payments is EUR 682k (previous year: EUR 892k).

26. OTHER OPERATING EXPENSES

EUR k	2023/2024	2022/2023
Marketing expenses	6,819	6,617
Advertising	4,863	4,454
Legal, consulting and acquisition costs	2,261	2,510
IT expenses	2,281	1,736
Rents, leases and other costs of premises	752	891
Currency translation losses	27	57
Other expenses	2,689	2,323
Other operating expenses	**19,693**	**18,587**

27. DEPRECIATION AND AMORTISATION

EUR k	2023/2024	2022/2023
Systematic depreciation and amortisation		
Intangible assets	-640	-774
Property, plant and equipment	-1,958	-1,995
	-2,598	**-2,769**
Impairment losses		
Intangible assets	-977	-2,639
Property, plant and equipment	-23	-31
	-1,000	**-2,670**
Total	**-3,598**	**-5,439**

Impairment losses on intangible assets and property, plant and equipment arise from impairment testing of smarticular. This applies to both the previous year and the year under review.

28. SHARE OF PROFIT OF ASSOCIATES

The share of profit of associates comprises dividends distributed by Räder GmbH (EUR 1,200k) and a dividend distributed by a wholesale press distribution company.

29. INCOME FROM OTHER INVESTMENTS

EUR k	**2023/2024**	**2022/2023**
Interest income	252	56
Income from the remeasurement of the contingent purchase price liability	24	181
	276	**237**

30. FINANCING EXPENSE

EUR k	**2023/2024**	**2022/2023**
Interest expense on bank loans	-160	-136
Interest expense on factoring	-491	-235
Interest expense on lease liabilities	-313	-258
Others	-21	-4
	-984	**-633**

31. INCOME TAXES

EUR k	**2023/2024**	**2022/2023**
Income taxes refunded, paid or owed		
for the current year	-4,085	-3,386
for previous years	-235	-2
	-4,320	**-3,388**
Deferred taxes		
on temporary differences	62	368
on change in loss carryforwards	-216	199
	-154	**567**
Total	**-4,474**	**-2,821**

Actual income tax expense can be reconciled with the expected tax expense for the year under review as follows:

EUR k	**2023/2024**	**2022/2023**
Net profit before income taxes	13,271	6,793
Expected income tax expense (32.45%)	4,306	2,204
Differences in tax rates	-75	-47
Depreciation of excess tax base amounts	–	663
Non-deductible operating expenses / tax-exempt income / special area	-318	-104
Trade tax corrections	45	31
Non-recognition of deferred tax assets	216	–
Taxes for prior years	321	34
Other	-21	39
Actual income tax expense	**4,474**	**2,821**

The tax rate corresponds to the tax rate of the Parent Company and, as in the previous year, is derived from the corporate income tax rate of 15% plus the solidarity surcharge of 5.5% and trade tax with an average assessment rate of 475%.

32. SHARE OF PROFIT FOR THE PERIOD ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

The share of profit of EUR 72k (previous year: EUR 56k) attributable to non-controlling interests relates to MoBa.

OTHER DISCLOSURES

33. NOTES TO THE CASH FLOW STATEMENT

In accordance with IAS 7 (Statement of Cash Flows), the cash flow statement shows changes in cash and cash equivalents during the year under review as a result of cash inflows and outflows. The cash flow statement distinguishes between cash flows from operating activities (indirect method), investing activities and financing activities. The changes in author advances are included in the cash flow from operating activities. Cash and cash equivalents include cash on hand as well as bank balances with a remaining term of less than three months. They correspond to the item “Cash and cash equivalents” in the statement of financial position.

34. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

EUR k	Carrying amount on 31 March 2023	Recognised in the cash flow statement	Not recognised in the cash flow statement	Carrying amount on 31 March 2024
Liabilities to banks	2,750	-875	–	1,875
Lease liabilities	6,914	-1,242	700	6,372
Total	**9,664**	**-2,117**	**700**	**8,247**

EUR k	Carrying amount on 31 March 2022	Recognised in the cash flow statement	Not recognised in the cash flow statement	Carrying amount on 31 March 2023
Liabilities to banks	3,750	-1,000	–	2,750
Lease liabilities	7,749	-1,216	381	6,914
Total	**11,499**	**-2,216**	**381**	**9,664**

35. SEGMENT REPORT

Segment reporting reflects the Group's internal management and reporting structures. For the purposes of corporate management, the Bastei Lübbe Group is divided into business units according to products or their distribution channels. The business units are each monitored by the Executive Board on the basis of EBIT. Group financing (including financial expenses and income) and income taxes are managed on a Group-wide basis and are not allocated to the individual business segments. The transfer prices between the business segments are determined on an arm's length basis.

BOOK

The "Book" segment includes all printed book products as well as the digital e-books and audio products of Bastei Lübbe AG. The products are sold under various labels and in hardcover and paperback formats among other things. The segment also includes the subsidiaries Business Hub Berlin UG, Moravská Bastei MoBa s.r.o. and CE Community Editions GmbH.

NOVEL BOOKLETS

The "Novel Booklets" segment is composed of the physical and digital novel booklets (including women's novels and suspense stories).

The segments were as follows in the year under review:

	Book		Novel booklets		Group	
EUR k	**2023/ 2024**	**2022/ 2023**	**2023/ 2024**	**2022/ 2023**	**2023/ 2024**	**2022/ 2023**
Segment revenues	103,366	93,310	7,433	7,195	110,799	100,505
Internal revenues	-469	-488	–	–	-469	-488
External revenues	**102,897**	**92,821**	**7,433**	**7,195**	**110,330**	**100,016**
EBITDA	**16,427**	**12,237**	**1,151**	**390**	**17,577**	**12,627**
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	-3,427	-5,265	-172	-174	-3.598	-5.439
EBIT	**13,000**	**6,972**	**979**	**216**	**13,979**	**7,189**
This includes the following significant non-cash items:						
Goodwill impairments	–	-1,727	–	–	–	-1,727
Impairments of other intangible assets and property, plant and equipment	-1,000	-943	–	–	-1,000	-943
Impairments of authors' royalties	-111	-1,481	–	–	-111	-1,481
Reversion of impairments of author royalties	1,393	458	–	–	1,393	458
Impairments of inventories	-34	-244	–	–	-34	-244

Transactions between the segments mainly comprise intra-segment revenues and are generally conducted on arm's length terms.

The following table breaks down the segment revenues geographically:

	Germany		International		Total	
EUR k	**2023/2024**	**2022/2023**	**2023/2024**	**2022/2023**	**2023/2024**	**2022/2023**
External revenues	83,892	74,189	26,438	25,827	110,330	100,016

The revenues are allocated to the regions according to the location of the customer. International revenues are mainly generated in Austria, Luxembourg and Switzerland.

The Bastei Lübbe Group generates more than 20% of its revenues with its largest customer. The total revenues generated with this customer stand at EUR 26,970k and relate to the “Book” segment.

Segmentation of assets, liabilities and investments on the basis of the operating segments is dispensed with, as these performance indicators are not used for management purposes at the segment level. Segment assets and liabilities are predominantly located in Germany.

36. CAPITAL MANAGEMENT

The Group’s capital management ensures that the objectives and strategies can be achieved in the interests of its shareholders and employees. It focuses on maximising the return on equity. The aim is to increase the value of the Group and its divisions as far as possible for the benefit of all of its stakeholders.

As part of capital management, the Executive Board strives to achieve a strong equity base to reinforce the confidence of current and potential investors and contractual partners in the sustainability of Bastei Lübbe’s business activities and to guarantee the future development of its business. One of Bastei Lübbe AG’s aims is also to pursue a dividend policy aligned to continuity in which the shareholders are able to participate in the Company’s success through a dividend ratio of 40 to 50% of the Group’s distributable profit as long as this is warranted by the Group’s funding and earnings situation and its long-term sustainable business performance. Employee participation in the form of employee share schemes has so far been dispensed with.

The following key performance indicators are of particular importance for capital management:

- Group equity ratio and EBIT
- Bastei Lübbe AG’s equity and EBIT
- Ratio of net debt to Group EBITDA

Unlike in previous reports, EBIT and EBITDA no longer presented in the consolidated income statement. This ensures future comparability in line with the requirements of IFRS 18, which was adopted in April 2024. The previously reported EBIT now corresponds to operating profit plus the share of profit of associates, which is now reported, while EBITDA additionally includes depreciation and amortisation expense.

Bastei Lübbe generally strives for an equity ratio of greater than 40% and a ratio of net debt (liabilities to banks less cash and cash equivalents) to consolidated EBITDA (= gearing) of 2.5 or less. The Group equity ratio stood at 59.2% as of 31 March 2024; the gearing was zero as of the same date as there was no net debt as of the reporting date. As of 31 March 2024, net financial assets (cash and cash equivalents less liabilities to banks) were valued at EUR 16,512k and EBITDA at EUR 17,577k.

Bastei Lübbe uses a factoring facility of EUR 10,000k for cash management. In addition, it has a currently unused working capital facility of EUR 10,000k.

Under the existing loan agreements, covenants were defined and must be adhered to so as to ensure that the required financial resources can be obtained on the agreed terms. This entails a contractually agreed definition of gearing (adjusted financial liabilities / adjusted EBITDA) at the Group level. Bastei Lübbe achieved the target financial indicators in the year under review.

37. FINANCIAL INSTRUMENTS

CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The following table sets out the carrying amounts and fair values of the financial instruments by type and breaks them down into the different categories of financial instruments in accordance with IFRS 9 as of 31 March 2024 and 31 March 2023.

			Measured in accordance with IFRS 9			
EUR k	**Measurement category in accordance with IFRS 9**	**Carrying amount on 31 March 2024**	**At amortised cost**	**At fair value through other compre-hensive income**	**At fair value through profit and loss**	**Fair value on 31 March 2024**
Assets						
Cash and cash equivalents	AC	18,387	18,222	–	–	–
Trade receivables	AC	19,310	19,310	–	–	–
Other originated financial assets	AC	146	146	–	–	–
Investments in associates	FVOCI (Level 3)	15,100	–	15,100	–	15,100
Investments in associates	AC	193	193	–	–	–
Equity and liabilities						
Trade payables	AC	20,397	20,397	–	–	–
Liabilities to banks	AC	1,875	1,875	–	–	–
Lease liabilities*	n/a	6,372	–	–	–	–
Other originated financial liabilities	AC	2,520	–	–	–	–

* Measured in accordance with IFRS 16

		Measured in accordance with IFRS 9				
EUR k	**Measurement category in accordance with IFRS 9**	**Carrying amount on 31 March 2023**	**At amortised cost**	**At fair value through other comprehensive income**	**At fair value through profit and loss**	**Fair value on 31 March 2023**
Assets						
Cash and cash equivalents	AC	19,482	19,482	–	–	–
Trade receivables	AC	16,114	16,114	–	–	–
Other originated financial assets	AC	180	180	–	–	–
Investments in associates	FVOCI (Level 3)	15,100	–	15,100	–	15,100
Investments in associates	AC	193	193	–	–	–
Equity and liabilities						
Trade payables	AC	21,987	21,987	–	–	–
Liabilities to banks	AC	2,750	2,750	–	–	–
Lease liabilities*	n/a	6,914	6,914	–	–	–
Other originated financial liabilities	AC	2,178	2,178	–	–	–
Contingent purchase price liability	FVPL (Level 3)	24	–	–	24	24

* Measured in accordance with IFRS 16

The methods and assumptions used to determine the fair values are as follows:

- Cash and cash equivalents, trade receivables, other current receivables and assets, trade payables, current liabilities to banks and other current liabilities are very close to their carrying amount mainly due to the short-dated maturities of these instruments.
- The fair value of the equity instruments is determined using valuation models as there are no listed market prices in an active market. These measurement models apply observable market data rather than specific company data as far as possible.

FAIR VALUE HIERARCHY

Bastei Lübbe uses the following hierarchy to determine and report fair values:

- Level 1: Prices quoted in active markets for similar assets or liabilities (such as share prices).
- Level 2: Inputs, other than prices within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Valuation techniques for which any significant input is not based on observable market data.

The fair value of all financial instruments recognised in the statement of financial position and disclosed in these notes is determined on the basis of valuation techniques, which also include non-observable inputs as material parameters. For this reason, they are assigned to Level 3.

MEASUREMENT OF FINANCIAL INSTRUMENTS AT FAIR VALUE

The fair value of the 20% share held in Räder GmbH is calculated using the discounted cash flow (DCF) method. The fair value calculation was based on Räder GmbH's earnings forecast for the financial years 2024 to 2029; assumptions were made regarding sustainable growth and margins for the financial years 2030 and beyond ("perpetual annuity") and the forecast EBIT was reconciled with the free cash flows to be discounted. An enterprise value was derived on the basis of the free cash flows to be discounted and the weighted average cost of capital (WACC), to which the net financial assets were added to determine the equity value of Räder GmbH.

In addition, a marketability discount was applied to the equity value to derive the fair value of the 20% shareholding in Räder GmbH. This reflects the lower marketability of the non-controlling interest compared to shares in listed peer-group companies.

In addition, the fair value determined was verified using the multiple method of valuation. To this end, an EBIT multiple was derived from the capital market data for listed peer-group companies (trading multiples) as well as comparable transactions by comparable peer groups (transaction multiples). The fair value calculated for the 20% share held by Bastei Lübbe in the company was verified on the basis of its enterprise value, which had been calculated as the product of the EBIT multiple and Räder GmbH's risk-adjusted EBIT forecast for 2024, less a marketability discount.

Räder's revenues and EBIT were lower in 2023 compared to the previous year due to the inflation-induced consumer spending restraint. As consumer spending is expected to remain muted in 2024, a further slight decline in revenues and EBIT must be expected. It is assumed that the economic environment will return to normal from 2025 and that revenues and EBIT will recover.

The carrying amount of the 20% interest with a total value of EUR 15.1 million remains within the calculated range.

Measurement methods	**Key inputs**	**Impact of changes in inputs on the fair value**
DCF Model	Growth rate of perpetual annuity	An increase (decrease) of 0.5 percentage points would result in an increase (decrease) of EUR 0.8 million in the fair value.
	EBITDA margin of the perpetual annuity	An increase (decrease) of 5% percentage points would result in an increase (decrease) of EUR 2.3 million in the fair value.
	WACC	An increase (decrease) of 0.5 percentage points would result in a decrease (increase) of EUR 1.3 million in the fair value.
	Discount for reduced marketability	An increase (decrease) of 5% percentage points would result in a decrease (increase) of EUR 1.2 million in the fair value.

The contingent purchase price liability arose from the obligation to make subsequent contingent purchase price payments to the sellers of Business Hub Berlin UG. In accordance with IFRS 13, the fair value must be remeasured on each reporting date. As a key input, the company forecasts the extent to which the earnings targets (EBIT) relevant for the purchase price will be achieved and uses this as a basis for determining the future payment obligations. They are discounted using a risk-equivalent cost of capital rate. A change in the relevant input does not lead to any significant changes in the fair value. Due to the expected earnings and the asset deal for smarticular, no contingent purchase price payment can be assumed, meaning that the associated liability must be reduced to EUR 0k.

NET GAINS OR LOSSES

The net measurement gains and losses in the respective categories of financial instruments according to IFRS 9 for the reporting period are shown in the following table:

	From interest	From subsequent measurement			
EUR k		**Change in fair value**	**Currency translation**	**Loss allowance**	**Net gain/ loss**
Financial assets measured at amortised cost (AC)	–	–	–	-110	-110
Financial investments in equity instruments measured at fair value through other comprehensive income (OCI)	–	–	–	–	–
Financial assets at fair value through profit and loss (FVPL)	–	–	–	–	–
Financial liabilities measured at amortised cost (AC)	-35	–	–	–	-35
Financial liabilities at fair value through profit and loss (FVPL)	–	24	–	–	24

The net results of the respective categories of financial instruments according to IFRS 9 for the previous year are shown in the following table:

	From interest	From subsequent measurement			Miscellane ous
EUR k		**Change in fair value**	**Currency translation**	**Loss allowance**	**Net gain/ loss**
Financial assets measured at amortised cost (AC)	1	–	–	-176	-175
Financial investments in equity instruments measured at fair value through other comprehensive income (OCI)	–	–	–	–	–
Financial assets at fair value through profit and loss (FVPL)	–	–	–	–	–
Financial liabilities measured at amortised cost (AC)	-21	–	–	–	-21
Financial liabilities at fair value through profit and loss (FVPL)	–	181	–	–	181

38. FINANCIAL RISK MANAGEMENT

Bastei Lübbe's financial instruments are exposed to credit, liquidity, currency and interest rate risks. The purpose of financial risk management is to limit these risks through targeted activities.

CREDIT RISK

Credit risks in connection with trade receivables are partially hedged at Bastei Lübbe in the form of trade credit insurance. Compliance with the respective trade credit limit for trade receivables from physical products is monitored in monthly intervals. There is essentially one main customer in the "Novel Booklets" segment. The receivables are not covered by trade credit insurance. They are regularly checked for compliance with the agreed payment terms.

In addition, a large part of the receivables from sold books (physical), merchandising articles etc. are subject to non-recourse factoring. The books sold are delivered via VVA (Arvato Media GmbH, Bertelsmann subsidiary in Gütersloh). VVA provides this service for a large number of publishers, including the Random House Group. It has its own risk management system that monitors the creditworthiness of the individual debtors based on the total payments. VVA issues regular and timely warnings to its contractual partners, including Bastei Lübbe, if there is any change or deterioration in the payment practices of individual customers. In consultation with Bastei Lübbe, further deliveries to these customers are suspended.

The maximum credit risk for financial assets equals the carrying amounts of the financial assets in question.

LIQUIDITY RISK

The liquidity required by Bastei Lübbe was secured primarily through the working capital facility of EUR 10 million as of the reporting date. Day-to-day planning of incoming and outgoing payments provides an ongoing daily overview of liquidity requirements.

The following analysis of the contractual settlement dates for trade payables and financial liabilities can be used to assess the liquidity risk:

		Amount on 31 March 2024 Undiscounted cash outflows			
EUR k	**Carrying amount**	**Total**	**Less than 1 year**	**1 - 5 years**	**More than 5 years**
Trade payables	20,397	20,397	19,805	592	–
Liabilities to banks	1,875	1,982	1,209	773	–
Lease liabilities	6,372	7,292	1,490	5,183	618
Other originated financial liabilities	2,520	2,520	2,520	–	–
Total	**31,164**	**32,191**	**25,025**	**6,548**	**618**

		Amount on 31 March 2023 Undiscounted cash outflows			
EUR k	**Carrying amount**	**Total**	**Less than 1 year**	**1 - 5 years**	**More than 5 years**
Trade payables	21,987	21,996	21,825	171	–
Liabilities to banks	2,750	2,983	1,135	1,849	–
Lease liabilities	6,914	8,004	1,383	4,832	1,789
Other originated financial liabilities	2,202	2,203	2,188	15	–
Total	**33,853**	**35,187**	**26,531**	**6,867**	**1,789**

In addition to the carrying amounts of the liabilities, the gross inflows/outflows particularly include future interest payment obligations.

FOREIGN CURRENCY RISK

A change in any exchange rate beyond this within an expected fluctuation range would not have any material effect on the Group's net assets, financial position and results of operations.

INTEREST RATE RISK

Bastei Lübbe only has fixed or low-interest financial assets and financial liabilities. A change in interest rates within the expected fluctuation range would therefore not have any significant impact on the consolidated result.

In addition, Bastei Lübbe has variable-interest financial liabilities. Accordingly, there is also a risk that the variable interest rate may change due to changed market conditions. An increase of 1 percentage point in interest rates would cause interest expense to rise by around EUR 120k.

39. LEASES

The Group mainly leases office space, IT equipment and vehicles. Some leases provide for additional rental payments based on the change in local price indices.

The Bastei Lübbe Group has a number of real estate leases that include options to extend or terminate the lease. Most of these options can only be exercised by the Group companies and not by the lessor in question.

Most of the options to extend the leases of road vehicles, warehouse vehicles and operating and business equipment have not been included in the determination of the duration of the respective lease and, hence, the lease liability as it is possible for the Group to replace these assets without any material costs or disruptions.

In the year under review, the right-of-use asset and the lease liability for the office building (including rented parking spaces) were remeasured to reflect an increase in the lease payments linked to a consumer price index. Other than this, there were no changes as a result of the remeasurement of leases or modifications and adjustments to the lease durations.

Right-of-use assets in connection with the leases are reported within property, plant and equipment.

EUR k	Land and buildings	Operating and office equipment	Total
Historical cost			
Amount on 1 April 2022	9,933	1,084	11,017
Additions	449	20	469
Disposals	–	-105	-105
Amount on 31 March 2023	**10,382**	**999**	**11,381**
Cumulative amortisation and impairment losses			
Amount on 1 April 2022	2,910	623	3,533
Depreciation and amortisation	1,012	319	1,331
Impairment losses	31	–	31
Disposals	–	-105	-105
Reclassifications	-8	–	-8
Amount on 31 March 2023	**3,945**	**836**	**4,782**
Carrying amounts			
Amount on 1 April 2022	7,023	461	7,484
Amount on 31 March 2023	**6,437**	**163**	**6,600**
Historical cost			
Amount on 1 April 2023	10,382	999	11,381
Additions	214	504	718
Disposals	–	-386	-386
Amount on 31 March 2024	**10,596**	**1,117**	**11,713**
Cumulative amortisation and impairment losses			
Amount on 1 April 2023	3,945	836	4,782
Depreciation and amortisation	1,014	313	1,327
Impairment losses	23	–	23
Disposals	–	-386	-386
Amount on 31 March 2024	**4,983**	**763**	**5,745**
Carrying amounts			
Amount on 1 April 2023	6,437	163	6,600
Amount on 31 March 2024	**5,613**	**354**	**5,968**

Amounts recognised in the income statement:

EUR k	2023/2024	2022/2023
Depreciation of right-of-use assets	-1,316	-1,331
Interest expense for lease liabilities	-313	-258
Expense for short-term leases	-64	-130
Expense for low-value assets	-1	-1
Income from subleases	–	16

40. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

CONTINGENT LIABILITY UNDER JOINT AND SEVERAL LIABILITY FOR GUARANTEES AND CASH ADVANCES, ORDER COMMITMENT

The Company has issued a letter of comfort in favour of its subsidiary Siebter Himmel Bastei Lübbe GmbH. As far as we are aware, the company concerned is able to meet all of its underlying obligations. Accordingly, no recourse is expected to be taken under the letter of comfort. Author royalty commitments are valued at EUR 6,496k as of the reporting date (previous year: EUR 7,265k). The payment dates depend on the occurrence of certain contractual events, e.g. the acceptance of the manuscript for a purchased work.

OTHER FINANCIAL OBLIGATIONS

The settlement periods of the remaining other financial obligations, particularly maintenance contracts, are as follows:

EUR k	31 March 2024	31 March 2023
Less than one year	1,278	1,249
Between 1 and 5 years	971	971
More than five years	364	364
Other financial obligations	**2,613**	**2,584**

Other financial obligations mainly comprise operating costs for Bastei Lübbe AG's office building. In addition, the other financial obligations due for settlement within one year include maintenance contracts (year under review: EUR 971k; previous year: EUR 984k). They are assumed to be ongoing and unchanged year for year.

41. RELATED PARTY DISCLOSURES

With a share of 33.08%%[1], Ms Birgit Lübbe is the largest shareholder of Bastei Lübbe AG and a related party as defined in IAS 24. A contract governing the performance of representation duties has been in force with her for several years. This contract has been entered into at arm's length and the total remuneration is not considered to be material in the year under review.

In addition, Rossmann Beteiligungs GmbH is a related party with a share of 20.31%[2] in Bastei Lübbe AG. In this connection, the managing director and shareholder Mr. Dirk Rossmann is indirectly classified as a related party. Bastei Lübbe AG has entered into author agreements with Dirk Rossmann and Dirk Rossmann Media GmbH, of which Dirk Rossmann is a managing partner. To date, Bastei Lübbe AG has published three works by the author. The author contracts were entered into at arm's length and were already in force before Dirk Rossmann was classified as a related party. The total author royalties are not considered to be material in the year under review.

Related parties as defined in IAS 24 also include members of the Executive Board and the Supervisory Board. In the year under review, there were no transactions other than the remuneration for the members of the Executive Board and the Supervisory Board.

Legal transactions were conducted with affiliated companies in the year under review. The items included in the consolidated financial statements and therefore not consolidated relate to the sale of goods and are considered by the Company to be immaterial.

[1] On the basis of the most recently available voting rights notification
[2] On the basis of the most recently available voting rights notification

42. DECLARATION OF CONFORMITY PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT

The declaration of compliance is permanently accessible to the public on Bastei Lübbe AG's website at bastei-luebbe.de/en/company/corporate-governance.

43. EXECUTIVE BOARD AND SUPERVISORY BOARD

The members of the Supervisory Board in the year under review were:

- Carsten Dentler, Bad Homburg (Chairman), Diplom-Kaufmann
  Mr Dentler is managing shareholder of Palladio Infrastruktur GmbH, Frankfurt am Main,
  Member of the Supervisory Board of König & Bauer AG, Würzburg,
  Member of the Supervisory Board of Scope Management SE, Berlin,
  Member of the Supervisory Board of Scope SE + Co. KGaA, Berlin.
- Dr. Ralph Drouven, Cologne, lawyer (Deputy Chairman, from 13 September 2023)
  Dr. Drouven is a partner in the law firm Drouven Dietlein Rechtsanwälte Partnerschaft mbB.
- Dr. Melanie Bockemühl (from 13 September 2023), Diplom Kauffrau, Master of Business Administration
  Dr. Bockemühl is managing shareholder of River22 Invest GmbH,
  Managing director of kolula solutions UG,
  Member of the Advisory Board of G. Siempelkamp GmbH & Co KG.
- Dr. Mirko Caspar, Berlin (Deputy Chairman, until 13 September 2023), Diplom-Kaufmann
  Dr. Caspar is Co-CEO of Mister Spex SE, Berlin (until 31 December 2023),
  Shareholder of Userlutions GmbH, Berlin,
  Shareholder of Caspar Feld Marketing-Performance GmbH, Berlin,
  Member of the Advisory Board of Gitti GmbH, Berlin.
- Prof. Dr. Friedrich L. Ekey, Cologne, lawyer (until 13 September 2023)
  Prof. Dr. Ekey is a partner in the Ekey law firm. Attorneys for commercial law, Cologne,
  Honorary professor at RFH – University of Applied Science, Cologne.

The total annual remuneration to be paid to the members of the Supervisory Board (solely fixed) in accordance with Bastei Lübbe AG's articles of association totalled EUR 225k in the 2023/2024 financial year (previous year: EUR 225k).

The following persons have been appointed to the Executive Board of Bastei Lübbe AG:

- Soheil Dastyari, Hamburg (Chief Executive Officer)
- Mathis Gerkensmeyer, Cologne (Chief Financial Officer, from 1 September 2023)
- Simon Decot, Frankfurt am Main (Chief Programme Officer)
- Sandra Dittert, Cologne (Chief Sales and Marketing Officer)
- Joachim Herbst, Kleinmachnow was a member of the Executive Board (Chief Financial Officer) until 31 July 2023.

In the 2023/2024 financial year, the total remuneration (based on expenses) of the members of the Executive Board amounted to EUR 2,302k (previous year: EUR 1,485k); of this amount, short-term benefits were valued at EUR 1,999k (previous year: EUR 1,336k) and long-term benefits at EUR 304k (previous year: EUR 149k). Short-term and long-term benefits include expenses for share-based payments of EUR 549k (previous year: EUR 134k).

44. EMPLOYEES

In the year under review, the average number of employees in the Group stood at 323 (previous year: 319) (including 323 salaried employees; previous year: 319). As of 31 March 2024, the Group had 323 employees (previous year: 321) (including 323 salaried employees; previous year: 321).

45. FEES FOR SERVICES PROVIDED BY THE AUDITOR OF THE CONSOLIDATED FINANCIAL STATEMENTS

The fees charged in the year under review by the auditor of the consolidated financial statements within the meaning of Section 319 (1) Sentences 1, 2 of the German Commercial Code break down as follows:

EUR k	**2023/2024**	**2022/2023**
Assurance services	285	295
Other attestation services	8	8
Tax advisory services	–	33
Fees for services provided by the auditor of the consolidated financial statements	**293**	**336**

The assurance services include the audit of the annual financial statements and the consolidated financial statements of Bastei Lübbe AG and audits or plausibility reviews of the consolidated subsidiaries. Other attestation services include the formal review of the remuneration report as well as the review of the financial covenants.

The tax advisory services in the previous year related exclusively to financial years beginning before 1 January 2022. This particularly entailed the preparation of Bastei Lübbe AG's tax returns for the 2019/20 financial year and individual tax enquiries in connection with an external tax audit for the years 2014 to 2019.

46. GROUP RELATIONS

Bastei Lübbe AG, Cologne, is a parent company which, as a listed company, prepares consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) pursuant to Section 315e (1) of the German Commercial Code (HGB). These consolidated financial statements are published in Bundesanzeiger and in the Company Register (Cologne Local Court, HRB 79249).

47. EVENTS AFTER THE REPORTING DATE

No events that are of material significance for the Bastei Lübbe Group liable to lead to a different assessment of the Group occurred after the reporting date.

Cologne, 8 July 2024

Bastei Lübbe AG
The Executive Board

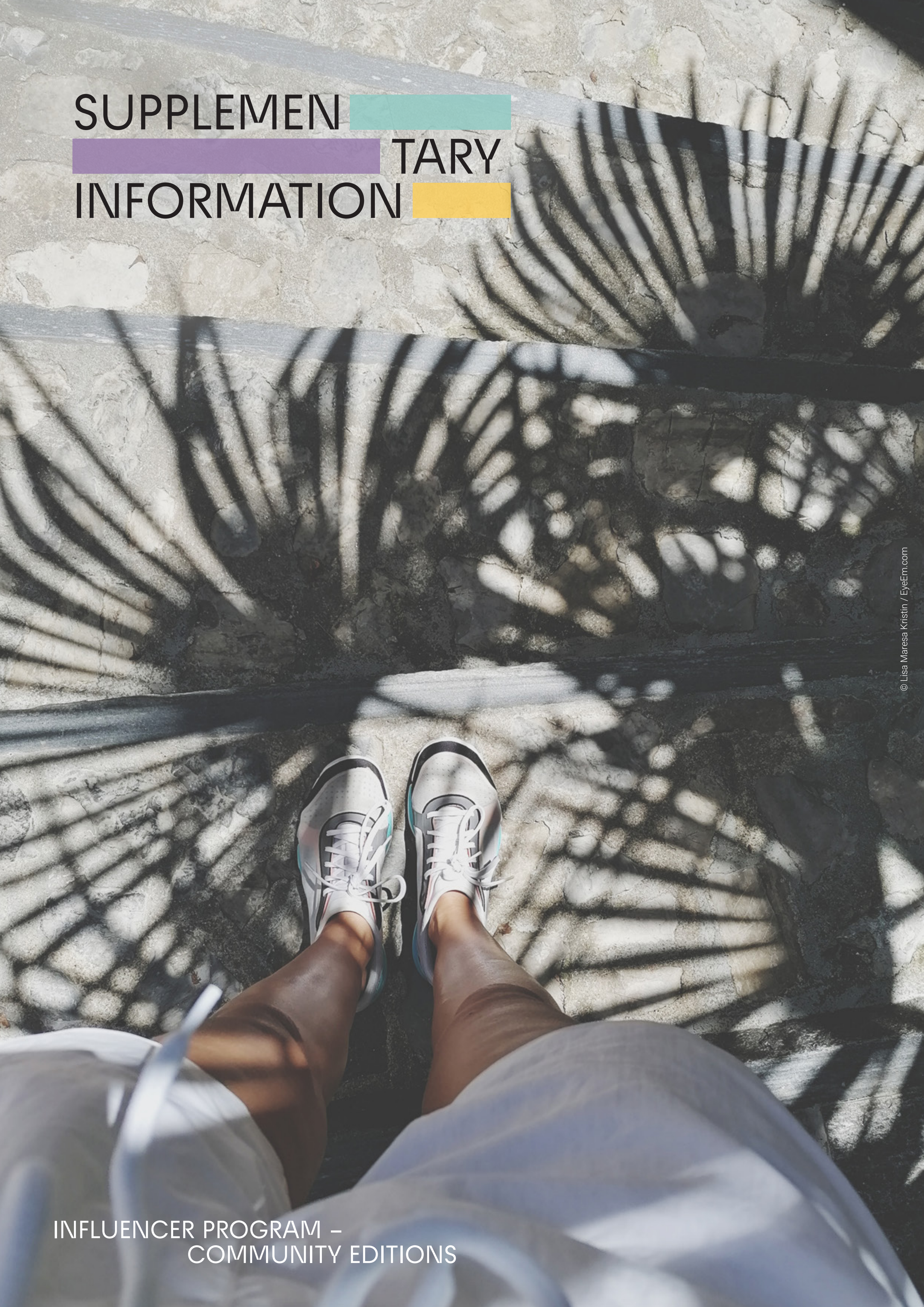
Soheil Dastyari
Chief Executive Officer

Mathis Gerkensmeyer
Chief Financial Officer

Sandra Dittert
Chief Marketing and Sales Officer

Simon Decot
Chief Programme Officer

SUPPLEMENTARY INFORMATION



INFLUENCER PROGRAM –
COMMUNITY EDITIONS

RESPONSIBILITY STATEMENT

STATEMENT OF THE EXECUTIVE BOARD

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements of Bastei Lübbe AG, Cologne as of 31 March 2024 give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group, and the management report of the Group 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.

Cologne, 8 July 2024
Bastei Lübbe AG

Soheil Dastyari
Chief Executive Officer

Mathis Gerkensmeyer
Chief Financial Officer

Sandra Dittert
Chief Marketing and Sales Officer

Simon Decot
Chief Programme Officer

INDEPENDENT AUDITOR'S REPORT

To Bastei Lübbe AG, Cologne

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

AUDIT OPINIONS

We have audited the consolidated financial statements of **Bastei Lübbe AG, Cologne**, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 March 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from 1 April 2023 to 31 March 2024, and consolidated notes to the financial statements, including a summary of material accounting methods. In addition, we have audited the combined management report of Bastei Lübbe AG, Cologne, for the financial year from 1 April 2023 to 31 March 2024. In accordance with the German legal requirements, we have not audited the content of the corporate governance declaration represented in the financial statement and posted on the Company's website pursuant to §§ 289f and 315d of the German Commercial Code (HGB [Handelsgesetzbuch]) and the declaration of conformity in accordance with § 161 of the German Public Limited Companies Act (AktG [Aktiengesetz]), also posted on the Company's website, to which reference is made in the "Corporate Governance" section of the combined management report, as well as the information contained in the "Risk Report" section of the combined management report that is marked as unaudited.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e para. 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 March 2024 and of its financial performance for the financial year from 1 April 2023 to 31 March 2024 and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the above-mentioned components of the combined management report not audited in respect of their content.

Pursuant to § 322 para. 3 sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014; hereinafter referred as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the German Institute of Public Auditors (IDW [Institut der Wirtschaftsprüfer]). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the combined management report" section of our auditor's report. We are independent of the Group entities in accordance with the requirements of European and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements and on the combined management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 April 2023 to 31 March 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were

1. Valuation of pre-paid royalties
2. Valuation of the investment in Räder GmbH at fair value

Re 1) Valuation of pre-paid royalties

a) Risk for the financial statements

As of the balance sheet date, the balance sheet shows pre-paid royalties with a total carrying amount of EUR 19.6 million (previous year: EUR 23.9 million), which corresponds to 19 % (previous year: 22 %) of the balance sheet total. In the financial year, scheduled depreciation amounted to EUR 15.9 million (previous year: EUR 9.2 million) and impairment losses to EUR 0.1 million (previous year: EUR 0.5 million). This was offset by value recoveries amounting to EUR 1.4 million (previous year: EUR 0.5 million). As at the reporting date, there were no provisions for anticipated losses from existing contracts with authors (previous year EUR 1.1 million). The inventory of pre-paid royalties relates to guarantee and advance payments for manuscripts for which Bastei Lübbe AG has acquired exploitation rights. They are measured at amortized cost. Scheduled depreciation is generally determined on the basis of the revenues generated, depending on performance. If the revenues generated are below a typical sales trend, this trend is used as the basis for determining depreciation. In addition, all material contracts with guaranteed payments in excess of TEUR 250 and high-risk contracts are reviewed for impairment. Impairment losses are recognized if the expected net income before royalty expenses determined for an author contract on the basis of an estimate of future revenues is less than the carrying amount. The Company's disclosures on the balance of pre-paid royalties are contained in the sections "Accounting principles", "Significant accounting policies" and "Balance of pre-paid royalties" of the notes to the consolidated financial statement and "Net assets" and "Net assets of Bastei Lübbe AG" of the combined management report.

The standardized scheduled depreciation as well as the determination of additional impairment loss requirements are affected to a great extent by estimated values and discretionary decisions. Considering the central importance and the amount of the capitalized pre-paid royalties, as well as the inherent uncertainty of estimates and discretionary decisions, this matter was of particular importance within the scope of our audit.

b) Audit procedures and conclusions

Depreciation of pre-paid royalties is performed based on performance or based on standardized historical sales trends for the categorized forms of exploitation. In the course of our audit, in addition to analyzing the accounting and measurement requirements we verified the mathematical accuracy of the performance-related depreciation calculated by the legal representatives. For this purpose, we analyzed the processes implemented by the legal representatives and tested the effectiveness of the material controls implemented in this process. In addition, we verified the mathematical accuracy of the royalty statements by performing interface tests and testing the calculation logic. In addition, we examined the adequacy of the standardized sales trends by tracing the retrograde review of the standardized depreciation rates carried out annually by the Company on the basis of current revenue trends. We additionally examined the calculation of scheduled depreciation using data analyses.

We evaluated the methods and data used by Bastei Lübbe AG to identify indications of impairment losses for their accuracy and mathematical correctness. Subsequently, we evaluated the plausibility and mathematical correctness of the forecasts and key assumptions of the legal representatives underlying the impairment tests and possible provisions for impending losses. We also evaluated whether management has made biased judgements and estimations regarding these assumptions.

Overall, our audit led us to conclude that judgements on depreciation are comprehensible and properly derived. The valuation assumptions made by the legal representatives in the course of the individual impairment tests are within appropriate range.

Our audit procedures did not lead to any reservations relating to the measurement of the amount of prepaid royalties.

Re 2) Valuation of the investment in Räder GmbH at fair value

a) Risk for the financial statements

Bastei Lübbe AG holds a 20 % (previous year: 20 %) interest in Räder GmbH, which is registered in Bochum. The information provided by Bastei Lübbe AG on the investment in Räder GmbH can be found in the sections "Accounting principles", "Significant accounting policies", "Basis of consolidation and shareholdings", "Financial assets" and "Financial instruments" in the notes to the consolidated financial statements. In accordance with IFRS 9.4.1.4 in conjunction with IFRS 9.5.7.5, the investment in Räder GmbH is measured at fair value through other comprehensive income of EUR 15.1 million (previous year: EUR 15.1 million). The legal representatives determine the fair value using the discounted cashflow method. Räder GmbH's corporate planning for the years 2024 to 2029 forms the basis for determining the fair value. The discounted cashflow method was applied for the first time in the reporting year. In previous years, the valuation was based on the multiples method, as Räder GmbH's corporate planning was only available for the following financial year. The forecasted cash inflows were discounted using the company-specific weighted average cost of capital (WACC) in order to derive the fair value of Räder GmbH. The equity value of Räder GmbH resulting from increasing the enterprise value by the net financial assets was multiplied by the share of interest in order to obtain the fair value of the investment from the Group's perspective. Two different scenarios were considered in order to determine a range of the fair value. The calculated range was validated using a multiples method based on expectations of the business result as well as trading and transaction multiples. Company-specific discounts were applied to the fair values. In determining the fair value, Bastei Lübbe AG used the work of an external expert. In our opinion, the determination of fair value is a key audit matter in view of the material significance, the complexity of the valuation models and the discretionary assumptions made by the legal representatives.

b) Audit procedures and conclusions

As part of our audit, we analyzed the process implemented by the legal representatives of Bastei Lübbe AG as well as the accounting and measurement requirements for determining the fair value and obtained an understanding of the process steps. To audit the determination of the fair value of Räder GmbH, we assessed the applicability of the valuation model used and checked the plausibility of the assumptions underlying the earnings planning. In doing so, we also examined the accuracy of the business planning in the past. In addition, we verified the valuation using the discounted cashflow method and reviewed the appropriateness of the multiples used and the fungibility discount. We also assessed the professional qualification of the external experts engaged. We have come to the conclusion that the valuation of the investment in Räder GmbH is appropriate, adequately documented and justified with regard to the method, assumptions and data used and that the fair value recognized is within a valuation range that is deemed appropriate.

Our audit procedures did not lead to any reservations relating to the determination of the fair value of Räder GmbH.

OTHER INFORMATION

The legal representatives and the supervisory board, respectively, are responsible for other information. The other information comprises:

- the Group corporate governance declaration posted on the website of Bastei Lübbe AG pursuant to §§ 289f and 315d HGB and the declaration of conformity in accordance with § 161 AktG, also posted on the website of Bastei Lübbe AG, to which reference is made in the "Corporate Governance" section of the combined management report,
- the information contained in the "Risk report" section of the combined management report that is labelled as unaudited,
- the supervisory board report,
- the other parts of the published Annual Report, but not the consolidated financial statements, not the audited content of the combined management report and not our auditor's opinion,
- the confirmation pursuant to § 297 para. 2 sentence 4 HGB concerning the consolidated financial statements and the confirmation pursuant to § 289 para. 1 sentence 5 HGB in conjunction with § 315 para. 1 sentence 5 HGB for the combined management report.

The supervisory board is responsible for their report. The legal representatives and the supervisory board are responsible for the declaration in accordance with § 161 AktG as part of the Group corporate governance declaration contained in section "Corporate Governance" of the combined management report. Further other information is within the responsibilities of the legal representatives.

Our audit opinions concerning the consolidated financial statements and the combined management report do not cover the other information and, consequently, we neither issue an opinion nor do we express any form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the above-mentioned other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, the audited information of the combined management report or our knowledge obtained in the audit or
- otherwise appear to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The legal representatives are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of the IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e para. 1 HGB and that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with those provisions. In addition, the legal representatives are responsible for such internal controls that they consider necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraudulent acts (i.e. manipulation of accounting and asset misstatements) or errors.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, unless the intention is to liquidate the Group or discontinue operations, or there is no realistic alternative but to do so.

Furthermore, the legal representatives are responsible for the preparation of the combined management report which, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the legal representatives are responsible for such arrangements and measures (systems) that they consider necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraudulent acts or errors, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraudulent acts or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraudulent acts or errors, 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. The risk of not detecting a material misstatement resulting from fraudulent acts is higher than the risk of not detecting a material misstatement resulting from error, as fraudulent acts may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal controls relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report 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 these systems of the Group.
- evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of estimates made by the legal representatives and related disclosures.
- conclude on the appropriateness of the legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with the IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e para. 1 HGB.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the legal representatives in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the legal representatives as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with supervision regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with supervision with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards implemented to address independence threats.

From the matters communicated with those charged with supervision, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

REPORT ON THE ASSURANCE IN ACCORDANCE WITH § 317 PARA. 3A HGB ON THE ELECTRONIC REPRODUCTION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT PREPARED FOR PUBLICATION PURPOSES

REASONABLE ASSURANCE OPINION

We have performed assurance work in accordance with § 317 para. 3a HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in the attached electronic file "BasteiLuebbeAG_KA_2024-03-31_de.zip" and prepared for publication purposes complies in all material respects with the requirements of § 328 para. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 para. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from 1 April 2023 to 31 March 2024 contained in the "Report on the audit of the consolidated financial statements and of the combined management report" above.

BASIS FOR THE REASONABLE ASSURANCE OPINION

We conducted our assurance work on the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned electronic file in accordance with § 317 para. 3a HGB and the Exposure of IDW Assurance Standard: Assurance in Accordance with § 317 para. 3a HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (IDW PS 410 (06.2022)). Accordingly, our responsibilities are further described below in the "Group auditor's responsibilities for the assurance work on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

RESPONSIBILITIES 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 including the electronic reproduction of the consolidated financial statements and the combined management report in accordance with § 328 para. 1 sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 para. 1 sentence 4 No. 2 HGB.

In addition, the legal representatives of the company are responsible for such internal controls that they consider necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of § 328 para. 1 HGB for the electronic reporting format.

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

AUDITOR'S RESPONSIBILITIES FOR THE ASSURANCE WORK ON THE ESEF DOCUMENTS

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of § 328 para. 1 HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of § 328 para. 1 HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- obtain an understanding of internal controls relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, as amended at the reporting date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of Delegated Regulation (EU) 2019/815 in the version applicable on the reporting date enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the shareholders on 13 September 2023. We were engaged by the Supervisory Board on 25 January 2024. We have been acting as the auditor of the financial statements for Bastei Lübbe AG, Cologne, without interruption since the 2016/17 financial year.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

OTHER MATTERS – USE OF THE AUDITOR'S REPORT

Our audit opinion should always be read in conjunction with the audited consolidated financial statements and the audited combined management report as well as the audited ESEF documents. The consolidated financial statements and combined management report converted to ESEF format - including the versions to be published in the Company Register - are merely electronic reproductions of the audited consolidated financial statements and the audited combined 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.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German public auditor responsible for the engagement is Mr. Holger Wildgrube.

Köln, 8 July 2023

RSM Ebner Stolz GmbH & Co. KG

Auditing firm Tax consultancy firm

Dr. Werner Holzmayer	Holger Wildgrube
Auditor	Auditor

FINANCIAL CALENDAR 2024/2025

Date	Event
8 August 2024	Quarterly statement (Q1)
11 September 2024	Annual General Meeting
7 November 2024	Half-year financial report as of 30 September 2024 (HY1)
25 – 27 November 2024	German Equity Forum, Frankfurt / Main
6 February 2025	Quarterly statement (Q3)

LEGAL NOTICE

For reasons of better readability, the simultaneous use oft he language forms male, female and diverse (m/f/d) is avoided as far as possible. All job an personal titels appy equally to all genders.

Bastei Lubbe AG's annual report ist available as a PDF file on the Internet at www.bastei-luebbe.de.
Further information can also be found on the Internet at www.bastei-luebbe.de.

PUBLISHER:

Bastei Lübbe AG
Schanzenstrasse 6-20
51063 Cologne
Germany

Phone: +49 (0)221 82 00 28 50
Fax: +49 (0)221 82 00 18 50
Email: investorrelations@luebbe.de

In addition to the employees of Bastei Lübbe AG, the following have contributed to the preparation of this annual report:

COPY AND CONCEPT:

CROSS ALLIANCE communication GmbH, Bahnhofstrasse 98, 82166 Graefelfing, Germany
newskontor - Agentur für Kommunikation, Graf-Adolf-Strasse 20, 40212 Düsseldorf, Germany

LAYOUT:

OKCOM, Kreuzgasse 15b, 6372 Oberndorf, Austriah

PRINTING:

Druckerei Wilhelm Brocker GmbH, Oberblissenbach 48, 51515 Kürten, Germany


BASTEI LÜBBE