

# FINANCIAL REPORT

30 June 2018



Dear shareholder,

The financial report of the Einhell Group as at 30 June 2018 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 2018

Revenue			
Q2 2018	309.582		+10,4%
Q2 2017	280.461		
Profit before income taxes (before PPA)*			
Q2 2018	24.526		+22,1%
Q2 2017	20.092		
Profit before income taxes (after PPA)*			
Q2 2018	23.704		+23,5%
Q2 2017	19.188		
Equity ratio			
Q2 2018	48,2%		-3,2%
Q2 2017	49,8%		
Net debt			
Q2 2018	68.483		+145,6%
Q2 2017	27.881		
Staff			
Q2 2018	1.539		+5,8%
Q2 2017	1.455		

\* PPA = Purchase Price Allocation

## Condensed Group Management Report of Einhell Germany AG

### Overview of January - June 2018

The Einhell Group increased its business volume in the first half of 2018 and generated revenue of EUR 309.6 million. Currency effects had a negative impact on revenue development of EUR 12.8 million compared to the same period last year. This was mainly due to effects from the translation of foreign currencies.

Profit before income taxes and PPA effects amounts to EUR 24.5 million. This is equivalent to an operating margin of about 7.9% (previous year: 7.2%). Purchase price allocation (PPA) effects squeezed earnings by EUR 0.8 million. Adjusted for PPA effects, profit before income taxes amounts to EUR 23.7 million, and the pre-tax margin is roughly 7.7% (previous year: 6.8%).

### General economic conditions

#### D/A/CH region

The Ifo business climate index for the industrial sector decreased to 101.8 points in June 2018, compared to 102.3 points in the previous month of May. Business owners were less satisfied with their current business situation. However, expectations continue to be mildly optimistic.

The inflation rate in Germany rose in June 2018 compared to the corresponding month of the previous year to 2.1%. Higher prices for energy products caused inflation in Germany to rise further in June.

The German economy remains on a growth course. The gross domestic product rose by 0.5% in the second quarter of 2018. In the first quarter, growth had amounted to 0.4%. Growth in Europe's largest economy was driven by the consumers' continued high propensity to spend.

Overall order intake in the German industry decreased in June 2018. According to the Federal Statistical Office, companies received 4.0% fewer orders in June than in the strong previous month.

In June 2018, Germany exported goods worth EUR 115.5 billion and imported goods in the amount of EUR 93.7 billion. According to the Federal Statistical Office, German exports were thus 7.8% and imports 10.2% higher in June 2018 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 19.3 billion in June 2018.

The number of unemployed people in Germany continues to decline. 2.276 million men and women were out of work in June 2018, which is 197,000 fewer than one year earlier. The unemployment rate declined to 5.0% in June.

DIY trade in Germany generated revenues of EUR 9.76 billion in the first half of 2018. This corresponds to overall revenue growth of 1.7% compared to the same period last year. According to the German association of DIY retailers (BHB), the positive sector result is mainly owed to the strong second quarter. In the first quarter of 2018, the sector had still seen a decline in revenue of 7.1%. The sector association BHB remains confident that annual targets will be achieved. It expects revenue growth of 1.3% for financial year 2018.

### Western and Eastern Europe

The development of the gross domestic product (GDP) in the eurozone lost momentum in the second quarter of 2018. GDP grew by 0.3% compared to the previous quarter. Compared to the prior-year period, GDP increased by 2.1% in the second quarter.

Industrial production in the eurozone decreased more strongly than anticipated in June 2018. Production in the industrial enterprises of the monetary union fell by 0.7% month-on-month in June 2018. In May, industrial production had still increased by 1.4% compared to the previous month.

The unemployment rate in the eurozone continues to fall. According to the European statistical authority Eurostat, the unemployment rate was 8.3% in June 2018. The rate had last been below this value in November 2008.

Labour market improvements are evident in all member states of the eurozone. Apparently, the unemployment rate fell in every single member state in June.

GDP Western Europe in %	Q2/2018
Spain	0.6
France	0.2
Italy	0.2

GDP Eastern Europe in % (*)	Q2/2018
Croatia	1.5
Poland	4.7
Romania	4.0
Czech Republic	4.5

(\*) Q2/2018 figures not yet available, therefore Q1 figures were used

The annual inflation rate in the eurozone rose slightly in June. The annual inflation rate increased from 1.9% in May 2018 to 2.0%. Experts expect that inflation in the eurozone will start to fall again soon. Apparently, the higher inflation rate is due to the price trend for energy and food.

The harmonised index of consumer prices (HICP) for Germany, which is calculated for European purposes, was 2.1% higher in June 2018 than in June 2017. Compared to the previous month of May, the HICP rose by 0.1%.

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

### Overseas

The Australian economy has meanwhile been growing for more than 26 years in a row. This is the longest economic upswing ever recorded worldwide. Since 2007, the economy has been growing by an average of 2.9% per year. High income was mainly driven by the boom in the commodity market and a strong domestic economy.

The following economic growth rates are expected for 2018 in the South American countries, in which the Einhell Group is active, as well as in Australia:

GDP in % (*)	Q2/2018
Argentina	3.1
Australia	2.8
Colombia	2.9
Chile	3.0

(\*) Forecast figures taken for FY 2018 as no actual figures for 2018 available

## Performance report

### Einhell Group revenue

From January to June 2018, the Einhell Group generated revenue of EUR 309.6 million (previous year: EUR 280.5 million). This is considerably above the prior-year level. It must be welcomed that all of the regions managed to generate higher revenues than in the previous year.

The Einhell Group has been applying the revenue recognition provisions of IFRS 15 since 1 January 2018. Revenue decreased by EUR 0.8 million in the period under review due to the application of IFRS 15 "Revenue from Contracts with Customers". In the comparable period of the previous year, application of IFRS 15 would have reduced revenues by EUR 0.6 million.

In the D/A/CH region (Germany, Austria, Switzerland), revenue increased to EUR 130.5 million (previous year: EUR 118.9 million). The share in consolidated revenue amounts to 42.1% (previous year: 42.4%).

Revenue in **Western Europe** rose to EUR 62.6 million (previous year: EUR 51.0 million). France, Italy and the UK are among the largest sales markets here.

In **Eastern Europe**, revenue increased by EUR 2.2 million to EUR 36.7 million (previous year: EUR 34.5 million).

The **Overseas** region saw slight revenue growth from EUR 60.4 million to EUR 61.0 million. Revenues in this region are mainly generated by Ozito Industries.

In the **Other Countries** including Asia, revenue also increased compared to the prior-year period to EUR 18.8 million (previous year: EUR 15.7 million).

### Earnings development

From January to June 2018, the Einhell Group generated profit before income taxes of EUR 23.7 million (previous year: EUR 19.2 million). The pre-tax margin was 7.7% (previous year: 6.8%).

Purchase price allocation (PPA) effects took earnings down by EUR 0.8 million. Without PPA effects, profit before income taxes would have amounted to EUR 24.5 million and the pre-tax margin to 7.9% (previous year: 7.2%).

The earnings situation has thus improved again compared to the prior-year period.

Consolidated net profit after minority interest amounts to EUR 17.0 million in the period under review (previous year: EUR 12.4 million). Earnings per share amount to EUR 4.5 (previous year: EUR 3.3 per share).

Personnel expenses increased year-on-year to EUR 37.6 million (previous year: EUR 33.7 million).

Other expenses of EUR 45.8 million exceed the prior-year level (previous year: EUR 40.2 million) because of the increase in revenue.

The financial result of EUR -1.7 million was at the previous year's level (previous year: EUR -1.7 million). It includes financial income of EUR 2.8 million and financial costs of EUR 4.5 million. Financial costs include the high refinancing costs in some high-interest countries.

### Personnel and HR services

On 30 June 2018, the Einhell Group had 1,539 employees worldwide (previous year: 1,455).

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 2018 and 30 June 2017 are as follows:

	06/2018	06/2017
	in EUR million	in EUR million
Non-current assets incl. deferred tax assets	51.2	47.2
Inventories	177.0	148.2
Receivables and other assets	146.9	134.0
Cash and cash equivalents	18.0	12.5
Equity	189.5	170.3
Liabilities to banks	86.5	40.3

### Investments

In the period under review, the Einhell Group made investments amounting to EUR 3.9 million (previous year: EUR 3.5 million). Most investments refer to intangible assets and property, plant and equipment.

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### Current assets

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Based on the revenue increase, goods inventories increased as against the prior-year period to EUR 177.0 million (previous year: EUR 148.2 million).

Trade receivables are stated net of allowances for bad debts. Mainly driven by the revenue increase, trade receivables climbed by EUR 15.1 million year-on-year to EUR 115.1 million in the period under review (previous year: EUR 100.0 million). The application of the "expected-loss model", which is required by IFRS 9, results in an additional write-down requirement for trade receivables in the amount of EUR 0.2 million.

At EUR 31.8 million, other current assets remained roughly at the previous year's level (previous year: EUR 32.4 million).

Cash and cash equivalents amount to EUR 18.0 million on the reporting date (previous year: EUR 12.5 million). Compared to the prior-year period, liabilities to banks increased from EUR 40.3 million to EUR 86.5 million. This is mainly driven by an increase in inventories and trade receivables.

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### Group structure

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In the period under review, Einhell Ukraine GmbH, which had already been shut down before, was sold. The Einhell Group still has another company in the Ukraine, however. The company ECommerce System GmbH was founded in the period under review. Einhell Germany AG holds 100% of the shares in ECommerce System GmbH.

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### Investor Relations

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On 25 April 2018, 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 2017 at the conference and also gave an outlook for its planned development.

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### Financing

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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 concluded negotiations with three different banks for a long-term loan of EUR 25.0 million. 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. Based on the Group's sound credit standing, the loan was granted with excellent conditions. The loan will be disbursed in 2018.

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

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### Note to the financial report

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

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### Corporate Governance Code

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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](http://www.einhell.com).

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### Risk report

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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 %	2017	2018
GDP Germany	2.6	2.5

The German Bundesbank expects the gross domestic product to amount to 2.5% in 2018. According to the forecast, the German economy benefits from strong de-

mand for industrial goods from abroad, while the excellent labour market is driving private consumption and residential housing construction.

The number of unemployed persons has dropped to its lowest level since the German reunification. The head of the German Federal Labour Office believes that it will be possible to considerably reduce the number of long-term unemployed persons in 2018.

The German association of DIY retailers (BHB) expects revenue growth of 1.3% for the German DIY trade in financial year 2018.

#### Performance in the Western and Eastern Europe regions

The economy in the eurozone is doing better than it has for a long time. The EU Commission expects the gross domestic product (GDP) in the 19 euro states to grow by 2.1% in the current financial year. The eurozone is thus set to possibly achieve the strongest economic growth in more than a decade.

Owed to the sustained economic upturn, the unemployment rate in Northern, Western and Southern Europe reached its lowest level since 2008. The International Labour Organization stated that this trend will continue through 2018 and expects an unemployment rate of 8.1%.

#### Performance in the Overseas region

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

GDP in %	2017	2018
Argentina	3.0	3.1
Australia	2.9	2.8
Colombia	2.0	2.9
Chile	1.0	3.0

### Outlook

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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.

To date, the **D/A/CH** region has performed as planned in financial year 2018. For kwb Deutschland GmbH we continue to expect a result close to breakeven.

The subsidiaries in the **Western Europe** region have performed very well to date, and we expect this development to continue through the second half of the year. The Group's customer Bunnings has announced its withdrawal from the British market. We are currently in contact with the new owners to discuss how the business can be continued. Einhell will support all strategic measures.

The subsidiaries in the **Eastern Europe** region are also on track. Only the companies in Turkey and Russia have so far failed to meet expectations. The operating business in Turkey is, in principle, solid, but high refinancing costs for loans in local currency are a huge burden on the company. The Turkish company has nevertheless generated positive results so far. Given the weakness of the Russian rouble, our Russian subsidiary is facing challenging conditions. We will therefore be implementing structural changes in sales and distribution in the coming months. Despite some difficult market conditions, we expect the Eastern Europe region to continue performing well in 2018.

In the **Overseas** region, some companies were not able to meet their revenue and profit forecasts. In Colombia, first structural changes in the fields of delivery structure and sales were implemented and are starting to show results. Ozito Industries Pty Ltd has not been quite able to reach the budgeted revenue and profit figures to date. This is also attributable to the weakness of the Australian dollar in relation to the euro. The Argentinian subsidiary has so far been generating losses. The operating business with key customers, local wholesalers and hardware dealers is going well, but strong currency effects are leading to high losses. If the exchange rate of the Argentinian peso does not improve, we expect the regulations in IAS 29 for hyperinflationary economies to become applicable in the course of the year 2018. The effect on EBT will depend on the further trend of the Argentinian peso.

The **Other countries**, in particular the Asian subsidiaries, are struggling with declining gross profit margins, which are mainly due to the role of the Asian companies within the Group, as they actively support the strategic development of the sales companies. Increased sales and distribution measures in financial year 2018

such as marketing measures affect the companies' results.

The outlook for the remainder of the financial year is generally positive. From today's point of view, the Einhell Group will generate revenue in the amount of EUR 610 to 615 million and an operating margin before tax of about 6.9% to 7.4% in financial year 2018. Thus, the Einhell Group confirms the forecast for financial year 2018, which had been raised in June.

Landau a. d. Isar, 23 August 2018

Einhell Germany AG  
The Board of Directors

Andreas Kroiss  
Jan Teichert  
Dr Markus Thannhuber

Consolidated statement of financial position (IFRS) as at 30 June 2018 (abbreviated)

Assets	30.06.2018 EURk	30.06.2017 EURk
<b>NON-CURRENT ASSETS</b>		
Intangible assets	17,278	18,737
Property, plant and equipment	23,094	20,552
Non-current financial assets	713	388
Other non-current assets	525	396
Deferred tax assets	9,551	7,167
	51,161	47,240
<b>CURRENT ASSETS</b>		
Inventories	177,038	148,187
Trade receivables	115,085	99,994
Other assets	31,799	32,387
Assets held for sale	0	1,583
Cash and cash equivalents	18,020	12,467
	341,942	294,618
	<u>393,103</u>	<u>341,858</u>

Equity and liabilities	30.06.2018 EURk	30.06.2017 EURk
<b>EQUITY</b>		
Subscribed capital	9,662	9,662
Capital reserve	26,677	26,677
Retained earnings	164,531	142,399
Other reserves	-13,582	-10,558
Equity of shareholders of Einhell Germany AG	187,288	168,180
Non-controlling interest	2,248	2,106
	189,536	170,286
<b>NON-CURRENT LIABILITIES</b>		
Provisions	4,099	4,221
Liabilities from debt capital	123	0
Deferred tax liabilities	3,817	2,761
Other liabilities	44	28
	8,083	7,010
<b>CURRENT LIABILITIES</b>		
Trade payables	48,190	65,058
Provisions	34,132	32,004
Liabilities from debt capital	86,380	40,348
Other liabilities	26,782	26,930
Liabilities in connection with assets held for sale	0	222
	195,484	164,562
	<u>393,103</u>	<u>341,858</u>



## Consolidated income statement (IFRS) for the period from 1 January to 30 June 2018

	01.01. – 30.06.2018	01.01. – 30.06.2017
	EURk	EURk
Revenue	309,582	280,461
Other operating income	4,249	3,085
Cost of materials	-202,342	-186,242
Personnel expenses	-37,598	-33,676
Depreciation and amortisation	-2,692	-2,491
Other operating expenses	-45,808	-40,208
Financial result	-1,687	-1,741
<b>Profit before income taxes</b>	<b>23,704</b>	<b>19,188</b>
Income taxes	-6,438	-6,609
<b>Consolidated net profit</b>	<b>17,266</b>	<b>12,579</b>
<b>Thereof share of minority shareholders in consolidated net profit/loss</b>	<b>249</b>	<b>190</b>
<b>Thereof share of shareholders of Einhell Germany AG in consolidated net profit/loss</b>	<b>17,017</b>	<b>12,389</b>

## Consolidated statement of cash flows (IFRS) for the period from 1 January to 30 June 2018

in EURk	01.01. – 30.06.2018	01.01. – 30.06.2017
<b>Cash flows from/used in operating activities</b>		
Profit before taxes	23,704	19,188
+ Depreciation and amortisation of intangible assets and property, plant and equipment	2,692	2,491
- Interest income	-90	-127
+ Interest expenses	801	1,071
+/- Other non-cash expenses and income	369	-25
<b>Operating profit before changes in net working capital</b>	<b>27,476</b>	<b>22,598</b>
+/- Decrease/increase in trade receivables	-34,744	-33,380
+/- Decrease/increase in inventories	1,130	-21,555
+/- Decrease/increase in other assets	-2,896	-11,643
+/- Decrease/increase in assets held for sale	0	399
+/- Increase/decrease in non-current liabilities	139	-517
+/- Increase/decrease in current liabilities	-982	9,360
+/- Increase/decrease in trade payables	-37,659	-2,493
+/- Increase/decrease in liabilities in connection with assets held for sale	0	-136
<b>Cash flows generated from operating activities</b>	<b>-47,536</b>	<b>-37,367</b>
- Taxes paid	-5,087	-4,572
+ Interest received	37	127
- Interest paid	-680	-670
<b>Net cash from/used in operating activities</b>	<b>-53,266</b>	<b>-42,482</b>
<b>Cash flows from/used in investing activities</b>		
- Payments to acquire assets	-3,801	-3,456
- Payments for acquisition of consolidated companies	-738	-523
+ Proceeds from disposal of assets	30	85
+/- Increase/decrease in goodwill	0	0
+ Proceeds from disposal of consolidated companies	600	0
- Payments to acquire financial assets	-170	0
- Cash-outflow from changes to companies included in the consolidation	0	0
<b>Net cash used in investing activities</b>	<b>-4,079</b>	<b>-3,894</b>
<b>Cash flows from/used in financing activities</b>		
+/- Increase/decrease in financial liabilities	64,194	7,418
- Payments for acquisition of equity investments	0	0
+ Proceeds from non-controlling interest	0	0
- Dividend payments to shareholders of Einhell Germany AG	-4,404	-2,894
- Dividend payments to non-controlling interest	0	0
- Payments for liabilities for finance leases	0	0
<b>Net cash used in financing activities</b>	<b>59,790</b>	<b>4,524</b>
Changes to cash and cash equivalents due to currency exchange	1,175	-385
<b>Net decrease/increase in cash and cash equivalents</b>	<b>3,620</b>	<b>-42,237</b>
Cash and cash equivalents at beginning of reporting period	14,400	54,704
<b>Cash and cash equivalents at end of reporting period</b>	<b>18,020</b>	<b>12,467</b>

**Consolidated statement of changes in equity (IFRS) for the period from 1 January to 30 June 2018**

				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
<b>1 January 2017</b>	<b>9,662</b>	<b>26,677</b>	<b>132,905</b>	<b>-6,290</b>	<b>32</b>	<b>-1,106</b>	<b>316</b>	<b>162,196</b>	<b>1,882</b>	<b>164,078</b>
Consolidated net profit	-	-	12,388	-	-	-	-	12,388	190	12,578
Unrealised gains/losses	-	-	-	-2,296	-	-	-1,214	-3,510	34	-3,476
Dividends	-	-	-2,894	-	-	-	-	-2,894	-	-2,894
Other changes	-	-	-	-	-	-	-	-	-	-
<b>30 June 2017</b>	<b>9,662</b>	<b>26,677</b>	<b>142,399</b>	<b>-8,586</b>	<b>32</b>	<b>-1,106</b>	<b>-898</b>	<b>168,180</b>	<b>2,106</b>	<b>170,286</b>
Consolidated net profit	-	-	8,857	-	-	-	-	8,857	124	8,981
Unrealised gains/losses	-	-	-	-1,026	1	26	2,831	1,832	11	1,843
Dividends	-	-	-	-	-	-	-	-	-200	-200
Other changes	-	-	662	-	-	-	-	662	-	662
<b>31 December 2017</b>	<b>9,662</b>	<b>26,677</b>	<b>151,918</b>	<b>-9,612</b>	<b>33</b>	<b>-1,080</b>	<b>1,933</b>	<b>179,531</b>	<b>2,041</b>	<b>181,572</b>
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	-	-	-	-	-	-	-	-	-	-
<b>30 June 2018</b>	<b>9,662</b>	<b>26,677</b>	<b>164,531</b>	<b>-11,797</b>	<b>33</b>	<b>-1,080</b>	<b>-738</b>	<b>187,288</b>	<b>2,248</b>	<b>189,536</b>

No adjustments were made to equity pursuant to IFRS 9 as these changes were immaterial.

**Selected IFRS consolidated notes of Einhell Germany AG, Landau/Isar, for the period from 1 January to 30 June 2018**

**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.

During the period under review, the Group sold Einhell Ukraine GmbH and founded ECOMmerce System GmbH. Einhell Germany AG holds 100% of the shares in ECOMmerce System GmbH.

**1.2 Accounting and valuation principles**

The report as at 30 June 2018 applies the same accounting and valuation principles as were used in the annual financial statements 2017. The IFRS standards that have become mandatory as from 1 January 2018 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 17.3 million as at 30 June 2018, while property, plant and equipment amount to EUR 23.1 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 2.7 million as of 30 June 2018.

**2.2 Inventories**

	June 2018	June 2017
	EURk	EURk
Raw materials and supplies (at acquisition cost)	372	315
Finished goods	176,404	146,907
Advance payments	262	965
<b>Total</b>	<b>177,038</b>	<b>148,187</b>

Inventories are valued at the lower of acquisition or manufacturing cost or net realisable value. Impairments amounted to EUR 2.3 million (previous year: EUR 1.8 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 4,403,616.00 for financial year 2017. The distribution amount corresponds to a dividend of EUR 1.20 per preference share (previous year: EUR 0.80) and EUR 1.14 per ordinary share (previous year: EUR 0.74).

**2.5 Provisions**

Provisions amounts to EUR 38,231 thousand. This includes non-current provisions of EUR 4,099 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 rate 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 45,808 thousand as at 30 June 2018. 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 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
<b>Revenue by invoice recipient</b>	<b>126,392</b>	<b>75,516</b>	<b>40,281</b>	<b>65,163</b>	<b>2,230</b>	<b>0</b>	<b>309,582</b>
EBT	8,869	3,849	3,448	4,833	5,020	-2,315	23,704
<b>Financial result</b>	<b>336</b>	<b>-537</b>	<b>-500</b>	<b>-642</b>	<b>-143</b>	<b>-201</b>	<b>-1,687</b>
Interest income	1,695	0	14	353	83	-2,055	90
<b>Interest expenses</b>	<b>-570</b>	<b>-520</b>	<b>-564</b>	<b>-961</b>	<b>-128</b>	<b>1,942</b>	<b>-801</b>
Depreciation and amortisation	752	134	250	376	358	822	2,692
<b>Non-cash income</b>	<b>0</b>	<b>-2</b>	<b>-602</b>	<b>-1</b>	<b>0</b>	<b>-356</b>	<b>-961</b>
Non-cash expenses	1	0	3	1,131	0	195	1,330
<b>Non-current assets excl. deferred tax assets</b>	<b>16,767</b>	<b>2,822</b>	<b>9,568</b>	<b>10,358</b>	<b>2,095</b>	<b>0</b>	<b>41,610</b>
Inventories	73,366	47,076	28,241	37,513	1,376	-10,534	177,038
<b>Depreciation of inventories</b>	<b>1,325</b>	<b>338</b>	<b>368</b>	<b>275</b>	<b>0</b>	<b>0</b>	<b>2,306</b>

June 2017 in EURk	D/A/CH region	Western Europe	Eastern Europe	Overseas	Other countries	Reconciliation	Group
Revenue by invoicing party	118,900	51,040	34,479	60,333	15,709	0	280,461
<b>Revenue by invoice recipient</b>	<b>116,394</b>	<b>61,484</b>	<b>36,029</b>	<b>64,685</b>	<b>1,869</b>	<b>0</b>	<b>280,461</b>
EBT	8,425	3,327	2,399	6,970	8,215	-10,148	19,188
<b>Financial result</b>	<b>303</b>	<b>-258</b>	<b>-484</b>	<b>-716</b>	<b>-329</b>	<b>-257</b>	<b>-1,741</b>
Interest income	1,365	11	6	165	129	-1,549	127
<b>Interest expenses</b>	<b>-561</b>	<b>-436</b>	<b>-459</b>	<b>-824</b>	<b>-154</b>	<b>1,363</b>	<b>-1,071</b>
Depreciation and amortisation	736	134	220	392	224	785	2,491
<b>Non-cash income</b>	<b>-2</b>	<b>-173</b>	<b>-3</b>	<b>-37</b>	<b>-1</b>	<b>-158</b>	<b>-374</b>
Non-cash expenses	0	0	12	2	0	335	349
<b>Non-current assets excl. deferred tax assets</b>	<b>14,408</b>	<b>2,253</b>	<b>9,495</b>	<b>12,308</b>	<b>1,609</b>	<b>0</b>	<b>40,073</b>
Inventories	70,284	32,676	23,775	29,652	788	-8,988	148,187
<b>Depreciation of inventories</b>	<b>1,054</b>	<b>119</b>	<b>382</b>	<b>230</b>	<b>0</b>	<b>0</b>	<b>1,785</b>

## 5. Other notes

### 5.1 Related party disclosures

Thannhuber AG is the controlling shareholder of Einhell Germany AG. In the financial year 2018, Philipp Thannhuber and Dr Markus Thannhuber (shareholders of Thannhuber AG) received remuneration for their activities as executive bodies of Einhell Germany AG.

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	
	06/2018	06/2017	2018	2017
Consulting (*)	13	0	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 as well as with regard to corporate strategy. 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 and its subsidiaries did not carry out any legal transactions with Thannhuber AG and its related parties during financial year 2018 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 financial position and performance as well as the earnings situation 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, 23 August 2018

Einhell Germany AG  
The Board of Directors

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Jan Teichert  
Dr Markus Thannhuber



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