



QUARTELY REPORT

31. March 2020

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At a glance

In the first quarter of 2020, our business activities started to be very much impacted by the COVID-19 pandemic from mid-March. Nevertheless, the EINHELL Group nearly reached the previous year's business volume in the first quarter of 2020 and generated revenue of EUR 154.9 million.

Profit before income taxes amounts to EUR 8.0 million and is thus slightly below the previous year's level. This corresponds to a margin before income taxes of about 5.2%. High marketing expenses and the performance of those companies most affected by the coronavirus pandemic in Southern and Western Europe had a negative effect on earnings.

However, in the light of the currently difficult situation due to the COVID-19 pandemic, we are still very pleased with the performance and cautiously optimistic with regard to the further development in the financial year. In April, our activities were still restricted by government regulations in several countries, but revenues started to gain promising momentum again from the beginning of May.

Financial figures

Revenue

Q1 2020	154.917	-1,5%
Q1 2019	157.313	

Profit before income taxes

Q1 2020	8.026	-14,6%
Q1 2019	9.394	

EBIT

Q1 2020	8.684	-13,3%
Q1 2019	10.016	

Equity ratio

Q1 2020	55,5%	+12,8%
Q1 2019 (*)	49,2%	

Profit per share (EUR)

Q1 2020	1,5	-16,7%
Q1 2019	1,8	

Net debt (bank deposits / liabilities)

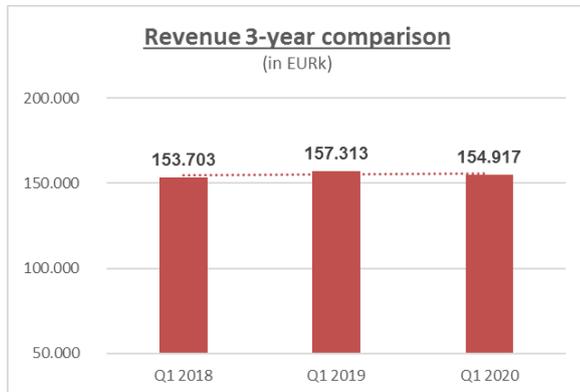
Q1 2020	58.444	-19,0%
Q1 2019	72.170	

Staff

Q1 2020	1.581	+0,1%
Q1 2019	1.579	

Revenue, earnings and financial position

Revenue



From January to March 2020, the EINHELL Group generated revenue of EUR 154.9 million (Q1 2019: EUR 157.3 million). Revenue is thus slightly below the previous year's level.

Earnings

From January to March 2020, the EINHELL Group generated profit before income taxes of EUR 8.0 million (previous year: EUR 9.4 million). The pre-tax margin is 5.2% (previous year: 6.0%).

Despite a slight improvement in the gross profit margin, the earnings situation has slightly deteriorated compared to the previous year. In the period under review, the Group has invested heavily in product and marketing, which it believes will provide an improved basis for the further business development. In addition, the effects of the coronavirus pandemic severely burdened unit sales in the second half of March.

Consolidated net profit after minority interest amounts to EUR 5.6 million in the period under review (previous year: EUR 6.7 million). Earnings per share amount to EUR 1.5 (previous year: EUR 1.8 per share).

Personnel expenses remained stable compared to the prior-year period at EUR 19.3 million (previous year: EUR 19.3 million).

Depreciation & amortisation rose slightly in financial year 2020 to EUR 2.3 million (previous year: EUR 2.0 million).

Other expenses increased from EUR 20.4 million to EUR 21.8 million. This was mainly driven by higher marketing expenses in the first quarter of the current financial year. The increase in marketing expenses is in line with the corporate strategy with a focus on further strengthening the Einhell brand. The objective is to further expand the high market shares reached in 2019.

The financial result of EUR -0.7 million is nearly on a par with the previous year (previous year: EUR -0.6 million).

Financial position

The key line items in the statement of financial position as at 31 March 2020 and 31 March 2019 are as follows:

	Q1 2020	Q1 2019 (*)
	in EUR million	in EUR million
Non-current assets incl. deferred tax assets	77.1	65.0
Inventories	152.7	180.3
Receivables and other assets	158.7	162.7
Cash and cash equivalents	5.7	16.9
Equity	218.9	208.8
Liabilities to banks	64.2	89.1

In the period under review, the EINHELL Group's capex amounted to EUR 2.3 million (previous year: EUR 2.0 million). The majority of this was spent on operating and office equipment, and assets under construction. Moreover, non-current assets also include right-of-use assets for property, plant and equipment under rental and lease contracts in the amount of EUR 11.4 million (previous year: EUR 10.8 million) as a result of the application of IFRS 16.

Goods inventories are down on the previous year to EUR 152.7 million (previous year: EUR 180.3 million). In the previous year, goods inventories were marked by excess stocks, which had been carried over from 2018 because of the hot summer.

Trade receivables are shown after deduction of valuation allowances for expected future credit defaults. Trade receivables of EUR 129.8 million were up on the previous year (EUR 124.1 million) due to individual extensions of the terms of payment as a result of the coronavirus crisis.

At EUR 28.9 million, other current assets fell considerably short of the previous year's level (previous year: EUR 38.6 million). This is mainly the result of significantly higher VAT claims of our procurement company in China in the previous year as well as positive fair values of currency futures.

In financial year 2019, the management of the Einhell Group resolved to dispose of its subsidiary Einhell Beograd d.o.o. Therefore, Einhell Beograd was recognised as a held-for-sale disposal group as at 31 December 2019. The management's divestment plans with respect to Einhell Beograd have changed. As a result, the assets and liabilities are no longer recognised as held for sale as at 31 March 2020.

Cash and cash equivalents amount to EUR 5.7 million on the reporting date (previous year: EUR 16.9 million). Liabilities to banks decreased from EUR 89.1 million in the prior-year period to EUR 64.2 million. This was a result of the reduction in inventories combined with the positive earnings performance.

Performance by region



The revenue performance was positive in the first three months of financial year 2020, despite the coronavirus crisis.

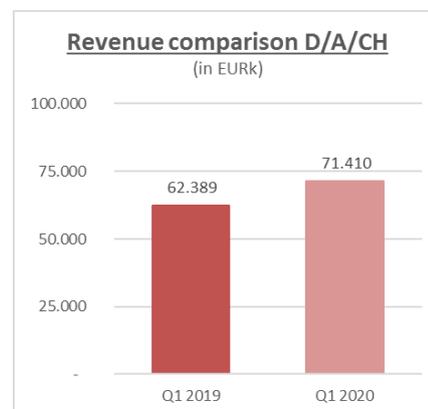
Revenue in the individual regions developed as follows:

in EURk	Q1 2020	Q1 2019
D/A/CH region	71,410	62,389
Western Europe	28,133	32,418
Eastern Europe	15,594	15,888
Overseas	31,216	31,626
Other countries	8,564	14,992
Einhell Group	154,917	157,313

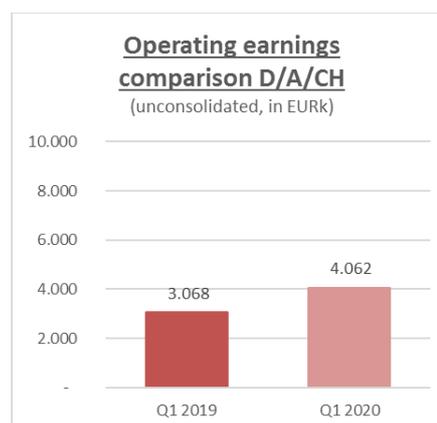
Because of the slight decline in revenue, the Group was not able to increase the profit before income taxes, which amounts to EUR 8.0 million (previous year: EUR 9.4 million). The development in the individual regions was as follows:

in EURk	Q1 2020	Q1 2019
D/A/CH region	4,062	3,068
Western Europe	316	1,513
Eastern Europe	454	1,086
Overseas	2,319	3,018
Other countries	702	260
Reconciliation	173	449
Einhell Group	8,026	9,394

D/A/CH region



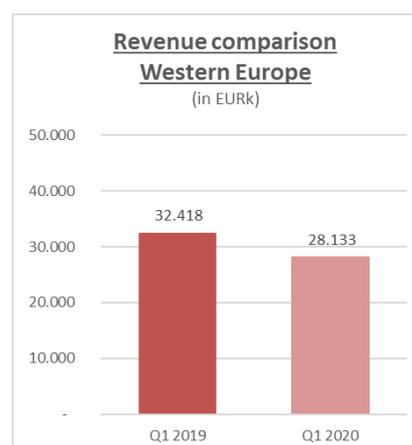
Revenue in the D/A/CH region amounts to EUR 71.4 million in the first three months of financial year 2020 (previous year: EUR 62.4 million).



Driven by a considerable increase in revenue, profit before income taxes in the D/A/CH region exceeds the previous year's level at EUR 4.1 million.

In the D/A/CH region, investments in the EINHELL brand and the marketing activities have fully paid off and led to a considerable increase in revenue and earnings.

Western Europe

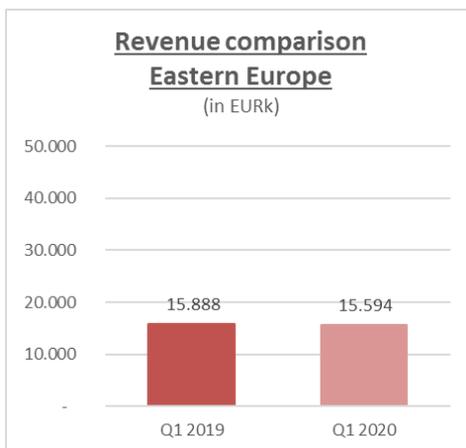


Revenue in the Western Europe region amounts to EUR 28.1 million (previous year: EUR 32.4 million). The companies with the highest revenue in the Western Europe region were Einhell France with EUR 8.5 million, Einhell Italy with EUR 6.9 million and Einhell UK with EUR 5.5 million.



Earnings before taxes in the Western Europe region fell from EUR 1.5 million to EUR 0.3 million. The region includes Spain, Italy, France and the UK, which were among the countries hardest hit by the coronavirus crisis. Restrictions and lockdown in these countries had a marked effect on revenue and earnings.

Eastern Europe

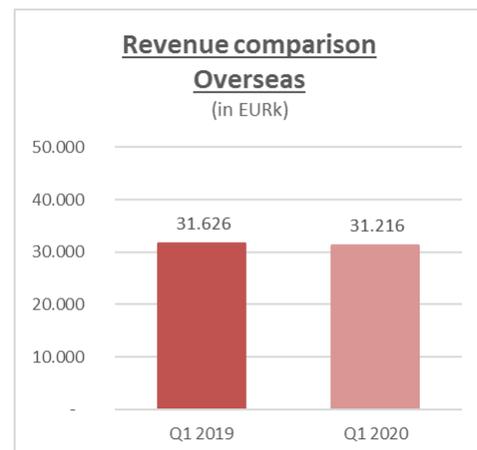


The Eastern Europe region nearly reached the previous year's revenue level. The companies with the highest revenue in the Eastern Europe region were Einhell Croatia and Einhell Turkey.



Because of the coronavirus crisis, the companies in the Eastern Europe region were not able to reach the earnings level of the prior-year period.

Overseas



Revenue in the Overseas region was roughly on a par with the prior-year period in the first three months of financial year 2020.

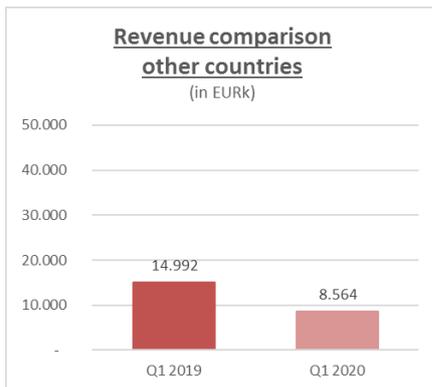
It decreased only slightly from EUR 31.6 million to EUR 31.2 million. Revenue in the Overseas region is generated by the companies in Australia and South America.



Profit before income taxes is below the previous year in the first three months of financial year 2020.

The global crisis affected in particular the currencies in this region, which in turn had a negative effect on the performance of the individual companies.

Other countries



The Other countries were not able to achieve an increase in revenue. This mainly refers to our companies in Hong Kong.

A major customer who had previously purchased directly in Hong Kong is now again processing its orders via the local sales subsidiaries. Furthermore, some customers have stopped their orders because of the coronavirus.



Group structure

In the period under review, Einhell Electro Machinery Technology Co, Ltd, China was founded. Einhell Germany AG owns 100% of the shares in this company.

Current strategic developments

The Group will continue to focus on further building the EINHELL brand. The recognition of the EINHELL brand has already increased significantly in Germany in the last few years. In 2020, we will persist with our

TV campaign in Germany and Austria. We will also intensify our cooperation with BMW i Motorsport, as it perfectly underlines our Power X-Change philosophy.

In order to push ahead with the internationalisation of the Company, we aim to tap into the markets in South East Asia. We intend to enter the market in Thailand with the help of a partner or suitable takeover candidate. Moreover, we will concentrate on ramping up sales activities in the USA in 2020.

The Power X-Change platform will be opened for additional potential partners in the A-market segment. Furthermore, we will continue to focus on our key product groups, where we are striving for market leadership. In the medium term, we aim to generate 40% of total revenue with our Power X-Change products.

Activities in connection with the expansion of the logistics centre at the Landau/Isar site have already started in 2020. The first phase of the planned project, which comprises the construction of a new incoming goods terminal, will be completed in the current financial year. The second phase of the project refers to high-bay storage for about 48,000 units and the installation of a new warehouse management system.

Events after reporting date

The coronavirus had a considerable impact on our business activities, which continues to be felt after the reporting date. The effects on our net assets, financial position and results of operations in financial year 2020 were not yet foreseeable at the time this quarterly notification was prepared.

Outlook

The Board of Directors' assumptions and forecasts are based on the information currently available. The future business development depends on numerous factors, especially on the developments in the crisis regions and the trends on the currency markets.

Moreover, from today's point of view, the economic impact of the coronavirus crisis is difficult to estimate. The developments are highly dynamic and impossible to quantify. The effects on Group revenue and consolidated net profit strongly depend on the government measures and restrictions imposed in the various countries, where the Einhell Group is active. The guidance with a revenue forecast of EUR 610 million and a forecast for the operating margin before tax of approx. 5.5% published on 9 March 2020 did not yet account for the effects of the coronavirus crisis and is therefore unlikely to be met. It is therefore no longer valid.

Given the current situation and the uncertainty regarding the duration of the COVID-19 pandemic, it is not yet foreseeable when we will be able to issue a new guidance for financial year 2020.

The month of April was heavily affected by the closure of businesses in several countries, leading to a revenue decline in the range of 10-15% in April. In May, most countries abolished the restrictions, and the first weeks of May show a highly promising revenue trend. The Board of Directors therefore believes that revenue might catch up, thereby compensating for some of the losses from the COVID-19 pandemic.

Consolidated statement of financial position (IFRS) as of 31 March 2020 (abbreviated)

Assets	31.03.2020 EURk	31.03.2019 EURk (*)
NON-CURRENT ASSETS		
Intangible assets	16,796	16,571
Property, plant and equipment	48,360	37,432
Non-current financial assets	406	715
Other non-current assets	2,375	619
Deferred tax assets	9,175	9,659
	77,112	64,996
CURRENT ASSETS		
Inventories	152,746	180,296
Trade receivables	129,796	124,078
Other assets	28,928	38,597
Cash and cash equivalents	5,711	16,939
	317,181	359,910
	394,293	424,906

Equity and liabilities	31.03.2020 EURk	31.03.2019 EURk (*)
EQUITY		
Subscribed capital	9,662	9,662
Capital reserve	26,677	26,677
Retained earnings	195,137	176,966
Other reserves	-14,388	-6,678
Equity of shareholders of Einhell Germany AG	217,088	206,627
Non-controlling interest	1,845	2,208
	218,933	208,835
NON-CURRENT LIABILITIES		
Provisions for other risks	1,154	1,081
Liabilities from debt capital	21,894	25,038
Deferred tax liabilities	4,450	5,177
Employee benefits	4,249	3,391
Lease liabilities	8,861	6,835
Other liabilities	157	0
	40,765	41,522
CURRENT LIABILITIES		
Trade payables	34,922	48,145
Provisions for taxes	1,055	3,707
Provisions for other risks	22,338	22,963
Liabilities from debt capital	42,261	64,071
Employee benefits	14,886	15,299
Lease liabilities	2,813	3,941
Other liabilities	16,320	16,423
	134,595	174,549
	394,293	424,906

(*) The comparative information was adjusted.

Consolidated income statement (IFRS) for the period from 1 January to 31 March 2020

	01.01. – 31.03.2020	01.01. – 31.03.2019
	EURk	EURk
Revenue	154,917	157,313
Other operating income	1,401	1,212
Cost of materials	-104,174	-106,756
Personnel expenses	-19,316	-19,326
Depreciation	-2,343	-1,978
Other operating expenses	-21,801	-20,449
Financial result	-658	-622
Profit before income taxes	8,026	9,394
Income taxes	-2,415	-2,646
Consolidated net profit	5,611	6,748
Thereof share of minority shareholders in consolidated net profit/loss	39	69
Thereof share in consolidated net profit/loss of shareholders of EINHELL Germany AG	5,572	6,679

Consolidated statement of cash flows (IFRS) for the period from 1 January to 31 March 2020

in EURk	01.01. – 31.03.2020	01.01. – 31.03.2019
Cash flows from/used in operating activities		
Profit before taxes	8,026	9,394
+ Depreciation and amortisation of intangible assets and property, plant and equipment	2,343	1,978
- Interest income	-34	-36
+ Interest expenses	211	306
+/- Other non-cash expenses and income	541	38
Operating profit before changes in net working capital	11,087	11,680
+/- Decrease/increase in trade receivables	-38,996	-35,799
+/- Decrease/increase in inventories	17,035	10,155
+/- Decrease/increase in other assets	-1,507	-2,447
+/- Decrease/increase in assets held for sale	2,256	0
+/- Increase/decrease in non-current liabilities	398	-659
+/- Increase/decrease in current liabilities	-1,800	3,632
+/- Increase/decrease in trade payables	-43,155	-21,714
+/- Increase/decrease in liabilities in connection with assets held for sale	-79	0
Cash flows generated from operating activities	-54,761	-35,152
- Taxes paid	-2,626	-1,959
+ Interest received	33	42
- Interest paid	-159	-222
Net cash from/used in operating activities	-57,513	-37,291
Cash flows from/used in investing activities		
- Payments to acquire assets	-2,172	-1,781
- Payments for acquisition of consolidated companies	0	0
+ Proceeds from disposal of assets	15	1
+/- Increase/decrease in goodwill	0	0
+ Proceeds from disposal of consolidated companies	0	0
- Payments for investments in financial assets	0	0
- Cash-outflow from changes to companies included in the consolidation	0	0
Net cash used in investing activities	-2,157	-1,780
Cash flows from/used in financing activities		
+ Proceeds from taking out financial liabilities	40,345	42,257
- Payments for repayment of financial liabilities	0	0
- Payments for acquisition of equity investments	0	0
+ Proceeds from non-controlling interest	0	0
- Dividend payments to shareholders of EINHELL Germany AG	0	0
- Dividend payments to non-controlling interest	0	0
- Payments for redemption portion of lease liabilities	-1,068	-1,006
Net cash used in financing activities	39,277	41,251
Changes to cash and cash equivalents due to currency exchange	375	662
Net decrease/increase in cash and cash equivalents	-20,018	2,842
Cash and cash equivalents at beginning of reporting period	25,729	14,097
Cash and cash equivalents at end of reporting period	5,711	16,939

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 2020 in EURk	D/A/CH region	Western Europe	Eastern Europe	Overseas	Other countries	Reconciliation	Group
Revenue based on registered office of the invoicing party	71,410	28,133	15,594	31,216	8,564	0	154,917
Revenue based on registered office of the invoice recipient	71,377	32,884	16,348	33,705	603	0	154,917
Profit before income taxes	4,062	316	454	2,319	702	173	8,026

March 2019 in EURk	D/A/CH region	Western Europe	Eastern Europe	Overseas	Other countries	Reconciliation	Group
Revenue based on registered office of the invoicing party	62,389	32,418	15,888	31,626	14,992	0	157,313
Revenue based on registered office of the invoice recipient	63,290	40,932	16,783	35,423	885	0	157,313
Profit before income taxes	3,068	1,513	1,086	3,018	260	449	9,394

Financial calendar 2020

Annual General Meeting 2020	Friday, 19 June 2020
Half year financial report as of 30 June 2020	Mid-August 2020
Quarterly notification as of 30 September 2020	Mid-November 2020

Legal company information

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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 the results in 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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