



# FINANCIAL REPORT

2023



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60 YEARS EINHELL.





# I COMBINED MANAGEMENT REPORT OF THE EINHELL GROUP AND EINHELL GERMANY AG

## 1. PREAMBLE

The combined management report published in the Annual Report 2023 comprises the Group management report and the management report of Einhell Germany AG. Unless otherwise stated, the report on performance and financial figures as well as the situation and the expected development relates to both the Group and Einhell Germany AG. Sections containing information on Einhell Germany AG only are identified as such. In the economic report, disclosures in accordance with the German Commercial Code (HGB) for Einhell Germany AG are presented in a separate section.

## 2. BUSINESS ACTIVITIES, STRUCTURE, MANAGEMENT AND GOALS OF THE EINHELL GROUP

### 2.1 General operations and business segments

Einhell Germany AG is one of the market leaders in the DIY sector and designs and distributes solutions for DIY enthusiasts and hobby gardeners for use at home, in the workshop and in the garden. Headquartered in Landau an der Isar, Bavaria, the Company is celebrating its 60th anniversary this year. It has 49 subsidiaries around the world and does business in more than 100 countries. The products are distributed via DIY stores, e-commerce and other distribution channels with high product expertise in the DIY market. Subsidiaries and selected business partners ensure the proximity to Einhell's globally operating customers. The product range includes hand-held power tools, stationary tools and accessories as well as lawn and garden care tools, irrigation and drainage solutions.

Einhell places special emphasis on further developing its cordless Power X-Change battery-operated product range, which already includes more than 300 battery-powered DIY and gardening tools. Depending on the individual requirements, different batteries with varying capacities are available and can be used to operate any of the tools in the Power-X-Change family.

Since August 2021, Einhell has also been the "Official Home & Garden Expert" for FC Bayern Munich football club and uses its battery-powered tools to create the best possible conditions for the team in the Allianz Arena and at their training premises<sup>1</sup>. The partnership

with the record champion and two-time Triple winner underlines Einhell's ambition to take a market-leading role in the future. In order to further strengthen the international positioning of the brand, Einhell has further been the proud partner of the Mercedes-AMG PETRONAS F1 Team since January 2023. Einhell supports the team with its Power X-Change devices as its "Official Tool Expert", providing for maximum performance in the most prestigious motorsports discipline.<sup>2</sup>

In addition to superior quality, excellent customer-oriented services and outstanding value for money, the Einhell brand stands for performance, endurance, safety and cordless freedom of movement for DIY enthusiasts implementing their own projects<sup>3</sup>. Our overriding objective is customer satisfaction<sup>4</sup>.

The subsidiaries comprise distribution companies mainly in Europe, but also in South America, Australia and Canada, as well as trading companies in Asia. The Asian subsidiaries are also responsible for product sourcing, product processing and procurement. As production is mainly carried out in Asia, this is also where quality assurance takes place. In its global workforce, Einhell currently counts approx. 2,500 employees. Group revenue amounted to EUR 971.5 million in financial year 2023 (previous year: EUR 1,032.5 million). For the Einhell Group, revenue is always recognised at a point in time. There are no products and services for which revenue is recognised over a period of time.

The Einhell Group divides its activities into the "D/A/CH", "Western Europe", "Eastern Europe", "Overseas and Other Countries" and "Production and Sourcing Companies" segments. In line with the management approach, "Production and Sourcing Companies" was added as a new segment in the year under review. This segment contains the companies in China and Hong Kong, EINHELL Operations Kft. and the company in Vietnam. The Overseas segment was renamed to Overseas and Other Countries. The results from the previous year were regrouped in line with the new structure. The two companies in South Africa, which had previously been included in Other countries, were allocated to the Overseas and Other Countries region. Operational responsibility for the respective Central Processing Unit (CPU) lies with the Board of

<sup>1</sup> Unverified statement

<sup>2</sup> Unverified statement

<sup>3</sup> Unverified statement

<sup>4</sup> Unverified statement

Directors of Einhell Germany AG and the Managing Directors of the subsidiaries.

## 2.2 Legal structure and management of the Group

### a) Legal structure and changes to Group structure

Einhell Germany AG, Landau an der Isar, holds direct and indirect shareholdings in a total of 49 subsidiaries, each of which is a separate legal entity. It holds 100% of the shares in subsidiaries with a centralised or special function such as services, product sourcing/product processing, procurement/purchasing and quality control/quality assurance. The Group also usually holds all the shares in the global distribution companies.

In all consolidated subsidiaries where Einhell Germany AG does not hold all the shares, Einhell Germany AG has a direct or indirect majority shareholding.

With regard to the responsibilities of the Einhell Group companies, all activities that can be centralised are carried out at just one location. Product processing, the search for factories, their auditing and certification, procurement, services, controlling, financing, IT and other administrative activities, for example, are carried out centrally by the Group companies in Germany and China. This organisational structure within the Group allows all distribution companies to focus on their core functions. Einhell is also in a position to press ahead with international expansion as each distribution company has a similar structure and the business model can be efficiently rolled out in additional countries. As organic growth offers great potential, the organisation and efficient development of the Einhell Group's business model are among the management's most important responsibilities.

The Group structure changed as follows during financial year 2023:

In November 2023, Einhell Germany AG acquired a minority interest of 10% in Einhell Polska Sp. z o. o., which is now fully owned by Einhell Germany AG.

In 2023, Einhell Germany AG founded EINHELL Operations Kft. headquartered in Budapest/Hungary. The Group holds 100% of the shares in EINHELL Operations Kft.

Einhell Germany AG acquired 100% of the shares in the Vietnamese company Swisstec Sourcing Vietnam Joint Stock Company headquartered in Thu Dau Mot City, Binh Dong/Vietnam on 1 April 2023. The company is an established distributor of screws, fastening fixtures and a range of hand-held tools, whose main customers are European and Canadian DIY retail chains.

Effective on 1 June 2023, Einhell Germany AG acquired 66.67% of shares in the newly founded Thai company

Surazinsano Co., Ltd. headquartered in Samutprakarn Province/Thailand. By means of an asset deal, this new company took over the assets that are needed to successfully establish the Group on the market, such as inventories, customer and employee contracts, from a company that has already been a successful player on the Thai market for several decades.

In financial year 2023, Einhell Germany AG acquired the 49% minority interest in the South African companies Einhell South Africa (Pty) Ltd (previously: Lawn Star (Pty) Ltd) and Mould Star (Pty) Ltd, which are now wholly owned subsidiaries of the Einhell Group.

### b) Management and control

Responsibility for the business activities of the Einhell Group lies with the **Board of Directors** of Einhell Germany AG. This comprised four members at the time of preparation of the annual financial statements, consolidated financial statements and management report. The Board of Directors manages, organises and monitors strategies and operational business processes for the whole Group. Responsibilities within the Board of Directors are allocated based on the departments assigned to the respective member.

The Chairman of the Board of Directors is responsible for sales, procurement, marketing, product management and corporate strategy.

The Chief Financial Officer is responsible for finance and accounting, tax, legal, internal audit, controlling, investor relations, human resources and maintenance.

The Chief Technical Officer is responsible for technology, product development, quality control, supply chain management and production.

The Chief IT and Digitization Officer is responsible for IT, digitalisation and services.

The Board of Directors supervises the specialists and managers in the relevant departments and relies on the corresponding hierarchy of divisional and departmental management at Einhell Germany AG, and on Managing Directors and their specialists and managers in the subsidiaries. The Board of Directors seeks to ensure flat hierarchies and makes sure to maintain direct contact with employees and specialist staff in all divisions. Regular meetings of the Board of Directors and of individual departments, as well as divisional and cross-departmental meetings when required, ensure efficient communication and information flow to all responsible parties.

The **Supervisory Board** of Einhell Germany AG, which consists of three members, monitors and advises the Board of Directors in accordance with legal requirements and the provisions of the German Corporate Governance Code.

At regular meetings of the Supervisory Board, the Board of Directors provides information to the Supervisory Board about the Group's current situation, business transactions and corporate strategy.

The Supervisory Board also maintains ongoing lines of communication with the Board of Directors outside of regular meetings and ensures an adequate level of communication and informational flow between the Board of Directors and the Supervisory Board.

The composition of the Supervisory Board did not change in financial year 2023:

Supervisory Board	2023
Univ.-Prof. Dr.-Ing. Dr.-Ing. E.h. Dr. h.c. Dieter Spath	Chairman
Philipp Thannhuber	Deputy Chairman
Maximilian Fritz	Employee representative

### c) Principles of the remuneration system for the Board of Directors

Members of the Board of Directors receive fixed and performance-based variable remuneration with short-term and long-term components. The individual performance-based components depend on factors such as consolidated net profit, segment earnings in the previous financial year, the development of the Group's asset structure and personal targets. On 22 April 2021, the Supervisory Board adopted a new remuneration system for the Board of Directors that was approved by the Annual General Meeting on 18 June 2021. The Annual General Meeting on 23 June 2023 approved the remuneration report for 2022. The evaluation system ensures transparent and sustainable accounting practices based on the Group's strategic priorities. A pre-defined cap limits the impact of extraordinary one-off effects on the variable remuneration component. Members of the Board of Directors privately hold shares in Einhell Germany AG. There are no share option programmes or similar schemes. An agreement is in place with one of the members of the Board of Directors stipulating that a proportion of the variable remuneration component must be used to purchase Einhell shares. If the employment contract is not extended after twelve years, members of the Board of Directors receive one year's salary plus the average management bonus paid over the last three years. If the employment contract is terminated before the twelve-year threshold, the proportional remuneration is calculated on a pro rata temporis basis. Commitments were made to pay a pension to the members of the Board of Directors in the form of annuity payments that can be paid out as soon as the respective Board member turns 60 or 62, respectively and the amount of which is based on the Board member's years of service. More information on

the Board remuneration is provided in the notes to the annual financial statements and the remuneration report that is available at [www.einhell.com](http://www.einhell.com).

### d) Personnel changes to the Board of Directors

There were no personnel changes to the Board of Directors in financial year 2023. The distribution of responsibilities among the Board members did not change significantly.

## 2.3 Corporate strategy and management

The Board of Directors embarked on a structured strategy development process together with the heads of divisions and departments to define and communicate the objectives and values of the Einhell Group.

The Einhell Group's primary objective is to generate sustainable and profitable revenue and profit growth. Profitability takes priority over pure growth targets.

### a) Strategy

The Group's main strategic priority was and is the further development of the **EINHELL brand**. The highly successful measures commenced in recent years, like the cooperations with the Mercedes-AMG PETRONAS F1 Team or FC Bayern Munich as well as the TV campaigns in some countries will be continued in the next few years. These are important strategic cornerstones towards the goal of becoming the global market and technology leader in battery-powered garden and DIY tools. Our social media community is to become one of the largest in the DIY industry. In addition to the number of followers, we also intend to increase the engagement rate and impressions significantly.

Another focal point of our corporate strategy over the next few years will continue to be **product policy**. Here, our Power X-Change platform will remain on the top of our list. We intend to expand the revenue share of the Power X-Change platform to more than 70% by financial year 2027. The extension of the Power X-Change range is to be further pursued in financial year 2024, until the platform reaches approx. 450 products in 2027. We will continue to further develop our technology in this area to achieve our objective of obtaining market leadership for battery-powered systems in all the countries with Einhell branch offices.

**Digital organisation** will also remain another major task for the Einhell Group. We will continue to implement our central ERP strategy based on SAP S/4HANA in the coming years. In the past financial year, we started to implement our new ERP software at our subsidiary Einhell Electro Machinery Technology Co., Ltd. in Kunshan City, China. SAP S/4HANA was also introduced at EINHELL Operations Kft. in Hungary. In the next few years, SAP will also be rolled out to other

Asian companies, followed by further subsidiaries in other countries.

For several years now, we have been working intensively on **sustainability**. As part of our strategy process, we have over the past few years started to gradually introduce a sustainability strategy. This strategy is to bundle ongoing and future projects, initiatives and activities and is to define clear responsibilities with quantifiable targets, measures to be derived on that basis and measurable key figures for effective sustainability management. The strategy addresses social, environmental and financial aspects in equal measures. In addition to analysing the carbon footprint of selected sites, the strategy focuses on occupational health and safety matters, social responsibility, resource efficiency and the circular economy, the use and expansion of renewable energy and CO<sub>2</sub> reduction measures as well as compliance with our due diligence obligations along the value chain. With regard to our product range, the sustainability concept builds on the continuous expansion of our Power X-Change platform for battery-powered tools and equipment. By ensuring that all tools and batteries are compatible, more than 300 tools can now be operated with just one battery and charging station, significantly reducing the use of resources<sup>5</sup>.

We intend to expand our **international distribution network** by adding a company in the USA. Talks are currently underway with suitable takeover candidates with the aim of having our own distribution subsidiary in the USA in the future. The newly acquired company in Thailand is to be further integrated into the existing organisation by, as a first step, setting up an English-speaking management level to facilitate the further integration.

Following the successful start of our **own battery production** in Kunshan, China, we plan to commence operations at our own battery plant in Eastern Europe this year. The production target of both plants together is one million batteries from our own production in 2024.

The scope and geographic range of the Einhell **sourcing activities** is to be increased in the next few years to reduce our dependency on China in the field of procurement. We will establish a supplier industrial park in Vietnam with the help of our sourcing company in Vietnam and our strategic partners.

#### **b) Management system**

The internal management system of the Einhell Group is designed to support the implementation of the corporate strategy and associated long-term financial

targets. Accordingly, the Group uses key performance indicators to measure profitable revenue and earnings growth. Profitability takes priority over pure growth targets.

The management system has not been changed compared to the previous year.

Management of the business activities of the Einhell Group is mainly based on the **financial performance indicators** revenue and earnings before tax (EBT). These two key figures are the most significant performance indicators of the Einhell Group.

In addition to the financial performance indicators, Einhell Germany AG and the Group companies at a local level use additional **key performance indicators** such as gross profit margin and the main drivers of working capital, inventories and trade receivables for management purposes. However, these indicators are subject to significant country-specific variations and should be interpreted in the context of each individual company. Inventories are analysed on an ongoing basis and monitored on the basis of stock turnover and inventory range with regard to possible impairment losses. Moreover, a sanity check is carried out on the order process for new goods, involving checking and managing product availability and stock volumes. Trade receivables are constantly monitored on the basis of maturity structures and assessed by means of standardised evaluation criteria. Receivables are usually limited by the volume of the receivables insurance and managed by means of internally set limits. Accounts receivable targets are also subject to constant monitoring and are an important management parameter for the Group's working capital.

## **2.4 Product processing and quality management**

### **a) Product processing**

Product processing expenses amounted to EUR 11.1 million in financial year 2023 (previous year: EUR 9.6 million). 72 employees (previous year: 65 employees) were employed in this business unit. New cost centres for quality assurance and quality management of kwb products and development of electronics were included in the expense item in the financial year under review, increasing expenses and the number of employees in financial year 2023. Product processing at Einhell is mainly sales-driven and customer-oriented. Therefore, cooperation with other departments, such as quality assurance, is important, as is communication with customers. Customer requirements are taken into account from the outset when new products and versions are

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<sup>5</sup> Unverified statement



designed. The customer is regarded as a partner. This allows the entire Einhell Group to consistently adapt to markets and made Einhell one of the fastest reacting companies in the sector<sup>6</sup>.

#### **b) Quality management**

Most of the Einhell product range is currently produced in China. Quality standards stipulated by the Einhell Group for the Chinese suppliers are determined based on customer requirements. Quality control and quality management comply with high standards.<sup>7</sup> The Einhell Group intends to further reduce its dependency on Chinese suppliers in the years to come and has made important steps towards this goal in financial year 2023 in the scope of its second-source strategy.

Einhell Germany AG acquired the Vietnamese company Swisstec Sourcing Vietnam JSC. The company is an established distributor of screws, fastening fixtures and a range of hand-held tools, whose main customers are European and Canadian DIY retail chains. The takeover gives Einhell access to the Vietnamese procurement market.

Further, Einhell Germany AG founded EINHELL Operations Kft. in Hungary in financial year 2023 with the main objective of producing batteries for the Power X-Change platform there.

Since high priority is given to quality checks before shipping from China, this area is constantly monitored. In addition to rigorous shipping controls on site, there are also controls in place with regard to observance of customer-specific quality requirements, inspections of ongoing production and optimisation of manufacturer processes.

Supplier quality is optimised on an ongoing basis. Dependency on individual suppliers is avoided by maintaining an adequate number of suppliers and a broad distribution of orders. In order to create additional leeway for flexible procurement options, Einhell strives to further intensify its cooperation with select suppliers by forming strategic alliances in the field of product development.

#### **2.5 Personnel and HR services**

The number of employees rose in financial year 2023 compared to the previous financial year. On average, the Einhell Group had 2,309 employees (previous year: 1,963). Revenue per employee was EUR 421 thousand (previous year: EUR 526 thousand).

In accordance with the CSR Directive Implementation Act, which went into effect in April 2017, we disclose the concepts we have pursued in the past financial

year with regard to key non-financial matters relevant to Einhell Germany AG. The Company decided to report on these matters in a separate non-financial report, which is not included in the management report. For further information about HR and social matters, please refer to our Corporate Social Responsibility Report, which is permanently available at <https://www.einhell.com/investor-relations/sustainability-reports/>.

### **3. ECONOMIC REPORT**

#### **3.1 General economic conditions**

Financial year 2023 was impacted by high inflation rates, weak economic growth, the ongoing war in Ukraine and the flaring up of the conflict in the Middle East.

At the same time, there were indications of the prices for commodities and freight easing. The availability of freight capacities also seemed to be improving until the Houthis militia started attacking freight liners in the Red Sea. Since then, most of the container ships have been avoiding the strait between the Gulf of Aden and the Red Sea. Alternative routes around the African continent increase transit times by about 14 days.

Consumer spending on everyday items continued to be restrained given the strong cost and price increases in financial year 2023. As a result, the DIY store sector experienced a challenging year with a general decline in unit sales. Despite the difficult environment this year for the DIY sector, Einhell was able to achieve a satisfactory result.

The following figures on the GDP, inflation rate and the unemployment rate are based on figures published by the German Federal Statistical Office, Eurostat and the Austrian Economic Chamber.

#### **a) D/A/CH**

Second only to North America/USA, the German market is one of the largest DIY markets worldwide and therefore of great significance for the Einhell Group.

About 50% of German DIY sales are generated by the large, well-known DIY chains. It is therefore important for Einhell to be listed by these chains.

Consumer reticence and spending restraint have also affected the DIY store sector in Germany. The German association of DIY retailers (BHB) states that revenues in 2023 decreased in nominal terms by 3.1% to EUR 21.2 billion year-on-year despite the increase in prices. Business was affected not only by geopolitical

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<sup>6</sup> Unverified statement

<sup>7</sup> Unverified statement

conflicts, inflation and consumer uncertainty, but also by bad weather in the spring and summer.

The German economy slipped into recession in the last year. According to calculations by the Federal Statistical Office, the price-adjusted gross domestic product (GDP) in Germany declined by 0.3% in 2023 versus the previous year. The high inflation curtailed consumer spending, which is an important pillar of economic performance.

On average, consumer prices in Germany increased by 5.9% year-on-year in 2023. The inflation rate thus remains at a high level, although it has eased slightly compared with the previous year. According to the Federal Statistical Office, food prices in particular have risen sharply.

### b) Western and Eastern Europe

Given the high cost of living, the weak foreign demand and the tight monetary policy, the European economy has lost momentum in the current financial year. Even though the economy is bound to gradually recover, the gross domestic product in the European Union increased by a mere 0.5% in 2023. Growth in the eurozone was also 0.5% in 2023.

In the Eastern and Western European markets that are relevant for the Einhell Group, the economic development was as follows:

#### Western Europe

in %	2023	2022
Spain	2.4	5.2
France	0.8	2.6
UK	0.5	4.1
Italy	0.7	3.9

#### Eastern Europe

in %	2023	2022
Croatia	2.7	5.9
Poland	0.6	5.4
Romania	2.2	4.8
Czech Republic	0.2	1.9

About 12.9 million persons were out of work in the European Union in December 2023, corresponding to an unemployment rate of 5.9%. The unemployment rate of 6.4% in the eurozone was slightly higher than the level in the European Union. Spain (11.7%) and Greece (9.2%) recorded the largest job shortages.

Eurostat reported that the inflation in the European Union dropped to 3.4% in 2023, down from 10.0% in 2022. The European Central Bank is targeting a medium-term inflation rate of just under 2%.

### c) Overseas and Other Countries

The Australian economy is expected to generate growth of 1.8% in 2023. It is suffering from friction with its largest trade partner China. The Chinese government imposed massive punitive customs duties on certain Australian products, while coal imports were blocked and some Australian producers encountered trade barriers.

In order to reduce their dependency on China, many Western governments are increasingly looking towards countries with more similar political systems, such as Australia. This means that Australia could be facing a new commodities boom. The country has large nickel and copper deposits with cobalt as a by-product. Moreover, the fifth continent has immense lithium deposits.

The following growth rates were achieved in Canada and in the South American countries where the Einhell Group is active in 2023.

in %	2023	2022
Argentina	-1.1	4.0
Canada	1.1	3.5
Colombia	1.4	7.6
Chile	-0.5	2.0

### d) Production and Sourcing Companies

In line with the management approach, Production and Sourcing Companies was added as a new segment in the year under review. This segment contains the companies in China and Hong Kong, the new battery production company EINHELL Operations Kft. and the company in Vietnam. The Overseas segment was renamed to Overseas and Other Countries.

The results from the previous year were regrouped in line with the new structure. The two companies in South Africa, which had previously been included in Other countries, were allocated to the Overseas and Other Countries region.

## 3.2 Performance report

### Slight revenue decrease in the Einhell Group

The Einhell Group was not able to increase its revenue compared to the previous year. Group revenue fell slightly from EUR 1,032.5 million to EUR 971.5 million in financial year 2023. The revenue development was negatively affected by currency translation effects in financial year 2023. Some currencies have depreciated significantly versus the euro. This refers primarily to the revenue of the companies in Argentina, Canada, Turkey and Australia. Adjusted for currency translation effects, Group revenue declined by approx. 2.0% year-on-year (5.9% before adjustment for these effects).

This means that the Einhell Group was not able to meet its forecast for financial year 2023, for which the Board of Directors had stated an increase in revenue by approx. 3% to EUR 1,060 million at the beginning of 2023.

In the first quarter, the Einhell Group's revenue was significantly below the prior-year value, decreasing from EUR 292.3 million in the previous year's comparable quarter to EUR 249.9 million.

In the second quarter, revenue of EUR 276.0 million was at the prior-year level (EUR 271.4 million), meaning that Group revenue managed to catch up considerably year-on-year.

However, as the positive performance of the second quarter failed to persist, Einhell was not able to achieve further revenue growth in the third quarter. Revenue of EUR 229.9 million was below the prior-year level (EUR 242.0 million).

In the fourth quarter, revenue showed a rather restrained performance compared to the prior-year period, decreasing from EUR 226.8 million to EUR 215.7 million.

The Einhell Group achieved a good level of revenue in financial year 2023, even though the guidance was not quite met.

The regional development of revenue in financial year 2023 breaks down as follows:

#### Revenue development by segment

in EURk and %	2023		2022		Change	
	Revenue	%	Revenue	%	Revenue	%
D/A/CH	373,047	38.4	403,792	39.1	-30,745	-7.6
Western Europe	186,834	19.2	187,433	18.1	-599	-0.3
Eastern Europe	102,521	10.6	91,646	8.9	10,875	11.9
Overseas and Other Countries	256,819	26.4	276,700	26.8	-19,881	-7.2
Production and Sourcing Companies	52,304	5.4	72,944	7.1	-20,640	-28.3
<b>Total</b>	<b>971,525</b>	<b>100.0</b>	<b>1,032,515</b>	<b>100.0</b>	<b>-60,990</b>	<b>-5.9</b>

With the exception of the Eastern European region, the Einhell Group was not able to increase revenue in financial year 2023.

On a positive note, demand for the Power X-Change products that meanwhile account for a 44% share in Group revenue (previous year: 40%) continues to be strong.

#### Revenue development by division

in EURk and %	2023		2022		Change	
	Revenue	%	Revenue	%	Revenue	%
Tools	633,434	65.2	673,200	65.2	-39,766	-5.9
Garden & Leisure	338,091	34.8	359,315	34.8	-21,224	-5.9
<b>Total</b>	<b>971,525</b>	<b>100.0</b>	<b>1,032,515</b>	<b>100.0</b>	<b>-60,990</b>	<b>-5.9</b>

## 4. EARNINGS

The Einhell Group lost some of its earnings power in the year under review. In financial year 2023, the Einhell Group generated earnings before tax of EUR 75,397 thousand (previous year: EUR 87,436 thousand). The pre-tax margin is 7.8% (previous year: 8.5%). Earnings before tax and depreciation from purchase price allocations (2022 and 2023) stood at EUR 77,427 thousand.

This corresponds to a margin before taxes and PPA of 8.0%.

The PPA effects result from the purchase price allocation relating to the acquisition of Outillages King Canada Inc. and Surazinsano Co., Ltd.

The following table shows the development of earnings before tax by segment:



in EURk	2023	2022	Change
D/A/CH	30,391	34,661	-4,270
Western Europe	9,178	11,941	-2,763
Eastern Europe	7,494	7,103	391
Overseas and Other Countries	23,380	22,063	1,317
Production and Sourcing Companies	1,098	11,006	-9,908
Reconciliation	3,856	662	3,194
<b>EBT</b>	<b>75,397</b>	<b>87,436</b>	<b>-12,039</b>

At the beginning of 2023, the Einhell Group had expected an increase in revenue to about EUR 1,060 million and a pre-tax margin of approx. 8.0% to 8.5%.

Given that the business performance clearly failed to meet expectations from July to September 2023, the Board of Directors was forced to adjust the guidance. The Einhell Group now expected revenue of EUR 1,000 million and a pre-tax margin of approx. 8.0%.

This new earnings before tax forecast with a margin of 8.0% was not reached at the end of the financial year.

The earnings development was burdened primarily by declining revenue. From the perspective of the entire Einhell Group, end consumer demand for Einhell products was good in financial year 2023, while weaker orders by DIY chains due to high inventories built up in previous years weighed on the revenue performance.

In the year under review, the home market **D/A/CH** was unable to match the excellent revenue level of the previous year. Demand by end customers for Einhell products was rather weak in the D/A/CH region, with the corresponding negative effect on revenue.

Current market data from Germany for 2023 again reveals that Einhell has gained further market share in the field of battery-operated tools with its Power X-Change family. In terms of units sold, Einhell is still one of the top three sellers of power tools, along with competitors Bosch and Makita. In the garden tools market, Einhell continued in 2023 to rank first in the field of cordless devices with the most units sold, ahead of Gardena and Makita.

Revenue in the **Western Europe** region could not be increased either in financial year 2023. Particularly in France, Italy and Spain, revenue shrank significantly since the previous year, and only the UK was able to significantly exceed the prior-year revenue. In total, earnings in the Western Europe region fell short of the previous year due to the lower revenue overall.

In the **Eastern Europe** region, revenue was above the prior-year level and earnings also increased slightly year-on-year. Despite the difficult economic situation within the country, Einhell Turkey was able to achieve excellent revenue and earnings levels again in the past financial year. The companies with the highest revenue in this region are Einhell Turkey, Einhell Croatia and Einhell Poland.

The fact that revenue in the **Overseas and Other Countries** region was lower than in the previous year is primarily attributable to currency translation effects. Einhell Australia (formerly: Ozito Industries Pty Ltd.) faced challenging market conditions in Australia which further impacted the revenue performance. The company in Canada was able to increase both revenue and earnings compared to the previous year. Both the Australian and the Canadian dollar were rather weak compared to the euro in 2023, with additional adverse effects on Group revenue. Nearly all of the companies in South America recorded declining revenue and negative earnings in 2023.

The **Production and Sourcing Companies** segment that includes the Asian sourcing companies was unable to make a noticeable contribution to consolidated net profit in the year under review. Revenue was clearly below the prior-year levels, especially due to lower revenue at the subsidiaries and the corresponding lower order volume at the sourcing companies.

Personnel expenses climbed by EUR 10,878 thousand to EUR 129,616 thousand. This is mainly due to the significant increase in the number of employees. The takeovers of Surazinsano Co., Ltd and Swisstec Sourcing Vietnam JSC took the headcount up by nearly 350 employees.

Other operating expenses increased by 8.8% year-on-year to EUR 179,795 thousand. This increase is mainly due to higher marketing expenses. The increase in marketing expenses is in line with the corporate strategy that aims to further strengthen the Einhell brand. The objective is to further expand the high market shares reached in previous years.

The financial result deteriorated by EUR -586 thousand to EUR -5,667 thousand. The financial result mainly comprises the interest result of EUR -4.576 thousand (previous year: EUR -4,812 thousand) and the gains/losses from currency translation/currency hedging amounting to EUR -1,091 thousand (previous year: EUR -269 thousand).

Tax expenses amounted to EUR 23,836 thousand in financial year 2023 (previous year: EUR 26,636 thousand). The lower tax expense is attributable to lower earnings before taxes.

Consolidated net income after profit attributable to minority shareholders decreased from EUR 59,754 thousand to EUR 50,491 thousand in the 2023 financial year.

## 5. ASSETS AND FINANCIAL POSITION

The material items in the statement of financial position for the financial years 2023 and 2022 are as follows:

### Assets and financial position

in EURk	2023	2022	Change
Fixed assets	128,302	113,991	14,311
Goods inventories	363,577	473,473	-109,896
Trade receivables	149,833	143,700	6,133
Cash and cash equivalents	99,445	10,662	88,783
Equity	354,947	366,836	-11,889
Liabilities to banks	109,076	191,147	-82,071
Trade payables	154,291	116,281	38,010

Total assets decreased by EUR 32,634 thousand or 3.9% to EUR 810,069 thousand.

### Investments and non-current assets

Investments amounted to EUR 14,063 thousand in financial year 2023 (previous year: EUR 8,801 thousand), not including acquired intangible assets and right-of-use assets from the adoption of IFRS 16. Most of the investments pertain to land and buildings in company assets, plant and office equipment and assets under construction.

The acquisition of the Vietnamese company Swisstec Sourcing Vietnam JSC led to goodwill capitalisation of EUR 2.0 million.

Several intangible assets were acquired or capitalised in connection with the asset deal to acquire the newly founded Thai company Surazinsano Co., Ltd. This refers to the customer base and brands worth EUR 6.4 million and goodwill of EUR 1.6 million at the time of acquisition.

Depreciation and amortisation amounted to EUR 16,207 thousand in 2023 (previous year: EUR 14,705 thousand). This includes depreciation of EUR 7,161 thousand (previous year: EUR 6,445 thousand) due to the application of IFRS 16.

### Current assets

Inventories decreased from EUR 473,473 thousand to EUR 363,577 thousand as at the reporting date. The high inventories of the previous year were reduced significantly in financial year 2023.

Trade receivables increased to EUR 149,833 thousand on the reporting date (previous year: EUR 143,700 thousand).

### Financing

The financial requirements of the Einhell Group, which also vary greatly depending on the season, 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.

The Einhell Group's funding derives, on the one hand, from the equity that was provided by its shareholders when the Company was founded and the subsequent capital increases and retained earnings that are set aside in reserves. In addition, the Einhell Group procures debt capital in the form of loans and short-term borrowings as well as, to some extent, supplier loans. Loans are predominantly denominated in EUR. Supplier loans are mainly in CNY or USD. Anticipated cash flows from the payment of supplier liabilities in foreign currencies are largely hedged with the corresponding hedge transactions.

Owing to the very healthy and solid financing structure of the Einhell Group – the Einhell Group traditionally has an excellent equity ratio that currently stands at 43.8% – the Board of Directors does not anticipate any problems with current business operations, nor does it foresee any financing problems for future business volume in connection with the further expansion of the Group.

Einhell Germany AG took out a long-term loan from a bank in the amount of EUR 7.5 million in financial year 2023. The loan is granted in connection with a subsidy programme provided by KfW (German government-owned development bank) and has a term of six years. The first repayment is due in December 2024 and the last in September 2029. The loan will be used for the new office building. Einhell will receive repayment grants totalling a maximum of EUR 0.95 million if the building achieves the planned energy efficiency standards. In this case, the repayment grants will reduce the term of the loan accordingly. The loan agreement contains a financial covenant, referring to the interest cover ratio. The interest rates are fixed and



do not include any variable components. Einhell Germany AG complied with this covenant in financial year 2023.

### Liquidity

As at the reporting date, the Group had approx. EUR 262.8 million in unsecured credit lines at its disposal for the operating business. Overall, the Einhell Group had credit balances of EUR 99.4 million with banks and liabilities from debt capital towards banks in the amount of EUR 109.1 million as of the reporting date.

The Group uses effective cash pooling and a cash concentration system to optimise cash management and reduce debt capital to the greatest possible extent. This means that the balances of the different Group companies' bank accounts are transferred to a master account of Einhell Germany AG. As a consequence, only the balance of the master account has to be covered by borrowings on the capital market.

The subsidiaries participating in the cash pooling scheme therefore do not need to make investment or borrowing transactions on the capital markets, but simply have receivables or liabilities with Einhell Germany AG. This procedure serves to protect credit lines provided by banks and optimises the interest result. All Einhell Group companies are currently included in the cash pooling, as far as this is legally possible and feasible.

Einhell started at the end of 2022 to set up a supply chain financing model in Asia on a CNY currency basis. The resulting positive effects on working capital have led to a significant reduction in net debt.

The summarised cash flow statement shows the development of the financial position in financial year 2023:

in EURk	2023	2022	Change
Cash flow from operating activities	211,680	40,772	+170,908
Cash flow from investing activities	-18,900	-26,915	+8,015
Cash flow from financing activities	-102,760	-14,457	-88,303
	<b>90,020</b>	<b>-600</b>	<b>+90,620</b>
Changes from currency translation	-1,237	-251	-986
<b>Net increase/decrease in cash and cash equivalents</b>	<b>88,783</b>	<b>-851</b>	<b>+89,634</b>
Cash and cash equivalents at beginning of period	10,662	11,513	-851
<b>Cash and cash equivalents at end of period</b>	<b>99,445</b>	<b>10,662</b>	<b>+88,783</b>

Cash flow from operating activities improved significantly year-on-year. In financial year 2023, the massive reduction of inventories had a noticeable positive impact on the operating cash flow.

Cash flow from financing activities includes mainly repayment of loans (EUR 91,487 thousand) and new loans (EUR 7,453 thousand) as well as the dividend distribution.

The cash flow from investing activities mainly refers to capital expenditure for payments to acquire fixed assets (EUR 14,237 thousand) and for the acquisition of newly consolidated companies (EUR 4,714 thousand).

On balance, the clearly positive cash flow from operating activities and the negative cash flow from financing activities increased cash and cash equivalents by EUR 88,783 thousand to EUR 99,445 thousand at the reporting date. The share of cash and cash equivalents in total assets amounts to 12.3% (previous year: 1.3%).

### Equity/debt capital

The Einhell Group has a strong equity ratio of 43.8% (previous year: 43.5%). Net debt in financial year 2023 amounts to EUR 9,631 thousand (previous year: EUR 180,485 thousand).

The Einhell Group's debt capital decreased to EUR 455,122 thousand (previous year: EUR 475,867 thousand).

## 6. OVERALL ECONOMIC SITUATION

The situation in 2023 was difficult around the world. Ongoing crises and new conflicts like for example the war in the Middle East affected energy prices, commodity prices and the freight rates. The effects of the crises are felt both on the procurement and on the sales markets. End consumers are unsettled and cost increases are difficult to pass on to retailers. This had an adverse effect on revenue, as the Einhell Group was not able to escape the overall trend in the year under review. The Einhell Group's profitability was also somewhat affected by the decline in revenue.

All in all, the Einhell Group is trying to position itself in a challenging overall market, to implement its strategy as best as possible in the individual regions and to win new listings in order to be well prepared and to benefit from the more positive environment when the economy recovers.

## **7. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The European Parliament and the EU member states adopted a directive in 2014 to expand the reporting of large, publicly traded companies, banks, financial services providers and insurance companies (CSR Directive). The directive's objective is, in particular, to increase transparency with regard to ecological and social aspects of companies in the EU. This concerns disclosures of environmental, social and employee matters as well as with regard to the respect of human rights and combating corruption and bribery for both the Einhell Group and the Einhell Germany AG.

### **Non-financial group statement**

The non-financial group statement, which must be submitted in accordance with Sections 315b, 315c German Commercial Code (HGB) as well as Sections 289 b-e German Commercial Code (HGB) is made available in the form of a CSR Report on the Einhell website at <https://www.einhell.com/investor-relations/sustainability-reports/>. It includes information on the business model and disclosures on environmental, social and employee matters, on the respect of human rights and on combating corruption and bribery. The non-financial report is not included in the combined management report.

## **8. OPPORTUNITIES AND RISKS REPORT**

The risk management system of the Einhell Group seeks to identify and evaluate opportunities and risks at an early stage to be able to apply the required measures to exploit opportunities and limit any negative consequences on the business performance. This is aimed at ensuring the existence of the Group as a going concern and creating long-term value by improving business decisions. The Einhell Group defines risk as any event that could negatively impact the achievement of operating or strategic objectives. The management decides on a case-by-case basis whether the risk is transferred (e.g. via insurances), recognised in the statement of financial position (e.g. via provisions, impairments) or deliberately accepted.

### **8.1 Description of the risk management and significant characteristics of the internal monitoring and risk management system for**

### **Group accounting processes as per Section 315 (4) German Commercial Code (HGB)**

#### **a) Description of risk management process**

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 assessment. 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. In the Einhell Group, risks are identified by linking a bottom-up and a top-down approach. This means that centrally determined risks must be assessed. In addition, the Einhell subsidiaries and the heads of department in the Group are called upon to identify and assess specific risks for their relevant functional areas and departments. The identified risks are evaluated by multiplying the probability of the damage occurring and the maximum amount of damage. The evaluation focuses on net risk, i.e. the risk that remains after various preventative measures have been taken. The second step comprises risk consolidation, analysis and control by risk managers and corporate management.

Einhell uses various methods of risk management. Risk avoidance means that risks, and associated opportunities, will not be taken. Another management method minimises risks, for instance by using organisational methods, and is therefore also referred to as risk reduction. A further method is transferring risk by means of insurance, contracts with suppliers etc. Remaining risks are deliberately taken by the Einhell Group, depending on whether the risk/opportunity ratio is reasonable.

Risks are constantly monitored and reported on a quarterly basis. The most important risks are also discussed at meetings of the Board of Directors. Opportunities are not recorded separately in the risk management system.

#### **b) Elements of the internal control and risk management system**

The internal control system of the Einhell Group includes all principles, processes and measures to ensure the effectiveness, economy and validity of its accounting, and ensure compliance with applicable legal regulations.

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

The domestic controlling, investment controlling, finance, internal audit, Group accounting and legal departments constitute the internal control 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 items in the statement of financial position, the statement of income and cash flows 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 inventories, 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 is comprised of measures that are integrated into the processes and 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 auditor is the main process-independent control measure with respect to Group accounting processes.

### **c) Important regulatory and control activities to ensure propriety and reliability of Group accounting**

The internal control measures aimed at propriety and reliability of Group accounting ensure that transactions are fully recorded in compliance with statutory requirements and the stipulations of Einhell's articles of association as well as in a timely manner.

They also ensure that inventory-taking is carried out in a proper manner, and that assets and liabilities are properly recognised, measured and shown in the consolidated financial statements. The rules also ensure that the accounting documentation provides reliable and transparent information.

The control activities to ensure propriety and reliability of Group accounting comprise example analyses of circumstances and developments on the basis of specific key figure analysis. The separation of administration, implementation, invoicing and authorisation functions and the fact that they are

performed by different persons reduces the likelihood of wilful contravention. It also ensures, for instance, that changes to the IT systems used for the underlying bookkeeping in Group companies are subject to full and timely logging of bookkeeping transactions in the relevant reporting period. The internal control system also guarantees that changes in the economic or legal circumstances of the Einhell Group are recognised and that new or amended statutory regulations for Group accounting are applied.

The International Financial Reporting Standards (IFRS) provide standardised accounting and valuation principles for the companies in Germany and other countries that are included in the Einhell consolidated financial statements. In addition to general accounting principles and methods, there are also regulations regarding the statement of financial position, statement of income, notes, management report, cash flow statement and segment reporting in place that comply with the legal requirements in the EU.

The Einhell accounting policies also stipulate concrete formal requirements regarding the consolidated financial statements. As well as determining the companies included in the consolidation, they also include detailed rules about the elements of reporting packages to be prepared by Group companies. The formal requirements also cover the mandatory application of standardised and complete sets of templates. The Einhell accounting principles also contain concrete rules about presentation and handling of Group billing transactions and any resulting reconciliation.

At Group level, specific control activities to ensure propriety and reliability of Group accounting comprise the analysis and correction (where necessary) of the individual financial statements prepared by Group companies. Central implementation of impairment tests for the cash-generating units identified by the Group allows for the application of uniform and standardised measurement criteria. The preparation and aggregation of further data for the preparation of external information in the notes and management report, including significant events after reporting date, is also carried out at Group level.

## **8.2 Description of risks**

To be able to effectively measure and control the identified risks, we evaluate them on the basis of the parameters "incidence rate" and the "effect on earnings" in the case of occurrence. Here, we rely on empirical data and forward-looking assumptions. The following table shows all the risk categories we have identified with their potential effects on earnings and the incidence rate. This enables us to take suitable risk mitigation measures at the level of individual risks.

The Einhell Group does not expect any major changes in risks in 2024. Some risks were adjusted since the

previous year in line with current trends and expectations.

**Possible current effects on earnings of risks after taking measures**

Possible effects concerning:	effects on earnings		incidence rate	
	-	2024 +		2024
<b>Environment &amp; Industry</b>				
Political risks	□□■	■	rare	29%
Industry risks	□□□□□	■	rare	12%
<b>Company-specific risks</b>				
Procurement risks	□□■	■	rare	30%
Sales market risks	□□■	■	rare	13%
Strategic and expansion risks	□□□□□	■	improbable	9%
Liability risks, Legal risks	□□□□■	■	rare	10%
IT risks	□□■	■	rare	15%
Human resources risks	□□■	■	rare	13%
Other risks	□□□□■	■	improbable	2%
<b>Finance</b>				
Financial, interest and currency risks	□□■	■	rare	42%
Default risks	□□□□■	■	rare	19%
Liquidity risks	□□□□□	■	improbable	2%
Tax risks	□□□□■	■	rare	21%

Effects on earnings:

- < 1.5 million €
- ≥ 1.5 million € < 3.0 million €
- ≥ 3.0 million € < 6.0 million €
- ≥ 6.0 million € < 12.0 million €
- ≥ 12.0 million € < 21.0 million €
- ≥ 21.0 million €

Incidence rate:

- ≥ 0 % < 10 % improbable
- ≥ 10 % < 50 % rare
- ≥ 50 % < 70 % probable
- ≥ 70 % very probable



## Possible current effects on earnings of risks after taking measures

Possible effects concerning:	effects on earnings		incidence rate	
	-	2023 +	2023	
<b>Environment &amp; Industry</b>				
Political risks	□□■		rare	29%
Industry risks	□□□□■		rare	12%
<b>Company-specific risks</b>				
Procurement risks	□□■		rare	31%
Sales market risks	□□■		rare	16%
Strategic and expansion risks	□□□□■		rare	11%
Liability risks, Legal risks	□□□■		improbable	9%
IT risks	□□■		rare	15%
Human resources risks	□□■		rare	14%
Other risks	□□□□■		rare	14%
<b>Finance</b>				
Financial, interest and currency risks	□□■		rare	48%
Default risks	□□□■		rare	20%
Liquidity risks	□□□□■		rare	12%
Tax risks	□□□■		rare	10%

### Effects on earnings:

□□□□■	< 1.5 million €
□□□■	≥ 1.5 million € < 3.0 million €
□□■	≥ 3.0 million € < 6.0 million €
□■	≥ 6.0 million € < 12.0 million €
■	≥ 12.0 million € < 21.0 million €
■	≥ 21.0 million €

### Incidence rate:

≥ 0 % < 10 %	improbable
≥ 10 % < 50 %	rare
≥ 50 % < 70 %	probable
≥ 70 %	very probable

### Sales market risks

The Einhell Group sees sales market risks arising mainly from the general development of demand in the sector, its own unit sales and revenue volumes and bad debt losses. Where possible, the Einhell Group uses trade credit insurance to counter credit risk. Innovative products that meet customer requirements in terms of design, functionality and value for money diminish the risk of a reduction in sales volume. This risk is being countered with the incremental introduction of two clearly defined product lines. Two customers accounted for more than 10% of the Einhell Group's revenue in the past financial years. Nevertheless, the management has not identified any risk of dependency on these customers. The sales market risk has changed only moderately compared to the previous year and is therefore assessed to be similar to 2023.

### Procurement risks

Procurement is a primary process in the Einhell business model and plays an important role for risk management within the Einhell Group. The objective of procurement is to ensure that products are acquired

on time, are of sufficient quality and are reasonably priced.

One important factor is the suppliers. As the Einhell Group maintains long-term relationships with its suppliers, price and sourcing risks are minimised. With constant quality checks, suppliers are integrated into the quality control system of the Einhell Group. The Einhell Group is not dependent on individual suppliers. Einhell started to implement a second source strategy several years ago, which is still being optimised.

Einhell is continuously trying to reduce the dependency on China and to diversify its pool of suppliers. With its own battery production in Hungary, the Einhell Group is now able to source batteries from outside of Asia, which is an important strategic achievement. In order to diversify the pool of suppliers, the Group made a first step in Vietnam to establish a supplier industrial park.

In order to optimise procurement planning, purchase quantities are regularly coordinated with the sales departments, reconciled and planned via an online order system. We also use disposition software that improves the coordination between procurement and

sales in determining quantities and further consolidates orders. In order to enhance the transparency of order processing over the entire supply chain from the supplier to the national warehouses, we work with an implemented transport management system.

Where possible, the Einhell Group counters risk of price increases, such as from changes in commodity prices, by concluding the corresponding procurement and sales agreements, i.e. by reflecting changes in procurement prices on the sales side with a minimal time lag. A corresponding product mix, a broad customer base and a strong procurement structure support this process.

To minimise the supplier default risk, both the procurement and project management teams work with the finance department to develop joint hedging concepts.

The Einhell Group believes that the procurement risk for financial year 2024 is similar to the previous year.

#### **IT risks**

Information and communications systems are the basis for many business processes of the Einhell Group. The subsidiary iSC GmbH operates a centralised IT service centre that is responsible for the implementation of the Group's international strategy. Given the rising speed and complexity of digitalisation, the dependency on IT systems also continues to increase. Resulting risks, such as the non-availability of systems or data, or unauthorised access, can never be fully eliminated and have a tremendous impact on business operations if an incident occurs. The Group takes diverse and innovative measures to minimise the likelihood of such risks occurring (incidence rate) to the greatest possible degree. Great importance is attached to the realisation of uniform international IT standards that are designed to ensure the effectiveness, efficiency and continuity of IT processes within a framework of corporate and statutory requirements.

A fixed part of these standards is the implementation of suitable measures within the area of physical security, use of high-performance and reliable hardware components, operation of carefully selected infrastructure and business applications, and provision of high-quality services and processes for the operation and further development of the entire information and communications structure. The organisation of IT processes is designed around an ITIL process framework.

Required specialist expertise, such as in the area of local compliance requirements, is provided by qualified service partners, for whom the scope and extent of performance is contractually defined and who work closely with the IT organisation. Applications

are operated in line with their criticality for business operations in highly dependable system environments and are subject to adequate business continuity mechanisms. IT-based precautions that are regularly checked and updated, in conjunction with the use of qualified staff and corresponding roles and legal concepts, ensure the best possible protection for confidential data.

The Einhell Group's IT strategy is closely linked to the business strategy and is subject to regular controls and adjustments to take account of the business environment. In order to protect itself as much as possible against cyberattacks, the Einhell Group continuously invests in the security of its IT systems.

#### **Liability risks, legal risks**

Liability risks arise for the Einhell Group mainly in connection with product liability. The main procurement market for Einhell products is the People's Republic of China. In order to ensure quality locally, a quality management system has been set up in China, which directly monitors supplier production and implements process controls. Our own quality control officers monitor rules and regulations on an ongoing basis. The remaining risk for product liability claims is covered by economically sensible and appropriate insurance. Product liability claims are classified and efficiently processed on the basis of a clear organisation and procedural structure. In addition, liability risks also include risk in connection with corruption. This risk is determined for each company based on the international corruption index.

This creates clear lines of responsibility and communication that are supported by written documentation of recall plans and checklists. This system also involves external specialist offices and experts.

The Einhell Group is exposed to legal risks. These may arise from conclusion of inter-company agreements with suppliers, customers and other business partners. Einhell is further exposed to various different international legal systems during the negotiation and conclusion of contracts. This applies in particular to the conclusion of corporate contracts, for example in the event of business incorporation, and patent agreements and similar contracts that are designed to protect the intellectual property of Einhell.

Einhell tries to minimise such risks by having its own legal department in Germany and by constantly checking and monitoring legal circumstances in China. Our own staff carries out coordination and checks, but we seek advice from external specialists from the relevant jurisdiction or legal system on a case-by-case basis.



### **Human resource risks**

The Group has a number of instruments in place to counter economic risks, such as changes in the market or competitive environment, which help us to react flexibly to fluctuations in the order situation, particularly seasonal fluctuations. This includes working time accounts that are filled by working overtime and reduced by taking the corresponding leave. Another instrument for reacting more flexibly to fluctuations are temporary workers. All these measures help the Einhell Group to maintain a stable permanent workforce while reacting to changes in the order situation.

The professional expertise and individual commitment of our employees are important prerequisites for the success of the Einhell Group. Our strategic and holistic personnel development approach offers employees attractive opportunities for further training and career development. In addition to offering vocational training on the basis of a dual system (part school, part practical work), we also offer dual university courses to ensure we have young talent to source from. We provide extensive and highly specific qualification measures to address risks resulting from fluctuation and loss of experience when older employees retire.

We expect a moderate improvement in the area of human resource risks for the 2024 financial year compared to the previous year. It remains difficult to source suitable staff, but the situation has slightly eased over the last few months. Depending on the countries, the Einhell Group will continue to introduce various measures to raise our attractiveness as an employer.

### **Financial, interest and currency risks**

The continuing growth of the Einhell Group is also associated with financing risks. The Einhell Group manages financing risks by combining short-term and long-term financing strategies.

In financial year 2018, Einhell Germany AG took out long-term loans of EUR 25.0 million from three different banks. The loans are subject to a subsidy programme provided by the German development bank KfW and have a term of ten years. The first repayments were made in June 2020, the last are to be made at the end of March 2028. The loan agreements also contain a financial covenant. This covenant refers to the interest cover ratio. The interest rates are fixed and do not include any variable components. Einhell Germany AG complied with this covenant in financial year 2023.

The Group took out promissory note loans totalling EUR 75.0 million in financial year 2021. The maturities are five years for a tranche of EUR 50.0 million and seven years for a tranche of EUR 25.0 million. The

promissory note loans do not require any collateral or covenants and are due upon maturity. The interest rates are fixed and do not include any variable components.

Einhell Germany AG took out a long-term loan from a bank in the amount of EUR 7.5 million in financial year 2023. The loan is granted in connection with a subsidy programme provided by KfW and has a term of six years. The first repayment is due in December 2024 and the last in September 2029. The loan will be used for the new office building. Einhell will receive repayment grants totalling a maximum of EUR 0.95 million if the building achieves the planned energy efficiency standards. In this case, the repayment grants will reduce the term of the loan accordingly. The loan agreement contains a financial covenant. This covenant refers to the interest cover ratio. The interest rates are fixed and do not include any variable components. Einhell Germany AG complied with this covenant in financial year 2023.

Cash and cash equivalents, as well as equity, stood at very good levels in the reporting year. As the Einhell Group mainly has long-term financing agreements with fixed interest rates, no significant negative effects are expected from an increase in interest rates. In addition, the Einhell Group has at its disposal conventional lines of credit that were only partially utilised in financial year 2023.

The financial planning of the Einhell Group for the next five years is continuously adjusted to the current planning budget. This ensures that the further growth of the Group is financially secured.

The Einhell Group is also expanding its netting system and cash pool that was set up jointly by the parent company and its subsidiaries. Subsidiaries are financed almost exclusively by inter-Group loans. This reduces the risk of non-transparent and inefficient loan structures in the Group. The parent company has set up internal credit lines for the subsidiaries, the amount of which is determined by the budget and the expected business volume of the corresponding subsidiaries.

Risks from interest rate changes and fluctuations are managed, if required, with derivative financial instruments such as non-current interest swaps and interest caps. No need was identified in financial year 2023 to enter into interest rate derivatives. Risks from currency fluctuation are mainly managed by using standard currency futures. The risk of currency fluctuation in procurement is covered where possible by hedging transactions in the form of currency futures and options. Currency hedging is carried out pursuant to IAS/IFRS regulations regarding hedge accounting for the individual hedge periods.

Please see the notes to the consolidated financial statements, Section 6. RISK REPORT AND FINANCIAL INSTRUMENTS for more information on interest, financial and currency risks.

#### **Default risk**

Einhell's corporate policy is to minimise default risk both from customers and suppliers by using instruments that are customary in international practice. This helps Einhell to evaluate default risks of the ordering company for each order based on the relevant economic situation. To counter the risks associated with new customers and high-risk countries in particular, Einhell sometimes uses letters of credit. In the offer phase, the sales and finance departments jointly decide on what collateral is required and adjust these requirements when the orders are placed. Einhell also uses external information from banks and credit agencies to support the assessment of risk. To minimise the supplier default risk, both the procurement and project management teams work with the finance department to develop joint security concepts.

The maximum default risk corresponds to the carrying amount of the receivables. Trade receivables pertain to DIY chains, specialist retailers and discounters and amount to EUR 149,833 thousand (previous year: EUR 143,700 thousand).

Where possible, the Einhell Group uses trade credit insurance to counter credit risk. Despite the positive sector development, we continue to see a slightly increased risk of non-payment of receivables.

As the derivatives are acquired from reputable financial institutions, the Group expects that the maximum default risk from derivatives is limited to the derivatives' positive market value.

As at the reporting date, bank deposits totalled EUR 99,445 thousand (previous year: EUR 10,662 thousand). These assets are held at first-rate, reputable banks.

The Einhell Group counters price and supply risks in supply markets by maintaining long-term supply relationships, which are constantly subjected to quality management.

#### **Liquidity risk**

Liquidity risk is the possibility that a company will no longer be in a position to meet its financial obligations (such as repayment of financial liabilities or payment of orders). The Einhell Group limits this risk by using effective management of net working capital and cash and traditional credit lines from reputable banks. At the reporting date, the Group had approx. EUR 262.8 million in unsecured credit lines at its disposal for the operating business. The Group also

keeps a constant eye on the financial markets for financing opportunities in order to secure the financial flexibility of the Einhell Group and limit excessive refinancing risks.

We anticipate a lower liquidity risk for 2024, as the Group was able to significantly reduce net debt in 2023.

#### **Tax risks**

In many countries, the Group is subject to the respective national tax provisions. Risks may arise from changes to local tax law or legal rulings and disparate interpretations of existing provisions. These risks can thus affect our tax expenses and income as well as tax receivables and liabilities.

#### **General economic and sector risks**

The Einhell Group is subject to general risks from the global economy and specific risks for the building supplies, specialist retail and DIY store sector.

#### **Political risks**

The Einhell Group is subject to global economic risks from its international operations. These can take the form of political and economic risks. Political decisions in the countries in which the Einhell Group operates today can affect the stability and economies of these countries. Also, policies in the countries in which the Einhell Group hopes to expand its operations can affect its business strategy. The risk also extends, for example, to the currency policies of countries, import and customs duties regulations or armed conflicts. The same also applies to procurement countries where Einhell sources its products. The Einhell Group seeks to keep abreast of general political risks by way of Group management maintaining close contacts with responsible local managers in order to constantly keep up to date with current developments. The Einhell Group also pursues a strategy of limiting investment in non-current assets, such as real estate, in such countries. This gives the Group maximum flexibility to react to unfavourable developments and to be able to have current assets available to take appropriate action in any country at any given time.

The Einhell Group's assessment of political risks in 2024 is identical to the assessment of the previous year.

#### **Sector risks**

With respect to sector risks, the Einhell Group is subject to developments in the DIY sector and specialist retail as well as e-commerce in the relevant countries. It is also subject to the effects of behaviour and growth of competitors.

Changes in the sector, such as market concentration of customers, may therefore affect Einhell's business. Einhell seeks to minimise dependence on such factors

by expanding its strong international market position. The establishment of a strong product range and customer-friendly service allows Einhell to strengthen its position with customers, even during changes in market concentration. Strategy changes by competitors may also affect the Einhell Group. New competitors may be in a position to take over market shares from Einhell, or existing competitors may affect the Group's market position. Einhell seeks to counter such changes by establishing a relatively broad product range, extending from Tools to Garden & Leisure, and also driving its international expansion. It is very hard to find a competitor in the market that offers a comparable product range while maintaining an international presence comparable to Einhell's<sup>8</sup>.

### Strategic and expansion risks

Risks are also associated with implementing the Einhell Group strategy. They can result, for instance, from the fact that resources or elements required to implement the strategy are not available at a particular time or run up against realisation problems. The reasons for this could be related to personnel or technology issues.

The establishment and acquisition of subsidiaries also carries fundamental risks. Einhell seeks to counter these risks by conducting an extensive investigation of the target country before it begins to identify new sales areas. This includes an assessment of sales environment and market potential. The Group also begins to search for suitable managing directors and specialised staff at an early stage. With respect to infrastructure, Einhell selects a standard approach for each new sales subsidiary that is compatible with the internal processes and IT infrastructure. This reduces the risks associated with setting up a new subsidiary.

Risks also result from acquisitions of the Einhell Group. The Group mitigates these risks by carrying out due diligence on potential acquisitions. The due diligence reviews are carried out by internal staff from our investment control department, the legal department and, in individual cases, other Einhell Group departments, supported by external advisors.

### Other risks

In addition to the risks described above, some external factors are unforeseeable and may have consequences that are very difficult to control. Such factors may, if they actually occur, impact the further development of the Einhell Group. These risks include natural hazards, epidemics and terrorist attacks.

## 9. FORECAST REPORT

The war in Ukraine dominated the geopolitical stage in 2023 and had a major negative impact on macroeconomic factors. It also led to a significant increase in prices of consumer goods. This created an enormous sense of uncertainty among end consumers. And we expect that the related general challenges will persist in 2024.

In addition to the war in Ukraine, 2023 also saw the onset of the military conflict in the Middle East. These global crises will continue in 2024 and we do not expect the geopolitical situation to settle in the near future. The upcoming US presidential election is already a source of great uncertainty. The agenda of the potential new US administration is completely unclear at the moment.

Driven by these developments, price increases will continue for the time being. However, inflation is expected to fall noticeably as the year progresses. Together with an increase in real wages, this should also have a positive impact on consumer spending power.

DIY stores around the globe have already felt the effects of end consumers' restraint over the past two years. The high inventories built up in the DIY stores in previous years should now be largely depleted. And therefore new orders are expected to pick up again in 2024.

Because of the high brand awareness for Einhell products, sustained and stable customer relationships and long-term listings as well as a highly attractive product range, the Board of Directors is looking ahead with optimism<sup>9</sup>. In our view, end consumer demand will stabilise in the course of the year and orders from retailers will pick up. Einhell's strong market presence and high visibility will continue to ensure dynamic revenues in markets where Einhell is well represented.

The GDP values, which are presented below, have partially been estimated and are based on data published by the Federal Statistical Office, the International Monetary Fund, the EU Commission and the Austrian Federal Economic Chamber.

### 9.1 Expected development in the D/A/CH region

in %	2024	2023
GDP Germany	0.2	-0.3

The German economy contracted by 0.3% year on year in 2023.

<sup>8</sup> Unverified statement

<sup>9</sup> Unverified statement



For the current year, the German government is forecasting GDP growth of only 0.2% as cuts in government spending are expected to have an adverse effect on the macroeconomic development.

At the same time, economists and researchers expect inflation to fall noticeably this year. The ifo Institute, for example, is forecasting an inflation rate of 2.2% in Germany for 2024.

Weak consumer demand for DIY tools and garden tools weighed on the performance of the D/A/CH region in financial year 2023. The decline in demand was caused by high price inflation and the resulting rise in the cost of living. We expect this situation to stabilise somewhat in 2024 as interest rate increases by the European Central Bank (ECB) seem unlikely at present and inflation continues to ease. Together with an increase in real wages, this should also have a positive impact on consumer spending power.

According to the German association of DIY retailers (BHB), 2024 will continue to be challenging. The association is forecasting revenues to stagnate at the previous year's level in the current year and does not anticipate real growth before 2025. However, retailers in the DIY sector are expected to have depleted their high inventories in 2023, meaning that new orders should pick up slightly in the 2024 financial year.

## 9.2 Expected development in the Western and Eastern Europe regions

The European Commission has significantly lowered its growth expectations for 2024. According to its Winter Economic Forecast 2024, the European Commission expects growth of only 0.8% in the eurozone and 0.9% in the EU this year.

The European economy looks back on an extremely difficult year, according to EU Economic Affairs Commissioner Paolo Gentiloni. As a result, the expected upswing is likely to be less pronounced than assumed in the autumn of 2023, especially in the first quarter of 2024. According to the European Commission, growth is being weighed down by low household purchasing power, the European Central Bank's (ECB) strict interest rate policy and a falling demand for exports. Expectations are also linked to the risk of escalation in the Middle East and the outcome of several elections, such as the European elections in early June and the US presidential elections in November. Geopolitical tensions, growing instability in the global climate and a series of important elections add to the uncertainty of the outlook, according to Gentiloni.

The European Commission expects an average inflation rate of 2.7% in the eurozone in 2024, which is

0.5% lower than assumed in the previous forecast. However, this would still be well above the ECB's inflation target of 2.0%. Economic Affairs Commissioner Gentiloni expects the fall in inflation to stabilise the economy and also mentions the rise in real wages and a strong labour market in the European Union.

The high interest rates had a negative impact on end consumer behaviour in financial year 2023, particularly in Eastern Europe. As this effect is expected to fade somewhat in 2024, we anticipate positive impetus for the revenue trend in the DIY sector.

## 9.3 Expected development in the Overseas and Other Countries region

In Australia, macroeconomic growth has slowed slightly in 2023. Compared with many other major economies, however, Australia still achieved a solid growth rate of 1.8%.

The Australian DIY market successfully bucked the global decline in 2023. Stationary retail in particular, which continues to shape the market here, benefited from a generally stable economic development in Australia. And we expect the Australian market to remain intact in 2024.

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

in %	2024	2023
GDP Argentina	-2.8	-1.1
GDP Canada	1.4	1.1
GDP Colombia	2.0	1.4
GDP Chile	1.6	-0.5

In South America, inflation leads to trends that resemble the situation in Europe. Inflation erodes the purchasing power of end consumers and generally hampers revenue growth for market participants.

## 9.4 Expected development in the Production and Sourcing Companies segment

The development in the Production and Sourcing Companies segment in 2024 will be similar to the one in 2023. Einhell has numerous FOB direct customers in other countries and regions around the world that take the products to the local markets. While raw material prices and logistics processes are currently stable, production companies, including the Einhell Group, are facing various challenges.

## 9.5 Expected development in the markets relevant to the Einhell Group

### a) Expected general development in 2024

The expected development in 2024 will be influenced by global inflation trends. The further development of inflation will be the crucial factor determining whether end consumer demand for non-essential goods picks up or remains relatively weak. Inflation is forecast to ease somewhat in 2024, but it is difficult to predict at the moment whether this scenario will actually materialise. Therefore, all forecasts are fraught with a high degree of uncertainty.

### b) Expected development of the financial markets

The ongoing war of Russia against the Ukraine, the conflict in the Middle East, the persisting inflation. There are many risk factors influencing the markets at the moment. Inflation will slowly ease in 2024. The Einhell Group therefore expects that the key interest rates of the US Federal Reserve (Fed) and the European Central Bank (ECB) will be lowered in the course of this year. The ECB will be observing the impact of interest rate hikes on the economy in the eurozone. In particular, the European Central Bank will monitor wage developments to ensure that rising labour costs do not prevent inflation from achieving the ECB's medium-term inflation target of 2%. In our assessment, 2024 may very well see interest rate cuts by the European Central Bank.

Despite slightly declining growth rates, and declining growth potential due to demographic factors, China's macro fundamentals are expected to remain stable in the future. High inflation rates, like in so many industrialised countries, have not been an issue in China. On the contrary, the central bank was forced to counteract a deflationary trend last year and was even able to introduce a more expansionary monetary policy. The expected rate cuts of the Fed, combined with a soft landing of the economy and small current account surpluses, are expected to lead to a slight appreciation of the CNY against the US dollar in 2024 and 2025. The CNY has been stable and reliable for years, not only in terms of an annual average, but also in general. The exchange rate against the US dollar has ranged between 6.25 and 7.35 since 2016.

### c) Expected development of the sales markets

The geopolitical situation continues to be a determining factor for the development of the economy. The tensions with respect to China's claim to Taiwan are likely to continue and there is a risk of escalation. The wars in Ukraine and the Middle East are still raging in early 2024, and further escalation must always be considered a possibility. This means for the economy that geopolitical issues and risks, particularly as they relate to supply chains, sales markets and investment, require increased attention.

### d) Expected development of the procurement markets

There were no major difficulties in the procurement markets for DIY products in the year under review. The supply bottlenecks that we had seen in previous years, have disappeared. The raw material situation and the availability of production and freight capacity were sound in 2023.

Since Israel has declared war on Hamas in retaliation for the Palestinian militant group's cross-border attack, the Iranian-backed Houthis have fired missiles and drones from northern Yemen at several ships passing through the Red Sea. Since then, most of the container ships have been avoiding the strait between the Gulf of Aden and the Red Sea. This results in delays of around 14 days compared to normal transit times due to the diversion of ships around the southern tip of Africa. As a result of the diversions, arrival times are subject to further delays.

The Board of Directors expects this situation to continue in the current financial year.

### e) Expected development of the Einhell Group

In financial year 2024, the Einhell Group expects to pass the EUR 1 billion mark in revenue again with a stable pre-tax margin.

in EUR million	2024 (PLAN)		2023 (ACTUAL)	
	REVENUE	EBT	REVENUE	EBT
D/A/CH	372	28	373.1	30.4
Western Europe	191	15	186.8	9.2
Eastern Europe	107	10	102.5	7.5
Overseas and Other Countries	277	27	256.8	23.4
Production and Sourcing Companies	83	8	52.3	1.1
Reconciliation	0	-8	0	3.8
<b>Total</b>	<b>1,030</b>	<b>80</b>	<b>971.5</b>	<b>75.4</b>

For the D/A/CH region, the Einhell Group expects revenue of EUR 372.0 million, which is at the previous year's level. Due to the drastic increase in costs, we expect a slight reduction in earnings before tax to approx. EUR 28.0 million. Because of high inflation, we expect noticeable restraint among consumers. A major

customer in the D/A/CH region will in future process its orders through the companies in Asia, which will lead to a reduction in revenue. This shift in revenue will be offset by an expected increase in orders from DIY stores, which were able to significantly reduce their inventories last year.

In Western and Eastern Europe, we expect revenue growth year-on-year of approx. 3% and an increase in profit margins. In both regions, we expect Einhell to increase revenue and earnings in the respective countries by expanding its product range, introducing new products and developing existing business relationships. In Denmark, an existing customer will include our Power X-Change products in all its stores. Einhell Denmark has also entered into promising negotiations with a potential new customer. In Turkey, Einhell acquired two new e-commerce customers during financial year 2023, and will also significantly expand its listings with an existing customer. In both regions, the massive reduction in inventories should also have a positive impact, leading to savings in logistics and financial costs. The development of revenue and earnings in Russia and Ukraine is highly dependent on future political developments. However, the revenue contribution expected from the two countries is still at only around 1% of Group revenue.

In the Overseas and Other Countries region, we expect revenue of EUR 277.0 million in financial year 2024 (previous year: EUR 256.8 million). Earnings in the current financial year are also expected to be slightly higher than in the previous year. Revenue and earnings generated by Surazinsano Co., Ltd. will be consolidated into Group revenue for the first time for the entire financial year. While demand for petrol-powered appliances is still strong in Australia, we will also expand our Power X-Change range here to meet customer needs. In Chile, we will be expanding our Power X-Change offering with one of our largest customers.

In the Production and Sourcing Companies segment, we expect strong revenue growth and the corresponding increase in margins. It is expected that some of the Group's customers will increasingly purchase from our sourcing companies in financial year 2024, which will shift revenue and earnings from other regions to this segment. Revenue and earnings of EINHELL Operations Kft. and Swisstec Sourcing Vietnam JSC will be consolidated for the full year from January to December for the first time in the financial year 2024.

#### **f) Expected investments**

Einhell will continue to invest heavily in product development and brand development in 2024, in order to further improve its product range, further expand its market-leading position with Power X-Change and further establish the Einhell brand worldwide<sup>10</sup>. In addition, the Power X-Change platform will continue its growth trajectory in 2024.

The Einhell Group further intends to continue investing in the expansion and maintenance of the Group's entire infrastructure in the coming years. The construction of new work and office space at the Landau/Isar site began in 2023 in order to keep up with the increase in work space requirements. The investment volume for the new office building is expected to amount to approx. EUR 10.0 million in 2024. Construction of the new office building is expected to be completed by the beginning of next year at the latest.

Einhell also continues to invest heavily in IT. The implementation of SAP S/4HANA, which is already underway, will continue in 2024 for other Einhell companies in Asia.

The potential acquisition of new subsidiaries would mean further major investments, depending on whether it is possible to acquire interests in new companies in the target markets.

#### **g) Expected financial situation**

Efficient liquidity management remains a top priority of the Einhell Group in financial year 2024. We concentrate on constantly forecasting cash flows from operating activities, as this is our main source of liquidity. Liquidity is forecast by means of a liquidity plan that covers a period of twelve months. Another update was made to the financial planning for the next five years. Long-term financing of the Einhell Group is secured with a promissory note loan and the KfW loans of EUR 95.7 million.

Einhell Germany AG took out a long-term loan in the amount of EUR 7.5 million in financial year 2023. The loan is granted in connection with a subsidy programme provided by KfW and has a term of six years. The loan will be used for the new office building. Einhell will receive repayment grants totalling a maximum of EUR 0.95 million if the building achieves the planned energy efficiency standards. In this case, the repayment grants will reduce the term of the loan accordingly.

For additional short-term working capital financing, Einhell continues to draw from short-term credit lines

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<sup>10</sup> Unverified statement



provided by its principal banks, which are sufficiently available.

At the end of 2022, Einhell set up a supply chain financing model in Asia on a CNY currency basis. The resulting positive effects on working capital will lead to a significant reduction in net debt.

## 9.6 Summary of expected developments

### Outlook for financial year 2024

The Einhell Group will again face a challenging market environment in financial year 2024. Despite the current difficult macroeconomic conditions, we are optimistic with regard to the 2024 financial year. In numerous countries, the Einhell Group has succeeded in winning new customers, who have added the Einhell brand to their listings. This provides an excellent basis for revenue growth in the current financial year, especially if the macroeconomic situation improves<sup>11</sup>.

### 9.7 Forward-looking statements, assumptions, uncertainties and assessment methods

The management report and Group management report for Einhell Germany AG and the Einhell Group contain forward-looking statements and assumptions. These always bear an element of uncertainty and are based on estimates and assumptions made in order to draw up corporate planning. The Einhell Group hereby advises that the forward-looking assumptions and estimates may turn out to be incorrect.

Einhell exercises great care with respect to assumptions when making forecasts that are subject to uncertainty. However, the risk from incorrect estimations cannot be excluded.

Einhell proceeds as follows in order to control planning and forecast uncertainties during planning of budgetary figures. First, Einhell plans revenue. The revenue plans are drawn up in detail for each Group company based on product groups. Revenues are also budgeted at customer group level and checked against product groups for plausibility. In the same way, gross profit margins for each Group company are forecast at product group level and customer group level. Detailed costs are derived from revenue plans on the basis of type of cost and cost centre or reporting entity. Costs are checked for plausibility on the basis of the prior-year figures and checked for adequacy on the basis of relation to net revenues. Specific assumptions are made with respect to changes in costs, such as increases in salaries or changes in freight costs. General uncertainties related to market

developments, price trends for important commodities or the development of other important cost categories are estimated and budgeted according to the principles of commercial prudence.

Supplementary provisions as per Section 289a and Section 315a German Commercial Code (HGB) for certain stock corporations are included in the notes to the consolidated financial statements under Note 2.9 Equity.

## 10. BUSINESS DEVELOPMENT OF EINHELL GERMANY AG

The annual financial statements of Einhell Germany AG were prepared in accordance with the provisions of the German Commercial Code (HGB). Einhell Germany AG acts as the parent company of the internationally positioned Einhell Group and is responsible for the strategic orientation. The management of Einhell Germany AG is integrated into Group management. Management is primarily based on the financial performance indicators of revenue and earnings before tax and income from investments.

In financial year 2023, Einhell Germany AG had an average headcount of 490 employees (previous year: 463).

### 10.1 Earnings

Einhell Germany AG generates its revenues with the sale of products for DIY end consumers and professional craftsmen for use in the home, garden and for leisure purposes. Einhell supplies DIY stores and other distribution channels with a wide range of DIY products. In addition, Einhell Germany AG receives payment from its subsidiaries for product processing and marketing. The charging-on of related costs resulted in revenue of EUR 8.1 million (previous year: EUR 7.8 million) in financial year 2023.

Einhell Germany AG did not reach its revenue forecast for the 2023 financial year as weaker consumer demand had a negative effect on the development of revenue. Einhell Germany AG did not reach the earnings forecast the Company had issued at the beginning of the financial year.

#### Revenue below prior-year level

In the year under review, Einhell Germany AG generated revenue of EUR 373.3 million (previous year: EUR 384.1 million). Revenue was generated in the following regions:

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<sup>11</sup> Unverified statement

## Revenue development

in EURk and %	2023		2022		Change	
	EURk	%	EURk	%	EURk	%
Domestic	309,864	83.0	322,242	83.9	-12,378	-3.8
Western Europe	23,893	6.4	30,342	7.9	-6,449	-21.3
Eastern Europe	20,907	5.6	16,899	4.4	4,008	23.7
Overseas and Other Countries	3,360	0.9	2,689	0.7	671	25.0
Production and Sourcing Companies	15,307	4.1	11,906	3.1	3,401	28.6
<b>Total</b>	<b>373,331</b>	<b>100.0</b>	<b>384,078</b>	<b>100.0</b>	<b>-10,747</b>	<b>-2.8</b>

The allocation of revenues was changed in financial year 2023 as the Production and Sourcing Companies segment was added. The allocation of distribution companies to the individual regions is based on the relevant Group company's registered office. Companies regarded as homogenous based on their company structure, sales market and customer

structure were bundled in regions. Internal reporting reflects these structures and is presented to the Board of Directors and the Supervisory Board on a regular basis. The regions "Overseas" and "Other countries" have been combined into one region. The prior-year figures of these regions were reclassified accordingly to the new segment structure.

## Revenue development by division

in EURk and %	2023		2022		Change	
	EURk	%	EURk	%	EURk	%
Garden & Leisure	167,999	45.0	179,749	46.8	-11,750	-6.5
Tools	205,332	55.0	204,329	53.2	1,003	0.5
<b>Total</b>	<b>373,331</b>	<b>100.0</b>	<b>384,078</b>	<b>100.0</b>	<b>-10,747</b>	<b>-2.8</b>

The Tools division was slightly above the forecast. The Garden & Leisure division did not meet the forecast for financial year 2023.

### Personnel expenses above prior-year level

Personnel expenses increased by EUR 2.4 million from EUR 42.8 million to EUR 45.2 million. This increase is mainly due to an increase in the number of employees.

### Other operating expenses exceed prior-year level

Other operating expenses rose by EUR 10.7 million from EUR 96.1 million to EUR 106.8 million. The increase was mainly due to higher marketing expenses and additions to provisions for contingent losses on derivatives.

### Income from investments

Income from investments (including the relevant write-ups and write-downs on interests in affiliated companies) developed as follows compared to the previous year:

in EUR million	2023	2022	Change
Income from investments	21.0	23.2	-2.2
Income from profit transfer agreements	4.2	6.0	-1.8
Expenses from the transfer of losses	-0.7	-0.7	0.0
	<b>24.5</b>	<b>28.5</b>	<b>-4.0</b>
Write-ups on financial assets	0.0	11.5	-11.5
Impairment of financial assets	-8.3	-17.5	9.2
	<b>-8.3</b>	<b>-6.0</b>	<b>-2.3</b>
Expenses from the increase or income from the reduction of write-downs on receivables from affiliated companies	-3.5	0.8	-4.3
	<b>-3.5</b>	<b>0.8</b>	<b>-4.3</b>
<b>Income from investments</b>	<b>12.7</b>	<b>23.3</b>	<b>-10.6</b>

Impairment of financial assets amounted to EUR 8.3 million in financial year 2023. This was recognised for kwb Germany GmbH, Einhell Colombia S.A.S. and Einhell Argentina S.A. Impairment of receivables from affiliated companies was recognised for kwb Germany GmbH.

### Earnings and net income below prior-year level

The Company generated earnings after tax of EUR 21.9 million (previous year: EUR 36.1 million) in 2023. Net income decreased from EUR 36.0 million to EUR 21.8 million. Earnings before tax (EBT) and income from investments decreased from EUR 23.1 million to EUR 18.9 million. This means that the Company did not meet its forecast for the financial year of EUR 21.0 to 22.0 million due to weaker consumer demand.

### Profit and loss statement

1 January to 31 December

in EUR million	2023	2022	Change	%
<b>Revenue</b>	373.3	384.1	-10.8	-2.8
Other income	11.4	28.4	-17.0	-59.9
Cost of materials	-218.7	-240.5	21.8	9.1
Personnel expenses	-45.2	-42.8	-2.4	-5.6
Scheduled depreciation	-3.2	-3.1	-0.1	-3.2
Other operating expenses	-106.8	-96.1	-10.7	-11.1
<b>Operating profit</b>	<b>10.8</b>	<b>30.0</b>	<b>-19.2</b>	<b>-64.0</b>
Financial result	20.8	16.4	4.4	26.8
<b>Earnings before tax (EBT)</b>	<b>31.6</b>	<b>46.4</b>	<b>-14.8</b>	<b>-31.9</b>
Income taxes	-9.7	-10.3	0.6	5.8
<b>Earnings after tax</b>	<b>21.9</b>	<b>36.1</b>	<b>-14.2</b>	<b>-39.3</b>
<b>Other taxes</b>	<b>-0.1</b>	<b>-0.1</b>	<b>0.0</b>	<b>0.0</b>
<b>Net income</b>	<b>21.8</b>	<b>36.0</b>	<b>-14.2</b>	<b>-39.4</b>

## 10.2 Financial performance and net assets

### Investments

Investments amounted to EUR 35.7 million in financial year 2023 (previous year: EUR 34.6 million). EUR 28.1 million of this amount relates to the acquisition of interests and increases in share capital at subsidiaries. The remaining investments of EUR 7.6 million comprise investments of EUR 0.7 million in intangible assets including advance payments, EUR 2.3 million in land, land rights and buildings including buildings on third-party land, EUR 0.1 million in technical equipment and machinery, EUR 1.6 million in other equipment, operating and office equipment, and EUR 2.9 million in advance payments and assets under construction.

### Decrease in inventories

Inventories decreased from EUR 174.2 million to EUR 133.2 million as at the reporting date. In the previous year, the Board of Directors had decided to keep higher inventories in order to address the challenges in supply chain management.

### Trade receivables

Trade receivables increased from EUR 19.4 million to EUR 25.4 million as at the reporting date.

### Decrease in receivables from affiliated companies

Due to end of period effects, receivables from affiliated companies fell from EUR 165.5 million to EUR 89.7 million. The reason here is the reduction of working capital in the individual subsidiaries. Receivables from affiliated companies comprise both trade receivables and receivables from loans granted.

### Increase in provisions

Other provisions increased by EUR 5.9 million from EUR 29.7 million to EUR 35.6 million. The increase in provisions is mainly driven by provisions for purchase price adjustments and a provision for contingent losses on derivatives.

### Development of liabilities

Trade payables fell by EUR 2.0 million from EUR 14.5 million to EUR 12.5 million. Liabilities to affiliated companies increased by EUR 39.8 million to EUR 108.6 million. This includes trade payables and also liabilities from borrowing.



### **Increase in equity**

Equity increased by EUR 11.0 million or 4.6% to EUR 252.1 million (previous year: EUR 241.1 million) in financial year 2023. The change in equity resulted from the dividend distribution of EUR 10.8 million approved on 23 June 2023 and from earnings after income taxes of EUR 21.8 million. The equity ratio of Einhell Germany AG as at 31 December 2023 is 48.1% (previous year: 44.5%).

### **Financial management principles and objectives**

Einhell Germany AG's funding derives, on the one hand, from the equity that was provided by its shareholders when the Company was founded and the subsequent capital increases and retained earnings that are set aside in reserves. In addition, Einhell Germany AG procures debt capital in the form of loans and short-term borrowings as well as, to some extent, supplier loans. Loans are predominantly denominated in EUR. Supplier loans are mainly in CNY or USD. Anticipated cash flows from the payment of supplier liabilities in foreign currencies are largely hedged with the corresponding hedge transactions.

Owing to the very healthy and solid financing structure of Einhell Germany AG, the Board of Directors does not anticipate any problems with current business operations, nor does it foresee any financing problems for future business volume in connection with the further expansion. In financial year 2018, Einhell Germany AG took out long-term loans with three different banks totalling EUR 25.0 million. The loans are subject to a subsidy programme provided by the German development bank KfW and have a term of 10 years. The first repayments were made in June 2020, the last are to be made at the end of March 2028. The loan agreements also contain a financial covenant. This covenant refers to the interest cover ratio. The interest rates are fixed and do not include any variable components. Einhell Germany AG complied with this covenant in financial year 2023.

The Group took out promissory note loans totalling EUR 75.0 million in financial year 2021. The maturities are five years for a tranche of EUR 50.0 million and seven years for a tranche of EUR 25.0 million. The promissory note loans do not require any collateral or covenants and are due upon maturity. The interest

rates are fixed and do not include any variable components.

Einhell Germany AG took out a long-term loan from a bank in the amount of EUR 7.5 million in financial year 2023. The loan is granted in connection with a subsidy programme provided by KfW and has a term of six years. The first repayment is due in December 2024 and the last in September 2029. The loan will be used for the new office building. Einhell will receive repayment grants totalling a maximum of EUR 0.95 million if the building achieves the planned energy efficiency standards. In this case, the repayment grants will reduce the term of the loan accordingly. The loan agreement contains a financial covenant. This covenant refers to the interest cover ratio. The interest rate is fixed and does not include any variable components. Einhell Germany AG complied with this covenant in financial year 2023.

The Group uses effective cash pooling and a cash concentration system to optimise cash management and reduce debt capital to the greatest possible extent. This means that the balances of the different Group companies' bank accounts are transferred to a master account of Einhell Germany AG. As a consequence, only the balance of the master account has to be covered by borrowings on the capital market. The subsidiaries participating in the cash pooling scheme therefore do not need to make investment or borrowing transactions on the capital markets, but simply have receivables or liabilities with Einhell Germany AG. This procedure serves to protect credit lines provided by banks and optimises the interest result. All Einhell Group companies are currently included in the cash pooling, as far as this is legally possible and feasible. The Board of Directors declares that all land and buildings of Einhell Germany AG are free from third-party collateral. Transfers by way of security or comparable third-party rights do not exist. All inventories and receivables are also free from third-party collateral.

The summarised cash flow statement shows the development of the financial position in financial year 2023:

## Statement of cash flows

in EUR million	2023	2022	Change
Cash flow from operating activities	95.3	0.7	94.6
Cash flow from investing activities	-1.3	1.8	-3.1
Cash flow from financing activities	-18.8	-5.2	-13.6
<b>Net increase/decrease in cash and cash equivalents</b>	<b>75.2</b>	<b>-2.7</b>	<b>77.9</b>
Cash and cash equivalents at the beginning of the period	0.6	3.3	-2.7
<b>Cash and cash equivalents at the end of the period</b>	<b>75.8</b>	<b>0.6</b>	<b>75.2</b>

As in the previous year, cash and cash equivalents comprise cash in hand and bank balances.

## Material items in the statement of financial position

as at 31 December 2023

in EUR million	2023	2022	Change	%
Fixed assets	194.6	170.9	23.7	13.9
Inventories	133.2	174.2	-41.0	-23.5
Trade receivables	25.4	19.4	6.0	30.9
Receivables from affiliated companies	89.7	165.5	-75.8	-45.8
Cash and cash equivalents	75.7	0.6	75.1	12,516.7
Equity	252.1	241.1	11.0	4.6
Other provisions	35.6	29.7	5.9	19.9
Liabilities to banks	100.1	180.6	-80.5	-44.6
Liabilities to affiliated companies	108.6	68.8	39.8	57.8

### 10.3 Headcount

In financial year 2023, Einhell Germany AG had an average headcount of 490 employees (previous year: 463).

### 10.4 Report on the relations with affiliated enterprises

The majority of the shares in Einhell Germany AG are held by Thannhuber AG. A report pursuant to Section 312 of the German Stock Corporation Act (AktG) was prepared on Einhell Germany AG's relationships with affiliated companies, which is concluded with the following statement: "During the period under review, Einhell Germany AG did not enter into any legal transactions with Thannhuber AG, or in the interest or at the request of Thannhuber AG, and did not take or refrain from taking any measures that would have disadvantaged Einhell Germany AG."

### 10.5 Risks and opportunities

The business development of Einhell Germany AG is generally subject to the same opportunities and risks as the business development of the Einhell Group. Einhell Germany AG generally participates in the risks

and opportunities of its subsidiaries and investments in accordance with its respective interest.

In its capacity as the parent company of the Einhell Group, Einhell Germany AG is responsible for providing funding to its subsidiaries. The refinancing of Einhell Germany AG is ensured by borrowing from banks. Einhell Germany AG as well as its subsidiaries benefit from the favourable refinancing conditions.

The risk of a claim arising from contingent liabilities is considered to be low. This assessment is based on the fact that the subsidiaries of Einhell Germany AG have sufficient equity or credit lines available to ensure that the obligations entered into can be met.

Einhell Germany AG has not issued any letters of comfort for the benefit of either subsidiaries or third parties.

As the parent company of the Einhell Group, Einhell Germany AG is integrated into the Group-wide risk management system. For more information, please refer to section 8. OPPORTUNITIES AND RISK REPORT of the Einhell Group.

The description of the internal control system for Einhell Germany AG in accordance with the provisions of Section 289 (5) German Commercial Code (HGB) is provided under section 8.1 Description of the risk management and significant characteristics of the internal monitoring and risk management system for Group accounting processes as per Section 315 (4) German Commercial Code (HGB) in the combined management report.

#### 10.6 Outlook 2024

Einhell Germany AG expects revenue of approx. EUR 370 to EUR 375 million in financial year 2024. A share of 54.2% is expected for the "Tools" division and a share of 45.8% for the "Garden & Leisure" division. Earnings before tax and income from investments are expected to range between EUR 21 and 22 million in 2024.

In its function as the parent company of the Einhell Group, the future business development of Einhell

Germany AG also depends on the development of the operating companies of the Einhell Group. For information on the macroeconomic and market development, please refer to the 9. FORECAST REPORT of the Einhell Group.

Landau a. d. Isar, 28 March 2024

Einhell Germany AG

The Board of Directors

Andreas Kroiss

Jan Teichert

Dr Markus Thannhuber

Dr Christoph Urban

## **RESPONSIBILITY STATEMENT OF THE BOARD OF DIRECTORS**

The Responsibility Statement of the Board of Directors pursuant to Section 289f and Section 315d of the German Commercial Code (HGB) is available on the website of Einhell Germany AG (<https://www.einhell.com/investor-relations/corporate-governance/>).

Einhell Germany AG applies corporate governance practices to ensure compliance with legal regulations that go beyond statutory requirements. In particular, Einhell Germany AG observes various policies and procedural rules that are aimed at all Group employees and are designed to avoid risks resulting from non-compliance with legal provisions.

For example, compliance with legal requirements preventing insider trading is ensured by publication of insider trading rules governing trading with securities for executive body members and employees who have access to insider information. Corporate governance practices with regard to compliance are constantly monitored and amended.

The provisions of the new European Market Abuse Directive, which came into force in 2016, were implemented consistently in the Group.



## II CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	31.12.2023 EURk	31.12.2022 EURk
Intangible assets	(2.2)	47,907	38,552
Property, plant and equipment	(2.1)	62,588	57,589
Right-of-use assets	(2.1)	17,807	17,850
Non-derivative financial assets	(2.3)	4,634	1,656
Derivative financial assets	(2.7)	4	5,553
Other non-financial assets	(2.8)	4,990	3,410
Deferred tax assets	(2.4)	23,253	17,575
<b>Non-current assets</b>		<b>161,183</b>	<b>142,185</b>
Inventories	(2.5)	363,577	473,473
Trade receivables	(2.6)	149,833	143,700
Non-derivative financial assets	(2.3)	1,459	1,974
Derivative financial assets	(2.7)	7,786	37,389
Income tax receivables	(3.9)	1,755	4,783
Other non-financial assets	(2.8)	24,624	27,979
Contract assets		407	558
Cash and cash equivalents		99,445	10,662
<b>Current assets</b>		<b>648,886</b>	<b>700,518</b>
<b>Total assets</b>		<b>810,069</b>	<b>842,703</b>

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
		<b>EURk</b>	<b>EURk</b>
Subscribed capital	(2.9)	9,662	9,662
Capital reserve	(2.9)	26,677	26,677
Retained earnings	(2.9)	347,513	311,226
Other reserves	(2.9)	-42,903	7,966
Equity of shareholders of Einhell Germany AG		340,949	355,531
Non-controlling interest	(2.10)	13,998	11,305
<b>Equity</b>		<b>354,947</b>	<b>366,836</b>
Employee benefits	(2.11)	8,090	7,192
Provisions for other risks	(2.12)	550	516
Liabilities from debt capital	(2.13)	92,237	88,281
Non-derivative financial liabilities	(2.14)	18,542	16,297
Derivative financial liabilities	(2.16)	21,454	5,053
Lease liabilities	(2.17)	12,604	11,923
Other non-financial liabilities	(2.18)	2	3
Deferred tax liabilities	(2.4)	5,156	15,282
<b>Non-current liabilities</b>		<b>158,635</b>	<b>144,547</b>
Employee benefits	(2.11)	26,177	25,841
Provisions for other risks	(2.12)	19,096	21,100
Income tax liabilities	(3.9)	8,117	5,411
Liabilities from debt capital	(2.13)	16,839	102,866
Non-derivative financial liabilities	(2.14)	40,694	38,130
Derivative financial liabilities	(2.16)	17,297	5,657
Trade payables		154,291	116,281
Lease liabilities	(2.17)	5,623	6,171
Other non-financial liabilities	(2.18)	7,632	9,195
Contract liabilities	(2.15)	721	668
<b>Current liabilities</b>		<b>296,487</b>	<b>331,320</b>
<b>Total equity and liabilities</b>		<b>810,069</b>	<b>842,703</b>

### III CONSOLIDATED INCOME STATEMENT

	Note	31.12.2023 EURk	31.12.2022 EURk
Revenue	(3.1)	971,525	1,032,515
Other own work capitalised	(3.2)	731	396
Other operating income	(3.3)	18,774	17,849
Cost of materials	(3.4)	-583,665	-659,101
Personnel expenses	(3.5)	-129,616	-118,738
Depreciation and amortisation	(3.6)	-16,207	-14,705
Other operating expenses	(3.7)	-179,795	-165,182
Impairment losses pursuant to IFRS 9	(2.6)	-683	-517
Financial income	(3.8)	8,469	10,324
Financial costs	(3.8)	-14,136	-15,405
<b>Financial result</b>	<b>(3.8)</b>	<b>-5,667</b>	<b>-5,081</b>
<b>Profit before income taxes</b>		<b>75,397</b>	<b>87,436</b>
Income taxes	(3.9)	-23,836	-26,636
<b>Earnings after tax</b>		<b>51,561</b>	<b>60,800</b>
Thereof share of minority shareholders	(2.10)	1,070	1,046
<b>Thereof share of shareholders of Einhell Germany AG in consolidated net profit/loss</b>		<b>50,491</b>	<b>59,754</b>
Earnings per ordinary share	(3.10)	13.35	15.80
Earnings per preference share	(3.10)	13.41	15.86

## IV CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	31.12.2023 EURk	31.12.2022 EURk
<b>Consolidated net profit</b>		<b>51,561</b>	<b>60,800</b>
Unrealised losses (previous year: gains) from currency translation		-8,238	151
Unrealised losses from derivative financial instruments used for hedging purposes		-42,215	-20,407
<b>Items of other comprehensive income that were or can be reclassified to profit or loss</b>		<b>-50,453</b>	<b>-20,256</b>
Unrealised gains (previous year: losses) from financial instruments at fair value through other comprehensive income		36	-2
Remeasurement of employee benefits		-384	1,490
<b>Items of other comprehensive income that will not be reclassified to profit or loss in future periods</b>		<b>-348</b>	<b>1,488</b>
<b>Other comprehensive income, after tax</b>		<b>-50,801</b>	<b>-18,768</b>
thereof share of other comprehensive income attributable to non-controlling interests, after tax		67	-133
thereof share of other comprehensive income attributable to shareholders of Einhell Germany AG, after tax		-50,868	-18,635
<b>Consolidated comprehensive income</b>		<b>760</b>	<b>42,032</b>
thereof share of consolidated comprehensive income attributable to non-controlling interest	(2.10)	1,137	913
thereof share of consolidated comprehensive income attributable to shareholders of Einhell Germany AG		-377	41,119



## V CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	31.12.2023 EURk	31.12.2022 EURk
<b>Cash flows from/used in operating activities</b>			
Profit before income taxes		75,397	87,436
+ Depreciation and amortisation of intangible assets and property, plant and equipment	(3.6)	16,207	14,705
- Interest income	(3.8)	-1,867	-356
+ Interest expenses	(3.8)	6,443	5,168
+/- Other non-cash expenses and income		-3,852	610
<b>Operating profit before changes in net working capital</b>		<b>92,328</b>	<b>107,563</b>
+/- Decrease/increase in trade receivables		-5,375	-1,826
+/- Decrease/increase in inventories		116,977	-4,547
+/- Decrease/increase in other assets		3,193	18,737
+/- Increase/decrease in non-current liabilities		793	-1,990
+/- Increase/decrease in current liabilities		-4,869	-17,812
+/- Increase/decrease in trade payables		31,320	-24,566
<b>Cash flows generated from operating activities</b>		<b>234,367</b>	<b>75,559</b>
- Taxes paid		-17,949	-29,741
+ Interest received		1,853	183
- Interest paid		-6,591	-5,229
<b>Net cash from in operating activities</b>		<b>211,680</b>	<b>40,772</b>
<b>Cash flows from/used in investing activities</b>			
- Payments to acquire fixed assets		-14,237	-8,618
- Payments for acquisition of consolidated companies less cash and cash equivalents acquired		-4,714	-18,954
+ Proceeds from disposal of assets		51	57
+ Proceeds from disposal of consolidated companies		0	600
<b>Net cash used in investing activities</b>		<b>-18,900</b>	<b>-26,915</b>
<b>Cash flows from/used in financing activities</b>			
+ Proceeds from taking out loans		7,453	5,265
- Payments for repayment of loans		-91,487	-3,125
- Dividend payments to shareholders of Einhell Germany AG		-10,820	-9,688
- Dividend payments to non-controlling interests		-612	-857
- Payments for redemption portion of lease liabilities		-7,294	-6,052
<b>Net cash used in financing activities</b>		<b>-102,760</b>	<b>-14,457</b>
Changes to cash and cash equivalents due to currency exchange		-1,237	-251
<b>Net increase/decrease in cash and cash equivalents</b>		<b>88,783</b>	<b>-851</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>99,445</b>	<b>10,662</b>

Additional details are shown in the notes to the consolidated financial statements under 5.

## VI CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EURk					Other reserves				Equity of shareholders of Einhell Germany AG	Share of non-controlling interests	Total equity
	Notes	Subscribed capital	Capital reserve	Retained earnings	Currency translation reserve	Reserve for financial instruments FVOCI	Remeasurement reserve pursuant to IAS 19	Derivative financial instruments			
<b>1 January 2022</b>		<b>9,662</b>	<b>26,677</b>	<b>274,619</b>	<b>-13,902</b>	<b>24</b>	<b>-1,769</b>	<b>42,247</b>	<b>337,559</b>	<b>3,413</b>	<b>340,972</b>
Consolidated net profit		-	-	59,754	-	-	-	-	59,754	1,046	60,800
Unrealised gains/losses		-	-	-	284	-2	2,080	-27,965	-25,603	-133	-25,736
Deferred taxes on unrealised gains/losses		-	-	-	-	-	-590	7,558	6,968	-	6,968
Comprehensive income		-	-	59,754	284	-2	1,490	-20,407	41,119	913	42,032
Dividends	(2.9)	-	-	-9,688	-	-	-	-	-9,688	-643	-10,331
Other changes		-	-	-13,459	-	-	-	-	-13,459	7,622	-5,837
<b>31 December 2022</b>		<b>9,662</b>	<b>26,677</b>	<b>311,226</b>	<b>-13,618</b>	<b>22</b>	<b>-278</b>	<b>21,840</b>	<b>355,531</b>	<b>11,305</b>	<b>366,836</b>
Consolidated net profit		-	-	50,491	-	-	-	-	50,491	1,070	51,561
Unrealised gains/losses		-	-	-	-8,305	36	-551	-61,713	-70,533	67	-70,466
Deferred taxes on unrealised gains/losses		-	-	-	-	-	167	19,498	19,665	-	19,665
Comprehensive income		-	-	50,491	-8,305	36	-384	-42,215	-377	1,137	760
Dividends	(2.9)	-	-	-10,820	-	-	-	-	-10,820	-612	-11,432
Other changes		-	-	-3,385	-	-	-	-	-3,385	2,168	-1,216
<b>31 December 2023</b>		<b>9,662</b>	<b>26,677</b>	<b>347,513</b>	<b>-21,923</b>	<b>58</b>	<b>-663</b>	<b>-20,375</b>	<b>340,949</b>	<b>13,998</b>	<b>354,947</b>

## VII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. PRINCIPLES AND METHODS

#### 1.1 Reporting company

Einhell Germany AG is a public limited company (Aktiengesellschaft) pursuant to the laws of the Federal Republic of Germany. The Company is registered in the Commercial Register of the Local Court (Amtsgericht) in Landshut under number HRB 2171; its registered office is at Wiesenweg 22, 94405 Landau an der Isar, Germany.

Einhell Germany AG and its subsidiaries manufacture and sell manually operated, petrol powered and electronic tools, electrical tool accessories, metal and plastic products for DIY, garden and leisure activities, and air-conditioning and heating products.

On 28 March 2024, the Board of Directors released the consolidated financial statements to be passed on to the Supervisory Board and approved them for publication.

#### 1.2 Basis of preparation

The consolidated financial statements of Einhell Germany AG and its subsidiaries (the Einhell Group) were drawn up in accordance with Section 315e of the German Commercial Code (HGB) (consolidated financial statements in accordance with international accounting standards). They are also consistent with International Financial Reporting Standards (IFRS) and their interpretations, as applicable in the European Union.

##### a) Standards applied

The accounting and valuation methods used in the consolidated financial statements are in accordance with the IFRSs applicable in the EU as at 31 December 2023. The Group applied the following standards and amendments to standards to be adopted for the first time from 1 January 2023.

- IFRS 17 including amendments to IAS 17 “Insurance Contracts”; effective for annual periods beginning on or after 1 January 2023.
- Amendments to IAS 1 and IFRS Practice Statement 2 “Disclosure of Accounting Policies”; effective for annual periods beginning on or after 1 January 2023.
- Amendments to IAS 8 “Definition of Accounting Estimates”; effective for annual periods beginning on or after 1 January 2023.

- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”; effective for annual periods beginning on or after 1 January 2023.
- Amendments to IAS 12 “International Tax Reform Pillar 2 Model Rules”; effective for annual periods beginning on or after 1 January 2023.

The amendments have no material effects on these consolidated financial statements.

##### b) Standards and interpretations not applied earlier than mandatory

The IASB has issued the following standards, interpretations and amendments to existing standards, for which the application was not mandatory as at 31 December 2023 and which have not been applied prematurely by the Einhell Group. The Einhell Group does not currently plan a premature adoption of standards, interpretations and amendments.

The following standards, interpretations and amendments to existing standards are not applicable within the EU until they have been adopted under the prescribed EU procedures (endorsement process).

- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”; effective for annual periods beginning on or after 1 January 2024.
- Amendments to IAS 21 “Lack of Exchangeability”; effective for annual periods beginning on or after 1 January 2025.

We do not expect any material effects on net assets, financial position and results of operations as presented in the consolidated financial statements.

The following provisions have already been endorsed in EU law in compliance with the standard EU process.

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-Current” (incl. delay of effective date) and “Non-current Liabilities with Covenants”; effective for annual periods beginning on or after 1 January 2024.
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”; effective for annual periods beginning on or after 1 January 2024.

We do not expect any material effects on net assets, financial position and results of operations as presented in the consolidated financial statements.

### c) Presentation

The presentation in the statement of financial position differentiates between current and non-current assets and liabilities. Assets and liabilities are classified as current if they are due within one year. Deferred tax assets and liabilities are recognised as non-current line items.

The consolidated statement of income is prepared using the total cost method.

For clarity and comprehensibility of the consolidated financial statements, individual items in the statement of financial position and the statement of income have been summarised. These line items are listed separately in the notes to the consolidated financial statement.

#### 1.3 Functional currency and reporting currency

The consolidated financial statements of Einhell Germany AG are presented in euro (EUR). Unless otherwise stated, figures are given in EUR thousands (EURk). Amounts are rounded up or down where applicable. There may be minor deviations due to rounding of totals and the calculation of percentage figures.

#### 1.4 Principles of consolidation

The consolidated financial statements comprise Einhell Germany AG and its subsidiaries for which Einhell Germany AG fulfils the respective criteria pursuant to IFRS 10. These companies are included in the consolidated financial statements from the time when control is gained. In turn, subsidiaries are no longer included in the consolidated financial statements if the criteria for control are no longer met.

The financial statements of the subsidiaries included in the consolidation were prepared using standard accounting and valuation policies pursuant to IFRS 10. The reporting date of all consolidated companies is 31 December, which is the same as the reporting date of the parent company. Previously, the subsidiaries in South Africa had a different reporting date of 30 June. In order to align reporting dates, the reporting date for Einhell South Africa (Pty) Ltd and Mould Star (Pty) Ltd have been brought into line with the Group-wide reporting date of 31 December.

Capital consolidation is carried out using the purchase method by offsetting investment book values with the pro rata newly valued equity of the subsidiary at the time of gaining control (IFRS 10). Remaining asset-side balances are recognised as goodwill.

Within the consolidated group of companies, intra-group profits and losses, revenues, other expenses and income, all receivables and liabilities and provisions are eliminated. The income tax effects of

consolidation transactions are recognised through profit or loss, and appropriate deferred taxes are recognised.

#### 1.5 Basis of consolidation

The companies included in the consolidation are Einhell Germany AG and a further 49 (previous year: 46) fully consolidated companies.

Einhell Germany AG, Landau a. d. Isar, prepares the consolidated financial statements for the smallest and for the largest group of companies. The financial statements are published in the company register.

#### Acquisition of a 10% minority interest in Einhell Polska Sp. z o.o.

As at 22 November 2023, Einhell Germany AG acquired a minority interest of 10% in Einhell Polska Sp. z o.o., which is now fully owned by Einhell Germany AG. The agreed purchase price is EUR 1.9 million, of which EUR 1.4 million has already been paid and settled in cash as at 31 December 2023.

#### Incorporation of EINHELL Operations Kft.

In May 2023, Einhell Germany AG founded EINHELL Operations Kft. in Budapest/Hungary. Einhell Germany AG owns 100% of the shares in this company. The Group intends to manufacture mainly batteries at this site in order to reduce the dependency on the Chinese market.

#### Acquisition of a 49% non-controlling interest in Lawn Star (Pty) Ltd and Mould Star (Pty) Ltd

Effective on 15 August 2023, Einhell Germany AG acquired a 49% minority interest in the South African companies Lawn Star (Pty) Ltd and Mould Star (Pty) Ltd, which became wholly owned subsidiaries of Einhell Germany AG. As at 18 December 2023, the company name Lawn Star (Pty) Ltd was changed to Einhell South Africa (Pty) Ltd.

In 2020, Einhell Germany AG had acquired 51% of the shares in these two companies and recognised an earnout liability at the time of acquisition. Further, the Group agreed on a put option for the 49% minority interest with the seller, which was also recognised as a liability. Originally, both the earnout component and the option were due in financial year 2025. As at 31 July 2023, the two purchase price components were valued at EUR 1.8 million.

In August 2023, Einhell Germany AG and the minority shareholder agreed to settle both the earnout component and the put option ahead of their original due date and, on 31 July 2023, contractually agreed on fixed payments of EUR 1.5 million to be paid by no later than 29 February 2024. The difference between the previously recognised earnout liability and its value as at 31 July 2023 amounting to EUR 0.1 million was



recognised through profit and loss. The difference with regard to the put option amounting to EUR 0.3 million was recognised directly in retained earnings without any impact on profit or loss.

As at 31 December 2023, EUR 0.1 million has already been paid and settled in cash.

#### Acquisition of Swisstec Sourcing Vietnam JSC

Further, Einhell Germany AG acquired 100% of the shares in the Vietnamese company Swisstec Sourcing Vietnam Joint Stock Company headquartered in Thu Dau Mot City, Binh Dong/Vietnam, which was included in the consolidated financial statements from 1 April 2023. The company is an established distributor of screws, fastening fixtures and a range of hand-held tools, whose main customers are European and Canadian DIY retail chains.

The purchase price and the amount of goodwill realised at the time of acquisition are as follows:

in EUR million	01.04.2023
Total amount of the transferred consideration including earnout component	3.3
Goodwill acquired	2.0

The subsidiary was fully consolidated for the first time from 30 June 2023. The amount of goodwill in EUR changed as at the reporting date due to currency effects. In addition to the existing workforce, the goodwill also reflects the Einhell Group's improved presence in the fields of accessories and hand-held tools and the access to the Vietnamese procurement market which is part of our second source strategy aimed at reducing our dependency on the Chinese procurement market.

The purchase price for Swisstec Sourcing Vietnam JSC includes an earnout component of EUR 2.3 million at the time of acquisition, which will be paid out over a period of three years and is determined based on the annual EBT. The earnout estimate is based on current planning and, theoretically, has no ceiling. At the time of this report, a cash payment amounting to EUR 1.0 million has already been made.

The most important items included in the consolidated financial statements as at the time of first-time consolidation are as follows:

in EUR million	01.04.2023
Goodwill	2.0
Right-of-use assets pursuant to IFRS 16	0.6
Inventories	2.8
Trade receivables	0.8
Other assets	1.7
Bank deposits and cash and cash equivalents	0.7
Liabilities to banks	2.0
Lease liabilities	0.6
Trade payables	2.7
Other liabilities and provisions	0.1

In the report for the period ending on 31 December 2023, the following items were included in the consolidated income statement:

in EUR million	01.04.2023 - 31.12.2023
Revenue	9.4
EBT	0.5

The revenue is allocated to the Production and Sourcing Companies segment.

If the company Swisstec Sourcing Vietnam JSC had already been included in the consolidated financial statements since 1 January 2023, the revenue for the company in the period 1 January to 31 December 2023 would have amounted to EUR 12.3 million and the EBT to EUR 0.7 million.

#### Acquisition of Surazinsano Co., Ltd.

Effective on 1 June 2023, Einhell Germany AG acquired 66.67% of shares in the newly founded Thai company Surazinsano Co., Ltd. headquartered in Samutprakarn Province/Thailand. By means of an asset deal, this new company took over the assets that are needed to successfully establish the Group on the market, such as inventories, customer and employee contracts, from a company that has already been a successful player on the Thai market for several decades. Surazinsano Co., Ltd. is a distribution company.

The purchase price and the amount of goodwill realised at the time of acquisition are as follows:

in EUR million	01.06.2023
Total amount of the transferred consideration including earnout component	8.6
Goodwill acquired	1.6

The subsidiary was fully consolidated for the first time from 30 June 2023. The amount of goodwill in EUR changed as at the reporting date due to currency effects. It represents the value of the workforce and

the following expected synergy effects, which the Einhell Group considered in the purchase price:

- utilising an already established penetration of the Thai market and
- setting up a distribution base for Einhell products.

The final calculation of the purchase price for 100% of the shares will not be carried out before June 2027 and depends on the earnings before tax over a period of four years. Based on the contractually agreed basis of the calculation, part of the final purchase price for 66.67% of the shares is structured as an earnout component. EUR 0.2 million was recognised in the statement of financial position in this respect as at 1 June 2023 and will not be due until 1 July 2027. The earnout estimate is based on current planning and, theoretically, has no ceiling. The minimum purchase price for all the shares is EUR 6.9 million. At the time this report was prepared, a cash advance of EUR 8.4 million had already been paid for 66.67% of the shares. This corresponds essentially to the current value.

Einhell Germany AG and the seller have agreed on a put option for the remaining shares. This option means that Einhell Germany AG can take over the remaining shares from June 2027 and that the seller can tender the shares to Einhell Germany AG. The amount of the obligation depends on the future EBT performance. A purchase price liability of EUR 3.9 million for 33.33% of the shares was recognised at the time of acquisition.

The put liability was recognised in accordance with the present access method, according to which the company is still recognised as a minority interest, while the payment obligation and any changes thereof are recognised directly in retained earnings without any impact on profit or loss. The present ownership of the minority interest remains with the minority shareholder.

The most important items included in the consolidated financial statements as at the time of acquisition are as follows:

in EUR million	01.06.2023
Customer base and trademark rights	6.4
Goodwill	1.6
Inventories	4.3
Cash and cash equivalents	5.5
Income tax receivables	0.4
Minority interest	3.5
Deferred tax liabilities	1.4
Trade payables	4.0
Other liabilities	0.7

Minority interests are not measured at fair value.

In the report for the period ending on 31 December 2023, the following items were included in the consolidated income statement:

in EUR million	01.06.2023 - 31.12.2023
Revenue	8.2
EBT	1.2

The revenue is allocated to the Overseas and Other Countries region.

If the company Surazinsano Co., Ltd. had already been included in the consolidated financial statements since 1 January 2023, the revenue for the company in the period 1 January to 31 December 2023 would have amounted to EUR 15.0 million and the EBT to EUR 1.4 million.

The subsidiaries included in the consolidated financial statements are listed in the notes to the consolidated financial statements, section 8. LIST OF SHAREHOLDINGS. The subsidiaries iSC GmbH, Landau a. d. Isar and ECommerce System GmbH, Landau a. d. Isar use the exemptions pursuant to Section 264 (3) German Commercial Code (HGB).

### 1.6 Currency translation

The foreign investments within the consolidation group are financially, economically and organisationally autonomous. They are therefore regarded as economically independent foreign entities. Their functional currency is their relevant local currency.

In the individual financial statements of the companies in the Einhell Group, all foreign currency transactions are converted from the local currency into the reporting currency at the rate of exchange applicable at the time of the transaction. Monetary foreign currency holdings as at the reporting date are valued at the daily exchange rate on the reporting date. Currency translation differences resulting from the settlement of monetary transactions or the measurement of monetary line items of a company at exchange rates that vary from the exchange rates during the period or in financial statements in which they were originally valued, are recognised through profit or loss in the period in which they arose.

Financial statements of foreign subsidiaries are converted at the exchange rates applicable at the end of the year for the assets and liabilities in the statement of financial position, and at average rates of exchange during the reporting year for the statement of income. Equity is converted at the exchange rates valid at the time of the transaction. All resulting

currency translation differences are recognised in other comprehensive income and shown in the adjustment from currency translation item (part of other reserves).

Since Argentina meets the criteria of a hyperinflationary economy under IAS 29, the financial statements of Einhell Argentina and the comparative figures for earlier periods were adjusted due to changes in the general purchasing power of the functional currency. The historical cost method was used for the financial statements. The overview below shows the price indices valid at the reporting date as well as changes in the index ("IPC Nacional Empalme IPIM") during the current and the previous period:

in %	2023	2022
January	1,202.9790	605.0317
February	1,282.7091	633.4341
March	1,381.1601	676.0566
April	1,497.2147	716.9399
May	1,613.5895	753.1470
June	1,709.6115	793.0278
July	1,818.0838	851.7610
August	2,044.2832	911.1316
September	2,304.9242	967.3076
October	2,496.2730	1,028.7060
November	2,816.0628	1,079.2787
December	3,533.1922	1,134.5875

The effect of the application of IAS 29 on profit or loss amounts to EUR -2,135 thousand in the 2023 financial year (previous year: EUR -2,335 thousand).

Since financial year 2022, the criteria according to IAS 29 also apply to the subsidiary in Turkey. The historical cost method was used for the financial statements.

The overview below shows the price indices valid at the reporting date as well as changes in the index (Tüketici fiyat endeksi "TÜFE") during the current and the previous period:

in %	2023	2022
January	1,203.4800	763.2300
February	1,241.3300	799.9300
March	1,269.7500	843.6400
April	1,300.0400	904.7900
May	1,300.6000	931.7600
June	1,351.5900	977.9000
July	1,479.8400	1,001.0300
August	1,614.3100	1,015.6500
September	1,691.0400	1,046.8900
October	1,749.1100	1,084.0000
November	1,806.5000	1,115.2600
December	1,859.3800	1,128.4500

The effect of the application of IAS 29 on profit or loss amounts to EUR -1,285 thousand in the 2023 financial year (previous year: EUR -956 thousand).

The following exchange rates apply to the most important currencies for the Einhell Group:

in %		Reporting date rate		Average rate	
		31.12.2023	31.12.2022	2023	2022
Australia	AUD	1.6217	1.5714	1.6285	1.5174
China	CNY	7.8414	7.4224	7.6591	7.0801
Hong Kong	HKD	8.6311	8.3283	8.4676	8.2512
UK	GBP	0.8677	0.8867	0.8699	0.8526
Switzerland	CHF	0.9305	0.9877	0.9717	1.0052
Canada	CAD	1.4581	1.4451	1.4596	1.3574
USA	USD	1.1052	1.0674	1.0816	1.0539

## 1.7 Accounting and valuation principles

### Acquired and self-developed intangible assets

Acquired and self-developed intangible assets are capitalised pursuant to IAS 38 if there is an associated future economic benefit from these assets and the costs of the assets can be determined with certainty. The assets are recognised at acquisition or manufacturing cost and amortised over their expected useful life. The period of use is usually three to five years.

Development expenses and product processing costs are recognised in the period in which they arise. This does not include project development costs that fully meet the following criteria:

- The product or process is clearly defined, and relevant costs can be clearly allocated and determined with reliability.
- The technical feasibility of the product can be proven.
- The Group intends and is able to either market the product or process, or to use it for its own purposes.
- The assets will generate a future economic benefit (i.e. existence of a market for the product or evidence of product use by the company for internal purposes).
- There are sufficient technical, financial and other resources available to complete the project.

The costs are capitalised as soon as the above criteria are fulfilled for the first time.

Costs recognised as expenses in prior financial years may not be capitalised retrospectively. Other than development costs, there are no self-developed intangible assets. Capitalised development costs are

amortised on a straight-line basis over their expected useful life. Usually, the depreciation period does not amount to more than five years. The realisable amount of capitalised intangible assets is estimated whenever there are indications of impairment of the asset or indications that impairment losses recognised in previous financial years no longer exist.

### Goodwill

Goodwill from company acquisitions is the difference between the purchase price and the pro-rated equity (measured at fair value) at the time of the purchase. Goodwill is not systematically depreciated, but is allocated to cash generating units and tested annually for impairment. When the carrying amount of the net assets of a cash-generating unit exceeds the realisable value, an impairment is recognised in accordance with the provisions of IAS 36. The cash generating units are the individual companies.

### Property, plant and equipment

Property, plant and equipment is measured at cost less scheduled depreciation and extraordinary depreciation whenever required. Depreciation is normally recognised on a straight-line basis in line with the expected useful life. Depreciation is recognised on the basis of the following ranges of expected useful life:

	Useful life
Buildings	10 - 33 years
Technical equipment and machinery	3-20 years
Other equipment, operating and office equipment	1-15 years

### Leases

Lease liabilities for lease contracts are measured at the present value of the remaining lease payments in accordance with IFRS 16 and discounted using the incremental borrowing rate. Payments for any non-lease components that might be included in lease contracts are included in the calculation of the lease liability unless they refer to real estate leases. The subsequent measurement of lease liabilities is based on the effective interest rate method. Right-of-use assets are recognised in line with the lease liability at the commencement date and adjusted for special payments such as initial direct costs; subsequently, they are depreciated over their useful lives on a straight-line basis and, whenever required, written down. Usually, the useful life equals the term of the lease contract. Lease modifications and reassessments of lease liabilities are recognised by adjusting the corresponding right-of-use asset without any impact on profit or loss.

The Group uses a number of practical expedients when applying IFRS 16 to leases. Specifically, the Group:

- recognises neither right-of-use assets nor lease liabilities for leases, the term of which ends within 12 months of their commencement date,
- recognises neither right-of-use assets nor lease liabilities for leases, the underlying asset of which is of low value (e.g. IT equipment),
- does not recognise leases for intangible assets in accordance with IFRS 16; these are classified in accordance with IAS 38.

For further details about lease obligations, see section 7.1 Leases.

### Inventories

Inventories comprise raw materials and supplies and goods. Inventories are valued at acquisition cost determined in accordance with the weighted average method. Inventory and sales risks resulting from reduced merchantability are taken into account by recognising impairments. Impairments are recognised for the net realisable value of inventories whenever this value falls below acquisition costs.

### Financial assets

When a financial asset is recognised for the first time, it is classified and measured as follows:

- at amortised cost
- FVOCI debt instruments (investments in debt instruments that are measured at fair value with changes recognised through other comprehensive income)
- FVOCI equity investments (equity investments that are measured at fair value with changes recognised through other comprehensive income)
- FVTPL (at fair value with changes in value recognised through profit or loss)

A financial asset is measured at amortised cost if both of the following conditions are met:

- it is held within a business model whose objective is to hold financial assets to collect their contractual cash flows, and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is designated at FVOCI if both of the following conditions are met:

- it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and sell financial assets, and



- the contractual terms of the debt instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of equity instruments that are not held for trading, the Group has the irrevocable option to recognise subsequent changes in the fair value of the investment through other comprehensive income. This choice must be made for each investment.

All financial assets that are not measured at amortised cost or FVOCI are measured at FVTPL.

Financial assets that are held or managed for trading and whose changes in value are assessed by means of their fair value are measured at FVTPL.

#### **Financial assets – Subsequent measurement**

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. Please refer to Section 6.5 Foreign currency risk for derivatives that were designated as hedging instruments.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is adjusted for impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. Gains and losses resulting from derecognition are recognised in profit or loss.

Debt instruments at FVOCI are subsequently measured at fair value. Interest income that is calculated using the effective interest rate method, foreign exchange gains and losses and impairments are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, the cumulated other comprehensive income is reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend is clearly covering some of the costs of the investment. Other net gains or losses are recognised in other comprehensive income and are never reclassified to profit or loss.

The Group derecognises a financial asset when the contractual rights to collect the cash flows from the financial asset expire or when the Group transfers the rights to collect the cash flows in a transaction that also transfers substantially all the risks and rewards of ownership of the financial asset. A financial asset is also derecognised when the Group neither transfers nor retains substantially all the risks and rewards of ownership but transfers control of the asset.

#### **Cash and cash equivalents**

Cash and cash equivalents includes in particular cash in hand, checks and bank deposits with an original maturity of up to three months. The cash and cash equivalents item corresponds with the corresponding item in the consolidated statement of cash flows.

#### **Deferred tax assets and liabilities**

Pursuant to IAS 12 "Income Taxes", deferred tax assets and liabilities are set aside for temporary differences between the carrying amounts shown in the consolidated statement of financial position and the tax values of assets and liabilities. This also applies to tax losses carried forward and tax credits if such can be determined with reasonable certainty. Deferred tax assets and liabilities are recognised in the amount of the probable tax burden or relief in future financial years. The basis is the tax rate at the time of realisation. Tax consequences of profit distributions are normally not taken into account until the resolution for disbursement of profits is passed. The value of deferred tax assets is adjusted whenever it is no longer probable that they will be realised. Actual taxes and deferred taxes must be taken directly to equity or credited if the tax refers to line items that are credited or charged directly to equity in the same or another reporting period. Deferred tax liabilities and assets are only offset if they relate to taxes levied by the same taxation authority.

#### **Adjustment from currency translation**

The adjustment from currency translation results from the conversion of annual financial statements of consolidated companies whose functional currency varies from the reporting currency of the Group. The consolidated companies are economically independent foreign entities. Currency translation differences from monetary line items that are essentially net investments of the company in an economically independent foreign entity are recognised in the consolidated financial statements as equity until the corresponding net investment is sold. Upon sale of the corresponding assets, the pro rata adjustment from currency translation is recognised as income or expense in the same period in which the gain or loss from the disposal of the asset is recognised.

#### **Non-controlling interest**

The percentage of equity allocated to non-controlling interests (minority shareholders) is recognised under equity in the statement of financial position. The allocable consolidated net profit and allocable other comprehensive income is recognised separately in the consolidated statement of income or in the consolidated statement of comprehensive income. Non-controlling interests include the share of minority shareholders in the fair value of identifiable assets and

liabilities at the time the affiliated company is acquired. Changes result from capital increases in which minority shareholders participate, distributions, changes in exchange rates and shares of minority shareholders in profits.

### **Employee benefits**

Employee benefits are set aside in accordance with IAS 19 using the Projected Unit Credit Method for defined benefit plans based on pension obligations for retirement, invalidity and surviving dependants.

The pension provisions shown in the statement of financial position on the reporting date equal the defined benefit obligations offset against the fair value of plan assets. Pursuant to IAS 19.8, plan assets include assets of long-term funds independent of the reporting company that have been set up to settle employee benefits. Actuarial gains or losses are recognised in other comprehensive income in the year they occur.

### **Provisions for other risks**

Provisions for other risks are set aside if there is an obligation to a third party and when the outflow of resources is probable and may be reliably estimated. The amount set aside as a provision is the best possible estimate of the potential liability at the reporting date. Provisions with an original term of more than one year are recognised at their settlement amount discounted to the reporting date. Provisions are checked on a regular basis and amended where there is new information or circumstances have changed.

Provisions for warranties and guarantees are set up at the time the products are sold. The measurement of warranty expenses recognised as a liability is based largely on historical values.

If there is an expectation that expenses necessary to meet an obligation for which a provision has been set aside will be reimbursed either in part or in full by a third party, the reimbursement will be recognised when it is as good as certain that the company will receive the reimbursement.

### **Financial liabilities**

Financial liabilities are designated and measured at amortised cost or at fair value through profit or loss (FVTPL). A financial liability is designated at FVTPL if it is classified as held for trading.

Financial liabilities at FVTPL are measured at fair value, and net gains or losses, including interest expenses, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Interest expenses, currency translation

differences and gains and losses resulting from derecognition are recognised in profit or loss.

The Group derecognises financial liabilities when the contractual obligations have been fulfilled, cancelled or have expired. The Group further derecognises financial liabilities if their contractual terms are changed and the cash flows of the amended liability have changed significantly. In this case, a new financial liability is recognised at fair value on the basis of the amended provisions. On derecognition of a financial liability, the difference between the carrying amount of the repaid liability and the compensation paid is recognised in profit or loss.

Financial assets and liabilities are offset and recognised in the statement of financial position as a net amount if the Group currently has a legally enforceable right of set-off in this respect and the Group intends either to settle on a net basis or to realise the financial asset and settle the financial liability simultaneously.

### **Derivative financial instruments and hedge accounting**

In the Einhell Group, derivative financial instruments are only used to hedge the currency risk resulting from the operating business. They hedge against risks from fluctuations in cash flows, and are allocated to the risk associated with a specific asset or liability or with the risk of a planned transaction.

Upon initial recognition and at each subsequent reporting date, derivative financial instruments are measured at fair value. The fair value of tradeable derivatives corresponds to the positive or negative market value. If there is no market value available, they are calculated on the basis of generally accepted actuarial methods, such as discounted cash flow or option pricing models. Derivatives are recognised as assets if their fair value is positive and as a liability if the fair value is negative. Derivative financial instruments are recorded in the Treasury system on the day of trading.

The fair value of currency futures is determined on the basis of the exchange rates applicable on the currency futures market at reporting date. For all the above instruments, the fair values are additionally validated by the financial institutions that provided the Group with the relevant contracts.

If the provisions of IAS 39 on hedge accounting are met, the Einhell Group designates and documents the hedge as a cash flow hedge from this point on. A cash flow hedge secures highly probable future payment flows or fluctuating payment inflows or outflows in connection with a hedged asset or liability as recognised in the statement of financial position. Documentation of hedge accounting includes the aims

and strategy of risk management, the type of hedge relationship, hedged risk, designation of the hedge instrument and the underlying transaction as well as a description of the method of measuring efficacy. Hedge accounting allows for effective estimation of risk compensation for changes in the fair value or payment flows in relation to the hedged risk and regularly checks that the hedge remains effective throughout the reporting period for which the hedge is designated.

The after-tax effective portion of changes in the fair value of derivative financial instruments that are allocated to a cash flow hedge are initially recognised in other comprehensive income. Upon receipt of the goods, they are reclassified to acquisition costs. The goods are therefore effectively recognised at their hedging rate. The hedge-ineffective portions of fair value changes are recognised directly in consolidated net profit.

For reasons of simplification and in accordance with the IFRS Standards, the Einhell Group continues to apply the provisions of IAS 39 to derivative financial instruments.

#### **Revenue recognition**

Revenue is recognised from the point in time when the goods are delivered to and accepted by the customer at the customer's premises (transfer of control). For contracts with customers that allow returns, revenue is recognised to the extent that it is highly probable that no material adjustment will have to be made to the cumulative revenue recognised. The amount of revenue recognised is therefore adjusted for expected returns estimated on the basis of historical data. In these cases, a reimbursement liability and an asset for the right to retrieve the products are recognised. The asset for the right to retrieve the products is measured at the previous carrying amount of the product less expected costs of retrieval. The Group reviews its estimates of expected returns at each reporting date and updates the amounts of assets and liabilities accordingly.

#### **Interest income and expenses**

Interest income and expenses includes interest income from cash and cash equivalents and interest expenses from liabilities. Interest income and expenses are recognised on a pro rata temporis basis in accordance with contractual arrangements where applicable.

#### **Income taxes**

Current income taxes are calculated on the basis of the relevant national taxable result for the year and national tax regulations. They also include current taxes for the year and any adjustments for tax payments or credits for other years that have not yet

been assessed. The change of deferred tax assets and liabilities is reflected in income taxes. Changes to be recognised in other comprehensive income are an exception to this rule.

#### **1.8 Estimates and assessments in accounting**

The consolidated financial statements contain a certain amount of estimations, assessments and assumptions. These may have an impact on the amount and recognition of carrying amounts of assets and liabilities, disclosure of contingent receivables and liabilities at the reporting date and the disclosed income and expenses for the reporting period. Important circumstances affected by such estimations, assessments and assumptions are explained below. Actual results may differ from these estimations, assessments and assumptions; any changes may have a significant effect on the consolidated financial statements.

#### **Fair value measurement**

Several accounting methods and disclosures of the Group require that the fair values of financial and non-financial assets and liabilities are measured.

The fair value measurement of an asset or a liability is, to the extent possible, based on observable market data. Depending on the input factors used in the valuation models, the fair values are classified to different levels of the fair value hierarchy:

Level 1: Quoted prices (unadjusted) on active markets for identical assets and liabilities;

Level 2: Input other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as price) or indirectly (i.e. based on price);

Level 3: Valuation parameters for assets or liabilities that are not based on observable market data.

With regard to the fair value measurement with non-observable input factors (Level 3), the Group monitors the key input factors on a regular basis and performs valuation adjustments. If information provided by third parties, such as price quotes provided by service agencies, is used to measure fair values, the Group checks the data provided by the third party in terms of whether it meets the requirements under IFRS, including the level in the fair value hierarchy to which this information is to be classified.

If the input factors used to measure the fair value of an asset or a liability can be allocated to different levels of the fair value hierarchy, the measurement of all fair values is classified at the lowest input factor level on which the valuation is based.

The Group records possible reclassification between different levels of the fair value hierarchy at the end of the reporting period in which the changes have occurred.

Further information on the assumptions underlying the measurement of fair values is provided in the section 6. RISK REPORT AND FINANCIAL INSTRUMENTS.

The measurement of the put liabilities recognised in connection with the acquisition of the company in Canada and the company in Thailand is based on estimates. Specifically, the measurement depends on the future EBT<sup>12</sup> or EBIT<sup>13</sup> performance of the companies. These changes in value, however, do not affect the future consolidated net profit as they are recognised directly in retained earnings without any effect on profit or loss.

#### **Impairment of cash generating units**

Estimates are made as part of impairment tests for non-financial assets in order to determine the realisable amount of a cash generating unit. The main assumptions refer to future cash inflows and outflows for the planning period and for subsequent periods. The estimations refer mainly to future market shares and growth in the respective markets. Impairment tests were conducted for all companies with goodwill in 2023. The realisable values of nearly all companies that were tested significantly exceed net asset values of the Group's cash generating units.

#### **Pension obligations**

Discount factors are also to be taken into account in determining the present value of defined benefit pension obligations. Discount factors are determined on the basis of returns that can be generated in the relevant markets at the reporting date on first-rank fixed interest corporate bonds. The amount of the discount factors has a significant influence on the financing status of pension plans. Further material assumptions and the corresponding sensitivity analyses are listed in section 2.11 Employee benefits.

#### **Income taxes**

Estimates of future taxable income and the time at which deferred tax assets are to be realised are used as a basis for calculating deferred tax assets. This includes taking into account planned profits from operating activities, effects on income from the reversal of taxable temporary differences and realisable tax strategies. As future business developments are uncertain and the Group has limited control over these developments, the assumptions made in connection with the recognition of deferred tax assets are made with a significant degree of

uncertainty. On every reporting date, the Einhell Group evaluates the recoverability of deferred tax assets on the basis of planned taxable income in financial years to come. If it is unlikely that taxable income will be available against which the deductible temporary difference can in fact be offset, the value of the deferred tax assets is adjusted accordingly.

#### **Claims and risks from legal action**

Einhell Germany AG and its subsidiaries face risks from several legal proceedings and claims. In our opinion, potential liabilities that may result from these will not have a sustained effect on the Group's net assets, financial position and results of operations.

#### **Leases**

When accounting for leases in accordance with IFRS 16 it may be required in order to determine the term of the lease to exercise discretion when assessing whether unilateral termination and extension options will be or will not be exercised. The Group takes all factors into account that may create an economic incentive for the lessee to exercise, or not to exercise, the respective option. Discretion is also used to determine the discount rate that, in addition to the base rate, also includes a credit margin that depends on the creditworthiness.

## **2. NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

### **2.1 Changes in non-current assets**

Changes in non-current assets (not including other non-current assets and deferred tax assets) are shown in the table on the following page.

### **2.2 Intangible assets**

#### **Acquired and self-developed intangible assets**

Acquired intangible assets mainly include intangible assets acquired in the course of company acquisitions.

When Einhell Australia Pty Ltd. (formerly Ozito Industries Pty Ltd.) was acquired, the Ozito brand was capitalised at EUR 3.3 million. This acquired brand is not depreciated on a straight-line basis as its useful life is unlimited. There is no foreseeable limit to the time period, in which the brand will bring the Company economic benefits. The brand is allocated to the same cash generating unit as the goodwill of the acquired Australian company and is tested for impairment annually together with the goodwill.

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<sup>12</sup> EBT: Earnings before tax

<sup>13</sup> EBIT: Earnings before interest and tax

in EURk	I. Intangible assets			II. Property, plant and equipment				III. Right-of-use assets			Total
	Acquired intangible assets	Self-developed intangible assets	Acquired goodwill	Land and buildings in company assets	Technical Equipment and machinery	Other equipment, operating and office equipment	Assets under construction	Right-of-use assets for land and buildings in company assets	Right-of-use assets for technical equipment and machinery	Right-of-use assets for other equipment, operating and office equipment	
<b>Acquisition and manufacturing cost</b>											
As at 01.01.2023	40,671	7,767	20,389	52,705	30,639	36,488	858	25,767	479	5,083	220,846
Additions	2,259	485	3,530	2,372	345	5,556	3,048	4,615	79	2,419	24,706
Changes in basis of consolidation	6,585	-	-	-	37	86	51	577	-	8	7,344
Disposals	-1,643	-573	-8	-1	-93	-1,802	-	-3,919	-29	-1,363	-9,431
Reclassifications	58	-	-	-67	-	580	-570	-	-	-	-
Currency translation difference	-338	-	-375	-25	-304	-1,547	-1	-719	1	-53	-3,363
As at 31.12.2023	47,591	7,678	23,535	54,984	30,624	39,361	3,386	26,321	530	6,093	240,102
<b>Depreciation and amortisation</b>											
As at 01.01.2023	20,366	7,330	2,579	24,849	8,790	29,463	-	10,610	408	2,460	106,855
Additions	2,539	295	54	1,245	2,284	2,628	-	5,496	60	1,605	16,207
Changes in basis of consolidation	-	-	-	-	-	-	-	-	-	-	-
Disposals	-1,638	-573	-8	-1	-20	-1,803	-	-3,829	-29	-1,320	-9,222
Reclassifications	51	-	-	-341	-	290	-	-	-	-	-
Currency translation difference	-98	-	-	-88	-201	-1,327	-	-303	1	-23	-2,039
As at 31.12.2023	21,220	7,052	2,625	25,664	10,852	29,251	-	11,974	440	2,723	111,800
<b>Net carrying amount as at 31.12.2023</b>	<b>26,371</b>	<b>626</b>	<b>20,910</b>	<b>29,320</b>	<b>19,772</b>	<b>10,110</b>	<b>3,386</b>	<b>14,347</b>	<b>90</b>	<b>3,370</b>	<b>128,302</b>
<b>Acquisition and manufacturing cost</b>											
As at 01.01.2022	26,097	7,416	13,976	51,896	28,092	33,002	324	24,159	529	4,148	189,639
Additions	2,311	351	4,535	891	1,979	2,409	862	1,605	-	2,049	16,990
Changes in basis of consolidation	12,807	-	-	-	518	1,100	-	2,138	-	-	16,563
Disposals	-331	-	-	-	-11	-406	-16	-2,029	-47	-1,112	-3,951
Reclassifications	-	-	-	95	181	31	-307	-	-	-	-
Currency translation difference	-213	-	1,878	-177	-119	352	-5	-106	-3	-2	1,606
As at 31.12.2022	40,671	7,767	20,389	52,705	30,639	36,488	858	25,767	479	5,083	220,846
<b>Depreciation and amortisation</b>											
As at 01.01.2022	18,430	7,051	2,381	23,690	6,275	26,176	-	7,502	345	2,587	94,438
Additions	1,856	278	218	1,258	2,201	2,448	-	4,974	89	1,382	14,705
Changes in basis of consolidation	188	-	-	-	401	951	-	-	-	-	1,540
Disposals	-114	-	-	-	13	-359	-	-1,669	-25	-1,494	-3,648
Reclassifications	-	-	-	-	-	-	-	-	-	-	-
Currency translation difference	5	-	-20	-100	-101	248	-	-197	-2	-15	-180
As at 31.12.2022	20,366	7,330	2,579	24,849	8,790	29,463	-	10,610	408	2,460	106,855
<b>Net carrying amount as at 31.12.2022</b>	<b>20,305</b>	<b>437</b>	<b>17,810</b>	<b>27,857</b>	<b>21,850</b>	<b>7,024</b>	<b>858</b>	<b>15,157</b>	<b>71</b>	<b>2,622</b>	<b>113,991</b>



Along with the acquisition of Outillages King Canada, Inc., the customer base as well as several trademark rights were capitalised. The customer base was valued at EUR 6.2 million and is amortised over seven years. In addition, several trademark rights totalling EUR 6.3 million were capitalised. The highest value in proportion to the rest is attributable to the King Industrial brand worth EUR 5.0 million with an unlimited useful life, i.e. this trademark is not subject to scheduled amortisation. There is no foreseeable limit to the time period, in which the brand will bring the Company economic benefits. The remaining trademark rights acquired in this transaction have a value of EUR 1.3 million and will be amortised over three to five years. The customer base and trademark rights are allocated to the same cash generating unit as the goodwill of the acquired Canadian company and are tested for impairment annually together with the goodwill.

In the course of the acquisition of Surazinsano Co., Ltd., the customer base as well as several trademark rights were capitalised. The customer base was valued at EUR 3.0 million and is amortised over seven years. In addition, several trademark rights totalling EUR 3.4 million were capitalised. The highest value in proportion to the rest is attributable to the Zinsano brand worth EUR 2.9 million with an unlimited useful life, i.e. this trademark is not subject to scheduled amortisation. There is no foreseeable limit to the time period, in which the brand will bring the Company economic benefits. The remaining trademark rights acquired in this transaction have a value of EUR 0.5 million and will be amortised over six to eight years. The customer base and trademark rights are allocated to the same cash generating unit as the goodwill of the acquired Thai company and are tested for impairment annually together with the goodwill.

Self-developed intangible assets mainly comprise expenses arising from the development of self-developed software and new products that are amortised over the expected life cycle of the product. Expenses for product processing amounted to EUR 11,081 thousand (previous year: EUR 9,593 thousand) in financial year 2023, none of which were capitalised in the year under review or the previous year. Furthermore, development costs amounting to EUR 485 thousand (previous year: EUR 351 thousand) were incurred for self-developed software that is to support the optimisation of service procedures within the Einhell Group. These development costs were fully capitalised. 72 people were employed in the field of product processing in financial year 2023 (previous year: 65).

## Goodwill and impairment

Goodwill pertains to the following companies:

in EURk	2023	2022
Einhell Australia Pty Ltd. (formerly Ozito Industries Pty Ltd.), Melbourne/Australia	5,234	5,402
Outillages King Canada, Inc., Dorval/Canada	2,649	2,673
Einhell Turkey Dis Ticaret Anonim Sirketi, Istanbul/Turkey	2,239	2,221
Einhell Holding Gesellschaft m.b.H., Wels/Austria	2,181	2,181
Einhell-Unicore s.r.o., Karlovy Vary/Czech Republic	2,378	2,432
Swisstec Sourcing Vietnam JSC, Thu Dau Mot, Binh Dong/Vietnam	1,870	0
Einhell Finland Oy, Tampere/Finland	1,810	1,810
Surazinsano Co., Ltd., Samutprakarn Province/Thailand	1,541	0
Einhell Romania SRL, Jud Ilfov/Romania	855	860
Einhell South Africa (Pty) Ltd, Cape Town/South Africa	153	171
Mould Star (Pty) Ltd, Cape Town/South Africa	0	60
	<b>20,910</b>	<b>17,810</b>

Goodwill refers to companies that directly helped the Group to enter new markets or gain market shares.

Goodwill of Einhell Holding Gesellschaft m.b.H. is derived from the takeover of Einhell Croatia d.o.o., which is a wholly-owned subsidiary of Einhell Holding Gesellschaft m.b.H.

In accordance with IAS 21.47, goodwill in non-euro countries must be translated at the exchange rate on the reporting date, which results in changes in the goodwill in non-euro countries in financial year 2023.

The recoverability of goodwill is verified in the scope of an annual impairment test. An impairment is recognised if the realisable amount falls below the carrying amount of the respective cash generating unit. The realisable amount is derived from future cash flows as the value in use. Determination of the cash flows is based on economic planning with a planning horizon of five years. We analysed economic developments in the markets relevant for the Einhell Group and took these findings into account.

The cash flow forecasts contain specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined on the basis of the Board of Directors' estimates for the average long-term annual EBIT growth rate and amounts to 1.25% (previous year: 1.25%). The estimate is in line with the assumption that a market participant would make.

The planned EBIT was estimated on the basis of past experience. Revenue growth was forecast on the basis of the average growth rate over the last few years and the estimated revenue volume and price increases in the next five years.

The discount rate is determined on the basis of the weighted cost of equity and borrowed capital. The following discount rates (before tax) were applied to calculate the impairment of goodwill for the companies listed below:

in %	2023	2022
Einhell Australia Pty Ltd. (formerly Ozito Industries Pty Ltd.), Melbourne/Australia	12.95	14.50
Einhell Turkey Dis Ticaret Anonim Sirketi, Istanbul/Turkey	24.61	19.51
Einhell Holding Gesellschaft m.b.H., Wels/Austria	14.86	13.73
Einhell-Unicore s.r.o. Karlovy Vary/Czech Republic	12.61	13.09
Outillages King Canada, Inc., Dorval/Canada	12.51	16.00
Einhell Finland Oy, Tampere/Finland	12.20	12.79

The following parameters were used to determine the cost of equity:

in %	2023	2022
Base rate	2.75	2.00
Market risk premium	7.00	7.50

The base rate was adjusted to the current interest rate level. The market risk premium is multiplied with the beta factor derived from a peer group analysis.

A country-specific risk premium is additionally considered in the calculation of the discount rate for each individual cash generating unit (CGU), meaning that an individual discount rate is calculated for every CGU.

### 2.3 Non-derivative financial assets

in EURk	2023	2022
Non-current	4,634	1,656
Current	1,459	1,974
	<b>6,093</b>	<b>3,630</b>

The non-current non-derivative financial assets consist of shares in a money market fund that serves to hedge pensions, holiday and flexible time entitlements recognised at fair value. Income/expenses from the fund amounts to EUR 36 thousand (previous year: EUR -2 thousand). The expected yield on securities is 1-2% p.a.

The non-current assets item includes the right to deliver contractually agreed fixed delivery volumes over a longer period of time.

The current non-derivative financial assets include commission receivables, supplier debits and advance payments on travel expenses.

### 2.4 Deferred taxes

Deferred tax assets and liabilities of the company are as follows:

in EURk	Deferred tax assets		Deferred tax liabilities		Net amount	
	2023	2022	2023	2022	2023	2022
Acquired/self-developed intangible assets and property, plant and equipment	-210	-80	-4,871	-4,145	-5,081	-4,226
Current assets	6,429	8,523	-561	-1,717	5,868	6,806
Other financial assets at fair value	9,272	8	0	-10,234	9,272	-10,226
Provisions for pensions	-231	-6	110	-284	-121	-290
Provisions for other risks	3,611	4,924	173	442	3,784	5,366
Other liabilities	356	336	-7	656	350	992
Tax losses carried forward	4,026	3,870	0	0	4,026	3,870
	<b>23,253</b>	<b>17,575</b>	<b>-5,156</b>	<b>-15,282</b>	<b>18,097</b>	<b>2,293</b>

The deferred taxes on hedge accounting, securities measured at fair value through other comprehensive income and the remeasurement of pensions – which are shown under deferred taxes on other financial assets – are exclusively recorded in other comprehensive income.

Deferred taxes with respect to the above line items mainly result from the following circumstances:

- Capitalisation and amortisation of development costs.
- Higher tax depreciation of property, plant and equipment leads to tax valuations falling under the carrying amounts.
- The measurement of trade receivables is different from the measurement for the tax base.
- Financial assets accounted for at fair value have different tax values and carrying amounts, because remeasurement is only carried out for accounting purposes and not for tax purposes.
- The measurement of pension provisions is different from the measurement for the tax base.
- In some local financial statements of foreign subsidiaries, deferred expenses may not be deducted for tax purposes until they occur, whereas they can be recognised in profit or loss in the financial statements over a longer period of time.
- Capitalisation of deferred taxes from tax losses carried forward of subsidiaries.

## 2.5 Inventories

in EURk	2023	2022
Raw materials and supplies (at acquisition cost)	2,859	3,964
Finished goods (at acquisition cost less impairment)	360,209	468,250
Advance payments	509	1,260
	<b>363,577</b>	<b>473,473</b>

The inventories recognised in the financial year as expenses correspond to the expenses for raw materials and supplies and purchased goods shown in cost of materials (see section 3.4 Cost of materials).

As at the reporting date, impairment losses of EUR 10,241 thousand (previous year: EUR 12,400 thousand) were recognised on inventories. The

Group's inventories in Canada and Vietnam are assigned as collateral up to a value of EUR 12,359 thousand (previous year: EUR 10,380 thousand in Canada) as at the reporting date. In financial year 2023, inventory write-downs of EUR 11,349 thousand (previous year: EUR 17,821 thousand) were recognised through profit or loss in the statement of income.

## 2.6 Trade receivables

Trade receivables refers to amounts owed by customers for goods sold or services rendered in the usual course of business. Usually, they must be paid within one year and are therefore classified as current. At initial recognition, trade receivables are recorded at the amount of the unconditional consideration. If they contain significant financing components, however, they must be recognised at fair value. The Group holds trade receivables in order to collect contractual cash flows and subsequently measures them at amortised cost by applying the effective interest rate method.

### Changes in impairments

in EURk	2023	2022
<b>Amount at the beginning of the year</b>	<b>1,533</b>	<b>3,303</b>
Reversal of value-adjustments	-517	-2,470
Impairments for bad debts	683	517
Amounts received for receivables written off	-117	-193
Currency translation difference	19	376
<b>Amount at the end of the year</b>	<b>1,601</b>	<b>1,533</b>

The Group's methods for recognising and calculating impairments are described in more detail in section 6.2 Default risk.

## 2.7 Derivative financial assets

in EURk	2023	2022
Non-current derivative financial instruments included in hedge accounting	4	5,553
Non-current financial assets measured at fair value through profit or loss	0	0
	<b>4</b>	<b>5,553</b>

in EURk	2023	2022
Current derivative financial instruments included in hedge accounting	6,701	34,176
Current financial assets measured at fair value through profit or loss	1,085	3,213
	<b>7,786</b>	<b>37,389</b>

Unrealised gains/losses from derivative financial instruments included in hedge accounting are taken directly to equity after deduction of deferred taxes (further information on derivative financial assets is provided in the section 6. RISK REPORT AND FINANCIAL INSTRUMENTS).

## 2.8 Other non-financial assets

in EURk	2023	2022
Non-current	4,990	3,410
Current	24,624	27,979
	<b>29,614</b>	<b>31,389</b>

The other non-current assets item consists mainly of VAT receivables amounting to EUR 16,612 thousand (previous year: EUR 22,677 thousand). The highest VAT receivables are recognised at our sourcing companies in China and at Einhell Germany AG.

## 2.9 Equity

### Subscribed capital

The share capital of Einhell Germany AG is unchanged from the previous year and divided as follows as at 31 December 2023:

	2023	2023
	Number	EUR
<b>Ordinary shares</b>		
Ordinary bearer shares (no-par), each with an arithmetic interest in share capital of EUR 2.56	2,094,400	5,361,664.00
<b>Preference shares</b>		
Non-voting preference bearer shares (no-par), each with an arithmetic interest in share capital of EUR 2.56	1,680,000	4,300,800.00
<b>Total share capital</b>	<b>3,774,400</b>	<b>9,662,464.00</b>

All shares are fully paid up. The dividend proposal for Einhell Germany AG amounts to EUR 10,820,096.00 for financial year 2023 (previous year: EUR 10,820,096.00). The distribution amount corresponds to a dividend of EUR 2.90 per preference share (previous year:

EUR 2.90) and EUR 2.84 per ordinary share (previous year: EUR 2.84).

A minimum of EUR 0.15 per share must be paid out to the holders of preference shares and has preference over the dividend to ordinary shareholders. The dividend per preference share is EUR 0.06 higher than the dividend per ordinary share. If the net profit in one or several financial years does not suffice to pay a dividend of EUR 0.15 per preference share, the missing amounts will be paid without interest from the net profit of subsequent financial years after the minimum preference share dividend for these financial years has been paid and before distribution of a dividend for ordinary shares. There are no distributions from minimum dividends outstanding. The preference shares do not carry any voting rights. All shares are of equal rank with regard to residual assets of the Company. The ordinary shares hold voting rights in the Annual General Meeting.

### Capital reserve

The capital reserve consists of premiums on the issue of shares.

### Retained earnings and consolidated net profit

This item includes the Group's accumulated net profit from previous years less dividend payments. The Annual General Meeting on 23 June 2023 resolved to pay a dividend in the total amount of EUR 10,820,096.00. Dividend payouts are based on the profit for the year that is available pursuant to German commercial law provisions. The other changes in retained earnings are mainly caused by the change in value of put liabilities.

### Capital management

The capital management of the Group has the objective to safeguard the going concern of the Group in the long term and generate attractive returns for the shareholders. Capital management instruments include the distribution of dividends. In its capital management activities, the Group complies with the statutory regulations on capital maintenance. The articles of association state no capital requirements.

Equity in the statement of financial position amounts to EUR 354,947 thousand on 31 December 2023 (previous year: EUR 366,836 thousand), while the equity ratio amounts to 43.8% as at 31 December 2023 (previous year: 43.5%). The Einhell Group is working towards an equity ratio of around 50% in the long term.

For short-term financing, the Einhell Group relies on its credit lines with banks, whereas a KfW loan was taken out for medium to long-term financing.

Einhell Germany AG furthermore took out promissory note loans totalling EUR 75.0 million in financial year

2021. The maturities are five years for a tranche of EUR 50.0 million and seven years for a tranche of EUR 25.0 million. The promissory note loans do not require any collateral or covenants and are due upon maturity. The interest rates are fixed and do not include any variable components.

The aim is to achieve a balanced maturity profile and to optimise debt financing conditions.

## 2.10 Non-controlling interest

in EURk	2023	2022
<b>1 January</b>	<b>11,305</b>	<b>3,413</b>
Capital contributions	3,510	7,622
Disposals	-1,342	0
Dividends	-612	-643
Unrealised gains/losses from currency translation (= share in other comprehensive income)	67	-133
Share in consolidated net profit	1,070	1,046
<b>31 December</b>	<b>13,998</b>	<b>11,305</b>

The share of minority interests in total assets is relatively small. In Group equity, the share amounts to approximately 4% (previous year: 3%). Minority interests are not measured at fair value.

The shares of other shareholder in the subsidiaries Outillages King Canada Inc., Dorval/Canada and Surazinsano Co., Ltd., Samutprakarn Province/Thailand are relevant for the Einhell Group. The share held by minority shareholders in either company is 33.33%. The total amount of other shareholders' shares breaks down as follows as at 31 December 2023:

in EURk	31.12.2023	31.12.2022
Outillages King Canada Inc.	8,388	7,727
Surazinsano Co., Ltd.	3,563	0
Other	2,047	3,578
<b>Total</b>	<b>13,998</b>	<b>11,305</b>

The following tables show the financial information for the minority shares in the two relevant companies. The figures are based on a 100% share in the companies.

in EURk	Outillages King Canada Inc.	
	31.12.2023	31.12.2022
<b>Notes to the statement of income</b>		
Revenue	36,548	34,463
Earnings after tax	2,955	2,021
Earnings after tax attributable to minorities	701	225
<b>Notes to the statement of financial position</b>		
Non-current assets	4,106	4,466
Current assets	23,014	22,121
Non-current liabilities	1,491	1,947
Current liabilities	8,880	10,723

Please note with regard to Surazinsano Co., Ltd. that this company has only been part of the Einhell Group since 1 June 2023, which is why no prior-year information exists.

in EURk	Surazinsano Co., Ltd.
	31.12.2023
<b>Notes to the statement of income</b>	
Revenue	8,180
Earnings after tax	939
Earnings after tax attributable to minorities	77
<b>Notes to the statement of financial position</b>	
Non-current assets	398
Current assets	12,317
Non-current liabilities	240
Current liabilities	6,717

No dividends were distributed to the minority shareholders of our Canadian or Thai subsidiaries.

The amount of cash and cash equivalents at Outillages King Canada Inc. has not changed significantly. Cash and cash equivalents at Surazinsano Co., Ltd. decreased by EUR 3,832 thousand since the time of acquisition.

## 2.11 Employee benefits

Benefits resulting from pension obligations are based on the length of employment. The obligations comprise both benefits from pensions that are already being paid and rights to future pension payments.



Current and former members of the Board of Directors as well as a small number of employees of Einhell Germany AG and iSC GmbH, who entered the companies prior to 1993, have vested pension rights in the form of a direct benefit commitment. The defined benefit obligations are based on individual contractual stipulations. No entitlement to a universal benefit plan can be derived based on the entry date. The individual pension entitlement is defined based on a fixed pension amount in euro per year of employment. The Company took out reinsurance to cover the basic entitlements. The ultimate responsibility for the pension obligations lies with the Company. Einhell Schweiz AG is required to enter an affiliation contract with a pension fund to comply with statutory requirements. By law, the pension fund has to cover at least the occupational pension.

The discount factor for the obligations of the German companies used for future beneficiaries is 3.20%

(previous year: 3.90%) while the interest rate used for pensioners is 3.20% (previous year: 3.80%). A discount rate of 1.50% (previous year: 2.30%) was used for Switzerland. As in the previous year, the rate for pension progression for commitments with adjustment guarantee was 3.00%. No rate of compensation increase was available for non-salary based obligations and for commitments without adjustment guarantee. The salary trend assumed for Switzerland is 1.00% (previous year: 1.00%). The mortality in connection with the obligations in Germany was determined on the basis of the Heubeck mortality tables (Heubeck-Richttafeln RT 2018 G), while the mortality in Switzerland is based on the BVG 2020 Generationentafeln.

The defined benefit obligations (DBO) developed as follows in financial year 2023:

<b>Defined benefit obligations (DBO) in EURk</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>1 January</b>	<b>5,152</b>	<b>6,948</b>	<b>7,234</b>	<b>6,180</b>	<b>5,620</b>
Current service expense (personnel expenses)	148	259	277	246	121
Interest expense (personnel expenses)	163	56	36	53	82
Actuarial losses and gains from changes in financial assumptions	497	-2,213	-536	646	754
Pension payments	-267	-31	-237	41	-82
Payments from employees	82	77	69	65	61
Other changes	76	-27	0	0	-451
Currency translation difference	194	83	105	3	75
<b>31 December</b>	<b>6,045</b>	<b>5,152</b>	<b>6,948</b>	<b>7,234</b>	<b>6,180</b>

Plan assets developed as follows in financial year 2023:

<b>Plan assets in EURk</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>1 January</b>	<b>2,683</b>	<b>2,494</b>	<b>2,319</b>	<b>1,964</b>	<b>2,245</b>
Interest income	0	0	0	0	0
Other changes	82	134	98	354	-333
Currency translation difference	164	55	77	1	52
<b>31 December</b>	<b>2,929</b>	<b>2,683</b>	<b>2,494</b>	<b>2,319</b>	<b>1,964</b>

<b>in EURk</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Present value of defined benefit obligations	6,045	5,152	6,948	7,234	6,180
less fair value of plan assets	-2,929	-2,683	-2,494	-2,319	-1,964
<b>Net obligations</b>	<b>3,116</b>	<b>2,469</b>	<b>4,454</b>	<b>4,915</b>	<b>4,216</b>

Actuarial gains and losses refer primarily to changes in the discount rate. Expenses from obligations regarding employee benefits are shown in personnel expenses. The pension provisions shown in the statement of financial position on the reporting date equal the defined benefit obligations offset against the fair value of plan assets.

The expected return on plan assets is 2-3%.

Plan assets comprise:

in EURk	2023	2022
Pension funds	689	665
Qualified insurances	2,240	2,018
	<b>2,929</b>	<b>2,683</b>

The fair value was determined on the basis of observable market prices (level 1).

Benefits to be paid in the future are estimated as follows:

in EURk	from plan assets
2024	200
2025	205
2026	209
2027	214
2028	218
	<b>1,046</b>

There were no significant changes compared to the previous year.

Employer payments for plan assets will amount to around EUR 237 thousand in the next year (previous year: EUR 217 thousand).

In Germany, the weighted average term of defined benefit obligations for pensions is 15.4 years (previous year: 14.8 years) or 14.2 years (previous year: 14.6 years) respectively, while in Switzerland it is 15.5 years (previous year: 14.2 years).

#### Sensitivity analysis for benefit obligations

Sensitivity analyses are usually performed using the following parameters:

- Actuarial interest rate
- Salary trend
- Rate for pension progression
- Life expectancy

The existing benefit obligations of Einhell Germany AG are not linked to salary, making a calculation on the basis of the salary trend obsolete, as the defined benefit obligations remain unchanged if the salary

trend rises or falls by 0.25%. The guaranteed adjustment of current benefits for existing pension obligations by 3% is fixed and not linked to the inflation rate. Therefore, a change in the rate for pension progression by +/-0.25% has no effect on the obligation, likewise rendering a sensitivity analysis obsolete, as the DBO remains unchanged.

Therefore, the sensitivity analysis only refers to the actuarial interest rate and life expectancy, whereby the latter only applies to obligations regarding future pension payments as a longer life expectancy has no effect on capital commitments.

in EURk		2023
<b>Einhell Germany AG</b>		
Actuarial interest rate +0.5%	3.70% future beneficiaries, 3.70% pensioners	3,001
Actuarial interest rate -0.5%	2.70% future beneficiaries, 2.70% pensioners	3,495
Life expectancy +1 year		3,382
<b>iSC GmbH</b>		
Actuarial interest rate +0.5%	3.70% future beneficiaries, 3.70% pensioners	68
Actuarial interest rate -0.5%	2.70% future beneficiaries, 2.70% pensioners	78
Life expectancy +1 year		75
<b>Einhell Schweiz AG</b>		
Actuarial interest rate +0.25		2,285
Actuarial interest rate -0.25		2,848
Salary trend +0.25		2,389
Salary trend -0.25		2,355
Life expectancy +1 year		2,402
Life expectancy -1 year		2,343

in EURk		2022
<b>Einhell Germany AG</b>		
Actuarial interest rate +0.5%	4.40% future beneficiaries, 4.30% pensioners	2,649
Actuarial interest rate -0.5%	3.40% future beneficiaries, 3.30% pensioners	3,059
Life expectancy +1 year		2,967
<b>iSC GmbH</b>		
Actuarial interest rate +0.5%	4.40% future beneficiaries, 4.30% pensioners	50
Actuarial interest rate -0.5%	3.40% future beneficiaries, 3.30% pensioners	58
Life expectancy +1 year		56
<b>Einhell Schweiz AG</b>		
Actuarial interest rate +0.25		2,180
Actuarial interest rate -0.25		2,337
Salary trend +0.25		2,268
Salary trend -0.25		2,244
Life expectancy +1 year		2,282
Life expectancy -1 year		2,230

The sensitivity analyses are isolated analyses of the respective effects, while all other assumptions remain constant.

### Risks

Risks from benefit obligations arise from the investment in plan assets. These risks might entail the requirement to pay additional capital into the plan assets to be able to meet current and future pension obligations.

### Demographic/biometric risks

A large share of the benefit obligations pertains to life-long benefits and pensions for surviving dependants. Early retirement or longer benefit payments may lead to higher pension expenses and higher pension payments than previously anticipated.

The Einhell Group does not take any specific measures to balance out any potential risks that might arise. Given the overall amount of commitments, pension obligations are no major risk for the Einhell Group, and therefore no further reinsurance is needed.

In addition to pension obligations, the following employee benefits exist:

in EURk	2023	2022
Long-term employee benefits	4,975	4,723
Short-term employee benefits	26,177	25,841

The long-term employee benefits include commitments by Einhell Germany AG towards some members of the Board of Directors, whose entitlements accrue on a pro-rata basis over the term of their office. The entitlements each become fully vested after a maximum period of 12 years. The amount of the entitlement is based on the annual salary plus the average bonus of the last three years. Payment is expected as from the date the employee leaves the company. The obligation is measured on the basis of the current business planning.

### 2.12 Provisions for other risks

in EURk	Warranty and guarantees	Others	Total
<b>1 Jan 23</b>	<b>12,993</b>	<b>8,623</b>	<b>21,616</b>
Utilisation	6,806	2,251	9,057
Reversals	778	2,532	3,310
Additions	7,173	3,603	10,776
Currency translation effects and other changes	-175	-204	-379
<b>31 Dec 23</b>	<b>12,407</b>	<b>7,239</b>	<b>19,646</b>

in EURk	Warranty and guarantees	Others	Total
<b>31 Dec 22</b>			
Non-current	0	550	550
Current	12,407	6,689	19,096
<b>31 Dec 22</b>			
Non-current	0	516	516
Current	12,993	8,107	21,100

Miscellaneous other provisions mainly comprise provisions for agreements with customers. The interest effect from discounting non-current provisions with a remaining term of more than one year is immaterial.

The non-current provisions also include provisions of Einhell Italia for compensation payments for free sales agents.

### 2.13 Liabilities from debt capital

in EURk	2023	2022
<b>Non-current</b>		
Loans, secured	0	0
Loans, unsecured	92,237	88,281
	<b>92,237</b>	<b>88,281</b>

in EURk	2023	2022
<b>Current</b>		
Loans and overdrafts, secured	7,639	6,977
Loans and overdrafts, unsecured	9,200	95,889
	<b>16,839</b>	<b>102,866</b>
thereof non-current loans maturing in the short term	3,498	3,125
thereof loans and overdrafts maturing in the short term	13,341	99,741

Liabilities from debt capital are secured by collateral totalling EUR 17,371 thousand (previous year: EUR 11,807 thousand). This refers mainly to assets of the subsidiaries in Canada and Vietnam (previous year: Canada) that were furnished as security.

The Einhell Group has conventional lines of credit at its disposal that were only partially utilised in financial year 2023. Cash and cash equivalents, as well as equity, stood at very good levels in the reporting year.

In financial year 2018, Einhell Germany AG took out long-term loans of EUR 25 million from three different banks. The loans are subject to a subsidy programme provided by the German development bank KfW and have a term of 10 years. The first repayments were made in June 2020, the last are to be made at the end of March 2028. The loan agreements also contain a financial covenant. This covenant refers to the interest cover ratio. The interest rates are fixed and do not include any variable components. Einhell Germany AG complied with this covenant in financial year 2023.

Einhell Germany AG took out promissory note loans totalling EUR 75 million in financial year 2021. The maturities are five years for a tranche of EUR 50 million and seven years for a tranche of EUR 25 million. The promissory note loans do not require any collateral or covenants and are due upon maturity. The interest

rates are fixed and do not include any variable components.

Einhell Germany AG took out a long-term loan from a bank in the amount of EUR 7.5 million in financial year 2023. The loan is granted in connection with a subsidy programme provided by KfW and has a term of six years. The first repayment is due in December 2024 and the last in September 2029. The loan will be used for the new office building in Landau. Einhell will receive repayment grants totalling a maximum of EUR 0.95 million if the building achieves the planned energy efficiency standards. In this case, the repayment grants will reduce the term of the loan accordingly. The loan agreement contains a financial covenant, which refers to the interest cover ratio. The interest rates are fixed and do not include any variable components. Einhell Germany AG complied with this covenant in financial year 2023.

### 2.14 Non-derivative financial liabilities

in EURk	2023	2022
Non-current	18,542	16,297
Current	40,694	38,130
	<b>59,236</b>	<b>54,427</b>

Non-derivative financial liabilities include the purchase price liability (contingent consideration and put liability) for the acquisition of Einhell South Africa and Mould Star totalling EUR 1,604 thousand (previous year: EUR 2,075 thousand). In 2023, besides the purchase price liabilities in South Africa, this items also includes purchase price liabilities for King Canada of EUR 12,530 thousand (previous year: EUR 13,481 thousand) and EUR 344 thousand for Einhell Finland (previous year: EUR 688 thousand). In addition to the aforementioned liabilities, the figures for 2023 also include the new companies in Vietnam (EUR 1,900 thousand) and Thailand (EUR 4,559 thousand). The remaining shares in the Polish subsidiary were bought in 2023 and recognised in the amount of EUR 478 thousand. In addition to these liabilities, current non-derivative financial liabilities include customer compensation totalling EUR 16,431 thousand (previous year: EUR 17,416 thousand) and liabilities from outstanding invoices in the amount of EUR 9,973 thousand (previous year: EUR 10,621 thousand).

### 2.15 Contract liabilities

Contract liabilities include repayment obligations from customer contracts amounting to EUR 721 thousand (previous year: EUR 668 thousand). These liabilities refer to the Group's obligation to take back delivered goods in the following year. The Group's right to

reclaim goods, in turn, was recognised under “contract assets”.

## 2.16 Derivative financial liabilities

in EURk	2023	2022
Non-current derivative financial instruments included in hedge accounting	21,454	5,053
Non-current financial liabilities measured at fair value through profit or loss	0	0
	<b>21,454</b>	<b>5,053</b>

in EURk	2023	2022
Current derivative financial instruments included in hedge accounting	14,343	2,969
Current financial liabilities measured at fair value through profit or loss	2,954	2,688
	<b>17,297</b>	<b>5,657</b>

Unrealised gains/losses from derivative financial instruments included in hedge accounting are taken directly to equity after deduction of deferred taxes.

## 2.17 Lease liabilities

The adoption of IFRS 16 results in lease liabilities in the following amounts as at 31 December 2023:

in EURk	2023	2022
Non-current	12,604	11,923
Current	5,623	6,171
	<b>18,227</b>	<b>18,094</b>

## 2.18 Other non-financial liabilities

in EURk	2023	2022
Non-current	2	3
Current	7,632	9,195
	<b>7,634</b>	<b>9,198</b>

Other non-financial liabilities mainly include other tax liabilities.

## 3. NOTES TO THE CONSOLIDATED STATEMENT OF INCOME

### 3.1 Revenue

The Einhell Group mainly generates revenue from selling manually operated, petrol-powered and electronic tools, electrical tool accessories, metal and plastic products for DIY, garden and leisure activities, and air-conditioning and heating products.

The Einhell Group only generates revenue from contracts with customers in accordance with IFRS 15.

For the Einhell Group, revenue is always recognised at a point in time. There are no products and services, for which revenue is recognised over a period of time.

65% of revenue (previous year: 65%) was contributed by the Tools segment, while the Garden & Leisure segment contributed 35% (previous year: 35%).

The geographic allocation of the revenue figures below to segments is based on the registered office of the invoicing party. The allocation of revenues was changed in financial year 2023 as the Production and Sourcing Companies segment was added. In the financial year, the Production and Sourcing Companies segment comprised Swisstec Sourcing Vietnam JSC, the future battery production company EINHELL Operations Kft., the Chinese subsidiaries and the two companies in Hong Kong. The two companies in South Africa were reclassified to the Other Countries segment for the year before. The distribution companies continue to be allocated to regions.

This division of the Einhell Group continues to reflect its internal management and reporting structures. The figures for the previous year were reclassified accordingly.

Business activities of the Einhell Group focus exclusively on the distribution of goods.



in EURk and %	2023		2022		Change	
D/A/CH	373,047	38.4	403,792	39.1	-30,745	-7.6
Western Europe	186,834	19.2	187,433	18.1	-599	-0.3
Eastern Europe	102,521	10.6	91,646	8.9	10,875	11.9
Overseas and Other Countries	256,819	26.4	276,700	26.8	-19,881	-7.2
Production and Sourcing Companies	52,304	5.4	72,944	7.1	-20,640	-28.3
<b>Total</b>	<b>971,525</b>	<b>100.0</b>	<b>1,032,515</b>	<b>100.0</b>	<b>-60,990</b>	<b>-5.9</b>

### 3.2 Other own work capitalised

Own work capitalised amounts to EUR 731 thousand in the financial year (previous year: EUR 396 thousand) and mainly refers to the development of own software solutions.

### 3.3 Other operating income

in EURk	2023	2022
Income from the reversal of provisions	3,310	5,495
Commission income	1,006	1,819
Income from costs charged to suppliers (waste disposal, freight)	353	248
Income from the receipt of receivables that had been written off and from the reversal of the allowance for doubtful receivables	118	2,470
Proceeds from disposal of fixed assets	98	64
Income from damage compensation	200	255
Income from PV plant	553	665
Benefits in kind	502	479
Release of advertising subsidies	4,225	6,082
Income from the reversal of accounts payable	4,288	0
Other income	4,121	272
<b>Total</b>	<b>18,774</b>	<b>17,849</b>

### 3.4 Cost of materials

in EURk	2023	2022
Expenses for raw materials and supplies and purchased goods	583,454	658,881
Expenses for purchased services	210	220
<b>Total</b>	<b>583,665</b>	<b>659,101</b>

### 3.5 Personnel expenses

in EURk	2023	2022
Wages and salaries	110,871	101,268
Social security contributions	12,026	10,989
Employer contribution to pension insurance	5,954	5,692
Expenses for old-age pensions	765	789
<b>Total</b>	<b>129,616</b>	<b>118,738</b>

### Number of employees (annual average)

	2023	2022
D/A/CH	825	777
Western Europe	229	222
Eastern Europe	254	242
Overseas and Other Countries	597	364
Production and Sourcing Companies	404	358
<b>Total</b>	<b>2,309</b>	<b>1,963</b>

The allocation is in line with the restructured segments. The figures for the previous year were adjusted accordingly.

The increase in headcount was partly driven by the acquisition of the new companies in Thailand and Vietnam.

### 3.6 Depreciation and amortisation

in EURk	2023	2022
Amortisation of intangible assets (without goodwill)	2,834	2,134
Goodwill impairment	54	218
Depreciation of property, plant and equipment	6,157	5,907
Depreciation of right-of-use assets according to IFRS 16	7,161	6,445
<b>Total</b>	<b>16,207</b>	<b>14,705</b>

### 3.7 Other operating expenses

in EURk	2023	2022
Expenses for buildings including maintenance of fixed assets	3,515	3,488
Legal and consulting expenses	5,248	5,588
Expenses for external stock keeping	17,964	20,050
Expenses on freight outward	31,760	33,920
Advertising expenses	65,857	56,303
Logistics costs	2,847	3,407
Commission expenses	4,946	4,162
Fleet expenses	2,245	2,185
Product-related technical expenses/service expenses	2,339	582
Additions to warranty and guarantee provisions/other provisions	689	1,937
Expenses for hardware and software as well as office equipment	5,638	5,124
Insurance expenses	2,534	2,524
Travel costs	4,092	3,115
Communication expenses	1,006	921
Fees and contributions	1,806	1,693
Waste disposal costs	3,664	3,465
Office supplies	663	560
Other taxes	1,256	1,017
Expenses for hyperinflation	5,878	3,291
Miscellaneous other operating expenses	15,849	11,850
<b>Total</b>	<b>179,795</b>	<b>165,182</b>

### 3.8 Financial result

in EURk	2023	2022
Interest income	1,867	356
Interest expenses	-6,443	-5,168
Expenses/income from currency translation/hedging	-1,091	-269
<b>Financial result</b>	<b>-5,667</b>	<b>-5,081</b>
thereof expenses/income from derivatives not subject to hedge accounting	-1,505	-4,388

### 3.9 Income taxes

in EURk	2023	2022
Actual tax expenses	20,142	24,436
Deferred taxes	3,694	2,200
<b>Total</b>	<b>23,836</b>	<b>26,636</b>

In measuring a capitalised asset for future tax relief, the probability of recovery of the anticipated tax relief is also taken into account. Deferred taxes for hedge accounting and securities that are measured at fair value through other comprehensive income are only recognised in other comprehensive income. Deferred tax assets on such changes in the fair value amount to EUR 9,272 thousand (previous year: EUR 8 thousand), while the corresponding deferred tax liabilities come out to EUR 0 thousand (previous year: EUR 10,234 thousand).

In enactment of the Council Directive (EU) 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union, Germany has passed the "Mindeststeuergesetz" (Minimum Tax Act, OECD Pillar-II). Other countries in which Einhell Germany AG operates, particularly in the European Union, have also enacted or are in the process of enacting similar legislation to ensure a global minimum level of taxation. The Minimum Tax Act only applies to Einhell Germany AG from 2024, which is why there was no actual tax expense under this Act as at the reporting date. Furthermore, the Einhell Group makes use of the exception provision of IAS 12.4A, according to which no deferred taxes need to be recognised in connection with the global minimum taxation. The Einhell Group carried out an impact analysis, in which the expected future minimum tax burden was analysed on the basis of the information available as at the reporting date (historical data and projections). Einhell Germany AG does not expect the Minimum Tax Act to have any major impact in 2024.

The subsidiaries capitalised deferred taxes from loss carryforwards of EUR 4,026 thousand (previous year: EUR 3,870 thousand). Loss carryforwards that are classified as non-recoverable, because either no profit is expected or they cannot be carried forward, are not included in the calculation of deferred tax assets. In 2023, no deferred taxes were recognised for loss carryforwards of EUR 11,439 thousand (previous year: EUR 2,668 thousand).

The temporary differences between the IFRS carrying amounts of interests in subsidiaries and the tax-related values of such interests (so-called outside basis differences) that could result in deferred taxes amount to EUR 6,912 thousand as at the reporting date (previous year: EUR 6,609 thousand) and did not give rise to the recognition of deferred taxes as the Einhell Group is able to control their reversal and they will not reverse in the foreseeable future.

The reconciliation of the income tax amount with the theoretical amount that would have been applicable if

the relevant tax rate in the Company's country of domicile had been applied, is as follows:

in EURk	2023	2022
Expected tax expenses	22,619	26,231
Tax expenses/income from intra-Group income/expenses	-583	378
Goodwill impairment	16	65
Other non-tax-deductible expenses	5,138	3,588
Differing foreign tax rates	-2,445	-4,011
Tax-free income	-1,219	-648
Current losses without deferred taxes/utilisation of loss carryforwards without deferred taxes	1,504	875
Changes in loss carryforwards	-544	-785
Taxes of previous years	-650	943
<b>Reported tax expenses</b>	<b>23,836</b>	<b>26,636</b>

The table shows the reconciliation of tax expenses anticipated in the financial year with the respective reported tax expenses. The anticipated tax expense is calculated by multiplying earnings before taxes with the domestic total tax rate applicable in the financial year of 30.0% (previous year: 30.0%).

### 3.10 Earnings per share

Earnings per share are calculated by dividing the earnings share of Einhell Germany AG's shareholders by the weighted average number of ordinary and preference shares outstanding in the financial year. In 2023 and 2022, there were no dilution effects on the number of shares. Therefore, diluted earnings per share equal the basic earnings per share.

The articles of association of Einhell Germany AG stipulate that preference shareholders are entitled to a dividend that is EUR 0.06 higher than the dividend paid out to the holders of ordinary shares.

Number of shares or in EURk	2023	2022
Ordinary shares basic/diluted	2,094,400	2,094,400
Preference shares basic/diluted	1,680,000	1,680,000
Earnings after tax	51,561	60,800
Non-controlling interest	1,070	1,046
<b>Earnings after tax and non-controlling interests</b>	<b>50,491</b>	<b>59,754</b>
thereof earnings attributable to ordinary shares basic/diluted	27,961	33,101
thereof earnings attributable to preference shares basic/diluted	22,530	26,653
Earnings per ordinary share basic/diluted	13.35	15.80
Earnings per preference share basic/diluted	13.41	15.86

## 4. SEGMENT REPORTING

The allocation of distribution companies to the individual regions is based on the relevant Group company's registered office. Companies regarded as homogenous based on their company structure, sales market and customer structure were bundled in segments. The production and sourcing companies were allocated to a separate segment. Internal reporting reflects these structures and is presented to the Board of Directors and the Supervisory Board on a regular basis.

"Production and Sourcing Companies" was added as a new segment in the financial year. This segment contains the companies in China and Hong Kong, the new battery production company EINHELL Operations Kft. and the company in Vietnam. The Overseas segment was renamed to Overseas and Other Countries.

The results from the previous year were regrouped in line with the new structure. The two companies in South Africa, which had previously been included in Other Countries, were allocated to the Overseas and Other Countries region.

The reconciliation item almost exclusively comprises consolidation effects.

2023 in EURk	Revenue by invoicing party	Revenue by invoice recipient	EBT <sup>14</sup>	Depreciation and amortisation
D/A/CH	373,047	378,990	30,391	6,289
Western Europe	186,834	218,588	9,178	1,820
Eastern Europe	102,521	108,662	7,494	991
Overseas and Other Countries	256,819	265,286	23,380	4,606
Production and Sourcing Companies	52,304	0	1,098	2,501
Reconciliation	0	0	3,856	0
<b>Einhell Group</b>	<b>971,525</b>	<b>971,525</b>	<b>75,397</b>	<b>16,207</b>

The companies in Germany generated revenue of EUR 340,206 thousand. The companies with the highest revenue in Western and Eastern Europe are Einhell SAS (France) with revenue of EUR 61,206 thousand, Einhell Italia with revenue of EUR 36,584 thousand, Einhell UK with revenue of EUR 30,602 thousand and Comercial Einhell (Spain) with revenue of EUR 30,442 thousand.

Revenue in the Overseas and Other Countries region was generated primarily by the subsidiaries in South America, Australia and Canada. As a result of the reclassification, revenue of the companies in South Africa is also allocated to this segment. As of this financial year, the new subsidiary in Thailand is also included in this region. The largest contribution to

revenue and earnings was made by Einhell Australia Pty Ltd. (formerly Ozito Industries Pty Ltd.) with revenue of EUR 169,157 thousand, mostly generated in Australia. Revenue in the Production and Sourcing Companies segment is largely generated by the sourcing companies in Hong Kong. It is generated through direct FOB (Direct sales) sales to third parties.

Two customers accounted for more than 10% each of the Einhell Group's revenue in financial year 2023. With one customer, EUR 162,158 thousand were generated and allocated to revenue in the Overseas and Other Countries region. With another customer, revenue of EUR 182,769 thousand was generated and recognised in all of the different regions.

2023 in EURk	Financial result	Interest income	Interest expenses	Non-current assets excl. deferred tax assets <sup>15</sup>
D/A/CH	3,244	9,678	-5,719	66,118
Western Europe	-3,233	23	-3,326	8,410
Eastern Europe	-2,841	226	-2,987	11,436
Overseas and Other Countries	-1,954	1,847	-3,926	39,575
Production and Sourcing Companies	-683	673	-1,009	12,391
Reconciliation	-200	-10,580	10,524	0
<b>Einhell Group</b>	<b>-5,667</b>	<b>1,867</b>	<b>-6,443</b>	<b>137,930</b>

The share of non-current assets pertaining to Germany is EUR 63,107 thousand. The countries with the highest other assets are Canada with EUR 14,809 thousand,

Australia with EUR 13,685 thousand and China with EUR 8,637 thousand.

<sup>14</sup> EBT: Earnings before tax

<sup>15</sup> The non-current assets excluding deferred taxes include the items intangible assets, property, plant and equipment, right-of-use assets, non-derivative financial assets, derivative financial assets and other non-financial assets.

<b>2023 in EURk</b>	<b>Inventories</b>	<b>Depreciation of inventories</b>
D/A/CH	162,401	7,567
Western Europe	69,011	1,033
Eastern Europe	43,028	1,271
Overseas and Other Countries	89,521	1,478
Production and Sourcing Companies	14,712	0
Reconciliation	-15,096	0
<b>Einhell Group</b>	<b>363,577</b>	<b>11,349</b>

<b>2022 in EURk</b>	<b>Revenue by invoicing party</b>	<b>Revenue by invoice recipient</b>	<b>EBT</b>	<b>Depreciation and amortisation</b>
D/A/CH	403,792	433,032	34,661	5,801
Western Europe	187,433	203,161	11,941	1,494
Eastern Europe	91,646	99,156	7,103	1,179
Overseas and Other Countries	276,700	297,166	22,063	3,952
Production and Sourcing Companies	72,944	0	11,006	2,279
Reconciliation	0	0	662	0
<b>Einhell Group</b>	<b>1,032,515</b>	<b>1,032,515</b>	<b>87,436</b>	<b>14,705</b>

The companies in Germany generated revenue of EUR 372,093 thousand. The companies with the highest revenue in Western and Eastern Europe are Einhell SAS (France) with revenue of EUR 63,731 thousand, Einhell Italia with revenue of EUR 39,232 thousand and Comercial Einhell (Spain) with revenue of EUR 34,348 thousand.

Revenue in the Overseas and Other Countries region was generated primarily by the subsidiaries in South America, Australia and Canada. The largest contribution to revenue and earnings was made by

Einhell Australia Pty Ltd. (formerly Ozito Industries Pty Ltd.), Australia with revenue of EUR 186,325 thousand, mostly generated in Australia. Revenue in the new Production and Sourcing Companies segment is largely generated by the sourcing companies in Hong Kong.

In financial year 2022, EUR 176,435 thousand had been generated with one customer, corresponding to more than 10% of the Einhell Group's revenue. This revenue was generated in the Overseas and Other Countries region.

<b>2022 in EURk</b>	<b>Financial result</b>	<b>Interest income</b>	<b>Interest expenses</b>	<b>Non-current assets excl. deferred tax assets</b>
D/A/CH	5,549	8,396	-3,250	62,407
Western Europe	-2,994	1	-2,995	7,771
Eastern Europe	-2,339	82	-3,449	10,829
Overseas and Other Countries	-3,506	344	-3,376	34,265
Production and Sourcing Companies	-1,502	386	-1,015	9,338
Reconciliation	-289	-8,853	8,917	0
<b>Einhell Group</b>	<b>-5,081</b>	<b>356</b>	<b>-5,168</b>	<b>124,610</b>



The share of non-current assets pertaining to Germany is EUR 59,942 thousand. The countries with the highest other assets are Canada with EUR 16,310 thousand,

Australia with EUR 14,948 thousand and China with EUR 9,338 thousand.

<b>2022 in EURk</b>	<b>Inventories</b>	<b>Depreciation of inventories</b>
D/A/CH	207,739	7,147
Western Europe	104,873	2,170
Eastern Europe	59,173	5,914
Overseas and Other Countries	107,492	2,590
Production and Sourcing Companies	15,358	0
Reconciliation	-21,162	0
<b>Einhell Group</b>	<b>473,473</b>	<b>17,821</b>

## 5. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statement of cash flows shows the development of cash flows by inflows and outflows in connection with operating, investing and financing activities.

### Cash and non-cash changes in liabilities from debt capital:

<b>2023 in EURk</b>	<b>Liabilities to banks</b>	<b>Lease obligations</b>	<b>Liabilities from debt capital</b>
1 January	191,147	18,094	209,241
Cash changes	-84,034	-7,775	-91,809
Non-cash changes	0	7,113	7,113
Changes from currency translation	0	195	195
Changes in basis of consolidation	1,963	600	2,563
<b>31 December</b>	<b>109,076</b>	<b>18,227</b>	<b>127,303</b>

<b>2022 in EURk</b>	<b>Liabilities to banks</b>	<b>Lease obligations</b>	<b>Liabilities from debt capital</b>
1 January	182,281	18,647	200,928
Cash changes	2,140	-6,052	-3,912
Non-cash changes	0	3,654	3,654
Changes from currency translation	1,560	-293	1,267
Changes in basis of consolidation	5,166	2,138	7,304
<b>31 December</b>	<b>191,147</b>	<b>18,094</b>	<b>209,241</b>

## 6. RISK REPORT AND FINANCIAL INSTRUMENTS

### 6.1 Financial risk management

The Einhell Group operates internationally and is thus exposed to market risks from changes to interest rates (section 6.3 Interest risks) and exchange rates (section 6.5 Foreign currency risks). 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. The Einhell Group monitors the current market environment to assess these risks.

We do not see any additional need for impairment on non-financial assets because of climate or environmental effects as there is no dependency in this respect.

### 6.2 Default risk

Default risks arise from cash and cash equivalents and contractual cash flows from debt instruments that are recognised at amortised cost or at fair value through other comprehensive income. We do not expect any material default risks from these items in the statement of financial position. The carrying amount is the maximum default risk.

Derivatives are acquired from reputable financial institutions; therefore, the Group expects that the maximum default risk from derivatives is covered by their positive market value.

The Einhell Group's most significant exposure to default risks refers to its creditor relationships with wholesale and retail customers (outstanding trade receivables).

#### Risk management

To minimise the supplier default risk, both the procurement and project management teams work with the finance department to develop joint hedging concepts that are constantly validated and improved whenever required.

Einhell's corporate policy is to minimise default risk from customer receivables by using instruments that are customary in international practice. These help Einhell evaluate the default risks of the ordering company for each order based on the relevant economic situation. To counter the risks associated with new customers and high-risk countries in particular, Einhell sometimes uses letters of credit. In

the offer phase, the sales and finance departments jointly decide on what collateral is required and adjust these requirements when the orders are placed. Einhell also uses external information from banks and credit agencies to support the risk assessment process whenever this is expedient.

The maximum default risk corresponds to the carrying amount of the receivables. Trade receivables pertain to DIY chains, specialist retailers and discounters and amount to EUR 149,833 thousand (previous year: EUR 143,700 thousand). In financial year 2023, there were no significant receivables for which new terms of payment were agreed. The payment terms vary from country to country and range from 30 to 180 days.

#### Collateral

For some trade receivables, the Group may request collateral in the form of sureties or letters of credit, which the Group can rely on under the terms of the contract if the contracting party defaults on its payment.

#### Impairment of financial assets

The Group classifies each receivable in terms of its default risk.

in EURk	Default risk categories	2023	2022
Trade receivables	1	150,511	143,717
Trade receivables with impaired creditworthiness	2	923	1,517

Impairments of trade receivables are always measured at the amount of the expected credit loss over the term of the contract. In order to determine the expected credit loss, the receivables are allocated to different bands that reflect the time they have been past due.

Whenever this is required, the rates thus determined are multiplied by scaling factors in order to account for the differences between economic conditions.

When estimating expected credit losses, the Group takes into account appropriate and reliable information that is relevant and available without any unreasonable effort or cost. This includes both quantitative and qualitative information and analyses based on the Group's past experience and well-founded assessment, including forward-looking information.

The following table contains information on the default risk and the expected credit losses for trade receivables as at 31 December 2023.

<b>2023 in EURk</b>	<b>Loss rate</b>	<b>Gross carrying amount</b>	<b>Value-adjustment</b>	<b>Creditworthiness impaired</b>
Low risk	0.13%	138,767	187	No
Medium risk	1.97%	3,012	59	No
Below average	4.95%	8,732	432	No
Doubtful	0%	0	0	Yes
Loss	100.00%	923	923	Yes
		<b>151,434</b>	<b>1,601</b>	

<b>2022 in EURk</b>	<b>Loss rate</b>	<b>Gross carrying amount</b>	<b>Value-adjustment</b>	<b>Creditworthiness impaired</b>
Low risk	0.01%	143,108	10	No
Medium risk	0.91%	454	4	No
Below average	1.51%	154	2	No
Doubtful	100.00%	202	202	Yes
Loss	100.00%	1,315	1,315	Yes
		<b>145,233</b>	<b>1,533</b>	

The maximum default risk corresponds to the carrying amount of the receivables. 84% (previous year: 87%) of total gross receivables are not yet due as at the reporting date.

The creditworthiness of trade receivables is deemed impaired if there are indications that they cannot be expected to be paid beyond any doubt. This is the case, for instance, if there are concrete signs of non-payment, such as insolvency.

The Group considers financial assets, save for trade receivables, to be in default if

- it is unlikely that the debtor will be able to pay its credit obligation in full to the Group without the Group having recourse to measures such as the realisation of collateral (if any); or
- the financial asset is more than 360 days past due as, based on past experience, it is highly unlikely that the payment will be made.

### 6.3 Interest risk

The interest risk of the Einhell Group stems mainly from interest-bearing financial liabilities.

The existing KfW loans and the promissory note loan with a volume of approx. EUR 96 million are long-term and have fixed interest rates. Group management decided not to hedge the interest risks of the short-term financing arrangements as key interest rates are expected to be lowered in 2024.

The Group is exposed to a cash flow risk from balance sheet items (cash and cash equivalents and liabilities from debt capital) that are subject to variable interest rates. A change in the market interest rate of 1% would have an effect on the interest result as at the reporting

date of EUR 861 thousand (previous year: EUR 891 thousand).

### 6.4 Liquidity risk

Liquidity risk is the possibility that a company will no longer be in a position to meet its financial obligations (such as repayment of financial liabilities or payment of orders). The Einhell Group limits this risk by using effective management of net working capital and cash and traditional credit lines from reputable banks. At the reporting date, the Group had approx. EUR 262.8 million in credit lines at its disposal for the operating business (previous year: EUR 292.1 million). The Group also keeps a constant eye on the financial markets for financing opportunities in order to secure the financial flexibility of the Einhell Group and limit excessive refinancing risks.

The following table shows all contractual payments as at 31 December 2023 for repayments, redemptions and interest for non-current financial liabilities recognised in the statement of financial position.

<b>2023 in EURk</b>	<b>2025</b>	<b>2026 - 2028</b>	<b>2029 ff.</b>
Non-current liabilities to banks	5,332	87,713	1,134
Purchase price and other liabilities	1,105	19,254	0
Lease liabilities	5,261	7,256	87

<b>2022 in EURk</b>	<b>2024</b>	<b>2025 – 2027</b>	<b>2028 ff.</b>
Non-current liabilities to banks	3,671	60,609	25,970
Purchase price and other liabilities	306	18,375	0
Lease liabilities	4,054	7,107	762

The risk associated with the cash flows shown in the table is limited to cash outflows. Trade payables and other financial liabilities result mainly from financing operating assets (such as property, plant and equipment) and from investments in working capital (such as inventories and trade receivables). These asset values are taken into account in the effective management of the total liquidity risk. Risk management was extended and strengthened by implementing a Group-wide, Excel-based risk management information system.

Current liabilities are not shown separately as they were paid in 2023 and the effect of discounting is immaterial. The payment obligations thus basically equal their carrying amounts.

#### **Cash inflows and outflows from foreign exchange contracts**

<b>2023 in EURk</b>	<b>Total</b>	<b>of which non-current</b>
Cash inflows with positive market values	353,733	1,810
Cash outflows with positive market values	345,895	1,770
Cash inflows with negative market values	1,084,384	604,866
Cash outflows with negative market values	1,103,901	614,454
<b>Total cash inflows</b>	<b>1,438,117</b>	<b>606,676</b>
<b>Total cash outflows</b>	<b>1,449,797</b>	<b>616,224</b>

<b>2022 in EURk</b>	<b>Total</b>	<b>of which non-current</b>
Cash inflows with positive market values	822,546	192,660
Cash outflows with positive market values	774,360	183,155
Cash inflows with negative market values	522,727	181,440
Cash outflows with negative market values	524,395	178,953
<b>Total cash inflows</b>	<b>1,345,273</b>	<b>374,100</b>
<b>Total cash outflows</b>	<b>1,298,755</b>	<b>362,108</b>

Sensitivities are specified in section 6.5 Foreign currency risk.

#### **6.5 Foreign currency risk**

Due to the international nature of its operations, the Einhell Group is exposed to currency risk. To manage and minimise this risk, the Einhell Group uses derivative financial instruments with a maximum maturity of three years. In the year under review and in the previous year, the remaining terms did not exceed four years as at the reporting date. The foreign currency risk management system of the Einhell Group has been successfully operated for several years.

Fluctuations in exchange rates can lead to undesirable and unpredictable earnings and cash flow volatility. This affects each company in the Einhell Group that trades with international partners in a currency that is not the functional currency (the relevant national currency). Within the Group, this applies in particular to procurement, which is usually denominated in USD and CNY. Einhell products, in contrast, are mainly sold in the relevant national currency. Planned purchases in USD and CNY are mostly hedged, so there is no concentration of risk here.

Companies in the Einhell Group are forbidden to buy or sell foreign currencies for speculative purposes. Intra-Group financing or investments are, where possible, made in the relevant national currencies or using currency hedges via the parent company. The currency futures that are recognised at fair value through profit or loss mainly pertain to such currency hedges taken out by Einhell Germany AG to hedge internal loans.

The Group designates currency futures to hedge currency risk from procurement transactions and applies a hedging ratio of 1:1.

Given the short-term nature of the USD and CNY payment terms, the USD and CNY exposure from financial instruments pertains mainly to derivative financial instruments. An exchange rate fluctuation of 10% would lead to a currency translation gain or loss before tax of EUR 90,074 thousand or EUR - 112,992 thousand, respectively, which, under cash flow hedge accounting, would be recognised in other comprehensive income.

Currency translation gains and losses are calculated on the basis of the exchange rates and the interest rates for the respective currency on the reporting date. This data is used to compute notional market values, which are then compared with the market values as at the reporting date.

2023 Currency	in EURk	Change in exchange rate +10%	Change in exchange rate - 10%
CNY		-108,518	86,442
USD		-4,565	3,744
Other		91	-112
<b>Total effect</b>		<b>-112,992</b>	<b>90,074</b>

2022 Currency	in EURk	Change in exchange rate +10%	Change in exchange rate - 10%
CNY		-95,512	100,173
USD		-4,398	5,404
Other		321	-347
<b>Total effect</b>		<b>-99,589</b>	<b>105,230</b>

The derivative financial instruments are only used to hedge the procurement of goods. A 10% change in exchange rates for derivative financial instruments that are not shown under hedge accounting would result in pre-tax exchange rate gains or losses of EUR 5,483 thousand or EUR -8,257 thousand, respectively.

2023 Currency	in EURk	Change in exchange rate +10%	Change in exchange rate -10%
CNY		-11,337	9,391
USD		554	-792
GBP		1,202	-1,468
AUD		333	-436
Other		991	-1,212
<b>Total effect</b>		<b>-8,257</b>	<b>5,483</b>

2022 Currency	in EURk	Change in exchange rate +10%	Change in exchange rate -10%
CNY		-6,459	7,732
USD		1,561	-1,934
GBP		1,949	-2,384
AUD		890	-1,088
Other		1,300	-1,592
<b>Total effect</b>		<b>-759</b>	<b>734</b>

The nominal volume of derivative financial instruments is equivalent to the total of gross purchase price and sales price amounts (not offset against each other) agreed between the parties and is therefore not a reliable indicator for Group risk from the use of derivative financial instruments. Risks and opportunities are reflected in the market value, which

is equivalent to the cash value of the derivative financial instruments at the reporting date.

### Positive and negative market values of derivative financial instruments

2023 in EURk	Gross amount shown	Offsetting amount	Net amount shown
Derivatives with positive market values	7,790	0	7,790
Derivatives with negative market values	38,751	0	38,751

2022 in EURk	Gross amount	Offsetting amount	Net amount
Derivatives with positive market values	42,942	0	42,942
Derivatives with negative market values	10,710	0	10,710

The table shows the potential effects of the offsetting of financial assets and financial liabilities that are based on legally enforceable master netting arrangements or similar contracts. Einhell may only offset financial assets and financial liabilities as per IAS 32 if it has a legal right of set-off and Einhell actually intends to settle on a net basis.

### Financial instruments with a positive market value from cash flow hedge

in EURk	Nominal volume		Market value	
	2023	2022	2023	2022
Long-term currency futures	1,810	192,660	4	5,553
Short-term currency futures	311,172	515,305	6,701	34,176
	<b>312,982</b>	<b>707,966</b>	<b>6,705</b>	<b>39,729</b>

### Financial instruments with a negative market value from cash flow hedge

in EURk	Nominal volume		Market value	
	2023	2022	2023	2022
Long-term currency futures	602,316	181,440	21,454	5,053
Short-term currency futures	376,024	239,341	14,343	2,969
	<b>978,340</b>	<b>420,781</b>	<b>35,797</b>	<b>8,022</b>

The underlying transactions refer to contracted and planned purchases. Most of the cash flows are expected within a period of 24 months and are



recognised in the acquisition cost of inventories. Ineffectiveness resulting from cash flow hedges is immaterial to hedge accounting due to the short-term nature of the hedge transactions. The main reasons for ineffectiveness of these hedging relationships are:

- the effect of counterparty and Group credit risk on the fair value of forward foreign exchange contracts, which is not reflected in the change in fair value of the hedged cash flows attributable to changes in foreign exchange rates;
- changes in the timing of hedged transactions.

The nominal volume of derivatives that have a maturity of more than twelve months on the reporting date amounts to EUR 604,126 thousand. The market value of the derivatives amounts to EUR -21,450 thousand.

The changes in the reserve for cash flow hedges is illustrated in the statement of changes in equity.

### Cash flow hedging

The Group mainly controls and monitors market risks through its operating business activities and uses derivative financial instruments whenever required.

The Group held the following instruments to hedge against currency translation risks as at 31 December 2023:

2023	Maturity	
Hedge against material currency translation risks	up to one year	more than one year
<b>Currency futures</b>		
Net risk in EURk	469,818	606,676
<b>Hedge against material currency translation risks</b>	<b>Delta reporting date rate vs. hedging rate in %</b>	
CNY	-8% to 11%	-1% to 3%
USD	-6% to 43%	0%
GBP	0%	
TRY	-18% to -1%	

2022	Maturity	
Hedge against material currency translation risks	up to one year	more than one year
<b>Currency futures</b>		
Net risk in EURk	686,467	374,100
<b>Hedge against material currency translation risks</b>	<b>Delta reporting date rate vs. hedging rate in %</b>	
CNY	-13% to 6%	-4% to 18%
USD	-29% to 5%	-5%
GBP	-2% to 4%	
AUD	-1% to 0%	

### 6.6 Market values and carrying amounts of financial instruments

Pursuant to IFRS 9, financial instruments (assets and liabilities) are allocated to different measurement categories. The allocation to a particular measurement category determines whether the financial instrument is measured at its fair value. The following table shows the carrying amount and fair value for the individual categories and the measurement category in the statement of financial position. The fair values are provided by banks or determined on the basis of generally accepted measurement models. The initial recognition parameters used in these models are the relevant observable market prices at the reporting date, such as volatilities and forward rates, and interest rates. For current assets and liabilities, the carrying amounts provide a good indication of the fair value.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy. It does not include any information on the fair values of financial assets and financial liabilities that were not measured at fair value if the carrying amount provides an appropriate approximation to the fair value.

2023	CARRYING AMOUNT						FAIR VALUE				
in EURk	Measurement at FVTPL is mandatory - others	Contingent consideration at fair value	Fair value - hedging instruments	Financial assets at amortised cost	FVOCI - equity instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>											
Currency futures for hedging purposes			6,705				6,705		6,705		6,705
Hedging derivatives not subject to hedge accounting	1,085						1,085		1,085		1,085
Non-derivative financial assets					343		343		343		343
	<b>1,085</b>	<b>0</b>	<b>6,705</b>	<b>0</b>	<b>343</b>	<b>0</b>	<b>8,133</b>	<b>0</b>	<b>8,133</b>	<b>0</b>	<b>8,133</b>
<b>Financial assets not measured at fair value</b>											
Trade receivables				149,833			149,833				
Non-derivative financial assets				5,750			5,750				
Cash and cash equivalents				99,445			99,445				
	<b>0</b>	<b>0</b>	<b>0</b>	<b>255,028</b>	<b>0</b>	<b>0</b>	<b>255,028</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financial liabilities measured at fair value</b>											
Currency futures for hedging purposes			35,798				35,798		35,798		35,798
Hedging derivatives not subject to hedge accounting	2,953						2,953		2,953		2,953
Contingent consideration		2,673					2,673			2,673	2,673
	<b>2,953</b>	<b>2,673</b>	<b>35,798</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>41,424</b>	<b>0</b>	<b>38,751</b>	<b>2,673</b>	<b>41,424</b>
<b>Financial liabilities not measured at fair value</b>											
Loans and overdrafts (secured, unsecured)						109,076	109,076		95,105		95,105
Trade payables						154,291	154,291				
Non-derivative financial liabilities (without consideration)						56,563	56,563		52,830		52,830
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>319,930</b>	<b>319,930</b>	<b>0</b>	<b>147,935</b>	<b>0</b>	<b>147,935</b>

2022 in EURk	CARRYING AMOUNT						FAIR VALUE				
	Measurement at FVTPL is mandatory - others	Contingent consideration at fair value	Fair value - hedging instruments	Financial assets at amortised cost	FVOCI - equity instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>											
Currency futures for hedging purposes			39,729				<b>39,729</b>		39,729		<b>39,729</b>
Hedging derivatives not subject to hedge accounting	3,213						<b>3,213</b>		3,213		<b>3,213</b>
Non-derivative financial assets					330		<b>330</b>		330		<b>330</b>
	<b>3,213</b>	<b>0</b>	<b>39,729</b>	<b>0</b>	<b>330</b>	<b>0</b>	<b>43,272</b>	<b>0</b>	<b>43,272</b>	<b>0</b>	<b>43,272</b>
<b>Financial assets not measured at fair value</b>											
Trade receivables				143,700			<b>143,700</b>				
Non-derivative financial assets				3,300			<b>3,300</b>				
Cash and cash equivalents				10,662			<b>10,662</b>				
	<b>0</b>	<b>0</b>	<b>0</b>	<b>157,662</b>	<b>0</b>	<b>0</b>	<b>157,662</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financial liabilities measured at fair value</b>											
Currency futures for hedging purposes			8,022				<b>8,022</b>		8,022		<b>8,022</b>
Hedging derivatives not subject to hedge accounting	2,688						<b>2,688</b>		2,688		<b>2,688</b>
Contingent consideration		1,183					<b>1,183</b>			1,183	<b>1,183</b>
	<b>2,688</b>	<b>1,183</b>	<b>8,022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,893</b>	<b>0</b>	<b>10,710</b>	<b>1,183</b>	<b>11,893</b>
<b>Financial liabilities not measured at fair value</b>											
Loans and overdrafts (secured, unsecured)						191,147	<b>191,147</b>		177,921		<b>177,921</b>
Trade payables						116,281	<b>116,281</b>				
Non-derivative financial liabilities (without consideration)						53,244	<b>53,244</b>		49,685		<b>49,685</b>
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>360,672</b>	<b>360,672</b>	<b>0</b>	<b>227,606</b>	<b>0</b>	<b>227,606</b>

Net gains and net losses from financial instruments include measurement results, expenses from impairment, results from currency translation and interest, and any other effects on profit or loss in connection with financial instruments. The item Contingent consideration recognised at FVTPL includes the earnings effects from the earnout liabilities of Einhell South Africa (Pty) Ltd, Mould Star (Pty) Ltd, Einhell Finland Oy, Swisstec Sourcing Vietnam JSC and Surazinsano Co., Ltd.

#### Net gains and net losses from financial instruments

in EURk	2023	2022
<b>Financial assets and liabilities for which measurement at FVTPL is mandatory</b>	<b>-1,505</b>	<b>-4,388</b>
of which interest result	0	0
<b>at amortised cost</b>	<b>-3,264</b>	<b>2,032</b>
Financial assets	562	1,875
of which interest result	1,867	356
Financial liabilities	-3,826	157
of which interest result	-5,496	-4,589
<b>Contingent consideration recognised at FVTPL</b>	<b>929</b>	<b>213</b>
of which interest result	-303	-39

#### Fair value measurement

##### a) Valuation techniques and material, unobservable input factors

The following table shows the valuation techniques that were used to measure Level 2 and Level 3 fair values as well as the material, unobservable input factors that were applied:

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE			
Type	Valuation technique	Material, unobservable input factors	Relation between material, unobservable input factors and measurement at fair value
Contingent consideration	Discounted cash flows: The valuation model considers the present value of expected payments, discounted for a risk-adjusted discount rate.	Forecast annual EBT as per the most recent adopted business planning (up to approx. EUR 4,405 thousand p.a.; previous year: EUR 1,605 thousand p.a.) multiplied by a contractually defined factor.	The estimated fair value would rise/fall if: <ul style="list-style-type: none"> <li>the annual average revenue growth rate were higher/lower</li> <li>the EBT margin were higher/lower</li> <li>the risk-related discount rate were lower/higher</li> </ul> A change in the annual revenue growth rate automatically entails a change in EBT in the same direction.
Equity investments	Market comparison method: The valuation model is based on price quotes by brokers. Similar contracts are traded on an active market, and the price quotes reflect actual transactions for similar instruments.	N/A	N/A
Currency futures	Forward rate pricing: The fair value is determined by using forward rates quoted on the reporting date and net cash value calculations that are based on yield curves with strong creditworthiness in the corresponding currencies.	N/A	N/A

FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE			
Type	Valuation technique	Material, unobservable input factors	Relation between material, unobservable input factors and measurement at fair value
Loans and overdrafts (secured, unsecured)	Discounted cash flows	N/A	N/A
Non-derivative financial liabilities (without contingent consideration)	Discounted cash flows: The valuation model considers the present value of expected payments, discounted at a risk-adjusted discount rate.	Forecast annual EBT as per the most recent, adopted business planning multiplied by a contractually defined factor.	The estimated fair value would rise/fall if: <ul style="list-style-type: none"> <li>• the annual average revenue growth rate were higher/lower,</li> <li>• the EBT margin were higher/lower,</li> <li>• the risk-related discount rate were lower/higher.</li> </ul> A change in the annual revenue growth rate automatically entails a change in EBT in the same direction.

#### b) Reclassifications between Level 1 and Level 2

In 2022 and 2023, no reclassifications were performed in either direction.

#### c) Level 3 fair value measurements

Reconciliation of Level 3 fair value measurements:

Contingent consideration in EURk	2023	2022
<b>1 January</b>	<b>1,183</b>	<b>725</b>
Earnout payment Einhell South Africa (Pty) Ltd	-114	-13
Adjustment of earnout liability Einhell South Africa (Pty) Ltd	-290	-233
Loss of Einhell South Africa (Pty) Ltd. recognised in borrowing expenses	-25	0
Earnout payment Mould Star (Pty) Ltd	-28	0
Adjustment of earnout liability Mould Star (Pty) Ltd	-35	16
Loss recognised in borrowing expenses	-3	0
Addition of earnout liability Einhell Finland Oy	0	736
Adjustment of earnout liability Einhell Finland Oy	-344	-48
Loss of Einhell Finland Oy recognised in borrowing expenses	0	0
Addition earnout liability Swisstec Sourcing Vietnam JSC	2,321	0
Adjustment of earnout liability	-309	0
Loss recognised in borrowing expenses	-112	0
Addition of earnout liability Surazinsano Co., Ltd.	240	0
Loss recognised in borrowing expenses	-117	0
Adjustment of earnout liability	306	0
<b>31 December</b>	<b>2,673</b>	<b>1,183</b>

There were no reclassifications from or to Level 3.



## 7. OTHER NOTES

### 7.1 Lease contracts

The Einhell Group has only entered into lease contracts in which it is the lessee.

The Group rents primarily warehouses and office buildings. The term of the leases is based on the agreements in the lease contract. Depending on the contract, lease payments are renegotiated after expiration of definite terms in order to reflect market rents. Some lease contracts provide for additional rental payments based on changes in local price indices. Certain lease agreements prohibit the Group from entering into subleases.

The warehouse and office leases were concluded many years ago as combined leases of land and buildings.

In addition, the Group leases vehicles and IT hardware with contractual terms of between one and five years.

For lease contracts that are either short term and/or refer to leases of low-value assets, the Group has not recognised any right-of-use assets or lease liabilities.

Additional information on the right-of-use assets recognised in the statement of financial position is provided in the statement of assets (see section 2.1 Changes in non-current assets). A maturity analysis of lease liabilities is provided in section 6.4 Liquidity risk.

#### Amounts recognised in the statement of income

in EURk	2023	2022
<b>Lease contracts according to IFRS 16</b>		
Interest expenses	480	483
Expenses for short-term leases	33	72
Expenses for leases of low-value assets	18	16

#### Amounts recognised in the cash flow statement

in EURk	2023	2022
Total cash outflow for lease contracts	7,775	6,623

### Extension options

Some leases contain extension options that can be exercised by the Group up to one year before the end of the non-cancellable lease term. Wherever possible, the Group aims to include extension options when concluding new leases in order to ensure operational flexibility. The extension options are usually only exercisable by the Group and not by the lessor. The

Group assesses on the commencement date whether the exercise of extension options is reasonably certain. The Group reassesses whether it is reasonably certain that an extension option will be exercised if a significant event or significant change in circumstances occurs.

The Group has recognised potential future lease payments as lease liabilities, provided that the extension options are likely to be exercised.

### 7.2 Other financial obligations

The other financial obligations from orders outstanding amounted to EUR 182,768 thousand as at the reporting date (previous year: EUR 144,421 thousand).

### 7.3 Corporate Governance Code

The Board of Directors and the Supervisory Board of Einhell Germany AG have made the declaration of compliance prescribed by Section 161 of the German Stock Corporation Act (AktG) and made this permanently available to shareholders on the Group's website at [www.einhell.com](http://www.einhell.com).

### 7.4 Related party disclosures

On 24 October 2002, Thannhuber AG, Landau a. d. Isar, submitted a notification pursuant to Section 21 (1) of the Securities Trading Act (WpHG) that its share of voting rights in Einhell Germany AG had exceeded the 75% threshold on 13 October 2002. Thannhuber AG is therefore the controlling shareholder of Einhell Germany AG. The following shareholdings and interlocking directorships exist between Thannhuber AG and Einhell Germany AG:

- Philipp Thannhuber (Deputy Chairman of the Supervisory Board of Einhell Germany AG) is a shareholder and member of the board of Thannhuber AG.
- Dr Markus Thannhuber (member of the Board of Directors of Einhell Germany AG) is a shareholder and deputy chairman of the supervisory board of Thannhuber AG.

In financial year 2023, Philipp Thannhuber and Dr Markus Thannhuber received remuneration for their activities in the corporate bodies of Einhell Germany AG.

Other related parties are the members of the Supervisory Board and the Board of Directors of Einhell Germany AG.

The transactions of group companies with the related parties are, without exception, related to the ordinary business activities of the parties involved and were concluded at arm's length conditions, i.e. conditions

that are also granted to other third-party manufacturers.

A report pursuant to Section 312 of the German Stock Corporation Act (AktG) was prepared on Einhell Germany AG's relationships with affiliated companies, which is concluded with the following statement: "During the period under review, Einhell Germany AG did not enter into any legal transactions with Thannhuber AG, or in the interest or at the request of Thannhuber AG, and did not take or refrain from taking any measures that would have disadvantaged Einhell Germany AG."

### 7.5 Remuneration of the Board of Directors and the Supervisory Board

Remuneration of key management personnel comprises:

(in EURk)	LONG-TERM	
	2023	2022
Non-performance based components	0	0
Performance-based components	0	0
Decrease (previous year: increase) of other entitlements	-34	397
	<b>-34</b>	<b>397</b>

(in EURk)	SHORT-TERM	
	2023	2022
Non-performance based components	1,434	1,366
Performance-based components	9,443	10,469
Increase in other entitlements	0	0
	<b>10,877</b>	<b>11,835</b>

The additions to pension provisions amount to EUR 76 thousand (previous year: EUR 143 thousand). The final balance of the defined benefit obligations for active members of the Board of Directors amounts to EUR 1,489 thousand (previous year: EUR 1,159 thousand).

Members of the Board of Directors receive fixed and performance-based variable remuneration of a short-term nature. The performance-based components

depend on consolidated net profit, segment earnings in the previous financial year, growth of Group assets and personal targets. The members of the Board of Directors hold shares in Einhell Germany AG.

Pension provisions for this group of persons totalling EUR 11,970 thousand (previous year: EUR 13,171 thousand) were recognised in liabilities. EUR 4,106 thousand thereof (previous year: EUR 4,140 thousand) refer to commitments by Einhell Germany AG towards some members of the Board of Directors, whose claims accrue on a pro-rata basis over the term of their office. The entitlements each become fully vested after a maximum period of 12 years.

Pension provisions of EUR 1,418 thousand (previous year: EUR 1,391 thousand) were set aside for former members of the Board of Directors. Pension benefits in the amount of EUR 129 thousand (previous year: EUR 125 thousand) were paid out to former members of the Board of Directors during the year under review.

The total remuneration of the Supervisory Board amounted to EUR 203 thousand (previous year: EUR 162 thousand) in the past financial year.

No loans or share options or similar arrangements were granted to members of the Board of Directors or the Supervisory Board.

### 7.6 Auditor fees

Fees for the auditor Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft, Nuremberg entered as expense amount to EUR 255 thousand in the year under review (previous year: EUR 265 thousand). The fees pertain to the audits of the annual accounts and the consolidated financial statements. Fees of EUR 13 thousand (previous year: EUR 12 thousand) were recognised for other services related to the audit of the system for compliance with requirements resulting from Section 20 (1) of the Securities Trading Act (WpHG).

### 7.7 Events after the reporting date

No further events took place after the reporting date that could have a significant impact on net assets, financial position and results of operations.

## 8. LIST OF SHAREHOLDINGS

31 December 2023	Capital Share in %	Equity in EURk	Net income in EURk
iSC GmbH, Landau a. d. Isar/Germany	100.0	1,158	13
Hansi Anhai Far East Ltd., Hong Kong/China	100.0	128	-2,222
HAFE Trading Ltd., Hong Kong/China	100.0	1,951	-1,381
Hans Einhell China (Chongqing) Co. Ltd., Chongqing/China	100.0	2,154	21
Hansi Anhai Youyang Import & Export Co. Ltd., Chongqing/China	100.0	3,154	2,983
Hans Einhell (Shanghai) Trading Co., Ltd., Shanghai/China	100.0	1,226	21
Einhell Österreich Gesellschaft m.b.H., Vienna/Austria	100.0	2,695	1,626
Einhell Portugal – Comércio Int., Lda., Arcozelo/Portugal	100.0	6,069	333
Einhell Nederland B.V., Breda/Netherlands	100.0	1,125	246
Einhell Italia s.r.l., Milan/Italy	100.0	26,024	2,826
Comercial Einhell S.A., Madrid/Spain	100.0	13,112	1,579
Einhell Polska Sp. z o.o., Wroclaw/Poland	100.0	6,518	204
Einhell Hungaria Kft., Budapest/Hungary	100.0	4,569	532
Einhell Schweiz AG, Elsau/Switzerland	100.0	5,646	1,127
Einhell UK Ltd., Wirral/UK	100.0	6,172	85
Einhell Bulgaria OOD., Varna/Bulgaria	67.0	787	211
Einhell Croatia d.o.o., Sveti Križ Začretje/Croatia	100.0	11,789	2,131
Einhell BiH d.o.o., Vitez/Bosnia	66.7	4,516	781
Einhell d.o.o. Beograd, Belgrade/Serbia	100.0	1,924	-89
Einhell Romania SRL, Jud Ilfov/Romania	100.0	2,963	-623
Svenska Einhell AB, Malmö/Sweden	100.0	19	-2
Einhell Holding Gesellschaft m.b.H., Wels/Austria	100.0	10,147	1,941
Einhell-Unicore s.r.o., Carlsbad/Czech Republic	100.0	2,249	-58
Einhell Turkey Dis Ticaret Anonim Sirketi, Istanbul/Turkey	100.0	5,994	1,804
Einhell Hellas A.E., Athens/Greece	100.0	2,246	-288
Einhell Chile S.A., Santiago/Chile	100.0	9,058	-1,010
Einhell Nordic AS, Lystrup/Denmark	51.0	753	-161
Einhell France SAS, Villepinte/France	100.0	16,422	3,514
Einhell Argentina S.A., Buenos Aires/Argentina	100.0	2,971	-1,536
kwb Germany GmbH, Stuhr/Germany	100.0	198	-3,983
Einhell LLC, St. Petersburg/Russia	100.0	9,021	496
Hans Einhell Ukraine LLC, Kiev/Ukraine	100.0	1,681	302
Einhell Holding Australia Pty. Ltd., Melbourne/Australia	100.0	24,286	12,195
Einhell Colombia S.A.S., Bogota/Colombia	100.0	370	-914
Einhell Australia Pty Ltd. <sup>16</sup> , Melbourne/Australia	100.0	39,944	15,051
ECOMMERCE System GmbH, Landau a. d. Isar/Germany	100.0	2,994	0
ECOMMERCE System s.r.o., Prague/Czech Republic	90.0	220	-82
Einhell South Africa (Pty) Ltd <sup>17</sup> , Cape Town/South Africa	100.0	905	137
Mould Star (Pty) Ltd, Cape Town/South Africa	100.0	230	52
Einhell Electro Machinery Technology Co. Ltd., Kunshan City/China	100.0	14,487	781
Einhell Uruguay S.A., Montevideo/Uruguay	100.0	628	456
Einhell US Holding Inc., Dover/USA	100.0	98	0
Einhell Canada Holding Ltd., Vancouver/Canada	100.0	18,034	-7
Outillages King Canada Inc., Dorval/Canada	66.7	16,750	2,955
Einhell Finland Oy, Tampere/Finland	100.0	169	-2,081
Suomen Einhell Oy, Tampere/Finland	100.0	28	-8
Swisstec Sourcing Vietnam JSC, Thu Dau Mot, Binh Dong/Vietnam	100.0	1,653	427
EINHELL Operations Kft., Budapest/Hungary	100.0	3,391	-154
Surazinsano Co., Ltd., Samutprakarn Province/Thailand	66.7	5,758	939

The figures for equity and earnings correspond to the figures shown in the annual financial statements that are all uniformly prepared in accordance with IFRS. Equity figures in foreign currency are converted at the exchange rate on the reporting date, while earnings figures are converted at the average rate.

<sup>16</sup> formerly Ozito Industries Pty Ltd.

<sup>17</sup> formerly Lawn Star (Pty) Ltd.

## 9. CORPORATE BODIES

### 9.1 The Board of Directors

In financial year 2023, the Board of Directors of Einhell Germany AG comprised:

- **Andreas Kroiss, Linz/Austria (Chairman)**  
Sales and distribution, procurement, marketing, product management and corporate strategy
- **Jan Teichert, Metten**  
Finance and accounting, taxes, internal audit, legal, controlling, investor relations, HR and maintenance
- **Dr Markus Thannhuber, Landau a. d. Isar**  
Technology, product development, quality control, supply chain management and production
- **Dr Christoph Urban, Dingolfing**  
IT, digitalisation and services

Andreas Kroiss is Managing Director of KA-Invest GmbH, Linz.

Dr Markus Thannhuber is the Deputy Chairman of the Supervisory Board of Thannhuber AG, Landau an der Isar and Managing Director of MAPHITHA 2 GmbH, Landau a. d. Isar.

Since 1 October 2023, Dr Markus Thannhuber has been member of the Supervisory Board (Verwaltungsrat) of Sparkasse Niederbayern-Mitte.

Dr Christoph Urban is the Chairman of the Supervisory Board of VR-Bank Ostbayern Mitte eG, Straubing.

### 9.2 Supervisory Board

In financial year 2023, the Supervisory Board of Einhell Germany AG comprised:

**Univ.-Prof. Dr.-Ing. Dr.-Ing. E.h. Dr. h.c. Dieter Spath, Sasbachwalden** (Chairman)

- President and Chairman of the Board of TÜV Rheinland Berlin Brandenburg Pfalz e.V., Cologne

**Philipp Thannhuber, Wallersdorf** (Deputy Chairman)

- Managing Director of Comedes GmbH, Wallersdorf
- Managing Director of WOTOX GmbH, Landau a. d. Isar
- Managing Director of MAPHITHA Verwaltungs GmbH, Landau a. d. Isar
- Managing Director of MAPHITHA 2 GmbH, Landau a. d. Isar
- Member of the Board of Directors Thannhuber AG, Landau a. d. Isar

**Maximilian Fritz, Wallersdorf/Haidlfing** (Employee representative)

- Chair of the works council
- Sales representative

Univ.-Prof. Dr.-Ing. Dr.-Ing. E.h. Dr. h.c. Dieter Spath is a member of the following Supervisory Boards and Administrative Boards:

- LIEBICH & PARTNER Management- und Personalberatung AG, Baden-Baden, Chairman of the Supervisory Board
- Bausch + Strobel SE & Co. KG, Ilshofen, Chairman of the Supervisory Board
- Zeppelin GmbH, Garching, Member of the Supervisory Board
- TÜV Rheinland AG, Cologne, Member of the Supervisory Board

Landau a. d. Isar, 28 March 2024

Einhell Germany AG

The Board of Directors

Andreas Kroiss

Jan Teichert

Dr Markus Thannhuber

Dr Christoph Urban

# Unqualified Report by the Independent Auditor

to Einhell Germany AG, Landau an der Isar

## Report on the audit of the consolidated financial statements and of the combined management report

### *Opinions*

We have audited the consolidated financial statements prepared by Einhell Germany AG, Landau an der Isar, and its subsidiaries (the Group) comprising the consolidated statement of financial position as at 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and consolidated statement of changes in equity for the financial year from 1 January to 31 December 2023 as well as the notes to the consolidated financial statements and a summary of significant accounting policies. We further audited the combined management report of Einhell Germany AG, Landau an der Isar for the financial year from 1 January to 31 December 2023. In accordance with German legal requirements, we have not audited the contents of the combined management report mentioned in the "Other information" section of our audit opinion.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2023, and of its financial performance for the financial year from 1 January to 31 December 2023, and the group management report as a whole provides an appropriate view of the Group's position.
- this combined management report is consistent in all material respects with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the contents of those parts of the combined management report that are included in the "Other information" section.

Pursuant to Section 322 (3) Sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

### *Basis for the opinions*

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 German Commercial Code (HGB) and the EU Audit Regulation (No 537/2014, hereinafter referred to as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the combined management report" section of our auditor's report. We are independent of the Group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

### *Key audit matters in the audit of the consolidated financial statements*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

In our opinion, the matter set out below was the most significant for our audit (key audit matter):

### **Recoverability of goods**

Reasons for definition as a key audit matter

Goods in the amount of EUR 360.2 million are reported in the consolidated statement of financial position as at 31 December 2023. This item includes impairments in the amount of EUR 10.2 million. The value of goods, which are initially measured at acquisition cost (including ancillary costs of acquisition), must be adjusted if their expected net realisable value no longer meets the acquisition cost. Discretionary leeway must be exercised in order to determine the net realisable values that form the value ceiling. The net realisable value is based, in part, on forward-looking estimates regarding the amounts that are likely to be realised when selling the goods.

The risk in connection with the financial statements is that goods might be overvalued if the need to recognise impairments was not identified.

Our audit approach

Our audit activities comprised, as a first step, obtaining an understanding of the process steps and internal controls implemented for the calculation of the expected net realisable values. We selected the selling prices underlying the calculation of the net realisable value on the basis of sales prices prevailing directly after the reporting date. In addition to making a random selection, we also applied risk-based considerations in selecting the underlying selling prices. We also assessed the company's inventory coverage analyses and verified whether the value adjustments recognised are appropriate. We verified the arithmetical accuracy of the calculations for determining the net realisable value and for determining the impairment amounts for inventories based on a deliberately risk-oriented selection as well as a random selection.

Reference to related information

For the accounting and valuation methods applied in the financial year with regard to inventories, please refer to items "1.7 Accounting and valuation principles" and "2.5 Inventories" in the notes to the consolidated financial statements as well as section "2.3 b) Management system" in the combined management report.

*Other information*

The legal representatives are responsible for the other information. The other information section includes the following parts of the combined management report, the contents of which were not audited:

- the non-financial group statement referred to in section "7. Corporate Social Responsibility (CSR)" in the combined management report,
- the Group's combined corporate governance statement referred to in the section "Corporate Governance Statement" in the combined management report,
- non-mandatory information contained in the combined management report that is designated as unaudited, and
- the other parts of the annual report, with the exception of the audited consolidated financial statements and the components of the combined management report the contents of which were audited, and our audit opinion.

Our opinions on the consolidated financial statements and the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information referred to above and, in so doing, to consider whether the other information



- is materially inconsistent with the consolidated financial statements, the audited contents of the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there has been a material misstatement of such other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the legal representatives and the supervisory board for the consolidated financial statements and the combined management report*

The legal representatives are responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional applicable requirements of German commercial law pursuant to Section 315e (1) German Commercial Code (HGB), and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of net assets, financial position and results of operations of the Group. Furthermore, the legal representatives are responsible for such internal controls as they determine necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud (e.g. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the legal representatives are responsible for the assessment of the Group's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to the continuation of the Group as a going concern. In addition, they have responsibility for accounting on the basis of the going concern principle, unless there is the intention to liquidate the Group or to discontinue operations or there is no realistic alternative.

The legal representatives are also responsible for preparing the combined management report, which as a whole provides an accurate picture of the Group's position, is consistent in all material respects with the consolidated financial statements, complies with German law and adequately depicts the opportunities and risks related to the future performance. Furthermore, the legal representatives are responsible for the precautions and measures (systems) which they have deemed necessary to enable the preparation of a combined management report in accordance with German statutory requirements and to provide sufficient suitable evidence for the statements in the combined management report.

The Supervisory Board is responsible for overseeing the Group's accounting process for the preparation of the consolidated financial statements and the combined management report.

*Responsibility of the statutory auditor for the audit of the consolidated financial statements and the combined management report*

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and whether the combined management report as a whole provides an accurate picture of the Group's position and, in all material respects, is in accordance with the consolidated financial statements and the findings of our audit and German statutory provisions, and accurately depicts the opportunities and risks related to the future performance, and to issue an audit report that includes our audit opinion on the consolidated financial statements and the combined management report.

Reasonable assurance represents a high degree of certainty, but no guarantee that an audit conducted in accordance with Section 317 German Commercial Code (HGB) and the EU Audit Regulation as well as the German Generally Accepted Standards for Financial Statement Audits promulgated by the German Institute of Public Auditors (IDW) will always reveal a material misstatement. Misstatements may result from fraud or error and are considered material if it could reasonably be expected that they will, individually or collectively, influence the economic decisions of addressees made on the basis of these consolidated financial statements and the combined management report.

During our audit we exercise professional judgement and due scepticism. Moreover,

- we identify and assess the risks of material misstatements arising from fraud or error in the consolidated financial statements and the combined management report, plan and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to form the basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls;
- we obtain an understanding of the internal control system relevant to the audit of the consolidated financial statements and the arrangements and measures relevant to the audit of the combined management report that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems;
- we express an opinion on the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the accounting estimates and related disclosures made by the legal representatives;
- we draw conclusions about the appropriateness of the going concern principle applied by the legal representatives and assess, based on the audit evidence obtained, whether there is material uncertainty in connection with events or circumstances that could raise significant doubts about the Group's ability to continue as a going concern. If we come to the conclusion that there is material uncertainty, we are obliged to draw attention to the relevant information in the consolidated financial statements and the combined management report in our audit report or, if this information is inadequate, to modify our auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may cause the Group to cease to continue as a going concern;
- we express an opinion on the presentation, structure and content of the consolidated financial statements as a whole, including the disclosures, and assess whether the consolidated financial statements present the underlying transactions and events such that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with the IFRS applicable within the EU and the additional requirements of German law in accordance with Section 315e (1) German Commercial Code (HGB);
- we obtain sufficient suitable audit evidence for the accounting information of the companies or business activities within the Group to enable us to express an opinion on the consolidated financial statements and the combined management report. We are responsible for guiding the audit of the consolidated financial statements, its supervision and execution. We have sole responsibility for our audit opinions;
- we assess the consistency of the combined management report with the consolidated financial statements, its compliance with the law and the picture it portrays of the Group's position;
- we carry out audit procedures on the forward-looking statements presented by the legal representatives in the combined management report. Based on sufficient, appropriate audit evidence, we retrace in particular the significant assumptions underlying the forward-looking statements made by the legal representatives and assess the appropriate derivation of the forward-looking statements from these assumptions. We do not issue a separate audit opinion on the forward-looking statements and the underlying assumptions. There is significant unavoidable risk that future events could differ materially from the forward-looking statements.

We discuss with those charged with governance issues subjects such as the planned scope and timing of the audit and significant audit findings, including any material deficiencies in the internal control system that we identify during our audit.

We make a statement to those charged with governance that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that can reasonably be expected to affect

our independence, and, where relevant, discuss the measures taken and safeguards applied to remedy any threats to auditor independence.

From the matters that we discussed with those charged with governance, we determine those matters that were most significant in the audit of the consolidated financial statements for the current period under review and are therefore considered key audit matters. We describe these matters in the auditor's report, unless laws or other statutory provisions prohibit a public disclosure of such information.

### **Other statutory and regulatory requirements**

#### **Assurance report on the electronic reproductions of the consolidated financial statements and the combined management report prepared for the purpose of disclosure in accordance with Section 317 (3a) German Commercial Code (HGB)**

##### *Assurance conclusion*

We have performed an assurance engagement in accordance with Section 317 (3a) German Commercial Code (HGB) to obtain reasonable assurance about whether the electronic reproduction of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in the file provided Einhell\_Germany\_AG\_KAuKLB\_ESEF\_2023-12-31.zip (SHA256 hash value: 279cf3ec9a57f719b81a620b14f1edd3c58c1ae8f1ec14b390f67ee8bb86b53a) and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) German Commercial Code (HGB) for the electronic reporting format ("ESEF format").

In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned electronic file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) German Commercial Code (HGB) for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from 1 January to 31 December 2023 contained in the "Report on the audit of the consolidated financial statements and of the combined management report" above.

##### *Basis for the assurance opinion*

We conducted our assessment of the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned electronic file in accordance with Section 317 (3a) German Commercial Code (HGB) and the IDW Assurance Standard: Assurance in accordance with Section 317 (3a) German Commercial Code (HGB) on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (IDW PS 410 (06.2022)). Our responsibility in accordance with this standard is further described in the section "Auditor's responsibility for the audit of the ESEF documents". Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022)).

##### *Responsibility of the legal representatives and the Supervisory Board for the ESEF documents*

The legal representatives of the company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 German Commercial Code (HGB) and for the markup of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 German Commercial Code (HGB).

In addition, the legal representatives of the company are responsible for the internal controls they consider necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Section 328 (1) German Commercial Code (HGB) for the electronic reporting format, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the preparation process of the ESEF documents as part of the financial reporting process.

#### *Auditor's responsibility for the assessment of the ESEF documents*

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of Section 328 (1) German Commercial Code (HGB), whether due to fraud or error. During our audit we exercise professional judgement and due scepticism. Moreover,

- we identify and assess the risks of material non-compliance with the requirements of Section 328 (1) German Commercial Code (HGB), whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to form the basis for our assurance conclusion.
- we obtain an understanding of the internal control system relevant to the assessment of the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of these controls.
- we evaluate the technical validity of the ESEF documents, i.e. we check whether the electronic file provided containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file applicable on the reporting date.
- we evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and the audited combined management report.
- we evaluate whether the markup of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of the Delegated Regulation (EU) 2019/815 as amended on the reporting date provides an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

#### **Other disclosures in accordance with Article 10 of the EU Audit Regulation**

We were appointed as statutory auditors of the consolidated financial statements by the Annual General Meeting on 23 June 2023. We received our mandate from the Supervisory Board on 5 October 2023. We have been continuously acting as statutory auditors of the consolidated financial statements of Einhell Germany AG, Landau an der Isar, since financial year 2020.

We state that the audit opinions contained in this auditor's report are consistent with the additional report to the Supervisory Board in accordance with Article 11 of the EU Audit Regulation (audit report).

#### **Other matters – use of the auditor's report**

Our audit report should always be read in conjunction with the audited consolidated financial statements and the audited combined management report as well as the audited ESEF documents. The consolidated financial statements and combined management report converted into ESEF format, including the versions to be published in the company register, are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report, and do not replace them. The ESEF note and our audit opinion contained therein in particular may only be used in conjunction with the audited ESEF documentation provided in electronic form.

**Responsible statutory auditor**

The statutory auditor responsible for the audit is Stefan Welsch.

Nuremberg, 28 March 2024

Rödl & Partner GmbH  
Wirtschaftsprüfungsgesellschaft

Landgraf  
Auditor  
(Wirtschaftsprüfer)

Welsch  
Auditor  
(Wirtschaftsprüfer)





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