LEIFHEIT

Financial report for the first half-year ending 30 June 2019

At a glance

- At m€ 121.5, Group turnover on par with previous year
- Group EBIT at m€ 5.0 following m€ 6.8 in previous year
- 15% turnover growth in TV advertising test market Eastern Europe
- Turnover growth of roughly 3% along with EBIT of approximately m€ 9 to m€ 10 expected in 2019

Key figures of the Group as at 30 June

		2018	2019	Change
Turnover				
Group	m€	121.5	121.5	–
Household	m€	97.7	98.0	0.3%
Wellbeing	m€	9.0	9.4	4.7%
Private Label	m€	14.8	14.1	–4.8%
Foreign share	%	53.3	55.3	2.0 pps
Profitability				
Gross margin	%	44.0	42.8	–1.2 pps
Cash flow from operating activities	m€	3.0	6.0	>100%
Free cash flow	m€	1.0	3.3	>100%
Foreign currency result	m€	0.1	0.2	>100%
EBIT	m€	6.8	5.0	–25.9%
EBIT margin	%	5.6	4.1	–1.5 pps
EBT	m€	6.2	4.3	–30.6%
Net result for the period	m€	4.4	3.0	–31.5%
EPS	€	0.46	0.32	–30.4%
Employees				
Group (average)	people	1,133	1,119	–1.2%
Investments	m€	2.2	2.8	28.9%

Foreword

Dear Shareholders,

Henner Rinsche took office as CEO on 1 June 2019, rounding off our Board of Management team. He is responsible for Marketing, Sales, Human Resources/Legal and for the Private Label business of Herby and Birambeau. In this role, he is able to make ideal use of his international experience in the consumer goods sector at Procter & Gamble, Pepsi, Danone, Henkel and SodaStream. Between 2011 and 2019, initially as General Manager Germany/Austria and later as President Europe, he reversed a sharp decline in turnover at his last employer, SodaStream, by overseeing a double-digit year on year increase in turnover in Germany for 29 quarters in a row through investments in advertising, thereby spearheading a multiple rise in turnover and helping to make SodaStream sparkling water the largest brand of water in Germany.

Together, we – the members of the new Board of Management team – are already hard at work leading the Leifheit Group back to a sustainably profitable growth path. The conditions are wide for us to do so: We are well positioned in many European markets thanks to our strong Leifheit and Soehnle brands. We have outstanding products that offer a high degree of consumer benefit, great online customer reviews and excellent quality, many of which regularly win top scores in tests by respected institutes. And we have skilled and motivated employees who are making a decisive contribution to the development of our company through their tremendous commitment.

Our focus is now on consistently and systematically leveraging these strengths and setting a course for growth once again. To this end, we focused in the first half of the year on crucial strategic measures that we believe will allow the Leifheit Group to make noticeable advances.

In Eastern Europe, Leifheit has been testing a strategy over the past few years. There – unlike in Germany and Western Europe – the company has consistently invested in TV advertising, thereby raising consumer demand for Leifheit products. The result? Over 15% turnover growth in Eastern Europe in the first half of 2019.

Back in the golden days of its founding, Leifheit used to invest a substantial amount of money in consumer advertising in its domestic market of Germany. But it has not done so in recent history. As a result, the company has been forced to forgo the necessary price increases. The negative development seen in Germany in the first quarter continued in the second quarter of 2019, with a decline both in turnover and the gross margin. In Germany, we now plan to implement the strategy we have so successfully tested in Eastern Europe in order to raise consumer demand through targeted advertising campaigns. To take this step, we have placed the responsibility for the Germany, Austria and Switzerland region in new hands. We will initially test the strategy on a small scale before upscaling successful advertising campaigns.

Development in our segments was stable on the whole in the first half of the year. In the first six months of the year, we generated significant growth in the Wellbeing segment, where we scored points with consumers thanks to our new range of scales, especially for the kitchen. Turnover in the Household segment was roughly on par with the previous year, with growth in the cleaning product category managing to make up for the negative development in the laundry care product category.

Despite the modest development in the second quarter, we continue to anticipate turnover growth within the Group for 2019 as a whole. We expect to see an increase of roughly 3% year on year, placing it within the originally defined range. We continue to expect earnings before interest and taxes (EBIT) of around m€ 9 to m€ 10.

Leifheit Aktiengesellschaft

The Board of Management

Henner Rinsche Ivo Huhmann Igor Iraeta Munduate

Interim management report as at 30 June

Foundations of the Group

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

There were no significant changes in the foundations of the Leifheit Group in the first half of 2019. For detailed information on the company's structure, business and strategy – as well as on the control system, innovation and product development – please see the annual financial report 2018, which is available on our website at financial-reports.leifheit-group.com.

Following the end of the reporting period (30 June 2019), there were no events at the Leifheit Group which can be expected to have a material influence on the net assets, financial position and results of operations of the company.

Economic environment

Europe/World

According to information from the International Monetary Fund (IMF) global economic growth is slowing on the heels of a two-year upswing, bringing it down to just 3.3% in 2019 (previous year: 3.6%). The reasons for the slowdown include the trade conflict involving the US, China and the European Union. In addition, economic growth in Europe has lost more momentum than originally presumed. For 2020, the IMF expects stable growth of around 3.6%.

The continuation of international trade conflicts, a new debt crisis in Italy and a possible no-deal Brexit continue to pose risks to the global economy that will also have an impact on economic development in the Eurozone, according to the joint forecast of the five leading economic research institutes from spring 2019. The economists expect to see a slow pace of expansion in the first half of 2019 following the initial cooling of economic growth in the second half of 2018. In its spring forecast, the European Commission nevertheless expects the EU's gross domestic product to grow by 1.4% in real terms.

Germany

The German economy also appears to be cooling off. According to the IMF's forecast, the German economy will grow by 0.8% in 2019 following a sharp decline in economic activity in the second half of 2018. The IMF expects the phase of weakness to continue in the months ahead. In 2020, the German economy could again grow by 1.6%. In fact, economic growth in Germany is likely to fall by more than half year on year to 0.6% in 2019, according to the ifo Institute's economic forecast. The ifo Institute's Business Climate Index fell in June from 97.9 to 97.4 points, its lowest level since November 2014.

The consumer climate, as measured by the GfK Consumer Climate Index, paints a mixed picture. Despite very stable development at the start of the year, income sentiment fell sharply in June 2019. The months ahead will show whether the decline marks the start of a trend reversal for the indicator. Nevertheless, consumer sentiment remained unaffected and posted gains in June 2019. Although the consumer climate index has fallen on the whole over the course of 2019 so far, most recently coming in at 9.8 points, domestic demand remains an key supporting factor for the German economy.

US dollar

In the first months of 2019, the US dollar continued its upward trend against the euro well into May. The exchange rate stood at 1.15 US dollars at the start of the year, falling to 1.11 US dollars by the end of May. As at the balance sheet date (30 June), the exchange rate stood at 1.13 US dollars.

Net assets, financial position and results of operations

Business performance

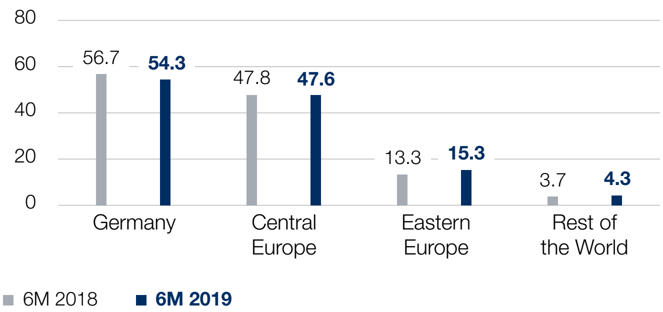
The Leifheit Group generated turnover of m€ 121.5 in the first six months of the current financial year (previous year: m€ 121.5), preventing it from continuing the significant Group turnover growth seen in the first quarter. However, business with the Leifheit and Soehnle brands remained brisk. In regional terms, Leifheit generated substantial turnover growth in Eastern European markets in particular.

Group turnover by region

Turnover in the first half of 2019 was therefore divided by region as follows: Germany accounted for 44.7% of Group turnover (previous year: 46.7%), Central Europe excluding Germany 39.2% (previous year: 39.3%), Eastern Europe 12.6% (previous year: 10.9%) and markets outside of Europe 3.5% (previous year: 3.1%).

Turnover generated outside Germany increased by m€ 2.4 to m€ 67.2 (previous year: m€ 64.8) for a rise of 3.7%, placing the foreign share at 55.3% in the first six months of the current year (previous year: 53.3%).

Group turnover by region
in m€



Germany
In Germany, the Group's largest individual market, we generated turnover in the amount of m€ 54.3 in the first half of the year (previous year: m€ 56.7), corresponding to an decrease of m€ 2.4, or –4.3%, year on year. This development was primarily due to special offers in the previous year that were not repeated in the reporting period.

Central Europe
Turnover in the sales and distribution region of Central Europe totalled m€ 47.6 in the first six months of 2019 (previous year: m€ 47.8), remaining largely stable. Disproportionately high growth was generated in Italy, where we succeeded in attracting listing business. By contrast, turnover in France and the Netherlands in particular fell short of the figures from the previous year.

Eastern Europe
In Eastern Europe, especially in the Czech Republic and Poland, turnover increased by a substantial 15.3% to m€ 15.3 (previous year: m€ 13.3). The figures reflect the increased expenses in consumer advertising in the Eastern European market, which offers tremendous growth potential.

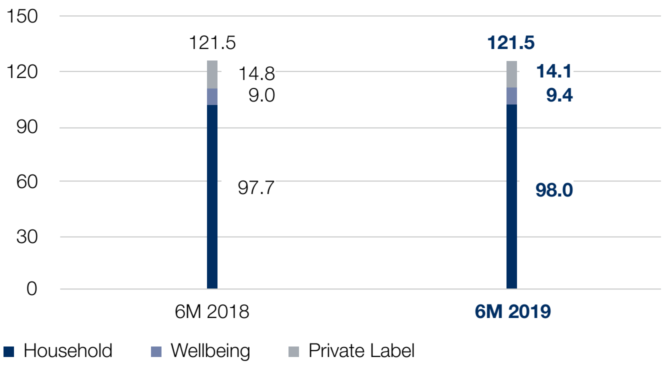
Markets outside Europe
Turnover developed positively outside Europe as well, with turnover of m€ 4.3 (previous year: m€ 3.7) being recorded in markets outside Europe in the first six months of 2019. The Far East reported solid turnover growth, especially following the foundation of the new distribution company in China.

Group turnover by segment

The business segments, previously reported as Brand and Volume Business, were reorganised in financial year 2018. They are now presented as the reportable segments:

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

Group turnover by segment
in m€



Household

In the Household segment, the Leifheit Group generated slight turnover growth of 0.3% in the first six months of 2019. Turnover stood at m€ 98.0 following m€ 97.7 in the same period in the previous year. The share of Group turnover increased by 0.3 percentage points to 80.7% in the reporting period (previous year: 80.4%). Within the segment, we generated slight growth in the cleaning product category. By contrast, the laundry care category saw a decline in development year on year. In this category, the substantial growth in the drying product segment was offset primarily by declines in turnover attributable to steam ironing products. Turnover in the kitchen goods product category also fell short of the figures from the previous year. However, a completely new range of kitchen goods is slated for launch in the fourth quarter of 2019 so as to better meet customers' needs.

Wellbeing

In the Wellbeing segment, which features the Soehnle brand, we generated significant turnover growth of 4.7% to m€ 9.4 (previous year: m€ 9.0). At 7.7%, the share of Group turnover was roughly on par with the previous year. The new range of scales, especially for the kitchen, got off to a good start and therefore made a substantial contribution to growth.

Private Label

Turnover in the Private Label segment fell by 4.8% to m€ 14.1 (previous year: m€ 14.8). Turnover at the French subsidiaries Birambeau and Herby declined. The share of Group turnover was 11.6% (previous year: 12.2%).

Development of results of operations

The new IFRS 16 Leases standard was applied for the first time on 1 January 2019. In accordance with the selected changeover methods, the comparative figures of the previous year were not adjusted. The following commentary also explains the key positions affected by this that are not comparable or only partly comparable to the previous year.

Group result

In the first half of 2019, the Group generated earnings before interest and taxes (EBIT) of m€ 5.0 (previous year: m€ 6.8). The decrease was primarily due to the lower gross profit.

Earnings before taxes (EBT) stood at m€ 4.3 in the first six months of 2019 (previous year: m€ 6.2). Less taxes, this equalled a net result for the period of m€ 3.0 for the first half of the year (previous year: m€ 4.4).

Gross profit

Gross profit fell by m€ 1.5 to m€ 52.0 in the first half of 2019 (previous year: m€ 53.5). Gross profit is calculated as turnover less cost of turnover. The decline was mainly the result of negative product and customer mix effects.

As a result, the gross margin fell by 1.2 percentage points to 42.8% (previous year: 44.0%). It is defined as a ratio of gross profit to turnover.

Research and development costs

Research and development costs mainly include personnel costs, costs for services and patent fees. They came in at m€ 2.9 in the first half of the year, up m€ 0.1 on the previous year's figure. The rise was mainly the result of higher expenses for the enhancement of the Soehnle app.

Distribution costs

Distribution costs, which also include freight out and delivery charges as well as advertising and marketing costs, stood at m€ 36.3 in the reporting period (previous year: m€ 36.6), a decrease of m€ 0.3. This decrease was mainly the result of lower advertising costs in the first half of the year.

Administrative costs

Administrative costs increased year on year by m€ 0.4 to m€ 8.2 (previous year: m€ 7.8). Aside from personnel expenses and services, administrative costs also include costs incurred in support of financial and administrative functions. The previous year contained non-recurring effects of m€ 0.6 for the release of employees from their duties. Expenses for services increased by m€ 0.5 in the reporting year, with personnel costs rising by m€ 0.4 due to changes in Board of Management remuneration and expenses related to appointing a new CEO, among other factors.

Foreign currency result

The foreign currency result increased by m€ 0.1 to m€ 0.2 in the first half of 2019 (previous year: m€ 0.1). It included m€ 0.1 in expenses from changes to the fair values of forward exchange transactions (previous year: gains of m€ 0.1) and m€ 0.3 in gains from foreign currency valuations (previous year: currency losses of less than m€ 0.1).

Interest and financial result

At m€ –0.7 (previous year: m€ –0.5), the interest and financial result predominantly included interest expenses from interest on pension obligations. The main reasons for the result were lower interest income and a rise in the actuarial interest rate for pension reserves.

Income taxes

Income taxes amounted to m€ 1.3 in the first six months of 2019 (previous year: m€ 1.8). The tax ratio stood at 30.3%, up from the previous year's value of 29.4%, on account of the planned different composition of earnings before taxes at the individual national companies. The tax ratio is the ratio of income taxes to earnings before taxes (EBT).

Development of the financial situation

Capital structure

As at 30 June 2019, the debt level came to 57.8% and was therefore 3.7 percentage points higher compared to 31 December 2018. The main reason for this development was the m€ 11.3 decrease in equity, especially on account of the dividend payment in June and the negative other comprehensive income.

Liabilities as at 30 June 2019 consisted largely of pension obligations of m€ 71.2, trade payables and other liabilities of m€ 41.8 and other provisions of m€ 7.6. As in previous years, the Leifheit Group did not have any liabilities to banks.

The equity ratio – the share of equity in relation to the balance sheet total – came to 42.2% (31 December 2018: 45.9%).

Analysis of Group liquidity

Group liquidity declined by m€ 7.0 in the six months of the current year and stood at m€ 43.9 as at 30 June 2019 (31 December 2018: m€ 50.9). The decline in Group liquidity compared to 31 December 2018 resulted mainly from the dividend payment in the amount of m€ 10.0.

Analysis of Group statement of cash flow

Cash inflow from operating activities stood at m€ 6.0 during the reporting period (previous year: m€ 3.0). The improvement resulted primarily from the significantly lower increase in working capital compared to the same period in the previous year.

Cash outflow from investment ties amounted to m€ 2.7 (previous year: cash inflow of m€ 13.1). Adjusted for proceeds from the sale of financial assets, there was a cash outflow of m€ 2.0 in the same period in the previous year. Investments increased by m€ 0.6 to m€ 2.8 (previous year: m€ 2.2).

Cash outflow from financing activities stood at m€ 10.3 (previous year: m€ 10.0) relating to the paid dividend of m€ 10.0 and the outflows for rent and lease liabilities of m€ 0.3 due to the initial application of IFRS 16.

Free cash flow

In the first half of 2019, free cash flow amounted to m€ 3.3 (previous year: m€ 1.0). This key figure indicates how much liquidity was available for the repayment of debt financing or for the distribution of dividends to shareholders. Free cash flow is definied by us as follows: total of cash flow from operating activities and cash flow from investment activities, adjusted for incoming and outgoing payments in financial assets as well as, if existing, from the divestiture of business divisions. As with cash inflow from operating activities, the improvement in free cash flow resulted primarily from the significantly lower increase in working capital compared to the same period in the previous year.

Development of net assets

Balance sheet structure as at 30 June 2019

Compared to 31 December 2018, the balance sheet total was down by m€ 7.4, from m€ 221.8 to m€ 214.4.

Current assets stood at m€ 145.1 as at the balance sheet date of 30 June 2019, m€ 10.6 below the figure as at the end of 2018 (31 December 2018: m€ 155.7). Liquidity fell by m€ 7.0 to m€ 43.9, trade receivables fell by m€ 0.7 to m€ 50.0, and inventories fell by m€ 1.1 to m€ 45.3. Other current assets fell by m€ 2.4 to m€ 1.4 primarily due to a seasonal decline in sales tax claims.

At m€ 69.2, non-current assets were up by m€ 3.1 on the figure for 31 December 2018 at the end of June. Compared to 31 December 2018, tangible assets increased by m€ 1.6 to m€ 39.8, primarily due to the conversion of IFRS 16. Deferred tax assets increased by m€ 1.9 to m€ 11.1, primarily due to the discount rate-related rise in pension obligations.

The positive balance of the fair values of all derivative financial instrument assets and liabilities increased by m€ 0.2 to m€ 0.7 in the first six months of the current year (31 December 2018: m€ 0.5) due mainly to the devaluation of the euro against the US dollar.

Compared to 31 December 2018, current liabilities fell by m€ 3.7 as at the balance sheet date to m€ 48.0, whereas non-current liabilities increased by m€ 7.6 to m€ 75.8. As at 30 June 2019, trade payables and other liabilities fell by m€ 3.1 compared to 31 December 2018 to m€ 41.8, primarily due to the decrease in trade payables. Pension obligations increased by m€ 6.2 to m€ 71.2 (31 December 2018: m€ 65.0), mainly on account of the decrease in the discount rate for the discounting of pension obligations in Germany from 2.0% as at 31 December 2018 to 1.3% as at 30 June 2019. The current and non-current balance sheet item “Other financial liabilities”, which was added due to the initial application of IFRS 16, contains solely rent and lease liabilities in the total amount of m€ 1.8. As in previous years, there were no liabilities to banks.

Equity fell by m€ 11.3 compared to 31 December 2018 to m€ 90.5 as at 30 June 2019 due to a net result for the period of m€ 3.0, other comprehensive income of m€ –4.3 and the payment of a dividend of m€ 10.0.

Investments

A total of m€ 2.8 was invested in the first six months of 2019 (previous year: m€ 2.2). The investments primarily concerned tools for new products, machines, streamlining investments for production plants, software, and operating and office equipment. There were no material disposals of assets in the reporting period.

The investment ratio – in other words, additions to assets related to historical procurement and production costs – amounted to 1.5%. As at 30 June 2019, there were contractual obligations to acquire items of non-current assets in the amount of m€ 1.7 that will be financed by cash and cash equivalents.

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

In addition to the assets reported in the consolidated balance sheet, the Leifheit Group also used assets that cannot be recorded in the balance sheet to a limited extent. These concern the recognition exemptions of IFRS 16 for leases of up to 12 months and leasing agreements for low-value assets with a value not more than k€ 5.

As in previous years, any other off-balance-sheet financing instruments were not used in the reporting period.

Overall assessment of management in regard to the economic situation

After a good start to the year, the substantial Group turnover growth seen in the first three months of 2019 did not continue in the second quarter. In the first half of the year, total Group turnover was therefore on par with the previous year's level of m€ 121.5.

Earnings before interest and taxes (EBIT) stood at m€ 5.0 in the reporting period (previous year: m€ 6.8) and were therefore in line with our expectations. This development resulted primarily from the lower gross profit, which fell by m€ 1.5 to m€ 52.0 in the first half of 2019 (previous year: m€ 53.5). The decline was mainly attributable to negative product and customer mix effects.

Group liquidity declined by m€ 7.0 in the first six months of the current year and stood at m€ 43.9 in total as at 30 June 2019 (31 December 2018: m€ 50.9). The decline in Group liquidity compared to 31 December 2018 resulted mainly from the dividend payment in the amount of m€ 10.0. As in previous years, there were no liabilities to banks. With an equity ratio of 42.2% as at the balance sheet date, the Group continues to have a solid financial position.

Employees

In the first six months of 2019, the Leifheit Group employed an average of 1,119 people (previous year: 1,133), 908 of them in the Household segment, 53 in the Wellbeing segment and 158 in the Private Label segment.

Employees by region (average figure)

Locations	1 Jan to 30 Jun 2018	**1 Jan to 30 Jun 2019**
Germany	415	419
Czech Republic	492	453
France	164	161
Other countries	62	86
	1,133	**1,119**

In the first half of the year, 37.4% of our employees were located in Germany, 40.5% in the Czech Republic, 14.4% in France and 7.7% in the rest of the world. In the Czech Republic, the number of employees decreased as a result of workload-related personnel fluctuations at our Blatná plant.

Opportunities and risks

The opportunities and risks for the Leifheit Group were described in detail in the combined management report as at 31 December 2018. Please refer to these disclosures. During the reporting period, there were no major changes in the material opportunities and risks for the remaining months of the financial year, neither in terms of probability of occurrence nor in terms of the potential positive or negative implications. As before, we do not anticipate any individual or aggregated risks that could jeopardise the existence of the company as a going concern.

Related party transactions

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

Forecast

Conditions unchanged

In our business development forecast for the current year, we anticipate weakening economic growth in the key sales markets for our company. We continue to expect private consumption to remain the driver of growth. In particular, the risks include further escalation in the looming trade war involving the US, Europe and China.

Turnover and earnings forecast for the current financial year

The Board of Management has refined its turnover forecast for financial year 2019 and now expects Group turnover to grow by around 3% year on year. Growth will therefore lie within the originally defined range of around 3% to 4%. Accordingly, the Board of Management has refined the turnover expectations at segment level as follows: in the Household segment, we anticipate turnover growth of approximately 3%. In the considerably smaller Wellbeing segment, we anticipate an increase of 7% to 8%. In the Private Label segment, we expect turnover to be roughly on par with the previous year.

The Board of Management continues to expect EBIT of around m€ 9 to m€ 10. The Board of Management anticipates earnings per share (EPS) of € 0.55 to € 0.65. The development of earnings is being driven mainly by investments and expenses in strategic measures that are aimed at doing a more consistent job of seizing potential in e-commerce and linking online activities more closely with bricks-and-mortar retail. We are also focused on overhauling selected product ranges, modernising and integrating IT systems and further strengthening our presence in Eastern Europe. Forecast increases in freight costs will also have an impact on earnings.

We are continuing to adhere to our free cash flow (around m€ 3.5 to m€ 4.5) and ROCE (5.5% to 7.0%) forecasts for financial year 2019.

Further information on the economic conditions and additional parameters of the forecast for the current financial year can be found in the most recently published annual financial report for the Leifheit Group for financial year 2018. The report is available on our website at financial-reports.leifheit-group.com.

Legal information

The legal information is described in detail in the combined management report as at 31 December 2018.

The remuneration systems for the Board of Management and the Supervisory Board were changed in the reporting period.

Remuneration of the Board of Management

The Supervisory Board examined the remuneration system for the Board of Management and adjusted it with effect from 1 January 2019. The Supervisory Board revised the Board of Management remuneration system based on a recommendation by an independent specialist. The remuneration system takes into account both the provisions of the German stock corporation act and the recommendations of the German corporate governance code, as well as the requirements voiced by proxy advisers. The system consists of three components: a fixed basic remuneration component and two variable remuneration components – a short-term incentive (STI) and a long-term incentive (LTI). The criteria for measuring the achievement of targets are EBIT and free cash flow (as defined at page 7) for the STI, and earnings per share (EPS), return on capital employed (ROCE) and share price performance for the LTI.

The respective targets will be defined annually by the Supervisory Board. The target amount of the STI stands at 36% to 42% of basic remuneration, with the LTI equivalent to 75% to 82% of basic remuneration. Board of Management remuneration is geared towards the profitable growth of the company and capital efficiency. A multiplier also enables the Supervisory Board to define qualitative targets. Variable remuneration is capped at slightly below twice the the variable target salary. In order to ensure a long-term orientation, achievement of the LTI target will be calculated after a period of four years.

Remuneration of the Supervisory Board

The Annual General Meeting of Leifheit AG on 29 May 2019 amended art. 12 of the articles of incorporation (Supervisory Board remuneration) with effect from 1 June 2019 and adopted a programme of long-term variable remuneration for the Supervisory Board. The full text of the resolutions can be found in items 8 and 9 of the invitation to the Annual General Meeting, which was published in the Federal Gazette (Bundesanzeiger) on 17 April 2019.

Unaudited condensed interim consolidated financial statements as at 30 June

Statement of comprehensive income

k€	1 Apr to 30 Jun 2018 [1]	**1 Apr to 30 Jun 2019**	1 Jan to 30 Jun 2018 [1]	**1 Jan to 30 Jun 2019**
Turnover	59,261	57,142	121,487	121,482
Cost of turnover	−33,491	−32,753	−67,992	−69,512
Gross profit	**25,770**	**24,389**	**53,495**	**51,970**
Research and development costs	−1,496	−1,478	−2,792	−2,922
Distribution costs	−18,605	−17,907	−36,573	−36,315
Administrative costs	−3,956	−3,782	−7,804	−8,184
Other operating income	241	267	495	521
Other operating expenses	−86	−125	−140	−297
Foreign currency result	194	−240	75	236
EBIT	**2,062**	**1,124**	**6,756**	**5,009**
Interest income	15	8	20	9
Interest expenses	−313	−343	−622	−689
Net other financial result	133	–	82	–
EBT	**1,897**	**789**	**6,236**	**4,329**
Income taxes	−557	−263	−1,831	−1,311
Net result for the period	**1,340**	**526**	**4,405**	**3,018**
Contributions that are not reclassified in future periods in the statement of profit or loss				
Actuarial gains/losses on defined benefit pension plans	−509	−2,289	−509	−6,487
Income taxes from actuarial gains/losses on defined benefit pension plans	148	671	148	1,901
Contributions that may be reclassified in future periods in the statement of profit or loss				
Currency translation of foreign operations	−130	105	−133	118
Currency translation of net investments in foreign operations	−328	214	−287	169
Income taxes from currency translation of net investments in foreign operations	95	−62	83	−49
Net result of cash flow hedges	2,005	−697	1,547	5
Income taxes from cash flow hedges	−601	210	−463	–
Net result from the sale of financial assets available [2]	–	–	−8	–
Income taxes from the sale of financial assets available [2]	–	–	2	–
Other comprehensive income	**680**	**−1,848**	**380**	**−4,343**
Comprehensive income after taxes	**2,020**	**−1,322**	**4,785**	**−1,325**
Earnings per share based on net result for the period (diluted and undiluted)	**€ 0.14**	**€ 0.06**	**€ 0.46**	**€ 0.32**

[1] IFRS 16 was applied for the first time on 1 January 2019. IFRS 16 was applied using the modified retrospective method, under which previous-year figures are not adjusted.
[2] Due to materiality reasons, the reclassification of effects to retained earnings as part of the conversion to IFRS 9 was waived in financial year 2018.

Balance sheet

k€	31 Dec 2018 [1]	30 Jun 2019
Current assets		
Cash and cash equivalents	50,932	43,890
Trade receivables	50,720	50,040
Inventories	46,354	45,295
Income tax receivables	1,192	2,019
Derivative financial instruments	1,154	879
Contractual assets	1,572	1,626
Other current assets	3,805	1,388
Total current assets	**155,729**	**145,137**
Non-current assets		
Tangible assets	38,207	39,771
Intangible assets	18,522	18,206
Deferred tax assets	9,191	11,123
Derivative financial instruments	23	–
Other non-current assets	119	114
Total non-current assets	**66,062**	**69,214**
Total assets	**221,791**	**214,351**
Current liabilities		
Trade payables and other liabilities	44,908	41,760
Derivative financial instruments	661	127
Income tax liabilities	507	53
Other provisions	5,611	5,371
Other financial liabilities	–	682
Total current liabilities	**51,687**	**47,993**
Non-current liabilities		
Provisions for pensions and similar obligations	64,979	71,151
Other provisions	2,166	2,277
Deferred tax liabilities	1,092	1,212
Derivative financial instruments	18	59
Other financial liabilities	–	1,119
Total non-current liabilities	**68,255**	**75,818**
Equity		
Subscribed capital	30,000	30,000
Capital surplus	17,026	17,026
Treasury shares	–7,445	–7,445
Retained earnings	74,930	67,964
Other reserves	–12,662	–17,005
Total equity	**101,849**	**90,540**
Total equity and liabilities	**221,791**	**214,351**

[1] IFRS 16 was applied for the first time on 1 January 2019. IFRS 16 was applied using the modified retrospective method, under which previous-year figures are not adjusted.

Statement of changes in equity

k€	Subscribed capital	Capital surplus	Treasury shares	Retained earnings	Other reserves	**Total**
As at 1 Jan 2018	30,000	17,026	–7,445	76,499	–17,133	98,947
Dividends	–	–	–	–9,984	–	–9,984
Comprehensive income after taxes	–	–	–	4,405	380	4,785
of which net result for the period	–	–	–	4,405	–	4,405
of which actuarial gains/losses on defined benefit pension plans	–	–	–	–	–361	–361
of which currency translation of foreign operations	–	–	–	–	–133	–133
of which currency translation of net investments in foreign operations	–	–	–	–	–204	–204
of which from cash flow hedges	–	–	–	–	1,084	1,084
of which from the sale of financial assets available [1]	–	–	–	–	–6	–6
As at 30 Jun 2018	**30,000**	**17,026**	**–7,445**	**70,920**	**–16,753**	**101,849**
As at 1 Jan 2019	30,000	17,026	–7,445	74,930	–12,662	98,947
Dividends	–	–	–	–9,984	–	–9,984
Comprehensive income after taxes	–	–	–	3,018	–4,343	–1,325
of which net result for the period	–	–	–	3,018	–	3,018
of which actuarial gains/losses on defined benefit pension plans	–	–	–	–	–4,586	–4,586
of which currency translation of foreign operations	–	–	–	–	118	118
of which currency translation of net investments in foreign operations	–	–	–	–	120	120
of which from cash flow hedges	–	–	–	–	5	5
As at 30 Jun 2019	**30,000**	**17,026**	**–7,445**	**67,964**	**–17,005**	**90,540**

[1] Due to materiality reasons, the reclassification of effects to retained earnings as part of the conversion to IFRS 9 was waived in financial year 2018.

Statement of cash flow

k€	1 Jan to 30 Jun 2018 [1]	1 Jan to 30 Jun 2019
Net result for the period	4,405	3,018
Depreciation and amortisation	3,405	3,765
Change in provisions	−157	−446
Result from disposal of fixed assets and other non-current assets	15	9
Change in inventories, trade receivables and other assets not classified as investment or financing activities	−4,336	3,431
Change in trade payables and other liabilities not classified as investment or financing activities	183	−3,656
Other non-cash expenses	−538	−146
Cash flow from operating activities	**2,977**	**5,975**
Proceeds from the sale of tangible assets and other non-current assets	166	73
Proceeds from the sale of financial assets	15,036	–
Outflow for the acquisition of tangible assets and intangible assets	−2,151	−2,772
Cash flow from investment activities	**13,051**	**−2,699**
Outflow for rent and lease liabilities	–	−341
Dividends paid to the shareholders of the parent company	−9,984	−9,984
Cash flow from financing activities	**−9,984**	**−10,325**
Change in cash and cash equivalents	6,044	−7,049
Change in cash and cash equivalents due to exchange rates	−7	7
Cash and cash equivalents at the start of the reporting period	28,221	50,932
Cash and cash equivalents at the end of the reporting period	**34,258**	**43,890**
Income taxes paid [2]	−2,760	−2,808
Income taxes received [2]	–	45
Interest paid [2]	−1	−23
Interest received [2]	20	8

[1] IFRS 16 was applied for the first time on 1 January 2019. IFRS 16 was applied using the modified retrospective method, under which previous-year figures are not adjusted.
[2] Included in cash flow from operating activities.

Selected explanatory notes

General information

Leifheit AG is a publicly listed corporation with its registered office in Nassau/Lahn, Germany. These condensed interim consolidated financial statements of Leifheit AG and its subsidiaries relate to the period from 1 January 2019 to 30 June 2019.

The interim consolidated financial statements were prepared by the Board of Management of Leifheit AG and approved for publication by the CFO on 12 August 2019.

Reporting principles

These condensed interim consolidated financial statements have been prepared for interim reporting purposes according to section 115 para. 3 of the German securities trading act (WpHG) and in line with International Financial Reporting Standards (IFRS), particularly IAS 34 and the related interpretations of the International Accounting Standards Board (IASB) as applicable in the European Union. These financial statements forming part of the interim financial report therefore do not contain all of the information and notes to be included in accordance with IFRS in consolidated financial statements prepared at the end of a financial year, and therefore must be read in conjunction with the consolidated financial statements as at 31 December 2018.

These condensed interim consolidated financial statements and the interim management report have been neither audited nor subjected to review by an auditor. In the view of the Board of Management, the financial statements include all necessary adjustments to ensure that they provide an accurate depiction of the actual results of operations on an interim basis. No conclusions as to future results can necessarily be drawn on the basis of the results for the reporting period ended on 30 June 2019.

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

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

Cyclical and seasonal factors are described, where essential, in the “Business performance” section.

The accounting and valuation methods applied in the condensed interim consolidated financial statements are, with the exception of those accounting standards to be applied for the first time, in line with those applied in the most recent consolidated financial statements as at the end of the financial year. A detailed description of the accounting principles is published in the notes to the consolidated financial statements included in our annual financial report 2018.

The standards and interpretations published by the IASB that are not yet to be mandatorily applied during financial year 2019 have not been applied.

New accounting standards applied for the first time

The effects of the material standards and interpretations applied for the first time in financial year 2019 were as follows:

IFRS 16: Leases
On 1 January 2019, IFRS 16 Leases was applied for the first time. IFRS 16 establishes a uniform accounting model whereby leases are to be reported in the lessee’s balance sheet. A lessee reports a right of use asset, which constitutes a right to use the underlying asset, and a liability from the lease, which describes its lease payment obligations. The recognition exemptions for leases of up to 12 months and leasing agreements for low-value assets were applied. Leased assets with a value of no more than k€ 5 are defined as low-value assets. Lessor accounting is comparable with the previous standard; in other words, the lessor continues to classify leases as financing leases or operating leases.

IFRS 16 supersedes existing regulations on leases, including IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating leases – Incentives and SIC-27 Evaluating the substance of transactions involving the legal form of a lease.

The Group only has leases in which the Group is the lessee. It has recognised new assets and liabilities for its operating leases relating to leased office space and leased vehicles. Here, assumptions were made regarding the exercise of contractually agreed extension options beyond the non-cancellable basic lease term. The nature of expenses relating to these leases has changed, as the Group now recognises depreciation on right of use assets and interest expenses on lease liabilities.

The Group previously recognised expenses from operating leases on a straight-line basis over the lease term and only recognised assets and liabilities in the amount arising in the period between the actual lease payment and the recognised expenses.

Additional lease liabilities of k€ 2,057 were recognised as at 1 January 2019. Right of use assets were recognised in the same amount in accordance with IFRS 16 C8 (b) (ii). Accordingly, there were no adjustment effects in equity.

IFRS 16 was applied for the first time using the modified retrospective method. The weighted average incremental borrowing rate of interest for the lease liabilities reported as at the time of initial application stood at 0.6%. Comparative information was not adjusted.

The Group has applied the recognition exemptions in terms of maintaining the definition of a lease at transition. In other words, the Group has applied IFRS 16 to all contracts concluded prior to 1 January 2019 and that have been identified as leases in accordance with IAS 17 and IFRIC 4. In accordance with IFRS 16 C10 (c), all leases with a remaining term of less than one year as at the time of initial application were not taken into consideration.

New material accounting standards to be applied by the Group in future

The Group does not expect the standards and interpretations published by IASB to date that were not yet mandatorily applicable in financial year 2019 to have any material effect on the consolidated financial statements.

Scope of consolidation

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

Segment reporting

Key figures by reportable segments as at 30 June 2019		**Household**	**Wellbeing**	**Private Label**	**Total**
Turnover	m€	98.0	9.4	14.1	121.5
Gross profit	m€	43.5	4.2	4.3	52.0
Segment result (EBIT)	m€	4.3	–0.1	0.8	5.0
Employees on annual average	people	908	53	158	1,119

Key figures by reportable segments as at 30 June 2018		Household	Wellbeing	Private Label	Total
Turnover	m€	97.7	9.0	14.8	121.5
Gross profit	m€	45.0	3.8	4.7	53.5
Segment result (EBIT)	m€	6.1	–0.4	1.1	6.8
Employees on annual average	people	922	50	161	1,133

Information on the segments and their management is available in our annual financial report 2018.

Notes to the balance sheet and the statement of profit or loss

Turnover

Turnover is almost exclusively a result of the sale of household goods. It is broken down by geographic region and major country as well as by category. The location of the customer's registered offices is decisive for the regional attribution of the turnover.

Turnover in the amount of m€ 234.2 was generated in the period from 1 July 2018 to 30 June 2019 (1 July 2017 to 30 June 2018: m€ 237.4).

	1 Jan to 30 Jun 2019			
Turnover by region in m€	**Household**	**Wellbeing**	**Private Label**	**Total**
Domestic	50.7	3.6	–	54.3
Central Europe	29.6	4.7	13.3	47.6
Eastern Europe	14.0	0.6	0.7	15.3
Rest of the world	3.7	0.5	0.1	4.3
	98.0	**9.4**	**14.1**	**121.5**

	1 Jan to 30 Jun 2018			
Turnover by region in m€	Household	Wellbeing	Private Label	Total
Domestic	52.7	4.0	–	56.7
Central Europe	29.5	4.2	14.1	47.8
Eastern Europe	12.4	0.3	0.6	13.3
Rest of the world	3.1	0.5	0.1	3.7
	97.7	**9.0**	**14.8**	**121.5**

	1 Jan to 30 Jun 2019			
Turnover by product categories in m€	**Household**	**Wellbeing**	**Private Label**	**Total**
Cleaning	41.6	–	–	41.6
Laundry care	47.9	–	4.3	52.2
Kitchen goods	8.5	–	9.8	18.3
Wellbeing	–	9.4	–	9.4
	98.0	**9.4**	**14.1**	**121.5**

	1 Jan to 30 Jun 2018			
Turnover by product categories in m€	Household	Wellbeing	Private Label	Total
Cleaning	40.7	–	–	40.7
Laundry care	48.1	–	4.6	52.7
Kitchen goods	8.9	–	10.2	19.1
Wellbeing	–	9.0	–	9.0
	97.7	**9.0**	**14.8**	**121.5**

Additional notes on the major changes to items in the balance sheet and the statement of profit or loss as compared with the figures for the previous year, as well as developments in the reporting period, are presented in the interim management report.

Subscribed capital

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

Treasury shares

No treasury shares were acquired or used in the current reporting period or in the reporting period of the previous year.

Including the treasury shares acquired and issued in previous years, Leifheit held 490,970 treasury shares on 30 June 2019. This corresponds to 4.91% of the share capital. The corresponding interest in the share capital was k€ 1,473. An amount of k€ 7,445 was expended for this.

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

Dividends paid

Resolution of the Annual General Meeting on	30 May 2018	29 May 2019
Dividend per no-par-value bearer share	€ 1.05	€ 1.05
Balance sheet profit	k€ 10,000	k€ 10,285
Distribution of dividends	k€ 9,984	k€ 9,984
Retained earnings	k€ 16	k€ 301

Commitments

The Group companies have not entered into any commitments.

Financial instruments

A detailed overview of the other financial instruments, the financial risk factors and the management of financial risks is provided under note 34 of our annual financial report 2018. No material changes in our financial risk profile have occurred since 31 December 2018.

Cash flow hedges

Derivative financial instruments include forward foreign exchange transactions and foreign exchange swaps, measured at fair value, for buying and selling US dollars, HK dollars and Chinese yuan for financial years 2019 to 2020.

The following liabilities from foreign exchange transactions were recorded on the balance sheet as at 30 June 2019:

	Value of liability	Foreign currency	Nominal value
Sell USD/€	k€ 3,469	kUSD 4,200	k€ 3,674
Buy USD/€	k€ 26,458	kUSD 31,358	k€ 27,158
of which hedge accounting	k€ 23,062	kUSD 27,158	k€ 23,484
Buy HKD/€	k€ 2,842	kHKD 26,200	k€ 2,905
of which hedge accounting	k€ 2,842	kHKD 26,200	k€ 2,905
Buy CNH/€	k€ 6,328	kCNH 50,706	k€ 6,368
of which hedge accounting	k€ 3,585	kCNH 28,974	k€ 3,616

The maturities of foreign exchange transactions were as follows:

	less than 1 year	1 to 3 years
Sell USD/€	mUSD 4.2	–
Buy USD/€	mUSD 27.5	mUSD 3.9
Buy HKD/€	mHKD 21.4	mHKD 4.8
Buy CNH/€	mCNH 42.1	mCNH 8.6

In the reporting period, positive changes in value for currency translation of derivative assets and liabilities before taxes totalling k€ 5 (previous year: k€ 1,547) were recorded in other comprehensive income with no effect on net result.

Financial assets and financial liabilities

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

Assets in the form of forward foreign currency transactions in the amount of k€ 879 (previous year: k€ 1,177) and liabilities in the form of forward foreign currency transactions in the amount of k€ 186 (previous year: k€ 679) were measured at fair value on the balance sheet as at 30 June 2019. The fair value is calculated on the basis of quoted forward rates as at the reporting date and net present value calculations based on yield curves with high credit ratings in the corresponding currencies and therefore on the basis of observable market input parameters (level 2). There was no reclassification among the levels in the reporting period.

For current assets and liabilities, the book value is always assumed to be a reasonable approximation of the fair value.

Short-term revolving lines of credit in the amount of k€ 11,655 were available as at 30 June 2019 (previous year: k€ 11,635). As at the balance sheet date, k€ 805 had been used in the form of guarantees (previous year: k€ 436). Unused lines of credit were k€ 10,787 (previous year: k€ 11,141).

The following table shows the book values of financial assets and financial liabilities as at the balance sheet date 30 June (IFRS 9). The book values of foreign exchange transactions correspond to fair values, which were all allocated to level 2 of the fair value hierarchy.

k€	Fair value through profit or loss	Hedging instrument held for hedge accounting	At amortised cost	**30 Jun 2019**
Financial assets measured at fair value				
Forward foreign exchange transactions (designated as hedging transactions)	–	582	–	582
Forward foreign exchange transactions (not designated as hedging transactions)	297	–	–	297
Financial assets not measured at fair value				
Trade receivables and other receivables	–	–	50,520	50,520
Cash and cash equivalents	–	–	43,890	43,890
Financial liabilities measured at fair value				
Forward foreign exchange transactions (designated as hedging transactions)	–	83	–	83
Forward foreign exchange transactions (not designated as hedging transactions)	103	–	–	103
Financial liabilities not measured at fair value				
Trade payables and other liabilities	–	–	29,586	29,586
Other financial liabilities [1]	–	–	1,801	1,801

[1] Contains only rent and lease obligations in the sense of IFRS 16.

k€	Fair value through profit or loss	Hedging instrument held for hedge accounting	At amortised cost	30 June 2018
Financial assets measured at fair value				
Forward foreign exchange transactions (designated as hedging transactions)	–	177	–	177
Forward foreign exchange transactions (not designated as hedging transactions)	309	–	–	309
Fund shares	13,971	–	–	13,971
Financial assets not measured at fair value				
Trade receivables and other receivables	–	–	53,283	53,283
Cash and cash equivalents	–	–	34,258	34,258
Financial liabilities measured at fair value				
Forward foreign exchange transactions (designated as hedging transactions)	–	873	–	873
Forward foreign exchange transactions (not designated as hedging transactions)	24	–	–	24
Financial liabilities not measured at fair value				
Trade payables and other liabilities	–	–	33,872	33,872

Leases

Leifheit primarily rents or leases office premises, shops, office equipment and company cars.

The other current and non-current financial liabilities contain solely lease liabilities. The right of use assets are not disclosed separately in the balance sheet but are instead reported under the respective item in tangible assets. The weighted average incremental borrowing rate of interest as at the time of initial application on 1 January 2019 in the lease liabilities disclosed in the balance sheet stood at 0.6%.

Maturity in k€	Lease liabilities
Within 12 months	682
1 to 5 years	1,119
More than 5 years	–

k€	1 Jan to 30 Jun 2019
Depreciation/amortisation for right of use assets	341
- of which buildings	320
- of which operating and office equipment	21
Interest expenses for lease liabilities	6
Expenses for short-term leases according to IFRS 16.6	25
Expenses for low-value asset leases according to IFRS 16.6	61
Cash outflow for leases	341

k€	1 Jan 2019	30 Jun 2019
Book value of right of use assets	2,057	1,799
- of which buildings	1,935	1,693
- of which operating and office equipment	122	106
Additions 2019	–	83

k€	
Operating lease obligations without cancellation options as at 31 Dec 2018	905
Discounting	–6
Total operating lease obligations without cancellation options as at 31 Dec 2018	899
Recognition exemption for	
- Short-term leases	–39
- Low-value asset leases	–97
- Leases for intangible assets	–92
Term beyond term without cancellation option	1,435
Other adjustments	–49
Lease liabilities recognised as at 1 Jan 2019	**2,057**

Share-based payment – virtual shares

As part of the adjustment and conclusion of new Board of Management contracts, Leifheit AG and the members of the Board of Management have agreed on a long-term incentive plan (LTI plan).

The LTI plan calls for variable remuneration in the form of virtual shares. A virtual share grants the holder the right to an equivalent cash payment in the amount of the average share price measured over a period of 90 trading days as at the end of the four-year performance period. The number of exercisable virtual shares depends on the development of the success factors return on capital employed (ROCE) and earnings per share (EPS). Achievement of the success factor targets is measured over the performance period. Any payment in relation to the virtual shares continues to depend on an uninterrupted personal investment by the optionee in Leifheit shares during the performance period. Payment is made at the end of the four-year performance period and is capped at 200% of the originally agreed amount. Furthermore, the amount paid depends on the uninterrupted employment of the optionee during the performance period.

The granting of virtual shares has been classified and measured as share-based payment to be settled in cash in accordance with IFRS 2.30. The fair value of the virtual shares is remeasured on each balance sheet date using a Monte Carlo model and in consideration of the conditions at which the virtual shares were granted.

The virtual shares performed as follows in 2019:

	2019 tranche	2020 tranche [1]
Number of virtual shares	41,048	40,964
Maximum term (years)	4.00	4.00
Outstanding virtual shares as at 1 Jan 2019	–	–
Virtual shares granted in the 2019 reporting period	41,048	40,964
Virtual shares forfeited in the 2019 reporting period	–	–
Virtual shares exercised in the 2019 reporting period	–	–
Virtual shares expired in the 2019 reporting period	–	–
Outstanding virtual shares as at 30 Jun 2019	41,048	40,964
Exercisable virtual shares as at 30 Jun 2019	–	–

[1] The number of virtual shares granted as part of the 2020 tranche was provisional as at 30 June 2019 and will not be finalised until the average share price 90 trading days prior to 1 January 2020 has become available.

The following parameters were taken into account as part of the measurement as at 30 June 2019:

	2019 tranche	2020 tranche
Time of measurement	30 Jun 2019	30 Jun 2019
Remaining term (in years)	3.50	4.50
Volatility	30.83%	30.73%
Risk-free interest rate	–0.74%	–0.67%
Expected dividend yield	4.70%	4.70%
Exercise price	€ 0.00	€ 0.00
Price of the Leifheit share as at the time of measurement	€ 20.75	€ 20.75

The time from the measurement date until the end of the performance period, and therefore the time of the expected payment, was used as the term. The share price was determined by consulting the closing price in Xetra trading as at 30 June 2019 as reported by Bloomberg. The historical volatility of the Leifheit share over the respective remaining term for matching maturities was used to determine volatility. The anticipated volatility taken into consideration is based on the assumption that historical volatility can be used to make assumptions about future trends. As a result, the actual volatility may differ from the assumptions made. The expected dividend yield was estimated as the historical dividend yield of the Leifheit share for matching maturities. The risk-free interest rate was derived on the basis of historical yields of German government bonds with a remaining term corresponding to the expected term of the virtual shares to be measured.

A liability in the amount of k€ 67 was recognised under liabilities as at 30 June 2019 as part of the LTI plan for Board of Management members (31 December 2018: k€ 0). The expense for the period from 1 January to 30 June 2019 amounted to k€ 67 (previous year: k€ 0).

Other financial liabilities

As at 30 June 2019, there were contractual obligations arising out of contracts without cancellation options, e.g. maintenance, service and insurance agreements, in the amount of k€ 1,584 (previous year: k€ 1,293). The future minimum payments on the basis of these agreements without a cancellation option amount to k€ 1,016 up to a term of one year (previous year: k€ 962) and k€ 568 between one and five years (previous year: k€ 331). As in the previous year, there were no corresponding payment obligations with a term of more than five years.

As at 30 June 2019, purchase commitments for raw materials totalled k€ 997 (previous year: k€ 1,473).

There were contractual obligations to acquire items of tangible assets in the amount of k€ 1,737 (previous year: k€ 2,781), relating to facilities, tools and software in particular. Moreover, there were contractual obligations arising out of contracts relating to marketing measures in the amount of k€ 1,077 (previous year: k€ 255) and other agreements in the amount of k€ 2,188 (previous year: k€ 2,245).

Personnel changes in Leifheit AG organs

The reporting period saw personnel changes in Leifheit AG organs:

Effective as at 28 February 2019, Ms Wärntges resigned from her position as member of the Supervisory Board; effective as at 31 March 2019, Mr Zahn (Chairman) and Mr Gritzuhn (Deputy Chairman) also resigned from their positions on the Supervisory Board.

At the request of the Board of Management, Dr Günter Blaschke was appointed to the Supervisory Board of Leifheit AG with effect from 1 April 2019 by the Local Court [Amtsgericht] of Montabaur and was elected Chairman of the organ by the members of the Supervisory Board on 2 April 2019.

The employee representatives on the Supervisory Board were elected on 14 May 2019:

- Joachim Barnert, Zuzenhausen,
  Head of Maintenance at Leifheit AG
- Thomas Standke, Scheidt,
  Toolmaker at Leifheit AG

Mr Standke was already a member of the previous Supervisory Board. The previous employee representative, Mr Baldur Groß, stepped down from the Supervisory Board upon the conclusion of the Annual General Meeting on 29 May 2019.

The Annual General Meeting on 29 May 2019 elected the following members to the Supervisory Board:

- Dr Günter Blaschke, Buchloe,
  Chairman of the Supervisory Board of WashTec AG (until 14 July 2019), Chairman of the Board of Management (CEO) of WashTec AG (since 15 July 2019 upto 31 December 2019)
- Georg Hesse, Ismaning,
  Chairman of the Board of Management (CEO) of HolidayCheck Group AG
- Karsten Schmidt, Penzberg, Independent consultant
- Dr Claus-O. Zacharias, Düsseldorf, Independent consultant

The Supervisory Board has named Dr Günter Blaschke its Chairman and Mr Karsten Schmidt its Deputy Chairman.

Mr Henner Rinsche was appointed Chairman of the Board of Management (CEO) by the Supervisory Board and took office on 1 June 2019.

There were no further personnel changes in Leifheit AG organs in the reporting period.

Related party transactions

The employment relationship with the former Board of Management member Ansgar Lengeling will end at the end of 31 October 2019 at the latest with a leave of absence and the continued payment of the fixed monthly remuneration and short-term variable remuneration on a pro rata basis. In connection with the exemption, a provision of k€ 144 had been formed as at 30 June 2019.

The employment relationship with former Chairman of the Board of Management Thomas Radke will end at the end of 31 December 2019 at the latest with a leave of absence and the continued payment of the remuneration. In connection with the exemption, a provision of k€ 270 had been formed as at 30 June 2019.

Please see the “Legal information” section of the interim management report or the “Share-based payment” section of the notes for more information about the changes in remuneration of the Board of Management and the Supervisory Board.

A managing director of our Czech subsidiary Leifheit CZ a.s. is also the managing director of a Czech customer. Turnover of k€ 111 was generated with this customer in the reporting period at an arm’s length margin of 26% (previous year: k€ 115 in turnover at a margin of 27%). The customer continued to provide shared services for our subsidiary at arm’s length terms and conditions in the amount of k€ 311 (previous year: k€ 295). Leifheit CZ a.s. provided services amounting to k€ 4 (previous year: k€ 3) for the customer.

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

Material events after the period covered in the interim financial report

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

Nassau/Lahn, August 2019

Leifheit Aktiengesellschaft

The Board of Management

Henner Rinsche Ivo Huhmann Igor Iraeta Munduate

Responsibility statement

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

Nassau/Lahn, August 2019

Leifheit Aktiengesellschaft

The Board of Management

Henner Rinsche Ivo Huhmann Igor Iraeta Munduate

Disclaimer

Forward-looking statements

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

Discrepancies due to technical factors

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

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

Note on rounding

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

Financial calendar

12 NOVEMBER 2019

QUARTERLY STATEMENT
for the period ending 30 September 2019

25 – 27 NOVEMBER 2019

INVESTOR- AND ANALYST-PRESENTATION
German Equity Forum, Frankfurt/Main, Germany

Contacts

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