



QUARTELY REPORT
30. September 2020

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At a glance

The EINHELL Group managed to increase its business volume considerably between January and September 2020 and generated revenue of EUR 529.6 million.

Profit before income taxes amounts to EUR 37.4 million and is thus significantly above the previous year's level. This corresponds to a margin before income taxes of about 7.1%. The Einhell Group was able to massively increase revenue in the Power X-Change products segment. In addition, the DIY store sector benefited greatly from the coronavirus crisis. In many regions, like-for-like sales in 2020 rose compared to the same period of the previous year. This also boosted the performance of the Einhell Group.

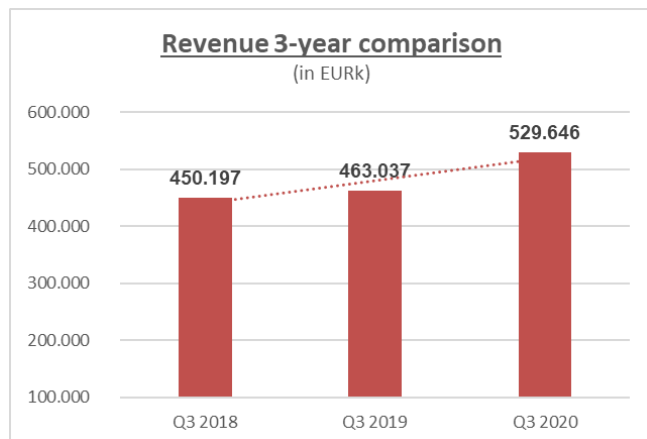
Financial figures

Revenue		
Q3 2020	529.646	+14,4%
Q3 2019	463.037	
Profit before income taxes		
Q3 2020	37.370	+40,3%
Q3 2019	26.636	
EBIT		
Q3 2020	39.219	+34,7%
Q3 2019	29.116	
Equity ratio		
Q3 2020	54,5%	-3,9%
Q3 2019 (*)	56,7%	
Profit per share (EUR)		
Q3 2020	6,9	+35,3%
Q3 2019	5,1	
Net debt (bank deposits / liabilities)		
Q3 2020	- 14.438	-151,1%
Q3 2019	28.263	
Staff		
Q3 2020	1.622	+3,3%
Q3 2019	1.570	

*) adjusted

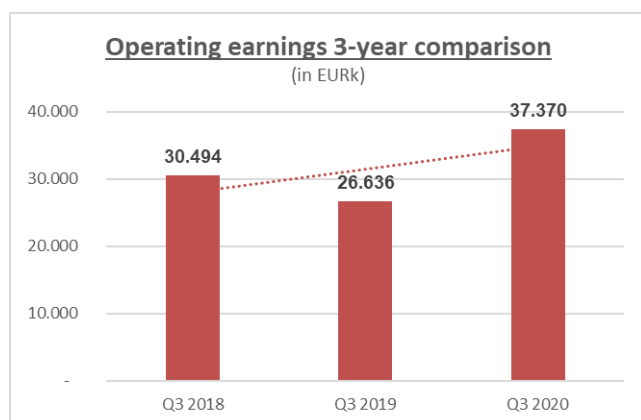
Revenue, earnings and financial position

Revenue



From January to September 2020, the EINHELL Group generated revenue of EUR 529.6 million (previous year: EUR 463.0 million). This represents a substantial increase year-on-year.

Earnings



From January to September 2020, the EINHELL Group generated profit before income taxes of EUR 37.4 million (previous year: EUR 26.6 million). The pre-tax margin is 7.1% (previous year: 5.8%).

The earnings performance improved significantly compared to the previous year, driven by factors such as an improved gross profit margin and stable costs. 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 minority interest amounts to EUR 26.2 million in the period under review (previous year: EUR 19.4 million). Earnings per share amount to EUR 6.9 (previous year: EUR 5.1 per share).

Personnel expenses were up slightly compared to the prior-year period at EUR 64.6 million (previous year: EUR 59.1 million). The increase is primarily due to the higher number of employees and increased provisions for variable compensation components.

Depreciation & amortisation rose slightly in financial year 2020 to EUR 6.9 million (previous year: EUR 5.9 million). The higher investments in property, plant and equipment made last year will lead to increased depreciation in financial year 2020.

Other expenses increased from EUR 65.6 million to EUR 75.6 million. This was mainly due to higher revenues and increased marketing expenses. 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 previous years.

The financial result of EUR -1.8 million has improved compared to the previous year (EUR -2.5 million). This is due in particular to the positive earnings trend and a low level of inventory.

Financial position

The key line items in the statement of financial position as at 30 September 2020 and 30 September 2019 are as follows:

	Q3 2020	Q3 2019 (*)
	in EUR million	in EUR million
Non-current assets incl. deferred tax assets	85.3	69.9
Inventories	139.4	155.7
Receivables and other assets	160.5	135.8
Cash and cash equivalents	38.4	10.9
Equity	231.1	211.1
Liabilities to banks	24.0	39.1

In the period under review, the EINHELL Group made investments amounting to EUR 10.0 million (previous year: EUR 10.5 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 11.8 million (previous year: EUR 8.8 million).

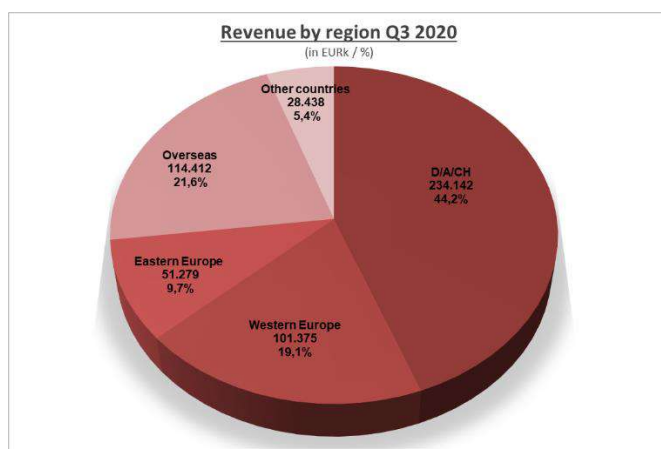
Goods inventories are down on the previous year to EUR 139.4 million (previous year: EUR 155.7 million). The excellent sales performance in the current financial year led to low inventory levels at the Einhell Group.

Trade receivables are shown after deduction of valuation allowances for expected future credit defaults. Mainly driven by the revenue increase, trade receivables climbed by EUR 23.1 million year-on-year to EUR 129.6 million in the period under review (previous year: EUR 106.5 million). The coronavirus crisis could in principle result in an increased risk of default for trade receivables in the coming months. For this reason, impairment valuation allowances corresponding to the expected default rate were formed as at 30 September 2020.

At EUR 30.9 million, other current assets were slightly above the previous year's level (previous year: EUR 29.3 million). This was mainly driven by higher VAT receivables of our procurement company in China.

Cash and cash equivalents amount to EUR 38.4 million on the reporting date (previous year: EUR 10.9 million). Liabilities to banks decreased from EUR 39.1 million in the prior-year period to EUR 24.0 million. This was a result of the reduction in inventories in combination with the high profit for the year.

Performance by region



The revenue performance was extremely strong in the first nine months of financial year 2020, despite the coronavirus crisis.

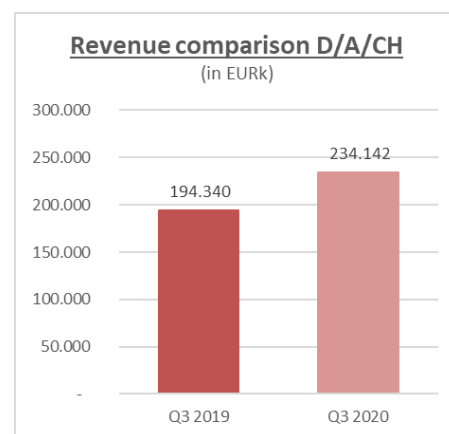
Revenue in the individual regions developed as follows:

in EURk	Q3 2020	Q3 2019
D/A/CH REGION	234,142	194,340
Western Europe	101,375	94,083
Eastern Europe	51,279	48,867
Overseas	114,412	92,006
Other countries	28,438	33,741
Einhell Group	529,646	463,037

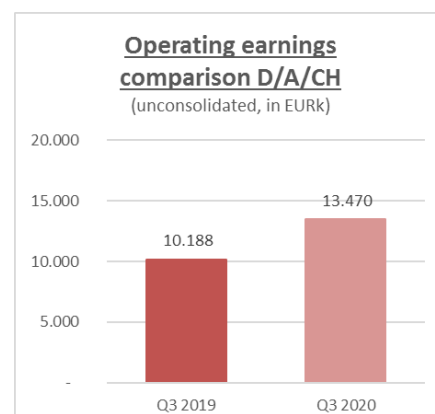
Not only revenue, but also the profit before income taxes increased significantly, now amounting to EUR 37.4 million (previous year: EUR 26.6 million). The development in the individual regions was as follows:

in EURk	Q3 2020	Q3 2019
D/A/CH REGION	13,470	10,188
Western Europe	5,781	3,921
Eastern Europe	4,245	3,111
Overseas	11,710	6,964
Other countries	3,674	1,968
Reconciliation	-1,510	484
Einhell Group	37,370	26,636

D/A/CH region

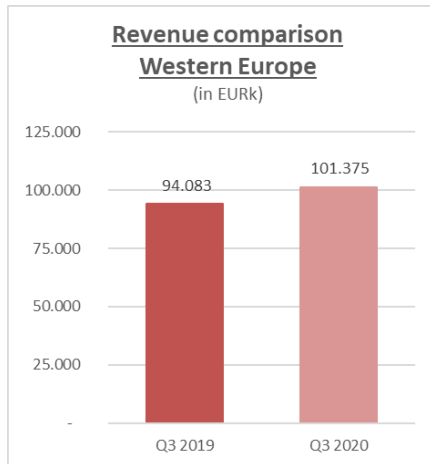


Revenue in the D/A/CH region increased significantly to EUR 234.1 million in the first nine months of financial year 2020 (previous year: EUR 194.3 million). Revenue in the Power X-Change products segment was massively expanded. At the same time, restrictions in the region because of the coronavirus pandemic also led to a strong increase in DIY activities, and Einhell managed to benefit from this trend. Furthermore, investments in the EINHELL brand and marketing activities have truly paid off.

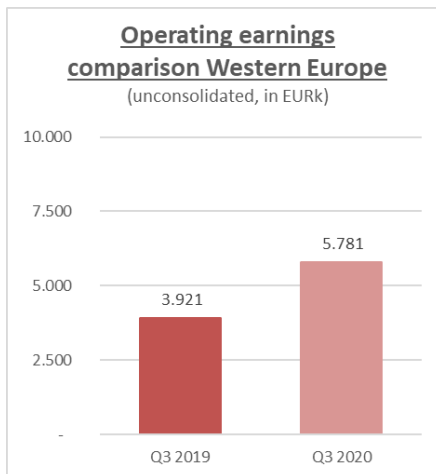


High revenues, an improved gross profit margin and stable costs led to a very strong profit before income taxes of EUR 13.5 million in the D/A/CH region.

Western Europe

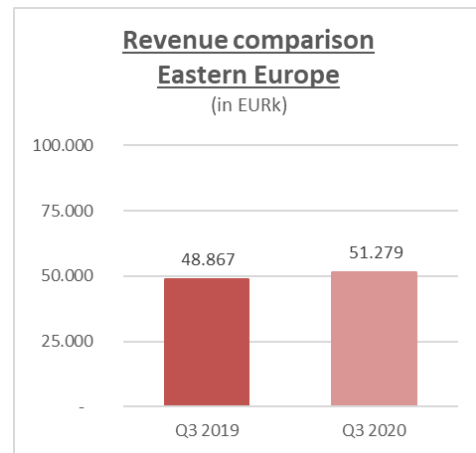


The Western Europe region was also able to generate significant revenue growth despite the coronavirus crisis. Particularly in France and Italy, revenue increased significantly over the previous year. The companies with the highest revenue in the Western Europe region were Einhell France with EUR 33.1 million, Einhell Italy with EUR 24.5 million and Einhell UK with EUR 19.4 million.



In the Western Europe region, profit before income taxes increased to EUR 5.8 million. The most profitable countries in the Western Europe region were France and Italy.

Eastern Europe

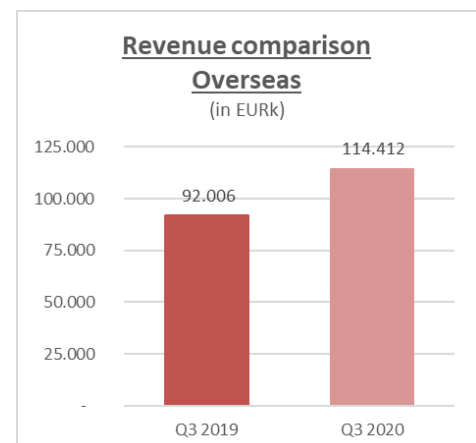


The Eastern Europe region also exceeded the previous year's revenue level. The companies with the highest revenue in the Eastern Europe region were Einhell Croatia and Einhell Turkey.



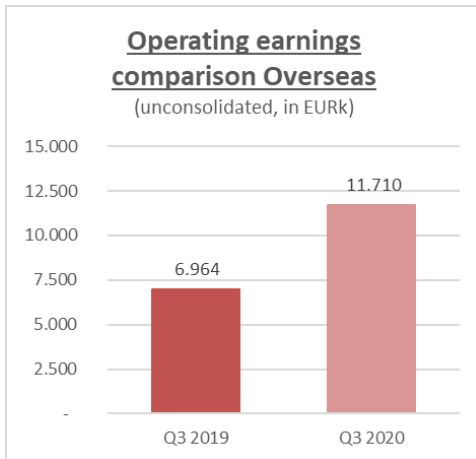
The companies in Eastern Europe managed to exceed their prior-year results. Einhell Turkey in particular achieved strong growth in revenue and earnings compared to the previous year, despite the difficult environment.

Overseas



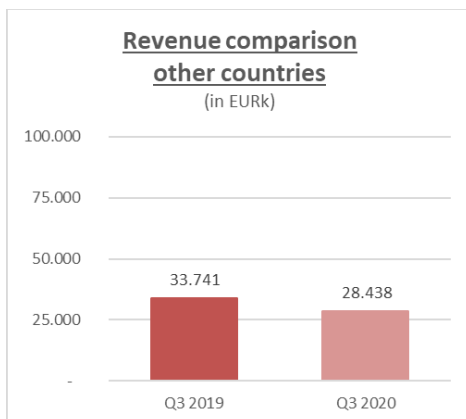
The Overseas region generated extremely high revenues in the first nine months of financial year 2020.

Revenue increased significantly by EUR 92.0 million to EUR 114.4 million. The Einhell Group achieved significant revenue growth in Australia, but also in Argentina and Chile.



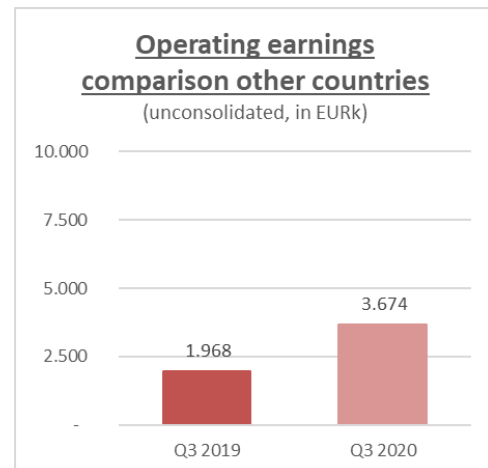
Profit before income taxes is clearly above the previous year's level in the first nine months of financial year 2020. Especially noteworthy was the fact that not only Australia, but also companies in South America achieved significant increases in earnings.

Other countries



The Other countries were not able to achieve an increase in revenue. This region comprises almost exclusively the revenues generated by 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 companies. This leads to revenue shifts between the regions.



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 focus remains on the further expansion of distribution activities in the USA. However, the market entry in the USA is proving difficult. So far, Einhell has not been able to exploit existing potential.

We intend to further expand the Power X-Change platform in the coming year. 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 all revenue with our Power X-Change products. Our Power X-Change battery won a battery test among eight different battery platforms conducted by the German consumer organisation Stiftung Warentest in their current publication (issue 11/2020). The fact that our battery system prevailed in the test conducted by Stiftung Warentest shows that we recognised the need of the hour early on, allowing us to successfully position ourselves with Power X-Change as category leader in the field of battery technology.

In order to give back to society after the highly satisfactory business performance in 2020 to date, Einhell Germany AG will become a partner of the charity "Stiftung RTL - Wir helfen Kindern e.V.". For close to 25 years, the foundation has been realising hundreds of projects around the world to help children and youths in need. Among other causes, Einhell will support the numerous RTL children's homes in its quest to assume social responsibility.

Events after reporting date

Einhell Germany AG acquired 51% of the South African company Lawn Star Ltd. and its sister company Mould Star Ltd. at the beginning of November 2020. Lawn Star is an owner-managed company in Cape Town, South Africa, which is selling garden tools in South Africa and other neighbouring African countries for several decades under the Lawn Star brand. Lawn Star mainly obtains components from Asia and carries out the final assembly in its own small production. Mould Star manufactures components for this production using the injection moulding process and also manufactures smaller accessories made of plastic.

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.

Following a highly successful business performance in the first nine months of financial year 2020 that exceeded expectations, the Einhell Group increased its guidance for the full year at the beginning of October, now forecasting revenue of EUR 670 million and a pre-tax margin of about 6.5%.

The Board of Directors confirmed this forecast. However, the forecast requires that there will be no closures of retail outlets because of the coronavirus pandemic in the Einhell Group's most relevant markets.

Consolidated statement of financial position (IFRS) as at 30 September 2020 (abbreviated)

Assets	30.09.2020 EURk	30.09.2019 EURk (*)
NON-CURRENT ASSETS		
Intangible assets	17,350	17,039
Property, plant and equipment	53,582	41,641
Non-current financial assets	334	396
Other non-current assets	2,530	1,069
Deferred tax assets	11,516	9,804
	85,312	69,949
CURRENT ASSETS		
Inventories	139,414	155,679
Trade receivables	129,619	106,524
Other assets	30,918	29,297
Cash and cash equivalents	38,406	10,858
	338,357	302,358
	423,669	372,307

Equity and liabilities	30.09.2020 EURk	30.09.2019 EURk (*)
EQUITY		
Subscribed capital	9,662	9,662
Capital reserve	26,677	26,677
Retained earnings	210,566	184,666
Other reserves	-17,654	-11,648
Equity of shareholders of EINHELL Germany AG	229,251	209,357
Non-controlling interest	1,834	1,733
	231,085	211,090
NON-CURRENT LIABILITIES		
Provisions for other risks	1,187	1,142
Liabilities from debt capital	20,332	25,038
Deferred tax liabilities	4,310	3,782
Employee benefits	4,268	3,429
Lease liabilities	7,913	4,994
Other liabilities	744	202
	38,754	38,587
CURRENT LIABILITIES		
Trade payables	59,396	44,263
Provisions for tax liabilities	3,731	3,567
Provisions for other risks	38,314	23,968
Liabilities from debt capital	3,636	14,083
Employee benefits	18,076	13,749
Lease liabilities	4,147	4,024
Other liabilities	26,530	18,976
	153,830	122,630
	423,669	372,307

(*) The comparative information was adjusted due to corrections.

Consolidated income statement (IFRS) for the period from 1 January to 30 September 2020

	01.01. – 30.09.2020	01.01. – 30.09.2019
	EURk	EURk
Revenue	529,646	463,037
Other operating income	4,332	4,196
Cost of materials	-347,625	-307,589
Personnel expenses	-64,584	-59,065
Depreciation and amortisation	-6,925	-5,892
Other operating expenses	-75,625	-65,571
Financial result	-1,849	-2,480
Profit before income taxes	37,370	26,636
Income taxes	-10,813	-7,005
Consolidated net profit	26,557	19,631
Thereof share of minority shareholders in consolidated net profit/loss	397	214
Thereof share in consolidated net profit/loss of shareholders of EINHELL Germany AG	26,160	19,417

Consolidated statement of cash flows (IFRS) for the period from 1 January to 30 September 2020

in EURk	01.01. – 30.09.2020	01.01. – 30.09.2019
Cash flows from/used in operating activities		
Profit before taxes	37,370	26,636
+ Depreciation and amortisation of intangible assets and property, plant and equipment	6,925	5,892
- Interest income	-75	-169
+ Interest expenses	724	843
+/- Other non-cash expenses and income	999	1,000
Operating profit before changes in net working capital	45,943	34,202
+/- Decrease/increase in trade receivables	-39,901	-17,885
+/- Decrease/increase in inventories	31,556	34,760
+/- Decrease/increase in other assets	-5,287	1,046
+/- Decrease/increase in assets held for sale	2,256	0
+/- Increase/decrease in non-current liabilities	139	-2,398
+/- Increase/decrease in current liabilities	22,010	4,359
+/- Increase/decrease in trade payables	-17,694	-24,589
+/- Increase/decrease in liabilities in connection with assets held for sale	-79	0
Cash flows generated from operating activities	38,943	29,495
- Taxes paid	-7,061	-6,111
+ Interest received	63	174
- Interest paid	-454	-589
Net cash from/used in operating activities	31,491	22,969
Cash flows from/used in investing activities		
- Payments to acquire assets	-9,915	-10,268
- Payments for acquisition of consolidated companies	0	0
+ Proceeds from disposal of assets	28	177
+/- 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	-9,887	-10,091
Cash flows from/used in financing activities		
+ Proceeds from taking out financial liabilities	2,654	0
- Payments for repayment of financial liabilities	-1,563	-7,707
- Payments for acquisition of equity investments	0	0
+ Proceeds from non-controlling interest	0	0
- Dividend payments to shareholders of EINHELL Germany AG	-5,158	-5,158
- Dividend payments to non-controlling interest	-381	-618
- Payments for redemption portion of lease liabilities	-3,456	-2,989
Net cash used in financing activities	-7,904	-16,472
Changes to cash and cash equivalents due to currency exchange	-1,023	355
Net decrease/increase in cash and cash equivalents	12,677	-3,239
Cash and cash equivalents at beginning of reporting period	25,729	14,097
Cash and cash equivalents at end of reporting period	38,406	10,858

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

September 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	234,142	101,375	51,279	114,412	28,438	0	529,646
Revenue based on registered office of the invoice recipient	235,218	115,435	54,443	121,588	2,962	0	529,646
Profit before income taxes	13,470	5,781	4,245	11,710	3,674	-1,510	37,370

September 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	194,340	94,083	48,867	92,006	33,741	0	463,037
Revenue based on registered office of the invoice recipient	194,674	113,510	52,023	99,616	3,214	0	463,037
Profit before income taxes	10,188	3,921	3,111	6,964	1,968	484	26,636

Financial calendar 2020/2021

Annual financial statements 31 December 2020	End of April 2021
Quarterly notification as of 31 March 2021	Mid-May 2021
Annual General Meeting 2021	Friday, 18 June 2021
Half year financial report as of 30 June 2021	Mid-August 2021
Quarterly notification as of 30 September 2021	Mid-November 2021

Legal company information

EINHELL Germany AG

Wiesenweg 22

94405 Landau an der Isar

www.einhell.com

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Investor Relations

Telephone: +49 (9951) 942-166

Fax: +49 (9951) 942-162

E-mail: investor-relations@einhell.com

Please visit our website at 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 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.



BMW i Motorsport
Official Main Partner



Einhell Germany AG
Wiesenweg 22
D-94405 Landau a. d. Isar

Phone (09951) 942-0
Fax (09951) 1702

investor-relations@einhell.com
www.einhell.com