

Quarterly statement for the period ending 31 March 2023

At a glance

- Group turnover stands at m€ 70.3 in the first quarter of 2023, down slightly on the figure from the previous year (m€ 71.8)
- Group EBIT continues to be impacted by high procurement costs
- Free cash flow improves to m€ –3.4, after m€ –15.6 in the previous year
- Group forecast for 2023 confirmed

Key figures of the Group as at 31 March

		2022	2023	Change
Turnover				
Group	m€	71.8	70.3	–2.1%
Household	m€	59.5	58.5	–1.6%
Wellbeing	m€	4.7	4.2	–11.0%
Private Label	m€	7.6	7.6	–0.4%
Foreign share	%	55.3	56.1	0.8 pps
Profitability				
Gross margin	%	40.9	40.5	–0.4 pps
Cash flow from operating activities	m€	–13.7	–2.1	84.5%
Free cash flow	m€	–15.6	–3.4	78.3%
Foreign currency result	m€	1.0	0.4	–64.8%
EBIT	m€	2.7	2.3	–11.8%
EBIT margin	%	3.7	3.3	–0.4 pps
EBT	m€	2.5	1.9	–23.1%
Net result for the period	m€	1.8	1.3	–31.5%
EPS	€	0.19	0.13	–31.6%
Investments				
	m€	1.9	1.3	–33.2%

Foreword

Dear Shareholders,

In a market environment that remains challenging, the Leifheit Group achieved turnover of m€ 70.3 in the first three months of 2023. This figure was down only slightly on the previous year (m€ 71.8). Despite the extraordinary overall conditions, the reporting period saw the Leifheit Group post the third highest turnover in a first quarter on a like-for-like basis in the past 15 years. This is all the more remarkable considering that rising selling prices tend to lead to lower sales figures. A number of factors were involved here, including the acquisition of new customers in various sales channels following the successful expansion of our distribution activities. Nevertheless, we can see that the developments in the market environment continued to have an impact on our business in the reporting period. In the first quarter of the previous year, the waning COVID-19 pandemic initially fuelled hopes of a recovery in the overall economy, which were then dashed in the late spring of 2022, when inflation concerns and the fallout of the Russia-Ukraine war weighed on the general appetite for spending and reduced demand for consumer goods. These effects were still being felt at the beginning of the current financial year, even though general consumer sentiment has recently picked up slightly – while still remaining at a very low level.

In addition, high purchasing and production costs once again affected earnings before interest and taxes (EBIT) in the first quarter of 2023. EBIT amounted to m€ 2.3 in the reporting period, reflecting the lack of contribution margins due to the decline in turnover as

well as a lower foreign currency result. At 40.5%, the gross margin was narrowly below the previous year's figure, but maintained the slightly positive trend of the past two quarters thanks to our strict cost and resource management.

We are responding to the current market conditions not only by taking cost reduction measures, but also by holding ongoing negotiations with our partners. Sales price rises always take time to have an effect. They were once again only able to partially offset higher costs in the first quarter of 2023. We are seeing a general trend towards consumers increasingly opting for household appliances with a lower energy and carbon footprint. At Leifheit, we are ideally positioned to serve this trend with products such as our Linomatic rotary dryers and Pegasus drying racks. Accordingly, the laundry care category recorded significant turnover growth despite general consumer restraint.

As we expect material costs to remain high going forward, we are implementing extensive measures to enhance efficiency in production, logistics and sales. For example, we plan to build a new logistics hub for our Leifheit and Soehnle products at our logistics location in Chablis, France, which has so far been exclusively operated by our subsidiary Birambeau. We intend to use this hub to supply markets and end customers in Southern and Western Europe even more quickly and efficiently.

On the basis of our business performance in the first quarter of 2023, we are confirming the full-year 2023 forecast published in March. We therefore continue to expect a slight year-on-year decline in Group turnover as well as positive Group EBIT in the low single-digit million-euro range and free cash flow also in the low single-digit million-euro range.

Despite the difficult circumstances that still exist, the Board of Management will continue to systematically work on successfully driving forward the initiatives within our Scaling up Success strategy in the interests of all shareholders.

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

The Board of Management

Henner Rinsche

Igor Iraeta Munduate

Marco Keul

Quarterly statement for the period ending 31 March 2023

Business performance

The Leifheit Group generated turnover of m€ 70.3 in the first quarter of 2023, down only slightly on the equivalent previous year's figure of m€ 71.8. The consumer climate remained at an extremely low level at the beginning of 2023, with price rises triggered by the Russia-Ukraine war still noticeably weighing on private consumption. Consumer caution in the non-food sector is an issue for the Leifheit Group in its core market of Germany in particular, where people are more focused on buying products that meet basic needs. The Leifheit Group continued to tackle this challenging market environment in the first quarter of 2023 with strict cost and resource management, along with targeted sales and marketing activities in selected markets.

Overall, turnover in the first quarter of 2023 remained at a comparatively high level and fell only slightly short of the same quarter of 2022, which was not significantly affected by the Russia-Ukraine war. This meant that the Leifheit Group's turnover in the reporting period was the third highest in a first quarter in the past 15 years, behind the strong equivalent quarters of the two previous years.

Nevertheless, the persistently weak consumer sentiment and the general decline in online and bricks-and-mortar retail sales volumes were all too obvious in every segment. In the Group's domestic market of Germany, lower consumer demand led to a 3.9% decrease in turnover. By contrast, the Central Europe region was able to record an increase in turnover of 3.9%. Turnover in Eastern Europe as well as in non-European markets was down on the previous year.

Overall, foreign turnover declined only slightly by m€ 0.3 to m€ 39.4 in the first quarter (previous year: m€ 39.7). The share of Group turnover generated abroad rose moderately to 56.1% in the first three months of 2023 (previous year: 55.3%).

Group turnover by region

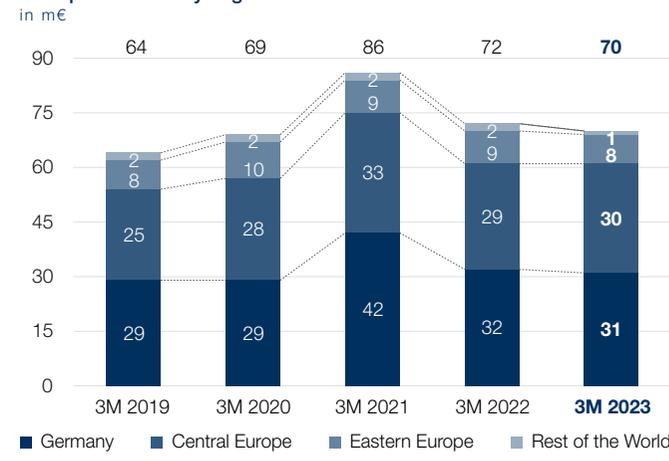
Germany

In Germany, the Leifheit Group recorded a 3.9% fall in turnover in the first three months of financial year 2023 compared with the first quarter of the previous year. Unusually pronounced consumer restraint in the Group's domestic market had a negative impact on turnover, which amounted to m€ 30.9, following m€ 32.1 in the same period of 2022. As a result, the Leifheit Group generated 43.9% of its turnover in Germany (previous year: 44.7%).

Central Europe

In Central Europe, the Leifheit Group's turnover grew by 3.9% in the first quarter of 2023 to m€ 30.2 in total (previous year: m€ 29.1). While turnover in countries such as France and Belgium was below the previous year's level, sales promotions and the expansion of distribution activities in key markets including the Netherlands, Italy and Spain led to sharp year-on-year increases in some cases. All in all, this translated into a positive turnover performance in the Central Europe region.

Group turnover by region



Eastern Europe

Turnover in the Eastern Europe region dropped by 7.3% from m€ 8.7 in the first three months of 2022 to m€ 8.0 in the first quarter of 2023. The Leifheit Group achieved clear double-digit turnover growth in Romania, among other countries. However, low consumer demand was still apparent in the key Eastern European markets of the Czech Republic and Poland, which led to year-on-year declines.

Rest of the World

Turnover in non-European markets in the first quarter of 2023 was significantly below the previous year, declining by 38.1% from m€ 1.9 to m€ 1.2 and continuing to account for a small share of Group turnover, at 1.7%. This performance is largely due to decreases in turnover in the Far East region. By contrast, turnover in the US and Australia increased many times over from a low base.

Group turnover by segment

Reporting segments are divided as follows: Household, Wellbeing and Private Label.

Household

In the Household segment, the Leifheit Group's turnover decreased by 1.6% to a total of m€ 58.5 in the first quarter of 2023 (previous year: m€ 59.5). Accordingly, the share of Group turnover accounted for by this segment amounted to 83.2% in the reporting period, compared to 82.7% in the previous year. Although the cleaning and kitchen goods categories did not match the level of turnover seen in the first quarter of 2022, they benefited from the positive effects of extensive marketing activities as well as from a general trend in consumer demand towards household appliances with a lower energy and carbon footprint. Despite the historically low consumer climate, the laundry care category achieved significant turnover growth in key target markets of the Leifheit Group. This reflects the desire of more and more consumers to take the opportunity to save electricity and carbon emissions by avoiding the use of electric dryers. Leifheit is ideally placed to meet this demand with its Linomatic rotary dryers and Pegasus drying racks.

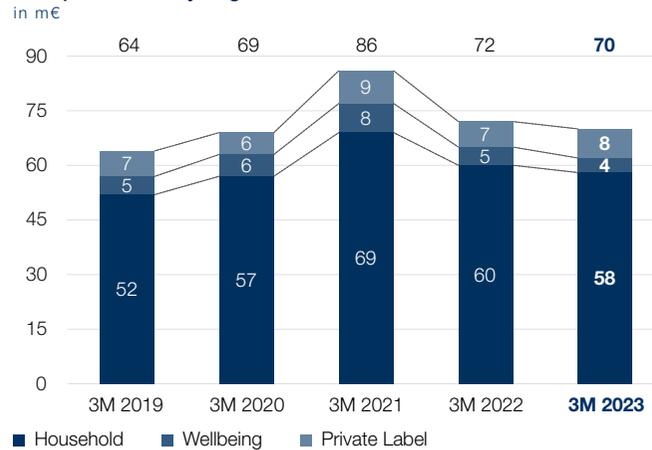
Wellbeing

In the Wellbeing segment with the Soehnle brand, the Leifheit Group recorded turnover of m€ 4.2 (previous year: m€ 4.7). This represents a drop of 11.0% compared to the first quarter of 2022. The share of Group turnover attributable to this segment declined accordingly to 6.0% (previous year: 6.6%). In the reporting period, business activities in this segment were again dominated by difficult overall conditions and consumer restraint. At the same time, however, Soehnle remains the clear market leader for bathroom and kitchen scales in Germany.

Private Label

In the Private Label segment, which mainly comprises sales of private-label brands by the French subsidiaries Birambeau and Herby, turnover was roughly on a par with 2022, falling by 0.4% to m€ 7.6 in the first quarter of 2023 (previous year: m€ 7.6). The share of Group turnover attributable to this segment rose marginally to 10.8% (previous year: 10.7%). While Birambeau's kitchen goods/products recorded slight declines in turnover in the first quarter, Herby's energy-saving laundry care products saw a small amount of growth.

Group turnover by segment



Net assets, financial position and results of operations

The Leifheit Group generated earnings before interest and taxes (EBIT) of m€ 2.3 in the first three months of financial year 2023 (previous year: m€ 2.7). This constitutes a year-on-year fall of m€ 0.4 in EBIT, mainly due to the lack of contribution margins following the m€ 1.5 decline in turnover and a lower foreign currency result.

The turnover-related lack of contribution margins led to a drop in gross profit of m€ 0.9 to m€ 28.5 (previous year: m€ 29.4). The gross margin decreased by 0.4 percentage points to 40.5% (previous year: 40.9%). The fall in gross profit contrasted with a m€ 2.8 reduction in advertising costs in the reporting period as well as the reversal of provisions for personnel-related administrative costs in the previous year amounting to m€ 1.2. In addition, the foreign currency result fell by m€ 0.6 to m€ 0.4 in the first quarter of 2023 (previous year: m€ 1.0) due to exchange rate developments.

Earnings before taxes (EBT) stood at m€ 1.9 (previous year: m€ 2.5). Less taxes, this equalled a net result for the period of m€ 1.3 in the first quarter of 2023 (previous year: m€ 1.8).

Group liquidity declined by m€ 3.5 in the first three months of 2023 and stood at m€ 32.8 as at 31 March 2023. Cash outflow from operating activities amounted to m€ 2.1 in the reporting period (previous year: m€ 13.7). This is primarily attributable to the lower increase in working capital in the first quarter of 2023 compared to the same period of the previous year. At m€ 1.3, investments were down year-on-year in the first three months of 2023 (previous year: m€ 1.9). Free cash flow in the first quarter improved to m€ -3.4 (previous year: m€ -15.6).

The balance sheet total rose by m€ 9.6 to m€ 225.7 compared to 31 December 2022. The seasonal rise in trade receivables of m€ 16.3 was offset on the assets side of the balance sheet by the m€ 3.5 decline in cash and cash equivalents and the m€ 2.1 decrease in inventories. On the liabilities side, trade payables and other liabilities increased by m€ 6.5. Equity rose by m€ 1.5, mainly due to the net result for the period. On account of the higher balance sheet total as at the reporting date, the equity ratio fell slightly to 50.5%, but remains very solid (31 December 2022: 52.0%).

Opportunities and risks

The opportunities and risks for the Leifheit Group were described in detail in the combined management report as at 31 December 2022. In the reporting period, there were no significant changes in the main opportunities and risks for the remaining months of the financial year. From today's perspective, there continue to be no risks that jeopardise the continued existence of the company.

Turnover and earnings forecast for the current financial year 2023

Business development in the first quarter of 2023 is in line with the full-year forecast published in March 2023.

As expected, the Leifheit Group continues to face a challenging market environment. The consequences of the Russia-Ukraine war and ongoing inflation concerns are still weighing on economic development and consumer demand. At the same time, the tense situation in global procurement markets and high increases in the price of energy and raw materials continue to pose challenges that are expected to exert pressure on the development of our Group's earnings despite the countermeasures that have been initiated.

Against this backdrop, the Board of Management still anticipates a slight year-on-year decline in Group turnover in financial year 2023 (2022: m€ 251.5). Noticeable declines are expected in the Household and Wellbeing segments, while slight growth is forecast in the Private Label segment.

Furthermore, the Board of Management continues to anticipate positive consolidated EBIT in the low single-digit million-euro range (2022: m€ 2.8). On this basis, free cash flow is also expected to be in the lower single-digit million-euro range (2022: m€ 8.8).

Further information can be found in the most recently published annual report of the Leifheit Group for financial year 2022, which is available on the website at financial-reports.leifheit-group.com.

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

Statement of comprehensive income

k€	1 Jan to 31 Mar 2022	1 Jan to 31 Mar 2023
Turnover	71,815	70,312
Cost of turnover	-42,453	-41,840
Gross profit	29,362	28,472
Research and development costs	-1,665	-1,285
Distribution costs	-22,813	-20,925
Administrative costs	-3,309	-4,605
Other operating income	319	382
Other operating expenses	-226	-43
Foreign currency result	993	350
EBIT	2,661	2,346
Interest income	5	36
Interest expenses	-214	-496
EBT	2,452	1,886
Income taxes	-607	-622
Net result for the period	1,845	1,264
Contributions that are not reclassified in future periods in the statement of profit or loss		
Actuarial gains/losses on defined benefit pension plans	6,758	-486
Income taxes from actuarial gains/losses on defined benefit pension plans	-1,980	145
Contributions that may be reclassified in future periods in the statement of profit or loss		
Currency translation of foreign operations	324	440
Currency translation of net investments in foreign operations	311	659
Income taxes from currency translation of net investments in foreign operations	-91	-196
Net result of cash flow hedges	298	-412
Income taxes from cash flow hedges	-82	115
Other comprehensive income	5,538	265
Comprehensive income after taxes	7,383	1,529
Earnings per share based on net result for the period (diluted and undiluted)	€ 0.19	€ 0.13

Balance sheet

k€	31 Dec 2022	31 Mar 2023
Current assets		
Cash and cash equivalents	36,319	32,802
Trade receivables	48,629	64,957
Inventories	62,452	60,385
Income tax receivables	1,106	1,219
Contractual assets	1,013	1,013
Derivative financial instruments	797	390
Other current assets	3,895	2,657
Total current assets	154,211	163,423
Non-current assets		
Intangible assets	17,771	17,662
Tangible assets	38,200	38,305
Right of use assets from leases	1,644	1,583
Deferred tax assets	4,162	4,638
Other non-current assets	83	82
Total non-current assets	61,860	62,270
Total assets	216,071	225,693
Current liabilities		
Trade payables and other liabilities	44,473	50,951
Income tax liabilities	29	881
Other provisions	6,270	6,476
Derivative financial instruments	193	375
Lease liabilities	436	452
Total current liabilities	51,401	59,135
Non-current liabilities		
Provisions for pensions and similar obligations	46,812	47,187
Other provisions	2,353	2,379
Deferred tax liabilities	1,736	1,816
Derivative financial instruments	67	27
Lease liabilities	1,250	1,168
Total non-current liabilities	52,218	52,577
Equity		
Subscribed capital	30,000	30,000
Capital surplus	17,164	17,164
Treasury shares	-7,350	-7,350
Retained earnings	73,476	74,740
Other reserves	-838	-573
Total equity	112,452	113,981
Total equity and liabilities	216,071	225,693

Statement of cash flow

k€	1 Jan to 31 Mar 2022	1 Jan to 31 Mar 2023
Net result for the period	1,845	1,264
Depreciation and amortisation	1,920	1,961
Change in provisions	-1,413	106
Result from disposal of fixed assets and other non-current assets	-10	-10
Change in inventories, trade receivables and other assets not classified as investment or financing activities	-16,003	-12,476
Change in trade payables and other liabilities not classified as investment or financing activities	854	7,229
Other non-cash expenses and income	-911	-204
Cash flow from operating activities	-13,718	-2,130
Investments from the sale of fixed assets and other non-current assets	28	19
Payments for the purchase of tangible and intangible assets	-1,900	-1,269
Cash flow from investment activities	-1,872	-1,250
Payments for lease liabilities	-213	-128
Cash flow from financing activities	-213	-128
Change in cash and cash equivalents	-15,803	-3,508
Change in cash and cash equivalents due to exchange rates	36	-9
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	22,323	32,802

Segment reporting

Key figures by reportable segments as at 31 March 2023 in m€	Household	Wellbeing	Private Label	Total
Turnover	58.5	4.2	7.6	70.3
Gross profit	25.1	1.6	1.8	28.5
Segment result (EBIT)	2.0	0.0	0.3	2.3

Key figures by reportable segments as at 31 March 2022 in m€	Household	Wellbeing	Private Label	Total
Turnover	59.5	4.7	7.6	71.8
Gross profit	25.9	2.1	1.4	29.4
Segment result (EBIT)	2.8	-0.2	0.1	2.7

Information on the segments and their management is available in the annual report 2022.

Additional information

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

The accounting and valuation principles used by Leifheit correspond to those of the most recently published consolidated financial statements as at the end of the previous financial year, while taking into consideration the accounting regulations to be applied for the first time. A detailed description can be found in the notes to the annual report 2022 of the Leifheit Group, which is available on the website at [financial-reports.leifheit-group.com](https://www.leifheit-group.com/financial-reports).

The reporting period saw personnel changes in Leifheit AG organs. 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 Krefß.

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

Disclaimer

Forward-looking statements

This statement contains forward-looking statements which are based on the management's current estimates with regard to future developments. Such statements are subject to risks and uncertainties which are beyond Leifheit's ability to control or estimate precisely, such as statements on the future market environment and economic conditions, the behaviour of other market participants and government measures. If one of these uncertain or unforeseeable factors occurs, or if the assumptions on which these statements are based prove inaccurate, actual results could differ materially from the results cited explicitly or contained implicitly in these statements. Leifheit does not intend to update forward-looking statements to reflect events or developments after the date of this statement, nor does it accept any specific obligation to do so.

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

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

Financial calendar

7 Jun 2023	Annual General Meeting German National Library, Frankfurt/Main, Germany
10 Aug 2023	Financial report for the first half-year ending 30 June 2023
15 Nov 2023	Quarterly statement for the period ending 30 September 2023

LEIFHEIT

AKTIENGESELLSCHAFT

PO Box 11 65
56371 Nassau/Lahn, Germany
Telephone: +49 2604 977-0
www.leifheit-group.com
ir@leifheit.com