



GROUP MANAGEMENT REPORT FOR THE PERIOD ENDED 30 JUNE 2021

Key figures at a glance

Financial position and results of operations

(In EUR million)

| | H1 2021 | H1 2020 |
|-------------------------------------|---------|---------|
| Sales | 296.3 | 234.2 |
| Total output | 315.6 | 231.5 |
| Gross profit | 144.6 | 116.0 |
| EBITDA * | 19.8 | 6.2 |
| EBIT ** | 13.8 | -0.4 |
| Cash flow from operating activities | 0.7 | -1.4 |
| Cash flow from investing activities | 0.2 | -6.5 |

Net assets

(In EUR million)

| | 30 June 2021 | 31 Dec. 2020 |
|-------------------------------------|--------------|--------------|
| Total assets | 343.8 | 324.7 |
| Equity | 129.3 | 120.8 |
| Equity ratio *** | 37.6% | 37.2% |
| Working capital **** | 91.6 | 66.1 |
| Net cash and cash equivalents ***** | 70.2 | 73.2 |
| Employees ***** | 2,700 | 2,774 |

* Consolidated net income before depreciation and amortisation, financial result and income taxes
** Consolidated net income before financial result and income taxes
*** Equity/total assets
**** Inventories plus trade receivables minus trade payables
***** Net cash including securities classified as current assets minus liabilities to banks
***** Average number for the year

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HÖRMANN Industries GmbH continues to drive forward the strategic realignment of the Group and opens up new future prospects for the further development of its four business divisions: Communication, Engineering, Automotive and Services. Together, the 31 companies of the Group ensure stability and create synergy effects.

The broad diversification with four strong business divisions ensures stability and sustainable success of the HÖRMANN Group.

Basic information in the Group

The Group, comprising HÖRMANN Industries GmbH and its direct and indirect subsidiaries, constitutes the industrial subgroup of the HÖRMANN Group. The Group is broken down into four business divisions to which the individual companies are allocated.

In addition, the subsidiary HÖRMANN Digital GmbH, Kirchseeon, which was acquired in 2020, acts as an overarching service provider for the development of software-based product solutions and enhancements.

The information on the course of business in the Group management report is presented in line with the business division structure of the Group.

The material equity investments are allocated to the divisions as follows:

AUTOMOTIVE

- ♦ HÖRMANN Automotive GmbH, Kirchseeon
- ♦ HÖRMANN Automotive Gustavsburg GmbH, Ginsheim-Gustavsburg
- ♦ HÖRMANN Automotive Slovakia s.r.o., Bánovce, Slovakia
- ♦ HÖRMANN Automotive St. Wendel GmbH, St. Wendel
- ♦ HÖRMANN Automotive Saarbrücken GmbH, Saarbrücken
- ♦ HÖRMANN Automotive Wackersdorf GmbH, Wackersdorf
- ♦ HÖRMANN Automotive Eislingen GmbH, Ebersbach
- ♦ HÖRMANN Automotive Assets GmbH, Kirchseeon (formerly HÖRMANN Automotive Bielefeld GmbH)

In the **Automotive** division, HÖRMANN Industries GmbH is a supplier of metal components, modules and systems for the European commercial vehicle, construction and agricultural machinery industries.

The division covers the entire value chain with its engineering, production and logistics services.

The largest domestic location is HÖRMANN Automotive Gustavsburg GmbH, which specialises in the production of premium chassis and body parts and attachments for commercial vehicles. It is also a manufacturer of side members.

The other locations include HÖRMANN Automotive St. Wendel GmbH, a manufacturer of components and modules for the agricultural machinery industry

in particular; HÖRMANN Automotive Saarbrücken GmbH, a developer and manufacturer of interior systems such as interior ceilings for buses, air conditioning and fuel pipes for buses and trucks and complete chassis for agricultural machinery; HÖRMANN Automotive Wackersdorf GmbH, which performs module assembly, packaging and logistics for customers; HÖRMANN Automotive Eislingen GmbH, a manufacturer of luggage compartment flaps, interior covers, fuel tanks and hydraulic tanks for commercial vehicles and agricultural and construction machinery; and HÖRMANN Automotive Slovakia s.r.o., which produces labour-intensive metal components and chassis attachments for the commercial vehicle industry. HÖRMANN Automotive Assets GmbH holds assets and operating resources for companies in the Automotive division.

ENGINEERING

- ♦ HÖRMANN BauPlan GmbH (formerly AIC Ingenieurgesellschaft für Bauplanung Chemnitz GmbH), Chemnitz
- ♦ HÖRMANN Rawema Engineering & Consulting GmbH, Chemnitz
- ♦ HÖRMANN Logistik GmbH, Munich
- ♦ Klatt Fördertechnik GmbH, Neumarkt a. Wallersee, Austria
- ♦ HÖRMANN Vehicle Engineering GmbH, Chemnitz
- ♦ VacuTec Meßtechnik GmbH, Dresden
- ♦ HÖRMANN Charging Solutions GmbH, Kirchseeon

The **Engineering** division operates in the fields of industrial design, vehicle development and facility, building and factory planning, through to providing innovative solutions for intralogistics and complex high-bay warehouse systems. This service range is supplemented by the development and production of detectors for measuring ionising radiation.

HÖRMANN Bauplan GmbH provides engineering services within the construction industry, with a particular focus on commercial and residential construction and especially technical building services.

HÖRMANN Rawema Engineering & Consulting GmbH supplements the service range with general planning and realisation for new factories and the re-engineering and/or relocation of existing factories and facilities.

HÖRMANN Logistik GmbH is a general contractor that builds turnkey material flow systems. With intelligent workflow concepts and complex storage strategies, HÖRMANN Logistik GmbH realises the most economical intralogistics solutions for individual requirements, thereby enabling its international customers from a wide range of industries to generate significant productivity and efficiency improvements. The acquisition of a majority interest (51 %) in Klatt Fördertechnik GmbH in the previous year expanded the general contractor portfolio to include the conveyor systems developed, planned, manufactured and assembled by Klatt Fördertechnik GmbH. Klatt Fördertechnik GmbH has developed into a European provider for industry, airports, mail sorting centres, waste disposal and hospitals.

In addition, HÖRMANN Vehicle Engineering GmbH provides expertise and resources in high-tech design engineering for the development of rail and road vehicles.

VacuTec Meßtechnik GmbH develops, produces and markets a broad range of detectors for measuring ionising radiation for use in medicine, industrial metrology and environmental monitoring.

HÖRMANN Charging Solutions GmbH, Kirchseeon, was founded in February 2021. The object of the company is the provision, project planning, integration, marketing, construction and maintenance of solutions for mobile energy storage systems and charging infrastructures.

COMMUNICATION

- ♦ Funkwerk AG, Köllda
- ♦ Funkwerk Technologies GmbH, Köllda
- ♦ FunkTech GmbH, Köllda
- ♦ Funkwerk Systems GmbH, Köllda
- ♦ Funkwerk Systems Austria GmbH, Vienna, Austria
- ♦ Funkwerk video systeme GmbH, Nuremberg
- ♦ Funkwerk IoT GmbH, Bremen
- ♦ VIPRO.sys GmbH, Leipzig
- ♦ HÖRMANN Kommunikation & Netze GmbH, Kirchseeon
- ♦ HÖRMANN Warnsysteme GmbH, Kirchseeon
- ♦ HÖRMANN – KMT Kommunikations- und Melde-technik GmbH, Salzburg, Austria

Funkwerk AG and its subsidiaries (the Funkwerk Group) are a technologically leading provider of innovative communication, information and security systems. It focuses on professional hardware and software concepts for railway companies, public transportation, inland shipping and airports in addition to smart electronic security systems to protect buildings, public spaces, industrial properties, transport and people. As the market leader for railway communication, Funkwerk offers tailored solutions for voice and data communication using analogue and digital mobile networks (LTE, GSM-R) on the railways.

HÖRMANN Kommunikation & Netze GmbH is a provider of infrastructure services related to railway traffic and communication technology as well as energy supply.

HÖRMANN Warnsysteme GmbH and HÖRMANN – KMT Kommunikations – und Meldetechnik GmbH, Salzburg, Austria, bundle our state-of-the-art siren warning systems for alerting the fire brigade or warning the population about disasters. The project-specific solutions are performed from a single source, from planning, development and realisation to long-term maintenance.

SERVICES

- ♦ HÖRMANN Services GmbH, Kirchseeon
- ♦ HÖRMANN Industrieservice GmbH, Lehre/Wolfsburg
- ♦ HÖRMANN Automationservice GmbH, Salzgitter
- ♦ MAT Maschinentechnik GmbH, Salzgitter

In the **Services** division, the Group offers a range of technical services in the industrial environment of automation and complex production facilities. The industrial service units HÖRMANN Industrieservice GmbH, HÖRMANN Automationservice GmbH and MAT Maschinentechnik GmbH focus on plant maintenance related to electrical, mechanical, control, robot, welding and conveyor technology, pneumatic and hydraulic systems as well as shift-accompanying maintenance of process technology, the assembly and commissioning of machining centres and the relocation of complete production plants, primarily for customers in the automotive industry and mechanical engineering.

Economic report

GENERAL ECONOMIC AND INDUSTRY-SPECIFIC CONDITIONS

The global spread of the coronavirus and the counter-measures taken to combat this still restricted economic activity in the first half of 2021. Particularly in the first quarter of 2021, the COVID-19 pandemic and an associated second lockdown triggered a renewed decline in economic performance. According to the German Federal Statistical Office (Destatis), gross domestic product fell by 2.1% in the first quarter of 2021 – adjusted for seasonal and calendar effects – as compared to the fourth quarter of 2020. As against the first quarter of 2020, the decline after adjustment for inflation and calendar effects came to 3.1%.¹

According to Destatis, the current shortage of raw materials and the price increases this entails are also preventing a more rapid recovery in industry.² Iron ores (up 97.4%), crude copper (up 49.9%), non-ferrous metal ores (up 41.5%) and pig iron, steel and ferroalloys (up 40.9%) especially became significantly more expensive year-on-year in June 2021. The main reason for the sharp increase in prices is presumably the continued strong global demand. The rising cost of iron ore in particular has had a knock-on effect on prices for pig iron, steel and ferroalloys.³

Nonetheless, there are also indications of an economic recovery. According to Destatis, GDP rose by 1.5% in the second quarter of 2021 as against the first quarter of 2021 after adjustment for inflation, seasonal and calendar effects. As against the first quarter of 2020, the increase after adjustment for inflation and calendar effects came to 9.2%.⁴ According to Destatis, incoming orders in manufacturing fell by 3.7% in real terms (adjusted for inflation) in May 2021 as against the previous month (adjusted for seasonal and calendar effects). However, compared to February 2020 – the month before the start of COVID-19 restrictions in Germany – incoming orders adjusted for seasonal and calendar effects were 6.2% higher.⁵

In addition, sentiment in the German economy improved significantly again. In line with increasing vaccination rates and the easing of coronavirus restrictions from May 2021 onward, the ifo Business Climate Index rose to 101.8 points in June 2021 after 99.2 points in the previous month and 85.8 points in June 2020. The index for the manufacturing sector also increased, reaching its highest level since April 2018 at 28.5 points. Companies were considerably more satisfied with current business operations, particularly in the industrial sectors of mechanical engineering and electronics. However, many companies have concerns about the increasing shortages of intermediate products as mentioned above.⁶

INDUSTRY ENVIRONMENT

The industry environment is discussed in the information on the course of business in the individual divisions starting on page 15.

FINANCIAL PERFORMANCE

In the first half of 2021, HÖRMANN Industries GmbH generated **sales** of EUR 296.3 million. This meant that sales were EUR 62.1 million or 26.5% higher than in the first half of 2020 (EUR 234.2 million) and EUR 30.0 million or 11.3% higher than planned, with around EUR 15 million attributable to material price not affecting earnings. This increase in sales largely resulted from the Automotive and Communication divisions, whereas the Engineering and Services divisions could not yet generate sales or could not maintain their sales level due to late-cycle effects and the orders that were not placed or were postponed in the crisis year 2020.

In the Automotive division, sales increased by EUR 62.7 million or 53.0% from EUR 118.5 million in the first half of 2020 to EUR 181.2 million. The Communication division generated sales of EUR 76.6 million, representing an increase of EUR 11.7 million or 18.0% as against the same period of the previous year (EUR 64.9 million). By contrast, sales declined by EUR 9.6 million or 23.3% from EUR 41.4 million to EUR 31.8 million in the Engineering division and by EUR 2.8 million or 28.8% from EUR 9.8 million to EUR 7.0 million in the Services division in the period under review.

Other operating income of EUR 4.0 million (previous year: EUR 4.0 million) included EUR 0.9 million in income from the reversal of provisions, EUR 1.1 million in income from investment and research grants, EUR 0.8 million in payments in kind and prior-period income of EUR 0.4 million.

Taking into account an increase in inventories of EUR 19.2 million, **total output** amounted to EUR 315.6 million, up by EUR 84.1 million or 36.3% on the same period of the previous year (EUR 231.5 million).

The **cost of materials** of EUR 175.0 million (previous year: EUR 119.5 million) included costs of raw materials, consumables and supplies, and of purchased merchandise, of EUR 139.3 million (previous year: EUR 96.3 million) and costs of purchased services of EUR 35.7 million (previous year: EUR 23.2 million). The cost of materials corresponded to 55.4% of total output, up on the prior-year figure (51.6%). The year-on-year increase in this ratio was mainly due to rising costs for raw materials as well as the high capacity utilisation in the Automotive division and the resulting need to bring in contract labour and use external services.

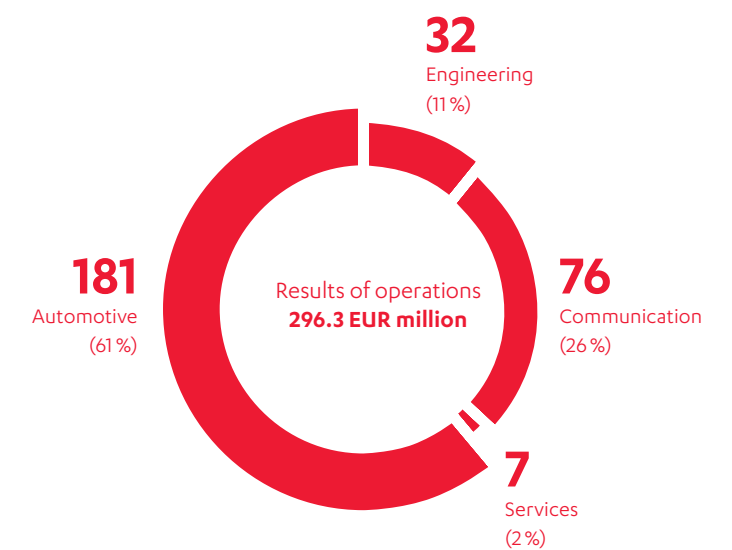
At EUR 144.6 million, **gross profit** increased by EUR 28.6 million or 24.7% compared with the prior-year figure of EUR 116.0 million. The gross profit margin corresponded to 45.8% of total output (previous year: 50.1%).

Personnel expenses increased by EUR 9.4 million year-on-year to EUR 85.5 million (previous year: EUR 76.1 million), mainly due to the high capacity utilisation in the Automotive and Communication divisions. Staff costs corresponded to 27.1% of total output (previous year: 32.9%). Excluding trainees, HÖRMANN Industries GmbH employed an average of 2,700 people (H1 2020: 2,727).

Depreciation and amortisation were down EUR 0.6 million year-on-year at EUR 6.0 million (previous year: EUR 6.6 million). This included goodwill amortisation of EUR 0.9 million (previous year: EUR 1.0 million).

Other operating expenses rose by EUR 5.5 million year-on-year to EUR 38.7 million (previous year: EUR 33.2 million). EUR 7.2 million of this related to the cost of buildings and premises, EUR 9.8 million to administrative expenses, EUR 14.2 million to operating and selling expenses and EUR 2.6 million to vehicle costs. Other operating expenses amounted to 12.3% of total output (previous year: 14.3%).

Breakdown of sales by business division
for the first half of 2021
in EUR million



With an **operating result** of EUR 14.5 million (previous year: EUR 0.1 million), there was a significant improvement in financial performance in the first half of 2021 thanks to the ongoing economic recovery in large parts of the Automotive division and the good performance of the Communication division. After deducting other taxes of EUR 0.7 million, **EBIT** for the first half of 2021 amounted to EUR 13.8 million (previous year: EUR –0.4 million).

The **financial result** improved by EUR 1.1 million year-on-year to EUR –1.7 million (previous year: EUR –2.8 million). In the first half of 2021, interest and similar expenses of EUR 2.0 million (previous year: EUR 3.0 million) were incurred for the bond issued in 2019, the tranche from the KfW entrepreneur loan of EUR 10 million utilised in October 2020 and for utilised guarantee credit.

The **income tax expense** for trade tax and corporation tax amounted to EUR 5.0 million in the first six months of 2021 (previous year: EUR 2.6 million). Income from deferred taxes in the reporting period amounted to EUR 1.9 million (previous year: EUR 1.1 million).

The first half of 2021 ended with **consolidated net income** of EUR 9.0 million (previous year: EUR –4.5 million). HÖRMANN Industries GmbH's sales and earnings therefore developed better than planned.

¹ Destatis press release 365, 30 July 2021

² Destatis press release 302, 28 June 2021

³ Destatis press release 360, 28 July 2021

⁴ Destatis press release 365, 30 July 2021

⁵ Destatis press release 318, 6 July 2021

⁶ ifo Business Climate Index, 24 June 2021

FINANCIAL POSITION

Capital structure

The Group's **equity base** including non-controlling interests amounted to EUR 129.3 million as of 30 June 2021 (31 December 2020: EUR 120.8 million). Despite the increase in total assets, the equity ratio thus remained at the same level as in the previous year (37.2%) at 37.6% as of 30 June 2021 thanks to the positive financial performance.

Total assets increased by EUR 19.1 million from EUR 324.7 million to EUR 343.8 million, essentially as a result of the increase in working capital as against the end of the previous year.

Including inventories and trade receivables and less trade payables, **working capital** increased from EUR 66.1 million as of 31 December 2020 to EUR 91.6 million as of the end of the first half of 2021. This development was essentially due to the year-on-year increase in inventories from EUR 61.1 million to EUR 67.0 million and in trade receivables from EUR 42.8 million to EUR 62.5 million. In the first half of 2021, payments received from customers on account of orders increased again from EUR 74.6 million as of the end of 2020 to EUR 85.4 million as of 30 June 2021. However, this further increase was not enough to fully cover the project- and order-related increase in inventories of work in progress by EUR 20.1 million to EUR 98.0 million.

Liabilities in connection with bonds amounted to EUR 50.0 million as of 30 June 2021 (31 December 2020: EUR 50.0 million). The bond issued in June 2019 by HÖRMANN Industries GmbH has a volume of EUR 50.0 million, a coupon of 4.5% and a term of five years ending on 6 June 2024.

Liabilities to banks amounted to EUR 10.2 million at the end of the first half of 2021 (31 December 2020: EUR 10.0 million). At the end of July 2020, HÖRMANN Industries obtained approval for a EUR 40 million KfW entrepreneur loan it had applied for, as a precautionary measure, as part of the German Federal government's package of measures to mitigate the economic impact of the COVID-19 pandemic. In September 2020, the federal government contractually agreed the loan facility granted under the terms of the KfW Special Programme 2020 for large companies with the existing syndicate of banks as the financing partner assuming 80% of the risk. The loan had a term of five years with 16 quarterly repayment instalments beginning in the second year. HÖRMANN Industries GmbH utilised EUR 10.0 million of this in October 2020 as a precaution. In view of the improvement in the economic environment and the associated increase in its

results of operations, HÖRMANN Industries GmbH decided in the current financial year not to draw down the tranches from the KfW entrepreneur loan of EUR 30 million that had not yet been disbursed and to cancel the corresponding loan agreements with KfW.

Under the five-year syndicated loan agreement concluded with a bank consortium comprising SaarLB, HeLaBa, Commerzbank AG and Oberbank AG in December 2019, the Group has a credit line of up to EUR 40.0 million, of which up to EUR 15 million can be used as a current account credit line and up to EUR 25 million as a revolving EURIBOR line. This loan had not been utilised as of 30 June 2021. In June 2021, HÖRMANN Industries GmbH requested to extend the term under the existing option for an additional year.

Information on the term and collateralisation of the other liabilities can be found in the notes to the consolidated financial statements. Conditions have not deteriorated year-on-year as a result of the company's credit standing and are in line with market developments.

Liquidity

Bank balances including **securities classified as current assets** amounted to EUR 80.4 million at the reporting date (31 December 2020: EUR 83.2 million).

After the cancellation of the unutilised tranches from the KfW entrepreneur loan, there were available credit facilities of EUR 42.3 million as of 30 June 2021 (31 December 2020: EUR 72.5 million).

HÖRMANN Industries GmbH had **net cash and cash equivalents** of EUR 70.2 million as of 30 June 2021 (31 December 2020: EUR 73.2 million). Net cash and cash equivalents are calculated as cash in hand and bank balances plus securities classified as current assets, less liabilities to banks.

Cash flow statement

The cash flow statement is structured in accordance with DRS 21. Despite strong growth and the associated increase in working capital, cash flow from operating activities remained at a balanced level of EUR 0.7 million in the first half of 2021 (previous year: EUR –1.4 million). Cash flow from investing activities improved by EUR 6.7 million, from EUR –6.5 million to EUR 0.2 million, as a result of the lower level of investment and the planned sale and leaseback transactions in the first half of 2021. Cash flow from financing activities amounted to EUR –3.5 million (previous year: EUR 6.0 million). The figure for the previous year was due to the borrowing of a tranche under the KfW entrepreneur loan.

Group companies were able to meet their payment obligations at all times.

Assets and liabilities

At EUR 4.2 million (previous year: EUR 7.7 million), additions to **tangible** and **intangible assets** were lower than depreciation and amortisation on fixed assets (EUR 6.0 million).

The first-time consolidation of Funkwerk AG as of 1 October 2016 resulted in goodwill of EUR 4.8 million (31 December 2020: EUR 5.2 million), which was subject to pro rata amortisation of EUR 0.4 million in the first half of 2021. The acquisitions of MAT Automationstechnik GmbH, MAT Industrieservice GmbH and MAT Maschinentechnik GmbH at the end of the 2017 financial year resulted in goodwill on first-time consolidation in the amount of EUR 0.3 million as of 30 June 2021 (31 December 2020: EUR 0.4 million). The first-time consolidation of Klatt Fördertechnik GmbH as of 1 April 2019 resulted in goodwill of EUR 4.0 million (previous year: EUR 4.3 million), which was subject to amortisation of EUR 0.3 million in the past reporting period.

Total **inventories** (after deducting payments received on account of orders) rose by EUR 5.9 million to EUR 67.0 million compared with the 2020 reporting date. The reduction in finished goods and services to EUR 11.8 million (31 December 2020: EUR 12.5 million) and the increase in payments received on account of orders to EUR 85.4 million (31 December 2020: EUR 74.6 million) did not fully cover the project- and order-related increase in inventories of work in progress from EUR 77.9 million to EUR 98.0 million. The range of inventories to sales declined to 40.8 days (previous year: 42.2 days). Daily turnover is calculated by dividing the inventories as of 30 June 2021 by the average sales per day in the period under review.

Orders on hand amounted to EUR 371.2 million as of 30 June 2021 (previous year: EUR 293.0 million). Of this figure, EUR 122.4 million (previous year: EUR 70.6 million) was attributable to the Engineering division, EUR 147.5 million (previous year: EUR 138.6 million) to the Communication division, EUR 7.2 million (previous year: EUR 3.7 million) to the Services division and EUR 94.1 million (previous year: EUR 80.5 million) to the Automotive division. The project-oriented divisions of Engineering and Communication thus have an order backlog of around one year's sales. In the Automotive division, the existing multi-year master agreements with OEM customers are included in orders on hand only for notified call orders of an average of 8 – 12 weeks.

As a result of growth, **trade receivables** increased from EUR 42.8 million to EUR 62.5 million, corresponding to 38.0 days (previous year: 29.6 days). Daily turnover is calculated by dividing the receivables as of 30 June 2021 by the average sales per day in the period under review.

Other assets amounted to EUR 18.1 million as at the reporting date.

Deferred taxes are taken over from the single-entity financial statements. Deferred tax assets mainly result from differences between the amounts recognised for provisions in the financial accounts and the tax accounts, and from tax loss carryforwards that could be used at a future date. Deferred tax assets increased by EUR 2.0 million to EUR 16.3 million as of the reporting date (previous year: EUR 14.3 million).

Pension provisions continued to be recognised in the amount of the valuation as of 31 December 2020, and were practically the same as in the previous year (EUR 21.2 million) at EUR 20.9 million as of 30 June 2021.

Tax provisions amounted to EUR 5.5 million as of 30 June 2021 after EUR 3.6 million in the previous year.

Trade payables were virtually unchanged as of the reporting date at EUR 37.9 million (EUR 37.8 million). The utilisation of supplier credits for the cost of materials and other operating expenses decreased from an average of 38.5 days to 32.0 days due to the higher volume. The average duration of credit utilisation is calculated by dividing the trade payables as of 30 June 2021 by the sum of the average cost of materials and the average other operating expenses per day in the period under review.

REPORT ON PERFORMANCE INDICATORS

Non-financial performance indicators

Production

In the first half of 2021, production capacity at HÖRMANN Industries GmbH was fully utilised in many cases due to the high business volume. However, productivity was hampered by the not uninterrupted supply of materials and the effects of the COVID-19 pandemic at the plants. In particular, the Automotive plant in Bánovce, Slovakia, which was hit hard by the pandemic and its effects, could maintain its high production utilisation and continue to supply customers in the first half of 2021 only by using contract labour, commissioning additional purchased services and arranging extensive special shipments, which led to significant additional expenditure at the level of HÖRMANN Automotive Slovakia s.r.o. again in the 2021 financial year.

Procurement

The purchase of raw materials and supplies as well as components within the Group is managed decentrally by the individual subsidiaries on a demand-oriented basis. The required material is procured worldwide from various suppliers, most of whom the units work with on a long term basis. Depending on the volume, multi-year master agreements are used. In the Automotive division, a strategic purchasing department was installed to leverage additional cost-cutting potential by bundling a wide range of product groups and services with an impact on earnings. Since the start of the 2021 financial year, strategic purchasing has faced the challenge of supply shortages on the steel market and ensuring the supply of production materials. With a view to the high level of orders in the current year 2021, these activities are focused on securing the necessary quantity and quality of materials in good time.

Employees

HÖRMANN Industries GmbH employed a total of 2,700 persons on average in the first six months of 2021, compared with 2,774 in the previous year (2020 as a whole).

It also employed a total of 71 trainees (previous year: 95). Measured against the total workforce, this corresponds to a share of around 2.6%. The training on offer covers various industrial and commercial occupations.

In order to secure the further expansion of the Group in terms of staff and to actively counteract a possible shortage of skilled workers, one of the focal points of human resources work is to consistently enhance the attractiveness of HÖRMANN Industries GmbH as an employer and to attract competent, motivated young professionals. The Group does this by creating an interesting and pleasant working environment for employees and applicants, with a wide range of creative freedom. It also focuses on a motivational corporate culture, safety at work and social factors such as the balance between family and working life. In addition, the Group offer success-oriented incentive systems, targeted professional training and a broad range of further education and training opportunities to continuously develop the skills and expertise of its employees and prepare staff promptly for future requirements.

HÖRMANN Industries GmbH also focuses on protecting its employees. By establishing the conditions for remote working to the widest possible extent and introducing widespread and comprehensive hygiene measures at the production sites, we are providing our employees with the best possible protection.

Quality assurance

To ensure the high quality level and the reliability of our products and services in the long term, the relevant processes in the Group’s operating units are regularly individually reviewed according to the respective requirements and improved where necessary. The respective quality management systems are continuously certified or re-certified according to requirements. The requirements of the General Data Protection Regulation (GDPR) are monitored by an external data protection officer.

Sustainability and social responsibility

An important pillar of long-term corporate development is the acceptance of ecological and social responsibility. The Group tries to keep the effects of its actions on the environment as low as possible or to reduce them on an ongoing basis. These ecological interests are linked to economic goals. It also assumes responsibility to society and its employees in many different ways. In addition to supporting universities and schools, the Group awards scholarships and sponsor selected cultural institutions and social projects.

Financial performance indicators

Financially, HÖRMANN Industries GmbH is managed based on the key figures of sales, total output, gross profit, EBIT and EBIT margin. All performance indicator systems and monthly reports of the subsidiaries show these key performance indicators with a plan comparison.

Liquidity available is also a key performance indicator. Frequent, Group-wide liquidity planning and management was still of central importance in the current 2021 financial year.

Financial performance
indicators year-on-year:

| | H1 2021 | H1 2020 | H1 2019 |
|--|---------|---------|---------|
| Sales (In EUR million) | 296.3 | 234.2 | 299.0 |
| Total output (In EUR million) | 315.6 | 231.5 | 324.5 |
| Gross profit (In EUR million) | 144.6 | 116.0 | 145.1 |
| in % of total output | 45.8% | 50.1% | 44.7% |
| EBIT (In EUR million) | 13.8 | -0.4 | 8.7 |
| EBIT margin in % of total output | 4.4% | -0.2% | 2.7% |
| Available liquidity (Net liquidity plus free credit volume) (In EUR million) | 112.6 | 85.3 | 121.5 |

In its strategic medium-term planning, HÖRMANN Industries GmbH continues to adhere to its target of achieving consolidated sales growth to around EUR 750 million with a sustained EBIT margin of 5% p.a. in the next few years.

COURSE OF BUSINESS IN THE DIVISIONS

The course of business is presented in the form of a multi-year comparison of sales and EBIT. Sales are adjusted for intragroup sales and therefore only include sales with third parties and sales with companies that are not fully consolidated due to immateriality.

EBIT includes the operating result (Section 275(2) No. 1 – 8 of the German Commercial Code (HGB)) minus/ plus other taxes (Section 275(2) No. 16 HGB) unless expressly stated otherwise. The EBIT percentages relate to sales unless expressly stated otherwise.

The performance of the individual divisions before the overarching central service and management costs and before consolidated net income effects is described below.

Automotive division

The Automotive division of HÖRMANN Industries GmbH is a supplier of metal components, modules and systems for the European commercial vehicle industry.

These were hit hard by the COVID-19 pandemic last year, but also saw a strong recovery in the first six months of 2021. According to the European Automobile Manufacturers’ Association (ACEA), the number of commercial vehicles registered in the EU increased substantially by 36.9% year-on-year to 1,024,200 in the period from January to June 2021. New registrations rose significantly in all four major EU markets: Italy (up 53.7%), France (up 36.4%), Spain (up 38.4%) and Germany (up 21.7%).⁷

In the first half of 2021, all segments of the European commercial vehicle market recorded an increase in new registrations. The number of registrations of light commercial vehicles up to 3.5 tonnes rose by 38.1% to 856,926. Sales of heavy commercial vehicles over 16 tonnes and commercial vehicles with an overall vehicle weight of between 3.5 and 16 tonnes increased by 39.3% to 128,333 new registrations and by 34.1% to 154,387 new registrations respectively. By contrast, demand for medium-weight and heavy buses increased only slightly by 3.2% to 12,877 units.

The main customer for the Automotive division in the first half of 2021 was still Traton SE, primarily with its subsidiary MAN Truck & Bus AG. In the first half of 2021, the Traton Group’s operating business returned to its level from before the outbreak of the COVID-19 pandemic. Incoming orders for trucks and buses exceeded the pre-crisis level by the most with a total of 170,900 units, up 42% on the first half of 2019 (120,500). The first six months were very successful in terms of sales volumes, too: MAN Truck & Bus sold 47,300 (31,700) vehicles in the first half of 2021 (up 49%).⁸ Alongside TRATON SE, Daimler AG’s Trucks & Buses lines make it a key customer for the Automotive division. According to Daimler AG, sales volumes at Daimler Trucks were up 38% year-on-year at 218,149 units in the first half of 2021, mainly due to a very strong second quarter. The core EU30 region also contributed to this, registering a significant increase in sales volumes of 87% to 18,100 units from April to June.⁹

Multi-year comparison
for the Automotive division

| | H1 2021 | H1 2020 | H1 2019 | H1 2018 |
|--|---------|---------|---------|---------|
| Sales (in EUR million) | 181.2 | 118.5 | 207.1 | 214.6 |
| Change (absolute) (in EUR million) | 62.7 | -88.6 | -7.5 | 30.4 |
| Change (relative) | 52.9% | -42.8% | -3.5% | 16.5% |
| EBIT (in EUR million) | 1.2 | -11.3 | 3.0 | 4.4 |
| EBIT margin | 0.7% | -9.5% | 1.4% | 2.1% |
| Non-recurring and prior-period effects* (in EUR million) | 0.0 | 0.0 | -1.2 | 0.0 |
| Adjusted EBIT (in EUR million) | 1.2 | -11.3 | 1.8 | 4.4 |
| Adjusted EBIT margin | 0.7% | -9.5% | 0.9% | 2.1% |

* The deconsolidation of Hörmann Automotive Penzberg GmbH resulted in non-recurring income of EUR 1.2 million in the first half of 2019.

⁸ Traton SE press release, 28 July 2021

⁹ Daimler AG interim report for Q2 2021, 21 July 2021

⁷ ACEA press release, 28 July 2021

In the Automotive division, sales rose by EUR 62.7 million year-on-year from EUR 118.5 million to EUR 181.2 million in the first half of 2021, thanks to the strong rise in demand in the trucks and agricultural machinery product segments. In the previous year, owing to the unexpected outbreak of the COVID-19 virus and the associated widespread shutdowns of production capacity in the automotive industry from the middle of March 2020, production was disrupted at the German plants of the Automotive division, thereby impairing sales performance in the first half of the previous year. The production volume expanded by more than 50% in the past reporting period. This strong increase in demand was driven firstly by government investment subsidy programmes (including the “scrapping premium” for old trucks) and the higher standards for truck exhaust quality. Furthermore, the economic recovery with rising transport volumes, combined with a further push to relocate industrial value added to Eastern Europe, had a corresponding positive effect. This positive trend in demand is still being offset by the growing shortage of materials. In the first half of 2021, production downtime and cancelled deliveries were only prevented by intensive efforts on the part of procurement in close cooperation with customers and suppliers. The occasionally massive increases in the prices of materials and the higher labour costs to ensure delivery capability weighed heavily on the half-year results.

Communication division

In the Communication division, HÖRMANN Industries GmbH is a technologically leading provider of innovative communication, information, warning and security systems together with its subsidiaries. The product portfolio includes professional radio equipment for railways and public transportation, smart electronic security systems to protect buildings, public spaces, industrial properties and facilities and inland shipping and airports. The Communication division’s portfolio also includes the development, production, installation and maintenance of electronic warning systems for civil protection.

The railway industry has been on a growth course worldwide for many years but must hold its ground in a very dynamic competitive environment. In particular, megatrends such as urbanisation, the increase in international trade flows resulting from globalisation, and growing environmental awareness as well as more stringent environmental protection targets are making rail transport more important. At the same time, the environment and technological requirements are changing, influenced by digitalisation and automation.

Despite the impact of the COVID-19 pandemic over 2020 as a whole, sales in the railway industry reached a new high of EUR 12.5 billion according to the German Railway Industry Association (VDB). However, according to the VDB, the good sales figures reflect the high incoming orders in previous years. A 37.5% slump in incoming orders from abroad, largely due to the pandemic, indicates that the railway industry will nonetheless feel the effects of the COVID-19 crisis this year and in the following years.¹⁰

On the other hand, the infrastructure measures resolved by many countries as a means of supporting the economy could have a positive impact. This represents additional sales potential for the Communication division. Looking at Germany specifically, the coalition committee approved an expansive economic and crisis response package, as well as a “future package”. Within a EUR 50 billion stability package, this also includes a EUR 150 million sub-package intended to improve mobile reception along 39,000 kilometres of railway in Germany, including improved interference immunity for train radio modules in older trains.

According to the spring 2021 economic survey by the German Federal Security Technology Association (BHE), the market situation in the security industry has deteriorated again somewhat, which is probably largely due to the long lockdown and the numerous restrictions. In this survey, companies in Germany rated the market situation with an average of 2.14 using the German school grade system, after 2.04 in autumn 2021 and 2.46 in spring 2020. Generally, however, 70% of companies still rate the economic situation as “very good” or “good”. Among companies in the video security sector, the assessment of the market situation has worsened slightly to 2.36 after the all-time high last October (2.20).¹¹

The Communication division reported sales growth of around 18% to EUR 76.6 million (previous year: EUR 64.9 million). This division was benefiting from government stimulus programmes described above and from additional state investment in the accelerated expansion of European Train Control System (ETCS), and from the efforts to enhance the efficiency of the network infrastructure for digitization in railway transport (Digitale Schiene Deutschland). In addition, high demand for qualified electrical planning and installation services, for mechanical assembly and maintenance for the ongoing energy turnaround and high investment in the expansion of railway transport are supporting the division’s positive performance.

¹⁰ VDB press release 3/2021, 28 April 2021

¹¹ BHE spring 2021 economic survey

Multi-year comparison
for the Communication division

| | H1 2021 | H1 2020 | H1 2019 | H1 2018 |
|---------------------------------------|---------|---------|---------|---------|
| Sales (in EUR million) | 76.6 | 64.9 | 59.5 | 47.0 |
| Change (absolute) (in EUR million) | 11.7 | 5.4 | 12.5 | 8.8 |
| Change (relative) | 18.0% | 9.0% | 26.6% | 23.0% |
| EBIT (in EUR million) | 13.8 | 7.8 | 5.7 | 2.8 |
| EBIT margin | 18.0% | 12.0% | 9.6% | 6.0% |

All in all, the Communication division has enjoyed stable sales and earnings development (EBIT) for many years.

Engineering division

HÖRMANN Industries GmbH and its subsidiaries offer a broad range of products and services in the Engineering division. A detailed description of these activities can be found in the section “Basic information on the Group”. The division’s business development primarily depends on the economic performance of the construction, logistics and railway vehicle construction industries.

While 2020 saw a positive development for the German construction industry, the Federation of the German Construction Industry (HDB) does not expect the construction year 2021 to be as successful. According to the federation, this is reflected firstly in sentiment among construction companies, whose business expectations are currently in negative territory. In particular, construction is being impeded by the shortage of materials, as mentioned under “General economic conditions”, and the resulting sharp price increases for many building materials. In the ifo economic test in June 2021, 46% of the construction companies surveyed reported that production was impeded by material shortages, after just 4.4% had said the same in March. Secondly, there was a decline in sales of 9.4% in the first quarter of 2021, although this was partly attributable to bad weather conditions. By contrast, the order situation looks good so far. From January to May 2021, there was real growth in orders of 2.4%, with a significant boost in May. Orders on hand amounted to EUR 62.1 billion as of the end of March (up 8.2% on the previous year). For 2021 as a whole, the HDB expects sales to stagnate on a nominal basis (in real terms: decrease of 2%).¹²

¹² HDB Construction Industry Report, as of 26 July 2021

Meanwhile, the VDMA’s trade association for conveyor technology and intralogistics anticipates stable growth in the intralogistics sector in the current year. Incoming orders between January and April 2021 were up 27% year-on-year and 15% higher than the figure from spring 2019. Exports are currently still lagging behind the positive trend somewhat. In the first three months of 2021, almost 7% fewer conveyor technology and intralogistics products were exported to foreign countries than in the same period of the previous year. However, the outlook for the year as a whole is positive.¹³

With regard to the economic development of rail vehicle construction, please refer to the comments on the development of the railway industry for the Communication division.

Multi-year comparison
for the Engineering division

| | H1 2021 | H1 2020 | H1 2019 | H1 2018 |
|---------------------------------------|---------|---------|---------|---------|
| Sales (in EUR million) | 31.8 | 41.4 | 27.0 | 17.5 |
| Change (absolute) (in EUR million) | –9.6 | 14.4 | 9.5 | 1.2 |
| Change (relative) | –23.3% | 53.3% | 54.4% | 7.3% |
| EBIT (in EUR million) | 2.5 | 4.6 | 2.1 | 1.1 |
| EBIT margin | 7.8% | 11.1% | 7.8% | 6.4% |

At EUR 31.8 million, as anticipated, sales in the Engineering division were significantly lower than in the same period of the previous year (EUR 41.4 million). The enormous uncertainty and the economic repercussions of the COVID-19 pandemic caused severe delays in order placement in 2020. The late-cycle effects of the crisis are therefore still being felt in the 2021 financial year and causing sales to decline in the Engineering division. Major orders that were expected to be placed in 2020 were postponed until the first half of 2021, which means that longer-running projects cannot be invoiced until the end of 2021 or in 2022. Incoming orders in the reporting period were accordingly high. In the first six months of the year, new orders of EUR 83.1 million were recorded, causing orders on hand to increase to EUR 122.4 million as of 30 June 2021.

¹³ VDMA press release, 1 July 2021

Services division

The Services division bundles the industrial service offerings of HÖRMANN Industries GmbH, which the Group intends to use to leverage the growth potential of the technological megatrends of automation and electric mobility as well as the emerging structural change within the automotive industry.

According to the latest calculations by the German Federal Statistical Office from August 2021, the manufacturing industry has recovered significantly from the COVID-19 pandemic, when large parts of the industry cut back or temporarily shut down their production. Production in May and June 2021 was thus 16.6% and 5.1% higher respectively year-on-year, after adjustment for calendar effects. However, compared to February 2020 – the month before the start of COVID-19 restrictions in Germany – production in June 2021 was 6.8% lower after adjustment for seasonal and calendar effects.¹⁴ By contrast, incoming orders in the manufacturing sector in June 2021 were up 11.2% after adjustment for seasonal and calendar effects in comparison to February 2020.¹⁵

These calculations are confirmed by the “Maintenance” sector indicator of the Institute for Industrial Management (FIR) at RWTH Aachen University. This shows that sentiment among industrial maintenance service providers improved substantially from 6 points in the fourth quarter of 2020 to 21 points in the first quarter of 2021. By now, 43% of those surveyed anticipate a more favourable economic situation in the first half of 2021, whereas in the previous quarter the figure had been just 14%. The current economic situation in the first quarter of 2021 was also rated as good by 38%, and only 8% of maintenance companies rated the situation as bad.¹⁶

The Services division, which was also still affected by the economic downturn in the automotive industry and the effects of the COVID-19 pandemic, generated sales of EUR 7.0 million (previous year: EUR 9.8 million). The business performance of the young business unit in the period under review continued to be impacted by the travel restrictions still in place in the first half of 2021 and a lingering reluctance among customers from the automotive and mechanical engineering sectors to place orders. The focus is therefore on customer acquisition in non-automotive areas thanks to expertise in automation and maintenance. The Automation division of SAV GmbH, Mittweida, and its 11 employees were acquired effective 1 January 2021. In addition, HÖRMANN Automationservice

GmbH acquired the operations of SOLution-TEC GmbH in Wolfenbüttel, along with its 7 employees, effective 1 November 2021. With these two acquisitions, the expansion of skills and capacity in the pioneering field of automation technology is being systematically continued.

Multi-year comparison for the Services division

| | H1 2021 | H1 2020 | H1 2019 | H1 2018 |
|------------------------------------|-------------|-------------|-------------|-------------|
| Sales (in EUR million) | 7.0 | 9.8 | 11.1 | 9.1 |
| Change (absolute) (in EUR million) | -2.8 | -1.3 | 2.0 | 6.7 |
| Change (relative) | -28.8% | -11.7% | 22.0% | 279.2% |
| EBIT (in EUR million) | -1.1 | -0.7 | -0.2 | -0.2 |
| EBIT margin | -16.2% | -7.1% | -1.8% | -2.0% |

Report on opportunities, risks and expected developments

OUTLOOK

General economic conditions

The global economy is still suffering from the repercussions of the COVID-19 virus outbreak. Forecasts by experts are therefore subject to a high degree of uncertainty regarding the remaining duration and severity of the pandemic. A reliable forecast of the economic consequences and the associated economic and financial crisis is possible only to a limited extent at the time of preparing this management report. All available forecasts by the economic research institutes also cite the enormous uncertainty of future developments. According to its forecast from July 2021, the International Monetary Fund (IMF) anticipates global economic growth of 6.0% for the full year 2021. Thanks to progress in vaccination campaigns, the IMF has raised its forecast for the industrialised nations by another 0.5 percentage points in comparison to its update from April 2021 and now anticipates an increase of 5.6%. The economy in the euro area is set to grow by 4.6% in the current year. By contrast, economic growth of 3.6% is still expected in Germany.¹⁷

These cautiously optimistic expectations are also reflected in the ifo Business Climate Index. Although companies in Germany rated their current business situation as somewhat better in July 2021 than in June, their optimism decreased considerably when looking ahead to the development in the coming months. Supply bottlenecks for intermediate products and concerns about increasing infections again are casting a shadow over the outlook for the German economy.¹⁸

Despite this cautiously positive outlook for future economic development, there is still uncertainty as to how the COVID-19 pandemic will develop further and whether the economy will be hit by another wave. There is potential for further economic setbacks if it is not possible to limit the number of new infections or the impact of the latest variants.

Forecast for the Automotive division

The Association of International Motor Vehicle Manufacturers (VDIK) is anticipating a slight recovery in demand for commercial vehicles in 2021 as a whole. With around 370,000 registered units, the VDIK is forecasting growth of around 6%. However, the experts also note the uncertainty that still prevails.¹⁹ In the first seven months of the current financial year, however, the commercial vehicle market in Germany was up 16% at 214,000 units and was thus above its long-term average.²⁰ Based on the latest reports for 2021, major manufacturers such as the Traton Group²¹, the main customer for the Automotive division, and Daimler Trucks & Buses²² expect to see a sharp rise in sales figures in the relevant EU-30 sales market. At the same time, however, they point out the risks relating to the unforeseeable development of the COVID-19 pandemic and the resulting consequences for supply chains and production.

In light of the current order situation and the latest sales forecasts of its customers in the commercial vehicle market, HÖRMANN Industries GmbH expects the Automotive division to increase its production volume by around 30% in the 2021 financial year as compared to 2020. This strong increase in demand was driven firstly by government investment subsidy programmes (including the “scrapping premium” for old trucks) and the higher standards for truck exhaust quality in the future. Furthermore, the economic recovery with rising transport volumes, combined with a further push to relocate industrial value added to Eastern Europe, is having a corresponding effect.

This positive development in demand is adversely affected by the shortages in material availability that have emerged since the start of 2021. In the first half of 2021, production downtime and cancelled deliveries were only prevented by intensive efforts on the part of procurement in close cooperation with customers and suppliers. The increased staff costs required to ensure delivery and the increased material costs could have a significant impact on earnings in the 2021 financial year if it is not possible to pass on the higher costs to customers in the form of price

¹⁴ Destatis press release 370, 6 August 2021

¹⁵ Destatis press release 368, 5 August 2021

¹⁶ RWTH, FVI Das Netzwerk – Maintenance Sector Indicator Q1 2021

¹⁷ IMF World Economic Outlook Update, July 2021

¹⁸ ifo Business Climate Index, 26 July 2021

¹⁹ VDIK press release, 3 December 2020

²⁰ VDIK press release, 4 August 2021

²¹ Traton SE half-year financial report, 28 July 2021

²² Daimler AG interim report for Q2 2021

increases. There was also a negative impact from production downtime lasting several days with orders being postponed by our customers, particularly due to a lack of electronic components.

Additionally, it remains difficult to assess the ongoing ramifications of the COVID-19 pandemic in terms of production and demand for commercial vehicles. While the domestic plants returned to close to pre-crisis levels in the second half of 2020 as the hygiene concepts took effect and demand gradually stabilised from month to month, the new plant in Slovakia suffered a huge setback in the fourth quarter of 2020 due to the rapid spread of the second wave of the pandemic and the extremely high infection rates in Slovakia, which prompted the introduction of mass testing. Similar developments in the second half of 2021 with profound disruption to business development cannot be ruled out at present.

Assuming, among other things, that the further development of the COVID-19 pandemic and the availability of materials do not lead to additional negative business developments over the remainder of the year, HÖRMANN Industries GmbH anticipates sales of more than EUR 350 million in the Automotive division in the 2021 financial year (previous year: EUR 273.2 million) and thus expects to reach break-even despite the rising material prices. In addition to the pandemic levelling off, achieving the ambitious medium-term targets will require a sustained stable economy that allows the OEMs to meet the sales forecasts that form the basis for the targets.

Forecast for the Communication division

In its latest forecast from April 2021, the German Railway Industry Association (VDB) stated that, following growth in sales in 2020, the railway industry was likely to feel the impact of the COVID-19 pandemic over the coming years. While total annual sales in Germany rose to a new high of EUR 12.5 billion in 2020, total incoming orders outside Germany declined by 37.5%. To offset this downturn in the export-oriented railway industry, the VDB is proposing an acceleration of investments in clean mobility and a widespread roll-out of the European Train Control System (ETCS).²³

In addition, the market outlook for digital security, surveillance, communication and network technology showed a recovery from the impact of the COVID-19 pandemic by the spring. In the spring economic survey by the German Federal Security Technology Association (BHE), the companies rate the future business situation with an average of 2.17 using the German school grade system, and thus more optimistically than in the autumn (2.23) and in spring 2020 (2.47).²⁴

HÖRMANN Industries GmbH expects the Communication division to see stable development again in the second half of 2021 on the back of the good order situation and the high level of demand. The positive economic development is still supported by the impact of the state aid measures resolved. As part of the German Federal Government's economic stimulus package in response to the coronavirus, additional funds have been provided for the accelerated expansion of the European Train Control System (ETCS) and the more efficient design of network infrastructure with a view to the digitalisation of rail transport ("Digital Rail for Germany"), and Funkwerk AG in particular will participate in these projects. However, HÖRMANN Warnsysteme GmbH's mass warning systems and HÖRMANN Kommunikation & Netze GmbH's services will also continue to support the division's positive business development on the back of investments in disaster control and the high level of demand for qualified services for electrical planning and installation, mechanical assembly and maintenance for the realisation of energy transition, and the aforementioned investments in rail transport. For 2021 as a whole, the Communication division anticipates sales of approximately EUR 160 million, corresponding to growth of around 10%. Taking into account the anticipated product mix, EBIT is expected to exceed the prior-year level (EUR 24.4 million).

Forecast for the Engineering division

In the current financial year, the Federation of the German Construction Industry (HDB) expect sales in the construction industry to stagnate at 2020 levels on a nominal basis (in real terms: decrease of 2%).²⁵ With the overarching trend of urbanisation and low interest rates set to remain unbroken in 2021, sales growth of 3.0% is forecast for residential construction. By contrast, the leading construction industry association expects the economic consequences of the COVID-19 virus crisis on the manufacturing and service industries to lead to a 2.0% reduction in commercial construction in the current year. Public construction is also forecast to decline by 1.5%. However, the association states that all targets are subject to the bottlenecks in the building material supply being rectified quickly, otherwise the forecasts would be at risk.

For the logistics industry, the VDMA's trade association for conveyor technology and intralogistics anticipates stable growth in the current year.²⁶ Thanks to higher incoming orders, which were up 27% year-on-year and 15% on spring 2019 in the period from January to April 2021, the trade association has raised its growth forecast for the German intralogistics industry in 2021 from 8% to 10%. The production volume of the German intralogistics industry would thus increase to EUR 23.4 billion.

There were considerable delays in the award of industrial contracts in 2020 due to the significant uncertainty surrounding the COVID-19 pandemic and its economic consequences. With a view to these postponed incoming orders, HÖRMANN Industries GmbH expects the Engineering division to feel the delayed impact of the crisis in the 2021 financial year, with sales declining to around EUR 70 million (2020: EUR 84.3 million). Accordingly, EBIT is forecast at around EUR 6 million (2020: EUR 9.1 million). In light of the positive outlook for the industry and the current high order level, we expect the Engineering division to record further strong growth in the medium term to 2025, accompanied by an EBIT margin of around 10%. The primary growth driver will be our products and solutions for intralogistics.

Forecast for the Services division

The Institute for Industrial Management (FIR) at RWTH Aachen University records the sentiment in terms of economic development in the maintenance industry in Germany in its quarterly indicator, 'Maintenance'. After the indicator had fallen to its lowest level since the survey began in the fourth quarter of 2020, sentiment among industrial maintenance service providers improved substantially from 6 points to 21 points in the first quarter of 2021, reflecting the positive prospects for the coming six months. By now, 43% of those surveyed anticipate a more favourable economic situation in the first half of 2021, whereas in the previous quarter the figure had been just 14%. Similarly, 47% of maintenance service providers anticipate a more favourable order situation in the next six months.²⁷

Despite the setback due to the pandemic and the general economic development in 2020 and the first half of 2021, HÖRMANN Industries GmbH plans to continuously develop the Services division over the coming years. In doing so, it will focus intensively on non-automotive sectors and the service portfolio will be strengthened in the areas of automation and maintenance in particular. The Automation division of SAV GmbH, Mittweida, and its 11 employees were acquired back in January 2021. In addition, the operations of SOLution-TEC GmbH in Wolfenbüttel were acquired, along with its 7 employees. The Group anticipates a good business performance in the second half of 2021 with sales of around EUR 20 million (2020: EUR 17.0 million). Despite expected break-even EBIT in the second half of 2021, the division will not yet make a profit in 2021 (2020: EUR -2.5 million) as a result of the loss in the first half of the year (EUR -1.1 million).

Forecast for HÖRMANN Industries GmbH

Economic and industry developments will continue to influence HÖRMANN Industries GmbH's operating and financial performance in the 2021 financial year. The Group's forecasts for its expected business performance are based on certain assumptions regarding the development of the economy in Germany, the euro area and specific industries, and on an optimistic assessment of how the COVID-19 pandemic will continue to unfold.

²³ VDB press release 3/2021, 28 April 2021

²⁴ BHE spring 2021 economic survey

²⁵ HDB press release, 26 July 2021

²⁶ VDMA press release, 1 July 2021

²⁷ RWTH, FVI Das Netzwerk – Maintenance Sector Indicator Q1 2021

Given the ongoing uncertainty at the time of preparing this report regarding the further course of the COVID-19 pandemic and the economic and financial effects of this crisis in the euro area, HÖRMANN Industries GmbH assumes that the COVID-19 pandemic and its effects will still have a significant impact on the sales and earnings performance of the company in 2021. Nevertheless, it expects the overall economic situation to continue to recover in line with economic forecasts. However, any negative developments beyond this, such as a renewed shutdown of the economy or of individual key customers, could mean that the actual results for the 2021 financial year differ from the forecast values.

At Group level, based on an assessment of the current order situation in its individual divisions, HÖRMANN Industries GmbH is forecasting total sales in 2021 of between EUR 600 million and EUR 620 million (2020: EUR 521.5 million). Around EUR 25 million or 25% of the sales increase of around EUR 100 million as against the previous year will be attributable to material price increases not recognized in profit or loss, particularly in the Automotive division, which HÖRMANN can pass on to its customers in most cases. In operating business, the target is a positive result before interest and taxes (operating EBIT) in a range between EUR 26 million and EUR 28 million (2020: EUR 13 million).

In light of the forecast results of operations, working capital – comprising inventories and trade receivables less trade payables – is expected to be EUR 15 million to EUR 20 million higher at the end of 2021 than as of 31 December 2020. Accordingly, taking into account the planned payments for provisions and investments, net cash and cash equivalents are expected to decline by up to around EUR 20 million between December 2020 and December 2021. Based on net cash and cash equivalents at the end of 2020 and the available credit facilities with banks for 2021, the Group therefore expects the financial situation to remain stable.

All in all, the four divisions of HÖRMANN Industries GmbH are continuing to place close cooperation with the customer at the heart of all their activities. This strong customer orientation, combined with targeted innovation and technology management and the future-oriented development of the staff, will allow the company to further strengthen its market and competitive position in the medium and long term.

RISK REPORT

General business risks

The global economy and the economies in the eurozone and Germany, which are key for HÖRMANN Industries GmbH, are subject to fluctuations that could impair the business activities and results of operations of HÖRMANN Industries GmbH.

HÖRMANN Industries GmbH is heavily dependent on the economy in the eurozone and in Germany. The past financial and economic crisis in 2008/2009 led to a significant downturn in sales and earnings, particularly in the commercial vehicle industry and thus in the HÖRMANN Automotive division, that substantially impacted HÖRMANN Industries GmbH's business activities. A renewed crisis scenario such as the current COVID-19 pandemic, the debt situation of many industrialised nations, political instability or a renewed crisis in the financial system could have a significant impact on the business activities of HÖRMANN Industries GmbH.

HÖRMANN Industries GmbH's business development fundamentally depends on its success in maintaining or expanding its market position and – where applicable – technology leadership and responding quickly to the emergence of new competitors or the intensification of the competitive situation. To prevent the loss of market share, the company offers a high level of product and service quality, maintains close, trust-based contact with its customers and pursues systematic innovation, price and cost management. The Group also regularly observes market developments and the business policy of other market participants and adjusts its activities to reflect changes in requirements in regular strategy reviews. These counter-measures also create opportunities for HÖRMANN Industries GmbH to gain market share.

HÖRMANN Industries GmbH's future results also depend on the extent to which it is able to anticipate or respond to technological changes by improving its products and adapting them to reflect new requirements or by developing new products. If HÖRMANN Industries GmbH fails to respond adequately to technological changes, this could have an adverse effect on the net assets, financial position and results of operations of HÖRMANN Industries GmbH.

HÖRMANN Industries GmbH's business activities come up against a large number of existing competitors as well as new competitors entering the market segment and seeking to expand their business at HÖRMANN Industries GmbH's expense. Sustained or intensified price pressure and a deterioration or loss of competitiveness could have an adverse effect on the company's net assets, financial position and results of operations.

HÖRMANN Industries GmbH generates the majority of its sales with multiple individual customers, particularly major automotive and commercial vehicle manufacturers and Deutsche Bahn AG and its suppliers. HÖRMANN Industries GmbH generated over 25% of its sales with Volkswagen AG and its subsidiaries in the 2020 financial year. If it is not possible to retain these key customers or to offset a significant downturn in sales with them by gaining new customers or expanding business with other customers, this could have an adverse effect on the net assets, financial position and results of operations of HÖRMANN Industries GmbH.

Some of HÖRMANN Industries GmbH's business activities are dependent on political decisions that dictate the provision of funding for public investment in railway systems, personal security, property protection systems, motorways and other infrastructure projects. In light of the sharp increase in public debt and the consolidation pressure on public budgets in many European nations at present, delayed or cancelled investment projects and public funds could have an adverse effect on public-sector contract awards, and hence on business development in the affected areas.

General operational risks

HÖRMANN Industries GmbH is exposed to general operational risks. These also include risks in connection with business expansion and the risk of business disruption and other interruptions, such as strikes or other industrial action or restrictions imposed by government orders. This could have an adverse effect on the earnings and financial position of HÖRMANN Industries GmbH.

Presentation of individual risks

As in the previous year, the following section contains a summary description of the material risks that could have an adverse effect on the net assets, financial position and results of operations of HÖRMANN Industries GmbH.

Risks in connection with viral pandemics

Since March 2020, the environment of HÖRMANN Industries GmbH has been burdened by the COVID-19 pandemic, which has had a considerable impact on the entire global economy to date. These novel, currently completely incalculable situations such as the current global virus pandemic represent a risk that has a strong impact on all areas of HÖRMANN Industries GmbH and therefore cannot be secured. The further course of the COVID-19 pandemic and the specific consequences for the real economy and the financial system – and thus possibly also for HÖRMANN Industries GmbH – cannot be predicted. Furthermore, there is no historical experience of comparable events from which probable scenarios can be derived.

Even after the current COVID-19 pandemic has been contained, renewed significant impairment to the business activities of HÖRMANN Industries GmbH cannot be ruled out in the medium term.

The extent of the impact of the COVID-19 pandemic on the economy as a whole and on HÖRMANN Industries GmbH still cannot be estimated. The Group felt the effects in the interruption of production by automotive and commercial vehicle manufacturers lasting several weeks and in project and order postponements by its customers in the first quarter and early in the second quarter of 2020, as well as at the Slovakian plant in particular in the fourth quarter of 2020. In addition, travel restrictions have been defined for the Group's employees, which is continuing to severely restrict acquisition activities. The Group is prepared to adequately address a dynamic development of the situation. Existing contingency plans will help to maintain core functions should the situation change significantly again. In order to deal with a potential renewed escalation in the best possible way, the Group is in constant communication with its customers and suppliers. Management and all executives are focused on the permanent identification of possible disruptions in the value chain in order to react quickly to new circumstances with appropriate measures.

As a result of the broad globalisation of the world economy, the ever stronger growth in worldwide tourism and global warming, the occurrence of completely new virus pandemics, the effects of which are even more serious, can no longer be ruled out.

Dependence on industry-specific permits and certifications

Among other things, HÖRMANN Industries GmbH's business success depends on its ability to obtain industry-specific permits and certifications and its compliance with the prevailing standards and technical guidelines that govern the introduction of new products and technologies. If HÖRMANN Industries GmbH is unable to develop products and processes that meet these requirements or to obtain the necessary permits in the respective country, this could be detrimental to its business activities.

Dependence on international markets

To date, HÖRMANN Industries GmbH has focused on Germany and the rest of Europe. However, the Group's main customers are reliant on the sales markets in European and non-European countries. Particularly in the Communication and Engineering divisions, business activities in non-European countries are already being increasingly internationalised. This also involves risks for HÖRMANN Industries GmbH. In particular, this includes imponderables due to the prevailing economic and tax conditions in different countries, exchange rate risks and the need to comply with the respective local technical standards, country-specific legal systems and political instability.

Currency risks

HÖRMANN Industries GmbH generates the vast majority of its sales in euro. Where invoices are issued in other currencies, exchange rate hedging is performed to the extent that this is possible and appropriate. By contrast, purchases of parts, components and raw materials are also made in foreign currency to a significant degree. As such, there is a not inconsiderable exchange rate risk that could have an adverse effect on the net assets, financial position and results of operations of HÖRMANN Industries GmbH.

Dependence on commodity and energy prices

A rise in commodity and energy prices could lead to higher production costs, particularly in the Automotive division, and hence to falling income at HÖRMANN Industries GmbH. The risk potential is illustrated by the development on the commodity markets since the fourth quarter of 2020, with temporary supply shortages currently leading to significant price rises for steel products. The company tries to counteract these influences by adjusting its sales prices in line with changes in material prices. However, if this is not successful due to the highly competitive situation, this could have an adverse effect on the net assets, financial position and results of operations of HÖRMANN Industries GmbH.

IT risks

The HÖRMANN Industries GmbH companies can be controlled only with the help of complex IT systems. The companies' ability to deliver at all times also depends on the permanent availability of the corresponding systems and data. Serious disruptions such as system outages, external network attacks and data loss or manipulation could jeopardise their ability to deliver and give rise to claims for damages on the part of customers. Accordingly, the company works to permanently optimise its IT environment and IT security, including with the support of external experts.

Project organisation and management risks

HÖRMANN Industries GmbH is particularly active in the project business areas of communication, engineering and services. When orders are awarded, there is a possibility that the contractual partners will expect different conditions, thereby jeopardising the realisation of the respective project or the planned profit margin. As remuneration is based on the completion of defined performance phases, cancellation may mean that preliminary work done and costs and expenses incurred are not settled in full. In addition, the risk assessment of the specific project may be erroneous or incomplete, meaning that the agreed remuneration is not proportionate to the expenses incurred.

Risk in connection with outstanding project receivables in Algeria

Funkwerk video systeme GmbH (FVS) and Funkwerk plettac systems GmbH (fps) have an investment in a consortium under Algerian law (Groupement Funkwerk Contel plettac). As a result of domestic political developments in Algeria, an investigation into alleged suspicions of corruption and illegal overcharging against several companies and individuals was initiated in 2010. The affected parties included this consortium, the Algerian partner and FVS/fps, but not its managing directors or other employees of the Funkwerk Group. The proceedings are still ongoing. Shortly after the initiation of the investigation in 2010, bank accounts of the consortium were temporarily blocked, among other things. These accounts contained amounts paid for properly performed work in the equivalent amount of EUR 2.9 million calculated as at the reporting date that cannot currently be transferred to Germany and which are due within the Group solely to FVS/fps. An internal investigation by Funkwerk AG found no evidence to suggest that the corruption allegations are accurate.

An oral ruling was issued at the Algerian criminal court in Algiers in February 2016, but FVS/fps had not received a written ruling in the form required by law as at the preparation of the audit opinion. The oral ruling includes the conviction of FVS/fps and other companies for corruption and overcharging in Algeria and a fine of around EUR 40,000. An appeal was lodged against the ruling ahead of the deadline, meaning the bank accounts that were released under the oral ruling are still unavailable.

In connection with the projects realised, Funkwerk AG provided bank guarantees issued by Algerian banks on the basis of corresponding counter-guarantee agreements with some German banks. All the bank guarantees from German banks were derecognised at the reporting date. Of the derecognised bank guarantees, the principal has yet to return original guarantees in the amount of around EUR 8.4 million. Under the terms of the contracts with the principal, it should no longer be possible to assert claims against FVS/fps due to the latter having met the underlying delivery and performance obligations, the expiry of the contractual warranties and the expiry of the bank guarantees, which is why the guarantees have also already been derecognised by the German banks. However, there is a residual risk with regard to the original bank guarantees that have not yet been returned, as the German banks issued the Algerian banks with 'real' counter-guarantees.

Staff recruitment and selection risks

HÖRMANN Industries GmbH is dependent on qualified staff, particularly for generating further growth. If it is no longer to attract and retain qualified staff within the company to a sufficient extent and at salaries that are in line with market conditions in the long term, this could diminish the company's ability to successfully implement and adapt the business models of the divisions. A shortage of qualified staff may become a decisive growth-inhibiting factor in the future. HÖRMANN Industries GmbH is responding to this demographic challenge with its usual activities in staff marketing and development.

Procurement and production risks

HÖRMANN Industries GmbH's production depends on the supply of parts, products and services in perfect condition. Fluctuation in demand could lead to long response times on the part of suppliers. In addition, HÖRMANN Industries GmbH's requirement and capacity planning could be inadequate. Unexpected border controls and closures can lead to considerable short-term supply shortages.

Missing or qualitatively defective finished parts or raw materials could lead to production delays or stoppages. There has been substantial excess demand on the steel market since 2020. This is making it considerably more difficult to purchase raw materials for the Automotive division in a timely manner and represents a significant potential risk for HÖRMANN Industries GmbH. At present, there are growing reports of supply bottlenecks for electronic components and microchips. This could particularly represent a significant potential risk for the Communication division.

HÖRMANN Industries GmbH primarily operates production sites in Germany, Austria and Slovakia. In the worst case, the extensive destruction of one or more sites, e.g. as a result of flood, fire, explosion, sabotage or other causes, could lead to permanent production stoppages.

Key suppliers and other business partners could find themselves in economic difficulties, thereby negatively impacting the course of business of HÖRMANN Industries GmbH. Unplanned price rises also have negative consequences for the results of operations. To prevent this, HÖRMANN Industries GmbH regularly reviews its business partners' performance and selects suppliers carefully. In addition, long-term supply contracts are concluded where possible in order to offset fluctuations and prevent bottlenecks.

Logistics risks

HÖRMANN Industries GmbH does not have its own logistics infrastructure. It therefore uses external logistics companies for transportation between its production sites and warehouses as well as for supplying its production sites and its customers. As such, HÖRMANN Industries GmbH is dependent on the smooth operation of the logistics services provided by these third parties.

Warranty risks

Products and systems may be faulty, thereby exposing HÖRMANN Industries GmbH to warranty claims and/or claims for damages. Furthermore, there are liability risks arising from supply agreements (liability clauses in contracts with customers), contractual risks due to liability for delays in the start of production, and production processing risks, particularly in the Automotive division. Similar liability risks also exist for services and deliveries in the project business of the Communication, Engineering and Services divisions. If the Group companies are unable to ensure on-time delivery or services in line with customer requirements and HÖRMANN Industries GmbH jeopardises production at the customer or the completion of subgroups as a result, this could lead to increased costs and recourse claims against HÖRMANN Industries GmbH.

or the loss of orders, which would have an adverse effect on the net assets, financial position and results of operations of HÖRMANN Industries GmbH.

Risks in connection with receivables

If customers and other business partners default on receivables, either in full or in part, or there are significant and wide-scale delays in payment, this could lead to liquidity bottlenecks and hence restrict HÖRMANN Industries GmbH's business activities or considerably impact its net assets, financial position or results of operations. HÖRMANN Industries GmbH counteracts these risks by requiring advance payments and invoicing on a percentage-of-completion basis in its product business and by concluding commercial credit insurance.

Risks in connection with the repayment of subsidies, tax audits and social security contributions

HÖRMANN Industries GmbH has been and continues to be granted or promised public government investment subsidies for individual development projects and business measures. The use of such funds is typically earmarked for a specific purpose and tied to corresponding requirements and conditions. If HÖRMANN Industries GmbH is unable to ensure and demonstrate that these requirements and conditions have been met, it could have to repay the respective investment subsidies.

HÖRMANN Industries GmbH is of the opinion that the tax returns prepared by its companies have been submitted correctly and in full. However, differing views of the respective matters could give rise to demands for the back payment of taxes. Changes in tax law or the interpretation of existing tax law could have a negative influence on the business activities of HÖRMANN Industries GmbH and its commercial and tax law structures. HÖRMANN Industries GmbH companies could be required to make backpayments of taxes for the periods for which tax audits have not yet been conducted. The same applies for any demands to make additional social security contributions.

Risks in connection with inadequate insurance

Despite concluding extensive insurance cover, HÖRMANN Industries GmbH cannot guarantee that either it or its subsidiaries will be compensated in full for any losses incurred.

If losses occur that are not covered by the insurance concluded either in part or in full, particularly in the area of product liability or as a result of interruptions to production as well as other material damage, this could have a negative effect on the net assets, financial position and results of operations of HÖRMANN Industries GmbH.

Risks in connection with compliance violations

Potential compliance violations could lead to future regulatory investigations, backpayments of taxes, claims for damages and the termination of supplier relationships by customers.

HÖRMANN Industries GmbH comprises a number of companies that bid for large-scale orders in the automotive, rail, service and construction sectors. This involves the risk that the applicable statutory provisions will be violated in order to gain an advantage over the competition when competing for and initiating orders.

To counter these risks, HÖRMANN Industries GmbH has implemented a comprehensive compliance system.

Risks in connection with financial obligations

HÖRMANN Industries GmbH has considerable pension, lease and rental obligations that could impair its liquidity situation in the future.

These obligations must be met from cash flow from operating activities. The rental and lease obligations for buildings, technical machinery and equipment, facilities, office space and vehicles are significant and constitute substantial fixed costs. These costs cannot be adjusted in response to a sharp downturn in sales and earnings. This could have an adverse effect on the net assets, financial position and results of operations of HÖRMANN Industries GmbH.

Litigation risks

HÖRMANN Industries GmbH companies are parties to various judicial and extrajudicial disputes. The outcome of these proceedings is unclear and each case involves the risk that the plaintiff/claimant could prevail, either in part or in full. Adequate provisions are recognised to the greatest possible extent where this is considered to be necessary.

However, the possibility that these provisions will be insufficient cannot be ruled out. This could have an adverse effect on the net assets, financial position and results of operations of HÖRMANN Industries GmbH.

Risks in connection with acquisitions and joint ventures

Risks could arise in connection with acquisitions or joint ventures if the future expectations in terms of income potential, profitability and growth opportunities fail to materialise or if hidden defects or inherited liabilities occur, e.g. due to prior deliveries or product liability. The resulting extraordinary amortisation requirement of recognised goodwill could have an adverse effect on the net assets, financial position and results of operations of HÖRMANN Industries GmbH.

Risks in connection with violations of environmental law

HÖRMANN Industries GmbH could violate existing provisions of environmental law or its production activities could pollute the environment. This could have an adverse effect on the net assets financial position and results of operations of HÖRMANN Industries GmbH.

Risks in connection with violations of industrial property rights

Competitors could copy HÖRMANN Industries GmbH's products and techniques or could unknowingly infringe upon patents of HÖRMANN Industries GmbH. Furthermore, the possibility of HÖRMANN Industries GmbH unknowingly infringing upon its competitors' patents due to a different understanding of the content of the intellectual property protected by the patent in particular cannot be ruled out. This could have a negative effect on the net assets, financial position and results of operations of HÖRMANN Industries GmbH.

Risks from a lack of credit

HÖRMANN Industries GmbH and a syndicate of banks have concluded a global syndicated loan with a volume of EUR 40 million and a term to December 2024, consisting of a current account credit line of EUR 15 million and a revolving EURIBOR credit line of EUR 25 million. The financial crisis in 2008/2009 has shown that there may be a temporary shortage of credit in the economy. At present, it cannot be ruled out that there will not be another financial crisis with a temporary shortage of credit for the economy in the wake of the current COVID-19 pandemic. If the contractually agreed credit lines are not made available in a timely manner in accordance with the requirements of HÖRMANN Industries GmbH, this could have a significant impact on the business activities of HÖRMANN Industries GmbH. To mitigate this risk and as a precautionary measure, the management took advantage of a EUR 40 million KfW entrepreneur loan as part of the German Federal government's package of measures to mitigate the economic impact of the COVID-19 pandemic, of which EUR 10 million had been drawn down as at the reporting date.

Risks in connection with the bond issue

HÖRMANN Industries GmbH has issued a bond with a volume of EUR 50 million, a coupon of 4.5% p.a. and a term until June 2024. Interest is payable each June. There is a risk that the funds generated from the bond will not be employed profitably enough to cover the coupon payments. This would have a negative impact on the Group's net assets, financial position and results of operations. Furthermore, there is a risk that misinvestments could lead to an inability to make coupon payments and/or redeem the bond to the necessary extent and/or on schedule or at all. This would have negative consequences for the Group's position.

Interest rate risks

HÖRMANN Industries GmbH and a syndicate of banks have concluded a global syndicated loan with a volume of EUR 40 million and a term to December 2024. The loan agreement sets out a variable interest rate based on EURIBOR. If EURIBOR were to rise to above 0%, this could increase the interest cost of future financing, which would have an adverse effect on the Group's results of operations.

STRATEGIC ORIENTATION AND REPORT ON OPPORTUNITIES

Automotive division

Despite the various operational challenges in the 2020 financial year, the strategy for 2025 was addressed in all divisions with methodical support from the holding company, thereby laying the foundations for HÖRMANN Industries GmbH to move into a successful future following the COVID-19 pandemic.

In the largest division, Automotive, HÖRMANN Industries GmbH is continuing to pursue a strategy of being a key supplier of metal chassis products and high-end body-in-white components for the European commercial vehicle and agricultural/construction machinery industries. It intends to press ahead with increasing the competitiveness and customer diversification of the division.

Based on the current development and forecasts by the industry association VDA, HÖRMANN Industries GmbH expects the European market (excluding Russia) to see sustained growth in sales figures for commercial vehicles again in the second half of 2021. Industry analysts still expect demand for commercial vehicles to rise in the medium term. The main drivers for this forecast are the successive obsolescence of existing vehicle fleets, increasingly stringent requirements in terms of exhaust quality and the ongoing trend towards relocating production to eastern Europe. High demand for light commercial vehicles, particularly vans for delivering parcels, is also propelled by the continued rapid growth of online shipping logistics.

If this proves to be the prevailing market development for our customers in the medium term, this is expected to lead to increased call orders in the next few years, with a corresponding positive impact on sales forecasts. HÖRMANN Industries GmbH expects the outsourcing of in-house production activities by European commercial vehicle manufacturers to result in additional orders. The continued growth in vehicle derivatives and the development of new vehicle concepts for electric mobility, particularly when it comes to light commercial vehicles, could open up additional markets.

The existing expertise in the area of forming technology, a broad portfolio of systems and machinery, the strategy of significantly expanding automation at the plants in Germany while outsourcing labour-intensive production to cheaper foreign plants and the planned stronger positioning as a development partner and systems supplier provide healthy foundations for obtaining additional customers and orders and returning to sustained earnings power at a level that is typical for the industry. The expansion of the plant in Banovce, Slovakia, in 2020 and the significantly improved cost position will make an important contribution to this in the coming years.

Communication division

The Communication division intends to continue to grow while maintaining its strong results of operations and is seeking to further strengthen its competitive position in order to do so. The division has a high-tech product range with a number of unique selling points. Among other things, opportunities for the division result from the progressive digitalisation of transport, the growing need for video surveillance and the conversion of communication networks to 5G technology. Growth potential is also offered by government economic support programmes and the accompanying investments in the expansion of infrastructure, the continuous upturn in the need for security around the world, the sustained trend towards urbanisation and the further dynamic expansion of rail transport in the wake of the climate debate. In addition, there are expansion opportunities arising from digital service concepts. The long product lifecycles for rail vehicles in the rail industry also involve opportunities. Reliable services over the entire useful life and professional obsolescence management can help to secure customer investments for the long term. The division also intends to further strengthen its export business by entering into new partnerships, including abroad.

Engineering division

With its broad portfolio of expertise along the entire engineering value chain, from design engineering through factory and building planning to the realisation of turnkey logistics centres, Engineering is a division with a promising future and high growth potential. Knowledge management and the industrial application of engineering know-how has a long and successful tradition in Germany and will remain one of the key drivers of global technological progress and dynamic industrial development. Although the division is already very well positioned for the challenges of today and tomorrow, it intends to systematically expand this position with a view to the digital transformation of industry and the wide range of new technological requirements in order to take advantage of the resulting opportunities. To this end, the Group is planning to further strengthen the division's product and customer diversification by extending its range of services, pressing ahead with internationalisation and expanding its engineering capacities. In addition to organic growth, opportunities for inorganic growth in the form of acquisitions are continuously examined.

The close networking of design expertise, manufacturing technology knowledge and production experience can open up a wide range of new options. In particular, the current dynamic development of electric mobility and new hydrogen-based drive systems offers extensive additional potential for developing new areas of activity for rail and road vehicles alike. The Group also sees extended product solutions for the intralogistics segment as an important growth area. The extremely dynamic development of the market and the sharp rise in demand for mail order and e-commerce during the extended lockdown serve to underline the growth potential in this area.

However, all the other segments of the Engineering division will also have wide-ranging opportunities for business expansion if HÖRMANN Industries GmbH is even more successful at marketing itself as an attractive medium-sized employer and is able to recruit new employees to a sufficient extent.

Services division

With the further establishment of the Services division, HÖRMANN Industries GmbH is seeking to reflect the growing trend towards the outsourcing of industrial services. In future, the division's activities will concentrate to a greater extent on high-tech services in the industrial environment of automation, digitisation and Industry 4.0.

The structural changes in the familiar industrial environment of the automotive and automotive supply industry and mechanical and plant engineering that are currently emerging will offer wide-ranging opportunities for high-quality services. The Group is laying the foundations for further organic and inorganic growth with the integration and reorientation of the service companies towards applications outside the automotive industry, and it intends to systematically press ahead with its growth strategy over the coming years. To this end, the skills and capacities for factory automation and digitisation will be further strengthened and expanded. HÖRMANN Digital GmbH, which commenced activities with its first projects in 2020, will make an important contribution to this process.

OVERALL ASSESSMENT OF THE FUTURE DEVELOPMENT OF HÖRMANN INDUSTRIES GMBH

In the current 2021 financial year, economic and industry-specific developments under the conditions of the ongoing COVID-19 pandemic will continue to influence the operational and financial development of HÖRMANN Industries GmbH. The outlook made by the Group on the expected course of business is therefore based on certain assumptions regarding the development of the economy in Germany and the eurozone, as well as in the specific industries.

Given the prevailing uncertainty regarding the further course of the COVID-19 pandemic at the time of preparing this report and the economic and financial effects of this crisis in the eurozone, HÖRMANN Industries GmbH assumes that the pandemic will continue to have an impact on the company's sales and earnings performance in 2021. Following the deep slump in the first half of 2020 and the slow upturn in the second half of 2020, the company currently expects the economic situation to see a further recovery in 2021 as the pandemic levels off, restrictions are relaxed and ultimately lifted, and the numerous government support measures continue to have a positive effect. However, any deviations or negative macroeconomic developments could mean that the actual results for the 2021 financial year differ from the forecast values.

Based on the planning drawn up at the end of the 2020 financial year for the 2021 financial year and the current order situation, the management assumes that HÖRMANN Industries GmbH will increase its sales to between EUR 600 million and EUR 620 million in 2021 (previous year: EUR 521.5 million), thus generating positive EBIT of between EUR 26 million and EUR 28 million (previous year: EUR 13.0 million). The net assets, financial position and results of operations are expected to remain at a very stable level.

All in all, the management considers the position of the Group to be stable at the time at which this report was prepared.

On the basis of HÖRMANN Industries GmbH's stable net assets, financial position and results of operations at the beginning of the year and in view of the broad diversification of its business activities, the management is confident that HÖRMANN Industries GmbH will also successfully overcome the challenges facing the Group.

The management assumes that HÖRMANN Industries GmbH will return to positive business development at pre-crisis levels in the medium term once the COVID-19 pandemic and its economic consequences have subsided.

Opportunities for the further development of HÖRMANN Industries GmbH will continue to be systematically identified, taken and utilised in all subsidiaries as part of the regular strategy process. In addition to observing internal and external data and the development of competitors, this is achieved using regular reports, strategic product and project management and the establishment of a systematic innovation and strategy process.

In the medium term over the coming years, HÖRMANN Industries GmbH as a whole will continue to pursue the objective of profitable growth with a focus on the company's strengths. With the re-establishment of the traditional Services division and the continued strengthening of the Engineering and Communication divisions, HÖRMANN Industries GmbH is pursuing a strategy of positioning itself as a broadly diversified company built on four profitable pillars with strong future prospects and a high degree of resilience to economic fluctuations. This strategy proved its worth once again in the crisis-hit year of 2020: Despite the sharp downturn in the Automotive and Services division, the positive business development in the Communication and Engineering divisions enabled the Group to maintain a positive earnings situation – in contrast to other market participants. The Group intends to achieve this goal not only through organic growth, but also through supplementary acquisitions when attractive opportunities arise.

All in all, HÖRMANN Industries GmbH considers its close relationship with its customers, which it is intensifying in a targeted manner, to be a key factor in the Group's success. In addition to its extensive existing customer base, it intends to press ahead with new business while also placing system solutions and services on the market. Another important factor for future success will be the continued intensification of interdisciplinary cooperation between the various specialist units and companies within HÖRMANN Industries GmbH, particularly across division boundaries and in close cooperation with HÖRMANN Digital GmbH, which was founded in 2019. This can open up new services in the environment of digitalisation that will benefit long-standing customers.

The opportunities at the Group's disposal also include the retention of specialist staff and the long service of its employees, which allow it to make the available expertise and specialist experience available across the various divisions in a way that is advantageous to customers. Accordingly, attractive incentive systems, interesting training and development opportunities and modern working time concepts are used as means of further strengthening the perception of HÖRMANN Industries GmbH as an attractive employer.

Other disclosures

RESEARCH AND DEVELOPMENT

In the **Automotive** division, a good basic understanding of metallurgy and its requirements in terms of customer products is a key success factor. Product-specific expertise with regard to forming, joining and assembly technology is required in order to gain additional market share. For new series production orders, the design and development as well as the use and maintenance of technologically sophisticated tools in production are very important. In addition to the ongoing enhancement of existing expertise, the development of new manufacturing technologies and their application to new materials is being driven forward in order to prepare for the future demands on commercial vehicles at an early stage. A particular focus here is on lightweight construction and weight reduction, composite components made of various materials and standardisation for the further development of OEM platform strategies.

The **Engineering** division contributes to the successful market presence of HÖRMANN Industries GmbH with its consulting expertise. HÖRMANN Vehicle Engineering GmbH is expanding the division's vehicle development expertise and leveraging synergy potential with the Automotive division. This is helping to advance the strategic development of the Automotive division from a build-to-print manufacturer to a solution provider and system supplier using the latest design, calculation and simulation methods. Within the framework of joint research projects, HÖRMANN Vehicle Engineering is also involved in the development of vehicles with innovative fuel cell drives.

The primary objective of the extensive research and development activities in the **Communication** division remains to secure and expand its technology leadership in the respective technologies and application-specific markets. These activities focus on customer-specific developments and applications as well as innovative new products and system solutions. Special emphasis is placed here on the development of new electronics, filter technologies and new mobile phone standards for train radios as well as the ongoing further development of the extensive product-oriented software systems. We are also constantly working on improving our production processes.

In addition, HÖRMANN Digital GmbH and its team of specialists develop new digital business models and software-based product enhancements for the individual divisions of the Group, among other things.

In order to utilise as much expertise for development as possible and to always be at the cutting edge of research, all the divisions regularly cooperate with external partners and universities. In addition, there is a regular dialogue with suppliers of key components and customers in order to allow innovative topics and trends and individual requirements to be integrated into the development process at an early stage.

Kirchseeon, August 2021

HÖRMANN Industries GmbH

The Management



Dr.-Ing. Michael Radke



Johann Schmid-Davis



» The transition to electro-mobility presents us with new challenges, but also offers many opportunities, such as the development of the charging infrastructure and synergy effects within the HÖRMANN Group. «

JOHANN SCHMID-DAVIS, CFO

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Consolidated Balance Sheet

OF HÖRMANN INDUSTRIES GMBH, KIRCHSEEON, AS OF 30 JUNE 2021

| ASSETS (in EUR thousand) | 30 June 2021 | 31 Dec. 2020 |
|---|----------------|----------------|
| A. FIXED ASSETS | 84,222 | 90,087 |
| I. Intangible assets | 13,427 | 14,380 |
| 1. Purchased concessions, industrial property rights and similar rights and assets and licenses in such rights and assets | 2,254 | 2,243 |
| 2. Goodwill | 10,695 | 11,578 |
| 3. Advance payments made on intangible assets | 478 | 559 |
| II. Tangible assets | 49,485 | 54,550 |
| 1. Land, leasehold rights and buildings | 11,971 | 11,906 |
| 2. Technical equipment and machinery | 24,825 | 26,693 |
| 3. Other equipment, factory and office equipment | 8,937 | 9,483 |
| 4. Advance payments and assets under construction | 3,752 | 6,468 |
| III. Long-term financial assets | 21,310 | 21,157 |
| 1. Equity investments | 328 | 304 |
| 2. Securities held as fixed assets | 340 | 204 |
| 3. Other loans | 20,642 | 20,649 |
| B. CURRENT ASSETS | 239,603 | 216,975 |
| I. Inventories | 67,014 | 61,084 |
| 1. Raw materials, consumables and supplies | 31,336 | 31,282 |
| 2. Work in progress | 97,994 | 77,906 |
| 3. Finished goods and merchandise | 11,751 | 12,538 |
| 4. Advance payments | 11,312 | 13,965 |
| 5. Payments received on account of orders | -85,379 | -74,607 |
| II. Receivables and other assets | 92,193 | 72,682 |
| 1. Trade receivables | 62,517 | 42,835 |
| 2. Receivables from affiliated companies | 11,565 | 10,860 |
| 3. Other assets | 18,111 | 18,987 |
| III. Securities | 0 | 182 |
| IV. Cash-in-hand and bank balances | 80,395 | 83,027 |
| C. PREPAID EXPENSES | 3,253 | 2,964 |
| D. DEFERRED TAX ASSETS | 16,280 | 14,333 |
| E. EXCESS OF PLAN ASSETS OVER PENSION LIABILITIES | 446 | 381 |
| Total Assets | 343,804 | 324,740 |

Consolidated Balance Sheet

OF HÖRMANN INDUSTRIES GMBH, KIRCHSEEON, AS OF 30 JUNE 2021

| EQUITY AND LIABILITIES (in EUR thousand) | 30 June 2021 | 31 Dec, 2020 |
|---|----------------|----------------|
| A. EQUITY | 129,316 | 120,749 |
| I. Subscribed capital | 200 | 200 |
| II. Capital reserves | 43,422 | 43,422 |
| III. Consolidated balance sheet profit | 68,840 | 62,112 |
| IV. Non-controlling interests | 16,854 | 15,015 |
| B. SPECIAL ITEMS FOR INVESTMENT GRANTS | 3 | 0 |
| C. PROVISIONS | 105,589 | 94,391 |
| 1. Pension provisions and similar obligations | 20,911 | 21,228 |
| 2. Tax provisions | 5,463 | 3,601 |
| 3. Other provisions | 79,215 | 69,562 |
| D. LIABILITIES | 108,683 | 109,593 |
| 1. Bonds | 50,000 | 50,000 |
| 2. Liabilities to banks | 10,165 | 10,013 |
| 3. Trade payables | 37,910 | 37,811 |
| 4. Liabilities to affiliated companies | 1,044 | 1,794 |
| 5. Other liabilities | 9,564 | 9,975 |
| E. DEFERRED INCOME | 213 | 7 |
| Total Equity and Liabilities | 343,804 | 324,740 |

Consolidated Income Statement

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021
(in EUR thousand)

| | 1 Jan.– 30 June 2021 | 1 Jan.– 30 June 2020 |
|---|----------------------|----------------------|
| 1. Sales revenues | 296,281 | 234,225 |
| 2. Increase in finished goods and work in progress | 19,231 | -2,952 |
| 3. Other internally produced and capitalised assets | 109 | 193 |
| 4. Other operating income | 3,972 | 4,037 |
| 5. Cost of materials | 174,946 | 119,497 |
| a) Expenses for raw materials, consumables and supplies and purchased goods | 139,272 | 96,318 |
| b) Cost of purchased services | 35,674 | 23,179 |
| GROSS PROFIT | 144,647 | 116,006 |
| 6. Personnel expenses | 85,503 | 76,135 |
| a) Wages and salaries | 71,650 | 63,956 |
| b) Social contributions and expenses for pensions and social welfare | 13,853 | 12,179 |
| 7. Depreciation and amortization | 5,994 | 6,590 |
| a) on intangible fixed assets and property, plant and equipment | 5,994 | 5,682 |
| b) on current assets, to the extent that these exceed the usual expenses in the corporation | 0 | 908 |
| 8. Other operating expenses | 38,675 | 33,197 |
| | 14,475 | 84 |
| 9. Income from other securities and loans from financial assets | 97 | 0 |
| 10. Other interest and similar income | 200 | 192 |
| 11. Interest and similar expenses | 2,014 | 2,976 |
| 12. Taxes on income | 4,984 | 2,552 |
| 13. Deferred taxes (- income) | -1,948 | -1,143 |
| 14. EARNINGS AFTER TAXES | 9,722 | -4,111 |
| 15. Other taxes | 681 | 435 |
| 16. CONSOLIDATED NET INCOME (- LOSS) | 9,041 | -4,546 |
| 17. Non-controlling interests | -2,313 | -2,386 |
| 18. CONSOLIDATED NET PROFIT (- LOSS) | 6,728 | -6,932 |
| 19. Profit carried forward from the previous year | 62,112 | 65,775 |
| 20. Consolidated balance sheet profit | 68,840 | 58,843 |

Consolidated Cash Flow Statement

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
(in EUR thousand)

| | 1 Jan.– 30 June 2021 | 1 Jan.– 30 June 2020 |
|---|----------------------|----------------------|
| Consolidated income (consolidated net income/loss including income/loss attributable) | 9,041 | -4,546 |
| +/- (+) Depreciation/(-) write-ups on fixed assets | 5,994 | 5,682 |
| +/- (+) Increase/(-) Decrease in provisions | 12,126 | 824 |
| +/- Other non-cash expenses/income | -3,308 | -827 |
| +/- (+) Decrease (-) Increase in inventories, trade receivables and other assets that are not attributable to investing or financing activities | -25,613 | 3,057 |
| +/- (-) Decrease (+) Increase in liabilities from trade payables and other liabilities that are not attributable to investing or financing activities | -829 | -7,154 |
| +/- (-) Gain/(+) Loss from disposal of fixed assets | -88 | 10 |
| +/- Interest expenses/income | 1,813 | 2,784 |
| +/- Income tax expenses/income | 3,036 | 1,409 |
| +/- Income tax payments | -1,489 | -2,599 |
| = CASH FLOW FROM OPERATING ACTIVITIES | 683 | -1,358 |
| + Proceeds from the disposal of intangible and fixed assets | 8 | 2 |
| - Payments for intangible assets | -374 | -341 |
| + Proceeds from sales of property, plant and equipment | 4,282 | 1,730 |
| - Payments for property, plant and equipment | -3,805 | -7,372 |
| + Proceeds from the disposal of financial assets | 190 | 1 |
| - Payments for investments in financial assets | -159 | -556 |
| + Interests received | 23 | 86 |
| = CASH FLOW FROM INVESTING ACTIVITIES | 165 | -6,450 |
| - Dividends paid to other shareholders | -703 | -1,061 |
| - Payments for redemption of (financial) borrowings | -11 | 0 |
| - Interests paid | -2,929 | -2,964 |
| + Proceeds from (financial) borrowings | 163 | 9,998 |
| = CASH FLOW FROM FINANCING ACTIVITIES | -3,480 | 5,973 |
| Decrease of cash flow | -2,632 | -1,835 |
| Liquid funds at the start of the period | 83,027 | 64,639 |
| Liquid funds at the end of the period | 80,395 | 62,804 |

Consolidated Statement of Changes in Fixed Assets

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021
(in EUR thousand)

| | ACQUISITION OR CONSTRUCTION COSTS | | | | | DEPRECIATION | | | | | BOOK VALUES | |
|---|-----------------------------------|--------------|---------------|------------|-----------------------|---------------------|--------------|-------------|-----------|-----------------------|----------------------------|---------------------------|
| | As of 1 Jan 2021 | Addition | Disposal | Transfers | As of 30 June 2021 | As of 1 Jan 2021 | Addition | Disposal | Transfers | As of 30 June 2021 | Book value 30 June 2021 | Book value 31 Dec 2020 |
| A. FIXED ASSETS | | | | | | | | | | | | |
| I. Intangible assets | | | | | | | | | | | | |
| 1. Purchased concessions, industrial property rights and similar rights and assets and licenses in such rights and assets | 4,892 | 308 | -78 | 157 | 5,279 | 2,650 | 436 | -78 | 18 | 3,025 | 2,254 | 2,243 |
| 2. Goodwill | 37,330 | 0 | 0 | 0 | 37,330 | 25,752 | 883 | 0 | 0 | 26,635 | 10,695 | 11,578 |
| 3. Advance payments | 559 | 128 | -8 | -201 | 477 | 0 | 0 | 0 | 0 | 0 | 478 | 559 |
| Total intangible assets | 42,782 | 436 | -87 | -45 | 43,086 | 28,402 | 1,319 | -78 | 18 | 29,660 | 13,427 | 14,380 |
| II. Tangible assets | | | | | | | | | | | | |
| 1. Land, leasehold rights and buildings | 14,826 | 528 | 0 | 2 | 15,356 | 2,920 | 691 | 0 | -227 | 3,384 | 11,971 | 11,906 |
| 2. Technical equipment and machinery | 35,370 | 1,022 | -4,154 | 3,791 | 36,030 | 8,677 | 2,538 | -20 | 10 | 11,205 | 24,825 | 26,693 |
| 3. Other equipment, factory and office equipment | 12,979 | 1,120 | -375 | -161 | 13,563 | 3,495 | 1,447 | -329 | 12 | 4,625 | 8,937 | 9,483 |
| 4. Advance payments and assets under construction | 6,468 | 1,133 | -32 | -3,610 | 3,958 | 0 | 0 | -20 | 227 | 206 | 3,752 | 6,468 |
| Total tangible assets | 69,643 | 3,803 | -4,561 | 23 | 68,907 | 15,093 | 4,675 | -369 | 22 | 19,420 | 49,485 | 54,550 |
| III. Non-current financial assets | | | | | | | | | | | | |
| 1. Equity investments | 6,130 | 23 | 0 | 0 | 6,153 | 5,825 | 0 | 0 | 0 | 5,825 | 328 | 304 |
| 2. Securities held as fixed assets | 789 | 137 | -183 | 182 | 925 | 585 | 0 | 0 | 0 | 585 | 340 | 204 |
| 3. Other loans | 20,649 | 0 | -7 | 0 | 20,642 | 0 | 0 | 0 | 0 | 0 | 20,642 | 20,649 |
| Total non-current financial assets | 27,567 | 160 | -190 | 182 | 27,720 | 6,410 | 0 | 0 | 0 | 6,410 | 21,310 | 21,158 |
| Total fixed assets | 139,993 | 4,398 | -4,838 | 160 | 139,713 | 49,905 | 5,994 | -447 | 39 | 55,490 | 84,222 | 90,087 |

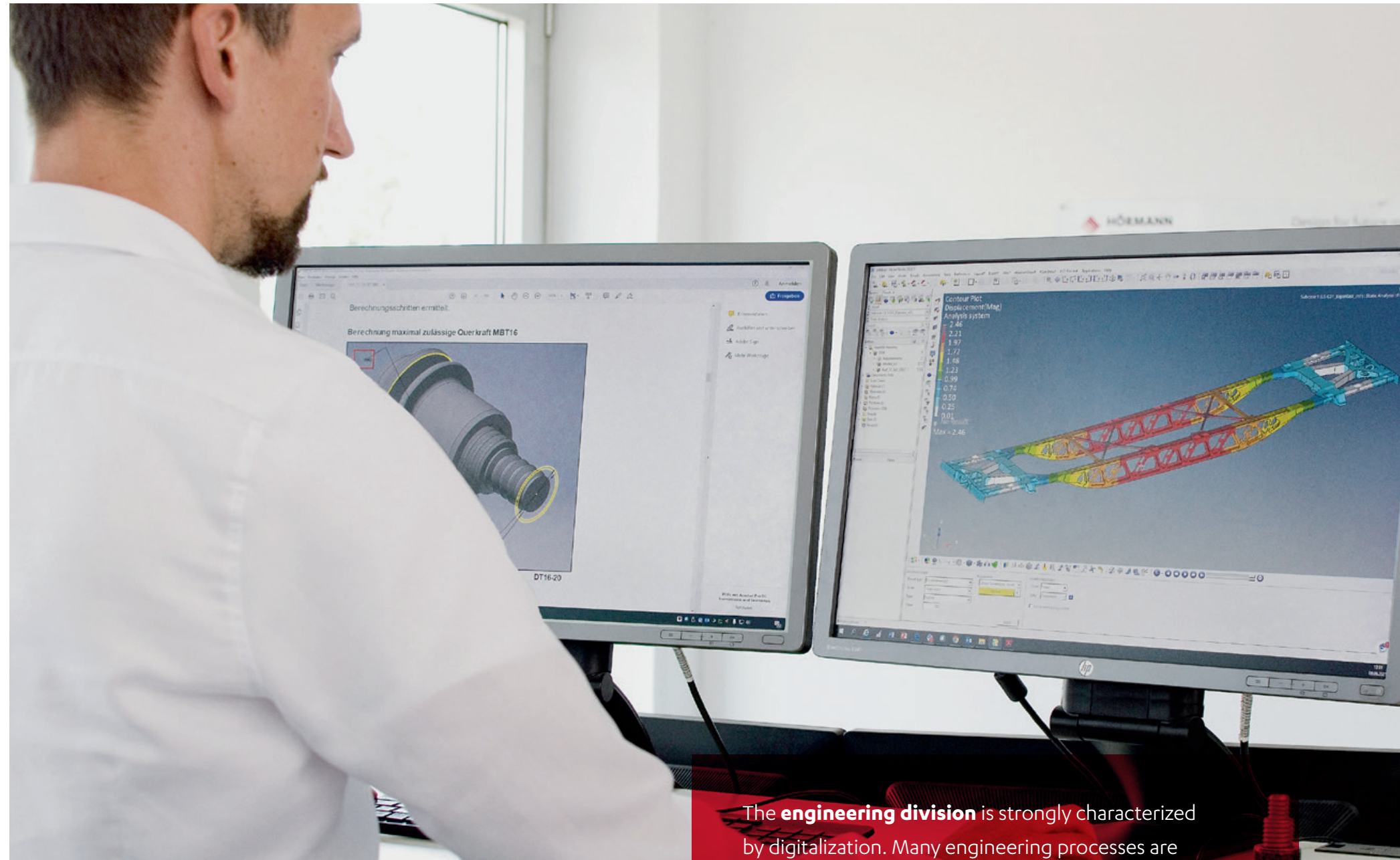
Consolidated Statement of Equity Changes

**BALANCE ON
30 JUNE 2021**
(in EUR thousand)

| | EQUITY OF THE PARENT COMPANY | | | NON-CON- TROLLING INTERESTS | | EQUITY |
|----------------------------|------------------------------|-----------------|---|-----------------------------------|--|---------|
| | Subscribed capital | Capital reserve | Consolidated balance sheet profit | Total | Profit/loss attributable to non-controlling interests | |
| Balance on 1 Jan. 2020 | 200 | 43,422 | 65,775 | 109,397 | 11,782 | 121,179 |
| Consolidated annual result | | | -2,163 | -2,163 | 5,387 | 3,224 |
| Distributions | | | -1,500 | -1,500 | -2,154 | -3,654 |
| Balance on 31 Dec. 2020 | 200 | 43,422 | 62,112 | 105,734 | 15,015 | 120,749 |
| Balance on 1 Jan. 2021 | 200 | 43,422 | 62,112 | 105,734 | 15,015 | 120,749 |
| Consolidated annual result | | | 6,728 | 6,728 | 2,313 | 9,041 |
| Distributions | | | | | -474 | -474 |
| Balance on 30 June 2021 | 200 | 43,422 | 68,840 | 112,462 | 16,854 | 129,316 |



The Engineering business division offers among other things Complete vehicle expertise from the initial idea to series production.



The **engineering division** is strongly characterized by digitalization. Many engineering processes are based on digital models – from „Building Information Modeling“ (BIM) to virtual commissioning of factories. In design engineering, communication with virtual reality opens up new opportunities for collaboration with customers. Without having to build a prototype, the engineers can virtually design streetcars, for example, for the customer.

A. GENERAL DISCLOSURES ON THE CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

1. Consolidation and accounting policies applied

The consolidated financial statements of the company for the first half of 2021 were prepared in accordance with the provisions of German commercial law for corporations and the supplementary provisions of the Gesetz betreffend die Gesellschaften mit beschränkter Haftung (GmbHG – German Limited Liability Companies Act).

The consolidated income statement is structured according to the total cost (nature of expense) method (section 275(2) of the Handelsgesetzbuch (HGB – German Commercial Code)).

The consolidated income statement was expanded to include the subtotal gross profit in order to better reflect results of operations. By way of derogation from section 274(2) sentence 3 HGB, income from changes in recognised deferred is shown separately under “Deferred taxes” on account of its materiality.

The presentation of the consolidated interim financial statements is the same as of 30 June 2020.

2. Consolidated group

a.) Companies under the uniform control of HÖRMANN Industries GmbH, Kirchseeon, as a result of a direct or indirect majority investment or as a result of these companies being integrated into a uniform business policy were included in the consolidated financial statements in accordance with the principles of sections 300 et seq. HGB. These are presented below.

| DIRECT AND INDIRECT SHAREHOLDINGS OF HÖRMANN INDUSTRIES GMBH as of 30 June 2021 | Participation rate (in %) |
|---|---------------------------|
| Automotive division | |
| HÖRMANN Automotive GmbH, Kirchseeon | 100.00 |
| HÖRMANN Automotive Saarbrücken GmbH, Saarbrücken | 100.00 |
| HÖRMANN Automotive Eisingen GmbH, Ebersbach a. d. Fils | 100.00 |
| HÖRMANN Automotive St. Wendel GmbH, St. Wendel | 100.00 |
| HÖRMANN Automotive Wackersdorf GmbH, Wackersdorf | 100.00 |
| HÖRMANN Automotive Assets GmbH, Kirchseeon (formerly HÖRMANN Automotive Bielefeld GmbH) | 100.00 |
| HÖRMANN Automotive Gustavsburg GmbH, Ginsheim-Gustavsburg | 100.00 |
| HÖRMANN Automotive Slovakia s.r.o., Bánovce, Slovakia | 100.00 |
| Versorgungswerk HÖRMANN Automotive Gustavsburg e.V., Ginsheim-Gustavsburg | 100.00 |
| Engineering division | |
| HÖRMANN BauPlan GmbH, Chemnitz (formerly AIC Ingenieurges, für Bauplanung GmbH) | 100.00 |
| HÖRMANN Rawema Engineering & Consulting GmbH, Chemnitz | 100.00 |
| HÖRMANN Logistik GmbH, Munich | 84.04 |
| Klatt Fördertechnik GmbH, Neumarkt am Wallersee, Austria | 51.00 |
| VacuTec Messtechnik GmbH, Dresden | 90.00 |
| HÖRMANN Vehicle Engineering GmbH, Chemnitz | 100.00 |
| HÖRMANN Charging Solutions GmbH, Kirchseeon | 100.00 |
| Communication division | |
| Communication system segment | |
| Funkwerk AG, Köllda | 78.00 |
| Funkwerk Systems GmbH, Köllda | 100.00 |
| Funkwerk StatKom GmbH, Köllda | 100.00 |
| Funkwerk Systems Austria GmbH, Vienna, Austria | 100.00 |
| Funkwerk Technologies GmbH, Köllda | 100.00 |

| DIRECT AND INDIRECT SHAREHOLDINGS OF HÖRMANN INDUSTRIES GMBH as of 30 June 2021 | Participation rate (in %) |
|--|---------------------------|
| Funkwerk video systeme GmbH, Nuremberg | 100.00 |
| Funkwerk plettac electronic GmbH, Nuremberg | 100.00 |
| FunkTech GmbH, Köllda | 100.00 |
| Funkwerk IoT GmbH, Köllda | 100.00 |
| euromicron AG in Insolvenz, Neu-Isenburg | 15.36 |
| HÖRMANN Kommunikation & Netze GmbH, Kirchseeon | 100.00 |
| Communication services segment | |
| HÖRMANN Warnsysteme GmbH (formerly HÖRMANN GmbH), Kirchseeon | 74.99 |
| HÖRMANN KMT Kommunikations- und Meldetechnik GmbH, Salzburg, Austria | 100.00 |
| Services division | |
| HÖRMANN Services GmbH, Kirchseeon | 100.00 |
| HÖRMANN Industrieservice GmbH, Lehre | 100.00 |
| MAT Maschinentechnik GmbH, Salzgitter | 67.00 |
| HÖRMANN Automationsservice GmbH, Salzgitter | 100.00 |
| Holdings, other companies | |
| HÖRMANN Digital GmbH, Kirchseeon | 100.00 |

The exemption provision of section 313 (3) sentence 4 of the German Commercial Code (HGB) was used for participations that are of minor importance for the presentation of the net assets. financial position and results of operations.

There were the following material changes in the consolidated group in the first half of 2021:
With effect from 1 January 2020, AIC Süd GmbH, Kirchseeon, was merged into HÖRMANN BauPlan GmbH, Chemnitz, (formerly: AIC Ingenieursgesellschaft für Bauplanung Chemnitz GmbH, Chemnitz).
In February 2021, HÖRMANN Charging Solutions GmbH, Kirchseeon, was established and then consolidated for the first time as of 30 June 2021.
The changes in the consolidated group do not affect comparability with the previous year.

- b.) No companies were included according to the provisions on equity consolidation in accordance with sections 311 et seq. HGB as of 30 June 2021.
- c.) Companies not included due to immateriality
By reference to section 296(2) HGB and section 311(2) HGB, the shares in the following companies were not included in consolidation on account of their immateriality to the financial position and financial performance of the Group.

| COMPANY | Interest (in %) |
|--|------------------------|
| HÖRMANN Pannon Software Kft., Budapest, Hungary | 50.00 |
| HL Mitarbeiterbeteiligungsgesellschaft mbH, Munich | 80.00 |
| Camunsa-HÖRMANN S.A., Spain | 37.50 |
| VAKS a.s., Czech Republic | 31.50 |
| HÖRMANN-Rema Praha spol.sr.o, Czech Republic | 30.00 |
| HÖRMANN ERMAFA GmbH, Chemnitz | 100.00 |
| AIC Zeitarbeit GmbH i.L., Chemnitz | 60.00 |
| Versorgungswerk HÖRMANN Gruppe e.V., Traunstein | Special purpose entity |
| Versorgungswerk HÖRMANN Gruppen-Unterstützungskasse e.V., Kirchseeon | Special purpose entity |

The exemption of section 313(3) sentence 4 HGB was applied to equity investments of minor significance to the presentation of the net assets, financial position and results of operations, as the companies are either inactive or generate sales that are insignificant to the Group.

d.) Interests within the meaning of section 271(1) HGB

Funkwerk AG, Köllda, has a 15.36% stake in euromicron AG in Insolvenz, Neu-Isenburg. As a result of the insolvency proceedings on 23 December 2019, the investment of EUR 5.8 million at the level of Funkwerk AG, Köllda, was written off in full as of 31 December 2019.

3. Reporting date of the consolidated financial statements, deviating financial years

The consolidated financial statements were prepared as of 30 June 2021. This reporting date is the end of the half-year period for all companies included in the consolidated financial statements.

4. Consolidation policies

HÖRMANN Industries GmbH, Kirchseeon, is exempt from the obligation to prepare consolidated financial statements in accordance with section 291 HGB. As of 30 June 2021, HÖRMANN Industries GmbH, Kirchseeon, has voluntarily prepared consolidated financial statements comprising a consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated statement of changes in equity, notes to the consolidated financial statements and a Group management report.

HÖRMANN Warnsysteme GmbH, Kirchseeon, and HÖRMANN Kommunikation & Netze GmbH, Kirchseeon, were contributed to HÖRMANN Industries GmbH, Kirchseeon, as of 31 October 2011, as was HÖRMANN Automotive GmbH, Kirchseeon, as of 30 November 2011. These companies were contributed at their carrying amount. At EUR 5.1 million, the book value of the contributions exceeded the value of the shares granted as consideration. The excess was transferred to capital reserves. The companies contributed as of 31 October 2011 and 30 November 2011 were included in consolidation for the first time as at these dates. The resulting negative goodwill of EUR 31.0 million was reclassified to capital reserves in accordance with sections 301 and 309 HGB as the shares were acquired as a contribution in kind at book value in the context of a restructuring of the HÖRMANN Holding GmbH & Co. KG Group. Goodwill arising was written off immediately.

Acquisition accounting was performed in line with the revaluation method. In accordance with section 301(1) HGB, the remeasured equity is carried in the amount of the fair value of the assets, liabilities, prepaid expenses and deferred income and special reserves included in the consolidated financial statements as at the date of first-time consolidation.

Any excess remaining after offsetting the shares in the affiliated company against equity is reported as goodwill. The offsetting of goodwill against revenue reserves in equity, as was the practice until 2009, has no longer been possible since the Bilanzrechtsmodernisierungsgesetz (BilMoG – German Accounting Law Modernisation Act) became effective.

Goodwill offset against revenue reserves in previous years is no longer recognised as an expense in the consolidated income statement on deconsolidation. Any negative goodwill remaining is reported as a separate item after equity.

Associated companies included in the consolidated financial statements after control was acquired are consolidated using the German purchase method of accounting.

Shares in capital attributable to non-controlling interests are reported separately in consolidated equity as ‘Non-controlling interests’ in the amount of their share in equity.

Intragroup receivables, liabilities, provisions and sales, other intragroup income and expenses and intercompany profits were eliminated.

Deferred tax assets and liabilities arising as a result of consolidation adjustments are accounted for at the level of HÖRMANN Industries GmbH, Kirchseeon, using a tax rate of 30.49% and at the level of Funkwerk AG, Köllda, using a tax rate of 29.83%, whereas deferred taxes from Group companies are measured using a uniform corporate income tax rate (including solidarity surcharge) of 15.82% and, for simplified calculation as of 30 June 2021, an average trade tax rate of 14.97% for HÖRMANN Industries and 13.55% for Funkwerk AG. The resulting tax expenses are offset against tax income.

There are uniform reporting, measurement and classification guidelines for accounting for the Group companies included in consolidation. Corresponding reclassifications or remeasurements were implemented in the event of deviations from the uniform classification or measurement provisions.

5. Negative goodwill

The ‘Goodwill’ item includes the goodwill from the first-time consolidation of Funkwerk AG, Köllda, as of 1 October 2016. Its value was EUR 4,776 thousand as of 30 June 2021 (previous year: EUR 5,230 thousand). It is being written down over a ten-year period. Goodwill was written down pro rata temporis by EUR 454 thousand in the first half of the year.

The goodwill of HÖRMANN Vehicle Engineering GmbH, Chemnitz, of EUR 442 thousand from first-time consolidation as of 1 December 2016 is also being written down over ten years. Its value was EUR 239 thousand as of 30 June 2021 (previous year: EUR 261 thousand). This resulted in a pro rata write-down of EUR 22 thousand p.a. in the first half of the year.

As of 30 June 2021, MAT Maschinentechnik GmbH, Salzgitter, generated qualifying goodwill of EUR 356 thousand (previous year: EUR 384 thousand). This was written down in the amount of EUR 28 thousand p.a. in the first half of 2021. It is being written down over a ten-year period.

As of 30 June 2021, Klatt Fördertechnik GmbH, Neumarkt am Wallersee, Austria, generated qualifying goodwill of EUR 4,042 thousand (previous year: EUR 4,303 thousand). This was written down in the amount of EUR 261 thousand p.a. in the 2020 financial year. It is being written down over a ten-year period.

6. Currency translation principles

Assets and liabilities in foreign currency and foreign currency amounts in the income statement are translated at the exchange rate on the date of initial recognition. Assets and liabilities denominated in foreign currencies with a remaining term of up to one year are translated at the middle spot rate as at the balance sheet date. Those with a remaining term of over one year are translated in accordance with the parity principle, and so exchange losses as at the balance sheet date are accounted for as an expense but exchange gains are not.

7. Accounting policies

The financial statements of the companies included in the consolidated financial statements are prepared using uniform accounting policies.

If the accounting methods used for the individual balance sheets differ from the Group’s principles, adjustments were made – if necessary – and deferred taxes were recognised.

Purchased concessions, industrial and similar rights and assets and licences in such rights and assets are capitalised at acquisition cost and amortised pro rata temporis on a straight-line basis over the expected useful life of three to five years.

Purchased **goodwill** is capitalised at acquisition cost and amortised pro rata temporis on a straight-line basis over a period of four to ten years.

Tangible assets are measured at acquisition or production cost less straight-line depreciation over their expected useful lives. Depreciation is measured using the tax depreciation tables, essentially taking the maximum rates as a basis.

Low-value assets of up to EUR 250.00 acquired in the financial year are written off in full in their year of acquisition and treated as a disposal. An omnibus item is recognised in the year of acquisition for low-value assets of between EUR 250.00 and EUR 1,000.00 and written down on a straight-line basis over five years.

If the fair value of intangible assets and tangible assets is less than their carrying amount as at the balance sheet date as a result of permanent impairment, the assets are written down to their lower fair value and the remaining useful life is adjusted if necessary.

Equity investments and other loans are carried at the lower of cost or fair value.

Long-term investments are initially carried at acquisition cost and subsequently at market prices or fair value, not exceeding acquisition cost, if such market prices cannot be determined.

Raw materials, consumables and supplies and merchandise are measured at average acquisition cost (moving average). They are written down to lower fair value depending on storage periods, diminished marketability, the weighting of disposal volumes, lower replacement costs and lower selling prices.

Work in progress and finished goods are carried at production cost (direct costs and appropriate amounts of material and production overheads) including appropriate amounts of administrative costs and depreciation of fixed assets if caused by production, but not including borrowing costs and in accordance with the principle of lower of cost or market. Normal utilisation levels were assumed in calculating the overhead rates. For expected losses from executory contractor that exceed production costs, provisions for expected losses are recognised.

Payments received on account of orders are deducted from inventories on the face of the balance sheet, if possible.

Receivables and other assets are carried at their nominal amount. The lower fair value is recognised where necessary.

The principle of lower of cost or market was applied for specific risks by means of corresponding specific valuation allowances.

Global valuation allowances are recognised on **trade receivables** and **other assets** for general interest and credit risks.

Receivables from affiliated companies include receivables from companies that satisfy the conditions for consolidation in the parent company HÖRMANN Holding GmbH & Co. KG, Kirchseeon, and are thus included in the consolidated financial statements to be prepared for the largest number of companies.

Other securities classified as current assets are carried at the lower of acquisition cost or fair value as at the balance sheet date in accordance with section 255(4) HGB.

Cash-in-hand and bank balances are carried at nominal amount.

Disbursements before the reporting date are reported as prepaid expenses if they constitute an expense for a specific period after this date.

Deferred tax assets are recognised in the amount that it is probable that they will lead to tax relief in future financial years. **Deferred tax liabilities** are recognised for future tax charges. Deferred tax assets were reported as of 30 June 2021. Where possible, deferred tax assets and liabilities are offset in accordance with the option provided by section 274 HGB in conjunction with section 306 HGB.

Deferred taxes are recognised for differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax carrying amounts and on losses carried forward in the calculation of taxable income.

Deferred tax liabilities are generally recognised for all taxable temporary differences; deferred tax assets are recognised to the extent that it is probable that there will be future taxable profits against which deductible temporary differences can be utilised.

Deferred tax liabilities and tax assets are calculated on the basis of the expected tax rates and tax laws that are expected to apply when the liability is settled or the assets are realised, or when the loss carryforward is utilised.

The amount by which the fair value of plan assets exceeds the liabilities arising from partial early retirement obligations or pension obligations is reported as the **excess of plan assets over pension liabilities**. These assets cannot be accessed by any other creditors and are intended solely for the satisfaction of liabilities from partial early retirement obligations or pension obligations.

Pension provisions were calculated in accordance with the projected unit credit method using the 2018 G Heubeck mortality tables and taking into account the fluctuation rate and forecast wage, salary and pension increases specific to the company. The interest rates are consistent with the average market interest rates for the last ten financial years published by Deutsche Bundesbank in accordance with section 253(2) HGB, applying the practical expedient for an average remaining term of 15 years. The effects on profit or loss of changes in the discount rate are recognised in financial result.

Assets that satisfy the requirements of plan assets for pension and partial early retirement obligations are measured at fair value and offset against the respective individual obligation.

One fifteenth of the difference arising from the remeasurement of pension obligations and plan assets as a result of the adoption of the Bilanzrechtsmodernisierungsgesetz (BilMoG – German Accounting Law Modernisation Act) was added in the financial year.

Tax provisions are calculated in accordance with the principles of prudent business judgement.

Other provisions take into account all discernible risks and uncertain obligations in line with prudent business judgement. They are carried at the necessary settlement amount. Price and cost increases are taken into account accordingly where necessary when calculating the settlement amount. Other provisions with a remaining term of over one year are discounted according to their remaining term using the average market interest rate for the last seven years in accordance with the German Regulation on the Discounting of Provisions (Rückstellungsabzinsungsverordnung – RückAbzinsV).

The issued **bond** of EUR 50 million is recognised at nominal value and bears interest at 4.5% p.a.

Liabilities to banks are carried at settlement amount.

Liabilities and other liabilities are carried at their settlement amount.

Liabilities to affiliated companies include liabilities to companies that satisfy the conditions for consolidation in the parent company HÖRMANN Holding GmbH & Co. KG, Kirchseeon, and are thus included in the consolidated financial statements to be prepared for the largest number of companies.

Proceeds received before the reporting date are reported as deferred income if they constitute income for a specific period after this date.

8. Changes from accounting methods applied in the previous year

The accounting methods applied are the same as those applied in the previous year.

B. NOTES TO THE BALANCE SHEET

1. Fixed assets

Assets recognised as fixed assets were written down to the lower fair value if necessary. The differences from reclassifications in acquisition and production cost result from changes in reporting from fixed assets to current assets and vice versa.

Research and development costs amounted to EUR 5.7 million in total in the first half of 2021 (previous year: EUR 9.4 million). In the first half of 2021, no internally generated intangible assets or research and development costs were capitalised.

The statement of changes in fixed assets during the financial year is shown on pages 40/41.

2. Inventories

Payments received on account of orders of EUR 85,379 thousand (previous year: EUR 74,607 thousand) were deducted from inventories on the face of the balance sheet.

3. Receivables and other assets

Trade receivables of EUR 0 thousand (previous year: EUR 83 thousand) have a remaining term of more than one year.

Other assets of EUR 73 thousand (previous year: EUR 73 thousand) have a remaining term of more than one year.

Receivables from affiliated companies include trade receivables of EUR 1,428 thousand (previous year: EUR 181 thousand) and EUR 10,137 thousand (previous year: EUR 10,679 thousand) from cash pooling.

4. Prepaid expenses

These are essentially special lease payments, advance rent payments, license fees, payments for service and maintenance contracts, advance insurance payments and interest.

5. Consolidated equity

The development of consolidated equity in the financial year is shown in the consolidated statement of changes in equity.

Retained profits brought forward were EUR 62,112 thousand in the 2020 financial year (previous year: EUR 65,775 thousand).

6. Provisions

The pension provision is derived during the year by estimation from the expert opinions available for the reporting date of December 31, 2020.

Pension provisions as of 31 December 2020 were measured on the basis of the following premises:

- ♦ Interest rate (10-year average): 2.30 % to 2.32 %
- ♦ Interest rate (7-year average): 1.60 % to 1.62 %
- ♦ Expected wage and salary increases: 0.00 % to 2.50 %
- ♦ Expected inflation rate/pension trend: 0.00 % to 2.00 %

In accordance with section 253(2) sentence 1 HGB, the Group used a ten-year period to calculate the average interest rate for the discounting of pension obligations. Comparing against the calculation using the average market interest rate for the last seven financial years results in a difference pursuant to section 253(6) HGB of EUR 4,431 thousand (previous year: EUR 4,282 thousand).

The settlement of pension provisions is EUR 36,328 thousand (previous year: EUR 32,908 thousand). This is offset against assets of EUR 2,318 thousand (previous year: EUR 2,235 thousand) that are exclusively reserved for pension obligations. Plan assets in excess of the settlement amount of EUR 58 thousand (previous year: EUR 58 thousand) were reported on the assets side of the balance sheet as the ‘Excess of plan assets over pension liabilities’.

Amortised cost of the offset assets is EUR 1,964 thousand, while their recognised fair value is EUR 1,564 thousand. The fair value recognition is due to the fact that the insurance policies concluded serve exclusively to cover the pension liabilities and so are to be measured at fair value and offset against the related liabilities (section 246 (2) sentence 2 HGB, section 253 (1) sentence 4 HGB). Only insignificant amounts are offset in the income statement in this regard.

As a result of the HGB regulations amended as of 1 January 2010, an addition of at least one-fifteenth to the direct pension provision (which amounts to EUR 1,540 thousand) is required in line with Article 67(1) Sentence 1 of the Einführungsgesetz zum Handelsgesetzbuch (EGHGB – Introductory Act to the German Commercial Code). EUR 53 thousand had been transferred by 30 June 2021.

EUR 1,065 thousand of the difference was already recognised by 31 December 2020.

The direct pension provisions not reported in the balance sheet amount to around EUR 475 thousand as at the balance sheet date.

The indirect pension obligations are underfunded in accordance with Article 28(1) Sentence 2 EGHGB. The underfunding amounts to EUR 9,164 thousand as of 31 December 2020 (Article 28(2) EGHGB).

In line with section 249 HGB in connection with Article 28 (2) EGHGB, the underfunding level of the unrecognised direct pension obligations at Versorgungswerk HÖRMANN Gruppen-Unterstützungskasse e.V., Kirchseeon, amounts to EUR 189 thousand.

The settlement amount of early retirement provisions came to EUR 1,276 thousand as of 31 December 2020 (previous year: EUR 1,317 thousand). This is offset against assets of EUR 1,656 thousand (previous year: EUR 1,806 thousand) that are exclusively reserved for partial early retirement obligations.

The acquisition cost of the offset assets is EUR 1,656 thousand. The recognised fair value of the offset assets amounts to around EUR 1,656 thousand. The fair value of these assets is equal to their market value as at the balance sheet date. Plan assets in excess of the settlement amount of EUR 389 thousand as of 30 June 2021 were reported on the assets side of the balance sheet as the ‘Excess of plan assets over pension liabilities’.

Only insignificant interest expenses and interest income were offset in the income statement in this regard.

7. Liabilities

Liabilities are reported at settlement amount. Their remaining terms are shown in the consolidated maturity structure of liabilities.

Liabilities to affiliated companies comprise EUR 1,044 thousand (previous year: EUR 1,794 thousand) from trade payables.

There is also normal business collateral (e. g. retentions of title, global assignments and the assignment of warehouses as collateral).

CONSOLIDATED MATURITY STRUCTURE
OF LIABILITIES AS OF 30 JUNE 2021
(in EUR thousand)

| | Remaining term | | | | |
|--|-------------------|-----------------------|---------------------------------|----------------------|--------------------|
| | up to one year | more than one year | thereof more than five years | Total 30 Jun 2021 | thereof secured |
| 1. Bonds | 0 | 50,000 | 0 | 50,000 | 0 |
| Previous year | 0 | 50,000 | 0 | 50,000 | 0 |
| 2. Liabilities to banks | 1,259 | 8,906 | 0 | 10,165 | 0 |
| Previous year | 638 | 9,375 | 0 | 10,013 | 0 |
| 3. Trade payables | 37,910 | 0 | 0 | 37,910 | 0 |
| Previous year | 37,811 | 0 | 0 | 37,811 | 0 |
| 4. Liabilities to affiliated companies | | | | | |
| companies | 1,044 | 0 | 0 | 1,044 | 0 |
| Previous year | 1,794 | 0 | 0 | 1,794 | 0 |
| thereof to shareholders | 244 | 0 | 0 | 244 | 0 |
| Previous year | 1,702 | 0 | 0 | 1,702 | 0 |
| 5. Other liabilities | 9,564 | 0 | 0 | 9,564 | 0 |
| Previous year | 9,975 | 0 | 0 | 9,975 | 0 |
| therof from taxes | 5,100 | 0 | 0 | 5,100 | 0 |
| Previous year | 4,207 | 0 | 0 | 4,207 | 0 |
| thereof for social security | 1,338 | 0 | 0 | 1,338 | 0 |
| Previous year | 1,097 | 0 | 0 | 1,097 | 0 |
| thereof to shareholders | 209 | 0 | 0 | 209 | 0 |
| Previous year | 225 | 0 | 0 | 225 | 0 |
| | 49,777 | 58,906 | 0 | 108,683 | 0 |

8. General disclosures

Deferred taxes

Deferred tax assets result from temporary differences between the financial accounts and the tax accounts for receivables, tax losses carried forward, pension provisions, provisions for partial early retirement obligations and other provisions.

Deferred tax liabilities result from temporary differences between the financial accounts and the tax accounts for land and buildings and inventories.

There are trade tax and corporation tax loss carry forwards at the individual companies. Based on the planning for the individual companies, the management expects that trade tax and corporation tax losses can be offset against taxable profits in future.

Deferred tax assets and liabilities arising as a result of consolidation adjustments are accounted for at the level of HÖRMANN Industries GmbH, Kirchseeon, using a tax rate of 30.49%, whereas deferred taxes from Group companies are measured using a uniform corporate income tax rate (including solidarity surcharge) of 15.82% and, for simplified calculation as of 30 June 2021, an average trade tax rate of 14.97%. The resulting tax expenses are offset against tax income.

The deferred taxes from the individual financial statements in accordance with section 274 HGB are combined with deferred taxes at Group level in accordance with section 306 HGB.

There are derivative financial instruments in the form of interest rate options with a nominal amount of EUR 15,000 thousand as at the balance sheet date. The fair value of the interest rate options is EUR 0. They are measured using the market-to-market method. Their carrying amount is EUR 12 thousand and is included in prepaid expenses.

C. CONSOLIDATED INCOME STATEMENT DISCLOSURES

1. Expenses and income in accordance with section 314(1) No. 23 HGB

No expenses or income of an extraordinary amount were incurred in the first half of 2021.

2. Sales

| Breakdown of sales by region | H1 2021 (In EUR million) | H1 2020 (In EUR million) |
|------------------------------|--------------------------|--------------------------|
| Sales, domestic | 196 | 154 |
| Sales, international | 100 | 80 |
| Total | 296 | 234 |

| Divisions | H1 2021 (In EUR million) | H1 2020 (In EUR million) |
|---------------|--------------------------|--------------------------|
| Automotive | 181 | 118 |
| Engineering | 32 | 41 |
| Services | 7 | 10 |
| Communication | 76 | 65 |
| Total | 296 | 234 |

3. Other operating income

Other operating income includes prior-period income of EUR 1,310 thousand (previous year: EUR 1,388 thousand), EUR 937 thousand (previous year: EUR 1,197 thousand) of which relates to the reversal of provisions, EUR 7 thousand (previous year: EUR 109 thousand) to the reversal of write-downs and EUR 366 thousand (previous year: EUR 82 thousand) to other prior-period income. Other operating income also includes income from currency translation of EUR 58 thousand (previous year: EUR 48 thousand).

4. Other operating expenses

Other operating expenses include prior-period expenses of EUR 359 thousand (previous year: EUR 83 thousand). Currency translation resulted in expenses of EUR 22 thousand (previous year: EUR 112 thousand).

5. Taxes on income

Taxes on income include prior-period tax expenses of EUR 24 thousand (previous year: EUR 24 thousand) and prior-period tax income of EUR 44 thousand (previous year: EUR 138 thousand).

D. OTHER DISCLOSURES

1. Contingent liabilities and other financial obligations

a.) Contingent liabilities

There are contingent liabilities of EUR 17.8 million in accordance with section 251 in conjunction with section 268(7) HGB from guarantees issued for liabilities.

Furthermore, HÖRMANN Industries GmbH, Kirchseeon, together with HÖRMANN Automotive GmbH, Kirchseeon, are liable as co-borrowers and joint debtors for a guarantee issued by Commerzbank AG, Frankfurt am Main, to HÖRMANN Holding GmbH & Co. KG, Kirchseeon, and HÖRMANN Industries GmbH, Kirchseeon, up to an amount of EUR 0.9 million until further notice. EUR 0.9 million of this guarantee facility had been utilised as of 30 June 2021. To the best of our knowledge, both HÖRMANN Holding GmbH & Co. KG, Kirchseeon and HÖRMANN Automotive GmbH, Kirchseeon conduct their business properly and in a manner that ensures that they are able to meet all their obligations on their own and that therefore recourse to HÖRMANN Industries GmbH, Kirchseeon is not expected for the contingent liabilities we have entered into.

b.) Other financial obligations

Obligations under rental and lease agreements and other longer-term contracts amount to EUR 46 million. Other financial obligations of EUR 8 million have a remaining term of up to one year, EUR 24 million have a remaining term of between one and five years and EUR 14 million have a remaining term of more than five years.

2. Related party transactions

There are no transactions with related parties that are not as at arm’s length.

3. Management

- ♦ Dr.-Ing. Michael Radke, engineer
- ♦ Mr. Johann Schmid-Davis, business administration graduate

The managing directors are exempt from the restrictions of section 181 of the Bürgerliches Gesetzbuch (BGB – German Civil Code) for transactions with the company.

The managing directors of the parent company are not employed by the company and do not receive remuneration for their work.

4. Employees

There were 2,754 employees on average in the first half of 2021 (2020 as a whole: 2,900). In addition, the average number of trainees was 73 (2020 as a whole: 99).

| Group | H1 2021 |
|--------------------------|---------|
| Production | 1,906 |
| Sales/Project Management | 290 |
| Development | 342 |
| Administration | 216 |
| Total | 2,754 |

5. Exemption in accordance with section 264(3) HGB

The subsidiaries HÖRMANN Automotive GmbH, Kirchseeon, HÖRMANN Automotive Saarbrücken GmbH, Saarbrücken, HÖRMANN Automotive St. Wendel GmbH, St. Wendel, HÖRMANN Automotive Eislingen GmbH, Ebersbach an der Fils, HÖRMANN Automotive Wackersdorf GmbH, Wackersdorf, HÖRMANN Warnsysteme GmbH, Kirchseeon, HÖRMANN Logistik GmbH, Munich, HÖRMANN Bauplan GmbH, (formerly AIC Ingenieuresellschaft für Bauplanung Chemnitz GmbH), Chemnitz, VacuTec Meßtechnik GmbH, Dresden, HÖRMANN Rawema Engineering & Consulting GmbH, Chemnitz, HÖRMANN Kommunikation & Netze GmbH, Kirchseeon, HÖRMANN Digital GmbH, Kirchseeon, HÖRMANN Services GmbH, Kirchseeon, and HÖRMANN Charging Solutions GmbH, Kirchseeon, exercise the exemption regarding the disclosure of their annual financial statements in accordance with section 325 HGB and, if necessary, the provisions regarding the preparation of notes or a management report in accordance with section 264(3) HGB.

6. Group affiliation

HÖRMANN Industries GmbH, Kirchseeon, and its equity investments are included as affiliated companies in accordance with section 271(2) HGB in conjunction with section 290 HGB in the consolidated financial statements of HÖRMANN Holding GmbH & Co. KG, Kirchseeon, the parent company with the largest consolidated group. The consolidated financial statements of HÖRMANN Holding GmbH & Co. KG, Kirchseeon, are filed with and disclosed by the electronic Federal Gazette.

E. CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement is structured in accordance with the German Accounting Standard DRS 21.

Cash flow from operating activities is an indicator of the extent to which operating activities generated cash surpluses.

Cash flow from investing activities indicates the extent to which expenses were incurred for resources expected to generate future income and cash flows.

Cash flow from financing activities includes the interest payments on account of the bond issued for the financing of the HÖRMANN Industries Group.

Definition of cash and cash equivalents

Cash and cash equivalents at the end of the period shown in the consolidated cash flow statement consisted exclusively of bank balances available at short notice and cash-in-hand. Please see the comments in the “Financial position” section IV of the Group management report.

Kirchseeon, August 2021

HÖRMANN Industries GmbH

Dr.-Ing. Michael Radke

Johann Schmid-Davis

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements 2020 as well as the interim consolidated financial statements 2021 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Kirchseeon, August 2021

HÖRMANN Industries GmbH



Dr.-Ing. Michael Radke



Johann Schmid-Davis



» We are consistently pursuing the goal of placing our Group on four equally strong pillars and thus further strengthening the Engineering, Communication and Services business divisions. «

MICHAEL RADKE, CEO



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