Annual report 2023

Premium quality meets stylish colour

Drying laundry in style

Our durable and robust Pegasus laundry dryers can withstand wind and weather while saving energy and money.
Part of the Leifheit product family since 2004, they are now more in demand than ever before!

Over 1.8 million Pegasus dryers were bought by European households in 2023 alone, bringing sales of this tried-and-tested laundry drying rack to a new record high.

The “Our Electricity Savers” and “Our Most Durable Products” campaigns have also contributed to this success story, as have our investments in lean and efficient production processes.

We have also successfully responded to current market trends with the launch of the new Pegasus 150 Solid Black.
This functional and high-quality innovative dryer in trendy black appeals to a target group with a keen eye for design and a desire to create a certain aesthetic look in their own home.

The Black Line was expanded into other product areas such as tower dryers and ironing boards in 2023. The high-quality drying racks and ironing boards in the Black Line not only go perfectly with our customers’ home decor, they also deliver the high level of quality that people have come to expect from Leifheit.

Over **1.8 m**
Pegasus dryers
sold in 2023

Part of the Leifheit product family
for **20 years**

Key figures of the Group

		2022	2023	Change
Turnover				
Group	m€	251.5	258.3	2.7%
Household	m€	204.2	211.9	3.8%
Wellbeing	m€	16.1	16.4	1.5%
Private Label	m€	31.2	30.0	–3.9%
Profitability				
Gross margin	%	38.7	42.1	3.4 pps
Cash flow from operating activities	m€	14.0	20.8	48.2%
Free cash flow	m€	8.8	12.1	37.6%
Foreign currency result	m€	2.9	–0.6	>–100%
EBIT	m€	2.8	6.0	> 100%
EBIT margin	%	1.1	2.3	1.2 pps
Earnings before taxes (EBT)	m€	2.3	4.7	> 100%
Net result for the period	m€	1.2	3.2	> 100%
Net return on turnover	%	0.5	1.2	0.7 pps
Return on equity	%	1.1	3.1	2.0 pps
Return on total capital	%	0.6	1.6	1.0 pps
ROCE	%	1.8	4.5	2.7 pps
Share				
Net result for the period per share[1]	€	0.13	0.34	> 100%
Free cash flow per share[1]	€	0.92	1.27	38.0%
Dividend per share	€	0.70	0.95[2]	35.7%
Special dividend	€	0.00	0.10[2]	> 100%
Employees at the end of the year	People	1,063	1,020	–4.0%
Investments	m€	5.4	8.9	64.8%
Depreciation and amortisation	m€	7.5	9.0	19.7%
Balance sheet total	m€	216.1	203.6	–5.8%
Equity	m€	112.5	103.8	–7.7%
Equity ratio	%	52.0	51.0	–1.0 pps

[1] Not including repurchased treasury shares.
[2] Dividend proposal.

m€ 258.3
Turnover 2023

m€ 6.0
EBIT 2023
Including one-off compensation payments and other expenses totaling m€ 2.7 in connection with the changes to the Board of Management

m€ 12.1
Free cash flow

1,020
Employees

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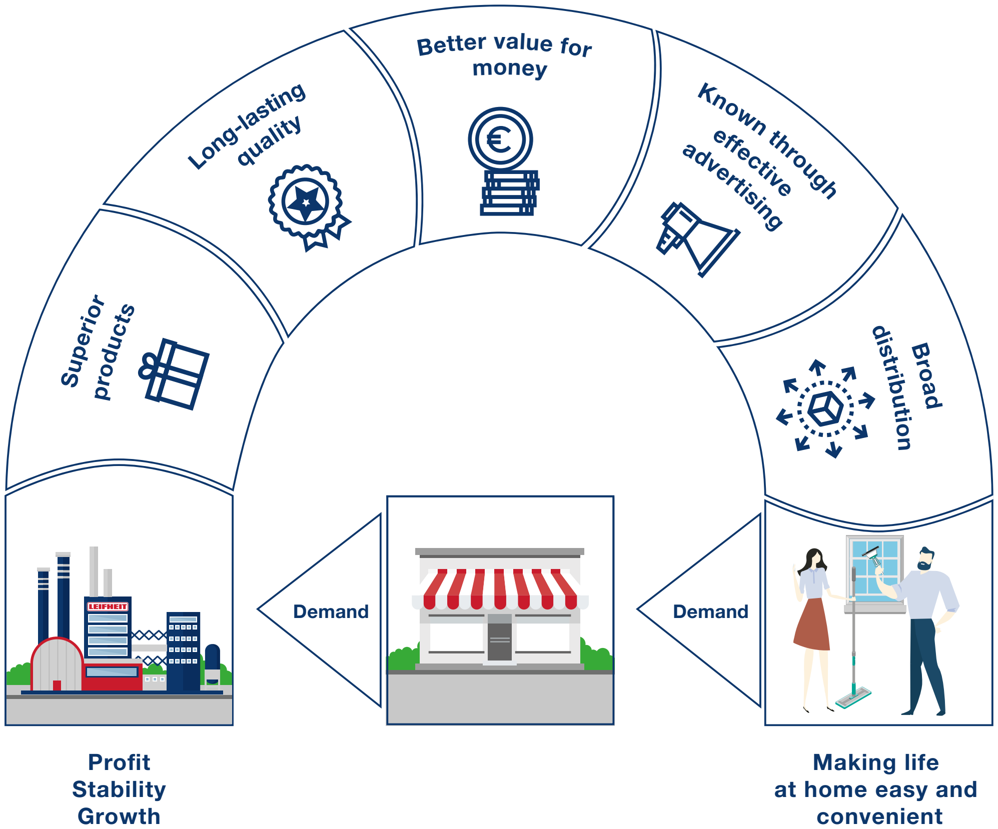
Our mission

We make your everyday life at home easier and more convenient.



Group profile

For 65 years, we have been one of the leading suppliers of household items in Europe. Through our innovative solutions, we are constantly helping to make everyday life at home easier and more convenient. Under the well-known Leifheit and Soehnle brands, we offer high-quality products with great practical utility and functional design.
With our French subsidiaries Birambeau and Herby, we maintain a market presence in the service-oriented Private Label segment through a selected product range that is primarily sold under private-label brands.

Our innovative strength and our core areas of expertise in the product categories of cleaning, laundry care, kitchen goods and wellbeing form the basis for successful business activities in each and every segment.

Locations

Investment highlights

Excellent product quality

Innovative products with great utility and functional design in the product categories cleaning, laundry care, kitchen goods and wellbeing

Strong brands: Leifheit and Soehnle

High awareness and consumer confidence

Financial structure

Efficient cost structure and solid financial position

Shareholder-oriented dividend policy

Distribution of around 75% of free cash flow or net result for the period

Household			Wellbeing		Private Label	
Leifheit			Soehnle		Birambeau	Herby
Cleaning	Laundry care	Kitchen goods	Bathroom scales	Kitchen scales	Kitchen goods	Laundry drying racks

The Board of Management

Alexander Reindler

Chairman of the Board of Management, CEO

Alexander Reindler has been Chairman of the Board of Management of Leifheit AG since 1 December 2023. As Chief Executive Officer (CEO), he is responsible for the Marketing, Sales, Human Resources, Legal / IP and the Birambeau and Herby Private Label business.

Igor Iraeta Munduate

Member of the Board of Management, COO

Igor Iraeta Munduate has been a member of the Board of Management of Leifheit AG since 1 November 2018. As Chief Operations Officer (COO), he is responsible for Procurement, Production, Logistics, Development and Quality Management.

Marco Keul

Member of the Board of Management, CFO

Marco Keul has been a member of the Board of Management of Leifheit AG since 1 May 2021. As Chief Financial Officer (CFO), he is responsible for the Finance, Controlling, Business Processes / IT and Internal Sales.

Dear Ladies and Gentlemen, Dear Shareholders,

As newly formed Board of Management team, we have a lot planned for 2024. This year – the year that marks the 65th anniversary of our exceptional company's founding – all signs are pointing towards a promising future. At the heart of our efforts is the revision of our corporate strategy, with a focus on growth and cost efficiency.

Looking back over financial year 2023, it is clear that a weak consumer climate persisted in the Group's core markets. This was particularly noticeable in the non-food sector, to which our products belong. Thanks to our successful advertising campaigns, product innovations and the expansion of distribution in key sales markets, we have successfully counteracted subdued market sentiment and met our turnover and earnings forecast for financial year 2023, which was adjusted upwards in October. For the year as a whole, turnover at the Leifheit Group increased by 2.7% to m€ 258.3.

» We are focusing on identifying strategic growth drivers and high cost efficiency in order to ensure sustainable and profitable growth in the future. «

General cost increases also had a noticeable impact on earnings in 2023. We nevertheless recorded significantly positive earnings before interest and taxes (EBIT) of m€ 6.0 in the reporting period. This substantial increase of m€ 3.2 on the previous year was achieved in spite of a one-off compensation payment and other expenses totaling m€ 2.7 in connection with the changes to the Board of Management and illustrates the increase in operating profitability in the reporting year. The rise resulted mainly from successful marketing campaigns for particularly profitable products and an increase in the gross margin brought about by sales price adjustments and the effects of a positive mix of products. The steady improvement in profitability led to a continuous increase in gross margin over the course of the reporting year, that was 3.4 percentage points higher than in the previous year. The gross margin in the fourth quarter of 2023 was above the level of the pre-crisis year 2019. We have also placed particular emphasis on consistent lean management in production and logistics, which has led to increases in productivity and positive cost effects. A slight decline in procurement and energy costs also had an impact, despite these items remaining high. We do not see the situation easing in the current financial year, either. On the contrary, prices for sea freight have risen significantly since the start of the year.

We believe that the Leifheit Group remains in a good financial position. On the reporting date, the Group had a solid liquidity base of m€ 41.3 without any liabilities to banks. Free cash flow rose from m€ 8.8 in the previous year to m€ 12.1 as a result of the improvement in working capital. In addition, investment measures were postponed from the fourth quarter of 2023 to the first quarter of 2024.

» Key growth drivers will include strengthening our brand presence. «

Our efforts with regard to logistics are also having an impact. In the reporting period, we made significant progress at our logistics location in Chablis, France, which we have turned into a new logistics hub for our Leifheit and Soehnle products. Since October 2023, this has enabled us to supply markets and consumers in Southern and Western Europe even faster and more efficiently.

We will revise our business strategy in 2024, focusing on identifying strategic growth drivers and high cost efficiency in order to ensure sustainable and profitable growth in the future.

Key growth drivers will include strengthening our brand presence by emphasising the superior technical quality of our products among our target audiences and increasing our presence at the point of sale. In this context, we are focusing increasingly on our profitable core segments. This is exemplified by our bestsellers, such as the Linomatic rotary dryer, which has been in use in many households for 40 years. Building on our proven expertise, we intend to develop useful, superior solutions for consumers in the areas that make everyday life at home easier and more convenient. We will continue to step up the development and marketing of innovations going forward.

> » As part of our sales activities, we are aiming for significantly greater internationalisation. «

As part of our sales activities, we are aiming for significantly greater internationalisation and will initially be focusing on select European target markets with high potential. At the same time, by working with our brick-and-mortar partners and pure-play e-commerce companies, we will capitalise on the opportunities presented by the growth in e-commerce to strengthen our market position further.

Efficient processes in production and logistics are of great importance to the Leifheit Group. To further improve our cost efficiency, we are focusing on streamlining our production and operational processes using lean management practices. Meanwhile, we are continuing to digitalise our business processes. Digital solutions will help us to speed up our internal processes, improve our decision-making and, ultimately, achieve a higher level of customer satisfaction.

Another important component of our strategy is the development of our corporate culture, which we will continue to enhance with an eye to greater entrepreneurship, closer collaboration between company headquarters and country organisations, and modern employee management. We strive to create a corporate culture that is open and positive, while also focused on performance and teamwork. At the same time, we view sustainability as an integral part of our strategy and are committed to environmental and social responsibility and to corporate governance with integrity.

Against the backdrop of geopolitical crises and a difficult economic environment, we continue to face challenging conditions. Nevertheless, we expect Group turnover to increase slightly year on year. We anticipate moderate growth in the Household and Private Label segments, and a slight decline in turnover in the Wellbeing segment. In addition, we expect consolidated earnings before interest and taxes (EBIT) to be between m€ 10 and m€ 12. Against the backdrop of planned investments in the efficiency of our manufacturing and logistics in 2024, we expect a positive free cash flow of around m€ 10.

The Board of Management and the Supervisory Board resolved to propose an increased dividend of € 0.95 as well as a special dividend of € 0.10 per eligible no-par-value bearer share for financial year 2023 to the Annual General Meeting. The proposal is in line with Leifheit AG's dividend policy, which generally provides for the distribution of around 75% of the net result for the period or the free cash flow for the financial year as a dividend. In addition, we want to allow shareholders to participate in the strong liquidity position of the Leifheit Group and build on the shareholder-oriented dividend payments of the past.

At this time, we would like to thank our shareholders for the trust they have placed in us and for the constructive dialogue over the past year. We would also like to thank our customers, consumers, partners and suppliers for their confidence and support over the past financial year. And we would especially like to thank our employees. With their ongoing high level of commitment in these challenging times, they once again made a decisive contribution to the success of our company.

> » Efficient processes in production and logistics are of great importance to the Leifheit Group. «

This year we are celebrating Leifheit's 65th anniversary. What better time to successfully advance the Leifheit Group based on a clear strategy and to strengthen its position as a leading brand supplier of household products in Europe? We greatly appreciate your loyalty to the Leifheit Group on this ambitious journey.

Nassau/Lahn, March 2024

The Board of Management

Alexander Reindler | Igor Iraeta Munduate | Marco Keul

Report of the Supervisory Board

Dear Ladies and Gentlemen,

Before I inform you about the work of the Supervisory Board in financial year 2023, I would like to take a brief look at the current situation. The Leifheit Group experienced 2023 as a year characterised by consolidation, i.e. adapting flexibly to the “new normal” brought about by complex geopolitical and national crises. In this context, the focus was predominantly on targeted activities aimed at restructuring, optimising processes, and increasing productivity and efficiency, as well as optimising inventories and streamlining our product range. All of these measures will have a lasting positive impact in the years to come.

The Supervisory Board supported the Board of Management constructively, as well as with critical advice, and fulfilled all of its obligations under the law, the articles of incorporation and the rules of procedure. The Board of Management kept us informed of business developments, strategic measures, corporate planning, the risk situation and transactions requiring approval at all times, in writing and verbally, in a timely and detailed manner. The Supervisory Board was directly involved at an early stage in all decisions of fundamental importance to the company. The Supervisory Board made all decisions after thoroughly examining and verifying the plausibility of the corresponding resolutions proposed by the Board of Management. The members of the Supervisory Board had sufficient opportunity within the committees and in the plenary to thoroughly examine the reports and decisions proposed and put forward their own suggestions.

The Supervisory Board carefully and constantly monitored the management activities of the Board of Management and regularly advised it on its management of the company. We were always satisfied with the lawfulness, appropriateness and correctness of the Board of Management’s work. The Board of Management used the risk management system in operating, financial and legal matters and was supported in the process by the finance,

Dr Günter Blaschke

Chairman of the Supervisory Board

controlling, legal affairs and auditing departments. We were regularly and comprehensively informed of risks and opportunities, compliance and cyber security. The remuneration system is the subject of regular discussion and review by the Supervisory Board in connection with concluding and extending Board of Management contracts.

The Supervisory Board held 12 meetings in financial year 2023. Five meetings were held via video conference, three were hybrid meetings, and four were held in person. The members of the Board of Management took part in Supervisory Board meetings except on occasions when it was considered appropriate for the Supervisory Board to discuss individual issues, such as personnel matters relating to the Board of Management, without the Board of Management being present. Three Supervisory Board meetings took place without the Board of Management. Supervisory Board meetings also regularly include agenda items that provide an opportunity for discussion without the Board of Management.

The Chairman of the Supervisory Board maintained regular personal and telephone contact with the Board of Management. He informed the other members of the Supervisory Board promptly about the results of these discussions. The regular self-evaluation with regard to the effectiveness of the Supervisory Board and of its committees was conducted in spring 2023. It revealed that the requirements for efficient work are being met.

In the reporting period, there was no indication of conflicts of interest among the members of either the Board of Management or the Supervisory Board that would have required immediate disclosure to the Supervisory Board and reporting to the Annual General Meeting.

The Chairman of the Supervisory Board held discussions with a variety of investors on issues relating to the Supervisory Board, in accordance with the recommendation of the German corporate governance code (GCGC).

The members of the Supervisory Board are responsible for completing any training and professional development measures that are required in order to perform their duties. The company provides suitable assistance to members of the Supervisory Board with exercising their duties as well as in taking part in training and educational measures. In 2023, the Chairman of the Supervisory

Board took part in training on the German Supply Chain Act (Lieferkettensorgfaltspflichtengesetz, LkSG) and compliance management, while the Chairman of the Audit Committee took part in an update on financial reporting for Supervisory Board members.

Changes in Leifheit AG organs

The following changes occurred in the organs of Leifheit AG in 2023:

- Joachim Barnert, employee representative on the Supervisory Board, sadly passed away at the end of February 2023. His successor as at 1 March 2023 until the end of the current Supervisory Board's term of office is Marcus Kreß.
- Karsten Schmidt resigned from his post as member and Deputy Chairman of the Supervisory Board on 7 June 2023.
- With effect from 8 June 2023, the Annual General Meeting elected Stefan De Loecker to the Supervisory Board for the remaining term of the resigning member.
- With effect from 31 July 2023, Henner Rinsche stepped down as Chairman of the Board of Management (CEO) by mutual agreement.
- Stefan De Loecker assumed the position of Chairman of the Board of Management (CEO) on an interim basis from 1 August 2023 to 30 November 2023. His mandate as a member of the Supervisory Board and Deputy Chairman of the Supervisory Board was suspended for the duration of his appointment as a member of the Board of Management.
- With effect from 1 December 2023, the Supervisory Board appointed Alexander Reindler as the new Chairman of the Board of Management (CEO) until 30 November 2026.
- The Supervisory Board also extended the contract of Marco Keul as Chief Financial Officer (CFO) for a further three years until 30 April 2027. His previous contract runs until 30 April 2024.

Supervisory Board meetings

The members of the Supervisory Board participated as follows in the meetings held in financial year 2023:

Member/meeting	Supervisory Board	Audit Committee	Personnel Committee	Sales/Marketing Committee	Product Range/ Innovation Committee	Nominating Committee
Joachim Barnert †	–	–	–	–	–	–
Dr Günter Blaschke	12/12	5/5	11/11	1/1	–	–
Stefan De Loecker	4/4	–	2/3	–	–	–
Georg Hesse	12/12	–	11/11	1/1	–	–
Marcus Kreß	10/12	–	–	–	–	–
Karsten Schmidt	2/3	–	6/7	1/1	–	–
Thomas Standke	12/12	5/5	–	–	–	–
Dr Claus-O. Zacharias	12/12	4/5	1 [1]/11	1 [1]/1	–	–

[1] Guest.

Important topics discussed at meetings

Regular discussions at ordinary Supervisory Board meetings covered the current business situation and earnings performance of the Group, as well as the segments, the financial position, the business situation of the main interests, the strategic focus of the company, the risk situation and cyber security. In financial year 2023, the Supervisory Board discussed and passed resolutions on personnel matters relating to the Board of Management at several meetings.

The Supervisory Board also addressed the following topics:

- At the meeting on 24 March 2023, the Supervisory Board, in the presence of the auditor, intensively discussed and reviewed the consolidated financial statements and the annual statements, the combined management report of Leifheit Aktiengesellschaft and the Leifheit Group, the non-financial Group report, the remuneration report, the resolution regarding the report of the Supervisory Board, the resolution regarding the appropriation of the balance sheet profit and the agenda for the 2023 Annual General Meeting. The TV budget, significant investments and efficiency and cost-cutting measures were also discussed.
- The meeting on 2 May 2023 focused on business development in the first quarter and the quarterly statement for the period ending 31 March 2023.
- The Supervisory Board meeting following the Annual General Meeting on 7 June 2023 discussed the special election to the Supervisory Board and the report by the committee chairman on the meeting of the Sales/Marketing Committee. The Supervisory Board also dealt with the findings of the self-assessment of the effectiveness and efficiency of its activities.
- At its meetings on 17 July and 29 July 2023, the Supervisory Board discussed personnel matters relating to the Board of Management. On 29 July 2023, the Supervisory Board approved resolutions on the conclusion of a termination agreement with Henner Rinsche, on the negotiations with Alexander Reindler as Mr Rinsche's successor and on the appointment of Stefan De Loecker as interim CEO and Chairman of the Board of Management.

- On 1 August 2023, the Supervisory Board discussed the company's business development in the first half of the year, the financial report for the first half-year, the advertising budget for the second half of 2023 and the reduction of structural costs.
- At its meeting on 9 September 2023, the Supervisory Board discussed and resolved to extend the Board of Management contract with Marco Keul by three years.
- At its meeting on 25 September 2023, the Supervisory Board exchanged views with an investor. It also addressed succession planning for management and was briefed on the progress made in implementing the sustainability strategy.
- The Supervisory Board discussed business strategy, company objectives, the current situation and profitability in detail at the strategy meeting held on 18 and 19 October 2023.
- At its meeting on 30 November 2023, the Supervisory Board discussed the quarterly statement for the period ending 30 September 2023.
- The meeting on 5 December 2023 focused on the budget for 2024. The Supervisory Board also discussed the corporate governance code and the declaration of conformity, the execution of the 2024 Annual General Meeting and prepared the Supervisory Board's efficiency review. It also discussed and agreed on the 2024 targets for the Board of Management based on preliminary work by the Personnel Committee and discussed and resolved the success factors for the short-term incentive and the long-term incentive for the Board of Management in 2024.

Work of the committees

The Supervisory Board has formed an Audit Committee, Personnel Committee, Nominating Committee, Sales/Marketing Committee and Product Range/Innovation Committee. The five committees are primarily tasked with preparing decisions and topics for full Supervisory Board meetings. The committee chairs provided regular and detailed reports on the work of their committees to the Supervisory Board in financial year 2023.

The Audit Committee met five times in financial year 2023 to discuss the monitoring of accounting, the accounting process, the appropriateness and effectiveness of the accounting-related internal control system and the risk management system, the internal audit system, the audit of the annual financial statements, the audit of the non-financial Group report, the audit of the quality of the financial statements and compliance. The Audit Committee also presented a recommendation on the choice of auditor, monitored the auditor's independence, issued the audit engagement to the auditor, prepared certain focal points of the audit and agreed the auditor's fee. The internal control system and the risk management system were also addressed, and the findings of the internal audits were presented and discussed.

The Audit Committee's work focused on the audit of the annual and consolidated financial statements, including the combined management report, the non-financial declaration, the corporate governance declaration and the auditor's reports, as well as the preparation of resolutions to be taken by the Supervisory Board on these items. The Audit Committee also extensively discussed the interim reports (quarterly reports and the financial report for the first half-year) and prepared the focal points of the audit for the annual and consolidated financial statements.

The Board of Management and the Financial Director attended the Audit Committee meetings and gave an in-depth presentation of the annual financial statements as well as all reports to be published, explained them and answered the committee members' questions. The auditors were also present at two meetings and reported in detail on all aspects that arose during planning and performance of the audit which have a direct bearing on the work of the Supervisory Board.

The Personnel Committee examined all employment contracts for the members of the Board of Management, including remuneration and the remuneration system. The Personnel Committee met 11 times in financial year 2023. A key topic was succession planning for the Board of Management, including potential candidates to succeed the Chairman of the Board of Management. It also addressed the conclusion and extension of Board of Management contracts, auditing the remuneration report, the remuneration system for the Board of Management, setting variable remuneration objectives for the Board of Management and determining the extent to which such objectives had been met.

The Sales/Marketing Committee met once in financial year 2023 and dealt primarily with the communication strategy, market development, pricing and the sustainability strategy.

The Product Range/Innovation Committee did not meet in financial year 2023.

The tasks of the Nominating Committee include seeking out and selecting suitable Supervisory Board candidates for election by the Annual General Meeting. The Nominating Committee did not meet in 2023, as there were no further changes regarding the members of the Supervisory Board to be elected by the Annual General Meeting beyond the new appointments resolved at the Annual General Meeting on 7 June 2023, for which the committee had already made intensive preparations in 2022.

Audit and approval of the annual financial statements

The annual financial statements of the Leifheit Group and the combined management report for financial year 2023, which have been prepared in accordance with section 315e of the German commercial code (HGB) on the basis of the International Financial Reporting Standards (IFRS), as well as the financial statements of Leifheit AG for financial year 2023, which have been prepared in accordance with the provisions of the HGB, have been audited by the auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, and have not led to any reservations in its audit opinion. The audit – as reflected in the audit reports – did not result in any grounds for objection.

The documents pertaining to the financial statements, as well as the audit reports and the Board of Management's proposal for the appropriation of the balance sheet profit, were handed out to all members of the Supervisory Board. The documents pertaining to the financial statements and the audit reports were discussed in depth at the Audit Committee meeting on 21 March 2024; special attention was paid to the defined focal points of the audit. At the Supervisory Board's balance sheet meeting on 22 March 2024, the Audit Committee and its chair presented an in-depth report to the members of the Supervisory Board.

The auditors took part in the meetings and reported on the key findings of their audit. They also reported their findings on the internal control and risk management systems in relation to the accounting process. They determined that the Board of Management has set up an appropriate information and monitoring system suitable for promptly identifying developments that could jeopardise the continued existence of the company.

The audit opinions were discussed with the auditors. The most significant audit matters in the consolidated financial statements were the impairment testing of goodwill as well as the realisation of turnover and the turnover recognition cut-off. The auditor confirmed that the procedures, accounting and underlying assumptions and parameters were appropriate and in accordance with the applicable valuation principles in both key audit issues. The auditors were available for further questions and information.

Based on its own examination of the annual financial statements, the consolidated financial statements, the combined management report and the remuneration report, as well as the report and the recommendations of the Audit Committee, the Supervisory Board approved the findings of the audit as presented by the auditor. The Supervisory Board has raised no objections to the final results of the audit. The Supervisory Board approved both the financial statements and the consolidated financial statements on 22 March 2024. The financial statements are therefore adopted in accordance with section 172 of the German stock corporation act (AktG).

The Supervisory Board also reviewed and approved the separate non-financial report of the Group (sustainability report) and resolved on the declaration of corporate management and the remuneration report.

The Board of Management and the Supervisory Board resolved to propose an increased dividend of € 0.95 as well as a special dividend of € 0.10 per eligible no-par-value bearer share for financial year 2023 to the Annual General Meeting to be held on 29 May 2024.

The Supervisory Board would like to thank all of the employees, the management team, the Board of Management and the workforce representatives for their extremely dedicated commitment and their work in the past financial year. It would also like to thank the company's customers and shareholders for their trust and support.

Nassau/Buchloe, 22 March 2024

The Supervisory Board

Dr Günter Blaschke
Chairman

The Leifheit Share

Stock markets around the world rallied on the back of easing economic indicators such as inflation and energy prices. Following a difficult financial year in 2022, when the Leifheit share price fell significantly, its value gained a substantial 20% over the course of 2023, slightly outperforming the SDAX in 2023. The Board of Management and the Supervisory Board propose an increased dividend of € 0.95 as well as a special dividend of € 0.10 per eligible no-par-value bearer share for financial year 2023 to the Annual General Meeting.

Stock markets

In addition to the war in Ukraine and, since October, the conflict in the Middle East, 2023 saw the stock markets continuing to be dominated by a great deal of uncertainty. Nevertheless, share prices were boosted by easing inflation and the fact that the ECB and Fed did not continue to raise interest rates in the second half of the year. Relief was provided in particular by improving commodity and material prices. While individual industries such as the property sector reported a negative performance due to high interest rates, the technology and communications sector performed particularly well, as did cyclical consumer goods. Technology-focused indices such as the NASDAQ-100 were particularly resilient, while small-cap indices such as the SDAX and MDAX underperformed to a certain extent.

In keeping with the global trend, the German benchmark index, the DAX, also rose by around 19.7% in financial year 2023. Its annual low for 2023 of 14,069 points was posted right at the start of the year on 2 January 2023. The DAX then reached its annual high of 16,794 points on 11 December 2023, closing the year at 16,751 points.

The SDAX, which includes 70 smaller companies, serves as the relevant benchmark index for the Leifheit share. While the DAX ended 2023 having gained just under 20%, the SDAX lagged well behind, with an increase of around 17%. The SDAX peaked at a daily closing price of 13,960 points on 29 December 2023.

Share price performance

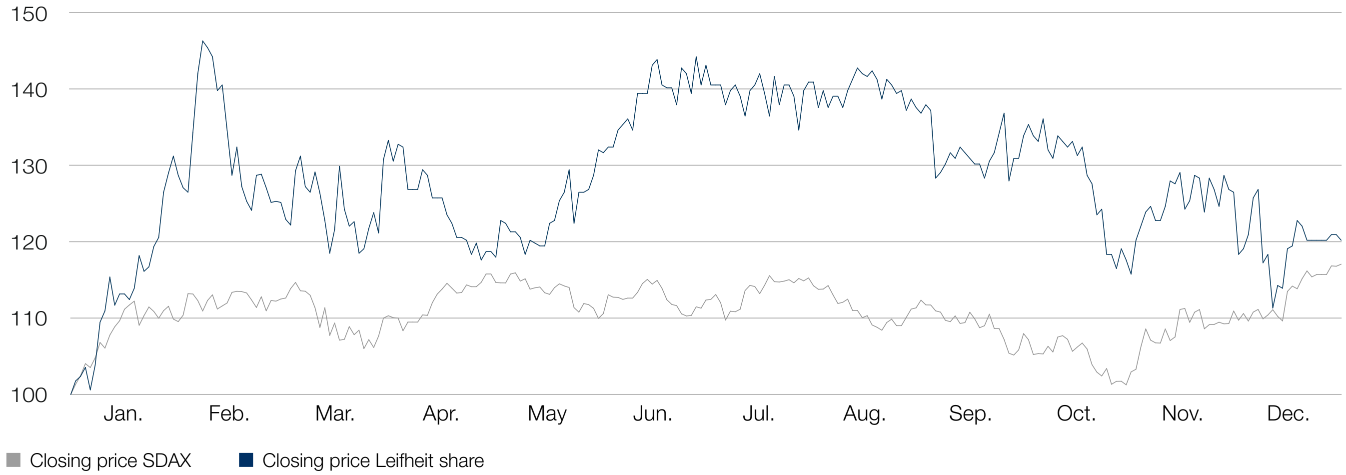
After the Leifheit share price (ISIN DE0006464506) clearly outperformed the SDAX at the beginning of 2023, both the SDAX and the Leifheit share closed the year on significant gains. The share price reached its highest point for the year at € 19.78 on 7 February 2023, before losing ground as the year continued. The share price fell to its lowest point for the year at € 13.60 on 5 January 2023. The Leifheit share closed at € 16.25 on the final trading day of 2023. All in all, it gained around 19% in value over the course of the year. Leifheit AG's market capitalisation on the basis of all issued shares stood at around m€ 163 as at the end of financial year 2023 (31 December 2022: m€ 135). Adjusted for Leifheit AG's treasury shares, market capitalisation totalled around m€ 155 (31 December 2022: m€ 129).

Key figures for the Leifheit share in €

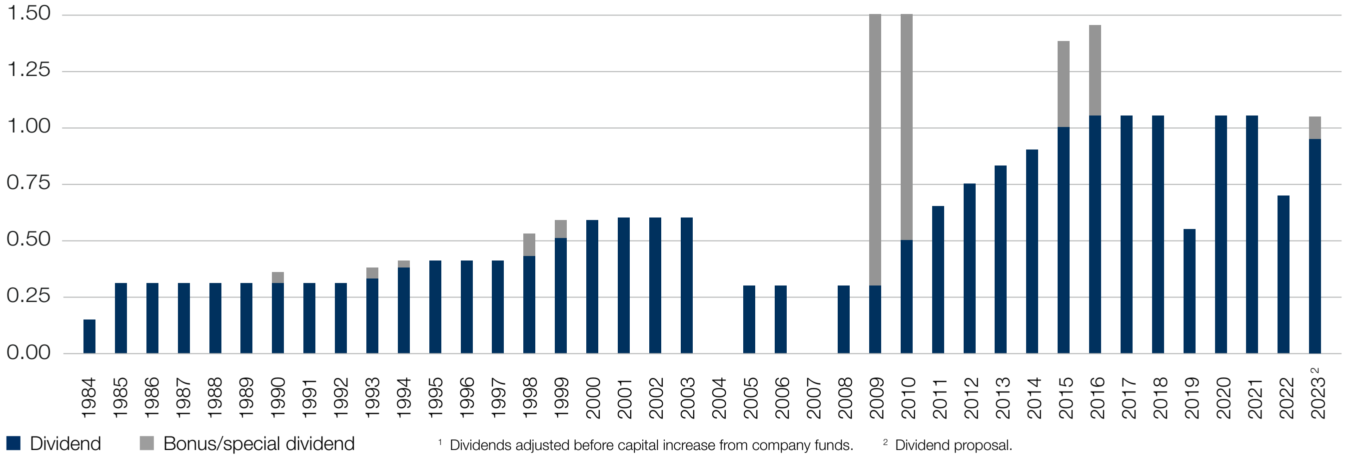
	2019	2020	2021	2022	2023
Net result for the period per share	0.61	1.32	1.49	0.13	0.34
Free cash flow per share	1.06	–0.57	1.00	0.92	1.27
Dividend per share	0.55	1.05	1.05	0.70	0.95[1]
Special dividend	0.00	0.00	0.00	0.00	0.10[1]
Dividend yield (in %)[2]	2.3	2.4	2.9	5.2	6,5
Equity per share[3]	9.07	10.56	11.70	11.82	10.91
High[4]	25.95	44.00	49.45	34.70	19.78
Low[4]	18.06	15.44	29.90	12.98	13.60
Year-end closing price[4]	23.65	43.50	36.80	13.52	16.25
Number of shares (in thousands)[3]	9,509	9,509	9,515	9,515	9,521
Year-end market capitalisation (in m€)[5]	236	435	368	135	163

[1] Dividend proposal.
[2] Based on the year-end closing prices of the respective financial year.
[3] Number of outstanding shares as at 31 December (excluding treasury shares).
[4] Closing prices on Xetra, the electronic trading system of Deutsche Börse.
[5] Based on all shares issued.

Performance of the Leifheit share 2023
Compared to the SDAX in % (indexed to 100)



Historical dividend development[1]
Dividend per share in €



[1] Dividends adjusted before capital increase from company funds. [2] Dividend proposal.

Trading volume

In financial year 2023, the Leifheit share was traded to a lesser extent in Xetra, Deutsche Börse's electronic trading system, than in 2022. Whereas trading stood at an average of 4,537 shares a day in the previous year, the figure amounted to an average of 2,863 shares a day in financial year 2023.

Treasury shares

By resolution of 30 September 2020, the Annual General Meeting authorised the company to purchase and use treasury shares pursuant to section 71 para. 1 no. 8 AktG. The authorisation is valid until 29 September 2025.

In financial year 2023, 5,360 treasury shares were used as part of an employee share programme. As at the balance sheet date of 31 December 2023, Leifheit AG held 479,337 treasury shares, corresponding to 4.79% of the share capital. A total of k€ 7,269 was used to purchase the shares in previous financial years. Following the capital increase in financial year 2017 at a ratio of 1:1, and including the ancillary costs in connection with the purchase, this figure corresponds to an average purchase price of € 15.16 per share.

Shareholder structure

The percentage of shares in free float stood at 76.8% at the end of financial year 2023, above the previous year's level (2022: 73.1%). According to the information and voting rights notifications available to Leifheit, the shareholder structure of Leifheit AG was as follows as at 31 December 2023:

Shareholder structure of Leifheit AG

Manuel Knapp-Voith, MKV Verwaltungs GmbH, Grünwald (DE)	10.03%
Ruthild Loh, Haiger (DE)	8.26%
Leifheit AG, Nassau (DE) – treasury shares	4.85%
Employee shares subject to a vesting period	0.05%
Free float	76.81%
Shares above the disclosure threshold of 3% contained therein:	
Alantra EQMC Asset Management, SGIIC, S.A., Madrid (ES)	15.42%
Gerlin Participaties Coöperatief U.A., Maarsbergen (NL)	8.53%
MainFirst SICAV, Sennigerberg (LU)	5.02%
Blackmoor Ownership Holdings Master Limited	3.52%

An up-to-date overview of the shareholder structure is available on the Leifheit AG website at **leifheit-group.com**.

Shareholder-oriented dividend policy

The Board of Management and Supervisory Board of Leifheit AG aim to enable all shareholders to partake appropriately in the company's success. As a matter of principle, Leifheit AG's dividend policy therefore provides for distributing roughly 75% of the net result for the period or the free cash flow of a financial year to the shareholders as dividends. In years in which 75% of the net result for the period would not be sufficient for a stable dividend, the Board of Management and Supervisory Board may consider proposing a distribution of dividends which exceeds this value.

Dividend proposal for financial year 2023

The Board of Management and the Supervisory Board propose paying a dividend of € 0.95 as well as a special dividend of € 0.10 per dividend-entitled share for financial year 2023, thus following on from the reliable dividend policy pursued in previous years and build on the shareholder-oriented dividend payments of the past.

This corresponds to a total of m€ 9,996,696.15 to be distributed to the shareholders. Following approval by the Annual General Meeting, the dividend will start to be paid out to shareholders on the third working day following the Annual General Meeting. This would result in a dividend yield of 6.5% based on the closing price at the end of financial year 2023.

For financial year 2022, Leifheit AG paid out to shareholders a dividend of € 0.70 per dividend-entitled share. The total distribution to shareholders therefore stood at m€ 6.7, which corresponded to a dividend yield of 5.2% based on the closing price at the end of 2022.

Dividend yield based on the closing price at the end of the year

2014	3.9%	2019	2.3%
2015	5.6%	2020	2.4%
2016	5.1%	2021	2.9%
2017	3.8%	2022	5.2%
2018	5.9%	2023	6.5% [1]

[1] Dividend proposal

Communication with the capital market and shareholders

Leifheit aims to provide continuous, prompt, comprehensive and transparent information about current developments within the company and to maintain active dialogue with investors. In 2023, the Leifheit share was evaluated by analysts at Berenberg Bank (until April 2023) and Pareto Securities (until November 2023) (2022: two analysts). Oddo BHF will assume research coverage starting in 2024.

Leifheit AG continued to engage in continuous dialogue with its shareholders and the capital market in financial year 2023. Leifheit regularly reported on the company's business development in virtual analyst conferences. In June 2023, shareholders and their representatives were able to attend the Annual General Meeting, which was held in person for the first time in three years, at the German National Library in Frankfurt, and cast their votes on the items on the agenda. The Board of Management of Leifheit AG also regularly attends international capital market conferences, including the German Corporate Conference held by Berenberg and Goldman Sachs, and the German Equity Forum organised by Deutsche Börse.

Interested investors can obtain the latest information on the Leifheit Group and the Leifheit share at the company and investor relations section of the Leifheit AG website at **leifheit-group.com**.

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Investor Relations
PO Box 11 65, 56371 Nassau/Lahn, Germany
Telephone: +49 2604 977-218
Email: ir@leifheit.com

Combined management report

Foundations of the Group

The Leifheit Group is one of the leading European brand suppliers of household items. The Group offers high-quality and innovative products and solutions that make everyday life at home easier and more convenient.

As a listed company, Leifheit AG has drawn up its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union (EU) and the additional requirements of German commercial law according to section 315e para. 1 of the German commercial code (HGB). The management report of Leifheit AG and the consolidated management report were combined in accordance with section 315 para. 5 and section 298 para. 2 HGB. Unless noted otherwise, the following information relates equally to Leifheit AG and to the Leifheit Group. The particulars of Leifheit AG can be found in the section titled "Notes to the annual financial statements of Leifheit AG (HGB)".

Activities and areas of business

A distinction is drawn between the following reportable segments:

- the Household segment, in which we market and sell the Leifheit brand and products from the cleaning, laundry care and kitchen goods categories;
- the Wellbeing segment, featuring the Soehnle brand and a range of scales and room air treatment products; and
- the Private Label segment, featuring the French subsidiaries Birambeau S.A.S. and Herby S.A.S., which includes kitchen goods and laundry care products created especially for private-label brands.

The Household and Wellbeing segments comprise our strategic core business. In these segments, we focus on marketing and selling branded products that are characterised by high-quality workmanship in combination with a high degree of consumer benefit. We sell these products in the medium to upper price segment. They form the basis of our presence in international markets. We pursue a consistent brand management strategy in the Household and Wellbeing segments and continue to develop and advance our product range through systematic processes for innovation and market launch.

The Private Label segment comprises product ranges offered by the French subsidiaries Birambeau and Herby from the kitchen goods and laundry care categories that are primarily distributed as private-label brands in the mid-price category. The segment is strongly focused on individual markets and customers, with France as its most important market.

Reportable segments

Leifheit Group

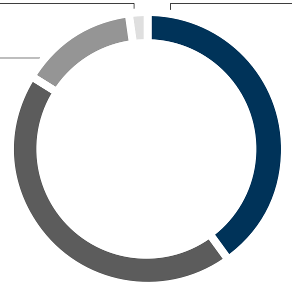
Household	Wellbeing	Private Label
LEIFHEIT	SOEHNLE	BIRAMBEAU, herby
- High-quality brand products with a high degree of consumer benefit in the medium to upper price segment - Consistent brand management - Systematic processes for innovation and market launch - Distribution in international markets		- Primarily private-label products in the medium price segment - Focus on individual customers and markets - Strong service components

Cleaning, laundry care, kitchen goods and wellbeing

Markets and market position

The Leifheit Group sells its products in more than 80 countries around the world. The key sales markets are our domestic market of Germany, accounting for a share of around 40% of turnover, and the countries of Central Europe, with a share of approximately 44%. The sales and distribution region of Central Europe includes the Netherlands, France and Austria, for example. In the reporting period, we generated around 14% of our turnover in Eastern European core markets, such as the Czech Republic, Poland and Slovakia.

Sales markets
Proportion of turnover in % (previous year's figures)

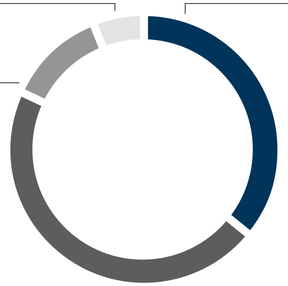


We focus our sales and marketing activities on European target markets. In other regions outside of Europe, such as in the US and the Middle East, we market our products primarily through distributors. Non-European markets currently account for roughly 2% of Group turnover.

We focus on core areas of expertise in the product categories of cleaning, laundry care, kitchen goods and wellbeing across all three business segments. Our biggest product categories are laundry care products, which account for around 45% of turnover, and cleaning products, at around 36%. In Germany and many European markets, Leifheit is among the leading providers of cleaning appliances, especially so-called flat mop systems. We generate around 12% of Group turnover with kitchen products.

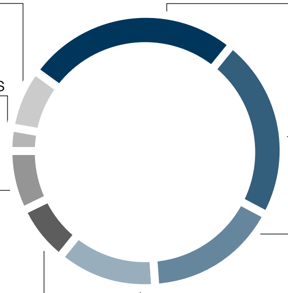
The wellbeing category includes the Soehnle brand products and accounts for around 6% of turnover. With a market share of 20% and 31%, respectively, Soehnle is the market leader for bathroom and kitchen scales in Germany. Soehnle is also among the leading providers in other European countries.

Product categories
Proportion of turnover in % (previous year's figures)



We sell our products where consumers want to buy them and have a presence in all the relevant brick-and-mortar and online sales channels. Hypermarkets, which account for a share of around 26% of turnover, are the Leifheit Group's strongest sales channel. Modern home-shopping (e-commerce) accounts for a roughly 22% share of Group turnover. We generate about 16% of Group turnover at DIY stores, around 12% in traditional wholesale and retail, and around 7% at discounters.

Distribution channels
Proportion of turnover in % (previous year's figures)



Developments and the results of our business activities are also influenced by external factors, especially the development of the relevant foreign currencies against the euro, procurement prices and freight costs.

For the most part, the areas of business in which the Leifheit Group operates tend to be part of the non-cyclical consumer goods sector. Macroeconomic developments, the economic conditions in our key markets and the consumer climate therefore have less of a pronounced influence on our business than on the cyclical consumer goods sector.

Change in Group structure

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

The scope of consolidation changed as follows:

Leifheit France S.A.S., Paris, France, was merged into Leifheit AG on 30 June 2023 by way of a Transmission Universelle de Patrimoine (TUP), as outlined in art. 1844-5 para. 3 of the French civil code. A TUP indicates the dissolution of one company through an act of dissolution by way of accretion without liquidation.

Organisation, corporate structure and management responsibility

Leifheit AG has been a listed stock corporation under German law since 1984. The shares of Leifheit AG are listed on the Frankfurt Stock Exchange Prime Standard and are traded on all German stock exchanges (ISIN DE0006464506). Under consideration of all issued shares, market capitalisation stood at roughly m€ 163 as at 31 December 2023. The company has been entered in the Commercial Register of Montabaur Local Court under HRB 2857, and its registered office and management continue to be based at its founding location in Nassau/Lahn, Germany. The main locations of Leifheit AG in Germany are Nassau (distribution, administration and production) and Zuzenhausen (logistics). There are also foreign distribution offices which are not legally independent in Brescia, Italy (established in 1982), and in Aartselaar, Belgium (established in 1987).

Leifheit AG has 12 subsidiaries. Leifheit AG's main holdings are Leifheit s.r.o. in the Czech Republic (production and logistics) and Leifheit-Birambeau S.A.S. in France (distribution).

The Board of Management consisted of three members as at the balance sheet date. The Board of Management defines the strategy of the Leifheit Group, is responsible for Group-wide central functions and steers the Group's business segments. Each member of the Board of Management is responsible for multiple functions within the Leifheit Group. The rules of procedure for the Board of Management regulate the responsibilities of individual board members. Their personal knowledge of products and markets, customer- and country-specific features and their expertise in central Group functions ensure the efficient and professional management of the Leifheit Group. The Leifheit AG Board of Management is supported by 14 sector directors and department heads.

Group strategy

For 65 years, we have been helping to make everyday life at home easier and more convenient by way of our products. That is our mission. Through it all, our focus is on the needs of consumers. At Leifheit, multiple factors form the foundation for the further implementation of our business strategy: We have durable products that offer a high degree of consumer benefit and excellent quality, as reflected in excellent reviews. As a result, many of our products regularly win top scores in tests by respected institutes. At the same time, we are already well positioned in many European markets thanks to our two high-profile brands, Leifheit and Soehnle. Another important factor for Leifheit is its employees. Their specific expertise and dedication help the company to achieve its goals and targets.

We aim to do a systematic and consistent job of building on our existing strengths – excellent products, strong brands and outstanding employees. That is why we will revise our business strategy in 2024, focusing on identifying strategic growth drivers and high cost efficiency in order to ensure sustainable and profitable growth in the future.

Key growth drivers will include strengthening our brand presence by emphasising the superior technical quality of our products among our target audiences and increasing our presence at the point of sale. In this context, we want to focus increasingly on our profitable core segments. Building on our proven expertise, we intend to develop useful, superior solutions for consumers in the areas that make everyday life at home easier and more convenient. We want to continue to step up the development and marketing of innovations going forward.

As part of our sales activities, we are aiming for significantly greater internationalisation and will initially be focusing on select European target markets with high potential. At the same time, by working with our brick-and-mortar partners and pure-play e-commerce companies, we aim to capitalise on the opportunities presented by the growth in e-commerce to strengthen our market position further.

Efficient processes in production and logistics are of great importance to the Leifheit Group. To further improve our cost efficiency, we will focus on streamlining our production and operational processes using lean management practices and the 5S method. We are also moving forward with the digitalisation of our business processes to speed up our internal processes, improve our decision-making and, ultimately, achieve a higher level of customer satisfaction.

Our employees are the basis of the company's success. In this respect, our corporate culture is another important component of our strategy, which we will continue to enhance with an eye to greater entrepreneurship, closer collaboration between company headquarters and country organisations, and modern employee management. We strive to create a corporate culture that is open and positive, while also focused on performance and teamwork.

We view sustainability as an integral part of our strategy. We are committed to ecological and social responsibility and to corporate governance with integrity. Please see our sustainability report for more details.

Starting in financial year 2024, Leifheit is subject to Corporate Sustainability Reporting Directive (CSRD) reporting requirements. As a result, we began preparing a materiality analysis according to the European Sustainability Reporting Standards (ESRS) in reporting year 2023. In 2024, we will be focusing on applying the new requirements to our sustainability reporting, defining responsibilities and strategies, managing the impacts, risks and opportunities (IRO) relating to the reporting processes and determining the necessary ESG performance indicators.

Financing strategy

The primary objective of our financing strategy is to maintain a healthy capital structure. Here, we place particular value on a sufficient equity ratio of at least 30% to ensure the confidence of investors, banks, suppliers, customers and our employees. We focus on maintaining a capital structure that allows coverage of our future potential financing requirements on reasonable terms in financial markets. We want to maintain a high level of independence, security and financial flexibility.

Control system principles

The Leifheit Group is managed centrally from a strategic point of view, but decentrally from an operative perspective. Having few units and hierarchical levels promotes fast and efficient cooperation within the Group. Our organisation is designed so that we provide optimal support to our customer and brand management teams to advance our Group's strategy. To this end, we have divided our business into the Household, Wellbeing and Private Label segments. The organisational structure and the process organisation are structured so as to enable us to achieve our strategic business alignment targets in the best possible way.

We ensure that corporate management is focused on ongoing increases in company value. We therefore apply a value-oriented management system. The key performance indicators of the Group are turnover, the turnover of the segments, earnings before interest and taxes (EBIT) and free cash flow. Free cash flow is the total of cash flow from operating activities and cash flow from investment activities, adjusted for incoming and outgoing payments in financial assets and, if applicable, from the acquisition and divestiture of divisions. A further performance indicator is return on capital employed (ROCE). ROCE is defined as the ratio of EBIT to capital employed – the average total amount of trade receivables, inventories and non-current assets less trade payables as at the quarterly financial statements date.

No changes were made to the control system in the reporting period.

Innovation and product development

Leifheit's aim is to develop long-lasting products and solutions that make people's daily lives at home easier and more convenient. Consumer-relevant products and solutions play an important role in the further organic growth of the Group. Our strategy focuses on the development of innovations with special consumer benefits and high market potential.

The innovation and product development process to achieve the growth targets is characterised as follows:

- focusing innovation resources on a limited number of major innovation projects with high market potential,
- intensifying consumer research in order to understand unsolved consumer problems and suitable, relevant potential benefits that are completely new for consumers,
- focusing on modular and platform systems to cover customer requirements more extensively and ensure efficiency,
- upholding proven Leifheit strengths of excellent practicality and product durability combined with functional yet aesthetically appealing design.

In the reporting period, our innovation process led to the successful market launch of our new Pegasus Black Line laundry drying racks. Further Black Line products will follow at the beginning of 2024.

In financial year 2023, the Leifheit Group spent m€ 5.2 (2022: m€ 6.0) on research and development activities. The R&D ratio, which represents the ratio of research and development costs to Group turnover, amounted to 2.0% (2022: 2.4%). At the end of the year, 32 people (2022: 35 people) worked in the development and patents divisions.

Industrial property rights

To safeguard the economic value of our development efforts for the Group, we register corresponding industrial property rights (patents or utility model applications) prior to announcing new products and solutions. By doing so, we protect our ideas and investments from unauthorised reproduction. Whether we secure our competitive advantage in a certain country by applying for industrial property rights depends on the economic value of the innovation. The turnover to be expected and the respective competitive environment are the decisive criteria. As a rule, we chiefly assess this in connection with our most important sales markets.

We are increasingly pursuing the prosecution of patent infringements by other providers' products. Following decisions by the high courts in Germany and Austria, we once again effectively pursued legal action in the reporting period, both in and out of court, against competitors in several countries who violated our patents and rights.

Economic environment

In 2023, the global economy was confronted with multiple challenges. While the gradual decline in inflation rates is a good sign, the energy and cost of living crises have significantly eroded purchasing power. According to a report by the International Monetary Fund (IMF), the global economy is slowly recovering from the heavy blows it recently suffered as a result of the coronavirus crisis, the Russia-Ukraine war and high inflation. New global political events also slowed growth worldwide. In addition to the Russia-Ukraine war, the Middle East conflict between Israel and Hamas has been having a significant impact on global freight transport since October 2023. In China, more profound structural problems have led to a slowdown in economic momentum.

Macroeconomic situation

In its January 2024 economic guidance, the IMF predicted 3.1% growth of the global gross domestic product (GDP) for 2023. This was due to the effects of the Russia-Ukraine war, as well as the weak recovery from the COVID-19 pandemic. While the economic slowdown made itself felt in industrialised countries as a whole, comparatively higher growth rates were recorded in emerging economies. In the course of a steady recovery, global inflation was expected to reach 6.8% in 2023, down from 8.7% in 2022. The tightening of monetary policy by the central banks due to high inflation led to a weakening of the consumer climate and a slowdown in economic recovery.

Europe

According to the European Commission's winter forecast, economic development in the Eurozone in 2023 was shaped by the weaker purchasing power of private households, withdrawal of fiscal support measures and a significant tightening in monetary policy. Overall inflation fell faster than expected, mainly due to lower energy prices, and averaged 6.3% in 2023. The EU expects an increase in GDP of 0.5% for 2023. Meanwhile, the labour market remained robust, with low unemployment figures of 5.9% at the end of the year.

Germany

In Germany, 2023 was a year marked by economic stagnation and high inflation rates. The greatest pressure on private consumption was exerted by high energy prices and the dampening effects that geopolitical tensions exerted on the German economy. According to the EU Commission's winter forecast, Germany's economic strength declined by 0.3% overall in 2023.

Foreign currencies

Inflation and geopolitical uncertainty led to considerable turbulence and volatility on the currency markets in 2023. Even the tightened monetary policy was unable to make a difference. In addition, the central banks paused interest rates in the second half of the year. The euro was able to gain 6.5% against the Chinese yuan over the course of the year, and also appreciated against the US dollar. By the end of 2023, the euro had gained around 3.4% against the US dollar.

Industry development

Retail turnover and private consumer spending

The retail sector in 2023 was marked by persistently high consumer prices and noticeable consumer restraint. According to Eurostat, the statistical office of the European Union, the price-adjusted volume of turnover and sales in wholesale and retail trade within the EU fell by 1.8% compared to the previous year.

Retail turnover in Germany also fell in 2023. According to estimates by the Federal Statistical Office (Destatis), the drop amounted to 3.1% in real terms and 2.4% in nominal terms compared to the same period in 2022. The figures for non-food products looked even more negative. Real and nominal turnover fell by 3.6% and 3.1% respectively.

Consumer confidence

The Consumer Confidence Indicator, which is determined by the European Commission, measures European consumers' propensity to consume. It is considered the leading indicator for assessing the future development of consumer spending. In December 2023, it improved by 1.5 percentage points in the EU and 1.8 percentage points in the Eurozone. At –16.0% and –15.1%, however, the figures achieved remain well below the historical average.

According to the Federal Statistical Office, private consumption in Germany fell by 0.8% year on year in 2023, adjusted for prices. Price-adjusted expenditure on durable goods such as furnishings and household appliances fell particularly sharply (–6.2%).

The German GfK Consumer Climate Index, which takes into account expected economic development, income expectations and acquisition costs, paints a similar picture. Consumer sentiment in Germany brightened somewhat at the end of 2023, with an increase in both income expectations and consumers' propensity to buy. However, the consumer climate remains at a low level and weakened again in the February forecast by 4.3 points to –29.7 points compared to the previous month.

Net assets, financial position and results of operations of the Group

Overall assessment of management in regard to the economic situation

The economic situation in the Leifheit Group's core markets was extremely tense in financial year 2023. This was due to the weak economic growth in the Eurozone with a shrinking German economy, as well as the persistently low level of consumer confidence and associated loss of retail footfall. Despite these challenging conditions, the Leifheit Group still managed to outperform the general market in 2023. In financial year 2023, the Leifheit Group increased turnover by 2.7% to m€ 258.3 following m€ 251.5 in the previous year.

The Leifheit Group continued its successful strategic initiatives in financial year 2023. One of the focal points was the implementation of effective advertising campaigns such as “Electricity Savers”, “Our Most Durable Products” and “Made in Germany”, which emphasised the energy efficiency, long service life and high quality of the Leifheit Group's products. Alongside targeted advertising campaigns in selected sales markets, distribution gains in retail and innovations such as the Pegasus Black Line – laundry dryers in an attractive combination of black and anthracite – also played a part in the positive development of turnover in the reporting period.

In addition to the positive turnover trend, strict cost and resource management also had an effect on earnings in the reporting period. In financial year 2023, the Leifheit Group generated earnings before interest and taxes (EBIT) of m€ 6.0, which was a significant increase on the previous year's figure of m€ 2.8. The uptick in earnings was mainly due to successful advertising campaigns for profitable products and an increase in the gross margin brought about by sales price adjustments and the effects of a positive mix of products. Gross profit rose by m€ 11.4 to m€ 108.6 in the reporting period, while the gross margin improved by 3.4 percentage points to 42.1%. The slight decline in procurement and energy costs also had an effect, despite these items remaining high. In 2023, the Leifheit Group continued to place particular emphasis on consistent and systematic lean management in production and logistics. This led to productivity gains and positive cost effects in the reporting period.

Despite the many challenges in financial year 2023, the financial position of the Leifheit Group remains solid. It has the freedom needed to carry on with its initiatives for the Group's further successful development and to continue investing in its brands. As of the balance sheet date, the non-current liabilities continued to result mainly from pension obligations. As in previous years, there were no other liabilities to credit institutions. The equity ratio fell to 51.0%. In the light of a reduction in inventories, working capital improved in the reporting period. Consequently, free cash flow rose by m€ 3.3 in the reporting period, from m€ 8.8 in the previous year to m€ 12.1. Cash and cash equivalents at the Group amounted to m€ 41.3 as at 31 December 2023.

Comparison of actual performance with projected business performance

The forecasts for the development of turnover, EBIT and free cash flow that the company announced in March 2023 for financial year 2023 were subject to constant review by the Board of Management over the course of the year and were adjusted in line with business performance.

In the spring of 2023, the Board of Management anticipated a slight decrease in Group turnover for financial year 2023 compared to the previous year (2022: m€ 251.5). Significant declines were expected in the Household and Wellbeing segments, while slight growth was anticipated in the Private Label segment. The Board of Management also forecast a positive Group EBIT in the lower single-digit million euro range (2022: m€ 2.8). On this basis, free cash flow was also expected to be in the lower single-digit million-euro range (2022: m€ 8.8).

Based on the preliminary business figures for the first nine months of 2023, the Board of Management revised its expectations for 2023 as a whole in October. Although market conditions remained challenging, the Board of Management now anticipated slight growth in Group turnover in financial year 2023 compared to the previous year's figure. It was also now predicting EBIT in the mid single-digit million euros and free cash flow in the upper single-digit million euro range.

Forecast-actual comparison	Actual 2022	Forecast 2023	Adjustment October 2023	Actual 2023
Group turnover	m€ 251.5	Slight decrease	Slight growth	m€ 258.3 2.7%
Household turnover	m€ 204.2	Noticeable decrease	Slight growth	m€ 211.9 3.8%
Wellbeing turnover	m€ 16.1	Noticeable decrease	On par with previous year	m€ 16.4 1.5%
Private Label turnover	m€ 31.2	Slight growth	Slight decrease	m€ 30.0 –3.9%
Group EBIT	m€ 2.8	In the low single-digit million euro range	In the mid single-digit million euro range	m€6.0
Free cash flow	m€ 8.8	In the low single-digit million euro range	In the upper single-digit million euro range	m€ 12.1

Group turnover reached m€ 258.3 in the reporting period, an increase of 2.7% that is in line with the forecast. In the Household segment, which is the largest, the Board of Management most recently expected slight growth in financial year 2023. This proved correct, with an actual increase in turnover of 3.8% to m€ 211.9. In the Wellbeing segment, turnover in 2023 was most recently forecast to remain at the previous year's level. This expectation was slightly exceeded with an actual increase in turnover of 1.5% to m€ 16.4. A slight decline in turnover was also expected in the Private Label segment. This proved correct, with an actual fall in turnover of 3.9% to m€ 30.0.

Turnover development is described in detail in the Business performance section below.

EBIT rose to m€ 6.0 in financial year 2023 and was therefore in the mid single-digit million euro range, as most recently predicted.

Free cash flow totalled m€ 12.1 in the reporting period, slightly above the upper single-digit million euro range most recently forecast.

Business performance

The Leifheit Group generated turnover of m€ 258.3 in financial year 2023, following m€ 251.5 in the previous year. This represents a slight growth in turnover of 2.7%. Successful advertising campaigns such as “Electricity Savers”, “Our Most Durable Products” and “Made in Germany”, which highlighted the energy efficiency, durability and high quality of Leifheit Group products, made a significant contribution to the positive development in turnover. The distribution gains achieved in retail over the course of the year also bore fruit. In general, the Leifheit Group continued to face an extremely weak consumer climate in its core markets. This particularly affects the non-food sector, which includes the products made by the Leifheit Group.

In 2023, the persistently weak consumer sentiment and general decline in retail footfall were noticeable in all segments. The Leifheit Group tackled this generally challenging market environment with targeted sales and marketing activities in selected markets. As a result, the Leifheit Group managed to increase year-on-year turnover both in its domestic market of Germany and in the regions of Central Europe and Eastern Europe. By contrast, the Group recorded a decline in turnover in the Rest of the World region, where growth in other markets in this region failed to offset the fall in turnover in the Far and Middle East in particular.

Foreign turnover increased by m€ 1.9 overall to m€ 154.6 in the 2023 reporting period (2022: m€152.7). Given the simultaneous increase in turnover in Germany, however, the share of Group turnover generated abroad fell to 59.9% in 2023 (2022: 60.7%).

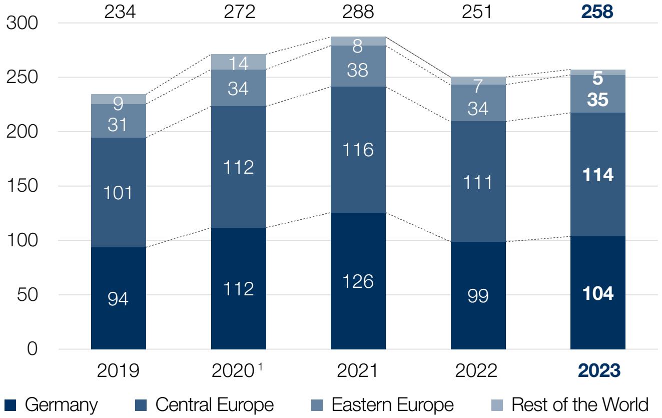
Group turnover by region

Germany

Despite the persistently weak consumer climate in the German domestic market, the Leifheit Group increased turnover by 4.9% to m€ 103.7 in financial year 2023 (2022: m€ 98.8). The share of Group turnover generated in Germany rose to 40.1% (2022: 39.3%).

In 2023, successful advertising campaigns and the further expansion of distribution activities contributed to this positive trend. In Germany, a key focal point was the “Electricity Savers” campaign, which encourages consumers to switch to power-free laundry drying in the light of high energy prices. As a result, the reporting period saw strong demand from consumers in Germany for the Leifheit Pegasus drying rack and rotary dryers such as the Leifheit Linomatic.

Group turnover by region
in m€



[1] Regional distribution of turnover in 2020 adjusted for turnover with a major online retailer that had previously been allocated partly to Central Europe and has been attributed to Germany since 2021.

Central Europe

In Central Europe, the Leifheit Group generated turnover amounting to m€ 114.4 in 2023 (2022: m€ 111.2). This translates to an increase of 2.9%. The Leifheit Group recorded particularly high, double-digit turnover growth in Belgium, the Netherlands and Italy, benefiting from the continuation of successful advertising campaigns and additional listings gained in the retail sector over the course of the year. In the major core market of France, however, lower year-on-year volumes of special offers contributed to a decline in turnover.

Eastern Europe

In the Eastern Europe sales region, the Leifheit Group’s turnover increased slightly by 2.1% to m€ 34.9 in 2023 (2022: m€ 34.2). The Leifheit Group managed to return to a growth trajectory in the significant sales market of the Czech Republic by posting slight turnover growth and recorded an excellent turnover performance in Romania with double-digit growth rates. However, turnover in the key sales market of Poland declined substantially, as the year-on-year decline in sales promotions at discounters impacted turnover development.

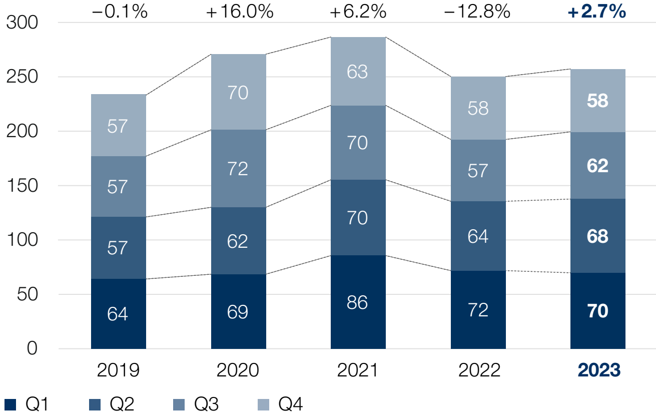
Rest of the World

Turnover in non-European markets declined significantly and fell by 27.4% to m€ 5.3 in 2023 (2022: m€ 7.3). The Leifheit Group recorded significant increases in turnover in the US. By contrast, turnover development in the Far and Middle East fell significantly short of the previous year’s figure.

Group turnover by quarter

The Leifheit Group made a solid start to financial year 2023 and achieved turnover of m€ 70.3 in the first quarter of 2023. Despite the persistently weak consumer climate in major core markets, Group turnover increased to m€ 67.8 in the second quarter of 2023 compared to the same quarter of the previous year. Thanks to targeted advertising campaigns in selected sales markets and distribution gains in retail, the growth trend was also confirmed in the third quarter with Group turnover of m€ 61.9. In the fourth quarter of 2023, Group turnover reached m€ 58.3, roughly on par with the previous year. This resulted in turnover growth of 2.7% for the year as a whole. Nevertheless, the continued weak consumer climate in important core markets was noticeable across all quarters.

Group turnover by quarter
in m€ / growth in %

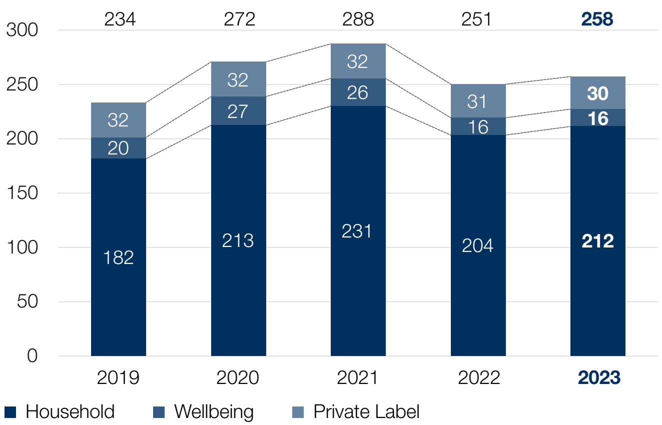


Group turnover by segment

Household

In the largest segment, Household, which includes the Leifheit brand, the Leifheit Group succeeded in increasing turnover by 3.8% to m€ 211.9 in 2023 (2022: m€ 204.2). On the back of successful advertising campaigns such as “Electricity Savers”, the laundry care category made particularly strong gains in the reporting period. Greater consumer interest in energy-saving products was apparent throughout the year. For example, the functional drying racks from the new Pegasus Black Line in an attractive black and anthracite combination were in high demand. The cleaning category also grew slightly in 2023, which can be attributed to the increased demand for mechanical cleaning products.

Group turnover by segment
in m€



Wellbeing

In the Wellbeing segment with the Soehnle brand, the Leifheit Group offers a range of kitchen and bathroom scales, body analysis scales and air treatment products. In 2023, the Group again achieved slight turnover growth of 1.5% in this segment following a significant decline in the previous year. Revenue increased from m€ 16.1 in the previous year to m€ 16.4 in financial year 2023, with bathroom and kitchen scales making the largest contribution to the segment’s turnover in the reporting period.

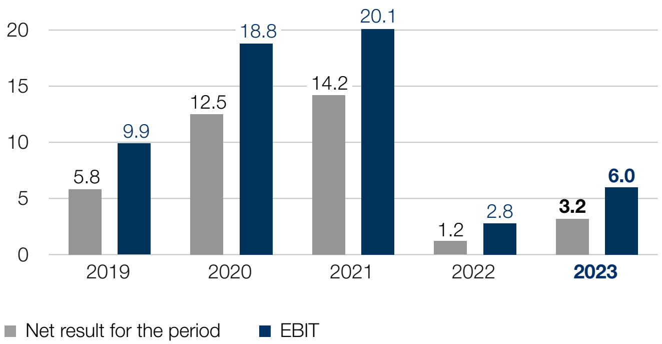
Private Label

The Private Label segment mainly distributes private-label brands through the French subsidiaries Birambeau and Herby. With a fall of 3.9%, turnover in this segment in 2023 was slightly down on the previous year, coming in at m€ 30.0 (2022: m€ 31.2). This is because both Birambeau’s kitchen products and Herby’s laundry care products in France recorded a drop in turnover over the year as a whole due to a lack of promotional campaigns.

Development of results of operations

In financial year 2023, the Leifheit Group generated earnings before interest and taxes (EBIT) amounting to m€ 6.0 (2022: m€ 2.8). The EBIT margin improved accordingly to 2.3% (2022: 1.1%). It is calculated as the ratio of EBIT to turnover. The significant increase in EBIT of m€ 3.2 is mainly due to higher contribution margins from the growth in turnover, as well as the increase in the gross margin resulting from sales price adjustments and the effects of a positive mix of products. The slight decline in procurement and energy costs also had an impact, despite these items remaining high. This was offset by a significantly lower foreign currency result and an impairment of goodwill.

Group result
in m€



Earnings before taxes (EBT) increased by m€ 2.4 to m€ 4.7 in financial year 2023 (2022: m€ 2.3), although the interest and financial result included in this figure decreased by m€ 0.8 to m€ –1.3 (2022: m€ –0.5). After deducting taxes of m€ 1.5 (2022: m€ 1.1), the Leifheit Group therefore achieved a net result for the period of m€ 3.2 (2022: m€ 1.2).

Income statement (short version) in m€	2022	2023
Turnover	251.5	258.3
Cost of turnover	–154.3	–149.6
Gross profit	**97.2**	**108.6**
Research and development costs	–6.0	–5.2
Distribution costs	–77.9	–78.2
Administrative costs	–14.6	–18.6
Impairment of goodwill	–	–0.9
Other operating income and expenses	1.2	0.9
Foreign currency result	2.9	–0.6
Earnings before interest and taxes (EBIT)	**2.8**	**6.0**
Interest and financial result	–0.5	–1.3
Earnings before taxes (EBT)	**2.3**	**4.7**
Income taxes	–1.1	–1.5
Net result for the period	**1.2**	**3.2**
Other comprehensive income	9.9	–5.3
Comprehensive income after taxes	**11.1**	**–2.1**

Comprehensive income after taxes amounted to m€ –2.1 in the reporting period (2022: m€ 11.1). It includes the net result for the period and other comprehensive income. The other comprehensive income also includes components that are recorded directly under equity as other reserves. This relates to the currency effects from the conversion of financial statements in foreign currencies, value changes from hedging transactions, currency effects of equity-replacing loans from Group companies and adjustment effects from pension obligations. Other comprehensive income fell during the reporting period to m€ –5.3 (2022: m€ 9.9). The decrease of m€ 15.2 was mainly due to the adjustment effects of pension provisions and currency translation.

Gross profit

Gross profit rose significantly in financial year 2023 by m€ 11.4 to m€ 108.6 (2022: m€ 97.2). The main reasons for this rise of 11.7% were increased contribution margins from turnover growth, along with sales price adjustments and the positive effects of product mixes. The slight decline in procurement and energy costs also had an effect, despite these items remaining high. Over the year as a whole, this led to an increase in the gross margin of 3.4 percentage points to 42.1% (2022: 38.7%). The gross margin is calculated as gross profit in relation to turnover.

Research and development costs

Research and development expenses fell by m€ 0.8 to m€ 5.2 in the reporting period (2022: m€ 6.0). These costs mainly include personnel costs, costs for services and patent fees. The decrease relates in particular to reduced personnel costs and services.

Distribution costs

Distribution costs rose during the reporting period by m€ 0.3 to m€ 78.2 (2022: m€ 77.9). In particular, they include advertising costs, commissions, marketing costs, freight out, delivery charges and the costs incurred by the internal and external teams. The slight increase of 0.3% was mainly due to higher commissions and freight out, while advertising expenses and energy costs had the opposite effect.

Administrative costs

Administrative costs increased by m€ 4.0 to m€ 18.6 in financial year 2023 (2022: m€ 14.6). Administrative costs include personnel costs and service costs, as well as costs incurred in support of financial and administrative functions. While provisions for non-current share-based payment transactions for the Board of Management amounting to m€ 1.2 were reversed in the previous year, administrative costs were incurred in the reporting period due to a payment of m€ 2.3 in compensation to the outgoing chairman of the Board of Management. This also included remuneration components for the variable remuneration of previous years. Further expenses relating to the change in composition of the Board of Management of m€ 0.4 were also incurred.

Impairment of goodwill

In financial year 2023, an impairment loss of m€ 0.9 was recognised on the goodwill of the Birambeau cash-generating unit due to lower earnings expectations for the future. No impairment losses were recognised on goodwill in the previous year.

Other operating income and expenses

Other operating income fell by m€ 0.5 to m€ 1.1 (2022: m€ 1.6). The position mainly includes commission income and licensing revenue, as well as income from compensation for damages. The decline is mainly due to lower income from compensation payments from competitors for patent infringements.

Other operating expenses also fell by m€ 0.1 to m€ 0.3 (2022: m€ 0.4).

Foreign currency result

The foreign currency result declined by m€ 3.5 to m€ –0.6 in the reporting period (2022: m€ 2.9). It includes changes in the fair values of forward foreign exchange transactions, foreign currency valuations and foreign currency gains and losses realised. The effects of realised currency gains increased by m€ 2.1. Those from changes in the fair values of forward foreign exchange transactions increased by m€ 1.1, whereas the effects of foreign currency valuations decreased by m€ 0.3.

Interest and financial result

The interest and financial result amounted to m€ –1.3 (2022: m€ –0.5). While interest income from financial instruments increased by m€ 0.6 to m€ 0.8 in the reporting period (2022: m€ 0.2), there was no interest income from the compounding of other provisions (2022: m€ 0.2). At m€ 2.1, interest expenses were significantly higher than in the previous year (2022: m€ 0.9). Of this, m€ 1.9 was attributable to interest accruals to pension obligations, which have risen by m€ 1.1 compared to the previous year's figure of m€ 0.8.

Income taxes

In financial year 2023, income taxes totalled m€ 1.5 (2022: m€ 1.1). However, the tax rate, which represents the ratio of taxes on income to EBT, fell to 32.5% (2022: 47.3%). Non-tax-deductible expenses and taxes from prior years were the primary contributors to a tax rate that was higher than the parent company's tax rate of 29.8%. The main reasons for the high tax rate in the previous year were a subsidiary's non-tax-deductible loss and non-tax-deductible expenses.

Development of the financial situation

Financial management

Leifheit maintains centralised financial management for liquidity and currency management. An important goal of our financial management strategy is to ensure a minimum Group liquidity in order to meet our payment obligations at all times. To this end, most Group companies have been integrated by Leifheit into central cash management operations. Cash and cash equivalents are pooled throughout the Group, monitored and invested according to uniform principles. Sufficiently high levels of liquid assets improve our financial flexibility and secure our solvency and independence across the Group. Further lines of credit available at short notice enable us to draw on further liquidity reserves if necessary.

The Group liquidity and lines of credit available enable us to meet our payment obligations. There are no restrictions regarding the availability of cash.

We also manage our currency exchange risks on a Group-wide basis. We hedge them through selected derivatives. Derivatives are used exclusively for the purpose of hedging underlying transactions. They are not used for speculative purposes. We have clear rules in place in the area of financial risk management, which also cover the use of derivative financial instruments.

Liquidity management

Our operating activity is the primary source of building up and expanding cash, cash equivalents, other investments and short-term securities. In the past, cash and cash equivalents have been largely used for our business activities and the resulting investments, the acquisition of companies or parts of companies, the payment of dividends and the repurchase of our own shares. We aim to continue generating sufficient liquidity in the future to ensure the distribution of annual dividends in the context of a continuous dividend policy.

As at 31 December 2023, we held cash and cash equivalents mainly in euros, US dollars, Polish zloty, Chinese yuan and Czech korunas.

Management of capital structure

Our primary objective in managing the capital structure is maintaining a strong financial profile. As a result, we focus on maintaining sufficient levels of equity. This should also contribute to boosting the trust that investors, banks, customers, suppliers and employees have in our company. We focus the management of our capital structure on ensuring that we can meet our future potential financing requirements on reasonable terms in the capital market.

Capital structure

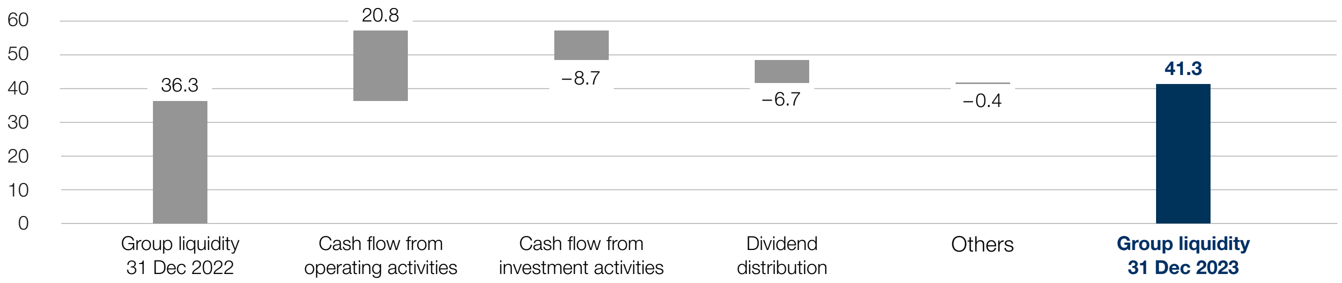
The equity ratio fell by just 1 percentage point to 51.0% at the end of financial year 2023 (2022: 52.0%), remaining at a consistently high level. It is calculated from the proportion of equity to the total of equity and liabilities. The debt ratio, the relationship between current and non-current liabilities to the sum of equity and liabilities, amounted to 49.0% (2022: 48.0%). Despite the m€ 3.8 decrease in debt, the debt ratio rose by 1.0 percentage points compared to the previous year due to the sharper fall in equity. As at 31 December 2023, the net gearing ratio – calculated from financial liabilities (lease liabilities) less cash and cash equivalents in relation to equity – amounted to –0.4 (2022: –0.3).

Equity and liabilities	31 Dec 2022		**31 Dec 2023**	
	m€	Share in %	**m€**	**Share in %**
Equity	112.5	52.0	103.8	51.0
Current liabilities	51.4		43.2	
Non-current liabilities	52.2		56.6	
Liabilities	103.6	48.0	99.8	49.0
	216.1	**100.0**	**203.6**	**100.0**

At m€ 99.8 as at 31 December 2023, the Group's liabilities (2022: m€ 103.6) primarily consisted of pension obligations amounting to m€ 51.5 (2022: m€ 46.8), trade payables and other liabilities of m€ 37.1 (2022: m€ 44.5) and other provisions of m€ 7.0 (2022: m€ 8.6).

As in previous years, Leifheit had no liabilities to banks at the end of financial year 2023.

Group liquidity
in m€



Analysis of Group liquidity

As at 31 December 2023, Group liquidity totalled m€ 41.3 (2022: m€ 36.3). It only included cash and cash equivalents.

Net cash and cash equivalents – calculated as cash and cash equivalents and lease liabilities – totalled m€ 39.6 as at the reporting date (2022: m€ 34.6).

As at 31 December 2023, bank balances consisted mainly of amounts in euros amounting to m€ 33.6 (2022: m€ 15.4), US dollars of m€ 2.6 (2022: m€3.3), Polish zloty of m€ 1.8 (2022: m€ 1.6), Chinese yuan of m€ 1.3 (2022: m€ 12.8) and Czech koruna of m€ 1.2 (2022: m€ 2.6).

Analysis of Group statement of cash flow

m€	2022	**2023**	Change
Cash flow from operating activities	14.0	20.8	6.8
Cash flow from investment activities	–5.3	–8.7	–3.4
Cash flow from financing activities	–10.6	–7.1	3.5

Cash inflow from operating activities in financial year 2023 totalled m€ 20.8 (2022: m€ 14.0). It stemmed mainly from the net result for the period adjusted for depreciation and amortisation in the amount of m€ 12.2 (2022: m€ 8.7) and the decrease in working capital by m€ 9.8 (2022: decrease by m€ 5.9).

Working capital is the sum total of trade receivables, inventories and contractual assets less trade payables and other liabilities. The improvement in working capital resulted from the depletion of inventories by m€ 12.2 and the decrease in trade receivables and contractual assets by m€ 5.0. In addition, trade payables decreased by m€ 7.4.

Cash outflow from investment activities stood at m€ 8.7 in the reporting period (2022: m€ 5.3). Investments (payments for the purchase of intangible assets and tangible assets) amounted to m€ 8.9. Therefore, investments were m€ 3.5 higher than in the previous year (2022: m€ 5.4).

Cash outflow from financing activities amounted to m€ 7.1 (2022: m€ 10.6) and related largely to the payment of dividends totalling m€ 6.7. (2022: m€ 10.0) and payments for lease liabilities in the amount of m€ 0.5 (2022: m€ 0.6).

Lines of credit

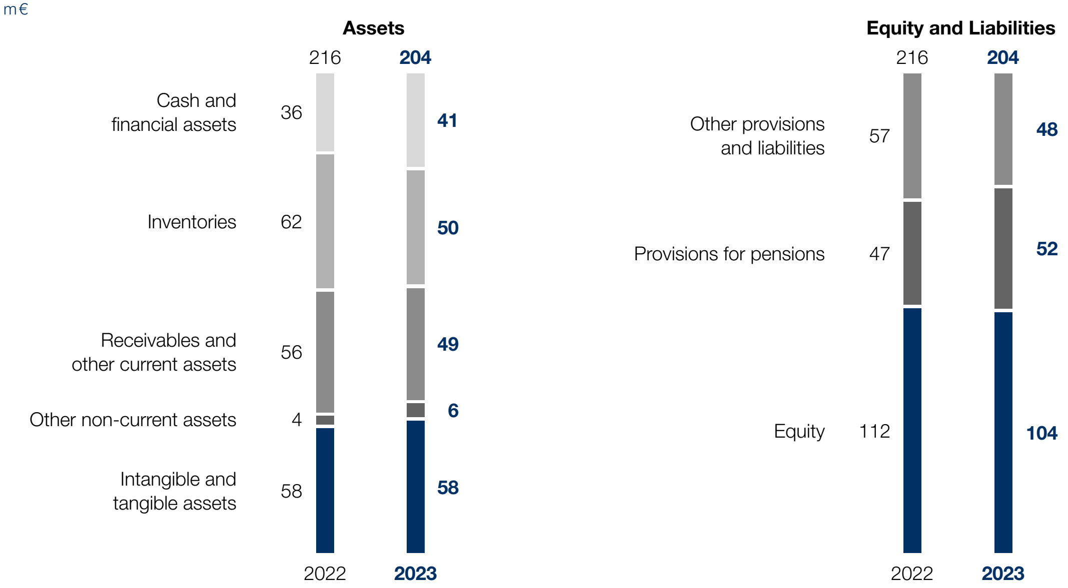
Leifheit had lines of credit of m€ 25.2 as at 31 December 2023 (2022: m€ 25.2). Of this amount, m€ 0.2 was utilised through guarantees and credit cards (2022: m€ 0.2).

Free cash flow

Free cash flow increased significantly by m€ 3.3 to m€ 12.1 in the reporting period (2022: m€ 8.8) due mainly to the increase in cash flow from operating activities. As a key figure, free cash flow indicates how much liquidity was available for the repayment of debt financing and for the distribution of dividends to shareholders.

m€	2022	2023	Change
Cash flow from operating activities	14.0	20.8	6.8
Cash flow from investment activities	–5.3	–8.7	–3.4
Free cash flow	8.8	12.1	3.3

Balance sheet ratios
in m€



Development of net assets

Balance sheet structure

The Leifheit Group's total assets decreased by m€ 12.5 year on year to m€ 203.6 as at 31 December 2023 (2022: m€ 216.1). On the assets side of the balance sheet, this decrease was mainly due to lower inventories, while on the liabilities side it resulted from lower trade payables and lower equity capital.

As at the balance sheet date, current assets totalled m€ 140.5 and were therefore m€ 13.7 lower than as at 31 December 2022. Cash decreased by m€ 5.0 to m€ 41.3 as at 31 December 2023 (2022: m€ 36.3). Trade receivables fell by m€ 4.9 to m€ 43.7 (2022: m€ 48.6) due to the receivables structure as at the reporting date. Inventories already built up in financial year 2021 were further reduced as planned in financial year 2023. Inventories therefore decreased by m€ 12.2 compared to 31 December 2022 (2022 year: decrease of m€ 7.7).

Current and non-current derivative financial instruments fell by a total of m€ 0.8 to m€ 0.0 (2022: m€ 0.8), whereas current and non-current derivative financial liabilities increased by a total of m€ 0.5 to m€ 0.8 (2022: m€ 0.3). This change in derivative assets and liabilities resulted primarily from the use of forward exchange transactions concluded in previous years for financial year 2023, which had a net positive present value of m€ 0.5 as at 31 December 2022, and from the change in the fair values of forward exchange transactions for the period from January 2024 to February 2025.

Non-current assets climbed by m€ 1.2 to m€ 63.1 as at 31 December 2023 (2022: m€ 61.9). Tangible assets, increased by m€ 1.1 to m€ 39.3 (2022: m€ 38.2), as investments exceeded scheduled depreciation and amortisation. Deferred tax assets also increased by m€ 1.4 to m€ 5.6 (2022: m€ 4.2), mainly due to the adjustment of pension obligations due to interest rates. By contrast, intangible assets fell by m€ 1.3 to m€ 16.5 (2022: m€ 17.8). The decrease mainly related to the impairment of goodwill of m€ 0.9.

Current liabilities with maturities less than one year decreased by m€ 8.2 to m€ 43.2 (2022: m€ 51.4). Trade payables and other liabilities decreased by m€ 7.4 to m€ 37.1 (2022: m€ 44.5). Due to the balance sheet date, trade payables fell by m€ 5.0 and liabilities from sales deductions by m€ 2.3. Other current provisions declined by m€ 2.0 to m€ 4.3 (2022: m€ 6.3) due to the conclusion of a patent dispute with a competitor and the reduction in provisions for warranties.

By contrast, non-current liabilities increased by m€ 4.4 to m€ 56.6 as at the reporting date (2022: m€ 52.2). They chiefly include pension obligations in the amount of m€ 51.5 (2022: m€ 46.8). The m€ 4.7 increase in pension obligations resulted mainly from discounting adjustment effects due to the fall in the actuarial interest rate.

At m€ 103.8, equity as at 31 December 2023 was down by m€ 8.7 compared to the previous year's reporting date (2022: m€ 112.5). The dividend distributed in the reporting period for financial year 2022 amounted to m€ 6.7 (2022: m€ 10.0). Included in equity, the net result for the period of financial year 2023 amounted to m€ 3.2 (2022: m€ 1.2) and the other comprehensive income stood at m€ –5.3 (2022: m€ 9.9). The Leifheit Group continues to have a solid equity base overall.

The equity ratio – the share of equity in relation to the balance sheet total – declined slightly to 51.0% at the end of financial year 2023 (2022: 52.0%). The equity ratio decreased by 1.0 percentage points, as equity fell more sharply in percentage terms than the balance sheet total.

Investments

In the reporting period, we invested a total of m€ 8.9 (2022: m€ 5.4).

Additions to tangible assets stood at m€ 8.6 in financial year 2023 (2022: m€ 5.1). These mainly involved tools for new products, machines, streamlining and replacement investments for production plants, operating and office equipment, along with a construction project to expand the production location in the Czech Republic.

The following significant investment measures had not yet been completed in financial year 2023:

- a construction project to expand the production location in the Czech Republic (investment volume m€ 5.6, advance payments m€ 1.9),
- the automation of production plants (investment volume m€ 1.5, advance payments m€ 0.8)
- and the development of new products (investment volume m€ 2.1, advance payments m€ 1.3).

We also invested m€ 0.3 (2022: m€ 0.3) in intangible assets, which mainly concerned the acquisition of software.

The investment ratio, which gives information on additions to non-current assets in relation to historic procurement and production costs, stood at 4.6% without right-of-use assets from leases in financial year 2023 (2022: 2.9%).

As at 31 December 2023, there were contractual obligations to acquire items of non-current assets – mainly for equipment – in the amount of m€ 1.2 (2022: m€ 2.7). These will be financed by cash and cash equivalents.

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

In addition to the assets reported in the consolidated balance sheet, Leifheit also used assets that cannot be recorded in the balance sheet to a limited extent. These mainly relate to the recognition exemptions under IFRS 16 for leases of up to 12 months, for leases for low-value assets with a value not exceeding k€ 5 and for licences. As in previous years, no other off-balance sheet financing instruments were used in the reporting period.

Non-financial performance indicators

Employees

Highly trained and motivated employees are essential to our ability to achieve our ambitious operating and strategic targets. Demographic trends and the associated increasing shortage of qualified employees, which is particularly noticeable in technical professions, as well as in other fields, presents a key challenge. Our strategic HR work allows us to rise to the challenges presented by the labour market. We invest in our workforce and provide opportunities for training and development.

An important part of our strategy is the development of our corporate culture, which we will continue to refine with a view to greater entrepreneurship, internationality and modern employee management. We are striving for an open, positive corporate culture that is also focused on performance and teamwork, so we can leverage our company's potential even better in the future. In the area of operations and at its intersections, we give responsibility to teams across different disciplines and hierarchies with the help of tools for agile working.

We are making a special effort to recruit and retain good staff in the long term. For example, we offer various opportunities for development, despite our relatively small company size and flat hierarchies. We aim to offer all our employees competitive remuneration and prize diversity among our staff. To ensure that all employees can perform to their full potential, we strive to create a safe and suitable working environment.

Number of employees in the Group

As at 31 December 2023, the Leifheit Group had 1,020 employees (2022: 1,063 employees), 100 of whom were employed part-time (2022: 80 employees). The number of employees therefore fell by 4.0%.

Employee structure of the Leifheit Group	31 Dec 2022	31 Dec 2023
Group	1,063	1,020
Household	903	868
Wellbeing	34	28
Private Label	126	124
Germany	403	385
Czech Republic	440	416
France	139	138
Other countries	81	81

The Household segment had 868 employees (2022: 903 employees), with the Wellbeing segment totalling 28 employees (2022: 34 employees). In the Private Label segment with our French subsidiaries Birambeau and Herby, we had 124 employees at the end of the reporting period (2022: 126 employees).

There were 385 employees in Germany on the balance sheet date (2022: 403 employees), accounting for 37.7% of the Group workforce (2022: 37.9%). We had 416 employees at the production and sales locations in the Czech Republic (2022: 440 employees), or 40.9% of the Group workforce (2022: 41.4%). In France, we had 138 employees (2022: 139 employees), accounting for 13.5% of the Group workforce (2022: 13.1%). The remaining 7.9% of the Group workforce were spread mainly among various European countries.

The average number of employees at the Leifheit Group was 1,032 people in financial year 2023 (2022: 1,080 people).

A total of 28 trainees were employed at Leifheit AG's locations in Germany, Italy and Austria at the end of 2023 (2022: 24 trainees).

Personnel costs at the Group rose by 10.4% to m€ 58.9 in the reporting period (2022: m€ 53.3).

Characteristics of the workforce of the Leifheit Group	2022	2023
Average length of service	11.7 years	12.2 years
Age structure of workforce		
under 30 years	16%	13%
> 30 to 40 years	19%	19%
> 40 to 50 years	29%	28%
> 50 to 60 years	27%	29%
over 60 years	9%	10%
Average age	44 years	45 years
Percentage of women in the workforce	48%	47%
Percentage of women at the first management level [1]	33%	33%
Number of trainees	24	28
Part-time employees	80	100

[1] Below the Board of Management.

Diversity

At the Leifheit Group, we foster a working environment that welcomes diversity in order to benefit from our employees' different personal abilities, talents and experiences. In doing so, we do not tolerate any kind of discrimination, and we are committed to equal opportunity, regardless of age, gender, religion, ethnic origin or sexual orientation. Our diversity management focuses on three aspects of our workforce: gender, age structure and internationality.

Opportunities and risks report

The strategic management of opportunities and risks serves as the basis for the sustainable development of the Leifheit Group. Identifying opportunities and taking advantage of potential for success are essential for profitable growth. Comprehensive risk management and an internal control system help the Leifheit Group to deal responsibly with business risks.

Opportunities

An important part of corporate activity is identifying business opportunities early on and making consistent use of them. The opportunities presented here are not necessarily the only ones available to Leifheit. In addition, our assessment of individual opportunities may change because the business climate, markets, key trends and technologies are all in a state of constant development. As a result, new opportunities may arise, existing ones may lose their significance, or the significance of an individual opportunity may change.

The Leifheit Group takes business opportunities into account in its budget planning and tracks them in conjunction with periodic reporting. Opportunities may exceed our expectations in future and lead to a positive deviation from our forecast or the targets that we set for ourselves. The Board of Management and the management of the applicable areas of operation are responsible for the prompt identification, analysis and utilisation of opportunities that arise. We regularly consider detailed market and competition analyses, relevant cost parameters and critical success factors, which we then take into account in our strategy. Our overriding objective is to strike a healthy balance between opportunities and risks.

In our view, the general situation with regard to opportunities for our company did not change significantly in the reporting period.

Macroeconomic opportunities

For the most part, the areas of business in which the Leifheit Group operates tend to be part of the non-cyclical consumer goods sector. As a result, the Group is less strongly affected by the overall economic situation than the cyclical consumer goods sector. Nevertheless, general economic conditions may influence the Leifheit Group's business to a certain extent. Accordingly, our financial targets are based on the macroeconomic development estimates described in the forecast. If basic conditions and consumer sentiment, especially in our important markets in Europe, develop more positively than assumed in the forecast, there might be a chance that we would exceed our turnover and earnings expectations.

Industry-specific opportunities

As a European brand supplier of household products, we can benefit from trends and market developments in relation to these products. In order to actively meet market and customer demands, we put particular emphasis in our product portfolio on the design and development of durable products that make life at home easier and more convenient. We believe that the following trends will be important for our company in the coming years and have the potential to make a positive impact on our business development.

Sustainable consumption and energy-saving products trend
Besides price and functionality, factors such as quality and durability are increasingly decisive for purchasing a product. At the same time, production conditions, as well as environmentally sound and socially compatible production, are also playing an increasingly important role in purchasing decisions. In addition, the rise in energy costs is making many people more aware of energy consumption and prompting them to save electricity.

Leifheit is a brand supplier of high-quality, durable products. Many Leifheit products use no electricity and can replace products with high energy demands in the household. They are manufactured at our own production facilities in Europe or by partners in accordance with the Leifheit Social Code of Conduct. In view of the described developments, we expect to further improve our market position and continue winning over future generations of consumers.

Digitalisation makes new processes and products possible
The ongoing digital transformation affects every aspect of a company's value chain. Digitalisation presents the Leifheit Group with numerous opportunities. Alongside increases in efficiency and productivity and further improvement of existing business processes through the expansion and optimisation of our SAP environment, for example, there may also be opportunities for innovative business models.

Growing e-commerce market
Consumers are taking ever greater advantage of the internet, from the search for information to the purchase of goods from online shops and other similar services. For Leifheit, this results in numerous opportunities to tap into growth potential. The Leifheit

and Soehnle ranges are ideally suited for online retail. While lower-priced items are predominantly sold in brick-and-mortar shops, we offer many products in the medium-to-high price category for online retail. The constant expansion of our e-commerce capabilities and activities, paired with the improvement of our direct dialogue, aims to strengthen consumers' brand loyalty. With the help of our own online shops, we also intend to further boost our presence in international markets. These effects could impact turnover in e-commerce faster or more favourably than planned and, as a result, influence the operating result more positively than expected.

Customers are looking for easy and convenient solutions

Increased pressure and greater stress at work can be observed today across all generations. We see opportunities in this increasingly fast-paced world for our consumer-centric products that make life at home easier and more convenient.

Demographic development

According to forecasts, the percentage of older consumers – for whom brand quality has traditionally played an important role – is set to rise in Germany. At the same time, the number of households, especially single-person and two-person households, is also expected to see a slight increase. This may lead to greater demand for household products. These developments could have a positive impact on the Leifheit Group in the future.

Strategic business opportunities

As a leading company for household products in Europe, the company enjoys strategic business opportunities with a focus on products that make life at home easier and more convenient. To this end, we rely on our own development department. The aim to create additional opportunities based on understanding consumers and customers is entrenched within our organisation and processes.

In addition, we see strategic business opportunities in targeted consumer advertising for our products, which we plan to use to make our range of brands and products better-known among consumers. Our focus here is on TV advertising for our bestselling products made in Germany and Europe, along with online and POS campaigns. The associated strengthening of our brands also results in opportunities to improve our negotiating position in dealings with retailers. Furthermore, we see opportunities in the expansion of our market presence – both in traditional retail and in e-commerce. To seize the opportunities that arise as a result, we are focusing on an efficient link between online and offline sales channels.

Expanding distribution in existing markets and additional regional diversification also offer opportunities. Leifheit focuses its business activities above all on Europe. Country-specific sales programmes serve to consolidate or expand our position in the region.

We also take advantage of opportunities that arise outside of Europe. Partnering with distributors also makes it possible for us to benefit from the momentum of large, rapidly growing markets, especially in emerging economies. Unexpected positive developments in these markets therefore harbour the potential for us to surpass our targets.

Economic performance opportunities

There are economic performance opportunities for Leifheit that arise, in particular, with regard to business operations, cost management and greater efficiency. Our operating activities harbour significant opportunities of achieving additional success through a winning combination of targeted consumer advertising with a focus on high-volume, bestselling products.

Cost management and greater efficiency offer the opportunity to boost the long-term earning power of Leifheit. In addition to reducing non-value-added costs, we are focused on streamlining our product ranges and optimising processes along the entire value chain with the help of lean management and the 5S methodology.

Other opportunities

Our employees are a fundamental pillar of the Leifheit Group's successful growth in the long term. We regularly invest in their expertise. In this context, we also promote various measures to further boost the commitment and motivation of our workforce.

At the same time, establishing an open, positive corporate culture that is also focused on performance and teamwork will provide us with opportunities to better leverage our company's potential in future.

Risks

We define risks as a possible negative deviation from forecasts or other targets due to future events or developments. Risk management comprises all measures designed to handle risks systematically and transparently. We are exposed to various risks in the course of our business activities. The Group has therefore set up a risk management system that allows it to identify risks early on, analyse them and take suitable countermeasures. We use this system to identify potential incidents that could have significant adverse effects on our business situation, net assets, financial position and results of operations, as well as on our reputation, or which could even compromise the survival of the company. To ensure the effectiveness of risk management, allow the aggregation of risks and facilitate transparent reporting, we take a uniform, Group-wide approach for the management of business risks.

As a listed stock corporation with its registered office in Germany, the Board of Management has set up a monitoring system in accordance with section 91 para. 2 AktG. In addition, the Board of Management is responsible for the appropriateness and effectiveness of risk management and the internal control system.

Risk management system

The risk management manual governs the handling of risks within the Leifheit Group and defines a uniform methodology that applies across the Group to all company divisions. The risk management manual delineates responsibilities for the performance of risk management tasks as well as reporting structures. The effectiveness of the risk management system is reviewed by the internal audit team at regular intervals. Our risk strategy is oriented towards securing the company's existence in the long term, which requires us to recognise, assess and manage risks in the best possible way. Leifheit has determined the company's individual risk-bearing capacity as a basis for identifying risks that could jeopardise its existence. The risk-bearing capacity is updated on an ongoing basis and represents the maximum amount of risk that the company can bear without jeopardising its continued existence.

Our risk management organisation consists of a risk manager working across the Group and risk owners in the individual operational areas and/or companies. The risk manager is responsible for updating the risk management manual as well as for the uniform implementation of the measures it contains, for risk aggregation and for standardised risk reporting to the various levels of the company. All segments are completely divided into risk areas. The respective risk owner is responsible for risk management within the risk areas. The risk owner's job is to identify and evaluate all risks continuously, notify the company about them and monitor the implementation of countermeasures. Risk management includes both financial and non-financial aspects. Opportunities are not recognised.

The central element of the risk management system is the systematic risk management process that is implemented every six months. It includes the phases of risk identification, assessment, aggregation, management, monitoring and reporting. This process begins with risk identification, which involves systematically documenting and then analysing all financial risks, sources of danger, causes of damage, potential for disruption and non-financial risks in standardised risk tables every six months. If new risks arise that could have a material impact on the economic results or the further development of the company, the risk owner immediately notifies the responsible offices.

Identified risks are assessed and categorised according to their impact and probability of occurrence. In addition, individual risks are analysed for dependencies and merged into new risks, if necessary. The summary of all individual risk tables constitutes the risk inventory. Material risks are aggregated, and the effects on the performance indicators of equity, EBIT and free cash flow are presented within the risk-bearing capacity framework.

This is also represented graphically in a risk map and communicated to the Board of Management and the Supervisory Board at regular intervals. In the risk control phase, each risk owner defines, documents, actively implements and monitors measures to avoid, reduce or transfer risks in each case using the risk table. The status of each countermeasure is also documented in the risk table by the risk owner.

In risk monitoring, general warning indicators are defined, as well as case-by-case indicators for specific individual risks. All indicators are regularly monitored in order to better control risks and the effectiveness of countermeasures that have been initiated.

Internal control and risk management system in the accounting process

The objective of the internal control system is to ensure the security and efficiency of transactions, the reliability of financial reporting and the compliance of all activities with laws and guidelines. Leifheit's internal control system examines material business processes and goes beyond the controls in the accounting process.

Our internal control system manual defines the structure of the internal control and monitoring system for material business processes and describes the structural organisation. Our goal is the systematic creation and documentation of control measures in the processes in order to comply with laws, standards and directives, avoid financial loss and ensure the functional capability and profitability of business processes. Apart from directives and work instructions, risk control matrices are the central element in risk-related processes. They define the material risks in processes, the risk analysis and the required controls and responsibilities of the control officers. The principles of functional separation and dual control are observed.

With respect to the internal control and risk management system for accounting, our goal is to ensure and uniformly implement the statutory requirements, generally accepted accounting principles and rules of the International Financial Reporting Standards (IFRS) as they are to be applied within the EU. With respect to organisational, control and monitoring structures, we ensure that business matters are recorded, processed and analysed in accordance with the law and entered into the separate and consolidated financial statements.

In addition, our system includes guidelines, procedures and measures designed to ensure that our accounting complies with applicable laws and standards. To this end, we analyse new laws, accounting standards and other pronouncements where noncompliance would represent a material risk to the correctness of our accounting. The Group's accounting department presents uniform Group-wide accounting and evaluation methods in the Group's accounting manual in accordance with IFRS. These guidelines, in conjunction with the schedule for drawing up the annual financial statements, constitute the foundation of the annual financial statements preparation process. As part of this process, all Group companies and accounting units must present their financial statements to the Group's accounting department with the consolidation software used throughout the Group. Subsidiaries and accounting units are responsible for compliance with the accounting regulations applicable throughout the Group when preparing their financial statements, and are supported and monitored in this process by the Group's accounting department. They carry out the adjustment of intragroup assets and liabilities, as well as supply and service relationships, according to Group guidelines.

Consolidation is carried out by the Group's accounting department in a stand-alone IT system. In addition, we use external service providers for tasks such as the evaluation of provisions for pensions or long-term incentive pay. The employees responsible for financial reporting are familiar with our internal guidelines and processes and receive regular training. Our internal control system covers the process for drawing up the separate and consolidated financial statements. The risks and controls are defined in the corresponding risk control matrices. They include various monitoring measures such as IT-supported and manual controls and adjustments, the establishment of functional separation and the dual control principle, rules governing access to the IT systems and monitoring. We perform regular backups of relevant IT systems to avoid data loss and system failures as far as possible. The security concept also includes customised authorisations and access restrictions.

The purpose of the internal control system for accounting and financial reporting is to ensure with reasonable assurance that financial reporting is reliable and that the annual financial statements, the consolidated financial statements and the combined management report of Leifheit AG and the Group are consistent, comply with German legal requirements, give a true and fair view of the net assets, financial position and results of operations, and accurately present the opportunities and risks of future development.

Internal auditing projects include both process- and function-related aspects of the ICS.

The internal control system and the risk management system also include the sustainability-related objectives within the scope of the CSR and sustainability strategy.

Based on the examination of the internal control and risk management system, as well as the reporting of the internal audit department, the Board of Management is not aware of any circumstances that speak against the appropriateness and effectiveness of these systems in any material respect. [1]

We make continuous improvements to our internal control and risk management system on the basis of findings from internal and external audits.

[1] The German Corporate Governance Code requires information about the internal control and risk management system that goes beyond the legal requirements for the management report and is therefore exempt from the review of the management report's contents by the auditor. The information in this paragraph therefore constitutes disclosures going beyond the management report.

Risk assessment

Our goal is to determine what adverse effects risks could have on defined risk areas, such as the business situation, net assets, financial position and results of operations or our image, and what risks pose the greatest danger to Leifheit as a going concern. For this purpose, the individual risks are rated as critical, moderate or low in terms of their estimated probability of occurrence and their effects on our business objectives. Effects both before and after the measures implemented to mitigate risk are presented, but are reported after the measures taken.

The scales for measuring these two indicators are shown in the tables below.

Probability of occurrence	Description
1%–20%	Very low
21%–40%	Low
41%–60%	Moderate
61%–80%	High
81%–99%	Very high

According to this classification, we define a very low risk as one that occurs only under extraordinary circumstances and a very high risk as one whose occurrence is expected within a specific time period.

Extent of effect	Definition of effect
Very low	Low risks that do not have a noticeable effect on business activities, financial position and results of operations, cash flows, company objectives and image (< m€ 1)
Low	Moderate risks that have a noticeable effect on business activities, financial position and results of operations, cash flows, company objectives and image (m€ 1–2)
Moderate	Significant risks that have a strong effect on business activities, financial position and results of operations, cash flows, company objectives and image (> m€ 2–5)
High	Serious risks that have a considerable effect on business activities, financial position and results of operations, cash flows, company objectives and image (> m€ 5–25)
Very high	Risks that jeopardise the company's continued existence (> m€ 25)

According to their probability of occurrence and the extent of their effect on our business activities, our financial position and results of operations, our cash flows and our image, we classify risks as critical, moderate or low in the form of a risk map.

Probability of occurrence/ extent of effect	Very low 1% – 20%	Low 21% – 40%	Moderate 41% – 60%	High 61% – 80%	Very high 81% – 99%
Very low	Low	Low	Low	Low	Low
Low	Low	Low	Low	Moderate	Moderate
Moderate	Low	Moderate	Moderate	Moderate	Critical
High	Moderate	Moderate	Critical	Critical	Critical
Very high	Critical	Critical	Critical	Critical	Critical

Risk factors

We describe below risk factors that we identify and track using our risk management system. They are aggregated more closely in the following description than they are used for internal control. The risk factors generally affect all segments: Household, Wellbeing and Private Label.

We have assigned the risks relevant to Leifheit to the following categories:

1. External risks
2. Operational risks
3. Financial risks
4. Legal and compliance risks

1. External risks

1.1 Risks due to uncertain political and economic conditions

As a company that operates on a global scale, our business is dependent on economic developments. An economic downturn in the markets we serve may prevent us from achieving our planned turnover and earnings contributions. Risks could also emerge from political and social changes, particularly in countries where we manufacture, purchase or market our products. The geopolitical risks remain very high in financial year 2023, particularly given the ongoing war in Ukraine, conflict over Taiwan, tensions in the Middle East, the war in Gaza and attacks on merchant ships in the Red Sea. This has made economic development much harder to predict. The war in Ukraine is creating risks and impairments, such as price increases and a shortage of energy and raw materials. An expansion of the conflict situation beyond Ukraine would further increase the risk of a global economic downturn. Rising inflation and higher interest rates could also lead to a considerable drop in consumption. The attacks by Houthi rebels on merchant shipping in the Red Sea are jeopardising the security of supply for goods from the Far East, as well as significantly pushing up prices for sea freight. Customs disputes, export controls and bans on critical raw materials as well as trade restrictions, such as those between the US and China, can also adversely affect global trade and, in turn, economic growth and consumption. All of this can have a very significant impact on our financial position and results of operations.

We classify this risk as critical.

1.2 Risks from intense competition

Our products are to some extent replaceable on the global market. Due to the resulting pressure on prices and intensified competition, it is possible that our brand awareness will decline and we will not achieve our goals when it comes to increasing or maintaining market share and pricing. This would ultimately have a negative effect on our results of operations.

We classify this risk as low.

1.3 Macroeconomic risks

The global sovereign debt situation, which saw little change in financial year 2023, represents a risk that could have a negative impact on the development of our net assets, financial position and results of operations in this complex risk area.

We classify this risk as low.

1.4 Climate-related risks

Physical climate risks are those that pose a direct threat to human life, infrastructure and our business activities, such as extreme storms, floods, heatwaves and droughts. Transitory risks or interim risks arise from the global efforts to achieve a net zero economy. Both climate change and government climate protection policies will affect the markets and regulatory conditions. These risks can have a significant impact.

We classify this risk as moderate.

1.5 Risks from pandemics

The WHO lifted the international coronavirus health emergency in May 2023. The COVID-19 pandemic should be largely over. However, the risk of new pandemics for which we are not sufficiently prepared remains. These could then negatively affect our business activities.

We classify this risk as low.

2. Operational risks

2.1 Sales risks

Economic crises may limit our business prospects in some markets. Dependence on certain customers, products or even markets harbours sales risks. While we are represented in many countries around the world, we mainly focus on the European core markets. We maintain sound, long-term customer relationships and pursue active, strategic market and customer development. Our diversified product and customer structures help reduce sales risks.

The Leifheit and Soehnle brands are a material asset. We strengthen awareness of our brands and their image through a wide range of target-group-oriented communication and marketing measures, including TV advertising, that take changes in consumer behaviour, demographics and technical advancement into account. A decline in brand awareness would have a negative impact on our sales in the medium term.

We also need to develop new, innovative and sustainable products in order to be successful. Our product range and marketing activities have to meet changes in consumer demand.

In order to achieve our turnover and profitability targets, we must generate sales growth, further strengthen communication with consumers, promote point-of-sale purchases and focus on product prices to ensure they are competitive. We also need to pass on the considerable increase in producer prices to our customers. Implementing price increases to the extent required is very difficult in the current volatile environment.

We classify this risk as moderate.

2.2 Procurement market risks

We procure raw materials, input materials and energy to manufacture our products. Prices for these can fluctuate considerably depending on the market situation and may also put considerable pressure on our cost structures. Changing climate conditions could lead to an increase in extreme weather events, which may disrupt supply chains. The availability of individual energy carriers such as gas may be restricted. We mainly procure purchased goods from the Far East. Suppliers may fail, or transport capacities may not be available, which could jeopardise our ability to meet contractual obligations to our customers. There are also reputational risks in the event of non-compliance with the Leifheit Social Code of Conduct by our suppliers, particularly in the Far East.

In order to reduce risks and reliance on procurement regions with long delivery periods and transport routes, we set ourselves the target of further increasing our share of European suppliers in the medium term as part of our procurement strategy. This is intended to make our supply chain more resilient.

We classify this risk as moderate.

2.3 Production risks

Business interruptions and property damage may occur at our plants in the event of unfavourable circumstances and developments, such as fires, natural disasters or malicious acts. Aside from costs for repairing damage, the main risk is that business disruptions could lead to production losses, putting our ability to supply our customers at risk. We manufacture some of our core products on production equipment with special control systems that have been developed specifically for us. We are working to counteract these risks with regular maintenance measures as well as modernising and investing in our machinery and production plants. We also negotiate an appropriate level of insurance cover.

We classify this risk as moderate.

2.4 Personnel risks

To achieve our growth targets, we need committed and qualified employees and managers. There is a risk that we will not be able to find enough top performers to fill vacancies. Due to the pandemic, there may also be temporary staff shortages, although protecting the health of our employees is our main priority at all times. Other extreme events such as natural disasters, terrorist attacks or serious accidents could also lead to a loss of employees.

Leifheit positions itself as an attractive employer and promotes long-term loyalty to the company. We invest in our employees and provide opportunities for training and development.

We classify this risk as low.

2.5 Information security risks

The reliability and security of data, systems and networks are of great importance. At the same time, there has been a worldwide increase in cyber threats. Increasingly, this concerns IT systems deployed to support business processes as well as those used for internal and external communication. Despite all precautionary measures, any serious disruption to these systems in development, production, sales or administration can lead to risks regarding the confidentiality, availability and integrity of data, which in turn can have a negative impact on our reputation, production, competitiveness and business situation.

To protect and prepare ourselves appropriately in view of the constantly changing threat level in the area of cyber security, our IT security structure is regularly verified and improved.

We classify this risk as moderate.

3. Financial risks

3.1 Default risks

Default risks occur if a customer or another counterparty of a financing instrument does not meet its contractual obligations. Default risks result from trade receivables and other contractual obligations of a counterparty, such as for deposits and financial investments. The effects of the Russia-Ukraine war may lead to increased insolvencies and bad debt losses among trading partners.

We establish counterparty limits for our major business partners, such as customers. According to our credit guidelines, new customers are reviewed for creditworthiness, and caps on receivables are set. Creditworthiness, caps on receivables and amounts overdue are constantly monitored. We transfer default risks to credit insurance to an appropriate extent.

Due to our comparatively high level of cash and cash equivalents, we are exposed to risks concerning the possible default of one or more of our selected banks. We counter this risk, which exists despite deposit protection mechanisms supported in part by the state, by taking measures to spread risk.

We classify this risk as moderate.

3.2 Financing and liquidity risks

We maintain lines of credit as well as cash and cash equivalents based on our financial planning to ensure the Group’s solvency and financial flexibility at all times. We manage liquidity centrally across the Group and provide funds to subsidiaries as needed by means of cash pooling.

Based on our current financing structure, we classify this risk as low.

3.3 Currency risks
Leifheit is exposed to currency risks, as payment flows occur in various currencies. Risks are created in particular due to the fact that our products are procured and sold in different currencies in varying amounts on different dates. A large part of our procurement costs, especially for purchased goods, are incurred in Chinese yuan and US dollars, while the majority of Group turnover is generated in euros.

We maintain a centralised system for managing currency risks. We hedge units of the planned currency requirements for 14 months in advance on a revolving basis.

Due to the fluctuations in exchange rates, we classify this risk as moderate.

3.4 Interest rate risks
Changes to market interest rates have an impact on future interest payments for financial investments and for variable interest-bearing liabilities. Because the Leifheit Group does not have any bank loans or other interest-bearing liabilities with its current financing structure, changes in interest rates do not affect the profitability, liquidity or financial situation of the Group.

Changes to the actuarial interest for discounting provisions of pensions affect the other comprehensive income significantly.

We classify this risk as critical.

3.5 Intangible asset impairment risks
In accordance with IAS 36.10, the goodwill and brands reported in the consolidated financial statements under intangible assets must be subjected to at least annual impairment testing. The shares in affiliated companies reported under financial assets in the annual financial statements of Leifheit AG are also tested for expected permanent impairment.

In the event of declining business development or rising discount rates, there is a risk that impairments may have to be recognised.

We classify this risk as moderate.

4. Legal and compliance risks
4.1 Legal risks
As an international company, Leifheit is exposed to various legal risks. These include contractual risks, liability risks or the risk that third parties could assert claims or pursue legal action due to infringement of brands, patent or other rights.

In order to reduce any such contractual infringements, we monitor compliance with our contractual obligations and consult internal and external legal advisers. We minimise the risk of an infringement of third-party industrial property rights by diligently reviewing constructions, designs and product names. Our Legal/IP department optimises our patent portfolio and reviews and analyses third-party patent rights.

We classify this risk as moderate.

4.2 Risks in the control environment
The failure to identify material risks, to take active steps against them and to introduce and maintain adequate internal control systems within the Group could result in inappropriate decisions, higher costs, breaches of compliance, fraud, corruption or damage to the Group's reputation. Furthermore, there is still a danger that employees will breach internal guidelines, standards or statutory provisions.

We mitigate the risks in the control environment through directives and guidelines that are available to all employees on the intranet. In addition, we utilise a risk management system consisting of early detection, an internal control system and internal auditing. In our compliance management system, guidelines such as the Leifheit Code of Conduct and the Leifheit Antitrust Code of Compliance provide clear rules and principles for the conduct of our workforce in key areas.

We classify this risk as moderate.

Overall assessment of opportunities and risks

The assessment of the overall risk situation is the result of a consolidated analysis of all significant individual risks. The overall risk situation is essentially unchanged from the previous year. We are not currently aware of any individual risks that could jeopardise the company's continued existence. We continue to be confident that our earning power and balance sheet structure provide a sound basis for future business development and contain the necessary resources to leverage potential opportunities.

Group forecast

The Leifheit Group continues to operate in a very difficult environment against a background of rising living costs, dominated by consumer restraint and a variety of challenges in the global supply chain. Even though the consumer climate improved somewhat in 2023, we expect conditions for non-food products to remain difficult in the current financial year due to persistently weak consumer sentiment.

Economic development

In its most recent forecast from January 2024, the International Monetary Fund (IMF) expects global growth of 3.1%. According to the IMF, the global economy is extremely resilient due to disinflation and steady economic growth. A corresponding easing of fiscal policy by central banks should have a positive effect on economic development. However, there is still a risk of high commodity prices driven by geopolitical tensions or a slowdown in economic momentum in China due to the ongoing uncertainty in the property sector. High borrowing costs are seen as a major factor behind persistently subdued consumer behaviour. This is leading to high mortgage costs for private households, but companies are also struggling with higher refinancing costs.

Europe

In its winter forecast for 2024, the EU Commission predicts GDP growth of 0.8% in the Eurozone and 0.9% in the EU. Although inflation is likely to ease faster than expected, with an inflation rate of 3.0% expected for 2024, the economy is still suffering from the weak purchasing power of private households, a significant tightening of monetary policy and the expiry of fiscal policy support measures. On the other hand, economists also see signs that could speed up an economic recovery. They believe the continued slowdown of inflation is likely to improve real wage growth and so strengthen a robust labour market. They also expect lower inflation to be accompanied by an easing of interest rates, which should boost the willingness to invest.

Germany

According to the Kiel Institute for the World Economy (IfW), high energy prices and the turnaround on interest rates will significantly curb the purchasing power of private households in Germany during 2024. In view of a weak global economic environment, and therefore a lack of external driving forces, the German economy is struggling to break out of stagnation. Furthermore, the ruling of the Federal Constitutional Court on the 2021 supplementary budget is slowing economic expansion. The IfW therefore anticipates GDP growth of just 0.9% in Germany in 2024, while the EU Commission only expects growth of 0.3% in its winter forecast. According to the IfW, business sentiment has recently improved somewhat, although capacity utilisation remains low.

Consumer climate

Europe

In February 2024, the European Commission’s Consumer Confidence Indicator stood at –15.8 points in the EU and –15.5 points in the Eurozone. While the indicator moved above the January 2024 value (–16.2 and –16.1 points respectively), it continues to remain at a very low level after the historic lows in 2022.

Germany

The Consumer Confidence Indicator in Germany fell to –29.7 points in the February forecast issued by the GfK German consumer research organisation, down 4.3 points on the previous month. The previous low was measured in March 2023 at –30.6 points. GfK cites the population’s increased propensity to save as the reason for the decline. The same applies to income expectations. After an increase in the indicator at the end of the year, the value fell by 13.1 points to –20 points in January 2024, likewise reaching its lowest value since March 2023. The reasons cited for this include another rise in the inflation rate, a return to the regular VAT rate of 19% in the catering sector and the fresh increase in the CO_2 tax. Against this backdrop, no sustained recovery in the consumer climate is expected for the time being.

The ifo Business Climate Index also points to a downturn in sentiment among companies. After rising to 86.3 points in December 2023, the value fell again to 85.2 points in January 2024. This is particularly noticeable in the retail sector, where the value fell to –29.7 points, the worst figure since October 2022.

Foreign currencies

The currency environment remained highly volatile in 2023. Both geopolitical issues, such as the Russia-Ukraine war, and economic risks, such as the structural problems in China, have led to a rollercoaster ride on the currency markets. Over the course of the year, however, the euro managed to gain ground against both the US dollar and the Chinese yuan.

While the US Federal Reserve regularly raised key interest rates in the first half of 2023, the second half of 2023 saw the end of interest rate hikes. Since July 2023, the key interest rate has ranged from 5.25% to 5.5%. The ECB also paused interest rates in October 2023 after ten interest rate hikes in a row. Since then, the key interest rate has been 4.5%. The IMF expects key interest rates to decline this year in line with falling inflation rates. Inflation is expected to fall from an average of 6.8% in 2023 to 5.8% in 2024 and 4.4% in 2025.

Group strategy

In 2024, we will be revising our business strategy with a focus on growth and cost efficiency in order to position the Leifheit Group for sustainable success.

Over the next few years, we particularly want to further strengthen our brand image by highlighting the superior quality of our products among our target audiences and improving our presence at the point of sale. This applies to both traditional sales channels and e-commerce, where we intend to further expand our market position by working with our brick-and-mortar partners as well as with pure e-commerce companies. Of course, the further digitalisation of our business processes will also have a major role to play here. Digital solutions should help us to speed up internal procedures, improve decision-making and ultimately achieve greater customer satisfaction.

We will also focus even more closely on our profitable core segments. We intend to leverage our proven expertise in these sectors and win over consumers with highly relevant, superior solutions. The development and marketing of innovations will continue to be a central pillar in the future. As part of our sales activities, we are aiming for even greater internationalisation and will be focusing on select European target markets with high potential.

In light of the ongoing challenges in the procurement markets, we will continue working to safeguard our ability to deliver through forward-looking inventory management, as well as flexible production control. We will also work to tackle cost increases – particularly in energy, materials and freight – with the help of lean management practices or 5S methods and streamline our production and operating processes.

Another important component of our strategy continues to be our corporate culture, which we will continue to enhance with a view to greater entrepreneurship, more intensive international collaboration and modern employee management.

Group forecast and overall statement of prospective development

The Leifheit Group faces challenging conditions, a difficult market environment and a persistently weak consumer climate in our core markets in financial year 2024.

Nevertheless, the Board of Management expects slight year-on-year growth in Group turnover for financial year 2024. At the same time, turnover in the first quarter of 2024 is expected to be down slightly on the same period of the previous year.

We anticipate slight growth in the Household and Private Label segments, while a small decline in turnover is expected in the Wellbeing segment.

Following the attacks by Houthi rebels in the Red Sea, we have been faced with a significant increase in sea freight costs since the beginning of 2024. This will have a negative impact on earnings, particularly in the first quarter, but also in 2024 as a whole. At the same time, the projected turnover growth combined with cost-cutting and efficiency measures will have a positive effect on earnings performance. Against this background, the Board of Management expects consolidated EBIT in the range of m€ 10 to m€ 12 (2023: m€ 6.0). In the light of planned investments in the efficiency of our manufacturing and logistics in 2024, we expect a positive free cash flow of around m€ 10 (2023: m€ 12.1).

This forecast contains forward-looking statements that are based on current estimates with regard to future developments. Actual developments may deviate from this forecast.

Legal information

Information under takeover law and explanatory report

The information under takeover law required under sections 289a and 315a German commercial code (HGB) as at 31 December 2023 is presented below. Criteria that do not apply to Leifheit are not included.

As at 31 December 2023, the subscribed capital (share capital) of Leifheit AG amounted to k€ 30,000 and was 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. Each share grants the same rights and entitles the holder to one vote at the Annual General Meeting.

There are no restrictions on voting rights or the transfer of shares that the Board of Management is aware of. However, the statutory voting rights limitations according to section 44 sentence 1 of the German securities trading act (WpHG) (violation of voting rights information duties), section 71b of the German stock corporation act (AktG) (no rights from own shares) and section 136 para. 1 AktG (exclusion of voting rights in the presence of certain conflicts of interest) apply.

There are parties that hold direct and indirect equity interests exceeding 10% of the voting rights in the capital of Leifheit AG. Voting rights notifications are listed in note 42 of the consolidated financial statements.

There are no shares in Leifheit AG with special rights. There are also no employee participation schemes with voting rights.

Members of the Board of Management of Leifheit AG are appointed and dismissed according to the stipulations of section 84 and section 85 AktG. In addition, art. 6 para. 1 of the articles of incorporation stipulates that the Board of Management consists of one or several members, and art. 6 para. 2 stipulates that the Supervisory Board appoints the members of the Board of Management, determines their number, appoints deputy Board of Management members and may appoint a member of the Board of Management as chairperson of the Board of Management.

Changes to the articles of incorporation are resolved by the Annual General Meeting according to section 179 AktG. Resolutions are passed by a simple majority of votes cast according to art. 18 para. 1 of the articles of incorporation and, if a majority of equity is required, by a simple majority of equity unless other mandatory requirements apply in accordance with the law or the articles of incorporation. According to art. 18 para. 3 of the articles of incorporation, the Supervisory Board is authorised to make amendments to the articles of incorporation, provided these amendments relate solely to the wording of the articles of incorporation.

By resolution of the Annual General Meeting 2022, the Board of Management is authorised, subject to the approval of the Supervisory Board, to increase the share capital on one or more occasions by a total of up to k€ 6,000 until 24 May 2027 by issuing up to 2,000,000 new no-par-value bearer shares in exchange for cash and/or noncash contributions (authorised capital 2022). The company is also authorised by resolution of the Annual General Meeting 2020 to buy back and appropriate shares amounting to up to 10% of the share capital until 29 September 2025. The terms of both resolutions can be found in the respective agendas of the Annual General Meeting on the website.

There are no material agreements which take effect upon a change of control. A loan agreement for a line of credit merely contains an agreement that, in the event of a change of control, the parties shall conclude a satisfactory agreement with regard to the continuation of the loan agreement.

No agreements with members of the Board of Management or employees that take effect upon a change of control existed at the balance sheet date.

Treasury shares

For the statement on treasury shares in accordance with section 160 para. 1 no. 2 AktG, please see the notes to the balance sheet.

Declaration of corporate management

The corporate governance declaration according to sections 289f/ 315d HGB is available on the website at **https://www.leifheit-group.com/en/investor-relations/corporate-governance/**. It includes the declaration of conformity regarding the German corporate governance code, information about our relevant corporate management practices and a description of the work methods of the Board of Management and the Supervisory Board, as well as the composition and work methods of their committees, information on the defined targets according to the German law on the equal participation of women and men in management positions, the description of the diversity concept and the internet addresses at which the remuneration report is available. In the declaration of corporate management, the Board of Management and the Supervisory Board also report on corporate governance at Leifheit.

Sustainability report

The separate non-financial Group report in accordance with section 315b HGB in conjunction with section 289c et seq. HGB is publicly available on the website at **https://www.leifheit-group.com/en/investor-relations/reports-and-presentations/**.

Remuneration report

The remuneration report in accordance with Section 162 AktG is publicly available on the website at **https://www.leifheit-group.com/en/investor-relations/reports-and-presentations/**.

Notes to the annual financial statements of Leifheit AG (HGB)

Foundations and economic environment

Leifheit AG is the parent company of the Leifheit Group and has its registered office in Nassau (Leifheitstraße 1, 56377 Nassau, Germany). The business activities of Leifheit AG primarily comprise development, production and procurement; the distribution of Leifheit and Soehnle brand products; and the management of the Leifheit Group.

Management and the production of selected products of the categories cleaning, laundry care and kitchen goods, such as floor mops, rotary dryers and insulating jugs, are located in Nassau. The logistics centre is located in Zuzenhausen. In addition, Leifheit AG has distribution offices that are not legally independent at locations in Brescia (Italy) and Aartselaar (Belgium).

Leifheit AG prepares its annual financial statements in accordance with the provisions of the German commercial code (HGB) and the German stock corporation act (AktG). It is by far the most important part of the Leifheit Group. The statements regarding the foundations of the Leifheit Group and the general conditions in the economic report therefore also apply largely to Leifheit AG.

Leifheit AG has been integrated into the control system of the Leifheit Group. Therefore, the Household (Leifheit brand) and Wellbeing (Soehnle brand) segments correspond substantially to Leifheit AG. The most important performance indicators are turnover and the operating result.

The organisation, the company structure, the management responsibility, the strategy and the financing strategy correspond to the Group.

Major changes

No major changes were made to the organisation, the company structure, the management structure or the financing strategy in financial year 2023.

The holding company Leifheit France S.A.S., Paris, France, was merged into Leifheit AG on 30 June 2023 by way of a Transmission Universelle de Patrimoine (TUP), as outlined in art. 1844-5 para. 3 of the French civil code. A TUP indicates the dissolution of one company through an act of dissolution by way of accretion without liquidation. The assets of the company to be dissolved, Leifheit France S.A.S., were transferred in full to the sole shareholder Leifheit AG. The transfer was made at book value. The transaction included the transfer of shareholdings in the French Group companies Birambeau S.A.S., Leifheit-Birambeau S.A.S. and Herby S.A.S. totalling m€ 20.7, cash and cash equivalents of k€ 90, liabilities to Leifheit AG of m€ 3.6 and non-Group liabilities of k€ 6. The investment in Leifheit France S.A.S. amounted to m€ 16.8, resulting in a merger gain of k€ 309, which was recognised in profit or loss.

Business performance

The business performance of Leifheit AG largely corresponds to the performance of the Household and Wellbeing segments of the Leifheit Group, which is presented in the section “Net assets, financial position and results of operations of the Group”.

Comparison of actual performance with projected business performance

The persistently weak consumer demand and general decline in retail footfall made themselves felt in financial year 2023. In this altogether challenging market environment, we succeeded in increasing turnover both in Germany and abroad.

Forecast-actual comparison	Actual 2022	Forecast 2023	**Actual 2023**
Turnover	m€ 242.3	Slightly below previous year	m€ 250.3 3.3%
Operating result	m€ –7.0	In the lower single-digit million euro range (positive)	m€ –2.5

Turnover at Leifheit AG climbed by 3.3%, although we had forecast a slight decline in turnover. The increase in turnover resulted mainly from the sale of household products. The increase in turnover stood at 4.6% in Germany, and 2.4% abroad.

The operating result of Leifheit AG stood at m€ –2.5. We had expected a positive operating result in the low single-digit million euro range. The foreign currency result fell much more sharply than expected, and the change in the Board of Management had an unplanned negative impact on earnings.

Results of operations

The increase in the operating result to m€ –2.5 in the 2023 reporting period (2022: m€ –7.0) is mainly due to the rise in gross profit. Gross profit climbed by m€ 14.7 to m€ 75.4. This was due to increased contribution margins from turnover growth as well as sales price adjustments and positive product mix effects. The slight decline in procurement and energy costs also had an effect, despite these items remaining high. This was offset by a significantly lower foreign currency result and expenses relating to the change in the Board of Management.

Leifheit AG's net loss for the year amounted to m€ 1.7 (2022: m€ 2.2). Income from investments fell by m€ 3.5, and write-downs on investments in subsidiaries negatively impacted the annual result by m€ 1.5.

Turnover and gross profit

Leifheit AG's turnover increased by m€ 8.0 to m€ 250.3 (2022: m€ 242.3), corresponding to a 3.3% rise. Despite the persistently weak consumer climate in core markets, turnover from the sale of Leifheit and Soehnle branded products climbed by 4.1% to m€ 208.0 (2022: m€ 199.8). Our advertising campaigns and distribution gains in the retail sector made a significant contribution to the positive trend in turnover. On the other hand, the sale of production materials to subsidiaries fell slightly by 0.4% to m€ 40.9 (2022: m€ 41.1). For the most part, the production materials for our manufacturing subsidiary Leifheit s.r.o in the Czech Republic are purchased centrally through Leifheit AG.

Gross profit climbed by m€ 14.7 to m€ 75.4 (2022: m€ 60.7), an increase of 24.0%. The main reasons for this increase were higher contribution margins from the growth in turnover, as well as sales price adjustments and positive product mix effects. The slight decline in procurement and energy costs also had an effect, despite these items remaining high. The gross margin therefore increased by 5.0 percentage points to 30.1% (2022: 25.1%).

Income statement (short version) in m€	2022	2023
Turnover	242.3	250.3
Cost of turnover	–181.6	–174.9
Gross profit from turnover	**60.7**	**75.4**
Distribution costs	–56.8	–59.1
General administrative costs	–14.3	–14.5
Other operating income	14.5	5.4
Other operating expenses	–11.1	–9.8
Operating result	**–7.0**	**–2.5**
Income from shareholdings	3.5	–
Amortisation of financial assets	–	–1.5
Net interest result	1.3	2.7
Income taxes	0.1	–0.2
Earnings after taxes	**–2.1**	**–1.6**
Other taxes	–0.1	–0.1
Net loss	**–2.2**	**–1.7**

Distribution costs

The distribution costs of Leifheit AG amounted to m€ 59.1 in the reporting period (2022: m€ 56.8) and were therefore m€ 2.3 higher. Distribution costs included, in particular, advertising costs, commissions, marketing costs, freight out, delivery charges and the costs incurred by the internal and external sales forces. The main reasons for the increase are higher commissions and freight out.

General administrative costs

General administrative costs rose during the reporting period by m€ 0.2 to m€ 14.5 (2022: m€ 14.3). First and foremost, administrative costs include personnel costs and costs for general services to support our financial and administrative functions. Administrative costs in financial year 2023 were negatively impacted by a payment of m€ 2.3 in compensation to the outgoing Chairman of the Board of Management, which also included remuneration components for the variable remuneration of previous years. Further expenses relating to the change in composition of the Board of Management of m€ 0.4 were also incurred. In contrast, the cost of employment benefits fell by m€ 2.5. The previous year included increases in pension obligations due to the uptick in pension and salary trends.

Other operating income

Other operating income of Leifheit AG fell by m€ 9.1 to m€ 5.4 (2022: m€ 14.5). This mainly included income from currency translation of m€ 3.7 (2022: m€ 11.6), income from the reversal of provisions of m€ 1.2 (2022: m€ 2.3), a merger gain from the French TUP of m€ 0.3 (2022: m€ 0) and income from claims for damages amounting to m€ 0.1 (2022: m€ 0.6). The decline in income from currency translation was due in particular to lower exchange rate gains from forward exchange transactions, as well as lower revaluations of receivables and cash and cash equivalents. In the previous year, income from the reversal of provisions included the reversal of long-term bonuses for the Board of Management in the amount of m€ 1.0. Income from damages included payments from competitors for patent infringements.

Other operating expenses

Other operating expenses fell by m€ 1.3 to m€ 9.8 (2022: m€ 11.1). They largely comprised development costs of m€ 4.7 (2022: m€ 5.5) and exchange rate losses of m€ 5.0 (2022: m€ 5.4).

Income from shareholdings

No dividends were distributed by the holding companies in financial year 2023 (2022: m€ 3.5). All net income of the subsidiaries was carried forward to new account.

Amortisation of financial assets

In financial year 2023, investments in the Chinese subsidiary Guangzhou Leifheit Trading Co. Ltd were depreciated by m€ 1.0 and investments in Birambeau S.A.S. by m€ 0.5. No amortisation of financial assets was recognised in the previous year.

Net interest result

Income from loans of financial assets of Leifheit AG was on a par with the previous year at m€ 3.0. This concerned interest income from loans to holding companies. Interest income of m€ 0.8 was earned on short-term deposits (2022: m€ 0.2).

At m€ 1.2, interest expenses were below the previous year by m€ 0.7 (2022: m€ 1.9). This includes the interest expense from the compounding of pension obligations, which fell by m€ 1.0 to m€ 0.8 due to the increase in the interest rate for the discounting of provisions for pensions. The interest expense to affiliated companies rose by m€ 0.3 to m€ 0.4.

Taxes

Income taxes amounted to m€ 0.2 (2022: m€ –0.1). Due to balance sheet and corporate tax corrections and taxes from previous years, income taxes of m€ 0.2 were recognised despite the negative result.

Financial situation

The liquidity of Leifheit AG stood at m€ 35.8 as at the balance sheet date (2022: m€ 31.2). As at 31 December 2023, this comprised solely cash and cash equivalents and included demand deposits, fixed short-term bank deposits and cash in hand.

m€	2022	2023	Change
Cash flow from operating activities	9.2	7.2	–2.0
Cash flow from investment activities	–2.4	2.5	4.9
Cash flow from financing activities	–6.6	–5.1	1.5

At m€ 7.2, cash flow from operating activities was lower in 2023 than in the previous year (2022: m€ 9.2). The decline was mainly due to working capital, which fell less sharply in 2023 than in the previous year.

Cash inflow from investment activities came to m€ 2.5 in financial year 2023 (2022: cash outflow m€ 2.4). Payments for the purchase of intangible and tangible assets totalling m€ 1.1 (2022: m€ 0.6) were offset by proceeds from financial assets of m€ 3.5 (2022: payments of m€ 5.4), proceeds from the sale of non-current assets of m€ 0.1 (2022: m€ 0.1) and proceeds from income from investments of m€ 0 (2022: m€ 3.5).

Cash outflow from financing activities amounted to m€ 5.1 (2022: m€ 6.6) and chiefly included the dividend payment of m€ 6.7 (2022: m€ 10.0) and cash inflows from the cash pool of m€ 1.5 (2022: m€ 3.4).

From the 2023 financial year, cash inflows and outflows from cash pool receivables and cash pool liabilities were recognised in financing activities. The previous year's figures have been adjusted accordingly.

As at 31 December 2023, the debt ratio of Leifheit AG rose only slightly by 0.8 percentage points to 59.1% (2022: 58.3%). This key figure is calculated as a ratio of the sum of provisions and liabilities (= debts) to the total of equity and liabilities (= balance sheet total).

As at 31 December 2023, the liabilities mainly comprised provisions for pension obligations totalling m€ 62.1 (2022: m€ 61.3), other provisions totalling m€ 22.3 (2022: m€ 24.7) and liabilities totalling m€ 14.0 (2022: m€ 20.7). As in the previous years, Leifheit AG did not have any liabilities to banks.

Short-term revolving lines of credit in the amount of m€ 25.2 (2022: m€ 25.2) were available in financial year 2023, m€ 0.2 of which was utilised in the form of guarantees and credit cards as at 31 December 2023 (2022: m€ 0.2).

Net assets

The balance sheet total of Leifheit AG fell by m€ 16.6 year-on-year to m€ 166.4 as at 31 December 2023 (2022: m€ 183.0).

Non-current assets decreased by m€ 5.7 to m€ 71.3 (2022: m€ 77.0). The change was mainly due to the m€ 4.6 decrease in financial assets and the m€ 1.0 decline in tangible assets. The decrease in financial assets mainly concerns loan repayments to affiliated companies and offsetting related to the merger. In addition, the carrying amounts of the investments in the Chinese subsidiary Guangzhou Leifheit Trading Co. Ltd. and the French Birambeau S.A.S. were amortised.

Current assets fell by m€ 10.9 to m€ 95.0 (2022: m€ 105.9). Inventories fell by m€ 2.9 to m€ 30.1 (2022: m€ 33.0). Receivables and other assets decreased by m€ 12.7 to m€ 29.0 (2022: m€ 41.7), mainly owing to lower receivables from affiliated companies (caused primarily by the repayment of loans as part of short-term Group financing). Cash and cash equivalents increased by m€ 4.6 to m€ 35.8, chiefly due to improved cash flow from investing activities (2022: m€ 31.2).

Leifheit AG’s equity decreased by m€ 8.3 to m€ 68.0 (2022: m€ 76.3). This decrease was due to the payment of the dividend of m€ 6.7 and the net loss for the year of m€ 1.7. The equity ratio fell only slightly by 0.8 percentage points to 40.9% (2022: 41.7%).

Provisions for pensions and similar obligations rose by m€ 0.8 to m€ 62.1 (2022: m€ 61.3). Other provisions declined by m€ 2.4 to m€ 22.3 (2022: m€ 24.7), primarily due to lower provisions for compensation obligations.

Liabilities decreased by m€ 6.7 to m€ 14.0 (2022: m€ 20.7). The decline was mainly due to the change in trade payables contingent on the balance sheet date.

Balance sheet (short version) in m€	31 Dec 2022	31 Dec 2023
Intangible assets	0.7	0.7
Tangible assets	13.0	12.0
Financial assets	63.3	58.6
A. Non-current assets	**77.0**	**71.3**
Inventories	33.0	30.1
Receivables and other assets	41.7	29.0
Cash and cash equivalents	31.2	35.8
B. Current assets	**105.9**	**95.0**
C. Accrued expenses	**0.1**	**0.1**
Total assets	**183.0**	**166.4**
A. Equity	**76.3**	**68.0**
Provisions for pensions and similar obligations	61.3	62.1
Tax provisions	–	0.1
Other provisions	24.7	22.3
B. Provisions	**86.0**	**84.5**
C. Liabilities	**20.7**	**14.0**
Equity and liabilities	**183.0**	**166.4**

In financial year 2023, Leifheit AG invested m€ 1.1 (2022: m€ 0.6). Of this amount, m€ 0.3 was attributable to intangible assets (2022: m€ 0.2), mainly software; m€ 0.8 was attributable to tangible assets (2022: m€ 0.4), mainly for operating and office equipment. There were no considerable disposals of non-current assets in reporting period 2023. All investments in financial year 2023 have been largely completed.

As at 31 December 2023, there were contractual obligations to acquire items of non-current assets – mainly for equipment – in the amount of m€ 0.2 (2022: m€ 0.6). These will be financed by cash and cash equivalents.

In addition, there were obligations for marketing measures amounting to m€ 2.6 (2022: m€ 1.5) and from other contracts amounting to m€ 1.6 (2022: m€ 1.9).

Alongside the assets reported in the balance sheet, we also used – to a small extent – assets which were not recorded in the balance sheet. This largely concerned leased and rented goods, such as printers, copiers, software licences and leased premises.

Non-financial performance indicators/ Employees

Leifheit AG's non-financial performance indicators are largely concurrent with those of the Leifheit Group, which are described in the section entitled "Non-financial performance indicators".

Leifheit AG employed a total of 404 persons as at 31 December 2023 (2022: 422 persons). The average number of employees in financial year 2023 was 408 persons (2022: 428 persons).

Opportunities and risks

Leifheit AG is essentially subject to the same opportunities and risks as the Leifheit Group. As the parent company of the Leifheit Group, Leifheit AG is included in the Group-wide internal control and risk management system. Please consult the opportunities and risks report for explanations and quantitative statements.

Forecast

The anticipated business development of Leifheit AG is, for the most part, subject to the same influences as that of the Group. Please consult the section entitled "Forecast for the Group" for explanations and quantitative statements.

For financial year 2024, we anticipate a slight growth in turnover for household products at Leifheit AG. The sale of production materials to subsidiaries is to be largely discontinued over the course of 2024, as subsidiaries will purchase directly from suppliers in future. The exact date has not yet been set. All in all, therefore, we anticipate a sharp decline in turnover. We expect the operating result to be in the low single-digit million euro range.

Nassau/Lahn, 25 March 2024

Leifheit Aktiengesellschaft

The Board of Management

Alexander Reindler   Igor Iraeta Munduate   Marco Keul

Consolidated financial statements

Statement of comprehensive income

k€	Notes	2022	2023
Turnover	1	251,515	258,288
Cost of turnover	2	–154,271	–149,645
Gross profit		**97,244**	**108,643**
Research and development costs	3	–6,043	–5,235
Distribution costs	6	–77,896	–78.150
Administrative costs	7	–14,681	–18,587
Impairment of goodwill	20	–	–941
Other operating income	8	1,599	1,124
Other operating expenses	9	–379	–284
Foreign currency result	10	2,930	–555
Earnings before interest and taxes (EBIT)		**2,774**	**6,015**
Interest income	11	432	827
Interest expenses	12	–915	–2,094
Earnings before taxes (EBT)		**2,291**	**4,748**
Income taxes	13	–1,083	–1,545
Net result for the period		**1,208**	**3,203**
Contributions that are not reclassified in future periods in the statement of profit or loss			
Actuarial gains/losses on defined benefit pension plans	26	14,788	–5,275
Income taxes from actuarial gains/losses on defined benefit pension plans		–4,280	1,572
Contributions that may be reclassified in future periods in the statement of profit or loss			
Currency translation of foreign operations		644	–448
Currency translation of net investments in foreign operations		585	–611
Income taxes from currency translation of net investments in foreign operations		–190	182
Net result of cash flow hedges		–2,333	–940
Income taxes from cash flow hedges		683	259
Other comprehensive income		**9,897**	**–5,261**
Comprehensive income after taxes		**11,105**	**–2,058**
Earnings per share based on net result for the period (diluted and undiluted)	14	**€ 0.13**	**€ 0.34**

Balance sheet

k€	Notes	31 Dec 2022	31 Dec 2023
Current assets			
Cash and cash equivalents		36,319	41,275
Trade receivables	15	48,629	43,672
Inventories	16	62,452	50,213
Income tax receivables		1,106	192
Contractual assets	17	1,013	1,006
Derivative financial instruments	18	797	2
Other current assets	19	3,895	4,140
Total current assets		**154,211**	**140,500**
Non-current assets			
Intangible assets	20	17,771	16,479
Tangible assets	21	38,200	39,348
Right of use assets from leases	22	1,644	1,615
Deferred tax assets	13	4,162	5,603
Other non-current assets		83	85
Total non-current assets		**61,860**	**63,130**
Total assets		**216,071**	**203,630**
Current liabilities			
Trade payables and other liabilities	23	44,473	37,074
Income tax liabilities		29	531
Other provisions	24	6,270	4,286
Derivative financial instruments	18	193	712
Lease liabilities	25	436	573
Total current liabilities		**51,401**	**43,176**
Non-current liabilities			
Provisions for pensions and similar obligations	26	46,812	51,547
Other provisions	24	2,353	2,700
Deferred tax liabilities	13	1,736	1,235
Derivative financial instruments	18	67	47
Lease liabilities	25	1,250	1,092
Total non-current liabilities		**52,218**	**56,621**
Equity			
Subscribed capital	27	30,000	30,000
Capital surplus	28	17,164	17,183
Treasury shares	29	–7,350	–7,269
Retained earnings	30	73,476	70,018
Other reserves	31	–838	–6,099
Total equity		**112,452**	**103,833**
Total equity and liabilities		**216,071**	**203,630**

Statement of changes in equity

k€	Subscribed capital	Capital surplus	Treasury shares	Retained earnings	Other reserves	Total
As at 1 Jan 2022	**30,000**	**17,164**	**–7,350**	**82,259**	**–10,735**	**111,338**
Dividends – note 30	–	–	–	–9,991	–	–9,991
Comprehensive income after taxes	–	–	–	1,208	9,897	11,105
of which net result for the period	–	–	–	1,208	–	1,208
of which actuarial gains/losses on defined benefit pension plans – note 31	–	–	–	–	10,508	10,508
of which currency translation of foreign operations – note 31	–	–	–	–	644	644
of which currency translation of net investments in foreign operations – note 31	–	–	–	–	395	395
of which from cash flow hedges – note 31	–	–	–	–	–1,650	–1,650
As at 31 Dec 2022	**30,000**	**17,164**	**–7,350**	**73,476**	**–838**	**112,452**
Change in treasury shares	–	19	81	–	–	100
Dividends – note 30	–	–	–	–6,661	–	–6,661
Comprehensive income after taxes	–	–	–	3,203	–5,261	–2,058
of which net result for the period	–	–	–	3,203	–	3,203
of which actuarial gains/losses on defined benefit pension plans – note 31	–	–	–	–	–3,703	–3,703
of which currency translation of foreign operations – note 31	–	–	–	–	–448	–448
of which currency translation of net investments in foreign operations – note 31	–	–	–	–	–429	–429
of which from cash flow hedges – note 31	–	–	–	–	–681	–681
As at 31 Dec 2023	**30,000**	**17,183**	**–7,269**	**70,018**	**–6,099**	**103,833**

Statement of cash flow

k€	Notes	2022	2023
Net result for the period		1,208	3,203
Adjustment for expense of issuing employee shares	29	–	50
Depreciation and amortisation	4	7,507	8,985
Change in provisions		–2,809	–2,143
Result from disposal of fixed assets and other non-current assets		–18	–15
Change in inventories, trade receivables and other assets not classified as investment or financing activities		13,673	17,708
Change in trade payables and other liabilities not classified as investment or financing activities		–6,950	–7,450
Other non-cash expenses and income		1,410	437
Cash flow from operating activities		**14,021**	**20,775**
Investments from the sale of fixed assets and other non-current assets		130	165
Payments for the purchase of tangible and intangible assets	20, 21	–5,380	–8,868
Cash flow from investment activities		**–5,250**	**–8,703**
Change in treasury shares	29	–	50
Payments for lease liabilities	25	–575	–505
Dividends paid to the shareholders of the parent company	30	–9,991	–6,661
Cash flow from financing activities		**–10,566**	**–7,116**
Change in cash and cash equivalents		–1,795	4,956
Change in cash and cash equivalents due to exchange rates		24	–
Cash and cash equivalents at the start of the reporting period		**38,090**	**36,319**
Cash and cash equivalents at the end of the reporting period		**36,319**	**41,275**
Income taxes paid [1]		–1,945	–569
Income taxes received [1]		126	772
Interest paid [1, 2]		–86	–59
Interest received [1]		181	818

[1] Included in cash flow from operating activities.
[2] Mainly from safekeeping fees for credit balances at banks.

Notes:
General information as well as accounting and valuation principles

General information

Leifheit Aktiengesellschaft (Leifheit AG), whose registered office is at Leifheitstraße 1, Nassau/Lahn, Germany, focuses on the development and distribution of high-quality brand products for selected areas around the house. The company is entered in the Commercial Register of Montabaur Local Court under HRB 2857. Leifheit AG shares are traded in the Prime Standard on the Xetra, Frankfurt/Main, Berlin, Düsseldorf, Hamburg, Hanover, Stuttgart and Tradegate stock exchanges under ISIN DE0006464506.

In accordance with section 315e para. 1 of the German commercial code (HGB), the consolidated financial statements for 2023 have been prepared according to the International Financial Reporting Standards (IFRS) formulated by the International Accounting Standards Board (IASB) as applicable in the EU. All of the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and interpretations of the IFRS Interpretation Committee (IFRIC and SIC) requiring application in financial year 2023 were applied. The previous year's figures were calculated in accordance with the same principles.

The financial statements were drawn up in euros. The financial statements provide a true and fair view of the net assets, financial position and results of operations of the Leifheit Group. Unless stated otherwise, all figures are shown in thousands of euros (k€). Minor differences may occur when using rounded amounts and percentages due to commercial rounding.

The statement of profit or loss was prepared according to the cost of turnover method.

Leifheit AG, Nassau/Lahn, is the company that prepares the consolidated financial statements for the largest and smallest group of consolidated companies. The consolidated financial statements are published in the company register and are available on the internet at **https://www.leifheit-group.com/en/investor-relations/reports-and-presentations/**.

The Board of Management of Leifheit AG prepared the consolidated financial statements and approved them for publication on 25 March 2024. The period in which adjusting events would be accounted for expired as at this date.

Consolidation principles

The consolidated financial statements include Leifheit AG and the companies controlled by it. The Group controls a holding company specifically when it possesses all of the following attributes:

- full control over the holding company (i.e. based on its current rights, the Group is entitled to control those activities of the investee which have a significant influence on its returns),
- risk exposure or entitlements to fluctuating returns through its interests in the holding company and
- the ability to use its control over the holding company in such a way that influences the returns of the holding company.

If the Group does not hold the majority of voting rights or similar rights in a holding company, the Group must consider all facts and circumstances when assessing whether it has full control over the holding company.

These include:
- a contractual agreement with the other persons entitled to vote,
- rights resulting from other contractual agreements,
- voting rights and potential voting rights of the Group.

The financial statements of the subsidiaries are prepared using uniform accounting and valuation principles and as at the same balance sheet date as the financial statements of the parent company and the Group.

Acquired companies are included in the consolidated financial statements starting when control is obtained (acquisition date). Companies are deconsolidated at the point at which control is lost. Intragroup balances and transactions and resulting unrealised intragroup profits and losses as well as dividends are fully eliminated. Deferred taxes are recognised for temporary differences from consolidation as required by IAS 12.

The same consolidation methods were used for the financial statements for 2023 and 2022.

Business combinations

The purchase method in accordance with IFRS 3 (Business Combinations) is used for company acquisitions. All identifiable assets and liabilities are recognised at their fair value at the time of acquisition. Cost is measured as the total of the consideration transferred (valued at the fair value at the date of acquisition) and the value of the shares without controlling interest. Non-controlling interests continued to be carried at their share in the fair value of the identifiable assets and liabilities. If the cost of an interest exceeds the Group's share in the net assets of the company concerned as determined by this method, the resulting goodwill must be capitalised. Previously undisclosed reserves and liabilities are carried, written down or dissolved during subsequent consolidation in line with the corresponding assets and liabilities. Goodwill is tested at least annually for impairment at the level of the cash-generating units and written down to the recoverable amount as necessary. Once recognised, goodwill impairments are not reversed. Negative goodwill is recognised in profit or loss. Transaction costs incurred during the company acquisition are reported as administrative costs through profit or loss.

In step acquisitions, the share of equity that is already held is assessed again at the date of acquisition and the amount exceeding the book value is recognised in profit or loss. Contingent purchase price liabilities from business combinations are recognised at fair value on the balance sheet date. The adjustments of these liabilities are recognised as affecting net income in the statement of profit or loss.

Scope of consolidation

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

The scope of consolidation changed as follows:

Leifheit France S.A.S., Paris, France, was merged into Leifheit AG on 30 June 2023 by way of a Transmission Universelle de Patrimoine (TUP), as outlined in art. 1844-5 para. 3 of the French civil code. A TUP indicates the dissolution of one company through an act of dissolution by way of accretion without liquidation. The assets of the company to be dissolved, Leifheit France S.A.S., were transferred in full to the sole shareholder Leifheit AG.

The following companies based both inside and outside Germany were included in the consolidated financial statements in addition to Leifheit AG. Leifheit AG directly held the majority of the voting rights in these companies as at 31 December 2023.

	Date of initial consolidation	Interest in capital and voting rights in 2023 in %
Unterstützungseinrichtung Günter Leifheit e.V., Nassau (DE)	1.1.1984	–
Leifheit España S.A., Madrid (ES)	1.1.1989	100.0
Leifheit s.r.o., Blatná (CZ)	1.1.1995	100.0
Leifheit International U.S.A. Inc., Hauppauge, NY (US)	1.1.1997	100.0
Birambeau S.A.S., Paris (FR)	1.1.2001	100.0
Leifheit-Birambeau S.A.S., Paris (FR)	1.1.2001	100.0
Leifheit Distribution S.R.L., Bucharest (RO)	18.12.2007	100.0
Herby Industrie S.A.S., La Loupe (FR)	1.7.2008	100.0
Leifheit CZ a.s., Hostivice (CZ)	1.12.2011	100.0
Leifheit Polska Sp. z o.o., Warsaw (PL)	11.10.2012	100.0
Soehnle GmbH, Nassau (DE)	25.6.2015	100.0
Leifheit Österreich GmbH, Wiener Neudorf (AT)	6.6.2016	100.0
Guangzhou Leifheit Trading Co., Ltd, Guangzhou (CN)	4.6.2018	100.0

Foreign currency translation

Where individual financial statements of consolidated companies are prepared in local currencies, monetary items in foreign currencies (cash and cash equivalents, receivables, liabilities) are measured at the exchange rate as at the balance sheet date, with any differences recognised in profit or loss. Exceptions to this include translation differences for monetary items which substantially form part of the net investment in an independent foreign entity (e.g. non-current loans replacing equity). Currency translation of the financial statements of consolidated companies prepared in foreign currencies is performed on the basis of the functional currency concept using the modified closing rate method in accordance with IAS 21.

The exchange rates applied to the translation of the material currencies are shown in the following table:

	Mid-market rate as at balance sheet date		Annual average rate	
Basis: € 1	31 Dec 2022	**31 Dec 2023**	2022	**2023**
CZK	24.12	24.73	24.56	24.00
USD	1.07	1.11	1.05	1.08
PLN	4.68	4.34	4.69	4.54
HKD	8.33	8.63	8.25	8.47
CNH	7.42	7.84	7.09	7.67

As our subsidiaries and branches operate independently in financial, commercial and organisational terms, their functional currency is the local currency. For inclusion in the consolidated financial statements, the assets and liabilities of the subsidiaries and branches are translated at the exchange rate as at the balance sheet date, and income and expenses are translated at annual average exchange rates. The cumulative difference arising from currency translation is recognised in other reserves in equity. Exchange rate differences that arise as against the previous year's translation are also included in the other reserves without affecting net income.

Assessment of fair value

The fair value is the price which would be received for the sale of an asset or paid for the transfer of a liability in the context of an orderly business transaction between market participants on the valuation date. The assessment of the fair value is based on the presumption that the business transaction in the context of which the asset is sold or the liability is transferred occurs in either the primary market for the asset or liability in question or, where no primary market exists, the most advantageous market for the asset or liability in question. The Group must have access to the primary or most advantageous market.

The fair value of an asset or a liability is determined by reference to the assumptions on which the market participants would base their pricing of the asset or liability. In this regard, it is assumed that the market participants would thereby be acting in their own best economic interests. The assessment of the fair value of a non-financial asset takes account of the market participant's capability to generate economic benefits by opting to use the asset to the greatest and best degree or to sell it to another market participant able to use it to the greatest and best degree. The Group applies valuation techniques which are appropriate in the individual circumstances and for which sufficient data is available to carry out an assessment of the fair value. In this context, relevant and observable input factors are to be applied to the greatest possible extent and the application of non-observable input factors is to be kept to a minimum.

All assets and liabilities for which the fair value is determined or reported in the financial statements are classified in accordance with the following fair value hierarchy, based on the input parameter at the lowest level which is of overall significance for the valuation at fair value.

- Level 1: (Unadjusted) prices quoted in active markets for identical assets or liabilities

- Level 2: Assessment procedures for which the input parameter at the lowest level which is of overall significance for the valuation at fair value can be observed either directly or indirectly in the market

- Level 3: Assessment procedures pursuant to which the input parameter at the lowest level which is of overall significance for the valuation at fair value cannot be observed in the market

In the case of assets or liabilities which are recognised in the financial statements on a recurring basis, the Group will decide whether the levels within the hierarchy have changed by carrying out a review of the classification (on the basis of the input parameter at the lowest level which is of overall significance for the valuation at fair value) at the end of each reporting period.

Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into a given amount of cash at any time and are subject to an insignificant risk of changes in value.

Cash and cash equivalents are measured at amortised cost (nominal value). Their remaining term – calculated from the acquisition date – is not more than three months.

Inventories

Inventories are recognised at the lower of acquisition and manufacturing cost or net realisable value. Cost is measured on the basis of the weighted average cost method.

The cost of internally manufactured products includes the full production cost calculated on the basis of a normal capacity utilisation. In detail, manufacturing cost includes the direct costs directly attributable to products (e.g. material and labour) and fixed and variable production overheads (e.g. material and production overheads, depreciation and amortisation). In particular, costs incurred by the specific cost centres are taken into account.

The risks in holding inventories due to reduced realisable value are taken into account through appropriate write-downs, which are recognised as cost of turnover. These write-downs are calculated on the basis of the future sales plan or actual consumption. Depending on the respective inventory item, individual periods are applied and subsequently reviewed and modified using objective evaluation criteria. The lower net realisable value at the balance sheet date is taken into account in the valuation. Expected total costs have been included in the calculation of lower net realisable value since financial year 2022. If the circumstances which previously caused inventories to be written down no longer apply such that the net realisable value is increased, the resulting increase in value is recognised as a reduction in the cost of turnover.

In the case of contracts that grant a customer the right to return an item, turnover is recognised to the extent that it is highly likely that there will be no material correction to the cumulative turnover amount. As a result, the amount of recognised turnover is adjusted for the expected returns estimated on the basis of historical data for the individual customer. In these cases, a reimbursement obligation and an asset are recognised for the right to return the products.

The asset for the right to return the products is measured at the previous book value of the product less anticipated return costs. If the product is taken back, it is capitalised at its former book value. Any difference is recognised in profit and loss.

Intangible assets

Patents, licences and software

Expenses for patents and licences are capitalised and subsequently amortised over their expected useful life on a straight-line basis. The estimated useful life of patents and licences varies between three and fifteen years. Assets are regularly tested for indications of an impairment.

The cost of new software and implementation costs are capitalised and treated as an intangible asset unless these costs are not an integral part of the associated hardware. The economic useful life is three to eight years.

Brands

Consideration paid for brands is capitalised. Brands are recognised as intangible assets with indefinite useful lives if no time limit can be set for the period during which the asset generates economic benefits for the company. Brands are not amortised, and instead are tested at least annually for possible impairment in accordance with IAS 36 and written down to their recoverable amount where necessary.

Goodwill

The excess of the cost of an acquisition over the company's interest in the fair value of the identifiable assets and liabilities acquired on the acquisition date is known as goodwill and is recognised as an asset. Goodwill is not amortised, and instead is tested at least annually for possible impairment in accordance with IAS 36 and written down to the recoverable amount where necessary.

For the purpose of the impairment test, goodwill as of the acquisition date is allocated to the cash-generating units at the lowest level of the company at which goodwill is monitored for internal management purposes.

Tangible assets

Tangible assets are measured at acquisition or manufacturing cost less scheduled depreciation. If there is an indication of an impairment, an impairment test is performed and, where necessary, an impairment recognised. If the reasons for the impairment no longer apply, it is reversed to amortised cost.

If items of tangible assets are sold or scrapped, the corresponding acquisition costs and accumulated depreciation are derecognised. A realised profit or loss on sale is recognised in the statement of profit or loss.

The cost of an item of tangible assets comprises the purchase price including import duties and non-refundable purchase taxes, and any directly attributable costs incurred for bringing the asset into working condition and to the location for its intended use. Subsequent expenses, such as maintenance and repair costs arising after the non-current assets are put into operation, are recorded as expenses in the period in which they are incurred.

The useful lives and depreciation methods for tangible assets are reviewed periodically to ensure that the method of depreciation and the depreciation period comply with the expected useful life of the tangible assets. If a useful life has to be adjusted, this is done prospectively as at the date of reassessment.

Assets under construction are classified as unfinished tangible assets and are carried at cost. Assets under construction are depreciated from the time at which the respective asset is completed and used in operation.

Depreciation is performed on a straight-line basis using the expected useful life:

	Years
Buildings	25–50
Technical equipment and other machinery	5–10
Operating and office equipment	3–13

Impairment of tangible and intangible assets

Tangible assets and intangible assets are tested for impairment if there is a change in circumstances or there are material grounds for believing that the book value of an asset may not be recoverable (IAS 36). Once the book value of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss. The recoverable amount is the higher of the asset's net selling price and its value in use.

The net selling price is the amount that can be realised from the sale of an asset in an arm's length transaction (fair value) less the cost of disposal.

Value in use is the present value of the estimated future cash flows expected to be generated from the continuing use of an asset and its disposal at the end of its useful life. The recoverable amount is identified for each asset individually or, where this is not possible, for the cash-generating unit to which the asset belongs.

Right of use assets from leases

Leases are to be recognised on the balance sheet of the lessee in accordance with IFRS 16. A lessee recognises a right-of-use asset, which constitutes its right to use the underlying asset, and a lease liability, which constitutes its obligation to make lease payments. Lessors categorise leases as finance leases or operating leases.

The Group only has leases in which the Group is the lessee. Assets and liabilities were recognised for leases in relation to leased office space and leased vehicles. Some leases contain extension and termination options in the lessee's favour. Assumptions were made regarding the exercise of contractually agreed options to extend the lease beyond the non-cancellable basic term, provided that it is sufficiently certain that these options will be exercised.

The Group made use of the simplification rule for leasing agreements for low-value assets. Leased assets with a value of no more than k€ 5 are defined as low-value assets. In accordance with IFRS 16.4, the option is used not to apply IFRS 16 to leases of intangible assets.

On the date of provision or when a contract containing a lease component is amended, the Group allocates the contractually agreed remuneration on the basis of the relative individual selling prices. In the case of property leases, the Group has decided to consider leasing and non-leasing components separately.

On the date of provision, the Group recognises an asset for the right of use granted and a lease liability. The right of use is initially measured at acquisition cost, which is equal to the initial measurement of the lease liability, adjusted for payments made on or before the date of provision, plus any initial direct costs and the estimated costs of dismantling or removing the underlying asset or of restoring the underlying asset or the site on which it is located, less any lease incentives received.

The right to use the asset is then depreciated on a straight-line basis from the date of provision to the end of the lease term unless ownership of the underlying asset is transferred to the Group at the end of the lease term or the cost of the right to use the asset includes an element indicating that the Group will exercise a purchase option. In this case, the right of use is amortised over the useful life of the underlying asset, which is determined in accordance with the rules for tangible assets. In addition, the right of use is continuously adjusted for impairment where necessary and adjusted for certain revaluations of the lease liability.

Initially, the lease liability is discounted at the present value of the lease payments not yet made on the provision date at the interest rate underlying the lease or, if this cannot be determined readily, at the Group's incremental borrowing rate. The Group normally uses its incremental borrowing rate as the discount rate. To determine its incremental borrowing rate, the Group obtains interest rates from various external financial sources and makes certain adjustments by taking the terms of the lease and the nature of the asset into account.

The lease liability is measured at amortised book value using the effective interest method. It is remeasured if the future lease payments change due to a change in an index or interest rate, if the Group adjusts its estimate of the expected payments under a residual value guarantee, if the Group changes its assessment regarding the exercise of a purchase, renewal or termination option or if a de facto fixed lease payment changes.

Such a remeasurement of the lease liability results in a corresponding adjustment to the book value of the right of use or, if the book value of the right of use has decreased to zero, an adjustment is made to the book value of the right of use in the statement of profit or loss.

Leases that do not fall under IFRS 16, or for which an option not to apply IFRS 16 is exercised, are recognised as expenses in the statement of profit or loss on a straight-line basis over the term of the lease.

Research and development costs

Research costs cannot be capitalised in accordance with IAS 38 and are therefore recognised directly as an expense in the statement of profit or loss.

Development costs are capitalised in accordance with IAS 38 if they can be clearly allocated and both the technical feasibility and marketing of the newly developed products are ensured. Furthermore, there must be sufficient probability that the development work will generate future economic benefits. Leifheit has smaller research and development projects involving further development of existing products and/or components. They are not recorded in terms of development cost to be capitalised for reasons of negligibility (both individually and as a whole). For larger research and development projects, the point at which it is clear whether future benefits will be generated from the potential product is extremely late in the overall course of the project, which means that the costs allocated to development are immaterial and, as with research costs, recognised in profit or loss.

Deferred taxes

Deferred taxes are recognised using the balance sheet liability method for all temporary differences between the tax base of an asset or liability and its amount in the consolidated balance sheet (temporary concept). A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences insofar as it is likely that future taxable income will be available for which they can be used. Future taxable profits are calculated on the basis of reversing taxable temporary differences. If the amount is not sufficient to fully capitalise deferred tax assets, the future taxable profits – considering the reversal of temporary differences – are calculated on the basis of the subsidiaries' business plans. Deferred tax assets are reviewed on each reporting date and reduced insofar as it is no longer likely that the associated tax benefit will be realised. Write-ups are recognised if the probability of future taxable income increases. In addition, deferred tax assets from loss carry-forwards are recognised if or insofar as it can be assumed that it is highly probable that Leifheit will be able to utilise these tax loss carryforwards over the next five years.

Deferrals are made in the amount of the probable tax liability or relief in the following financial years based on the prevailing tax rate at the realisation date.

Deferred tax assets whose realisation is or becomes improbable are not recognised or adjusted.

Deferred taxes are reported separately within the non-current items on the balance sheet.

Other provisions

Under IAS 37, other provisions are recognised where there is a current obligation to third parties as a result of a past event which will probably lead to an outflow of resources and which can be reliably estimated.

Provisions for warranty claims mainly relate to products that have been sold in the last 18 months and are based on estimates derived from historical warranties for similar products. These are warranty commitments which provide the customer with an assurance that the product fulfils the contractually agreed specifications. There are therefore no separate performance obligations. These provisions are recognised at the time the underlying products are sold to the customer.

The remaining other provisions are recognised under IAS 37 for all identifiable risks and uncertain obligations in the amount that is likely to be required to settle them and are not offset against reimbursement claims.

Provisions for impending losses are recognised at the cost of fulfilment, which includes the costs directly attributable to the lossmaking contract and the costs that would not be incurred without the existence of the contract.

Other provisions which do not lead to an outflow of resources in the following year are recognised at the discounted amount required to settle the obligations at the balance sheet date. The discount rate is based on market interest rates.

Share-based payment

The obligations of share-based payment, which provide for a settlement in cash, are calculated during the vesting period on the basis of analyses using Monte Carlo simulations. The obligations are accumulated on a pro rata temporis basis over the respective vesting period.

Provisions for pensions and similar obligations

The actuarial valuation of the defined benefit obligation arising out of the defined benefit plans is based on the projected unit credit method. Revaluations, including actuarial gains and losses, are directly recorded on the balance sheet and included in other reserves via other comprehensive income in the period in which they accrue. Revaluations may not be reclassified as profit or loss in subsequent periods. Any adjustments to the pension plans are recognised in profit or loss.

In addition to the post-employment benefits and vested benefits known on the balance sheet date, this method also takes into account expected future increases in salaries and pensions.

Equity

Treasury shares reduce the equity reported in the balance sheet under a separate item. The acquisition of treasury shares is shown as a change in equity. Any sale, issue or cancellation of treasury shares is recognised without affecting net income. Consideration received is recognised in the financial statements as a change in equity.

Provisions for currency translation are recognised in other reserves to account for exchange rate differences arising from the consolidation of the financial statements of independent foreign subsidiaries or branches.

Exchange rate differences for monetary items which become a part of the company’s net investment in an independent foreign entity, such as long-term loans, are recognised in equity in the consolidated financial statements without affecting net income until disposal or repayment. When the relevant assets are sold, the currency translation reserves are recognised in other reserves as income or expenses in the same period in which the profit or loss from the sale is recognised.

Revaluations, including actuarial gains and losses arising out of the valuation of pension obligations, are recorded in other reserves.

Profits and losses from effective hedging transactions are likewise recorded as not affecting net income in the reserve for hedging cash flows in other reserves, to the extent that effectiveness can be demonstrated.

Financial instruments

Recognition and initial measurement

Trade receivables are recognised from the date on which they arise. All other financial assets and liabilities are recognised for the first time on the trade date on which the Group becomes a party to the contract in accordance with the contractual provisions of the instrument.

Financial assets (with the exception of trade receivables without any material financing components) and financial liabilities are initially measured at fair value. In the case of items not measured at fair value through profit or loss, transaction costs directly attributable to acquisition or issuing are added. Trade receivables without any material financing components are initially measured at the transaction price.

Financial assets – categorisation, subsequent measurement and impairment

Financial assets are categorised and measured as follows at initial measurement:

- At amortised cost,
- FVOCI debt instruments measured at fair value through other comprehensive income,
- FVOCI equity instruments measured at fair value through other comprehensive income,
- FVTPL fair value through profit or loss.

Financial assets are not recategorised following initial recognition unless the Group changes the business model with which it manages the financial assets. If the business model is changed, all financial assets affected are reclassified on the first day of the reporting period following the date on which the business model is changed.

A financial asset is measured at amortised cost if both of the following conditions are met and it has not been designated for measurement at fair value through profit or loss:

- It is held within a business model in which the objective is to hold the financial asset to collect the contractual cash flow, and
- the contractual terms of the financial asset give rise to cash flows at specified dates which solely comprise payments of principal and interest on the principal amount outstanding.

A debt instrument is designated at fair value through other comprehensive income if both of the following conditions are met and it has not been designated for measurement at fair value through profit or loss:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- its contractual terms give rise to cash flows at specified dates which solely comprise payments of principal and interest on the principal amount outstanding

If an equity investment is not held for trading, the Group can make an irrevocable decision at its initial recognition to measure subsequent changes at fair value through other comprehensive income. This decision is made on a case-by-case basis for each investment.

All financial assets not measured at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss. This includes all derivative financial assets. Even if an instrument meets the requirements to be measured at amortised cost or at fair value through other comprehensive income, the Group can make an irrevocable decision at its initial recognition to designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces inconsistency in measurement or recognition (known as an accounting mismatch).

Assessment of the business model

The Group makes an assessment regarding the objectives of the business model in which the financial asset is held at portfolio level because this provides the best reflection of the manner in which business is conducted and information is provided to management.

Information to be taken into consideration includes:

- the stated guidelines and objectives applying to the portfolio and implementation of these guidelines in practice; this includes whether management's strategy is geared towards collecting contractual interest income, maintaining a certain interest rate profile, matching the term of a financial asset with the term of an associated liability or expected cash outflows, or realising cash flows by selling the asset,
- how the results of the portfolio are analysed and reported to Group management,
- the risks that affect the results of the business model (and the financial assets held under this business model) and how these risks are managed,
- how management is remunerated – e.g. whether remuneration is based on the fair value of assets under management or on collected contractual cash flows,
- frequency, extent and timing of sales of financial assets in previous periods and expectations regarding future sales activities.

Transfers of financial assets to third parties that do not result in derecognition are consistent with the fact that the Group continues to balance the assets but does not recognise any sales for this purpose.

Financial assets that are held for trading or managed, whose value development is assessed on the basis of their fair value, are measured at fair value through profit or loss.

Assessment whether the contractual cash flows consist solely of payments of principal and interest on the principal amount outstanding

For the purpose of this assessment, the principal amount is defined as the fair value of the financial asset at initial recognition. Interest is defined as a charge for the fair value of the money and for the default risk associated with the principal amount outstanding over a certain period of time, together with other fundamental credit risks, costs (such as liquidity risk and administrative costs) and a profit mark-up.

The Group takes the instrument's contractual terms and conditions into account when assessing whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding. This includes an assessment as to whether the financial asset includes a contractual agreement that could change the timing or amount of the contractual cash flows with the result that they no longer meet these requirements.

In this assessment, the Group takes into account the following:

- certain events that would change the amount or timing of the cash flows,
- conditions that would change the interest rate, including variable interest rates,
- options for early repayment and extensions,
- terms and conditions that limit the Group's claims to cash flows from a particular asset (e.g. no entitlement to recourse).

An option for early repayment is consistent with the criterion that payments are solely payments of principal and interest on the principal amount outstanding if the amount of the early repayment primarily comprises unpaid interest and principal on the principal amount outstanding, although this can include appropriate remuneration for the early termination of the contract.

In addition, a condition applying to a financial asset acquired at a premium or a discount compared to the nominal contractual value that allows or requires early repayment at an amount that largely equates to the nominal contractual value plus accrued (but not paid) contractually agreed interest (which can include appropriate remuneration for the early termination of the contract) is regarded as being consistent with the criterion, provided the fair value of the early repayment option is not significant in the first place.

Subsequent measurement and gains and losses

Financial assets measured at fair value through profit or loss	These assets are subsequently measured at fair value. Net gains and losses, including all interest and dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. Amortised costs are lowered by impairments. Interest income, currency translation gains and losses, and impairments are all recognised in profit or loss. Gains and losses from derecognition are recognised in profit or loss.
Debt instruments measured at fair value through other comprehensive income	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, currency translation gains and losses and impairments are recognised in profit or loss. Other net gains or losses are recognised in other comprehensive income. At derecognition, cumulative other comprehensive income is reclassified to profit or loss.
Equity investments measured at fair value through other comprehensive income	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the clear purpose of the dividends is to cover part of the costs of the investment. Other net gains or losses are recognised in other comprehensive income and never reclassified to profit or loss.

Impairment

The Group assesses at each balance sheet date whether the credit rating of financial assets at amortised cost or debt instruments measured at fair value through profit or loss is impaired. A financial asset's credit rating is impaired if one or more events occur that have an adverse effect on the expected future cash flows of the financial asset.

Indicators that the credit rating of a financial asset is impaired include the following:

- significant financial difficulties of the debtor,
- a breach of contract, such as a default or a delay of more than 120 days,
- probability that the debtor will go into insolvency or other reorganisation proceedings.

In accordance with IFRS 9, impairments for expected credit losses are recognised for financial assets classified for measurement at amortised cost. This includes the use of forward-looking information and estimation parameters. For materiality reasons, in accordance with IAS 1.82 (ba), no separate disclosures are made regarding impairments recognised in the statement of profit or loss in the reporting period.

Expected credit losses are recognised on the basis of a general three-level model for impairment allocation:

Level 1: Expected credit losses within the next 12 months
Level 1 includes all contracts that have not had a significant increase in credit risk since initial recognition. Expected credit losses of an instrument attributable to possible default events within the next 12 months are recognised.

Level 2: Expected credit losses over the entire term – credit rating not impaired
Financial assets are allocated to level 2 if there has been a significant increase in credit risk since initial recognition of the financial asset, but their credit rating is not impaired. Expected credit losses that are attributable to default events over the entire term of the financial asset are recognised as impairments.

Level 3: Expected credit losses over the entire term – credit rating impaired
Financial assets are allocated to level 3 if they are credit-impaired or they were defaulted on. Expected losses throughout the entire lifetime of the financial asset are recognised as impairments.

The assessment of probability of default takes into account both external information and resulting probabilities of default as well as internal information on the credit quality of the financial asset.

When it comes to trade receivables and contractual assets without significant financing components pursuant to IFRS 15, Leifheit applies the simplified approach according to IFRS 9. Under this approach, the impairment from initial recognition of the receivable is calculated for the life of the receivable. The default history for the past financial year and the two previous financial years is used as the basis. The external information drawn on in this context includes individual and continuously updated data on the counterparties as well as forward-looking information (country risks).

The gross book value of a financial asset is depreciated if the Group does not believe, based on reasonable estimates, that all or part of the financial asset can be realised. In the case of business customers, the Group makes an individual assessment of the timing and amount of the depreciation based on whether there is a reasonable expectation of recovery. The Group does not expect to recover the depreciated amount to any significant extent. Depreciated financial assets may nevertheless be subject to enforcement measures to collect overdue receivables in order to comply with the Group's policy.

The Group does not apply the three-level expected credit loss model to financial assets that only have a low risk of default at acquisition (investment grade – Standard & Poor's AAA–BBB). Instead, these assets are always assigned to level 1 of the expected credit loss model and an impairment is recognised on 12-month expected credit losses. Such assets include bank deposits in particular, as funds are deposited on a short-term basis at banks with high credit ratings that are part of a deposit guarantee scheme.

Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified and measured either at amortised cost or at fair value through profit or loss. A financial liability is classified at fair value through profit or loss if it is classified as held for trading, a derivative or designated as such at initial recognition.

Financial liabilities measured at fair value through profit or loss are measured at fair value; gains and losses, including interest expenses, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expenses and currency translation differences are recognised in profit or loss. Gains and losses from derecognition are also recognised in profit or loss.

Derecognition

The Group derecognises a financial asset if contractual rights to cash flows from the financial asset expire or if it transfers rights to receive cash flows within a transaction whereby all material risks and opportunities associated with ownership of the financial asset are also transferred.

A financial asset is also derecognised if the Group neither transfers nor retains all risks and opportunities associated with ownership and does not retain control over the transferred asset.

The Group conducts transactions in which it transfers the recognised asset but retains either all or all material risks and opportunities resulting from the transferred asset. In these cases, the transferred assets are not derecognised.

The Group derecognises a financial liability if the contractual obligations are met or suspended or if they lapse. The Group also derecognises a financial liability if its contractual terms and conditions are adjusted and the cash flows from the adjusted liability change significantly. In this case, a new financial liability is recognised at fair value based on the adjusted terms and conditions.

When a financial liability is derecognised, the difference between the book value of the redeemed liability and the remuneration paid (including non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and liabilities are netted and recorded as net amounts on the balance sheet if the Group has a present and enforceable legal entitlement to offset amounts and the intention is to either offset the net amounts or replace the associated liability at the same time as liquidating the asset concerned.

Derivative financial instruments and hedge accounting

The Group maintains derivative financial instruments to hedge against currency risks. In certain circumstances, embedded derivatives are separated from the underlying contract and recognised separately.

Derivatives are measured at fair value at initial recognition. At subsequent measurement, derivatives are measured at fair value. Any resulting changes are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments in order to hedge fluctuations in cash flows that are associated with highly probable transactions resulting from changes in exchange rates.

At the beginning of the hedge, the Group documents the risk management objectives and strategies it is pursuing with regard to the hedge. The Group also documents the economic relationship between the hedged transaction and the hedging instrument and whether it is anticipated that changes in cash flows from the hedged transaction and the hedging instrument will balance each other out.

Cash flow hedges

When a derivative is designated as a cash flow hedge instrument, the effective portion of changes to the fair value is recognised in other comprehensive income and cumulated in the hedging reserve. The effective portion of the changes to the fair value, which is recognised in other comprehensive income, is limited to the cumulative change in fair value of the hedged transaction (calculated on the basis of the present value) since the hedge inception date. The ineffective portion of changes in the fair value of the derivative is recognised directly in profit or loss.

The Group only recognises changes in fair value of the spot rate element of forward foreign exchange transactions as a hedging instrument in the hedging of cash flows. Changes in the fair value of the forward element of forward foreign exchange transactions (forward points) are recognised separately as costs associated with the hedge and added to a reserve for hedging costs in equity.

If a hedged expected transaction subsequently leads to the recognition of a non-financial item, such as inventories, the cumulative amount from the hedge reserve and the reserve for hedging costs is directly included in the cost of the non-financial item when this item is recognised.

In the case of all other hedged expected transactions, the cumulative amount that has been added to the hedge reserve and the reserve for hedging costs is reclassified into profit or loss in the period or periods in which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the hedge accounting criteria or if the hedging instrument is sold, expires, is terminated or is exercised, the hedge is ended. When hedge accounting is discontinued, the amount added to the hedge reserve remains in equity until, in the case of a hedge that results in the recognition of a non-financial item, this amount is included in the acquisition cost of the non-financial item at initial recognition or, in the case of other cash flow hedges, the amount is reclassified into profit or loss in the period or periods in which the hedged expected future cash flows affect profit or loss.

If it is no longer expected that hedged future cash flows will materialise, amounts added to the hedge reserve and the reserve for hedging costs are immediately reclassified into profit or loss.

Recognition of income and expenses

The Group recognises revenue from the sale of products when it fulfils a performance obligation through the transfer of a promised asset (product) to a customer. An asset is regarded as transferred at the time when the customer obtains control of that asset.

When it comes to contracts with customers, the sale of products is generally expected to be the sole performance obligation. Under IFRS 15, turnover is recognised as soon as a customer obtains control of the goods. Leifheit takes the following aspects into account in application.

In line with the transfer of control, revenue is to be recognised either at a point in time or over time in the amount to which the Group is expected to be entitled. Based on the following indicators, Leifheit has determined that the performance obligation is discharged when the products are transferred to the customer, and therefore turnover is recognised at a point in time when:

- Leifheit has a current entitlement to receive payment for the asset,
- the customer has legal title to the asset,
- Leifheit has transferred physical possession of the asset,
- the significant risks and rewards of ownership of the asset have been transferred to the customer,
- the customer has accepted the asset.

The Group's key markets are in Germany and Central Europe. For supplies of products, Group entities conclude agreements with customers that define the date of the performance obligation.

The consignment stock agreements with our customers are structured in such a way that customers obtain the power of disposal over the products when the products are delivered to the consignment warehouses. This means that, pursuant to IFRS 15, the turnover is already reported at the time of delivery to the consignment warehouse and not at the time of removal from the consignment warehouse.

If a contract with a customer includes the right to return the products within a certain period, turnover for these contracts is recognised, provided it is highly likely that no material correction of the recognised turnover will take place.

The cost of turnover includes costs incurred to generate turnover and the cost of merchandise purchased and held for resale. This item also includes the cost of additions to provisions for warranty obligations.

Distribution costs include labour and materials costs and the depreciation and amortisation attributable to distribution activities, as well as shipment, advertising, sales promotion, market research and customer service costs, and freight out.

Administrative costs include labour and materials costs and the depreciation and amortisation attributable to administration.

Taxes such as property tax and vehicle tax are attributed to production, research and development, distribution or administrative costs in line with the respective source.

Interest income and interest expenses are recognised on a pro rata basis. For all financial instruments measured at amortised cost, interest income and expenses are recognised using the effective interest rate. This is the interest rate used to discount the estimated future cash inflows and outflows over the expected term of the financial instrument, or, where applicable, over a shorter period, precisely to the net book value of the financial asset or financial liability.

Borrowing costs

All borrowing costs are recognised as an expense affecting net income in the period in which they are incurred.

Contingent liabilities and assets

Contingent liabilities are not recognised in the financial statements. They are disclosed in the notes, except in cases where the probability of an outflow of resources embodying economic benefits is very low. Contingent assets are also not recognised in the financial statements. However, they are disclosed in the notes if the accrual of economic benefits is probable.

Use of discretionary decisions and estimates

The preparation of the consolidated financial statements requires the Board of Management to make discretionary decisions and estimates relating to the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Discretionary decisions

No discretionary decisions were made in respect of the application of accounting policies that would have had a material impact on the amounts recognised in the financial statements.

Assumptions and estimation uncertainties

Information on assumptions and estimation uncertainties as at the reporting date, which may give rise to a significant risk that a material adjustment to the carrying amounts of the recognised assets and liabilities will be required within the next financial year, is contained in the following notes:

- Note 16: Inventories
  Loss-free valuation of inventories, estimation of realisable prices and costs to be taken into account

- Note 20: Intangible assets
  Impairment test of intangible assets and goodwill: key assumptions underlying the calculation of the recoverable amount

- Note 24: Other provisions
  Recognition and measurement of provisions: key assumptions about the probability and extent of the inflow or outflow of benefits

- Note 24 and note 37: Board of Management remuneration
  Provision for variable long-term Board of Management remuneration, key actuarial assumptions

Events after the balance sheet date

Events after the balance sheet date that provide additional information on the situation of the Group at the balance sheet date (recognisable adjusting events) are recognised in the financial statements. Non-adjusting events after the balance sheet date that do not have to be recognised are shown in the notes if they are material.

Changes in accounting and valuation principles

New accounting standards applied for the first time

Standard/interpretation		Application obligation for financial years starting on or from	Adopted by the European Commission
Amendment to IFRS 17	Insurance contracts	1.1.2023	Yes
Amendment to IAS 1	Description of accounting policies	1.1.2023	Yes
Amendment to IAS 8	Definition of accounting estimates	1.1.2023	Yes
Amendment to IAS 12	Deferred taxes in connection with assets and liabilities from a single transaction	1.1.2023	Yes
Amendment to IAS 12	Reform of the international tax system (model rules for Pillar 2)	1.1.2023	Yes

Leifheit applied the aforementioned standards and amendments published by the IASB for the first time in financial year 2023. The initial application of these standards did not have any material impact on the consolidated financial statements.

New accounting standards to be applied in future

Standard/interpretation		Application obligation for financial years starting on or from	Adopted by the European Commission
Amendment to IAS1	Classification of liabilities as current or non-current, deferral of the date of initial application and non-current liabilities with ancillary conditions	1.1.2024	Yes
Amendment to IFRS 16	Lease liabilities in sale and lease-back transactions	1.1.2024	Yes

Leifheit has not opted for the early application of the standards and amendments that have been adopted into European Union law (endorsed), but for which application has not yet become mandatory. The future application of these standards is not expected to have a material impact on the consolidated financial statements.

New accounting standards not yet recognised

Standard/interpretation		Application obligation for financial years starting on or from	Adopted by the European Commission
Amendment to IAS 7 and to IFRS 7	Supplier financing agreements	1.1.2024	No
Amendment to IAS 21	Lack of exchangeability	1.1.2025	No
Amendment to IFRS 10 and IAS 28	Sale or deposit of assets between an investor and its associate or joint venture	Postponed indefinitely by the IASB	No

The IASB has published the listed standards and amendments that were neither mandatory nor recognised by the EU in financial year 2023. These standards have not been and are not applied by Leifheit. From today's perspective, no material effects on the consolidated financial statements are expected in the event of recognition.

Segment reporting

For corporate management purposes, the Leifheit Group is divided into business segments and presented in the reportable segments Household, Wellbeing and Private Label.

Segmentation is based on regular internal reporting and includes the reportable segments.

Household segment: This is where the Leifheit brand and products from the cleaning, laundry care and kitchen goods categories are developed, produced and distributed. The Household segment also includes production at the Czech location in Blatná.

Wellbeing segment: This is where the Soehnle brand and a range of weighing scales and air treatment units are developed and marketed.

Private Label segment: Products from the laundry care and kitchen goods categories are developed, produced and distributed with the French subsidiaries Birambeau S.A.S. and Herby S.A.S. and primarily marketed as private-label brands. The Birambeau and Herby business segments are reported separately in the regular internal reports. However, the segments are aggregated in the segment reporting on account of their current and anticipated future comparable gross margins and comparable economic characteristics.

The Board of Management monitors the result generated by the business segments for the purposes of deciding upon the allocation of resources and ascertaining the profitability of the units. The performance of the business segments is assessed on the basis of the result generated and evaluated in line with the result as reported in the consolidated financial statements. The financing of the Group (including financial expenses and income) and any income taxes are managed on a uniform Group-wide basis and are not attributed to the individual segments.

The regular internal reporting for the business segments covers turnover, gross profit and EBIT. These are based on IAS/IFRS valuations.

Key figures by segments subject to reporting in 2023		Household	Wellbeing	Private Label	**Total**
External turnover	m€	211.9	16.4	30.0	258.3
Turnover with Group companies	m€	–	–	2.6	2.6
Gross profit	m€	94.5	7.1	7.0	108.6
Segment result (EBIT)	m€	3.2	0.5	2.3	6.0
Depreciation and amortisation	m€	7.3 [1]	0.1	1.6	9.0
Impairment of goodwill	m€	–	–	0.9	0.9
Average number of employees per year	People	876	29	127	1,032

[1] Includes impairment losses on technical equipment and machinery in the amount of m€ 0.2.

Key figures by segments subject to reporting in 2022		Household	Wellbeing	Private Label	Total
External turnover	m€	204.2	16.1	31.2	251.5
Turnover with Group companies	m€	0.3	–	2.0	2.3
Gross profit	m€	84.6	5.7	6.9	97.2
Segment result (EBIT)	m€	2.1	–1.1	1.8	2.8
Depreciation and amortisation	m€	6.7	0.1	0.7	7.5
Average number of employees per year	People	916	36	128	1,080

Notes to statement of comprehensive income

(1) Turnover

Turnover by region in m€	2023 Household	Wellbeing	Private Label	Total
Germany	96.9	6.8	–	103.7
Central Europe [1]	76.4	8.7	29.3	114.4
Eastern Europe	33.7	0.6	0.6	34.9
Rest of the World	4.9	0.3	0.1	5.3
	211.9	**16.4**	**30.0**	**258.3**

[1] Excluding Germany.

Turnover by product categories in m€	2023 Household	Wellbeing	Private Label	Total
Cleaning	93.1	–	–	93.1
Laundry care	105.8	–	11.2	117.0
Kitchen goods	13.0	–	18.8	31.8
Wellbeing	–	16.4	–	16.4
	211.9	**16.4**	**30.0**	**258.3**

Turnover by region in m€	2022 Household	Wellbeing	Private Label	Total
Germany	92.1	6.7	–	98.8
Central Europe [1]	72.4	8.4	30.4	111.2
Eastern Europe	32.9	0.6	0.7	34.2
Rest of the World	6.8	0.4	0.1	7.3
	204.2	**16.1**	**31.2**	**251.5**

[1] Excluding Germany.

Turnover by product categories in m€	2022 Household	Wellbeing	Private Label	Total
Cleaning	89.6	–	–	89.6
Laundry care	100.4	–	11.5	111.9
Kitchen goods	14.2	–	19.7	33.9
Wellbeing	–	16.1	–	16.1
	204.2	**16.1**	**31.2**	**251.5**

Turnover at the Leifheit Group resulted almost exclusively from the sale of household goods. It is broken down by geographical region, product category and distribution channel.

The location of the customer's registered offices is fundamentally decisive for the regional attribution of the turnover. Of the turnover amounting to k€ 258,288 (2022: k€ 251,515), k€ 103,674 was generated in Germany (2022: k€ 98,829), k€ 41,052 in France (2022: k€ 43,239) and k€ 113,562 generated in the other countries (2022: k€ 109,447).

While turnover in the Household and Wellbeing segment is relatively evenly distributed across the sales channels, turnover in the Private Label segment mainly related to hypermarkets.

The distribution of allocations was amended in the reporting period. The previous-year values for specific cost types within the cost of turnover, research and development costs, distribution costs and administrative cost items were adjusted accordingly to ensure comparability with the current financial year. The total costs of each operational area have not changed as a result.

(2) Cost of turnover

k€	2022	2023
Cost of materials	108,432	108,282
Personnel costs	15,910	17,839
Services	4,090	5,469
Depreciation and amortisation	4,415	5,245
Purchased services	8,035	5,237
Maintenance	1,740	2,316
Energy costs	3,536	2,314
Consumables and supplies	1,592	1,617
Customs costs	1,306	812
Rent	814	625
Impairment of inventories (net change)	1,558	–480
Other cost of turnover	2,843	369
	154,271	**149,645**

In financial year 2023, the Group received grants of k€ 454 in the Czech Republic for investments in more energy-efficient production facilities. The grants were deducted from the acquisition costs. In the previous year, energy cost subsidies in the Czech Republic totalling k€ 392 were recognised as a reduction in expenses.

In the reporting period, depreciation and amortisation included impairment losses of k€ 136 on technical equipment and tools.

(3) Research and development costs

k€	2022	2023
Personnel costs	3,663	3,440
Services	1,057	800
Fees	412	352
Maintenance	162	136
Depreciation and amortisation	150	132
Energy costs	201	118
Other research and development costs (less than k€ 100)	398	257
	6,043	**5,235**

(4) Depreciation and amortisation

k€	2022	2023
Intangible assets		
Cost of turnover	95	92
Research and development costs	47	22
Distribution costs	288	263
Administrative costs	326	332
Impairment of goodwill	–	941
	756	**1,650**
Tangible assets		
Cost of turnover	4,277	5,124
Research and development costs	103	110
Distribution costs	1,505	1,295
Administrative costs	285	290
	6,170	**6,819**
Right of use assets		
Cost of turnover	43	29
Distribution costs	266	282
Administrative costs	272	205
	581	**516**
Total depreciation and amortisation	**7,507**	**8,985**

(5) Personnel costs/employees

k€	2022	2023
Wages and salaries	42,781	48,729
Social security contributions	10,074	9,833
Cost of employment benefits	482	300
	53,337	**58,862**

Average number of employees per year	2022	2023
Germany	407	390
Czech Republic	440	419
France	142	140
Other countries	91	83
	1,080	**1,032**

(6) Distribution costs

k€	2022	2023
Personnel costs	24,273	24,573
Freight out	15,910	16,874
Advertising costs	13,241	12,207
Commissions	5,277	6,573
Services	4,225	4,374
Advertising cost subsidies	4,171	4,305
Depreciation and amortisation	2,059	1,840
Packaging materials	1,858	1,764
Maintenance	1,358	1,412
Cost of cars, travel and entertainment	1,136	1,258
Insurance	662	801
Energy costs	1,047	583
General operation and administrative costs	291	378
Rent	485	251
Post and telephone costs	363	200
Office and other overhead costs	222	185
Other distribution costs (less than k€ 100)	1,318	572
	77,896	**78,150**

(7) Administrative costs

k€	2022	2023
Personnel costs	9,607	13,592
Services	1,516	1,910
Depreciation and amortisation	883	827
Costs of financial statements	512	536
Supervisory Board remuneration	493	510
Maintenance	285	333
Insurance	218	168
Cost of cars, travel and entertainment	117	147
Rent	111	136
Other administrative costs (less than k€ 100)	939	428
	14,681	**18,587**

(8) Other operating income

k€	2022	2023
Commission income	437	377
Licensing revenue	167	247
Income from claims for damages	626	111
Other operating income (less than k€100)	369	389
	1,599	**1,124**

(9) Other operating expenses

k€	2022	2023
Other operating expenses (less than k€ 100)	379	284
	379	**284**

(10) Foreign currency result

k€	2022	2023
Result from changes in the fair value of forward foreign exchange transactions	1,322	221
Realised foreign currency gains/losses	1,838	–279
Effects of foreign currency valuations	–230	–497
	2,930	**–555**

(11) Interest income

k€	2022	2023
Interest income from financial instruments	171	826
Interest income from compounding	251	–
Interest income from taxes	10	1
	432	**827**

Interest income from financial instruments related to interest income from credit balances at banks.

(12) Interest expenses

k€	2022	2023
Interest expenses from compounding on pension obligations	784	1,879
Interest expenses from compounding on other provisions, leasing and taxes	63	158
Interest expenses from financial instruments [1]	68	57
	915	**2,094**

[1] Mainly from commitment fees for lines of credit.

(13) Income taxes

k€	2022	2023
Corporation tax (Germany)	–98	109
Trade tax (Germany)	–2	29
Foreign income taxes	532	1,336
Deferred income taxes	651	71
	1,083	**1,545**

The combined tax rate for Leifheit AG for corporation tax and trade tax in Germany was 29.8% (2022: 29.8%).

k€	2022	2023
Actual income tax on income from other periods	–16	107
Deferred taxes due to temporary differences	651	71
Actual tax expense	448	1,367
Tax liability	**1,083**	**1,545**

Income tax can be reconciled with the theoretical amount applicable in line with the tax rate valid for the country where the company has its registered office, as shown in the following table:

k€	2022	2023
Earnings before taxes	2,291	4,748
Tax expense based on the tax rate applicable to the parent company	**683**	**1,415**
Actual income tax on income from other periods	–16	107
Different foreign tax rates	–52	–405
Non tax-deductible losses of Group companies	329	54
Non tax-deductible expenses/income of Group companies	218	470
Adjustment of deferred taxes	–	–44
Adjustment of the deferred tax rate	21	19
Tax reductions	–100	–71
Tax liability	**1,083**	**1,545**

Deferred taxes are recognised for all material temporary differences between the tax base and the consolidated balance sheet. In the calculation, assumptions were made regarding the availability of future taxable income.

Deferred taxes in the statement of profit or loss were broken down as follows:

k€	2022	2023
Different depreciation or amortisation periods for non-current assets	–532	47
Measurement of inventories	1,219	–1,507
Measurement of receivables and assets	–1,118	625
Measurement of contractual assets	–92	–2
Measurement of derivative financial instruments	686	16
Measurement of pensions	525	437
Different recognition rules for other provisions	–188	115
Measurement of liabilities	214	271
Tax loss carry-forwards	–39	72
Other temporary differences	–24	–3
Deferred income taxes	**651**	**71**

No deferred tax assets (2022: k€ 1,218) were recognised for income tax loss carry-forwards at a foreign subsidiary of k€ 1,393 because it is assumed that the tax loss carry-forwards cannot be utilised with a high degree of probability within the next five years. No further loss carry-forwards existed on the balance sheet date.

The temporary differences in connection with shares in subsidiaries amounted to k€ 122 (2022: k€ 78). Deferred taxes of k€ 36 (2022: k€ 23) were formed for this purpose, since dividend payments are expected in the future. No deferred taxes were recognised on temporary differences of k€ 692 (2022: k€ 634), as no dividend payments are expected in the future.

Deferred taxes on the balance sheet were broken down as follows:

	31 Dec 2023	
k€	**Deferred tax assets**	**Deferred tax liabilities**
Different depreciation or amortisation periods for non-current assets	374	2,915
Measurement of inventories	986	68
Measurement of receivables and assets	10	833
Measurement of derivative financial instruments	278	41
Measurement of pensions	6,068	–
Different recognition rules for other provisions	548	37
Measurement of liabilities	5	72
Other temporary differences	65	–
Gross amount	**8,334**	**3,966**
Offsetting	–2,731	–2,731
Balance sheet amount	**5,603**	**1,235**

	31 Dec 2022	
k€	Deferred tax assets	Deferred tax liabilities
Different depreciation or amortisation periods for non-current assets	412	2,906
Measurement of inventories	552	1,140
Measurement of receivables and assets	14	395
Measurement of derivative financial instruments	64	70
Measurement of pensions	4,933	–
Different recognition rules for other provisions	766	140
Measurement of liabilities	204	–
Other temporary differences	132	–
Gross amount	**7,077**	**4,651**
Offsetting	–2,915	–2,915
Balance sheet amount	**4,162**	**1,736**

(14) Earnings per share

Earnings per share are calculated by dividing the portion of the net result attributable to the shareholders of Leifheit AG by the weighted average number of shares outstanding during the financial year. No financing or remuneration instruments were employed which would lead to a dilution of earnings per share.

		2022	**2023**
Shares issued	thousands	10,000	10,000
Weighted average number of treasury shares	thousands	485	483
Weighted average number of no-par-value bearer shares	thousands	**9,515**	**9,517**

		2022	**2023**
Net result for the period allocated to the shareholders of the parent company	k€	1,208	3,203
Weighted average number of no-par-value bearer shares	thousands	9,515	9,517
Earnings per share based on net result for the period (diluted and undiluted)	€	**0.13**	**0.34**

Notes to the balance sheet

(15) Trade receivables

k€	31 Dec 2022	31 Dec 2023
Trade receivables	48,100	43,121
Bill receivables	529	551
	48,629	**43,672**

As at 31 December 2023, k€ 40,854 were secured by credit on goods insurance policies (2022: k€ 47,057). The deductible is normally between 0% and 10%.

Reference is made to note 34 (default/credit risk) with respect to the default/credit risk in relation to trade receivables.

Development of the allowance account for trade receivables:

k€	2022	2023
As at 1 Jan	681	775
Additions recognised in profit or loss	264	214
Utilisation	19	70
Reversal	151	160
As at 31 Dec	**775**	**759**

Maturity analysis of trade receivables as at 31 December:

k€	2022	2023
Not overdue	**43,037**	**44,931**
Overdue		
1 to 30 days	6,226	–1,451
31 to 60 days	312	594
61 to 90 days	102	–14
91 to 120 days	157	–377
Over 120 days	–1,309	–24
Overdue in total	**5,488**	**–1,272**
Specific allowances on doubtful accounts (gross)	**879**	**772**
Impairment	**–775**	**–759**
Trade receivables (net)	**48,629**	**43,672**

Trade receivables that are not overdue also contain bill receivables. Where a credit on goods insurance policy is in place, overdue receivables are adjusted only by the amount of the deductible.

The value adjustments on trade receivables and assets contain assumptions of expected credit losses and the calculation of the weighted average loss rate.

(16) Inventories

k€	31 Dec 2022	31 Dec 2023
Raw materials, consumables and supplies	18,699	13,898
Unfinished products	4,739	2,724
Finished products and goods purchased and held for resale	38,589	33,357
Rights to return products	425	234
	62,452	**50,213**

Inventories were reduced by k€ 4,110 (2022: k€ 4,591) due to write-downs to the net realisable value. This devaluation was recognised as an expense in the reporting period. Estimates of the realisable prices and the costs to be taken into account were employed as a basis.

Both the impairment losses and the reversals of impairment losses are recognised in cost of turnover.

Some of the inventories for which no payments have been made owing to their maturity are subject to retention of title by suppliers.

(17) Contractual assets

The contractual assets in the amount of k€ 1,006 (2022: k€ 1,013) resulted from consignment stock deliveries to customers. They are reclassified as receivables as soon as products are withdrawn from consignment stock by the customer and an invoice is issued.

(18) Derivative financial instruments

Derivative financial instruments included forward foreign exchange transactions, measured at fair value, for purchasing USD and CNH in the period from January 2024 to February 2025.

Obligations from forward foreign exchange transactions as at 31 Dec 2023	Nominal volume	
	Value of obligation	**Foreign currency**
Buy USD/€	m€ 8.4	mUSD 9.3
of which hedge accounting	m€ 8.0	mUSD 8.8
Buy CNH/€	m€ 14.3	mCNH 107.1
of which hedge accounting	m€ 11.5	mCNH 87.1

Obligations from forward foreign exchange transactions as at 31 Dec 2022	Nominal volume	
	Value of obligation	Foreign currency
Buy USD/€	m€ 9.5	mUSD 10.9
of which hedge accounting	m€ 9.4	mUSD 10.8
Buy CNH/€	m€ 23.4	mCNH 172.6
of which hedge accounting	m€ 18.7	mCNH 137.5

Maturity of the forward foreign exchange transactions as at 31 Dec 2023	**Within 12 months**	**More than 1 year**
Buy USD/€	mUSD 7.8	mUSD 1.5
Buy CNH/€	mCNH 94.3	mCNH 12.8

Maturity of the forward foreign exchange transactions as at 31 Dec 2022	Within 12 months	More than 1 year
Buy USD/€	mUSD 9.5	mUSD 1.4
Buy CNH/€	mCNH 141.8	mCNH 30.8

Average rates of forward foreign exchange transactions	31 Dec 2022	**31 Dec 2023**
Buy USD/€	1.15	1.10
Buy CNH/€	7.37	7.51

It is not possible to net financial instruments on the balance sheet. It is possible to net derivatives. This option is provided by the master agreements for financial futures that Leifheit concludes with commercial banks. Leifheit does not net financial assets and financial liabilities on the balance sheet.

The following table shows the potential netting amounts for the reported derivative assets and liabilities as at the balance sheet date:

k€	**31 Dec 2023**		
	Gross amounts of financial instruments on the balance sheet	**Potential netting amounts**	**Net amount**
Derivative financial assets	2	–	2
Derivative financial liabilities	759	–	759

k€	31 Dec 2022		
	Gross amounts of financial instruments on the balance sheet	Potential netting amounts	Net amount
Derivative financial assets	797	185	612
Derivative financial liabilities	260	185	75

There were no adjustments for own credit risk (debt value adjustment) in the reporting period (2022: k€ 1). An adjustment for counterparty credit risks (credit value adjustment) in the amount of k€ 2 (2022: k€ 2) was recognised.

Other comprehensive income includes expenses for changes in the value for hedging cash flows in the amount of k€ 940 (2022: expenses of k€ 2,333), recognised as not affecting net income. The negative change in the fair values of the forward exchange contracts measured as at the reporting date amounted to k€ 1,294 (2022: negative k€ 3,095).

The following table shows the transition of the equity components' risk categories and the position analysis to the other comprehensive income after taxes, which result from the balancing to hedge payment flows:

	Reserve for hedging and hedging costs	
	2022	**2023**
1 January 2023	1,980	330
Addition to fair value	–6,738	–911
Amount reclassified to investories	5,088	230
31 December 2023	330	–351

To hedge expected transactions for financial year 2023, the Group balanced hedges in financial year 2022 within the hedge accounting. Due to the expected elimination of transactions, hedges for financial year 2023 of k€ 233 became ineffective in financial year 2022.

(19) Other current assets

k€	31 Dec 2022	31 Dec 2023
VAT receivables	1,935	2,349
Current prepayments and accrued income	197	360
Other current assets (less than k€ 100)	1,763	1,431
	3,895	**4,140**

(20) Intangible assets

k€	Brands	Goodwill	Other intangible assets	Advances paid	Total
Acquisition and manufacturing costs as at 1 Jan 2022	7,224	11,821	14,894	211	34,150
Foreign currency differences	–	–	58	–	58
Additions	–	–	133	158	291
Disposals	–	–	419	–	419
Reclassifications	–	–	90	–178	–88
As at 31 Dec 2022	**7,224**	**11,821**	**14,756**	**191**	**33,992**
Foreign currency differences	–	–	–48	–	–48
Additions	–	–	240	99	339
Disposals	–	–	251	–	251
Reclassifications	–	–	212	–194	18
As at 31 Dec 2023	**7,224**	**11,821**	**14,909**	**96**	**34,050**
Cumulative depreciation as at 1 Jan 2022	2,420	162	13,256	–	15,838
Foreign currency differences	–	–	46	–	46
Scheduled additions	–	–	756	–	756
Disposals	–	–	419	–	419
As at 31 Dec 2022	**2,420**	**162**	**13,639**	**–**	**16,221**
Foreign currency differences	–	–	–49	–	–49
Scheduled additions	–	–	677	–	677
Unscheduled additions	–	941	32	–	973
Disposals	–	–	251	–	251
As at 31 Dec 2023	**2,420**	**1,103**	**14,048**	**–**	**17,571**
Net book value					
As at 1 Jan 2022	4,804	11,659	1,638	211	18,312
As at 31 Dec 2022	4,804	11,659	1,117	191	17,771
As at 31 Dec 2023	**4,804**	**10,718**	**861**	**96**	**16,479**

The amortisation of brands in the amount of k€ 2,420 recognised up to 31 December 2023 resulted from the amortisation of brands up to the introduction of IAS 36 in 2004.

Of the intangible assets as at the balance sheet date totalling k€ 16,479 (2022: k€ 17,771), k€ 6,607 were located in Germany (2022: k€ 6,672), k€ 764 in the Czech Republic (2022: k€ 1,074), k€ 9,066 in France (2022: k€ 9,978) and k€ 42 in other countries (2022: k€ 47).

Other intangible assets mainly comprised software. All assets had a residual carrying amount of less than k€ 100. The remaining terms were between 2 and 60 months.

Impairment testing of intangible assets

Intangible assets were attributed to the cash-generating units (CGUs) Leifheit, Soehnle, Birambeau and Herby. The CGUs were derived directly from internal management reporting.

As at the balance sheet date, the book values of goodwill and brands were as follows:

	Goodwill		Brands	
k€	31 Dec 2022	**31 Dec 2023**	31 Dec 2022	**31 Dec 2023**
Leifheit	1,919	1,919	–	–
Soehnle	–	–	4,804	4,804
Birambeau	3,299	2,358	–	–
Herby	6,441	6,441	–	–
	11,659	**10,718**	**4,804**	**4,804**

In accordance with IAS 36.10, the goodwill and brands with indefinite useful lives reported under intangible assets must be subjected to annual impairment testing.

In accordance with IAS 36, the book values of the CGUs, including the goodwill attributable to them, are compared with the higher of the asset's fair value less costs of disposal and value in use (known as the recoverable amount). If a write-down is necessary, the impairment loss for a CGU is first attributed to goodwill. Any remaining impairment loss is subsequently recognised for the remaining assets of the CGU, which are subject to the area of application of IAS 36. However, write-downs are only made up to the recoverable amount of the individually identifiable asset. Revaluations to goodwill are not made.

In order to determine the recoverable amount of the CGU in question, the value in use is determined using cash flow forecasts. Assumptions about the future development of turnover and costs were extrapolated on the basis of a three-year plan and compared with external information.

	Assumptions to determine the value in use			
CGU	**Leifheit**	**Soehnle**	**Birambeau**	**Herby**
Turnover planning 2024	slight increase	noticeable decline	slight increase	noticeable increase
Turnover planning 2025	noticeable increase	stable	slight increase	noticeable increase
Turnover planning 2026	noticeable increase	stable	slight increase	noticeable increase
Turnover planning – subsequent years	moderate increase	moderate increase	moderate increase	moderate increase
Gross margin	particularly strong increase	clear increase	substantial increase	strong increase
Earnings planning 2024	particularly strong increase	clear increase	clear increase	particularly strong increase
Earnings planning 2025	particularly strong increase	stable	substantial increase	noticeable increase
Earnings planning 2026	particularly strong increase	stable	noticeable increase	noticeable increase
Earnings planning – subsequent years	moderate increase	moderate increase	moderate increase	moderate increase

In the impairment tests as at 31 December 2023, the recoverable amounts determined for the Leifheit and Herby CGUs exceeded the respective book values. The impairment tests did not reveal the need for impairment.

At the Birambeau CGU, the recoverable amount fell short of the book value. An impairment of goodwill of k€ 941 was recognised.

The value in use of the Soehnle CGU also fell short of the book value. However, no impairment was recognised, as the fair values less costs to sell exceeded the book values. The fair value less cost of disposal of the brands of k€ 4,804 also exceeded the book value. The fair value less cost of disposal was based on a license price analogy procedure (level 3 assessment). As in the previous year, this is based on an assumed licence rate of 2.0% and the expected future turnover to be generated from it. Turnover planning accounts for a decline in turnover of 5% for financial year 2024, stable turnover for 2025 and 2026 and growth in line with the growth rate from 2027 onwards. Additionally, the contractual fixed licence rates were also taken into consideration on the basis of financial year 2023. A sustained failure to achieve the turnover target from approximately 25% or an increase in the interest rate from approximately 1.3 percentage points would directly lead to the need for an impairment of the brand to be recognised.

At the Leifheit CGU, failure to achieve planned turnover from approximately 9.3%, an EBIT decline from approximately m€ 7.5 or a rise in interest rates from approximately 5.5 percentage points would result in a need for impairment losses to be recognised.

At the Herby CGU, a shortfall in sales of around 10.3% or more, a fall in EBIT of around m€ 0.4 or more or an increase in interest rates from approximately 2.7 percentage points or more would lead to a need for impairment losses to be recognised.

The parameters were as follows:

CGU	31 Dec 2023 Leifheit	Soehnle	Birambeau	Herby
Discount rate after tax	8.11%	8.11%	8.67%	8.67%
Risk-free interest rate	2.8%	2.8%	2.8%	2.8%
Market risk premium	7.25%	7.25%	7.25%	7.25%
Country risk premium	0.0%	0.0%	0.4%	0.4%
Borrowing costs	4.57%	4.57%	5.48%	5.48%
Tax rate	29.8%	29.8%	25.0%	25.0%
Growth rate	0.5%	0.5%	0.5%	0.5%
Cost of capital before taxes	11.23%	7.82%	11.44%	11.43%

CGU	31 Dec 2022 Leifheit	Soehnle	Birambeau	Herby
Discount rate after tax	7.79%	7.94%	8.17%	8.17%
Risk-free interest rate	2.0%	2.0%	2.0%	2.0%
Market risk premium	7.50%	7.50%	7.50%	7.50%
Country risk premium	0.0%	0.0%	0.4%	0.4%
Borrowing costs	5.63%	5.63%	6.53%	6.53%
Tax rate	29.8%	29.8%	25.0%	25.0%
Growth rate	0.5%	0.5%	0.5%	0.5%
Cost of capital before taxes	10.32%	7.82%	10.71%	8.17%

(21) 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 2022	57,169	53,799	39,263	2,957	153,188
Foreign currency differences	490	998	147	69	1,704
Additions	193	2,458	812	1,626	5,089
Disposals	–	1,482	1,548	–	3,030
Reclassifications	328	2,210	479	–2,930	87
As at 31 Dec 2022	**58,180**	**57,983**	**39,153**	**1,722**	**157,038**
Foreign currency differences	–416	–899	–112	–39	–1,466
Additions	51	3,080	1,737	3,661	8,529
Disposals	31	1,222	1,317	–	2,570
Reclassifications	24	490	320	–852	–18
As at 31 Dec 2023	**57,808**	**59,432**	**39,781**	**4,492**	**161,513**
Cumulative depreciation as at 1 Jan 2022	40,879	41,651	31,912	–	**114,442**
Foreign currency differences	329	720	96	–	1,145
Scheduled additions	1,111	2,823	2,236	–	6,170
Disposals	–	1,413	1,506	–	2,919
As at 31 Dec 2022	**42,319**	**43,781**	**32,738**	**–**	**118,838**
Foreign currency differences	–291	–687	–97	–	–1,075
Scheduled additions	1,087	3,303	2,294	–	6,684
Unscheduled additions	–	123	13	–	136
Disposals	30	1,164	1,224	–	2,418
As at 31 Dec 2023	**43,085**	**45,356**	**33,724**	**–**	**122,165**
Net book value					
As at 1 Jan 2022	16,290	12,148	7,351	2,957	38,746
As at 31 Dec 2022	15,861	14,202	6,415	1,722	38,200
As at 31 Dec 2023	**14,723**	**14,076**	**6,057**	**4,492**	**39,348**

Of the tangible assets amounting to k€ 39,348 as at the balance sheet date (2022: k€ 38,200), k€ 11,229 were located in Germany (2022: k€ 12,323), k€ 23,866 in the Czech Republic (2022: k€ 21,718), k€ 3,771 in France (2022: k€ 3,601) and k€ 482 in other countries (2022: k€ 558).

(22) Right-of-use assets from leases

k€	Buildings	Operating and office equipment	Total
Acquisition and manufacturing costs as at 1 Jan 2022	3,146	262	3,408
Foreign currency differences	–3	1	–2
Additions	453	50	503
Disposals	1,094	69	1,163
As at 31 Dec 2022	**2,502**	**244**	**2,746**
Foreign currency differences	–12	–1	–13
Additions	–	489	489
Disposals	205	56	261
As at 31 Dec 2023	**2,285**	**676**	**2,961**
Cumulative depreciation as at 1 Jan 2022	1,547	140	1,687
Foreign currency differences	–3	–	–3
Scheduled additions	500	81	581
Disposals	1,094	69	1,163
As at 31 Dec 2022	**950**	**152**	**1,102**
Foreign currency differences	–10	–1	–11
Scheduled additions	381	135	516
Disposals	205	56	261
As at 31 Dec 2023	**1,116**	**230**	**1,346**
Net book value			
As at 1 Jan 2022	1,599	122	1,720
As at 31 Dec 2022	1,552	92	1,644
As at 31 Dec 2023	**1,169**	**446**	**1,615**

Of the right-of-use assets as at the balance sheet date amounting to k€ 1,615 (2022: k€ 1,644), k€ 232 were located in Germany (2022: k€ 19), k€ 70 in the Czech Republic (2022: k€ 70), k€ 704 in France (2022: k€ 787) and k€ 609 in other countries (2022: k€ 768).

(23) Trade payables and other liabilities

k€	31 Dec 2022	31 Dec 2023
Trade payables	17,310	12,356
Employees	8,014	8,242
Customer bonuses	7,507	5,873
Advertising cost subsidies	4,253	3,612
Other taxes (excluding income taxes)	1,492	1,489
Outstanding invoices	1,075	1,140
Social security contributions	589	801
Annual financial statement costs	474	490
Supervisory Board remuneration	516	484
Reimbursement obligations	803	419
Debtors with credit balances	596	414
Energy costs	336	307
Tax advice	276	254
Commission obligations	113	213
Purchase commitments	257	155
Insurance premium liabilities	122	131
Rents and leases	74	119
Other liabilities (less than k€ 100)	666	575
	44,473	**37,074**

As in the previous year, trade payables and other liabilities had a remaining term of up to one year.

Liabilities to employees related in particular to residual holiday and overtime entitlements as well as severance payments and bonuses.

(24) Other provisions

Provisions for warranties were recognised for future repair work, supplies of replacement products and compensation payments deriving from statutory or contractual warranties.

The provisions for warranties, compensation payments and litigation costs totalling k€ 3,460 (2022: k€ 5,359) reflected uncertainties regarding the amount and/or maturity of outflows. The uncertainty for warranty provisions resulted from a possible future change in warranty claims. The uncertainty for provisions for compensation payments and litigation costs was due to the unknown outcome of pending proceedings.

Personnel-related provisions were mainly recognised for bonuses, employee anniversary bonuses and severance payments.

Provisions for onerous contracts primarily related to severance payments to sales representatives.

Remaining other provisions mainly included costs for outstanding credit notes and other provisions.

In determining the provisions, assumptions were made about legal disputes, the amount of outstanding credit notes, agent compensation and severance payments. The employee anniversary provision was measured using the projected unit credit method, taking into account trend assumptions regarding the amount of future anniversary benefits and fluctuation probabilities. Klaus Heubeck's "2018G mortality tables" were used as the basis for biometric calculation. The actuarial interest rate was 3.52%. The assumptions regarding the long-term variable remuneration of the Board of Management are outlined in section 37 .

The interest expense in non-current provisions amounted to k€ 85 in the reporting period (2022: interest income k€ 251).

The breakdown and the development are shown in the following tables.

k€	31 Dec 2023 Total	of which current	of which non-current
Warranties	3,180	2,448	732
Litigation costs and compensation payments	280	280	–
Personnel	2,045	84	1,961
Onerous contracts	136	136	–
Remaining other provisions	1,345	1,338	7
Balance sheet amount	**6,986**	**4,286**	**2,700**

k€	31 Dec 2022 Total	of which current	of which non-current
Warranties	3,753	3,021	732
Litigation costs and compensation payments	1,606	1,606	–
Personnel	1,695	80	1,615
Onerous contracts	205	205	–
Remaining other provisions	1,364	1,358	6
Balance sheet amount	**8,623**	**6,270**	**2,353**

	Current provisions				
k€	Warranties	Litigation costs and compensation payments	Personnel	Onerous contracts	Remaining other current provisions
As at 1 Jan 2023	3,021	1,606	80	205	1,358
Currency differences	–1	–15	–	–	–18
Utilisation	2,999	789	80	155	640
Reversal	–	639	–	–	582
Addition	2,427	117	84	86	1,220
As at 31 Dec 2023	**2,448**	**280**	**84**	**136**	**1,338**

	Non-current provisions				
k€	Warranties	Litigation costs and compensation payments	Personnel	Onerous contracts	Remaining other non-current provisions
As at 1 Jan 2023	732	–	1,615	–	6
Currency differences	–	–	–	–	–
Utilisation	732	–	258	–	–
Reversal	–	–	44	–	–
Addition	732	–	648	–	1
As at 31 Dec 2023	**732**	**–**	**1,961**	**–**	**7**

(25) Lease liabilities

Leifheit primarily rents or leases office premises, shops and vehicles. Some leases contain extension and termination options.

k€	2022	2023
Depreciation expense for the rights of use	581	516
Interest expense from lease liabilities	14	29
Expenses for short-term leases according to IFRS 16.6	563	427
Expenses for low-value asset leases according to IFRS 16.6	154	93
Total amount recognised as an expense affecting net income	**1,312**	**1,065**

The cash outflow for leases amounted to k€ 1,025 (2022: k€ 1,292), of which k€ 427 pertained to short-term leases (2022: k€ 563), and k€ 93 to low-value leases (2022: k€ 154).

k€	2022	2023
Short- and long-term lease liabilities as at 1 Jan	**1,760**	**1,686**
Payment for lease liabilities	–575	–505
Exchange rate effects	–2	–4
Newly concluded leases	458	489
Other changes	59	28
Interest expense	–14	–29
Short- and long-term lease liabilities as at 31 Dec	**1,686**	**1,665**
of which due within 12 months	436	573
1 to 5 years	1,250	1,092
More than 5 years	–	–

As at the balance sheet date, the value of the unrecognised lease extension option amounted to k€ 1,359 (2022: k€ 1,359).

(26) Provisions for pensions and similar obligations

The provisions for pensions within the Leifheit Group in Germany comprised defined post-employment benefit commitments and included both obligations from current pensions and vested benefits in pensions to be paid in the future. They included direct commitments by Leifheit AG as well as the obligations of Unterstützungseinrichtung Günter Leifheit e. V. The commitments included regular, disability, and widow/widower and orphans' pensions. The defined pension obligations were based on post-employment provisions with benefit commitments related to length of service and final salary. In addition, post-employment provisions were recognised in the form of reinsured direct commitments for management staff under deferred compensation schemes. In each case, the entitlement to benefits arose out of an insurance contract in the amount of a lump sum paid in when the pension commitment took effect.

The provisions for pensions in France were commensurate with the relevant national statutory provisions.

The provisions for pensions were subject to risks relating to changes in inflation rates, interest rates and the life expectancy of the persons entitled to a pension. The plan assets consisted of reinsurance policies which were subject to interest rate risks.

The following table shows the changes in pension obligations in the relevant reporting periods:

k€	31 Dec 2022	31 Dec 2023
Present value of defined benefit obligations (DBOs)	47,699	52,363
Fair value of plan assets	–887	–816
Provisions for pensions and similar obligations	**46,812**	**51,547**

The cost of post-employment benefits recognised with an effect on net income are broken down as follows:

k€	2022	2023
Current service cost	430	296
Interest expense on the obligation	783	1,923
Income/expense from plan assets	–	–35
Total cost of post-employment benefits	**1,213**	**2,184**

The expenses (–) and income (+) recorded in other comprehensive income without affecting net income amounted to:

k€	2022	2023
Actuarial gains/losses due to adjustment of the obligation to reflect historical data	686	1,831
Actuarial gains/losses due to changes in actuarial assumptions	–15,474	3,444
Adjustment effects recognised in other comprehensive income	**–14,788**	**5,275**

The following changes in the net pension liability were recognised in the balance sheet:

k€	2022	2023
Net liability at start of year	62,852	46,812
Net expense recognised in net result for the period	1,213	2,184
Adjustment effects recognised in other comprehensive income	–14,788	5,275
Other plan assets amounts	155	24
Payments to beneficiaries	–2,620	–2,748
Recognised net liability at end of year	**46,812**	**51,547**

Of the provisions for pensions and similar obligations, k€ 50,661 were attributable to Germany and k€ 886 to France.

In addition, contributions of k€ 4,901 were paid to government pension providers (2022: k€ 4,230).

The present value of defined benefit obligations (DBOs) developed as follows:

k€	2022	2023
DBOs at start of year	63,816	47,699
Current service cost	430	296
Interest expense	783	1,923
Benefit payments	–2,620	–2,780
Actuarial gains/losses	–14,788	5,225
Other amounts	78	–
DBOs at end of year	**47,699**	**52,363**

The fair value of plan assets changed as follows during the financial year:

k€	2022	2023
Fair value of plan assets at start of year	964	887
Interest income	–	35
Actuarial gains/losses	–	–50
Benefits paid	–	–32
Other amounts	–77	–24
Fair value of plan assets at end of year	**887**	**816**

The essential actuarial assumptions used as the basis for measuring obligations under post-employment benefit plans were as follows as at 31 December:

	Germany		France	
	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023
Discount rate	4.2%	3.5%	3.8%	3.5%
Future income trend	3.0%	3.0%	3.0%	3.0%
Future pension trend	2.3%	2.3%	–	–
Mortality tables	Prof. Dr K. Heubeck 2018 G	Prof. Dr K. Heubeck 2018 G	TF00-002	TF00-002
Arithmetical final age	RVAG AnpG 2007	RVAG AnpG 2007	65	65

In Germany, plan assets cover reinsurance policies with German insurance companies, while in France they cover certain bank benefit balances.

The following amounts are likely to be paid out in the context of these obligations in the next few years:

k€	2022	2023
Within the next 12 months (subsequent financial year)	2,735	2,794
Between 2 and 5 years	11,475	12,027
Between 6 and 10 years	15,046	16,361

The following overview shows how the present value of all defined contractual obligations would have been affected by changes in the material actuarial assumptions. Sensitivities were determined by varying each parameter while keeping the other valuation assumptions constant.

k€	Basic value	Sensitivity	Effect on the DBO
Discount rate	3.5%	–0.5 pps	3,126
Discount rate	3.5%	+0.5 pps	–2,843
Inflation rate/ pension trend	2.3%	–0.5 pps	–5,066
Inflation rate/ pension trend	2.3%	+0.5 pps	5,961
Salary trend	3.0%	–0.5 pps	–279
Salary trend	3.0%	+0.5 pps	289
Life expectancy		+1 year	2,179

The payment-weighted duration of the defined post-employment benefit obligations in Germany amounted to 11.0 years (2022: 13.8 years).

(27) Subscribed capital

The subscribed capital of Leifheit AG of k€ 30,000 (2022: 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 25 May 2022 authorised the Board of Management to increase the share capital on one or more occasions by a total of up to k€ 6,000 until 24 May 2027 by issuing up to 2,000,000 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 (2022 authorised capital). The full text of the resolution can be found in Item 8 of the invitation to the Annual General Meeting, which was published in the Federal Gazette (Bundesanzeiger) on 11 April 2022.

(28) Capital surplus

The capital surplus in the amount of k€ 17,183 (2022: k€ 17,164) 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€ 249.

(29) Treasury shares

Including the treasury shares acquired and issued in previous years, Leifheit AG held 479,337 treasury shares on 31 December 2023. This corresponds to 4.79% of the share capital. The corresponding interest in the share capital is k€ 1,438, for which the amount of k€ 7,269 was expended.

In the reporting period, Leifheit used a total of 5,360 treasury shares to issue employee shares. This corresponded to 0.05% of the share capital. The corresponding interest in the share capital was k€ 16. No treasury shares were utilised in the previous year. Furthermore, no treasury shares were acquired either in the reporting period 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 AktG (German stock corporation act).

(30) Retained earnings

k€	2022	2023
Statutory reserve	1,023	1,023
Other retained earnings	71,245	65,792
Net result for the period allocated to the shareholders	1,208	3,203
	73,476	**70,018**

The other retained earnings include the part of consolidated net result earned in past years which was not distributed to shareholders. The dividend for financial year 2022 of k€ 6,661 was distributed in the reporting period (2022: k€ 9,991) This corresponded to a dividend of € 0.70 per entitled share.

(31) Other reserves

k€	2022	2023
Actuarial gains/losses on defined benefit pension plans	–8,718	–13,993
Deferred taxes	2,612	4,184
Currency translation of foreign operations	2,326	1,878
Currency translation of net investments in foreign operations	3,722	3,111
Deferred taxes	–1,110	–928
Net result of cash flow hedges	448	–492
Deferred taxes	–118	141
	–838	**–6,099**

Other notes

(32) Proposal for the appropriation of the balance sheet profit

After withdrawing k€ 11,674 from retained earnings, Leifheit AG's balance sheet profit for financial year 2023 amounts to € 10,000,000.00. The Board of Management proposes to the next Annual General Meeting that the balance sheet profit be appropriated as follows:

Dividend payment to shareholders for financial year 2023	€ 9,996,696.15
This amount is composed of:	
- Payment of a dividend of € 0.95 per eligible no-par-value bearer share (ISIN DE0006464506):	€ 9,044,629.85
- Payment of a special dividend of € 0.10 per eligible no-par-value bearer share (ISIN DE0006464506):	€ 952,066.30
Retained earnings	€ 3,303.85

(33) Capital management

The primary aim of capital management is to achieve an equity ratio of at least 30%. Leifheit manages its capital structure and makes adjustments to reflect changes in macroeconomic conditions. Maintaining or adjusting the capital structure may lead to changes in dividend payments to shareholders. As at 31 December 2023, the equity ratio was 51.0% (31 December 2022: 52.0%).

(34) Financial instruments

The financial liabilities in the Group – with the exception of derivatives – mainly comprise trade payables, customer bonuses and advertising cost subsidies, as well as short and long-term lease liabilities. The Group has various financial assets, primarily trade receivables, other receivables, cash and cash equivalents and deposits repayable at short notice.

The material risks to the Group arising from these financial instruments comprise credit, liquidity, interest and foreign currency risks, which are described in detail in the combined management report in the section entitled “Opportunities and risks”. Management is responsible for determining strategies and methods for managing the individual types of risk, which are described below.

Currency risk

The Group is exposed to transaction-based foreign currency risks to the extent that the exchange rates of currencies in which sales and purchase transactions, receivables and loan-related transactions are conducted do not match the functional currency of the Group companies. The primary functional currencies of the Group companies are the euro and the Czech koruna. The aforementioned transactions are predominantly carried out on the basis of euros, US dollars, Czech korunas, Polish zloty, Chinese yuan and Romanian leu.

Group guidelines stipulate that approximately 60% of estimated foreign currency risks from expected sale and purchase transactions in the primary currencies over the next 14 months must be hedged on a rolling basis. Forward foreign exchange transactions are used to hedge foreign currency risk, most of which have a term of 14 months or less. These contracts are generally defined as cash flow hedges.

The Group designates the spot component of forward foreign currency transactions as cash flow hedges and applies hedging ratios of 1:1. The forward elements of forward foreign exchange transactions are excluded from the designation of the hedging instrument and are accounted for separately as hedging costs and reported in equity in a reserve for hedging costs. The Group's guidelines also stipulate that the critical terms and conditions of a forward foreign exchange transaction must correspond to those of the hedged transaction.

The Group defines the existence of an economic relationship between the hedging instrument and the hedged transaction on the basis of the currency, volume, amount and date of the respective cash flows. The Group evaluates, with the help of the hypothetical derivative method, whether the derivative designated in each hedge will be and was effective in terms of offsetting changes in cash flows from the hedged transaction.

In such hedges, the primary causes of ineffectiveness are as follows:

- the effects of the credit risk of the counterparties and the Group on the fair value of the forward foreign exchange transactions that do not reflect the change in fair value of the hedged cash flows and that are attributable to the change in exchange rates, and
- change in timing of the hedged transactions

Some 11% (2022: 11%) of Group turnover was generated in foreign currencies; 35% (2022: 37%) of costs were incurred in foreign currencies.

The following tables show the sensitivity of consolidated earnings before taxes and Group equity with regard to the foreign currency valuation on the balance sheet date alongside a change in the exchange rate of the major foreign currencies deemed generally possible based on reasonable assumptions. All other respective variables are assumed to be unchanged.

The combined quantitative information regarding foreign currencies are: kUSD 11,459 (2022: kUSD 13,496), kCZK 581,837 (2022: kCZK 617,652), kPLN 4,538 (2022: kPLN 10,328), kCNH 113,618 (2022: kCNH 257,775) and kRON 6,267 (2022: kRON 5,134).

The effects on the earnings before income taxes and Group equity are as follows:

k€	Currency performance €/foreign currency	Effects as at 31 Dec 2022	**Effects as at 31 Dec 2023**
US dollar	+5%	–122	–103
	–5%	135	114
	+10%	–233	–197
	–10%	285	241
Czech koruna	+5%	–54	–54
	–5%	59	60
	+10%	–103	–104
	–10%	125	127
Polish zloty	+5%	–105	–50
	–5%	116	55
	+10%	–201	–95
	–10%	245	116
Chinese yuan	+5%	–774	–40
	–5%	855	44
	+10%	–1,477	–76
	–10%	1,805	93
Romanian leu	+5%	–49	–157
	–5%	55	–31
	+10%	–94	–212
	–10%	115	43

As well as the effects listed in the previous table, the following changes to equity not affecting net income would result from potential changes:

k€	Currency performance €/foreign currency	Effects as at 31 Dec 2022	**Effects as at 31 Dec 2023**
US dollar	+5%	–474	–397
	–5%	524	439
	+10%	–906	–758
	–10%	1,107	926
Czech koruna	+5%	–1,180	–1,151
	–5%	1,304	1,272
	+10%	–2,252	–2,197
	–10%	2,753	2,685
Chinese yuan	+5%	–889	–590
	–5%	982	652
	+10%	–1,696	–1,127
	–10%	2,073	1,377

Cash flow hedges

The Group held derivative financial instruments. These included in particular forward foreign exchange contracts as described in more detail under note 18. The purpose of these derivative financial instruments is to hedge against changes in exchange rates arising from the Group's business activities.

As at 31 December 2023, there were forward foreign exchange contracts for future payment obligations in US dollars and Chinese yuan, some of which can be allocated to a highly probable future transaction. These contracts pertained to the expected and highly probable future purchases of goods in the months of January 2024 to February 2025 from suppliers in the Far East amounting to kUSD 9,290 and kCNH 107,070.

An amount of k€ 26 was added directly to acquisition costs for cash flow hedges pursuant to IFRS 9 as at 31 December 2023 in relation to foreign currency risk associated with the anticipated purchase of non-financial assets (2022: k€ –266).

The following table shows the periods in which cash flows are expected to occur, as well as the book values of the corresponding hedging instruments:

	2023			
	Expected cash flows			**Book value**
k€	**Within 12 months**	**More than 1 year**	**Total**	
Assets	–	–	–	2
Liabilities	19,717	3,004	22,721	759

	2022			
	Expected cash flows			Book value
k€	Within 12 months	More than 1 year	Total	
Assets	–18,975	–	–18,975	797
Liabilities	8,331	5,584	13,915	260

The expected cash flows are offset by corresponding payments in foreign currency.

The following table shows the periods in which cash flows are expected to impact other comprehensive income.

	2023		
k€	Within 12 months	More than 1 year	Total
Assets	–	–	–
Liabilities	672	47	719

	2022		
k€	Within 12 months	More than 1 year	Total
Assets	697	–	697
Liabilities	66	67	133

Liquidity risk

Liquidity risk is the risk that the Group may not be in a position to perform its contractually agreed financial obligations by delivering cash or cash equivalents or other financial assets. The Group's liquidity management is aimed at ensuring that, where possible, sufficient cash and cash equivalents are available under normal circumstances at all times, and in stress scenarios to meet payment obligations when due, without suffering intolerable losses or damaging the Group's reputation.

The Group continuously monitors the risk of any short-term liquidity bottlenecks using a liquidity planning tool, which takes into account the maturities of the financial assets (e.g. receivables, other financial assets), the maturities of the financial liabilities as well as expected cash flows from business activities.

The Group aims to strike a balance between continuous cover for its financing requirements and ensuring flexibility through the use of deposits and bank overdrafts.

The Group's cash and cash equivalents as at 31 December 2023 in the amount of k€ 41,275 and unused lines of credit of k€ 24,909 cover current liabilities as at the balance sheet date in the amount of k€ 43,176.

Interest rate change risk

Interest rate risk arises from changes in short-term money market interest rates. As in previous years, there were no long-term interest-bearing bank loans or similar interest-bearing financial liabilities for the Leifheit Group in financial year 2023.

However, the Leifheit Group is mainly exposed to interest rate risk arising out of changes in the actuarial interest rate, which is used to calculate pension obligations. A decline of 0.5 percentage points would have resulted in a reduction of other comprehensive income of k€ 3,126 on the balance sheet date (2022: k€ 2,700).

Default risk

Default risk is the risk of financial losses if a customer or a contractual party in a financial instrument does not meet its contractual obligations. Default risk originates in particular from the Group's trade receivables, contractual assets and bank deposits.

The book values of the financial assets and contractual assets correspond to the maximum default risk. Financial assets are derecognised if there are no longer any justified expectations that legal recovery measures will be successful.

Impairments on financial assets were recognised in the amount of k€ 54 in profit or loss (2022: k€ 113).

The Group's risk of default for trade receivables and for contractual assets is primarily influenced by customers' individual characteristics.

Receivables management first analyses new customers individually with regard to their credit rating before the Group offers its standard terms and conditions for delivery and payment. This analysis includes external ratings, where available, and annual financial statements, information provided by credit agencies, industry information and, in some cases, information provided by banks. Sales limits are set and regularly reviewed for each customer. All turnover above and beyond this limit goes through a standardised approval process.

The Group limits its default risk in relation to trade receivables by means of trade credit insurance or del credere-bearing central regulators with comparable collateral. All receivables are to be tendered in line with defined processes. Goods insurance policies include deductibles of between 0% and 10%. If the sales limits under trade credit insurance are not sufficient to cover the volume of the respective customer's business, higher internal limits can also be set up in some cases in accordance with standardised approval processes.

Customers are grouped into countries with regard to their credit rating in order to monitor default risk. The economic conditions in the regions are monitored. Appropriate measures are introduced to limit the risks posed by customers from countries with unusually volatile economies. In individual cases, the Group requires collateral for trade receivables and other receivables in the form of bank guarantees.

Impairments are recognised only for the deductible for receivables covered by trade credit insurance and for receivables not covered by other collateral.

The following table shows the hedging of trade receivables and contractual assets:

k€	31 Dec 2022	**31 Dec 2023**
Trade receivables	48,629	43,672
Contractual assets	1,013	1,006
	49,642	**44,678**
Goods insured	47,057	40,854
Not insured	2,585	3,824
	49,642	**44,678**

The following table contains information on the default risk and expected credit losses for trade receivables as at the balance sheet date:

k€	**31 Dec 2023**	**Loss rate [1]**	**Value adjustment**
Not overdue	42,303	0.20%	79
Overdue			
1 to 30 days	5,204	1.64%	68
31 to 60 days	1,152	7.41%	72
61 to 90 days	282	30.29%	55
91 to 120 days	124	16.28%	19
Over 120 days	401	16.28%	67
			360

[1] Weighted average.

k€	31 Dec 2022	Loss rate [1]	Value adjustment
Not overdue	46,431	0.13%	52
Overdue			
1 to 30 days	5,322	1.12%	83
31 to 60 days	1,217	4.89%	63
61 to 90 days	288	20.65%	30
91 to 120 days	165	13.02%	15
Over 120 days	292	13.02%	59
			302

[1] Weighted average.

Financial assets and liabilities

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

In the balance sheet as at 31 December 2023, assets in the form of forward foreign exchange transactions amounting to k€ 2 (2022: k€ 797) and liabilities in the form of forward exchange contracts and embedded derivatives totalling k€ 759 (2022: k€ 260) were measured at fair value.

Fair value is determined using quoted forward rates as at the reporting date and net present value calculations based on yield curves with high credit ratings in the relevant currencies and therefore on the basis of input parameters observed on the market (level 2, see also page 58). There was no reclassification among the levels in the reporting period.

For current financial assets and liabilities, the book value is always assumed to be a reasonable approximation of the fair value.

Short-term lines of credit in the amount of k€ 25,155 were available on the balance sheet date (2022: k€ 25,155). Of this amount, k€ 249 (2022: k€ 240) were used for bills of guarantee and credit cards as at the balance sheet date. Unused lines of credit were k€ 24,906 (2022: k€ 24,915).

The following table shows the book values of financial assets and financial liabilities pursuant to IFRS 9 as at the 2023 balance sheet date. The book values correspond to fair values, which were all allocated to level 2 of the fair value hierarchy.

k€	Fair value through profit or loss	Hedging instrument held for hedge accounting	At amortised cost	31 Dec 2023
Financial assets measured at fair value				
Embedded derivatives from purchase contracts	–	–	–	–
Forward foreign exchange transactions (designated as hedging transactions)	–	–	–	–
Forward foreign exchange transactions (not designated as hedging transactions) – note 18	2	–	–	2
Financial assets not measured at fair value				
Trade receivables and other receivables – note 15, note 19	–	–	45,178	45,178
Cash and cash equivalents	–	–	41,275	41,275
Financial liabilities measured at fair value				
Embedded derivatives from purchase contracts – note 18	40	–	–	40
Forward foreign exchange transactions (designated as hedging transactions) – note 18	–	719	–	719
Forward foreign exchange transactions (not designated as hedging transactions)	–	–	–	–
Financial assets not measured at fair value				
Trade payables and other liabilities – note 23	–	–	26,544	26,544

The net gains and losses on financial instruments by measurement category (excluding amounts recognised in other comprehensive income) were as follows in the reporting period:

k€	Net interest result	Currency conversion	Value adjustment	Adjustments of fair value	2023
Fair value through profit or loss	–	–304	–	221	–83
At amortised cost	769	–472	–54	–	243

The following table shows the corresponding figures as at the 2022 balance sheet date.

k€	Fair value through profit or loss	Hedging instrument held for hedge accounting	At amortised cost	31 Dec 2022
Financial assets measured at fair value				
Embedded derivatives from purchase contracts	–	–	–	–
Forward foreign exchange transactions (designated as hedging transactions) – note 18	–	697	–	697
Forward foreign exchange transactions (not designated as hedging transactions) – note 18	100	–	–	100
Financial assets not measured at fair value				
Trade receivables and other receivables – note 15, note 19	–	–	50,475	50,475
Cash and cash equivalents	–	–	36,319	36,319
Financial liabilities measured at fair value				
Embedded derivatives from purchase contracts – note 18	75	–	–	75
Forward foreign exchange transactions (designated as hedging transactions) – note 18	–	133	–	133
Forward foreign exchange transactions (not designated as hedging transactions) – note 18	52	–	–	52
Financial assets not measured at fair value				
Trade payables and other liabilities – note 23	–	–	34,380	34,380

The net gains and losses on financial instruments by measurement category (excluding amounts recognised in other comprehensive income) were as follows in the previous year:

k€	Net interest result	Currency conversion	Value adjustment	Adjustments of fair value	2022
Fair value through profit or loss	–	356	–	1,322	1,678
At amortised cost	103	1,251	–113	–	1,241

(35) Commitments

As in the previous year, Group companies did not enter into any commitments.

(36) Other financial liabilities

As at 31 December 2023, the Group had contractual obligations relating to contracts without cancellation options, e.g. maintenance, service and insurance agreements, in the amount of k€ 6,450 (2022: k€ 3,787). The future minimum payments on the basis of these contracts without a cancellation option amount to k€ 6,249 up to a term of one year (2022: k€ 3,253), k€ 201 between one and five years (2022: k€ 534) and k€ 0 for more than five years (2022: k€ 0).

As at 31 December 2023, purchase commitments for aluminium and zinc contracts totalled k€ 794 (2022: k€ 347).

There were contractual obligations to purchase items of non-current assets in the amount of k€ 1,178 (2022: k€ 2,700), relating in particular to facilities. In addition, there were obligations arising out of contracts for marketing activities amounting to k€ 2,589 (2022: k€ 1,528) and from other contracts amounting to k€ 1,638 (2022: k€ 1,882).

In accordance with IFRS 16, the Group recognises rights of use and lease liabilities for the majority of its leases and rental agreements. The simplification rules permitted under IFRS 16 were applied to the remaining rental and lease agreements, office equipment and software licences, and these are presented as leases.

The lease payments are renegotiated at regular intervals in order to reflect standard market rents. The terms are always shorter than five years. No subletting arrangements have been made. As at 31 December 2023, these future minimum rental payments from non-cancellable rental and lease agreements amounted to k€ 610 (2022: k€ 959), of which k€ 507 within one year (2022: k€ 725) and k€ 103 for longer than one year up to five years (2022: k€ 234). In financial year 2023, k€ 1,319 (2022: k€ 1,688) were recognised in the statement of profit or loss as rental expense.

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

The individualised remuneration of the Board of Management and Supervisory Board is described in detail in the remuneration report, which is available at **https://www.leifheit-group.com/en/investor-relations/reports-and-presentations/**.

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

k€	2022	2023
Remuneration and other short-term benefits	541	517
Benefits following the end of the employment relationship	–	–
Other long-term benefits	25	–
Benefits due to the end of the employment relationship	–	–
Share-based remuneration	–	–
	566	**517**

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

k€	2022	2023
Remuneration and other short-term benefits	1,808	1,851
Benefits following the end of the employment relationship	–	–
Other long-term benefits	–	581
Benefits due to the end of the employment relationship	–	1,538
Share-based remuneration	–	–
	1,808	**3,970**

As in the previous year, no remuneration was paid to the Board of Management for the assumption of responsibilities at subsidiaries. Similarly, the members of the Board of Management were not granted any performance-based pension commitments. Therefore, as in the previous year, no additions were made to provisions for pensions (DBO pursuant to IFRS) for serving members of the Board of Management in the reporting period.

Disclosures on Board of Management remuneration according to IAS 24/IFRS 2:
The virtual shares granted have been classified and measured as share-based payments settled in cash in accordance with IFRS 2.30. The fair value of the virtual shares is remeasured on each balance sheet date using a Monte Carlo model and by taking into account the conditions under which the virtual shares were granted.

The following parameters were considered as part of the measurement of Board of Management remuneration as at 31 December 2023:

	2021 tranche	2022 tranche	2023 tranche	2024 tranche	2025 tranche	2026 tranche	2027 tranche
Time of measurement	31 Dec 23	31 Dec 23	31 Dec 23	31 Dec 23	31 Dec 23	31 Dec 23	31 Dec 23
Remaining term (in years)	1	2	2	3	4	5	6
Volatility	30.34%	28.58%	28.58%	28.68%	31.44%	32.47%	33.57%
Risk-free interest rate	2.56%	2.74%	2.74%	2.55%	2.58%	2.57%	2.51%
Expected dividend yield	4.47%	4.47%	4.47%	4.47%	4.47%	4.47%	4.47%
Exercise price	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
Price of Leifheit share at time of measurement	€ 16.25	€ 16.25	€ 16.25	€ 16.25	€ 16.25	€ 16.25	€ 16.25

The term applied was the period from the measurement date until the end of the performance period, and therefore the time of the expected payment. The share price was determined by consulting the closing price in Xetra trading as at 31 December 2023 as reported by Bloomberg. Volatility was calculated as the historical volatility of the Leifheit share in line with its maturity over the respective remaining term. The anticipated volatility taken into consideration is based on the assumption that historical volatility can be used to make assumptions about future trends. As a result, the actual volatility may differ from the assumptions made. The expected dividend yield was estimated as the historical dividend yield of the Leifheit share adjusted for maturity. The risk-free interest rate was derived on the basis of historical yields of German government bonds with a remaining term corresponding to the expected term of the virtual shares to be measured.

A liability in the amount of k€ 675 was recognised under other liabilities as at 31 December 2023 as part of the LTI plan for Board of Management members (31 December 2022: k€ 435). For the period from 1 January to 31 December 2023, the remeasurement resulted in expenses amounting to k€ 430 (2022: income k€ 929).

(38) Total remuneration and pension obligations for former members of the Board of Management and/or Supervisory Board in accordance with section 314 para. 1 no. 6b HGB.

The total remuneration of the former members of the Board of Management and their surviving dependants amounted to k€ 634 in the reporting period (2022: k€ 602). Provisions created for the current pensions (DBO according to IFRS) in financial year 2023 amounted to k€ 5,128 (2022: k€ 6,184).

(39) Advances and loans to the Board of Management and/or Supervisory Board in accordance with section 314 para. 1 no. 6c HGB

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

(40) Remuneration of the auditor in accordance with section 314 para. 1 no. 9 HGB

The remuneration of the Group auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, recorded as expenses in 2023, amounted to k€ 371 for the audit of the financial statements (thereof for 2022: k€ 30) and k€ 20 for other services.

No other certification services or tax consultancy services were provided by the auditor in the reporting period.

KPMG has been the auditor of the financial statements and consolidated financial statements of Leifheit AG since financial year 2016. Matthias Forstreuter (since financial year 2022) and Sven Eifert (since financial year 2019) are the signatory auditors for financial year 2023.

(41) Information under takeover law in accordance with section 315a HGB

Please refer to the combined management report for information under takeover law in accordance with section 315a HGB.

(42) 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]
June 2023	Gerlin Participaties Coöperatief U.A.	Maarsbergen (NL)	Section 33	8.53%	852,915
July 2022	EQMC ICAV	Dublin (IE)	Section 33	15.04%	1,504,349
May 2022	Ruthild Loh	Haiger (DE)	Section 33	8.26%	826,240
Jun 2021	Alantra EQMC Asset Management, SGIIC, S.A.	Madrid (ES)	Section 34	15.42%	1,541,640
Aug 2020	MainFirst SICAV	Senningerberg (LU)	Section 33	5.02%	502,320
February 2019	Blackmoor Ownership Holdings Master Limited	(KY)	Section 34	3.52%	352,061
July 2014	Leifheit Aktiengesellschaft	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 AktG or in accordance with section 33 paras. 1 or 2 of the German securities trading act (WpHG). All voting rights notifications were published by Leifheit in accordance with section 40 para. 1 WpHG and are available on the website at **https://www.leifheit-group.com/en/investor-relations/finance-news/**. The table shows reported equity interests of at least 3%; the disclosures correspond to the most recent notifications by the persons required to file a notification. Please note that these disclosures may now be outdated.

(43) Related party transactions

A managing director of our Czech subsidiary Leifheit CZ a.s. is also the managing director of a Czech customer. In the reporting period, turnover of k€ 357 was generated with this customer at an arm's length margin of 28% (2022: k€ 336 turnover at 22% margin). The customer also provided shared services for our subsidiary at arm's length terms and conditions in the amount of k€ 645 (2022: k€ 656). Leifheit CZ a.s. provided services amounting to k€ 47 (2022: k€ 7) for the customer. As at the balance sheet date 2023, receivables from the customer amounted to k€ 129 (2022: k€ 66) and liabilities to the customer stood at k€ 0 (2022: k€ 3).

There were no other relationships or transactions with related parties or related non-Group companies requiring disclosure in the reporting period.

(44) Declaration pursuant to section 161 AktG

In December 2023, the Board of Management and Supervisory Board issued the declaration required under section 161 AktG stating that the recommendations of the "Government Commission on the German Corporate Governance Code" published by the Federal Ministry of Justice and Consumer Protection (BMJV) have been and are being complied with, and which recommendations have not been or are not currently being applied. The declaration of conformity is permanently available on the company's website at **https://www.leifheit-group.com/en/investor-relations/corporate-governance/**.

(45) Events after the balance sheet date

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.

No events of particular significance for the assessment of the net assets, financial position and results of operations of the Leifheit Group occurred after the end of the financial year.

Organs of Leifheit AG

The CVs of the members of the Board of Management and Supervisory Board are available on the website at **https://www.leifheit-group.com/en/investor-relations/corporate-governance/**.

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	Member (CFO) since 1 May 2021	30 Apr 2027	Finance, Controlling, Business Processes/IT, Internal Sales	None
Igor Iraeta Munduate Born 1974 Nationality: Spanish Place of residence: Waiblingen	Member (COO) since 1 Nov 2018	31 Oct 2025	Production, Logistics, Procurement, Development, Quality Management	None
Alexander Reindler Born 1969 Nationality: German Place of residence: Hamburg	Member and Chairman (CEO) since 1 Dec 2023	30 Nov 2026	Marketing, Sales, Birambeau and Herby divisions, HR, Law/IP, Audit, Investor Relations, ESG Issues	None
Henner Rinsche Born 1970 Nationality: German Place of residence: Mörfelden-Walldorf	Member and Chairman (CEO) 1 Jun 2019–31 Jul 2023	31 Jul 2023	Marketing, Sales, Birambeau and Herby divisions, HR, Law/IP, Audit, Investor Relations, ESG Issues	None
Stefan De Loecker Born 1967 Nationality: Belgian Place of residence: Chexbres (CH)	Member and Chairman (CEO), interim basis 1 Aug 2023–30 Nov 2023	30 Nov 2023	Marketing, Sales, Birambeau and Herby divisions, HR, Law/IP, Audit, Investor Relations, ESG Issues	Eczacıbası Consumer Products, Beykoz/Istanbul, (TR), Member of the Advisory Board [2] Merz Asset Management Holding GmbH, Frankfurt, Member of the Advisory Board in a consulting capacity for Merz LifeCare (since 18 Oct 2023) [2]

[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 [2, 3]
Dr Günter Blaschke Born 1949 Nationality: German Pensioner, Buchloe	Member since 1 Apr 2019, Chairman since 2 Apr 2019	WashTec AG, Augsburg (DE), Chairman of the Supervisory Board [2] (until 31 Dec 2023)
Stefan De Loecker Born 1967 Nationality: Belgian CEO of Schleich GmbH, Schwäbisch Gmünd (DE)	Member and Deputy Chairman since 8 Jun 2023 (Mandate suspended 1 Aug 2023 – 30 Nov 2023)	Eczacıbası Consumer Products, Beykoz/Istanbul (TR), Member of the Advisory Board [3] Merz Asset Management Holding GmbH, Frankfurt, member of the Advisory Board in a consulting capacity for Merz LifeCare (since 18 Oct 2023) [3]
Georg Hesse Born 1972 Nationality: German Freelance consultant, Ismaning	Member since 30 May 2018	None
Marcus Kreß [1] Born 1972 Nationality: German Industrial Mechanic at Leifheit AG, Nassau/Lahn, Zuzenhausen location	Member since 1 Mar 2023	None
Thomas Standke [1] Born 1968 Nationality: German Toolmaker at Leifheit AG, Nassau/Lahn	Member since 27 May 2004	None
Dr Claus-O. Zacharias Born 1954 Nationality: German Independent consultant, Düsseldorf	Member since 29 May 2019	None
Joachim Barnert [1] **†** Born 1968 Nationality: German Head of Maintenance at Leifheit AG, Nassau/Lahn, Zuzenhausen location	Member 29 May 2019 – 28 Feb 2023	None
Karsten Schmidt Born 1956 Nationality: German Independent consultant, Penzberg (DE)	Member 29 May 2019 – 7 Jun 2023	None

[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, which resolves on the approval of the actions for financial year 2023.

Supervisory Board committees

Committee	Members	
Audit Committee 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** **Stefan De Loecker** **Dr Claus-O. Zacharias** **Karsten Schmidt**	Member and Chairman since 29 May 2019 Member since 8 Jun 2023 [1] Member since 29 May 2019 Member 29 May 2019 – 7 Jun 2023
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** **Stefan De Loecker** **Georg Hesse** **Karsten Schmidt**	Member since 29 May 2019 Member since 8 Jun 2023 [1] Member since 30 May 2018, Chairman since 29 May 2019 Member 29 May 2019 – 7 Jun 2023
Sales/Marketing Committee The Sales/Marketing Committee deals with the sales and marketing strategy.	**Dr Günter Blaschke** **Stefan De Loecker** **Georg Hesse** **Karsten Schmidt** **Joachim Barnert †**	Member since 29 May 2019, Chairman 29 May 2019 to 7 Jun 2023 Member and Chairman since 8 Jun 2023 [1] Member since 29 May 2019 Member 29 May 2019 – 7 Jun 2023 Member 29 May 2019 – 28 Feb 2023
Product Range/Innovation Committee The Product Range/Innovation Committee deals with the product range and innovation strategy and the product pipeline.	**Dr Günter Blaschke** **Stefan De Loecker** **Thomas Standke** **Karsten Schmidt**	Member since 29 May 2019 Member and Chairman since 8 Jun 2023 [1] Member since 29 May 2019 Member and Chairman 29 May 2019 – 7 Jun 2023

[1] Mandate suspended 1 Aug 2023 – 30 Nov 2023.

Nassau/Lahn, 25 March 2024

Leifheit Aktiengesellschaft

The Board of Management

Alexander Reindler   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 consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the management report which is combined with the management report of Leifheit Aktiengesellschaft, presents a true and fair view of the business, results and situation of the Group, together with the principal opportunities and risks associated with the expected development of the Group.

Nassau/Lahn, 25 March 2024

Leifheit AG

The Board of Management

Alexander Reindler   Igor Iraeta Munduate   Marco Keul

Auditor's report

To Leifheit Aktiengesellschaft, Nassau/Lahn

Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

Opinions

We have audited the consolidated financial statements of Leifheit Aktiengesellschaft, Nassau/Lahn, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the financial year from 1 January to 31 December 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 2023.

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 consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2023, and of its financial performance for the financial year from 1 January to 31 December 2023, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated 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, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the opinions

We conducted our audit of the consolidated 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 Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities 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 consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the consolidated 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 Group on the recognition of revenue are contained in the Section "General information as well as accounting and valuation principles" with the sub-section "Recognition of income and expenses" in the notes.

The financial statement risk

The Group's revenue generated from the sale of products amounted to EUR 258.3 million in financial year 2023 (PY: EUR 251.5 million).

The Group recognises revenue from the sale of products when it fulfils a performance obligation through the transfer of a promised asset (product) to a customer. An asset is considered transferred at the time when the customer obtains control of that asset.

In line with the transfer of control, revenue is to be recognised either at a point in time or over time in the amount to which the Group is expected to be entitled. On the basis of indicators, Leifheit Group has determined that the performance obligation is fulfilled at the time the product is transferred to the customer and thus that revenue is recognised at a point in time.

The Group's key markets are in Germany and Central Europe. In some cases, different agreements are concluded with customers for the delivery of products, which contain different terms with regard to the respective performance obligations and thus the timing of revenue recognition.

Due to the use of various terms of transport in the customer agreements that are significant for the transfer of control, combined simultaneously with a high number of deliveries in the different markets, there is the risk for the consolidated financial statements that revenue recognition in the reporting year is not recognized on an accrual basis and therefore overstated.

Our audit approach

Using inquiries and discussions with Group's representatives in finance and sales, 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.

In order to assess whether revenue is recognised on an accrual basis, we assessed the design and implementation of the internal controls relating to the verification of the correct or effective transfer of control.

Based on revenue for a specified period in December, using contract-specific stipulations on the transfer of control 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 Group's approach for revenue recognition cut-off is appropriate.

- **Recoverability of goodwill of the Birambeau cash-generating unit**

For more information on the accounting policies applied please refer to the section "General information as well as accounting and valuation principles" with the sub-sections "Intangible assets" and "Impairment of tangible and intangible assets" in the notes. The assumptions underlying the measurement as well as the disclosures on the impairment testing of the goodwill of the Birambeau cash-generating unit (CGU) can be found in Note (20) of the notes.

The financial statement risk

The consolidated financial statements of Leifheit Aktiengesellschaft as at 31 December 2023 recognise goodwill in the amount of EUR 10.7 million (PY: EUR 11.7 million) under intangible assets. Of this goodwill, EUR 2.3 million (PY: EUR 3.3 million) is attributable to the Birambeau CGU.

Goodwill is tested annually for impairment at the level of the Leifheit, Herby and Birambeau CGUs. If impairment triggers arise during the financial year, an event-driven goodwill impairment test is also carried out. To do this, the Group uses a discounted cash flow model to calculate the value in use of each CGU. If the carrying amount is higher than the value in use, this results in an impairment requirement to the extent that the carrying amount is not covered by the fair value less costs to sell.

The reporting date for the annual impairment test is 31 December of the financial year.

Impairment testing of goodwill is based on a complex calculation method and includes a range of assumptions that require judgement. These include the expected business and earnings performance of the respective CGU drawn up by Leifheit Aktiengesellschaft's Board of Management and approved by the Supervisory Board as well as the growth rates used in the terminal value and the discount rates used.

In past financial years, the projected revenue targets in the Birambeau CGU were not achieved. Due to declining consumer demand, revenue performance at the Birambeau CGU is also below the forecast expectations in the current financial year. In addition, the Board of Management is also expecting a challenging market environment in the future.

This has a negative impact on the future business and earnings prospects of the Birambeau CGU. The reduction in expected future cash inflows of the Birambeau CGU results in an impairment loss on goodwill in the amount of EUR 0.9 million. If the deterioration in earnings prospects is greater than expected or an increase in the discount rate occurs, further impairment losses will need to be recognised.

There is the risk for the consolidated financial statements that the existing impairment loss on goodwill of the Birambeau CGU is not recognised in the amount required. There is also the risk that the related disclosures in the notes are not appropriate.

Our audit approach

Using inquiries and discussions with the Group's Board of Management, we obtained an understanding of the process for goodwill impairment testing. With the involvement of our valuation experts, we also assessed the appropriateness of key assumptions and calculation method of the Group. We discussed the 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 expected business and earning performance drawn up by the Board of Management and approved by the Supervisory Board and whether the planning is reasonable.

We also confirmed the accuracy of the Group's previous forecasts by comparing the budgets of previous financial years with actual results and by analysing deviations. To this end, we examined the 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 – in particular the risk-free rate, the market risk premium and the beta factor – with own assumptions and publicly available information. In order to take account of the existing and, due to the economic environment, increased forecast uncertainty, we also investigated the impact of potential changes to the discount rate and the expected cash flows on the fair value, by calculating alternative scenarios and comparing these with the Group's measurements (sensitivity analysis).

To assess the methodically and mathematically correct implementation of the valuation method, we verified the Group's valuation using our own calculations and analysed deviations. We also assessed the accuracy of the sensitivity analyses prepared by the Group by reconciling these with our own sensitivity analyses.

Finally, we assessed whether the disclosures in the notes regarding the recoverability of the Birambeau CGU goodwill are appropriate. This also included an assessment of the appropriateness of disclosures in the notes in accordance with IAS 36.134(f) on sensitivity in the event of a reasonably possible change in key assumptions used for measurement.

Our observations
The calculation method used to test the goodwill of the Birambeau CGU for impairment is appropriate and in line with the accounting policies to be applied.

The Group's assumptions and data used for measurement are appropriate.

The related disclosures in the notes are 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 nonfinancial report expected to be available to us after the date of this auditor's report and referred to in the combined management report,
- the combined corporate governance statement for the Company and the Group referred to in the combined management report, and
- information extraneous to management reports and marked as unaudited.

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

Our opinions on the consolidated 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 consolidated 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 Consolidated Financial Statements and the Combined Management Report

The Board of Management is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the Board of Management is responsible for such internal control as it has determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the Board of Management is responsible for assessing the Group'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 unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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 Group's position and is, in all material respects, consistent with the consolidated 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 Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Group's position and, in all material respects, is consistent with the consolidated 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 consolidated 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) 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 consolidated 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 consolidated 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 the risk of not detecting a material misstatement 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 consolidated 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 Group'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 consolidated 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 Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group'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 actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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

Declaration of Non-issuance of the Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We were engaged to perform assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format").

We do not express an opinion on the ESEF documents. As a result of the significance of the circumstances described below, we have not been able to obtain sufficient appropriate assurance evidence as a basis for our assurance opinion on the ESEF documents.

As the Board of Management has not provided us with any ESEF documents for assurance by the date of the issuance of the independent auditor's report, we do not express an assurance opinion on the ESEF documents.

The Company's Board of Management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's Board of Management is responsible for such internal control as it has considered 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 process of preparing the ESEF documents as part of the financial reporting process.

It is our responsibility to perform assurance work on the ESEF documents in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06.2022)). As a result of the above circumstances, we have not been able to obtain sufficient appropriate assurance evidence as a basis for our assurance opinion on the ESEF documents.

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor at the Annual General Meeting on 7 June 2023. We were engaged by the Supervisory Board on 21 November 2023. We have been the group 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).

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Matthias Forstreuter.

Frankfurt am Main, 25 March 2024

KPMG AG Wirtschaftsprüfungsgesellschaft

Original German version signed by

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

Key figures 5-year history

		2019	2020	2021	2022	2023
Turnover						
Group	m€	234.0	271.6	288.3	251.5	258.3
Household	m€	182.0	213.1	230.8	204.2	211.9
Wellbeing	m€	19.8	26.5	25.5	16.1	16.4
Private Label	m€	32.2	32.0	32.0	31.2	30.0
Foreign share	%	60.0	58.7	56.1	60.7	59.9
Profitability						
Gross margin	%	43.1	45.0	42.3	38.7	42.1
Cash flow from operating activities	m€	15.9	4.0	16.4	14.0	20.8
Free cash flow	m€	10.1	–5.5	9.6	8.8	12.1
EBIT	m€	9.9	18.8	20.1	2.8	6.0
EBIT margin	%	4.2	6.9	7.0	1.1	2.3
EBT	m€	8.5	17.7	19.3	2.3	4.7
Net result for the period	m€	5.8	12.5	14.2	1.2	3.2
Net return on turnover	%	2.5	4.6	4.9	0.5	1.2
Return on equity	%	6.1	12.5	12.7	1.1	3.1
Return on total capital	%	2.7	5.4	5.9	0.6	1.6
ROCE	%	8.2	14.1	13.8	1.8	4.5
Share						
Net result for the period per share[1]	€	0.61	1.32	1.49	0.13	0.34
Free cash flow per share[1]	€	1.06	–0.57	1.00	0.92	1.27
Dividend per share	€	0.55	1.05	1.05	0.70	0.95[2]
Special dividend	€	0.00	0.00	0.00	0.00	0.10[2]
Employees at the end of the year						
Group	People	1,106	1,098	1,080	1,063	1,020
Household	People	906	914	907	903	868
Wellbeing	People	52	47	39	34	28
Private Label	People	148	137	134	126	124
Investments	m€	6.0	9.6	7.3	5.4	8.9
Investment ratio	%	2.0	5.2	3.9	2.9	4.6
Depreciation and amortisation	m€	8.2	8.5	7.8	7.5	9.0
Balance sheet total	m€	214.6	230.0	238.8	216.1	203.6
Equity	m€	96.2	100.4	111.3	112.5	103.8
Equity ratio	%	44.8	43.7	46.6	52.0	51.0

[1] Not including repurchased treasury shares.
[2] Dividend proposal.

Information, Disclaimer, Financial calendar, Legal notice

Individual financial statements of Leifheit AG

The individual financial statements of Leifheit AG, audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, which did not express any reservations in its audit opinion, were prepared in accordance with the provisions of the German commercial code (HGB) and the German stock corporation act (AktG).

Additional information on the website

In addition to the consolidated financial statements, the annual financial statements of Leifheit AG, the combined management report of Leifheit AG and the Leifheit Group, 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.

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 company register. In this case, the version submitted to the company register is binding.

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

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. They include, for example, 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 does not intend to update forward-looking statements to reflect events or developments after the date of this report, nor does it accept any specific obligation to do so.

Financial calendar

8 May 2024	**Quarterly statement for the period ending 31 March 2024**
29 May 2024	**Annual General Meeting** German National Library, Frankfurt/Main, Germany
8 Aug 2024	**Financial report for the first half-year ending 30 June 2024**
12 Nov 2024	**Quarterly statement for the period ending 30 September 2024**

Legal notice

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