CLEAN TWIST M
floor wiper

TESTSIEGER
Haus & Garten Test
sehr gut
(1,4)
Leifheit
Clean Twist M Ergo
Im Test: Flachwischer
Ausgabe 6/2020 · www.haus-garten-test.de

CLEAN TWIST
disc mop

TESTSIEGER
Haus & Garten Test
gut
(1,7)
Leifheit
Clean Twist Disc Mop Ergo
Im Test: Wischmopps
Ausgabe 6/2020 · www.haus-garten-test.de

Profi XL
floor wiper

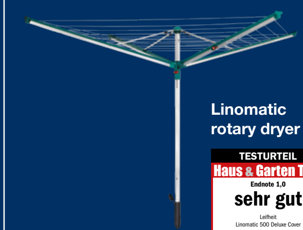
TESTURTEIL
Haus & Garten Test
Endnote 1,1
sehr gut
Leifheit
Profi XL micro duo Aluminium
Ideale Handhabung und professionelle Detaillösungen
Im Test: Bodenwischer
Ausgabe 6/2019 · www.haus-garten-test.de

Regulus Aqua PowerVac cordless vacuum wiper

TESTURTEIL
Haus & Garten Test
sehr gut
(1,4)
Leifheit
Regulus Aqua PowerVac
Im Test: Akku-Saugwischer
Ausgabe 2/2020 · www.haus-garten-test.de

Pegasus
drying rack

TESTURTEIL
Haus & Garten Test
Endnote 1,3
sehr gut
Leifheit
Pegasus 180 Solid
Klemmfreies Trocknen und sicherer Stand
Im Test: Wäscheständer
Ausgabe 6/2019 · www.haus-garten-test.de



Linomatic
rotary dryer

TESTURTEIL
Haus & Garten Test
Endnote 1,0
sehr gut
Leifheit
Linomatic 500 Deluxe Cover
Maximaler Bedienkomfort, der keine Wünsche offen lässt
Im Test: Wäscheschirm
Ausgabe 5/2019 · www.haus-garten-test.de

Soehnle
Style Sense
digital personal
scales

TESTURTEIL
Haus & Garten Test
sehr gut
(1,3)
Soehnle
Style Sense Safe 300
Im Test: digitale Personenwaagen
Ausgabe 2/2020 · www.haus-garten-test.de

Soehnle
Airfresh
air purifier

Stiftung Warentest
test
GUT (2,5)
Soehnle Airfresh Clean Connect 500
Im Test 7 Luftreiniger:
2x gut
3x befriedigend
2x ausreichend
Ausgabe 3/2020
www.test.de

SCALING UP SUCCESS

Annual financial statements of
Leifheit Aktiengesellschaft

2020

LEIFHEIT
Aktiengesellschaft

Annual financial statements for financial year 2020

Leifheit AG, Nassau/Lahn, Germany

Annual financial statements

Further information

Combined management report

The management report of Leifheit AG and the Leifheit Group consolidated management report have been combined in accordance with section 315 para. 5 and section 298 para. 2 of the German commercial code (HGB) and published in the Leifheit Group annual financial report 2020.

The annual financial statements of Leifheit AG and the annual financial report of the Leifheit Group for financial year 2020 are also available online at **financial-reports.leifheit-group.com**.

Balance sheet

k€	Notes	31 Dec 2019		31 Dec 2020	
Assets					
I. Intangible assets	1		1,663		1,228
II. Tangible assets	2		16,285		15,660
III. Financial assets	3		58,370		68,553
A. Non-current assets			**76,318**		**85,441**
I. Inventories	4		31,021		35,444
II. Receivables and other assets	5		37,544		49,033
III. Cash and cash equivalents			45,589		32,195
B. Current assets			**114,154**		**116,672**
C. Accrued expenses			**156**		**156**
			190,628		**202,269**
Liabilities					
I. Subscribed capital		30,000		30,000	
Deduction for treasury shares		–1,473		–1,473	
			28,527		28,527
II. Capital surplus			17,026		17,026
III. Retained earnings			35,924		35,924
IV. Balance sheet profit			10,000		12,400
A. Equity	6		**91,477**		**93,877**
1. Provisions for pensions and similar obligations	7		53,607		55,364
2. Tax provisions			28		3,120
3. Other provisions	8		24,051		26,471
B. Provisions			**77,686**		**84,955**
C. Liabilities	9		**21,465**		**23,437**
			190,628		**202,269**

Statement of profit or loss

k€	Notes	2019	2020
Turnover	10	217,465	258,745
Cost of turnover	11	–150,879	–169,545
Gross profit		**66,586**	**89,200**
Distribution costs	12	–50,497	–62,200
General administrative costs	13	–9,184	–9,323
Other operating income of which income from currency translation: k€ 4,464 (2019: k€ 4,103)	14	8,863	7,094
Other operating expenses of which expenses from currency translation: k€ –5,345 (2019: k€ –2,307)	15	–7,820	–10,807
Operating result		**7,948**	**13,964**
Income from shareholdings of which from affiliated companies: k€ 1,200 (2019: k€ 5,568)	16	5,568	1,200
Income from other securities and loans of financial assets and other interest income of which from affiliated companies: k€ 763 (2019: k€ 1,005)		1,005	763
Interest income		37	22
Interest expenses of which to affiliated companies: k€ –41 (2019: k€ –141) of which from compound interest: k€ –4,350 (2019: k€ –5,055)	17	–5,267	–4,532
Income taxes	18	–1,245	–3,673
Earnings after taxes		**8,046**	**7,744**
Other taxes		–101	–114
Net income		**7,945**	**7,630**
Appropriation of profit			
Net income		7,945	7,630
Retained earnings		301	4,770
Withdrawal from other retained earnings		1,754	–
Balance sheet profit		**10,000**	**12,400**

Notes: General information

Leifheit Aktiengesellschaft (Leifheit AG), whose registered office is at Leifheitstraße 1, Nassau/Lahn, Germany, 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 German Xetra, Frankfurt/Main, Berlin, Düsseldorf, Hamburg, Hanover and Stuttgart stock markets under ISIN DE0006464506.

The annual financial statements of Leifheit AG have been prepared in accordance with the regulations of the German commercial code (HGB) and the German stock corporation act (AktG) applying to large corporations.

Accounting and valuation principles

Non-current intangible assets and tangible assets are valued at costs and depreciated or amortised in accordance with their expected useful lives.

Manufacturing costs include specific costs directly attributable to the assets and associated overheads.

An impairment loss is recognised to the lower fair value in the event of a reduction in value that is likely to be permanent. If the reasons for the impairment cease to apply in subsequent years, the impairment loss is reversed up to a maximum of the amortised costs.

The useful lives of non-current tangible and intangible assets:

	Years
Buildings	25–50
Other structures	10–20
Brands	15
Injection-moulding machines	4–6
Other technical equipment and machinery	5–10
Injection-moulding and stamping tools	3–4
Vehicles	6
IT systems	3–5
Software	3–5
Operating and office equipment	3–13
Display and POS stands	3

In the case of financial assets, the shares are recognised at the lower of costs or fair value on the balance sheet date if the impairment is expected to be permanent. Loans are recognised at their nominal value less necessary impairments. The fair value is determined using the discounted cash flow method.

Raw materials, consumables and supplies as well as goods purchased and held for resale are valued at acquisition costs, while finished and unfinished products are carried at manufacturing costs. These items are recognised in accordance with the lowest value principle. Manufacturing costs includes the costs directly attributable to products (e.g. material and labour), specific direct costs and fixed and variable production overheads (e.g. material and production overheads, depreciation and amortisation). Impairments are recognised for slow-moving stock, excess stock and within the scope of loss-free valuation. Impairments are recognised on raw materials, consumables and supplies as well as on goods purchased and held for resale for lower repurchasing costs on the reporting date.

Receivables and other assets are recognised at their nominal value. All discernible risks relating to receivables are taken into account through individual impairments. In addition, risks associated with significant portions of trade receivables are also mitigated through credit on goods insurance. Receivables and corresponding turnover generally arise at the point at which the delivery is made and the risk of accidental loss or deterioration of the delivered goods has been transferred to the purchaser or client.

Treasury shares are deducted from subscribed capital at the nominal amount. Acquisition costs exceeding the nominal amount is offset against retained earnings.

Deferred taxes calculated on the basis of temporary or quasi-permanent differences between approaches to valuing assets, liabilities and accrued expenses under German commercial law and valuation under German tax law are valued at the company-specific tax rates at the point at which the differences are expected to be resolved. The amounts of the resulting tax charge and relief are not discounted. The deferred taxes are netted. An excess of deferred tax assets is not recognised in the balance sheet due to the existing option to recognise deferred tax assets. Tax charges or tax relief resulting from this calculation are not discounted. The company exercises the option not to capitalise its excess deferred taxes.

Accrued expenses are formed for payments prior to the balance sheet date that represent expenses for a defined period after the balance sheet date.

Provisions for pensions are formed for contractually agreed, direct and indirect pension entitlements in accordance with actuarial principles, in application of the projected unit credit method subject to an average market rate and the “2018 G mortality tables” of Heubeck-Richttafeln-GmbH, Cologne, Germany; an interest rate of 2.30% was applied in 2020 (2019: 2.71%). Discounting is applied at the 10-year average discounting rate. The assets set aside solely for the fulfilment of pension obligations and placed out of reach of all other creditors (plan assets as defined in section 246 para. 2 sentence 2 HGB) were offset at their fair value against the settlement value of the provisions. The same approach is applied to corresponding income and expenses. The plan assets constitute life insurance policies for which there is no active market and therefore no possibility for the market price to be determined. As a result, the fair value of the securities was calculated as the fair value of the reinsurance cover for the pension commitments. The effect of changes in interest rates on the pension obligations is reported in the net interest result.

Tax provisions and other provisions take into suitable and appropriate account all discernible risks and uncertain liabilities and are valued at the necessary settlement amount according to prudent commercial judgement. Furthermore, non-current provisions are discounted in accordance with the principle of individual valuation. An interest rate with a matching maturity published by the Deutsche Bundesbank is used for discounting purposes.

Liabilities are recognised at their settlement amount in accordance with the imparity principle.

Receivables and liabilities denominated in foreign currencies with terms of less than one year are valued at the average spot rate on the reporting date. Valuation differences are recognised through profit or loss. Assets and liabilities denominated in foreign currencies with terms greater than one year are valued at the average spot rate on the reporting date in accordance with the realisation principle and the acquisition costs principle.

The company exercises the option of collating individual balance sheet items in accordance with section 265 para. 7 no. 2 HGB. Collated items are explained in the notes to the annual financial statements.

The cost of turnover method was applied to the statement of profit or loss. Items collated in the statement of profit or loss are presented separately in the notes to the financial statements.

The annual financial statements are prepared in euros. Unless stated otherwise, all amounts are generally stated in thousands of euros (k€) for reasons of simplicity and comparability.

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

Notes to the balance sheet

(1) Intangible assets

k€	Brands	Goodwill	Other intangible assets	Advances paid	Total
Acquisition and manufacturing costs As at 1 Jan 2020	4,324	1,209	17,349	242	23,124
Additions	–	–	157	94	251
Disposals	–	–	1,866	–	1,866
Reclassifications	–	–	147	–147	–
As at 31 Dec 2020	**4,324**	**1,209**	**15,787**	**189**	**21,509**
Cumulative amortisation as at 1 Jan 2020	4,324	1,209	15,928	–	21,461
Additions	–	–	685	–	685
Disposals	–	–	1,865	–	1,865
As at 31 Dec 2020	**4,324**	**1,209**	**14,748**	**–**	**20,281**
Net book value					
As at 31 Dec 2019	–	–	1,421	242	1,663
As at 31 Dec 2020	**–**	**–**	**1,039**	**189**	**1,228**

Brands concern the Soehnle brand, which was acquired in 2006 as part of the merger of the Soehnle Group. These brands were amortised as part of expected earnings over a period of 15 years, nine of which remained at the point of the merger.

Goodwill resulted from the steam ironing business taken over as at 31 December 2008. It was amortised over a period of four years.

Other intangible assets primarily include software. Additions to amortisation of other intangible assets did not include any impairment losses, as in the previous year.

(2) 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	32,738	14,365	31,791	170	79,064
Additions	20	79	885	602	1,586
Disposals	138	345	1,146	–	1,629
Reclassifications	–	–	24	–24	–
As at 31 Dec 2020	**32,620**	**14,099**	**31,554**	**748**	**79,021**
Cumulative depreciation as at 1 Jan 2020	22,756	13,562	26,461	–	62,779
Additions	401	122	1,619	–	2,142
Disposals	137	346	1,077	–	1,560
As at 31 Dec 2020	**23,020**	**13,338**	**27,003**	**–**	**63,361**
Net book value					
As at 31 Dec 2019	9,982	803	5,330	170	16,285
As at 31 Dec 2020	**9,600**	**761**	**4,551**	**748**	**15,660**

Advances paid and assets under construction largely concerned advances for tools as well as office and operating equipment.

Additions to depreciation included impairment losses of k€ 4.

(3) Financial assets

k€	Shares in affiliated companies	Loans to affiliated companies	Total
Acquisition costs as at 1 Jan 2020	30,638	36,481	67,119
Additions	–	18,085	18,085
Disposals	1,159	13,964	15,123
As at 31 Dec 2020	**29,479**	**40,602**	**70,081**
Cumulative amortisation as at 1 Jan 2020	2,687	6,062	8,749
Disposals	1,159	6,062	7,221
As at 31 Dec 2020	**1,528**	**–**	**1,528**
Net book value			
As at 31 Dec 2019	27,951	30,419	58,370
As at 31 Dec 2020	**27,951**	**40,602**	**68,553**

Disposals of shares in affiliated companies, both in relation to acquisition costs and amortisation, were due to the deletion of Meusch-Wohnen-Bad und Freizeit GmbH i. L., Nassau, Germany, from the Commercial Register following the one-year waiting period on 6 October 2020.

Disposals in relation to acquisition costs and amortisation from loans to affiliated companies included an amount of k€ 6,062, which was also due to Meusch-Wohnen-Bad und Freizeit GmbH i. L.

Additions to and disposals from loans to affiliated companies resulted from the granting and repayment of loans to subsidiaries.

(4) Inventories

k€	31 Dec 2019	31 Dec 2020
Raw materials, consumables and supplies	1,362	1,235
Unfinished products	575	535
Finished products and goods purchased and held for resale	29,084	33,674
	31,021	**35,444**

(5) Receivables and other assets

k€	31 Dec 2019	31 Dec 2020
Trade receivables	24,285	34,834
Receivables from affiliated companies	8,462	11,355
Other assets	4,797	2,844
	37,544	**49,033**

As in the previous year, receivables from affiliated companies primarily included receivables from deliveries of goods.

As in the previous year, all receivables and other assets had a residual term of less than one year.

(6) Equity

The subscribed capital of Leifheit AG of k€ 30,000 (2019: k€ 30,000) is denominated in euros and is divided into 10,000,000 no-par-value bearer shares. This corresponds to a theoretical value per no-par-value bearer share of € 3.00.

All shares accord the same rights. Shareholders receive dividends as resolved and have one vote for each share at the Annual General Meeting.

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

The Annual General Meeting of Leifheit AG on 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.

The development of the individual items of equity is presented in the following table:

k€	31 Dec 2019	Dividend payment	Net profit for the year	**31 Dec 2020**
Subscribed capital	30,000	–	–	30,000
Deduction for treasury shares	–1,473	–	–	–1,473
	28,527	–	–	28,527
Capital surplus	17,026	–	–	17,026
Retained earnings				
Statutory reserve	1,023	–	–	1,023
Other retained earnings	34,901	–	–	34,901
	35,924	–	–	35,924
Balance sheet profit	10,000	–5,230	7,630	12,400
Total equity	**91,477**	**–5,230**	**7,630**	**93,877**

The capital surplus in the amount of k€ 17,026 (2019: k€ 17,026) concerns the premium on the capital increase in the autumn of 1989 amounting to k€ 16,934 and the issuance of employee shares in 2014, 2015 and 2016 amounting to k€ 92.

The employee shares for the 2020 program were transferred in February 2021. No employee shares were issued in the years 2017 to 2019.

The change in the year 2016 in the regulations concerning the valuation of provisions for pensions in connection with the introduction of the 10-year average discounting rate to replace the 7-year rate resulted in a difference of k€ 5,524; this amount is blocked from distribution.

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 € 12,400,000.00 for financial year 2020 as follows:

Payment of a dividend of € 1.05 per eligible no-par-value bearer share	€ 9,988,421.10
Retained earnings	€ 2,411,578.90

(7) Provisions for pensions and similar obligations

Leifheit AG has formed provisions for pension obligations due in the form of regular pensions and widow/widower and orphans' pensions.

	31 Dec 2019	31 Dec 2020
Settlement amount of pension obligations	53,693	55,453
Plan assets	–86	–89
Recognised provisions	**53,607**	**55,364**

In terms of the direct pension obligations under the company's pension schemes, the fair value of the plan assets of pension provisions was offset against the settlement amount. On 31 December 2020, the fair value of the plan assets (equivalent to the acquisition costs) stood at k€ 89 (2019: k€ 86) and the settlement amount at k€ 252 (2019: k€ 231). Income accrued in this regard in financial year 2020 summed up to k€ 3 (2019: k€ 3).

Furthermore, the company also had pension obligations from salary conversion, where the plan assets were also offset against the settlement amount. On 31 December 2020, the fair value of the settlement amount and the plan assets (equivalent to the acquisition costs) stood at k€ 794 (2019: k€ 769).

The following biometric and economic assumptions were made when calculating the provisions:

	31 Dec 2019	31 Dec 2020
Discount rate	2.71%	2.30%
Future income trend	2.50%	2.50%
Future pension trend	1.70%	1.70%
Arithmetical final age	RVAGAnpG 2007	RVAGAnpG 2007
Mortality tables Prof. Dr K. Heubeck	2018 G	2018 G

(8) Other provisions

k€	31 Dec 2019	31 Dec 2020
Personnel	4,482	7,252
Customer bonuses	6,677	7,021
Warranties	5,132	3,471
Advertising costs	2,700	2,412
Outstanding invoices	1,741	1,841
Purchase commitments	474	895
Supervisory Board remuneration	324	626
Impending losses from derivative financial instruments	95	451
Annual financial statement costs	368	367
Claims for damages	150	150
Tax advice	115	113
Severance payments to sales representatives	132	100
Other provisions	1,661	1,772
	24,051	**26,471**

(9) Liabilities

k€	Remaining term less than one year	Remaining term 1 to 5 years	Remaining term more than 5 years	31 Dec 2020
Trade payables	12,410	–	–	12,410
Liabilities to affiliated companies	8,801	–	–	8,801
Liabilities to the company support organisation	48	45	419	512
Other liabilities	1,714	–	–	1,714
of which from taxes	624	–	–	624
of which as part of social security	708	–	–	708
	22,973	**45**	**419**	**23,437**

k€	Remaining term less than one year	Remaining term 1 to 5 years	Remaining term more than 5 years	31 Dec 2019
Trade payables	10,892	–	–	10,892
Liabilities to affiliated companies	8,738	–	–	8,738
Liabilities to the company support organisation	59	198	322	579
Other liabilities	1,256	–	–	1,256
of which from taxes	425	–	–	425
of which as part of social security	554	–	–	554
	20,945	**198**	**322**	**21,465**

Of the liabilities to affiliated companies, k€ 2,872 was attributable to intra-Group loans (2019: k€ 3,469). The remainder was attributable to trade payables, as in the previous year.

Liabilities to the company support organisation related to pension obligations to Unterstützungseinrichtung Günter Leifheit e.V. and amounted to k€ 512 (2019: k€ 579) on the balance sheet date. These liabilities concerned the fund assets held with Leifheit AG of k€ 326 (2019: k€ 366) and the obligation to make an additional contribution of k€ 186 (2019: k€ 213) that results from the valuation of the pension obligation of the pension plan. These liabilities were valued according to the projected unit credit method with the same biometric and economic assumptions as those applied in relation to the pension obligations of Leifheit AG.

None of Leifheit AG's liabilities were collateralised through lien or other similar rights.

In the reporting year, Leifheit increased its lines of credit significantly due to uncertainty surrounding COVID-19. However, the increased credit lines were not utilised during the year or as at the balance sheet date. Facility fees of k€ 34 were recognised in interest expenses. Short-term lines of credit in the amount of k€ 25,155 were available on the balance sheet date (2019: k€ 9,155). Of this amount, k€ 693 (2019: k€ 870) was used for bills of guarantee. Unused lines of credit were k€ 24,462 (2019: k€ 8,285).

Notes to the statement of profit or loss

(10) Turnover

k€	2019	2020
Household products	181,379	217,674
Sale of production materials	34,397	39,585
Income from intra-Group charges	1,060	1,056
Income from licences	577	394
Other income	52	36
	217,465	**258,745**

Turnover was broken down as follows into regions:

k€	2019	2020
Germany	94,245	107,551
Foreign countries	123,220	151,194
	217,465	**258,745**

(11) Cost of turnover

k€	2019	2020
Cost of materials	134,544	151,272
Personnel costs	6,141	6,490
Purchased services	4,475	5,397
Custom costs	1,408	1,703
IT costs and other allocations	1,515	1,627
Services	1,465	1,189
Depreciation and amortisation	553	742
Maintenance	364	501
Consumables and supplies	70	323
Licensing fees	193	113
Other cost of turnover	151	188
	150,879	**169,545**

(12) Distribution costs

k€	2019	2020
Advertising costs	9,824	18,572
Personnel costs	14,402	15,830
Freight out	9,446	9,697
Services	4,308	4,801
IT costs and other allocations	4,623	4,673
Commissions	2,311	2,776
Packaging materials	1,568	1,681
Depreciation and amortisation	870	898
Rent	272	696
Maintenance	666	572
Contractual penalties	461	493
Insurance	313	332
Cost of cars, travel and entertainment	725	330
Office and other overhead costs	125	149
Other distribution costs	583	700
	50,497	**62,200**

(13) General administrative costs

k€	2019	2020
Personnel costs	5,432	6,101
Services	1,900	1,314
IT costs and other allocations	668	702
Supervisory Board remuneration	402	690
Other administrative costs	782	516
	9,184	**9,323**

(14) Other operating income

k€	2019	2020
Foreign currency gains	4,103	4,464
Income from the reversal of provisions	4,640	2,224
Income from claims for damages	15	355
Income from the reversal of impairments	45	43
Other operating income	60	8
	8,863	**7,094**

Income attributable to other periods amounted to k€ 2,567 (2019: k€ 4,685) and resulted primarily from the reversal of provisions, value adjustments and compensation payments. Of the reversals of provisions, k€ 183 was attributable to provisions for pensions (2019: k€ 2,878).

(15) Other operating expenses

k€	2019	2020
Foreign currency losses	2,307	5,345
Research and development costs	5,374	5,323
Other operating expenses	139	139
	7,820	**10,807**

(16) Income from shareholdings

Income from shareholdings of k€ 1,200 concerned the profit distribution of Leifheit France S.A.S. (2019: k€ 5,568).

(17) Interest expenses

k€	2019	2020
Compounding of pension obligations	5,031	4,292
Other compounding	24	58
Affiliated companies	141	41
Other interest expenses	71	141
	5,267	**4,532**

(18) Income taxes

k€	2019	2020
Corporation tax	624	2,062
Trade tax	529	1,472
Income taxes of foreign subsidiaries	92	139
Income taxes	**1,245**	**3,673**

The company did not make use of the option to capitalise deferred tax assets according to section 274 para. 1 sentence 2 HGB. As a consequence, no excess deferred tax assets for differences between the commercial balance sheet and the tax balance sheet, which resulted in particular from pension provisions and provisions for impending losses, were recognised. The tax rate underpinning the calculation was 29.3%.

(19) Cost of materials

k€	2019	2020
Expenses for raw materials, consumables and supplies as well as for purchased goods	134,614	151,595
Expenses for purchased services	4,475	5,397
	139,089	**156,992**

(20) Personnel costs/employees

k€	2019	2020
Wages and salaries	26,555	28,642
Social contributions and expenses for pensions and support of which for pensions k€ 0 (2019: k€ 0)	4,705	4,681
	31,260	**33,323**

Employees on annual average (people)	2019	2020
Germany	416	404
Belgium	9	9
Italy	7	8
	432	**421**

In the reporting year, Leifheit AG received funding in a variety of countries of k€ 73 as part of government support programmes, mainly in the form of short-time work allowance for employees due to the COVID-19 pandemic. These were recognised as a reduction in personnel expenses.

Other notes

(21) Remuneration of the Board of Management and Supervisory Board

The remuneration system for the Board of Management and Supervisory Board as well as the individual remuneration are described in detail in the “Legal Information” section of the combined management report.

The following remuneration was granted to the members of the Board of Management:

k€	2019	2020
Remuneration and other short-term benefits	1,796	1,196
Benefits following the end of the employment relationship	–	–
Other long-term benefits	–	–
Benefits due to the end of the employment relationship	–	–
Share-based remuneration	2,070	–
	3,866	**1,196**

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 pension obligations for serving members of the Board of Management, as in the previous year.

The following remuneration was granted to the members of the Supervisory Board:

k€	2019	2020
Remuneration and other short-term benefits	422	660
Benefits following the end of the employment relationship	–	–
Other long-term benefits	–	–
Benefits due to the end of the employment relationship	–	–
Share-based remuneration	237	–
	659	**660**

(22) Total remuneration and provisions for pensions for former members of the Board of Management in accordance with section 285 no. 9b HGB

The total remuneration of the former members of the Board of Management and their surviving dependants amounted to k€ 512 in the reporting year (2019: k€ 498). Provisions created for the current pensions for this group of people in financial year 2020 amounted to k€ 7,282 (2019: k€ 7,169).

(23) Advances and loans to the Board of Management and/or Supervisory Board in accordance with section 285 no. 9c HGB

Neither in the previous year nor in the reporting year have any advances or loans been granted to the aforementioned group of persons.

(24) Commitments

The company holds direct liability for a guarantee loan facility in favour of a subsidiary amounting to k€ 45. In view of the financial situation of the subsidiary, there are currently no known circumstances suggesting that the aforementioned liability commitment will be utilised.

Leifheit AG has issued a letter of comfort in favour of Leifheit CZ a.s.; the maximum possible commitment under this letter of comfort is not quantified. Due to the positive business development, no utilisation is expected.

There are no further commitments as defined in section 251 HGB.

(25) Remuneration of the auditor in accordance with section 285 no. 17 HGB

The remuneration of the auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, recorded as expenses in 2020, amounted to k€ 284 for the audit of the financial statements, k€ 12 for other certification services and k€ 3 for other services.

No tax consultancy services were provided by the auditor in the year under review.

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 2020.

(26) Off-balance-sheet transactions and other financial liabilities

The company has concluded numerous insurance, maintenance, service provision and rental agreements for buildings and operating and office equipment. These contractual relationships end between January 2021 and December 2026. Obligations under these agreements total k€ 4,363 (of which k€ 2,702 with terms of less than one year, k€ 1,619 with terms of between one and five years and k€ 42 with terms of over five years). The advantages of rental and lease agreements compared to purchasing the assets in question are the neutral effect on the balance sheet and, above all, the flexibility of such agreements. Disadvantages include the fixed terms.

There were contractual obligations to purchase items of non-current assets in the amount of k€ 960 (2019: k€ 375), relating to operating and business equipment in particular. In addition, there were obligations from contracts for marketing measures amounting to k€ 10,370 (2019: k€ 3,923) and from other contracts amounting to k€ 1,114 (2019: k€ 772).

Furthermore, the following obligations existed on the reporting date on account of forward exchange transactions used to hedge exchange rates:

31 Dec 2020	Value of obligation	Foreign currency	Fair value
Buy USD/€	k€ 5,109	kUSD 5,908	k€ –308
Buy CNH/€	k€ 26,808	kCNH 218,422	k€ 86

31 Dec 2019	Value of obligation	Foreign currency	Fair value
Buy USD/€	k€ 19,769	kUSD 22,872	k€ 397
Buy CNH/€	k€ 20,576	kCNH 164,329	k€ 136
Sell CNH/€	k€ 1,101	kCNH 8,732	k€ 14

Derivative financial instruments are valued at their fair value on the balance sheet date. Bank valuations are used to measure the fair values of derivative financial instruments. These valuations are calculated using arm's length valuation methods in consideration of the market data available on the valuation date. Under the valuation principles of German commercial law, negative valuation results are recognised through profit or loss. By contrast, positive valuation results are not accounted for. The valuation of existing forward exchange transactions as at the balance sheet date resulted in a negative market value of k€ 451 (2019: k€ 95), which was recognised as an impending loss from derivative financial instruments in other provisions.

Forward exchange transaction serve to mitigate future currency risk. There is an opportunity risk if the hedged exchange rates develop negatively.

(27) Treasury shares

Including the treasury shares purchased and issued in previous years, Leifheit holds 490,970 treasury shares as at 31 December 2020. This corresponds to 4.91% of the share capital. The corresponding interest in the share capital is k€ 1,473. An amount of k€ 7,445 was expended for this.

No treasury shares were purchased or used in the reporting year, as 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.

(28) Information under takeover law in accordance with section 289a para. 1 HGB

Please refer to the combined management report for information under takeover law in accordance with section 289a para. 1 HGB.

(29) Group affiliation

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

(30) Declaration in accordance with section 161 AktG

In December 2020, 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 conformity is permanently available on the company's website at **corporate-governance.leifheit-group.com**.

(31) 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]
August 2020	MainFirst SICAV	Senningerberg (LU)	Section 33	5.02%	502,340
April 2020	EQMC Europe Development Capital Fund plc.	Dublin (IE)	Section 33	10.44%	1,043,560
March 2020	Alantra EQMC Asset Management, SGIIC, S.A.	Madrid (ES)	Section 34	10.17%	1,017,391
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 of the German securities trading act (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.

(32) List of shareholdings in accordance with section 285 no. 11 HGB

		Equity as at 31 Dec 2020		of which net profit 2020	
	Share in %	In 1,000 currency units[1]	In k€[2]	In 1,000 currency units[1]	In k€[2]
Direct shareholdings					
Leifheit CZ a.s., Hostivice – CZ	100.0	CZK –742	–28	CZK 9,691	366
Leifheit España S.A., Madrid – ES	100.0	EUR 1,144	1,144	EUR 127	127
Leifheit International U.S.A. Inc., Hauppauge (NY) – US	100.0	USD 2,234	1,933	USD 205	179
Leifheit France S.A.S., Paris – FR	100.0	EUR 25,854	25,854	EUR 2,715	2,715
Leifheit Distribution S.R.L., Bucharest – RO	100.0	RON 1,121	232	RON 357	74
Leifheit s.r.o., Blatná – CZ	100.0	CZK 306,479	11,627	CZK 17,290	654
Soehnle GmbH, Nassau – DE	100.0	EUR 85	85	EUR 0	0
Leifheit Polska Sp. z o.o., Warsaw – PL	100.0	PLN 2,639	595	PLN 1,014	228
Leifheit Österreich GmbH, Wiener Neudorf – AT	100.0	EUR 1,633	1,633	EUR 267	267
Guangzhou Leifheit Trading Co., Ltd, Guangzhou – CN	100.0	CNY 3,902	493	CNY 615	78
Indirect shareholdings[3]					
Birambeau S.A.S., Paris – FR	100.0	EUR 2,593	2,593	EUR 1,192	1,192
Leifheit-Birambeau S.A.S., Paris – FR	100.0	EUR 1,441	1,441	EUR 236	236
Herby Industrie S.A.S., La Loupe – FR	100.0	EUR 2,399	2,399	EUR 702	702

[1] Information concerning equity and net profit for the year was determined in accordance with local accounting standards.
[2] Equity amounts denominated in foreign currencies were converted into euros according to the exchange rates on the reporting date, whereas net profit amounts were converted using average exchange rates during the year.
[3] Through Leifheit France S.A.S.

(33) Events after the balance sheet date

The ongoing COVID-19 pandemic remains a factor in 2021 with consequences for the economy as a whole and the business activities of the Leifheit Group itself that are difficult to assess.

The majority of our products are manufactured at the Group's European locations. Here, the company continuously monitors the supply of raw materials and semi-finished parts to ensure production. In addition, we rely on a network of partners and suppliers in Europe and Asia.

As of mid-March 2021, the Leifheit Group is not affected by declines in turnover or massive supply bottlenecks. However, the global increase in steel and plastic prices is currently having a negative impact on procurement costs. In addition, increased border controls from high-risk regions such as the Czech Republic, for example, are affecting freight traffic.

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.

(34) Estimates and exercising discretion in accounting

The preparation of financial statements requires estimates and assumptions to be made by the management, which may influence reported amounts and associated information in the notes to the financial statements. All estimates and assumptions are made to the best of the company's knowledge and ability to provide a true and fair reflection of Leifheit AG's net assets, financial position and results of operations.

Organs of Leifheit AG

The profiles of the members of the Supervisory Board and Board of Management are available on our 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]
Igor Iraeta Munduate Born 1974 Nationality: Spanish Place of residence: Waiblingen, Germany	Member (COO) since 1 Nov 2018	31 Oct 2022	Production, Logistics, Procurement, Development, Quality Management	None
Henner Rinsche Born 1970 Nationality: German Place of residence: Frankfurt/Main, Germany	Member and CEO since 1 June 2019, CFO since 1 Apr 2020	31 May 2022	Marketing, Sales, Birambeau and Herby divisions, HR, Legal/IP and since 1 Apr 2020 Finance, Controlling, Audit, Business Processes/IT, Investor Relations, ESG issues	None
Ivo Huhmann (resigned) Born 1969 Nationality: German Place of residence: Wiesbaden, Germany	Member from 1 Apr 2017 (CFO from 25 May 2017) until 31 Mar 2020	–	Finance, Controlling, Audit, Business Processes/IT, 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

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 of the Supervisory Board for financial year 2023.

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, Germany, Zuzenhausen site	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, Germany, Chairman of the Supervisory Board [2]
Georg Hesse Born 1972 Nationality: German Chairman of the Board of Management (CEO) of HolidayCheck Group AG, Munich, Germany, until 30 Apr 2020	Member since 30 May 2018	None
Karsten Schmidt Born 1956 Nationality: German Independent consultant, Penzberg, Germany	Member and Deputy Chairman since 29 May 2019	None
Thomas Standke [1] Born 1968 Nationality: German Toolmaker at Leifheit AG, Nassau/Lahn, Germany	Member since 27 May 2004	None
Dr Claus-O. Zacharias Born 1954 Nationality: German Independent consultant, Düsseldorf, Germany	Member since 29 May 2019	Severin Elektrogeräte GmbH, Sundern, Germany, Member of the Advisory Board [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.

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**	Member since 2 Apr 2019 Member and Chairman since 29 May 2019
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, 23 March 2021

Leifheit AG

The Board of Management

Henner Rinsche Igor Iraeta Munduate

Responsibility statement

We declare that, to the best of our knowledge and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of Leifheit Aktiengesellschaft, and the management report, which is combined with the consolidated management report, presents a true and fair view of the business, results and situation of Leifheit Aktiengesellschaft, together with the principal opportunities and risks associated with the expected development of Leifheit Aktiengesellschaft.

Nassau/Lahn, 23 March 2021

Leifheit AG

The Board of Management

Henner Rinsche Igor Iraeta Munduate

Auditor's report

To Leifheit AG, Nassau/Lahn

Report on the audit of the annual financial statements and of the combined management report

Opinions

We have audited the annual financial statements of Leifheit Aktiengesellschaft, Nassau/Lahn, which comprise the balance sheet as at 31 December 2020, and the income statement for the financial year from 1 January to 31 December 2020, and notes to the financial statements, including the recognition and accounting policies presented therein. In addition, we have audited the management report of Leifheit Aktiengesellschaft and the Group (combined management report) for the financial year from 1 January to 31 December 2020. In accordance with German legal requirements, we have not audited 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 annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020, and of its financial performance for the financial year from 1 January to 31 December 2020, in accordance with German legally required accounting principles, and
- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the annual 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 [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

Basis for the opinions

We conducted our audit of the annual financial statements and combined management report in accordance with Section 317 HGB and 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 annual 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 Annual Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the Company 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 annual financial statements and on the combined management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2020. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

- **Impairment testing of shares in the affiliated company Leifheit France S.A.S. and loans to Leifheit France S.A.S. and its subsidiaries Birambeau S.A.S. and Herby Industrie S.A.S.**

Please refer to the section "Accounting policies" of the notes to the financial statements for more information on the accounting policies applied. Disclosures on business performance can be found in the combined management report in the section titled "Assets, liabilities, financial position and financial performance" as well as the section "Supplementary Information on Leifheit Aktiengesellschaft (HGB)".

The financial statement risk

In the annual financial statements of Leifheit AG as at 31 December 2020, financial assets included shares held in affiliated companies in the amount of EUR 28.0 million (PY: EUR 28.0 million) as well as loans to affiliated companies in the amount of EUR 40.6 million (PY: EUR 30.4 million). These relate in particular to Leifheit France S.A.S., Paris and its French subsidiaries Birambeau S.A.S, Paris, and Herby Industrie S.A.S., La Loupe, and therefore have a significant influence on the Company's assets and liabilities.

Shares in affiliated companies are recognised at cost or, if they are expected to be permanently impaired, at their lower fair value. Loans are stated at their nominal values less any necessary impairment loss allowances (lower fair value). The Company calculates fair value using the discounted cash flow method.

The cash flows used for the discounted cash flow method are based on individual projections for each investment for the next year, which are extrapolated based on assumptions of long-term growth rates. The country-specific weighted capitalisation interest rate is derived from the return on an alternative investment with comparable risk. If the fair value is lower than the carrying amount, qualitative and quantitative criteria are used to assess whether or not the impairment is expected to be permanent.

Calculation of the fair value according to the discounted cash flow method is, as regards the assumptions made, based largely on estimates and assessments of the Company. This includes, among other things, the expected business and earnings development of Leifheit France S.A.S., prepared by the Board of Management and approved by the Supervisory Board, which is influenced by the expected business and earnings development of its French subsidiaries. Furthermore, this applies in particular to the estimate of the assumed growth rates and the discount rate used.

Due to the stagnant level of the earnings situation at the indirect investments Birambeau S.A.S. and Herby Industrie S.A.S., there is a risk that the sales targets for these companies expected by the Board of Management will not be met in the future. 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 shares in and loans to Leifheit France S.A.S. as well as loans to Birambeau S.A.S. and Herby Industrie S.A.S.

The Company did not recognise impairment losses on shares in and loans to Leifheit France S.A.S. nor on loans to Birambeau S.A.S. and Herby Industrie S.A.S. in financial year 2020.

There is a risk for the annual financial statements that the carrying amounts of shares in and loans to Leifheit France S.A.S. as well as the carrying amounts of the loans to Birambeau S.A.S. and Herby Industrie S.A.S. are impaired.

Our audit approach

Using surveys and discussions with the Company's representatives, we obtained an understanding of the process used to identify necessary impairment losses on shares in and loans to affiliated companies. By involving our valuation specialists, we assessed, among other things, the appropriateness of the key assumptions and calculation methods of the Company. As changes to expected revenue and earnings performance for the entities can significantly impact on the result of the impairment test of shares in and loans to Leifheit France S.A.S. as well as loans to Birambeau S.A.S. and Herby Industrie S.A.S., we discussed, in particular, the data used for measurement, namely their expected business and earnings development including the assumed growth rates, with those responsible for planning. We also checked whether the planning on which measurement is based is in line with the budgets approved by the Board of Management and the Supervisory Board.

We also confirmed the accuracy of the Company's previous forecasts by comparing the budgets of previous financial years with actual results and analysing deviations. To this end, we examined 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 Leifheit France S.A.S., in particular the risk-free interest rate, the market risk premium and the beta factor, with our own assumptions and publicly available data

To ensure the computational accuracy of the measurement method used, we verified the Company's calculations.

Our observations

The valuation method used for the impairment testing of shares in Leifheit France S.A.S. and loans to Leifheit France S.A.S. and its subsidiaries Birambeau S.A.S. and Herby Industrie S.A.S. is appropriate and in line with the accounting policies.

The assumptions and data used in the measurement of shares in and loans to Leifheit S.A.S. and loans to their French subsidiaries are appropriate.

- **Completeness and accuracy of other provisions for customer bonuses**

The disclosures on other provisions can be found in the sections "Accounting policies" and "Other provisions" (Section 8) of the notes to the financial statements.

The financial statement risk

The annual financial statements of Leifheit AG recognise other provisions for customer bonuses in the amount of EUR 7.0 million (EUR 6.7 million).

There are numerous individual terms and conditions agreements in place with the Company's customers, which are generally updated on an annual basis in the course of negotiations. Therefore, the complete and accurate recognition of other provisions for customer bonuses is complex and requires the assurance that existing customer agreements are recorded in full and that the calculation of the resulting provisions is computationally accurate.

There is the risk for the annual financial statements that other provisions for customer bonuses were not recognised in full or in an incorrect amount.

Our audit approach
Using surveys and discussions with the Company's representatives, we obtained an understanding of the process of recording provisions arising from customer bonuses. We evaluated the accounting policies applied for other provisions for customer bonuses 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 revenue reduction rates compared with the prior year and for which customers with high sales revenues only low revenue reduction expenses were recognised.

For these customers, we inspected contracts to verify that the calculation of the revenue reduction expenses was correct by reconciling with the individual agreements. Based on the provisions ratio of the prior year (provisions as a ratio of revenue reduction expenses), an expected value of provisions was calculated by applying the determined percentage rate on revenue reduction expenses in financial year 2020 and deviations with the amount of the provision actually set up were analysed. In addition, a statistical method was used to analyse the population of all postings of revenue reduction expenses for a period of time after the reporting date in order to determine whether the revenue reductions were fully recognised on an accrual basis. Finally, the computational accuracy of the provisions arising from customer bonuses was verified.

Our observations
Leifheit AG's approach for determining provisions for customer bonuses is appropriate.

- Revenue recognition on an accrual basis
The disclosures made by the Company on the recognition of revenue are contained in the section “Accounting policies” of the notes to the financial statements.

The financial statement risk
Leifheit AG's revenue amounted to EUR 258.7 million in financial year 2020 (PY: EUR 217.5 million).

The Company's key markets are in Germany and Central Europe. For supplies of products, in some cases different Incoterms are agreed. The Incoterms set down the transfer of risk and thereby also the date of revenue recognition.

Due to the use of various contractual agreements and the differing transport times to different markets for the same number of supplies, there is the risk for the annual financial statements that revenue is not recognised on an accrual basis as at the reporting date.

Our audit approach
Using surveys and discussions with the Company'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.

To examine whether revenue is recognised on an accrual basis, we assessed the design, setup and effectiveness of internal controls relating to shipment of goods and invoicing, and in particular with regard to the review of the transfer of risk.

Based on outgoing goods 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.

Furthermore, a statistical selection procedure was used to check whether merchandise in transit recognised in the balance sheet includes merchandise that is delivered directly to the customer (drop shipment) and for which the revenue recognition criteria are already met.

Our observations
Leifheit AG's approach for revenue recognition cut-off 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 financial report (annual report). The other information does not include the combined management report information audited for content and our auditor's report thereon.

Our opinions on the annual 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 annual financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

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

Responsibilities of the Board of Management and Supervisory Board for the annual financial statements and the combined management report

The Board of Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the Board of Management is responsible for such internal control as it, in accordance with German legally required accounting principles, has determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Board of Management is responsible for assessing the Company'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, provided no actual or legal circumstances conflict therewith.

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 Company's position and is, in all material respects, consistent with the annual 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 Company's financial reporting process for the preparation of the annual financial statements and of the combined management report.

Auditor's responsibilities for the audit of the annual financial statements and the combined management report

Our objectives are to obtain reasonable assurance about whether the annual 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 Company's position and, in all material respects, is consistent with the annual 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 annual 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 annual 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 misstatement of the annual 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 opinions. 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 annual 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 Company'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 annual 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 Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the combined management report with the annual financial statements, its conformity with [German] law, and the view of the Company'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 annual 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 (3b) 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 (3b) HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and the combined management report (hereinafter the "ESEF documents") contained in the file that can be downloaded by the issuer from the electronic client portal with access protection, „JA.xhtml" (SHA256-Hashwert: d2521d33 78f2e524b1d6cab026c2d9fd8235905402df578d194bb621 4f3bce9f), 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 annual 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 annual 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 annual financial statements and the accompanying combined management report for the financial year from 1 January 2020 to 31 December 2020 contained in the „Report on the Audit of the Annual Financial Statements and of the Combined Management Report" above.

We conducted our audit work of the reproduction of the annual financial statements and the combined management report contained in the above-mentioned electronic file in accordance with Section 317 (3b) HGB and the Exposure Draft of the IDW Auditng Standard: Audit in accordance with Section 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410). 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 annual 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 Company's management is also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited annual financial statements and audited combined management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

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 ESEF documents enable an XHTML reproduction with content equivalent to the audited annual financial statements and the audited combined management report.

Further information according to Article 10 of the EU Audit Regulation

We were elected as auditor at the Annual General Meeting on 30 September 2020. We were engaged by the Supervisory Board on 2 November 2020. We have been the 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).

In addition to the financial statement audit, we also performed the audit of the consolidated financial statements of Leifheit AG.

The fee for audit services of KPMG AG Wirtschaftsprüfungsgesellschaft related to the audit of the annual financial statements and the consolidated financial statements of Leifheit AG, Nassau, including legal engagement extensions. Other assurance services relate to the assurance engagement of the separate non-financial consolidated report of Leifheit AG, Nassau, in the form of an engagement with limited assurance. In addition, other services were provided in connection with the provision of publicly available market data.

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 file that can be downloaded by the issuer from the electronic client portal with access protection, „JA.xhtml“ (SHA256-Hashwert: d2521d3378f2e524b1d6cab026c2d9fd8235905402d f578d194bb6214f3bce9f), and prepared for publication purposes, based on our audit duly completed on 23 March 2021, and our supplementary audit completed on 22 April 2021, 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, 23 March 2021 / limited to the assessment of the ESEF documents specified in the information on the supplementary audit: 22 April 2021

KPMG AG Wirtschaftsprüfungsgesellschaft

Original German version signed by

gez. Hargarten	gez. Eifert
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Information, Disclaimer, Legal notice

Additional information on the website

In addition to these annual financial statements, the combined management report of Leifheit AG and Leifheit Group, the consolidated financial statements, the report of the Supervisory Board, the sustainability 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.

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, such as statements on the future market environment and economic conditions, the behaviour of other market participants and government measures. If one of these uncertain or unforeseeable factors occurs or the assumptions on which these statements are based prove inaccurate, actual results could differ materially from the results cited explicitly or contained implicitly in these statements.

Leifheit neither intends to, nor does it accept any specific obligation to, update forward-looking statements to reflect events or developments after the date of this report.

Discrepancies due to technical factors

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

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

Legal notice

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