



# Einhell

CORDLESS EXCELLENCE.

# QUARTERLY REPORT

## 31 March 2023



THE



# TEAM



# Einhell



Official Tool Expert

**AMG**  
**PETRONAS**  
FORMULA ONE TEAM

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## At a glance

The Einhell Group generated revenues of EUR 249.9 million in the first quarter of 2023 (previous year: EUR 292.3 million). As expected, this represents a decline in revenue compared to the previous year. However, it also means that Einhell achieved the second best first quarter in the history of the company. The strong business performance and the reduction in inventories lead to a significantly improved cash flow and a sizeable reduction of the liabilities to banks of EUR 107.8 million. In the previous year 2022, the first quarter had been exceptionally strong, which will not be repeated as customers placed unusually high orders due to the uncertainties caused by the Ukraine war.

Earnings before taxes (EBT) and PPA amount to EUR 20.6 million (after PPA: EUR 20.3 million). This corresponds to a margin before taxes and PPA of 8.2% (after PPA: 8.1%). The PPA effects result from the purchase price allocation relating to the acquisition of King Canada.

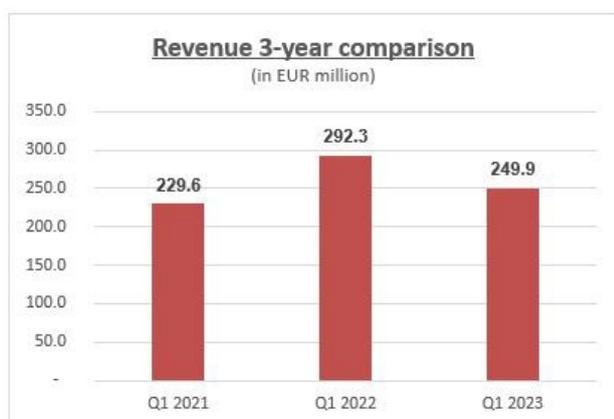
## Financial figures

in EUR million	Q1/2023	Q1/2022	Change in %
Revenue	249.9	292.3	-14.5
EBT	20.3	24.6	-17.5
EBT before PPA	20.6	24.9	-17.3
EBIT	22.7	25.6	-11.3
Net debt (bank deposits/bank liabilities)	182.8	298.6	-38.8

	Q1/2023	Q1/2022	Change in %
Equity ratio in %	46.4	37.4	24.1
Earnings per share in EUR	3.7	4.6	-19.6
Headcount	1,994	1,948	2.4

## Revenue, earnings and financial position

### Revenue



As expected, revenue of EUR 249.9 million was below the previous year in the first quarter of 2023. Due to the continuing uncertainties in 2022, inventories were built up at customers/DIY stores to ensure their ability to deliver. Due to the high inventory levels at Einhell's customers and the purchasing restraint of end consumers, order activity was not very dynamic in the first quarter of 2023.

### Earnings



From January to March 2023, the Einhell Group generated earnings before taxes of EUR 20.3 million (previous year: EUR 24.6 million). The pre-tax margin is 8.1% (previous year: 8.4%). Adjusted for the effects of the King Canada PPA, the margin amounts to 8.2%.

Consolidated net income after minority interest amounts to EUR 13.9 million in the period under review (previous year: EUR 17.5 million), while earnings per share amount to EUR 3.7 (previous year: EUR 4.6 per share).

Personnel expenses rose from EUR 28.3 million to EUR 31.4 million compared to the previous year. This is mainly due to the rise in headcount.

Depreciation and amortisation increased in the first quarter 2023 to EUR 3.8 million (previous year: EUR 3.3 million) as substantial capital was expended for property, plant and equipment and right-of-use assets in recent years.

Other expenses decreased from EUR 41.4 million to EUR 39.1 million. They mainly comprise costs for warehousing of EUR 5.4 million, outbound freight of EUR 8.2 million and advertising of EUR 10.3 million.

The financial result of EUR -2.4 million (previous year: EUR -1.0 million) is lower than in the previous year.

### Financial position

The material items in the statement of financial position as at 31 March 2023 and 31 March 2022 are as follows:

in EUR million	Q1 2023	Q1 2022
Non-current assets incl. deferred tax assets	139.1	160.6
Inventories	414.9	481.8
Trade receivables	183.0	226.6
Cash and cash equivalents	15.7	7.8
Equity	378.1	365.4
Liabilities to banks	198.5	306.4

In the period under review, the Einhell Group's CAPEX amounts to EUR 3.9 million (previous year without King Canada: EUR 1.6 million). The majority of this was spent on operating and office equipment. Non-current assets include right-of-use assets for property, plant and equipment under rental and lease contracts in the amount of EUR 16.3 million (previous year: EUR 20.5 million).

Goods inventories are down significantly on the previous year to EUR 414.9 million (previous year: EUR 481.8 million). After stock levels were increased during the Corona period to ensure delivery, inventory reductions are now being implemented as planned after the supply chain management returned back to normal in the course of the year.

Trade receivables are shown after deduction of impairment for expected credit losses. Given lower revenue, trade receivables dropped by EUR -43.6 million year-on-year to EUR 183.0 million in the period under review (previous year: EUR 226.6 million).

Cash and cash equivalents amount to EUR 15.7 million as at the reporting date (previous year: EUR 7.8 million). Compared to the previous year, liabilities to banks decreased by EUR 107.8 million from EUR 306.4 million

to EUR 198.5 million, including promissory note loans amounting to EUR 75 million that were issued in December 2021. The strong business performance in financial year 2022 and the reduction in working capital meant that net debt was significantly reduced in the first quarter of 2023 compared to 31 March 2022.

### Performance by region



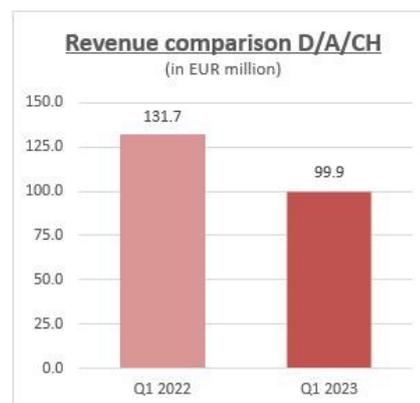
The slight decline in revenue in the first quarter of 2023 breaks down by region as follows:

in EUR million	Q1 2023	Q1 2022
D/A/CH	99.9	131.7
Western Europe	49.4	52.8
Eastern Europe	24.1	23.4
Overseas	64.9	63.6
Other countries	11.6	20.8
<b>Einhell Group</b>	<b>249.9</b>	<b>292.3</b>

Earnings before taxes (EBT) amount to EUR 20.3 million (previous year: EUR 24.6 million). The development in the individual regions was as follows:

in EUR million	Q1 2023	Q1 2022
D/A/CH	8.9	16.4
Western Europe	1.8	2.4
Eastern Europe	1.5	2.7
Overseas	6.0	6.1
Other countries	1.3	2.8
Reconciliation	0.8	-5.8
<b>Einhell Group</b>	<b>20.3</b>	<b>24.6</b>

### D/A/CH

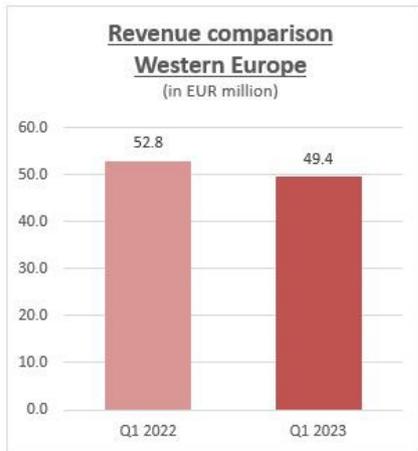


In the D/A/CH region, revenue was down EUR 31.8 million to EUR 99.9 million in the first quarter of the financial year 2023. Due to high inventories, customers were more cautious with regard to placing orders in the first quarter of 2023.

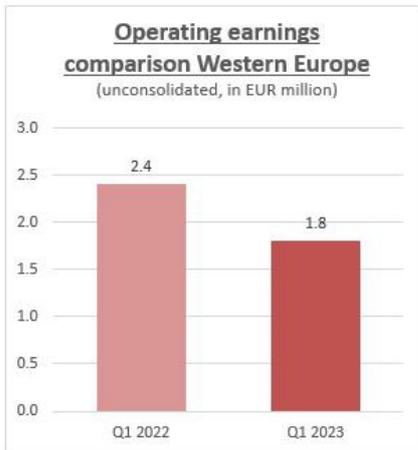


Based on lower revenues in the D/A/CH region in the first quarter of 2023, earnings before taxes were down by EUR 7.5 million.

**Western Europe**



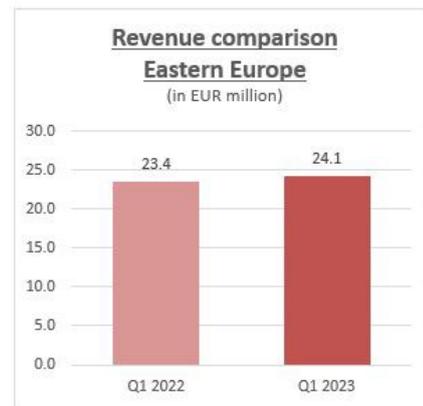
In Western Europe, revenue amounts to EUR 49.4 million, which is only slightly below the prior-year level. The companies with the highest revenue in the Western Europe region continued to be Einhell France with EUR 17.1 million and Einhell Italy with EUR 10.5 million.



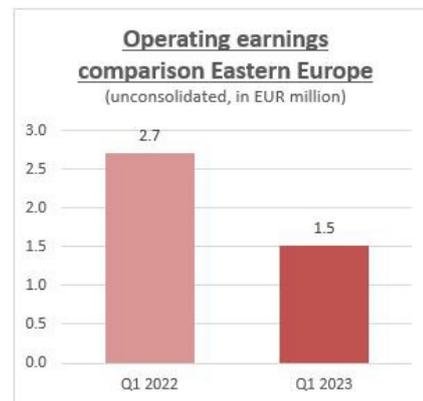
EBT decreased by EUR 0.6 million to EUR 1.8 million in Western Europe.

High inventory levels with the associated logistics and financing costs had a particularly pronounced effect in the UK.

**Eastern Europe**

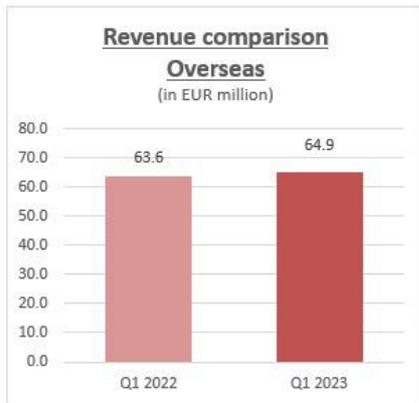


Revenue in the Eastern Europe region increased slightly by EUR 0.7 million. The companies with the highest revenue in the Eastern Europe region were Einhell Croatia and Einhell Turkey.

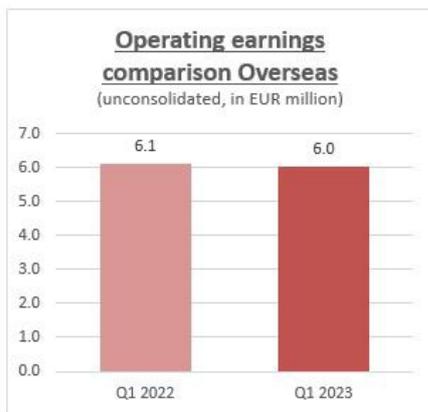


EBT declined in Eastern Europe. This was due to high inflation and the related increase in prices. In addition, higher financing costs due to the increase in interest rates were felt here.

**Overseas**

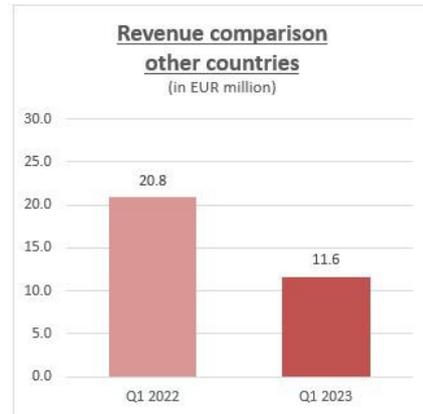


Revenue in the Overseas region increased by EUR 1.3 million compared to the same period of the previous year. The companies with the strongest revenue in the Overseas region were Ozito with EUR 45.0 million and the new subsidiary Einhell Canada with EUR 9.5 million. The Australian economy was relatively stable.

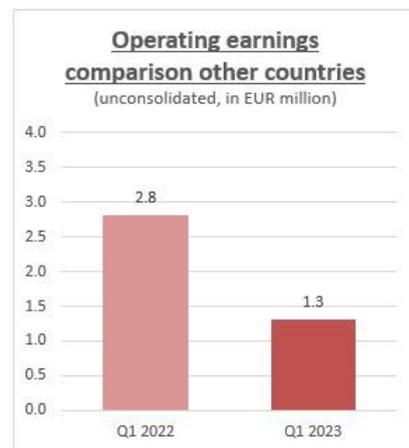


EBT in the Overseas region was roughly on a par with the prior-year quarter.

**Other countries**



Revenue in Other countries region decreased by EUR 9.2 million compared to the same period last year. This relates almost exclusively to the revenues of our companies in Hong Kong. The very cautious buying behaviour of the FOB direct customers is noticeable here.



Earnings in the Other countries region decreased significantly.

The decrease in revenue is also reflected in the earnings development.

## Current strategic developments

Our strategic objective is to close the gap to our A brand competitors within the next seven to eight years. In terms of unit sales, we are already market leader in Germany in the segment of battery-powered gardening devices. In the battery-powered tools segment, we are already number 3 when it comes to market shares. We continue to focus on building the Einhell brand worldwide, to drive the internationalisation of our Group and to increase our market shares in the target markets. Based on our strong commitment and our innovative products with an excellent price/benefit ratio, we will be able to succeed, even in the current difficult market conditions.

### Cooperation with FC Bayern Munich and Mercedes-AMG PETRONAS F1 team

We have been working continuously for years on building the Einhell brand. By carefully selecting our cooperation partners, we are able to significantly improve both the awareness and the recognition of the Einhell brand worldwide.

Our cooperation with FC Bayern Munich as the team's "Official Home & Garden Expert" is already very successful, and we will further increase related marketing activities in the financial year 2023 by expanding the TV campaigns to a total of 13 countries.

From 1 January 2023, Einhell Germany AG is the official partner of the Mercedes-AMG PETRONAS F1 team. As the Formula 1 team's "Official Tool Expert", we can increase visibility as our battery-powered products are used in the race garage and as our brand is displayed on the vehicles as well as on the team-wear of the drivers and the team. We will launch a TV campaign with Mercedes-AMG PETRONAS F1 team in 2023, which Einhell plans to roll out in 13 countries, thus further raising our brand profile.

### International expansion

One of our most important strategic measures is the international expansion of our Group. With the acquisition of our subsidiaries in Canada and Finland in financial year 2022, we have succeeded in opening up promising markets with very high economic potential. Our objective in the coming years is to complete the integration of the two subsidiaries into our Group, thus expanding the reach of our Einhell products. This will have a highly positive effect on our revenues and earnings.

We expect to acquire two more companies in Thailand and Vietnam around mid-year.

## Power X-Change platform and innovation

We will continue the success story of our Power X-Change product range in 2023 with the goal of becoming the market leader in the cordless tool and garden tool markets.

We will not only invest in the continuous expansion of the compatible product range of cordless tools, but also put money into our own battery production. We will already start with the first test productions in China in the current financial year and establish our own battery production in Eastern Europe from 2024 onwards. In line with our strategy, this will reduce our dependence on China.

The Einhell Group continues to build on its technology know-how and, with regard to battery technology, focuses on improving the service life and performance of batteries and on smart charging technology.

## Events after reporting date

Einhell Germany AG will acquire 66.67% of shares in a newly founded company in Thailand. This new company will, by way of an asset deal, take over the assets that are needed to successfully establish the Group on the market, such as customer contracts, employee contracts and inventories of a company that has already been a successful player on the Thai market for several decades. The transaction is to be completed in June 2023.

The existing company sells mainly electric tools, pressure cleaners and welding equipment and is well connected within the Thai DIY market. The asset deal gives the Einhell Group access to the Thai market and DIY and specialised retail stores. In addition to the existing brands, Einhell intends to drive the introduction of the Power X-Change range and the e-commerce distribution channel.

The first payment on the purchase price for two thirds of the shares is expected to amount to EUR 8 million. Einhell Germany AG as the majority shareholder and the minority shareholder hold mutual options to transfer the remaining shares upon the occurrence of defined conditions.

The second take-over candidate is a sourcing company domiciled in Vietnam. The Einhell Group will acquire 100% of the shares and the transaction is to be completed in June/July 2023.

The company is a distributor of screws, fastening fixtures and a range of hand-held tools with its main customers being DIY chains in Europe and Canada. The takeover enables the Einhell Group to massively

strengthen its profile in the field of accessories and hand-held tools. Moreover, it is another step within our second-source strategy that aims to reduce our dependence on the Chinese sourcing market.

Based on the current planning, the preliminary purchase price for the complete takeover amounts to approx. EUR 4.0 million, the majority of which will fall due over a period of three years depending on the EBT the company generates.

The purchase price allocation for both companies will commence in the course of the second quarter. Therefore, not the full information as per IFRS 3 will be disclosed as yet. The purchase price allocations involve a revaluation of the assets acquired and liabilities assumed as well as an analysis of the information on the company acquisition.

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, which is more difficult than ever to assess due to recent world events. The already rapidly changing market conditions can be further distorted by political developments to an unforeseen extent. The degree of uncertainty is therefore especially high at present.

On a macro level, consumer sentiment is very low, which is also affecting the DIY sector. The increase in interest rates, massive cost rises and the fact that inflation rates remain high in many of the countries that are relevant to Einhell are bound to negatively influence consumer spending. We are trying to counteract the negative market developments as best as we can. For instance, we have introduced effective long-term currency hedging to cushion extreme fluctuations in purchase prices as much as possible. Einhell is also affected by weak overall consumer demand, but we continue to offer our end consumers an outstanding and attractive product range with a very enticing cost/performance ratio.

In the first quarter of 2023, our revenue decreased compared to the prior-year quarter. Our customers' high inventory levels, which they built over the last few years in response to supply chain disruptions, led to a restrained order intake in the first months of the current financial year. We anticipate that this will improve in the course of the second quarter.

We expect organic sales growth of approx. 3% year-on-year and, with regard to earnings before tax, a pre-tax margin of approx. 8.0% to 8.5% in the year under review. Invariably, a difficult economic environment also offers opportunities. We remain determined on our path to global market and technology leadership.

**Consolidated statement of financial position (IFRS) as at 31 March 2023**

	31.03.2023	31.03.2022
<b>Assets (in EURk)</b>		
Intangible assets	38,090	37,527
Property, plant and equipment	58,267	56,911
Right-of-use assets	16,315	20,468
Non-derivative financial assets	1,192	917
Derivative financial assets	3,932	21,251
Other non-financial assets	3,768	2,315
Deferred tax assets	17,547	21,245
<b>Non-current assets</b>	<b>139,111</b>	<b>160,634</b>
Inventories	414,882	481,818
Trade receivables	182,986	226,591
Non-derivative financial assets	2,607	2,120
Derivative financial assets	31,391	53,085
Income tax receivables	3,539	3,263
Other non-financial assets	24,489	41,613
Contract assets	561	608
Cash and cash equivalents	15,723	7,760
<b>Current assets</b>	<b>676,178</b>	<b>816,858</b>
	<b>815,289</b>	<b>977,492</b>
<b>Equity and liabilities (in EURk)</b>		
Subscribed capital	9,662	9,662
Capital reserve	26,677	26,677
Retained earnings	325,334	283,822
Other reserves	5,004	34,821
<b>Equity of shareholders of Einhell Germany AG</b>	<b>366,677</b>	<b>354,983</b>
Non-controlling interest	11,398	10,417
<b>Equity</b>	<b>378,075</b>	<b>365,400</b>
Provisions for other risks	587	708
Liabilities from debt capital	87,500	90,625
Deferred tax liabilities	14,039	26,739
Employee benefits	3,525	5,282
Lease liabilities	10,505	14,957
Derivative financial liabilities	2,232	871
Non-derivative financial liabilities	16,101	10,635
Other non-financial liabilities	355	0
<b>Non-current liabilities</b>	<b>134,844</b>	<b>149,817</b>
Trade payables	70,517	90,034
Income tax liabilities	6,222	14,306
Provisions for other risks	28,260	42,821
Liabilities from debt capital	111,037	215,760
Employee benefits	30,576	32,178
Lease liabilities	6,078	5,815
Derivative financial liabilities	3,598	4,529
Non-derivative financial liabilities	35,420	36,692
Other non-financial liabilities	9,983	19,390
Contract liabilities	679	750
<b>Current liabilities</b>	<b>302,370</b>	<b>462,275</b>
	<b>815,289</b>	<b>977,492</b>

**Consolidated income statement (IFRS) for the period from 01 January to 31 March 2023**

<b>(in EURk)</b>	<b>31.03.2023</b>	<b>31.03.2022</b>
Revenue	249,918	292,295
Other operating income	4,982	1,928
Cost of materials	-157,890	-195,645
Personnel expenses	-31,416	-28,284
Depreciation and amortisation	-3,774	-3,301
Other operating expenses	-39,078	-41,370
Financial income	3,863	8,387
Financial costs	-6,257	-9,402
<b>Profit before income taxes</b>	<b>20,348</b>	<b>24,608</b>
Income taxes	-6,021	-6,634
<b>Consolidated net profit</b>	<b>14,327</b>	<b>17,974</b>
Thereof share of minority shareholders in consolidated net profit	403	519
Thereof share of shareholders of Einhell Germany AG in consolidated net profit	13,924	17,455

**Consolidated statement of cash flows (IFRS) for the period from 01 January to 31 March 2023**

(in EURk)	31.03.2023	31.03.2022
<b>Cash flows from/used in operating activities</b>		
Profit before income taxes	20,348	24,608
+ Depreciation and amortisation of intangible assets and property, plant and equipment	3,774	3,301
- Interest income	-133	-55
+ Interest expenses	1,904	520
+/- Other non-cash expenses and income	868	1,019
<b>Operating profit before changes in net working capital</b>	<b>26,761</b>	<b>29,393</b>
+/- Decrease/increase in trade receivables	-39,286	-82,537
+/- Decrease/increase in inventories	58,593	-12,942
+/- Decrease/increase in other assets	4,332	6,368
+/- Increase/decrease in non-current liabilities	-3,263	-3,489
+/- Increase/decrease in current liabilities	8,857	20,932
+/- Increase/decrease in trade payables	-45,764	-53,780
<b>Cash flows generated from operating activities</b>	<b>10,230</b>	<b>-96,055</b>
- Taxes paid	-5,244	-5,584
+ Interest received	133	50
- Interest paid	-1,270	-595
<b>Net cash from/used in operating activities</b>	<b>3,849</b>	<b>-102,184</b>
<b>Cash flows from/used in investing activities</b>		
- Payments to acquire fixed assets	-3,921	-1,551
- Payments for acquisition of consolidated companies	0	-17,980
+ Proceeds from disposal of assets	0	0
<b>Net cash used in investing activities</b>	<b>-3,921</b>	<b>-19,531</b>
<b>Cash flows from/used in financing activities</b>		
+ Proceeds from taking out loans	8,171	119,185
- Payments for repayment of loans	-781	-781
- Payments for acquisition of equity investments	0	-13
- Dividend payments to non-controlling interests	-198	-214
- Payments for redemption portion of lease liabilities	-1,750	-1,049
<b>Net cash from financing activities</b>	<b>5,442</b>	<b>117,128</b>
Changes to cash and cash equivalents due to currency exchange	-309	834
<b>Net increase/decrease in cash and cash equivalents</b>	<b>5,061</b>	<b>-3,753</b>
Cash and cash equivalents at beginning of reporting period	10,662	11,513
<b>Cash and cash equivalents at end of reporting period</b>	<b>15,723</b>	<b>7,760</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, 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 column.

### Segment reporting by region

March 2023 in EURk	D/A/CH	Western Europe	Eastern Europe	Overseas	Other countries	Reconciliation	Group
Revenue based on registered office of the invoicing party	99,874	49,402	24,084	64,949	11,609	0	249,918
Revenue based on registered office of the invoice recipient	102,468	54,230	25,934	65,246	2,040	0	249,918
EBT	8,932	1,807	1,483	6,061	1,293	772	20,348

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
EBT	16,384	2,412	2,732	6,056	2,849	-5,825	24,608

## Financial calendar 2023

Annual General Meeting 2023	23 June 2023
Half year financial report as of 30 June 2023	Mid-August 2023
Quarterly notification as of 30 September 2023	Mid-November 2023
Deutsches Eigenkapitalforum / Frankfurt am Main	Mid-November 2023

## **Legal company information**

Einhell Germany AG  
Wiesenweg 22  
94405 Landau an der Isar  
[www.einhell.com](http://www.einhell.com)

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Investor relations  
Telephone: +49 (9951) 942-166  
E-mail: [investor-relations@einhell.com](mailto:investor-relations@einhell.com)

Please visit our website at [www.einhell.com](http://www.einhell.com) showing extensive information and reports on Einhell Germany AG.

## **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.



Einhell Germany AG  
Wiesenweg 22  
D-94405 Landau a. d. Isar  
Phone (09951) 942-0

[investor-relations@einhell.com](mailto:investor-relations@einhell.com)  
[www.einhell.com](http://www.einhell.com)