



2023

CONSOLIDATED INTERIM REPORT OF HÖRMANN INDUSTRIES GMBH, KIRCHSEEON,
FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2023

Key figures at a glance

Financial position and results of operations

(in EUR million)

	1 Jan – 31 Mar 2023	1 Jan – 31 Mar 2022
Sales	172.1	127.0
Total output ¹	195.3	150.6
Gross profit	79.7	64.8
EBITDA ²	5.3	1.2
EBIT ³	2.5	-1.5
Cash flow from operating activities	2.7	-5.8
Cash flow from investing activities	-8.6	-2.6

Net assets

(in EUR million)

	31 Mar 2023	31 Dec 2022
Total assets	370.2	364.8
Equity	130.8	136.4
Equity ratio ⁴	35.3%	37.4%
Working capital ⁵	119.4	112.4
Net cash and cash equivalents ⁶	58.9	65.3
Employees ⁷	2,953	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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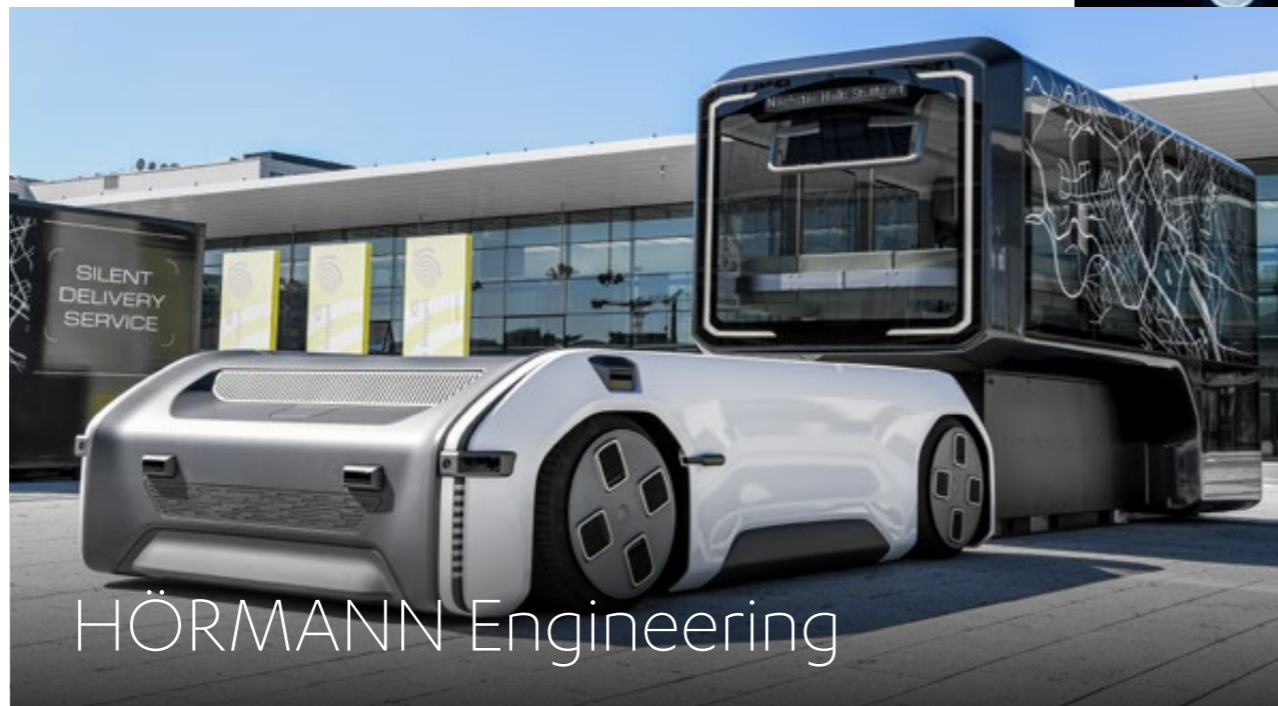
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Broad diversification with four strong divisions



HÖRMANN Intralogistics



HÖRMANN Engineering

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.



HÖRMANN Automotive



HÖRMANN Communication

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, Slowakei
- ♦ 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; HÖRMANN Automotive Wackersdorf GmbH, which assembles automotive modules and charging stations; HÖRMANN Automotive Eislingen GmbH, a manufacturer of fuel tanks and hydraulic tanks as well as service hatches for buses 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.

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
- ♦ Funkwerk 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 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.

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 or civilian disaster warning. The project-specific solutions are performed from a single source, from planning, development and realisation to long-term maintenance.

INTRALOGISTICS

- ♦ HÖRMANN Intralogistik GmbH, Munich
- ♦ 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 Services GmbH, Kirchseeon
- ♦ HÖRMANN Industrieservice GmbH, Lehre/Wolfsburg
- ♦ HÖRMANN Intralogistics Services GmbH, Kirchseeon
- ♦ MAT Maschinentechnik 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. In order to actively expand this growth area and to bundle the long-standing activities of the HÖRMANN Group in this segment, the new strategic **Intralogistics** division was created in the 2022 financial year, together with the intermediate holding company HÖRMANN Intralogistics GmbH, Kirchseeon, to which the companies HÖRMANN Logistik GmbH, Munich, HÖRMANN Logistik Polska Sp. z o.o., Gdansk, Poland, and HÖRMANN Klatt Conveyors GmbH, Neumarkt am Wallersee, Austria, were assigned. These

entities were previously allocated to the Engineering division. HÖRMANN Logistik Systeme GmbH, Graz, Austria, was established and consolidated for the first time in the period under review. With investment in extended product solutions, sales-focused internationalisation and growth-oriented organisation, the new strategic division Intralogistics will become a pillar of profitable growth for the Group.

To complete the value chain, the **Services** division, with the subsidiaries HÖRMANN Services GmbH, Kirchseeon, HÖRMANN Industrieservice GmbH, Lehre/Wolfsburg, HÖRMANN Intralogistics Services GmbH (formerly HÖRMANN Automatisierungsservice GmbH), Salzgitter, and MAT Maschinentechnik GmbH, Salzgitter, were integrated into the Intralogistics division in the 2022 financial year.

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.

Through the integration of the **Services** division, 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 service units HÖRMANN Services GmbH, HÖRMANN Industrieservice GmbH, HÖRMANN Intralogistics Services GmbH and MAT Maschinentechnik GmbH contribute 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. HÖRMANN Energy Solutions GmbH, which was founded in 2022, 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 companies HÖRMANN Logistik GmbH, Munich, HÖRMANN Logistik Polska Sp. z o.o., Gdansk, Poland, and HÖRMANN Klatt Conveyors GmbH, Neumarkt am Wallersee, Austria, were reassigned to the newly established Intralogistics division in the 2022 financial year.

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.

» The HÖRMANN Group continues to stand on four stable pillars in 2023. We have become significantly stronger in terms of diversification and are well on track to further increase the earnings power of the four business divisions. We can say with a certain pride that we have mastered the crisis years well. «

DR. MICHAEL RADKE, CEO

Economic report

GENERAL ECONOMIC CONDITIONS

Economic development in the first quarter of 2023 was still dominated by the war in Ukraine. According to the Federal Statistical Office of Germany (Destatis), dramatic cost increases and bottlenecks in the supply of materials meant that gross domestic product (GDP) adjusted for inflation, seasonal and calendar effects stagnated in the first quarter of 2023 compared with the fourth quarter of 2022.¹ After adjustment for inflation effects, GDP was 0.2% higher in the first three months of 2023 than in the first quarter of 2022. However, it was 0.1% lower after adjustment for inflation and calendar effects, as there was one more working day than in the same period of the previous year. Private consumer spending and government spending both declined in early 2023, while investments and exports delivered positive impetus.

The war in Ukraine remains one of the main reasons for the persistently high price increases in Germany. Although inflation has declined slightly since February 2023, it remained at a high level of 7.2% in April 2023 after amounting to 8.7% in January and February and 7.4% in March 2023.² Since the beginning of the war, prices for energy and food in particular have risen sharply, thus significantly influencing the rate of inflation. In addition, continuing supply bottlenecks and substantial price increases at upstream economic stages have been impairing the economic recovery since the second half of 2021.

Incoming orders in the manufacturing sector also reflect the muted economic situation in Germany. According to Destatis, preliminary figures show that incoming orders in the manufacturing sector declined by 10.7% between February 2023 and March 2023 after adjustment for seasonal and calendar effects.³ This represents the biggest downturn since the slump in April 2020 as a result of the COVID-19 pandemic. In February 2023, incoming orders had risen by 4.5% compared with January 2023. Incoming orders in the first quarter of 2023 were 0.2% higher than in the final quarter of the previous year. Production in industry

saw similar development: According to the Federal Statistical Office of Germany, production declined by 3.4% in real terms between February 2023 and March 2023 after adjustment for seasonal and calendar effects, having risen by 2.1% in February 2023 compared with the previous month.⁴ Looking at the first quarter of 2023 as a whole, production was 2.5% higher than in the fourth quarter of 2022.

The commercial vehicle market, which is important for the HÖRMANN Group, performed well in the first quarter of 2023. According to the European Automobile Manufacturers' Association (ACEA)⁵, sales and registration figures in the first three months of the year were 7.7% higher than in the first quarter of 2022 for light commercial vehicles weighing up to 3.5 tonnes, 19.4% higher for trucks weighing over 3.5 tonnes, and 15.5% higher for buses. Boosted by the high level of orders on hand and the easing of the supply chain situation at manufacturers, sales of vans (up to 3.5 tonnes) increased to 355,553 vehicles, sales of trucks (over 3.5 tonnes) rose to 86,455 vehicles, and sales of buses climbed to 7,309 vehicles. The German market enjoyed above-average development, with new registrations in the country increasing by 9.2% for light commercial vehicles, 20.9% for trucks and 16.2% for buses.

FINANCIAL PERFORMANCE

HÖRMANN Industries GmbH generated sales of EUR 172.1 million in the first quarter of 2023. This represented an increase of EUR 45.1 million or 35.5% compared with the first quarter of 2022 (EUR 127.0 million). While the quarter under review was characterised by the significant recovery in the commercial vehicle industry and the continued passing on of inflation-related price increases, the first quarter of 2022 was negatively impacted by the effects of the war in Ukraine and the COVID-19 pandemic as well as the associated supply bottlenecks and production disruptions.

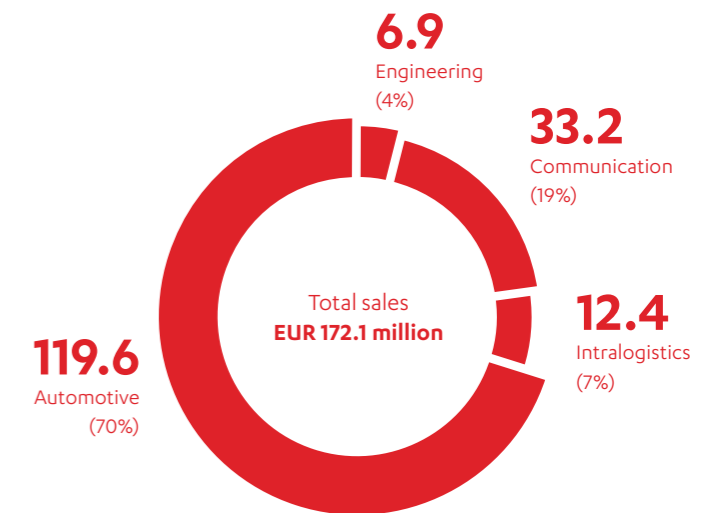
In the **Automotive** division, sales increased by EUR 39.6 million or 49.5% year-on-year, from EUR 80.0 million to EUR 119.6 million. Following the outbreak of the war in Ukraine, major OEM customers shut down production for several weeks at a time in the first quarter of 2022, sending a seismic wave through the Automotive division in the period under review. By contrast, the positive forecasts by key customers in truck production came to pass in the first quarter of 2023, with the target production volumes being exceeded by more than 20%. Call-off orders in the division amounted to EUR 168.4 million (previous year: EUR 139.7 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 made a good start to the 2023 financial year and recorded incoming orders of EUR 60.9 million in the first quarter of 2023 (previous year: EUR 58.6 million). With sales of EUR 33.2 million (previous year: EUR 35.0 million) and total output of EUR 39.1 million (previous year: EUR 38.9 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 36.4 million in the first quarter of 2023 (previous year: EUR 23.6 million). This meant that orders on hand increased further from the high level of EUR 118.9 million at the start of the year to EUR 133.7 million. In light of this high level of orders on hand, the division will continue to focus on organisational development and completing its multi-year project orders. The Intralogistics division recorded total output of EUR 20.3 million in the first three months of the 2023 financial year (previous year: EUR 19.9 million), with sales of EUR 12.4 million (previous year: EUR 6.9 million, as-if).

With sales of EUR 6.9 million (previous year: EUR 5.1 million) and total output of EUR 8.0 million (previous year: EUR 7.5 million), the **Engineering** division also exceeded the prior-year level.

Breakdown of sales by business division for Q1 2023
in EUR million



Taking into account an increase in inventories of EUR 23.1 million, **total output** at HÖRMANN Industries GmbH amounted to EUR 195.3 million, up EUR 44.7 million or 29.7% on the same period of the previous year (EUR 150.6 million).

The **cost of materials** of EUR 118.1 million (previous year: EUR 88.1 million) included costs of raw materials, consumables and supplies, and of purchased merchandise (including energy) of EUR 100.0 million (previous year: EUR 71.4 million) and costs of purchased services of EUR 18.0 million (previous year: EUR 16.7 million). The cost of materials corresponded to 60.4% of total output, up 1.9 percentage points on the prior-year figure (58.5%). The year-on-year increase in the cost of materials ratio was due to the business performance in the material-intensive Automotive and Intralogistics divisions against the backdrop of price rises for raw materials such as steel, purchased parts and electronic components, as well as to the increase in energy costs for production.

Other operating income of EUR 2.4 million (previous year: EUR 2.2 million) includes income from investment and research grants of EUR 0.7 million, payments in kind of EUR 0.5 million, income from payments for damages of EUR 0.5 million, and exchange gains of EUR 0.2 million.

¹ cf. Destatis press release no. 169, 28 April 2023

² cf. Destatis press release no. 170, 28 April 2023

³ cf. Destatis press release no. 174, 5 May 2023

⁴ cf. Destatis press release no. 177, 8 May 2023

⁵ cf. ACEA press release, 27 April 2023

At EUR 79.7 million, **gross profit** increased by EUR 14.9 million compared with the prior-year figure of EUR 64.8 million. Due to the high level of passing on inflation-related price increases, the gross profit margin declined from 43.0% of total output in the first three months of 2022 to 40.8% in the period under review.

Personnel expenses of EUR 48.8 million were up EUR 4.8 million on the previous year (EUR 44.0 million). The staff cost ratio improved from 29.2% of total output in the first quarter of the previous year to 25.0% in the first quarter of 2023. Excluding trainees, HÖRMANN Industries GmbH employed an average of 2,953 people in the first three months of 2023 (31 December 2022: 2,876).

Depreciation and amortisation were up EUR 0.1 million year-on-year at EUR 2.8 million (EUR 2.7 million). This included goodwill amortisation of EUR 0.4 million (previous year: EUR 0.3 million).

Other operating expenses rose by EUR 5.9 million year-on-year to EUR 25.2 million (previous year: EUR 19.3 million). EUR 4.5 million of this related to the cost of buildings and premises, EUR 5.8 million to administrative expenses and EUR 10.3 million to operating and selling expenses. Compared with the first quarter of 2022, there were particularly significant increases in operating expenses (up EUR 2.5 million), the cost of premises (up EUR 0.8 million), administrative expenses (up EUR 0.4 million) and travel and vehicle costs (up EUR 0.5 million). Other operating expenses corresponded to 12.9% of total output, which was essentially unchanged compared with the first quarter of 2022 (12.8%).

The **operating result** of EUR 2.9 million was EUR 4.1 million higher than in the previous year (EUR –1.2 million). This was mainly due to the stabilisation of the business situation and the below-average price increases for materials and energy, as well as improved productivity.

After deducting **other taxes** of EUR 0.4 million, EBIT for the first quarter of 2023 amounted to EUR 2.5 million (previous year: EUR –1.5 million). One encouraging development was the fact that all four divisions contributed to this earnings growth.

The **financial result** was virtually unchanged at EUR –1.0 million (previous year: EUR –0.9 million). In the first three months of 2023, interest and similar expenses including commitment fees were incurred in the amount of EUR 1.3 million (previous year: EUR 1.0 million) for the bond issued, 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 0.3 million (previous year: EUR 0.1 million).

The **income tax expense** for trade tax and corporation tax amounted to EUR 1.4 million in the first three months of 2023 (previous year: EUR 1.5 million).

The first quarter of the reporting year closed with consolidated net income of EUR 0.1 million (previous year: consolidated net loss of EUR –3.9 million).

FINANCIAL POSITION

Capital structure

Total assets rose by EUR 5.4 million, from EUR 364.8 million to EUR 370.2 million, essentially as a result of the increase in working capital as against the end of the previous year (31 December 2022).

The Group's **equity base** including non-controlling interests amounted to EUR 130.8 million as at 31 March 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. In connection with the increase in total assets, the equity ratio fell to 35.3% as at 31 March 2023 due to reporting date factors (31 December 2022: 37.4%).

Including inventories of EUR 103.4 million and trade receivables of EUR 70.0 million and less trade payables of EUR 54.0 million, **working capital** increased to EUR 119.4 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 at the prior-year reporting date to EUR 103.4 million as at 31 March 2023. The good 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 22.1 million to EUR 160.1 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 6.2 million from EUR 34.3 million to EUR 40.5 million in the period under review. High 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 14.6 million to EUR 118.5 million in the first three 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 at 31 March 2023 (31 December 2022: EUR 50.0 million). The bond issued by HÖRMANN Industries GmbH in June 2019 has a volume of EUR 50.0 million, a coupon of 4.5% and a term of five years maturing as at 6 June 2024.

There were **liabilities to banks** of EUR 6.9 million as at 31 March 2023 (31 December 2022: EUR 7.8 million). In the fourth quarter of 2020, HÖRMANN Industries GmbH drew down a sum of EUR 10.0 million from the KfW entrepreneur loan granted to it. The loan tranches of EUR 30.0 million that had not yet been disbursed from the KfW entrepreneur loan were returned to KfW in the first half of 2021 and the loan agreements were cancelled. The drawdown on the KfW entrepreneur loan resulted in liabilities of EUR 6.3 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 first quarter of 2023, cumulative repayments of EUR 3.8 million had been made.

Under the syndicated loan agreement concluded with a bank consortium comprising SaarLB, Commerzbank AG, HeLaBa and Oberbank AG in December 2019, 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 0.3 million as at 31 March 2023 (31 December 2022: EUR 0.2 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 65.9 million as at 31 March 2023 (31 December 2022: EUR 73.1 million).

Credit facilities of EUR 40.6 million were available as at 31 March 2023 (31 December 2022: EUR 40.5 million).

HÖRMANN Industries GmbH had **net cash and cash equivalents** of EUR 58.9 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 three months of 2023, **cash flow from operating activities** increased from EUR –5.8 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 2.7 million and payments for additions to the consolidated group of EUR 6.0 million, **cash flow from investing activities** decreased from EUR –2.6 million to EUR –8.6 million in the period under review. Cash flow from financing activities amounted to EUR –1.4 million (previous year: EUR 1.6 million). By 31 March 2023, six instalments for the KfW loan totalling EUR 3.8 million had been paid, including one instalment of EUR 0.6 million in the period under review.

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

Assets and liabilities

At EUR 2.8 million (previous year: EUR 2.4 million), additions to **tangible and intangible assets** were slightly higher than depreciation and amortisation of fixed assets (EUR 2.7 million). The year-on-year increase was chiefly due to the construction of new buildings at the headquarters of Funkwerk AG in Kölleda.

Outlook

Total **inventories** (after deducting payments received on account of orders) rose from EUR 87.7 million as at 31 December 2022 to EUR 103.4 million due to the growth in the business volume, the increased project progress volume and rising material prices. This figure increased as a result of the rise in unfinished goods and services to EUR 160.1 million (previous year: EUR 138.0 million) and raw materials, consumables and supplies to EUR 40.5 million (previous year: EUR 34.3 million). This was offset by the increase in payments received on account of orders from EUR 103.9 million to EUR 118.5 million. The theoretical days inventory outstanding increased to 54.3 days (previous year: 54.1 days). Daily turnover is calculated by dividing the inventories as at 31 March 2023 by the average sales per day in the period under review.

The higher business volume was also reflected in **incoming orders** in the first quarter of 2023. The Group recorded incoming orders of EUR 274.1 million in the first three months of the 2023 financial year (previous year: EUR 237.4 million), corresponding to a book-to-bill-ratio of 1.6 (previous year: 1.9). 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 555.1 million at the end of March 2023, representing an increase of EUR 93.8 million in the first quarter of 2023 compared with 31 December 2022 (EUR 461.3 million). Of this figure, EUR 200.2 million was attributable to the Communication division, EUR 133.7 million to the Intralogistics division, EUR 168.4 million to the Automotive division and EUR 52.7 million to the Engineering division. The project-oriented divisions of Communication, Intralogistics and Engineering thus 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.

Due to reporting date and seasonal factors, **trade receivables** decreased from EUR 77.7 million (31 December 2022) to EUR 70.0 million in the first quarter of 2023, corresponding to 36.8 days (previous year: 41.0 days). Days sales outstanding were calculated by dividing the receivables as at 31 March 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 17.3 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. As at 31 March 2023, this item had a value of EUR 15.0 million, thus remaining unchanged compared with 31 December 2022 (EUR 15.0 million).

At around EUR 20.2 million as at 31 March 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 financial statements as at 31 December 2022, the value of the settlement amount was stated at EUR 22.9 million. The correction to the previous year's figure is made as at 31 March 2023. The correction has no material effect on the net assets, financial position and results of operations as at both 31 December 2022 and 31 March 2023. This 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'.

Tax provisions amounted to EUR 6.1 million as at 31 March 2023 (31 December 2022: EUR 6.0 million).

Trade payables increased from EUR 53.0 million (31 December 2022) to EUR 54.0 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 34.0 days. The average duration of credit utilisation is calculated by dividing the trade payables as at 31 March 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 quarter of 2023. Taking into account the continued difficult and volatile overall economic situation, it enjoyed a successful quarter in terms of sales, total output and EBIT.

GENERAL ECONOMIC CONDITIONS

Economic development in the first three months of 2023 was characterised by considerable uncertainty and an ongoing fragile situation that is expected to adversely affect economic growth in the current year. Additional geopolitical tension, such as an escalation of the conflict surrounding Taiwan or the expansion of the war in Ukraine, or even a renewed outbreak of the pandemic could also greatly increase the risk of a recession in 2023.

In its forecast issued in April 2023, the IMF expects global gross domestic product to increase by 2.8% across the year as a whole.⁶ In its forecast issued in April 2023, the IMF expects global gross domestic product to increase by 2.8% across the year as a whole.⁶ This is 0.1 percentage points lower than its previous forecast in January 2023 and well below the growth rate of 3.4% in 2022. The economy is expected to expand by 1.3% in the industrialised countries and by 3.9% in the emerging and developing countries. In the euro area, IMF experts are forecasting significantly weaker growth of 0.8%. In Germany, GDP is expected to fall slightly by 0.1% according to the current forecast, after the IMF had still assumed a slight increase in economic output of 0.1% in January 2023.

The IMF still sees inflation as one of the biggest challenges facing the world economy⁷. Although the IMF expects inflation to slow over the course of 2023, consistently high or even rising interest rates could cause a more pronounced softening of the economy and weaker labour markets. There is also growing risk on the financial and capital markets, which is making it more difficult for companies to raise funds.

A reliable and conclusive forecast of potential economic developments was not possible at the time of reporting owing to the unpredictable nature of the geopolitical and economic events.

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 optimistic assessment of how the pandemic, international supply chains, the war in Ukraine and the overall geopolitical situation will continue to develop, and what economic consequences these developments will have.

Incalculable risks lie in further geopolitical tension or an escalation of the current conflicts in Ukraine and concerning Taiwan, resurgent fears that the economy might slide into recession in 2023 or that interest rate trends could trigger a financial and banking crisis, possibly with significantly reduced lending.⁸

In light of the extensive imponderables at the time of reporting, forecasts remain highly uncertain. The economic and financial impact of further crises could again affect HÖRMANN Industries GmbH's sales and earnings performance in 2023.

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 higher procurement and personnel expenses due to ongoing inflation. Private and public clients could also become less willing to invest in response to the growing uncertainty, consolidation pressure on public budgets and the massive rise in refinancing costs. HÖRMANN Industries GmbH must also be prepared for significantly

⁶ cf. IMF World Economic Outlook, April 2023

⁷ cf. IMF World Economic Outlook, April 2023

⁸ IMF World Economic Outlook, April 2023

more restrictive lending practices and higher interest rates, and it is forecasting a further rise in interest expenses.

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 760 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 planned 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 into account the rising cost base due to inflation, the company is aiming for positive operating EBIT of between EUR 23 million and EUR 25 million, which would be slightly higher than the previous year's level (2022: EUR 23.7 million). As this would mean working capital and available liquidity remaining in line with the reporting year's level, net assets, financial position and results of operations can be expected to be stable.

This forecast is subject to the assumption that the overall economic situation will not deteriorate over the course of 2023 and that supply chains will remain intact. HÖRMANN Industries GmbH notes that its actual results could differ from these forecasts.

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

Opportunities for the further development of HÖRMANN Industries GmbH will continue to be systematically identified, taken and utilised in all subsidiaries as part of the regular strategy process. In addition to observing internal and external data and

the development of competitors, this is achieved using regular reports, strategic product and project management and the establishment of a systematic innovation and strategy process.

Over the coming years, HÖRMANN Industries GmbH as a whole will continue to pursue the goal of profitable growth while focusing on the Group's strengths. With the continued and targeted strengthening of the Communication and Intralogistics divisions, HÖRMANN Industries GmbH is pursuing a strategy of positioning itself as a broadly diversified group built on four profitable pillars with strong future prospects and a high degree of resilience to economic fluctuations. This strategy has withstood the test of the crisis years of 2020 to 2022, allowing the Group to generate consistently positive consolidated earnings despite the slump in the Automotive division and the challenges in the Intralogistics division thanks to the good performance in the Communication and Engineering divisions.

In the medium term, intensive work will continue on generating a sustained EBIT margin of around 5% per year with sales adjusted for inflation in excess of EUR 750 million. The Group intends to achieve this goal not only through organic growth, but through supplementary acquisitions as well.

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.



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, May 2023

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

A handwritten signature in black ink, appearing to read 'C. Baur'.

Dr.-Ing. Christian Baur

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Consolidated Balance Sheet

ASSETS (EUR thousand)	31 Mar 2023	31 Dec 2022
A. FIXED ASSETS	77,421	77,557
I. Intangible assets	10,282	10,913
1. Internally generated industrial property rights and similar rights and assets	2,302	2,492
2. Geschäfts- oder Firmenwert	7,677	8,120
3. Advance payments made on intangible assets	302	301
II. Tangible assets	45,349	44,847
1. Land, leasehold rights and buildings	9,111	9,228
2. Technical equipment and machinery	18,601	19,124
3. Other equipment, factory and office equipment	10,001	10,401
4. Advance payments and assets under construction	7,637	6,094
III. Non-current financial assets	21,790	21,798
1. Equity investments	358	304
2. Securities held as fixed assets	340	398
3. Other loans	21,092	21,096
B. CURRENT ASSETS	273,751	269,278
I. Inventories	103,382	87,715
1. Raw materials, consumables and supplies	40,462	34,272
2. Work in progress	160,077	137,969
3. Finished goods and merchandise	17,259	15,574
4. Advance payments	4,121	3,781
5. Payments received on account of orders	-118,537	-103,881
II. Receivables and other assets	104,517	108,472
1. Trade receivables	70,007	77,685
2. Receivables from affiliated companies	17,217	15,018
3. Other assets	17,293	15,769
III. Cash-in-hand and bank balances	65,852	73,091
C. PREPAID EXPENSES	3,797	2,783
D. DEFERRED TAX ASSETS	15,048	15,043
E. EXCESS OF PLAN ASSETS OVER PENSION LIABILITIES	163	163
Total assets	370,180	364,824

Consolidated Balance Sheet

EQUITY AND LIABILITIES (EUR thousand)	31 Mar 2023	31 Dec 2022
A. EQUITY	130,772	136,379
I. Subscribed capital	200	200
II. Capital reserve	36,733	42,758
III. Consolidated balance sheet profit	72,527	72,691
IV. Non-controlling interests	21,322	20,743
V. Currency translation differences	-10	-13
B. PROVISIONS	113,088	98,569
1. Pension provisions and similar obligations	20,189	20,346
2. Tax provisions	6,057	6,008
3. Other provisions	86,842	72,215
C. LIABILITIES	124,412	129,009
1. Bonds	50,000	50,000
2. Liabilities to banks	6,924	7,806
3. Trade payables	53,735	52,704
4. Liabilities to affiliated companies	4,431	4,129
5. Other liabilities	9,322	14,370
D. DEFERRED INCOME	1,908	867
Total equity and liabilities	370,180	364,824

Consolidated Income Statement

(EUR thousand)	1 Jan – 31 Mar 2023		1 Jan – 31 Mar 2022	
1. Total sales		172,071		127,026
2. Increase in finished goods and work in progress		23,134		23,584
3. Other own work capitalised		132		0
4. Other operating income		2,424		2,249
5. Cost of materials				
a) Expenses for raw materials, consumables and supplies and purchased goods	100,021		71,381	
b) Cost of purchased services	18,045	118,066	16,676	88,057
Gross profit		79,695		64,801
6. Personnel expenses				
a) Wages and salaries	40,641		36,765	
b) Social contributions and expenses for pensions and social welfare	8,186	48,827	7,222	43,987
7. Depreciation and amortisation on tangible and intangible assets		2,755		2,672
8. Other operating expenses		25,224		19,304
9. Other interest and similar income		332		108
10. Interest and similar expenses		1,349		976
11. Taxes on income		1,413		1,490
12. Deferred taxes (- income)		-31		-5
13. Earnings after taxes		490		-3,515
14. Other taxes		359		359
15. Consolidated net income/loss		130		-3,874
16. Non-controlling interests		-579		-289
17. Consolidated loss		-449		-4,163
18. Profit carried forward from the previous year		72,691		67,836
19. Consolidated balance sheet profit		72,242		63,673

Consolidated Cash Flow Statement

(EUR thousand)	1 Jan – 31 Mar 2023		1 Jan – 31 Mar 2022	
Consolidated income (Consolidated net income/loss including income/loss attributable to non-controlling interests)		131		-3,874
+/- (+) Depreciation/(-) write-ups on fixed assets		2,755		2,672
+/- (+) Increase/(-) Decrease in provisions		14,564		7,131
+/- Other non-cash expenses/income		-331		-1,068
+/- (+) Decrease/(-) Increase in inventories, trade receivables and other assets that are not attributable to investing or financing activities		-12,877		-11,689
+/- (-) Decrease/(+) Increase in liabilities from trade payables and other liabilities that are not attributable to investing or financing activities		-2,660		437
+/- (-) Gain/(+) Loss from disposal of fixed assets		32		-347
+/- Interest expenses/income		1,016		868
+/- Income tax expenses/income		1,382		1,486
- Income tax payments		-1,283		-1,415
= Cash flow from operating activities		2,729		-5,799
+ Proceeds from the disposal of intangible assets		0		25
- Payments for investments in intangible assets		-62		-511
+ Proceeds from the disposal of tangible assets		87		638
- Payments for investments in tangible assets		-2,690		-1,778
+ Proceeds from the disposal of non-current financial assets		61		4
- Payments for investments in financial assets		-53		0
- Payment for additions to the consolidated group		-6,025		-961
+ Interest received		94		7
= Cash flow from investing activities		-8,588		-2,576
+ Proceeds from (financial) loans		0		2,470
- Payments for redemption of (financial) loans		-882		-625
- Interest paid		-480		-227
= Cash flow from financing activities		-1,362		1,618
Decrease in cash flow		-7,221		-6,757
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		5		-2
+/- Change in cash and cash equivalents due to changes in consolidated group		-23		0
Cash and cash equivalents at the end of the period		65,852		86,944

Consolidated Statement of Changes in Fixed Assets

CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2023

(EUR thousand)

A. FIXED ASSETS	ACQUISITION OR CONSTRUCTION COSTS					DEPRECIATION AND AMORTISATION				BOOK VALUES	
	As of 1 Jan 2023	Addition	Disposal	Transfers	As of 31 Mar 2023	As of 1 Jan 2023	Addition	Disposal	As of 31 Mar 2023	Book value 31 Mar 2023	Book value 31 Dec 2022
I. Intangible assets											
1. Purchased concessions, industrial property rights and similar rights and assets and licenses in such rights and assets	6,771	60	-10	0	6,821	4,280	248	-10	4,518	2,302	2,492
2. Goodwill	37,423	0	0	0	37,423	29,303	442	0	29,745	7,677	8,120
3. Advance payments	301	2	0	0	302	0	0	0	0	302	301
Total intangible assets	44,495	62	-10	0	44,546	33,583	691	-10	34,264	10,282	10,912
II. Tangible assets											
1. Land, leasehold rights and buildings	12,586	170	-215	0	12,542	3,358	202	-129	3,431	9,111	9,228
2. Technical equipment and machinery	32,960	389	-246	135	33,238	13,835	1,027	-240	14,637	18,601	19,124
3. Other equipment, factory and office equipment	19,007	540	-312	-83	19,153	8,606	836	-278	9,152	10,001	10,401
4. Advance payments and assets under construction	6,265	1,591	-1	-52	7,804	171	0	0	167	7,637	6,094
Total tangible assets	70,819	2,690	-772	0	72,737	25,971	2,064	-648	27,387	45,349	44,847
III. Non-current financial assets											
1. Equity investments	6,130	53	0	0	6,183	5,825	0	0	5,825	358	304
2. Securities held as fixed assets	982	0	0	-57	925	585	0	0	585	340	398
3. Other loans	21,096	0	-60	57	21,092	0	0	0	0	21,092	21,096
Total non-current financial assets	28,208	53	-60	0	28,200	6,410	0	0	6,410	21,790	21,798
Total Fixed Assets	143,522	2,804	-843	0	145,483	65,965	2,755	-658	68,061	77,421	77,557

Consolidated Statement of Equity Changes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2023

(EUR thousand)	EQUITY OF THE PARENT COMPANY					NON-CONTROLLING INTERESTS	CONSOLIDATED 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	-449	-449	579	130
Currency translation	0	0	3	0	3	0	3
Effects of increases in equity investments	0	-6,025	0	0	-6,025	0	-6,025
Other changes	0	0	0	285	285	0	285
Balance as at 31 Mar 2022	200	36,733	-10	72,527	109,450	21,322	130,772

Imprint

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