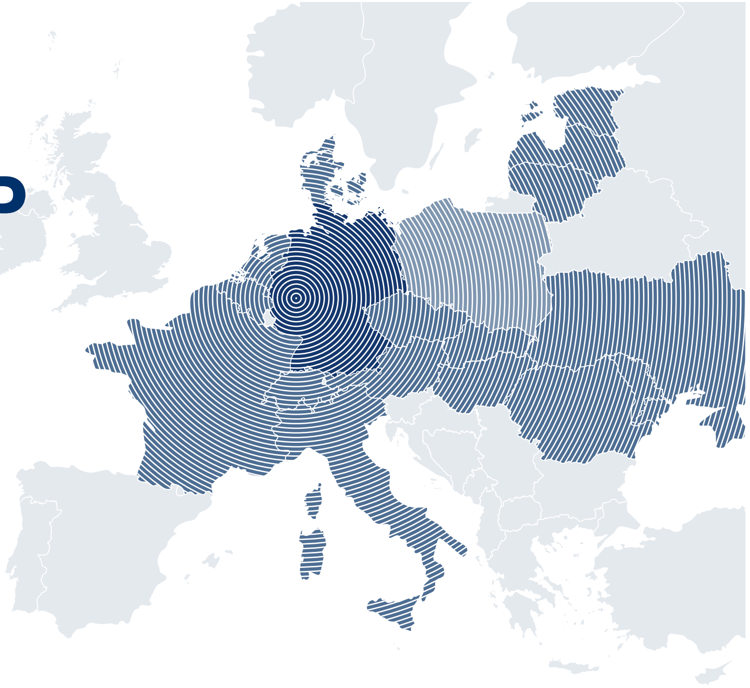
LEIFHEIT

SCALING UP SUCCESS



Annual financial statements of Leifheit Aktiengesellschaft

2021

Annual financial statements for financial year 2021

Leifheit AG, Nassau/Lahn, Germany

Annual financial statements

Further information

Combined management report

The management report of Leifheit AG and the Leifheit Group consolidated management report have been combined in accordance with section 315 para. 5 and section 298 para. 2 of the German commercial code (HGB) and published in the Leifheit Group annual report 2021.

The annual financial statements of Leifheit AG and the annual report of the Leifheit Group for financial year 2021 are also available online at **financial-reports.leifheit-group.com**.

Balance sheet

k€	Notes	31 Dec 2020		31 Dec 2021	
Assets					
I. Intangible assets	1		1,228		997
II. Tangible assets	2		15,660		14,482
III. Financial assets	3		68,553		60,605
A. Non-current assets			**85,441**		**76,084**
I. Inventories	4		35,444		45,717
II. Receivables and other assets	5		49,033		46,289
III. Cash and cash equivalents			32,195		30,959
B. Current assets			**116,672**		**122,965**
C. Accrued expenses			**156**		**160**
			202,269		**199,209**
Liabilities					
I. Subscribed capital		30,000		30,000	
Deduction for treasury shares		–1,473		–1,454	
			28,527		28,546
II. Capital surplus			17,026		17,164
III. Retained earnings			35,924		32,760
IV. Balance sheet profit			12,400		10,000
A. Equity	6		**93,877**		**88,470**
1. Provisions for pensions and similar obligations	7		55,364		56,564
2. Tax provisions			3,120		389
3. Other provisions	8		26,471		26,940
B. Provisions			**84,955**		**83,893**
C. Liabilities	9		**23,437**		**26,846**
			202,269		**199,209**

Statement of profit or loss

k€	Notes	2020	2021
Turnover	10	258,745	274,394
Cost of turnover	11	–169,545	–187,920
Gross profit		**89,200**	**86,474**
Distribution costs	12	–62,200	–62,253
General administrative costs	13	–9,323	–8,510
Other operating income of which income from currency translation: k€ 5,461 (2020: k€ 4,464)	14	7,094	8,258
Other operating expenses of which expenses from currency translation: k€ –3,076 (2020: k€ –5,345)	15	–10,807	–8,788
Operating result		**13,964**	**15,181**
Income from shareholdings of which from affiliated companies: k€ 2,715 (2020: k€ 1,200)	16	1,200	2,715
Income from loans of financial assets of which from affiliated companies: k€ 1,101 (2020: k€ 763)		763	1,101
Interest income		22	26
Amortisation of financial assets	17	–	–6,168
Interest expenses of which to affiliated companies: k€ –32 (2020: k€ –41) of which from compound interest: k€ –4,467 (2020: k€ –4,350)	18	–4,532	–4,617
Income taxes	19	–3,673	–3,784
Earnings after taxes		**7,744**	**4,454**
Other taxes		–114	–105
Net income		**7,630**	**4,349**
Appropriation of profit			
Net income		7,630	4,349
Retained earnings		4,770	2,412
Withdrawal from other retained earnings		–	3,239
Balance sheet profit		**12,400**	**10,000**

Notes: General information

Leifheit Aktiengesellschaft (Leifheit AG), whose registered office is at Leifheitstraße 1, Nassau/Lahn, Germany, is entered in the Commercial Register of Montabaur Local Court under HRB 2857. The shares of Leifheit AG are traded in the Prime Standard trading segment of the Xetra, Frankfurt/Main, Berlin, Düsseldorf, Hamburg, Hanover and Stuttgart stock markets under ISIN DE0006464506.

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

Accounting and valuation principles

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

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

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

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

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

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

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

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

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

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

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

Provisions for pensions are formed for contractually agreed, direct and indirect pension entitlements in accordance with actuarial principles, in application of the projected unit credit method subject to an average market rate and the 2018 G mortality tables of Heubeck-Richttafeln-GmbH, Cologne, Germany; an interest rate of 1.87% was applied in 2021 (2020: 2.30%). Discounting is applied at the 10-year average discounting rate in accordance with its residual term. The assets set aside solely for the fulfilment of pension obligations and placed out of reach of all other creditors (plan assets as defined in section 246 para. 2 sentence 2 of the German commercial code (HGB)) were offset at their fair value against the settlement value of the provisions. The same approach is applied to corresponding income and expenses. The plan assets constitute life insurance policies for which there is no active market, and therefore no possibility for the market price to be determined. As a result, the fair value of the securities was calculated as the fair value of the reinsurance cover for the pension commitments. The effect of changes in interest rates on the pension obligations is reported in the net interest result.

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

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

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

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

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

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

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

Notes to the balance sheet

(1) Intangible assets

k€	Brands	Goodwill	Other intangible assets	Advances paid	Total
Acquisition and manufacturing costs as at 1 Jan 2021	4,324	1,209	15,787	189	21,509
Additions	–	–	53	163	216
Disposals	–	–	6,910	–	6,910
Reclassifications	–	–	153	–153	–
As at 31 Dec 2021	**4,324**	**1,209**	**9,083**	**199**	**14,815**
Cumulative amortisation as at 1 Jan 2021	4,324	1,209	14,748	–	20,281
Additions	–	–	448	–	448
Disposals	–	–	6,911	–	6,911
As at 31 Dec 2021	**4,324**	**1,209**	**8,285**	**–**	**13,818**
Net book value					
As at 31 Dec 2020	–	–	1,039	189	1,228
As at 31 Dec 2021	**–**	**–**	**798**	**199**	**997**

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

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

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

Advances paid largely concerned advances for software.

(2) Tangible assets

k€	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Advances paid and assets under construction	Total
Acquisition and manufacturing costs as at 1 Jan 2021	32,620	14,099	31,554	748	79,021
Additions	150	307	629	112	1,198
Disposals	10	537	2,147	–	2,694
Reclassifications	209	251	202	–662	–
As at 31 Dec 2021	**32,969**	**14,120**	**30,238**	**198**	**77,525**
Cumulative depreciation as at 1 Jan 2021	23,020	13,338	27,003	–	63,361
Additions	415	149	1,481	–	2,045
Disposals	9	333	2,021	–	2,363
As at 31 Dec 2021	**23,426**	**13,154**	**26,463**	**–**	**63,043**
Net book value					
As at 31 Dec 2020	9,600	761	4,551	748	15,660
As at 31 Dec 2021	**9,543**	**966**	**3,775**	**198**	**14,482**

Advances paid and assets under construction largely concerned advances for tools.

(3) Financial assets

k€	Shares in affiliated companies	Loans to affiliated companies	Total
Acquisition costs as at 1 Jan 2021	29,479	40,602	70,081
Additions	–	13,901	13,901
Disposals	–	15,681	15,681
As at 31 Dec 2021	**29,479**	**38,822**	**68,301**
Cumulative amortisation as at 1 Jan 2021	1,528	–	1,528
Additions	6,168	–	6,168
As at 31 Dec 2021	**7,696**	**–**	**7,696**
Net book value			
As at 31 Dec 2020	27,951	40,602	68,553
As at 31 Dec 2021	**21,783**	**38,822**	**60,605**

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

Additions to the amortisation of shares in affiliated companies concerned the shareholdings of the French holding company Leifheit France S.A.S. (see Note 17).

(4) Inventories

k€	31 Dec 2020	31 Dec 2021
Raw materials, consumables and supplies	1,235	1,705
Unfinished products	535	583
Finished products and goods purchased and held for resale	33,674	43,429
	35,444	**45,717**

(5) Receivables and other assets

k€	31 Dec 2020	31 Dec 2021
Trade receivables	34,834	32,425
Receivables from affiliated companies	11,355	10,266
Other assets	2,844	3,598
	49,033	**46,289**

As in the previous year, receivables from affiliated companies primarily included receivables from deliveries of goods and current receivables in relation to Group financing.

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

(6) Equity

The subscribed capital of Leifheit AG of k€ 30,000 (2020: k€ 30,000) is denominated in euros and is divided into 10,000,000 no-par-value bearer shares. This corresponds to a theoretical value per no-par-value bearer share of € 3.00.

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

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

The Annual General Meeting of Leifheit AG on 24 May 2017 authorised the Board of Management to increase the share capital on one or more occasions by a total of up to k€ 15,000 until 23 May 2022 by issuing up to 5,000,000 new no-par-value bearer shares – also excluding subscription rights – in exchange for cash and/or non-cash contributions with the approval of the Supervisory Board (2017 authorised capital). The full text of the resolution can be found in Item 7 of the invitation to the Annual General Meeting, which was published in the Federal Gazette (Bundesanzeiger) on 12 April 2017.

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

k€	31 Dec 2020	Dividend payment	Net profit for the year	Issuance of treasury shares	Withdrawal from other retained earnings	31 Dec 2021
Subscribed capital	30,000	–	–	–	–	30,000
Deduction for treasury shares	–1,473	–	–	19	–	–1,454
	28,527	–	–	19	–	28,546
Capital surplus	17,026	–	–	138	–	17,164
Retained earnings						
Statutory reserve	1,023	–	–	–	–	1,023
Other retained earnings	34,901	–	–	76	–3,239	31,737
	35,924	–	–	76	–3,239	32,760
Balance sheet profit	12,400	–9,988	4,349	–	3,239	10,000
Total equity	**93,877**	**–9,988**	**4,349**	**233**	**–**	**88,470**

The capital surplus in the amount of k€ 17,164 (2020: k€ 17,026) concerns the premium on the capital increase in the autumn of 1989 amounting to k€ 16,934 and the issuance of employee shares amounting to k€ 230. Employees shares were issued during the reporting period (see Note 28).

The change in the regulations concerning the valuation of provisions for pensions in 2016 in connection with the introduction of the 10-year average discounting rate to replace the 7-year rate resulted in a difference of k€ 4,166; this amount is blocked from distribution.

Proposal for the appropriation of the balance sheet profit

The Board of Management will propose to the upcoming Annual General Meeting the appropriation of the Leifheit AG balance sheet profit of € 10,000,000.00 for financial year 2021 as follows:

Payment of a dividend of € 1.05 per eligible no-par-value bearer share	€ 9,991,068.15
Retained earnings	€ 8,931.85

(7) Provisions for pensions and similar obligations

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

	31 Dec 2020	31 Dec 2021
Settlement amount of pension obligations	55,453	56,657
Plan assets	−89	−93
Recognised provisions	**55,364**	**56,564**

In terms of the direct pension obligations under the company's pension schemes, the fair value of the plan assets of the pension provisions was offset against the settlement amount of the pension reserves. On 31 December 2021, the fair value of the plan assets (equivalent to the acquisition costs) stood at k€ 93 (2020: k€ 89) and the settlement amount at k€ 275 (2020: k€ 252). Income accrued in this regard in financial year 2021 came to k€ 4 (2020: k€ 3).

Furthermore, the company also had pension obligations from salary conversion, where the plan assets were also offset against the settlement amount. At k€ 813, the fair value of the settlement amount (equivalent to the acquisition costs) was equivalent to the plan assets as at the balance sheet date (2020: k€ 794).

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

	31 Dec 2020	31 Dec 2021
Discount rate	2.3%	1.9%
Future income trend	2.5%	2.5%
Future pension trend	1.7%	1.7%
Arithmetical final age	RVAGAnpG 2007	RVAGAnpG 2007
Mortality tables Prof. Dr K. Heubeck	2018 G	2018 G

(8) Other provisions

k€	31 Dec 2020	31 Dec 2021
Personnel	7,225	5,970
Customer bonuses	7,021	5,967
Warranties	3,471	4,261
Advertising costs	2,412	2,999
Outstanding invoices	1,841	2,601
Purchase commitments	895	1,344
Claims for damages	150	934
Supervisory Board remuneration	653	597
Annual financial statement costs	367	420
Contractual penalties	150	316
Tax advice	113	153
Impending losses	463	104
Other provisions	1,710	1,274
	26,471	**26,940**

(9) Liabilities

k€	Remaining term less than 1 year	Remaining term 1 to 5 years	Remaining term more than 5 years	31 Dec 2021
Trade payables	16,505	–	–	16,505
Liabilities to affiliated companies	8,014	–	–	8,014
Liabilities to the company support organisation	36	134	282	452
Other liabilities	1,875	–	–	1,875
of which from taxes	722	–	–	722
of which as part of social security	640	–	–	640
	26,430	**35**	**381**	**26,846**

k€	Remaining term less than 1 year	Remaining term 1 to 5 years	Remaining term more than 5 years	31 Dec 2020
Trade payables	12,410	–	–	12,410
Liabilities to affiliated companies	8,801	–	–	8,801
Liabilities to the company support organisation	48	167	297	512
Other liabilities	1,714	–	–	1,714
of which from taxes	624	–	–	624
of which as part of social security	708	–	–	708
	22,973	**45**	**419**	**23,437**

Of the liabilities to affiliated companies, k€ 4,083 was attributable to intra-Group loans (2020: k€ 2,872). The remainder was attributable to trade payables, as in the previous year.

Liabilities to the company support organisation related to pension obligations to Unterstützungseinrichtung Günter Leifheit e.V. and amounted to k€ 452 (2020: k€ 512) on the balance sheet date. These liabilities concerned the fund assets held with Leifheit AG of k€ 298 (2020: k€ 326) and the obligation to make an additional contribution of k€ 154 (2020: k€ 186) that results from the valuation of the pension obligation of the pension plan. These liabilities were valued according to the projected unit credit method with the same biometric and economic assumptions as those applied in relation to the pension obligations of Leifheit AG.

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

Short-term lines of credit in the amount of k€ 25,155 were available on the balance sheet date (2020: k€ 25,155). Of this amount, k€ 384 (2020: k€ 693) was used for bills of guarantee and credit cards as at the balance sheet date. Unused lines of credit were k€ 24,771 (2020: k€ 24,462)

Notes to the statement of profit or loss

(10) Turnover

k€	2020	2021
Household products	217,674	232,741
Sale of production materials	39,585	40,505
Income from intra-Group charges	1,056	666
Income from licences	394	449
Other income	36	33
	258,745	**274,394**

Turnover was broken down as follows into regions:

k€	2020	2021
Germany	112,518	126,862
Foreign countries	146,227	147,532
	258,745	**274,394**

Since financial year 2021, turnover with a major online retailer has been recognised according to the place of delivery in Germany. Previously, some of this turnover was reported abroad, where their group headquarters is located. The previous year's figures were adjusted accordingly in the amount of k€ 4,969.

(11) Cost of turnover

k€	2020	2021
Cost of materials	151,272	164,861
Purchased services	5,397	9,254
Personnel costs	6,490	6,156
Customs costs	1,703	1,783
Services	1,189	1,783
IT costs and other allocations	1,627	1,552
Licensing fees	113	915
Depreciation and amortisation	742	722
Maintenance	501	580
Consumables and supplies	323	159
Other cost of turnover	188	155
	169,545	**187,920**

(12) Distribution costs

k€	2020	2021
Advertising costs	12,373	13,534
Personnel costs	15,830	14,458
Freight out	9,697	10,968
Advertising costs subsidies	6,199	4,892
IT costs and other allocations	4,673	4,767
Services	4,801	4,285
Commissions	2,776	3,745
Packaging materials	1,681	1,311
Rent	696	720
Depreciation and amortisation	898	715
Maintenance	572	621
Contractual penalties	493	613
Insurance	332	355
Cost of cars, travel and entertainment	330	332
Office and other overhead costs	149	170
Other distribution costs	700	767
	62,200	**62,253**

(13) General administrative costs

k€	2020	2021
Personnel costs	6,101	4,981
Services	1,314	1,511
IT costs and other allocations	702	675
Supervisory Board remuneration	690	614
Other administrative costs	516	729
	9,323	**8,510**

(14) Other operating income

k€	2020	2021
Income from currency translation	4,464	5,461
Income from the reversal of provisions	2,224	1,930
Income from claims for damages	355	473
Income from the reversal of impairments	43	280
Income from disposal of non-current assets	–	75
Other operating income	8	39
	7,094	**8,258**

Income attributable to other periods amounted to k€ 2,478 (2020: k€ 2,579) and resulted primarily from the reversal of provisions and compensation payments. Of the reversals of provisions, k€ 856 was attributable to provisions for pensions (2020: k€ 183).

(15) Other operating expenses

k€	2020	2021
Research and development costs	5,323	5,607
Expenses from currency translation	5,345	3,076
Other operating expenses	139	105
	10,807	**8,788**

(16) Income from shareholdings

Income from shareholdings of k€ 2,715 concerned the profit distribution of Leifheit France S.A.S. during the year (2020: k€ 1,200).

(17) Amortisation of financial assets

Amortisation of financial assets in the amount of k€ 6,168 concerns an impairment loss on the shareholdings of the French holding company Leifheit France S.A.S. due to expected permanent impairment (2020: k€ 0).

(18) Interest expenses

k€	2020	2021
Compounding of pension obligations	4,292	4,424
Other compounding	58	43
Affiliated companies	41	32
Other interest expenses	141	118
	4,532	**4,617**

(19) Income taxes

k€	2020	2021
Corporation tax	2,062	2,007
Trade tax	1,472	1,613
Income taxes of foreign subsidiaries	139	164
Income taxes	**3,673**	**3,784**

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

(20) Cost of materials

k€	2020	2021
Expenses for raw materials, consumables and supplies as well as for purchased goods	151,595	165,020
Expenses for purchased services	5,397	9,254
	156,992	**174,274**

(21) Personnel costs/employees

k€	2020	2021
Wages and salaries	28,642	26,420
Social contributions	4,681	4,831
	33,323	**31,251**

Employees on annual average (people)	2020	2021
Germany	404	410
Belgium	9	10
Italy	8	8
	421	**428**

In financial year 2021, Leifheit did not receive any government support measures (2020: k€ 331, mainly short-time work allowances for employees due to the COVID-19 pandemic and reimbursement of social security contributions).

Other notes

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

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

k€	2020	2021
Remuneration and other short-term benefits	1,196	1,512
Benefits following the end of the employment relationship	–	–
Other long-term benefits	–	–
Benefits due to the end of the employment relationship	–	–
Share-based remuneration	–	–
	1,196	**1,512**

As in the previous year, no remuneration was paid to the Board of Management for the assumption of responsibilities at subsidiaries. Likewise, the members of the Board of Management were not granted any performance-based pension commitments. Therefore, no additions were made to pension obligations for serving members of the Board of Management, as in the previous year.

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

k€	2020	2021
Remuneration and other short-term benefits	660	573
Benefits following the end of the employment relationship	–	–
Other long-term benefits	–	–
Benefits due to the end of the employment relationship	–	–
Share-based remuneration	–	–
	660	**573**

The individualised remuneration of the Board of Management and Supervisory Board is described in detail in the remuneration report, which is available at **financial-reports.leifheit-group.com**.

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

The total remuneration of the former members of the Board of Management and their surviving dependants amounted to k€ 535 in the reporting period (2020: k€ 512). Provisions created for the current pensions for this group of people in financial year 2021 amounted to k€ 7,275 (2020: k€ 7,282).

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

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

(25) Commitments

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

There are no further commitments as defined in section 251 of the German commercial code (HGB).

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

The remuneration of the auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, recorded as expenses in 2021, amounted to k€ 330 for the audit of the financial statements (thereof for 2020: k€ 57) and k€ 27 for other services.

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

KPMG has been the auditor of the financial statements and consolidated financial statements of Leifheit AG since financial year 2016. Sebastian Hargarten (since financial year 2017) and Sven Eifert (since financial year 2019) are the signatory auditors for financial year 2021.

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

The company has concluded numerous insurance, maintenance, service provision and rental agreements for buildings and operating and office equipment. These contractual relationships end between January 2022 and December 2027. Obligations under these agreements total k€ 4,341 (of which k€ 2,940 with terms of less than one year, k€ 1,397 with terms of between one and five years and k€ 4 with terms of over five years). The advantage of rental and lease agreements compared to purchasing the assets in question is the neutral effect on the balance sheet. Disadvantages include the fixed terms.

There were contractual obligations to purchase items of non-current assets in the amount of k€ 658 (2020: k€ 960), relating to facilities in particular. In addition, there were obligations from contracts for marketing measures amounting to k€ 8,253 (2020: k€ 10,370) and from other contracts amounting to k€ 1,370 (2020: k€ 1,114).

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

31 Dec 2021	Value of obligation	Foreign currency	Fair value
Buy USD/€	k€ 6,302	kUSD 7,584	k€ 371
Buy CNH/€	k€ 33,539	kCNH 266,730	k€ 2,757

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

Derivative financial instruments are valued at their fair value on the balance sheet date. Bank valuations are used to measure the fair values of derivative financial instruments. These valuations are calculated using arm's length valuation methods in consideration of the market data available on the valuation date. Under the valuation principles of German commercial law, negative valuation results are recognised through profit or loss. By contrast, positive valuation results are not accounted for. The valuation of existing forward exchange transactions as at the balance sheet date did not result in a negative market value (2020: k€ 451, which was recognised as an impending loss in other provisions).

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

(28) Treasury shares

Including the treasury shares acquired and issued in previous years, Leifheit AG held 484,697 treasury shares on 31 December 2021. This corresponds to 4.85% of the share capital. The corresponding interest in the share capital is k€ 1,454. An amount of k€ 7,350 was expended for this.

During the reporting year, Leifheit utilised 6,273 of its treasury shares to issue employee shares. This corresponded to 0.06% of the share capital. The corresponding interest in the share capital was k€ 19. No treasury shares were utilised in the previous year. Furthermore, no treasury shares were acquired either in the reporting year or in the previous year.

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

(29) Information under takeover law in accordance with section 289a HGB

Please refer to the combined management report for information under takeover law in accordance with section 289a of the German commercial code (HGB).

(30) Group affiliation

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

(31) Declaration in accordance with section 161 AktG

In December 2021, the Board of Management and the Supervisory Board issued the declaration required under section 161 of the German stock corporation act (AktG) stating that the recommendations of the "Government Commission on the German corporate governance code" published by the German Federal Ministry of Justice and Consumer Protection were complied with and will continue to be complied with and which recommendations are not currently applied or were not applied. The Declaration of conformity is permanently available on the company's website at **corporate-governance.leifheit-group.com**.

(32) Existence of an equity interest in accordance with section 160 para. 1 no. 8 AktG

Report	Reportable party	Registered office	Attributions in accordance with WpHG	Shareholding	Voting rights[1]
November 2021	The Capital Group Companies, Inc./Smallcap World Fund, Inc	Los Angeles (US)	Section 34	4.96%	496,381
November 2021	The Capital Group Companies, Inc./Smallcap World Fund, Inc	Los Angeles (US)	Section 38 (1) no. 2	0.01%	500
June 2021	Alantra EQMC Asset Management, SGIIC, S.A.	Madrid (ES)	Section 34	15.42%	1,541,640
August 2020	MainFirst SICAV	Senningerberg (LU)	Section 33	5.02%	502,340
March 2020	Joachim Loh	Haiger (DE)	Section 33	10.31%	1,031,240
February 2019	Douglas Smith, Blackmoor Investment Partners LLC	(KY)	Section 34	3.52%	352,061
September 2017	Teslin Capital Management BV/Gerlin NV	Maarsbergen (NL)	Section 22	5.05%	504,534
July 2014	Leifheit AG	Nassau (DE)		4.97%	497,344
February 2009	Manuel Knapp-Voith, MKV Verwaltungs GmbH	Grünwald (DE)	Section 22 (1) sentence 1 no. 1	10.03%	1,002,864

[1] Values from reports before implementation of the capital increase in June 2017 have been doubled for comparison purposes.

In accordance with section 160 para. 1 no. 8 AktG, disclosures must be made about the existence of shareholdings communicated to Leifheit AG in accordance with section 20 paras. 1 or 4 of the German stock corporation act (AktG) or in accordance with section 33 paras. 1 or 2 of the German securities trading act (WpHG). All notifications of voting rights have been published by Leifheit in accordance with section 40 para. 1 WpHG and are available on the website at **leifheit-group.com**. The table shows reported shareholdings of at least 3%. The disclosures correspond to the most recent notifications of the persons subject to an obligation to file a notification. Please note that these disclosures may now be outdated.

(33) Events after the balance sheet date

We are profoundly shocked by the Russia-Ukraine war. Our concern is for all the people and our business partners affected by the war.

Due to the dramatic developments, it is difficult to assess the economic impact of the conflict on Leifheit's business development, financial position and results of operations as well as on the global economy as a whole. The repercussions of the Russia-Ukraine war will create renewed pressures on supply chains, commodity and energy prices, and freight rates as well as growing inflation and impacts on consumer demand, the severity of which are difficult to assess at this stage.

We stopped all deliveries to Russia when fighting began. The share of turnover in Russia and Ukraine of Leifheit AG's overall turnover was around 1% in financial year 2021. There is also a receivable of m€ 0.6 outstanding, for which credit insurance does not apply in the case of political risks and events of war. Leifheit has no direct suppliers or locations in Russia and Ukraine.

The risk assessment contained in the opportunities and risks report is based on the status at the time the report was published. We continue to monitor further developments closely, and will continuously adapt our risk assessment to the unfolding situation.

There were no additional events after the end of the financial year of material importance for assessing the net assets, financial position and results of operations.

(34) Estimates and exercising discretion in accounting

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

Leifheit has analysed any possible impact connected with ESG issues when preparing the annual and consolidated financial statements. Based on this analysis, the company does not expect any material impact on the company's operations that would result in a change in accounting judgements based on the current legal framework.

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

		Equity as at 31 Dec 2021		of which net profit 2021	
	Share in %	In 1,000 currency units[1]	In k€[2]	In 1,000 currency units[1]	In k€[2]
Direct shareholdings					
Leifheit CZ a.s., Hostivice – CZ	100.0	CZK 9,030	363	CZK 9,772	381
Leifheit España S.A., Madrid – ES	100.0	EUR 1,257	1,257	EUR 113	113
Leifheit International U.S.A. Inc., Hauppauge (NY) – US	100.0	USD 2,276	2,002	USD 42	36
Leifheit France S.A.S., Paris – FR	100.0	EUR 17,200	17,200	EUR –5,939	–5,939
Leifheit Distribution S.R.L., Bucharest – RO	100.0	RON 1,608	325	RON 454	92
Leifheit s.r.o., Blatná – CZ	100.0	CZK 351,367	14,134	CZK 39,972	1,559
Soehnle GmbH, Nassau – DE	100.0	EUR 84	84	EUR –1	–1
Leifheit Polska Sp. z o.o., Warsaw – PL	100.0	PLN 3,512	766	PLN 873	191
Leifheit Österreich GmbH, Wiener Neudorf – AT	100.0	EUR 1,908	1,908	EUR 275	275
Guangzhou Leifheit Trading Co., Ltd, Guangzhou – CN	100.0	CNY 2,693	371	CNY –1,209	–158
Indirect shareholdings[3]					
Birambeau S.A.S., Paris – FR	100.0	EUR 1,997	1,997	EUR 594	594
Leifheit-Birambeau S.A.S., Paris – FR	100.0	EUR 1,124	1,124	EUR 219	219
Herby Industrie S.A.S., La Loupe – FR	100.0	EUR 2,107	2,107	EUR 405	405

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

Organs of Leifheit AG

The profiles of the members of the Supervisory Board and Board of Management are available on the website at **organs.leifheit-group.com**.

Members of the Board of Management

Person	Board membership/function	Appointed until	Responsible for	Mandates/memberships outside the Group [1, 2]
Marco Keul Born 1982 Nationality: German Place of residence: Holler (DE)	Member (CFO) since 1 May 2021	30 Apr 2024	Finance, Controlling, Business Processes/IT, Internal Sales	None
Igor Iraeta Munduate Born 1974 Nationality: Spanish Place of residence: Waiblingen (DE)	Member (COO) since 1 Nov 2018	31 Oct 2025	Production, Logistics, Procurement, Development, Quality Management	None
Henner Rinsche Born 1970 Nationality: German Place of residence: Mörfelden-Walldorf (DE)	Member and CEO since 1 June 2019, CFO from 1 Apr 2020 to 30 Apr 2021	31 May 2025	Marketing, Sales, Birambeau and Herby divisions, HR, Legal/IP, Audit, Investor Relations, ESG issues	None

[1] Memberships in other Supervisory Boards required by law according to section 125 para. 1 sentence 5 AktG.
[2] Memberships in comparable domestic and foreign governing bodies of enterprises according to section 125 para. 1 sentence 5 AktG.

Members of the Supervisory Board

Person	Supervisory Board membership/function	Mandates/memberships outside the Group
Joachim Barnert [1] Born 1968 Nationality: German Head of Maintenance at Leifheit AG, Nassau/Lahn (DE), Zuzenhausen site	Member since 29 May 2019	None
Dr Günter Blaschke Born 1949 Nationality: German Pensioner	Member since 1 Apr 2019, Chairman since 2 Apr 2019	WashTec AG, Augsburg (DE), Chairman of the Supervisory Board [2]
Georg Hesse Born 1972 Nationality: German Vice President United Kingdom and Germany, Thrasio LLC, Walpole (US)	Member since 30 May 2018	None
Karsten Schmidt Born 1956 Nationality: German Independent consultant, Penzberg (DE)	Member and Deputy Chairman since 29 May 2019	None
Thomas Standke [1] Born 1968 Nationality: German Toolmaker at Leifheit AG, Nassau/Lahn (DE)	Member since 27 May 2004	None
Dr Claus-O. Zacharias Born 1954 Nationality: German Independent consultant, Düsseldorf (DE)	Member since 29 May 2019	Severin Elektrogeräte GmbH, Sundern (DE), Member of the Advisory Board until 30 Mar 2021 [3]

[1] Employee representative.
[2] Memberships in other Supervisory Boards required by law according to section 125 para. 1 sentence 5 AktG.
[3] Memberships in comparable domestic and foreign governing bodies of enterprises according to section 125 para. 1 sentence 5 AktG.

The acting members of the Supervisory Board are appointed for the period until the end of the Annual General Meeting that resolves on the approval of the actions for financial year 2023.

Supervisory Board committees

Committee	Members	
Audit Committee (AC) The Audit Committee prepares the negotiations and resolutions of the Supervisory Board on the approval of the annual financial statements and the consolidated financial statements, as well as the adoption of the proposal to the Annual General Meeting for the election of the auditor. It also deals with issues relating to accounting, the effectiveness of the internal control system, risk management, the internal audit system, compliance and assessing the quality of the audit of the financial statements.	**Dr Günter Blaschke** **Dr Claus-O. Zacharias** **Thomas Standke**	Member since 2 Apr 2019 Member and Chairman since 29 May 2019 Member since 7 Mar 2022
Nominating Committee The Nominating Committee prepares the resolutions of the Supervisory Board on election proposals to the Annual General Meeting for the election of Supervisory Board members (shareholder representatives).	**Dr Günter Blaschke** **Karsten Schmidt** **Dr Claus-O. Zacharias**	Member and Chairman since 29 May 2019 Member since 29 May 2019 Member since 29 May 2019
Personnel Committee The Personnel Committee examines all employment contracts for the members of the Board of Management, including remuneration and the remuneration system.	**Dr Günter Blaschke** **Georg Hesse** **Karsten Schmidt**	Member since 29 May 2019 Member since 30 May 2018, Chairman since 29 May 2019 Member since 29 May 2019
Sales/Marketing Committee The Sales/Marketing Committee deals with the sales and marketing strategy.	**Joachim Barnert** **Dr Günter Blaschke** **Georg Hesse** **Karsten Schmidt**	Member since 29 May 2019 Member and Chairman since 29 May 2019 Member since 29 May 2019 Member since 29 May 2019
Product Range/Innovation Committee The Product Range/Innovation Committee deals with the product range and innovation strategy and the product pipeline.	**Dr Günter Blaschke** **Karsten Schmidt** **Thomas Standke**	Member since 29 May 2019 Member and Chairman since 29 May 2019 Member since 29 May 2019

Nassau/Lahn, 25 March 2022

Leifheit AG

The Board of Management

Henner Rinsche   Igor Iraeta Munduate   Marco Keul

Responsibility statement

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

Nassau/Lahn, 25 March 2022

Leifheit AG

The Board of Management

Henner Rinsche   Igor Iraeta Munduate   Marco Keul

Auditor's report

To Leifheit AG, Nassau/Lahn

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

Opinions

We have audited the annual financial statements of Leifheit Aktiengesellschaft, Nassau/Lahn, which comprise the balance sheet as at 31 December 2021, and the income statement for the financial year from 1 January to 31 December 2021, and notes to the financial statements, including the recognition and accounting policies presented therein. In addition, we have audited the management report of the Company and the Group (combined management report) of Leifheit Aktiengesellschaft for the financial year from 1 January to 31 December 2021. In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2021, and of its financial performance for the financial year from 1 January to 31 December 2021, in compliance with German legally required accounting principles, and
- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the combined management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2021. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

– Revenue recognition on an accrual basis

The disclosures made by the Company on the recognition of revenue are contained in the section "Accounting policies" of the notes to the financial statements.

The financial statement risk

Leifheit AG's revenue amounted to EUR 274.4 million in financial year 2021 (PY: EUR 258.7 million).

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

Due to the use of various terms of transport in the customer agreements combined simultaneously with a high number of deliveries in the different markets, there is the risk for the annual financial statements that revenue in the reporting year is recognised too high and therefore not on an accrual basis.

Our audit approach
Using inquiries and discussions with the Company's representatives, we obtained an understanding of the revenue recognition process. We evaluated the accounting principles used for revenue recognition for compliance with the relevant accounting standards.

To examine whether revenue is recognised on an accrual basis, we assessed the design and setup of internal controls relating to the verification of the transfer of risk.

Based on revenue for a specified period in December, using contract-specific stipulations on the transfer of risk in addition to proof of delivery, we used a statistical selection procedure to determine whether revenue was recognised on an accrual basis.

Our observations
Leifheit AG's approach for revenue recognition cut-off is appropriate.

- **Impairment testing of shares in the affiliated company Leifheit France S.A.S.**

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

The financial statement risk
In the annual financial statements of Leifheit AG as at 31 December 2021, financial assets included shares held in affiliated companies in the amount of EUR 21.8 million (PY: EUR 28.0 million). These relate in particular to Leifheit France S.A.S., Paris and at 11% of total assets have a significant influence on the Company's assets and liabilities.

Shares in affiliated companies are recognised at cost or, if they are expected to be permanently impaired, at their lower fair value. The Company calculates fair value using the discounted cash flow method.

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

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

Due to the decline in earnings at the indirect subsidies Leifheit-Birambeau S.A.S., Birambeau S.A.S. and Herby Industrie S.A.S. in the current financial year as well as the uncertainties surrounding the future development of material and freight costs, there is a risk that the business and earnings performance expected by the Board of Management for these companies will not be met in the future. Furthermore, there is a risk of an increase in the discount rate. If earnings are expected to be lower or the discount rate is expected to be higher on a sustained basis, this could lead to impairment losses on shares in Leifheit France S.A.S.

Based on the forecast business and earnings development of the indirect subsidiaries Leifheit-Birambeau S.A.S., Birambeau S.A.S. and Herby Industrie S.A.S., for the planning period, which in some cases is again expected to decline, the fair value fell below the investment carrying amount of Leifheit France S.A.S. as at 31 December 2021. Therefore, the Company recognised impairment losses amounting to EUR 6.2 million on the shares in Leifheit France S.A.S.

There is the risk for the annual financial statements that the impairment loss on the shares in Leifheit France S.A.S. as at the reporting date is not recognised in the amount required.

Our audit approach
Using inquiries and discussions with the Company's management, we obtained an understanding of the process used to identify necessary impairment losses on shares in affiliated companies. By involving our valuation specialists, we assessed, among other things, the appropriateness of the key assumptions and calculation methods of the Company. As changes to expected business and earnings performance particularly for the indirect subsidies can significantly impact on the result of the impairment test of shares in Leifheit France S.A.S., we discussed, in particular, the assumptions used for measurement, namely their expected business and earnings development including the assumed growth rates, with those responsible for planning. We also checked whether the planning on which measurement is based is in line with the multi-year planning prepared by the Board of Management of Leifheit AG and taken note of by the Supervisory Board and whether the planning is reasonable.

We also confirmed the accuracy of the Company's previous forecasts by comparing the budgets of previous financial years with actual results and analysing deviations. To this end, we examined past deviations from forecasts in order to determine how those responsible for planning responded to deviations from the forecast when preparing the forecast. We compared the assumptions and data underlying the discount rate of Leifheit France S.A.S., in particular the risk-free interest rate, the market risk premium and the beta factor, with our own assumptions and publicly available data. In order to take account of forecast uncertainty, we also investigated the impact of potential changes to the discount rate and the expected cash flows on the fair value (sensitivity analysis) by calculating alternative scenarios and comparing these with the Company's measurements.

To assess the methodically and mathematically correct implementation of the valuation method, we verified the Company's valuation using our own calculations and analysed deviations.

Our observations
The valuation method used for impairment testing of the shares in Leifheit France S.A.S. is appropriate and in line with the accounting policies.

The assumptions and data used in the measurement of shares in Leifheit S.A.S. are appropriate.

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

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

The financial statement risk
The annual financial statements of Leifheit AG as at 31 December 2021 recognise other provisions for customer bonuses in the amount of EUR 6.0 million (PY: EUR 7.0 million) and for advertising subsidies in the amount of EUR 3.0 million (PY: EUR 2.4 million).

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

There is the risk for the annual financial statements that other provisions for customer bonuses and advertising subsidies were recognised incompletely or in an incorrect amount.

Our audit approach
Using inquiries and discussions with the Company's management, we obtained an understanding of the process of recording liabilities arising from customer bonuses and advertising subsidies. We evaluated the accounting policies applied for other provisions for customer bonuses and advertising subsidies in respect of their conformity with the applicable accounting standards. As part of the risk assessment, we examined for which customers there were significant deviations in the expense ratio compared with the prior year and for which customers with high sales revenues the posted revenues were lower compared with the prior year. For these customers, we inspected contracts to verify that the calculation of the expenses was correct by reconciling with the individual agreements. Based on the provisions ratio of the prior year (provisions as a ratio of expenses), an expected value of provisions was calculated by applying the determined percentage rate on the expenses in financial year 2021 and deviations from the amount of the provision actually set up were analysed.

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

Other information

The Board of Management and/or the Supervisory Board are responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- the Group's separate non-financial report, which is referred to in the combined management report, and
- the combined corporate governance statement for the Company and the Group referred to in the combined management report.

The other information also includes the remaining parts of the annual report. The other information does not include the combined management report information audited for content and our auditor's report thereon.

Our opinions on the annual financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

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

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

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

In preparing the annual financial statements, the Board of Management is responsible for assessing the Company's ability to continue as a going concern. It also has the responsibility for disclosing, as applicable, matters related to going concern. In addition, it is responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the Board of Management is responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Board of Management is responsible for such arrangements and measures (systems) as it has considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the combined management report.

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

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the Board of Management and the reasonableness of estimates made by the Board of Management and related disclosures.
- Conclude on the appropriateness of the Board of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the combined management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the Board of Management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Board of Management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the audit in accordance with section 317 (3a) HGB on the electronic reproduction of the annual financial statements and the combined management report prepared for publication purposes

We have performed audit work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and the combined management report (hereinafter the "ESEF documents") contained in the provided electronic file „JA.zip" (SHA256-Hashwert: 0314d3b8b3d0b38397 38ca0a40ce3df05f944aab7e3e2eefc4c046510bc8eb14), and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the annual financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the annual financial statements and the combined management report contained in the above-mentioned electronic file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this audit opinion and our audit opinion on the accompanying annual financial statements and the accompanying combined management report for the financial year from 1 January 2021 to 31 December 2021 contained in the "Report on the Audit of the Annual Financial Statements and of the Combined Management Report" above.

We conducted our audit work of the reproduction of the annual financial statements and the combined management report contained in the above-mentioned electronic file in accordance with Section 317 (3a) HGB and the IDW Auditing Standard: Audit in accordance with Section 317 (3a) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (IDW AsS 410 (10.2021)). Accordingly, our responsibilities are further described below. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's management is responsible for the preparation of the ESEF documents including the electronic reproduction of the annual financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB.

In addition, the Company's management is responsible for the internal controls they consider necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- Obtain an understanding of internal control relevant to the assessment of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the electronic file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited annual financial statements and the audited combined management report.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor at the Annual General Meeting on 2 June 2021. We were engaged by the Supervisory Board on 18 October 2021. We have been the auditor of Leifheit Aktiengesellschaft without interruption since financial year 2016.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other issue – use of audit opinion

Our auditor's report should always be read in connection with the audited annual financial statements and the audited management report as well as the audited ESEF documents. The annual financial statements and management report converted to the ESEF format – including the versions to be published in the Federal Gazette (Bundesanzeiger) – are merely electronic reproductions of the audited annual financial statements and the audited management report and do not replace them. In particular, the ESEF opinion and our audit opinion contained therein can only be used in connection with the audited ESEF documents provided in electronic form.

Information on the supplementary audit

We issue this opinion on the annual financial statements and the combined management report as well as for the electronic reproduction of the annual financial statements and combined management report presented to us for audit for the first time, contained in the provided electronic file „JA.zip“ (SHA256-Hashwert: 0314d3b8b3d0b3839738ca0a40ce3df05f944aab7e3e2eefc4c046510bc8eb14) and prepared for publication purposes, based on our audit duly completed on 25 March 2022, and our supplementary audit completed on 20 April 2022, which relates to the first-time submission of the ESEF documents.

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Sebastian Hargarten.

Frankfurt/Main, 25 March 2022 / limited to the assessment of the ESEF documents specified in the information on the supplementary audit: 20 April 2022

KPMG AG Wirtschaftsprüfungsgesellschaft

Original German version signed by

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

Information, Disclaimer, Legal notice

Additional information on the website

In addition to these annual financial statements, the combined management report of Leifheit AG and Leifheit Group, the consolidated financial statements, the report of the Supervisory Board, the sustainability report, the remuneration report and the declaration of corporate management are available on the internet at **www.leifheit-group.com**.

Note on rounding

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

Forward-looking statements

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

Discrepancies due to technical factors

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

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

Legal notice

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Concept, design, execution
MPM Corporate Communication Solutions, Mainz

Text
Leifheit AG, Nassau/Lahn

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