

# Quarterly statement for the period ending 31 March 2020

## At a glance

- Group turnover grew significantly by 6.8% to m€ 68.7
- Group EBIT at m€ 4.3 after m€ 3.9 in the previous year – a plus of 9.4%
- EBIT adjusted for foreign currency result increased by 30.3%
- Gross margin improved by focusing on higher-margin product mix and cost-savings measures
- Negative cash flow mainly due to turnover-related increase in receivables
- TV campaign leads to rising consumer demand for advertised products and strengthens the brand
- Effects of the COVID-19 pandemic on business development in 2020 cannot yet be assessed

## Key figures of the Group as at 31 March

	2019	2020	Change
<b>Turnover</b>			
Group	m€	64.3	68.7
Household	m€	52.1	56.9
Wellbeing	m€	5.2	6.2
Private Label	m€	7.0	5.6
Foreign share	%	55.3	58.3
<b>Profitability</b>			
Gross margin	%	42.9	44.7
Cash flow from operating activities	m€	0.1	-9.6
Free cash flow	m€	-0.8	-11.1
EBIT adjusted for foreign currency result	m€	3.4	4.4
Foreign currency result	m€	0.5	-0.2
EBIT	m€	3.9	4.3
EBIT margin	%	6.0	6.2
EBT	m€	3.5	4.0
Net result for the period	m€	2.5	2.9
EPS	€	0.26	0.31
<b>Investments</b>			
	m€	1.0	1.6
			64.2%

## Foreword

### Dear Shareholders,

Leifheit has made a successful start to the financial year 2020. Overall, we achieved significant growth in turnover and earnings in the reporting period. In Germany, the TV campaign got off to a good start and led to a strong 10% year-on-year increase in turnover in the first two months of 2020, when our business was not yet affected by the COVID-19 pandemic. Particularly strong sales figures were posted by our advertised products such as the Profi wiper system and Linomatic rotary dryers.

In the Netherlands, we were able to grow by almost 43% in the reporting period following intensified investment in consumer advertising. In Belgium as well as in Switzerland, we achieved significant turnover growth of 49% and 44% respectively against the background of TV advertising. Turnover in Romania grew by more than 50% in the first quarter, although still at a low level. Poland also proved to be a turnover driver with significant growth of 39%. Thus, we also benefited significantly from the increased marketing activities in these markets. This development confirms that we are following the right strategy with our increased investment in consumer advertising and a higher-margin product mix.

Since mid-March, the effects of the COVID-19 pandemic have been noticeable on the business also for Leifheit and they will affect the business development, particularly in the second quarter. Not least the pandemic has led to a loss of important distribution channels. On the one hand, stationary trade was completely closed in many sales markets. As a result, key retailers for the

Group such as DIY stores, electrical retailers and hypermarkets have disappeared. On the other hand, due to the current exceptional situation and limited storage capacities, online retailers have focused on essential everyday goods. We expect this trend to be gradually reversed and anticipate that sales figures will gradually rise again from May onwards due to a renewed increase in demand from leading online retailers and the reopening of stationary retail. Our own online shops will also support us in this.

Nevertheless, due to the high degree of uncertainty, we are still unable to estimate the impact of the COVID-19 pandemic on the Leifheit Group's business development and its financial and earnings position in the current year 2020. They depend on the duration of the coronavirus-related restrictions and the economic consequences of the crisis. To ensure that the Leifheit Group is well prepared for the current challenges, we are moving ahead with our cost-reduction measures within the Group. These include cost reduction in the procurement of raw materials for our production and in the area of logistics. We will continue to work intensively on making Group structures more efficient in the remainder of the financial year 2020. The significant increase in the relative gross margin in the reporting period shows that we are making the desired progress, particularly through a higher-margin product mix and the efficiency measures we have taken.

In the current crisis situation, the solidarity of the people is more than impressive. We, as a company, also want to make a contribution to society and are donating 2,000 sets of our Profi

wiper system to 1,000 retirement homes in Germany. The Profi floor wiper, which was awarded the test rating "very good" by the magazine "Haus und Garten Test", ensures hygienic cleanliness, which is particularly important in retirement homes in times of a pandemic. As a result of their age and previous illnesses, senior citizens have an increased risk of infection.

For 2020, we still have numerous plans and want to emerge stronger from this current situation. We will continue to pursue our strategic initiatives. In concrete terms, this means: reducing costs within the Group, improving our product ranges and attracting even more consumers to our multiple award-winning products. In the second half of the year, we also intend to step up our efforts to reach consumers with TV campaigns and joint campaigns with retailers, provided that further developments in connection with the COVID-19 pandemic allow this. The good start to the year is an incentive for us to continue along the path we have taken with great motivation and commitment.

The Board of Management

Henner Rinsche Igor Iraeta Munduate

# Quarterly statement for the period ending 31 March 2020

## Business performance

The Leifheit Group generated turnover of m€ 68.7 in the first quarter of 2020, significantly up on the previous year's figure of m€ 64.3. The Leifheit brand, which is advertised on TV, in particular recorded a significant increase in turnover of 9.3%. However, the Group also increased segment turnover in the much smaller Wellbeing segment with the Soehnle brand products by 18.0% compared with the previous year.

By region, the Leifheit Group recorded double-digit growth in turnover in almost all markets. The only exception was the German domestic market, which showed only stable overall growth, but displayed a clear positive trend against the background of the TV campaigns. Due to the significant turnover growth in Central Europe, Eastern Europe and in the markets outside Europe, foreign turnover increased accordingly by m€ 4.5 to m€ 40.0 (previous year: m€ 35.5). The share of foreign turnover thus stood at 58.3% in the first quarter of 2020 (previous year: 55.3%).

The business development in the first quarter of 2020 shows that the increased investment in marketing, especially in TV advertising, is paying off and is contributing to greater consumer demand. As far as further developments in connection with the COVID-19 pandemic allow, Leifheit will systematically continue its marketing activities in selected markets over the year, in line with increased consumer communication.

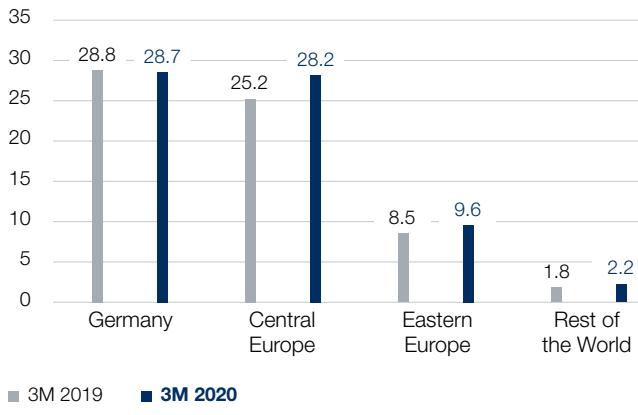
## Group turnover by region

### Germany

In Germany, the TV advertising campaign got off to a good start and led to strong growth in the domestic market of around 10% year-on-year in the first two months of 2020. The Leifheit Profi wiper system and Linomatic rotary dryers, which were at the heart of the campaign, made a significant contribution to this growth: turnover in both product groups in January and February 2020 was up by more than 50% compared with the same period in the previous year. However, against the background of the COVID-19 pandemic, the situation in the German retail sector has changed significantly since March. Important sales channels for Leifheit and Soehnle products have been closed, and online retailers are focusing their product ranges on essential everyday goods. In the first quarter of 2020, turnover in Germany was therefore stable overall at m€ 28.7 (previous year: m€ 28.8).

### Group turnover by region

in m€



### Central Europe

Turnover in the Central Europe region rose by 12.1% from m€ 25.2 to m€ 28.2 in the first three months of 2020. In the Netherlands in particular, the Leifheit Group achieved significant growth in turnover. Following the investments in consumer advertising, which were launched in the third quarter of 2019 and subsequently intensified, the Leifheit Group continued the growth trend of the final quarter of 2019. The Group also posted significant turnover growth in Belgium and Switzerland. Effective TV commercials made a major contribution to the positive turnover development. In France, the largest market in the Central Europe region, significant growth with the Leifheit brand offset declines in the Private Label segment.

### Eastern Europe

In Eastern Europe, the Group continued to record strong growth in turnover, which increased by 13.7% to m€ 9.6 (previous year: m€ 8.5) compared to the first quarter of the previous year. In Slovakia and Romania, the Leifheit Group posted significant turnover growth of over 50%. Poland also proved to be a turnover driver, with significant double-digit growth. Overall, Leifheit also benefited from increased marketing activities in these markets.

### Rest of the world

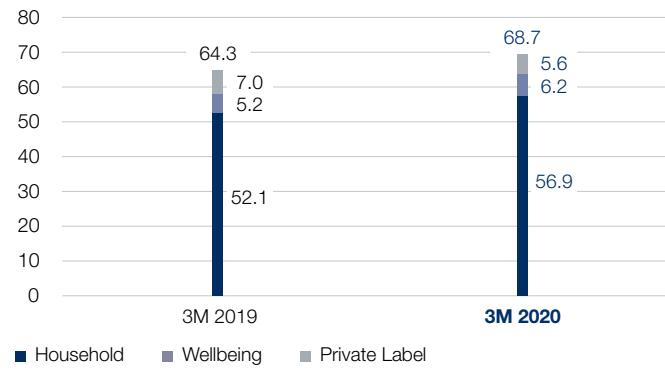
Outside Europe, Leifheit generated consolidated turnover of m€ 2.2 in the first quarter of 2020 (previous year: m€ 1.8) – up 14.0%. Business in the US made a particularly strong contribution to the continuing positive turnover trend. Turnover in the Far East also increased significantly.

## Group turnover by segment

A distinction is drawn between the following reportable segments:

- the **Household** segment, in which we market 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 and Herby, which includes kitchen goods and laundry care products created especially for private-label brands.

**Group turnover by segment**  
in m€



### Household

In the highest-turnover Household segment, which sells Leifheit brand products, the Group posted a significant 9.3% increase in turnover to m€ 56.9 (previous year: m€ 52.1).

Within the Household segment, the product category cleaning in particular showed double-digit growth. The Leifheit Profi floor wipers and Profi wiper covers were particularly in demand. Here, TV campaigns in Germany and selected European markets at the beginning of the year led to an increase in consumer demand. The new cordless 2in1 vacuum cleaner and wiper Regulus Aqua PowerVac, as well as the steam cleaner CleanTenso, also contributed to growth in this category.

The laundry care category also developed positively, mainly due to successful special offers in conjunction with increased TV advertising.

### Wellbeing

In the significantly smaller Wellbeing segment, the Group achieved turnover growth of 18.0% from m€ 5.2 to m€ 6.2 with the Soehnle brand. Successful promotions in the Soehnle medical product category and the strong demand for air treatment products contributed significantly to this development.

### Private Label

The Private Label segment, which mainly distributes private labels through its French subsidiaries Birambeau and Herby, continued to decline in the first quarter of 2020. In view of the COVID-19 pandemic and the associated far-reaching restrictions in the French retail business, turnover fell from m€ 7.0 in the same period last year to m€ 5.6.

## Net assets, financial position and results of operations

In the first three months of 2020, the Leifheit Group achieved earnings before interest and taxes (EBIT) of m€ 4.3 (previous year: m€ 3.9). Adjusted for foreign currency results, EBIT totalled m€ 4.4 (previous year: m€ 3.4), an increase of m€ 1.0.

Additional contribution margins from the increase in turnover, as well as a significant increase in the relative gross margin, led to an increase in gross profit of m€ 3.1. The improvement in the gross margin is mainly due to the concentration on a higher-margin product mix. This was offset by the planned increase in advertising costs of m€ 2.2 due to the major TV offensive. Research and development, as well as administrative costs and other expenses and income, remained more or less constant compared with the previous year.

In the first quarter of 2020, exchange rate developments, especially of the Czech koruna, led to a decrease in foreign currency earnings of m€ 0.7, which amounted to m€ -0.2 after m€ 0.5 in the same period last year. This decline is mainly due to the foreign currency valuation of cash and cash equivalents, receivables and liabilities on the reporting date.

Earnings before taxes (EBT) amounted to m€ 4.0 (previous year: m€ 3.5). After taxes, the net result for the first quarter of 2020 was m€ 2.9 (previous year: m€ 2.5).

Group liquidity decreased by m€ 11.3 in the first three months of 2020 and amounted to m€ 39.0 as at 31 March 2020. The cash outflow from operating activities amounted to m€ 9.6 in the

reporting period (previous year: cash inflow of m€ 0.1). While receivables rose by m€ 11.6 in the same period of the previous year, they increased by m€ 17.2 in the first quarter of 2020 as a result of the increase in turnover. Liabilities decreased by m€ 2.2. This was offset by a decrease in inventories of m€ 1.7 and other short-term receivables of m€ 2.9. At m€ 1.6, investments in the first quarter of 2020 were up on the previous year's level (previous year: m€ 1.0). Free cash flow in the first quarter of 2020 therefore amounted to m€ –11.1 (previous year: m€ –0.8).

The balance sheet total fell by m€ 2.5 to m€ 212.1 compared to 31 December 2019. The increase in trade receivables was more than offset by the decrease in cash and cash equivalents and other assets. On the liabilities side, the increase in equity was more than offset by the decrease in pension obligations and trade payables. The equity ratio rose to 47.6% (31 December 2019: 44.8%).

## Risks

The risks for the Leifheit Group were described in detail in the combined management report for the year ending 31 December 2019. In the period under review, there were no significant changes in the main risks for the remaining months of the financial year. The ongoing COVID-19 pandemic also did not lead to any significant changes in risk assessment in this context. Since mid-March, the global restrictions in the trading business have been impacting the planned turnover growth.

## Turnover and earnings forecast for the current financial year 2020

As published in March, the Board of Management made a forecast for the financial year 2020 prior to the potential impact of the coronavirus crisis. Due to the continuing spread of the coronavirus and the associated high degree of uncertainty, it is still not possible to estimate the impact of the COVID-19 pandemic on the Leifheit Group's business development and financial and earnings position in the current year 2020.

The effects of the COVID-19 pandemic on the business have been noticeable since mid-March and continue to affect business development, especially in the second quarter. However, the extent to which they will affect the year 2020 as a whole will depend on the duration of the coronavirus-related restrictions and the economic consequences of the crisis.

The Board of Management is confident that Leifheit will emerge stronger from the current situation. The company is in a solid financial position, and the positive business performance in the first quarter of 2020 shows that the increased investment in marketing, particularly in TV advertising, is paying off and is contributing to greater consumer demand. In view of the successful start to the financial year, the Board of Management will – as far as further developments in connection with the COVID-19 pandemic allow – forcefully continue the strategic initiatives and approach consumers more intensively with TV campaigns and joint activities with retailers, while at the same time pushing ahead with cost-cutting initiatives and improving product ranges.

Further information can be found in the most recently published annual financial report for the Leifheit Group for financial year 2019. At [financial-reports.leifheit-group.com](http://financial-reports.leifheit-group.com), the report is available on our website.

## Statement of comprehensive income

	1 Jan to 31 Mar 2019	1 Jan to 31 Mar 2020
<b>k€</b>		
Turnover	64,340	68,713
Cost of turnover	-36,759	-38,029
<b>Gross profit</b>	<b>27,581</b>	<b>30,684</b>
Research and development costs	-1,444	-1,198
Distribution costs	-18,408	-20,698
Administrative costs	-4,402	-4,532
Other operating income	254	237
Other operating expenses	-172	-49
<b>EBIT adjusted for foreign currency result</b>	<b>3,418</b>	<b>4,444</b>
Foreign currency result	476	-192
<b>EBIT</b>	<b>3,885</b>	<b>4,252</b>
Interest income	1	3
Interest expenses	-346	-250
Net other financial result	-	-4
<b>EBT</b>	<b>3,540</b>	<b>4,001</b>
Income taxes	-1,048	-1,081
<b>Net result for the period</b>	<b>2,492</b>	<b>2,920</b>
Contributions that are not reclassified in future periods in the statement of profit or loss		
Actuarial gains/losses on defined benefit pensions plans	-4,198	4,325
Income taxes from actuarial gains/losses on defined benefit pensions plans	1,230	-1,267
Contributions that may be reclassified in future periods in the statement of profit or loss		
Currency translation of foreign operations	13	-784
Currency translation of net investments in foreign operations	-45	-1,096
Income taxes from currency translation of net investments in foreign operations	13	321
Net result of cash flow hedges	702	511
Income taxes from cash flow hedges	-210	-141
<b>Other comprehensive income</b>	<b>-2,495</b>	<b>1,869</b>
<b>Comprehensive income after taxes</b>	<b>-3</b>	<b>4,789</b>
<b>Earnings per share based on net result for the period (diluted and undiluted)</b>	<b>€ 0.26</b>	<b>€ 0.31</b>

## Balance sheet

Quarterly statement for the period ending 31 March 2020

Leifheit Group

k€	31 Dec 2019	31 Mar 2020
<b>Current assets</b>		
Cash and cash equivalents	50,301	39,000
Trade receivables	44,400	61,567
Inventories	45,850	44,125
Income tax receivables	1,418	589
Contractual assets	1,017	902
Derivative financial instruments	730	1,317
Other current assets	4,248	1,323
<b>Total current assets</b>	<b>147,964</b>	<b>148,823</b>
<b>Non-current assets</b>		
Intangible assets	18,295	18,623
Tangible assets	36,948	35,280
Right of use assets from leases	1,596	1,415
Deferred tax assets	9,694	7,838
Derivative financial instruments	1	–
Other non-current assets	112	112
<b>Total non-current assets</b>	<b>66,646</b>	<b>63,268</b>
<b>Total assets</b>	<b>214,610</b>	<b>212,091</b>
<b>Current liabilities</b>		
Trade payables and other liabilities	40,680	38,434
Income tax liabilities	89	52
Other provisions	5,701	5,785
Derivative financial instruments	6	–
Lease liabilities	687	736
<b>Total current liabilities</b>	<b>47,163</b>	<b>45,007</b>
<b>Non-current liabilities</b>		
Provisions for pensions and similar obligations	66,855	62,245
Other provisions	2,655	2,902
Deferred tax liabilities	744	221
Derivative financial instruments	37	–
Lease liabilities	913	684
<b>Total non-current liabilities</b>	<b>71,204</b>	<b>66,052</b>
<b>Equity</b>		
Subscribed capital	30,000	30,000
Capital surplus	17,026	17,026
Treasury shares	-7,445	-7,445
Retained earnings	70,777	73,697
Other reserves	-14,115	-12,246
<b>Total equity</b>	<b>96,243</b>	<b>101,032</b>
<b>Total equity and liabilities</b>	<b>214,610</b>	<b>212,091</b>

## Statement of cash flow

	1 Jan to 31 Mar 2019	1 Jan to 31 Mar 2020
k€		
Net result for the period	2,492	2,921
Depreciation and amortisation	1,918	1,975
Change in provisions	−277	49
Result from disposal of fixed assets and other non-current assets	6	−9
Change in inventories, trade receivables and other assets not classified as investment or financing activities	−6,680	−10,376
Change in trade payables and other liabilities not classified as investment or financing activities	3,203	−4,221
Other non-cash expenses and income	−548	111
<b>Cash flow from operating activities</b>	<b>114</b>	<b>−9,550</b>
Proceeds from the sale of tangible assets and other non-current assets	52	16
Outflow for the acquisition of tangible and intangible assets	−966	−1,586
<b>Cash flow from investment activities</b>	<b>−914</b>	<b>−1,570</b>
Outflow for lease liabilities	−169	−180
<b>Cash flow from financing activities</b>	<b>−169</b>	<b>−180</b>
Change in cash and cash equivalents	−969	−11,300
Change in cash and cash equivalents due to exchange rates	22	−1
Cash and cash equivalents at the start of the reporting period	50,932	50,301
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>49,985</b>	<b>39,000</b>

## Segment reporting

Key figures by reportable segments as at 31 March 2020 in m€	Household	Wellbeing	Private Label	Total
Turnover	56.9	6.2	5.6	68.7
Gross profit	26.8	2.6	1.3	30.7
Segment result (EBIT)	4.1	0.4	−0.2	4.3

Key figures by reportable segments as at 31 March 2019 in m€	Household	Wellbeing	Private Label	Total
Turnover	52.1	5.2	7.0	64.3
Gross profit	23.1	2.4	2.1	27.6
Segment result (EBIT)	3.3	0.2	0.4	3.9

Information on the segments and their management is available in our annual financial report 2019.

## Additional information

This quarterly statement corresponds to section 53 of the exchange rules for the Frankfurter Wertpapierbörsse. It is not a quarterly financial report according to the requirements of section 115 WpHG. It was neither audited nor reviewed by an auditor. The results of the current reporting quarter do not necessarily make it possible to draw conclusions regarding the development of future results.

The accounting and valuation principles applied by Leifheit, including the accounting standards to be applied for the first time, are essentially the same as those used for the last published consolidated financial statements at the end of the previous financial year. A detailed description of the accounting principles is published in the notes to Leifheit's consolidated financial statements included in the annual financial report 2019, which is available on our website at [financial-reports.leifheit-group.com](http://financial-reports.leifheit-group.com).

The coronavirus crisis represents an occasion for an impairment test of assets within the meaning of IAS 36 ("triggering event"). An impairment test was therefore carried out, particularly at the level of the cash-generating units as at 31 March 2020. Various scenarios were assumed in view of the possible effects of the coronavirus crisis on future turnover and cost development. None of these scenarios resulted in an impairment requirement. The default risk of trade receivables is constantly monitored during the coronavirus crisis. Adequate value adjustments were made for expected credit losses.

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

The reporting period saw personnel changes in Leifheit AG organs: Ivo Huhmann, member of the Board of Management and Chief Financial Officer (CFO) of Leifheit AG since 1 April 2017, left the company at the end of his contract period on 31 March 2020. Henner Rinsche, Chairman of the Board of Management/CEO of Leifheit AG, took over the function of CFO in addition to his other responsibilities at that time.

## Financial calendar

13 Aug 2020	<b>Financial report for the first half-year</b> ending 30 June 2020
30 Sept 2020	<b>Annual General Meeting</b> <sup>1</sup>
11 Nov 2020	<b>Quarterly Statement</b> for the period ending 30 Sept 2020

<sup>1</sup> The Annual General Meeting will take place as a virtual Annual General Meeting without the physical presence of shareholders or their proxies in accordance with the regulations of the C19 AuswBekG. Shareholders and their proxies will be allowed to participate exclusively by electronic means of communication.

## Disclaimer

### Forward-looking statements

This quarterly statement 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 or other uncertain or unforeseeable factors occur, or if the assumptions on which these statements are based prove inaccurate, actual results could differ materially from the results cited explicitly or contained implicitly in these statements. Leifheit neither intends to, nor does it accept any specific obligation to, update forward-looking statements to reflect events or developments after the date of this report.

In the event of any discrepancies between this English translation of the quarterly statement and the German version, the German version will take precedence.

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

