



2023

CONSOLIDATED INTERIM REPORT OF HÖRMANN INDUSTRIES GMBH, KIRCHSEEON,
FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2023

Key figures at a glance

Financial position and results of operations

(in EUR million)

	1 Jan – 30 Sept 2023	1 Jan – 30 Sept 2022
Sales	568.6	470.7
Total output ¹	596.3	501.0
Gross profit	250.3	209.2
EBITDA ²	22.7	12.5
EBIT ³	13.8	3.8
Cash flow from operating activities	-2.7	-22.5
Cash flow from investing activities	-25.3	-5.5

Assets and liabilities

(in EUR million)

	30 Sept 2023	31 Dec 2022
Total assets	363.4	364.8
Equity	134.5	136.4
Equity ratio ⁴	37.0%	37.4%
Working capital ⁵	127.4	112.4
Net cash and cash equivalents ⁶	32.6	65.3
Employees ⁷	2,923	2,876

¹ Sales plus change in inventories and other own work capitalised

² Consolidated net income before depreciation and amortisation, financial result and income taxes

³ Consolidated net income before financial result and income taxes

⁴ Equity/total assets

⁵ Inventories plus trade receivables minus trade payables

⁶ Bank balances incl. securities classified as current assets minus liabilities to banks

⁷ Average number for the period excluding trainees

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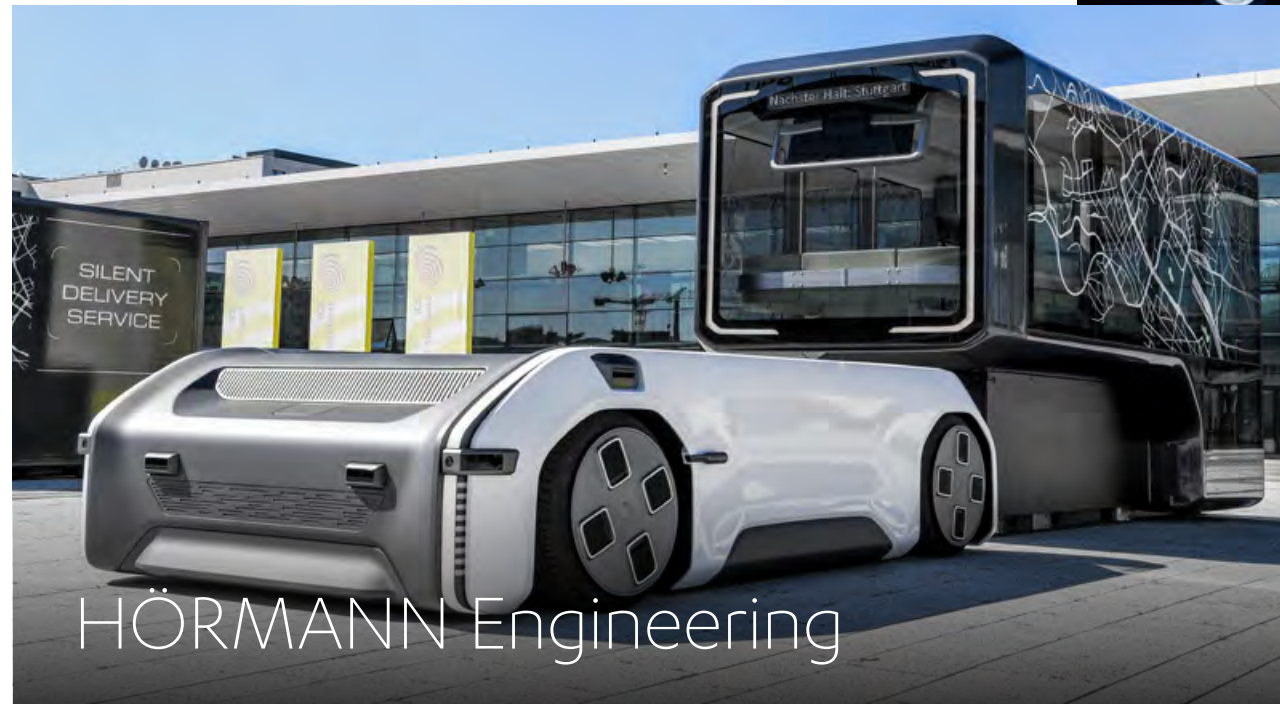
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Broad diversification with four strong divisions



The **HÖRMANN Group** has been at the forefront of innovation for 68 years. By continuously investing in our employees' expertise and the latest technologies, the family-owned company has since expanded into more than 30 independent companies. Together, they are successful in four divisions: Automotive, Communication, Intralogistics, and Engineering. 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, forms the industrial subgroup of the HÖRMANN Group. The Group is broken down into four divisions to which the individual companies are allocated.

Active subsidiaries also include HÖRMANN Digital GmbH, Kirchseeon, an overarching service provider for the development of software-based product solutions and enhancements, and HÖRMANN Informationssysteme GmbH, Ginsheim-Gustavsburg, a Group-wide service provider for IT infrastructure and software systems for business process digitalisation.

The information on the course of business 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

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, technology development, 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 metal components for the agricultural machinery industry in particular; HÖRMANN Automotive Saarbrücken GmbH, a manufacturer of interior systems for buses, complex welded assemblies through to full chassis for agricultural machinery and turnkey installation systems; and HÖRMANN Automotive Slovakia s.r.o., which produces labour-intensive metal components and chassis attachments for the commercial vehicle industry.

HÖRMANN Automotive Eislingen GmbH, a manufacturer of fuel tanks and hydraulic tanks as well as service hatches for buses and agricultural and construction machinery, will be deconsolidated as at 1 November 2023. 100% of the shares in HÖRMANN Automotive Eislingen GmbH were sold at the end of October 2023 and transferred effective 1 November 2023. The sale of the shares in HÖRMANN Automotive Wackersdorf GmbH was not completed as planned because the acquiring company did not pay the purchase price and thus failed to meet a material condition precedent. HÖRMANN Industries GmbH and HÖRMANN Automotive GmbH are currently examining alternative strategic options with regard to the subsidiary.

HÖRMANN Automotive Assets GmbH holds assets and operating resources for companies in the Automotive division.

COMMUNICATION

- ♦ Funkwerk AG, Kölleda
- ♦ Funkwerk Technologies GmbH, Kölleda
- ♦ FunkTech GmbH, Kölleda
- ♦ Funkwerk Systems GmbH, Kölleda
- ♦ Funkwerk Systems Austria GmbH, Vienna, Austria
- ♦ Radionika Sp. z o.o., Krakow, Poland
- ♦ Funkwerk Security Solutions GmbH (formerly Funkwerk video systeme GmbH), Nuremberg
- ♦ Funkwerk IoT GmbH, Bremen
- ♦ 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 technologically leading providers of innovative communication, information and security systems.

They focus on hardware and software components for railway companies, public transportation, inland shipping and airports in addition to smart security systems to protect buildings, public spaces, industrial properties, transport and people. Funkwerk also offers tailored solutions for voice and data communication using analogue and digital mobile networks (LTE, GSM-R) in rail transport.

In the reporting period, Funkwerk Systems GmbH acquired 60% of the shares in Radionika Sp. z o.o., Krakow, Poland. The company was consolidated for the first time when the shares were transferred on 30 June 2023.

HÖRMANN Kommunikation & Netze GmbH is a provider of installation, assembly and accompanying services for the public infrastructure relating to railway traffic and communication technology as well as energy supply. HÖRMANN Kommunikation & Netze GmbH has been a part of the Funkwerk Group since 1 August 2022.

HÖRMANN Warnsysteme GmbH and HÖRMANN – KMT Kommunikations- und Meldetechnik GmbH, Salzburg, Austria, bundle the Group's siren warning systems for alerting the fire brigade and for civilian disaster warning. The project-specific solutions are performed from a single source, from planning, development and realisation to long-term maintenance.

INTRALOGISTICS

- ♦ HÖRMANN Intralogistics GmbH, Kirchseeon
- ♦ HÖRMANN Logistik GmbH, Munich
- ♦ HÖRMANN Logistik Polska Sp. z o.o., Gdansk, Poland
- ♦ HÖRMANN Logistik Systeme GmbH, Graz, Austria
- ♦ HÖRMANN Klatt Conveyors GmbH, Neumarkt am Wallersee, Austria
- ♦ HÖRMANN Intralogistics Services GmbH, Salzgitter
- ♦ HÖRMANN Energy Solutions GmbH, Lehre/Wolfsburg

The dynamic market development and increase in market demand for sophisticated system solutions for intralogistics, for automation solutions for production, warehouse and distribution logistics as well as for services for these industries show high potential for growth.

The **Intralogistics** division, comprising HÖRMANN Logistik GmbH, HÖRMANN Logistik Polska Sp. z o.o. and HÖRMANN Logistik Systeme GmbH, operates as a general contractor in the planning and implementation of turnkey material flow systems. Using material flow concepts, complex storage strategies and internally developed software, intralogistics solutions are implemented for individual requirements, thereby enabling international customers from a wide range of industries to achieve enhancements in productivity and efficiency. With HÖRMANN Klatt Conveyors GmbH, the portfolio has been expanded to include the products and conveyor systems developed, planned and manufactured by the company. HÖRMANN Klatt Conveyors GmbH has become an international provider of conveyor systems for industry, airports, mail sorting centres, waste disposal and hospitals.

Due to the integration of the Services division in the previous year, the range of solutions is being expanded with extensive aftersales service in the Intralogistics division and vertical integration is being increased with in-house assembly services and commissioning.

The HÖRMANN Intralogistics Services GmbH service unit contributes a service portfolio in electrical, mechanical, control, robot, welding and conveyor technology, pneumatic and hydraulic systems, on-shift process technology maintenance and the assembly, commissioning and relocation of complete plants. The newly founded HÖRMANN Energy Solutions GmbH plans, installs and maintains system solutions for generating and using regenerative energy. HÖRMANN Energy Solutions GmbH commenced operations at the start of 2023.

ENGINEERING

- ♦ HÖRMANN BauPlan GmbH, Chemnitz
- ♦ HÖRMANN Rawema Engineering & Consulting GmbH, Chemnitz
- ♦ HÖRMANN Vehicle Engineering GmbH, Chemnitz
- ♦ VacuTec Meßtechnik GmbH, Dresden

The **Engineering** division operates in building and industrial planning and in vehicle development. 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 Vehicle Engineering GmbH harnesses its 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.

» For HÖRMANN Industries GmbH, the close relationship with our customers is a key factor in the Group's success. Via 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 the HÖRMANN Group. «

JOHANN SCHMID-DAVIS, CFO

Economic report

GENERAL ECONOMIC CONDITIONS

According to the German Federal Statistical Office (Destatis), gross domestic product (GDP) adjusted for inflation, seasonal and calendar effects decreased by 0.1% in the third quarter of 2023 as against the previous quarter.¹ In the second quarter of 2023, GDP adjusted for inflation, seasonal and calendar effects grew slightly by 0.1% compared with the first quarter. Private consumer spending in particular declined again in the period from July to September having briefly stabilised in the second quarter. In contrast, positive impetus came from investments in equipment, comprising movable assets such as machinery, appliances and vehicles. After adjustment for inflation and calendar effects, GDP was 0.3% lower in the third quarter of 2023 than in the same period of the previous year.

Stubbornly high inflation – one reason for Germany’s weak economic development – gradually diminished in the third quarter of 2023. In June, the inflation rate was still at a high level of 6.2% compared with the same month of the previous year. It initially declined slightly to 6.1% in August before falling to 4.5% in September.² This is the lowest figure since the start of the war in Ukraine, but remains high on a medium-term and long-term basis. In particular, the base effect in the previous year meant the rise in energy prices was much lower. In September, prices for gas and fuels fell by 5.3% and 6.0% year-on-year respectively, whereas electricity prices increased by 11.1%.³

Sentiment in the German economy has improved slightly. The ifo Business Climate Index rose to 86.9 points in October 2023 after 85.8 points in September.⁴ Companies seem to be a little happier with their current business situation. The outlook for the coming months is also less pessimistic, but the situation remains strained. Although the index for the manufacturing sector improved slightly to –15.9 points after –16.2 points in September on the back of the less sceptical forecasts, companies again took a poorer view of the current situation, especially in light of the persistently difficult order situation. At –31.1, the index for the construction industry was also unchanged as against the previous month (–31.2). Companies rated

their current business situation slightly less favourably, and the outlook for the coming months remains pessimistic.

In contrast, the number of commercial vehicles registered in the EU developed positively in the first three quarters of 2023 according to the European Automobile Manufacturers’ Association (ACEA).⁵ In the first nine months, registrations of light commercial vehicles increased by 14.3% year-on-year to 1 million units. This positive development was primarily driven by the major EU markets, with Spain (+20.5%), Germany (+18.2%) and Italy (+16.7%) recording double-digit growth. New registrations of heavy commercial vehicles also increased by 23.0% to 268,766 million units in the reporting period. Germany led the way with a substantial increase of 31.2% to 75,241 registered units. Other major EU markets also grew significantly, including Spain (+23.8%), Italy (+17.0%), France (+15.6%) and Poland (+10.9%). New EU bus registrations also enjoyed growth during the first three quarters of the year. Registrations increased by 18.5% year-on-year to 23,645 units.

The Engineering division is primarily dependent on the economic performance of the construction and railway vehicle construction industries. According to the Federation of the German Construction Industry (HDB), the supply situation in the construction industry has improved significantly in terms of material shortages and prices.⁶ However, interest rates and the associated financing costs have continued to rise. In addition, the number of cancellations is growing while building permits are declining, meaning that a real sales decline of 6% is expected for 2023 as a whole.

According to the VDMA Trade Association for Conveyor Technology and Intralogistics, German conveyor technology and intralogistics providers also have modest expectations for the current year.⁷ The VDMA expects the mechanical and plant engineering industry as a whole to see a downturn in production of 2% in 2023. Simultaneously, companies will be forced to invest in conveyor technology and intralogistics as they face the challenge of making their

supply chains and logistics more flexible and resilient despite – and, indeed, in response to – multiple crises. Accordingly, demand for intralogistics and, in particular, automation solutions has risen over the past two years. Under the current conditions, the trade association is forecasting only slight growth of 2% overall in 2023, as in the previous year.

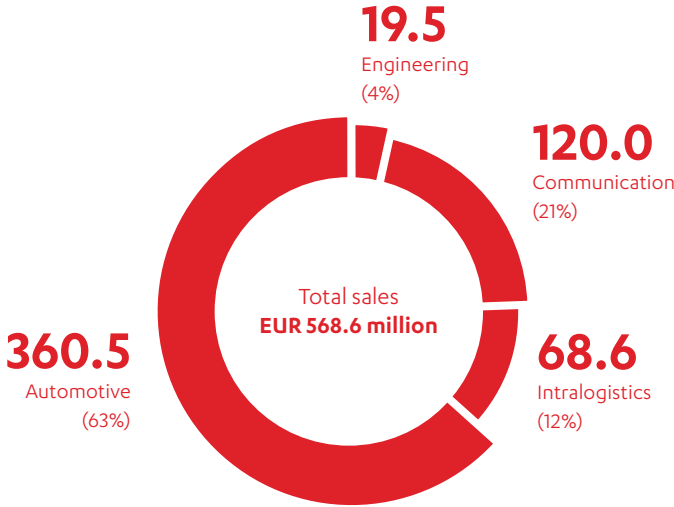
In contrast, the German rail industry – the most important sector for the Communication division – performed extremely well in the first half of 2023 and generated record sales of EUR 7.8 billion according to the German Railway Industry Association (VDB).⁸ The growth compared with the same period of the previous year (+15%) is chiefly attributable to export business, which now accounts for around 40% of total sales. By contrast, sales in Germany fell by 8% to just under EUR 5 billion. Incoming orders grew by 36% year-on-year to EUR 12.2 billion. The VDB feels that the political pendulum is swinging in its favour and sees the railway industry as a growth market. Despite the robust order situation, however, the association also warns of the effects of high inflation. This is resulting in substantial cost increases, almost all of which currently have to be borne by manufacturers.

RESULTS OF OPERATIONS

HÖRMANN Industries GmbH generated sales of EUR 568.6 million in the first nine months of 2023. This represented an increase of EUR 97.9 million or 20.8% compared with the same period of 2022 (EUR 470.7 million). While the period under review was characterised by the recovery in the commercial vehicle industry and the continued passing on of inflation-related price increases, the first nine months of 2022 were negatively impacted by the effects of the war in Ukraine, the after-effects of the COVID-19 pandemic and the associated supply bottlenecks and production disruptions.

In the **Automotive** division, sales increased by EUR 72.3 million or 25.1% year-on-year, from EUR 288.2 million to EUR 360.5 million. In the comparative period of 2022, major OEM customers shut down production for several weeks at a time following the outbreak of the war in Ukraine, sending a

Breakdown of sales by business division
for the first nine months 2023
in EUR million



seismic wave through the Automotive division. By contrast, the positive forecasts by key customers in truck production largely came to pass in the first three quarters of 2023, so the target production volumes were achieved. Call-off orders in the division amounted to EUR 373.6 million (previous year: EUR 322.2 million). In addition to the growth in sales volumes, the trend in sales continued to be driven by the inflation-related development of production costs and the associated price rises that were passed on to customers without affecting the result.

The **Communication** division also achieved the forecast figures in the period from January to September 2023, recording incoming orders of EUR 162.4 million after nine months (previous year: EUR 152.7 million). With sales of EUR 120.0 million (previous year: EUR 116.8 million) and total output of EUR 134.1 million (previous year: EUR 126.8 million), the division maintained the prior-year level as forecast.

Having been heavily impacted by supply bottlenecks and uncertainties in the previous year, the **Intralogistics** division recorded incoming orders of EUR 74.9 million in the first nine months of 2023 (previous year: EUR 66.0 million). This meant the high level of orders on hand at the start of the year (EUR 118.9 million) was maintained at EUR 120.7 million. Accordingly, the

¹ Destatis press release No. 420, 30 October 2023

² Destatis press release No. 421, 30 October 2023

³ Destatis press release No. 405, 11 October 2023

⁴ ifo Business Climate Index Germany, results of the ifo economic surveys in October 2023

⁵ European Automobile Manufacturers’ Association press release, 27 October 2023

⁶ HDB Construction Industry Report, 25 October 2023

⁷ VDMA Materials Handling and Intralogistics Trade Association press release, 28 February 2023

⁸ VDB press release, 6 November 2023

division's operations continue to focus on organisational development and completing multi-year project orders. Cumulatively, the Intralogistics division generated total output of EUR 76.9 million in the first nine months of 2023 (previous year: EUR 64.6 million) and sales of EUR 68.6 million (previous year: EUR 50.0 million).

With sales of EUR 19.5 million (previous year: EUR 15.3 million) and total output of EUR 24.3 million (previous year: EUR 21.5 million), the **Engineering** division also exceeded the prior-year level.

Taking into account an increase in inventories of EUR 26.7 million, **total output at HÖRMANN Industries GmbH** amounted to EUR 596.3 million, up EUR 95.3 million or 19.0% on the same period of the previous year (EUR 501.0 million).

The **cost of materials** of EUR 353.4 million (previous year: EUR 299.4 million) included costs of raw materials, consumables and supplies and of purchased merchandise (including energy) of EUR 294.6 million (previous year: EUR 243.8 million) and costs of purchased services of EUR 58.8 million (previous year: EUR 55.6 million). The cost of materials corresponded to 59.3% of total output, down 0.5 percentage points on the prior-year figure (59.8%).

Other operating income of EUR 7.4 million (previous year: EUR 7.5 million) includes income from the reversal of provisions of EUR 1.5 million, income from investment and research grants of EUR 1.5 million, payments in kind of EUR 1.5 million, income from payments for damages of EUR 0.5 million, and exchange gains of EUR 0.3 million.

At EUR 250.3 million, **gross profit** increased by EUR 41.1 million compared with the prior-year figure of EUR 209.2 million. In the first nine months, the gross profit margin amounted to 42.0% of total output and thus maintained the previous year's level (41.7%).

Personnel expenses of EUR 148.1 million were up EUR 15.3 million on the previous year (EUR 132.8 million). The staff cost ratio improved to 24.8% of total output in the reporting period after 26.5% in the same period of the previous year. Excluding trainees, HÖRMANN Industries GmbH employed an average of 2,923 people in the first nine months of 2023 (31 December 2022: 2,876).

Depreciation and amortisation were unchanged year-on-year at EUR 9.0 million (previous year: EUR 8.7 million). This included goodwill amortisation of EUR 1.6 million (previous year: EUR 1.4 million).

Other operating expenses rose by EUR 15.8 million year-on-year to EUR 78.7 million (previous year: EUR 62.9 million). EUR 13.4 million of this related to the cost of buildings and premises, EUR 20.7 million to administrative expenses and EUR 30.8 million to operating and selling expenses. Compared with the first three quarters of 2022, there were particularly significant increases in operating expenses (up EUR 5.8 million), the cost of premises (up EUR 1.5 million), administrative expenses (up EUR 4.4 million) and travel and vehicle costs (up EUR 1.1 million). Other operating expenses corresponded to 13.2% of total output, which was higher than the previous year's level (12.6%).

The **operating result** of EUR 14.6 million was EUR 9.9 million higher than in the previous year (EUR 4.7 million) due to the stabilisation of the business situation and improved productivity.

After deducting **other taxes** of EUR 0.9 million, **EBIT** in the reporting period amounted to EUR 13.8 million (previous year: EUR 3.8 million). One encouraging development was the fact that all four divisions contributed to this earnings growth.

At EUR -2.8 million, the **financial result** was EUR 0.4 million lower than in the same period of the previous year (EUR -2.4 million). In the first nine months of 2023, interest and similar expenses including commitment fees were incurred in the amount of EUR 4.3 million (previous year: EUR 2.8 million) for the issued 2019/2024 bond, the new 2023/2028 bond issued in July 2023, the credit facilities of EUR 40 million already provided under the existing syndicated loan, and the tranche drawn down under the KfW entrepreneur loan. These expenses were offset by interest and investment income of EUR 1.5 million (previous year: EUR 0.4 million).

The **income tax expense** for trade tax and corporation tax amounted to EUR 6.1 million in the first nine months of 2023 (previous year: EUR 4.8 million).

The first nine months of the reporting year ended with a **consolidated net profit** of EUR 4.8 million (previous year: consolidated net loss of EUR 3.4 million).

FINANCIAL POSITION

Capital structure

Total assets decreased slightly by EUR 1.4 million, from EUR 364.8 million at the start of 2023 to EUR 363.4 million.

The Group's **equity base** including non-controlling interests amounted to EUR 134.5 million as of 30 September 2023 (31 December 2022: EUR 136.4 million). With shares in affiliated companies increasing in the period under review, the corresponding equity investments were offset against equity in the amount of EUR 6.0 million. At 37.0% as of 30 September 2023, the equity ratio was very close to the previous year's level (31 December 2022: 37.4%).

Including inventories of EUR 102.5 million and trade receivables of EUR 79.7 million and less trade payables of EUR 54.7 million, **working capital** increased to EUR 127.4 million at the end of the period under review (31 December 2022: EUR 112.4 million). This development was primarily due to the increase in inventories from EUR 87.7 million in the previous year (as of 31 December 2022) to EUR 102.5 million as at 30 September 2023. The processing of the high level of orders on hand in the Intralogistics and Communication divisions and the current project delays caused unfinished goods and services to rise by EUR 26.6 million to EUR 164.6 million. The upturn in truck sales and the corresponding high level of incoming orders in the Automotive division meant that inventories of raw materials, consumables and supplies rose by EUR 5.5 million from EUR 34.3 million to EUR 39.8 million in the period under review. Higher procurement prices also continued to have a negative impact. Thanks to good and, in some cases, long-standing customer relationships as well as existing guarantee and surety facilities, the advance payment rate for projects and orders that had already begun increased by EUR 19.0 million to EUR 122.9 million in the first nine months of 2023 (31 December 2022: EUR 103.9 million), although this was not enough to fully refinance the increase in work in progress.

Liabilities in connection with **bonds** amounted to EUR 50.0 million as of 30 September 2023 (31 December 2022: EUR 50.0 million). With a view to the developments on the capital and credit markets, a bond with a volume of EUR 50.0 million, a coupon of 7.0% and a term of five years to 11 July 2028 was issued on 11 July 2023. The issue involved an exchange offer of

EUR 50.0 million for the existing 2019/2024 bond. The 2019/2024 bond not redeemed as part of the exchange offer, which amounted to around EUR 34 million, was terminated and repaid ahead of schedule in September 2023.

There were **liabilities to banks** of EUR 6.1 million as of 30 September 2023 (31 December 2022: EUR 7.8 million). The drawdown on the KfW entrepreneur loan in 2020 with a nominal amount of EUR 10.0 million resulted in liabilities of EUR 5.0 million at the reporting date (31 December 2022: EUR 6.9 million). The loan has a term of five years with 16 quarterly repayment instalments beginning in the second year. By the end of the third quarter of 2023, cumulative repayments of EUR 4.9 million had been made.

Under the syndicated loan agreement concluded with a bank consortium comprising SaarLB, Commerzbank AG, HeLaBa and Oberbank AG, the Group has a credit facility of up to EUR 40.0 million until the end of 2025, 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 been utilised in the amount of EUR 0.2 million as of 30 September 2023 (31 December 2022: EUR 0.0 million). In addition, there is a local foreign credit facility of EUR 2.5 million that can be used as a current account credit line and a surety facility.

Liquidity

Bank balances amounted to EUR 38.7 million as of 30 September 2023 (31 December 2022: EUR 73.1 million). In addition to the growth- and inflation-related increase in working capital, the acquisition of stakes in HÖRMANN Klatt Conveyors GmbH and Radionika Sp. z o.o. were the main reasons for the decline in bank balances in the first nine months of 2023.

As of 30 September 2023, there were available credit facilities of around EUR 41 million (31 December 2022: EUR 40.5 million).

HÖRMANN Industries GmbH had **net cash and cash equivalents** of EUR 32.6 million at the balance sheet date (31 December 2022: EUR 65.3 million). Net cash and cash equivalents are calculated as cash in hand and bank balances less liabilities to banks.

Consolidated Cash Flow Statement

The cash flow statement is structured in accordance with GAS 21. In the first nine months of 2023, **cash flow from operating activities** increased from EUR -22.5 million in the same period of the previous

year to EUR –2.7 million. Taking into account payments for investments in tangible assets of EUR 11.3 million and payments for additions to the consolidated group of EUR 16.0 million, **cash flow from investing activities** decreased from EUR –5.5 million to EUR –25.3 million in the period under review. **Cash flow from financing activities** amounted to EUR –9.1 million (previous year: EUR –3.6 million). By 30 September 2023, seven instalments for the KfW loan totalling EUR 4.9 million had been paid, including three instalments of EUR 1.9 million in the period under review. In addition, short-term current account credit lines were utilised in the amount of EUR 0.1 million in the first three quarters of 2023. Dividends of EUR 2.9 million were paid to other shareholders in the reporting period.

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

Assets and liabilities

At EUR 12.3 million (previous year: EUR 9.4 million), additions to **tangible** and **intangible assets** were higher than depreciation and amortisation of fixed assets (EUR 9.0 million). The increase compared with the previous year is mainly due to the acquisition of the equity interest in the Polish company Radionika Sp. z o.o. and the first-time consolidation of this company in the reporting period.

Total inventories (after deducting payments received on account of orders) rose from EUR 87.7 million as of 31 December 2022 to EUR 102.5 million due to the increased business and project progress volume and rising material prices. This figure increased as a result of the rise in unfinished goods and services to EUR 164.6 million (previous year: EUR 138.0 million). This was offset by the increase in payments received on account of orders from EUR 103.9 million to EUR 122.9 million. The theoretical days inventory outstanding is 48.8 days (previous year: 46.3 days). Daily turnover is calculated by dividing the inventories as of 30 September 2023 by the average sales per day in the period under review.

In the current financial year, the increased business volume is particularly visible in **incoming orders**, although orders placed by customers began to decline sharply from the third quarter of 2023. The Group recorded incoming orders of EUR 632.0 million in the first nine months of the 2023 financial year (previous year: EUR 390.5 million), corresponding to a book-to-bill-ratio of 1.1 (previous year: 1.3). The

book-to-bill ratio relates order intake to sales in the reporting period, with a value above 1.0 indicating growth. **Orders on hand** amounted to EUR 520.4 million as at the end of September 2023, representing an increase of EUR 59.1 million compared with 31 December 2022 (EUR 461.3 million). Of this figure, EUR 216.2 million was attributable to the Communication division, EUR 120.7 million to the Intralogistics division, EUR 133.4 million to the Automotive division and EUR 50.2 million to the Engineering division. The project-oriented divisions of Communication, Intralogistics and Engineering therefore still have an order backlog of more than one year's sales. In the Automotive division, the existing multi-year master agreements with OEM customers are only included in orders on hand for advised call-off orders of an average of ten weeks.

At EUR 79.7 million, **trade receivables** remained almost unchanged compared with 31 December 2022 (EUR 77.7 million), corresponding to a receivables portfolio of 38.0 days (previous year: 41.0 days). Days sales outstanding were calculated by dividing the receivables as of 30 September 2023 by the average sales per day in the period under review.

Other assets increased from EUR 15.8 million (31 December 2022) to EUR 25.0 million, largely as a result of higher tax receivables.

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. As of 30 September 2023, this item had a value of EUR 15.2 million and thus remained at the level of the carrying amount as of 31 December 2022 (EUR 15.0 million).

At EUR 20.4 million as of 30 September 2023, **pension provisions** were also essentially unchanged as against the previous year (31 December 2022: EUR 20.3 million). The settlement amount of pension provisions was around EUR 34.4 million (31 December 2022: EUR 34.4 million). In the notes to the annual financial statements as of 31 December 2022, the value of the settlement amount was stated at EUR 22.9 million. The prior-year amount was restated as of 31 March 2023 and has no material effect on the net assets, financial position and results of operations as at both 31 December 2022 and 30 September 2023. The settlement amount is offset against assets of around

EUR 2.1 million (31 December 2022: EUR 2.1 million) that are exclusively reserved for pension obligations. Plan assets in excess of the settlement amount of around EUR 0.2 million (31 December 2022: EUR 0.2 million) were reported on the assets side of the balance sheet as the 'Excess of plan assets over pension liabilities'.

Trade payables increased from EUR 52.7 million (31 December 2022) to EUR 54.7 million at the balance sheet date. The utilisation of trade credit for the cost of materials and other operating expenses decreased from an average of 37.5 days in the previous year to 34.2 days. The average duration of credit utilisation is calculated by dividing the trade payables as of 30 September 2023 by the sum of the average cost of materials and the average other operating expenses per day in the period under review.

HÖRMANN Industries GmbH continued its good economic performance in the first three quarters of 2023. Taking into account the continued difficult and volatile overall economic situation, it enjoyed a successful first nine months in terms of sales, total output and EBIT.

Outlook

GENERAL ECONOMIC CONDITIONS

In its current outlook from October 2023, the International Monetary Fund (IMF) expects a further slowdown in global economic growth to 3.0% in 2023.⁹ Growth amounted to 3.5% in 2022, and the historical average is also much higher at 3.8%. The IMF expects global inflation to continue to decelerate as a result of tighter monetary policy and lower commodity prices. The projections are increasingly consistent with a “soft landing” scenario in which inflation declines without a major downturn in economic activity. However, the macroeconomic situation is fragile. Unstable financial markets and an escalation of geopolitical conflicts remain material risk factors.

For 2023 as a whole, the IMF anticipates a slight year-on-year increase in gross domestic product of 0.7% for the euro area. With regard to Germany’s economic performance, the IMF now expects economic output to decline by –0.5%, having initially assumed slight growth of 0.1% in January 2023. The current forecast is also down a further 0.2 percentage points compared with the July outlook. For 2024, the IMF again anticipates modest economic growth of 0.9% in Germany.

In its 2023/24 Annual Report, the German Council of Economic Experts anticipates a downturn in GDP of –0.4% this year.¹⁰ With regard to inflation, the Council expects Germany and the euro area to continue to return to normal. It is forecasting full-year inflation for 2023 of 6.1% and 5.6% respectively, followed by a further decline to 2.6% and 2.9% next year.

Overall, however, it was not realistically possible to forecast the potential economic consequences reliably at the time this consolidated interim report was published, as the effects of the multiple global crises cannot be predicted at present.

FORECAST FOR HÖRMANN INDUSTRIES GMBH

Economic, geopolitical and industry developments will continue to influence HÖRMANN Industries GmbH’s operating and financial performance in the 2023 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 assessment of the economic impact of the armed conflicts in Ukraine and the Middle East.

Incalculable risks include further geopolitical tension and an escalation of the current conflicts, as well as a prolonged recession or a financial and banking crisis triggered by interest rate trends with the potential for significantly reduced lending. The IMF still sees inflation as one of the biggest challenges facing the world economy.¹¹ In addition, local and sectoral bottlenecks in supply chains are currently increasing again.

In light of this high uncertainty at the time of reporting, forecasts are currently highly uncertain. The economic and financial impact of further crises could again affect HÖRMANN Industries GmbH’s sales and earnings performance in the fourth quarter of 2023 and in 2024.

Any negative economic developments not yet taken into account in planning can result in the actual results for the 2023 financial year deviating from forecasts.

In summary, the biggest challenges for HÖRMANN Industries GmbH in 2023 therefore include the supply shortages still lingering in some areas of the world markets, high energy prices, and the sustained high level of procurement and personnel expenses due to ongoing inflation. Private and public clients could also become even less willing to invest in response to the growing uncertainty, consolidation pressure on public budgets and the massive rise in the interest cost on refinancing. HÖRMANN Industries GmbH must also be prepared for significantly more restrictive lending practices and higher interest rates, and it is forecasting a clear rise in interest expenses in subsequent periods.

There is further uncertainty stemming from the unstable geopolitical and fragile economic situation, which in combination make it extremely difficult to deliver an assured outlook for the future development of the economy in Germany and the euro area, the specific industries relevant to the HÖRMANN Group and the performance of HÖRMANN Industries GmbH itself.

At Group level, based on an analysis of the current order situation and a confident assessment of the business performance in its individual divisions, HÖRMANN Industries GmbH is continuing to forecast total sales of between EUR 730 million and EUR 770 million in 2023 (previous year: EUR 685.7 million). Besides the passing on of inflation-related price increases to customers, the main cause of the expected growth in sales as against the previous year will be real increases in sales volumes in the Automotive division and the implementation of long-term project orders in the Intralogistics division. Taking the significantly higher cost base due to inflation into account, the company is anticipating operating EBIT adjusted for non-recurring effects to be at the level of 2022 (EUR 23.7 million). This means the company is confirming the operating earnings forecast published in the 2022 Annual Report at the lower end of the range. In addition to the continued high cost base, the reason for the earnings development is the cooling of the order situation in the Automotive division that has set in since the start of the fourth quarter of 2023. In this context, the risks have increased for the forecast period, taking into account the latest reports and announcements from the main customers in the Automotive division. In addition, the shift in earnings between the various divisions of HÖRMANN Industries is a key factor influencing earnings development in 2023. The Communication division will generate “normalised” earnings again after the extraordinary and well above-average 2020 to 2022 financial years following the end of the stimulus programmes. On the other hand, the Automotive and Intralogistics divisions should return to operating profitability following the economic battering of the past few years. The disposal of the loss-making HÖRMANN Automotive Eislingen GmbH, which was completed as of 1 November 2023, is expected to result in a non-recurring expense of a mid-single-digit million euro range.

In light of the forecast results of operations and assuming that inflation will continue to fall slightly, working capital – comprising inventories and trade receivables less trade payables – is expected to be at the same level at the end of 2023 as at the 2022 balance sheet date (EUR 112 million). Taking into account the planned payments for provisions and investments, net cash and cash equivalents are therefore expected to remain positive.

The net assets, financial position and results of operations are expected to remain at a stable level. On the whole, management considers the Group’s position to be highly stable as at the time of this report.

On the basis of the improved results of operations and the stable net assets and financial position of HÖRMANN Industries GmbH and given the broad diversification of its business activities, management is confident that HÖRMANN Industries GmbH will continue to successfully overcome the challenges that are currently known in the fourth quarter of 2023.

Overall, HÖRMANN Industries GmbH believes that its close relationship with its customers, which it is actively intensifying, is 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. This can open up new services that will benefit long-standing customers.

⁹ IMF World Economic Outlook, October 2023

¹⁰ German Council of Economic Experts, Annual Report 2023/24, 8 November 2023

¹¹ IMF World Economic Outlook Update, January 2023



The Group's strengths and opportunities also include the retention of specialists and the long service of its employees, which allow it to make the available expertise and specialist experience available across the various divisions so as to benefit customers. Accordingly, attractive incentive systems, interesting training and development opportunities and modern working concepts are used as means of further strengthening the perception of HÖRMANN Industries GmbH as an attractive employer.

Kirchseeon, November 2023

HÖRMANN Industries GmbH

The Management

Dr.-Ing. Michael Radke

Johann Schmid-Davis

Dr.-Ing. Christian Baur

» The Group's strengths and opportunities also include the retention of specialists and the long service of its employees. Accordingly, attractive incentive systems, interesting training and development opportunities and modern working concepts are used as means of further strengthening the perception of the HÖRMANN Group as an attractive employer. «

DR. MICHAEL RADKE, CEO

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Consolidated Balance Sheet

ASSETS (EUR thousand)	30 Sept 2023	31 Dec 2022
A. FIXED ASSETS	84,326	77,557
I. Intangible assets	14,776	10,913
1. Purchased concessions, industrial property rights and similar rights and assets and licences in such rights and assets	2,322	2,492
2. Goodwill	12,152	8,120
3. Advance payments made on intangible assets	302	301
II. Tangible assets	47,712	44,847
1. Land, leasehold rights and buildings	12,216	9,228
2. Technical equipment and machinery	18,092	19,124
3. Other equipment, factory and office equipment	10,341	10,401
4. Advance payments and assets under construction	7,063	6,094
III. Non-current financial assets	21,838	21,798
1. Equity investments	357	304
2. Securities held as fixed assets	397	398
3. Other loans	21,084	21,096
B. CURRENT ASSETS	260,812	269,278
I. Inventories	102,484	87,715
1. Raw materials, consumables and supplies	39,842	34,272
2. Work in progress	164,553	137,969
3. Finished goods and merchandise	17,324	15,574
4. Advance payments	3,652	3,781
5. Payments received on account of orders	-122,887	-103,881
II. Receivables and other assets	119,667	108,472
1. Trade receivables	79,678	77,685
2. Receivables from affiliated companies	14,994	15,018
3. Other assets	24,994	15,769
III. Securities	5	0
Other securities	5	0
IV. Cash-in-hand and bank balances	38,655	73,091
C. PREPAID EXPENSES	2,835	2,783
D. DEFERRED TAX ASSETS	15,245	15,043
E. EXCESS OF PLAN ASSETS OVER PENSION LIABILITIES	163	163
Total assets	363,381	364,824

Consolidated Balance Sheet

EQUITY AND LIABILITIES (EUR thousand)	30 Sept 2023	31 Dec 2022
A. EQUITY	134,481	136,379
I. Subscribed capital	200	200
II. Capital reserve	36,733	42,758
III. Consolidated balance sheet profit	73,613	72,691
IV. Non-controlling interests	24,138	20,743
V. Currency translation differences	-203	-13
B. PROVISIONS	106,530	98,569
1. Pension provisions and similar obligations	20,395	20,346
2. Tax provisions	-2	6,008
3. Other provisions	86,137	72,215
C. LIABILITIES	121,823	129,009
1. Bonds	50,000	50,000
2. Liabilities to banks	6,054	7,806
3. Trade payables	54,735	52,704
4. Liabilities to affiliated companies	1,364	4,129
5. Other liabilities	9,670	14,370
D. DEFERRED INCOME	547	867
Total equity and liabilities	363,381	364,824

Consolidated Income Statement

(EUR thousand)	1 Jan – 30 Sept 2023		1 Jan – 30 Sept 2022	
1. Total sales	568,605		470,658	
2. Increase in finished goods and work in progress	26,726		29,695	
3. Other own work capitalised	991		692	
4. Other operating income	7,357		7,542	
5. Cost of materials				
a) Expenses for raw materials, consumables and supplies and purchased goods	294,605		243,777	
b) Cost of purchased services	58,757	353,362	55,640	299,417
Gross profit	250,318		209,169	
6. Personnel expenses				
a) Wages and salaries	120,892		110,055	
b) Social contributions and expenses for pensions and social welfare	27,168	148,060	22,775	132,830
7. Depreciation and amortisation on tangible and intangible assets	8,967		8,715	
8. Other operating expenses	78,660		62,931	
9. Income from investments and associated companies	16		13	
10. Income from other securities and loans from financial assets	0		4	
11. Other interest and similar income	1,467		346	
12. Interest and similar expenses	4,330		2,770	
13. Taxes on income	6,388		4,987	
14. Deferred taxes (– income)	–282		–171	
15. Earnings after taxes	5,678		–2,530	
16. Other taxes	884		895	
17. Consolidated net profit (loss)	4,794		–3,425	
18. Non-controlling interests	–4,278		–1,988	
19. Consolidated net income (loss)	515		–5,413	
20. Profit carried forward from the previous year	73,097		68,505	
21. Consolidated balance sheet profit	73,613		63,092	

Consolidated Cash Flow Statement

(EUR thousand)	1 Jan – 30 Sept 2023	1 Jan – 30 Sept 2022
Consolidated income (Consolidated net income/loss including income/loss attributable to non-controlling interests)	4,794	–3,425
+/- (+) Depreciation/(-) write-ups on fixed assets	8,967	8,715
+/- (+) Increase/(-) Decrease in provisions	9,312	18,488
+/- Other non-cash expenses/income	4,183	–1,724
+/- (+) Decrease/(-) Increase in inventories, trade receivables and other assets that are not attributable to investing or financing activities	–25,011	–57,430
+/- (-) Decrease/(+) Increase in liabilities from trade payables and other liabilities that are not attributable to investing or financing activities	–1,988	10,958
+/- (-) Gain/(+) Loss from disposal of fixed assets	–31	–282
+/- Interest expenses/income	2,863	2,424
– Other income from investments	–16	–13
+/- Income tax expenses/income	6,106	4,817
– Income tax payments	–11,918	–4,992
= Cash flow from operating activities	–2,739	–22,464
+ Proceeds from the disposal of intangible and fixed assets	233	25
– Payments for investments in intangible assets	–908	–1,028
+ Proceeds from the disposal of tangible assets	1,914	4,174
– Payments for investments in tangible assets	–11,339	–8,380
+ Proceeds from the disposal of non-current financial assets	12	611
– Payments for investments in non-current financial assets	–53	–6
– Payment for additions to the scope of consolidation	–15,974	–953
+ Interest received	807	23
+ Dividends received	16	13
= Cash flow from investing activities	–25,292	–5,521
+ Proceeds from (financial) loans	123	3,734
– Payments for redemption of (financial) loans	–1,875	–1,875
+ Proceeds from the bond issue	50,000	0
– Payments for the bond redemption	–50,000	0
– Interest paid	–2,470	–2,960
– Payments to shareholders of the parent company	–2,069	0
– Dividends paid to other shareholders	–2,851	–2,469
= Cash flow from financing activities	–9,142	–3,570
Decrease in cash flow	–37,172	–31,555
Cash and cash equivalents at the start of the period	73,091	93,703
+/- Exchange rate and valuation-related changes in cash and cash equivalents	–115	–8
+/- Change in cash and cash equivalents due to changes in consolidated group	2,857	0
Cash and cash equivalents at the end of the period	38,660	62,140

Consolidated Statement of Changes in Fixed Assets

CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2023

(EUR thousand)

	ACQUISITION OR CONSTRUCTION COSTS						
	As at 1 Jan 2023	Addition	Additions due to changes in the scope of consolidation	Disposal	Transfers	Currency exchange differences	As at 30 Sept 2023
A. FIXED ASSETS							
I. Intangible assets							
1. Purchased concessions, industrial property rights and similar rights and assets and licenses in such rights and assets	6,771	906	0	-349	0	0	7,328
2. Goodwill	37,423	0	5,578	0	0	0	43,001
3. Advance payments	301	2	0	0	0	0	302
Total intangible assets	44,495	908	5,578	-349	0	0	50,632
II. Tangible assets							
1. Land, leasehold rights and buildings	12,586	1,674	0	-231	2,247	0	16,277
2. Technical equipment and machinery	32,960	2,271	0	-1,044	144	-5	34,326
3. Other equipment, factory and office equipment	19,007	3,925	0	-2,137	109	-4	20,901
4. Advance payments and assets under construction	6,265	3,468	0	0	-2,500	0	7,233
Total tangible assets	70,819	11,339	0	-3,413	0	-9	78,736
III. Non-current financial assets							
1. Equity investments	6,130	52	0	0	0	0	6,182
2. Securities held as fixed assets	982	0	0	0	0	0	982
3. Other loans	21,096	0	0	-12	0	0	21,084
Total non-current financial assets	28,208	52	0	-12	0	0	28,248
Total Fixed Assets	143,522	12,299	5,578	-3,773	0	-9	157,616

DEPRECIATION AND AMORTISATION				BOOK VALUES	
As at 1 Jan 2023	Addition	Disposal	As at 30 Sept 2023	Book value 30 Sept 2023	Book value 31 Dec 2022
4,280	842	-116	5,007	2,322	2,492
29,303	1,546	0	30,849	12,152	8,120
0	0	0	0	302	301
33,583	2,388	-116	35,856	14,776	10,912
3,358	721	-20	4,060	12,216	9,228
13,835	3,014	-615	16,234	18,092	19,124
8,606	2,843	-889	10,560	10,341	10,401
171	0	-1	170	7,063	6,094
25,971	6,578	-1,525	31,024	47,712	44,847
5,825	0	0	5,825	357	304
585	0	0	585	397	398
0	0	0	0	21,084	21,096
6,410	0	0	6,410	21,838	21,798
65,965	8,967	-1,641	73,291	84,326	77,557

Consolidated Statement of Equity Changes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 SEPTEMBER 2023

(EUR thousand)	EQUITY OF THE PARENT COMPANY					NON- CONTROLLING INTERESTS	CONSOLI- DATED EQUITY
	Subscribed capital	Capital reserve	Equity difference from currency translation	Consolidated balance sheet profit	Total	Total equity attributable to non-controlling interests	Total
Balance as at 1 Jan 2022	200	43,422	-10	67,836	111,448	19,607	131,055
Consolidated net profit	0	0	0	7,055	7,055	5,185	12,240
Currency translation	0	0	-3	0	-3	0	-3
Distributions	0	0	0	-2,200	-2,200	-3,089	-5,289
Effects of increases in equity investments	0	-664	0	0	-664	-960	-1,624
Balance as at 31 Dec 2022	200	42,758	-13	72,691	115,636	20,743	136,379
Balance as at 1 Jan 2023	200	42,758	-13	72,691	115,636	20,743	136,379
Consolidated net loss	0	0	0	515	515	4,278	4,794
Currency translation	0	0	-190	0	-190	0	-190
Distributions	0	0	0	0	0	-2,630	-2,630
Purchase of shares from third parties	0	0	0	0	0	1,747	1,747
Effects of increases in equity investments	0	-6,025	0	0	-6,025	0	-6,025
Other changes	0	0	0	406	406	0	406
Balance as at 30 Sept 2022	200	36,733	-203	73,613	110,342	24,138	134,481

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