

Quarterly statement for the period ending 30 September 2022

At a glance

- At m€ 193.2, Group turnover in the first nine months of 2022 down by 14.2% on previous year's strong showing, but still well above pre-coronavirus level
- Effects of the Russia-Ukraine war, high energy costs and inflation push consumer sentiment down to a record low
- Group EBIT continue to be impacted by drastic increase in material and energy prices
- Free cash flow up by m€ 12.5 in the third quarter of 2022 to stand at m€ 2.0
- Group forecast for 2022 as a whole: marked decline in turnover in the low double-digit percentage range, EBIT in the low single-digit million range, positive free cash flow below the previous year's figure

Key figures of the Group as at 30 September

		2021	2022	Change
Turnover¹				
Group	m€	225.3	193.2	-14.2%
Household	m€	182.0	158.9	-12.7%
Wellbeing	m€	19.8	11.7	-40.7%
Private Label	m€	23.5	22.6	-3.8%
Foreign share	%	54.9	58.4	3.5 pps
Profitability				
Gross margin ¹	%	42.5	38.4	-4.1 pps
Cash flow from operating activities	m€	11.2	6.1	-45.5%
Free cash flow	m€	7.1	2.0	-71.3%
Foreign currency result	m€	0.6	3.8	> 100%
EBIT	m€	16.6	3.2	-80.8%
EBIT margin ¹	%	7.4	1.6	-5.8 pps
EBT	m€	16.0	2.5	-84.1%
Net result for the period	m€	11.5	2.2	-81.2%
EPS	€	1.21	0.23	-81.0%
Investments	m€	4.3	4.1	-4.0%

¹ 2021 adjusted due to year-end effects.

Foreword

Dear Shareholders,

The overall conditions for our company proved to be extremely challenging once again in the third quarter of financial year 2022. In the first nine months of the year, we achieved Group turnover of m€ 193.2 in a difficult market environment that was shaped, in particular, by a further deterioration in consumer sentiment in key European target markets. While significantly lower than the strong showing of m€ 225.3 in the previous year, that figure remains on a much higher level than seen in the financial years prior to the coronavirus pandemic.

The cost of raw materials, which has been extremely high since 2021, and the rise in energy prices led to a significant increase in manufacturing costs also in the third quarter. Furthermore, the high inflationary pressure and uncertainty resulting from the Russia-Ukraine war are having a lasting negative impact on general consumer appetite. For October 2022, the consumer research organisation GfK forecasts a new all-time low of –42.5 points for consumer sentiment in Germany. At the same time, our domestic market is on the brink of a recession.

The extraordinary market conditions also influenced results in the first nine months of 2022. Earnings before interest and taxes (EBIT) amounted to m€ 3.2 in the reporting period. The decrease of m€ 13.4 was mainly due to the lack of contribution margins from the decline in turnover as well as the drastic rise in material and energy prices. Against this background, we continue to focus on strict cost and resource management and are in continuous negotiation with our partners. Fortunately, the successfully negotiated sales price hikes are gradually beginning to have an effect. However, they can only partially compensate for the enormous increase in costs.

The Leifheit Group continues to maintain a solid liquidity base of m€ 29.8 without any liabilities to banks. Free cash flow stood at m€ 2.0 after three quarters. As at 30 June 2022 that same figure stood at m€ –10.5 on account of the rise in working capital as at the balance sheet date. In light of the ongoing bottlenecks in procurement markets, we continue working proactively to safeguard our ability to deliver through forward-looking security and inventory management, as well as flexible production management.

In the current market situation, we are also continuing to dedicate more attention to promoting the core qualities of our products. At the Leifheit Group, we cater to the trend towards more sustainable, energy-saving product alternatives. Many of our products are energy-saving and durable, making them sustainable by their very nature. In the face of rising energy prices, many households are looking for ways to reduce their energy consumption and, with it, their electricity costs. Our “Electricity Savers” campaign encourages consumers to switch to power-free laundry drying – a key source of potential for private households. On average, 14% of household electricity is used just for washing and drying laundry. Switching from electronic dryers to drying racks like the Leifheit Pegasus and rotary dryers like the Leifheit Linomatic not only saves electricity and money, but also reduces CO₂ emissions by around 150 kg compared to an electric dryer.

All in all, we believe the Leifheit Group will continue to face a wide variety of challenges in the final quarter of 2022 in light of extremely high procurement costs and the deterioration of the economic environment, as well as consumer sentiment shaped by inflation concerns and overall reticence.

Based on the business figures as at 30 September 2022, we continue to expect a sharp, probably low double-digit percentage decrease in turnover for financial year 2022 compared to the previous year's strong figure of m€ 288.3. Due to the substantial increases in procurement costs, we also still expect earnings before interest and taxes (EBIT) to be in the low single-digit million range. Based on the above estimates, we expect free cash flow to be positive, albeit below the previous year's figure.

With our solid basis, we consider ourselves well positioned even under the increasingly difficult overall conditions. As the Board of Management team, we will continue to work in the interests of our shareholders to return Leifheit to a sustainable growth path.

We greatly appreciate your loyalty to the Leifheit Group on this exciting journey.

The Board of Management

Henner Rinsche

Igor Iraeta Munduate

Marco Keul

Quarterly statement for the period ending 30 September 2022

Business performance

The Leifheit Group generated turnover of m€ 193.2 in the first nine months of financial year 2022, following m€ 225.3 in the previous year. The m€ 32.1 drop in turnover was due to the unusually strong comparable period in the previous year. An additional significant factor was the further deterioration in consumer sentiment in the Leifheit Group's core markets. Drastic price increases in the food, energy and housing sectors, as well as the sustained uncertainty on account of the Russia-Ukraine war, led to growing consumer restraint, especially in the core market of Germany. The non-food sector, which includes the products made by the Leifheit Group, has been particularly strongly affected by the shift in consumer behaviour, which is now more sharply focused on products that meet basic needs.

Alongside further strict cost and resource management, the Leifheit Group continued tackling the challenging market environment in the third quarter of 2022 with targeted sales and marketing activities in selected markets. Overall, turnover remained comparatively high, with Group turnover still up roughly 9% on the same period in 2019 (prior to the coronavirus pandemic) in the first nine months of 2022.

Nevertheless, the unusually weak consumer sentiment and the general decline in online and stationary sales volumes made themselves felt in all segments, with the current high stock levels being sold off and fewer follow-up orders for products being placed. Given the extremely high raw material costs in place since 2021 and the further rise in energy prices, the Leifheit Group was able to only

partially compensate for the increased purchasing and production costs by raising sales prices. However, the higher sales prices are gradually beginning to have an effect.

Both in the Leifheit Group's domestic market of Germany and in the regions of Central Europe and Eastern Europe, the market conditions, which remained challenging, led in some cases to a significant decline in turnover compared to the extremely strong previous years. In the first nine months of 2022, foreign turnover fell by m€ 10.8 in total to m€ 112.8 (previous year: m€ 123.6). Given the simultaneous drop in turnover in Germany, the share of Group turnover generated abroad therefore rose to 58.4% in the first nine months of 2022 (previous year: 54.9%).

Group turnover by region

Germany

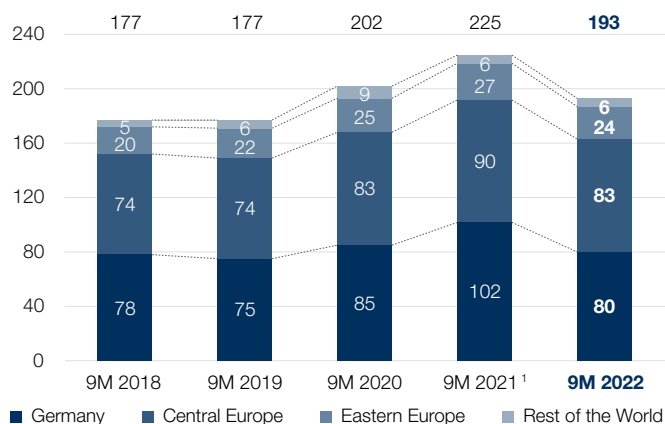
In the first nine months of financial year 2022, the Leifheit Group recorded a 20.9% year-on-year decline in turnover in its domestic market of Germany, where total turnover fell to m€ 80.4 (previous year: m€ 101.7). As a result, the Leifheit Group generated 41.6% of its turnover in Germany (previous year: 45.1%). Compared to other markets, the unusually marked consumer restraint in Germany on account of the general uncertainty had a significantly negative impact on turnover. The steps taken by the Leifheit Group to counteract this development include the "Electricity Savers" campaign, which encourages consumers to switch to power-free laundry drying in light of the rising energy prices.

Central Europe

In Central Europe, the Leifheit Group's turnover dropped by 7.9% in the first nine months of 2022 to m€ 83.0 in total (previous year: m€ 90.1). Despite marketing activities and the successful expansion of distribution in important markets such as France and Italy, turnover was below the previous year's level. Here too, people's appetite for spending on consumer goods has noticeably diminished due to price hikes and unease relating to the Russia-Ukraine war. Increases in Spain and considerable growth in the sales of the products marketed under the Leifheit brand in the Netherlands were unable to significantly compensate for the general negative trend in the Central Europe region.

Group turnover by region

in m€



¹ Adjusted due to year-end effects.

Eastern Europe

Turnover in the Eastern Europe region fell by 11.6% in the first nine months of 2022, from m€ 27.4 in the previous year to m€ 24.2. The Leifheit Group recorded double-digit growth in the Baltic States and Slovakia. Otherwise, the major sales markets in this region also displayed markedly lower consumer demand compared to the nine months of the previous year.

Rest of the World

In non-European markets, turnover declined by 7.6% in the first nine months of 2022 to stand at m€ 5.6 following m€ 6.1 in the same period of the previous year. While the Leifheit Group was able to record substantial turnover growth in both Asia and the Middle East, business in the US in particular was down noticeably year-on-year. There, the temporary closures of bricks-and-mortar stores in the wake of the COVID-19 pandemic had led to a short-term surge in turnover generated online that positively affected performance in the same period of the previous year. This effect dissipated in the reporting period.

Group turnover by segment

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

Household

In the Household segment, the Leifheit Group recorded a decrease in turnover of 12.7% in the first nine months of 2022 to a total of m€ 158.9 (previous year: m€ 182.0). Accordingly, the share of Group turnover accounted for by this segment amounted to 82.2% in the reporting period, compared to 80.8% in the previous year. Turnover in the kitchen goods category in particular was considerably below the same period of 2021. Having spent more time cooking and baking at home at the beginning of financial year 2021 as a result of pandemic-related restrictions and restaurant closures, many consumers have now changed their behaviour once again. In the cleaning and laundry care categories, the Leifheit Group continued to benefit from marketing campaigns. However, turnover from these products also fell short of the exceptionally strong figures from the previous year due to the general reduction in private consumption.

Wellbeing

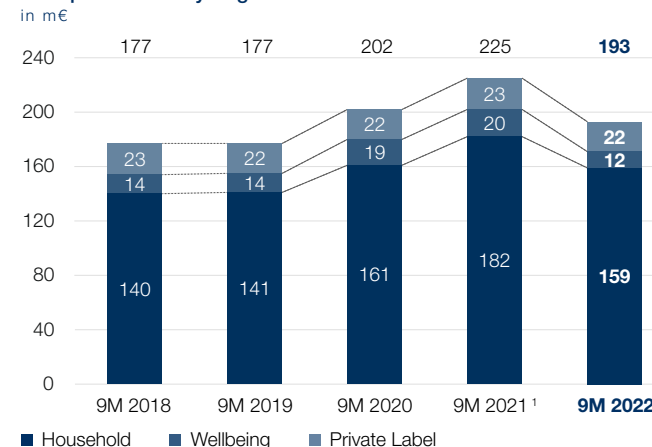
In the Wellbeing segment with the Soehnle brand, the Leifheit Group recorded turnover of m€ 11.7 (previous year: m€ 19.8), corresponding to a significant decrease of 40.7% compared to the first nine months of the previous year. The share of Group turnover attributable to this segment declined accordingly to 6.1% (previous year: 8.8%). In the first nine months of 2021, the strong growth shown by Soehnle scales, which were advertised on TV for the first time, led to a considerable jump in turnover in this segment, as did the greater demand for Soehnle air purifiers driven by the increased need for hygiene during the pandemic. These effects dissipated in 2022. Instead, the more challenging overall conditions and supply

bottlenecks have been having a negative impact on business in this segment since the second half of 2021 – a situation further exacerbated in the current financial year by the effects of the Russia-Ukraine war. At the same time, however, Soehnle remains the clear market leader for bathroom and kitchen scales in Germany.

Private Label

In the Private Label segment, which mainly comprises sales of private-label brands by the French subsidiaries Birambeau and Herby, turnover fell by 3.8% to m€ 22.6 in the first nine months of 2022 (previous year: m€ 23.5). The share of Group turnover attributable to this segment rose accordingly to 11.7% (previous year: 10.4%). Even though the turnover figures for the first nine months fell somewhat short of those seen in the previous year, demand for the private-label brands' products in France – the segment's core market – was positive in the third quarter of 2022.

Group turnover by segment



¹ Adjusted due to year-end effects.

Net assets, financial position and results of operations

The Leifheit Group generated earnings before interest and taxes (EBIT) of m€ 3.2 in the first nine months of financial year 2022 (previous year: m€ 16.6). The decline of m€ 13.4 was mainly due to the loss of contribution margins from the drop in turnover, as well as the drastic increase in material and energy prices, which could not be fully compensated for by sales price rises. Whereas turnover decreased by 14.2%, or m€ 32.0, the cost of turnover fell by just 8.1%, or m€ 10.5, on account of higher material and energy prices. The gross margin fell slightly by 4.1 percentage points year-on-year to 38.4%. In the third quarter of 2022, the sales price rises particularly in the Household and Private Label divisions had a positive effect on gross margin, which stood in contrast to sales effects related to discontinued product ranges in the Wellbeing sector.

Distribution costs were down by m€ 5.3 to m€ 59.7. This was mainly due to reduced advertising expenditure and advertising subsidies, as well as lower freight out due to the significant drop in turnover. The m€ 0.5 decrease in administrative costs to m€ 10.9 was largely shaped by the reversal of provisions for long-term share-based payments for the Board of Management. The foreign currency result increased significantly by m€ 3.2 to stand at m€ 3.8 and included m€ 1.8 due to positive effects from forward exchange transactions no longer recognized in hedge accounting.

Earnings before taxes (EBT) stood at m€ 2.5 in the first nine months of 2022 (previous year: m€ 16.0). Less taxes, this equalled a net result for the period of m€ 2.2 in the first nine months of 2022 (previous year: m€ 11.5).

The Leifheit Group continues to maintain a solid liquidity base, although Group liquidity did fall by m€ 8.3 to m€ 29.8 in the first nine months of 2022. Cash flow from operating activities amounted to m€ 6.1 in the reporting period (previous year: m€ 11.2). The decline of m€ 5.1 was mainly due to the m€ 9.3 decrease in net result for the period. At m€ 4.1, investments in the first three quarters of 2022 were m€ 0.2 lower than the previous year's figure of m€ 4.3. Free cash flow stood at m€ 2.0 (previous year: m€ 7.1), which resulted from the decrease in cash inflow from operating activities. On account of the rise in working capital as at the balance sheet date, that same figure still stood at m€ –10.5 as at 30 June 2022. Furthermore, cash flow from financing activities amounted to m€ –10.5, which was primarily due to the payment of the dividend.

As at the balance sheet date of 30 September 2022, the balance sheet total stood at m€ 213.0, compared to m€ 238.8 as at the end of 2021. Trade receivables decreased by m€ 2.5 as against 31 December 2021 to total m€ 50.2. Likewise, inventories fell by m€ 3.4 to m€ 66.8. Other current assets were affected by a m€ 3.0 seasonal decline in sales tax claims.

Current trade payables and other liabilities were down by m€ 8.1 and mainly consisted of lower trade payables. Pension obligations fell by m€ 24.8 to m€ 38.1 on account of the dramatic increase in the actuarial interest rate, which was also the main reason for the m€ 7.1 decline in deferred tax assets to m€ 1.2.

Equity rose by m€ 9.2 compared with 31 December 2021 to m€ 120.5 as at 30 September 2022. The net result for the period of m€ 2.2 also includes a rise in other reserves of m€ 17.0, primarily from the actuarial gains on pension plans. The dividend payment in May of this year reduced equity by m€ 10.0. In conjunction with the significant decline in liabilities, the equity ratio increased to 56.6% (31 December 2021: 46.6%).

Opportunities and risks

The opportunities and risks for the Leifheit Group were described in detail in the combined management report as at 31 December 2021, which we refer to here. We obtain a significant share of our trade goods from the People's Republic of China. An escalation of the Taiwan-China conflict could impact our security of supply. By contrast, the ongoing COVID-19 crisis and the Russia-Ukraine war have not led to any significant change in our risk assessment in this context. Taking into consideration each probability of occurrence and the potential financial effects of the explained risks, as well as in light of the solid balance sheet structure and the current business outlook, the Board of Management does not anticipate any substantial risk to the continuation of the company as a going concern.

Turnover and earnings forecast for the current financial year 2022

The overall conditions for our company proved to be extremely challenging in the first nine months of financial year 2022. In light of extremely high material, freight and energy costs – along with a marked deterioration in the economic environment and consumer behaviour that reflects inflation concerns and cautious spending – we believe we will continue to face significant obstacles in the months ahead.

Nevertheless, we will press ahead with our strategic initiatives, which include targeted campaigns for our high-quality products in selected markets in the final quarter, as well as strict cost and resource management and measures to improve efficiency and the margin and cost situation.

In light of the ongoing bottlenecks in procurement markets and the impending gas shortage, we will also continue working proactively to safeguard our production and delivery capacity.

Sales price increases will gradually take effect, but will only partially be able to compensate for rising costs on the procurement side.

Against this backdrop, we expect a sharp, probably low double-digit percentage decrease in turnover for financial year 2022 compared to the previous year's strong figure of m€ 288.3. In July of this year, we were already anticipating a strong decrease in turnover, albeit one in the single-digit percentage range.

In the Household segment, we expect a low double-digit percentage decrease in turnover year-on-year for 2022 as a whole. As before, we anticipate a significant double-digit percentage drop in the Wellbeing segment. In the Private Label segment, we continue to expect turnover to be slightly below the previous year's level.

The Board of Management still expects EBIT to be in the low single-digit million range. Based on the above estimates, we expect free cash flow to be positive, albeit below the previous year's figure. We will continue to follow our fundamentally conservative financial policy in the current financial year.

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

Statement of comprehensive income

k€	1 Jul to 30 Sep 2021	1 Jul to 30 Sep 2022	1 Jan to 30 Sep 2021	1 Jan to 30 Sep 2022
Turnover ¹	69,450	56,970	225,244	193,243
Cost of turnover	-41,928	-35,399	-129,577	-119,119
Gross profit¹	27,522	21,571	95,667	74,124
Research and development costs	-1,450	-1,469	-4,315	-4,617
Distribution costs ¹	-21,411	-18,215	-65,029	-59,744
Administrative costs	-2,015	-3,454	-11,392	-10,920
Other operating income	255	238	1,260	835
Other operating expenses	-60	-48	-244	-327
Foreign currency result	118	2,423	649	3,837
EBIT	2,959	1,046	16,596	3,188
Interest income	10	7	19	28
Interest expenses	-211	-222	-601	-667
Net other financial result	6	-	6	-
EBT	2,764	831	16,020	2,549
Income taxes	-784	47	-4,525	-392
Net result for the period	1,980	878	11,495	2,157
Contributions that are not reclassified in future periods in the statement of profit or loss				
Actuarial gains/losses on defined benefit pension plans	-751	6,224	2,915	23,833
Income taxes from actuarial gains/losses on defined benefit pension plans	220	-1,943	-854	-7,102
Contributions that may be reclassified in future periods in the statement of profit or loss				
Currency translation of foreign operations	41	158	477	394
Currency translation of net investments in foreign operations	-5	186	446	146
Income taxes from currency translation of net investments in foreign operations	-8	-54	-140	-43
Net result of cash flow hedges	797	-867	2,182	-300
Income taxes from cash flow hedges	-226	263	-626	116
Other comprehensive income	68	3,967	4,400	17,044
Comprehensive income after taxes	2,048	4,845	15,895	19,201
Earnings per share based on net result for the period (diluted and undiluted)	€ 0.21	€ 0.10	€ 1.21	€ 0.23

¹ 2021 adjusted due to year-end effects.

Balance sheet

k€	31 Dec 2021	30 Sep 2022
Current assets		
Cash and cash equivalents	38,090	29,799
Trade receivables	52,732	50,235
Inventories	70,140	66,771
Income tax receivables	293	649
Contractual assets	1,346	3,776
Derivative financial instruments	3,529	1,050
Other current assets	5,347	1,239
Total current assets	171,477	153,519
Non-current assets		
Intangible assets	18,312	17,927
Tangible assets	38,746	38,322
Right of use assets from leases	1,720	1,742
Deferred tax assets	8,267	1,176
Derivative financial instruments	113	273
Other non-current assets	154	89
Total non-current assets	67,312	59,529
Total assets	238,789	213,048
Current liabilities		
Trade payables and other liabilities	50,670	42,577
Income tax liabilities	593	110
Other provisions	6,544	6,343
Derivative financial instruments	10	10
Lease liabilities	568	455
Total current liabilities	58,385	49,495
Non-current liabilities		
Provisions for pensions and similar obligations	62,852	38,053
Other provisions	3,619	2,467
Deferred tax liabilities	1,403	1,166
Lease liabilities	1,192	1,319
Total non-current liabilities	69,066	43,005
Equity		
Subscribed capital	30,000	30,000
Capital surplus	17,164	17,164
Treasury shares	-7,350	-7,350
Retained earnings	82,259	74,425
Other reserves	-10,735	6,309
Total equity	111,338	120,548
Total equity and liabilities	238,789	213,048

Statement of cash flow

k€	1 Jan to 30 Sep 2021	1 Jan to 30 Sep 2022
Net result for the period	11,495	2,157
Depreciation and amortisation	5,788	5,551
Change in provisions	-1,160	-2,329
Result from disposal of fixed assets and other non-current assets	-36	-7
Change in inventories, trade receivables and other assets not classified as investment or financing activities	-3,142	10,729
Change in trade payables and other liabilities not classified as investment or financing activities	-1,712	-9,143
Other non-cash expenses and income	-79	-884
Cash flow from operating activities	11,154	6,074
Investments from the sale of tangible assets and other non-current assets	275	105
Payments for the purchase of tangible and intangible assets	-4,308	-4,134
Cash flow from investment activities	-4,033	-4,029
Change in treasury shares	233	-
Payments for lease liabilities	-587	-468
Dividends paid to the shareholders of the parent company	-9,988	-9,991
Cash flow from financing activities	-10,342	-10,459
Change in cash and cash equivalents	-3,221	-8,414
Change in cash and cash equivalents due to exchange rates	36	123
Cash and cash equivalents at the start of the reporting period	38,825	38,090
Cash and cash equivalents at the end of the reporting period	35,640	29,799

Segment reporting

Key figures by reportable segments as at 30 September 2022 in m€	Household	Wellbeing	Private Label	Total
Turnover	158.9	11.7	22.6	193.2
Gross profit	65.5	3.6	5.0	74.1
Segment result (EBIT)	4.0	-1.8	1.0	3.2

Key figures by reportable segments as at 30 September 2021 in m€	Household	Wellbeing	Private Label	Total
Turnover ¹	182.0	19.8	23.5	225.3
Gross profit ¹	82.3	8.2	5.2	95.7
Segment result (EBIT)	14.1	1.2	1.3	16.6

¹ Adjusted due to year-end effects.

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

Additional information

This quarterly statement is in accordance with section 53 of the exchange rules for the Frankfurter Wertpapierbörse. It is not a quarterly financial report according to the requirements of section 115 of the German securities trading act (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 used by Leifheit correspond to those of the most recently published consolidated financial statements as at the end of the previous financial year, while taking into consideration the accounting regulations to be applied for the first time. A detailed description can be found in the notes to the annual report 2021 of the Leifheit Group, which is available on the website at financial-reports.leifheit-group.com.

Due to the anticipated increase in discount rates and the consequences of the Russia-Ukraine war, which indirectly affect Leifheit, an unscheduled impairment test of the assets at the level of the cash-generating units was carried out as at 30 September 2022. In particular, the possible duration and impact of price increases in energy and raw materials, demand-side effects and supply chain problems were assessed and taken into account. The impairment test did not identify any need for impairment losses. In the case of the Birambeau and Herby cash-generating units, however, the sustained failure to achieve planned turnover or a further rise in interest rates would result in a need for impairment losses to be directly recognised.

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 no personnel changes in Leifheit AG organs.

Disclaimer

Forward-looking statements

This 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 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 publication of this statement.

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

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

Financial calendar

29 Mar 2023	Annual reports 2022, sustainability report including non-financial Group report 2022
29 Mar 2023	Analysts' conference
11 May 2023	Quarterly statement for the period ending 31 March 2023
7 Jun 2023	Annual General Meeting
10 Aug 2023	Financial report for the first half-year ending 30 June 2023
9 Nov 2023	Quarterly statement for the period ending 30 September 2023

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