

Financial report for the first half-year ending 30 June 2022

At a glance

- At m€ 136.3, Group turnover in H1 2022 down by 12.5% on previous year's record, but still well above pre-coronavirus level
- Group EBIT hit by drastic increase in material and energy prices
- Increase in working capital as of balance sheet date results in free cash flow of m€ –10.5
- Revised forecast for FY 2022: strong decline in turnover in the single-digit percentage range, EBIT in the lower single-digit million range

Key figures of the Group as at 30 June

		2021	2022	Change
Turnover¹				
Group	m€	155.8	136.3	-12.5%
Household	m€	125.9	113.4	-10.0%
Wellbeing	m€	13.8	8.3	-40.0%
Private Label	m€	16.1	14.6	-9.2%
Foreign share ²	%	53.3	55.9	2.6 pps
Profitability				
Gross margin ¹	%	43.7	38.6	-5.1 pps
Cash flow from operating activities	m€	13.2	-7.9	>-100%
Free cash flow	m€	10.4	-10.5	>-100%
Foreign currency result	m€	0.5	1.4	>100%
EBIT	m€	13.6	2.1	-84.3%
EBIT margin	%	8.7	1.6	-7.1 pps
EBT	m€	13.3	1.7	-87.0%
Net result for the period	m€	9.5	1.3	-86.6%
EPS	€	1.00	0.13	-87.0%
Employees				
Group (average)	People	1,118	1,098	-1.8%
Investments				
	m€	2.9	2.7	-9.4%

¹ 2021 adjusted due to year-end effects.

² 2021 regional distribution of turnover adjusted due to turnover by a major online retailer being attributed to the market in which it was generated.

Foreword

Dear Shareholders,

The overall conditions for our company have been anything but favourable in recent months. Despite multiple challenges on a number of levels, we achieved Group turnover of m€ 136.3 in the first half of 2022. Although this figure is 12.5% below the record value of m€ 155.8 from the previous year, we nevertheless achieved the second highest turnover in a first half-year and in a second quarter in the past 15 years on a like-for-like basis. Overall, turnover remains at a significantly higher level compared to the financial years before coronavirus. The growth rates of around 4.5% compared to the first half 2020, and even around 12% compared to 2019 (i.e. before the outbreak of the pandemic), show that our Scaling up Success strategy's expanded marketing efforts are having a lasting effect.

While the past two years were shaped mainly by the effects of the coronavirus pandemic, other factors are increasingly having a significant influence on business development in 2022. Against the backdrop of the COVID-19 pandemic, we were able to benefit from greater demand for hygiene and household products as well as a general strengthening of online trade. These effects are no longer present in 2022. The lifting of restrictions on social contact has instead shifted consumer demand towards areas such as tourism, events and outdoor activities. At the same time, raw material costs, which have been at an extremely high level since 2021, and unabatedly rising energy prices are leading to continuously increasing manufacturing costs. Furthermore, the high inflationary pressure and uncertainty resulting from the Russia-Ukraine war are having a lasting negative impact on general consumer appetite. For example, the Gesellschaft für Konsumforschung (GfK) forecasts a new all-time low of -30.6 points for the consumer climate in Germany for August 2022.

The extraordinary market conditions also influenced results in the first half of 2022. Earnings before interest and taxes (EBIT) amounted to m€ 2.1 in the reporting period. The decrease of m€ 11.5 was mainly due to the lack of contribution margins from the decline in turnover as well as the drastic rise in material and energy prices. Against this background, we continue to focus on strict cost and resource management and are in continuous negotiation with our partners. The effects of the sales price increases we implemented in 2021 and 2022 are somewhat delayed and can only partially compensate for the enormous increase in costs. In light of the ongoing bottlenecks in procurement markets and the impending gas shortage, we are also working proactively to safeguard our ability to deliver through forward-looking security and inventory management as well as a flexible production.

Our Scaling up Success growth strategy, created at the end of 2019, will once again form the basis for our strategic company orientation in the current financial year. While the current market situation presents many challenges, it also gives us the chance to further promote the core qualities of our products: many of our products are energy-saving and durable, making them sustainable by their very nature. In the face of rising energy prices, many German households are currently looking for ways to reduce their energy consumption and, with it, their electricity costs.

LEIFHEIT
How housework's done today.

Our electricity savers.

Reduce electricity costs.
Protect the climate and the laundry.

Save up to
€ 730
in 5 years with
Leifheit**

Buy the promotional product now and
save even more!
We cover your electricity costs for one year!*

*Your complete electricity costs will be covered for 1 year (up to a maximum of € 1,500) for the model prices 211.00 and 119.20/2022. Promotional products: all Leifheit and Pegasus models exclusive accessories and spare parts. All information and conditions of participation at www.leifheit.de/de_26/energy-saving.

** € 148 per year compared to the use of a condensation dryer in a 4-person household with 6 drying processes per week from April to October/ 75 washes per year. 6 kWh electricity consumption per drying process.

For long-lasting moments of joy

Insulating Jug Harmonic
Keeps hot beverages warm for up to 24 hours.*

24 h 36 h NEW

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How housework's done today.

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tested by the ifl Institute für Produkt-Markt-Forschung

On average, 14% of household electricity is used just for washing and drying laundry. Switching from electronic dryers to drying racks like the Leifheit Pegasus and rotary dryers like the Linomatic not only saves electricity and money, but also reduces CO₂ emissions by around 150 kg compared to an electric dryer. Our “Electricity Savers” campaign encourages consumers to switch to power-free laundry drying. Through it, we hope to benefit from the trend towards more sustainable, energy-saving alternatives as well.

Our new addition to the kitchen goods category, the Leifheit Harmonic insulating jug, allows consumers to actively save money, electricity and packaging waste. The Harmonic combines high quality with modern design and keeps drinks hot for up to 24 hours at 65°C. A comparative test of various insulating jugs by ipi Institut für Produkt- und Marktforschung recently singled it out as “by far the best at preserving heat”. Coffee, for example, can be brewed and kept hot in large quantities – a genuine and sustainable alternative to the widespread use of capsule or pod machines, and one that also saves on packaging waste.

We are also launching further enhancements of our successful range of efficient cleaning appliances, accompanied by intensive marketing efforts. The Regulus Aqua PowerVac Pro, which vacuums, mops and dries all in one, can reach into every corner thanks to its new corner glider with micro duo wiper cover. The new CleanTenso Power steam mop cleaner provides hygienic cleaning without chemical products while also saving water. To underline the CleanTenso Power’s high quality and durability, it is supplied with an extended warranty period.

Given the extremely high procurement costs and the deteriorating economic environment, along with inflation and consumer caution, we expect the Leifheit Group to continue facing extensive challenges in the second half of 2022 as well. Based on the business results of the first half of the year and the current economic environment, we revised our expectations for the full year 2022 on 14 July 2022. For financial year 2022, we now expect a sharp, but probably still single-digit percentage decrease in turnover compared to the previous year’s strong figure (2021: m€ 288.3). Due to the substantial increases in procurement costs, we also expect earnings before interest and taxes (EBIT) to be in the low single-digit million range.

With our solid financial basis and Scaling up Success strategy, we consider ourselves well positioned even under the increasingly difficult overall conditions. As the Board of Management team, we continue work constantly in the interests of all shareholders to ensure that our adopted strategy remains successful in the long term. We would especially like to thank our employees for the consistently high level of commitment they have demonstrated. Together we will continue to attributed our goal of leading Leifheit on a sustainable growth path. We greatly appreciate your loyalty to the Leifheit Group on this exciting journey.

The Board of Management
Henner Rinsche

Igor Iraeta Munduate

Marco Keul

Vaccum, wipe and dry in one - up to the edge.

Cordless Vac & Wipe
Regulus Aqua PowerVac PRO

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How housework's done today.

www.leifheit.com

Simply hygienic and clean - without chemicals.

Removes up to **99.99%** of Viruses & Bacteria***

NEU NEW
3 JAHRE GARANTIE
LÄNGERE GARANTIE
LÖSUNG GARANTIE

Steam Mop
CleanTenso Power

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** Compared to CleanTenso 11010 | *** www.leifheit.com | **** Tested on Modified Vaccinia Ankara Virus and EcoSt Bacteria.

Unaudited interim management report as at 30 June

Foundations of the Group

The Leifheit Group is one of the leading European brand suppliers of household products. The company offers high-quality and innovative products and solutions that make everyday life at home easier and more convenient.

There were no significant changes in the foundations of the Leifheit Group in the first half of 2022. For detailed information on the company's structure, business and strategy – as well as on the control system, innovation and product development – please see the annual report for 2021, which is available on our website at [financial-reports.leifheit-group.com](https://www.leifheit-group.com/financial-reports).

Following the end of the reporting period (30 June 2022), there were no events at the Leifheit Group which can be expected to have a material influence on the net assets, financial position and results of operations of the company.

Economic environment

Europe/World

Against the backdrop of the Russia-Ukraine war, the International Monetary Fund (IMF) predicted global economic growth of 3.6% for the current year in its April 2022 report. The forecast came on the heels of a phase of worldwide recovery from the consequences of the COVID-19 pandemic. In July 2022, the IMF adjusted its forecast downward yet again and now expects global economic growth of only 3.2% for 2022, which is 0.4 percentage points lower than in its April economic forecast. According to the IMF, the economic impact of the war in Ukraine, high inflation worldwide and the unexpectedly sharp economic slowdown in China due to COVID-19 outbreaks and shutdowns are leading to a significant

slowdown in global growth. Worldwide production shrank in the second quarter, due mainly to downturns in China and Russia. In addition, consumer spending in the US fell short of expectations. The IMF also says that the impact of the war in Ukraine and tighter monetary policy are dampening growth prospects in Europe. The IMF has revised global inflation upwards as a result of food and energy prices, as well as ongoing imbalances between supply and demand, expecting it to reach 6.6% in advanced economies and 9.5% in emerging and developing economies in 2022.

The European Commission's summer forecast is equally sobering. It predicts that the EU economy will grow by only 2.7% in 2022. Overall, the impact of the geopolitical tensions and consequences of the current flow of refugees due to the Russia-Ukraine war are having a marked negative effect on the previous easing in light of the less tense pandemic situation, at least in Europe. The inflation forecast has been revised upwards by a substantial amount compared to the spring forecast. Price increases in the EU are now estimated at 8.3% in 2022, having already climbed to record levels by June.

Germany

The German economy is also steering through choppy waters, according to a joint diagnosis by the five leading economic research institutes. In their view, the buoyancy created by the abolition of pandemic restrictions, the aftermath of the coronavirus crisis and the shockwaves caused by the war in Ukraine are the reasons for conflicting economic currents. The common factor in all these influences is their effect in driving up prices. The institutes expect the German economy to grow by 2.7% in 2022. The ifo Institute also expects high inflation, the war in Ukraine and persistent supply bottlenecks to hamper economic recovery in almost all sectors of the economy. For the current year, the ifo Institute forecasts an inflation rate of 6.8% in Germany.

Consumer sentiment in Germany continues to worsen. The consumer research organisation Gesellschaft für Konsumforschung (GfK), for example, forecasts a new all-time low for the consumer climate of –30.6 points for August 2022. This represents the lowest value since the start of the survey for the whole of Germany in 1991 and means a further decline of 2.9 points compared to the previous month of July 2022. According to the GfK, the reasons for the historically poor consumer sentiment are the ongoing war in Ukraine and the continual disruption of supply chains, which are causing energy and food prices in particular to explode. Concerns about sufficient gas supplies in the coming winter are also having a further impact on consumer sentiment, the GfK says. The organisation also reports that the economic outlook declined further after a brief recovery in May 2022 to –18.2 points in July 2022, a fall of around 73 points compared to the same period last year. Income expectations as measured by the GfK also continued their steep downhill slide in July 2022, reaching –45.7 points, 12.2 points lower than in June 2022. Alongside its negative effect on consumer sentiment, the historically high inflation is also significantly eroding the purchasing power of private households. As a result, any savings built up in the pandemic years will probably not be channelled into purchases and acquisitions as hoped. After slumping the previous month, propensity to buy recorded another slight decline of 0.8 points to –14.5. Since private households are having to pay considerably more for energy and food, there are correspondingly fewer financial resources available for other purchases.

This also creates challenging conditions for the German retail sector. In a survey by the German retail association Handelsverband Deutschland (HDE), 44% of the companies surveyed accordingly anticipate a decline in turnover for the whole of 2022. The HDE still expects nominal growth in turnover of 3% for the sector as a whole compared to the previous year. But after adjusting for inflation, the retail sector will slip into the red by 2%.

Foreign currencies

The euro reference rate for the Chinese currency renminbi (yuan) was € 7.21 at the beginning of 2022. In line with the euro-dollar exchange rate, the euro lost strength against the yuan overall in the course of the first half of the year. This culminated in 2022 in the euro exchange rate's all-time low of CNY 6.88 on 8 March 2022. After a moderate recovery of the euro, the exchange rate temporarily rose above the CNY 7 per euro mark again and posted a moderately lower value of CNY 6.96 per euro as at the reporting date of 30 June 2022.

After trading at an exchange rate of USD 1.13 at the beginning of 2022, the euro continuously lost value against the US currency through to June and fell to USD 1.04 by 30 June 2022. The benchmark interest rate rises planned and already implemented by the Federal Reserve have, combined with the ECB's continued hesitant stance and the strong performance of the US dollar overall, to keep the euro under pressure. The Russia-Ukraine war is compounding this situation, as it has so far impacted the euro area more than the US economy. On 12 July 2022, the euro fell to parity with the US dollar for the first time since 2002.

Net assets, financial position and results of operations

Business performance

In the first six months of financial year 2022 the Leifheit Group's turnover fell to m€ 136.3, compared to m€ 155.8 in the first half of 2021. Despite the 12.5% drop in turnover compared to the extremely successful first half of 2021, the company achieved the second highest turnover in a first half-year and in a second quarter in the past 15 years on a like-for-like basis.

Alongside general consumer restraint, the historically low consumer climate and the resulting drop in footfall in the retail sector, a shift in consumer behaviour – for example, to more spendings in tourism – due to the extensive removal of coronavirus restrictions also had a negative impact on turnover development in the first half of 2022. This trend was particularly apparent in the German domestic market, where the online and retail trade initially sold off existing high stock levels and therefore demanded fewer products. In view of the extremely high raw material costs since 2021 and energy prices that continue to rise unabated, the Leifheit Group has only been able to partially compensate for the increased purchasing and production costs through previous sales price increases.

At the same time, however, turnover remained at a high level. As a result, Group turnover in the first six months of 2022 was about 4.5% higher than the corresponding figure in the first half of 2020 and about 12% higher than the corresponding figure for the pre-coronavirus year 2019. The continuing high level of turnover in spite of difficult market conditions demonstrates the lasting success of our expanded marketing efforts, especially with the Leifheit and Soehnle core brands.

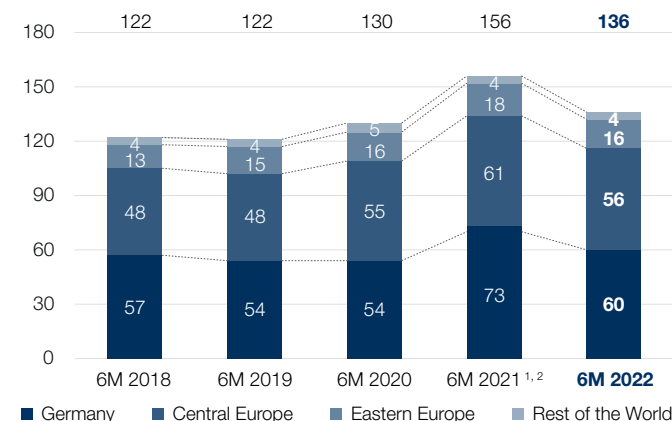
Group turnover by region

Turnover for the first six months of financial year 2022 was divided by region as follows: Germany accounted for 44.1% of Group turnover (previous year: 46.7%), Central Europe excluding Germany 40.8% (previous year: 38.9%), Eastern Europe 12.1% (previous year: 11.7%) and the Rest of the World 3.0% (previous year: 2.7%).

Turnover with a major online retailer that had previously been allocated partly to Central Europe because the customer centre is located there has been attributed to Germany since the third quarter of 2021. The relevant 2021 figures have been adjusted for the sake of comparability.

Group turnover by region

in m€



¹ Adjusted due to year-end effects.

² Regional distribution of turnover adjusted due to turnover by a major online retailer being attributed to the market in which it was generated.

- Germany

Against the backdrop of a historically poor consumer climate in the domestic market of Germany, particularly in the second quarter of 2022, the Leifheit Group generated turnover of m€ 60.1 in the first half of 2022 (previous year: m€ 72.7). This equates to a decline of 17.3% compared to the period of the previous year, when growth of more than 30% was generated. The Wellbeing segment in particular performed more poorly compared to the successful prior-year period due to the unusually strong demand for Soehnle air purifiers in 2021 as a result of the pandemic, among other reasons. The pandemic also meant that the Leifheit Group was able to benefit from strong online retail demand in Germany even more than in other markets. These effects no longer apply in the current reporting period.

The amount of turnover generated abroad fell by 8.3% to m€ 76.2 (previous year: m€ 83.1), placing the share of turnover generated abroad in the first half of 2022 at 55.9%.

- Central Europe

Turnover of m€ 55.7 (previous year: m€ 60.6) was generated in Central Europe in the first six months of the year, equivalent to a drop of 8.1%. France, Belgium and Austria in particular saw a decline in turnover compared to the same period of the previous year due to fewer promotional campaigns.

- Eastern Europe

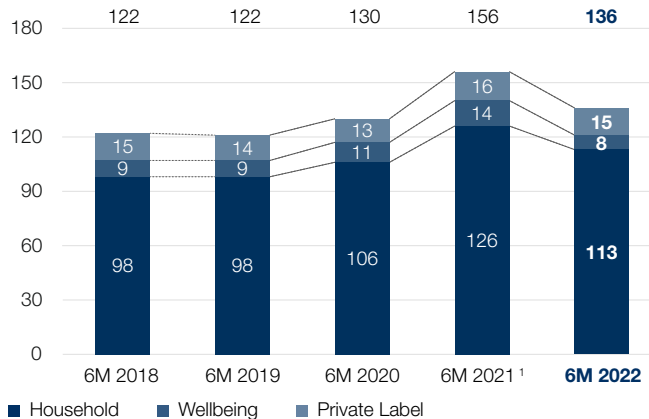
In the Eastern Europe sales region, turnover for the Leifheit Group fell by 10.0% to m€ 16.4 (previous year: m€ 18.3). While the Leifheit Group achieved a strong improvement in turnover with double-digit growth rates in Slovakia and the Baltic States, turnover declined in the important sales markets of the Czech Republic and Poland. Both countries showed noticeably lower consumer demand, particularly a marked decline in online retail sales, which significantly dampened development.

- Rest of the World

Turnover in non-European markets was down only slightly, falling by 4.2% in the reporting period to m€ 4.1 (previous year: m€ 4.2). The Leifheit Group was able to record substantial turnover growth in both Asia and the Middle East. By contrast, business in the US lagged behind the previous year's figure. There, temporary closures of bricks-and-mortar stores in the wake of the COVID-19 pandemic had led to a short-term surge in turnover generated online that continued boosting business at the beginning of 2021.

Group turnover by segment

in m€



¹ Adjusted due to year-end effects.

Group turnover by segment

Reporting segments are divided as follows: Household, Wellbeing and Private Label.

Broken down by the three segments, turnover was distributed as follows in the first six months of 2022: The Household segment, which is by far the largest of the three and home to the Leifheit brand, generated 83.2% of turnover (previous year: 80.8%). The Leifheit Group generated 6.1% (previous year: 8.8%) of its turnover in the Wellbeing segment with its Soehnle brand, whereas the Private Label segment, which is primarily marketed in France with the French subsidiaries Birambeau and Herby, contributed 10.7% (previous year: 10.4%) of turnover.

- Household

In the Household segment, the Leifheit Group generated turnover of m€ 113.4 in the first half of 2022 (previous year: m€ 125.9), which equates to a decline of 10.0%. Whereas life had largely taken place at home in the first half of 2021 due to extensive lockdowns, the first half of 2022 saw a significant change in consumer behaviour following the removal of many restrictions on social contact. This had a significant impact on the turnover of the Household segment with its categories kitchen goods, cleaning and laundry care.

- Wellbeing

In the Wellbeing segment, the company recorded a significant decline in turnover of 40.0%. Turnover came to m€ 8.3 in the reporting period, down year-on-year from m€ 13.8. Against the backdrop of the COVID-19 pandemic, the Wellbeing segment had benefited above all from the very strong demand for Soehnle air purifiers, which remove allergens from the air and combat viruses and bacteria. This effect increasingly dissipated in the first half of 2022 as the pandemic situation eased, leading to a significant drop in turnover in the segment.

– Private Label

The Private Label segment mainly distributes private-label brands through the French subsidiaries Birambeau and Herby. After significant growth in the same period of the previous year, turnover declined by 9.2% to m€ 14.6 in the first half of 2022 (previous year: m€ 16.1). The drop in turnover is mainly attributable to lower demand in the segment's core market of France.

Development of results of operations

Group result

The Group generated earnings before interest and taxes (EBIT) of m€ 2.1 (previous year: m€ 13.6) in the first half of 2022. The decline of m€ 11.5 was mainly due to the loss of contribution margins from the drop in turnover, as well as the drastic increase in material and energy prices, which could not be fully compensated by previous sales price increases. EBIT was negative in the second quarter at m€ –0.5 (previous year: m€ 5.3).

Earnings before taxes (EBT) stood at m€ 1.7 in the first six months of 2022 (previous year: m€ 13.3). Less taxes, this equalled a net result for the period of m€ 1.3 in the first half of the year (previous year: m€ 9.5).

Gross profit

Gross profit fell by m€ 15.5 to m€ 52.6 in the first half of 2022 (previous year: m€ 68.1). Gross profit is calculated as turnover less cost of turnover. The sharp decline was mainly due to a lack of contribution margins on account of the 12.5% decline in turnover, as well as the drastic increase in material and energy prices and freight in. Sales price rises only have a delayed effect and were nowhere near able to compensate for the massive cost increases.

As a result, the gross margin – defined as the ratio of gross profit to turnover – declined by 5.1 percentage points to 38.6% (previous year: 43.7%).

Research and development costs

Research and development costs mainly comprise personnel costs, service costs and patent fees. They came in at m€ 3.1 in the first half of the year, up m€ 0.2 on the previous year's figure (m€ 2.9). The increase was mainly due to higher patent research costs.

Distribution costs

Distribution costs – which include advertising and marketing expenses, as well as freight out and shipping costs – decreased by m€ 2.1 to m€ 41.5 in the reporting period (previous year: m€ 43.6). This was mainly down to reduced advertising expenditure and advertising subsidies, as well as lower freight out due to the significant drop in turnover.

Administrative costs

Administrative costs fell by m€ 1.9 year-on-year to m€ 7.5 (previous year: m€ 9.4). Administrative costs include personnel costs and service costs, as well as costs incurred in support of financial and administrative functions. The decrease was mainly due to the reversal of provisions for long-term share-based payments for the Board of Management of m€ 0.8, as well as cost savings.

Other operating income and expenses

Other operating income fell by m€ 0.4 to m€ 0.6 (previous year: m€ 1.0). In the previous-year period, compensation payments from competitors for patent infringements of m€ 0.4 and income attributable to other periods of m€ 0.1 had a positive effect. Other operating expenses rose by m€ 0.1 to m€ 0.3 (previous year: m€ 0.2) as a result of expenses attributable to other periods.

Foreign currency result

The foreign currency result increased by m€ 0.9 to m€ 1.4 in the first half of 2022 (previous year: m€ 0.5), mainly as a result of realised currency gains.

Interest and financial result

The interest and financial result stood at m€ –0.4, as in the previous year, and predominantly included interest expenses from interest on pension obligations.

Income taxes

Income taxes amounted to m€ 0.4 in the first six months of 2022 (previous year: m€ 3.7). The tax ratio stood at 25.6% and was down on the corresponding previous-year figure of 28.2%. The tax ratio is the ratio of income taxes to earnings before taxes.

Development of the financial situation

Capital structure

The debt level stood at 45.9% as at 30 June 2022 and was therefore 7.5 percentage points lower compared to 31 December 2021. The marked change was mainly due to reductions in pension obligations of m€ 18.2 and m€ 9.7 in trade payables and other liabilities.

Liabilities as at 30 June 2022 consisted primarily of pension obligations of m€ 44.6, trade payables and other liabilities of m€ 41.0 and other provisions of m€ 8.7. As in previous years, the Leifheit Group did not have any liabilities to banks.

The equity ratio – which expresses the share of equity in relation to the balance sheet total – rose by 7.5 percentage points to 54.1% (31 December 2021: 46.6%).

Analysis of Group liquidity

Group liquidity declined by m€ 20.7 in the first six months of the current year and stood at m€ 17.4 as at 30 June 2022 (31 December 2021: m€ 38.1). Working capital, which is the sum total of trade receivables, inventories, contractual assets, trade payables and other liabilities, was up by m€ 14.0 as at 30 June 2022 compared to 31 December 2021. This was mainly due to the m€ 1.4 seasonal increase in trade receivables and the m€ 3.2 increase in inventories to safeguard our ability to deliver in view of the current raw material and freight space bottlenecks, as well as the m€ 9.7 decrease in trade payables and other liabilities as at the reporting date. Furthermore, dividends of m€ 10.0 were paid out at the end of May.

Analysis of Group statement of cash flow

Cash outflow from operating activities amounted to m€ 7.9 in the reporting period (previous year: inflow of m€ 13.2). This decrease was largely due to the fall in the net result for the period and the significantly higher working capital compared to the previous-year period. The increase in working capital was mainly attributable to trade payables, which had risen by m€ 4.1 in the same period of the previous year, whereas they fell by m€ 9.7 in the reporting period due to reporting date factors.

Cash outflow from investment activities amounted to m€ 2.6 (previous year: m€ 2.7). Investments fell by m€ 0.2 to m€ 2.7 (previous year: m€ 2.9).

Cash outflow from financing activities amounted to m€ 10.3, as in the previous year, and mainly included the dividend payment of m€ 10.0. Payments for lease liabilities amounted to m€ 0.3 (previous year: m€ 0.4).

Free cash flow

In the first half of 2022, free cash flow amounted to m€ –10.5 (previous year: m€ 10.4). This key figure indicates how much liquidity is available for the repayment of debt financing or for the distribution of dividends to shareholders. Free cash flow is defined as the sum total of cash flow from operating activities and cash flow from investment activities, adjusted for incoming and outgoing payments in financial assets, as well as, if existing, from the acquisition and divestiture of divisions. Free cash flow decreased by m€ 21.1 as a result of the fall in cash inflow from operating activities.

Development of net assets

Balance sheet structure as at 30 June 2022

Compared to 31 December 2021, the balance sheet total was down by m€ 25.1 from m€ 238.8 to m€ 213.7.

Current assets amounted to m€ 151.8 as at 30 June 2022, m€ 19.7 below the value reported at the end of 2021 (31 December 2021: m€ 171.5). Correspondingly, Group liquidity fell by m€ 20.7 to m€ 17.4 (31 December 2021: m€ 38.1). Trade receivables rose by m€ 1.5 to m€ 54.2 (31 December 2021: m€ 52.7) due to seasonal factors. Inventories were up by m€ 3.2 to m€ 73.3 (31 December 2021: m€ 70.1). This was due to the increase in prices, as well as higher stockpiling of raw materials, unfinished goods and finished goods to safeguard the ability to deliver against the backdrop of continuing bottlenecks in the procurement markets and impending gas shortages at our production site in the Czech Republic. Other current assets fell by m€ 3.6 to m€ 1.7 (31 December 2021: m€ 5.3), primarily due to a seasonal decline in sales tax claims.

Non-current assets amounted to m€ 61.9 at the end of June 2022, m€ 5.4 lower than the value reported on 31 December 2021. This is mainly a result of the decline in deferred tax assets due to the actuarial gains on pension obligations caused by changes in interest rates.

As at 30 June 2022, the positive balance of the fair values of all derivative financial instruments on both the assets and liabilities sides came to m€ 4.3, an increase of m€ 0.7 over the first six months of the current year.

As at the reporting date, current liabilities fell by m€ 10.0 to m€ 48.4 compared to 31 December 2021. This is primarily due to the decrease in trade payables and other liabilities by m€ 9.7 to m€ 41.0 due to the balance sheet date.

Non-current liabilities also decreased by m€ 19.5 to m€ 49.6 (31 December 2021: m€ 69.1). This was mainly due to pension obligations, which rose by m€ 18.3 to m€ 44.6 as a result of the significant increase in the actuarial interest rate (31 December 2021: m€ 62.9). The actuarial interest rate used to discount pension obligations rose from 1.3% as at 31 December 2021 to 3.4% as at 30 June 2022. As in previous years, there were no liabilities to banks.

Equity climbed by m€ 4.4 compared to 31 December 2021 to m€ 115.7 as at 30 June 2022 (31 December 2021: m€ 111.3), mainly on account of the net result for the period of m€ 1.3, other comprehensive income of m€ 13.1 and the payment of a dividend of m€ 10.0.

Investments

A total of m€ 2.7 was invested in the first six months of 2022 (previous year: m€ 2.9). The investments primarily concerned tools for new products, machines, streamlining investments for

production plants, software and operating and office equipment. The figures include investment projects from the previous year that had not been completed at our Czech plant, which was not ready for operation until the first half of 2022 due to a lack of electronic components. There were no material disposals of non-current assets in the reporting period.

The investment ratio, which expresses additions to non-current assets in relation to historical procurement and production costs, amounted to 1.4%, excluding right of use assets from leases. On 30 June 2022, the Leifheit Group had contractual obligations to purchase items of non-current assets due within a period of one year and financed through cash and cash equivalents in the amount of m€ 2.5.

Off-balance sheet assets and off-balance sheet financing instruments

In addition to the assets reported in the consolidated balance sheet, Leifheit also used assets that cannot be recorded in the balance sheet to a limited extent. These mainly relate to the recognition exemptions under IFRS 16 for leases of up to 12 months, for leases for low-value assets with a value not exceeding k€ 5 and for licences. As in previous years, no other off-balance-sheet financing instruments were used in the reporting period.

Overall assessment of management in regard to the economic situation

The first six months of financial year 2022 were marked by considerable turmoil in the global economic and security situation. This also had an impact on the Leifheit Group's business development. As a result, turnover in the first half of 2022 was significantly down on the performance in the same period of 2021.

Even under the difficult conditions, we will continue our strategic initiatives in line with our Scaling up Success growth strategy established at the end of 2019 to return the Leifheit Group to a sustainable growth path. In particular, a comparison with the pre-strategy year 2019 shows that the expansion of our marketing activities under the growth strategy is making a lasting contribution to the company's success under normal market conditions. We can see that the Leifheit Group faces enormous challenges in its supply chain, production and logistics operations. The development of inflation and the uncertainty among consumers as a result of the Russia-Ukraine war are also making our customers noticeably more reluctant to buy.

Employees

In the first six months of 2022, the Leifheit Group had an average of 1,098 employees (previous year: 1,118) – there of 927 in the Household segment, 40 in the Wellbeing segment and 131 in the Private Label segment.

Employees by region (average figure)

Locations	1 Jan to 30 Jun 2021	1 Jan to 30 Jun 2022
Germany	413	409
Czech Republic	478	448
France	143	144
Other countries	84	97
	1,118	1,098

In the first half of the year, 37.2% of the Group's employees were located in Germany, 40.8% in the Czech Republic, 13.1% in France and 8.8% in the rest of the world.

By reducing remaining vacation time and credits on working time accounts and by reducing the number of temporary workers that we use to cope with peak order times, we were able to react flexibly to the change in capacity utilization in production and logistics.

Opportunities and risks

The opportunities and risks for the Leifheit Group were described in detail in the combined management report as at 31 December 2021, which we refer to here. In the reporting period, there were no significant changes in the main opportunities and risks for the remaining months of the financial year. The ongoing COVID-19 crisis and the current effects of Russia-Ukraine war have not led to any significant changes in the risk assessment in this regard. Taking into consideration each probability of occurrence and the potential financial effects of the explained risks, as well as in light of the solid balance sheet structure and the current business outlook, the Board of Management does not anticipate any substantial risk to the continuation of the company as a going concern.

Related party transactions

For details on related party transactions, please see the selected explanatory notes.

Forecast

General economic conditions

The market environment is still dominated by an exceptionally high level of uncertainty. The Russia-Ukraine war is having a negative impact on the global economy, affecting growth and causing a huge rise in energy and food prices. Forecasts for general economic conditions have been revised downwards by the leading economic research institutes.

In its summer forecast, the EU Commission predicts record annual average inflation of 7.6% in 2022. This will reduce the purchasing power of private households, leading to significant consumer restraint in our target markets. As a result, the consumer barometer of the German retail federation Handelsverband Deutschland (HDE) from July 2022 makes it clear that consumer sentiment in Germany is unlikely to improve over the coming months.

The risks associated with the current economic and inflation forecasts are largely dependent on the development of the war and, in particular, its impact on gas supplies to Europe. A further increase in gas prices could push inflation up further and put the brakes on growth. At the same time, a resurgence of the pandemic could lead to renewed economic disruption.

Turnover and earnings forecast for the current financial year

The Leifheit Group looks back on a first half of 2022 that was negatively affected by high material, freight and energy costs. There is currently no end in sight to the wave of price hikes. This creates a challenging environment for us in the current financial year, which we will continue to counter with strict cost and resource management. In light of the ongoing bottlenecks in procurement markets and the impending gas shortage, we are working proactively to safeguard our production and delivery capacity. Sales price increases will gradually take effect in the second half of the year, but will only partially be able to compensate for rising costs on the procurement side. At the same time, consumer caution is all too obvious.

Based on the business results for the first half of 2022 and the current economic environment, the Board of Management revised its expectations for the full year on 14 July 2022.

For financial year 2022, we now expect a sharp, but probably still single-digit percentage decrease in turnover compared to the previous year's strong figure (2021: m€ 288.3). We had previously anticipated only a slight decline in Group turnover. Despite the difficult market situation, we expect turnover in our core markets to remain high. The expansion of marketing activities as part of our Scaling up Success strategy, launched at the end of 2019, is making a lasting contribution to the company's success, particularly when compared to the pre-coronavirus year of 2019.

In the Household segment, we expect turnover to decline by an upper single-digit percentage year-on-year. Turnover in the much smaller Wellbeing segment is likely to see a significant double-digit-percentage drop. In the Private Label segment, on the other hand, we continue to expect only a slight decline in turnover on the previous year. Previously, we had expected turnover to decline slightly in all three segments for the full year 2022.

After previously expecting earnings before interest and income taxes to be well below the previous year's figure (2021: m€ 20.1), the Board of Management now assumes that EBIT for financial year 2022 will be in the lower single-digit million range. Based on the above estimates, we expect free cash flow to be below the previous year's figure. We will continue to follow our fundamentally conservative financial policy in the current financial year.

Further information can be found in the recently published annual report of the Leifheit Group for financial year 2021, which is available on the website at financial-reports.leifheit-group.com.

Legal information

The legal information was described in detail in the combined management report as at 31 December 2021.

Unaudited condensed interim consolidated financial statements as at 30 June

Statement of comprehensive income

k€	1 Apr to 30 Jun 2021	1 Apr to 30 Jun 2022	1 Jan to 30 Jun 2021	1 Jan to 30 Jun 2022
Turnover ¹	69,830	64,458	155,794	136,273
Cost of turnover	-40,364	-41,267	-87,649	-83,720
Gross profit¹	29,466	23,191	68,145	52,553
Research and development costs	-1,484	-1,483	-2,865	-3,148
Distribution costs ¹	-18,668	-18,716	-43,618	-41,529
Administrative costs	-4,828	-4,157	-9,377	-7,466
Other operating income	662	278	1,005	597
Other operating expenses	-64	-53	-184	-279
Foreign currency result	217	421	531	1,414
EBIT	5,301	-519	13,637	2,142
Interest income	2	16	9	21
Interest expenses	-199	-231	-390	-445
EBT	5,104	-734	13,256	1,718
Income taxes	-1,375	168	-3,741	-439
Net result for the period	3,729	-566	9,515	1,279
Contributions that are not reclassified in future periods in the statement of profit or loss				
Actuarial gains/losses on defined benefit pension plans	281	10,851	3,666	17,609
Income taxes from actuarial gains/losses on defined benefit pension plans	-82	-3,179	-1,074	-5,159
Contributions that may be reclassified in future periods in the statement of profit or loss				
Currency translation of foreign operations	306	-88	436	236
Currency translation of net investments in foreign operations	393	-351	451	-40
Income taxes from currency translation of net investments in foreign operations	-115	102	-132	11
Net result of cash flow hedges	201	269	1,385	567
Income taxes from cash flow hedges	-58	-65	-400	-147
Other comprehensive income	926	7,539	4,332	13,077
Comprehensive income after taxes	4,655	6,973	13,847	14,356
Earnings per share based on net result for the period (diluted and undiluted)	€ 0.39	€ -0.06	€ 1.00	€ 0.13

¹ 2021 adjusted due to year-end effects.

Balance sheet

k€	31 Dec 2021	30 Jun 2022
Current assets		
Cash and cash equivalents	38,090	17,353
Trade receivables	52,732	54,176
Inventories	70,140	73,270
Income tax receivables	293	281
Contractual assets	1,346	1,102
Derivative financial instruments	3,529	3,945
Other current assets	5,347	1,688
Total current assets	171,477	151,815
Non-current assets		
Intangible assets	18,312	18,095
Tangible assets	38,746	38,240
Right of use assets from leases	1,720	1,417
Deferred tax assets	8,267	3,678
Derivative financial instruments	113	402
Other non-current assets	154	88
Total non-current assets	67,312	61,920
Total assets	238,789	213,735
Current liabilities		
Trade payables and other liabilities	50,670	40,954
Income tax liabilities	593	762
Other provisions	6,544	6,278
Derivative financial instruments	10	–
Lease liabilities	568	438
Total current liabilities	58,385	48,432
Non-current liabilities		
Provisions for pensions and similar obligations	62,852	44,647
Other provisions	3,619	2,467
Deferred tax liabilities	1,403	1,474
Lease liabilities	1,192	1,012
Total non-current liabilities	69,066	49,600
Equity		
Subscribed capital	30,000	30,000
Capital surplus	17,164	17,164
Treasury shares	–7,350	–7,350
Retained earnings	82,259	73,547
Other reserves	–10,735	2,342
Total equity	111,338	115,703
Total equity and liabilities	238,789	213,735

Statement of changes in equity

k€	Subscribed capital	Capital surplus	Treasury shares	Retained earnings	Other reserves	Total
As at 1 Jan 2021	30,000	17,026	-7,445	78,072	-17,227	100,426
Change in treasury shares	-	64	57	-	-	121
Dividends	-	-	-	-9,988	-	-9,988
Comprehensive income after taxes	-	-	-	9,515	4,332	13,847
of which net result for the period	-	-	-	9,515	-	9,515
of which actuarial gains/losses on defined benefit pension plans	-	-	-	-	2,592	2,592
of which currency translation of foreign operations	-	-	-	-	436	436
of which currency translation of net investments in foreign operations	-	-	-	-	319	319
of which from cash flow hedges	-	-	-	-	985	985
As at 30 Jun 2021	30,000	17,090	-7,388	77,598	-12,895	104,405
As at 1 Jan 2022	30,000	17,164	-7,350	82,259	-10,735	111,338
Dividends	-	-	-	-9,991	-	-9,991
Comprehensive income after taxes	-	-	-	1,279	13,077	14,356
of which net result for the period	-	-	-	1,279	-	1,279
of which actuarial gains/losses on defined benefit pension plans	-	-	-	-	12,450	12,450
of which currency translation of foreign operations	-	-	-	-	236	236
of which currency translation of net investments in foreign operations	-	-	-	-	-29	-29
of which from cash flow hedges	-	-	-	-	420	420
As at 30 Jun 2022	30,000	17,164	-7,350	73,547	2,342	115,703

Statement of cash flow

k€	1 Jan to 30 Jun 2021	1 Jan to 30 Jun 2022
Net result for the period	9,515	1,279
Depreciation and amortisation	3,903	3,731
Change in provisions	-886	-2,020
Result from disposal of fixed assets and other non-current assets	-37	-10
Change in inventories, trade receivables and other assets not classified as investment or financing activities	-2,419	157
Change in trade payables and other liabilities not classified as investment or financing activities	3,244	-10,278
Other non-cash expenses and income	-142	-784
Cash flow from operating activities	13,178	-7,925
Investments from the sale of tangible assets and other non-current assets	190	97
Payments for the purchase of tangible and intangible assets	-2,934	-2,658
Cash flow from investment activities	-2,744	-2,561
Change in treasury shares	121	-
Payments for lease liabilities	-389	-341
Dividends paid to the shareholders of the parent company	-9,988	-9,991
Cash flow from financing activities	-10,257	-10,332
Change in cash and cash equivalents	177	-20,818
Change in cash and cash equivalents due to exchange rates	-37	81
Cash and cash equivalents at the start of the reporting period	38,825	38,090
Cash and cash equivalents at the end of the reporting period	38,965	17,353
Income taxes paid ¹	-5,317	-2,327
Income taxes received ¹	118	1,273
Interest paid ^{1,2}	-53	-26
Interest received ¹	18	21

¹ Included in cash flow from operating activities.

² Mainly from safekeeping fees for credit balances at banks.

Selected explanatory notes

General information

Leifheit AG is a publicly listed corporation with its registered office in Nassau/Lahn, Germany. These condensed interim consolidated financial statements of Leifheit AG and its subsidiaries relate to the period from 1 January 2022 to 30 June 2022.

The interim consolidated financial statements were prepared by the Board of Management of Leifheit AG and approved for publication by the CFO on 8 August 2022.

Reporting principles

These condensed interim consolidated financial statements have been prepared for interim reporting purposes according to section 115 para. 3 of the German securities trading act (WpHG) and in line with International Financial Reporting Standards (IFRS), in particular IAS 34 and the related interpretations of the International Accounting Standards Board (IASB) as applicable in the European Union. These financial statements, forming part of the interim financial report, therefore do not contain all of the information and notes to be included in consolidated financial statements prepared at the end of a financial year in accordance with IFRS, and therefore must be read in conjunction with the consolidated financial statements as at 31 December 2021.

These condensed interim consolidated financial statements and the interim management report have been neither audited nor subjected to review by an auditor. In the view of the Board of Management, the financial statements include all necessary adjustments to ensure that they provide an accurate depiction of the actual results of operations on an interim basis. No conclusions as to future results can necessarily be drawn on the basis of the results for the operating period ended on 30 June 2021.

The Board of Management is required, in the context of the preparation of interim consolidated financial statements in line with IAS 34, to make assessments and estimates and also to adopt assumptions which could affect the application of accounting principles within the Group and the reporting of assets and liabilities or income and expenses. The actual amounts of such items may diverge from these estimates.

In the interim consolidated financial statements, income taxes are recognised on the basis of the best estimate of the income tax rate expected for the entire financial year.

Any significant cyclical and seasonal factors are described in the "Business performance" section.

Segment reporting

Key figures by reporting segments as at 30 June 2022		Household	Wellbeing	Private Label	Total
Turnover	m€	113.4	8.3	14.6	136.3
Gross profit	m€	46.1	3.6	2.9	52.6
Segment result (EBIT)	m€	2.4	-0.5	0.2	2.1
Employees on annual average	People	927	40	131	1,098

Key figures by reporting segments as at 30 June 2021		Household	Wellbeing	Private Label	Total
Turnover ¹	m€	125.9	13.8	16.1	155.8
Gross profit ¹	m€	58.6	5.9	3.6	68.1
Segment result (EBIT)	m€	11.6	1.0	1.0	13.6
Employees on annual average	People	948	41	129	1,118

¹ Adjusted due to year-end effects.

Information on the segments and their management is available in the annual report 2021.

The accounting and valuation methods applied in the condensed interim consolidated financial statements are, with the exception of those accounting standards to be applied for the first time (which had no material effect on the interim consolidated financial statements), in line with those applied in the most recent consolidated financial statements as at the end of the financial year. A detailed description of the accounting principles is published in the notes to the consolidated financial statements included in the annual report 2021. The standards and interpretations published by the IASB, the application of which is not compulsory for financial year 2022, have not been applied.

Scope of consolidation

There were no changes in the scope of consolidation or major changes in the organisational structure or business model in the reporting period.

Notes to the balance sheet and the statement of comprehensive income

Notes on the major changes to items in the balance sheet and the statement of comprehensive income as compared with the figures for the previous year, as well as developments in the reporting period, are presented in the interim management report.

Turnover

Turnover by region in m€	1 Jan to 30 Jun 2022			
	Household	Wellbeing	Private Label	Total
Germany	56.4	3.7	–	60.1
Central Europe ¹	37.4	4.0	14.3	55.7
Eastern Europe	15.8	0.3	0.3	16.4
Rest of the World	3.8	0.3	–	4.1
	113.4	8.3	14.6	136.3

¹ Excluding Germany.

Turnover by region in m€ ¹	1 Jan to 30 Jun 2021			
	Household	Wellbeing	Private Label	Total
Germany	65.5	7.2	–	72.7
Central Europe ²	39.4	5.6	15.6	60.6
Eastern Europe	17.3	0.5	0.5	18.3
Rest of the World	3.7	0.5	–	4.2
	125.9	13.8	16.1	155.8

¹ Adjusted due to year-end effects.

² Excluding Germany.

Turnover at the Leifheit Group resulted almost exclusively from the sale of household goods. It is presented for each geographic region, as well as for each product category. The location of the customer's registered offices is decisive for the regional attribution of the turnover.

Subscribed capital

The subscribed capital of Leifheit AG in the amount of k€ 30,000 (previous year: k€ 30,000) is denominated in euros and is divided into 10,000,000 no-par-value bearer shares. This corresponds to a theoretical value per no-par-value bearer share of € 3.00. All shares accord the same rights. Shareholders receive dividends as resolved and have one vote for each share at the Annual General Meeting.

The no-par-value bearer shares are deposited in a permanent global certificate at Clearstream Banking AG, Frankfurt/Main, Germany.

The Annual General Meeting of Leifheit AG on 25 May 2022 authorised the Board of Management to increase the share capital on one or more occasions by a total of up to k€ 6,000 until 24 May 2027 by issuing up to 2,000,000 new no-par-value bearer shares – also excluding subscription rights – in exchange for cash and/or non-cash contributions with the approval of the Supervisory Board. The full text of the resolution can be found in Item 8 of the invitation to the Annual General Meeting, which was published in the Federal Gazette (Bundesanzeiger) on 11 April 2022.

Turnover by product categories in m€	1 Jan to 30 Jun 2022			
	Household	Wellbeing	Private Label	Total
Cleaning	51.4	–	–	51.4
Laundry care	54.3	–	5.1	59.4
Kitchen goods	7.7	–	9.5	17.2
Wellbeing	–	8.3	–	8.3
	113.4	8.3	14.6	136.3

Turnover by product categories in m€ ¹	1 Jan to 30 Jun 2021			
	Household	Wellbeing	Private Label	Total
Cleaning	60.2	–	–	60.2
Laundry care	55.1	–	4.9	60.0
Kitchen goods	10.6	–	11.2	21.8
Wellbeing	–	13.8	–	13.8
	125.9	13.8	16.1	155.8

¹ Adjusted due to year-end effects.

Treasury shares

No treasury shares were acquired or used in the reporting period. In the previous-year period, Leifheit used 3,752 treasury shares (0.04% of the share capital) to issue employee shares. The corresponding interest in the share capital was k€ 11.

Including the treasury shares acquired and issued in previous years, Leifheit held 484,697 treasury shares on 30 June 2022. This corresponds to 4.85% of the share capital. The corresponding interest in the share capital was k€ 1,454, for which an amount of k€ 7,350 was expended.

There are no subscription rights for members of Group organs and employees in accordance with section 160 para. 1 no. 5 AktG (German stock corporation act).

Dividend paid

Resolution of the Annual General Meeting on	2 Jun 2021	25 May 2022
Dividend per no-par-value bearer share	€ 1.05	€ 1.05
Balance sheet profit	k€ 12,400	k€ 10,000
Distribution of dividends	k€ 9,988	k€ 9,991
Retained earnings	k€ 2,412	k€ 9

Commitments

Group companies did not enter into any commitments, as in the previous year.

Financial instruments

A detailed overview of other financial instruments, financial risk factors and the management of financial risks is provided under note 34 of the annual report for 2021. No material changes in the financial risk profile have occurred since 31 December 2021.

Cash flow hedges

Derivative financial instruments include forward exchange transactions, measured at fair value, for buying and selling US dollars, Czech koruna and Chinese yuan for financial years 2022 to 2023.

The following obligations from forward exchange transactions were recorded on the balance sheet as at 30 June 2022:

	Value of liability	Foreign currency
Buy USD/€	k€ 14,830	kUSD 17,479
of which hedge accounting	k€ 14,830	kUSD 17,479
Buy CNH/€	k€ 32,146	kCNH 246,858
of which hedge accounting	k€ 32,146	kCNH 246,858
Buy CZK/€	k€ 4,275	kCZK 110,000
of which hedge accounting	–	–

The maturities of foreign exchange transactions were as follows:

	Within 12 months	More than 1 year
Buy USD/€	mUSD 13.0	mUSD 4.5
Buy CNH/€	mCNH 218.3	mCNH 28.5
Buy CZK/€	mCZK 110.0	–

Financial assets and liabilities

Short-term revolving lines of credit in the amount of k€ 25,155 were available as at 30 June 2022 (31 December 2021: k€ 25,155). As at the balance sheet date, k€ 370 (31 December 2021: k€ 376) had been utilised in the form of guarantees. Unused lines of credit amounted to k€ 24,780 (31 December 2021: k€ 24,771).

The book values of the derivative financial assets and financial liabilities correspond to their fair values. The other book values all correspond to amortised cost.

Assets in the form of forward foreign currency transactions in the amount of k€ 4,347 (31 December 2021: k€ 3,642) and liabilities in the form of forward exchange transactions in the amount of k€ 0 (31 December 2021: k€ 10) were measured at fair value on the balance sheet as at 30 June 2022. The fair value is calculated on the basis of quoted forward rates as at the reporting date and net present value calculations based on yield curves with high credit ratings in the corresponding currencies and therefore on the basis of observable market input parameters (level 2). There was no reclassification among the levels in the reporting period.

For current assets and liabilities, the book value is always assumed to be a reasonable approximation of the fair value. The fair values of financial assets and liabilities are calculated on the basis of observable market input parameters (level 2). There was no reclassification among the levels in the reporting period.

The following table shows the book values of financial assets and financial liabilities according to IFRS 9. The book values correspond to fair values, which were all allocated to level 2 of the fair value hierarchy.

k€	Fair value through profit or loss	Hedging instrument held for hedge accounting	At amortised cost	30 Jun 2022
Financial assets measured at fair value				
Cash and cash equivalents	-	-	-	-
Embedded derivatives from purchase contracts	96	-	-	96
Forward foreign exchange transactions (designated as hedging transactions)	-	4,251	-	4,251
Forward foreign exchange transactions (not designated as hedging transactions)	-	-	-	-
Financial assets not measured at fair value				
Trade receivables and other receivables	-	-	54,542	54,542
Cash and cash equivalents	-	-	17,352	17,352
Financial liabilities measured at fair value				
Embedded derivatives from purchase contracts	-	-	-	-
Forward foreign exchange transactions (designated as hedging transactions)	-	-	-	-
Forward foreign exchange transactions (not designated as hedging transactions)	-	-	-	-
Financial assets not measured at fair value				
Trade payables and other liabilities	-	-	31,149	31,149

k€	Fair value through profit or loss	Hedging instrument held for hedge accounting	At amortised cost	31 Dec 2021
Financial assets measured at fair value				
Cash and cash equivalents	-	-	-	-
Embedded derivatives from purchase contracts	188	-	-	188
Forward foreign exchange transactions (designated as hedging transactions)	-	3,454	-	3,454
Forward foreign exchange transactions (not designated as hedging transactions)	-	-	-	-
Financial assets not measured at fair value				
Trade receivables and other receivables	-	-	54,259	54,259
Cash and cash equivalents	-	-	38,090	38,090
Financial liabilities measured at fair value				
Embedded derivatives from purchase contracts	10	-	-	10
Forward foreign exchange transactions (designated as hedging transactions)	-	-	-	-
Forward foreign exchange transactions (not designated as hedging transactions)	-	-	-	-
Financial assets not measured at fair value				
Trade payables and other liabilities	-	-	42,017	42,017

Other financial liabilities

As at 30 June 2022, there were obligations arising out of contracts without cancellation options, e.g. maintenance, service and insurance agreements, in the amount of k€ 2,227 (31 December 2021: k€ 3,783). The future minimum payments on the basis of these contracts without a cancellation option amount to k€ 1,445 up to a term of one year (31 December 2021: k€ 2,890), k€ 778 between one and five years (31 December 2021: k€ 889) and k€ 4 for more than five years (31 December 2021: k€ 4).

As at 30 June 2022, purchase commitments for aluminium and zinc contracts totalled k€ 621 (31 December 2021: k€ 1,354).

There were contractual obligations regarding the acquisition of items of non-current assets in the amount of k€ 2,476 (31 December 2021: k€ 2,818), relating to facilities and tools in particular. In addition, there were obligations from contracts for marketing measures amounting to k€ 2,058 (31 December 2021: k€ 8,253) and from other contracts amounting to k€ 1,874 (31 December 2021: k€ 1,370).

In accordance with IFRS 16, the Group recognises rights of use and lease liabilities for most leases and rental agreements. Recognition exemptions permitted under IFRS 16 have been applied for the remaining rental agreements, such as office equipment and software licences, which are presented here as leases.

Lease payments are renegotiated at regular intervals in order to reflect standard market terms. The terms are always less than five years. No sub-leases exist. As at 30 June 2022, these future minimum rental payments from rental and lease agreements without cancellation options amounted to k€ 585 (31 December 2021: k€ 884), of which k€ 252 within one year (31 December 2021: k€ 503) and k€ 333 between one and five years (31 December 2021: k€ 381).

Impairment testing of intangible assets

Due to the anticipated increase in discount rates and the consequences of the Russia-Ukraine war, which indirectly affect the Group, an unscheduled impairment test of the assets at the level of the cash-generating units was carried out in accordance with IAS 36 as at 30 June 2022.

Assumptions were made for future trends in turnover and costs on the basis of a one-year budget and were compared to external information. In particular, price increases in energy and raw materials, demand-side effects and supply chain problems were assessed and taken into account.

In the Soehnle and Herby CGU, safety discounts were applied due to past planning errors.

As at 30 June 2022, the calculated recoverable amounts of the Leifheit, Birambeau and Herby CGU exceeded the respective book values. The impairment test did not indicate any need for impairment losses to be recognised for these CGU. In the case of the Soehnle CGU, the asset's fair value in use fell below the book value by m€ 3.3. However, no impairment was recognised, as the fair value less costs to sell exceeded the book value in line with the assumptions. The fair value less cost of disposal of the brand rights also equalled the book value of m€ 4.8. The fair value less cost of disposal was based on a license price analogy procedure (level 3 assessment). This is based on an assumed licence rate of 0.7% and the associated future turnover expectations. The turnover projection showed a reduction in turnover of 23% for financial year 2022, growth of 8% for 2023 and growth of 5% for the years 2024 and 2025. A sustained failure to achieve the turnover target or an increase in the interest rate would directly lead to further impairment of the brand right. For the other assets within the scope of IAS 36, it was assumed that the book value was a reliable approximation of the asset's fair value.

CGU	Assumptions to determine the value in use			
	Leifheit	Soehnle	Birambeau	Herby
Projected turnover 2022	- 8%	- 23%	- 3%	+ 12%
Projected turnover 2023	+ 8%	+ 8%	+ 14%	+ 0%
Projected turnover 2024	+ 8%	+ 5%	+ 6%	+ 9%
Projected turnover 2025	+ 8%	+ 5%	at growth rate level	at growth rate level
Projected earnings 2022	decreasing	decreasing	decreasing	decreasing
Projected earnings 2023	increasing	increasing	increasing	increasing
Projected earnings 2024	increasing	increasing	increasing	increasing
Projected earnings 2025	increasing	increasing	at growth rate level	at growth rate level
Projected gross margin 2022	decreasing	decreasing	decreasing	decreasing
Projected turnover subsequent years	at growth rate level	at growth rate level	at growth rate level	at growth rate level
Projected earnings subsequent years	at growth rate level	at growth rate level	at growth rate level	at growth rate level

CGU	30 Jun 2022			
	Leifheit	Soehnle	Birambeau	Herby
Discount rate after tax	6.73%	7.13%	7.19%	7.19%
Risk-free interest rate	1.25%	1.25%	1.25%	1.25%
Market risk premium	8.00%	8.00%	8.00%	8.00%
Country risk premium	0.0%	0.0%	0.4%	0.4%
Borrowing costs	5.18%	5.18%	5.58%	5.58%
Tax rate	29.3%	29.3%	25.0%	25.0%
Growth rate	0.5%	0.5%	0.5%	0.5%
Cost of capital before taxes	9.17%	9.46%	9.14%	9.27%

At the Leifheit CGU, failure to achieve planned turnover from approx. 3.0% or a rise in interest rates from approx. 1.4 percentage points would result in a need for impairment losses to be recognised.

At the Birambeau CGU, failure to achieve planned turnover from approx. 3.8% or a rise in interest rates from approx. 0.72 percentage points would result in a need for impairment losses to be recognised.

At the Herby CGU, a sustained shortfall in turnover or an increase in interest rates would result in a need for impairment losses to be recognised.

The parameters as at 31 December 2021 were as follows:

CGU	31 Dec 2021			
	Leifheit	Soehnle	Birambeau	Herby
Discount rate after tax	6.59%	6.82%	7.06%	7.06%
Risk-free interest rate	0.1%	0.1%	0.1%	0.1%
Market risk premium	7.75%	7.75%	7.75%	7.75%
Country risk premium	0.0%	0.0%	0.4%	0.4%
Borrowing costs	2.8%	2.8%	3.2%	3.2%
Tax rate	29.3%	29.3%	25.0%	25.0%
Growth rate	0.5%	0.5%	0.5%	0.5%
Cost of capital before taxes	9.01%	9.23%	9.06%	9.14%

Personnel changes in Leifheit AG organs

The reporting period saw no personnel changes in Leifheit AG organs.

Related party transactions

A managing director of the Czech subsidiary Leifheit CZ a.s. is also the managing director of a Czech customer. In the reporting period, turnover of k€ 278 was generated with this customer at an arm's length margin of 22% (previous year: k€ 232 turnover at a margin of 26%). Furthermore, the customer provided shared services for the subsidiary at arm's length terms and conditions in the amount of k€ 326 (previous year: k€ 296). Leifheit CZ a.s. provided services amounting to k€ 4 (previous year: k€ 5) for the customer.

There were no further relationships or transactions with related companies or persons outside the Group in the reporting period.

Remuneration of the Board of Management and the Supervisory Board

During the reporting period, a modified remuneration system for the Board of Management was approved by the Annual General Meeting on 25 May 2022. The full text of the resolution can be found in Item 7 of the invitation to the Annual General Meeting, which was published in the Federal Gazette (Bundesanzeiger) on 11 April 2022.

Disclosures on Board of Management remuneration according to IAS 24/IFRS 2:

A liability in the amount of k€ 528 was recognised under non-current provisions as at 30 June 2022 as part of the share-based LTI plan for Board of Management members (31 December 2021: k€ 1,366). Income of k€ 838 was recognised for the period from 1 January to 30 June 2022.

The following parameters were taken into account as part of the measurement as at 30 June 2022:

	2019 tranche	2020 tranche	2021 tranche	2022 tranche	2023 tranche	2024 tranche	2025 tranche
Time of measurement	30 Jun 2022	30 Jun 2022	30 Jun 2022	30 Jun 2022	30 Jun 2022	30 Jun 2022	30 Jun 2022
Remaining term (in years)	0.5	1.5	2.5	3.5	4.5	5.5	6.5
Volatility	24.09%	27.81%	32.97%	33.76%	34.91%	33.81%	31.91%
Risk-free interest rate	0.39%	0.63%	0.82%	0.85%	1.06%	1.07%	1.12%
Expected dividend yield	4.21%	4.21%	4.21%	4.21%	4.21%	4.21%	4.21%
Exercise price	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
Price of the Leifheit share as at the time of measurement	€ 19.80	€ 19.80	€ 19.80	€ 19.80	€ 19.80	€ 19.80	€ 19.80

As at 31 December 2021, they were as follows:

	2019 tranche	2020 tranche	2021 tranche	2022 tranche	2023 tranche	2024 tranche
Time of measurement	31 Dec 2021	31 Dec 2021	31 Dec 2021	31 Dec 2021	31 Dec 2021	31 Dec 2021
Remaining term (in years)	1.00	2.00	3.00	4.00	5.00	6.00
Volatility	26.54%	32.65%	33.82%	35.19%	33.93%	31.83%
Risk-free interest rate	- 0.67 %	- 0.64 %	- 0.66 %	- 0.55 %	- 0.46 %	- 0.42 %
Expected dividend yield	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%
Exercise price	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
Price of the Leifheit share as at the time of measurement	€ 36.80	€ 36.80	€ 36.80	€ 36.80	€ 36.80	€ 36.80

Material events after the period covered in the interim financial report

Material events after the completion of the report are detailed in the interim management report. No material events are known at the present time.

Nassau/Lahn, August 2022

Leifheit Aktiengesellschaft

The Board of Management

Henner Rinsche

Igor Iraeta Munduate

Marco Keul

Responsibility statement

The Board of Management declares that, to the best of its knowledge and in accordance with the applicable reporting principles for half-year reporting, the consolidated half-year financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and that the interim consolidated management report presents a true and fair view of the business, business result and situation of the Group, together with the principal opportunities and risks associated with the expected development of the Group for the remaining course of the financial year.

Nassau/Lahn, August 2022

Leifheit Aktiengesellschaft

The Board of Management

Henner Rinsche

Igor Iraeta Munduate

Marco Keul

Disclaimer

Forward-looking statements

This financial report for the first half-year contains forward-looking statements which are based on the management's current estimates with regard to future developments. Such statements are subject to risks and uncertainties which are beyond Leifheit's ability to control or estimate precisely, such as statements on the future market environment and economic conditions, the behaviour of other market participants and government measures. If one of these uncertain or unforeseeable factors occurs, or if the assumptions on which these statements are based prove inaccurate, actual results could differ materially from the results cited explicitly or contained implicitly in these statements. Leifheit neither intends to, nor does it accept any specific obligation to, update forward-looking statements to reflect events or developments after the date of this report.

Discrepancies due to technical factors

Technical factors (e.g. conversion of electronic formats) may lead to discrepancies between the financial statements contained in this financial report for the first half-year and those submitted to the Federal Gazette (Bundesanzeiger). In this case, the version submitted to the Federal Gazette is binding.

In the event of any discrepancies between this English translation of the report and the German version, the German version shall take precedence.

Note on rounding

Minor differences may occur when using rounded amounts and percentages due to commercial rounding.

Financial calendar

20 Sep 2022	Berenberg and Goldman Sachs Eleventh German Corporate Conference, Munich
8 Nov 2022	Quarterly statement for the period ending 30 September 2022
8 Nov 2022	Investor conference call

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