Financial report for the first half-year ending 30 June 2020

At a glance

- At m€ 130.4, Group turnover considerably up on previous year despite restrictions due to COVID-19 pandemic
- Group EBIT up significantly to m€ 8.8
- Net result for the period and earnings per share approximately doubled
- Consistent implementation of Scaling up Success growth strategy bearing fruit
- Advertising campaign to resume in second half-year
- Outlook for 2020 shows significant growth in turnover and earnings

Key figures of the Group as at 30 June

		2019	2020	Change
Turnover				
Group	m€	121.5	130.4	7.3%
Household	m€	98.0	105.8	7.9%
Wellbeing	m€	9.4	11.4	21.7%
Private Label	m€	14.1	13.2	–6.6%
Foreign share	%	55.3	58.9	3.6 pps
Profitability				
Gross margin	%	42.8	44.1	1.3 pps
Cash flow from operating activities	m€	6.0	–0.2	>–100%
Free cash flow	m€	3.3	–2.5	>–100%
EBIT adjusted for foreign currency result	m€	4.8	8.9	85.6%
Foreign currency result	m€	0.2	–0.1	>– 100%
EBIT	m€	5.0	8.8	75.7%
EBIT margin	%	4.1	6.8	2.7 pps
EBT	m€	4.3	8.3	91.8%
Net result for the period	m€	3.0	6.0	>100%
Earnings per share	€	0.32	0.63	96.9%
Employees				
Group (average)	people	1,119	1,100	–1.7%
Investments	m€	2.8	2.4	–12.2%

Foreword

Dear Shareholders,

The Leifheit Group has recorded extremely positive business development in the first half of 2020 despite the challenging market conditions against the background of the COVID-19 pandemic. We were able to significantly increase earnings before interest and taxes (EBIT) to m€ 4.5 in the second quarter. In the first six months of the financial year EBIT reached m€ 8.8, which was considerably higher than the previous year's figure of m€ 5.0. The positive earnings performance in the first half of the year is largely based on the consistent implementation of our Scaling up Success growth strategy. As a result, we have significantly increased Group turnover to m€ 130.4 compared to the previous year. At the same time, we succeeded in improving the gross margin from 42.8% to 44.1% which, combined with strict cost management, led to a disproportionately high growth in earnings.

The first half of the year has shown that the Leifheit Group is very well placed with its business model and portfolio of high-quality products, even in times of a pandemic. Our products can now help consumers keep their homes hygienically clean. When it comes to professional and hygienic floor cleaning, for example, Leifheit has the Profi XL floor wiper and the new Regulus Aqua PowerVac vacuum wiper, which wipes and vacuums the floor at the same time. Both devices were awarded the test rating "very good". Scientific tests have shown that both products can eliminate up to 99%[1] of viruses. Our Profi floor wiping system has been in great demand from consumers due to increased hygiene awareness. Other promoted products, such as the Pegasus laundry dryer, also generated more interest. While the lockdown in April significantly impacted our business by closing important sales channels, in the following months of May and June we were again able to record a noticeable increase in sales figures across all channels.

[1] Profi XL: Tested on modified vaccinia virus Ankara and on staphylococcus aureus bacterium with Micro Duo cover and Leifheit power cleaner (25ml to 5l water, water temperature 60°C). Regulus Aqua Power Vac: Tested on modified vaccinia virus Ankara with Leifheit universal cleaner (5ml to 500ml, water temperature max. 60°C).

During the coronavirus pandemic, we have taken all the necessary measures to safeguard production and logistics operations without significant delays in the supply chain. This was an important building block in achieving double-digit growth in the two months following the lockdown phase.

At the same time, during the coronavirus-related restrictions on bricks-and-mortar retail and the resulting increase in online trade, the measures we had taken to meet the complex logistical requirements of e-commerce and efficiently handle the growing number of parcels to be delivered directly to consumers proved particularly beneficial.

The positive development in the first half of the year confirms that we are pursuing the right strategy with our increased investment in consumer advertising and a higher-margin product mix. Following intensified consumer advertising, we were able to continue the positive trend in the Netherlands with growth of 49% in the reporting period. In Belgium as well as in Switzerland, we achieved significant growth of 29% and 46% respectively against the background of TV advertising. Turnover in Romania grew by around 48% in the first half of the year, although still at a low level. Poland also proved to be a turnover driver with growth of 32%. We also benefited significantly from the increased marketing activities in these markets during the reporting period.

In the second half of 2020, we will continue our advertising campaign launched at the beginning of the year in Germany and selected European markets – provided that further developments connected with the COVID-19 pandemic do not lead to renewed wide-ranging restrictions. A large part of the marketing investment planned for 2020 will be made in the third quarter. Firstly we are planning further TV campaigns, which will, among other things, draw consumers' attention to the CLEAN TWIST Ergo floor mop set or the Pegasus clothes drying rack, which was awarded the test rating "very good". In addition, the largest print campaign to date for the Soehnle brand will start in August under the slogan "Auf's Gramm genau lecker" ("Delicious to the gram"). At the centre of the campaign will be the Soehnle Page Profi 300 kitchen scale, which has been awarded the test rating "very good" and features intelligent 4-sensor technology for precise results and a weight capacity of up to 20kg. For the new Soehnle brand print campaign we will cooperate with publishers Gruner + Jahr, Burda and the Funke media group, focusing on the Soehnle Page Profi 300 kitchen scale in high-gloss titles relevant to the target group.

On the basis of the interim financial statements for the first half of the year, we now expect Group turnover to grow by 7% to 9% and Group EBIT of m€ 12 to m€ 15 in the 2020 financial year. We are confident that this strategy will enable us to keep driving the Leifheit Group forward in the best interests of all shareholders. To this end, we will continue to focus on the strategic initiatives we have launched. We are working on reducing costs within the Group. At the same time we are increasing our production capacity using lean principles as part of our Operational Excellence programme, and ensuring a resilient and robust supply chain. Agile working methods will support us along our path. We are continuing to expand our distribution and improve our product ranges – and with our advertising campaign, we aim to attract even more consumers to our multiple award-winning products. We will be working on this with great enthusiasm and motivation in the second half of the year as well.

The Board of Management

Henner Rinsche Igor Iraeta Munduate

Unaudited 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 2020. 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 2019, which is available on our website at **financial-reports.leifheit-group.com**.

Following the end of the reporting period (30 June 2020), 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

Against the background of the COVID-19 pandemic, the International Monetary Fund (IMF) is forecasting negative global economic growth of –4.9% for the current year 2020 in its June 2020 report. This means the IMF is again revising the outlook for the global economy by 1.9 percentage points downwards compared with its April forecast. It says the COVID-19 pandemic has had a more negative impact on economic activity in the first half of 2020 than expected. At the same time, the economy is likely to recover more slowly than was forecast in the spring. It expects the global economy to grow again by 5.4% in 2021. Overall, the IMF states that the negative impact of the pandemic will particularly affect low-income households and endanger the significant progress made since the 1990s in reducing extreme poverty in the world.

As for the Eurozone, the IMF forecasts significant negative economic growth of –10.2% for 2020, while positive economic growth of 6.0% is expected to return in 2021. In its summer forecast, the European Commission assumes that the EU economy as a whole will shrink by 8.3% in 2020 and grow again by 5.8% in 2021. This means the European Commission also expects the predicted downturn, which was still estimated at –7.7% in the spring, to be much more pronounced. The EU Commission calculates that economic output declined even more sharply in the second quarter, as economic activities were interrupted for a longer period than in the first three months. As for the EU, the Commission forecasts inflation of 0.6% in 2020 and 1.3% in the following year 2021.

Germany

There are also signs of a significant economic slump in Germany as a result of the pandemic. In their joint assessment, the five leading economic institutes expect the COVID-19 pandemic to trigger a severe recession in Germany. The German economy is therefore expected to shrink by 4.2% in 2020, while economists predict a recovery and growth of 5.8% in 2021. The IMF also anticipates a similar scenario in its June 2020 forecast. According to this, the German economy will shrink by as much as 7.8% in 2020. In 2021 the German economy is expected to grow again by 5.4%. However, the ifo Institute is predicting that the German economy will pick up speed again in the second half of the year. According to the institute, strong growth rates of 6.9% and 3.8% should be expected in the third and fourth quarters, due to the reduced production of goods and services during the lockdown. Overall, the ifo Institute considers the German economy to be in by far the deepest recession in its post-war history and expects economic output to decline by 6.7% lower overall in 2020. It predicts that the recovery will then continue next year, so that gross domestic product will grow by 6.4% in 2021.

While the COVID-19 pandemic led to an unprecedented dampening of the consumer climate in April, consumer confidence is now gradually recovering. According to the consumer research organisation Gesellschaft für Konsumforschung (GfK), both economic and income expectations and the inclination to buy have shown a marked increase. The GfK is therefore forecasting a value of –9.6 points for July 2020, which is nine points higher than the value for June (–18.6 points revised). However, it says this is the third lowest value ever measured in the history of the consumer climate. According to the GfK, the extensive help provided by the economic stimulus packages and the announcement of a temporary reduction in VAT are having a positive effect. Overall therefore, it expects that this will support consumption in the second half of the year.

Foreign currencies

Against the background of the COVID-19 pandemic, the Euro is proving to be a crisis winner versus the US Dollar. Following an upward trend at the beginning of 2020, the exchange rate fell in the meantime from USD 1.14 on 10 March to USD 1.07. On the reporting date 30 June, the exchange rate stood at USD 1.13 again. In response to economic concerns caused by the pandemic in mid-March, the US Federal Reserve had lowered the key interest rate, which is now in the 0% to 0.25% range. The exceptional interest rate cut by the US Federal Reserve therefore halted the long-standing rise of the Dollar for the time being. After a brief recovery, the Euro finally regained its strength against the US Dollar in June.

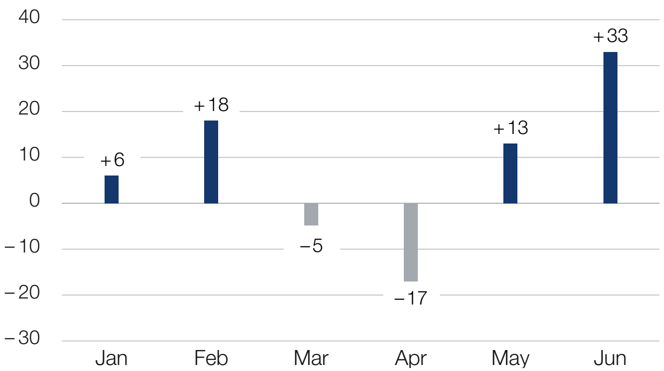
The Chinese currency renminbi (Yuan) was noticeably influenced by the COVID-19 pandemic in the first half of 2020. At the beginning of 2020, the Euro reference rate still stood at CNY 7.79. In the first half of the year, the Yuan declined significantly against the Euro as well as against the US Dollar. The Chinese Yuan only briefly gained strength against the Euro in the spring, when the centre of the pandemic shifted to Europe. In the months of May and June, the Yuan again depreciated steadily. On 30 June 2020, the Euro reference rate closed at CNY 7.92.

Net assets, financial position and results of operations

Business performance

In the second quarter of 2020, despite the temporary closure of key sales channels such as DIY and electrical stores due to the coronavirus, the Leifheit Group increased turnover by a substantial 7.9% to m€ 61.7 (previous year: m€ 57.2). The Group thus generated turnover of m€ 130.4 (previous year: m€ 121.5) in the first six months of the current financial year, an increase of 7.3%. The Household segment with the Leifheit brand made a major contribution to growth. The Wellbeing segment with the Soehnle brand also made significant gains compared with the same period of the previous year. In regional terms the Group achieved significant growth in turnover, particularly in the Central European markets, but also in some target markets in Eastern Europe and the US.

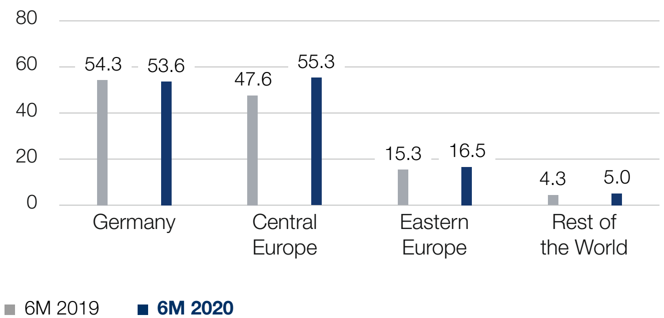
Group turnover development by month
in %



Group turnover by region

Turnover in the first half of 2020 was divided by region as follows: Germany accounted for 41.1% of Group turnover (previous year: 44.7%), Central Europe excluding Germany 42.4% (previous year: 39.2%), Eastern Europe 12.6% (previous year: 12.6%) and markets of the rest of the world 3.9% (previous year: 3.5%).

Group turnover by region
in m€



– Germany

In the domestic German market, the largest single market in the Group, Leifheit achieved turnover of m€ 53.6 in the first half of the year (previous year: m€ 54.3). This represents a slight year-on-year decline of m€ 0.7 or 1.3%, largely due to the closure of key sales channels during the coronavirus lockdown. This led to double-digit turnover losses in the domestic market in March and April, which could not be fully offset by the good growth in May and June.

By contrast, turnover generated outside Germany increased significantly in the reporting period by m€ 9.6 to m€ 76.8 (previous year: m€ 67.2). This corresponds to an increase of 14.3%. The foreign share in the first six months of the current year therefore stood at 58.9% (previous year: 55.3%).

– Central Europe

In the Central Europe sales region, turnover in the first six months of 2020 totalled m€ 55.3 (previous year: m€ 47.6), an increase of 16.0%. The Leifheit Group was able to further expand its distribution in Switzerland and the Netherlands in particular. Turnover development in Belgium and Spain was also positive. In Greece, however, turnover was down on the previous year.

– Eastern Europe

In Eastern Europe, turnover grew overall by 7.5% to m€ 16.5 (previous year: m€ 15.3). The figures reflect the increased marketing activities in selected markets and confirm the growth potential of the Eastern European market. TV advertising in Romania and Poland, in particular, led to an increase in turnover of 47.9% and 31.9% respectively. Slight growth was also achieved in the Czech Republic. On the other hand, the Ukraine, Russia and Hungary saw a downward trend.

Rest of the world

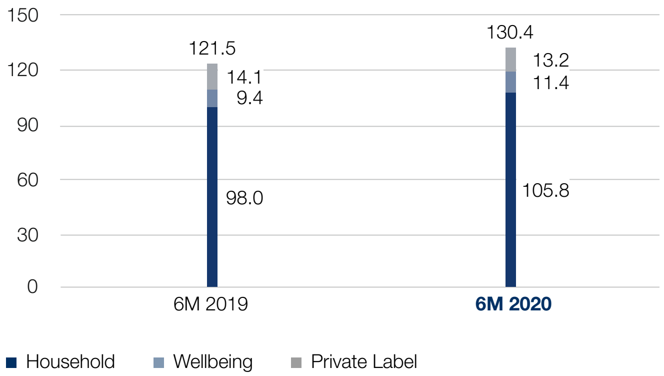
Outside Europe, the first half of 2020 also showed a positive trend. The Leifheit Group posted turnover of m€ 5.0 in the reporting period (previous year: m€ 4.3). Growth was driven in particular by the very good performance in the US, where the Group recorded an increase in turnover of 84.0%. Turnover in the Far East also continued to perform well, with growth of 21.3%. In Australia and other parts of the Pacific region, the Leifheit Group suffered a sharp drop in turnover due to the strict lockdown regulations imposed by local governments.

Group turnover by segment

The reportable segments have been divided as follows: **Household, Wellbeing** and **Private Label.**

Broken down by segment, the distribution of turnover for the first half of 2020 is as follows: By far the largest segment, Household, where the Leifheit brand is sold, generated 81.1% of Group turnover (previous year: 80.7%), the Wellbeing segment with the Soehnle brand generated 8.8% (previous year: 7.7%) and the Private Label segment with the French subsidiaries Herby and Birambeau 10.1% (previous year: 11.6%).

Group turnover by segment
in m€



Household

In the Household segment, the Leifheit Group generated significant turnover growth of 7.9% in the first six months of 2020. Turnover amounted to m€ 105.8, compared with m€ 98.0 in the same period last year. This is largely due to the TV campaign launched at the beginning of the year, which had already been successfully tested in selected markets during the previous financial year. In the cleaning category, Leifheit generated turnover growth of 11.5%. This is due in part to increased marketing activities, and in part to the population's greater need for hygiene in the wake of the COVID-19 pandemic. The kitchen and laundry care product categories also posted growth of 13.6% and 3.8% respectively.

Wellbeing

In the Wellbeing segment, the company generated significant turnover growth of 21.7% to m€ 11.4 (previous year: m€ 9.4). The Soehnle medical category made a particularly strong contribution to this welcome development, with a strong increase in turnover. The Soehnle air purifiers, which remove allergens from the air and combat viruses and bacteria, were also very well received and consequently also saw increased demand from customers during the COVID-19 pandemic. Turnover in the air conditioning product category more than doubled. The range of personal and kitchen scales also developed positively.

Private Label

The Private Label segment declined by 6.6% to m€ 13.2 in the period under review (previous year: m€ 14.1). The main reason for the decline in turnover at the two subsidiaries Birambeau and Herby was the imposition of severe retail restrictions during the coronavirus lockdown in France. These were considerably stricter than in other sales markets.

Development of results of operations

Group result

In the first half of 2020 the Group generated earnings before interest and taxes (EBIT) of m€ 8.8 (previous year: m€ 5.0). The increase of m€ 3.8 was mainly due to the higher gross profit and reflects the Group's strict cost management.

Earnings before taxes (EBT) in the first six months of 2020 totalled m€ 8.3 (previous year: m€ 4.3). After taxes, the net result for the first half of the year amounted to m€ 6.0 (previous year: m€ 3.0).

Gross profit

The gross profit for the first half of 2020 rose by m€ 5.5 to m€ 57.5 (previous year: m€ 52.0). This is calculated as turnover less cost of turnover. The strong increase was mainly the result of a positive mix of products and customers, and reflects the efficiency measures that were implemented.

The gross margin therefore increased by 1.3 percentage points to 44.1% (previous year: 42.8%). This is defined as gross profit in relation to turnover.

Research and development costs

Research and development costs mainly comprise personnel costs, service costs and patent fees. At m€ 2.7, they were m€ 0.2 lower than in the same period last year. The decrease is due in particular to lower depreciation and amortisation, and lower service costs.

Distribution costs

Distribution costs, which include advertising and marketing expenses as well as freight out and shipping costs, increased by m€ 1.9 to m€ 38.2 in the reporting period (previous year: m€ 36.3). This was largely due to higher advertising costs of m€ 2.2 in the first half of the year, which were incurred mainly for TV advertising.

Administrative costs

Administrative costs rose by m€ 0.3 to m€ 8.5 (previous year: m€ 8.2). Aside from personnel expenses and service costs, administrative costs also include costs incurred in support of financial and administrative functions. The increase was mainly the result of higher bonuses for the Board of Management and higher Supervisory Board renumeration.

Other operating income and expenses

Other operating income rose by m€ 0.2 to m€ 0.7 (previous year: m€ 0.5). The reporting period included a compensation payment of m€ 0.3 from a competitor for patent infringements. Other operating expenses fell by m€ 0.2 to m€ 0.1 (previous year: m€ 0.3).

Foreign currency result

The foreign currency result in the first half of 2020 fell by m€ 0.3 to m€ –0.1 (previous year: m€ 0.2). It included income from changes to the fair values of forward foreign exchange transactions of m€ 0.2 (previous year: cost of m€ 0.1) as well as expenses from foreign currency valuation amounting to m€ 0.3 (previous year: less than m€ 0.1).

Interest and financial result

The interest and financial result amounted to m€ –0.5 (previous year: m€ –0.7). It primarily included interest expenses from interest on pension obligations. The decrease in the interest expense for pension obligations resulted from the lower actuarial interest rate.

Income taxes

Income taxes in the first six months of 2020 amounted to m€ 2.3 (previous year: m€ 1.3). The tax ratio stood at 27.3%, down from the previous year's value of 30.3%. This ratio is the relationship of income taxes to earnings before taxes (EBT).

Development of the financial situation

Capital structure

As at 30 June 2020, the debt level came to 54.9% and was therefore 0.3 percentage points lower compared to 31 December 2019.

Liabilities as at 30 June 2020 consisted largely of pension obligations of m€ 64.8, trade payables and other liabilities of m€ 46.7, and other provisions of m€ 9.0. 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 – rose by 0.3 percentage points to 45.1% (31 December 2019: 44.8%).

Analysis of Group liquidity

Group liquidity decreased by m€ 2.9 in the first six months of the current year and stood at m€ 47.4 as at 30 June 2020 (31 December 2019: m€ 50.3). The decline in Group liquidity compared to 31 December 2019 was mainly due to the large increase in working capital. Working capital, the sum total of trade receivables, inventories, contractual assets, trade payables and other liabilities, increased by m€ 14.7 as at 30 June 2020 compared to 31 December 2019. This was mainly due to the significant increase in receivables, which rose by m€ 13.2 as a result of higher turnover and the altered customer structure, and to the increase in inventories, which rose by m€ 7.8 due to consumer advertising planned for the third quarter as well as to the stocking-up of raw material.

Analysis of Group statement of cash flow

The cash outflow from operating activities in the reporting period amounted to m€ 0.2 (previous year: cash inflow of m€ 6.0). The decrease was largely due to the significant increase in working capital compared to the same period last year.

The cash outflow from investment activities amounted to m€ 2.4 (previous year: m€ 2.7). Investments decreased by m€ 0.4 to m€ 2.4 (previous year: m€ 2.8).

The cash outflow from financing activities amounted to m€ 0.4 (previous year: m€ 10.3). In the previous year, the cash outflow was primarily due to the dividend payment of m€ 10.0 in May 2019. Against the background of the COVID-19 pandemic, Leifheit AG has postponed its Annual General Meeting (AGM) this year to 30 September 2020. Consequently, the resolution of the AGM on the dividend proposal for the 2019 financial year and the dividend payment will be postponed. Payments for lease liabilities amounted to m€ 0.4 (previous year: m€ 0.3).

Free cash flow

Free cash flow in the first half of 2020 amounted to m€ –2.5 (previous year: m€ 3.3). The 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 defined by us as follows: The 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 acquisition and sale of business divisions. The decline in free cash flow, as well as in the cash flow from operating activities, is mainly due to the significant increase in working capital compared with the same period last year.

Development of net assets

Balance sheet structure as at 30 June 2020

Compared to 31 December 2019, the balance sheet total rose significantly by m€ 11.6 from m€ 214.6 to m€ 226.2.

Current assets amounted to m€ 162.3 on the reporting date of 30 June 2020, m€ 14.3 higher than at the end of 2019 (31 December 2019: m€ 148.0). Liquidity fell by m€ 2.9 to m€ 47.4. Trade receivables rose by m€ 13.2 to m€ 57.6. The significant increase was mainly due to higher turnover and the altered customer structure. Inventories also rose by m€ 7.8 to m€ 53.6. This was due to higher inventories of raw materials, semi-finished and finished goods in order to secure the supply chain, and to consumer advertising planned for the third quarter. Other current assets fell by m€ 2.4 to m€ 1.8, mainly as a result of seasonally lower VAT receivables.

Non-current assets amounted to m€ 63.9 at the end of June 2020, m€ 2.8 lower than on 31 December 2019. Fixed assets fell by m€ 2.2 compared to 31 December 2019 to m€ 54.7 as depreciation and amortisation exceeded investments. Exchange rates also had a negative effect.

The positive surplus of fair values of all derivative financial assets and liabilities decreased by m€ 0.4 to m€ 0.3 in the first six months of the current year (31 December 2019: m€ 0.7). The main reason for this was the decline in forward foreign exchange transactions.

Current liabilities rose by m€ 7.9 to m€ 55.1 as at the reporting date compared with 31 December 2019, while non-current liabilities fell by m€ 2.2 to m€ 69.0. As at 30 June 2020, trade payables and other liabilities rose by m€ 6.1 to m€ 46.7 compared to 31 December 2019. This was mainly due to liabilities for the stocking of inventories. Pension obligations fell by m€ 2.1 to m€ 64.8 (31 December 2019: m€ 66.9), mainly due to the increase in the actuarial interest rate used to discount pension provisions in Germany from 1.3% as at 31 December 2019 to 1.5% as at 30 June 2020. Other non-current provisions increased due to the rise in the long-term remuneration of the Board of Management by m€ 0.6 to m€ 3.3 (31 December 2019: m€ 2.7). As in previous years, there were no liabilities to banks.

Compared with 31 December 2019, equity as at 30 June 2020 rose by m€ 5.8 to m€ 102.1. This was due to the net result for the period of m€ 6.0 and other comprehensive income of m€ –0.2.

Investments

A total of m€ 2.4 was invested in the first six months of 2020 (previous year: m€ 2.8). 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 – additions to assets in relation to historical procurement and production costs – amounted to 1.8% excluding right of use assets from leases. As at 30 June 2020, there were obligations from contracts for the acquisition of assets amounting to m€ 0.9, which are due within one year and are financed from cash and cash equivalents.

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

In addition to the assets reported in the consolidated balance sheet, Leifheit also used assets that cannot be recorded in the balance sheet to a limited extent. These mainly related to the recognition exemptions under IFRS 16 for leases of up to 12 months, for leases for low-value assets with a value not exceeding k€ 5 and for licences. As in previous years, 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 2020 with successfully run TV campaigns, the Leifheit Group continued its positive business development in the second quarter. Despite the temporary closure of key sales channels due to the coronavirus, the Group increased turnover by 7.3% to m€ 130.4 in the first six months.

At the same time, in the first half of 2020 the Leifheit Group achieved significantly higher year-on-year earnings before interest and taxes (EBIT) of m€ 8.8 (previous year: m€ 5.0). Gross profit, which increased significantly by m€ 5.5 to m€ 57.5, and strict cost management within the Group were major factors in the strong earnings growth.

As at 30 June 2020, Leifheit had liquid funds of m€ 47.4 (31 December 2019: m€ 50.3). The decline in Group liquidity compared with 31 December 2019 was mainly due to the significant increase in working capital. As at the reporting date 30 June 2020, the Group continues to show a high equity ratio of 45.1%. Given its overall solid financial situation, the Leifheit Group is focused on continuing its clear growth strategy.

Employees

In the first six months of 2020, the Leifheit Group had an average of 1,100 employees (previous year: 1,119) – of which 908 were in the Household segment, 49 in the Wellbeing segment and 143 in the Private Label segment.

Employees by region (average figure)

Locations	1 Jan to 30 Jun 2019	**1 Jan to 30 Jun 2020**
Germany	419	408
Czech Republic	453	459
France	161	148
Other countries	86	85
	1,119	**1,100**

In the first half of the year, 37.1% of our employees worked in Germany, 41.7% in the Czech Republic, 13.5% in France and 7.7% in the rest of the world.

Opportunities and risks

The opportunities and risks for the Leifheit Group were described in detail in the combined management report as at 31 December 2019. 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. The ongoing COVID-19 pandemic did not lead to any significant changes in risk assessment in this context either. In consideration of the respective probabilities of occurrence and the possible financial effects of the risks explained, and in view of the solid balance sheet structure and the current business prospects, the Board of Management does not expect any substantial threat to the company's ability to continue as a going concern.

Related party transactions

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

Forecast

General economic conditions resulting from the effects of the COVID-19 pandemic

In our forecast for business development in the current year, we anticipate shrinking economic growth in the sales markets that are important for our company against the background of the COVID-19 pandemic. We assume that the pandemic and the resulting economic consequences will continue to depress private consumer spending, which in Germany, for instance, is only now starting to gradually recover from the coronavirus lockdown. Risks also include a further escalation in the conflict between the US and China, as well as geopolitical tensions and disputes.

Turnover and earnings forecast for the current financial year

The Board of Management had made a forecast for the financial year 2020 prior to the potential impact of the COVID-19 pandemic, which predicted growth in Group turnover of around 8% and EBIT of m€ 9.5 to m€ 10.0. Due to the rapid developments and uncertainty associated with the pandemic in recent months, the impact of the coronavirus crisis on the Leifheit Group's business development could not be realistically assessed up to now.

The Board of Management updated its forecast for the 2020 financial year when preparing the half-year financial statement. The Board of Management now expects Group turnover grow by 7% to 9%, and consolidated EBIT of m€ 12 to m€ 15 for the 2020 financial year. We expect earnings per share (EPS) of around € 0.83 to € 1.05. The main drivers of earnings growth are the improvement in gross margin and strict cost management within the Leifheit Group.

The strategy continues to focus on expanding core business with the Leifheit and Soehnle brands in the Household and Wellbeing segments. In the Household segment, we expect turnover growth of 8.5% to 10.5%, and in the much smaller Wellbeing segment, a growth of 11.0% to 13.0%. In the Private Label segment, we anticipate a slight decline in turnover. We will use the gross profit generated as a result of our planned growth to strengthen consumer advertising. A large part of the marketing investments planned for the year 2020 will be made in the third quarter.

We will continue to follow our fundamentally conservative financial policy for the rest of the financial year. We are expecting to generate free cash flow of around m€ 1 to m€ 3 in 2020. Here we expect to see a rise in working capital due to the increase in inventories caused by planned turnover growth and higher inventories of raw materials, semi-finished and finished goods to secure the supply chain, as well as higher receivables on account of the anticipated customer structure and forecast growth. For the 2020 financial year, we calculate ROCE of 9% to 12%.

The forecast is based on the assumption that there will be no further major restrictions caused by the COVID-19 pandemic in the markets and trading channels relevant to the Leifheit Group.

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 the financial year 2019. It 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 2019.

Remuneration report

LTI Management

In the contracts, Leifheit AG and the members of the Board of Management have agreed on a long-term incentive plan (LTI plan) for annual LTI tranches. 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 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 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 2020 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€ 957 was recognised as at 30 June 2020 as part of the LTI plan for Board of Management members (31 December 2019: k€ 386). The expense for the period from 1 January to 30 June 2020 amounted to k€ 571 (previous year: k€ 67). The increase resulted mainly from the adjustment of parameters with regard to success factors and own investments.

The following parameters were taken into account as part of the measurement as at 30 June 2020:

	LTI Management				LTI Supervisory Board
	2019 tranche	2020 tranche	2021 tranche	2022 tranche	2020 tranche
Time of measurement	30 Jun 2020	30 Jun 2020	30 Jun 2020	30 Jun 2020	30 Jun 2020
Remaining term (in years)	2.50	3.50	4.50	5.50	2.50
Volatility	38.85%	36.15%	33.00%	32.61%	38.85%
Risk-free interest rate	–0.72%	–0.72%	–0.70%	–0.68%	–0.72%
Expected dividend yield	4.76%	4.76%	4.76%	4.76%	4.76%
Exercise price	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
Price of the Leifheit share as at the time of measurement	€ 24.80	€ 24.80	€ 24.80	€ 24.80	€ 24.80

LTI Supervisory Board

Furthermore, virtual shares were granted to members of the company's Supervisory Board. These virtual shares also grant the Supervisory Board members a cash payment of equal value in the amount of the average share price at the end of the three-year performance period. The number of exercisable virtual shares depends on the development of the success factors ROCE, EPS and the development of free cash flow. 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. The price of the virtual shares at the end of the performance period relevant for the payout is limited to € 35 per virtual share.

The granting of the virtual shares was classified and measured as "cash-settled share-based payment" 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, taking into account the conditions under which the virtual shares were granted. With regard to the derivation of the market data, please refer to the explanations regarding the market data of the LTI Management, whose information also applies to the market data of the LTI Supervisory Board.

A liability in the amount of k€ 41 was recognised as at 30 June 2020 as part of the LTI plan for Supervisory Board members (31 December 2019: k€ 0). The expense for the period from 1 January to 30 June 2020 amounted to k€ 41 (previous year: k€ 0).

Unaudited condensed interim consolidated financial statements as at 30 June

Statement of comprehensive income

k€	1 Apr to 30 Jun 2019	**1 Apr to 30 Jun 2020**	1 Jan to 30 Jun 2019	**1 Jan to 30 Jun 2020**
Turnover	57,142	61,641	121,482	130,354
Cost of turnover	–32,753	–34,779	–69,512	–72,808
Gross profit	**24,389**	**26,862**	**51,970**	**57,546**
Research and development costs	–1,478	–1,455	–2,922	–2,653
Distribution costs	–17,907	–17,467	–36,315	–38,165
Administrative costs	–3,782	–3,982	–8,184	–8,514
Other operating income	267	504	521	741
Other operating expenses	–125	–49	–297	–98
EBIT adjusted for foreign currency result	**1,364**	**4,413**	**4,773**	**8,857**
Foreign currency result	–240	138	236	–54
EBIT	**1,124**	**4,551**	**5,009**	**8,803**
Interest income	8	4	9	7
Interest expenses	–343	–253	–689	–503
Net other financial result	–	1	–	–3
EBT	**789**	**4,303**	**4,329**	**8,304**
Income taxes	–263	–1,185	–1,311	–2,266
Net result for the period	**526**	**3,118**	**3,018**	**6,038**
Contributions that are not reclassified in future periods in the statement of profit or loss				
Actuarial gains/losses on defined benefit pension plans	–2,289	–2,820	–6,487	1,505
Income taxes from actuarial gains/losses on defined benefit pension plans	671	826	1,901	–441
Contributions that may be reclassified in future periods in the statement of profit or loss				
Currency translation of foreign operations	105	203	118	–581
Currency translation of net investments in foreign operations	214	318	169	–778
Income taxes from currency translation of net investments in foreign operations	–62	–93	–49	228
Net result of cash flow hedges	–697	–741	5	–230
Income taxes from cash flow hedges	210	210	–	69
Other comprehensive income	**–1,848**	**–2,097**	**–4,343**	**–228**
Comprehensive income after taxes	**–1,322**	**1,021**	**–1,325**	**5,810**
Earnings per share based on net result for the period (diluted and undiluted)	**€ 0.06**	**€ 0.33**	**€ 0.32**	**€ 0.63**

Balance sheet

k€	31 Dec 2019	30 Jun 2020
Current assets		
Cash and cash equivalents	50,301	47,382
Trade receivables	44,400	57,615
Inventories	45,850	53,628
Income tax receivables	1,418	774
Contractual assets	1,017	738
Derivative financial instruments	730	343
Other current assets	4,248	1,822
Total current assets	**147,964**	**162,302**
Non-current assets		
Intangible assets	18,295	19,059
Tangible assets	36,948	34,343
Right of use assets from leases	1,596	1,286
Deferred tax assets	9,694	9,040
Derivative financial instruments	1	15
Other non-current assets	112	112
Total non-current assets	**66,646**	**63,855**
Total assets	**214,610**	**226,157**
Current liabilities		
Trade payables and other liabilities	40,680	46,744
Income tax liabilities	89	1,838
Other provisions	5,701	5,753
Derivative financial instruments	6	32
Lease liabilities	687	732
Total current liabilities	**47,163**	**55,099**
Non-current liabilities		
Provisions for pensions and similar obligations	66,855	64,798
Other provisions	2,655	3,252
Deferred tax liabilities	744	397
Derivative financial instruments	37	–
Lease liabilities	913	558
Total non-current liabilities	**71,204**	**69,005**
Equity		
Subscribed capital	30,000	30,000
Capital surplus	17,026	17,026
Treasury shares	–7,445	–7,445
Retained earnings	70,777	76,815
Other reserves	–14,115	–14,343
Total equity	**96,243**	**102,053**
Total equity and liabilities	**214,610**	**226,157**

Statement of changes in equity

k€	Subscribed capital	Capital surplus	Treasury shares	Retained earnings	Other reserves	**Total**
As at 1 Jan 2019	30,000	17,026	–7,445	74,930	–12,662	101,849
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**
As at 1 Jan 2020	30,000	17,026	–7,445	70,777	–14,115	96,243
Comprehensive income after taxes	–	–	–	6,038	–228	5,810
of which net result for the period	–	–	–	6,038	–	6,038
of which actuarial gains/losses on defined benefit pension plans	–	–	–	–	1,064	1,064
of which currency translation of foreign operations	–	–	–	–	–581	–581
of which currency translation of net investments in foreign operations	–	–	–	–	–550	–550
of which from cash flow hedges	–	–	–	–	–161	–161
As at 30 Jun 2020	**30,000**	**17,026**	**–7,445**	**76,815**	**–14,343**	**102,053**

Statement of cash flow

k€	1 Jan to 30 Jun 2019	**1 Jan to 30 Jun 2020**
Net result for the period	3,018	6,038
Depreciation and amortisation	3,765	3,778
Change in provisions	–446	98
Result from disposal of fixed assets and other non-current assets	9	–5
Change in inventories, trade receivables and other assets not classified as investment or financing activities	3,431	–16,786
Change in trade payables and other liabilities not classified as investment or financing activities	–3,656	6,435
Other non-cash expenses and income	–146	284
Cash flow from operating activities	**5,975**	**–158**
Proceeds from the sale of tangible assets and other non-current assets	73	75
Payments for the purchase of tangible and intangible assets	–2,772	–2,435
Cash flow from investment activities	**–2,699**	**–2,360**
Payments for lease liabilities	–341	–374
Dividends paid to the shareholders of the parent company	–9,984	–
Cash flow from financing activities	**–10,325**	**–374**
Change in cash and cash equivalents	–7,049	–2,892
Change in cash and cash equivalents due to exchange rates	7	–27
Cash and cash equivalents at the start of the reporting period	50,932	50,301
Cash and cash equivalents at the end of the reporting period	**43,890**	**47,382**
Income taxes paid [1]	–2,808	–1,373
Income taxes received [1]	45	1,435
Interest paid [1]	–23	–35
Interest received [1]	8	10

[1] Included in cash flow from operating activities.

Selected explanatory notes

General information

Leifheit AG is a publicly listed corporation with 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 2020 to 30 June 2020.

The interim consolidated financial statements were prepared by the Board of Management of Leifheit AG and approved for publication by the CEO/CFO on 12 August 2020.

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), in particular 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 2019.

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 operating period ended on 30 June 2020.

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 (which had no material effect on the interim consolidated financial statements), 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 2019. The standards and interpretations published by the IASB that are not yet to be mandatorily applied during financial year 2020 have not been applied.

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 Jun 2020		Household	Wellbeing	Private Label	Total
Turnover	m€	105.8	11.4	13.2	130.4
Gross profit	m€	49.2	5.1	3.2	57.5
Segment result (EBIT)	m€	7.6	0.9	0.3	8.8
Employees on annual average	People	908	49	143	1,100

Key figures by reportable segments as at 30 Jun 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

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

Notes to the balance sheet and the statement of comprehensive income

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 by region in m€	1 Jan to 30 Jun 2020 Household	Wellbeing	Private Label	Total
Germany	49.5	4.1	–	53.6
Central Europe	36.3	6.5	12.5	55.3
Eastern Europe	15.3	0.5	0.7	16.5
Rest of the world	4.7	0.3	–	5.0
	105.8	**11.4**	**13.2**	**130.4**

Turnover by product categories in m€	1 Jan to 30 Jun 2020 Household	Wellbeing	Private Label	Total
Cleaning	46.4	–	–	46.4
Laundry care	49.7	–	3.8	53.5
Kitchen goods	9.7	–	9.4	19.1
Wellbeing	–	11.4	–	11.4
	105.8	**11.4**	**13.2**	**130.4**

Turnover by region in m€	1 Jan to 30 Jun 2019 Household	Wellbeing	Private Label	Total
Germany	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**

Turnover by product categories in m€	1 Jan to 30 Jun 2019 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**

Additional notes on the major changes to items in the balance sheet and the statement of comprehensive income 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 share of € 3.00. All shares accord the same rights. Shareholders receive dividends as resolved and have one vote for each share at the Annual General Meeting.

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

The Annual General Meeting of Leifheit AG on 24 May 2017 authorised the Board of Management to increase the share capital on one or more occasions by a total of up to k€ 15,000 until 23 May 2022 by issuing up to 5,000,000 new no-par-value bearer shares – also excluding subscription rights – in exchange for cash and/or non-cash contributions with the approval of the Supervisory Board. 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 same period of the previous year.

Including the treasury shares acquired and issued in previous years, Leifheit held 490,970 treasury shares on 30 June 2020. 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).

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 36 of our annual financial report 2019. No material changes in our financial risk profile have occurred since 31 December 2019.

Cash flow hedges

Derivative financial instruments include forward foreign exchange transactions, measured at fair value, for buying US Dollars, HK Dollars, Chinese Yuan and Czech korunas for financial years 2020 to 2021.

The maturities of forward foreign exchange transactions were as follows:

	less than 1 year	more than 1 year
Buy USD/€	mUSD 16.5	mUSD 0.3
Buy HKD/€	mHKD 24.2	mHKD 2.0
Buy CNH/€	mCNH 147.0	mCNH 10.3
Buy CZK/€	mCZK 60.0	–

The following obligations from forward foreign exchange transactions were recorded on the balance sheet as at 30 June 2020:

	Value of obligation	Foreign currency	Nominal value
Buy USD/€	k€ 14,660	kUSD 16,773	k€ 14,876
of which hedge accounting	k€ 12,021	kUSD 13,751	k€ 12,190
Buy HKD/€	k€ 2,956	kHKD 26,250	k€ 3,000
of which hedge accounting	k€ 2,274	kHKD 20,250	k€ 2,310
Buy CNH/€	k€ 19,503	kCNH 157,345	k€ 19,563
of which hedge accounting	k€ 19,503	kCNH 157,345	k€ 19,563
Buy CZK/€	k€ 2,243	kCZK 60,000	k€ 2,249

Financial assets and liabilities

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

Assets in the form of forward foreign exchange transactions in the amount of k€ 358 (previous year: k€ 879) and liabilities in the form of forward foreign exchange transactions in the amount of k€ 32 (previous year: k€ 186) were measured at fair value on the balance sheet as at 30 June 2020. 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.

The hedging relationships became ineffective due to the expected loss of the underlying transactions in the reporting period. This related to forward foreign exchange transactions in the amount of kUSD 6,000 (previous year: kUSD 0). The discontinuation of the hedging relationships resulted in income of k€ 36 (previous year: k€ 0).

Short-term revolving lines of credit in the amount of k€ 25,155 were available as at 30 June 2020 (previous year: k€ 11,655). As at the balance sheet date, k€ 655 had been used in the form of guarantees (previous year: k€ 805). Unused lines of credit were k€ 24,421 (previous year: k€ 10,787). Due to the uncertainties of the COVID-19 pandemic, the revolving credit lines were considerably expanded to reduce the liquidity risk.

Please see the comments in note 36 in the annual financial report 2019 for more information about the default risk for trade receivables. We are strictly monitoring trade receivables due to the coronavirus crisis. Adequate provisions of k€ 271 (previous year: k€ 121) have been made for the default risk and expected credit losses.

In the case of current assets and liabilities, the book value always is assumed to be a reasonable approximation of the fair value. The fair values of financial assets and liabilities are determined on the basis of input parameters observed on the market (level 2). There were no reclassifications between levels in the reporting period.

The following tables show the book values of financial assets and financial liabilities pursuant to IFRS 9.

k€	Fair value through profit or loss	Hedging instrument held for hedge accounting	At amortised cost	30 Jun 2020
Financial assets measured at fair value				
Forward foreign exchange transactions (designated as hedging transactions)	–	352	–	352
Forward foreign exchange transactions (not designated as hedging transactions)	6	–	–	6
Financial assets not measured at fair value				
Trade receivables and other receivables	–	–	58,515	58,515
Cash and cash equivalents	–	–	47,382	47,382
Financial liabilities measured at fair value				
Forward foreign exchange transactions (designated as hedging transactions)	–	29	–	29
Forward foreign exchange transactions (not designated as hedging transactions)	3	–	–	3
Financial liabilities not measured at fair value				
Trade payables and other liabilities	–	–	30,113	30,113

k€	Fair value through profit or loss	Hedging instrument held for hedge accounting	At amortised cost	31 Dec 2019
Financial assets measured at fair value				
Cash and cash equivalents	5,006	–	–	5,006
Forward foreign exchange transactions (designated as hedging transactions)	–	690	–	690
Forward foreign exchange transactions (not designated as hedging transactions)	41	–	–	41
Financial assets not measured at fair value				
Trade receivables and other receivables	–	–	45,793	45,793
Cash and cash equivalents	–	–	45,295	45,295
Financial liabilities measured at fair value				
Forward foreign exchange transactions (designated as hedging transactions)	–	29	–	29
Forward foreign exchange transactions (not designated as hedging transactions)	14	–	–	14
Financial liabilities not measured at fair value				
Trade payables and other liabilities	–	–	31,485	31,485

Other financial liabilities

As at 30 June 2020, there were contractual obligations arising out of contracts without cancellation options, e.g. maintenance, service and insurance agreements, in the amount of k€ 1,413 (previous year: k€ 1,584). The future minimum payments on the basis of these contracts without a cancellation option amount to k€ 1,088 up to a term of one year (previous year: k€ 1,016), k€ 322 between one and five years (previous year: k€ 568), and k€ 3 for more than five years (previous year: k€ 0).

As at 30 June 2020, purchase commitments for raw materials totalled k€ 887 (previous year: k€ 997).

There were contractual obligations to acquire items of tangible assets in the amount of k€ 853 (previous year: k€ 1,737), 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€ 3,544 (previous year: k€ 1,077) and other agreements in the amount of k€ 2,190 (previous year: k€ 2,188).

In accordance with IFRS 16, the Group recognises right of use assets and lease liabilities for most of these leases and rental agreements. For the remaining rental agreements, e.g. office equipment and software licences, recognition exemptions permitted under IFRS 16 have been applied. The terms are always less than five years. As at 30 June 2020, these future minimum rental payments from non-cancellable rental and leasing agreements amounted to k€ 333 (previous year: k€ 535), including k€ 147 within one year (previous year: k€ 345) and k€ 186 between one and five years (previous year: k€ 190).

Personnel changes in Leifheit AG organs

The reporting period saw personnel changes in Leifheit AG organs:

Ivo Huhmann, member of the Board of Management and Chief Financial Officer (CFO) of Leifheit AG since 1 April 2017, left the company at the end of his contract term on 31 March 2020.

Henner Rinsche, Chairman of the Board of Management/CEO of Leifheit AG, has taken over the CFO role at this time in a dual role.

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

Related party transactions

A managing director of our Czech subsidiary Leifheit CZ a.s. is also the managing director of a Czech customer. In the reporting period, turnover of k€ 222 was generated with this customer at an arm's length margin of 27% (previous year: k€ 111 turnover at a margin of 26%). The customer continued to provide shared services for our subsidiary at arm's length terms and conditions in the amount of k€ 305 (previous year: k€ 311). Leifheit CZ a.s. provided services amounting to k€ 8 (previous year: k€ 4).

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

Remuneration of the Board of Management and Supervisory Board

Information on the remuneration of the Board of Management and Supervisory Board can be found in the "Legal Information" section of the interim management report.

Other information

In the first half of 2020, the Leifheit Group received funds of k€ 224 from various countries as part of substantial support measures, mainly short-time work allowance for employees as a result of the COVID-19 pandemic.

Due to uncertainty about the effects at the beginning of the coronavirus crisis, an impairment test was carried out, particularly at the level of the cash-generating units (CGU) as at 31 March 2020. Various scenarios were assumed in view of the possible effects of the coronavirus crisis on future turnover and earnings development in the years 2020 and 2021. There were no significant changes in other parameters such as the discount rate, the risk-free interest rate, the market risk premium, the beta factor, the cost of debt and the growth rate. None of these scenarios resulted in an impairment requirement. As a result of the positive business development of all CGUs in the second quarter of 2020, no further impairment test was carried out as at 30 June 2020.

Material events after the period covered in the interim financial report

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

Nassau/Lahn, August 2020

Leifheit Aktiengesellschaft

The Board of Management

Henner Rinsche   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 2020

Leifheit Aktiengesellschaft

The Board of Management

Henner Rinsche 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 financial report for the half-year and the German version, the German version will take precedence.

Note on rounding

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

Financial calendar

30 Sep 2020	Annual General Meeting [1]
11 Nov 2020	Quarterly statement for the period ending 30 Sept 2020
11 Nov 2020	Investor conference call
16 – 18 Nov 2020	German equity forum

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

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