

# FINANCIAL REPORT

**30th JUNE 2023**



Official Tool Expert

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### At a glance

The financial report of the Einhell Group as at 30 June 2023 meets the requirements under the Securities Trading Act (WpHG) for preparing interim reports. It includes abbreviated Group interim statements, a condensed Group management report and a statement of responsibility by the legal representatives. The financial statements are consistent with the International Financial Reporting Standards (IFRS) and their interpretations, as published by the International Accounting Standards Board (IASB) and applicable in the European Union.

From January to June 2023, revenue declined from EUR 563.7 million to EUR 525.9 million. The business development in Germany is decisive for this decline in revenue. Due to the high inventories at customers, orders in Germany fell significantly compared to the prior-year period. Fortunately, demand outside of Germany was stable.

Responsible for the reduction in revenue are a number of currencies that dropped against the euro, highly. This applies in particular to the revenue of our companies in:

- Australia,
- Canada,
- UK,
- Turkey and
- Argentina.

Adjusted for currency effects, consolidated revenue fell by 4.2 % (before currency adjustment by 6.7 %) compared to the previous year.

### Financial figures

in EUR million	H1 2023	H1 2022	Change in %
Revenue	525.9	563.7	-6.7
EBT	44.3	48.2	-8.1
EBT before PPA	45.0	49.3	-8.7
EBIT	47.8	50.7	-5.7
Net debt (bank deposits/bank liabilities)	156.1	289.2	-46.0

  

	H1 2023	H1 2022	Change in %
Equity ratio in %	42.8	39.4	8.6
Earnings per share in EUR	8.0	9.0	-11.1
Headcount	2,536	1,956	29.7

## Condensed Group Management Report of Einhell Germany AG

### 1 General economic conditions

#### 1.1 D/A/CH

The business climate in Germany has deteriorated considerably. The ifo business climate index dropped from 91.5 points in May to 88.5 points in June 2023. Furthermore, the sentiment among companies regarding their current situation has also deteriorated.

According to the Federal Statistical Office, the inflation rate stood at 6.4 % in Germany in June 2023. After having declined for three months in a row, it has thus risen again slightly.

Adjusted for seasonal and calendar effects, the gross domestic product (GDP) increased by 1.9 % compared to the previous quarter in the second quarter of 2023. The reason for the increase, however, is the rise in prices. Adjusted for seasonal, calendar and price effects, the GDP remained basically unchanged from the first to the second quarter of 2023. Compared with the same quarter in the previous year, the price-adjusted GDP declined by 0.6 %.

The number of unemployed persons has increased moderately in Germany. The German Federal Employment Agency stated in its labour market report that a total of 2.555 million persons were registered as unemployed in June. This corresponds to an increase of 11,000 unemployed persons since May and 192,000 since the prior-year period. The unemployment rate remained unchanged at 5.5 % but showed a slight increase of 0.3 % compared to the prior-year quarter.

In 2022, DIY and home improvement stores in Germany generated revenue in the amount of EUR 26.44 billion. This was above the prior-year level (+8.9 %). The chairman of the industry association expects growth above the inflation rate for the current year.

#### 1.2 Western and Eastern Europe

The economy in the eurozone grew slightly again for the first time since the summer of 2022. Eurostat announced that the gross domestic product (adjusted for seasonal effects) grew by 0.3 % in the second quarter of 2023. When looking at the entire EU, it remained unchanged.

According to estimates by Eurostat, industrial production (adjusted for seasonal effects) rose by 0.5 % in the eurozone and by 0.4 % in the EU between May and June 2023. Compared to June 2022, industrial production dropped by 1.2 % in both the eurozone and the EU in June 2023.

The unemployment rate in the eurozone is still at an all-time low. According to the statistical authority Eurostat, the unemployment rate of 6.4 % in June remained stable compared to May (previous year: 6.6 %). This is the lowest level since the countries of the currency union started to

record this figure about 25 years ago. The unemployment rate in the entire European Union stood at 5.9 % in June (previous year: 6.0 %).

Inflation continues to decline in both the European Union and the eurozone. According to the figures published by Eurostat, the annual inflation rate in the eurozone dropped to 5.5 % in June 2023 from 6.1 % in May. In the European Union, the inflation rate dropped from 7.1 % in the previous month to 6.4 % in June. In June 2022, the inflation rates had still amounted to 8.6 % and 9.6 % respectively.

The harmonised index of consumer prices (HICP) for Germany, which is calculated for European purposes, amounted to 6.8 % in June 2023. In the previous month of May, it had still stood at 6.4 %.

#### 1.3 Overseas

The Australian economy has grown impressively over the last 20 years and the economic performance is currently at an all-time high. However, even Australia's economy is impacted. In the wake of the Russian invasion of Ukraine, Australia recorded the highest inflation rate in more than 30 years. Prices rose by an average of 6.6 %. However, inflationary pressure is expected to ease in the course of 2023. According to forecasts, the inflation rate has decreased to 5.3 % this year.

### 2 Performance report

#### 2.1 Einhell Group revenue

From January to June 2023, the Einhell Group generated revenue of EUR 525.9 million (previous year: EUR 563.7 million). The decrease in revenue in the first half of 2023 thus amounted to EUR 37.8 million or -6.7 % compared to the previous year.

As reported before, the first quarter of 2023 was clearly below the exceptionally strong prior-year quarter (-14.5 %). In the second quarter of 2023, revenue was at the prior-year level, meaning that Group revenue managed to catch up considerably in the course of the year. The margins of the Einhell Group outside of Germany showed a positive development. All in all, the second quarter was satisfactory for the Einhell Group.

The Einhell Group expects the second half of the year to exceed the previous year's comparable period as its customers will have reduced their high inventories by then, causing revenue to pick up again. However, revenue has still been relatively weak in July and August so far.

As at 30 June 2023, the share of Power X-Change products sold in total Group revenue stands at 46 % (previous year: 43 %).

In the **D/A/CH** region (Germany, Austria, Switzerland), revenue dropped to EUR 227.0 million (previous year: EUR 244.5 million).

## Half year report as at 30 June 2023

Due to the high inventories built up in the previous year, the customers did not place as many orders in the first half of 2023. Customers in Germany in particular show a very reluctant order behaviour, while Einhell has already manufactured the goods.

This also led to a decline in earnings in this region.

In **Western Europe**, revenue of EUR 102.9 million (previous year: EUR 107.0 million) was slightly below the prior-year level. The largest sales markets in the region include France, Italy and the UK.

The subsidiaries in the Western Europe region were able to keep their revenue more or less stable in the first half of 2023. The share of Power X-Change products in total revenue has also risen in Western Europe. In the UK, the share already amounts to 57 % (previous year: 50 %).

Earnings in the Western Europe region were slightly above the prior-year level in the first half of 2023. The companies in France and Italy were able to improve their earnings performance compared to the prior-year period. The subsidiaries in Portugal and Spain faced a difficult market environment that weighed on revenue and earnings. The business in Scandinavia is also falling short of expectations.

In **Eastern Europe**, revenue of EUR 51.0 million is at the previous year's level (EUR 50.5 million). The strongest companies in this region in terms of revenue were our subsidiaries in Turkey, Croatia and Poland.

EBT declined in nearly all of the companies in the Eastern Europe region. This was due to high inflation and the related increase in prices. In addition, higher financing costs due to the increase in interest rates were felt here.

In the **Overseas** region, revenue decreased by 4.9 % from EUR 124.7 million to EUR 118.6 million. The Einhell subsidiary with the highest revenue in this region is the Australian company Einhell Australia (formerly Ozito).

Performance of the subsidiaries in the Overseas region was uneven in financial year 2023. While Einhell Australia was able to achieve earnings growth despite declining revenue, nearly all of the South American subsidiaries were struggling with difficult market conditions. The Canadian subsidiary acquired last year showed a strong performance.

In the **Other Countries** including Asia, revenue has also declined year-on-year to EUR 26.4 million (previous year: EUR 37.0 million).

The Other countries region, and here the Asian subsidiaries in particular, did not manage to increase their revenue compared to the prior-year period. This is attributable to highly reluctant buying activities of FOB direct customers.

## 2.2 Earnings development

From January to June 2023, the Einhell Group generated profit before income taxes of EUR 44.3 million (previous year: EUR 48.2 million). The pre-tax margin is 8.4 % (previous year: 8.5 %).

The margin before taxes and PPA is 8.6 % (previous year: 8.7 %).

Consolidated net income after minority interest amounted to EUR 30.3 million in the period under review (previous year: EUR 34.0 million), while earnings per share amounted to EUR 8.0 (previous year: EUR 9.0 per share).

Personnel expenses increased year-on-year due to a higher headcount and amounted to EUR 63.9 million (previous year: EUR 57.8 million).

Depreciation and amortisation increased in financial year 2023, from EUR 6.9 million to EUR 7.6 million.

Other expenses also increased year-on-year from EUR 84.8 million to EUR 91.7 million. The rise in other expenses is mainly attributable to increased marketing activities in the first half of 2023. The share in revenue that was expended on marketing measures amounted to 5.7 % in the Einhell Group (previous year: 3.9 %).

The financial result of EUR -3.5 million (previous year: EUR -2.6 million) is lower than in the previous year. This includes financial income amounting to EUR 7.1 million (previous year: EUR 7.5 million) and financial costs in the amount of EUR 10.6 million (previous year: EUR 10.1 million). Financial costs include the surge in refinancing costs in some countries with high interest rates, expenses for currency hedging etc. Increases in the interest rates for various currencies also had a negative impact here.

## 3 Personnel and HR services

On 30 June 2023, the Einhell Group had 2,536 employees worldwide (previous year: 1,956).

The increase in headcount was caused primarily by the acquisition of the new companies in Thailand and Vietnam. The number of employees as at 30 June 2023 was 449 in Thailand and 66 in Vietnam.



## 4 Financial performance and net assets

The material items in the statement of financial position as at 30 June 2023 and 30 June 2022 are as follows:

in EUR million	30.06.2023	30.06.2022
Non-current assets incl. deferred tax assets	152.3	168.1
Inventories	358.9	476.9
Trade receivables	219.0	214.4
Cash and cash equivalents	21.8	7.5
Equity	337.8	381.9
Liabilities to banks	177.9	296.7

## 5 Investments

In the period under review, the Einhell Group's CAPEX without Thailand and Vietnam amounted to EUR 5.9 million (previous year: EUR 2.6 million). The majority of this was spent on operating and office equipment and advance payments on assets under construction. As in previous years, investments in product development are shown under Other operating expenses and Personnel expenses in the Consolidated statement of income.

## 6 Current assets and liabilities

Goods inventories decreased significantly since the previous year to EUR 358.9 million (previous year: EUR 476.9 million). After the availability of goods stabilised considerably, the high inventories that had been built up to counter the supply shortages over the last months are now being gradually reduced.

Trade receivables are stated net of allowances for bad debts. At EUR 219.0 million, trade receivables are at the prior-year level (previous year: EUR 214.4 million). Receivables outstanding correspond to the revenue of 2.1 months.

Derivative financial assets have decreased substantially over the previous year to EUR 7.3 million (previous year: EUR 86.2 million) as the derivatives for currency hedging showed much higher fair values in the previous year.

At EUR 29.1 million, other non-financial assets were also clearly below the previous year's level (previous year: EUR 44.9 million). The largest item here is VAT receivables, which decreased by EUR 17.7 million compared to the previous year.

Cash and cash equivalents amount to EUR 21.8 million (previous year: EUR 7.5 million).

Compared to the prior-year period, liabilities to banks decreased from EUR 296.7 million to EUR 177.9 million due to the substantial decline in stocking levels.

## 7 Group structure

### 7.1 Incorporation of EINHELL Operations GmbH

In June 2023, Einhell Germany AG founded EINHELL Operations GmbH in Budapest/Hungary. Einhell Germany AG owns 100 % of the shares in this company. The Group intends to manufacture mainly batteries at this site in order to reduce the dependency on the Chinese market.

### 7.2 Acquisition of Swisstec Sourcing Vietnam JSC

Further, Einhell Germany AG acquired 100 % of the shares in the Vietnamese company Swisstec Sourcing Vietnam Joint Stock Company headquartered in Thu Dau Mot City/Vietnam, which was included in the consolidated financial statements from 1 April 2023. The company is an established distributor of screws, fastening fixtures and a range of hand-held tools, the main customers of which are European and Canadian DIY retail chains.

The purchase price allocation has not yet been fully completed as at the reporting date, which is why the consolidation in the Group is based on preliminary figures. The subsidiary was fully consolidated for the first time as at 30 June 2023.

The purchase price and the amount of goodwill realised at the time of acquisition are as follows:

in EUR million (preliminary figures)	01.04.2023
Total amount of the transferred consideration including earn-out component	3.6
Goodwill acquired	2.3

The amount of goodwill in EUR changed as at the reporting date due to currency effects. In addition to the existing workforce, the goodwill also reflects the Einhell Group's improved presence in the fields of accessories and hand-held tools and the access to the Vietnamese procurement market which is part of our second source strategy aimed at reducing our dependency on the Chinese procurement market.

The purchase price for Swisstec Sourcing Vietnam JSC includes an earn-out component of EUR 2.6 million at the time of acquisition, which will be paid out over a period of three years and is determined based on the annual EBT. The estimate of the earn-out is based on the current planning and is theoretically unlimited to the top. The remainder of the transferred consideration is to be paid out in cash. On the reporting date, no payments had been made towards the purchase price and the full amount of the consideration was recognised under liabilities in the statement of financial position as at 30 June 2023.

The most important items included in the consolidated financial statements as at the time of first-time consolidation are as follows:

## Half year report as at 30 June 2023

in EUR million (preliminary figures)	01.04.2023
Goodwill	2.3
Right-of-use assets pursuant to IFRS 16	0.6
Inventories	2.8
Trade receivables	0.8
Other assets	1.7
Bank deposits and cash and cash equivalents	0.7
Liabilities to banks	2.0
Lease liabilities	0.6
Trade payables	2.8
Other liabilities and provisions	0.1

In the report for the first six months of 2023, the following items were included in the consolidated income statement:

in EUR million (preliminary figures)	01.04.2023 - 30.06.2023
Revenue	2.6
EBT	0.1

The revenue is allocated to the Other countries region.

If the company Swisstec Sourcing Vietnam JSC had already been included in the consolidated financial statements since 1 January 2023, the revenue for the company in the period 1 January to 30 June 2023 would have amounted to EUR 5.5 million and the EBT to EUR 0.3 million. The revenue is allocated to the Other countries region.

### 7.3 Acquisition of Surazinsano Co., Ltd

Effective on 1 June 2023, Einhell Germany AG acquired 66.67 % of shares in the newly founded Thai company Surazinsano Co., Ltd headquartered in Bangkok/Thailand. By means of an asset deal, this new company took over the assets that are needed to successfully establish the Group on the market, such as inventories, customer and employee contracts, from a company that has already been a successful player on the Thai market for several decades. Surazinsano Co., Ltd is a distribution company.

The purchase price allocation has not yet been completed as at the reporting date, which is why the consolidation in the Group is based on preliminary figures. The subsidiary was fully consolidated for the first time as at 30 June 2023.

The purchase price and the amount of goodwill realised at the time of acquisition are as follows:

in EUR million (preliminary figures)	01.06.2023
Total amount of the transferred consideration including earn-out component	8.7
Goodwill acquired	1.1

The amount of goodwill in EUR changed as at the reporting date due to currency effects. It represents the value of the workforce and the following expected synergy effects, which the Einhell Group considered in the purchase price:

- an already established penetration of the Thai market and
- an established distribution base for Einhell products.

The final calculation of the purchase price for 100 % of the shares will take place in June 2027 at the earliest and depends on the EBTs over a period of four years. Due to the contractually regulated calculation basis, the final purchase price partly has the character of an earn-out for 66.67 % of the shares. As of June 1, 2023, this was recognized with an amount of EUR 0.3 million and is due on July 1, 2027 at the earliest. The estimate of the earn-out is based on the current planning and is theoretically unlimited to the top. The minimum purchase price for all shares is EUR 6.9 million. At the reporting date, an advance payment of EUR 8.4 million had already been made for 66.67 % of the shares, which essentially corresponds to the current value.

Einhell Germany AG and the seller have agreed on a put option for the remaining shares. This option contains an obligation for both contracting parties that, if certain criteria are met, Einhell Germany AG can take over the remaining shares from June 2027, or the seller can tender the shares to Einhell Germany AG. The amount of the obligation depends on the future EBT performance. A purchase price liability of EUR 3.5 million for 33.33 % of the shares was recognised at the time of acquisition.

The put liability was recognised in accordance with the present access method, according to which the company is still recognised as a non-controlling interest, while the payment obligation and any changes thereof are recognised directly in retained earnings without any impact on profit or loss. The present ownership of the non-controlling interest remains with the minority shareholder.

The most important items included in the consolidated financial statements as at the time of acquisition are as follows:

in EUR million (preliminary figures)	01.06.2023
Customer base and trademark rights	7.5
Goodwill	1.1
Inventories	4.3
Cash and cash equivalents	5.5
Income tax claim	0.4
Non-controlling interest	3.7
Deferred tax liability	1.6
Trade payables	4.0
Other liabilities	0.7

Non-controlling interests are not measured at fair value.

In the report for the first six months of 2023, the following items were included in the consolidated income statement:

in EUR million (preliminary figures)	01.06.2023 - 30.06.2023
Revenue	1.7
EBT	0.2

The revenue is allocated to the Other countries region.

If the company Surazinsano Co., Ltd. had already been included in the consolidated financial statements since 1 January 2023, the revenue for the company in the period 1 January to 30 June 2023 would have amounted to EUR 8.7 million and the EBT to EUR 0.4 million.

## 8 Investor relations

On 3 May 2023, Einhell Germany AG participated in the Capital Market Conference in Munich in order to talk to analysts and investors.

## 9 Financing

The financial requirements of the Einhell Group are driven in particular by the level of inventories and trade receivables. Stock turnover rates of inventories and the maturities of trade receivables play a major role here and have a significant impact on the financial requirements.

The Group relies on a modular financing mix with good long-term conditions.

Non-current liabilities to banks amount to EUR 86.7 million and carry favourable fixed interest rates. Current liabilities to banks amount to EUR 91.1 million and carry variable interest rates.

In the shorter term, the Group also has access to sufficient credit facilities to finance further revenue growth.

## 10 Note to the financial report

This financial report was not subjected to a review pursuant to Section 317 of the German Commercial Code (HGB) or an audit.

## 11 Corporate Governance Code

The current Declaration of the Board of Directors and the Supervisory Board of Einhell Germany AG on the German Corporate Governance Code pursuant to section 161 of the German Stock Corporation Act (AktG) is permanently available on the Company's website at [www.einhell.com](http://www.einhell.com).

## 12 Risk report

In its international operations, Einhell is exposed to a variety of risks that are inherent in all entrepreneurial activities.

The risk management process in the Einhell Group is split into two stages. The first stage is the decentralised recognition of risks in subsidiaries and the various departments of Einhell Germany AG by the risk officers appointed by the Board of Directors who identify risks and quantify their impact on the Group.

The internal control system comprises the two components integrated process controls and internal control systems.

The domestic controlling, investment controlling, finance, Group accounting and legal departments constitute the internal management system of the Einhell Group.

The Einhell Group companies make a forecast in the relevant financial year to budget the following financial year. Based on differentiated revenue planning, the corresponding cost of goods sold and other costs are budgeted. These projected figures are collated for the Group into a budgetary statement of income.

The actual figures from the individual companies are processed on a monthly basis. As a result, a complete consolidated statement of income is devised that compares the budgeted and actual figures and allows for their analysis. The development of order intake, margins etc. is also reported for all companies on a monthly basis.

The comparison is discussed with the members of the Board of Directors and with the managers of the separate divisions and companies. The analysis of the budgeted and actual figures permits relevant measures to be developed and implemented.

The internal monitoring system comprises measures that are integrated into the processes as well as measures that are independent of the processes.

In addition to automated IT process controls, manual controls also form an important part of integrated process measures which are, for example, also carried

out by the internal audit department. The Supervisory Board, the Group auditors and other audit bodies are involved in carrying out process-independent controls within the Einhell Group.

The audit of the consolidated financial statements by the Group auditors is the main process-independent control measure with respect to Group accounting processes.

Given its international business model, the Einhell Group is exposed to market risks resulting from changes in interest and foreign exchange rates. The Group uses derivative financial instruments to manage these risks. The guidelines used for managing the associated risks are implemented with the approval of the Board of Directors by a central treasury department working in close cooperation with the Group companies.

The Board of Directors does not currently see any risks that could endanger the future of the Group as a going concern.

## 13 Forecast report

### 13.1 D/A/CH

Expected development in %	2023	2022
GDP Germany	-0.3	1.8

The forecasts of the economic institutes regarding the expected growth of the German economy are rather gloomy. In its most recent July publication, the International Monetary Fund (IMF) expects negative growth of -0.3 %. According to the IMF, Germany is more affected than other countries by the general weakness of world trade due to its character as an export nation. In addition, industries struggle with the high energy prices. According to the IMF, these two factors are to blame for a reduction in economic output compared to the previous year.

### 13.2 Western and Eastern Europe

In a challenging global environment, the European economy continues to demonstrate resilience. Lower energy prices, fewer supply bottlenecks and a strong labour market led to moderate growth in the first quarter of 2023. Concerns regarding a potential recession have subsided. As a result, the growth forecast for the EU economy for the year 2023 was raised to 1.0 %. In 2024, growth is expected to reach 1.7 %.

GDP growth in the eurozone is now expected to reach 1.1 % and 1.6 % in 2023 and 2024, respectively. Amid ongoing price pressure, the forecast for inflation in the eurozone has also been revised upwards compared to the winter, with forecast inflation of 5.8 % in 2023 and 2.8 % in 2024.

### 13.3 Overseas

Economic growth in Australia has slowed down considerably. However, the Organisation for Economic Co-operation and Development (OECD) continues to be optimistic and expects an increase in gross domestic product (GDP) of 1.8 % in real terms for 2023. The economists of Australian commercial banks, on the other hand, have already lowered their forecasts significantly.

The following economic growth rates are expected in the countries in the Overseas region, in which the Einhell Group is active:

GDP in %	2023	2022
Argentina	0.2	5.2
Colombia	1.0	7.5
Chile	-1.0	2.4
Canada	1.5	3.4
Uruguay	2.0	4.9

### 13.4 Outlook and strategy

In a weak economic environment coined by widespread uncertainty among end consumers, the future performance of the Group is very difficult to predict. It is generally expected that there will be catch-up effects in the second half of the year, but these may fail to materialise.

During the COVID-19 pandemic, the Einhell Group's stock levels were increased to ensure the Group's continuous ability to deliver. With the availability of goods having returned back to normal in recent months, Einhell is now gradually reducing its high inventories.

The development of the Einhell Group is also, among other factors, determined by general market and economic trends as well as the developments in the regions that are hit by crises and on the foreign exchange markets.

The increase in interest rates, volatility on the foreign exchange markets and the extremely high inflation rates in many of the countries that are relevant to Einhell could negatively influence consumer spending. In addition to effective foreign exchange hedges, we rely on an attractive product range.

Our Power X-Change platform will remain on the top of our agenda. We intend to expand the revenue share of the Power X-Change platform to more than 51 % in financial year 2023. At the end of 2022, the Power X-Change family already comprised roughly 250 products. This is to be expanded to about 450 products by 2027. We will continue to use our battery and charger expertise to further develop our technology in this field and to constantly design new and innovative solutions for end consumers.



## Half year report as at 30 June 2023

In order to further optimise awareness of the Einhell brand, we will continue to intensify our marketing measures in the current financial year. The cooperation with the Mercedes-AMG PETRONAS F1 Team entered into last year is another important milestone in this regard. Two strong international brands that represent the best of technological finesse are united in this partnership. The cooperation with the Mercedes-AMG PETRONAS F1 Team is already starting to pay off in terms of awareness and image of the Einhell brand and is to be further expanded. The cooperation with FC Bayern Munich will be continued to achieve even more awareness for the Einhell brand.

One of our most important strategic measures is the international expansion of our Group. With the acquisition of our subsidiaries in Canada and Finland in 2022, we have succeeded in opening up promising markets with very strong business potential. The acquisitions in Canada and South Africa completed in 2020 are making great progress. In South Africa, Einhell managed to win one of the largest DIY chains in the country as a reseller. And the Group acquired additional subsidiaries in Thailand and Vietnam in the current financial year. Our objective in the coming years is to complete the integration of the new subsidiaries into our Group, thus expanding the reach of our Einhell products. This will have a highly positive effect on our revenues and earnings. The Board of Directors is currently undergoing negotiations with a promising potential takeover candidate in the USA. As the largest DIY market in the world, the USA offer great potential for our Power X-Change battery products.

With the new EINHELL Operations GmbH, the Group has started to establish a battery production facility in Hungary. The battery production plant in Kunshan/China has already been in operation for some time and shows an excellent operating performance.

The implementation of a new ERP software in China was initiated in 2022. The implementation of SAP S/4HANA has now been successfully completed at the first of the Asian companies. In the next few years, SAP will also be rolled out to other companies.

As catch-up effects are expected in the second half of the year, the Board of Directors has reiterated its forecast for the 2023 financial year. However, it is still difficult to predict whether the Einhell Group will be able to achieve its very ambitious revenue and earnings targets.

### **13.5 Forward-looking statements, assumptions, uncertainties and assessment methods**

The Board of Directors' assumptions and forecasts are based on the information currently available. These always bear an element of uncertainty and are based on estimates and assumptions made in order to arrive at a budget statement. The Einhell Group hereby advises that the forward-looking assumptions and estimates may in retrospect turn out to be incorrect.

Landau a. d. Isar, 24 August 2023

Einhell Germany AG

The Board of Directors

Andreas Kroiss

Jan Teichert

Dr Markus Thannhuber

Dr Christoph Urban

## Consolidated statement of financial position (IFRS) as at 30 June 2023

Assets (in EURk)	30.06.2023	30.06.2022
Intangible assets	48,282	37,944
Property, plant and equipment	59,255	56,274
Right-of-use assets	15,739	19,081
Non-derivative financial assets	2,011	917
Derivative financial assets	388	31,673
Other non-financial assets	3,914	2,480
Deferred tax assets	22,716	19,759
<b>Non-current assets</b>	<b>152,305</b>	<b>168,128</b>
Inventories	358,870	476,915
Trade receivables	219,029	214,385
Non-derivative financial assets	1,430	2,599
Derivative financial assets	6,901	54,488
Income tax receivables	4,197	2,958
Other non-financial assets	25,184	42,413
Contract assets	521	652
Cash and cash equivalents	21,773	7,481
<b>Current assets</b>	<b>637,905</b>	<b>801,891</b>
	<b>790,210</b>	<b>970,019</b>

<b>Equity and liabilities (in EURk)</b>	<b>30.06.2023</b>	<b>30.06.2022</b>
Subscribed capital	9,662	9,662
Capital reserve	26,677	26,677
Retained earnings	326,874	290,328
Other reserves	-40,872	44,398
<b>Equity of shareholders of Einhell Germany AG</b>	<b>322,341</b>	<b>371,065</b>
Non-controlling interest	15,502	10,825
<b>Equity</b>	<b>337,843</b>	<b>381,890</b>
Provisions for other risks	529	731
Liabilities from debt capital	86,719	89,844
Deferred tax liabilities	5,867	29,977
Employee benefits	3,461	9,100
Lease liabilities	10,584	13,716
Derivative financial liabilities	22,367	0
Non-derivative financial liabilities	22,234	10,948
Other non-financial liabilities	0	307
<b>Non-current liabilities</b>	<b>151,761</b>	<b>154,623</b>
Trade payables	79,449	90,979
Income tax liabilities	7,677	9,949
Provisions for other risks	28,370	44,800
Liabilities from debt capital	91,136	206,843
Employee benefits	21,203	17,966
Lease liabilities	5,468	5,720
Derivative financial liabilities	15,474	2,010
Non-derivative financial liabilities	36,245	36,159
Other non-financial liabilities	14,968	18,296
Contract liabilities	616	784
<b>Current liabilities</b>	<b>300,606</b>	<b>433,506</b>
	<b>790,210</b>	<b>970,019</b>

## Consolidated income statement (IFRS) for the period from 1 January to 30 June 2023

(in EURk)	30.06.2023	30.06.2022
Revenue	525,886	563,681
Own work capitalised	142	70
Other operating income	7,416	5,545
Cost of materials	-322,418	-369,074
Personnel expenses	-63,879	-57,779
Depreciation and amortisation	-7,641	-6,873
Other operating expenses	-91,684	-84,844
Financial income	7,099	7,473
Financial costs	-10,595	-10,047
<b>Financial result</b>	<b>-3,496</b>	<b>-2,574</b>
<b>Profit before income taxes</b>	<b>44,326</b>	<b>48,152</b>
Income taxes	-13,167	-13,368
<b>Consolidated net profit</b>	<b>31,159</b>	<b>34,784</b>
Thereof share of minority shareholders in consolidated net profit/loss	862	808
Thereof share of shareholders of Einhell Germany AG in consolidated net profit	30,297	33,976

## Consolidated statement of cash flows (IFRS) for the period from 1 January to 30 June 2023

in EURk	30.06.2023	30.06.2022
<b>Cash flows from/used in operating activities</b>		
Profit before income taxes	44,326	48,152
+ Depreciation and amortisation of intangible assets and property, plant and equipment	7,641	6,873
- Interest income	-353	-81
+ Interest expenses	3,493	2,188
+/- Other non-cash expenses and income	-3,887	-1,997
<b>Operating profit before changes in net working capital</b>	<b>51,220</b>	<b>55,135</b>
+/- Decrease/increase in trade receivables	-74,571	-69,997
+/- Decrease/increase in inventories	121,684	-3,795
+/- Decrease/increase in other assets	6,817	3,140
+/- Increase/decrease in non-current liabilities	-3,583	1,021
+/- Increase/decrease in current liabilities	2,586	4,662
+/- Increase/decrease in trade payables	-43,522	-53,921
<b>Cash flows generated from/used operating activities</b>	<b>60,631</b>	<b>-63,755</b>
- Taxes paid	-8,275	-13,488
+ Interest received	313	76
- Interest paid	-2,890	-1,699
<b>Net cash from/used in operating activities</b>	<b>49,779</b>	<b>-78,866</b>
<b>Cash flows from/used in investing activities</b>		
- Payments to acquire fixed assets	-5,946	-2,589
- Payments for acquisition of consolidated companies	-2,268	-17,980
+ Proceeds from disposal of assets	12	25
<b>Net cash used in investing activities</b>	<b>-8,202</b>	<b>-20,544</b>
<b>Cash flows from/used in financing activities</b>		
+ Proceeds from taking out loans	0	108,399
- Payments for repayment of loans	-15,255	-1,563
- Payments for acquisition of equity investments	0	-13
- Dividend payments to shareholders of Einhell Germany AG	-10,820	-9,688
- Dividend payments to non-controlling interests	-268	-214
- Payments for redemption portion of lease liabilities	-3,474	-2,601
<b>Net cash used in/from financing activities</b>	<b>-29,817</b>	<b>94,320</b>
Changes to cash and cash equivalents due to currency exchange	-649	1,058
<b>Net increase/decrease in cash and cash equivalents</b>	<b>11,111</b>	<b>-4,032</b>
Cash and cash equivalents at beginning of reporting period	10,662	11,513
<b>Cash and cash equivalents at end of reporting period</b>	<b>21,773</b>	<b>7,481</b>



**Consolidated statement of changes in equity (IFRS) for the period from 1 January 2022 to 30 June 2023**

				Other reserves				Equity of shareholders of Einhell Germany AG	Share of non-controlling interests	Total equity
	Subscribed capital	Capital reserve	Retained earnings	Currency translation reserve	Reserve for financial instruments measured at fair value through other comprehensive income	Remeasurement reserve pursuant to IAS 19	Derivative financial instruments			
	EURk	EURk	EURk	EURk	EURk	EURk	EURk	EURk	EURk	EURk
<b>1 January 2022</b>	<b>9,662</b>	<b>26,677</b>	<b>274,619</b>	<b>-13,902</b>	<b>24</b>	<b>-1,769</b>	<b>42,247</b>	<b>337,559</b>	<b>3,413</b>	<b>340,972</b>
Consolidated net profit	-	-	33,976	-	-	-	-	33,976	808	34,784
Unrealised gains/losses	-	-	-	6,259	-	-	11,539	17,797	196	17,993
Dividends	-	-	-9,688	-	-	-	-	-9,688	-544	-10,232
Other changes	-	-	-8,579	-	-	-	-	-8,579	6,952	-1,627
<b>30 June 2022</b>	<b>9,662</b>	<b>26,677</b>	<b>290,328</b>	<b>-7,643</b>	<b>24</b>	<b>-1,769</b>	<b>53,786</b>	<b>371,065</b>	<b>10,825</b>	<b>381,890</b>
Consolidated net profit	-	-	25,778	-	-	-	-	25,778	238	26,016
Unrealised gains/losses	-	-	-	-5,975	-2	1,491	-31,946	-36,432	-329	-36,761
Dividends	-	-	-	-	-	-	-	-	-99	-99
Other changes	-	-	-4,880	-	-	-	-	-4,880	670	-4,210
<b>31 December 2022</b>	<b>9,662</b>	<b>26,677</b>	<b>311,226</b>	<b>-13,618</b>	<b>22</b>	<b>-278</b>	<b>21,840</b>	<b>355,531</b>	<b>11,305</b>	<b>366,836</b>
Consolidated net profit	-	-	30,297	-	-	-	-	30,297	862	31,159
Unrealised gains/losses	-	-	-	-6,065	-	-	-42,773	-48,838	-180	-49,018
Dividends	-	-	-10,820	-	-	-	-	-10,820	-268	-11,088
Other changes	-	-	-3,829	-	-	-	-	-3,829	3,783	-46
<b>30 June 2023</b>	<b>9,662</b>	<b>26,677</b>	<b>326,874</b>	<b>-19,683</b>	<b>22</b>	<b>-278</b>	<b>-20,933</b>	<b>322,341</b>	<b>15,502</b>	<b>337,843</b>

## Selected IFRS consolidated notes of Einhell Germany AG, Landau/Isar, for the period from 1 January to 30 June 2023

### 1. Principles and methods used in preparing the consolidated financial statements

#### 1.1 Basis of consolidation

The consolidated financial statements comprise Einhell Germany AG and the companies it controls. IAS 27 defines control as the power to govern the financial and operating policies so as to obtain benefits from a company's activities. If the Group holds more than 50 % of the voting rights of a company, either directly or indirectly, it is deemed to control such company, unless such assumption is refuted. Companies acquired or disposed of during a financial year are included in the consolidated financial statements from the date on which control is obtained until the date on which control is lost.

In the first half of 2023, Einhell Germany AG acquired 100 % of the shares in the Vietnamese company Swisstec Sourcing Company JSC, which has been included in the consolidated financial statements since 1 April 2023.

Effective on 1 June 2023, Einhell Germany AG acquired 66.67 % of shares in the Thai company Surazinsano Co., Ltd.

In addition, Einhell Germany AG founded the Hungarian EINHELL Operations GmbH in June 2023, in which it holds 100 % of the shares.

Detailed information on the acquisition is shown in the condensed management report under section 7 Group structure.

#### 1.2 Accounting and valuation principles

This report as at 30 June 2023 applies the same accounting and valuation principles as were used in the annual financial statements 2022. The IFRS standards that have become mandatory as from 1 January 2023 are applied accordingly by the Einhell Group.

### 2 Notes to the consolidated statement of financial position

#### 2.1 Non-current assets

Intangible assets and property, plant and equipment are valued at acquisition or manufacturing cost. Intangible assets amount to EUR 48.3 million as at 30 June 2023, while property, plant and equipment amount to EUR 59.3 million and are recognised in the statement of financial position less accumulated depreciation. Scheduled depreciation and amortisation of intangible assets and property, plant and equipment amounted to EUR 7.6 million as at 30 June 2023.

#### 2.2 Inventories

Inventories are valued at the lower of acquisition or manufacturing cost or net realisable value. Impairments amounted to EUR 11.5 million in total (previous year: EUR 6.8 million).

in EURk	30.06.2023	30.06.2022
Raw materials and supplies (at acquisition cost)	2.6	1.8
Unfinished goods	2.1	0.0
Finished goods	353.0	471.4
Advance payments	1.2	3.7
<b>Total</b>	<b>358.9</b>	<b>476.9</b>

#### 2.3 Cash and cash equivalents

Cash and cash equivalents include bank balances, cheques and cash in hand.

#### 2.4 Equity

Equity has decreased due to changes in the market value of FX derivatives (see statement of changes in equity). However, this change has no effect on the cash position.

#### 2.5. Dividend

A resolution was passed to pay a dividend of EUR 10,820,096.00 for financial year 2022. The distribution amount corresponds to a dividend of EUR 2.90 per preference share (previous year: EUR 2.60) and EUR 2.84 per ordinary share (previous year: EUR 2.54). The dividend was paid out in June 2023.

#### 2.6 Provisions

Provisions total EUR 28.9 million. This includes non-current provisions of EUR 0.5 million.

Provisions refer in particular to provisions for warranty.

#### 2.7 Liabilities

Upon addition, liabilities are valued at fair value of the consideration received; subsequent measurement is performed at amortised cost. Liabilities in foreign currencies are recognised at the reporting date rate or hedging rate as at the reporting date.

### 3 Notes to the consolidated statement of income

#### 3.1 Other operating expenses

Other operating expenses amounted to EUR 91.7 million as at 30 June 2023, mainly comprising expenses for logistics, service and marketing.

#### 4 Segment reporting

The identification of reportable operating segments pursuant to IFRS 8 is based on the so-called management approach concept. The division of the Einhell Group into regions reflects the Group's internal management and reporting structures. The regions are: D/A/CH region, Western Europe, Eastern Europe, Overseas and Other countries.

Income and expenses that cannot be directly allocated to the individual regions and consolidation effects are shown in the reconciliation item.

June 2023 in EURk	D/A/CH	Western Europe	Eastern Europe	Overseas	Other countries	Recon- ciliation	Group
<b>Revenue by invoicing party</b>	226,968	102,907	50,965	118,649	26,397	0	<b>525,886</b>
<b>Revenue by invoice recipient</b>	227,726	117,205	55,021	119,854	6,080	0	<b>525,886</b>
<b>EBT</b>	23,448	4,638	4,576	9,940	1,779	-55	<b>44,326</b>
<b>Financial result</b>	1,106	-1,929	-1,336	-1,396	-684	743	<b>-3,496</b>
<b>Interest income</b>	5,100	15	40	411	273	-5,486	<b>353</b>
<b>Interest expenses</b>	-2,932	-1,944	-1,358	-1,791	-786	5,318	<b>-3,493</b>
<b>Depreciation and amortisation</b>	3,085	749	483	1,982	1,342	0	<b>7,641</b>
<b>Non-current assets excl. deferred tax assets</b>	58,779	7,378	11,239	31,630	20,563	0	<b>129,589</b>
<b>Inventories</b>	148,834	79,727	46,859	84,962	15,234	-16,746	<b>358,870</b>
<b>Depreciation of inventories</b>	6,729	515	3,256	902	86	0	<b>11,488</b>

June 2022 in EURk	D/A/CH	Western Europe	Eastern Europe	Overseas	Other countries	Recon- ciliation	Group
<b>Revenue by invoicing party</b>	244,504	107,011	50,460	124,675	37,031	0	<b>563,681</b>
<b>Revenue by invoice recipient</b>	256,137	114,679	55,634	132,251	4,980	0	<b>563,681</b>
<b>EBT</b>	24,775	4,243	5,257	10,836	7,106	-4,065	<b>48,152</b>
<b>Financial result</b>	1,043	-1,298	-1,236	-1,651	-428	996	<b>-2,574</b>
<b>Interest income</b>	3,848	0	47	148	177	-4,139	<b>81</b>
<b>Interest expenses</b>	-1,257	-1,299	-1,795	-1,304	-741	4,208	<b>-2,188</b>
<b>Depreciation and amortisation</b>	2,800	760	459	1,564	1,290	0	<b>6,873</b>
<b>Non-current assets excl. deferred tax assets</b>	85,679	6,400	9,089	37,474	9,727	0	<b>148,369</b>
<b>Inventories</b>	184,692	107,891	67,002	111,919	24,986	-19,575	<b>476,915</b>
<b>Depreciation of inventories</b>	2,323	965	2,042	283	0	1,196	<b>6,809</b>

## 5 Other notes

### 5.1. Related party disclosures

Thannhuber AG is the controlling shareholder of Einhell Germany AG. Philipp Thannhuber and Dr Markus Thannhuber (shareholders of Thannhuber AG) received remuneration for their activities as executive bodies of Einhell Germany AG in financial year 2023.

Einhell Germany AG sold small amounts of goods to Comedes GmbH (managing director Philipp Thannhuber). These revenue is immaterial and is based on the arm's length principle.

Einhell Germany AG and its subsidiaries did not carry out any legal transactions with Thannhuber AG and its related parties during financial year 2023 that would have been to the disadvantage of Einhell Germany AG or its subsidiaries. Nor did Thannhuber AG take or fail to take any measures that would have negatively affected Einhell Germany AG or its subsidiaries.

## 6 Events after the reporting date

After the reporting date, Einhell Germany AG and the managing director of the South African subsidiary agreed that Einhell Germany AG will take over the remaining 49 % of shares in Lawn Star and Mould Star earlier than originally planned.

## 7 Statement of responsibility

To the best of our knowledge, we assure that the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and that the interim Group management report accurately reflects the actual development and performance of the business and the position of the Group and describes the principal risks and opportunities associated with the Group's expected development in the remaining months of the financial year.

Landau a. d. Isar, 24 August 2023

Einhell Germany AG

The Board of Directors

Andreas Kroiss

Jan Teichert

Dr Markus Thannhuber

Dr Christoph Urban

## Financial calendar 2023

Quarterly notification as of 30 September 2023

Mid-November 2023

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Deutsches Eigenkapitalforum / Frankfurt am Main

November 2023

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## **Disclaimer**

This quarterly notification contains forward-looking statements. Forward-looking statements are based on specific assumptions and expectations at the time this notification is published. They are therefore subject to risks and uncertainties and actual results may differ considerably from such forward-looking statements. Various risks and uncertainties are determined by factors that do not lie in the Einhell Group's sphere of influence and can therefore not be estimated with certainty at present. This includes, without limitation, future market conditions and the economic trends as well as legal and political decisions.

Unless otherwise stipulated, all amounts are stated in thousands of euros (EURk). There may be minor deviations in this report and in other reports due to rounding of totals and the calculation of percentage figures.



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