



2021

CONSOLIDATED INTERIM REPORT FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2021

# Key figures at a glance

## Financial position and results of operations

(in EUR million)

	9M 2021	9M 2020
Sales	430.0	366.8
Total output	465.8	369.4
Gross profit	216.4	183.9
EBITDA *	31.2	18.3
EBIT **	22.2	8.3
Cash flow from operating activities	1.3	8.7
Cash flow from investing activities	-1.8	-10.5

## Net assets

(in EUR million)

	30 Sep 2021	31 Dec 2020
Total assets	347.9	324.7
Equity	135.0	120.8
Equity ratio % ***	38.8 %	37.2 %
Working capital ****	96.7	66.1
Net cash and cash equivalents *****	68.1	73.2
Employees *****	2,705	2,774

\* Consolidated net income before depreciation and amortisation, financial result and income taxes

\*\* Consolidated net income before financial result and income taxes,

\*\*\* Equity plus difference / total assets

\*\*\*\* Inventories plus trade receivables minus trade payables,

\*\*\*\*\* Net cash including securities classified as current assets, less liabilities to banks

\*\*\*\*\* Average number for the year without trainees

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## Management Report

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# Broad diversification with four strong divisions



The **HÖRMANN Group** has been at the forefront of innovation for 65 years. By continuously investing in our employees' expertise and the latest technologies, the family-owned company has since expanded to 27 independent companies. Together, they are successful in four divisions: Engineering, Communication, Services and Automotive. The divisions cooperate and support one another, thus ensuring a high degree of stability for the Group and creating synergies.



# Basic information on 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, Eisbach
- ♦ 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 division covers the entire value chain with its engineering, production and logistics services.

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, Chemnitz (formerly AIC Ingenieurgesellschaft für Bauplanung Chemnitz GmbH)
- ♦ 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

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 2019 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.

## 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 Meldetechnik 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 Maschinenteknik 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 Maschinenteknik 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

## MACROECONOMIC AND INDUSTRY-SPECIFIC CONDITIONS

According to the German Federal Statistical Office (Destatis), gross domestic product (GDP) increased by 1.8 % in the third quarter of 2021 as against the second quarter of 2021 after adjustment for inflation, seasonal and calendar effects. This was largely due to higher private consumer spending. Compared with the third quarter of 2020, the increase after adjustment for inflation and calendar effects came to 2.5 %. With GDP having already risen by 1.9 % in the second quarter of 2021, this meant that the recovery of the German economy continued during the summer.<sup>1</sup> According to Destatis, however, the current shortage of raw materials and the price increases this entails are preventing a more rapid recovery in industry. Import prices were 17.7 % higher than in September 2020, the biggest year-on-year change since the figure recorded in August 1981 in the wake of the Second Oil Crisis. In addition to the sharp upturn in energy prices (+107.1 % compared with September 2020), substantial inflation was reported for pig iron, steel and ferroalloys (+60.9 %), iron ores (+53.9 %), raw aluminium (+50.7 %) and crude copper (+40.1 %) in particular. Strong global demand is likely to be the main reason for the leap in prices.<sup>2</sup>

More expensive raw materials and a shortage of certain input materials also adversely affected the European commercial vehicle industry in the first nine months of 2021. For example, the chip shortage has triggered temporary production shutdowns since the summer months, with various customers in the Automotive division still having to restrict production. As a result, the number of commercial vehicles registered in the EU according to the European Automobile Manufacturers' Association (ACEA) fell by -12.3 % year-on-year in September 2021 – the third successive monthly decline after -11.9 % in July and -5.4 % in August. However, the strong first half of the year and the weakness of the prior-year figures meant that commercial vehicle registrations for the entire period under review were up 19.1 % year-on-year.<sup>3</sup>

The Engineering division is primarily dependent on the economic performance of the construction, logistics and railway vehicle construction industries. According to the Federation of the German Construction Industry (HDB), the aforementioned sharp rise in the price of various materials and the shortage of building materials has also been impacting the German construction industry since April. In the ifo economic test in October, 33 % of the construction companies surveyed reported that their production was being impeded by material shortages.<sup>4</sup> The intralogistics industry began 2021 with positive order performance. According to the VDMA's trade association for conveyor technology and intralogistics, incoming orders in the first four months of 2021 were up 27 % on the same period of the previous year, although this was due in part to the pandemic-related weakness of the 2020 figures.<sup>5</sup>

However, business development in this area has also been negatively impacted by material price developments and supply bottlenecks as 2021 has progressed.

The German rail industry, the most important sector for the Communication division, developed extremely well in the first six months of 2021 and generated record sales of EUR 7.3 billion according to the German Railway Industry Association (VDB). This represents a year-on-year increase of 14 %. However, incoming orders fell by just under 7 % to EUR 7 billion in the first half of 2021. While orders from outside Germany increased by around 22 %, orders on the domestic market declined by 19 % to EUR 4.2 billion.<sup>6</sup>

The Services division bundles the industrial service offering of HÖRMANN Industries GmbH. According to the results of the ifo economic survey in October 2021, sentiment in the German economy has deteriorated. The ifo Business Climate Index fell to 97.7 points in October, the fourth successive decline since the high for the year of 102.0 points in June 2021.

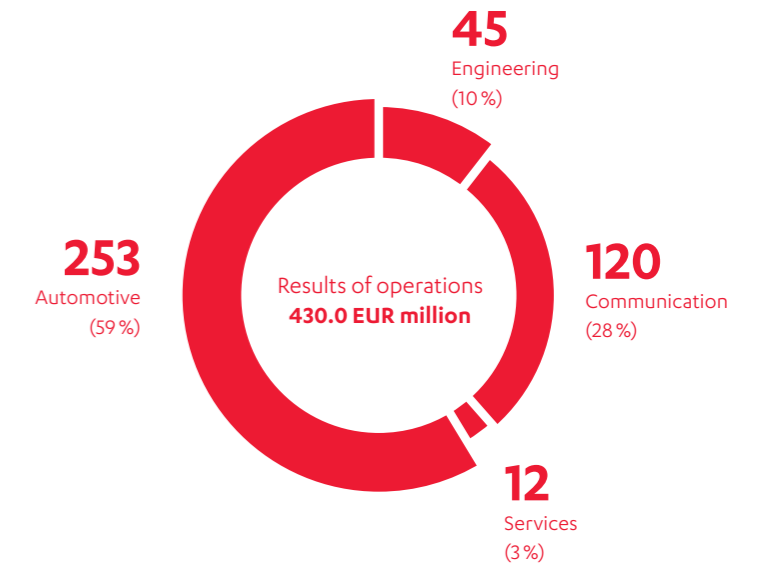
Companies were particularly hard hit by delivery problems, with capacity utilization in the manufacturing industry falling by 2.1 percentage points to 84.7 % as a result.<sup>7</sup> According to the "Maintenance" sector indicator of the Institute for Industrial Management (FIR) at RWTH Aachen University, sentiment in the maintenance industry developed in the same way as for the German economy as a whole. The index declined in the third quarter for the first time in 2021. While sentiment among industrial maintenance service providers fell only slightly, from 42 to 41 points, the downturn was more pronounced for companies' maintenance departments, where the index fell from 8.4 to 0.9 points.<sup>8</sup>

## FINANCIAL PERFORMANCE

HÖRMANN Industries GmbH generated sales of EUR 430.0 million in the first three quarters of 2021. As a result, sales were up EUR 63.2 million or 17.2 % on the first three quarters of 2020 (EUR 366.8 million). This increase in sales largely results from the Automotive and Communication divisions.

Sales in the Automotive division rose by EUR 62.9 million year-on-year, from EUR 189.9 million to EUR 252.8 million in the first three quarters of 2021, thanks to the strong rise in demand in the trucks and agricultural machinery product segments. Although the division was hard hit by the COVID-19 pandemic last year, it enjoyed a substantial recovery in the first six months of 2021 thanks to government investment subsidy programmes (including the "scrapping premium" for old trucks) and higher standards for truck exhaust quality. Since summer 2021, the Automotive division has suffered as a result of the semiconductor crisis, which has led to temporary production shutdowns and various customers still having to restrict production.

Breakdown of sales by business division for 9M 2021 in EUR million



The results of operations in the division have been further exacerbated by difficulties in procuring raw materials for its own production, high prices for metal raw materials, and the volatile changes in production capacity requirements.

At EUR 45.6 million, sales in the Engineering division were significantly lower than in the comparative prior-year period as anticipated (previous year: EUR 64.3 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.

Despite a high level of incoming orders and orders on hand in logistics construction, the division is suffering from postponed project realisation due to delays in upstream work and material shortages, which means that longer-running projects cannot be invoiced until the end of 2021 or into 2022. Sharp price rises on the procurement side are also having an adverse effect on business development.

<sup>1</sup> Destatis press release 501, 29 October 2021

<sup>2</sup> Destatis press release 497, 27 October 2021

<sup>3</sup> ACEA press releases dated 28 October and 24 September 2021

<sup>4</sup> HDB Construction Industry Report, as of 26 October 2021

<sup>5</sup> VDMA press release, 1 July 2021

<sup>6</sup> VDB press release 10/2021, 4 October 2021

<sup>7</sup> ifo Business Climate Index Germany, results of the ifo economic surveys in October 2021

<sup>8</sup> FIR at RWTH Aachen University, FVI Das Netzwerk – Maintenance Sector Indicator Q3 2021

The Communication division reported sales growth of around 20.0% to EUR 120.0 million (previous year: EUR 100.0 million). This division is benefiting from government stimulus programmes and 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 investments in the expansion of railway transport are supporting the division's positive performance. However, there is a risk of material shortages in the fourth quarter of 2021, particularly with regard to the procurement of electronic components.

The Services division, which was also affected by the economic downturn in the automotive industry and the COVID-19 pandemic, generated sales of EUR 12.0 million (previous year: EUR 13.5 million). The business performance of the young business unit in the first three quarters of 2021 continued to be impacted by the travel restrictions that were in place during the year, and the lingering reluctance among customers from the automotive and mechanical engineering sectors to place orders continued. 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 and the operations of SOLUTION-Tec GmbH, Wolfenbüttel, and its 7 employees were acquired effective 1 November 2021, thereby augmenting the automation technology expertise of HÖRMANN Automationservice GmbH.

**Other operating income** of EUR 5.6 million (previous year: EUR 5.8 million) included EUR 1.7 million in income from investment and research grants, EUR 1.3 million in payments in kind, EUR 1.1 million in income from the reversal of provisions and EUR 0.6 million in prior-period income.

Taking into account an increase in inventories of EUR +35.7 million, **total output** amounted to EUR 465.8 million, up EUR 96.4 million or 26.1% on the same period of the previous year (EUR 369.4 million).

The **cost of materials** of EUR 255.0 million (previous year EUR 191.3 million) included costs of raw materials, consumables and supplies, and of purchased goods, of EUR 203.1 million (previous year: EUR 154.5 million) and costs of purchased services of EUR 51.9 million (previous year: EUR 36.8 million). The ratio of cost of materials to total output corresponded to 54.8% and was therefore slightly higher than in the previous year (51.8%). This is primarily due to the higher cost of raw materials and the increased utilisation of temporary employment agencies.

At EUR 216.4 million, **gross profit** increased by EUR 32.5 million compared with the prior-year figure of EUR 183.9 million. The gross profit margin corresponded to 46.5% of total output (previous year: 49.8%).

**Personnel expenses** increased by EUR 10.9 million to EUR 125.3 million (previous year: EUR 114.4 million), essentially on account of the high level of production utilisation in the Automotive division. The ratio of personnel expenses to total output was 26.9% (previous year: 30.9%). Excluding trainees, HÖRMANN Industries GmbH employed an average of 2,705 people in the first three quarters (31 December 2020: 2,774).

**Depreciation and amortisation** were down EUR 1.1 million year-on-year at EUR 9.0 million (previous year: EUR 10.1 million). This included goodwill amortisation of EUR 1.3 million (previous year: EUR 1.4 million).

**Other operating expenses** rose by EUR 8.5 million year-on-year to EUR 59.0 million (previous year: EUR 50.5 million). EUR 11.1 million of this related to the cost of buildings and premises, EUR 14.8 million to administrative expenses and EUR 21.4 million to operating and selling expenses. Other operating expenses amounted to 12.7% of total output (previous year: 13.7%).

With an **operating result** of EUR 23.1 million (previous year: EUR 8.9 million), there was a significant improvement in financial performance in the first three quarters of 2021 thanks to the economic recovery that began in parts of the Automotive division and the good performance of the Communication division. After deducting other taxes of EUR 0.9 million, **EBIT** for the first nine months of 2021 amounted to EUR 22.2 million (previous year: EUR 8.3 million).

The **financial result** improved by EUR 0.4 million year-on-year to EUR -2.5 million (previous year: EUR -2.9 million). In the period under review, loan commitment interest and similar expenses of EUR 2.9 million (previous year: EUR 3.2 million) were incurred for the bond issued in 2019 and the tranche from the KfW entrepreneur loan of EUR 10.0 million drawn as a precaution in October 2020.

The **income tax expense** for trade tax and corporation tax amounted to EUR 6.2 million in the first nine months (previous year: EUR 3.9 million). Income from deferred taxes in the reporting period amounted to EUR 1.8 million (previous year: EUR 1.1 million).

The period under review closed with **consolidated net income** of EUR 15.3 million (previous year: EUR 2.6 million).

HÖRMANN Industries GmbH's sales and earnings therefore developed better than planned.

## FINANCIAL POSITION

### Capital structure

The Group's **equity base** including non-controlling interests amounted to EUR 135.0 million as of 30 September 2021 (31 December 2020: EUR 120.8 million). Despite the increase in total assets, the equity ratio thus improved slightly to 38.8% as of 30 September 2021 (previous year: 37.2%) thanks to the positive results of operations.

**Total assets** rose by EUR 23.2 million, from EUR 324.7 million to EUR 347.9 million, essentially as a result of the increase in working capital as against the end of the previous year. In turn, this was largely attributable to the growth recorded and the accompanying increase in unfinished goods and services.

Including inventories of EUR 74.7 million and trade receivables of EUR 59.0 million and less trade payables of EUR 37.0 million, **working capital** rose from EUR 66.1 million as of 31 December 2020 to EUR 96.7 million at the end of the period under review. This development was primarily due to the year-on-year increase in trade receivables from EUR 42.8 million to EUR 59.0 million. The level of advance payments rose again in the third quarter of 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 37.0 million to EUR 114.9 million.

Liabilities in connection with **bonds** amounted to EUR 50.0 million as of 30 September 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.

There were **liabilities to banks** of EUR 10.0 million as of 30 September 2021 (31 December 2020: EUR 10.0 million). At the end of July 2020, HÖRMANN Industries obtained approval for a EUR 40.0 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 has 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 with a two-year extension option concluded with a banking syndicate comprising SaarLB, HeLaBa, Commerzbank AG and Oberbank AG in December 2019, the Group has a credit facility of up to EUR 40.0 million, up to EUR 15.0 million of which can be used as an overdraft and up to EUR 25.0 million as a revolving EURIBOR line. This loan had not been utilised as of 30 September 2021. In June 2021, HÖRMANN Industries GmbH requested to extend the term under the existing option for an additional year.

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 78.1 million as of 30 September 2021 (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 42.5 million as of 30 September 2021 (31 December 2020: EUR 72.5 million).

HÖRMANN Industries GmbH had **net cash and cash equivalents** of EUR 68.1 million as of 30 September 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.

### Consolidated cash flow statement

The cash flow statement is structured in accordance with GAS 21. Cash flow from operating activities declined year-on-year to EUR 1.3 million in the first nine months of 2021 (previous year: EUR 8.8 million), largely as a result of the higher level of working capital. Cash flow from investing activities increased by EUR 8.7 million, from EUR -10.5 million to EUR -1.8 million, as a result of lower payments for purchases of tangible assets. Cash flow from financing activities amounted to EUR -4.4 million (previous year: EUR -4.8 million).

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

### ASSETS AND LIABILITIES

At EUR 6.9 million (previous year: EUR 13.2 million), additions to **tangible** and **intangible assets** were lower than depreciation and amortisation on fixed assets (EUR 9.0 million).

**Total inventories** (after deducting payments received on account of orders) increased by EUR 13.6 million as against 31 December 2020 to total EUR 74.7 million. The increase in payments received on account of orders to EUR 96.6 million (previous year: EUR 74.6 million) and the reduction in raw materials, consumables and supplies to EUR 30.0 million (previous year: EUR 31.3 million) were not sufficient to fully offset the increase in finished goods and merchandise to EUR 14.0 million (previous year: EUR 12.5 million) and unfinished goods and services to EUR 114.9 million (previous year: EUR 77.9 million). The range of inventories to sales increased to 47.0 days (previous year: 42.2 days). Daily sales were calculated by dividing inventories as of 30 September 2021 by the average sales per day in the period under review.

**Trade receivables** increased from EUR 42.8 million to EUR 59.0 million, corresponding to 37.1 days (previous year: 29.6 days). Daily sales were calculated by dividing receivables as of 30 September 2021 by the average sales per day in the period under review.

**Other assets** increased slightly from EUR 19.0 million to EUR 21.7 million.

**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 1.8 million to EUR 16.1 million as of 30 September 2021 (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 essentially unchanged as against the previous year (EUR 21.2 million) at EUR 20.8 million as of 30 September 2021.

**Provisions for taxes** increased from EUR 3.6 million in the previous year to EUR 5.7 million as of 30 September 2021.

**Trade payables** were virtually unchanged as of the reporting date at EUR 37.0 million (EUR 37.8 million). The utilisation of trade credit for the cost of materials and other operating expenses was reduced from an average of 38.5 days to 32.0 days as a result of the higher expenses. The average duration of credit utilisation is calculated by dividing trade payables as of 30 September 2021 by the total of the average cost of materials and other operating expenses per day in the period under review.



# Outlook

## ECONOMIC ENVIRONMENT

The global economy is still suffering from the repercussions of the coronavirus outbreak. Forecasts by experts are therefore subject to a high degree of uncertainty regarding the remaining duration and severity of the pandemic. As previously, a reliable forecast of the economic consequences and the expected upturn following the 2020 crisis is possible only to a limited extent at the time of preparing this interim report. All available forecasts by the economic research institutes also cite the enormous uncertainty of future developments.

The pandemic spread across the world more rapidly than initially expected, and extensive measures were taken to contain it. A decline in the number of new cases in the spring and a gradual easing of restrictions imposed in Germany and by key trade partners for public health reasons laid the groundwork for an economic recovery throughout the remainder of 2021. The financial support measures and the economic stimulus programmes resolved have also had a positive effect. At the time of preparing this consolidated interim report, however, the significant rise in case numbers meant there was considerable uncertainty with regard to the next steps in overcoming the COVID-19 pandemic, particularly during the coming winter. This is further exacerbated by the material shortages described in the "General economic and industry conditions" section and the resulting sharp rise in import prices.

For these reasons, the International Monetary Fund (IMF) has lowered its global economic growth forecast for the current financial year slightly to 5.9% compared with its previous forecast of 6.0% in July 2021. Growth of 4.9% is still anticipated in 2022. The IMF experts are forecasting GDP growth of 5.2% in the industrialised nations.

<sup>9</sup> IMF Economic Outlook Update, October 2021

<sup>10</sup> German Council of Economic Experts, Economic Forecast November 2021



The euro area is expected to see economic growth of 5.0% this year and 4.3% next year.<sup>9</sup> In its latest report, the German Council of Economic Experts is forecasting economic growth of just 2.7% in Germany in 2021, having previously forecast growth of 3.1% in March 2021.<sup>10</sup>

Despite this positive outlook for future economic development, there remains the uncertainty described above with regard to the extent of the economic impact of the ongoing COVID-19 pandemic.

### FORECAST FOR HÖRMANN INDUSTRIES GMBH

Economic and industry developments are continuing 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 the how the COVID-19 pandemic will continue to unfold.

Given the 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 economic consequences will continue to have a significant impact on the sales and earnings performance of the company in 2021. However, the company expects the overall economic situation to remain broadly stable throughout the rest of 2021 in line with forecasts.

At Group level, based on an assessment of the current order situation in its individual divisions, HÖRMANN Industries GmbH expects slightly lower total sales for the full year 2021 in a range of EUR 565 million to EUR 590 million (previously: EUR 600 million to EUR 620 million; 2020: EUR 521.5 million). This is due to the aforementioned pandemic-related material

shortage, which led to production stops, particularly at customers of the Automotive business division, which in turn resulted in reduced production at the business division's plants. For the operating business, taking into account the slightly lower sales forecast and the described material price increases, a positive operating EBIT of between EUR 25 million to EUR 27 million (previously: EUR 26 million to EUR 28 million; 2020: EUR 12.6 million) is targeted.

Please refer to the Group management report for the first half of 2021 for the report on risks and opportunities.

Kirchseeon November 2021

HÖRMANN Industries GmbH

The Management

A handwritten signature in black ink, appearing to read "M. Radke".

Dr.-Ing. Michael Radke

A handwritten signature in black ink, appearing to read "J. Schmid-Davis".

Johann Schmid-Davis

**Financial Data**

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# Consolidated Balance Sheet

ASSETS (EUR thousand)	30 Sep 2021	31 Dec 2020
<b>A. FIXED ASSETS</b>	<b>82,969</b>	<b>90,087</b>
<b>I. Intangible assets</b>	<b>13,145</b>	<b>14,380</b>
1. Self-created industrial property rights and similar rights and values	36	0
2. Purchased concessions, industrial property rights and similar rights, and assets and licenses in such rights and assets	2,121	2,243
3. Goodwill	10,436	11,578
4. Advance payments made on intangible assets	552	559
<b>II. Tangible assets</b>	<b>48,309</b>	<b>54,550</b>
1. Land, leasehold rights and buildings	11,890	11,906
2. Technical equipment and machinery	22,806	26,693
3. Other equipment, factory and office equipment	10,384	9,483
4. Advance payments and assets under construction	3,229	6,468
<b>III. Long-term financial assets</b>	<b>21,515</b>	<b>21,157</b>
1. Equity investments	536	304
2. Securities held as fixed assets	340	204
3. Other loans	20,639	20,649
<b>B. CURRENT ASSETS</b>	<b>245,558</b>	<b>216,975</b>
<b>I. Inventories</b>	<b>74,690</b>	<b>61,084</b>
1. Raw materials, consumables, and supplies	30,039	31,282
2. Work in progress	114,865	77,906
3. Finished goods and merchandise	13,958	12,538
4. Advance payments	12,412	13,965
5. Payments received on account of orders	-96,584	-74,607
<b>II. Receivables and other assets</b>	<b>92,796</b>	<b>72,682</b>
1. Trade receivables	59,023	42,835
2. Receivables from affiliated companies	12,078	10,860
3. Other assets	21,695	18,987
<b>III. Securities</b>		
Other securities	0	182
<b>IV. Cash-in-hand and bank balances</b>	<b>78,072</b>	<b>83,027</b>
<b>C. PREPAID EXPENSES</b>	<b>2,747</b>	<b>2,964</b>
<b>D. DEFERRED TAX ASSETS</b>	<b>16,146</b>	<b>14,333</b>
<b>E. EXCESS OF PLAN ASSETS OVER PENSION LIABILITIES</b>	<b>496</b>	<b>381</b>
<b>Total Assets</b>	<b>347,916</b>	<b>324,740</b>

# Consolidated Balance Sheet

EQUITY AND LIABILITIES (EUR thousand)	30 Sep 2021	31 Dec 2020
<b>A. EQUITY</b>	<b>135,010</b>	<b>120,749</b>
<b>I. Subscribed capital</b>	<b>200</b>	<b>200</b>
<b>II. Capital reserves</b>	<b>43,422</b>	<b>43,422</b>
<b>III. Consolidated balance sheet profit</b>	<b>73,431</b>	<b>62,112</b>
<b>IV. Non-controlling interests</b>	<b>17,957</b>	<b>15,015</b>
<b>B. SPECIAL ITEMS FOR INVESTMENT GRANTS</b>	<b>3</b>	<b>0</b>
<b>C. PROVISIONS</b>	<b>104,911</b>	<b>94,391</b>
1. Provisions for pensions and similar obligations	20,749	21,228
2. Tax provisions	5,654	3,601
3. Other provisions	78,508	69,562
<b>D. LIABILITIES</b>	<b>107,443</b>	<b>109,593</b>
1. Bonds	50,000	50,000
2. Liabilities to banks	10,001	10,013
3. Trade payables	37,043	37,811
4. Liabilities to affiliated companies	1,817	1,794
5. Other liabilities	8,582	9,975
<b>E. DEFERRED INCOME</b>	<b>549</b>	<b>7</b>
<b>Summe Passiva</b>	<b>347.916</b>	<b>324.740</b>

# Consolidated Income Statement

(EUR thousand)	1 Jan – 30 Sep 2021		1 Jan – 30 Sep 2020	
1. Sales revenues		429,967		366,754
2. Increase in finished goods and work in progress		35,689		2,335
3. Other internally produced and capitalised assets		150		281
4. Other operating income		5,602		5,827
5. Cost of materials				
a) Expenses for raw materials, consumables and supplies and purchased goods		203,120		154,547
b) Cost of purchased services		51,912	255,032	36,798
				191,345
<b>Gross profit</b>		<b>216,376</b>		<b>183,852</b>
6. Personnel expenses				
a) Wages and salaries		104,689		95,424
b) Social contributions and expenses for pensions and social welfare		20,634	125,323	18,949
				114,373
7. Depreciation and amortization				
a) on intangible fixed assets and property, plant and equipment		9,009		8,456
b) on current assets, to the extent that these exceed the usual expenses in the corporation		0	9,009	1,608
				10,064
8. Other operating expenses		58,977		50,482
				<b>23,067</b>
				<b>8,933</b>
9. Income from participations and affiliated companies		17		0
10. Income from other securities and loans from financial assets		97		0
11. Other interest and similar income		298		329
12. Interest and similar expenses		2,930		3,229
13. Taxes on income		6,239		3,930
14. Deferred taxes (- income)		-1,814		-1,147
<b>15. Earnings after taxes</b>		<b>16,124</b>		<b>3,250</b>
16. Other taxes		861		676
<b>17. Consolidated net income</b>		<b>15,263</b>		<b>2,574</b>
18. Non-controlling interests		-3,944		-1,826
<b>19. Consolidated net profit</b>		<b>11,319</b>		<b>748</b>
20. Profit carried forward from the previous year		62,112		64,418
<b>21. Consolidated balance sheet profit</b>		<b>73,431</b>		<b>65,166</b>

# Consolidated Cash Flow Statement

(EUR thousand)	1 Jan – 30 Sep 2021		1 Jan – 30 Sep 2020	
+ Net profit for the period (consolidated net profit including minority interests)		14,734		2,574
+/- (+) Depreciation/(-) write-ups on fixed assets		9,009		8,456
+/- (+) Increase/(-) Decrease in provisions		11,651		4,525
+/- Other non-cash expenses/income		-2,943		204
+/- (+) Decrease (-) Increase in inventories, trade receivables and other assets that are not attributable to investing or financing activities		-33,577		3,577
+/- (-) Decrease (+) Increase in liabilities from trade payables and other liabilities that are not attributable to investing or financing activities		-1,324		-11,762
+/- (-) Gain/(+) Loss from disposal of fixed assets		-56		-6
+/- Interest expenses/income		2,632		2,899
- Other income from investments		-17		0
+/- Income tax expenses/income		4,426		2,783
+/- Income tax payments		-3,263		-4,485
<b>= Cash flow from operating activities</b>		<b>1,272</b>		<b>8,765</b>
+ Proceeds from the disposal of intangible and fixed assets		19		3
- Payments for intangible assets		-794		-498
+ Proceeds from sales of property, plant and equipment		5,174		3,041
- Payments for property, plant and equipment		-5,876		-12,622
+ Proceeds from the disposal of financial assets		193		0
- Payments for investments in financial assets		-550		-244
- Payment for additions to the scope of consolidation		0		-306
+ Interests received		30		95
+ Dividends received		17		0
<b>= Cash flow from investing activities</b>		<b>-1,788</b>		<b>-10,531</b>
- Dividends paid to other shareholders		-1,356		-1,587
- Payments for redemption of (financial) borrowings		-12		-2
- Interests paid		-3,071		-3,226
<b>= Cashflow from financing activities</b>		<b>-4,439</b>		<b>-4,815</b>
<b>Decrease of cash flow</b>		<b>-4,955</b>		<b>-6,581</b>
<b>Liquid funds at the start of the period</b>		<b>83,027</b>		<b>64,639</b>
<b>Liquid funds at the end of the period</b>		<b>78,072</b>		<b>58,058</b>

# Consolidated Statement of Changes in Fixed Assets

FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2021

	ACQUISITION OR CONSTRUCTION COSTS					DEPRECIATION					BOOK VALUES	
	As of 1 Jan 2021	Addition	Disposal	Transfers	As of 30 Sep 2021	As of 1 Jan 2021	Addition	Disposal	Transfers	As of 30 Sep 2021	Book value 30 Sep 2021	Book value 31 Dec 2020
<b>A. FIXED ASSETS</b>												
<b>I. Intangible assets</b>												
1. Self-created industrial property rights and similar rights and values	0	37	0	-1	36	0	0	0	0	0	36	0
2. Purchased concessions, industrial property rights and similar rights and assets and licenses in such rights and assets	4,892	427	-93	140	5,366	2,650	660	-82	18	3,246	2,121	2,243
3. Goodwill	37,330	208	0	0	37,538	25,752	1,350	0	0	27,102	10,436	11,578
4. Advance payments	559	202	-8	-201	552	0	0	0	0	0	552	559
<b>Total intangible fixed assets</b>	<b>42,782</b>	<b>837</b>	<b>-101</b>	<b>-63</b>	<b>43,492</b>	<b>28,402</b>	<b>2,010</b>	<b>-82</b>	<b>18</b>	<b>30,347</b>	<b>13,145</b>	<b>14,380</b>
<b>II. Tangible assets</b>												
1. Land, leasehold rights and buildings	14,826	638	0	93	15,556	2,920	980	0	-234	3,666	11,890	11,906
2. Technical equipment and machinery	35,370	2,025	-4,886	1,904	34,413	8,677	3,688	-251	-508	11,607	22,806	26,693
3. Other equipment, factory and office equipment	12,979	1,815	-407	1,924	16,311	3,495	2,331	-404	504	5,926	10,384	9,483
4. Advance payments and assets under construction	6,468	1,605	-532	-4,105	3,436	0	0	-20	227	206	3,229	6,468
<b>Total tangible fixed assets</b>	<b>69,643</b>	<b>6,083</b>	<b>-5,825</b>	<b>-185</b>	<b>69,716</b>	<b>15,093</b>	<b>6,999</b>	<b>-675</b>	<b>-11</b>	<b>21,405</b>	<b>48,309</b>	<b>54,550</b>
<b>III. Non-current financial assets</b>												
1. Equity investments	6,130	231	0	0	6,361	5,825	0	0	0	5,825	536	304
2. Securities held as fixed assets	789	319	-183	0	925	585	0	0	0	585	340	204
3. Other loans	20,649	0	-11	0	20,638	0	0	0	0	0	20,639	20,649
<b>Total non-current financial assets</b>	<b>27,567</b>	<b>550</b>	<b>-193</b>	<b>0</b>	<b>27,925</b>	<b>6,410</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,410</b>	<b>21,515</b>	<b>21,158</b>
<b>Total fixed assets</b>	<b>139,993</b>	<b>7,470</b>	<b>-6,119</b>	<b>-248</b>	<b>141,132</b>	<b>49,905</b>	<b>9,009</b>	<b>-757</b>	<b>6</b>	<b>58,162</b>	<b>82,969</b>	<b>90,087</b>

# Consolidated Statement of Equity Changes

BALANCE ON 30 SEPTEMBER 2021

(EUR thousand)

	EQUITY OF THE PARENT COMPANY			Total	NON- CONTROLLING INTERESTS	EQUITY
	Subscribed capital	Capital reserve	Consolidated balance sheet profit		Profit / loss attributable to non- controlling interests	
<b>Balance on 1 Jan 2020</b>	<b>200</b>	<b>43,422</b>	<b>65,775</b>	<b>109,397</b>	<b>11,782</b>	<b>121,179</b>
Consolidated annual result			-2,163	<b>-2,163</b>	5,387	<b>3,224</b>
Distributions			-1,500	<b>-1,500</b>	-2,154	<b>-3,654</b>
<b>Balance on 31 Dec 2020</b>	<b>200</b>	<b>43,422</b>	<b>62,112</b>	<b>105,734</b>	<b>15,015</b>	<b>120,749</b>
<b>Balance on 1 Jan 2021</b>	<b>200</b>	<b>43,422</b>	<b>62,112</b>	<b>105,734</b>	<b>15,015</b>	<b>120,749</b>
Consolidated annual result			11,319	<b>11,319</b>	3,944	<b>15,263</b>
Distributions					-1,002	<b>-1,002</b>
<b>Balance on 30 Sep 2021</b>	<b>200</b>	<b>43,422</b>	<b>73,431</b>	<b>117,052</b>	<b>17,957</b>	<b>135,010</b>

## Imprint

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