

# Quarterly statement for the period ending 30 September 2020

## At a glance

- Group turnover increased by a double-digit margin in the first nine months of the year from m€ 177.2 to m€ 201.9
- Positive trend in domestic market of Germany continues with turnover growth of 8.2%
- Group EBIT in the first nine months of the year more than doubled from m€ 7.1 to m€ 15.4 due to gross margin increase, efficiency improvements and strict cost management
- Gross margin climbed by 1.9 percentage points
- Advertising campaigns lead to rise in consumer demand for promoted Leifheit and Soehnle products also in the third quarter
- Free cash flow at m€ –0.3 still negative due to growth-related increase of receivables and higher stock levels
- Board of Management raises turnover and earnings forecast for the financial year 2020

## Key figures of the Group as at 30 September

		2019	2020	Change
<b>Turnover</b>				
Group	m€	177.2	201.9	13.9%
Household	m€	140.9	161.3	14.5%
Wellbeing	m€	14.0	18.5	32.6%
Private Label	m€	22.3	22.1	–1.0%
Foreign share	%	57.5	59.6	2.1 pps
<b>Profitability</b>				
Gross margin	%	42.8	44.7	1.9 pps
Cash flow from operating activities	m€	11.8	4.6	–61.1%
Free cash flow	m€	7.7	–0.3	>–100%
Foreign currency result	m€	0.3	–0.6	>–100%
EBIT	m€	7.1	15.4	>100%
EBIT margin	%	4.0	7.6	3.6 pps
EBT	m€	6.1	14.6	>100%
Net result for the period	m€	4.2	10.6	>100%
Earnings per share	€	0.45	1.11	>100%
<b>Investments</b>				
	m€	4.3	5.0	16.5%

# Foreword

## Dear Shareholders,

The Leifheit Group continued on its growth course in the third quarter of 2020 in spite of a challenging market environment that has been hampered by the coronavirus pandemic. We more than doubled our earnings before interest and taxes (EBIT) in the first nine months of 2020 to m€ 15.4 from the corresponding previous year's figure of m€ 7.1. Robust turnover growth of 13.9% and the increase in gross margin in the first nine months of 2020 were key contributors to the rise in earnings. All distribution channels were open without restrictions for the entire third quarter, easing consumer access to our products.

The gross margin improved from 42.8% to 44.7% and, coupled with strict cost management, was able to strongly boost earnings. The EBIT margin climbed by 3.6 percentage points to 7.6%. Therefore we have achieved a turnaround in turnover, margin and EBIT in the 2020 financial year. But one challenge persists: The high level of pent-up investment in consumer advertising and the growth-related increase in working capital had a negative impact on cash flow. We will continue to work on this.

We pursued the systematic implementation of our Scaling up Success growth strategy in the third quarter, ramping up our investment in TV and print advertising in our domestic market of

Germany in the process. This makes the turnaround achieved in Germany, with turnover of m€ 81.5 and positive growth of 8.2%, all the more satisfying. In Germany, turnover in the third quarter was up almost 33% on the same quarter in 2019, with a particularly significant jump in growth observed in September. The disproportionately high contribution to turnover of products promoted on TV, both in Germany and in other European markets, is a testament to the success of our TV advertising campaigns.

The successful performance of our Wellbeing segment was also particularly noteworthy in the third quarter. Here, we achieved outstanding growth of 32.6% with Soehnle brand products. This was partly due to the "Auf's Gramm genau lecker" ("Delicious to the gram") print campaign for the Soehnle brand, which was rolled out in late August and gave business some major impetus.

The growth was also due to the fact that people are spending significantly more time at home due to the ongoing pandemic, and also have a greater need for good hygiene. This is benefiting our range of products. Demand was high for Soehnle air purifiers, which remove allergens from the air and also combat viruses and bacteria. At the same time, we also recorded rising demand for our Leifheit Profi floor wipers as well as for kitchen accessories.

Given the substantial increase in turnover and earnings in the third quarter, we have adjusted our forecast for the financial year 2020 upwards. We now expect Group turnover to grow from 11% to 13% and Group EBIT of m€ 17 to m€ 19 in the financial year 2020. We also have further activities planned for the final quarter to inject further momentum into our business.

Our mission is clear: capitalise on our strategic initiatives to continue to cut costs within the Group, enhance our range of products and we want to inspire even more consumers for our award-winning products. We continue to strive towards achieving long-term success for the Leifheit Group in the best interests of all shareholders.

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

The Board of Management

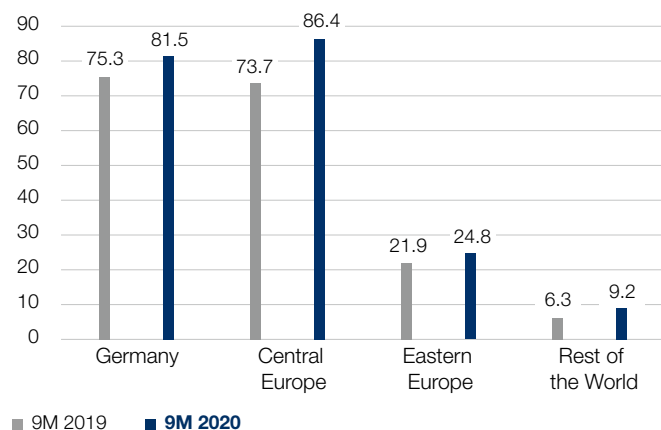
Henner Rinsche      Igor Iraeta Munduate

# Quarterly statement for the period ending 30 September 2020

## Business performance

The Leifheit Group generated turnover of m€ 201.9 in the first nine months of 2020, which marks a considerable increase on the equivalent previous year's figure of m€ 177.2. The Leifheit brand, which was promoted as part of the TV advertising campaign, played a major role in turnover growth. However, the Wellbeing segment and its range of Soehnle brand products also demonstrated excellent growth of 32.6%. This was also due to the print campaign for Soehnle products that began in the third quarter. In addition, the Group recorded rising demand for air purifying products and kitchen accessories against the backdrop of the coronavirus pandemic. Distribution channels were open once again without restrictions throughout the third quarter, which had a positive overall impact on turnover development.

Group turnover by region  
in m€



In terms of its regions, the Leifheit Group generated double-digit turnover growth in almost all of its markets. In the domestic market of Germany, the Leifheit Group was able to match the growth trend observed over the past few months and post positive turnover growth in the third quarter. Bolstered by considerable turnover growth in Central Europe, Eastern Europe and markets outside of Europe, foreign turnover rose by m€ 18.5 to m€ 120.4 (previous year: m€ 101.9). The foreign share in the first nine months of 2020 therefore stood at 59.6% (previous year: 57.5%).

Business development in the first nine months of 2020 shows that initiatives launched as part of the Scaling up Success growth strategy are bearing fruit. Increased consumer advertising continued to pay of dividends, boosting consumer demand for Leifheit and Soehnle brand products.

## Group turnover by region

### Germany

Turnover development was particularly pleasing in the domestic market of Germany in the first nine months of the financial year 2020. Here, the Leifheit Group was able to generate total turnover of m€ 81.5 (previous year: m€ 75.3), which equates to an increase of 8.2%. As a result, the Leifheit Group generated 40.4% of its turnover in Germany.

The large-scale TV advertising campaign for the Leifheit brand rolled out in the third quarter of 2020 was a major contributing factor to the turnaround in Germany, leading to a particularly noticeable rise in turnover in September. Products promoted on TV made a disproportionately high contribution to turnover. These products include the Pegasus laundry drying rack, CLEAN TWIST Ergo floor mop set and the Cordless Vac&Wipe Regulus Aqua PowerVac.

### Central Europe

In Central Europe, the Leifheit Group generated robust turnover growth of 17.3% to m€ 86.4 (previous year: m€ 73.7) in the first nine months of the financial year 2020. The Group increased its business significantly in the Benelux countries, Switzerland and Austria in particular, which was due to increased marketing activities in this region. Turnover performance was also satisfactory in the UK, with a rise of 26.3%. However, this contributed relatively little to overall turnover.

### Eastern Europe

At m€ 24.8, turnover in the Eastern Europe region was significantly higher in the first three quarters of 2020, rising by 13.1% year-on-year from m€ 21.9. Growth was particularly strong in Romania and Poland, where the Group achieved growth of 45.8% and 23.0% respectively. Turnover performance was also positive in the Baltic states and in Slovakia, increasing by 18.8% and 12.8% respectively. In Eastern Europe, increased consumer advertising played a key role in achieving double-digit turnover growth.

### Rest of the world

The Leifheit Group was able to generate significant growth outside of Europe, too, with turnover rising by 46.3% from m€ 6.3 to m€ 9.2. Markets in the Far East and the US were particularly important in this context. Here, the Group managed to increase its turnover by substantial margins in the first nine months of 2020 of 30.4% and 136.4% respectively. Leifheit's presence in these markets is focused on online channels, which have become increasingly important as a result of the COVID-19 pandemic.

## Group turnover by segment

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

### Household

In the Household segment, the Leifheit Group generated turnover growth of 14.5% to m€ 161.3 (previous year: m€ 140.9) in the first nine months of the financial year 2020. The share of Group turnover attributable to this segment rose from 79.5% to 79.9% in this period.

Products from the cleaning and kitchen goods categories contributed most significantly to the strong growth in the Household segment, recording growth of 20.1% and 30.4% respectively. Here, Leifheit benefited from TV advertising for cleaning products as well as a change in consumer behaviour due to the coronavirus pandemic. There has been a noticeable increase in the need for good hygiene among the general population, which has boosted sales of cleaning products. In addition, people are cooking more at home due to restaurant closures and the risk of infection, which is reflected in sales of kitchen goods. The laundry care category, which has the highest turnover in the Leifheit Group, also developed positively in the reporting period, achieving growth of 6.4%.

### Wellbeing

The Leifheit Group was able to generate total turnover of m€ 18.5 (previous year: m€ 14.0) in the Wellbeing segment with the Soehnle brand. The Wellbeing segment achieved the highest growth in the Leifheit Group, with turnover increasing by 32.6% in the reporting period. This segment's contribution to total turnover increased accordingly to 9.2% (previous year: 7.9%).

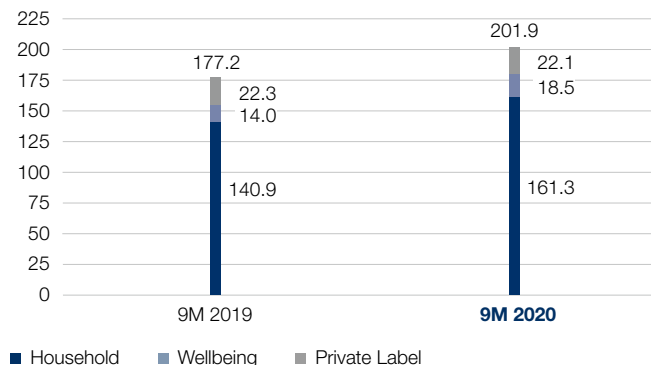
Considerable increases in the sale of Soehnle scales were a major factor in the positive turnover performance. Given the greater need for good hygiene, Soehnle air purifiers also proved extremely popular among consumers as in the previous quarter. Air purifiers remove allergens from the air, combat viruses and bacteria and are therefore in high demand during the ongoing pandemic.

### Private Label

The Private Label segment, which mainly distributes private labels by the French subsidiaries Birambeau and Herby, generated turnover of m€ 22.1 in the reporting period (previous year: m€ 22.3), which equates to a decline of 1.0%. This segment accounted for a 10.9% share of Group turnover (previous year: 12.6%). The Leifheit Group was particularly hard hit by the effects of the pandemic in France, where retail was significantly impacted by coronavirus restrictions and major sales channels were temporarily closed.

## Group turnover by segment

in m€



## Net assets, financial position and results of operations

The Leifheit Group generated earnings before interest and taxes (EBIT) of m€ 15.4 (previous year: m€ 7.1) in the first nine months of the financial year 2020. This translates to a significant increase of m€ 8.3, or 115.4%.

Strong year-on-year turnover growth of 13.9%, and the 19.1% improvement in gross profit compared to the equivalent previous year's figure, were the main factors in this increase in earnings. Gross profit rose by m€ 14.5 to m€ 90.3 (previous year: m€ 75.8), mainly due to turnover performance but also as a result of positive product mix effects. This increase was predominantly attributable to high-margin products featured in TV advertising. The gross margin climbed from 42.8% to 44.7%.

Another factor in EBIT growth was strict cost management. Research and development costs declined by m€ 0.3, particularly as a result of lower depreciation and amortisation and service costs. Distribution costs, on the other hand, increased by m€ 6.2. This was due to the increase in advertising costs in the first nine months of 2020, which totalled m€ 6.5 and primarily resulted from TV advertising campaigns. The slight rise in administrative costs of m€ 0.2 was predominantly due to higher bonuses for the Board of Management and increased Supervisory Board remuneration.

Earnings before taxes (EBT) were up by m€ 8.5 to m€ 14.6 (previous year: m€ 6.1). Less taxes, this equalled a net result for the first nine months of 2020 of m€ 10.6 (previous year: m€ 4.2).

The Leifheit Group maintains a solid liquidity base, although Group liquidity did fall slightly in the first nine months 2020 by m€ 0.9. It stood at m€ 49.4 as at 30 September 2020. Cash inflow from operating activities declined by m€ 7.2 to m€ 4.6 during the reporting period (previous year: m€ 11.8). This was predominantly due to the growth-related rise in inventories and receivables. At m€ 5.0, investments were up m€ 0.7 from the equivalent previous year's figure of m€ 4.3 in the first three quarters of 2020.

As at the balance sheet date of 30 September 2020, the balance sheet total stood at m€ 236.6, compared to m€ 214.6 at the end of 2019. Trade receivables rose by m€ 16.2 compared to 31 December 2019. Compared to 30 September 2019, they increased by m€ 10.4, almost exclusively due to turnover growth. Inventories rose by m€ 12.6 compared to 31 December 2019 due to higher inventory levels resulting from planned turnover growth and higher stockpiling of raw materials, unfinished and finished products to secure the supply chain in the ongoing COVID-19 pandemic. VAT receivables fell by m€ 1.6. Current trade payables and other liabilities were up by m€ 11.0 and mainly consisted of trade payables, advertising cost subsidies and bonuses. Income tax liabilities climbed by m€ 3.3 at the same time due to the significant rise in earnings.

In 2020, the dividend of m€ 5.2 was paid out in the fourth quarter, whereas last year a dividend of m€ 10.0 was paid out in the second quarter 2019. Equity as at 30 September 2020 rose by m€ 7.4 to m€ 103.6 compared to 31 December 2019. The equity ratio stood at 43.8% (31 December 2019: 44.8%). The net result for the period of m€ 10.6 was offset by a decline on other provisions of m€ 3.2. This was primarily the result of actuarial losses on

pension plans and the currency translation of net investments in foreign operations due to the significant change in the Czech koruna.

## Risks

The risks for the Leifheit Group were described in detail in the combined management report as at 31 December 2019. During the reporting period, there were no major changes in the material 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.

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

In the course of preparing the financial statements for the first nine months of the year, the Board of Management adjusted its forecast for financial year 2020 upwards and is now anticipating Group turnover growth from 11% to 13% and Group EBIT growth of m€ 17 to m€ 19. The Board of Management had previously forecast turnover growth of 7% to 9% and Group EBIT of m€ 12 to m€ 15 in the financial year 2020. We expect earnings per share (EPS) of around € 1.20 to € 1.35.

Key drivers of this earnings performance are turnover growth, improvement to gross margin and strict cost management at the Leifheit Group, as well as further investment in consumer advertising in the fourth quarter.

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 12.5% to 14.5%, and in the much smaller Wellbeing segment, growth of 21.0% to 26.0%. In the Private Label segment, we anticipate turnover to be down slightly year-on-year.

We will continue to follow our fundamentally conservative financial policy for the rest of the financial year. We are planning to generate free cash flow of around m€ 3 to m€ 5 in 2020. Here we still 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, unfinished and finished products to secure the supply chain in the ongoing COVID-19 pandemic, as well as higher receivables on account of the anticipated customer structure and forecast growth. For the financial year 2020, we calculate ROCE of 12% to 15%.

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 financial year 2019. It is available on our website at [financial-reports.leifheit-group.com](https://financial-reports.leifheit-group.com).

## Statement of comprehensive income

k€	1 Jul to 30 Sep 2019	1 Jul to 30 Sep 2020	1 Jan to 30 Sep 2019	1 Jan to 30 Sep 2020
Turnover	55,752	71,594	177,234	201,948
Cost of turnover	-31,905	-38,835	-101,417	-111,643
<b>Gross profit</b>	<b>23,847</b>	<b>32,759</b>	<b>75,817</b>	<b>90,305</b>
Research and development costs	-1,379	-1,314	-4,301	-3,967
Distribution costs	-17,143	-21,533	-53,458	-59,698
Administrative costs	-3,312	-3,142	-11,496	-11,656
Other operating income	224	383	745	1,124
Other operating expenses	-194	-61	-491	-159
Foreign currency result	74	-545	310	-599
<b>EBIT</b>	<b>2,117</b>	<b>6,547</b>	<b>7,126</b>	<b>15,350</b>
Interest income	6	5	15	12
Interest expenses	-343	-243	-1,032	-746
Net other financial result	28	-1	28	-4
<b>EBT</b>	<b>1,808</b>	<b>6,308</b>	<b>6,137</b>	<b>14,612</b>
Income taxes	-591	-1,782	-1,902	-4,048
<b>Net result for the period</b>	<b>1,217</b>	<b>4,526</b>	<b>4,235</b>	<b>10,564</b>
Contributions that are not reclassified in future periods in the statement of profit or loss				
Actuarial gains/losses on defined benefit pension plans	-3,721	-3,098	-10,208	-1,593
Income taxes from actuarial gains/losses on defined benefit pension plans	1,090	908	2,991	467
Contributions that may be reclassified in future periods in the statement of profit or loss				
Currency translation of foreign operations	-72	-307	46	-888
Currency translation of net investments in foreign operations	-225	-257	-56	-1,035
Income taxes from currency translation of net investments in foreign operations	65	75	16	303
Net result of cash flow hedges	776	-377	781	-607
Income taxes from cash flow hedges	-233	102	-233	171
<b>Other comprehensive income</b>	<b>-2,320</b>	<b>-2,954</b>	<b>-6,663</b>	<b>-3,182</b>
<b>Comprehensive income after taxes</b>	<b>-1,103</b>	<b>1,572</b>	<b>-2,428</b>	<b>7,382</b>
<b>Earnings per share based on net result for the period (diluted and undiluted)</b>	<b>€ 0.13</b>	<b>€ 0.48</b>	<b>€ 0.45</b>	<b>€ 1.11</b>

## Balance sheet

k€	31 Dec 2019	30 Sep 2020
<b>Current assets</b>		
Cash and cash equivalents	50,301	49,386
Trade receivables	44,400	60,643
Inventories	45,850	58,420
Income tax receivables	1,418	899
Contract assets	1,017	780
Derivative financial instruments	730	113
Other current assets	4,248	1,699
<b>Total current assets</b>	<b>147,964</b>	<b>171,940</b>
<b>Non-current assets</b>		
Intangible assets	18,295	18,599
Tangible assets	36,948	34,767
Right of use assets from leases	1,596	1,207
Deferred tax assets	9,694	9,953
Derivative financial instruments	1	55
Other non-current assets	112	114
<b>Total non-current assets</b>	<b>66,646</b>	<b>64,695</b>
<b>Total assets</b>	<b>214,610</b>	<b>236,635</b>
<b>Current liabilities</b>		
Trade payables and other liabilities	40,680	51,649
Income tax liabilities	89	3,366
Other provisions	5,701	5,946
Derivative financial instruments	6	425
Lease liabilities	687	737
<b>Total current liabilities</b>	<b>47,163</b>	<b>62,123</b>
<b>Non-current liabilities</b>		
Provisions for pensions and similar obligations	66,855	67,626
Other provisions	2,655	2,614
Deferred tax liabilities	744	173
Derivative financial instruments	37	3
Lease liabilities	913	472
<b>Total non-current liabilities</b>	<b>71,204</b>	<b>70,888</b>
<b>Equity</b>		
Subscribed capital	30,000	30,000
Capital surplus	17,026	17,026
Treasury shares	-7,445	-7,445
Retained earnings	70,777	81,340
Other reserves	-14,115	-17,297
<b>Total equity</b>	<b>96,243</b>	<b>103,624</b>
<b>Total equity and liabilities</b>	<b>214,610</b>	<b>236,635</b>

## Statement of cash flow

k€	1 Jan to 30 Sep 2019	1 Jan to 30 Sep 2020
Net result for the period	4,235	10,564
Depreciation and amortisation	5,692	6,335
Change in provisions	-729	-614
Result from disposal of fixed assets and other non-current assets	8	-2
Change in inventories, trade receivables and other assets not classified as investment or financing activities	5,477	-24,419
Change in trade payables and other liabilities not classified as investment or financing activities	-2,704	12,291
Other non-cash expenses and income	-194	434
<b>Cash flow from operating activities</b>	<b>11,785</b>	<b>4,589</b>
Proceeds from the sale of tangible assets and other non-current assets	187	100
Payments for the purchase of tangible and intangible assets	-4,301	-5,012
<b>Cash flow from investment activities</b>	<b>-4,114</b>	<b>-4,912</b>
Payments for lease liabilities	-515	-545
Dividends paid to the shareholders of the parent company	-9,984	-
<b>Cash flow from financing activities</b>	<b>-10,499</b>	<b>-545</b>
Change in cash and cash equivalents	-2,828	-868
Change in cash and cash equivalents due to exchange rates	33	-47
Cash and cash equivalents at the start of the reporting period	50,932	50,301
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>48,137</b>	<b>49,386</b>

## Segment reporting

Key figures by reportable segments as at 30 September 2020 in m€	Household	Wellbeing	Private Label	Total
Turnover	161.3	18.5	22.1	201.9
Gross profit	76.2	8.5	5.6	90.3
Segment result (EBIT)	12.2	2.0	1.2	15.4

Key figures by reportable segments as at 30 September 2019 in m€	Household	Wellbeing	Private Label	Total
Turnover	140.9	14.0	22.3	177.2
Gross profit	62.5	6.4	6.9	75.8
Segment result (EBIT)	5.6	-0.1	1.6	7.1

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



## Additional information

This quarterly statement is in accordance with section 53 of the exchange rules for the Frankfurter Wertpapierbörse. It is not a quarterly financial report according to the requirements of section 115 of the German securities trading act (WpHG). It was neither audited nor reviewed by an auditor. The results of the current reporting quarter do not necessarily make it possible to draw conclusions regarding the development of future results.

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

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

The reporting period saw personnel changes in Leifheit AG organs: Ivo Huhmann, member of the Board of Management and Chief Financial Officer (CFO) of Leifheit AG since 1 April 2017, left the company at the end of his contract 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.

## Disclaimer

### Forward-looking statements

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

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

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

## Financial calendar

16 – 18 Nov 2020	German equity forum
24 Mar 2021	Annual financial report 2020, Non-financial Group report 2020
11 May 2021	Quarterly statement for the period ending 31 March 2021
2 Jun 2021	Annual General Meeting
11 Aug 2021	Financial report for the first half-year ending 30 June 2021
11 Nov 2021	Quarterly statement for the period ending 30 September 2021

**LEIFHEIT**

Aktiengesellschaft

PO Box 11 65  
56371 Nassau/Lahn, Germany  
Telephone: +49 2604 977-218  
Telefax: +49 2604 977-300  
[www.leifheit-group.com](http://www.leifheit-group.com)  
[ir@leifheit.com](mailto:ir@leifheit.com)