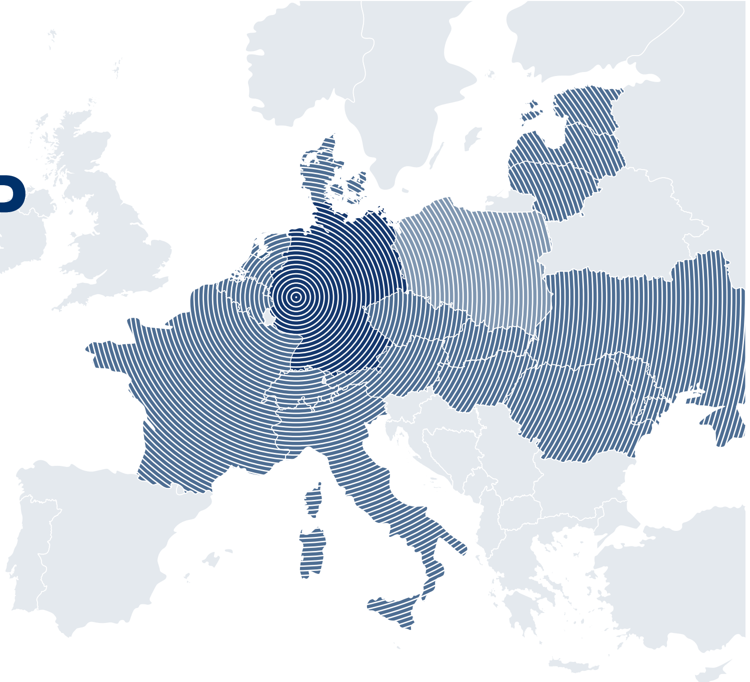
SCALING UP SUCCESS



Annual report

2021

Key figurs of the Group

		2020	2021	Change
Turnover				
Group	m€	271.6	288.3	6.2%
Household	m€	213.1	230.8	8.3%
Wellbeing	m€	26.5	25.5	−3.7%
Private Label	m€	32.0	32.0	0.1%
Profitability				
Gross margin	%	45.0	42.3	−2.7 pps
Cash flow from operating activities	m€	4.0	16.4	>100.0%
Free cash flow	m€	−5.5	9.6	>100.0%
Foreign currency result	m€	−0.9	1.2	>100.0%
EBIT	m€	18.8	20.1	6.9%
EBIT margin	%	6.9	7.0	0.1 pps
Earnings before taxes (EBT)	m€	17.7	19.3	9.0%
Net result for the period	m€	12.5	14.2	13.2%
Return on sales	%	4.6	4.9	0.3 pps
Return on equity	%	12.5	12.7	0.2 pps
Return on total capital	%	5.4	5.9	0.5 pps
ROCE	%	14.1	13.8	−0.3 pps
Share				
Net result for the period per share[1]	€	1.32	1.49	12.9%
Free cash flow per share[1]	€	−0.57	1.00	>100.0%
Dividend per share	€	1.05	1.05[2]	–
Employees at the end of the year	People	1,098	1,080	−1.6%
Investments	m€	9.6	7.3	−24.5%
Depreciation and amortisation	m€	8.5	7.8	−8.3%
Balance sheet total	m€	230.0	238.8	3.8%
Equity	m€	100.4	111.3	10.9%
Equity ratio	%	43.7	46.6	2.9 pps

[1] Not including repurchased treasury shares.
[2] Dividend proposal.

Content

Our mission

We make your everyday life at home more easy and convenient.

4F Winning Culture

LEIFHEIT

Further developing our corporate culture into a “Winning Culture” is a key success factor in our Scaling up Success strategy. Our goal is to foster an agile culture that is fun, fast, friendly and fearless. Our vision is for our employees to tackle the challenges they face with a sense of fun and joy, and with speed and confidence. This will help us tap into the full potential of the Leifheit Group even better in the future.

Fun

Generate positive energy. Make a joke, smile, laugh. Don’t take yourself too seriously. Be optimistic. Visualise your goal. Concentrate more on opportunities than on issues. Find commonalities within the team and create a sense of cohesion. Be proactive and show initiative. Celebrate successes.

Fast

Time is our biggest bottleneck: focus on the essentials, not just on what seems to be most urgent. Bias for action. Focus on the future and the big picture. Don’t look for perfection. Test and scale up fast. Be laser-focused on the business. Don’t play politics.

Friendly

Be tough on the facts, but respectful and appreciative to people. Try to understand first, then be understood. Forget your ego. View things from the other person’s perspective. Give praise and be open to feedback. Don’t point fingers or engage in destructive criticism. Don’t bad-mouth others. Be friendly. Never raise your voice.

Fearless

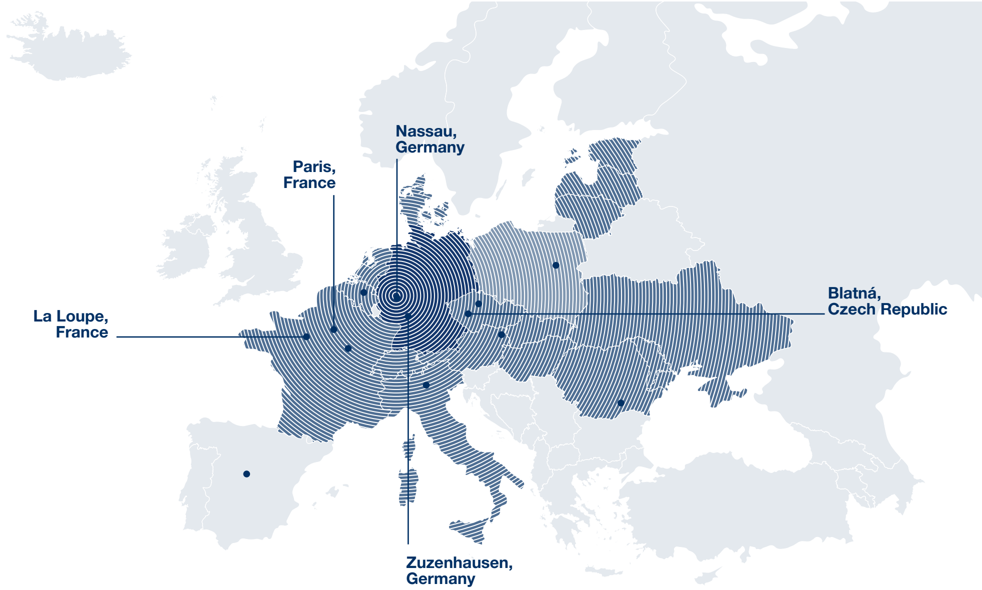
Don’t be afraid of bosses or committees. Take calculated risks. Take decisions based on facts and figures. Mistakes are okay – celebrate them. Leave your comfort zone and try out new things. Set big, inspiring goals for yourself. Stay hungry and always keep working to improve yourself and the company. The most important leadership quality for successful managers: create a fear-free organisation.

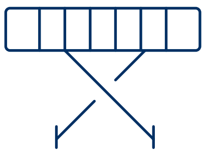
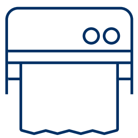
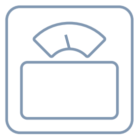
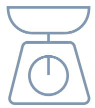
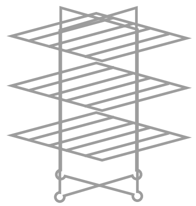
Group profile

For over 60 years, we have been one of the leading suppliers of household items in Europe. Through our innovative solutions, we are constantly helping to make everyday life at home more easy and convenient. Under the well-known Leifheit and Soehnle brands, we offer high-quality products with great practical utility and functional design.
With our French subsidiaries Birambeau and Herby, we maintain a market presence in the service-oriented Private Label segment through a selected product range that is primarily sold under private-label brands.

Our innovative strength and our core areas of expertise in the product categories of cleaning, laundry care, kitchen goods and wellbeing form the basis for successful business activities in each and every segment.

Locations



Household			Wellbeing		Private Label	
LEIFHEIT			SOEHNLE		BIRAMBEAU herby	
 Cleaning	 Laundry care	 Kitchen goods	 Bathroom scales	 Kitchen scales	 Kitchen goods	 Laundry drying rack

Investment highlights

Excellent product quality

Innovative products with great utility and functional design; cleaning, laundry care, kitchen goods and wellbeing categories

Strong brands Leifheit and Soehnle

High awareness and consumer confidence

Financial structure

Efficient cost structure and solid financial position

Shareholder-oriented dividend policy

Distribution of around 75% of free cash flow or net result for the period

Strong brands – excellent products

(selection)

LEIFHEIT

SOEHNLE

The Board of Management

Henner Rinsche

Chairman of the Board of Management, CEO

Henner Rinsche has been Chairman of the Board of Management and Chief Executive Officer (CEO) of Leifheit AG since 1 June 2019. He is responsible for Marketing, Sales, Human Resources and Legal/IP, as well as for the Private Label business of Birambeau and Herby.

Igor Iraeta Munduate

Member of the Board of Management, COO

Igor Iraeta Munduate has been a member of the Board of Management of Leifheit AG since 1 November 2018. As Chief Operations Officer (COO), he is responsible for Procurement, Production, Logistics, Development and Quality Management.

Marco Keul

Member of the Board of Management, CFO

Marco Keul has been a member of the Board of Management of Leifheit AG since 1 May 2021. As Chief Financial Officer (CFO), he is responsible for the Finance, Controlling, Business Processes/IT and Internal Sales.

Dear Ladies and Gentlemen, Dear Shareholders,

In financial year 2021, the Leifheit Group built on the extraordinarily good business development from the previous year. We were able to systematically implement our Scaling up Success growth strategy with sustained impetus, which made a significant contribution to our success. This is also reflected in the figures for the last two financial years. In 2020, Group turnover grew by 16% year-on-year, while earnings nearly doubled. In financial year 2021, the Group increased turnover by 6.2% to m€ 288.3 in spite of the challenges posed by the COVID-19 pandemic. Although restrictions were in place due to the pandemic, we made a very productive start to the financial year, reporting year-on-year growth of around 20% and a marked improvement in earnings in the first six months. The second half of the year saw growing tension in raw material markets and supply chain disruption affected business.

> "In financial year 2021, the Leifheit Group built on the extraordinarily good business development from the previous year."

The Leifheit Group posted full-year earnings before interest and taxes (EBIT) amounting to m€ 20.1 for 2021 in a challenging market environment, meaning operating earnings were m€ 1.3 above the previous year's figure. The contribution margins of the increased turnover and the increase in the foreign currency result played a decisive role in this outcome. However, disruptions to the global supply chain, major increases in procurement prices – especially for raw materials, freight and energy – and negative currency effects had an impact on costs, resulting in the gross margin declining by 2.7 percentage points to 42.3%.

Nevertheless, the Leifheit Group continued its strong upward trend in terms of turnover and EBIT in financial year 2021. This was primarily due to the initiatives that form the Scaling up Success growth strategy. We are particularly pleased about maintaining considerable momentum in our home market of Germany, the largest and most important market for the Leifheit Group, increasing turnover by 12.7% to m€ 126.4. We also generated significant turnover growth in nearly all other relevant sales regions.

As part of our growth strategy at the Leifheit Group, we focused on creating the conditions for sustainable growth in turnover and improvements in profitability in financial year 2021. We are continually optimising our processes and structures to become faster, leaner and more flexible. At the same time, we have invested more heavily in consumer advertising for our Leifheit and Soehnle core brand products. Soehnle products were advertised for the first time on TV with great success. The Leifheit brand experienced good turnover growth in the Household segment, which benefited in particular from our TV campaigns for the Regulus Aqua PowerVac, CLEAN TWIST Disc Mop and the Pegasus laundry dryer creating growth impulses in various countries. Our cleaning products have also benefited from many private households wanting to maintain good hygiene due to the ongoing COVID-19 pandemic. We also managed to generate growth and maintain our supply chain to our customers thanks to our European production and logistics footprint and our ability to react through proactive stockpiling in spite of disruptions in the global supply chain and increasing supply shortages in raw material markets.

> "In normal circumstances, we would have every reason to be optimistic about the current financial year."

The Scaling up Success strategy leaves the Leifheit Group well positioned to take advantage of future opportunities and ensure sustainable, profitable growth. In normal circumstances, we would have every reason to be optimistic about the current financial year. However, the Russia-Ukraine war is a major cause for concern. Our thoughts and solidarity go out to all the people suffering in this conflict.

Russia and Ukraine accounted for around 1% of the Leifheit Group's overall turnover in financial year 2021 and the Leifheit Group has no direct suppliers or locations in Russia and Ukraine. However, the consequences of the Russia-Ukraine war is likely to have adverse effects and, at present, it is not yet possible to determine the impact these effects will have on the Leifheit Group's business development, financial position and results of operations, as well as the economy as a whole.

"We have to assume that there will be a further rise in disruptions to supply chains and that energy and commodity prices as well as freight rates will continue to rise."

Against the backdrop of sanctions and enormous uncertainty, we have to assume that there will be a further rise in disruptions to supply chains and that energy and commodity prices as well as freight rates will continue to rise. This creates a challenging environment for the Leifheit Group in the current financial year, which we will counter with continued strict cost and resource management. In this context, we expect the necessary sales price increases will gradually take effect in the current financial year. However, these anticipated increases will only partially compensate for higher procurement costs.

We will be pressing ahead with our Scaling up Success growth strategy in 2022 and make targeted investments in TV and print advertising campaigns for our Leifheit and Soehnle brands in selected markets. Our strategy will continue to focus on our award-winning bestsellers. In this regard, we are delighted to announce that the CLEAN TWIST Disc Mop Ergo mop, the CLEAN TWIST M Ergo flat mop and the Soehnle Page Profi 300 kitchen scales win awards in a recent product test published by the consumer magazine IMTEST. At the same time, we should expect a negative impact on consumer demand in our target markets due to economic uncertainties and growing inflation.

Against this backdrop, we expect a slight decline in Group turnover in financial year 2022 compared to the previous year. In the first half of 2022 in particular, we anticipate a decrease in turnover compared to the strong comparative period. Due to the significant increases in procurement costs anticipated, we expect earnings before interest and taxes (EBIT) to be significantly below the previous year's figure.

Despite continuing uncertainty surrounding the geopolitical crisis, the ongoing pandemic and challenging economic conditions, the Board of Management and the Supervisory Board have decided to propose to the Annual General Meeting a dividend of € 1.05 per dividend-entitled share for financial year 2021, which marks a continuation of the reliable dividend policy pursued in previous years.

At this time, we would like to thank you, our shareholders, for the trust you have placed in us and for the continued constructive dialogue over the past year. We would also like to once again thank our customers, partners and suppliers for their excellent cooperation in this again unparalleled financial year. And we would especially like to thank our employees for the consistent high level of commitment they have demonstrated. This has helped Leifheit become what it is today.

Together, we will continue to pursue our goal of sustainable success as one of the leading brand supplier of household products in Europe.

Nassau/Lahn, March 2022

The Board of Management

Henner Rinsche

Igor Iraeta Munduate

Marco Keul

Report of the Supervisory Board

Dear Ladies and Gentlemen,

Before reporting on the Supervisory Board's work in financial year 2021, I'd like to first talk about the most important issues we have had to contend with this year.

2021 was marked by extreme rises in material costs and major challenges in procuring materials on time. However, by streamlining our range and boosting productivity and efficiency in practically all of our business divisions, we still managed to enhance the quality of our business and continue on our solid growth and earnings trajectory once again.

The Supervisory Board supported the Board of Management constructively, as well as with critical advice, and fulfilled all of its obligations under the law, the articles of incorporation and the rules of procedure. The Board of Management kept us informed of business developments, strategic measures, corporate planning, the risk situation and transactions requiring approval at all times, in writing and verbally, in a timely and detailed manner. The Supervisory Board was directly involved at an early stage in all decisions of fundamental importance to the company. The Supervisory Board made all decisions after thoroughly examining and verifying the plausibility of the corresponding resolutions proposed by the Board of Management. The members of the Supervisory Board had sufficient opportunity within the committees and in the plenary to thoroughly examine the reports and decisions proposed and put forward their own suggestions.

The Supervisory Board carefully and constantly monitored the management activities of the Board of Management and regularly advised it on its management of the company. We were always satisfied with the lawfulness, appropriateness and correctness of the

Dr Günter Blaschke

Chairman of the Supervisory Board

Board of Management's work. The Board of Management used the risk management system in operating, financial and legal matters and was supported in the process by the finance, controlling, legal affairs and auditing departments. We were regularly and comprehensively informed of risks and opportunities, compliance and cybersecurity. The remuneration system is the subject of regular discussion and review by the Supervisory Board in connection with concluding and extending Board of Management contracts.

The Supervisory Board held 15 meetings in financial year 2021, most of which were via video conference due to the ongoing COVID-19 pandemic. The members of the Board of Management took part in Supervisory Board meetings, unless otherwise determined by the Chairman of the Supervisory Board. The Supervisory Board also meets regularly without the Board of Management.

Furthermore, the Chairman of the Supervisory Board maintained regular personal and telephone contact with the Board of Management. He informed the other members of the Supervisory Board promptly about the results of these discussions. The self-evaluation of the Supervisory Board, which is to be performed regularly, was last conducted in early 2021. It revealed that all requirements for working efficiently have been met.

At the end of 2021, Supervisory Board member Georg Hesse informed the Chairman of the Supervisory Board that Leifheit AG had asked a company forming part of Thrasio's portfolio to make a declaration of discontinuance due to an infringement of industrial property rights. Thrasio has been Mr Hesse's new employer since July 2021. The Chairman of the Supervisory Board and Mr Hesse reached the joint assessment that there is a conflict of interest here on the part of Mr Hesse. Owing to this assessment, the Chairman of the Supervisory Board and Mr Hesse decided that Mr Hesse shall withdraw from the matter, have no influence on the decision-making process and not participate in any decision by the Supervisory Board, should one be necessary. In the reporting period, there was no indication of further conflicts of interest among the members of either the Board of Management or the Supervisory Board that would have required immediate disclosure to the Supervisory Board and the Annual General Meeting.

The Chairman of the Supervisory Board held discussions with a variety of investors on issues relating to the Supervisory Board, in accordance with the recommendation of the German corporate governance code (DCGK).

The company provides suitable assistance to members of the Supervisory Board with exercising their duties as well as in taking part in training and educational measures. In 2021, the Chair of the Audit Committee took part in several specialist events for supervisory boards.

The members of the Supervisory Board participated as follows in the meetings held in financial year 2021:

Member/meeting	Supervisory Board	Audit Committee	Personnel Committee	Sales/ Marketing Committee	Product Range/ Innovation Committee
Joachim Barnert	14/15	–	–	1/1	–
Dr Günter Blaschke	15/15	5/5	7/7	1/1	1/1
Georg Hesse	15/15	–	7/7	1/1	–
Karsten Schmidt	15/15	–	7/7	1/1	1/1
Thomas Standke	15/15	–	–	1[1]/1	1/1
Dr Claus-O. Zacharias	15/15	5/5	–	1[1]/1	–

[1] Guest.

Changes in Leifheit AG organs

The Supervisory Board appointed Marco Keul as a member of the Board of Management and Chief Financial Officer (CFO) effective as at 1 May 2021. He took over the CFO function from Henner Rinsche, who had taken over the position on top of his role as Chairman of the Board of Management (CEO) in April 2020. In his role on the Board of Management, Mr Keul is responsible for the Finance, Controlling, Business Processes/IT and Internal Sales, which he has already been responsible for since April 2020 in his role as Vice President Finance.

There were no further changes on the Board of Management or Supervisory Board in financial year 2021.

Important topics discussed at meetings

The ordinary Supervisory Board meetings regularly covered the current business situation and earning performance of the Group, as well as the segments, the financial position, the business situation of the main interests, the strategic focus of the company, the risk situation and, from September on, cybersecurity.

At the meeting on 23 March 2021, the Supervisory Board, in the presence of the auditor, intensively discussed and reviewed the consolidated financial statements and the annual statements, the combined management report of Leifheit Aktiengesellschaft and the Leifheit Group, the non-financial Group report, the draft resolution regarding the report of the Supervisory Board and the agenda for the 2021 Annual General Meeting. The members of the Supervisory Board discussed the results of the efficiency review.

The Supervisory Board discussed the logistics and finance strategy with the Board of Management on 26 March 2021 and deliberated on Board of Management matters without the involvement of the Board of Management.

At its meeting on 5 April 2021, the Supervisory Board discussed the Board of Management's remuneration system, as well as the extent to which the Board of Management met its variable remuneration objectives for financial year 2020, the determination of objectives for financial year 2021 and an adjustment to the articles of incorporation regarding long-term variable remuneration for the Supervisory Board. The meeting was prepared by the Personnel Committee.

Personnel-related matters were discussed on 9 April 2021.

At its meeting on 20 April 2021, the Supervisory Board appointed Mr Keul as a member of the Board of Management and decided to adjust the DCGK declaration of conformity accordingly and to adjust the Board of Management's allocation of duties.

The Supervisory Board meeting on 3 May 2021 addressed the quarterly statement for the period ending 31 March 2021. The Board of Management presented an analysis of the inventory situation and measures to optimise the inventories in 2021.

The ordinary Supervisory Board meeting on 2 June 2021 dealt exclusively with regular matters.

The meeting on 14 June 2021 dealt with the preparation of the Supervisory Board's meeting, which took place on 23 June 2021, during which the Supervisory Board and the Board of Management discussed the company's strategy.

The meeting on 2 August 2021 addressed business development in the second quarter and the financial report for the first half-year ending 30 June 2021. Discussions also continued with regard to the variable remuneration objectives for the Board of Management.

At the meeting on 27 September 2021, the Chair of the Audit Committee reported on the Audit Committee's meeting with auditors regarding the planning of the audit of the annual financial statements 2021. Succession planning for the management, the recommendations of the DCGK and cybersecurity were also addressed.

At its strategy meeting on 28 September 2021, the Supervisory Board discussed the company's strategy, medium-term planning and potential investments. In addition to approving authorised representation, in-depth discussions were held on current developments in the procurement and freight markets and their impacts on strategy.

The Supervisory Board meeting on 29 October 2021 addressed the quarterly statement for the period ending 30 September 2021.

On 13 November 2021, the TV plan for 2022 and marketing expenses for the first half of 2022 were discussed.

The Supervisory Board meeting on 7 December 2021 focused on discussing different scenarios for 2022, progress in achieving the sustainability objectives for 2021 and the approval of non-financial objectives for 2022. In addition, the corporate governance declaration of conformity was discussed and the next self-evaluation of the effectiveness of the Supervisory Board was prepared.

Other issues, such as the employee share programme and contract extensions, were addressed and resolved outside of the Supervisory Board meetings.

Work of the committees

The Supervisory Board formed an Audit Committee, a Personnel Committee, a Nominating Committee, a Sales/Marketing Committee and a Product Range/Innovation Committee. The five committees are primarily tasked with preparing decisions and topics for plenary meetings. The committee chairs provided regular and detailed reports on their work to the Supervisory Board in financial year 2021.

The Audit Committee met five times in financial year 2021 to discuss the monitoring of accounting, the accounting process, the appropriateness and effectiveness of the accounting-related internal control system and the risk management system, the internal audit system, the audit of the annual financial statements, the audit of the non-financial Group report, the audit of the quality of the financial statements and compliance. The Audit Committee also presented a recommendation on the choice of auditor, monitored the auditor's independence, issued the audit engagement to the auditor, prepared certain focal points of the audit and agreed the auditor's fee. The internal control system and the risk management system were also examined, and the findings of the internal audits were presented and discussed.

The Audit Committee's work focused on the audit of the annual and consolidated financial statements, including the combined management report, the non-financial report, the joint corporate governance declaration of the Board of Management and the Supervisory Board with regard to the declaration submitted by the Board of Management and the auditor's reports, as well as the preparation of resolutions to be taken by the Supervisory Board on these subjects. The Audit Committee also extensively discussed the interim reports (quarterly reports and the half-yearly financial report) and prepared the focal points of the audit for the annual and consolidated financial statements.

The Board of Management and the Financial Director attended the Audit Committee meetings and gave an in-depth presentation of the annual financial statements as well as all reports to be published, explained them and answered the committee members' questions. The auditors were also present at two meetings and reported in detail on all aspects that arose during planning and performance of the audit which have a direct bearing on the work of the Supervisory Board.

The Personnel Committee examined all employment contracts for the members of the Board of Management, including remuneration and the remuneration system. The Personnel Committee met seven times in financial year 2021 and dealt with concluding and extending contracts with members of the Board of Management, auditing the remuneration report, succession planning in the Board of Management, the remuneration system for the Board of Management approved by the Annual General Meeting on 2 June 2021, setting variable remuneration objectives for the Board of Management and determining the extent to which such objectives have been met.

The Sales/Marketing Committee met once in financial year 2021 and dealt primarily with the communication strategy and the national and international sales and field sales strategy.

The Product Range/Innovation Committee also met once in financial year 2021 and looked into the innovation strategy, the current innovation pipeline, the product range focus and tracking the success of a product launch.

The tasks of the Nominating Committee include searching for and selecting suitable Supervisory Board candidates for election by the Annual General Meeting. No Nominating Committee meetings were held in financial year 2021 as there were no elections.

Audit and approval of the annual financial statements

The annual financial statements of the Leifheit Group and the combined management report for financial year 2021, which have been prepared in accordance with section 315e of the German commercial code (HGB) on the basis of the International Financial Reporting Standards (IFRS), as well as the financial statements of Leifheit AG for financial year 2021, which have been prepared in accordance with the provisions of the HGB, have been audited by the auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, and have not led to any reservations in its audit opinion. The audit – as reflected in the audit reports – did not result in any grounds for objection.

The documents pertaining to the financial statements, as well as the audit reports and the Board of Management's proposal for the appropriation of the balance sheet profit, were handed out to all members of the Supervisory Board. The documents pertaining to the financial statements and the audit reports were discussed in depth at the Audit Committee meeting on 24 March 2022; special attention was paid to the defined focal points of the audit. At the Supervisory Board's balance sheet meeting on 25 March 2022, the Audit Committee and its chair presented an in-depth report to the members of the Supervisory Board.

The auditors took part in the meetings and reported on the key findings of their audit. They also reported their findings on the internal control and risk management systems, in relation to the accounting process. They determined that the Board of Management has set up an appropriate information and monitoring system suitable for identifying developments that could jeopardise the continued existence of the company at an early stage.

The audit opinions were discussed with the auditors. The most significant audit matters in the consolidated financial statements were the impairment testing of goodwill, the completeness of the liabilities and provisions related to customer conditions, the realisation of turnover and the turnover recognition cut-off. The auditor confirmed that the procedures, accounting and underlying assumptions and parameters were appropriate and in accordance with the applicable valuation principles in all three key audit issues. The auditors were available for further questions and information.

Based on its own examination of the annual financial statements, the consolidated financial statements, the combined management report and the remuneration report, as well as the report and the recommendations of the Audit Committee, the Supervisory Board approved the findings of the audit as presented by the auditor. The Supervisory Board has raised no objections to the final results of the audit. The Supervisory Board approved both the financial statements and the consolidated financial statements on 25 March 2022. The financial statements are therefore adopted in accordance with section 172 of the German stock corporation act (AktG).

The Supervisory Board also reviewed and approved the separate non-financial report of the Group (sustainability report) and resolved on the corporate governance declaration and the remuneration report.

On the recommendation of the Audit Committee, and following its own examination, the Supervisory Board endorsed the Board of Management's proposal for the appropriation of the balance sheet profit involving the payment of a dividend of € 1.05 per dividend-entitled no-par-value bearer share for financial year 2021.

The Supervisory Board would like to thank all of the employees of the management team, the Board of Management and the workforce representatives for their dedicated commitment and their work in the past financial year. It would also like to thank the company's customers and shareholders for their trust and support.

Nassau/Buchloe, 25 March 2022

The Supervisory Board

Dr Günter Blaschke
Chairman

The Leifheit share

The COVID-19 pandemic kept the global stock markets in suspense in 2021. Nevertheless, despite high fluctuations at times, the markets developed very positively overall throughout the year. Difficult conditions for retail and consumer goods, however, prevented the Leifheit share from benefiting from this general upward trend. After a hopeful start, the share's value dropped by around 15% over the course of 2021, compared with a significant increase of around 84% in the previous year. Taking into account the successful implementation of the growth strategy and effects as a result of the pandemic, the share has improved by around 56% since the end of 2019 over a two-year period. The Board of Management and the Supervisory Board propose to the Annual General Meeting a dividend of € 1.05 per dividend-entitled share for financial year 2021.

Stock markets

The 2021 trading year saw the global economy recover significantly. Despite the ongoing COVID-19 pandemic, the most important stock markets closed the year positively. While individual sectors such as trade, tourism and services felt the negative effects of the lockdowns imposed in many regions, the success of the vaccine campaigns and government support packages from early summer caused economic output to recover significantly. The effects of suppressed demand worldwide was noticeable at the end of the year in particular, when many raw materials as well as semi-conductors and primary products were in increasingly short supply. Inflation rates soared, particularly in the US and Europe. The ongoing extremely expansive monetary policy pursued by central banks drove up the prices of large technology company shares in particular. Important indexes, such as the US S&P 500 and Dow Jones and the European Euro Stoxx 50, kept hitting new historical highs from spring onward.

Following a rapid upward trend, the German benchmark index DAX also rose from around 13,900 points in early March to around 16,300 points by mid-November, before recording a loss peaking at around 1,000 points in the following weeks. Overall, however, the DAX performed very positively in the 2021 trading year compared with the previous year. It closed the year at 15,885 points on 30 December 2021. The DAX reached its high for the year of 16,290 points on 18 November 2021.

The SDAX, which includes 70 smaller companies, serves as the relevant benchmark index for the Leifheit share. While the DAX closed 2021 with an increase of around 15.3%, the SDAX lagged behind with growth of just over 11% in the second year of the pandemic. The SDAX peaked on 8 November 2021, with a closing price of 17,412 points before closing the year on 30 December 2021 at 16,347 points.

Key figures for the Leifheit share in €

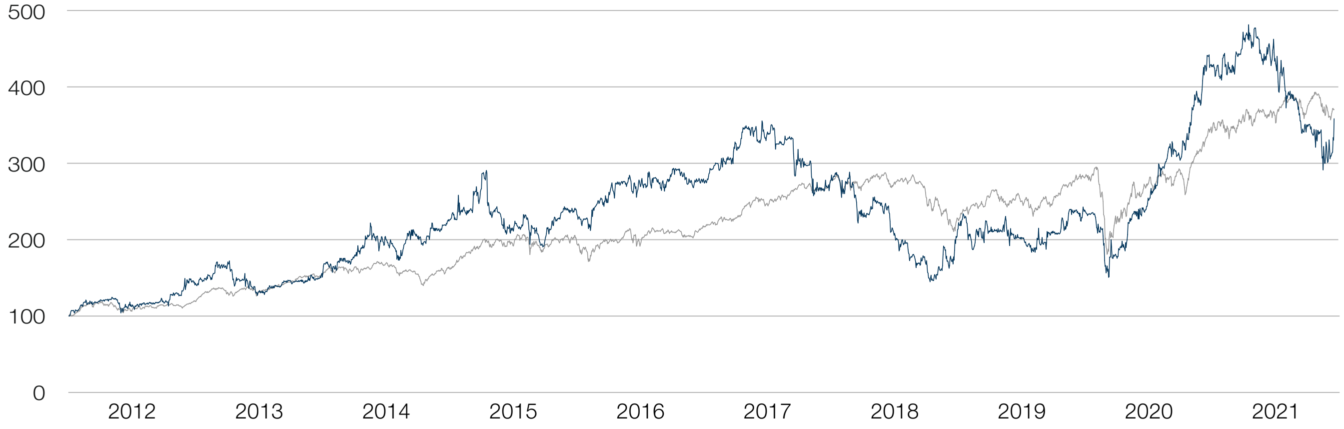
	2017	2018	2019	2020	2021
Net result for the period per share	1.35	0.88	0.61	1.32	1.49
Free cash flow per share	0.16	0.39	1.06	–0.57	1.00
Dividend per share	1.05	1.05	0.55	1.05	1.05 [1]
Dividend yield (in %) [2]	3.8	5.9	2.3	2.4	2.9 [1]
Equity per share [3]	9.31	9.66	9.07	10.56	11.70
High [4]	36.50	29.60	25.95	44.00	49.45
Low [4]	26.43	14.84	18.06	15.44	29.90
Year-end closing price [4]	27.89	17.76	23.65	43.50	36.80
Number of shares (in thousands) [5]	9,509	9,509	9,509	9,509	9,515
Year-end market capitalisation (in m€) [6]	279	178	236	435	368

1 Dividend proposal.
2 Based on the year-end closing prices of the respective financial year.
3 Excluding the distribution of the proposed dividends and the share in the profits of the minority shareholders.
4 Closing prices on Xetra, the electronic trading system of Deutsche Börse.
5 Number of outstanding shares as at 31 December (excluding treasury shares).
6 Based on all shares issued.

Trading volume

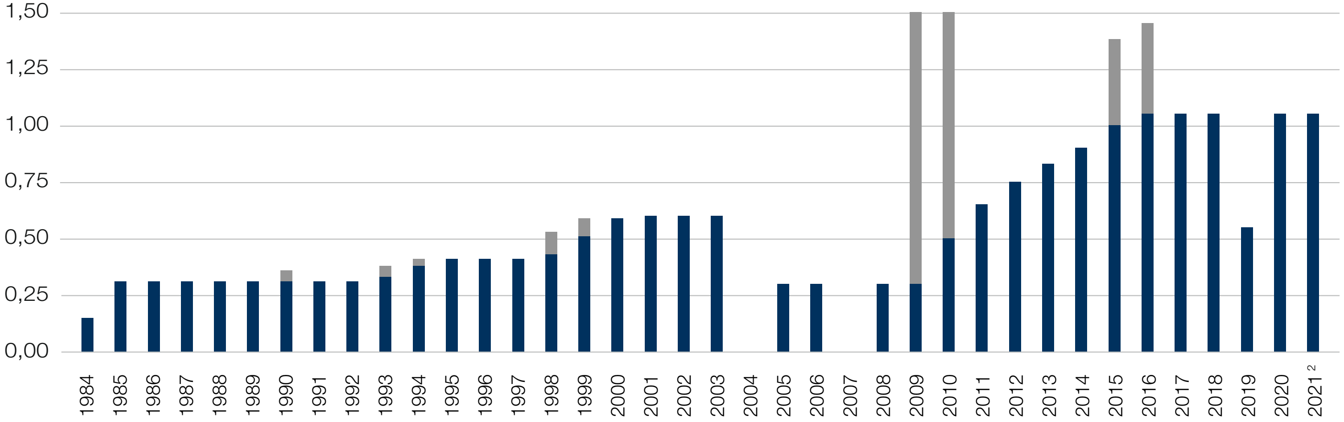
The Leifheit share was traded to a lesser extent in financial year 2021 than in the previous year in Xetra, Deutsche Börse's electronic trading system. Whereas trading stood at an average of 8,376 shares a day in the previous year, that figure amounted to 6,117 shares on average in financial year 2021.

10-year performance of the Leifheit share
Compared to the SDAX in % (indexed to 100)



Closing price SDAX ■ Closing price Leifheit share

Historical dividend development[1]
Dividend per share in €



■ Dividend ■ Bonus/special dividend

[1] Dividends adjusted before capital increase from company funds. [2] Dividend proposal.

Share price performance

The Leifheit share (ISIN DE0006464506) closed at € 43.50 on the final trading day of 2020. After initially outdoing the performance of the SDAX up to spring 2021, it had slipped down to the same level as the benchmark index by the middle of the year. From mid-July, the share fell behind the general market trend. The share dipped to an annual low of € 29.90 on 29 November 2021 before recovering by the end of the year. The Leifheit share peaked at € 49.45 on 3 May 2021. At the end of financial year 2021, the Leifheit share was trading at € 36.80. All told, the share price fell by just over 15% over the course of the year.

Leifheit AG's market capitalisation on the basis of all issued shares stood at around m€ 368 as at the end of financial year 2021 (31 December 2020: m€ 435). Adjusted for Leifheit AG's treasury shares, market capitalisation totalled around m€ 350 (31 December 2020: m€ 414).

Treasury shares

By resolution of 30 September 2020, the Annual General Meeting authorised the company to purchase and use treasury shares according to section 71 para. 1 no. 8 AktG. The authorisation is valid until 29 September 2025.

6,273 treasury shares were used as part of an employee share programme in financial year 2021. As at the balance sheet date of 31 December 2021, Leifheit AG held 484,697 treasury shares, corresponding to 4.85% of the share capital. A total of k€ 7,350 was used to purchase the shares in previous financial years. Following the capital increase in financial year 2017 at a ratio of 1:1 – and including the ancillary costs in connection with the purchase – this figure corresponds to an average purchase price of € 15.16 per share.

Shareholder structure

The percentage of shares in free float stood at 74.8% at the end of financial year 2021, the same level as in the previous year (2020: 74.8%). According to the information and voting rights notifications available to Leifheit, the shareholder structure of Leifheit AG was as follows as at 31 December 2021:

Shareholder structure of Leifheit AG

Joachim Loh, Haiger (DE)	10.31%
Manuel Knapp-Voith, MKV Verwaltungs GmbH, Grünwald (DE)	10.03%
Leifheit AG, Nassau (DE) – treasury shares	4.85%
Employee shares subject to a vesting period	0.06%
Free float	74.75%
Shares above the disclosure threshold of 3% contained therein:	
Alantra EQMC Asset Management, SGIIC, S.A., Madrid (ES)	15.42%
Teslin Capital Management BV / Gerlin NV, Maarsbergen (NL)	5.05%
MainFirst SICAV, Sennigerberg (LU)	5.02%
Capital Group Companies, Inc. / Smallcap World Fund, Inc. (US)	4.97%
Douglas Smith, Blackmoor Investment Partners LLC	3.52%

Shareholder-oriented dividend policy

The Board of Management and Supervisory Board of Leifheit AG aim to enable all shareholders to partake appropriately in the company's success. As a matter of principle, Leifheit AG's dividend policy therefore provides for distributing roughly 75% of the net result for the period or the free cash flow of a financial year to the shareholders as dividends. In years in which 75% of the net result for the period would not be sufficient, the Board of Management and Supervisory Board may consider proposing a distribution of dividends which exceeds this value.

Dividend yield based on the closing price at the end of the year

2012	5.2%	2017	3.8%
2013	5.3%	2018	5.9%
2014	3.9%	2019	2.3%
2015	5.6%	2020	2.4%
2016	5.1%	2021	2.9% [1]

[1] Dividend proposal.

Dividend proposal for financial year 2021

The Board of Management and the Supervisory Board propose paying a dividend of € 1.05 per dividend-entitled share for financial year 2021, thus following on from the reliable dividend policy pursued in previous years. This corresponds to a total of m€ 10.0 to be distributed to the shareholders. Following approval by the Annual General Meeting, the dividend will start to be paid out to the shareholders on the third working day after the Annual General Meeting. This would result in a dividend yield of 2.9% based on the closing price at the end of financial year 2021.

For financial year 2020, Leifheit AG paid out to shareholders a dividend of € 1.05 per share entitled to dividends. The total distribution to shareholders therefore stood at m€ 10.0, which corresponded to a dividend yield of 2.4% based on the closing price at the end of 2020.

Communication with the capital market and shareholders

Leifheit aims to provide continuous, prompt, comprehensive and transparent information about all developments within the company and to maintain an active dialogue with investors. The Leifheit share was evaluated by three analysts in 2021 (2020: three analysts). Leifheit AG continued to engage in continuous dialogue with its shareholders and the capital market in financial year 2021. Leifheit regularly reported on the company's performance during analyst conferences, which again had to take place virtually in 2021 due to the COVID-19 pandemic. Shareholders and their representatives were able to follow the Annual General Meeting in June 2021, which was also held virtually, via a live stream on the internet and vote on agenda items online. Even though measures to protect everyone's health and safety made it impossible to arrange the usual face-to-face contact with the company, the Board of Management fully responded to the questions submitted in advance during the live stream.

In addition, the Board of Management of Leifheit AG regularly takes part in international capital market conferences such as the virtual German Equity Forum (Deutsches Eigenkapitalforum). The corporate and investor relations website of Leifheit AG, **leifheit-group.com**, which was modernised in the reporting year, provides up-to-date information on the share and on strategy, as well as the Group's latest key figures, the financial calendar, financial reports, quarterly statements, news and presentations.

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Investor Relations
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Combined management report

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 more easy and convenient.

As a listed company, Leifheit AG has drawn up its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union (EU) and the additional requirements of German commercial law according to section 315e para. 1 of the German commercial code (HGB). The management report of Leifheit AG and the consolidated management report were combined in accordance with section 315 para. 5 and section 298 para. 2 HGB. Unless noted otherwise, the following information relates equally to Leifheit AG and to the Leifheit Group. The particulars of Leifheit AG can be found in the section titled “Notes to the annual financial statements of Leifheit AG (HGB)”.

Activities and areas of business

A distinction is drawn between the following reportable segments:

- the Household segment, in which we market and sell the Leifheit brand and products from the cleaning, laundry care and kitchen goods categories;
- the Wellbeing segment, featuring the Soehnle brand and a range of scales, health products and room air treatment products; and
- the Private Label segment, featuring the French subsidiaries Birambeau S.A.S. and Herby S.A.S., which includes kitchen goods and laundry care products created especially for private-label brands.

The Household and Wellbeing segments comprise our strategic core business. In these segments, we focus on marketing and selling branded products that are characterised by high-quality workmanship in combination with a high degree of consumer benefit. We sell these products in the medium to upper price segment. They form the basis of our presence in international markets. We pursue a consistent brand management strategy in the Household and Wellbeing segments and continue to develop and advance our product range through systematic processes for innovation and market launch.

The Private Label segment comprises product ranges offered by the French subsidiaries Birambeau and Herby from the kitchen goods and laundry care categories that are primarily distributed as private-label brands in the mid-price category. The segment is strongly focused on individual markets and customers, with France as its most important market.

Reportable segments

Leifheit Group

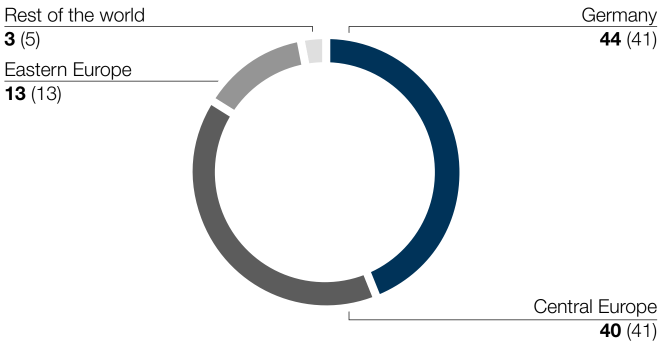
Household	Wellbeing	Private Label
LEIFHEIT	SOEHNLE	BIRAMBEAU herby
- High-quality brand products with a high degree of consumer benefit in the medium to upper price segment - Consistent brand management - Systematic processes for innovation and market launch - Distribution in international markets		- Primarily private-label products in the medium price segment - Focus on individual customers and markets - Strong service components
Cleaning, laundry care, kitchen goods and wellbeing		

Markets and market position

The Leifheit Group sells its products in more than 80 countries around the world. The key sales markets are our domestic market of Germany, accounting for a share of around 44% [1] of turnover, and the countries of Central Europe, with a share of roughly 40% [1]. The sales and distribution region of Central Europe includes the Netherlands, France and Austria, for example. In the reporting period, we generated around 13% of our turnover in Eastern European growth markets, such as the Czech Republic, Poland and Slovakia.

Sales markets [1]

Proportion of turnover in % (previous year's figures)

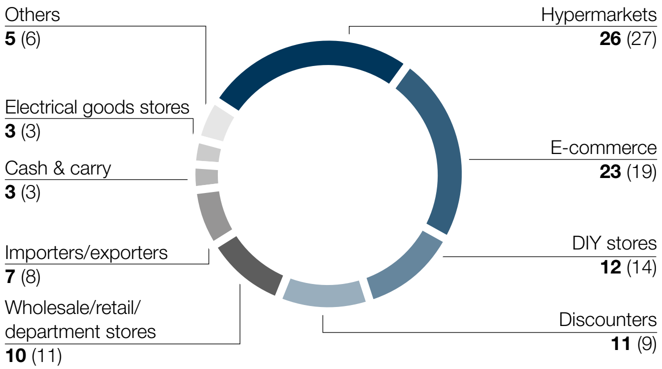


We focus our sales and marketing activities on European target markets. In addition, we have intensified our distribution activities in the Asia/Pacific region since 2019. In other regions outside of Europe, such as in the US and the Middle East, we distribute our products mainly through distributors and conduct spot business if corresponding market opportunities present themselves. Non-European markets currently account for roughly 3% of Group turnover.

We sell our products where consumers want to buy them and have a presence in all the relevant bricks-and-mortar and online sales channels. Measures to combat the COVID-19 pandemic resulted in changes in consumer shopping habits and therefore in the proportion of turnover attributable to our sales channels. Hypermarkets, which account for a share of around 26% of turnover, remain the Leifheit Group's strongest sales channel. The share of Group turnover attributable to modern home-shopping (e-commerce) continued to rise, reaching around 23%. We generate about 12% of Group turnover at DIY stores, about 11% at discount supermarkets and about 10% in traditional wholesale and retail.

Distribution channels

Proportion of turnover in % (previous year's figures)

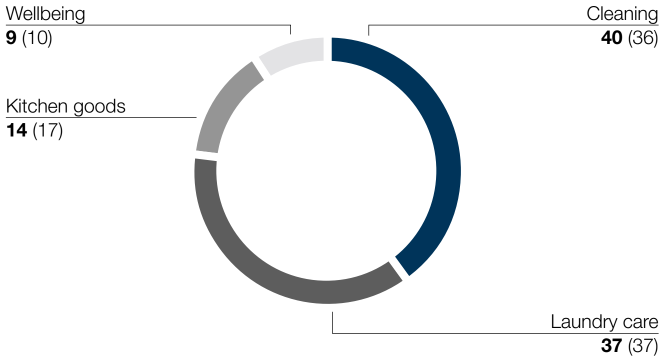


We focus on core areas of expertise in the product categories of cleaning, laundry care, kitchen goods and wellbeing in each of our three business segments. Our biggest product categories are cleaning products, which account for around 40% of turnover, and laundry care products, at around 37%. In Germany and many European markets, Leifheit is among the leading providers of cleaning appliances, especially with so called flat mop systems. We generate around 14% of Group turnover with kitchen products.

The wellbeing category includes the Soehnle brand products and accounts for around 9% of turnover. Soehnle is the market leader for bathroom and kitchen scales in Germany. We gained market share in both product categories during the reporting period and hold a market share of 43% for kitchen scales and 29% for bathroom scales. Soehnle is also among the leading providers in other European countries.

Product categories

Proportion of turnover in % (previous year's figures)



Developments and the results of our business activities are also influenced by external factors, especially the development of the relevant foreign currencies against the euro, procurement prices and the weather conditions in seasonal business with rotary dryers.

For the most part, the Leifheit Group operates in the non-cyclical consumer goods sector. Macroeconomic developments, the economic conditions in our key markets and the consumer climate therefore have less of a pronounced influence on our business than on the cyclical consumer goods sector.

[1] 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 2021. The relevant previous year's figures have been adjusted for the sake of comparability.

Change in Group structure

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

Major changes since the end of the reporting period

We are profoundly shocked by the Russia-Ukraine war. Our concern is for all the people and our business partners affected by the war.

Due to the dramatic developments, it is difficult to assess the economic impact of the conflict on the Leifheit Group's business development, financial position and results of operations, as well as on the global economy as a whole. The repercussions of the Russia-Ukraine war will create renewed pressures on supply chains, commodity and energy prices, and freight rates, as well as growing inflation and impacts on consumer demand, the severity of which are difficult to assess at this stage.

We stopped all deliveries to Russia when fighting began. The share of turnover in Russia and Ukraine of the Leifheit Group's overall turnover was around 1% in financial year 2021. There is also a receivable of m€ 0.6 outstanding, for which credit insurance does not apply in the case of political risks and events of war. The Leifheit Group has no direct suppliers or locations in Russia or Ukraine.

The risk assessment contained in the opportunities and risks report is based on the status at the time the report was published. We continue to monitor further developments closely, and will continuously adapt our risk assessment to the unfolding situation.

There were no additional events after the end of the financial year that were of material importance for assessing the net assets, financial position and results of operations of the Leifheit Group or Leifheit AG.

Organisation, corporate structure and management responsibility

Leifheit AG has been a listed stock corporation under German law since 1984. The shares of Leifheit AG are listed on the Frankfurt Stock Exchange Prime Standard and are traded on all German stock exchanges (ISIN DE0006464506). Under consideration of all issued shares, market capitalisation stood at roughly m€ 368 as at 31 December 2021. The company has been entered in the Commercial Register of Montabaur Local Court under HRB 2857, and its registered office and management continue to be based at its founding location in Nassau/Lahn, Germany. The main locations of Leifheit AG in Germany are Nassau (distribution, administration and production) and Zuzenhausen (logistics). There are also foreign distribution offices which are not legally independent in Brescia, Italy (established in 1982), and in Aartselaar, Belgium (established in 1987).

Leifheit AG has 13 direct or indirect subsidiaries. Leifheit AG's main (partly indirect) holdings are Leifheit s.r.o. in the Czech Republic (production and logistics) and Leifheit-Birambeau S.A.S. in France (distribution).

The Board of Management consisted of three members as at the balance sheet date. The Board of Management defines the strategy of the Leifheit Group, is responsible for Group-wide central functions and steers the Group's business segments. Each member of the Board of Management is responsible for multiple functions within the Leifheit Group. The rules of procedure for the Board of Management regulate the responsibilities of individual board members. Their personal knowledge of products and markets, customer- and country-specific features and their expertise in central Group functions ensure the efficient and professional management of the Leifheit Group. The Leifheit AG Board of Management is supported by 14 sector directors and department heads.

Scaling up Success Group strategy

For over 60 years, we have been helping to make everyday life at home a little easier and more convenient by way of our products. That is our mission. Through it all, our focus is always on the needs of consumers.

At Leifheit, multiple factors form the foundation for the further implementation of our business strategy: We have long-lasting products that offer a high degree of consumer benefit and excellent quality, as reflected in excellent reviews. Many of our products regularly win top scores in tests by respected institutes. In 2021, Leifheit Group products again received ten certificates and awards.

At the same time, we are already well positioned in many European markets thanks to our two high-profile brands, Leifheit and Soehnle.

Another important factor for Leifheit is its employees. Their specific expertise and dedication help the company to achieve its goals and targets.

We aim to do a systematic and consistent job of building on our existing strengths – excellent products, strong brands and outstanding employees – to ensure sustained profitable growth going forward while also creating added value for consumers. For us, this means: **Scaling up Success**.

As part of this approach, we are addressing four strategic areas of action:

1. Exciting consumers
2. Expanding distribution
3. Increasing profitability
4. Shaping culture

Exciting consumers

Consumers are at the centre of all our activities. We offer them products of convincing, durable quality that make life at home more easy and convenient, along with best-in-class service and attractive value for money. To significantly strengthen awareness of our brands and products among consumers, we are making targeted investments in tested and scalable consumer advertising.

Expanding distribution

Our distribution activities focus on leveraging distribution potential within sales structures and attracting additional bricks-and-mortar and online retail partners, both nationally and internationally. Our investments in consumer advertising and our strengthened brands will help us in this process. In addition, we are helping to increase turnover for our retail partners through joint marketing activities and POS campaigns.

Increasing profitability

We are focusing all of our activities on sustainable and profitable growth and are structuring our organisation accordingly. At the same time, we are reducing complexity and optimising our cost structures throughout the value chain. We are sharpening our focus on our higher-margin, European-made core products. Through a focused approach to innovation, we are also gearing our research and development processes towards this goal.

Shaping culture

Our employees are the basis for our success. They play a key role in the success of the company through their specific expertise and dedication. For this reason, we plan to continue boosting our attractiveness as an employer. We are investing in our employees' personal and professional growth and are providing opportunities for training and education. At the same time, we aim to create a fun, fast, friendly and fearless corporate culture in which we pursue our goals with joy, kindness, speed and boldness and align our efforts accordingly.

Financing strategy

The primary objective of our financing strategy is to maintain a healthy capital structure. Here, we place particular value on a sufficient equity ratio of at least 30% to ensure the confidence of investors, banks, suppliers, customers and our employees. We focus on maintaining a capital structure that allows coverage of our future potential financing requirements on reasonable terms in financial markets. We want to maintain a high level of independence, security and financial flexibility.

Control system principles

The Leifheit Group is managed centrally from a strategy point of view, but decentrally from an operative perspective. Having few units and hierarchical levels promotes fast and efficient cooperation within the Group. Our organisation is designed so that we provide optimal support to both our customers and brand management to advance our Group's strategy. To this end, we have divided our business into the Household, Wellbeing and Private Label segments. The organisational structure and the process organisation are structured so as to enable us to achieve our strategic business alignment targets in the best possible way.

We ensure that corporate management is focused on ongoing increases in company value. We therefore apply a value-oriented management system. The key performance indicators of the Group are turnover, the turnover of the segments, earnings before interest and taxes (EBIT) and free cash flow. A further performance indicator is return on capital employed (ROCE). Free cash flow is the total of cash flow from operating activities and cash flow from investment activities, adjusted for incoming and outgoing payments in financial assets and, if applicable, from the acquisition and divestiture of divisions. ROCE is defined as the ratio of EBIT to capital employed – the average total amount of trade receivables, inventories and non-current assets less trade payables as at the quarterly financial statements date.

No changes were made to the control system in the reporting period.

Innovation and product development

Leifheit aims to develop long-lasting products and solutions that make consumers' lives at home more easy and convenient. Consumer-relevant products and solutions play an important role in the further organic growth of the Group. Our Scaling up Success strategy focuses on the development of innovations with unique consumer benefits and tremendous market potential.

The innovation and product development process to achieve the growth targets is characterised as follows:

- focusing innovation resources on a limited number of innovation projects
- intensifying consumer research in order to understand unsolved consumer problems and suitable and relevant potential benefits that are completely new for consumers
- upholding proven Leifheit strengths of excellent practicality and product durability combined with functional yet aesthetically appealing design
- focusing on modular and platform systems to cover customer requirements more extensively and ensure efficiency
- introducing modern, agile working methods to do an even more targeted and efficient job of meeting consumers' needs

The innovation and product development strategy described above will allow us to create a highly focused, strong product pipeline that excites our customers even more than it has so far and enables the company to achieve its envisioned profitable growth.

We are focusing more on developing and substantiating relevant and coherent claims to do an even better job of showcasing the benefits of our products to our customers. For example, we were able to use scientific methods to prove that Leifheit's innovative new Regulus Aqua PowerVac cordless vacuum wiper, which vacuums and wipes at the same time, can remove up to 99.99% [1] of relevant viruses. Similarly excellent hygiene performance was also achieved by other Leifheit cleaning products, such as the CleanTenso steam cleaner and the Profi XL floor wiper. The Soehnle air purifiers have also been scientifically proven to provide effective protection against airborne viruses and bacteria.

In 2021, as in past years, we once again launched innovative, high-quality products on the market that won awards for user-friendliness, functionality and quality. One example is our new CLEAN TWIST M Ergo floor wiper system, which emerged the winner in testing by the highly respected "Haus & Garten" magazine.

The Leifheit Group spent m€ 6.1 on research and development activities in financial year 2021 (2020: m€ 5.7). The R&D ratio, which represents the ratio of research and development costs to Group turnover, amounted to 2.1% (2020: 2.1%). At the end of the year, 37 people (2020: 35 people) worked in the development and patents divisions.

Industrial property rights

To safeguard the economic value of our development efforts for the company, we register corresponding industrial property rights (patents or utility model applications) prior to announcing new products and solutions. By doing so, we protect our ideas and investments from unauthorised reproduction. Whether we secure our competitive advantage in a certain country by applying for industrial property rights depends on the economic value of the innovation. The turnover to be expected and the respective competitive environment are the decisive criteria. As a rule, we chiefly assess this in connection with our most important sales markets.

We are increasingly pursuing the prosecution of patent infringements by other providers' products. Following decisions by the high courts in Germany and Austria, we once again effectively pursued legal action in the reporting period, both in and out of court, against competitors in several countries who violated our rights.

[1] Tested on modified vaccinia virus Ankara with Leifheit Universal Cleaner (5 ml in 500 ml, max. water temperature 60 °C) in laboratory conditions.

Economic environment

The global economy was again shaped significantly by the COVID-19 pandemic in 2021. Thanks to the success of vaccination campaigns, political measures enforced in many places to contain the pandemic were gradually withdrawn in early 2021. This set the global economy on the path to recovery, with momentum slowing from the third quarter 2021. In China, the authorities responded to renewed local outbreaks of the coronavirus with extensive quarantine measures that adversely affected the global shipping trade. Then, in March, a container ship ran aground in the Suez Canal, blocking one of the most important maritime route for global trade for days. These logistical disruptions exacerbated global shortages and squeezes. In particular, the shortage of raw materials and primary products impaired the global recovery of industrial activity at the end of the year. Disrupted industrial production coincided with sustained high demand for industrial products, leading to high price increases, especially for materials and supplies.

Macroeconomic situation

In its January 2022 World Economic Outlook, the International Monetary Fund (IMF) expects global gross domestic product (GDP) growth to have slowed down moderately to 4.4% in 2021. In its October 2021 guidance, the IMF had forecast 4.9%. The decisive factor for this correction was the IMF's revision of its forecasts for the two largest economic regions, the US and China. In its corrections for the US, the IMF cited declining fiscal stimulus measures, a foreseeable end to accommodative monetary policy and persistent supply constraints. For China, it cited looming production losses and disruptions in the wake of the country's stringent COVID-19 policy, as well as increasing risks in the real estate sector.

Europe

In its winter forecast, the European Commission expects the EU economy to have achieved significant growth of 5.3% in 2021. According to the report, growth in Europe is estimated to have slowed from 2.2% in the third quarter to 0.4% in the fourth quarter of 2021 after a strong rebound beginning in spring 2021 that continued unabated until early autumn. The slowdown was stronger than expected in autumn due to increasing headwinds, particularly the rise in COVID-19 infections, high energy prices and ongoing supply shortages.

According to the EU Commission, the Dutch economy recovered in the reporting year 2021 as the pandemic-related restrictions were gradually lifted, with GDP expected to grow by 4.3% (2020: –3.8%). Austria's economy has also recovered after the deepest recession since the Second World War, reaching pre-crisis levels in the third quarter of 2021. GDP nevertheless declined by 2.2% quarter on quarter in the final quarter of 2021 due to the tightening of containment measures. The EU Commission expects GDP growth of 4.7% in Austria for 2021 as a whole (2020: –6.7%). The economy also recovered significantly in France, Italy, and Spain. Growth of 7.0% (2020: –7.9%) is expected in France. Here too, however, growth slowed in the fourth quarter of 2021 against the backdrop of serious supply bottlenecks and increasing energy prices. The Italian economy is expected to have seen GDP growth of 6.5% in 2021 (2020: –8.9%), while growth of 5.0% is forecast for Spain (2020: –10.8%).

The European Commission also expects economies in Eastern Europe to have recovered significantly. After a decline of 5.8% was recorded in the Czech Republic in 2020, GDP growth of 3.3% is forecast for 2021. The Czech economy benefited from the easing of pandemic-related restrictions and strong private consumption. Poland's economy surprised observers positively in the second half of 2021 despite recurrent COVID-19 waves and supply chain disruptions, with real GDP growth estimated at 5.7% in 2021 (2020: –2.5%).

Germany

In Germany, overall economic development was mixed until the middle of the year. While retail and many service sectors were negatively affected by the measures to combat the pandemic, industrial activity was comparatively robust due to stable demand. However, in some sectors, such as the automotive industry, supply bottlenecks of semiconductor products began to have an increasingly negative impact, affecting production. Temporary declines in production output stood in contrast to positive development in incoming orders and very confident export expectations. The situation changed from the summer onwards. Despite high order backlogs, the further intensification of supply bottlenecks for primary products and raw materials has increasingly dampened economic momentum in German manufacturing. The final quarter of 2021 is likely to have been weak given renewed constraints in contact-intensive services and production difficulties in manufacturing due to persistent supply bottlenecks. According to the Federal Statistical Office, Germany's GDP increased by 2.7% overall in 2021, after declining by 4.6% in the previous year due to the pandemic. German economic output has therefore not yet returned to pre-crisis levels. In 2021, GDP was still 2.0% lower than in 2019, the year before the COVID-19 pandemic began.

Foreign currencies

After a period of heavy capital outflows in emerging markets in 2020, the Chinese currency, the yuan (renminbi), stabilised in 2021 and appreciated slightly by around 2.7% against the US dollar over the course of the year. The main driver of this development was the recovery of the Chinese economy at the beginning of 2021. The yuan gained value against the euro over the course of the year. It began the year trading against the euro at CNY 7.95 and increased in value against the euro by 10.2% as the year progressed before closing the year at CNY 7.20.

The euro lost value against the US dollar in 2021. The dollar benefited throughout 2021 from market participants' expectations that the US Federal Bank would tighten its monetary policy and raise interest rates, unlike the European Central Bank (ECB). In addition, the economic recovery that began in the summer was more dynamic in the US than in the Eurozone, which has made the US currency more attractive against the euro. However, the euro was able to recover slightly towards the end of 2021, with the markets starting to expect that the ECB would have to tighten its monetary policy in the medium and long term in light of the economic recovery in the Eurozone. The euro was trading at USD 1.13 at the end of the year, which translates into a decrease of approximately 8.1% compared to the previous year (2020: USD 1.23).

Industry development

Retail turnover and private consumer spending

The impact of the measures to contain the COVID-19 pandemic was particularly severe for the retail industry on account of widespread store closures. According to estimates by Eurostat, the statistical office of the European Union, retail activity in the euro area grew by 5.0% year-on-year in 2021. In December 2021, the volume of sales in the euro area fell by 3% compared to the previous month, even dropping by as much as 5.2% in the non-food sector. The highest monthly declines in retail sales volume in December 2021 were recorded in the Netherlands, Spain and Germany.

According to the Federal Statistical Office's preliminary findings, retailers' price-adjusted turnover increased by 0.7% year-on-year in Germany in 2021. However, some bricks-and-mortar retailers, such as purveyors of furnishings, household appliances and building supplies, also continued to see lower turnover in the second year of the coronavirus crisis. Internet and mail-order business, on the other hand, achieved a significant increase of 12.4% in 2021.

The Business Climate Index published by the ifo Institute, which records future expectations and the current situation of various industries, stood at 94.7 points at the end of 2021 following a decrease of 1.9 points in December. Consumer-related service providers and the retail sector were hit particularly hard by the renewed worsening of the pandemic situation. In the retail sector, the index value for the business climate in December declined by 6.8 points to –4.1 points compared to the previous month's value. The business climate index for the retail sector recovered from –16.6 points in January to 16.0 points in July. However, it then decreased steadily in the following months. At the end of 2021, retailers assessed their situation as significantly less favourable than at mid-year.

Consumer confidence

The Consumer Confidence Indicator, which is determined by the European Commission, measures European consumers' propensity to consume. It is considered the leading indicator for assessing the future development of consumer spendings. Although the indicator deteriorated further in December of the reporting period, falling by 1.4 points in the EU and 1.5 points in the euro area, it improved significantly over the year as a whole after a sharp decline at the beginning of 2021. Having ended the year at –9.6 points (2020: –15.3 points) in the EU and at –8.3 points (2020: –13.9 points) in the euro area. The indicator remained up on the long-term average of –10.5 points for the EU as a whole and –10.9 points for the 19 Eurozone member states.

For Germany, the GfK Consumer Climate Index painted a largely similar picture. By the end of 2021, the index had cooled off noticeably due to the ongoing pandemic and rising inflation rates. However, at –1.8 points, the index was still significantly above its level in the previous year of –6.8 points. After falling sharply at the start of the year to stand at –15.5 points in February, the index value gradually recovered and reached its high for the year of 1.0 points in November.

Regulatory environment

The regulatory environment for the Leifheit Group's business model and products remained largely unchanged in financial year 2021.

In the context of the COVID-19 pandemic, business was negatively impacted at the beginning of 2021 by the ongoing closure of important sales channels – and subsequently by the politically enforced measures to contain the pandemic in the respective markets. On the other hand, however, consumer demand for floor cleaning products, air purification and kitchen aids increased in 2021 against the background of the pandemic. Leifheit was able to leverage this rise in demand through increased consumer advertising.

Net assets, financial position and results of operations of the Group

In financial year 2021, the focus was on continuing to consistently implement the Scaling up Success growth strategy, thereby creating the conditions for sustainable turnover growth and profitability improvements within the Leifheit Group. The Leifheit Group achieved good business development for the year as a whole despite a challenging business environment, particularly in the second half of the year, that was characterised by disruptions in the global supply chain, shortages of raw materials and enormous increases in procurement prices In financial year 2021, the Group again grew significantly, achieving turnover growth of 6.2% to m€ 288.3. Earnings before interest and taxes reached m€ 20.1, an increase of 6.9%.

Forecast-actual-comparison	Actual 2020	Forecast 2021	Adjustment October 2021	Adjustment November 2021	**Actual 2021**
Group turnover	m€ 271.6	at least + 5%			m€ 288.3 + 6.2%
Household turnover	m€ 213.1	at least + 6%			m€ 230.8 + 8.3%
Wellbeing turnover	m€ 26.5	at least + 7%		down slightly year-on-year	m€ 25.5 –3.7%
Private Label turnover	m€ 32.0	up slightly year-on-year			m€ 32.0 + 0.1%
Group EBIT	m€ 18.8	between m€ 20 and m€ 24	between m€ 15 and m€ 20		m€ 20.1
Free cash flow	m€ –5.5	approx. m€ 10 to m€ 14		approx. m€ 4 to m€ 8	m€ 9.6

Comparison of actual performance with projected business performance

The forecasts for the development of turnover, EBIT and free cash flow that the company announced for 2021 upon the publication of the annual financial report 2020 were subject to constant review by the Board of Management over the course of the year and were adjusted in line with business performance.

The Leifheit Group got off to a very good start in financial year 2021, recording year-on-year growth of around 20% in the first six months, as well as a significant improvement in earnings from m€ 8.8 to m€ 13.6. In the third quarter of the reporting year, however, rising raw material prices, the low availability of freight space and supply bottlenecks increasingly impaired business development, which was reflected in the earnings development for the third quarter in particular.

Against this background, the Board of Management updated its earnings forecast for 2021 as a whole in October to expect earnings before interest and taxes of between m€ 15 and m€ 20, with an unchanged turnover forecast for the Group. The Board of Management expected a free cash flow of about m€ 4 to m€ 8 on this basis, whereas the original forecast had predicted EBIT of between m€ 20 and m€ 24 and a free cash flow of about m€ 10 to m€ 14.

However, Group turnover increased to m€ 288.3 in the reporting period and was thus in line with the forecast with growth of 6.2%. The Board of Management forecasted turnover growth for the Group of at least 5%.

In the largest segment, Household, the Board of Management expected turnover to grow by at least 6%. These expectations were met with a turnover increase of 8.3% to m€ 230.8. In the Wellbeing segment, turnover fell as expected by a slight 3.7% year-on-year to stand at m€ 25.5. In the Private Label segment, turnover was expected to be slightly above the previous year's level. At m€ 32.0, the segment achieved turnover that was roughly on a par with the previous year (+0.1%).

Turnover development is described in detail in the Business performance section below.

EBIT stood at m€ 20.1 and was therefore at the upper end of the downwardly adjusted forecast corridor. Positive product and customer mix effects and strict cost management in the fourth quarter, as well as the increase in the foreign currency result, contributed to this.

Free cash flow was above the adjusted corridor, reaching m€ 9.6 in the reporting period. This increase was due in particular to the higher operating result.

Business performance

In financial year 2021, the Leifheit Group generated turnover of m€ 288.3, a significant increase of 6.2% compared to the previous year (2020: m€ 271.6). Looking at financial years 2020 and 2021 as a whole, which were characterised by highly volatile conditions due to the pandemic, there has been an average annual growth in turnover of around 11% since 2019. This development reflects the positive impetus of the Scaling up Success growth strategy established at the end of 2019. The Leifheit and Soehnle products advertised in TV and print campaigns made a major contribution to turnover growth. In 2021, turnover in the Household segment – which is by far the largest, comprising the Leifheit brand together with cleaning, laundry care and kitchen goods categories – was again significantly higher than in the previous year.

In the Wellbeing segment, which includes the Soehnle brand and its range of scales, health products and room air treatment products, the upswing slowed down somewhat after extraordinarily strong growth in financial year 2020. Furthermore, growth was increasingly dampened by supply bottlenecks for electronic components and a sharp rise in freight rates, particularly in the scales business. In the Private Label segment, we achieved turnover roughly on a par with the previous year.

In almost all relevant sales regions, the Leifheit Group generated significant turnover growth in percentage terms in 2021. In its home market of Germany, the Group was able to continue the upward trend and achieve clear double-digit growth in turnover for the year. Significant growth was also recorded abroad for 2021 as a whole, especially in the high-turnover markets in Central and Eastern Europe. Against this trend, the US – the most important non-European market to date – posted declines in 2021 in view of the pandemic-related positive effects in 2020.

Group turnover by region

Turnover with a major online retailer that had previously been allocated partly to Luxembourg and Central Europe because the customer centre is located there has been attributed to Germany since 2021. For comparability, the previous year’s figures were adjusted accordingly by m€ 5.0.

Germany

In financial year 2021, the Leifheit Group again recorded a strong increase in turnover in the domestic market of Germany. After already achieving double-digit growth in Group turnover to m€ 112.1 in financial year 2020, it reached m€ 126.4 in the reporting period, which corresponds to an increase of 12.7%. The significant increase is due in particular to successful TV campaigns for selected bestsellers of the Leifheit and Soehnle brands.

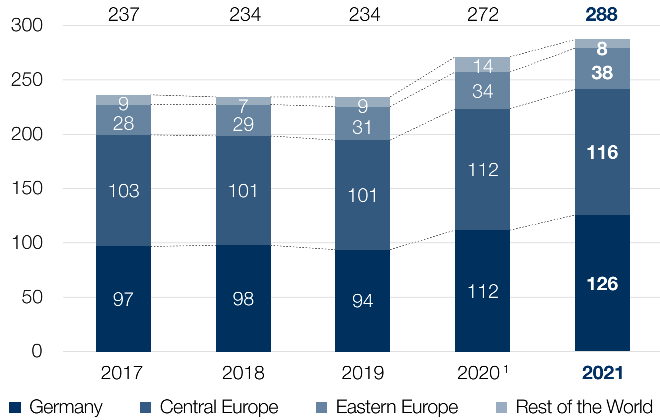
German business thus represented a share of 43.9% of Group turnover (2020: 41.3%).

Central Europe

The Leifheit Group recorded solid turnover growth overall in Central Europe, with the positive development in the important markets of France and Italy standing out in particular. The effects of the successful TV campaigns had a positive impact in both countries, as in the domestic market. The local distribution network was also expanded in the context of intensified marketing activities. As a consequence, turnover in both countries grew by strong double-digit percentages. Turnover development in Belgium, Luxembourg and the Scandinavian countries was also extremely positive. By contrast, Spain saw a downward trend, which was mainly due to the absence of the larger-scale campaigns that took place in the previous year. The United Kingdom also posted a significant decline in turnover, mainly as a result of the brexit.

The Leifheit Group increased turnover in the Central Europe region by a total of 4.0% to m€ 116.4 in financial year 2021. In the previous year, the Leifheit Group achieved turnover in the amount of m€ 112.0. Accordingly, the region accounted for a 40.4% share of Group turnover in the reporting period (2020: 41.2%).

Group turnover by region
in m€



[1] Regional distribution of turnover in 2020 adjusted for turnover with a major online retailer that had previously been allocated partly to Central Europe and has been attributed to Germany since 2021.

Eastern Europe

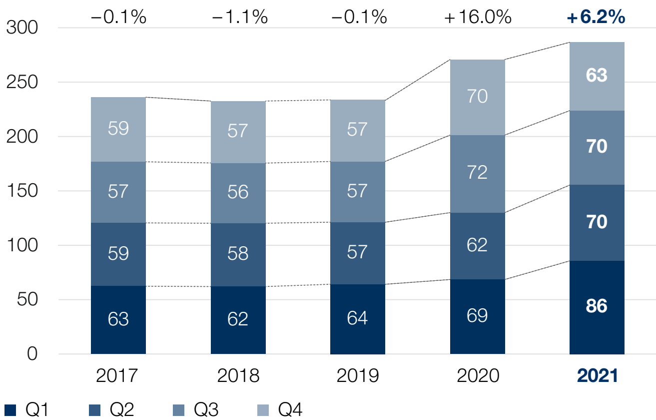
The Leifheit Group once again generated strong turnover growth in Eastern Europe in financial year 2021. Turnover in this sales region reached m€ 37.9 in the reporting period (2020: m€ 33.9), corresponding to an increase of 11.6%. The Eastern Europe region accounted for 13.1% of Group turnover in financial year 2021 (2020: 12.5%).

The strong performance in Poland and the Czech Republic in particular contributed to the positive development in this region. In terms of turnover, the Czech Republic is Leifheit's strongest market in Eastern Europe. As in Central Europe, the overall positive turnover development in this sales region is due to intensified marketing activities in selected Eastern European markets. Russia and Slovakia were the only countries where turnover declined. Ukraine and Russia contributed 1.1% to Group turnover in financial year 2021.

Rest of the World

In the opportunistically driven business outside Europe, the Leifheit Group recorded a considerable turnover decline of 43.9% to m€ 7.6 in financial year 2021 (2020: m€ 13.6). The Rest of the World sales region's share of Group turnover decreased accordingly to 2.6% in the reporting year (2020: 5.0%). This development is mainly due to effects related to the COVID-19 pandemic. In financial year 2020, the temporary closures in bricks-and-mortar retail led to strong temporary sales surges in online business, especially in the US, the highest-turnover market outside Europe, as well as in Asia. This effect disappeared during the reporting period.

Group turnover by quarter [1]
in m€ / growth in %



[1] Adjustment of quarterly turnover in 2021 due to year-end effects.

Group turnover by quarter

Leifheit got off to a very good start in financial year 2021. In the first quarter, it achieved a significant increase in turnover of 25.1% compared to the first quarter of the previous year. The result nearly doubled during this period. Thanks to increased consumer advertising, the Leifheit Group was able to continue the growth trend of the previous quarters. Despite the renewed restrictions related to the COVID-19 pandemic in spring 2021, Group turnover was also up significantly year-on-year in the second quarter, with an increase of 13.3%.

In the third and fourth quarter, however, turnover fell short of the level seen in the previous year. However, any comparison with the previous year should take into account the fact that a large proportion of turnover was shifted to the second half of the year due to the closure of physical stores in spring 2020, resulting in extraordinary growth rates in the third and fourth quarters of 2020. Furthermore, supply bottlenecks became increasingly noticeable in the second half of the reporting year.

Group turnover development by quarter in m€	2020	2021 [1]	Change
Q1	68.7	85.9	+25.1%
Q2	61.7	69.9	+13.3%
Q3	71.5	69.5	–3.0%
Q4	69.7	63.0	–9.4%
	271.6	**288.3**	**+6.2%**

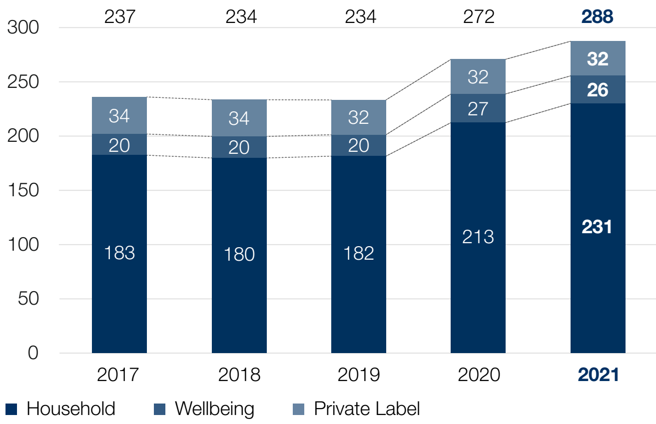
[1] Adjustment of quarterly turnover in 2021 due to year-end effects.

Group turnover by segment

Household

The Household segment, which comprises the Leifheit brand and the cleaning, laundry care and kitchen goods categories, is the segment with the highest turnover in the Leifheit Group. In the reporting period, turnover in this segment increased by 8.3% year-on-year to m€ 230.8 (2020: m€ 213.1). In financial year 2021, 80% of Group turnover was achieved by the Household segment (2020: 78.5%).

Group turnover by segment
in m€



With an increase of 17%, the cleaning category – the strongest in terms of turnover – made the most significant contribution to the marked growth in the Household segment. This rise reflected the positive effects of the expanded TV advertising campaigns for cleaning products. There is also a continued, pronounced need for hygiene in private households due to the ongoing COVID-19 pandemic, which supported a sustained increase in demand for cleaning products, especially for manual and electric floor cleaning products and the corresponding accessories. The success of the TV campaign for the Regulus Aqua PowerVac battery-powered vacuum wiper had a particularly positive impact on turnover development. The laundry care category also developed positively in the reporting period, achieving growth of 5.8%. Here too, Leifheit benefited from continued TV advertising.

Business in the kitchen goods category was weaker, reflecting the change in consumer spending priorities. In financial year 2020, many people cooked more at home due to restaurant closures and the risk of infection, which in turn was reflected in sales of kitchen products. This development reversed in the reporting period after infection control measures were relaxed in spring and summer.

Wellbeing

Wellbeing comprises the Soehnle brand and a range of bathroom and kitchen scales, health products and room air treatment products. Along with the Household segment, it represents the core business of the Leifheit Group. However, with an 8.9% share of Group turnover (2020: 9.8%), it is significantly smaller than the Household segment. Germany is by far the largest market for this segment, followed by the Netherlands, Austria and Italy.

In financial year 2021, turnover in the Wellbeing segment decreased slightly to m€ 25.5 (2020: m€ 26.5), corresponding to a drop of 3.7%. In retrospect, this segment benefited particularly strongly in financial year 2020 from the effects of the protective measures in the context of the COVID-19 pandemic, which included a pronounced trend towards home cooking during this period, as well as strong demand for air purifiers.

Soehnle brand scales were advertised on TV for the first time in financial year 2021. By expanding marketing activities, it has been possible to achieve solid turnover growth in this product group despite more difficult general conditions and supply bottlenecks. Although demand for air purifiers has calmed down considerably after the surge in demand in financial year 2020, turnover involving such products has nevertheless remained high. Soehnle Medical, on the other hand, saw considerable losses after extensive campaigns in financial year 2020, which were not repeated in the reporting period.

Private Label

The Private Label segment comprises the French subsidiaries Birambeau and Herby, with kitchen goods and laundry care specially produced for private-label brands. The segment is strongly focused on individual markets and customers, with France as the core market.

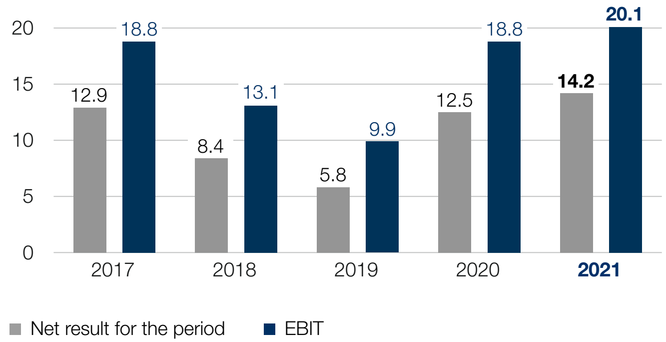
In the first three quarters of 2021, the Private Label segment benefited from the fact that important sales channels that were temporarily closed 2020 remained open, despite new protective measures in the wake of the COVID-19 pandemic. However, turnover in the segment remained significantly below the previous year's figure in the final quarter. For the year as a whole, the segment posted turnover of m€ 32.0, roughly matching (+0.1%) the previous year's figure (2020: m€ 32.0).

Development of results of operations

In financial year 2021, the Leifheit Group achieved EBIT in the amount of m€ 20.1 (2020: m€ 18.8). We achieved an increase of m€ 1.3 compared to the previous year, despite enormous increases in commodities prices and incoming freight. This rise resulted mainly from the contribution margins related to the increased turnover, as well as from the increase of the foreign currency result. The EBIT margin rose to 7.0% in the reporting period (2020: 6.9%). It is calculated as the ratio of EBIT to turnover.

Earnings before taxes (EBT) increased by €m 1.6 to €m 19.3 in financial year 2021 (2020: m€ 17.7). The interest and financial result included as part of this figure increased by m€ 0.3 to m€ –0.8 (2020: m€ –1.1). After deduction of taxes of m€ 5.1 (2020: m€ 5.2), the Leifheit Group achieved a net result for the period of m€ 14.2 (2020: m€ 12.5).

Group result
in m€



Comprehensive income after taxes amounted to m€ 20.7 in the reporting period (2020: m€ 9.4). It includes the net result for the period and other comprehensive income. The other comprehensive income also includes components that are recorded directly under equity as other reserves. This relates to the currency effects from the conversion of financial statements in foreign currencies, value changes from hedging transactions, currency effects of equity-replacing loans from Group companies and adjustment effects from pension obligations. Other comprehensive income rose to m€ 6.5 during the reporting period (2020: m€ –3.1). The m€ 9.6 increase was mainly due to adjustment effects of provisions of pensions, changes in the value of forward exchange transactions and currency effects.

Income statement (short version) in m€	2020	2021
Turnover	271.6	288.3
Cost of turnover	–149.3	–166.2
Gross profit	**122.3**	**122.1**
Research and development costs	–5.7	–6.1
Distribution costs	–83.3	–84.0
Administrative costs	–14.8	–14.5
Other operating income and expenses	1.1	1.4
Foreign currency result	–0.9	1.2
EBIT	**18.8**	**20.1**
Interest and financial result	–1.1	–0.8
EBT	**17.7**	**19.3**
Income taxes	–5.2	–5.1
Net result for the period	**12.5**	**14.2**
Other comprehensive income	–3.1	6.5
Comprehensive income after taxes	**9.4**	**20.7**

Gross profit

Despite the significant increase in turnover, gross profit fell by m€ 0.2 to m€ 122.1 in the reporting period (2020: m€ 122.3). Global supply chain disruptions, raw material shortages and huge increases in commodity prices and incoming freight, as well as negative currency effects, led to a 2.7 percentage point decline in gross margin to 42.3% (2020: 45.0%). The gross margin is calculated as gross profit in relation to turnover. The decline in the gross margin fully offset the contribution margins from increased turnover. While turnover increased by 6.2%, the cost of turnover rose disproportionately by 11.4%, particularly due to higher material costs, purchased services and increased services.

Research and development costs

Research and development expenses rose by m€ 0.4 to m€ 6.1 (2020: m€ 5.7). These costs mainly include personnel costs, costs for services and patent fees. The increase relates in particular to expenses in connection with our patents.

Distribution costs

Distribution costs rose by m€ 0.7 during the reporting year to m€ 84.0 (2020: m€ 83.3). In particular, they include advertising costs, commissions, marketing costs, freight out, delivery charges and the costs incurred by the internal and external teams.

Administrative costs

Administrative costs fell by m€ 0.3 in financial year 2021 to m€ 14.5 (2020: m€ 14.8). First and foremost, these costs include personnel costs and services to support our financial and administrative functions.

Personnel costs decreased by m€ 0.8, in particular due to reduced bonuses. By contrast, depreciation and amortisation rose by m€ 0.3 and expenses for services by m€ 0.2.

Other operating income and expenses

Other operating income rose by m€ 0.4 to m€ 1.7 during the reporting period (2020: m€ 1.3). The position mainly includes commission income and income from compensation for damages. Income from damages received from competitors for patent infringements increased by m€ 0.1 to m€ 0.5.

In 2021, we also received a final payment of m€ 0.2 from a client insolvency from previous years. Other operating expenses were up by m€ 0.1 to m€ 0.3 (2020: m€ 0.2).

Foreign currency result

The foreign currency result increased by m€ 2.1 to m€ 1.2 (2020: m€ –0.9). It includes changes in the fair values of forward foreign exchange transactions, foreign currency valuations and foreign currency gains and losses realised. The effects from foreign currency valuation increased by m€ 1.3 and the exchange rate gains realised by m€ 0.7.

Interest and financial result

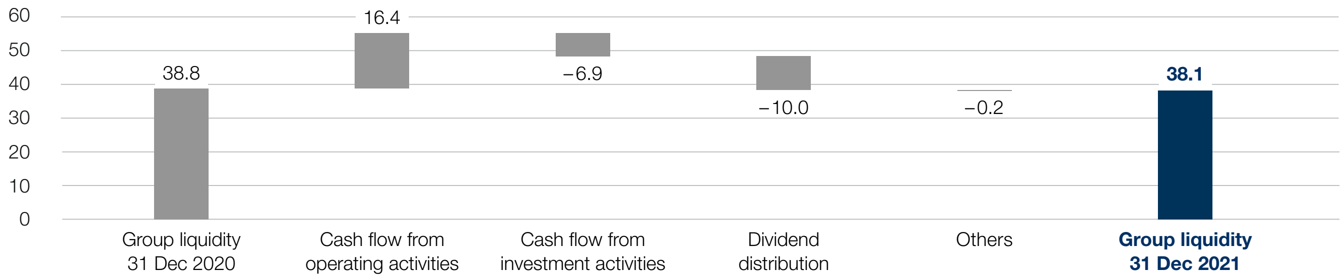
The interest and financial result amounted to m€ –0.8 (2020: m€ –1.1). No notable interest income was generated due to the continued negative interest rates in the Eurozone. Interest expenses amounted to m€ 0.8 (2020: m€ 1.1). Of this amount, m€ 0.7 was attributable to interest accruals to pension obligations (2020: m€ 0.9).

Income taxes

In financial year 2021, income taxes at the Leifheit Group totalled m€ 5.1 (2020: m€ 5.2). The tax rate fell to 26.5% (2020: 29.2%). This ratio is the relationship of taxes on income to EBT. The tax rate decrease was mainly due to the adjustment in deferred taxes and to changes in the contribution to earnings made by foreign Group units that are subject to different foreign tax rates.

Development of the financial situation

Group liquidity
in m€



Financial management

Leifheit maintains a centralised financial management for liquidity and currency management. An important goal of our financial management strategy is to ensure a minimum Group liquidity in order to meet our payment obligations at all times. To this end, most Group companies have been integrated by Leifheit into central cash management operations. Cash and cash equivalents are pooled throughout the Group, monitored and invested according to uniform principles. High levels of liquid assets improve our financial flexibility and secure our solvency and independence across the Group. Further lines of credit available at short notice enable us to draw on further liquidity reserves if necessary.

The Group liquidity and lines of credit available enable us to meet our payment obligations. There are no restrictions regarding the availability of cash.

We also manage our currency exchange risks on a Group-wide basis. We hedge them through selected derivatives. Derivatives are used exclusively for the purpose of hedging underlying transactions. They are not used for speculative purposes. We have clear rules in place in the area of financial risk management, which also cover the use of derivative financing instruments.

Liquidity management

Our operating activity is the primary source of building up and expanding cash, cash equivalents, other investments and short-term securities. In the past, cash and cash equivalents have been largely used for our business activities and the resulting investments, the acquisition of companies or parts of companies, the payment of dividends and the repurchase of our own shares. We aim to continue generating sufficient liquidity in the future to ensure the distribution of annual dividends in the context of a continuous dividend policy.

As at 31 December 2021, we held cash and cash equivalents mainly in euros, Czech korunas, US dollars, Chinese yuan and Polish zloty. We can also invest in near-money-market funds to reduce counterparty risks with banks. In the process, we pursue a prudent investment policy. As a result, we generally only invest in financial assets of issuers that have a minimum credit rating of BBB and/or in financing instruments with an average rating of at least 90% investment grade. We did not hold any near-money-market funds in financial year 2021.

Management of capital structure

Our primary objective in managing the capital structure is maintaining a strong financial profile. As a result, we focus on maintaining sufficient levels of equity. This should also contribute to boosting the trust that investors, banks, customers, suppliers and employees have in our company. We focus the management of our capital structure on ensuring that we can meet our future potential financing requirements on reasonable terms in the capital market.

Capital structure

The equity ratio increased to 46.6% at the end of financial year 2021 (2020: 43.7%). It is calculated from the proportion of equity to the total of equity and liabilities. The debt-equity ratio, the relationship between current and non-current liabilities to the sum of equity and liabilities, amounted to 53.4% (2020: 56.3%) and was therefore 2.9 percentage points lower year-on-year, mainly due to the decrease in pension obligations.

At m€ 127.5, group debt consisted as at 31 December 2021 primarily of pension obligations of m€ 62.9 (2020: m€ 68.0), trade payables and other liabilities of m€ 50.7 (2020: m€ 47.1), other provisions of m€ 10.2 (2020: m€ 8.8) and income tax liabilities of m€ 0.6 (2020: m€ 3.4). As in previous years, Leifheit had no liabilities to banks at the end of financial year 2021.

Equity and liabilities	31 Dec 2020		31 Dec 2021	
	m€	Share in %	**m€**	**Share in %**
Equity	100.4	43.7	111.3	46.6
Current liabilities	56.7		58.4	
Non-current liabilities	72.9		69.1	
Liabilities	129.6	56.3	127.5	53.4
	230.0	**100.0**	**238.8**	**100.0**

Analysis of Group liquidity

As at 31 December 2021, Group liquidity totalled m€ 38.1 (2020: m€ 38.8). It only included cash and cash equivalents.

As at the balance sheet date, bank balances consisted mainly of amounts in euros of m€ 26.5 (2020: m€ 26.1), Polish zloty of m€ 5.0 (2020: m€0.9), Romanian leu of m€ 2.0 (2020: m€ 0.2), Chinese yuan of m€ 1.2 (2020: m€ 1.3) and Czech korunas of m€ 1.2 (2020: m€ 1.2).

Analysis of Group statement of cash flow

m€	2020	**2021**	Change
Cash flow from operating activities	4.0	16.4	12.4
Cash flow from investment activities	−9.5	−6.9	2.6
Cash flow from financing activities	−6.0	−10.4	−4.4

Cash inflow from operating activities in financial year 2021 totalled m€ 16.4 (2020: m€ 4.0). It resulted mainly from the net result for the period (adjusted for depreciation and amortisation) in the amount of m€ 22.0 (2020: m€ 21.1), the decrease in income tax liabilities of m€ 2.8 (2020: increase of m€ 3.3) and the increase in working capital of m€ 2.4 (2020: m€ 20.6).

Working capital is the sum total of trade receivables, inventories and contractual assets less trade payables and other liabilities. The higher working capital resulted from the rise in inventories. Inventories increased by m€ 10.4 compared to 31 December 2020 (2020: m€ 13.9). The rise in inventory value was due both to valuation factors resulting from the further strong increase in prices in the fourth quarter and to higher short-term stockpiling of raw materials and merchandise. In return, however, trade payables and other liabilities also increased by m€ 3.6 (2020: m€ 6.4). Trade receivables fell by m€ 4.7 due to the decline in turnover in the fourth quarter (2020: increase of m€ 13.0).

Cash outflow from investment activities stood at m€ 6.9 in the reporting period (2020: m€ 9.5). Investments (payments for the purchase of intangible assets and tangible assets) amounted to m€ 7.3. Therefore, investments were m€ 2.3 lower than in the previous year (2020: m€ 9.6). The investment measures in financial year 2021 had been largely completed by the end of the year. The main investment projects that had not been completed are related to production facilities, packaging machines and expansions at our Czech plant, which will not be ready for operation until 2022 due to a lack of electronic components. The budget for these investments stood at m€ 3.9, m€ 1.9 of which had been disbursed by 31 December 2021.

Cash outflow from financing activities amounted to m€ 10.4 (2020: m€ 6.0) and related largely to the payment of dividends totalling m€ 10.0 (2020: m€ 5.2) and the payments for lease liabilities of m€ 0.6 (2020: m€ 0.7).

Free cash flow

Free cash flow increased to m€ 9.6 in financial year 2021 (2020: m€ −5.5). As a key figure, free cash flow indicates how much liquidity was available for the repayment of debt financing and for the distribution of dividends to shareholders. The free cash flow of the previous year was impacted by the strong increase in working capital and higher investments.

m€	2020	**2021**	Change
Cash flow from operating activities	4.0	16.4	12.4
Cash flow from investment activities	−9.5	−6.9	2.6
Free cash flow	−5.5	9.6	15.1

Lines of credit

Leifheit had lines of credit of m€ 25.2 as at 31 December 2021 (2020: m€ 25.2). Of this amount, m€ 0.4 was utilised through guarantees and credit cards (2020: m€ 0.7).

Development of net assets

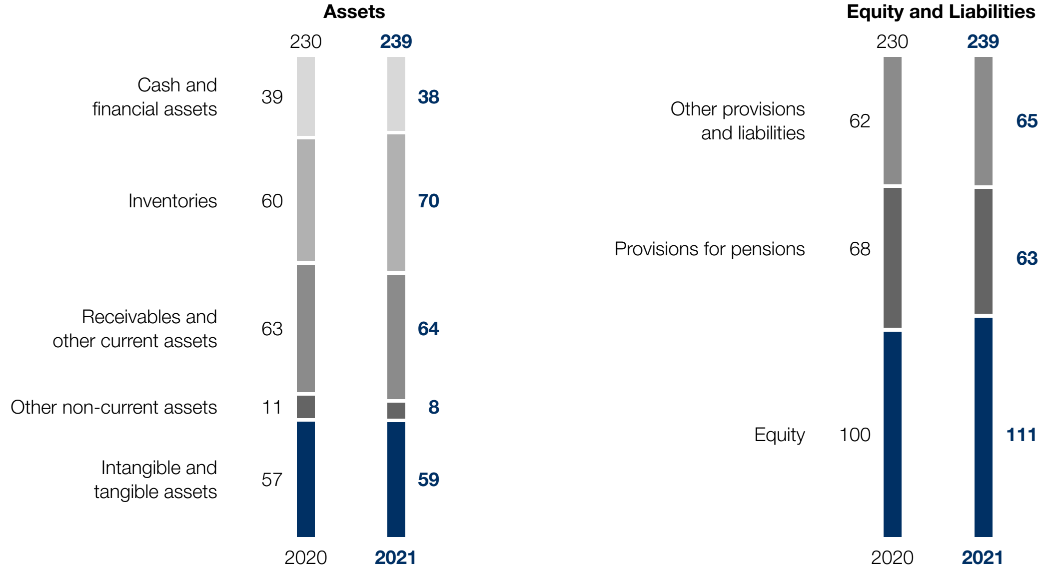
Balance sheet structure

The Leifheit Group's total assets increased by m€ 8.8 year-on-year to m€ 238.8 as at 31 December 2021 (2020: m€ 230.0). On the assets side, this increase resulted largely from higher inventories, and on the liabilities side mainly from increased equity.

As at the balance sheet date, current assets totalled m€ 171.5 and were therefore m€ 9.2 higher than as at 31 December 2020. Cash decreased by m€ 0.7 to m€ 38.1 as at 31 December 2021 (2020: m€ 38.8). Trade receivables fell by m€ 4.7 to m€ 52.7 (2020: m€ 57.4) due to the lower turnover in the fourth quarter. By contrast, inventories increased by m€ 10.4 compared to 31 December 2020 (2020: m€ 13.9). The rise in inventory value was due both to valuation factors resulting from the further strong increase in prices in the fourth quarter and to higher short-term stockpiling of raw materials and merchandise. Other current assets increased by m€ 1.0 to m€ 5.3 due to higher VAT receivables as of the balance sheet date.

Current and non-current active derivative assets increased by a total of m€ 3.2 to m€ 3.6 (2020: m€ 0.4), whereas current and non-current derivative financial liabilities decreased by a total of m€ 0.8 (2020: m€ 0.8). This change resulted primarily from the use of the forward exchange transactions concluded in previous years for financial year 2021 and the change in the fair values of forward exchange transactions for the period from January 2022 until February 2023. All forward exchange contracts held as at the balance sheet date had a positive current value as at 31 December 2021.

Balance sheet ratios
in m€



Non-current assets fell by m€ 0.4 to m€ 67.3 as at 31 December 2021 (2020: m€ 67.7). While tangible assets increased by m€ 1.1 to m€ 38.7 (2020: m€ 37.6), mainly due to currency effects, deferred tax assets fell by m€ 1.9 to m€ 8.3 (2020: m€ 10.2), in particular due to the interest-related adjustment of pension obligations.

Current liabilities with maturities of less than one year increased by m€ 1.7 to m€ 58.4 (2020: m€ 56.7). Trade payables and other liabilities rose by m€ 3.6 to m€ 50.7 (2020: m€ 47.1). Trade payables increased by m€ 5.6, in particular due to the increase in inventories. Liabilities to employees fell by m€ 1.4, in particular due to lower bonuses and severance payments, while customer bonuses fell by m€ 1.3 due to declining turnover in the fourth quarter of 2021. Liabilities from income taxes fell by m€ 2.8 to m€ 0.6 (2020: m€ 3.4). Lower advance payments were made in the previous year due to the pandemic.

Non-current liabilities decreased by m€ 3.8 to m€ 69.1 as at the end of the financial year (2020: m€ 72.9). They chiefly include pension obligations in the amount of m€ 62.9 (2020: m€ 68.0). The m€ 5.1 decrease in pension obligations resulted mainly from adjustment effects due to the increased actuarial interest rate, as well as from payments exceeding net expense.

The Leifheit Group continued to have a solid equity base. At m€ 111.3, equity as at 31 December 2021 was up by m€ 10.9 compared to the previous year's reporting date (2020: m€ 100.4). The dividend distributed in the reporting period for financial year 2020 amounted to m€ 10.0 (2020: m€ 5.2). The net result for the period 2021 included in equity amounted to m€ 14.2 (2020: m€ 12.5), with other comprehensive income of m€ 6.5 (2020: m€ –3.1).

The equity ratio – the share of equity in relation to the balance sheet total – rose to 46.6% at the end of financial year 2021 (2020: 43.7%) due to the increase in equity with a slight decrease in debt.

Investments

In the reporting period, we invested a total of m€ 7.3 (2020: m€ 9.6).

Additions to tangible assets totalled m€ 6.9 in financial year 2021 (2020: m€ 8.9). These mainly involved tools for new products, machines, streamlining and replacement investments for production plants as well as operating and business equipment. In the previous year, we had invested m€ 2.0 more – mainly to improve efficiency and expand production at our Czech production plant. The investment measures in financial year 2021 had been largely completed by the end of the year. The main investment projects that had not been completed related to production facilities, packaging machines and expansions at our Czech plant, which will not be ready for operation until 2022 due to a lack of electronic components. The budget for these investments stood at m€ 3.9, m€ 1.9 of which had been disbursed by 31 December 2021.

We also invested m€ 0.3 (2020: m€ 0.7) in intangible assets, which mainly concerned the acquisition of software.

The investment ratio, which gives information on additions to non-current assets in relation to historic procurement and production costs, stood at 3.9% without right-of-use assets from leases in financial year 2021 (2020: 5.2%).

As at 31 December 2021, there were contractual obligations to acquire items of non-current assets – mainly for equipment – in the amount of m€ 2.8 (2020: m€ 1.5). These will be financed by cash and cash equivalents.

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 related 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

In financial year 2021, we continued systematically implementing our Scaling up Success growth strategy in order to create the conditions for sustainable turnover growth and increased profitability. The business development of the Leifheit Group was strong over the year as a whole. However, we faced a challenging business environment – particularly in the second half of the year – which was marked by disruptions in the global supply chain, shortages of raw materials and huge increases in procurement prices.

Overall, the Group again grew significantly in financial year 2021, achieving an increase in turnover of 6.2% to m€ 288.3. On the turnover side, the positive impetus of the Scaling up Success growth strategy established at the end of 2019 continued to make itself felt. As a result, the Leifheit Group has succeeded in achieving average annual turnover growth of around 11% since 2019, despite highly volatile conditions against the backdrop of the pandemic. The Leifheit and Soehnle products advertised in TV and print campaigns also made a major contribution to turnover growth in 2021. We generated significant turnover growth of 8.3% in 2021 in the Household segment. In the Wellbeing segment, development has plateaued at a high level after significantly strong growth in financial year 2020, resulting in a slight 3.7% decline in turnover year-on-year. In the Private Label segment, we achieved turnover roughly on a par with the previous year.

In almost all relevant sales regions, the Leifheit Group generated significant turnover growth in percentage terms in 2021. In the domestic German market, we were able to achieve a 12.7% increase in turnover, thus confirming the recent upward trend. The significant increase resulted primarily from demand for Leifheit and Soehnle products advertised on TV. Significant growth was also recorded abroad for 2021 as a whole, especially in the high-turnover markets in Central and Eastern Europe. The development in the important markets of France and Italy, as well as in Poland and the Czech Republic, was particularly pleasing. Increased consumer advertising had a positive impact in these markets.

However, financial year 2021 was also shaped by the tense situation on the global procurement market. The rise in commodity prices, the low availability of freight space and delivery bottlenecks increasingly impacted the development of earnings in the third and fourth quarter of the reporting period. Despite these cost increases, the Leifheit Group achieved EBIT in the amount of m€ 20.1 in 2021. The year-on-year increase of m€ 1.3 resulted mainly from the contribution margins related to the increased turnover and from the increased foreign currency result. EBIT was therefore at the upper end of the most recently announced forecast corridor of m€ 15 to m€ 20.

The tense situation on the procurement market, along with negative currency effects, led to a decrease in gross profit of m€ 0.2 to m€ 122.1 in the reporting period despite the significant increase in turnover. Accordingly, the gross margin fell by 2.7 percentage points to 42.3%. As part of our strategy, we will continue to focus on increasing investments in consumer advertising while improving cost structures along the entire value chain.

The Leifheit Group has a solid capital structure, which provides us with financial stability and independence for the further implementation of the growth strategy we have embarked on. As of the balance sheet date, the non-current liabilities continued to result mainly from pension obligations. At the reporting date, as in previous years, there were no liabilities to credit institutions. The equity ratio increased to 46.6% as of the reporting date. The Group's cash and cash equivalents and financial assets amounted to m€ 38.1 as at 31 December 2021.

Non-financial performance indicators

Employees

Highly trained and motivated employees are essential to our ability to achieve our ambitious operating and strategic targets. Demographic developments and the associated increased shortage of highly qualified workers, which is particularly but not only noticeable where technical professions are concerned, are a key challenge. Our strategic HR work allows us to rise to the challenges presented by the labour market. We invest in our workforce and provide opportunities for training and development.

One important success factor in our Scaling up Success strategy is further developing our corporate culture into a “winning culture”. Our goal is to foster an agile culture that is fun, fast, friendly and fearless. Our vision is for our employees to tackle the challenges they face with a sense of fun and joy, and with speed and confidence, to allow us to leverage our company’s potential even better in future. In the area of operations and at its intersections, we give responsibility to teams across different disciplines and hierarchies with the help of tools for agile working.

We are making a special effort to recruit and retain good staff in the long term. For example, we offer various opportunities for development, despite our relatively small company size and flat hierarchies. We aim to offer all our employees competitive remuneration and prize diversity among our staff. To ensure that all employees can perform to their full potential, we strive to create a safe and suitable working environment.

Number of employees at the Group

As at 31 December 2021, the Leifheit Group had 1,080 employees in total (2020: 1,098 employees), 94 of whom were in part-time employment (2020: 82). The number of employees thus remained largely stable. As at that date, 412 employees were working at German locations (2020: 403 employees). This represents a share of 38.1% of the Group workforce (2020: 36.7%). As at the balance sheet date, we employed 444 people at production and sales locations in the Czech Republic (2020: 473 people), or 41.1% (2020: 43.1%) of the Group workforce. At the end of the reporting period, 139 employees (2020: 142 employees), or 12.9% of the Group’s workforce (2020: 12.9%), worked in France. The remaining 7.9% of employees are spread mainly among various European countries.

The Household segment had 907 employees (2020: 914 employees), with the Wellbeing segment totalling 39 employees (2020: 47 employees). In the Private Label segment with our French subsidiaries Birambeau and Herby, we had 134 employees at the end of the reporting period (2020: 137 employees).

Employee structure of the Leifheit Group	31 Dec 2020	31 Dec 2021
Group	1,098	1,080
Household	914	907
Wellbeing	47	39
Private Label	137	134
Germany	403	412
Czech Republic	473	444
France	142	139
Other countries	80	85

A total of 23 trainees were employed at Leifheit AG’s German locations at the end of 2021 (2020: 31 trainees). The average number of employees at the Leifheit Group was 1,099 people in financial year 2021 (2020: 1,094 people).

Personnel costs at the Group fell by 2.6% to m€ 50.9 in the reporting period (2020: m€ 52.3).

Characteristics of the workforce of the Leifheit Group	2020	2021
Average length of service	11.7 years	11.6 years
Age structure of employees		
under 30 years	16%	16%
>30 to 40 years	20%	19%
>40 to 50 years	28%	29%
>50 to 60 years	28%	27%
over 60 years	8%	9%
Average age	44 years	44 years
Percentage of women in the workforce	49%	49%
Percentage of women at the first management level [1]	27%	29%
Number of trainees	31	23
Part-time employees	82	94

[1] Below the Board of Management.

Diversity

At the Leifheit Group, we foster a working environment that welcomes diversity, so as to benefit from our employees’ different personal abilities, talents and experiences. In doing so, we do not tolerate any kind of discrimination, and we are committed to equal opportunity, regardless of age, gender, religion, ethnic origin or sexual orientation. Our diversity management focuses on three aspects of our workforce: gender, age structure and internationality.

Opportunities and risks report

The strategic management of opportunities and risks serves as the basis for the sustainable development of the Leifheit Group. Identifying opportunities and taking advantage of potentials for success are essential to profitable growth. Comprehensive risk management and an internal control system help the Leifheit Group to deal responsibly with business risks.

Opportunities

An important part of corporate activity is identifying business opportunities early on and making consistent use of them. The opportunities presented here are not necessarily the only ones available to Leifheit. In addition, our assessment of individual opportunities may change because the business climate, markets, key trends and technologies are all in a state of constant development. As a result, new opportunities may arise, existing ones may lose their significance, or the significance of an individual opportunity may change.

The Leifheit Group takes business opportunities into account in its budget planning and tracks them in conjunction with periodic reporting. Opportunities may exceed our expectations in future and lead to a positive deviation from our forecast or the targets that we set for ourselves. The Board of Management and the management of the applicable areas of operation are responsible for the prompt identification, analysis and utilisation of opportunities that arise. We regularly consider detailed market and competition analyses, relevant cost parameters and critical success factors, which we then take into account in our strategy. Our overriding objective is to strike a healthy balance between opportunities and risks.

In our view, the general situation with regard to opportunities for our company did not change significantly in the reporting period.

Macroeconomic opportunities

For the most part, the Leifheit Group operates in the non-cyclical consumer goods sector. As a result, it is less strongly affected by the overall economic situation than the cyclical consumer goods sector. Nevertheless, general economic conditions may affect the Leifheit Group's business to a certain extent. Accordingly, our financial targets are based on the macroeconomic development estimates described in the forecast. If basic conditions and consumer sentiment, especially in our important markets in Europe, develop more positively than assumed in the forecast, there might be a chance that we would exceed our turnover and earnings expectations.

Industry-specific opportunities

As a European brand supplier of household products, we can benefit from trends and market developments in relation to these products. In order to actively meet market and customer demands, we put particular emphasis in our product portfolio on the design and development of products that make life at home more easy and convenient. In our view, the following trends will be of importance to our company in the coming years and harbour the potential to have a positive effect on our business development.

Digitalisation makes new processes and products possible

The ongoing digital transformation affects every aspect of a company's value chain. Digitalisation presents the Leifheit Group with numerous opportunities. Apart from increases in efficiency and productivity and further improvement of existing business processes through the expansion and optimisation of our SAP environment, for example, there are also opportunities for innovative business models.

Growing e-commerce market

Consumers are taking ever greater advantage of the internet, from the search for information to the purchase of goods from online shops and other similar services. During the pandemic, consumers shifted their shopping behaviour online more than ever before. For Leifheit, this results in numerous opportunities to tap into growth potential. The Leifheit and Soehnle ranges are well-suited for online retail. While lower-priced items are predominantly sold at bricks-and-mortar shops, we offer many products in the medium-to-high price category for online retail. The expansion of our e-commerce capabilities and activities, paired with the improvement of our direct dialogue, is intended to strengthen consumers' brand loyalty. By cooperating with online distributors, and with the help of our own online shops, we also intend to increase our footprint in international markets that we have yet to fully tap into. These effects could impact turnover in e-commerce faster or more favourably than planned and, as a result, influence the operating result more positively than expected.

Sustainable consumption trend

Besides price and functionality, factors such as quality and durability hold increasing sway over consumers' decisions to purchase a product. Production conditions, as well as environmentally sound and socially compatible production, also play a growing role. The COVID-19 pandemic has further strengthened the trend towards sustainable consumption. Leifheit is a brand supplier of high-quality and long-lasting products that are manufactured at the company's own production locations or by partners under controlled conditions in accordance with the Leifheit Social Code of Conduct. In light of the development described, this allows us to continue improving our market position and to appeal to future generations of shoppers.

Customers are looking for easy and convenient solutions

Increased pressure and greater stress at work can be observed today across all generations. We see opportunities in this increasingly fast-paced world for our consumer-centric products that make life at home a little bit more easy and convenient.

Demographic development

According to forecasts, the percentage of older consumers – for whom brand quality has traditionally played an important role – is set to rise in Germany. At the same time, the number of households, especially single-person and two-person households, is also expected to increase slightly. This may lead to greater demand for household products. These developments could have a positive impact on the Leifheit Group in the future.

Strategic business opportunities

As a leading company for household products in Europe, the company enjoys strategic business opportunities with a focus on products that make life at home more easy and convenient. We rely on our own development department for this. The aim to create additional opportunities based on understanding consumers and customers is entrenched within our organisation and processes.

In addition, we see strategic business opportunities in the further strengthening of consumer advertising for our products that is geared towards making our range of brands and products better-known among consumers. Our main focus here is on TV advertising for our bestselling, European-made products. The associated strengthening of our brands also results in opportunities to improve our negotiating position in dealings with retailers. Furthermore, we see opportunities in the expansion of our market presence – both in traditional retail and in e-commerce. To seize the opportunities that arise as a result, we are increasingly focusing on an efficient link between online and offline sales channels.

Expanding distribution in existing markets and additional regional diversification also offer opportunities. Leifheit focuses its business activities above all on Europe. Country-specific sales programmes serve to consolidate or expand our position in the region.

We also take advantage of opportunities that arise outside of Europe. Through our distribution company in China, which was founded in 2018, we intend to expand our business in the Asia/Pacific region. Partnering with distributors also makes it possible for us to benefit from the momentum of large, rapidly growing markets, especially in emerging economies. Unexpected positive developments in these markets therefore harbour the potential for us to surpass our targets.

Economic performance opportunities

There are economic performance opportunities for Leifheit that arise, in particular, with regard to business operations, cost management and greater efficiency. Our operating activities harbour significant opportunities of achieving additional success through a winning combination of increased consumer advertising with a focus on high-volume, bestselling products.

Cost management and greater efficiency offer the opportunity to boost the long-term earning power of Leifheit. In addition to reducing non-value-adding costs, we are focused on streamlining our products ranges and optimising manufacturing and distribution processes along the entire value chain.

Other opportunities

Our employees are a fundamental pillar of the Leifheit Group's successful growth in the long term. We regularly invest in their expertise. In this context, we also promote various measures to further boost the commitment and motivation of our employees.

We see opportunities resulting from the creation of a fun, fast, friendly and fearless corporate culture. Our vision is for our employees to tackle the challenges they face with a sense of fun and joy, and with speed and confidence, resulting in opportunities to better leverage our company's potential in future.

Risks

We define risks as a possible negative deviation from forecasts or targets due to future events or developments. Risk management comprises all measures designed to handle risks systematically and transparently. We are exposed to various risks in the course of our business activities. The Group has therefore set up a risk management system that allows it to identify risks early on, analyse them and take suitable countermeasures. We use this system to identify potential incidents that could have significant adverse effects on our business situation, net assets, financial position and results of operations, as well as on our reputation, or which could even compromise the survival of the company. To ensure the effectiveness of risk management, allow the aggregation of risks and facilitate transparent reporting, we take a uniform, Group-wide approach for the management of business risks.

As a listed stock corporation with its registered office in Germany, the Board of Management has set up a monitoring system in accordance with section 91 para. 2 of the German stock corporation act (AktG). In addition, the Board of Management is responsible for the effectiveness of the internal control system.

Risk management system

The risk management manual governs the handling of risks within the Leifheit Group and defines a uniform methodology that applies across the Group to all company divisions. The risk management manual delineates responsibilities for the performance of risk management tasks as well as reporting structures. The effectiveness of the risk management system is reviewed by the internal audit team at regular intervals.

Our risk strategy is oriented towards securing the company's existence in the long term, which requires us to recognise, assess and manage risks in the best possible way. The company has determined its individual risk-bearing capacity as a basis for identifying risks that could jeopardise its existence. The risk-bearing capacity is updated on an ongoing basis and represents the maximum amount of risk that the company can bear without jeopardising its continued existence.

Our risk management organisation consists of a risk manager working across the Group and risk owners in the individual operational areas and/or companies. The risk manager is responsible for updating the risk management manual and the uniform implementation of the measures it contains, for risk aggregation and for standardised risk reporting to the various levels of the company. All segments are completely divided into risk areas. The respective risk owner is responsible for risk management within the risk areas. The risk owner's job is to identify and evaluate all risks continuously, notify the company about them and monitor the implementation of countermeasures. Risk management includes both financial and non-financial aspects. Opportunities are not recognised.

The central element of the risk management system is the systematic risk management process that is implemented every six months. It includes the phases of risk identification, assessment, aggregation, management, monitoring and reporting. This process begins with risk identification, during which all financial risks, sources of danger, causes of damage, potential disruptions and non-financial risks are systematically documented in uniform risk tables and then analysed every six months. If new risks arise that could have a material impact on the economic results or the further development of the company, the risk owner immediately notifies the responsible offices.

Identified risks are assessed and categorised according to their impact and probability of occurrence. In addition, individual risks are systematically analysed for dependencies and merged into new risks, if necessary. The aggregated form of all individual risk tables that emerge from this constitutes the risk inventory.

This is represented graphically in a risk map and communicated to the Board of Management and the Supervisory Board at regular intervals. In the risk control phase, each risk owner defines, documents, actively implements and monitors measures to avoid, reduce or transfer risks in each case using the risk table. The status of each countermeasure is also documented in the risk table by the risk owner.

In risk monitoring, general warning indicators are defined, as well as case-by-case indicators for specific individual risks. All indicators are regularly monitored in order to better control risks and the effectiveness of countermeasures that have been initiated.

Internal control and risk management system in the accounting process

The internal control system (ICS) is an integral part of the risk management system. Our ICS manual defines the creation of the internal control and monitoring system for all material business processes at the company and describes the structural organisation. Our goal is the systematic creation and documentation of control measures in the processes in order to comply with laws, standards and directives, avoid financial loss and ensure the functional capability and profitability of business processes. Apart from directives and work instructions, risk control matrices are the central element in risk-related processes. They define the material risks in processes, the risk analysis and the required controls and responsibilities of the control officers. The principles of functional separation and dual control are followed.

With respect to the internal control and risk management system for accounting, our goal is to ensure and uniformly implement the statutory requirements, generally accepted accounting principles and rules of the International Financial Reporting Standards (IFRS) as they are to be applied within the EU. Our internal control and risk management system for accounting is embedded in the Group-wide risk management system. With respect to organisational, control and monitoring structures, we ensure that business matters are recorded, processed and analysed in accordance with the law and entered into the separate and consolidated financial statements.

In addition, our system includes guidelines, procedures and measures designed to ensure that our accounting complies with applicable laws and standards. To this end, we analyse new laws, accounting standards and other pronouncements where non-compliance would represent a material risk to the correctness of our accounting. The Group's accounting department presents uniform Group-wide accounting and evaluation methods in the Group's accounting manual in accordance with IFRS. These guidelines, in conjunction with the schedule for drawing up the annual financial statements, constitute the foundation of the annual financial statements preparation process. As part of this process, all Group companies and accounting areas must present their financial statements to the Group's accounting department with the consolidation software used throughout the Group. Subsidiaries and accounting areas are responsible for compliance with the accounting regulations applicable throughout the Group when preparing their financial statements and are supported and monitored by the Group's accounting department in this process. They carry out the adjustment of intragroup assets and liabilities, as well as supply and service relationships, according to Group guidelines.

Consolidation is carried out globally by the Group's accounting department. In addition, we use external service providers for the evaluation of provisions for pensions or long-term incentive pay, for example. Employees in charge of financial reporting are familiar with our internal guidelines and processes and undergo regular training. Our ICS covers the process for drawing up the separate and consolidated financial statements. The risks and controls are defined in the corresponding risk control matrices. They include IT-supported and manual controls and adjustments, the establishment of functional separation and the dual control principle, rules governing access to the IT system and monitoring.

The purpose of the ICS for accounting and financial reporting is to ensure with reasonable assurance that financial reporting is reliable and that the annual financial statements, the consolidated financial statements and the combined management report of Leifheit AG and the Group are consistent; comply with German legal requirements; give a true and fair view of the net assets, financial position and results of operations; and suitably present the opportunities and risks of future development.

Internal auditing projects include both process- and function-related aspects of ICS.

Risk assessment

Our goal is to determine what adverse effects risks could have on defined risk areas, such as the business situation, net assets, financial position and results of operations or our image, and what risks pose the greatest danger to Leifheit as a going concern. For this purpose, the individual risks are rated as critical, medium or low in terms of their estimated probability of occurrence and their effects on our business objectives. Effects both before and after the measures implemented to mitigate risk are presented, but are reported after the measures taken. The scales for measuring these two indicators are shown in the tables below.

Probability of occurrence	Description
1%–20%	Very low
21%–40%	Low
41%–60%	Moderate
61%–80%	High
81%–99%	Very high

According to this classification, we define a very low risk as one that occurs only under extraordinary circumstances and a very high risk as one whose occurrence is expected within a specific time period.

Extent of effect	Definition of effect
Very low	Low risks that do not have a noticeable effect on business activities, financial position and results of operations, cash flows, company objectives and image (<m€ 1)
Low	Medium risks that have a noticeable effect on business activities, financial position and results of operations, cash flows, company objectives and image (m€ 1–2)
Moderate	Significant risks that have a strong effect on business activities, financial position and results of operations, cash flows, company objectives and image (>m€ 2–5)
High	Serious risks that have a considerable effect on business activities, financial position and results of operations, cash flows, company objectives and image (>m€ 5–25)
Very high	Risks that jeopardise the company's continued existence (>m€ 25)

According to their probability of occurrence and the extent of their effect on our business activities, our financial position and results of operations, our cash flows and our image, we classify risks as critical, moderate or low in the form of a risk map.

Probability of occurrence/ extent of effect	very low 1% – 20%	low 21% – 40%	moderate 41% – 60%	high 61% – 80%	very high 81% – 99%
Very low	Low	Low	Low	Low	Low
Low	Low	Low	Low	Moderate	Moderate
Moderate	Low	Moderate	Moderate	Moderate	Critical
High	Moderate	Moderate	Critical	Critical	Critical
Very high	Critical	Critical	Critical	Critical	Critical

Risk factors

We describe below risk factors that we identify and track using our risk management system. They are aggregated more closely in the following description than they are used for internal control. The risk factors generally affect all segments: Household, Wellbeing and Private Label.

We have grouped the risks relevant to Leifheit into the following categories:

1. Risks from external framework conditions
2. Risks from operating activities
3. Financial risks
4. Legal and compliance risks

Besides the COVID-19 pandemic, geopolitical crises – first and foremost the Russia-Ukraine war – are having an impact on the world. Against this background, the Leifheit Group continues to face various risks in financial year 2022. The risk assessment is carried out as at the date of publication of the report.

1. Risks from external framework conditions

1.1 General external conditions

External risks essentially include macroeconomic, political, social and regulatory risks.

Uncertainty in the global economy, on financial markets or in the political sphere could have a negative effect on our business activities, our financial position, results of operations and our cash flows, as well as increase pressure on our EBIT. Above all, acts of war and escalations of violence in crisis regions, terrorist attacks or other exogenous shocks could have a major impact on the economy, which we would not be able to avoid. These could impact our business, especially but not only in Eastern Europe, leading to declines in turnover and bad debt losses.

Even if the vast majority of our business is not cyclical in nature, growth in the consumer goods sector is also dependent on consumer confidence and consumption expenditure. Rising energy prices, resulting for example from the Russia-Ukraine war, and consequently higher inflation rates and consumer prices could have a negative impact on demand for our products. Therefore, declining turnover resulting from the general economic situation or social and political factors, especially in regions where we have a strong presence, represent a risk to the development of turnover. In addition, changes in the regulatory environment (e.g. trade policies, tax regulations, or product quality and safety standards) can also bring about potential turnover shortfalls and cost increases.

We consider the probability of this risk's occurrence to be high, and we expect it would have a significant effect on our business activities, financial position, results of operations and cash flows.

We are monitoring the macroeconomic, political and regulatory situation in our major markets in order to identify potential problem areas early and to be able to adapt our business activity quickly. To mitigate macroeconomic, political, social and regulatory risks, we strive to have a balanced distribution of turnover among the important regions and respond to current changes at short notice by taking various steps to cushion potential negative effects.

1.2 Risks resulting from the Russia-Ukraine war

The Russia-Ukraine war is having an impact on the global economy. The conflict will create renewed pressures on supply chains, commodity and energy prices, and freight rates, as well as growing inflation and impacts on consumer demand, the severity of which are difficult to assess at this stage.

The Leifheit Group does not have locations, branches or direct suppliers in Russia or Ukraine. The share of turnover in Russia and Ukraine of the Leifheit Group's overall turnover was around 1% in financial year 2021. These turnover may be lost in the event that conflict continues. In the event of long-term, far-reaching financial sanctions, a value adjustment of approximately m€ 0.6 on the receivables from the Russian trading partner could be imminent. As stagflation scenarios become more likely, their impact may negatively affect demand for our products. The Russia-Ukraine war may further exacerbate the risk of bottlenecks and an increase in the cost of logistics capacities.

There is also still the danger that a loss of Russian supplies of oil and gas could lead to further drastic increases in energy prices and production restrictions should energy such as gas be rationed. There is also a risk that certain raw materials such as aluminum will become scarce due to dependencies on Russia, and that prices will continue to rise as a result. These price increases would force us to increase sales prices, and there is a risk that these cannot be fully enforced with our customers, if at all.

The Russia-Ukraine war could have a severe impact with a very high probability of occurrence.

2. Risks from operating activities

2.1 Sales risks

The sales and marketing activities in the Group segments are mainly concentrated on the European core markets.

– Dependence on customers, products and markets

Dependence on specific customers, products or even markets harbours risks. Strong dependence on individual products, product groups or markets could lead to decreases in turnover and margins in the event of fluctuations.

We estimate the potential effects of dependence risks as being moderate and their probability of occurrence as being moderate.

Although we reduce possible dependencies through our diversification activities, we remain vulnerable to negative developments concerning several customers and in important sales markets, such as Germany, France, Austria and the Netherlands.

– Brand awareness

The Leifheit and Soehnle brands are a material asset. We strengthen awareness of our brands and their image through a wide range of target-group-oriented communication and marketing measures that take into account changes in consumer behaviour, demographics and technical advancement.

We consider the impact of a decrease in brand awareness to be high. Due to our activities, however, we believe the probability of occurrence is very low.

– Turnover and pricing

In order to achieve our turnover and profitability targets, we must generate turnover growth, step up communication with consumers, promote sales at the POS and pay attention to product prices to ensure they are competitive. In addition, it is possible that rising product costs might not be offset by higher prices on the market. This would have a negative effect on our margins. Furthermore, lower turnover could lead to lower contribution margins.

We currently believe the potential effects of turnover and pricing risks can be classified as moderate and the probability of their occurrence as high.

We counteract these risks with our international sales strategy, country-specific implementation plans, an increase in consumer communication and our e-commerce activities.

– Sales risks related to epidemics / pandemics

There are sales risks against the background of the COVID-19 pandemic. Private consumption could be strongly affected in the short term in the event of renewed lockdowns of entire regions and countries and the resulting closure of businesses. In addition, financial difficulties or insolvencies of key customers due to the pandemic could lead to sales shortfalls and bad debt losses. A decline in turnover also harbours the risk of lower earnings. Sustained lower earnings at individual cash-generating units may be associated with impairment losses, especially on intangible assets.

We continue to estimate the possible effects of dependence risks as being moderate and their probability of occurrence as being high.

2.2 Procurement market risks

The Leifheit Group sources raw materials and finished goods from suppliers in Europe and the Far East. Wage costs, raw materials and inbound freight are responsible for a large portion of the cost of turnover.

– Commodities

The beginning of 2022 has been marked by distortions in global supply chains and the continued scarcity of raw materials. We are also currently confronted with significantly increased raw material, freight and energy costs.

There is a risk in our procurement markets that purchase prices will remain at a high level overall in the coming months. We also expect energy and transport costs to increase further. In this context, the Russia-Ukraine war may further exacerbate supply chain problems and lead to high volatility in procurement prices.

There is a risk that it will not be possible to offset the significant increases in procurement prices through higher prices for our products. High raw material prices could therefore have a negative impact on the margins of the products sold and negatively affect the result.

We estimate the potential effects of raw material price increases and their probability of occurrence as being moderate.

We reduce the financial impact of higher procurement costs on our product margins through longer-term supply contracts, by stockpiling relevant input materials and raw materials, and by adapting our product ranges. The aim of strategic procurement is to maintain the competitiveness of the procurement chain amid increasing purchase costs.

– Logistics costs

Against the backdrop of the ongoing COVID-19 pandemic, the Leifheit Group is exposed to the risk of a bottleneck and an increase in the cost of logistics capacities.

The container shortage has led to a dramatic increase in freight rates since the end of 2020. The Russia-Ukraine war is further exacerbating this situation. Restrictions on air freight, international shipping and truck transport are to be expected. A further shortage of logistics capacities could lead to a further increase in logistics costs and therefore have a negative impact on the margins of the products sold and negatively affect the result.

We estimate the potential effects of risks from logistics costs as being moderate and their probability of occurrence as being high.

Short-term supply contracts have been concluded with logistics service providers as a counteractive measure.

– Supply

Single sourcing results in a price advantage in procurement due to the larger order quantity from only one supplier. Especially in view of the COVID-19 pandemic, it becomes clear that strategic supplier partnerships are essential for securing the procurement process. However, dependence on individual suppliers can give rise to supply risks. For example, extraordinary incidents such as fires or accidents at the supplier could lead to retroactive damage, particularly when it comes to the procurement of electronic components and batteries.

The uncertainties in the supply chain related to the COVID-19 pandemic and the Russia-Ukraine war may also lead to supply bottlenecks for finished goods and production materials.

We estimate the potential effects of supply risks as being medium and their probability of occurrence as being high.

We reduce the likelihood of these risks occurring through systematic supplier management and long-term strategic cooperations for supply- and price-critical materials, stockpiling and alternative procurement strategies.

2.3 Risks from the production process

The Leifheit Group concentrates its production at locations in Germany, France and the Czech Republic. Manufacturing companies face a wide range of risks, such as damage to machinery and tools, loss of materials and human error, as well as natural disasters, terror attacks and industrial action.

– Equipment failure

We manufacture some of our core products on production equipment with special control systems that have been developed specifically for us. An outage of this equipment may lead to a decline in turnover and damage to our image.

We counteract these risks by keeping this equipment maintained and serviced at all times. We consider the effects of these risks to be high and the probability of occurrence low.

– Exceptional external incidents

We are exposed to external risks such as natural disasters, fire, accidents and malicious acts. Such events may inflict material damage on buildings, production facilities and warehouses or cause interruptions to business activities both within our company and among suppliers.

The occurrence of such risks could have major financial effects. However, we believe the probability of occurrence is low.

We counteract risks caused by extraordinary external incidents in a variety of ways. In addition to insurance cover, we have put preventive measures in place – such as fire-detection and fire-extinguishing systems in buildings, as well as emergency plans for promptly resuming business activities – that are intended to minimise the potential effects of external incidents.

– Production process risks related to epidemics / pandemics

Against the backdrop of the COVID-19 pandemic, risks exist in the form of disruption to our supply chains, regional and national restrictions on production operations or government-ordered production stoppages, as well as reduced labour availability. This could lead to temporary closures of all or some of the sites of the Group.

The occurrence of such risks could lead to a loss of turnover and earnings. We estimate the possible effects as being moderate and their probability of occurrence as being high.

We can absorb the negative effects of potential production stoppages through flexible production management. At the same time, defined safety and hygiene standards minimise the risk of infection for our employees.

2.4 Personnel risks

To successfully implement our Scaling up Success growth strategy, we need committed and qualified employees and managers. There is a risk that we will not be able to find enough top performers to fill vacancies. Due to the pandemic, there may also be temporary staff shortages, although protecting the health of our employees is our top priority at all times.

We assess the potential effects of personnel risks, especially with regard to the ongoing COVID-19 pandemic, as moderate with a high probability of occurrence.

Leifheit positions itself as an attractive employer and promotes long-term loyalty to the company. We invest in our employees and provide opportunities for training and development. Our goal is to create a corporate culture that is fun, fast, friendly and fearless.

2.5 Information security risks

Our IT-supported business processes are subject to various information security risks. Risks that jeopardise the confidentiality, availability and integrity of information can arise from human errors, organisational or technical procedures and/or security gaps in information processing, but also from external risks such as natural disasters, fire or malicious acts and cybercrime. The sharp increase in cybercrime and the risk of becoming the target of a cyberattack amplify these risks and can also lead to business interruptions or even ransom demands.

We consider the potential effects of information security risks to be high and the probability of occurrence low.

In partnership with our service providers and outsourcing partners, we mitigate these risks by adopting organisational and technical precautions, and through professional project management. The IT security structure is verified regularly and improved, if necessary.

3. Financial risks

3.1 Default risks

Default risks occur if a customer or another counterparty of a financing instrument does not meet their contractual obligations. Default risks result from trade receivables and other contractual obligations of a counterparty, such as for deposits and financial investments. The COVID-19 pandemic and the Russia-Ukraine crisis may lead to increased insolvencies and bad debt losses among trading partners.

The potential financial effects of default risks could be high. However, we believe the probability of material default events is very low.

According to our credit guidelines, new customers are reviewed for creditworthiness, and caps on receivables are set. Creditworthiness, caps on receivables and amounts overdue are constantly monitored. In order to reduce the risk of default, we selectively use credit insurance and bank guarantees.

Only banks that have a high credit rating are selected for currency hedging transactions and investments of liquid assets. Group companies are only permitted to work with banks that have a rating of BBB or higher. In addition, maximum investment amounts are determined for each counterparty.

3.2 Financing and liquidity risks

Liquidity risks arise from a possible lack of funds required to satisfy due liabilities in respect of maturity, volume and currency structure. As at 31 December 2021, cash and cash equivalents at the Group amounted to m€ 38.1. There were no interest-bearing financial liabilities, such as bank loans. Current lines of credit in the amount of m€ 25.2 are available, which are used only to a small extent for bill guarantees and credit cards. Liquidity is managed across the Group by employees in the treasury department at registered office.

Due to our current financing structure, we consider both the probability of occurrence and the potential impact of financing and liquidity risks to be very low.

3.3 Currency risks

Leifheit is exposed to currency risks, as cash flows occur in various currencies. Furthermore, currency effects from the translation of results not denominated in euros may affect other comprehensive income. Risks are created in particular due to the fact that our products are procured and sold in different currencies in different amounts on different dates. A large part of our procurement costs are incurred in US dollars, HK dollars and Chinese yuan, while the majority of Group turnover is generated in euros.

Due to the volatility of the foreign currency exchange rates, we generally categorise the probability of occurrence as high and the potential financial effects of currency risks as low.

Leifheit operates a centralised system for managing currency risks. We hedge units of the planned currency requirements for 14 months in advance on a revolving basis. According to the treasury principles, hedging instruments such as forward foreign exchange contracts, currency options, currency swaps or combinations of options may be used to safeguard against negative currency fluctuations and, at the same time, offer the potential to benefit from future exchange rate developments on the financial markets. The scope of currency hedging is evaluated on a regular basis.

For 2022, we have hedged approximately 60% of the planned foreign currency requirement in US dollars through forward exchange contracts, US dollar cash balances and expected US dollar deposits, and approximately 60% of the requirement in Chinese yuan through forward exchange contracts. The hedges were carried out exclusively within the framework of hedge accounting.

The following hedges existed as at 31 December 2021:

	Foreign currency	Value of obligation	Fair value
Buy USD/€	mUSD 14.1	m€ 11.6	m€ 0.7
of which hedge accounting	mUSD 14.1	m€ 11.6	m€ 0.7
Buy CNH/€	mCNH 271.2	m€ 34.1	m€ 2.8
of which hedge accounting	mCNH 271.2	m€ 34.1	m€ 2.8

In line with the requirements of IFRS 7, we have estimated the effects of changes to our key exchange rates on result and equity and listed them under Note 34 of the financial statements. The effects are primarily due to the change in the fair values of our hedging instruments.

3.4 Interest rate risks

Changes to market interest rates impact future interest payments for financial investments and for variable interest-bearing liabilities. Because the Leifheit Group does not have any bank loans or other interest-bearing liabilities with its current financing structure, changes in interest rates do not affect the profitability, liquidity or financial situation of the Group. However, the negative interest rates on bank balances continue to burden the interest result.

Changes to the actuarial interest for discounting provisions of pensions affect the other comprehensive income significantly. For this reason, we consider both the probability of occurrence and the potential financial effects of interest risks for the other comprehensive income to be high.

3.5 Tax risks

Tax risks arise in particular due to increasingly complex national and international tax rules. The tax authorities are reviewing international intragroup transfer prices and transfers of functions more frequently. VAT regulations in the Europe-wide provision of goods and services are also very complex. Adjustments to tax payments have an impact on liquidity and the net result for the period after taxes.

We consider the potential financial effects of tax risks to be moderate and the probability of occurrence low.

We counteract these risks with assistance from international tax consultants.

4. Legal and compliance risks

4.1 Legal risks

As an international company, Leifheit is exposed to various legal risks. These include contractual risks, liability risks or the risk that third parties could assert claims or pursue legal action due to infringement of brands, patent or other rights.

We rate the potential effects and the probability of occurrence as moderate.

In order to reduce any such contractual infringements, we monitor compliance with our contractual obligations and consult internal and external legal advisers. We minimise the risk of an infringement of third-party industrial property rights by diligently reviewing constructions, designs and product names. Our legal and IP department optimises our patent portfolio and reviews and analyses third-party patent rights.

As of the balance sheet date, there was a significant pending patent dispute with a competitor. Appropriate risk provisioning has been made for this in the balance sheet.

4.2 Risks in the control environment

The failure to identify material risks, to take active steps against them and to introduce and maintain adequate internal control systems within the Group could result in inappropriate decisions, higher costs, breaches of compliance, fraud, corruption and damage to the Group’s reputation. Furthermore, there is the danger that employees will breach internal guidelines, standards and statutory provisions.

The potential effects of these risks could be high. We believe their probability of occurrence is very low.

We mitigate the risks in the control environment by introducing directives and guidelines that are available to all employees on the intranet. In addition, we use a risk management system consisting of early detection, an internal control system and internal auditing. With guidelines such as the Leifheit Code of Conduct and the Leifheit Antitrust Code of Compliance, clear rules and principles for the conduct of our employees are in use in key areas within our compliance management system.

Overall assessment of opportunities and risks

Due to the ongoing uncertainty, it remains difficult to assess the risks from the Russia-Ukraine war, the COVID-19 pandemic and the volatile situation on the procurement and freight markets. Taking into account the respective probabilities of occurrence and the potential financial impact of the risks explained, and in view of the solid balance sheet structure and the current business outlook, there are still no risks that jeopardise the continued existence of the company. We continue to be confident that our earning power and balance sheet structure provide a sound basis for future business development and contain the necessary resources to leverage potential opportunities.

Group forecast

The global economy appears to have bottomed out as a result of the pandemic. However, the consequences of the Russia-Ukraine war will likely create renewed pressures and, at present, it is difficult to determine the impact these repercussions will have on the Leifheit Group's business development, financial position and results of operations, as well as the economy as a whole. We are concerned about continuing supply bottlenecks, further increases in energy and commodity prices, and freight rates, as well as rising inflation and its potential impacts on consumer demand. Against this backdrop, we are currently forecasting a slight decrease in Group turnover and EBIT to be significantly below the previous year's figure for financial year 2022.

Economic development

In March 2022, the International Monetary Fund (IMF) announced that it would lower its global growth forecast in April 2022 in view of the war in Ukraine, the slowdown in global trade and the threat of a severe recession in Russia. In its latest forecast in January 2022, the IMF had lowered its expectations for the global economy in the current year by 0.5 percentage points compared to the outlook from October 2021. The IMF had expected growth of 4.4%. This was primarily attributable to a revision of the growth rates for the two largest economic regions, the US and China, as well as higher global inflation rates over a longer time period than the IMF had forecast in the autumn of 2021. Ongoing supply chain disruptions and continued high energy prices are also having a negative impact. According to the IMF, the reduced growth forecast for the US is the result of fiscal programmes that are less extensive than originally planned and continuing material bottlenecks. In addition, the US Federal Reserve is tightening monetary policy sooner than expected. In China, pandemic-related outages and disruptions to the economy surrounding the government's zero tolerance strategy towards the COVID-19 pandemic have resulted in lowered forecast growth.

The December forecast of the economists of the Kiel Institute for the World Economy (IfW) is also more pessimistic than previously. They expect global GDP to recover by just 4.5% in 2022, instead of 5.0% as forecast previously. This outlook reflects the assumption that increasing coronavirus infections, worldwide supply bottlenecks and weak growth in the Chinese economy will put the brakes on the global economy.

Europe

Parallel to the global development, the IMF announced in January that it also expected weaker growth for the Eurozone than recently expected. Here, the IMF revised its forecast for 2022 downwards by 1.3 percentage points compared to October 2021 and now anticipates a growth rate of 3.9%. This reflects the slowdown of economic development in many European economies at the end of the year. The IMF expects that, in addition to material bottlenecks and rising inflation rates, disruptions caused by restrictions as part of renewed infection control measures will become apparent in 2022.

In its winter forecast for 2022, the EU Commission assumes GDP growth of 4.0% in the Eurozone, as in the EU. After production levels had reached pre-pandemic levels by the middle of 2021, growth slowed down at an increasing rate towards the end of the year. The EU Commission expects this period of weakness will continue until the spring before economic development picks up again in the second quarter of 2022 and remains robust over the forecast period. According to the EU Commission, the risks to their forecast remain high. Although the repercussions of the pandemic have diminished over time, new restrictions to combat the COVID-19 pandemic and continuing staff and material shortages could have a lasting impact on economic activity. There is also a high risk that sustained higher inflation rates will lead to rising cost pressures being passed on from producer to consumer prices, which in turn increases the risk of second-round effects.

The Russia-Ukraine war further exacerbates risks to growth and inflation prospects. At the time of this report's publication, it is not possible to assess the conflict's impact on already fragile supply chains, scarce freight capacities and continuing supply bottlenecks for individual raw materials and input materials on the part of procurement and costs, nor is it possible to determine its impact on the consumer climate in individual EU countries.

In its winter forecast, the EU's economic experts expect economic growth of 3.6% for France in 2022. The growth expectation for the Netherlands is significantly lower at 3.0% compared to the previous year (4.3%). For Austria, the EU expects an increase in GDP of 4.3% in 2022. After an exceptionally good previous year marked by strong economic recovery, the EU Commission forecasts Italy's economic growth to stand at 4.1% in 2022. After two years of the COVID-19 pandemic, recovery in Eastern European countries is expected to continue with increasing momentum. For the Czech Republic, the EU forecasts GDP growth of 4.4%, 5.5% for Poland, 4.2% for Romania and 3.7% for Bulgaria in 2022.

Germany

Towards the end of 2021, COVID-19 infection rates sharply rose again in Germany, prompting the government to reintroduce restrictions on public life that extended into 2022. According to experts at the IfW, the resulting supply bottlenecks and the fourth coronavirus wave have been hampering the German economy's recovery. In their view, the forecast recovery process will be delayed by several months. Based on this assumption, the IfW expects GDP to grow by only 4.0% in 2022 (previously 5.1%). According to its winter forecast, the EU Commission expects German GDP to recover by 3.6% in 2022.

Consumer climate

After the pandemic had previously been the main factor impeding the development of consumer expenditure, high inflation rates and uncertainty surrounding the Russia-Ukraine war are now coming to the fore. However, the latest events have not been included in the usual leading indicators.

Europe

In February 2022, the European Commission's Consumer Confidence Indicator stood at –10.2 points in the EU and –8.8 points in the euro area. Although the indicator was thus very clearly above the previous year's value in February 2021 (–15.7 and –14.8 points, respectively), it decreased by 0.2 and 0.3 points, respectively, compared with January 2022. However, both indices remain near the long-term average of –10.5 in the 27 EU member states and –10.9 in the euro area.

Germany

After consumer sentiment had deteriorated towards the end of 2021 and again in January 2022 in the wake of reintroduced infection control measures, the Consumer Confidence Indicator Index in Germany continued to lose ground in February 2022.

According to the GfK survey, consumer sentiment also paints a mixed picture this month. While the economic outlook improved slightly, both income expectations and the propensity to buy declined compared to the previous month. For March 2022, the GfK forecasts further dampening of the consumer climate to a value of –8.1 points compared to the previous month, which corresponds to a decline of 1.4 points compared to the February value of –6.7 points. According to the GfK, consumers' expectations of a significant easing in price trends were dashed at the start of the year, as inflation rates remained at a high level. While the GfK is quite positive about the outlook for the coming months following the German government's decision to lift most of the far-reaching pandemic-related restrictions, high inflation rates are likely to dampen private consumption in the course of the year.

By contrast, the mood amongst managers in Germany improved markedly in the first few months of 2022. After 96.0 points in January 2022, the ifo Business Climate Index, which reflects the assessment of the business situation as well as the business expectations of top managers and directors of the German economy, climbed to 98.9 points in February. Expectations for the coming months were better than the assessment of the current situation, despite the Ukraine conflict already looming at the time. According to the ifo Institute, the German economy is banking on the coronavirus crisis ending. Nevertheless, the escalation of the Ukraine crisis remains a risk factor.

At the time of the publication of the report, it is foreseeable that rising geopolitical tensions worldwide and the resulting jump in energy and commodity prices will lead to considerably greater economic uncertainties than had previously been expected. Against this backdrop, the European Central Bank identified at its Council meeting on 10 March 2022 significant additional risks to the economy and price stability in the Eurozone as a result of the Ukraine conflict and adjusted its monetary policy accordingly as a first step.

Foreign currencies

The Chinese currency, the yuan (renminbi), increased in value against the euro by 10.2% during 2021 before closing the year at CNY 7.20. For 2022, economists forecast a potential devaluation of the Chinese currency in view of the slowdown in economic growth and distortions in the domestic construction and real estate sectors in China.

The euro lost value against the US dollar in 2021. On 30 December 2021, the single currency was trading at just over USD 1.13. In the long term, experts expect the dollar to continue to strengthen, which is attributed to the monetary policy turnaround initiated by the US Federal Reserve. In the current Russia crisis, the US dollar is also benefiting as an exporter of crude oil and from its role as a "safe haven". According to experts however, the euro could be supported by its undervaluation measured in terms of purchasing power parity, as well as the "EU Reconstruction Fund" coming into effect.

Group strategy

In 2021, we continued pushing ahead with our Scaling up Success strategy. As part of our growth strategy at the Leifheit Group, we focussed on creating the conditions for sustainable growth in turnover and improvements in profitability in financial year 2021. We will be pressing ahead with our Scaling up Success growth strategy in 2022 and make targeted investments in TV and print advertising campaigns for our Leifheit and Soehnle brands in selected markets. Our strategy will continue to focus on our award-winning bestsellers. On this basis, we are continuing to pursue the goals of gaining additional trading partners in both stationary and online trading, and of achieving better conditions in trade through a strengthened basis for negotiation. In the area of e-commerce, we were able to record growing business in the past business year, also through our own online shop.

We also managed to maintain our supply chain to our customers thanks to our European production and logistics footprint and in spite of major disruptions in the global supply chain and increasing supply shortages in raw materials markets. In 2022, we will continue to make investments in enhancing the efficiency and expanding the capacities of our European production network.

Another important component of our strategy is the corporate culture we foster, as it plays a key role in achieving our goals under the principles of “fun, fast, friendly and fearless”. With our innovative product developments of first-class quality and high customer benefit, we want to further expand our position in the existing markets and open up buyer groups. Our medium-term strategic goals continue to be sustainable organic turnover growth, a high level of efficiency throughout the value chain, and continuous improvement in operating results.

Group forecast and overall statement of prospective development

It is currently not possible to assess the repercussions of the Russia-Ukraine war on the Leifheit Group’s business development, financial position and results of operations. However, due to the current geopolitical situation, the associated sanction measures being taken and enormous uncertainties, we expect supply bottlenecks and a further increase in disruptions to our supply chains in financial year 2022. We also anticipate further increases in energy and commodity prices as well as freight rates.

This creates a challenging environment for the Leifheit Group in the current financial year, which we will counter with continued strict cost and resource management. In this context, we expect necessary sales price increases will gradually take effect in the current financial year. However, these increases will only partially compensate for higher procurement costs. At the same time, we should expect a negative impact on consumer demand in our target markets due to economic uncertainties and growing inflation.

Against this backdrop, we expect a slight decline in Group turnover in financial year 2022 compared to the previous year (2021: m€ 288.3). In the first half of 2022 in particular, we anticipate a decrease in turnover compared to the same period of the previous year, in which growth of 20% was recorded. We expect slight declines in turnover in all three segments over the course of the year.

Due to the significant increases in procurement costs anticipated, we expect earnings before interest and taxes (EBIT) to be significantly below the previous year’s figure (2021: m€ 20.1). On this basis, we also currently expect free cash flow to be down on the previous year’s figure (2021: m€ 9.6).

Legal information

Information under takeover law and explanatory report

The information under takeover law required under sections 289a and 315a German commercial code (HGB) as at 31 December 2021 is presented below. Criteria that do not apply to Leifheit are not included.

As at 31 December 2021, the subscribed capital (share capital) of Leifheit AG amounted to k€ 30,000 and was 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. Each share grants the same rights and entitles the holder to one vote at the Annual General Meeting.

There are no restrictions on voting rights or the transfer of shares that the Board of Management is aware of. However, the statutory voting rights limitations according to section 44 sentence 1 German securities trading act (WpHG) (violation of voting rights information duties), section 71b German stock corporation act (AktG) (no rights from own shares) and section 136 para. 1 AktG (exclusion of voting rights in the presence of certain conflicts of interest) apply.

There are parties hold direct and indirect equity interests exceeding 10% of the voting rights in the capital of Leifheit AG. Voting rights notifications are listed in Note 43 of the consolidated financial statements.

There are no shares in Leifheit AG with special rights. There are also no employee participation schemes with voting rights.

Members of the Board of Management of Leifheit AG are appointed and dismissed according to the stipulations of section 84 and section 85 AktG. In addition, art. 6 para. 1 of the articles of incorporation stipulates that the Board of Management consists of one or several members, and art. 6 para. 2 stipulates that the Supervisory Board appoints the members of the Board of Management, determines their number, appoints deputy Board of Management members and may appoint a member of the Board of Management as chairperson of the Board of Management.

Changes to the articles of incorporation are resolved by the Annual General Meeting according to section 179 AktG. Resolutions are passed by a simple majority of votes cast according to art. 18 para. 1 of the articles of incorporation and, if a majority of equity is required, by a simple majority of equity unless other mandatory requirements apply in accordance with the law or the articles of incorporation. According to art. 18 para. 3 of the articles of incorporation, the Supervisory Board is authorised to make amendments to the articles of incorporation, provided these amendments relate solely to the wording of the articles of incorporation.

By resolution of the Annual General Meeting 2017, the Board of Management is authorised, subject to the approval of the Supervisory Board, to increase the share capital on one or more occasions by a total of up to k€ 15,000 until 23 May 2022 by issuing up to 5,000,000 new no-par-value bearer shares in exchange for cash and/or non-cash contributions (authorised capital 2017). The company is also authorised by resolution of the Annual General Meeting 2020 to buy back and appropriate shares amounting to up to 10% of the share capital until 29 September 2025. The terms of both resolutions can be found in the respective agendas of the Annual General Meeting on the website.

There are no material agreements which take effect upon a change of control. A loan agreement for a line of credit merely contains an agreement that, in the event of a change of control, the parties shall conclude a satisfactory agreement with regard to the continuation of the loan agreement.

No agreements with members of the Board of Management or employees that take effect upon a change of control existed at the balance sheet date.

Treasury shares

For the statement on treasury shares in accordance with section 160 para. 1 no. 2 AktG, please see the Notes to the balance sheet.

Declaration of corporate management

On our website at **corporate-governance.leifheit-group.com**, the declaration of corporate management according to sections 289f/315d HGB can be found. It includes the declaration of conformity regarding the German corporate governance code (DCGK), information about our relevant corporate management practices and a description of the work methods of the Board of Management and the Supervisory Board, as well as the composition and work methods of their committees, information on the defined targets according to the German law on the equal participation of women and men in management positions, the description of the diversity concept and the internet addresses at which the remuneration report is available. In the declaration of corporate management, the Board of Management and the Supervisory Board also report on corporate governance at Leifheit.

Sustainability report

The separate non-financial group report (sustainability report) in accordance with section 315b HGB in conjunction with section 289c et seq. HGB is available to the public on our website at **financial-reports.leifheit-group.com**.

Remuneration report

The remuneration report according to section 162 AktG is publicly available on our website at **financial-reports.leifheit-group.com**.

Notes to the annual financial statements of Leifheit AG (HGB)

Foundations and economic environment

Leifheit AG is the parent company of the Leifheit Group and has its registered office in Nassau, Germany (Leifheitstraße 1, 56377 Nassau). The business activities of Leifheit AG primarily comprise development, production and procurement; the distribution of Leifheit and Soehnle brand products; and the management of the Leifheit Group.

Administration and the production of selected cleaning and laundry care products, such as floor wipers and rotary dryers, are located in Nassau. The logistics centre is located in Zuzenhausen. In addition, Leifheit AG has distribution offices that are not legally independent at locations in Brescia (Italy) and Aartselaar (Belgium).

Leifheit AG prepares its annual financial statements in accordance with the provisions of the German commercial code (HGB) and the German stock corporation act (AktG). It is by far the most important part of the Leifheit Group. The statements regarding the foundations of the Leifheit Group and the conditions in the economic report therefore also apply largely to Leifheit AG.

Leifheit AG has been integrated into the control system of the Leifheit Group. Therefore, the Household (Leifheit) and Wellbeing (Soehnle) segments correspond substantially to Leifheit AG. The most important performance indicators are turnover and the operating result.

The organisation, the company structure, the management responsibility, the strategy and the financing strategy correspond to the Group.

Major changes

No major changes were made to the organisation, the company structure, the management structure or the financing strategy in financial year 2021.

Business performance

The business performance of Leifheit AG largely corresponds to the performance of the Household and Wellbeing segments of the Leifheit Group, which is presented in the net assets, financial position and results of operations of the Group.

Comparison of actual performance with projected business performance

The consistent implementation of the Scaling up Success growth strategy continued in financial year 2021. Leifheit AG also achieved good business development despite the difficult business environment. Both turnover and the operating result exceeded the values forecast in the individual financial statements of Leifheit AG.

Forecast-actual comparison	Actual 2020	Forecast 2021	**Actual 2021**
Turnover	m€ 258.7	at least + 4%	m€ 274.4 + 6.0%
Operating result	m€ 14.0	up slightly year-on-year	m€ 15.2

Turnover at Leifheit AG grew by 6.0%. We had forecast growth of at least 4%. The increase in turnover was mainly achieved in the domestic German market (12.7%), while foreign countries contributed 0.9% to growth. In our core business, the distribution of household products, we achieved turnover of m€ 232.7 – an increase of m€ 15.1, or 6.9%. Cleaning, the strongest category in terms of turnover, was the main contributor to this growth. Among others, the positive effect of the expanded TV advertising campaigns for cleaning products became visible. There was also an ongoing pronounced need for hygiene in private households due to the ongoing COVID-19 pandemic.

The operating result of Leifheit AG was m€ 15.2, an increase of 8.7%. The increase thus also exceeded the slight rise we forecasted, thanks mainly to the contribution margins from the higher turnover.

Results of operations

Income statement (short version) in m€	2020	2021
Turnover	258.7	274.4
Cost of turnover	–169.5	–187.9
Gross profit from turnover	**89.2**	**86.5**
Distribution costs	–62.2	–62.3
General administrative costs	–9.3	–8.5
Other operating income	7.1	8.3
Other operating expenses	–10.8	–8.8
Operating result	**14.0**	**15.2**
Income from shareholdings	1.2	2.7
Amortisation of financial assets	–	–6.2
Net interest result	–3.7	–3.5
Income taxes	–3.7	–3.8
Earnings after taxes	**7.7**	**4.4**
Other taxes	–0.1	–0.1
Net income	**7.6**	**4.3**

In 2021, Leifheit AG achieved an operating result of m€ 15.2 (2020: m€ 14.0). The contribution margins from the increased turnover contributed significantly to the m€ 1.2 increase.

The net income of Leifheit AG reached m€ 4.3 (2020: m€ 7.6). While income from shareholdings increased by m€ 1.5 to m€ 2.7 (2020: m€ 1.2), an impairment loss of m€ 6.2 was incurred on a French holding company (2020: m€ 0).

Turnover and gross profit

Leifheit AG's turnover increased by m€ 15.7 to m€ 274.4 (2020: m€ 258.7). Turnover from the sale of the Leifheit and Soehnle brand products rose by 6.9% to m€ 232.7 (2020: m€ 217.7). Sales of production materials increased by 2.3% to m€ 40.5 (2020: m€ 39.6). For the most part, the production materials for our subsidiary Leifheit s.r.o., the Czech plant, are purchased centrally through Leifheit AG.

There was a disproportionately high increase in cost of turnover, which climbed by m€ 18.4 to m€ 187.9 (2020: m€ 169.5). Despite the increase in turnover, gross profit fell by m€ 2.7 to m€ 86.5 in the reporting period (2020: m€ 89.2). The contribution margins from the increased turnover were more than offset by the extreme increase in commodity prices and inbound freight. The gross margin declined by 3.0 percentage points to 31.5% (2020: 34.5%).

Distribution costs

The distribution costs of Leifheit AG amounted to m€ 62.3 in the reporting period (2020: m€ 62.2) and were therefore on a par with the previous year. In particular, distribution costs include advertising costs, commissions, marketing costs, freight out, delivery charges and the costs incurred by the internal and external sales forces. Freight out increased by m€ 1.3, mainly due to the increase in turnover. Advertising expenses increased again by m€ 1.2. Commissions increased by m€ 1.0, especially for the online channel. Personnel costs (which fell by m€ 1.4), advertising subsidies and services developed in the opposite direction.

General administrative costs

General administrative costs fell during the reporting year by m€ 0.8 to m€ 8.5 (2020: m€ 9.3). First and foremost, administrative costs include personnel costs and costs for general services to support our financial and administrative functions. Personnel costs fell by m€ 1.1, in particular due to lower bonuses.

Other operating income

Leifheit AG's other operating income climbed by m€ 1.2 to m€ 8.3 (2020: m€ 7.1). Other operating income mainly included income from currency translation of m€ 5.5 (2020: m€ 4.5), the reversal of provisions of m€ 1.9 (2020: m€ 2.2) and income from claims for damages amounting to m€ 0.5 (2020: m€ 0.4). The increase in income from currency translation resulted in particular from exchange rate gains on receivables and liabilities. Income from damages included payments from a competitor for patent infringements.

Other operating expenses

Other operating expenses fell by m€ 2.0 to m€ 8.8 (2020: m€ 10.8). They largely comprised development costs of m€ 5.6 (2020: m€ 5.3) and exchange rate losses of m€ 3.1 (2020: m€ 5.3). Exchange rate losses fell by m€ 2.2, mainly from forward exchange transactions and receivables and liabilities.

Income from shareholdings

In financial year 2021, a dividend of m€ 2.7 was received from the French holding company Leifheit S.A.S. (2020: m€ 1.2). All other net income of the subsidiaries was carried forward to new account.

Amortisation of financial assets

In financial year 2021, a value adjustment of m€ 6.2 was recognised for the first time on the investment in the French holding company Leifheit France S.A.S.

Net interest result

Income from loans of financial assets and other interest income of Leifheit AG rose by m€ 0.3 to m€ 1.1 (2020: m€ 0.8). This mainly concerned interest income from loans to holding companies.

At m€ 4.6, interest expenses were roughly on a par with the previous year (2020: m€ 4.5) and mainly included the interest expense from compounding the pension obligation of m€ 4.4 (2020: m€ 4.3).

Income taxes

In financial year 2021, the income taxes of Leifheit AG amounted to m€ 3.8 (2020: m€ 3.7).

Financial situation

The liquidity of Leifheit AG stood at m€ 30.9 as at the balance sheet date (2020: m€ 32.2). As at 31 December 2021, it comprised solely cash and cash equivalents and included demand deposits and cash in hand.

m€	2020	2021	Change
Cash flow from operating activities	4.5	5.2	0.7
Cash flow from investment activities	–12.7	3.6	16.3
Cash flow from financing activities	–5.2	–10.0	–4.8

At m€ 5.2, cash flow from operating activities was higher in 2021 than in the previous year (2020: m€ 4.5). This was mainly due to the increased operating result.

Cash inflow from investment activities came to m€ 3.6 in financial year 2021 (2020: cash outflow m€ 12.7). Payments for the purchase of intangible assets and tangible assets totalled m€ 1.4 (2020: m€ 1.8), with proceeds from financial assets of m€ 1.9 (outflow of m€ 12.1) and proceeds from investment income of m€ 2.7 (2020: m€ 1.2).

Cash outflow from financing activities amounted to m€ 10.0 (2020: m€ 5.2) and related solely to the payment of the dividends.

As at 31 December 2021, the debt level of Leifheit AG rose by 2.0 percentage points to 55.6% (2020: 53.6%). This key figure is calculated as a ratio of the sum of provisions and liabilities (= debts) to the total of equity and liabilities (= balance sheet total).

As at 31 December 2021, the liabilities mainly comprised provisions for pensions totalling m€ 56.6 (2020: m€ 55.4), other provisions totalling m€ 26.9 (2020: m€ 26.5) and liabilities totalling m€ 26.8 (2020: m€ 23.4). As in the previous years, Leifheit AG did not have any liabilities to banks.

Short-term revolving credit lines of credit in the amount of m€ 25.2 (2020: m€ 25.2) were available in financial year 2021, m€ 0.4 of which was utilised in the form of guarantees as at 31 December 2021 (2020: m€ 0.7).

Net assets

Balance sheet (short version) in m€	31 Dec 2020	31 Dec 2021
Intangible assets	1.2	1.0
Tangible assets	15.6	14.5
Financial assets	68.6	60.6
A. Non-current assets	**85.4**	**76.1**
Inventories	35.5	45.7
Receivables and other assets	49.0	46.3
Cash and cash equivalents	32.2	30.9
B. Current assets	**116.7**	**122.9**
C. Accrued expenses	**0.2**	**0.2**
Total assets	**202.3**	**199.2**
A. Equity	**93.9**	**88.5**
Provisions for pensions and similar obligations	55.4	56.6
Tax provisions	3.1	0.4
Other provisions	26.5	26.9
B. Provisions	**85.0**	**83.9**
C. Liabilities	**23.4**	**26.8**
Total equity and liabilities	**202.3**	**199.2**

The balance sheet total of Leifheit AG fell by m€ 3.1 year-on-year to m€ 199.2 as at 31 December 2021 (2020: m€ 202.3).

Non-current assets decreased by m€ 9.3 to m€ 76.1 (2020: m€ 85.4). The decrease resulted mainly from a value adjustment on a holding company amounting to m€ 6.2. Inventories increased by m€ 10.2 to m€ 45.7 (2020: m€ 35.5), mainly due to efforts to secure the supply chain in the face of the ongoing COVID-19 pandemic. Receivables and other assets fell by m€ 2.7 to m€ 46.3 (2020: m€ 49.0), in particular due to the lower turnover in the fourth quarter. Cash and cash equivalents fell by m€ 1.3 to m€ 30.9 (2020: m€ 32.2), as the dividend paid out was not offset by the cash flow from operating and investment activities.

Leifheit AG's equity decreased by m€ 5.4 to m€ 88.5 (2020: m€ 93.9). The dividend payment of m€ 10.0 was offset by net income of m€ 4.3. The equity ratio declined by 2.0 percentage points to 44.4% (2020: 46.4%). Provisions for pensions and similar obligations rose by m€ 1.2 to m€ 56.6 (2020: m€ 55.4). Other provisions increased moderately by m€ 0.4 to m€ 26.9 (2020: m€ 26.5). Liabilities increased by m€ 3.4 to m€ 26.8 (2020: m€ 23.4). The increase resulted mainly from trade payables, especially due to the increase in inventories.

In financial year 2021, Leifheit AG invested m€ 1.4 (2020: m€ 1.8). Of this amount, m€ 0.2 was attributable to intangible assets (2020: m€ 0.3), mainly software, and m€ 1.2 to tangible assets (2020: m€ 1.6), mainly tools for new products and operating and office equipment. There were no considerable disposals of non-current assets in the reporting period. All investments in financial year 2021 have been largely completed.

As at 31 December 2021, there were contractual obligations to acquire items of non-current assets – mainly for equipment – in the amount of m€ 0.7 (2020: m€ 1.0). These will be financed by cash and cash equivalents. In addition, there were obligations for marketing measures amounting to m€ 8.3 (2020: m€ 10.4) and from other contracts amounting to m€ 1.4 (2020: m€ 1.1).

Alongside the assets reported in the balance sheet, we also used – to a small extent – assets which were not recorded in the balance sheet. This largely concerned leased and rented goods, such as printers, copiers, software licences and leased premises.

Non-financial performance indicators/ employees

Leifheit AG's non-financial performance indicators are largely concurrent with those of the Leifheit Group, which are described in the section entitled "Non-financial performance indicators".

Leifheit AG employed a total of 430 persons as at 31 December 2021 (2020: 420 persons). The average number of employees in financial year 2021 was 428 persons (2020: 421 persons).

Opportunities and risks

Leifheit AG is essentially subject to the same opportunities and risks as the Leifheit Group. As the parent company of the Leifheit Group, Leifheit AG is included in the Group-wide internal control and risk management system. Please consult the opportunities and risks report for explanations and quantitative statements.

Forecast

The anticipated business development of Leifheit AG is, for the most part, subject to the same influences as that of the Group. Please consult the section entitled "Forecast for the Group" for explanations and quantitative statements.

For financial year 2022, we are currently forecasting a slight decrease in turnover and an operating result significantly down on the previous year for Leifheit AG.

Nassau/Lahn, 25 March 2022

Leifheit AG

The Board of Management

Henner Rinsche   Igor Iraeta Munduate   Marco Keul

Consolidated financial statements

Statement of comprehensive income

k€	Notes	2020	2021
Turnover	1	271,597	288,317
Cost of turnover	2	–149,252	–166,296
Gross profit		**122,345**	**122,021**
Research and development costs	3	–5,688	–6,120
Distribution costs	6	–83,302	–84,005
Administrative costs	7	–14,799	–14,470
Other operating income	8	1,329	1,731
Other operating expenses	9	–244	–328
Foreign currency result	10	–858	1,242
EBIT		**18,783**	**20,071**
Interest income	11	24	27
Interest expenses	12	–1,120	–817
EBT		**17,687**	**19,281**
Income taxes	13	–5,162	–5,105
Net result for the period		**12,525**	**14,176**
Contributions that are not reclassified in future periods in the statement of profit or loss			
Actuarial gains/losses on defined benefit pension plans	26	–2,322	3,888
Income taxes from actuarial gains/losses on defined benefit pension plans		681	–1,140
Contributions that may be reclassified in future periods in the statement of profit or loss			
Currency translation of foreign operations		–532	880
Currency translation of net investments in foreign operations		–498	844
Income taxes from currency translation of net investments in foreign operations		146	–247
Net result of cash flow hedges		–823	3,181
Income taxes from cash flow hedges		236	–914
Other comprehensive income		**–3,112**	**6,492**
Comprehensive income after taxes		**9,413**	**20,668**
Earnings per share based on net result for the period (diluted and undiluted)	14	**€ 1.32**	**€ 1.49**

Balance sheet

k€	Notes	31 Dec 2020	31 Dec 2021
Current assets			
Cash and cash equivalents		38,825	38,090
Trade receivables	15	57,427	52,732
Inventories	16	59,720	70,140
Income tax receivables		579	293
Contractual assets	17	1,078	1,346
Derivative financial instruments	18	374	3,529
Other current assets	19	4,297	5,347
Total current assets		**162,300**	**171,477**
Non-current assets			
Intangible assets	20	18,755	18,312
Tangible assets	21	37,597	38,746
Right of use assets from leases	22	1,011	1,720
Deferred tax assets	13	10,234	8,267
Derivative financial instruments	18	–	113
Other non-current assets		112	154
Total non-current assets		**67,709**	**67,312**
Total assets		**230,009**	**238,789**
Current liabilities			
Trade payables and other liabilities	23	47,059	50,670
Income tax liabilities		3,395	593
Other provisions	24	4,917	6,544
Derivative financial instruments	18	641	10
Lease liabilities	25	670	568
Total current liabilities		**56,682**	**58,385**
Non-current liabilities			
Provisions for pensions and similar obligations	26	68,004	62,852
Other provisions	24	3,880	3,619
Deferred tax liabilities	13	524	1,403
Derivative financial instruments	18	149	–
Lease liabilities	25	344	1,192
Total non-current liabilities		**72,901**	**69,066**
Equity			
Subscribed capital	27	30,000	30,000
Capital surplus	28	17,026	17,164
Treasury shares	29	–7,445	–7,350
Retained earnings	30	78,072	82,259
Other reserves	31	–17,227	–10,735
Total equity		**100,426**	**111,338**
Total equity and liabilities		**230,009**	**238,789**

Statement of changes in equity

k€	Subscribed capital	Capital surplus	Treasury shares	Retained earnings	Other reserves	Total
As at 1 Jan 2020	**30,000**	**17,026**	**–7,445**	**70,777**	**–14,115**	**96,243**
Dividends – Note 30	–	–	–	–5,230	–	–5,230
Comprehensive income after taxes	–	–	–	12,525	–3,112	9,413
of which net result for the period	–	–	–	12,525	–	12,525
of which actuarial gains/losses on defined benefit pension plans – Note 31	–	–	–	–	–1,641	–1,641
of which currency translation of foreign operations – Note 31	–	–	–	–	–532	–532
of which currency translation of net investments in foreign operations – Note 31	–	–	–	–	–352	–352
of which from cash flow hedges – Note 31	–	–	–	–	–587	–587
As at 31 Dec 2020	**30,000**	**17,026**	**–7,445**	**78,072**	**–17,227**	**100,426**
Change in treasury shares	–	138	95	–	–	233
Dividends – Note 30	–	–	–	–9,988	–	–9,988
Comprehensive income after taxes	–	–	–	14,176	6,492	20,668
of which net result for the period	–	–	–	14,176	–	14,176
of which actuarial gains/losses on defined benefit pension plans – Note 31	–	–	–	–	2,748	2,748
of which currency translation of foreign operations – Note 31	–	–	–	–	880	880
of which currency translation of net investments in foreign operations – Note 31	–	–	–	–	597	597
of which from cash flow hedges – Note 31	–	–	–	–	2,267	2,267
As at 31 Dec 2021	**30,000**	**17,164**	**–7,350**	**82,259**	**–10,735**	**111,338**

Statement of cash flow

k€	Notes	2020	2021
Net result for the period		12,525	14,176
Depreciation and amortisation	4	8,527	7,822
Change in provisions		−732	73
Result from disposal of fixed assets and other non-current assets		32	−79
Change in inventories, trade receivables and other assets not classified as investment or financing activities		−25,652	−5,973
Change in trade payables and other liabilities not classified as investment or financing activities		8,759	735
Other non-cash expenses and income		575	−311
Cash flow from operating activities		**4,034**	**16,443**
Proceeds from the sale of tangible assets and other non-current assets		131	378
Payments for the purchase of tangible and intangible assets	20, 21	−9,622	−7,262
Cash flow from investment activities		**−9,491**	**−6,884**
Change in treasury shares		–	233
Payments for lease liabilities	25	−734	−602
Dividends paid to the shareholders of the parent company		−5,230	−9,988
Cash flow from financing activities		**−5,964**	**−10,357**
Change in cash and cash equivalents		−11,421	−798
Change in cash and cash equivalents due to exchange rates		−55	63
Cash and cash equivalents at the start of the reporting period		50,301	38,825
Cash and cash equivalents at the end of the reporting period		**38,825**	**38,090**
Income taxes paid [1]		−2,376	−7,563
Income taxes received [1]		1,617	27
Interest paid [1, 2]		−63	−135
Interest received [1]		17	–

[1] Included in cash flow from operating activities.
[2] Mainly from safekeeping fees for credit balances at banks.

Notes:
General information as well as accounting and valuation principles

General information

Leifheit Aktiengesellschaft (Leifheit AG), whose registered office is at Leifheitstraße 1, Nassau/Lahn, Germany, focuses on the development and distribution of high-quality brand products for selected areas around the house. The company is entered in the Commercial Register of Montabaur Local Court under HRB 2857. The shares of Leifheit AG are traded in the Prime Standard trading segment in the Xetra, Frankfurt/Main, Berlin, Düsseldorf, Hamburg, Hanover and Stuttgart stock markets under ISIN DE0006464506.

In accordance with section 315e para. 1 of the German commercial code (HGB), the consolidated financial statements for 2021 have been prepared according to the International Financial Reporting Standards (IFRS) formulated by the International Accounting Standards Board (IASB) as applicable in the EU. All of the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and interpretations of the IFRS Interpretation Committee (IFRIC and SIC) requiring application in financial year 2021 were applied. The figures for the previous year were calculated on the same basis.

The financial statements were drawn up in euros. The financial statements provide a true and fair view of the net assets, financial position and results of operations of the Leifheit Group. Unless stated otherwise, all figures are shown in thousands of euros (k€). Minor differences may occur when using rounded amounts and percentages due to commercial rounding.

The statement of profit or loss was prepared according to the cost of turnover method.

Leifheit AG, Nassau/Lahn, is the company that prepares the consolidated financial statements for the largest and smallest group of consolidated companies. The consolidated financial statements are published in the German Federal Gazette (Bundesanzeiger) and can be accessed online at **leifheit-group.com**.

The Board of Management of Leifheit AG prepared the consolidated financial statements and approved them for publication on 25 March 2022. The period in which adjusting events would be accounted for expired as at this date.

Consolidation principles

The consolidated financial statements include Leifheit AG and the companies controlled by it. The Group controls a holding company specifically when it possesses all of the following attributes:

- full control over the holding company (i.e. based on its current rights, the Group is entitled to control those activities of the holding company which have a significant influence on its returns),
- risk exposure or entitlements to fluctuating returns through its interests in the holding company and
- the ability to use its control over the holding company in such a way that influences the returns of the holding company.

If the Group does not hold the majority of voting rights or similar rights in a holding company, the Group must consider all facts and circumstances when assessing whether it has full control over the holding company.

These include:
- a contractual agreement with the other persons entitled to vote,
- rights resulting from other contractual agreements,
- voting rights and potential voting rights of the Group.

The financial statements of the subsidiaries are prepared using uniform accounting and valuation principles and as at the same balance sheet date as the financial statements of the parent company and the Group.

Acquired companies are included in the consolidated financial statements starting when control is obtained (acquisition date). Companies are deconsolidated at the point at which control is lost. Intragroup balances and transactions and resulting unrealised intragroup profits and losses as well as dividends are fully eliminated. Deferred taxes are recognised for temporary differences from consolidation as required by IAS 12.

The same consolidation methods were used for the financial statements for 2021 and 2020.

Business combinations before 1 January 2010

The acquisition method according to IFRS 3 rev. 2004 (Business combinations) is applied for companies acquired before 1 January 2010. All identifiable assets and liabilities were valued in their attributable fair value at the time of acquisition. Non-controlling interests (minority interests) were therefore carried at their share in the fair value of the assets and liabilities. If the acquisition cost of an interest exceeded the Group's share in the net assets of the company concerned as determined by this method, the resulting goodwill had to be capitalised. Previously undisclosed reserves and liabilities are carried, written down or dissolved during subsequent consolidation, depending on the corresponding assets and liabilities. Goodwill is tested at least annually for impairment at the level of the cash-generating units and written down to the recoverable amount as necessary. Negative goodwill was recognised in profit or loss. Transaction costs directly allocable to the acquisition of the company were a part of cost.

Business combinations from 1 January 2010

The acquisition method according to IFRS 3 rev. 2008 (Business Combinations) is applied for companies acquired on or after 1 January 2010. All identifiable assets and liabilities were valued in their attributable fair value at the time of acquisition. Cost is measured as the total of the consideration transferred (valued at the fair value at the date of acquisition) and the value of the shares without controlling interest. Non-controlling interests therefore continued to be carried at their share in the fair value of the identifiable assets and liabilities. If the cost of an interest exceeds the Group's share in the net assets of the company concerned as determined by this method, the resulting goodwill must be capitalised. Previously undisclosed reserves and liabilities are carried, written down or dissolved during subsequent consolidation, depending on the corresponding assets and liabilities. Goodwill is tested at least annually for impairment at the level of the cash-generating units and written down to the recoverable amount as necessary. Once recognised, goodwill impairments are not reversed. Negative goodwill was recognised in profit or loss. Transaction costs incurred during the company acquisition are reported as administrative costs through profit or loss.

In step acquisitions, the share of equity is assessed again at the date of acquisition and the amount exceeding the book value is recognised in profit or loss. Contingent purchase price liabilities from business combinations that took or take place from 1 January 2010 are recognised at fair value on the balance sheet date. The adjustments of these liabilities are recognised as affecting net income in the statement of profit or loss.

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.

The following companies based both inside and outside Germany were included in the consolidated financial statements in addition to Leifheit AG. Leifheit AG directly or indirectly held the majority of the voting rights in these companies as at 31 December 2021.

	Date of initial consolidation	Interest in capital and voting rights in 2021 in %
Unterstützungseinrichtung Günter Leifheit e.V., Nassau (DE)	1 Jan 1984	–
Leifheit España S.A., Madrid (ES)	1 Jan 1989	100.0
Leifheit s.r.o., Blatná (CZ)	1 Jan 1995	100.0
Leifheit International U.S.A. Inc., Hauppauge, NY (US)	1 Jan 1997	100.0
Birambeau S.A.S., Paris (FR) [1]	1 Jan 2001	100.0
Leifheit-Birambeau S.A.S., Paris (FR) [1]	1 Jan 2001	100.0
Leifheit Distribution S.R.L., Bucharest (RO)	18 Dec 2007	100.0
Herby Industrie S.A.S., La Loupe (FR) [1]	1 Jul 2008	100.0
Leifheit France S.A.S., Paris (FR)	23 Nov 2009	100.0
Leifheit CZ a.s., Hostivice (CZ)	1 Dec 2011	100.0
Leifheit Polska Sp. z o.o., Warsaw (PL)	11 Oct 2012	100.0
Soehnle GmbH, Nassau (DE)	25 Jun 2015	100.0
Leifheit Österreich GmbH, Wiener Neudorf (AT)	6 Jun 2016	100.0
Guangzhou Leifheit Trading Co., Ltd, Guangzhou (CN)	4 Jun 2018	100.0

[1] Indirect shareholding via Leifheit France S.A.S.

Foreign currency translation

Where individual financial statements of consolidated companies are prepared in local currencies, monetary items in foreign currencies (cash and cash equivalents, receivables, liabilities) are measured at the exchange rate as at the balance sheet date, with any differences recognised in profit or loss. Exceptions to this include translation differences for monetary items which substantially form part of the net investment in an independent foreign entity (e.g. non-current loans replacing equity). Currency translation of the financial statements of consolidated companies prepared in foreign currencies is performed on the basis of the functional currency concept using the modified closing rate method in accordance with IAS 21.

As our subsidiaries and branches operate independently in financial, commercial and organisational terms, their functional currency is the local currency. For inclusion in the consolidated financial statements, the assets and liabilities of the subsidiaries and branches are translated at the exchange rate as at the balance sheet date, and income and expenses are translated at annual average exchange rates. The exchange rate differences arising from currency translation are recognised in other reserves in equity. Exchange rate differences that arise as against the previous year's translation are taken to this translation reserve without affecting net income.

The exchange rates applied to the translation of the relevant currencies are shown in the following table:

	Mid-market rate as at balance sheet date		Annual average rate	
Base: € 1	31 Dec 2020	31 Dec 2021	2020	2021
CZK	26.25	24.86	26.45	25.64
USD	1.22	1.14	1.14	1.18
PLN	4.56	4.58	4.44	4.57
HKD	9.48	8.87	8.86	9.19
CNY	7.99	7.25	7.88	7.63

Assessment of fair value

The fair value is the price which would be received for the sale of an asset or paid for the transfer of a liability in the context of an orderly business transaction between market participants on the valuation date. The assessment of the fair value is based on the presumption that the business transaction in the context of which the asset is sold or the liability is transferred occurs in either the primary market for the asset or liability in question or, where no primary market exists, the most advantageous market for the asset or liability in question. The Group must have access to the primary or most advantageous market.

The fair value of an asset or a liability is determined by reference to the assumptions on which the market participants would base their pricing of the asset or liability. In this regard, it is assumed that the market participants would thereby be acting in their own best economic interests. The assessment of the fair value of a non-financial asset takes account of the market participant's capability to generate economic benefits by opting to use the asset to the greatest and best degree or to sell it to another market participant able to use it to the greatest and best degree. The Group applies valuation techniques which are appropriate in the individual circumstances and for which sufficient data is available to carry out an assessment of the fair value. In this context, relevant and observable input factors are to be applied to the greatest possible extent and the application of non-observable input factors to be kept to a minimum.

All assets and liabilities for which the fair value is determined or reported in the financial statements are classified in accordance with the following fair value hierarchy, based on the input parameter at the lowest level which is of overall significance for the valuation at fair value.

- Level 1: (Unadjusted) prices quoted in active markets for identical assets or liabilities
- Level 2: Assessment procedures pursuant to which the input parameter at the lowest level which is of overall significance for the valuation at fair value can be observed either directly or indirectly in the market
- Level 3: Assessment procedures pursuant to which the input parameter at the lowest level – which is of overall significance for the valuation at fair value – cannot be observed in the market

In the case of assets or liabilities which are recognised in the financial statements on a recurring basis, the Group will decide whether the levels within the hierarchy have been reached by carrying out a review of the classification (on the basis of the input parameter at the lowest level which is of overall significance for the valuation at fair value) at the end of each reporting period.

Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into a given amount of cash at any time and are subject to an insignificant risk of changes in value.

Cash and cash equivalents are measured at amortised cost (nominal value). Their remaining term – calculated from the acquisition date – is not more than three months.

Inventories

Inventories are recognised at the lower of acquisition and manufacturing cost or net realisable value. Cost is measured on the basis of the weighted average cost method.

The cost of internally manufactured products includes the full production cost based on normal capacity utilisation. In detail, cost includes the direct costs directly attributable to products (e.g. material and labour) and fixed and variable production overheads (e.g. material and production overheads, depreciation and amortisation). In particular, costs incurred by the specific cost centres are taken into account.

The risks in holding inventories due to reduced realisable value are taken into account through appropriate write-downs, which are recognised as cost of turnover. These write-downs are calculated on the basis of the future sales plan or actual consumption. Depending on the respective inventory item, individual periods are applied and subsequently reviewed and modified on the basis of objective evaluation criteria. The lower net realisable value at the balance sheet date is taken into account in valuation. If the circumstances which previously caused inventories to be written down no longer apply such that the net realisable value is increased, the resulting increase in value is recognised as a reduction in the cost of turnover.

In the case of contracts that grant a customer the right to return an item, turnover is recognised to the extent that it is highly likely that there will be no material correction to the cumulative turnover amount. As a result, the amount of recognised turnover is adjusted for the expected returns estimated on the basis of historical data for the individual customer. In these cases, a reimbursement obligation and an asset are recognised for the right to return the products.

The asset for the right to return the products is measured at the previous book value of the product less anticipated return costs. If the product is taken back, it is capitalised at its former book value. Any difference is recognised in profit and loss.

The reimbursement obligation is included in other liabilities (Note 23), and the right to return the products is included in inventories (Note 16). The Group reviews its estimates of expected returns on each reporting date and updates the amounts of assets and obligations accordingly.

Intangible assets

Patents, licences and software

Expenses for patents and licences are capitalised and subsequently amortised over their expected useful life on a straight-line basis. The estimated useful life of patents and licences varies between three and fifteen years. Assets are regularly tested for indications of an impairment.

The cost of new software and implementation costs are capitalised and treated as an intangible asset unless these costs are not an integral part of the associated hardware. The economic useful life is three to eight years.

Brands

Consideration paid for brands is capitalised. Brands are recognised as intangible assets with indefinite useful lives and are not amortised, if no time limit can be set for the period during which the asset generates economic benefits for the company. Brands are not amortised, and instead are tested at least annually for possible impairment in accordance with IAS 36 and written down to their fair value as necessary.

Goodwill

The excess of the cost of an acquisition over the company’s interest in the fair value of the identifiable assets and liabilities acquired on the acquisition date is known as goodwill and is recognised as an asset. In accordance with IFRS 3 in conjunction with IAS 36, goodwill is not amortised and instead is tested for impairment at least annually and written down to the recoverable amount as necessary.

For the impairment test, the value of the asset at the acquisition date is allocated to the cash-generating units at the lowest level of the company at which the asset is monitored for internal management purposes.

Tangible assets

Tangible assets are carried at cost less cumulative depreciation and cumulative impairment.

If items of tangible assets are sold or scrapped, the corresponding acquisition costs and accumulated depreciation are derecognised. A realised profit or loss on sale is recognised in the statement of profit or loss.

The cost of an item of tangible assets comprises the purchase price including import duties and non-refundable purchase taxes, and any directly attributable costs incurred for bringing the asset into working condition and to the location for its intended use. Subsequent expenses, such as maintenance and repair costs, which arise after the non-current assets are put into operation, are recorded as expenses in the period in which they are incurred.

The useful lives and depreciation methods for tangible assets are reviewed periodically to ensure that the method of depreciation and the depreciation period comply with the expected useful life of the items of tangible assets. If a useful life must be changed, this is done prospectively as at the date of reassessment.

Assets under construction are classified as unfinished tangible assets and are carried at cost. Assets under construction are depreciated from the time at which the respective asset is completed and used in operation. Depreciation is performed on a straight-line basis using the expected useful life:

	Years
Buildings	25–50
Other structures	10–20
Injection-moulding machines	10
Vehicles	6
Technical equipment and other machinery	5–10
Operating and office equipment	3–13
Injection-moulding and stamping tools	3–6
Display and POS stands	3

Impairment of tangible and intangible assets

Tangible assets and intangible assets are tested for impairment if there is a change in circumstances or there are material grounds for believing that the book value of an asset may not be recoverable (IAS 36). As soon as the book value of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss. The recoverable amount is the higher of the asset's net selling price and its value in use.

The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction (fair value) less the cost of disposal.

Value in use is the present value of the estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The recoverable amount is identified for each asset individually or, if this is not possible, for the cash-generating unit to which the asset belongs.

Right of use assets from leases

Leases that do not fall under IFRS 16 or for which an option not to apply IFRS 16 is exercised are recognised as expenses in the statement of profit or loss on a straight-line basis over the term of the lease.

Leases are to be recognised on the balance sheet of the lessee in accordance with IFRS 16. A lessee reports a right of use asset, which constitutes a right to use the underlying asset, and a liability from the lease, which describes its lease payment obligations. Lessors categorise leases as finance leases or operating leases.

The Group only has leases in which the Group is the lessee. Assets and liabilities were recognised for leases relating to leased office space and leased vehicles. Some leases contain extension and termination options in the lessee's favour. Here, assumptions were made regarding the exercise of contractually agreed extension options beyond the non-cancellable basic lease term, providing the exercise of the extension options is sufficiently certain.

The Group made use of the simplification rule for leasing agreements for low-value assets. Leased assets with a value of no more than k€ 5 are defined as low-value assets. In accordance with IFRS 16.4, the option is used not to apply the standard of IFRS 16 to leases of intangible assets.

On the date of provision or when a contract containing a lease component is amended, the Group allocates the contractually agreed remuneration on the basis of the relative individual selling prices. In the case of property leases, the Group has decided to consider leasing and non-leasing components separately.

On the date of provision, the Group recognises an asset for the right of use granted and a lease liability. The right of use is initially measured at cost, which is equal to the initial measurement of the lease liability, adjusted for payments made on or before the date of provision, plus any initial direct costs and the estimated costs of dismantling or removing the underlying asset or of restoring the underlying asset or the site on which it is located, less any lease incentives received.

The right to use the asset is then depreciated on a straight-line basis from the date of provision to the end of the lease term unless ownership of the underlying asset is transferred to the Group at the end of the lease term or the cost of the right to use the asset includes an element indicating that the Group will exercise a purchase option. In this case, the right of use is amortised over the useful life of the underlying asset, which is determined in accordance with the rules for tangible assets. In addition, the right of use is continuously adjusted for impairment where necessary and adjusted for certain revaluations of the lease liability.

Initially the lease liability is recorded at the present value of the lease payments receivable at the date of provision, discounted at the interest rate implicit in the lease or, if this cannot be readily determined, at the Group's incremental borrowing rate. The Group normally uses its incremental borrowing rate as the discount rate. To determine its incremental borrowing rate, the Group obtains interest rates from various external financial sources and makes certain adjustments taking into account the lease terms and the nature of the asset.

The lease liability is measured at amortised book value using the effective interest method. It is remeasured if the future lease payments change due to a change in index or interest rate, if the Group adjusts its estimate of the expected payments under a residual value guarantee, if the Group changes its assessment regarding the exercise of a purchase, renewal or termination option or if a de facto fixed lease payment changes.

Such a remeasurement of the lease liability results in a corresponding adjustment to the book value of the right of use in the statement of profit or loss or this is done if the book value of the right of use has decreased to zero.

Research and development costs

Research costs cannot be capitalised in accordance with IAS 38 and are therefore recognised directly as an expense in the statement of profit or loss.

Development costs are to be capitalised in accordance with IAS 38 insofar as a clear allocation of expenses is possible and both the technical feasibility and the marketing of the newly developed products are guaranteed. Furthermore, there must be sufficient probability that the development work will generate future economic benefits. Leifheit has smaller research and development projects involving further development of existing products and/or components. They are not recorded in terms of development cost to be capitalised for reasons of negligibility. For larger research and development projects, the point at which it is clear whether future benefits will be generated from the potential product is extremely late in the overall project phase, so that the costs allocated to development are immaterial and recognised in profit or loss like the research costs.

Deferred taxes

Deferred taxes are recognised using the balance sheet liability method for all temporary differences between the tax base of an asset or liability and its amount in the consolidated balance sheet (temporary concept). In addition, deferred tax assets from loss carry-forwards are recognised if it can be assumed that it is highly probable that Leifheit will be able to utilise these tax loss carry-forwards over the next five years.

Deferrals are the probable tax liability or relief in the following financial year based on the prevailing tax rate at the realisation date.

Deferred tax assets whose realisation is or becomes improbable are not recognised or adjusted.

Deferred taxes are reported separately within the non-current items on the balance sheet.

Other provisions

Under IAS 37, other provisions are recognised where there is a current obligation to third parties as a result of a past event which will probably lead to an outflow of resources and which can be reliably estimated.

Provisions for warranty claims mainly relate to products that have been sold in the last 18 months and are based on estimates due to historical warranties of similar products. These are warranty promises which assure the customer that the product complies with the contractually agreed specifications. There are therefore no separate performance obligations. These provisions are recognised at the time of the sale of the underlying products to the customer.

The remaining other provisions are recognised under IAS 37 for all identifiable risks and uncertain obligations in the amount that is likely to be required to settle them and are not offset against reimbursement claims.

Other provisions which do not lead to an outflow of resources in the following year are recognised at the discounted amount required to settle the obligations at the balance sheet date. The discount rate is based on market interest rates.

Share-based payment

The obligations of share-based payment, which provide for a settlement in cash, are calculated during the vesting period on the basis of analyses using Monte Carlo simulations. The obligations are accumulated on a pro rata temporis basis over the respective vesting period.

Provisions for pensions and similar obligations

The actuarial valuation of the defined benefit obligation arising out of the defined benefit plans is based on the projected unit credit method. Revaluations, including actuarial gains and losses, are directly recorded on the balance sheet and included in other reserves via other comprehensive income in the period in which they accrue. Revaluations may not be reclassified as profit or loss in subsequent periods. Any adjustments to the pension plans are recognised in profit or loss.

Under this method, the post-employment benefits and vested benefits known at the balance sheet date are taken into account along with the expected future increases in salaries and pensions.

Equity

Treasury shares reduce the equity reported in the balance sheet under a separate item. The acquisition of treasury shares is shown as a change in equity. Any sale, issue or cancellation of treasury shares is recognised without affecting net income. Consideration received is recognised in the financial statements as a change in equity.

Provisions for currency translation are recognised in other reserves for exchange rate differences arising from the consolidation of the financial statements of independent foreign subsidiaries or branches.

Exchange rate differences for monetary items which become a part of the company’s net investment in an independent foreign entity, such as long-term loans, are recognised in equity in the consolidated financial statements without affecting net income until disposal or repayment. When the relevant assets are sold, the currency translation reserves are recognised in other reserves as income or expenses in the same period as the profit or loss from the sale is recognised.

Revaluations, including actuarial gains and losses arising out of the valuation of pension obligations, are recorded in other reserves.

Profits and losses from effective hedging transactions are likewise recorded as not affecting net income in the reserve for hedging cash flows in other reserves, to the extent effectiveness can be proven.

Financial instruments

Recognition and initial measurement

Trade receivables are recognised from the point at which they arise. All other financial assets and liabilities are initially recognised on the trade date if the company becomes a contractual party under the terms and conditions of the instrument.

Financial assets (with the exception of trade receivables without any material financing components) and financial liabilities are initially measured at fair value. In the case of items not measured at fair value through profit or loss, transaction costs directly attributable to acquisition or issuing are added. Trade receivables without any material financing components are initially measured at the transaction price.

Financial assets – categorisation, subsequent measurement and impairment

Financial assets are categorised and measured as follows at initial measurement:

- At amortised cost,
- FVOCI debt instruments measured at fair value through other comprehensive income,
- FVOCI equity instruments measured at fair value through other comprehensive income,
- FVTPL fair value through profit or loss.

Financial assets are not recategorised following initial recognition unless the Group changes the business model with which it manages the financial assets. If the business model is changed, all affected financial assets are reclassified on the first day of the reporting period following the date on which the business model is changed.

A financial asset is measured at amortised cost if both of the following conditions are met and it has not been designated for measurement at fair value through profit or loss:

- It is held within a business model in which the objective is to hold the financial asset to collect the contractual cash flow, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is designated at fair value through other comprehensive income if both of the following conditions are met and it has not been designated for measurement at fair value through profit or loss:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If an equity investment is not held for trading, the Group can make an irrevocable decision at initial recognition to measure subsequent changes at fair value through other comprehensive income. This choice is made on a case-by-case basis for each investment.

All financial assets not measured at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss. This includes all derivative financial assets. Even if an instrument meets the two requirements to be measured at amortised cost or at fair value through other comprehensive income, the Group can make an irrevocable decision at initial recognition to designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (known as an accounting mismatch).

Assessment of the business model
The Group makes an assessment regarding the objectives of the business model in which the financial asset is held at portfolio level, as this provides the best reflection of the manner in which business is conducted and information is supplied to the management.

Information to be taken into consideration includes:

- the stated guidelines and objectives applying to the portfolio and the practical implementation of these guidelines. This includes whether the management's strategy is geared towards collecting contractual interest income, maintaining a certain interest rate profile, coordinating the term of a financial asset with the term of an associated liability or expected cash outflows, or realising cash flows by selling the asset,
- how the results of the portfolio are assessed and the Group management are informed,
- the risks that affect the results of the business model (and the financial assets held under this business model) and how these risks are managed,
- how the management are remunerated – e.g. whether remuneration is based on the fair value of assets under management or on collected contractual cash flows,
- frequency, the extent and timing of sales of financial assets in previous periods and expectations regarding future sales activities.

Transfers of financial assets to third parties that do not result in derecognition are consistent with the fact that the Group continues to balance the assets but does not recognise any sales for this purpose.

Financial assets that are held for trading or managed, whose value development is assessed on the basis of their fair value, are measured at fair value through profit or loss.

Assessment whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding
For the purpose of this assessment, the principal amount is defined as the fair value of the financial asset at initial recognition. Interest is defined as the remuneration for the fair value of the moneys and for the risk of default associated with the principal amount outstanding over a certain period of time, as well as for other fundamental credit risks, costs (such as liquidity risk and administrative costs) and a profit mark-up.

The Group takes the instrument's contractual terms and conditions into account when assessing whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding. This includes an assessment as to whether the financial asset includes a contractual agreement that could change the timing or amount of the contractual cash flows so that they no longer meet these requirements.

In this assessment, the Group takes into account the following:

- certain events that would change the amount or timing of the cash flows,
- terms and conditions that would change the interest rate, including variable interest rates,
- options for early repayment and extensions,
- terms and conditions that limit the Group's claims to cash flows from a particular asset (e.g. no entitlement to recourse).

An option for early repayment is consistent with the criterion that payments are solely payments of principal and interest on the principal amount outstanding if the amount of the early repayment primarily comprises unpaid interest and principal on the principal amount outstanding, although this can include appropriate remuneration for the early termination of the contract.

In addition, a condition applying to a financial asset acquired at a premium or a discount compared to the nominal contractual value that allows or requires early repayment at an amount that largely equates to the nominal contractual value plus accrued (but not paid) contractually agreed interest (which can include appropriate remuneration for the early termination of the contract) is regarded as being consistent with the criterion, provided the fair value of the early repayment option is not significant in the first place.

Subsequent measurement and gains and losses

Financial assets measured at fair value through profit or loss	These assets are subsequently measured at fair value. Net gains and losses, including any through profit or loss and all interest and dividend income, is recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. Amortised costs are lowered by impairments. Interest income, currency translation gains and losses, and impairments are all recognised in profit or loss. Gains and losses from derecognition are recognised in profit or loss.
Debt instruments measured at fair value through other comprehensive income	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, currency translation gains and losses and impairments are recognised in profit or loss. Other net gains or losses are recognised in other comprehensive income. At derecognition, cumulative other comprehensive income is reclassified to profit or loss.
Equity investments measured at fair value through other comprehensive income	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the clear purpose of the dividends is to cover part of the costs of the investment. Other net gains or losses are recognised in other comprehensive income and never reclassified to profit or loss.

Impairment

The Group assesses at each balance sheet date whether financial assets at amortised cost or debt instruments measured at fair value through profit or loss are credit-impaired. A financial asset's credit rating is impaired if one or more events occur with an adverse effect on the expected future cash flows of the financial asset.

Indicators that a financial asset is impaired include the following observable data:

- significant financial difficulties of the debtor,
- a breach of contract, such as a default or a delay of more than 120 days,
- probability that the debtor will go into insolvency or other reorganisation proceedings.

According to IFRS 9, impairments for expected credit losses are recognised for financial assets classified for measurement at amortised cost. The model includes the use of forward-looking information and estimations. No separate disclosures are made regarding impairments recognised in the statement of profit or loss in the reporting period in accordance with IAS 1.82 (ba).

Expected credit losses are recognised on the basis of a general three-stage model for impairment allocation:

Level 1: Expected credit losses within the next 12 months
Level 1 includes all contracts that have not had a significant increase in credit risk since initial recognition. Expected credit losses attributable to possible default events within the next 12 months are recognised.

Level 2: Lifetime expected credit losses – not credit-impaired
Financial assets are allocated to level 2 if there has been a significant increase in credit risk since initial recognition of the financial asset, but they are not credit-impaired. Expected losses attributable to default events throughout the entire lifetime of the financial asset are recognised as impairments.

Level 3: Lifetime expected credit losses – credit-impaired
Financial assets are allocated to level 3 if they are credit-impaired or they were defaulted on. Expected losses throughout the entire lifetime of the financial asset are recognised as impairments.

The assessment of probability of default takes both external information and resulting probabilities of default and internal information concerning the quality of the financial asset into account.

When it comes to trade receivables and contractual assets without significant financing components pursuant to IFRS 15, Leifheit applies the simplified approach according to IFRS 9. Under this approach, the impairment from initial recognition of the receivable is calculated for the life of the receivable. The default history for the past financial year and the two previous financial years is used as the basis. The external information drawn on in this context includes individual and continuously updated data regarding the counterparties and forward-looking information (Country risks).

The gross book value of a financial asset is written down if the Group does not believe, based on reasonable estimates, that all or part of the financial asset is realisable. In the case of business customers, the Group makes an individual assessment of the timing and amount of the write-down based on whether there is a reasonable expectation of recovery. The Group does not expect any significant recovery of the amount depreciated. Depreciated financial assets may nevertheless be subject to enforcement action to collect overdue receivables in order to comply with the Group's policy.

The Group does not apply the three-stage expected credit loss model to financial assets that only have a low risk of default at the point of addition (investment grade – Standard & Poor's AAA–BBB). Instead, these assets are always attributed to level 1 of the expected credit loss model and an impairment is recognised on 12-month expected credit losses. Such assets include bank deposits in particular, as funds are deposited on a short-term basis at banks with high credit ratings that are part of a deposit guarantee scheme. No impairment was made as the maximum default risk amounts to less than k€ 10.

Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified and measured either at amortised cost or at fair value through profit or loss. A financial liability is classified at fair value through profit or loss if it is classified as held for trading, is a derivative or is designated as such at initial recognition.

Financial liabilities measured at fair value through profit or loss are measured at fair value. Gains and losses, including interest expenses, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expenses and currency translation differences are measured in profit or loss. Gains and losses from derecognition are also recognised in profit or loss.

Derecognition

The Group derecognises a financial asset if contractual rights to cash flows from the financial asset expire or if it transfers rights to receive cash flows within a transaction in which all material risks and opportunities associated with ownership of the financial asset are also transferred.

A financial asset is also derecognised if the Group neither transfers nor retains all risks and opportunities associated with ownership and does not retain control over the transferred asset.

The Group conducts transactions in which it transfers the recognised asset but retains either all or all material risks and opportunities resulting from the transferred asset. In these cases, the transferred assets are not derecognised.

The Group derecognises a financial liability if the contractual obligations are met or suspended or if they lapse. The Group also derecognises a financial liability if its contractual terms and conditions are changed and the cash flows from the adjusted liability change significantly. In this case, a new financial liability is recognised at fair value based on the adjusted terms and conditions.

When a financial liability is derecognised, the difference between the book value of the redeemed liability and the remuneration paid (including non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and liabilities are netted and recorded as net amounts on the balance sheet if the Group has a present and enforceable legal entitlement to offset amounts and the intention is to either offset the net amounts or replace the associated liability at the same time as liquidating the asset concerned.

Derivative financial instruments and hedge accounting

The Group maintains derivative financial instruments to hedge against currency risks. In certain circumstances, embedded derivatives are separated from the underlying contract and recognised separately.

Derivatives are measured at fair value at initial recognition. At subsequent measurement, derivatives are measured at fair value. Any resulting changes are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments in order to hedge fluctuations in cash flows that are associated with highly probable transactions that originate from changes in exchange rates.

At the beginning of the hedge, the Group documents the risk management objectives and strategies it is pursuing with regard to the hedge. The Group also documents the economic relationship between the hedged transaction and the hedging instrument and whether it is anticipated that changes in cash flows from the hedged transaction and the hedging instrument will balance each other out.

Cash flow hedges

When a derivative is designated as a cash flow hedge instrument, the effective portion of changes to the fair value is recognised in other comprehensive income and cumulated in the hedging reserve. The effective portion of the changes to the fair value, which is recognised in other comprehensive income, is limited to the cumulative change in fair value of the hedged transaction (calculated on the basis of the present value) since the beginning of the hedge. The ineffective portion of changes in the fair value of the derivative is recognised directly in profit or loss.

The Group only recognises changes in fair value of the spot element of forward foreign exchange transactions as a hedging instrument in the hedging of cash flows. Changes in the fair value of the forward element of forward foreign exchange transactions (forward points) are recognised separately as costs associated with the hedge and added to a reserve for hedging costs in equity.

If a hedged expected transaction subsequently leads to the recognition of a non-financial item, such as inventories, the cumulative amount from the hedge reserve and the reserve for hedging costs is directly included in the cost of the non-financial item when this item is recognised.

In the case of all other hedged expected transactions, the cumulative amount that has been added to the hedge reserve and the reserve for hedging costs is reclassified into profit or loss in the period or periods in which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the hedge accounting criteria or if the hedging instrument is sold, expires, is terminated or is exercised, the hedge is ended. If a cash flow hedge ends, the amount added to the hedge reserve remains in equity until, in the case of a hedge that results in the recognition of a non-financial item, this amount is included in the acquisition cost of the non-financial item at initial recognition or, in the case of other cash flow hedges, this amount is reclassified into profit or loss in the period or periods in which the hedged expected future cash flows affect profit or loss.

If it is no longer expected that hedged future cash flows will materialise, amounts added to the hedge reserve and the reserve for hedging costs are immediately reclassified into profit or loss.

Recognition of income and expenses

The company recognises turnover from the sale of products when it fulfils a performance obligation through the transfer of a promised asset (product) to a customer. An asset is considered transferred at the time when the customer obtains control of that asset.

When it comes to contracts with customers, the sale of products is generally expected to be the sole performance obligation. Under IFRS 15, turnover is recognised as soon as a customer obtains control of the goods. Leifheit takes the following aspects into account in application.

In line with the transfer of control, turnover is to be recognised either at a point in time or over time in the amount to which the Group expects to be entitled. Leifheit has determined based on the following indicators that the performance obligation is fulfilled at the time the products are transferred to the customer, and thus that turnover is recognised at a point in time at which:

- Leifheit has a current entitlement to receive payment for the asset,
- the customer has legal title to the asset,
- Leifheit has transferred physical possession of the asset,
- the significant risks and rewards of ownership of the asset have been transferred to the customer,
- the customer has accepted the asset.

The Group's key markets are in Germany and Central Europe. For supplies of products, agreements are made by the Group entities with customers, with some of these agreements containing complex contractual provisions.

The consignment stock agreements with our customers are structured so that customers obtain the power of disposal over the products when the products are delivered to the consignment warehouses. This means that, according to IFRS 15, the turnover is already reported at the time of delivery to the consignment warehouse and no longer at the time of removal from the consignment warehouse.

If a contract with a customer includes the right to return the products within a certain time frame, turnover for these contracts is reported, provided it is not likely that a considerable correction of the reported turnover will take place.

The cost of turnover includes costs incurred to generate turnover and the cost of merchandise purchased and held for resale. This item also includes the cost of additions to provisions for warranty obligations.

Distribution costs include labour and materials costs and the depreciation and amortisation attributable to distribution activities, as well as shipment, advertising, sales promotion, market research and customer service costs, and freight out.

Administrative costs include labour and materials costs and the depreciation and amortisation attributable to administration.

Taxes such as real estate tax and vehicle tax are attributed to production, research and development, distribution or administrative costs in accordance with the respective source.

Interest income and interest expenses are recognised on a pro rata basis. For all financial instruments measured at amortised cost, interest income and expenses are recognised using the effective interest rate. This involves the calculatory interest rate, by which the estimated future incoming and outgoing payments are discounted over the expected term of the financial instrument, or, if applicable, over a shorter period, precisely to the net book value of the financial asset or financial liability.

Borrowing costs

All borrowing costs are recognised as an expense affecting net income in the period in which they are incurred. There are no significant interest expenses that would have to be capitalised in manufacturing costs.

Contingent liabilities and assets

Contingent liabilities are not recognised in the financial statements. They are shown in the Notes, except when the probability of an outflow of resources embodying economic benefits is extremely low. Contingent assets are also not recognised in the financial statements. However, they are disclosed in the Notes if it is likely that an inflow of economic benefits will arise.

Events after the balance sheet date

Events after the balance sheet date that provide additional information on conditions that existed at the balance sheet date (adjusting events) are included in the financial statements. Non-adjusting events after the balance sheet date are shown in the Notes if they are material.

Material exercises of discretion, estimates and assumptions

In certain instances, preparing the consolidated financial statements requires exercises of discretion, estimates and assumptions about the amounts or fair values of receivables, liabilities and other provisions (Note 24), depreciation and amortisation periods, deferred taxes, contingent liabilities, impairment tests and recognised income and expenses. The actual figures may differ from these estimates. The most important assumptions and estimates in connection with impairment testing of intangible assets and tangible assets are stated in Note 20, the assumptions and estimates in connection with the recognition of pension liabilities in Note 26, and the assumptions and estimates in connection with the recognition of deferred tax assets in Note 13.

Leifheit has analysed any possible impact connected with ESG issues when preparing the annual and consolidated financial statements. Based on this analysis, the company does not expect any material impact on the company's operations that would result in a change in accounting judgements based on the current legal framework.

Changes in accounting and valuation principles

New accounting standards applied for the first time

Standard/interpretation		Application obligation for financial years starting on or from	Adopted by the European Commission
Amendment to IFRS 16	COVID-19-related rent concessions for agreements after 30 June 2021	1 Apr 2021	Yes
Amendment to IFRS 16	COVID-19-related rent concessions	1 Jun 2020	Yes
Amendment to IFRS 4	Extension to the temporary exemption from IFRS 9	1 Jan 2021	Yes
Interest rate benchmark reform phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	IBOR reform phase 2	1 Jan 2021	Yes

Leifheit applied the aforementioned standards and amendments published by the IASB for the first time in financial year 2021. The initial application of this standard did not have any material impact on the consolidated financial statements.

New accounting standards applicable in future

Standard/interpretation		Application obligation for financial years starting on or from	Adopted by the European Commission
Improvements to IFRS (2018–2020)	Amendments to IFRS 1, IFRS 3, IFRS 9, IFRS 16, IAS 37 and IAS 41	1 Jan 2022	Yes
Amendment to IAS 1	Presentation of the financial statements: Description of accounting policies	1 Jan 2023	Yes
Amendment to IAS 8	Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates	1 Jan 2023	Yes

Leifheit did not elect early application of the standards and amendments that have been adopted into the law of the European Union (endorsed) but for which application has not become mandatory.

The future application of the aforementioned standards and interpretations is not expected to have a material impact on the consolidated financial statements.

New accounting standards not yet endorsed by the EU

The IASB has published the standards and interpretations listed below that were not yet to be mandatorily applied in financial year 2021. These standards and interpretations have not been endorsed by the EU to date and are not applied by the Group.

Standard/interpretation		Application obligation for financial years starting on or from	Adopted by the European Commission
Amendment to IAS 1	Classification of liabilities as current or non-current	1 Jan 2023	No
Amendment to IAS 12	Income taxes: Deferred taxes in connection with assets and liabilities from a single transaction	1 Jan 2023	No
IFRS 17	Insurance contracts	1 Jan 2023	No
Amendment to IAS 10 and IAS 28	Sale or deposit of assets between an investor and an associate or joint venture	Postponed indefinitely by the IASB	No

At the time of writing, the recognition of these new regulations is not expected to have a material impact on the consolidated financial statements.

Segment reporting

For corporate management purposes, the Leifheit Group is divided into business segments and presented in the reportable segments Household, Wellbeing and Private Label.

Segmentation is based on regular internal reporting and includes the reportable segments.

Household segment: The Leifheit brand and products from the laundry care, cleaning and kitchen goods categories are developed, produced and distributed here. The Household segment also includes production operations at the Czech location in Blatná.

Wellbeing segment: The Soehnle brand and a range of scales, healthcare products and air treatment units are developed and distributed here.

Private Label segment: With the French subsidiaries Birambeau S.A.S. and Herby S.A.S. – products from the laundry care and kitchen goods categories are developed, produced and distributed here. The Birambeau and Herby business segments are reported separately in the regular internal reports. However, the segments are aggregated in the segment reporting on account of their current and anticipated future comparable gross margins and comparable economic characteristics.

There are no unconsolidated transactions between the segments subject to reporting requirements.

The Board of Management monitors the result generated by the business segments for the purposes of deciding upon the allocation of resources and ascertaining the profitability of the units. The performance of the business segments is assessed on the basis of the result generated and evaluated in line with the result as reported in the consolidated financial statements. The financing of the Group (including financial expenses and income) and any income taxes are managed on a uniform Group-wide basis and are not attributed to the individual segments.

The regular internal reporting for the business segments covers turnover, gross profit and EBIT. These are based on IAS/IFRS valuations.

Key figures by reportable segments in 2021		Household	Wellbeing	Private Label	**Total**
Turnover	m€	230.8	25.5	32.0	288.3
Gross profit	m€	105.3	10.1	6.6	122.0
Segment result (EBIT)	m€	18.2[1]	0.5	1.4	20.1
Employees on annual average	People	929	41	129	1,099

[1] Includes impairment losses on technical equipment and machinery in the amount of m€ 0.1.

Key figures by reportable segments in 2020		Household	Wellbeing	Private Label	Total
Turnover	m€	213.1	26.5	32.0	271.6
Gross profit	m€	101.3	12.6	8.4	122.3
Segment result (EBIT)	m€	12.8[1]	3.7	2.3	18.8
Employees on annual average	People	908	47	139	1,094

[1] Includes impairment losses on technical equipment and machinery in the amount of m€ 0.5, as well as write-ups on brands in the amount of m€ 0.2.

Notes to the statement of comprehensive income

(1) Turnover

Turnover by region in m€	2021 Household	2021 Wellbeing	2021 Private Label	2021 Total
Germany	113.5	12.9	–	126.4
Central Europe [1]	74.2	11.1	31.1	116.4
Eastern Europe	36.1	0.9	0.9	37.9
Rest of the World	7.0	0.6	–	7.6
	230.8	**25.5**	**32.0**	**288.3**

[1] Excluding Germany.

Turnover by product categories in m€	2021 Household	2021 Wellbeing	2021 Private Label	2021 Total
Cleaning	114.0	–	–	114.0
Laundry care	98.1	–	10.2	108.3
Kitchen goods	18.7	–	21.8	40.5
Wellbeing	–	25.5	–	25.5
	230.8	**25.5**	**32.0**	**288.3**

Turnover by region in m€	2020 Household	2020 Wellbeing	2020 Private Label	2020 Total
Germany	100.0	12.1	–	112.1
Central Europe [1]	68.9	12.3	30.8	112.0
Eastern Europe	31.8	1.0	1.1	33.9
Rest of the World	12.4	1.1	0.1	13.6
	213.1	**26.5**	**32.0**	**271.6**

[1] Excluding Germany.

Turnover by product categories in m€	2020 Household	2020 Wellbeing	2020 Private Label	2020 Total
Cleaning	97.4	–	–	97.4
Laundry care	92.7	–	9.6	102.3
Kitchen goods	23.0	–	22.4	45.4
Wellbeing	–	26.5	–	26.5
	213.1	**26.5**	**32.0**	**271.6**

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 fundamentally decisive for the regional attribution of the turnover.

As of financial year 2021, turnover with a major online retailer is recognised according to the place of delivery in Germany. Previously, some of this turnover was reported abroad, where the Group registered office is located. The previous year's figures were adjusted accordingly in the amount of k€ 4,969.

(2) Cost of turnover

k€	2020	2021
Cost of materials	109,474	117,924
Personnel costs	15,333	15,175
Purchased services	5,602	9,492
Services	6,227	7,517
Depreciation and amortisation	5,242	4,448
Energy	1,713	1,846
Customs costs	1,721	1,832
Maintenance	1,606	1,778
Consumables and supplies	1,411	1,423
Impairment of inventories (net change)	–537	1,202
Licensing fees	115	916
IT costs and other allocations	539	677
Rent	198	549
Other cost of turnover	608	1,517
	149,252	**166,296**

Depreciation and amortisation includes impairment losses on technical equipment and machinery in the amount of k€ 130 (2020: k€ 526).

(3) Research and development costs

k€	2020	2021
Personnel costs	3,324	3,346
Services	860	1,071
IT costs and other allocations	497	732
Fees	350	387
Maintenance	179	182
Other research and development costs	478	402
	5,688	**6,120**

(4) Depreciation and amortisation

k€	2020	2021
Intangible assets		
Cost of turnover	39	54
Research and development costs	–	1
Distribution costs[1]	510	471
Administrative costs	249	279
IT costs and other allocations	8	8
	806	**813**
Tangible assets		
Cost of turnover	5,078	4,331
Research and development costs	93	79
Distribution costs	1,661	1,613
Administrative costs	72	266
IT costs and other allocations	84	85
	6,988	**6,374**
Right of use assets		
Cost of turnover	125	63
Distribution costs	351	268
Administrative costs	257	304
	733	**635**
Total depreciation and amortisation	**8,527**	**7,822**

[1] 2020 including write-ups on brands of k€ 218.

(5) Personnel costs/employees

k€	2020	2021
Wages and salaries	42,251	40,764
Social security contributions	9,475	9,640
Cost of employment benefits	586	530
	52,312	**50,934**

Employees on annual average	2020	2021
Germany	404	410
Czech Republic	464	464
France	144	142
Other countries	82	83
	1,094	**1,099**

In financial year 2021, the Leifheit Group did not receive government support measures (2020: k€ 331, mainly short-time allowance for employees as a result of the COVID-19 pandemic and reimbursement of social security contributions).

(6) Distribution costs

k€	2020	2021
Personnel costs	22,943	21,747
Advertising costs	18,367	20,904
Freight out	14,866	16,269
Advertising costs subsidies	6,200	4,893
Commissions	3,528	4,259
Services	4,307	3,813
Depreciation and amortisation	2,522	2,352
Packaging materials	1,727	1,401
Maintenance	1,440	1,331
Cost of cars, travel and entertainment	740	787
Rent	565	724
Energy costs	624	707
IT costs and other allocations	812	664
Insurance	414	465
General operation and administrative costs	278	336
Office and other overhead costs	200	215
Post and telephone costs	131	155
Other distribution costs (less than k€ 100)	3,638	2,983
	83,302	**84,005**

(7) Administrative costs

k€	2020	2021
Personnel costs	10,154	9,387
Services	1,398	1,589
Depreciation and amortisation	578	849
Supervisory Board remuneration	690	614
Costs of financial statements	490	567
Maintenance	327	274
Insurance	158	186
Energy costs	102	114
Other administrative costs (less than k€ 100)	902	890
	14,799	**14,470**

(8) Other operating income

k€	2020	2021
Income from claims for damages	355	472
Commission income	570	456
Licensing revenue	206	230
Other operating income (less than k€100)	198	573
	1,329	**1,731**

(9) Other operating expenses

k€	2020	2021
Other operating expenses (less than k€ 100)	244	328
	244	**328**

(10) Foreign currency result

k€	2020	2021
Effects of foreign currency valuations	–472	872
Realised foreign currency gains/losses	–542	193
Result from changes in the fair value of forward foreign exchange transactions	156	177
	–858	**1,242**

(11) Interest income

k€	2020	2021
Interest income from financial instruments	24	27
	24	**27**

Interest income from financial instruments related to interest income from credit balances at banks.

(12) Interest expenses

k€	2020	2021
Interest expenses from interest on pension obligations	854	655
Interest expenses from compounding on other provisions, leasing and taxes	193	70
Interest expenses from financial instruments[1]	73	92
	1,120	**817**

[1] Mainly from safekeeping fees for credit balances at banks and facility fees for lines of credit.

(13) Income taxes

k€	2020	2021
Corporation tax (Germany)	2,062	2,007
Trade tax (Germany)	1,472	1,614
Foreign income taxes	1,323	940
Deferred income taxes	305	544
	5,162	**5,105**

The combined tax rate for Leifheit AG for corporation tax and trade tax in Germany was 29.3% (2020: 29.3%).

k€	2020	2021
Actual income tax on income from other periods	9	14
Deferred taxes due to temporary differences	305	544
Actual tax expense	4,848	4,547
Tax liability	**5,162**	**5,105**

Income tax can be reconciled with the theoretical amount applicable in line with the tax rate valid for the country where the company has its registered office, as shown in the table below:

k€	2020	2021
Earnings before taxes	17,687	19,281
Tax expense based on the tax rate applicable to the parent company	**5,182**	**5,649**
Actual income tax on income from other periods	9	14
Different foreign tax rates	–303	–564
Non tax-deductible expenses/income of Group companies	247	204
Adjustment of the deferred tax rate	42	–139
Use of loss carry-forwards	–1	–
Tax reductions	–40	–59
Temporary differences in connection with shares in subsidiaries	26	–
Tax liability	**5,162**	**5,105**

Deferred taxes are recognised for all material temporary differences between the tax base and the consolidated balance sheet. Deferred taxes in the statement of profit or loss were broken down as follows:

k€	2020	2021
Different depreciation or amortisation periods for non-current assets	–3	315
Measurement of inventories	40	84
Measurement of receivables and other assets	216	745
Measurement of contractual assets	18	78
Measurement of derivative financial instruments	–58	–759
Measurement of pensions	139	142
Different recognition rules for other provisions	35	163
Measurement of liabilities	–84	–189
Tax loss carry-forwards	–	–56
Other temporary differences	2	21
Deferred income taxes	**305**	**544**

Deferred tax assets are only recognised on loss carry-forwards if their utilisation is expected within a five-year period.

Deferred tax assets of k€ 56 (2020: k€ 0) were recognised on income tax loss carry-forwards of a foreign subsidiary because it is assumed that they are most likely to be utilised within the next five years. No further loss carry-forwards existed on the balance sheet date.

The temporary differences in connection with shares in subsidiaries amounted to k€ 85 (2020: k€ 441). Deferred taxes of k€ 25 (2020: k€ 129) were formed for this purpose, since dividend payments are expected in the future. No deferred taxes were recognised on temporary differences of k€ 674 (2020: k€ 532), as no distributions are expected in the future.

Deferred taxes on the balance sheet were broken down as follows:

	31 Dec 2021	
k€	**Deferred tax assets**	**Deferred tax liabilities**
Different depreciation or amortisation periods for non-current assets	395	3,422
Measurement of inventories	648	17
Measurement of receivables and other assets	18	1,419
Measurement of derivative financial instruments	31	34
Measurement of pensions	9,738	–
Different recognition rules for other provisions	574	136
Measurement of liabilities	418	–
Other temporary differences	70	–
Gross amount	**11,892**	**5,028**
Offsetting	–3,625	–3,625
Balance sheet amount	**8,267**	**1,403**

	31 Dec 2020	
k€	Deferred tax assets	Deferred tax liabilities
Different depreciation or amortisation periods for non-current assets	362	3,073
Measurement of inventories	732	16
Measurement of receivables and other assets	21	352
Measurement of derivative financial instruments	152	–
Measurement of pensions	11,020	–
Different recognition rules for other provisions	601	–
Measurement of liabilities	230	1
Other temporary differences	134	100
Gross amount	**13,252**	**3,542**
Offsetting	–3,018	–3,018
Balance sheet amount	**10,234**	**524**

(14) Earnings per share

Earnings per share are calculated by dividing the portion of the net result attributable to the shareholders of Leifheit AG by the weighted average number of shares outstanding during the financial year. No financing or remuneration instruments were employed which would lead to a dilution of earnings per share.

		2020	**2021**
Shares issued	thousands	10,000	10,000
Weighted average number of treasury shares	thousands	487	487
Weighted average number of no-par-value bearer shares	thousands	**9,513**	**9,513**

		2020	**2021**
Net result for the period allocated to the shareholders of the parent company	k€	12,525	14,176
Weighted average number of no-par-value bearer shares	thousands	9,513	9,513
Earnings per share based on net result for the period (diluted and undiluted)	€	**1.32**	**1.49**

Due to the issuing of employee shares in financial year 2021, the weighted average number of treasury shares of the previous year was adjusted retroactively.

Notes to the balance sheet

(15) Trade receivables

k€	31 Dec 2020	31 Dec 2021
Trade receivables	56,838	52,151
Bill receivables	589	581
	57,427	**52,732**

As at 31 December 2021, k€ 51,313 were secured by credit on goods insurance policies (2020: k€ 54,373). The deductible is normally between 0% and 10%.

Reference is made to Note 34 (Default/credit risk) with respect to the default/credit risk in relation to trade receivables.

Development of the allowance account for trade receivables:

k€	2020	2021
As at 1 Jan	786	615
Foreign currency differences	–1	–
Additions recognised in profit or loss	218	363
Utilisation	189	83
Reversal	199	214
As at 31 Dec	**615**	**681**

Maturity analysis of trade receivables as at 31 December:

k€	2020	2021
Neither overdue nor impaired	**55,291**	**49,658**
Overdue but not impaired		
1 to 30 days	2,953	3,253
31 to 60 days	363	–250
61 to 90 days	–315	292
91 to 120 days	48	2
Over 120 days	–1,157	–581
Overdue in total but not impaired	**1,892**	**2,716**
Specific allowances on doubtful accounts (gross)	**859**	**1,039**
Impairment	**–615**	**–681**
Trade receivables (net)	**57,427**	**52,732**

Trade receivables that are neither overdue nor impaired also contain bill receivables. Insofar as a credit on goods insurance policy is present, overdue receivables are only adjusted by the amount of the deductible.

(16) Inventories

k€	31 Dec 2020	31 Dec 2021
Raw materials, consumables and supplies	13,621	16,570
Unfinished products	2,984	3,638
Finished products and goods purchased and held for resale	42,742	49,248
Rights to return products	373	684
	59,720	**70,140**

k€	31 Dec 2020	31 Dec 2021
Raw materials, consumables and supplies measured at fair value	163	1,583
Unadjusted raw materials, consumables and supplies	13,458	14,987
Total raw materials, consumables and supplies	**13,621**	**16,570**
Unfinished products measured at fair value	49	135
Unadjusted unfinished products	2,935	3,503
Total unfinished products	**2,984**	**3,638**
Finished products and goods purchased and held for resale measured at fair value	4,600	5,359
Unadjusted finished products and goods purchased and held for resale	38,142	43,889
Total finished products and goods purchased and held for resale	**42,742**	**49,248**
Rights to return products measured at fair value	–	–
Unadjusted rights to return products	373	684
Total rights to return products	**373**	**684**

Some of the inventories for which no payments have been made owing to their maturity are subject to retention of title by suppliers.

(17) Contractual assets

The contractual assets in the amount of k€ 1,346 (2020: k€ 1,078) resulted from consignment stock deliveries to customers. They are reclassified as receivables as soon as products are withdrawn from consignment stock by the customer and an invoice is issued.

(18) Derivative financial instruments

Derivative financial instruments included forward foreign exchange transactions measured at fair value, for buying US dollars and CNH from January 2022 to February 2023.

Obligations from forward foreign exchange transactions as at 31 December 2021	**Value of liability**	**Foreign currency**
Buy USD/€	m€ 11.6	mUSD 14.1
of which hedge accounting	m€ 11.6	mUSD 14.1
Buy CNH/€	m€ 34.1	mCNH 271.2
of which hedge accounting	m€ 34.1	mCNH 271.2

Obligations from forward foreign exchange transactions as at 31 December 2020	Value of liability	Foreign currency
Buy USD/€	m€ 8.3	mUSD 9.6
of which hedge accounting	m€ 8.3	mUSD 9.6
Buy CNH/€	m€ 26.8	mCNH 218.4
of which hedge accounting	m€ 25.3	mCNH 206.6
Buy HKD/€	m€ 2.4	mHKD 21.0
of which hedge accounting	m€ 2.4	mHKD 21.0

Maturity of the forward foreign exchange transactions as at 31 December 2021	**Within 12 months**	**More than 1 year**
Buy USD/€	mUSD 12.7	mUSD 1.4
Buy CNH/€	mCNH 237.3	mCNH 33.9

Maturity of the forward foreign exchange transactions as at 31 December 2020	Within 12 months	More than 1 year
Buy USD/€	mUSD 6.9	mUSD 2.7
Buy CNH/€	mCNH 188.8	mCNH 29.6
Buy HKD/€	mHKD 21.0	–

Average rates of forward foreign exchange transactions	31 Dec 2020	**31 Dec 2021**
Buy USD/€	1.16	1.21
of which hedge accounting	1.16	1.21
Buy CNH/€	8.15	7.95
of which hedge accounting	8.16	7.95
Buy HKD/€	8.92	–
of which hedge accounting	8.92	–

It is not possible to net financial instruments on the balance sheet. It is possible to net derivatives. This option is provided by the master agreements for financial futures that Leifheit concludes with commercial banks. Leifheit does not net financial assets and financial liabilities on the balance sheet.

The following table shows the potential netting amounts for the reported derivative assets and liabilities as at the balance sheet date.

	31 Dec 2021		
k€	**Gross amounts of financial instruments on the balance sheet**	**Potential netting amounts**	**Net amount**
Derivative financial assets	3,642	–	3,642
Derivative financial liabilities	10	–	10

	31 Dec 2020		
k€	Gross amounts of financial instruments on the balance sheet	Potential netting amounts	Net amount
Derivative financial assets	374	231	143
Derivative financial liabilities	790	231	559

Adjustments for own credit risk (Debt Value Adjustment) amounting to k€ 8 (2020: k€ 2) are taken into account. An adjustment for counterparty credit risks (credit value adjustment) was not incurred as at 31 December 2021 (2020: k€ 1).

Other comprehensive income includes changes in the value for hedging cash flows in the amount of k€ 3,181 (2020: k€ 823), recorded as not affecting net income. The positive change in the fair values of the forward foreign exchange transactions measured at the balance sheet date amounted to k€ 4,048 (2020: negative k€ 1,104).

In order to hedge expected transactions, the Group had accounted for hedging relationships in hedge accounting. The hedging relationships became ineffective due to the expected loss of the underlying transactions in the previous year. This related to forward foreign exchange transactions in the amount of mUSD 6.0. In 2020, income from the ineffective portion of the hedge of k€ 198 was recognised in the foreign currency result.

(19) Other current assets

k€	31 Dec 2020	31 Dec 2021
VAT receivables	2,703	3,659
Current prepayments and accrued income	282	316
Other current assets (less than k€ 100)	1,312	1,372
	4,297	**5,347**

(20) Intangible assets

k€	Brands	Goodwill	Other intangible assets	Advances paid	Total
Acquisition and manufacturing costs as at 1 Jan 2020	7,224	11,821	21,964	240	41,249
Foreign currency differences	–	–	–22	–	–22
Additions	–	–	581	126	707
Disposals	–	–	1,865	–	1,865
Reclassifications	–	–	700	–138	562
As at 31 Dec 2020	**7,224**	**11,821**	**21,358**	**228**	**40,631**
Foreign currency differences	–	–	91	2	93
Additions	–	–	169	168	337
Disposals	–	–	6,911	–	6,911
Reclassifications	–	–	187	–187	–
As at 31 Dec 2021	**7,224**	**11,821**	**14,894**	**211**	**34,150**
Cumulative depreciation as at 1 Jan 2020	2,638	162	20,154	–	22,954
Foreign currency differences	–	–	–18	–	–18
Additions	–	–	1,024	–	1,024
Write-up	–218	–	–	–	–218
Disposals	–	–	1,866	–	1,866
As at 31 Dec 2020	**2,420**	**162**	**19,294**	**–**	**21,876**
Foreign currency differences	–	–	60	–	60
Additions	–	–	813	–	813
Write-up	–	–	–	–	–
Disposals	–	–	6,911	–	6,911
As at 31 Dec 2021	**2,420**	**162**	**13,256**	**–**	**15,838**
Net book values					
As at 1 Jan 2020	4,586	11,659	1,810	240	18,295
As at 31 Dec 2020	4,804	11,659	2,064	228	18,755
As at 31 Dec 2021	**4,804**	**11,659**	**1,638**	**211**	**18,312**

The amortisation of brands of k€ 2,240 recognised up to 31 December 2021 was the result of amortisation of brands up to the introduction of IAS 36 in 2004. Due to the impairment associated with the earnings development and the measurement of the cash-generating unit Soehnle underpinning the brand measurement, a write-up of k€ 218 was recognised to the amount of amortised cost in the previous year.

Of the intangible assets as at the balance sheet date of k€ 18,312 (2020: k€ 18,755), k€ 6,953 were located in Germany (2020: k€ 7,231), k€ 1,345 in the Czech Republic (2020: k€ 1,510), k€ 9,961 in France (2020: k€ 9,997) and k€ 53 in other countries (2020: k€ 17).

Material other intangible assets include the ERP software at the Czech plant amounting to k€ 597 with a remaining term of 24 months, software for the web shop amounting to k€ 179 with a remaining term of 23 months, software for data exchange with customers amounting to k€ 128 with a remaining term of 40 months, a software module for development amounting to k€ 93 with a remaining term of 12 months and customs software amounting to k€ 87 with a remaining term of 30 months.

Impairment testing of intangible assets

Intangible assets were attributed to the following cash-generating units (CGU):

- Leifheit
- Soehnle
- Birambeau
- Herby

The CGU are based directly on internal management reporting.

As at the balance sheet date, the book values of goodwill and brands were as follows:

	Goodwill		Brands	
k€	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021
Leifheit	1,919	1,919	–	–
Soehnle	–	–	4,804	4,804
Birambeau	3,299	3,299	–	–
Herby	6,441	6,441	–	–
	11,659	**11,659**	**4,804**	**4,804**

In accordance with IAS 36.10, the goodwill and brands with indefinite useful lives reported under intangible assets must be subjected to annual impairment testing.

In accordance with IAS 36, the book values of the CGU, including the goodwill attributable to them, are compared with the higher of the asset's fair value less costs of disposal and value in use (known as the recoverable amount). If a write-down is necessary, the impairment loss for a CGU is first attributed to the goodwill. Any remaining impairment loss is subsequently recognised for the remaining assets of the CGU, which are subject to the area of application of IAS 36. However, write-downs are only made up to the recoverable amount of the individually identifiable asset. Revaluations to goodwill are not made.

In order to determine the recoverable amount of the CGU in question, the value in use is determined using cash flow forecasts. Assumptions about the future development of turnover and costs at the Leifheit and Soehnle CGU were made on the basis of a two-year plan, and at the Birambeau and Herby CGU on the basis of a three-year plan, and were compared with external information.

	Assumptions to determine the value in use			
CGU	Leifheit	Soehnle	Birambeau	Herby
Turnover planning 2022	+9%	−5%	+7%	+7%
Turnover planning 2023	+2%	+2%	+4%	+5%
Turnover planning 2024	at growth rate level	at growth rate level	+6%	+9%
Earnings planning 2022	decreasing	stable	stable	increasing
Earnings planning 2023	increasing	increasing	increasing	stable
Earnings planning 2024	at growth rate level	at growth rate level	increasing	increasing
Gross margin	decreasing	increasing	decreasing	decreasing
Turnover planning – subsequent years	at growth rate level	at growth rate level	at growth rate level	at growth rate level
Earnings planning – subsequent years	at growth rate level	at growth rate level	at growth rate level	at growth rate level

It was assumed in the earnings planning that from the second half of 2022, raw material prices will be moderately below the high level of the fourth quarter of 2021, and that they will remain at this level.

In the Soehnle and Herby CGU, safety discounts were applied to the 2022 planning due to past planning errors.

As at 31 December 2021, the recoverable amounts of all CGU calculated in this way were greater than the book value. The impairment tests did not identify any need for impairment losses.

	31 Dec 2021			
CGU	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%

At the Leifheit CGU, failure to achieve planned turnover from approximately 3.5% or a rise in interest rates from approximately 2.5 percentage points would result in a need for impairment losses to be recognised.

At the Soehnle CGU, failure to achieve planned turnover from approximately 18.5% or a rise in interest rates from approximately 5.9 percentage points would result in a need for impairment losses to be recognised.

At the Birambeau CGU, failure to achieve planned turnover from approximately 1.7% or a rise in interest rates from approximately 0.3 percentage points would result in a need for impairment losses to be recognised.

At the Herby CGU, failure to achieve planned turnover from approximately 8.3% or a rise in interest rates from approximately 1.0 percentage points would result in a need for impairment losses to be recognised.

The parameters were as follows in the previous year:

CGU	31 Dec 2020 Leifheit	Soehnle	Birambeau	Herby
Discount rate after tax	6.24%	6.63%	6.54%	6.54%
Risk-free interest rate	−0.2%	−0.2%	−0.2%	−0.2%
Market risk premium	7.75%	7.75%	7.75%	7.75%
Country risk premium	0.0%	0.0%	0.3%	0.3%
Borrowing costs	1.77%	1.77%	2.10%	2.10%
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	8.70%	9.19%	8.62%	8.58%

In October 2021, we examined whether there are indications that might justify a need to impair the carrying amounts of the CGU based on the development of earnings and the expected result, particularly with regard to increased commodity prices, the availability of freight space, and the associated cost increases and supply bottlenecks. According to the management's assessment, which also included external analyses, these external factors will weaken in the medium term and measures can be taken to counteract them. Therefore, no indication was identified that the CGU could be impaired and accordingly no additional impairment test was performed.

(21) Tangible assets

k€	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Advances paid and assets under construction	Total
Acquisition and manufacturing costs as at 1 Jan 2020	56,469	46,604	37,599	1,890	142,562
Foreign currency differences	−492	−805	−74	−53	−1,424
Additions	59	5,015	1,564	2,277	8,915
Disposals	138	584	1,458	–	2,180
Reclassifications	29	−484	1,276	−1,384	−563
As at 31 Dec 2020	**55,927**	**49,746**	**38,907**	**2,730**	**147,310**
Foreign currency differences	837	1,571	189	128	2,725
Additions	161	2,627	1,506	2,631	6,925
Disposals	10	1,405	2,357	–	3,772
Reclassifications	254	1,260	1,018	−2,532	–
As at 31 Dec 2021	**57,169**	**53,799**	**39,263**	**2,957**	**153,188**
Cumulative depreciation as at 1 Jan 2020	38,266	37,411	29,937	–	105,614
Foreign currency differences	−279	−562	−28	–	−869
Additions	1,312	2,114	3,036	–	6,462
Additions due to impairment	–	526	–	–	526
Disposals	138	556	1,326	–	2,020
As at 31 Dec 2020	**39,161**	**38,933**	**31,619**	**–**	**109,713**
Foreign currency differences	536	1,139	133	–	1,808
Additions	1,192	2,677	2,375	–	6,244
Additions due to impairment	–	130	–	–	130
Disposals	10	1,228	2,215	–	3,453
As at 31 Dec 2021	**40,879**	**41,651**	**31,912**	**–**	**114,442**
Net book values					
As at 1 Jan 2020	18,203	9,193	7,662	1,890	36,948
As at 31 Dec 2020	16,766	10,813	7,288	2,730	37,597
As at 31 Dec 2021	**16,290**	**12,148**	**7,351**	**2,957**	**38,746**

Of the tangible assets of k€ 38,746 as at the balance sheet date (2020: k€ 37,597), k€ 13,775 were located in Germany (2020: k€ 14,941), k€ 20,338 in the Czech Republic (2020: k€ 18,340), k€ 3,867 in France (2020: k€ 3,593) and k€ 766 in other countries (2020: k€ 723).

The addition due to impairment of technical equipment and machinery amounting to k€ 130 related to one set of equipment, which is likely not to be used further moving forward.

(22) Right of use assets from leases

k€	Buildings	Operating and office equipment	Total
Acquisition and manufacturing costs as at 1 Jan 2020	2,087	229	2,316
Foreign currency differences	–10	–	–10
Additions	142	79	221
Disposals	50	17	67
As at 31 Dec 2020	**2,169**	**291**	**2,460**
Foreign currency differences	31	–	31
Additions	1,337	54	1,391
Disposals	391	83	474
As at 31 Dec 2021	**3,146**	**262**	**3,408**
Cumulative depreciation as at 1 Jan 2020	665	55	720
Foreign currency differences	–4	–	–4
Additions	648	85	733
As at 31 Dec 2020	**1,309**	**140**	**1,449**
Foreign currency differences	21	–	21
Additions	608	27	635
Disposals	391	27	418
As at 31 Dec 2021	**1,547**	**140**	**1,687**
Net book values			
As at 1 Jan 2020	1,422	174	1,596
As at 31 Dec 2020	860	151	1,011
As at 31 Dec 2021	**1,599**	**122**	**1,720**

Of the right-of-use assets as at the balance sheet date of k€ 1,720 (2020: k€ 1,011), k€ 33 were located in Germany (2020: k€ 59), k€ 26 in the Czech Republic (2020: k€ 92), k€ 1,054 in France (2020: k€ 519) and k€ 607 in other countries (2020: k€ 341).

(23) Trade payables and other liabilities

k€	31 Dec 2020	**31 Dec 2021**
Trade payables	17,659	23,252
Customer bonuses	9,513	8,237
Employees	8,131	6,715
Advertising costs subsidies	3,851	4,166
Reimbursement obligations	1,118	1,384
Other taxes (excluding income taxes)	1,395	1,305
Outstanding invoices	1,079	1,167
Debtors with credit balances	1,221	1,048
Social security contributions	634	632
Supervisory Board remuneration	626	524
Annual financial statement costs	412	474
Energy costs	224	280
Tax advice	196	262
Purchase commitments	147	195
Insurance premium liabilities	82	157
Rent	123	143
Other liabilities (less than k€ 100)	648	729
	47,059	**50,670**

As in the previous year, the trade payables and other liabilities had a remaining term of up to one year.

Liabilities to employees related in particular to December wages paid in January, residual holiday and overtime entitlements, as well as severance payments and bonuses.

(24) Other provisions

Provisions for warranties were recognised for future repair work, supplies of replacement products and compensation payments deriving from statutory or contractual warranties.

The provisions for warranties, compensation payments and litigation costs totalling k€ 5,411 (2020: k€ 3,678) reflected uncertainties regarding the amount and/or maturity of outflows. The uncertainty for warranty provisions resulted from the possible future change in warranty claims. The uncertainty for provisions for compensation payments and litigation costs was due to the unknown outcome of pending proceedings.

Personnel-related provisions were mainly recognised for bonuses, long-service bonuses and severance pay.

Provisions for onerous contracts primarily related to severance payments to sales representatives.

The remaining other provisions mainly included internal annual financial statement costs and costs for record-keeping obligations.

The interest effect in non-current provisions amounted to k€ 43 in the reporting period (2020: k€ 51).

The breakdown and the development are shown in the following tables:

	31 Dec 2021		
k€	**Total**	**of which current**	**of which non-current**
Warranties	4,277	3,545	732
Litigation costs and compensation payments	1,134	1,134	–
Personnel	2,996	114	2,882
Onerous contracts	157	157	–
Remaining other provisions	1,599	1,594	5
Balance sheet amount	**10,163**	**6,544**	**3,619**

	31 Dec 2020		
k€	Total	of which current	of which non-current
Warranties	3,486	2,754	732
Litigation costs and compensation payments	192	192	–
Personnel	3,229	86	3,143
Onerous contracts	164	164	–
Remaining other provisions	1,726	1,721	5
Balance sheet amount	**8,797**	**4,917**	**3,880**

	Current provisions				
k€	Warranties	Litigation costs and compensation payments	Personnel	Onerous contracts	Remaining other current provisions
As at 1 Jan 2021	2,754	192	86	164	1,721
Foreign currency differences	1	–	–	–	29
Utilisation	1,366	–	85	104	810
Reversal	–	10	–	7	282
Addition	2,156	952	113	104	936
As at 31 Dec 2021	**3,545**	**1,134**	**114**	**157**	**1,594**

	Non-current provisions				
k€	Warranties	Litigation costs and compensation payments	Personnel	Onerous contracts	Remaining other non-current provisions
As at 1 Jan 2021	732	–	3,143	–	5
Foreign currency differences	–	–	–	–	–
Utilisation	732	–	337	–	–
Reversal	–	–	34	–	–
Addition	732	–	110	–	–
As at 31 Dec 2021	**732**	**–**	**2,882**	**–**	**5**

(25) Lease liabilities

Leifheit primarily rents or leases office premises, shops and vehicles. Some leases contain extension and termination options.

k€	2020	2021
Depreciation expense for the rights of use	733	635
Interest expense from lease liabilities	9	10
Expenses for short-term leases according to IFRS 16.6	109	148
Expenses for low-value asset leases according to IFRS 16.6	134	115
Total amount recognised as an expense affecting net income	**985**	**908**

The cash outflow for leases amounted to k€ 865 (2020: k€ 977), of which from short-term leases k€ 148 (2020: k€ 109) and from low-value leases k€ 115 (2020: k€ 134).

k€	2020	2021
Short and long-term lease liabilities as at 1 Jan	**1,600**	**1,014**
Payment for lease liabilities	–734	–602
Exchange rate effects	5	14
Newly concluded leases	248	1,276
Other changes	–96	68
Interest expense	–9	–10
Short and long-term lease liabilities as at 31 Dec	**1,014**	**1,760**
of which due within 12 months	670	568
1 to 5 years	344	1,046
More than 5 years	–	146

As at the balance sheet date, the value of the unrecognised lease extension option amounted to k€ 477 (2020: k€ 0).

(26) Provisions for pensions and similar obligations

The provisions for pensions within the Leifheit Group in Germany comprised defined post-employment benefit commitments and included both obligations from current pensions and vested benefits in pensions to be paid in the future. They included direct commitments of Leifheit AG as well as obligations of support organisation Günter Leifheit e.V. The commitments included retirement, disability and survivor benefits. The defined pension obligations were based on post-employment provisions with benefit commitments related to length of service and final salary. In addition, there were post-employment provisions in the form of reinsured direct commitments for management staff under deferred compensation schemes. The entitlement to benefits arose out of an insurance contract in the amount of a one-time payment made upon the commencement of the post-employment benefit commitment.

The provisions for pensions in France were commensurate with the relevant national statutory provisions.

The provisions for pensions were subject to risks relating to changes in inflation rates, interest rates and the life expectancy of the persons entitled to a pension. The plan assets consisted of reinsurance policies which were subject to interest rate risks.

The following table shows the changes in pension obligations in the relevant reporting periods:

k€	31 Dec 2020	31 Dec 2021
Present value of defined benefit obligations (DBO)	68,946	63,816
Fair value of plan assets	–942	–964
Provisions for pensions and similar obligations	**68,004**	**62,852**

The cost of post-employment benefits recorded with effects on net result can be broken down as follows:

k€	2020	2021
Current service cost	509	502
Interest expense on the obligation	854	655
Total cost of post-employment benefits	**1,363**	**1,157**

The expenses (+) and income (–) recorded in other comprehensive income without affecting net income amounted to:

k€	2020	2021
Actuarial gains/losses due to adjustment of the obligation to reflect historical data	–714	–1,261
Actuarial gains/losses due to changes in actuarial assumptions	3,038	–2,627
Amount by which the actual income from the plan assets in the current financial year falls short of the income calculated on the basis of the discount rate	–2	–
Adjustment effects recognised in other comprehensive income	**2,322**	**–3,888**

The following changes in the net pension liability were recognised in the balance sheet:

k€	2020	2021
Net liability at start of year	66,855	68,004
Net expense recognised in net result for the period	1,363	1,157
Adjustment effects recognised in other comprehensive income	2,322	–3,888
Other plan assets amounts	11	–4
Payments to beneficiaries	–2,547	–2,417
Recognised net liability at end of year	**68,004**	**62,852**

Of the provisions for pensions and similar obligations, k€ 61,891 was attributable to Germany and k€ 961 to France.

In addition, contributions of k€ 4,013 were paid to government pension providers (2020: k€ 3,821).

The present value of defined benefit obligations (DBO) developed as follows:

k€	2020	**2021**
DBO at start of year	67,782	68,946
Current service cost	509	502
Interest expense	854	655
Benefit payments	−2,547	−2,417
Adjustment to reflect historical data	−714	−1,261
Actuarial gains/losses	3,038	−2,627
Amount by which the actual income from the plan assets in the current financial year falls short of the income calculated on the basis of the discount rate	−2	–
Other amounts	26	18
DBO at end of year	**68,946**	**63,816**

The fair value of plan assets changed as follows:

k€	2020	**2021**
Fair value of plan assets at start of year	927	942
Other amounts	15	22
Fair value of plan assets at end of year	**942**	**964**

The essential actuarial assumptions used as the basis for measuring obligations under post-employment benefit plans were as follows as at 31 December:

	Germany		France	
	31 Dec 2020	**31 Dec 2021**	31 Dec 2020	**31 Dec 2021**
Discount rate	1.0%	1.3%	1.0%	1.3%
Future income trend	2.5%	2.5%	2.0%	2.0%
Future pension trend	1.7%	1.7%	–	–
Mortality tables	Prof. Dr K. Heubeck 2018 G	Prof. Dr K. Heubeck 2018 G	TF00-002	TF00-002
Arithmetical final age	RVAG AnpG 2007	RVAG AnpG 2007	65	65

In Germany, plan assets cover reinsurance policies with German insurance companies, while in France they cover certain bank benefit balances.

The following amounts are likely to be paid out in the context of these obligations in the next few years:

k€	2020	**2021**
Within the next 12 months (following financial year)	2,642	2,698
Between 2 and 5 years	10,969	10,854
Between 6 and 10 years	15,117	14,889

The following overview shows how the present value of all defined contractual obligations would have been affected by changes in the material actuarial assumptions. Sensitivities were determined by varying each parameter while keeping the other valuation assumptions constant.

k€	Basic value	Sensitivity	**Effect on the DBO**
Discount rate	1.3/1.3%	−0.25 PP	2,265
Discount rate	1.3/1.3%	+0.25 PP	−2,139
Inflation rate/ pension trend	1.7%	−0.5 PP	−3,671
Inflation rate/ pension trend	1.7%	+0.5 PP	4,023
Future salary increase	2.5/2.0%	−0.5 PP	−282
Future salary increase	2.5/2.0%	+0.5 PP	336
Life expectancy		+1 year	3,084

The payment-weighted duration of the defined post-employment obligations in Germany amounted to 14.1 years (2020: 14.8 years).

(27) Subscribed capital

The subscribed capital of Leifheit Aktiengesellschaft of k€ 30,000 (2020: k€ 30,000) is denominated in euros and is divided into 10,000,000 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 24 May 2017 authorised the Board of Management to increase the share capital on one or more occasions by a total of up to k€ 15,000 until 23 May 2022 by issuing up to 5,000,000 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 (2017 authorised capital). 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 12 April 2017.

(28) Capital surplus

The capital surplus in the amount of k€ 17,164 (2020: k€ 17,026) consists of the premium on the capital increase in the autumn of 1989 amounting to k€ 16,934 and the issuance of employee shares amounting to k€ 230.

(29) Treasury shares

Including the treasury shares acquired and issued in previous years, Leifheit AG held 484,697 treasury shares on 31 December 2021. This corresponds to 4.85% of the share capital. The corresponding interest in the share capital is k€ 1,454. An amount of k€ 7,350 was expended for this.

In the reporting year, Leifheit utilised 6,273 of its treasury shares to issue employee shares. This corresponded to 0.06% of the share capital. The corresponding interest in the share capital was k€ 19. No treasury shares were utilised in the previous year. Furthermore, no treasury shares were acquired either in the reporting year or in the previous year.

There are no subscription rights for members of Group organs and employees in accordance with section 160 para. 1 no. 5 AktG.

(30) Retained earnings

k€	2020	2021
Statutory reserve	1,023	1,023
Other retained earnings	64,524	67,060
Net result for the period allocated to the shareholders	12,525	14,176
	78,072	**82,259**

The other retained earnings include the part of consolidated net result earned in past years which was not distributed to shareholders. The dividend for financial year 2020 of k€ 9,988 was distributed in the reporting year (2020: k€ 5,230). This corresponded to a dividend of € 1.05 per eligible share (2020: € 0.55)

(31) Other reserves

k€	2020	2021
Actuarial gains/losses on defined benefit pension plans	–27,393	–23,505
Deferred taxes	8,031	6,891
Currency translation of foreign operations	802	1,682
Currency translation of net investments in foreign operations	2,293	3,137
Deferred taxes	–673	–920
Net result of cash flow hedges	–400	2,781
Deferred taxes	113	–801
	–17,227	**–10,735**

In the reporting period, cash flow hedges against exchange rate risks of k€ –383 before deferred taxes were reclassified from other reserves to the net result for the period (2020: k€ 629).

Other notes

(32) Proposal for the appropriation of the balance sheet profit

The Board of Management proposes to the upcoming Annual General Meeting the appropriation of the Leifheit AG balance sheet profit of € 10,000,000.00 for financial year 2021 as follows:

Payment of a dividend of € 1.05 per eligible no-par-value bearer share	€ 9,991,068.15
Retained earnings	€ 8,931.85

(33) Capital management

The primary aim of capital management is to achieve an equity ratio of at least 30%. Leifheit manages its capital structure and makes adjustments to reflect changes in macroeconomic conditions. Maintaining or adjusting the capital structure may lead to changes in dividend payments to shareholders. As at 31 December 2021, the equity ratio stood at 46.6% (31 December 2020: 43.7%).

(34) Financial instruments

The financial liabilities in the Group – with the exception of derivatives – mainly comprise trade payables, customer bonuses and advertising costs subsidies as well as short and long-term lease liabilities. The Group has various financial assets, primarily trade receivables, other receivables, cash and cash equivalents and deposits repayable at short notice.

The material risks to the Group arising from these financial instruments are credit, liquidity and foreign currency risks. These are described in detail in the combined management report in the section entitled "Opportunities and risks". Management is responsible for determining strategies and methods for managing the individual types of risk, which are described below.

Currency risk

The Group is exposed to transaction-based foreign currency risks to the extent that the exchange rates of currencies in which sales and purchase transactions, receivables and loan-related transactions are conducted do not equate to that of the functional currency of the Group companies. The primary functional currencies of the Group companies are the euro and the Czech koruna. The aforementioned transactions are predominantly carried out on the basis of euros, US dollars, Czech korunas, Polish zloty, Chinese yuan and Romanian leu.

Group guidelines state that 60% of estimated foreign currency risks from expected sale and purchase transactions in the material currencies over the next 14 months must be hedged on a rolling basis. Forward foreign exchange transactions are used to hedge foreign currency risk, most of which with a term of 14 months of less. These contracts are generally defined as cash flow hedges.

The Group designates the spot component of forward foreign exchange transactions as cash flow hedges and applies hedging ratios of 1:1. The forward elements of forward foreign exchange transactions are excluded from the designation of the hedging instrument and are accounted for separately as hedging costs and reported in equity in a reserve for hedging costs. The Group's guidelines also stipulate that the critical terms and conditions of a forward foreign exchange transaction must correspond to those of the hedged transaction.

The Group defines the existence of an economic relationship between the hedging instrument and the hedged transaction on the basis of the currency, volume and date of the respective cash flows. The Group evaluates, with the help of the hypothetical derivative method, whether the derivative designated in each hedge is likely to be effective and was effective in terms of offsetting changes in cash flows from the hedged transaction.

In such hedges, the primary causes of ineffectiveness are as follows:

- the effects of the credit risk of the counterparties and the Group on the fair value of the forward foreign exchange transactions that do not reflect the change in fair value of the hedged cash flows and that are attributable to the change in exchange rates
- change in timing of the hedged transactions

Some 11% (2020: 13%) of Group turnover was generated in foreign currencies, and 42% (2020: 42%) of costs were incurred in foreign currencies.

The following tables show the sensitivity of consolidated earnings before taxes and Group equity regarding the foreign currency valuation on the balance sheet date alongside a change in the exchange rate of the major foreign currencies deemed generally possible based on reasonable assumptions. All other respective variables are assumed to be unchanged.

The effects on the earnings before income taxes and Group equity are as follows:

k€	Currency performance €/foreign currency	Effects as at 31 Dec 2020	**Effects as at 31 Dec 2021**
US dollar	+5%	–458	–11
	–5%	506	12
	+10%	–875	–20
	–10%	1,069	25
Czech koruna	+5%	91	–99
	–5%	–33	105
	+10%	145	–188
	–10%	–106	225
Polish zloty	+5%	–22	–235
	–5%	24	260
	+10%	–41	–448
	–10%	50	548
Chinese yuan	+5%	–103	–53
	–5%	113	59
	+10%	–196	–102
	–10%	239	124
Romanian leu	+5%	–43	–120
	–5%	–20	137
	+10%	–54	–231
	–10%	–6	286

In addition to the effects listed in the table before, the following changes to equity not affecting net income would result from potential changes:

k€	Currency performance €/foreign currency	Effects as at 31 Dec 2020	**Effects as at 31 Dec 2021**
US dollar	+5%	–459	–683
	–5%	509	755
	+10%	–877	–1,303
	–10%	1,073	1,593
Czech koruna	+5%	–1,569	–897
	–5%	1,089	2,123
	+10%	–2,716	–2,201
	–10%	2,639	3,884
Polish zloty	+5%	–27	–36
	–5%	30	40
	+10%	–52	–69
	–10%	64	84
Chinese yuan	+5%	–1,234	–1,774
	–5%	1,363	1,961
	+10%	–2,355	–3,387
	–10%	2,878	4,140
Romanian leu	+5%	–11	–15
	–5%	12	17
	+10%	–21	–30
	–10%	26	36

Cash flow hedges

The Group held derivative financial instruments. These included in particular forward exchange contracts as described in more detail under Note 18. The aim of these derivatives is to hedge against changes in exchange rates arising from the Group's business activities.

As at 31 December 2021, there were forward exchange contracts for future payment obligations in US dollars and Chinese yuan, which can be attributed to a transaction that is highly likely to materialise in the future. It involved the expected and highly probable future purchases of goods in the months of January 2022 to February 2023 from suppliers in the Far East amounting to kUSD 14,052 and kCNH 271,176.

An amount of –k€ 321 was added directly to acquisition costs for cash flow hedges pursuant to IFRS 9 as at 31 December 2021 in relation to foreign currency risk associated with the anticipated purchase of non-financial assets (2020: k€ 23).

The following table shows the periods in which cash flows are expected to occur, as well as the book values of the corresponding hedging instruments:

	2021			
	Expected cash flows			**Book value**
k€	**Within 12 months**	**More than 1 year**	**Total**	
Assets	–40,147	–5,627	–45,774	3,642
Liabilities	–	–	–	10

	2020			
	Expected cash flows			Book value
k€	Within 12 months	More than 1 year	Total	
Assets	–14,841	–	–14,841	374
Liabilities	–16,694	–5,939	–22,633	790

The expected cash flows are offset by corresponding payments in foreign currency.

The following table shows the periods in which cash flows are expected to impact profit or loss.

k€	2021 Within 12 months	2021 More than 1 year	2021 Total
Assets	188	–	188
Liabilities	10	–	10

k€	2020 Within 12 months	2020 More than 1 year	2020 Total
Assets	142	–	142
Liabilities	26	2	28

The following table shows the periods in which cash flows are expected to impact other comprehensive income.

k€	2021 Within 12 months	2021 More than 1 year	2021 Total
Assets	3,341	113	3,454
Liabilities	–	–	–

k€	2020 Within 12 months	2020 More than 1 year	2020 Total
Assets	232	–	232
Liabilities	613	149	762

Liquidity risk

Liquidity risk is the risk that the Group may not be in a position to meet its financial obligations contractually by supplying cash or cash equivalents or other financial assets. The Group's liquidity management is aimed at ensuring that, if possible, sufficient cash and cash equivalents are always available under normal circumstances and in stress scenarios to meet payment obligations when due, without suffering intolerable losses or damaging the reputation of the Group.

The Group constantly monitors the risk of any short-term liquidity bottlenecks using a liquidity planning tool. This takes into account the maturities of the financial assets (e.g. receivables, other financial assets) and the financial liabilities and expected cash flows from business activities.

The Group's aim is to strike a balance between continuous cover for its financing requirements and ensuring flexibility through the use of deposits and bank overdrafts.

The Group's cash and cash equivalents as at 31 December 2021 in the amount of k€ 38,090 and unused lines of credit of k€ 24,771 cover current liabilities as at the balance sheet date of k€ 58,385.

Interest rate change risk

An interest rate change risk relates to changes in the short-term money market rates. As in previous years, there were no long-term interest-bearing bank loans or similar interest-bearing financial liabilities for the Leifheit Group in financial year 2021.

There is, however, an interest rate change risk for the Leifheit Group, mainly relating to the change of actuarial interest rate, which was used for the determination of pension obligations. A decline of 0.25 percentage points would have resulted in a reduction of other comprehensive income of k€ 2,265 on the balance sheet date (2020: k€ 2,565).

In the context of the IBOR reform, intra-group loan agreements as well as existing agreements on undrawn bank loans were reviewed and adjusted where necessary. The consolidated financial statements contained no deviating presentations.

Default risk

Default risk is the risk of financial losses if a customer or a contractual party in a financial instrument does not meet its contractual obligations. Default risk originates in particular from the Group's trade receivables, contractual assets and bank deposits.

The book values of the financial assets and contractual assets equate to the maximum default risk. Financial assets are derecognised if there are no longer any justified expectations that legal recovery measures will be successful.

Impairments on financial assets were recognised in the amount of k€ 149 in profit or loss (2020: k€ 19).

The Group's risk of default for trade receivables and for contractual assets is primarily influenced by the individual characteristics of the customers.

Receivables management analyses new customers, individually initially, with regard to their credit rating before the Group offers its standard terms and conditions of delivery and payment. This analysis includes external ratings, if available, and annual financial statements, information provided by credit agencies, sector information and, in some cases, information provided by banks. Sales limits are set for each customer and regularly reviewed. All turnover above and beyond this limit goes through a standardised approval process.

The Group limits its risk of default in relation to trade receivables through goods insurance policies or central claims settling agents bearing del credere risk with comparable collateral. All receivables are to be tendered in line with defined processes. Goods insurance policies include deductibles of between 0% and 10%. If the sales limits in the goods insurance policy are not sufficient to cover the business volume of a customer – against the backdrop of the restrictive approach to limits from goods insurers and the rising turnover on account of the COVID-19 pandemic – higher internal limits can also be set up in some cases in accordance with standardised approval processes.

Customers are grouped into countries with regard to their credit rating in order to monitor default risk. The macroeconomic conditions of the regions are monitored. Corresponding measures are taken to mitigate against risks from customers from countries with unusually volatile economic development. In isolated cases, the Group requires collateral for trade receivables and other receivables in the form of bank guarantees.

Impairment losses are only recognised for the deductible of trade credit insured receivables and for receivables not covered by other collateral.

The following table shows the hedging of trade receivables and contractual assets:

k€	31 Dec 2020	**31 Dec 2021**
Trade receivables	57,427	52,732
Contractual assets	1,078	1,346
	58,505	**54,078**
Goods insured	54,373	51,313
Not insured	4,132	2,765
	58,505	**54,078**

The following table contains information on the default risk and expected credit losses for trade receivables on the balance sheet date:

k€	**31 Dec 2021**	**Loss rate[1]**	**Impairment**
Not overdue	48,295	0.09%	45
Overdue			
1 to 30 days	3,915	1.15%	46
31 to 60 days	1,099	4.11%	50
61 to 90 days	343	13.17%	68
91 to 120 days	192	12.94%	18
Over 120 days	157	12.94%	43
			270

[1] Weighted average.

k€	31 Dec 2020	Loss rate[1]	Impairment
Not overdue	47,489	0.05%	24
Overdue			
1 to 30 days	3,902	0.57%	26
31 to 60 days	957	2.34%	27
61 to 90 days	248	9.03%	18
91 to 120 days	170	9.50%	23
Over 120 days	66	9.50%	8
			126

[1] Weighted average.

Financial assets and liabilities

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.

In the balance sheet as of 31 December 2021, assets in the form of forward foreign exchange transactions amounting to k€ 3,642 (2020: k€ 374) and liabilities in the form of forward foreign exchange transactions amounting to k€ 10 (2020: k€ 790) are measured at fair value.

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, see also page 61). There was no reclassification among the levels in the reporting period.

For current financial assets and liabilities, the book value is always assumed to be a reasonable approximation of the fair value.

Short-term lines of credit in the amount of k€ 25,155 were available on the balance sheet date (2020: k€ 25,155). Of this amount, k€ 384 (2020: k€ 693) were utilised through guarantees and credit cards. Unused lines of credit were k€ 24,771 (2020: k€ 24,462).

The following table shows the book values of financial assets and financial liabilities pursuant to IFRS 9 as at the balance sheet date 2021. 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	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) – Note 18	–	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 – Note 15, 19	–	–	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 – Note 23	–	–	42,017	42,017

The net gains and losses on financial instruments by measurement category (excluding amounts recognised in other comprehensive income) were as follows in the reporting period:

k€	Net interest result	Currency translation	Impairment	Adjustments of fair value	2021
Fair value through profit or loss	–	333	–	177	510
At amortised cost	–64	732	–149	–	519

The following table shows the corresponding figures as at the balance sheet date 2020.

k€	Fair value through profit or loss	Hedging instrument held for hedge accounting	At amortised cost	31 Dec 2020
Financial assets measured at fair value				
Cash and cash equivalents	–	–	–	–
Embedded derivatives from purchase contracts	142	–	–	142
Forward foreign exchange transactions (designated as hedging transactions) – Note 18	–	232	–	232
Forward foreign exchange transactions (not designated as hedging transactions)	–	–	–	–
Financial assets not measured at fair value				
Trade receivables and other receivables – Note 15, 19	–	–	58,850	58,850
Cash and cash equivalents	–	–	38,825	38,825
Financial liabilities measured at fair value				
Embedded derivatives from purchase contracts	12	–	–	12
Forward foreign exchange transactions (designated as hedging transactions) – Note 18	–	762	–	762
Forward foreign exchange transactions (not designated as hedging transactions) – Note 18	16	–	–	16
Financial assets not measured at fair value				
Trade payables and other liabilities – Note 23	–	–	36,800	36,800

The net gains and losses on financial instruments by measurement category (excluding amounts recognised in other comprehensive income) were as follows in the previous year:

k€	Net interest result	Currency translation	Impairment	Adjustments of fair value	2020
Fair value through profit or loss	–	–190	–	156	–34
At amortised cost	–50	–823	–19	–	–892

(35) Commitments

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

(36) Other financial liabilities

As at 31 December 2021, there were contractual obligations arising out of contracts without cancellation options, e.g. maintenance, service and insurance agreements, in the amount of k€ 3,783 (2020: k€ 3,684). The future minimum payments based on these contracts without cancellation options amount to k€ 2,890 (2020: k€ 2,679) for up to one year, k€ 889 between one and five years (2020: k€ 1,001) and k€ 4 for over five years (2020: k€ 4).

As at 31 December 2021, purchase commitments for aluminium and zinc contracts totalled k€ 1,354 (2020: k€ 1,503).

There were contractual obligations to purchase items of non-current assets in the amount of k€ 2,818 (2020: k€ 1,487), relating to facilities in particular. In addition, there were obligations from contracts for marketing measures amounting to k€ 8,253 (2020: k€ 10,370) and from other contracts amounting to k€ 1,370 (2020: k€ 1,114).

In accordance with IFRS 16, the Group recognises rights of use and lease liabilities for most leases and rental agreements. For the remaining rental and lease agreements, office equipment and software licences, recognition exemptions permitted under IFRS 16 have been applied and these 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 31 December 2021, these future minimum rental payments from rental and lease agreements without cancellation options amounted to k€ 884 (2020: k€ 774), of which k€ 503 within one year (2020: k€ 355) and k€ 381 between one and five years (2020: k€ 419). In financial year 2021, k€ 709 (2020: k€ 554) was recognised in the statement of profit or loss as rental expense.

(37) Remuneration of the Board of Management and Supervisory Board

The individualised remuneration of the Board of Management and Supervisory Board is described in detail in the remuneration report, which is available at **financial-reports.leifheit-group.com**.

The following remuneration was granted to the members of the Board of Management:

k€	2020	2021
Remuneration and other short-term benefits	1,196	1,512
Benefits following the end of the employment relationship	–	–
Other long-term benefits	–	–
Benefits due to the end of the employment relationship	–	–
Share-based remuneration	–	–
	1,196	**1,512**

As in the previous year, no remuneration was paid to the Board of Management for the assumption of responsibilities at subsidiaries. Likewise, the members of the Board of Management were not granted any performance-based pension commitments. Therefore, no additions were made to provisions for pensions (DBO pursuant to IFRS) for serving members of the Board of Management in the reporting period, as in the previous year.

Disclosures on Board of Management remuneration according to IAS 24/IFRS 2:
The granting of virtual shares has been classified and measured as share-based payment to be settled in cash in accordance with IFRS 2.30. The fair value of the virtual shares is remeasured on each balance sheet date using a Monte Carlo model and in consideration of the conditions at which the virtual shares were granted.

The time from the measurement date until the end of the performance period, and therefore the time of the expected payment, was used as the term. The share price was determined by consulting the closing price in Xetra trading as at 31 December 2021 as reported by Bloomberg. The historical volatility of the Leifheit share over the respective remaining term for matching maturities was used to determine volatility. The anticipated volatility taken into consideration is based on the assumption that historical volatility can be used to make assumptions about future trends. As a result, the actual volatility may differ from the assumptions made. The expected dividend yield was estimated as the historical dividend yield of the Leifheit share for matching maturities. The risk-free interest rate was derived on the basis of historical yields of German government bonds with a remaining term corresponding to the expected term of the virtual shares to be measured.

The following parameters were taken into account as part of the measurement as at 31 December 2021:

	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

A liability in the amount of k€ 1,366 was recognised under other liabilities as at 31 December 2021 as part of the LTI plan for Board of Management members (31 December 2020: k€ 1,345). The expense for the period from 1 January to 31 December 2021 amounted to k€ 21 (2020: k€ 957).

The following remuneration was granted to the members of the Supervisory Board:

k€	2020	2021
Remuneration and other short-term benefits	660	573
Benefits following the end of the employment relationship	–	–
Other long-term benefits	–	–
Benefits due to the end of the employment relationship	–	–
Share-based remuneration	–	–
	660	**573**

Disclosures on Supervisory Board remuneration according to IAS 24/IFRS 2:
The granting of virtual shares has been classified and measured as share-based payment to be settled in cash in accordance with IFRS 2.30. The fair value of the virtual shares is remeasured on each balance sheet date using a Monte Carlo model and in consideration of the conditions at which the virtual shares were granted. We refer with regard to the derivation of market data to the statements regarding market data of LTI's management, which also apply to the market data of the LTI Supervisory Board.

A liability in the amount of k€ 73 was recognised under liabilities as at 31 December 2021 as part of the LTI plan for Supervisory Board members (31 December 2020: k€ 28). The expense for the period from 1 January to 31 December 2021 amounted to k€ 45 (2020: k€ 28).

The following parameters were taken into account as part of the measurement as at 31 December 2021:

	2020 tranche
Time of measurement	31 Dec 2021
Remaining term (in years)	1.00
Volatility	26.54%
Risk-free interest rate	–0.67%
Expected dividend yield	4.20%
Exercise price	€ 0.00
Price of the Leifheit share as at the time of measurement	€ 36.80

(38) Total remuneration and provisions for pensions for former members of the Board of Management and/or Supervisory Board in accordance with section 314 para. 1 no. 6b HGB

The total remuneration of the former members of the Board of Management and their surviving dependants amounted to k€ 535 in the reporting year (2020: k€ 512). Provisions created for the current pensions (DBO according to IFRS) in financial year 2021 amounted to k€ 7,720 (2020: k€ 8,326).

(39) Advances and loans to the Board of Management and/or Supervisory Board in accordance with section 314 para. 1 no. 6c HGB

Neither in the previous year nor in the reporting period have any advances or loans been granted to the aforementioned group of persons.

(40) Remuneration of the auditor in accordance with section 314 para. 1 No. 9 HGB

The remuneration of the auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, amounted to k€ 330 for the audit of the consolidated financial statements (of which for 2020: k€ 57) and for other services k€ 27.

No other certification services or tax consultancy services were provided by the auditor in the reporting period.

KPMG has been the auditor of the financial statements and consolidated financial statements of Leifheit AG since financial year 2016. Sebastian Hargarten (since financial year 2017) and Sven Eifert (since financial year 2019) are the signatory auditors for financial year 2021.

(41) Information under takeover law in accordance with section 315a HGB

Please refer to the combined management report for information under takeover law in accordance with section 315a HGB.

(42) Related party transactions

A managing director of our Czech subsidiary Leifheit CZ a.s. is also the managing director of a Czech customer. In the reporting period, turnover of k€ 459 was generated with this customer at an arm's length margin of 26% (2020: k€ 637 turnover at 26% margin). The customer continued to provide shared services for our subsidiary at arm's length terms and conditions in the amount of k€ 565 (previous year: k€ 596). Leifheit CZ a.s. provided services amounting to k€ 8 (2020: k€ 6).

There were no other reportable relationships or transactions with related companies or persons outside the Group during the reporting period.

(43) Existence of an equity interest in accordance with section 160 para. 1 no. 8 AktG

Report	Reportable party	Registered office	Attributions in accordance with WpHG	Shareholding	Voting rights[1]
November 2021	The Capital Group Companies, Inc./Smallcap World Fund, Inc	Los Angeles (US)	Section 34	4.96%	496,381
November 2021	The Capital Group Companies, Inc./Smallcap World Fund, Inc	Los Angeles (US)	Section 38 (2)	0.01%	500
June 2021	Alantra EQMC Asset Management, SGIIC, S.A.	Madrid (ES)	Section 34	15.42%	1,541,640
August 2020	MainFirst SICAV	Senningerberg (LU)	Section 33	5.02%	502,320
March 2020	Joachim Loh	Haiger (DE)	Section 33	10.31%	1,031,240
February 2019	Douglas Smith, Blackmoor Investment Partners LLC	(KY)	Section 34	3.52%	352,061
September 2017	Teslin Capital Management BV/Gerlin NV	Maarsbergen (NL)	Section 22	5.05%	504,534
July 2014	Leifheit AG	Nassau (DE)		4.97%	497,344
February 2009	Manuel Knapp-Voith, MKV Verwaltungs GmbH	Grünwald (DE)	Section 22 (1) sentence 1 no. 1	10.03%	1,002,864

[1] Values from reports before implementation of the capital increase in June 2017 have been doubled for comparison purposes.

In accordance with section 160 para. 1 no. 8 AktG, disclosures must be made about the existence of shareholdings communicated to Leifheit AG in accordance with section 20 paras. 1 or 4 AktG or in accordance with section 33 paras. 1 or 2 WpHG. All notifications of voting rights have been published by Leifheit in accordance with section 40 para. 1 WpHG and are available on the website at **leifheit-group.com**. The table shows reported shareholdings of at least 3%. The disclosures correspond to the most recent notifications of the persons subject to an obligation to file a notification. Please note that these disclosures may now be outdated.

(44) Declaration in accordance with section 161 AktG

In December 2021, the Board of Management and the Supervisory Board issued the declaration required under section 161 AktG stating that the recommendations of the "Government Commission on the German corporate governance code" published by the German Federal Ministry of Justice and Consumer Protection were complied with and will continue to be complied with and which recommendations are not currently applied or were not applied. The Declaration of compliance is permanently available on the company's website at **corporate-governance.leifheit-group.com**.

(45) Events after the balance sheet date

We are profoundly shocked by the Russia-Ukraine war. Our concern is for all the people and our business partners affected by the war.

Due to the dramatic developments, it is difficult to assess the economic impact of the conflict on the Leifheit Group's business development, financial position and results of operations, as well as on the global economy as a whole. The repercussions of the Russia-Ukraine war will create renewed pressures on supply chains, commodity and energy prices, and freight rates, as well as growing inflation and impacts on consumer demand, the severity of which are difficult to assess at this stage.

We stopped all deliveries to Russia when fighting began. The share of turnover in Russia and Ukraine of the Leifheit Group's overall turnover was around 1% in financial year 2021. There is also a receivable of m€ 0.6 outstanding, for which credit insurance does not apply in the case of political risks and events of war. The Leifheit Group has no direct suppliers or locations in Russia or Ukraine.

The risk assessment contained in the opportunities and risks report is based on the status at the time the report was published. We continue to monitor further developments closely, and will continuously adapt our risk assessment to the unfolding situation.

There were no additional events after the end of the financial year of material importance for assessing the net assets, financial position and results of operations of the Leifheit Group.

Organs of Leifheit AG

The profiles of the members of the Supervisory Board and Board of Management are available on the website at **organs.leifheit-group.com**.

Members of the Board of Management

Person	Board membership/function	Appointed until	Responsible for	Mandates/memberships outside the Group [1, 2]
Marco Keul Born 1982 Nationality: German Place of residence: Holler (DE)	Member (CFO) since 1 May 2021	30 Apr 2024	Finance, Controlling, Business Processes/IT, Internal Sales	None
Igor Iraeta Munduate Born 1974 Nationality: Spanish Place of residence: Waiblingen (DE)	Member (COO) since 1 Nov 2018	31 Oct 2025	Production, Logistics, Procurement, Development, Quality Management	None
Henner Rinsche Born 1970 Nationality: German Place of residence: Mörfelden-Walldorf (DE)	Member and CEO since 1 June 2019, CFO from 1 April 2020 to 30 April 2021	31 May 2025	Marketing, Sales, Birambeau and Herby divisions, HR, Legal/IP, Audit, Investor Relations, ESG issues	None

1 Memberships in other Supervisory Boards required by law according to section 125 para. 1 sentence 5 AktG.
2 Memberships in comparable domestic and foreign governing bodies of enterprises according to section 125 para. 1 sentence 5 AktG.

Members of the Supervisory Board

Person	Supervisory Board membership/function	Mandates/memberships outside the Group
Joachim Barnert [1] Born 1968 Nationality: German Head of Maintenance at Leifheit AG, Nassau/Lahn (DE), Zuzenhausen location	Member since 29 May 2019	None
Dr Günter Blaschke Born 1949 Nationality: German Pensioner	Member since 1 Apr 2019, Chairman since 2 Apr 2019	WashTec AG, Augsburg (DE), Chairman of the Supervisory Board [2]
Georg Hesse Born 1972 Nationality: German Vice President United Kingdom and Germany, Thrasio LLC, Walpole (US)	Member since 30 May 2018	None
Karsten Schmidt Born 1956 Nationality: German Independent consultant, Penzberg (DE)	Member and Deputy Chairman since 29 May 2019	None
Thomas Standke [1] Born 1968 Nationality: German Toolmaker at Leifheit AG, Nassau/Lahn (DE)	Member since 27 May 2004	None
Dr Claus-O. Zacharias Born 1954 Nationality: German Independent consultant, Düsseldorf (DE)	Member since 29 May 2019	Severin Elektrogeräte GmbH, Sundern (DE), Member of the Advisory Board until 30 March 2021 [3]

[1] Employee representative.
[2] Memberships in other Supervisory Boards required by law according to section 125 para. 1 sentence 5 AktG.
[3] Memberships in comparable domestic and foreign governing bodies of enterprises according to section 125 para. 1 sentence 5 AktG.

The acting members of the Supervisory Board are appointed for the period until the end of the Annual General Meeting, which resolves on the approval of the actions for financial year 2023.

Supervisory Board committees

Committee	Members	
Audit Committee (AC) The Audit Committee prepares the negotiations and resolutions of the Supervisory Board on the approval of the annual financial statements and the consolidated financial statements as well as the adoption of the proposal to the Annual General Meeting for the election of the auditor. It also deals with issues relating to accounting, the effectiveness of the internal control system, risk management, the internal audit system, compliance and assessing the quality of the audit of the financial statements.	**Dr Günter Blaschke** **Dr Claus-O. Zacharias** **Thomas Standke**	Member since 2 Apr 2019 Member and Chairman since 29 May 2019 Member since 7 March 2022
Nominating Committee The Nominating Committee prepares the resolutions of the Supervisory Board on election proposals to the Annual General Meeting for the election of Supervisory Board members (shareholder representatives).	**Dr Günter Blaschke** **Karsten Schmidt** **Dr Claus-O. Zacharias**	Member and Chairman since 29 May 2019 Member since 29 May 2019 Member since 29 May 2019
Personnel Committee The Personnel Committee examines all employment contracts for the members of the Board of Management, including remuneration and the remuneration system.	**Dr Günter Blaschke** **Georg Hesse** **Karsten Schmidt**	Member since 29 May 2019 Member since 30 May 2018, Chairman since 29 May 2019 Member since 29 May 2019
Sales/Marketing Committee The Sales/Marketing Committee deals with the sales and marketing strategy.	**Joachim Barnert** **Dr Günter Blaschke** **Georg Hesse** **Karsten Schmidt**	Member since 29 May 2019 Member and Chairman since 29 May 2019 Member since 29 May 2019 Member since 29 May 2019
Product Range/Innovation Committee The Product Range/Innovation Committee deals with the product range and innovation strategy and the product pipeline.	**Dr Günter Blaschke** **Karsten Schmidt** **Thomas Standke**	Member since 29 May 2019 Member and Chairman since 29 May 2019 Member since 29 May 2019

Nassau/Lahn, 25 March 2022

Leifheit AG

The Board of Management

Henner Rinsche Igor Iraeta Munduate Marco Keul

Responsibility statement

We declare to the best of our knowledge, that - according to the applicable reporting principles - the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group; and that the combined management report of the Group and Leifheit Aktiengesellschaft includes a fair view of the business development, performance and situation of the Group; and that the material opportunities and risks associated with the expected development of the Group are described.

Nassau/Lahn, 25 March 2022

Leifheit AG

The Board of Management

Henner Rinsche Igor Iraeta Munduate Marco Keul

Auditor's report

To Leifheit AG, Nassau/Lahn

Report on the audit of the consolidated financial statements and of the combined management report

Opinions

We have audited the consolidated financial statements of Leifheit Aktiengesellschaft, Nassau/Lahn, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the financial year from 1 January to 31 December 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the management report of the Company and the Group (combined management report) of Leifheit Aktiengesellschaft for the financial year from 1 January to 31 December 2021. In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the "Other Information" section of our auditor's report.

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 IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] 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 December 2021, and of its financial performance for the financial year from 1 January to 31 December 2021, 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 opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (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 opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards 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 law 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)(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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinions 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 those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

- Revenue recognition on an accrual basis

The disclosures made by the Group on the recognition of revenue are contained in the Section "General information and accounting and valuation principles" with the sub-section "Recognition of income and expenses" in the notes.

The financial statement risk

The Group's revenue generated from the sale of products amounted to EUR 288.3 million in financial year 2021 (PY: EUR 271.6 million).

The Group recognises revenue from the sale of products when it fulfils a performance obligation through the transfer of a promised asset (product) to a customer. An asset is considered transferred at the time when the customer obtains control of that asset.

In line with the transfer of control, revenue is to be recognised either at a point in time or over time in the amount to which the Group is expected to be entitled. On the basis of indicators, Leifheit Aktiengesellschaft has determined that the performance obligation is fulfilled at the time the products are transferred to the customer, and thus that revenue is recognised at a point in time.

The Group's key markets are in Germany and Central Europe. For supplies of products, different agreements are made by the group entities with customers, with some of these agreements containing complex contractual provisions.

Due to the use of various terms of transport in the customer agreements combined simultaneously with a high number of deliveries in the different markets, there is the risk for the consolidated financial statements that revenue in the reporting year is recognised too high and therefore not on an accrual basis.

Our audit approach

Using inquiries and discussions with the Group's representatives, we obtained an understanding of the revenue recognition process. We evaluated the accounting principles used for revenue recognition for compliance with the relevant accounting standards.

In order to assess whether revenue is recognised on an accrual basis, we assessed the design and setup of the internal controls relating to the verification of the correct or effective transfer of control.

Based on revenue for a specified period in December, using contract-specific stipulations on the transfer of risk in addition to proof of delivery, we used a statistical selection procedure to determine whether revenue was recognised on an accrual basis.

Our obervations

Leifheit AG Group's approach for revenue recognition cut-off is appropriate.

- **Recoverability of goodwill of the cash-generating units Herby and Birambeau**

For more information on the accounting policies applied please refer to the section “General information and accounting and valuation principles” with the sub-sections “Intangible assets” and “Impairment of intangible assets and tangible assets” in the notes. The assumptions underlying the measurement as well as the disclosures on the impairment testing of the goodwill of the Herby cash-generating unit (CGU) and the Birambeau CGU can be found in section 20 of the notes.

The financial statement risk

The consolidated financial statements of Leifheit Aktiengesellschaft as at 31 December 2021 recognise goodwill in the amount of EUR 11.7 million (PY: EUR 11.7 million) under intangible assets. As in the prior year, goodwill is primarily attributable to the Herby CGU in the amount of EUR 6.4 million and the Birambeau CGU in the amount of EUR 3.3 million.

Impairment of goodwill is tested annually at the level of the Leifheit, Herby and Birambeau CGUs. If impairment triggers arise during the financial year, an event-driven goodwill impairment test is also carried out. To do this, Leifheit uses a discounted cash flow model to calculate the value in use of each CGU. If the carrying amount is higher than the value in use, this results in an impairment requirement to the extent that the carrying amount is not covered by the fair value less costs to sell.

The reporting date for the annual impairment test is 31 December of the financial year.

Impairment testing of goodwill is based on a complex calculation method and includes a range of assumptions that require judgement. These include the multi-year planning drawn up by Leifheit AG's Board of Management and taken note of by the Supervisory Board regarding the expected business and earnings performance of the respective CGU, the growth rates assumed in perpetuity and the discount rates used.

Due to the decline in earnings at the Herby and Birambeau CGUs in the current financial year and the uncertainties surrounding the future development of material and freight costs, there is a risk that the business and profit targets expected by the Board of Management for the Herby and Birambeau CGUs will be missed over a sustained period. Furthermore, there is a risk of an increase in the discount rate. If earnings are expected to be lower or the discount rate is expected to be higher on a sustained basis, this could lead to impairment losses on the goodwill of the Herby and Birambeau CGUs. As a result of the impairment tests carried out as at 31 December 2021, the Group has not identified any impairment requirement. However, the Group's sensitivity analysis showed that a reasonably possible change in the discount rate or a shortfall in revenue would cause a reduction to the recoverable amount.

There is the risk for the consolidated financial statements that an existing impairment loss on the goodwill of the Herby and Birambeau CGUs will not be recognised. There is also the risk that the related disclosures in the notes are not appropriate.

Our audit approach

Using inquiries and discussions with the Group's representatives, we obtained an understanding of the process for goodwill impairment testing. With the involvement of our valuation experts, we also assessed the appropriateness of key assumptions and the calculation method of the Group. As changes to the expected business and earnings performance at the Herby and Birambeau CGUs can significantly impact the results of impairment testing, we discussed, in particular, the expected business and earnings development and the assumed long-term growth rates with those responsible for planning.

We also checked whether the planning on which measurement is based is in line with the multi-year planning drawn up by the Board of Management and taken note of by the Supervisory Board and whether the planning is reasonable. We also confirmed the accuracy of the Group's previous forecasts by comparing the budgets of previous financial years with actual results and by analysing deviations. To this end, we examined the past deviations from forecasts in order to determine how those responsible for planning responded to deviations from the forecast when preparing the forecast. We compared the assumptions and data underlying the discount rate of the Herby and Birambeau CGUs, in particular the risk-free interest rate, the market risk premium and the beta factor, with our own assumptions and publicly available data. In order to take account of forecast uncertainty, we also investigated the impact of potential changes to the discount rate and the expected cash flows on the fair value (sensitivity analysis), by calculating alternative scenarios and comparing these with the Group's measurements.

To assess the methodically and mathematically correct implementation of the valuation method, we verified the Group's valuation using our own calculations and analysed deviations. We also assessed the accuracy of the sensitivity analyses prepared by the Group by reconciling them with our own sensitivity analyses.

Finally, we assessed whether the disclosures in the notes regarding the impairment of goodwill of the Herby and Birambeau CGUs were appropriate. This also included an assessment of the appropriateness of disclosures in the notes in accordance with IAS 36.134(f) on sensitivity in the event of a reasonably possible change in key assumptions used for measurement.

Our obervations

The calculation method used for goodwill impairment testing of the Herby and Birambeau CGUs is appropriate and in line with the accounting policies to be applied.

Leifheit AG Group's assumptions and data used for measurement are appropriate.

The related disclosures in the notes are appropriate.

- Completeness and accuracy of other liabilities from customer bonuses and advertising subsidies

The disclosures on other liabilities from customer bonuses can be found in Section 23 of the notes. In addition, please refer to the explanations in the Section "Accounting and valuation principles" of the notes for more information on the accounting policies applied.

The financial statement risk

The consolidated financial statements of Leifheit Aktiengesellschaft as at 31 December 2021 recognise other liabilities arising from customer bonuses in the amount of EUR 8.2 million (PY: EUR 9.5 million) and other liabilities from advertising subsidies in the amount of EUR 4.2 million (PY: EUR 3.9 million). They are classified as "measured at amortised cost".

There are numerous individual terms and conditions agreements in place with the Group's customers, which are generally updated on an annual basis in the course of negotiations. Therefore, the complete and precise recognition of other liabilities from customer bonuses and advertising subsidies is complex and requires the assurance that all existing customer agreements are recorded in full and that the calculation of the resulting liabilities is computationally accurate.

There is the risk for the financial statements that other liabilities from customer bonuses and advertising subsidies were recognised incompletely or in an incorrect amount.

Our audit approach

Using inquiries and discussions with the Group's management, we obtained an understanding of the process of recording liabilities arising from customer bonuses and advertising subsidies. We evaluated the accounting policies applied for other liabilities from customer bonuses and advertising subsidies in respect of their conformity with the applicable accounting standards. As part of the risk assessment, we examined for which customers there were significant deviations in the expense ratio compared with the prior year and for which customers with high sales revenues the posted expenses were lower than in the prior year. For these customers, we inspected contracts to verify that the calculation of the expenses was correct by reconciling with the individual agreements. Based on the liabilities ratio of the prior year (liabilities as a ratio of expenses), an expected value of customer-related liabilities was calculated by applying the determined percentage rate on the expenses in financial year 2021 and deviations from the amount of liabilities recognised were analysed.

Our obervations

Leifheit AG Group's approach to determining liabilities for customer bonuses and advertising subsidies is appropriate.

Other information

The Board of Management and/or the Supervisory Board are responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- the Group's separate non-financial report, which is referred to in the combined management report, and
- the combined corporate governance statement for the Company and the Group referred to in the combined management report.

The other information also includes the remaining parts of the annual report. The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

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

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

Responsibilities of the Board of Management and Supervisory Board for the consolidated financial statements and the combined management report

The Board of Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the Board of Management is responsible for such internal control as it has determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Management is responsible for assessing the Group's ability to continue as a going concern. It also has the responsibility for disclosing, as applicable, matters related to going concern. In addition, it is responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Board of Management is responsible for the preparation of the combined management report that, 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 Board of Management is responsible for such arrangements and measures (systems) as it has considered 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 of 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 fraud or error, 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 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 Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements can arise from fraud or error 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control 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.
- Evaluate the appropriateness of accounting policies used by the Board of Management and the reasonableness of estimates made by the Board of Management and related disclosures.
- Conclude on the appropriateness of the Board of Management's 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 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 IFRSs as adopted by the EU.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express 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 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 Board of Management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Board of Management 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 governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance 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 related safeguards.

From the matters communicated with those charged with governance, 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 audit in accordance with section 317 (3a) HGB on the electronic reproduction of the annual financial statements and the combined management report prepared for publication purposes

We have performed audit work in accordance with Section 317 (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 provided electronic file „529900DBX574P554QO57-2021-12-31-de.zip" (SHA256-Hashwert: 71f768bb7bd04390ea081a85279c 8019a6f57d51490a99d0dbb779be5671c561), and prepared for publication purposes complies in all material respects with the requirements of Section 328 (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 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 Section 328 (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 audit opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from 1 January 2021 to 31 December 2021 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report " above.

We conducted our audit work of the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned electronic file in accordance with Section 317 (3a) HGB and the IDW Auditing Standard: Audit in accordance with Section 317 (3a) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (IDW AsS 410 (10.2021)). Accordingly, our responsibilities are further described below. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's management is 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 Section 328 (1) sentence 4 item 1 HGB.

In addition, the Company's management is responsible for the internal controls they consider necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (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.

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 Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- Obtain an understanding of internal control relevant to the assessment of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit 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 Commission Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.
- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited annual financial statements and the audited combined management report.

Further information pursuant to article 10 of the EU Audit Regulation

We were elected as auditor at the Annual General Meeting on 2 June 2021. We were engaged by the Supervisory Board on 18 October 2021. We have been the group auditor of Leifheit Aktiengesellschaft without interruption since financial year 2016.

We declare that the 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 issue – use of audit opinion

Our auditor's report should always be read in connection with the audited annual financial statements and the audited management report as well as the audited ESEF documents. The annual financial statements and management report converted to the ESEF format – including the versions to be published in the Federal Gazette (Bundesanzeiger) – are merely electronic reproductions of the audited annual financial statements and the audited management report and do not replace them. In particular, the ESEF opinion and our audit opinion contained therein can only be used in connection with the audited ESEF documents provided in electronic form.

Information on the supplementary audit

We issue this opinion on the annual financial statements and the combined management report as well as for the electronic reproduction of the annual financial statements and combined management report presented to us for audit for the first time, contained in the provided electronic file „529900DBX574P554QO57-2021-12-31-de.zip " (SHA256-Hashwert: 71f768bb7bd04390ea081a85279c8019a6f57d51490a99d0dbb779be5671c561) and prepared for publication purposes, based on our audit duly completed on 25 March 2022, and our supplementary audit completed on 20 April 2022, which relates to the first-time submission of the ESEF documents.

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Sebastian Hargarten.

Frankfurt/Main, 25 March 2022 / limited to the assessment of the ESEF documents specified in the information on the supplementary audit: 20 April 2022

KPMG AG Wirtschaftsprüfungsgesellschaft

Original German version signed by

gez. Hargarten	gez. Eifert
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Key figures 5-year-history

		2017	2018	2019	2020	2021
Turnover						
Group[1]	m€	236.8	234.2	234.0	271.6	288.3
Household	m€	182.9	180.4	182.0	213.1	230.8
Wellbeing	m€	19.6	19.9	19.8	26.5	25.5
Private Label	m€	34.3	33.9	32.2	32.0	32.0
Foreign share	%	59.1	58.3	60.0	58.7	56.1
Profitability						
Gross margin	%	46.4	43.6	43.1	45.0	42.3
Cash flow from operating activities	m€	7.2	10.2	15.9	4.0	16.4
Free cash flow	m€	1.5	3.7	10.1	–5.5	9.6
EBIT	m€	18.8	13.1	9.9	18.8	20.1
EBIT margin	%	8.0	5.6	4.2	6.9	7.0
EBT	m€	17.7	11.9	8.5	17.7	19.3
Net result for the period	m€	12.9	8.4	5.8	12.5	14.2
Net return on turnover	%	5.4	3.6	2.5	4.6	4.9
Return on equity	%	13.0	8.3	6.1	12.5	12.7
Return on total capital	%	5.7	3.8	2.7	5.4	5.9
ROCE	%	–	10.5	8.2	14.1	13.8
Share						
Net result for the period per share[2]	€	1.35	0.88	0.61	1.32	1.49
Free cash flow per share[2]	€	0.16	0.39	1.06	–0.57	1.00
Dividend per share	€	1.05	1.05	0.55	1.05	1.05[3]
Employees at the end of the year						
Group[1]	people	1,137	1,119	1,106	1,098	1,080
Household	people	930	905	906	914	907
Wellbeing	people	48	56	52	47	39
Private Label	people	159	158	148	137	134
Investments	m€	7.8	6.6	6.0	9.6	7.3
Investment ratio	%	4.5	3.7	2.0	5.2	3.9
Depreciation and amortisation	m€	6.4	6.9	8.2	8.5	7.8
Balance sheet total	m€	224.9	221.8	214.6	230.0	238.8
Equity	m€	98.5	101.8	96.2	100.4	111.3
Equity ratio	%	43.8	45.9	44.8	43.7	46.6

[1] Segments changed since 2018.
[2] Not including repurchased treasury shares.
[3] Dividend proposal.

Information, Disclaimer, Financial calendar, Legal notice

Individual financial statements of Leifheit AG

The individual financial statements of Leifheit AG, audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, which did not express any reservations in its audit opinion, was prepared in accordance with the provisions of the German commercial code (HGB) and the German stock corporation act (AktG).

Additional information on the website

In addition to the consolidated financial statements, the annual financial statements of Leifheit AG, the combined management report of Leifheit AG and the Leifheit Group, the report of the Supervisory Board, the sustainability report, the remuneration report and the declaration of corporate management are available on the internet at **www.leifheit-group.com**.

Note on rounding

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

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 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 the English translation of this report and the German version, the German version shall take precedence.

Forward-looking statements

This report 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. They include, for example, 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 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.

Financial calendar

11 May 2022	**Quarterly statement for the period ending 31 March 2022**
25 May 2022	**Annual General Meeting**
9 Aug 2022	**Financial report for the first half-year ending 30 June 2022**
8 Nov 2022	**Quarterly statement for the period ending 30 Sept 2022**

Legal notice

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