

FINANCIAL REPORT

30th June 2019



POWER X-CHANGE

THE REVOLUTIONARY BATTERY SYSTEM
FOR CORDLESS FREEDOM IN WORKSHOP AND GARDEN.

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Dear shareholder,

The financial report of the Einhell Group as at 30 June 2019 meets the requirements under the Securities Trading Act (WpHG) for preparing interim reports. It includes abbreviated Group interim statements, a condensed Group management report and a statement of responsibility by the legal representatives. The financial statements are consistent with the International Financial Reporting Standards (IFRS) and their interpretations, as published by the International Accounting Standards Board (IASB) and applicable in the European Union.

There may be minor deviations in this report and in other reports due to rounding of totals and the calculation of percentage figures.

Key data for January to June 2019

Revenue		
Q2 2019	322.973	+4,3%
Q2 2018	309.582	
Profit before income taxes		
Q2 2019	20.310	-14,3%
Q2 2018	23.704	
EBIT		
Q2 2019	21.781	-14,2%
Q2 2018	25.391	
Equity ratio		
Q2 2019	52,8%	+9,5%
Q2 2018	48,2%	
Profit per share		
Q2 2019	4,0	-11,1%
Q2 2018	4,5	
Net debt		
Q2 2019	40.705	-40,6%
Q2 2018	68.483	
Staff		
Q2 2019	1.561	+1,4%
Q2 2018	1.539	

Condensed Group Management Report of Einhell Germany AG

Overview of January - June 2019

In the first half of 2019, the Einhell Group generated revenue amounting to EUR 323.0 million. Revenue to date in financial year 2019 is slightly lower than budgeted, but well above the already strong revenue figures in the first half of 2018.

Profit before income taxes amounts to EUR 20.3 million. This corresponds to a return on revenue of about 6.3% (previous year: 7.7%), which is higher than Einhell's long-term average profit level in the range of 5% to 6%. The Board of Directors regards this sustainable profit margin of 5% to 6% as an excellent figure within the sector. Together with additional revenue growth, the Board of Directors has pronounced this level as the long-term average it wants to achieve.

General economic conditions

D/A/CH region

The sentiment in Germany's board rooms has cooled further. The Ifo business climate index fell from 97.9 to 97.4 points in June. This is the lowest value since November 2014. Companies are increasingly pessimistic about the upcoming months, but are considering their current situation to be slightly more positive.

The inflation rate in Germany increased somewhat in June 2019, rising to 1.6% compared to the previous month according to the Federal Statistical Office.

The price-adjusted German gross domestic product was 0.1% lower in the second quarter 2019 than in the previous quarter. The Federal Statistical Office stated that the German economic performance has slowed down slightly. In the first quarter, this figure had still been positive at 0.4% quarter-on-quarter.

The order intake of the German industry (manufacturing sector) declined again in June 2019. Compared to June 2018, the order intake decreased by 3.6% in June 2019.

In June 2019, Germany exported goods worth EUR 106.1 billion and imported goods in the amount of EUR 89.3 billion. According to the Federal Statistical Office, German exports were thus 8.0% and imports 4.4% lower in June 2019 than in the prior-year period.

The foreign trade balance, i.e. the balance of exports to imports, adjusted for calendar and seasonal effects closed with a surplus of EUR 18.1 billion in June 2019.

The German labour market only showed a moderate improvement in June 2019, and the number of unemployed only dropped by a small margin. The German Federal Employment Agency recorded 20,000 fewer unemployed persons than in May and 60,000 fewer compared to last year. Usually, June sees a stronger decline. The overall number of unemployed persons thus dropped to 2.216 million, whereas the unemployment rate remained unchanged at 4.9%.

The German DIY trade posted a good first quarter 2019, as was also confirmed by the Federal Statistical Office (Destatis). According to their figures, the DIY trade generated 7.4% growth compared to the prior-year period in real terms.

Western and Eastern Europe

The gross domestic product (GDP) in the eurozone actually halved its growth in the second quarter of 2019; this is due to the weakening global economy, trade conflicts and the looming Brexit. Between April and June 2019, the gross domestic product only grew by 0.2% compared to the previous quarter.

Industrial production in the eurozone decreased more strongly than anticipated in June 2019. Production in the industrial enterprises of the monetary union (adjusted for seasonal effects) fell by 1.6% month-on-month in June 2019. Economists had only expected a decline of 1.2%.

However, the labour market in the monetary union is stable despite the weaker economy. The unemployment rate dropped to the lowest level in 11 years in June, amounting to 7.5% (adjusted for seasonal effects) in the eurozone.

GDP Western Europe in %	2019
Spain	2.3
France	1.3
Italy	0.1

GDP Eastern Europe in %	2019
Croatia	3.1
Poland	4.4
Romania	4.0
Czech Republic	2.6

The June inflation rate remained unchanged in the eurozone on a year-on-year basis at 1.2%. In May, the consumer prices in the monetary union had already risen by the same degree.

The harmonised index of consumer prices (HICP), which is calculated for European purposes, increased 1.5% year-on-year in June 2019, while it increased by 0.3% compared to May 2019.

This means that the threshold of two percent, which is significant in terms of the monetary policy of the European Central Bank (ECB), has been missed again.

Overseas

Economic growth in Australia slightly decreased in the past quarters. Australia is hit particularly hard by the trade conflict between the USA and China, because, being the country's raw material supplier, it is one of China's most important trade partners.

The South American countries, in which the Einhell Group is active, and Australia posted the following growth rates to date in 2019:

GDP in %	2019
Argentina	-1.2
Australia	2.1
Colombia	3.5
Chile	3.4

Performance report

Einhell Group revenue

From January to June 2019, the Einhell Group generated revenue of EUR 323.0 million (previous year: EUR 309.6 million). This is considerably above the prior-year level, albeit below the targeted figures.

In the **D/A/CH region** (Germany, Austria, Switzerland), revenue increased to EUR 137.7 million (previous year: EUR 130.5 million). The share in consolidated revenue amounts to 42.6% (previous year: 42.1%).

Revenue in **Western Europe** rose to EUR 66.5 million (previous year: EUR 62.6 million). France, Italy and the UK are among the largest sales markets here.

Revenue in **Eastern Europe** decreased by EUR 3.3 million to EUR 33.4 million (previous year: EUR 36.7 million).

The **Overseas** region saw a slight revenue decline from EUR 61.0 million to EUR 59.1 million. Revenues in this region are mainly generated by Ozito Industries.

In the **Other Countries** including Asia, revenue increased considerably compared to the prior-year period to EUR 26.3 million (previous year: EUR 18.8 million).

Earnings development

From January to June 2019, the Einhell Group generated profit before income taxes of EUR 20.3 million (previous year: EUR 23.7 million). The pre-tax margin is 6.3% (previous year: 7.7%).

An increasingly aggressive price support entered by the distribution companies in financial year 2019 is weighing on the Einhell Group's margin.

The profit level is thus below the extremely strong prior-year value, but above the long-term average of 5% to 6%.

Consolidated net profit after minority interest amounts to EUR 15.1 million in the period under review (previous year: EUR 17.0 million). Earnings per share amount to EUR 4.0 (previous year: EUR 4.5 per share).

Compared to the prior-year period, personnel expenses increased moderately, now amounting to EUR 39.3 million (previous year: EUR 37.6 million). The personnel expenses ratio stands at 12.2% (previous year: 12.1%).

Following first-time adoption of IFRS 16, depreciation expenses are up by EUR 2.0 million in financial year 2019, while other operating expenses declined. The previous year's depreciation figure still included EUR 0.8 million from the purchase price allocation of the Ozito Industries Pty Ltd takeover.

Other expenses decreased from EUR 45.8 million to EUR 44.8 million. As a result of the first-time adoption of IFRS 16, other operating expenses no longer include rents and lease expenses from contracts subject to IFRS 16 accounting. IFRS 16 reduced other operating expenses by about EUR 2.0 million, which are now included in depreciation expenses. Without this effect, other operating expenses would have been slightly higher than in the previous year; this is due to an increase in revenue.

The financial result of EUR -1.5 million is at the previous year's level (previous year: EUR -1.7 million). It includes financial income of EUR 2.6 million and financial costs of EUR 4.1 million. Financial costs also include the high refinancing costs in some high-interest countries and the cost of currency hedging.

Personnel and HR services

On 30 June 2019, the Einhell Group had 1,561 employees worldwide (previous year: 1,539).

The Board of Directors would like to take this opportunity to thank all employees for their personal commitment and excellent work.

Financial performance and net assets

The key line items in the statement of financial position as at 30 June 2019 and 30 June 2018 are as follows:

	06/2019	06/2018
	in EUR million	in EUR million
Non-current assets incl. deferred tax assets	66.5	51.2
Inventories	153.7	177.0
Receivables and other assets	155.0	146.9
Cash and cash equivalents	20.7	18.0
Equity	209.1	189.5
Liabilities to banks	61.4	86.5

Investments

In the period under review, the Einhell Group made investments amounting to EUR 6.5 million (previous year: EUR 3.9 million). The majority of this was spent on operating and office equipment and assets under construction.

The increase in non-current assets was caused by the capitalisation of right-of-use assets in connection with leases of property, plant and equipment in the amount of EUR 9.7 million following first-time adoption of IFRS 16.

Current assets

Goods inventories are down on the previous year to EUR 153.7 million (previous year: EUR 177.0 million), thereby reducing excess stocks from the previous year.

Trade receivables are stated net of allowances for bad debts. Mainly driven by the revenue increase, trade receivables climbed by EUR 17.7 million year-on-year to EUR 132.8 million in the period under review (previous year: EUR 115.1 million).

At EUR 22.2 million, other current assets was significantly lower than in the previous year (previous year: EUR 31.8 million). This is attributable to lower VAT receivables at our Chinese procurement company.

Cash and cash equivalents amount to EUR 20.7 million on the reporting date (previous year: EUR 18.0 million). Compared to the previous year, liabilities to banks decreased from EUR 86.5 million to EUR 61.4 million.

The other non-current and current liabilities increased, due primarily to the recognition of lease liabilities following the first-time adoption of IFRS 16.

Group structure

Einhell Australia Pty. Ltd. was deconsolidated in the period under review.

Investor Relations

On 8 May 2019, Einhell Germany AG participated in the Capital Market Conference in Munich in order to talk to analysts and investors. The Group presented its figures as at 31 December 2018 at the conference and also gave an outlook for its planned development.

Financing

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

Einhell Germany AG took out a long-term loan in the amount of EUR 25.0 million in financial year 2018. The

loan is granted in connection with a subsidy programme provided by KfW (German government-owned development bank) and has a term of 10 years.

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

Note to the financial report

The financial report was subjected to neither a review pursuant to Section 317 of the German Commercial Code (HGB) nor an audit.

Corporate Governance Code

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

Risk report

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

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

They are responsible for risk identification and evaluation. The critical aspect here for the Einhell Group is identification, since no risk planning can be undertaken for risks that have not yet been identified.

The internal control system comprises integrated process controls and internal control systems.

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

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

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

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

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

In addition to automated IT process controls, manual controls also form an important part of integrated process measures which are, for example, also carried out by the internal audit department. The Supervisory Board, the Group auditors and other audit bodies are involved in carrying out process-independent controls within the Einhell Group.

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

The Einhell Group operates internationally and is thus exposed to market risks from changes to interest rates and exchange rates.

The Group uses derivative financial instruments to manage these risks. The guidelines used for managing the associated risks are implemented with the approval of the Board of Directors by a central treasury department working in close cooperation with the Group companies.

In conclusion, there are no risks that endanger the future of the Group as a going concern according to the Board of Directors' assessment.

Forecast

Performance in the D/A/CH region

Expected development in %	2018	2019
GDP Germany	1.5	0.7

According to experts, Germany is threatened by another slowdown in the pace of economic activity due to

growing global uncertainties. DZ Bank anticipates 0.7% GDP growth in 2019.

Economic experts have predicted that the economic slowdown will also take its toll on the labour market. Although they do not expect the number of unemployed persons to surge, they believe that the trend towards falling unemployment figures will come to an end in 2019.

Trends in the Western and Eastern Europe regions

The EU Commission lowered its forecast for the gross domestic product (GDP) in the eurozone once again, expecting GDP in the monetary union to grow by 1.2% in the current financial year.

The inflation forecasts for the eurozone and the EU were reduced by 0.1% for the current and the next year. This is primarily due to the lower oil price and the slightly lower economic expectations. Based on the harmonised index of consumer prices (HICP), prices are now estimated to rise by an average of 1.3% in the eurozone in 2019. The forecast inflation rate for the EU is 1.5% on average in 2019.

Trends in the Overseas region

Australia is unparalleled in having gone 27 years without a recession. However, there is growing evidence that the long-lasting economic upturn is coming to an end. Experts state that falling real estate prices are the first manifestation of this development. In 2018, real estate prices already dropped by 6.1%.

The following economic growth rates are expected in Australia and the South American countries, in which the Einhell Group is active:

GDP in %	2018	2019
Argentina	-2.6	-1.0
Australia	3.2	2.3
Colombia	2.8	3.2
Chile	4.0	3.0

Outlook

The Board of Directors' assumptions and forecasts are based on the information currently available. The future business performance depends on a variety of factors such as general market developments and macroeconomic trends as well as the development in the crisis regions and the trends on the currency markets.

The **D/A/CH** region managed to exceed prior-year revenue in financial year 2019, albeit slightly below budget. The gross profit margin in the D/A/CH region was under some pressure, but earnings still came in largely within budget, which was also supported by the stable cost situation.

The subsidiaries in the **Western Europe** region showed a very good performance so far, with an increase in revenue compared to the prior-year period. Einhell Italy, our largest distribution company in the Western Europe region, was able to considerably expand on its prior-year revenue and boasts a solid earnings performance. In the UK, Einhell managed to successfully reposition itself after a large corporate customer withdrew from the British market. The Company managed to win a number of DIY chains as new customers, which has a highly positive impact on its earnings performance. We do not expect a potential Brexit to have a direct impact on our business activities, which is also related to the fact that we import our goods directly from Asia. Distortions with regard to the exchange rate for the local currency may present the Einhell Group with challenges, however. We have implemented the corresponding hedging concepts to mitigate these risks. Potential effects on the British economy and society may have an influence on the business activities of our British subsidiary, but this is difficult to foresee at the moment.

The **Eastern Europe** region shows a mixed picture. The lion's share of distribution companies managed to generate solid revenues and earnings so far. Revenues in Poland and Turkey fell considerably short of expectations, however. While Poland continued to be on track in terms of earnings thanks to the corresponding cost efficiency measures, Einhell Turkey posted a loss. A decline in revenue and high refinancing costs for loans in the local currency presented the subsidiary with a massive burden. Despite some difficult market conditions, we expect the Eastern Europe region to continue to perform well in 2019.

The subsidiaries in the **Overseas** region also showed a highly disparate development in financial year 2019. Ozito Industries Pty Ltd has not quite been able to achieve its budgeted revenue and profit figures to date. This is caused, on the one hand, by the relative weakness of the Australian Dollar vis-à-vis the Euro and, on the other hand, by the fact that home sale figures, an

important indicator for the Australian market as it correlates with the general DIY market, are currently on a downward trend. However, the Australian subsidiary has an excellent market position and continues to generate solid earnings. The performance of Einhell Chile, the largest subsidiary in South America, is extremely strong. Revenue and earnings figures benefit from the very high penetration rate in this market. In Argentina, revenue continues to decline in financial year 2019, which keeps the company in the red.

The **Other countries** region, and here the Asian subsidiaries in particular, managed to considerably increase their revenue figures compared to the prior-year period. The successful sale of Einhell goods to FOB customers in Central America provided the Hong Kong subsidiaries with a strong increase in revenue. The procurement companies in China were below budget so far in financial year 2019. An increasingly aggressive price support entered by the distribution companies in financial year 2019 weighed on the earnings performance of these subsidiaries. The related support measures represent a massive investment in the further market penetration with the Einhell Power X-Change platform. While they are a burden on the gross profit margin in the short term, these investments serve to secure Einhell's market position in the medium and long term.

To put it simply, the Einhell Group is faced with falling gross profit margins because of price pressure in the market. Costs were kept stable and inventories were reduced. The cash flow performance was extremely positive. The high level of marketing activities led to highly positive customer reactions and an improved position in DIY chains and online businesses. The key product groups are to be further expanded with new Power X-Change devices by the end of the year. Einhell's Power X-Change platform will comprise 130 devices by the end of the year, making it the broadest battery-powered platform on the market.

Einhell regards its long-term strategy as fully intact and very well on track. The internationalisation of Einhell's business activities proceeds according to plan (cooperation in the USA, partnerships in Central America, market development in the Nordic regions and preparations for market entry in South Africa). The further expansion of the product range is on the finishing straight with the goal of a Power X-Change platform with 130 devices by the end of the year. Brand development continues to be driven forward and will be a very important positive factor for the long-term revenue and earnings development. All of Einhell's strategic activities in the areas of digitisation, supply chain management and internationalisation of services are also progressing as planned.

From today's vantage point, the Group expects revenue of approx. EUR 605 million in financial year 2019. Further, we anticipate a pre-tax margin of approx. 5.5%.

Landau a. d. Isar, 22 August 2019

Einhell Germany AG
The Board of Directors

Andreas Kroiss
Jan Teichert
Dr Markus Thannhuber
Dr Christoph Urban

Consolidated statement of financial position (IFRS) as at 30 June 2019 (abbreviated)

Assets	30.06.2019 EURk	30.06.2018 EURk
NON-CURRENT ASSETS		
Intangible assets	16,554	17,278
Property, plant and equipment (*)	39,970	23,094
Non-current financial assets	715	713
Other non-current assets	578	525
Deferred tax assets	8,644	9,551
	<u>66,461</u>	<u>51,161</u>
CURRENT ASSETS		
Inventories	153,671	177,038
Trade receivables	132,827	115,085
Other assets	22,204	31,799
Cash and cash equivalents	20,732	18,020
	<u>329,434</u>	<u>341,942</u>
	<u>395,895</u>	<u>393,103</u>

(*) In accordance with the first-time adoption of IFRS 16, right-of-use assets (lease assets) of EUR 11.8 million were capitalised as at 1 January 2019.

Equity and liabilities	30.06.2019 EURk	30.06.2018 EURk
EQUITY		
Subscribed capital	9,662	9,662
Capital reserve	26,677	26,677
Retained earnings	183,532	164,531
Other reserves	-12,623	-13,582
Equity of shareholders of Einhell Germany AG	207,248	187,288
Non-controlling interest	1,805	2,248
	<u>209,053</u>	<u>189,536</u>
NON-CURRENT LIABILITIES		
Provisions	4,509	4,099
Liabilities from debt capital	25,039	123
Deferred tax liabilities	3,305	3,817
Other liabilities (**)	6,669	44
	<u>39,522</u>	<u>8,083</u>
CURRENT LIABILITIES		
Trade payables	46,247	48,190
Provisions	28,652	34,132
Liabilities from debt capital	36,398	86,380
Other liabilities (**)	36,023	26,782
	<u>147,320</u>	<u>195,484</u>
	<u>395,895</u>	<u>393,103</u>

(**) In accordance with the first-time adoption of IFRS 16, liabilities for right-of-use assets (lease assets) of EUR 11.8 million were recognised as at 1 January 2019.

Consolidated income statement (IFRS) for the period from 1 January to 30 June 2019

	01.01. – 30.06.2019	01.01. – 30.06.2018
	EURk	EURk
Revenue	322,973	309,582
Other own work capitalised	44	0
Other operating income	3,022	4,249
Cost of materials	-216,197	-202,342
Personnel expenses	-39,318	-37,598
Depreciation and amortisation	-3,955	-2,692
Other operating expenses	-44,788	-45,808
Financial result	-1,471	-1,687
Profit before income taxes	20,310	23,704
Income taxes	-5,063	-6,438
Consolidated net profit	15,247	17,266
Thereof share of minority shareholders in consolidated net profit/loss	169	249
Thereof share of shareholders of Einhell Germany AG in consolidated net profit/loss	15,078	17,017

Consolidated statement of cash flows (IFRS) for the period from 1 January to 30 June 2019

in EURk	01.01. – 30.06.2019	01.01. – 30.06.2018
Cash flows from/used in operating activities		
Profit before taxes	20,310	23,704
+ Depreciation and amortisation of intangible assets and property, plant and equipment	3,955	2,692
- Interest income	-91	-90
+ Interest expenses	600	801
+/- Other non-cash expenses and income	848	369
Operating profit before changes in net working capital	25,622	27,476
+/- Decrease/increase in trade receivables	-44,923	-34,744
+/- Decrease/increase in inventories	36,080	1,130
+/- Decrease/increase in other assets	7,057	-2,896
+/- Increase/decrease in non-current liabilities	-1,573	139
+/- Increase/decrease in current liabilities	4,411	-982
+/- Increase/decrease in trade payables	-22,368	-37,659
Cash flows generated from operating activities	4,306	-47,536
- Taxes paid	-4,274	-5,087
+ Interest received	93	37
- Interest paid	-413	-680
Net cash from/used in operating activities	-288	-53,266
Cash flows from/used in investing activities		
- Payments to acquire assets	-5,760	-3,801
- Payments for acquisition of consolidated companies	0	-738
+ Proceeds from disposal of assets	1	30
+/- Increase/decrease in goodwill	0	0
+ Proceeds from disposal of consolidated companies	0	600
- Payments for investments in financial assets	0	-170
- Cash-outflow from changes to companies included in the consolidation	0	0
Net cash used in investing activities	-5,759	-4,079
Cash flows from/used in financing activities		
+/- Increase/decrease in financial liabilities	15,004	64,194
- Payments for acquisition of equity investments	0	0
+ Proceeds from non-controlling interest	0	0
- Dividend payments to shareholders of Einhell Germany AG	0	-4,404
- Dividend payments to non-controlling interest	-495	0
- Payments for repayment portion of leases liabilities	-2,109	0
Net cash used in financing activities	12,400	59,790
Changes to cash and cash equivalents due to currency exchange	282	1,175
Net decrease/increase in cash and cash equivalents	6,635	3,620
Cash and cash equivalents at beginning of reporting period	14,097	14,400
Cash and cash equivalents at end of reporting period	20,732	18,020

Consolidated statement of changes in equity (IFRS) for the period from 1 January to 30 June 2019

				Other reserves						
	Subscribed capital	Capital reserve	Retained earnings	Adjustment from currency translation	Financial assets available for sale	Remeasurement reserve pursuant to IAS 19	Derivative financial instruments	Equity of shareholders of Einhell Germany AG	Share of noncontrolling interest	Total equity
	EURk	EURk	EURk	EURk	EURk	EURk	EURk	EURk	EURk	EURk
1 January 2018	9.662	26.677	151.918	-9.612	33	-1.080	1.933	179.531	2.041	181.572
Consolidated net profit	-	-	17.017	-	-	-	-	17.017	249	17.266
Unrealised gains/losses	-	-	-	-2.185	-	-	-2.671	-4.856	-42	-4.898
Dividends	-	-	-4.404	-	-	-	-	-4.404	-	-4.404
Other changes	-	-	-	-	-	-	-	-	-	-
30 June 2018	9.662	26.677	164.531	-11.797	33	-1.080	-738	187.288	2.248	189.536
Consolidated net profit	-	-	9.017	-	-	-	-	9.017	14	9.031
Unrealised gains/losses	-	-	-	-1.054	-5	-124	1.557	374	17	391
Dividends	-	-	-	-	-	-	-	-	-200	-200
Other changes	-	-	-	-	-	-	-	-	66	66
Adjustments from the first-time application of IFRS 15 and 9 *)	-	-	-192	-	-	-	-	-192	-4	-196
31 December 2018	9.662	26.677	173.356	-12.851	28	-1.204	819	196.487	2.141	198.628
Consolidated net profit	-	-	15.078	-	-	-	-	15.078	169	15.247
Unrealised gains/losses	-	-	-	20	-	-	565	585	5	590
Dividends	-	-	-5.158	-	-	-	-	-5.158	-487	-5.645
Other changes	-	-	256	-	-	-	-	256	-23	233
30 June 2019	9.662	26.677	183.532	-12.831	28	-1.204	1.384	207.248	1.805	209.053

*) For reasons of comparability with the semi-annual report for 2018, the adjustments required in previous years out of the first-time application of IFRS 9 and 15 were shown in the second half of 2018.

Selected IFRS consolidated notes of Einhell Germany AG, Landau/Isar, for the period from 1 January to 30 June 2019

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

1.1 Basis of consolidation

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

Einhell Australia Pty. Ltd. was deconsolidated in the period under review.

1.2 Accounting and valuation principles

The report as at 30 June 2019 applies the same accounting and valuation principles as were used in the annual financial statements 2018. The IFRS standards that have become mandatory as from 1 January 2019 are applied accordingly by the Einhell Group.

2. Notes to statement of financial position

2.1 Non-current assets

Intangible assets and property, plant and equipment are valued at acquisition or manufacturing cost. Intangible assets amount to EUR 16.6 million as at 30 June 2019, while property, plant and equipment amount to EUR 40.0 million and are recognised in the statement of financial position less accumulated depreciation. Scheduled depreciation and amortisation of intangible assets and property, plant and equipment amounted to EUR 4.0 million as at 30 June 2019.

2.2 Inventories

	June 2019	June 2018
	EURk	EURk
Raw materials and supplies (at acquisition cost)	436	372
Finished goods	152,772	176,404
Advance payments	463	262
Total	153,671	177,038

Inventories are valued at the lower of acquisition or manufacturing cost or net realisable value. Impairments amounted to EUR 1.6 million (previous year: EUR 2.3 million).

2.3 Cash and cash equivalents

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

2.4 Dividend

A resolution was passed to pay a dividend of EUR 5,158,496.00 for financial year 2018. The distribution amount corresponds to a dividend of EUR 1.40 per preference share (previous year: EUR 1.20) and EUR 1.34 per ordinary share (previous year: EUR 1.14).

2.5 Provisions

Provisions total EUR 33,161 thousand. This includes non-current provisions of EUR 4,509 thousand. Provisions refer in particular to provisions for warranty.

2.6 Liabilities

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

3. Notes to the consolidated statement of income

Other operating expenses

Other operating expenses amount to EUR 44,788 thousand as at 30 June 2019. This pertains primarily to expenses for the transport of goods, warranties, customer services, impairment, advertising and product design.

4. Segment reporting

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

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

4.1 Segment reporting by region

June 2019 in EURk	D/A/CH region	Western Europe	Eastern Europe	Overseas	Other countries	Reconciliation	Group
Revenue by invoicing party	137,673	66,536	33,429	59,051	26,284	0	322,973
Revenue by invoice recipient	129,670	84,465	39,001	64,917	4,920	0	322,973
EBT	8,620	3,312	2,373	4,855	610	540	20,310
Financial result	438	-524	-696	-817	151	-23	-1,471
Interest income	1,761	1	53	134	171	-2,029	91
Interest expenses	-446	-525	-751	-808	-117	2,047	-600
Depreciation and amortisation	1,348	443	501	844	819	0	3,955
Non-cash income	-17	0	-6	0	0	-52	-75
Non-cash expenses	0	3	0	609	0	311	923
Non-current assets excl. deferred tax assets	26,047	4,572	10,967	12,361	3,870	0	57,817
Inventories	70,524	35,627	25,235	29,030	1,149	-7,894	153,671
Depreciation of inventories	746	414	210	202	0	0	1,572

June 2018 in EURk	D/A/CH region	Western Europe	Eastern Europe	Overseas	Other countries	Reconciliation	Group
Revenue by invoicing party	130,440	62,617	36,719	60,982	18,824	0	309,582
Revenue by invoice recipient	126,392	75,516	40,281	65,163	2,230	0	309,582
EBT	8,869	3,849	3,448	4,833	5,020	-2,315	23,704
Financial result	336	-537	-500	-642	-143	-201	-1,687
Interest income	1,695	0	14	353	83	-2,055	90
Interest expenses	-570	-520	-564	-961	-128	1,942	-801
Depreciation and amortisation	752	134	250	376	358	822	2,692
Non-cash income	0	-2	-602	-1	0	-356	-961
Non-cash expenses	1	0	3	1,131	0	195	1,330
Non-current assets excl. deferred tax assets	16,767	2,822	9,568	10,358	2,095	0	41,610
Inventories	73,366	47,076	28,241	37,513	1,376	-10,534	177,038
Depreciation of inventories	1,325	338	368	275	0	0	2,306

5. Other notes

5.1. Related party disclosures

Thannhuber AG is the controlling shareholder of Einhell Germany AG. Philipp Thannhuber and Dr Markus Thannhuber (shareholders of Thannhuber AG) received remuneration for their activities as executive bodies of Einhell Germany AG in financial year 2019.

The value of transactions and balances outstanding in connection with Thannhuber AG and its related parties break down as follows:

in EURk	Value of transactions		Outstanding balances as of 30 June	
	06/2019	06/2018	2019	2018
Consulting (*)	0	13	0	0

(*) The Group used consulting services provided by Josef Thannhuber, Chairman of the Supervisory Board of Thannhuber AG, for project planning and implementation of construction and property projects. The fee invoiced for these services corresponded to normal market rates. The invoice amounts were due in line with normal payment terms.

Einhell Germany AG sold small amounts of goods to Comedes GmbH. iSC GmbH shipped a small amount of palleted goods on behalf of Comedes GmbH. The revenue from these shipping and sales services is immaterial and is based on the arm's length principle.

Einhell Germany AG and its subsidiaries did not carry out any legal transactions with Thannhuber AG and its related parties during financial year 2019 that would have been to the disadvantage of Einhell Germany AG or its subsidiaries. Nor did Thannhuber AG take or fail to take any measures that would have negatively affected Einhell Germany AG or its subsidiaries.

6. Statement of responsibility

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

Landau a. d. Isar, 22 August 2019

Einhell Germany AG
The Board of Directors

Andreas Kroiss
Jan Teichert
Dr Markus Thannhuber
Dr Christoph Urban



BMW i Motorsport
Official Main Partner



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