

# QUARTERLY REPORT

## 31 March 2021





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## At a glance

The Einhell Group managed to significantly increase its business volume between January and March 2022 and generated revenue of EUR 292.3 million. Nearly all the markets that are relevant for the Group contributed to the increase in revenue.

Profit before income taxes amounts to EUR 24.6 million and is thus significantly above the previous year's level. This corresponds to a margin before income taxes of about 8.4%.

## Financial figures

### Revenue in kEUR

Q1 2022	292.295	
Q1 2021	229.611	+27,3%

### Profit before income taxes in kEUR

Q1 2022	24.608	
Q1 2021	17.490	+40,7%

### EBIT in kEUR

Q1 2022	25.623	
Q1 2021	18.067	+41,8%

### Equity ratio

Q1 2022	37,4%	
Q1 2021	49,9%	-25,1%

### Profit per share (EUR)

Q1 2022	4,6	
Q1 2021	3,3	+39,4%

### Net debt (bank deposits / liabilities) in kEUR

Q1 2022	298.625	
Q1 2021	66.738	+347,5%

### Staff

Q1 2022	1.948	
Q1 2021	1.711	+13,9%

## Group structure

Effective on 1 March 2022, Einhell Germany AG acquired 66.67% of shares in the Canadian company Outillages King Canada, Inc., headquartered in Montreal/Quebec. King Canada is a well-established distributor of electronic tools, industrial equipment and other equipment for the Canadian market.

The purchase price allocation has not yet been finalised as of the reporting date, since the acquisition was made shortly before the balance sheet date. Therefore, the company was included in the consolidated financial statements for the period ending on 31 March 2022 on the basis of preliminary figures.

The purchase price and the value of the realized goodwill at the time of acquisition are:

<b>in CAD million (preliminary figures)</b>	<b>01.03.2022</b>
Total amount of the transferred consideration	25.6
Realized goodwill	6.0
<b>in EUR million (preliminary figures)</b>	
Total amount of the transferred consideration	18.1
Realized goodwill	4.3

The value of the goodwill in EUR has not changed significantly as of the reporting date. It represents the value of the workforce and the expected synergies which the Einhell Group considered in the purchase price:

- Use of the already established development of the Canadian market and
- creation of a sales base for Einhell products.

Einhell Germany AG and the seller agreed on a put option for the remaining shares. This option contains an obligation for Einhell Germany AG beginning with 2027; if certain criteria are met, Einhell Germany AG can take over the remaining shares or the seller can offer Einhell Germany AG the remaining shares. The amount of the obligation depends on the future EBIT performance. The Company recognised a purchase price liability of EUR 7,8 million for the 33.33% share at the time of acquisition.

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

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

<b>in Mio. EUR (preliminary figures)</b>	<b>01.03.2022</b>
Customer Base and Trademark Rights	12.9
Goodwill	4.3
Right-of-use assets acc. IFRS 16	2.2
Inventories before devaluation	13.2
Devaluation on inventories	0.5
Trade receivables before devaluation	7.4
Devaluation on trade receivables	0.3
Non-controlling interest	6.9
Liabilities from debt capital	4.2
Income tax liabilities	1.9
Lease liabilities	2.2
Trade payables	3.1
Other liabilities	1.5

The non-controlling interest was not determined at fair value.

As of the first quarter of 2022, the following items were included in the consolidated income statement:

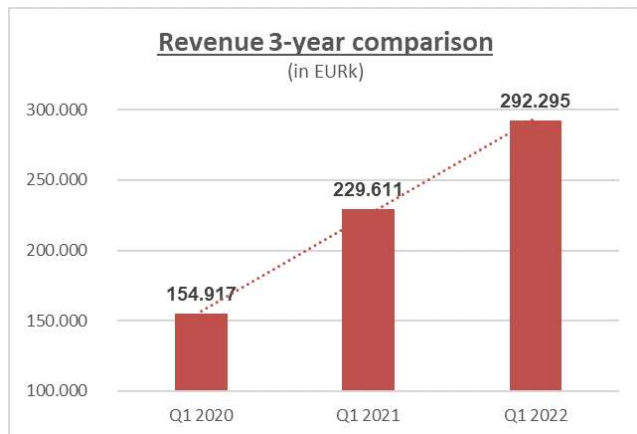
<b>in EUR million (preliminary figures)</b>	<b>01.03.2022 - 31.03.2022</b>
Revenue	3.3
Income before income taxes	0.5

If the company Outillages King Canada, Inc. had already been included in the consolidated financial statements since 1 January 2022, the revenues for the company in the period from 1 January to 31 March 2022 would have been EUR 11.0 million and income before income taxes EUR 0.6 million. The revenue is allocated to the Overseas segment.

## **Revenue, earnings and financial position**

### **Revenue**

From January to March 2022, the Einhell Group generated revenue of EUR 292.3 million (previous year: EUR 229.6 million), meaning that the rising demand trend for DIY products continues in the current financial year.



The persistently strong demand for our Power X-Change products contributed substantially to the growth in revenue. As of 31 March 2022, the share of Power X-Change products sold in total revenue stands at 43.3% (previous year: 34.4%).

## Earnings



From January to March 2022, the Einhell Group generated profit before income taxes of EUR 24.6 million (previous year: EUR 17.5 million). The pre-tax margin is 8.4% (previous year: 7.6%).

Driven by significantly higher revenues, the earnings performance improved further compared to the previous year. However, the Group continues to invest heavily in products and marketing to further strengthen the solid foundation for the future performance of the business.

Consolidated net profit after non-controlling interest amounted to EUR 17.5 million in the period under review (previous year: EUR 12.5 million), while earnings per share amounted to EUR 4.6 (previous year: EUR 3.3 per share).

Personnel expenses rose from EUR 24.8 million to EUR 28.3 million compared to the previous year. This is mainly due to the rise in headcount.

Depreciation and amortisation increased in the first quarter 2022 to EUR 3.3 million (previous year: EUR 2.5 million) as substantial capital was expended for property, plant and equipment and right-of-use assets in recent years.

Other expenses increased from EUR 34.3 million to EUR 41.4 million. This increase was caused by higher revenues and was driven primarily by a hike in costs for warehousing and logistics.

The financial result of EUR -1.0 million (previous year: EUR -0.6 million) is lower than in the previous year.

## Financial position

The material items in the statement of financial position as at 31 March 2022 and 31 March 2021 are as follows:

in EUR million	Q1 2022	Q1 2021
Non-current assets incl. deferred tax assets	160.6	99.9
Inventories	481.8	204.8
Trade receivables	226.6	177.1
Cash and cash equivalents	7.8	13.5
Equity	365.4	269.0
Liabilities to banks	306.4	80.2

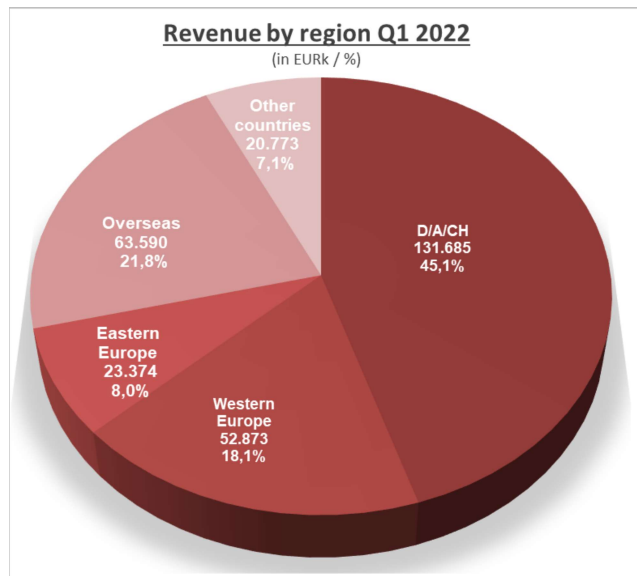
In the period under review, the Einhell Group's investments without King Canada amounted to EUR 1.6 million (previous year: EUR 1.7 million). The majority of this was spent on operating and office equipment. Non-current assets also include right-of-use assets for property, plant and equipment under rental and lease contracts in the amount of EUR 20.5 million (previous year: EUR 13.7 million).

Goods inventories increased significantly as against the prior-year period to EUR 481.8 million (previous year: EUR 204.8 million). Given the fact that manufacturers are producing at full capacity and sea freight capacities are scarce, management decided to increase stock-keeping in order to maintain the Group's above-average reliability of delivery. The difficult situation surrounding supply chain management will continue in 2022.

Trade receivables are shown after deduction of impairment for expected future credit defaults. Mainly driven by revenue growth, trade receivables climbed by EUR 49.5 million year-on-year to EUR 226.6 million in the period under review (previous year: EUR 177.1 million). Other non-financial assets rose considerably from EUR 30.4 million to EUR 43.9 million in the first quarter of 2022. This was caused primarily by a rise in VAT receivables.

Cash amounted to EUR 7.8 million on the reporting date (previous year: EUR 13.5 million). Liabilities to banks rose from EUR 80.2 million in the prior-year period to EUR 306.4 million, including promissory note loans amounting to EUR 75 million that were issued in December 2021. The significant increase in liabilities to banks is directly associated with higher inventories and trade receivables.

## Performance by region



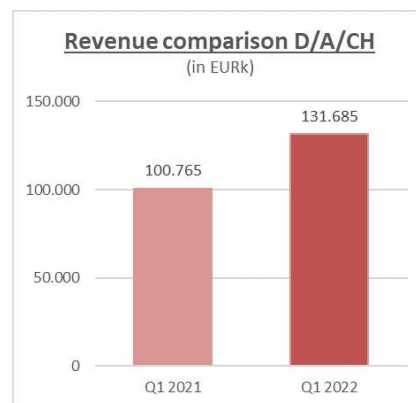
The substantial rise in revenue in the first quarter 2022 breaks down by region as follows:

in EURk	Q1 2022	Q1 2021
D/A/CH	131,685	100,765
Western Europe	52,873	40,849
Eastern Europe	23,374	20,784
Overseas	63,590	52,622
Other countries	20,773	14,591
<b>Einhell Group</b>	<b>292,295</b>	<b>229,611</b>

Not only revenue, but also profit before income taxes increased significantly and came out to EUR 24.6 million (previous year: EUR 17.5 million). The development in the individual regions was as follows:

in EURk	Q1 2022	Q1 2021
D/A/CH	16,384	9,813
Western Europe	2,412	2,687
Eastern Europe	2,732	2,880
Overseas	6,056	5,486
Other countries	2,849	816
Reconciliation	-5,825	-4,192
<b>Einhell Group</b>	<b>24,608</b>	<b>17,490</b>

## D/A/CH

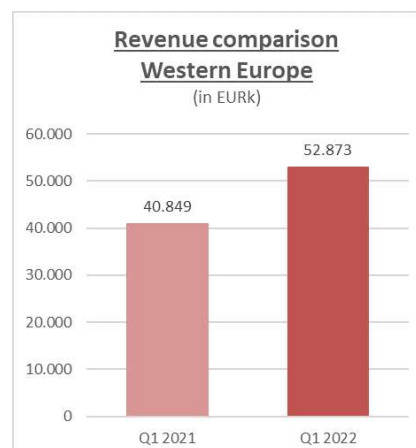


Revenue in the D/A/CH region increased significantly to EUR 131.7 million in the first three months of financial year 2022 (previous year: EUR 100.8 million). Revenue growth was driven by a continued increase in revenue with Power X-Change products.

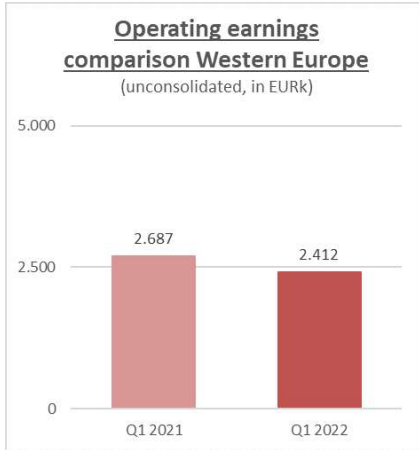


High revenues led to very strong profit before income taxes of EUR 16.4 million in the D/A/CH region.

## Western Europe



The Western Europe region was also able to generate significant revenue growth. All countries in the region saw an increase in revenue compared to the previous year. The companies with the highest revenue in the Western Europe region were Einhell France with EUR 16.3 million and Einhell Italy with EUR 11.6 million.



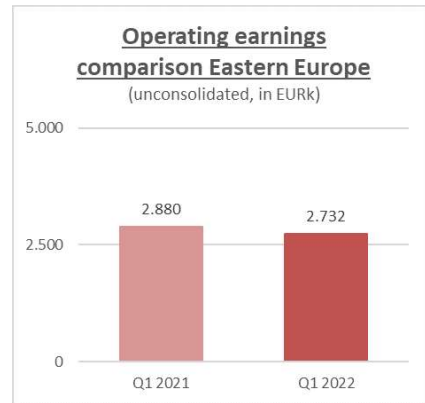
In the Western Europe region, profit before income taxes declined slightly to EUR 2.4 million, mainly due to investments in TV campaigns and the associated costs. The most profitable countries in the Western Europe region were Italy and Spain.

**Eastern Europe**



The Eastern Europe region also exceeded the previous year's revenue level. The companies with the highest revenue in the Eastern Europe region were Einhell Croatia and Einhell Turkey.

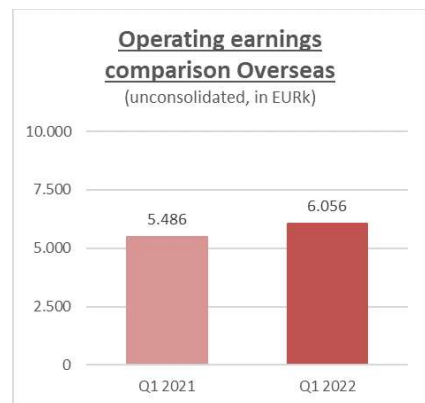
Profit before income taxes also declined in the Eastern Europe region, mainly due to investments in TV campaigns and the associated costs.



**Overseas**

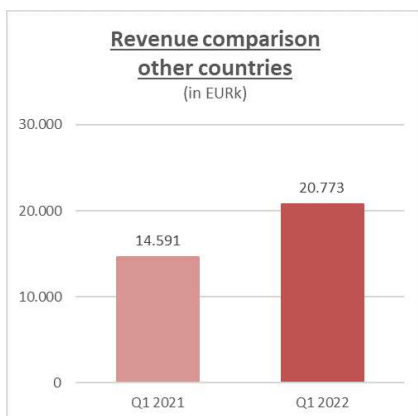


The Overseas region was able to increase revenue from EUR 52.6 million to EUR 63.6 million. The companies with the strongest revenue in the Overseas region were Ozito with EUR 48.5 million and Einhell Chile with EUR 7.0 million.



Profit before income taxes was clearly above the previous year's level in the first three months of financial year 2022. Especially noteworthy was the fact that not only Australia, but also the companies in South America achieved good results in earnings.

## Other countries



The Other countries also achieved considerable revenue growth compared to the prior-year quarter. This was almost exclusively driven by the revenues generated by our companies in Hong Kong.



Earnings in the Other countries region also increased significantly, driven mainly by our Asian subsidiaries.

## Current strategic developments

In the 2022 financial year, we will concentrate on further building the EINHELL brand. We will expand the cooperation we started with FC Bayern München in financial year 2021 and thus further promote the positive perception of our brand. In the past financial year, we already launched TV campaigns with FC Bayern München, Oliver Kahn and our E-team in six countries. This will be rolled out to a total of 13 countries in 2022.

With the acquisition of 66.67% of the shares in the Canadian company Outillages King Canada, Inc., Einhell is able to significantly expand its distribution network. Outillages King Canada, Inc. already has a strong footprint in the Canadian market, and therefore Einhell expects dynamic growth in revenue and EBT from this acquisition in 2022. At the same time, we have already

entered further talks with additional potential acquisition targets.

In terms of products, we will again focus strongly on our successful Power X-Change platform in 2022; the corresponding share of revenue is to be expanded to over 40% in the current financial year. To this end, Einhell will add about 50 new, compatible products to the marketed product range in the current financial year.

Einhell will also continue its focus on e-commerce, which is another priority area that is becoming increasingly important. In order to tap the potential of the online market, the Einhell Group intends to increase its presence in social media and to expand the corporate websites.

## Events after reporting date

No further events took place after the reporting date that could have a significant impact on net assets, financial position and results of operations.

## Outlook

The Board of Directors' assumptions and forecasts are based on the information currently available.

Einhell's performance in the first quarter of 2022 was excellent, despite high sea freight rates, commodity price increases and tight sea freight capacity. Because of the positive development and the excellent order situation, the Group is raising its forecast for organic revenue growth for financial year 2022, like already announced on 7 April 2022. The Board of Directors now expects organic revenue growth to reach the upper end of the previous forecast range, which would mean an increase of approx. 10% (previously 5-10%). This translates to expected revenue for 2022 of approx. EUR 1,020 million. In addition, the acquisition of the Canadian company Outillages King Canada is expected to contribute roughly another EUR 30 million to revenue in 2022.

The Group is also increasing its margin forecast for financial year 2022 from approx. 8.5% to approx. 8.5 - 9.0% before tax, like already announced on 7 April 2022.

The impact of the Russia-Ukraine war on the business performance in these two countries cannot yet be conclusively quantified.

The situation on the procurement markets also continues to be tense. As rigid COVID-19 containment measures were reintroduced in China, ports or individual port terminals in Asia may temporarily be closed again. The

availability of commodities and components, as well as the corresponding price developments, may also have a general impact on Einhell's performance in 2022. The Einhell Group has mitigated this risk by increasing its inventories accordingly.

In summary, it can be concluded that the Einhell Group is on track for continued success. Based on previous experience during the pandemic and due to its strong positioning across the various distribution channels, the Einhell Group expects a continued positive business development.



## Consolidated statement of financial position (IFRS) as at 31 March 2022

Assets (in EURk)	31.03.2022	31.03.2021
Intangible assets	37,527	20,081
Property, plant and equipment	56,911	46,596
Right-of-use assets	20,468	13,651
Non-derivative financial assets	917	333
Derivative financial assets	21,251	3,993
Other non-financial assets	2,315	1,509
Deferred tax assets	21,245	13,696
<b>Non-current assets</b>	<b>160,634</b>	<b>99,859</b>
Inventories	481,818	204,823
Trade receivables	226,591	177,056
Non-derivative financial assets	2,120	190
Derivative financial assets	53,085	13,258
Income tax receivables	3,263	1,186
Other non-financial assets	41,613	28,933
Contract assets	608	438
Cash and cash equivalents	7,760	13,453
<b>Current assets</b>	<b>816,858</b>	<b>439,337</b>
	<b>977,492</b>	<b>539,196</b>

<b>Equity and liabilities (in EURk)</b>	<b>31.03.2022</b>	<b>31.03.2021</b>
Subscribed capital	9,662	9,662
Capital reserve	26,677	26,677
Retained earnings	283,823	237,076
Other reserves	34,821	-7,309
<b>Equity of shareholders of Einhell Germany AG</b>	<b>354,983</b>	<b>266,106</b>
Non-controlling interest	10,417	2,847
<b>Equity</b>	<b>365,400</b>	<b>268,953</b>
Provisions for other risks	708	1,263
Liabilities from debt capital	90,625	18,757
Deferred tax liabilities	26,739	6,868
Employee benefits	5,282	7,894
Lease liabilities	14,957	9,107
Derivative financial liabilities	871	123
Non-derivative financial liabilities	10,635	1,584
Other non-financial liabilities	0	310
<b>Non-current liabilities</b>	<b>149,817</b>	<b>45,906</b>
Trade payables	90,034	58,821
Income tax liabilities	14,306	6,896
Provisions for other risks	42,821	38,359
Liabilities from debt capital	215,760	61,434
Employee benefits	32,178	20,394
Lease liabilities	5,815	4,643
Derivative financial liabilities	4,529	3,850
Non-derivative financial liabilities	36,692	17,085
Other non-financial liabilities	19,390	12,300
Contract liabilities	750	555
<b>Current liabilities</b>	<b>462,275</b>	<b>224,337</b>
	<b>977,492</b>	<b>539,196</b>

## Consolidated income statement (IFRS) for the period from 1 January to 31 March 2022

(in EURk)	31.03.2022	31.03.2021
Revenue	292,295	229,611
Own work capitalised	0	96
Other operating income	1,928	1,232
Cost of materials	-195,645	-151,294
Personnel expenses	-28,284	-24,832
Depreciation and amortisation	-3,301	-2,492
Other operating expenses	-41,370	-34,254
Financial result	-1,015	-577
<b>Profit before income taxes</b>	<b>24,608</b>	<b>17,490</b>
Income taxes	-6,634	-4,520
<b>Consolidated net profit</b>	<b>17,974</b>	<b>12,970</b>
Thereof share of non-controlling shareholders in consolidated net profit/loss	519	429
Thereof share of shareholders of Einhell Germany AG in consolidated net profit/loss	17,455	12,541



## Consolidated statement of cash flows (IFRS) for the period from 1 January to 31 March 2022

(in EURk)	31.03.2022	31.03.2021
<b>Cash flows from/used in operating activities</b>		
Profit before income taxes	24,608	17,490
+ Depreciation and amortisation of intangible assets and property, plant and equipment	3,301	2,492
- Interest income	-55	-40
+ Interest expenses	520	284
+/- Other non-cash expenses and income	1,019	408
<b>Operating profit before changes in net working capital</b>	<b>29,393</b>	<b>20,634</b>
+/- Decrease/increase in trade receivables	-82,537	-57,200
+/- Decrease/increase in inventories	-12,942	-8,681
+/- Decrease/increase in other assets	6,368	1,525
+/- Increase/Decrease in non-current liabilities	-3,489	250
+/- Increase/Decrease in current liabilities	20,932	11,908
+/- Increase/Decrease in trade payables	-53,780	-39,249
<b>Cash flows generated from operating activities</b>	<b>-96,055</b>	<b>-70,813</b>
- Taxes paid	-5,584	-3,397
+ Interest received	50	37
- Interest paid	-595	-219
<b>Net cash from/used in operating activities</b>	<b>-102,184</b>	<b>-74,392</b>
<b>Cash flows from/used in investing activities</b>		
- Payments to acquire assets	-1,551	-1,677
- Payments for acquisition of consolidated companies	-17,980	0
+ Proceeds from disposal of assets	0	32
<b>Net cash used in investing activities</b>	<b>-19,531</b>	<b>-1,645</b>
<b>Cash flows from/used in financing activities</b>		
+ Proceeds from taking out loans	119,185	58,327
- Payments for repayment of loans	-781	-781
- Payments for acquisition of equity investments	-13	0
- Dividend payments to non-controlling interests	-214	-53
- Payments for redemption portion of lease liabilities	-1,049	-1,268
<b>Net cash used in financing activities</b>	<b>117,128</b>	<b>56,225</b>
Changes to cash and cash equivalents due to currency exchange	834	1,178
<b>Net decrease/increase in cash and cash equivalents</b>	<b>-3,753</b>	<b>-18,634</b>
Cash and cash equivalents at beginning of reporting period	11,513	32,087
<b>Cash and cash equivalents at end of reporting period</b>	<b>7,760</b>	<b>13,453</b>

## Segment reporting

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

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

### Segment reporting by region

March 2022 in EURk	D/A/CH	Western Europe	Eastern Europe	Overseas	Other countries	Reconciliation	Group
Revenue based on registered office of the invoicing party	131,685	52,873	23,374	63,590	20,773	0	292,295
Revenue based on registered office of the invoice recipient	137,048	58,596	25,897	68,254	2,500	0	292,295
Profit before income taxes	16,384	2,412	2,732	6,056	2,849	-5,825	24,608

March 2021 in EURk	D/A/CH	Western Europe	Eastern Europe	Overseas	Other countries	Reconciliation	Group
Revenue based on registered office of the invoicing party	100,765	40,849	20,784	52,622	14,591	0	229,611
Revenue based on registered office of the invoice recipient	102,536	46,238	21,980	56,425	2,432	0	229,611
Profit before income taxes	9,813	2,687	2,880	5,486	816	-4,192	17,490

## Financial calendar 2022

Annual General Meeting 2022	Friday, 24 June 2022
Half year financial report as of 30 June 2022	Mid-August 2022
Quarterly notification as of 30 September 2022	Mid-November 2022
Deutsches Eigenkapitalforum / Frankfurt am Main	November 2022



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## **Disclaimer**

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

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



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