



2023

GROUP MANAGEMENT REPORT FOR THE PERIOD ENDED 30 JUNE 2023
OF HÖRMANN INDUSTRIES GMBH, KIRCHSEEON

Key figures at a glance

Financial position and results of operations

(in EUR million)

	1 Jan – 30 Jun 2023	1 Jan – 30 Jun 2022
Sales	372.5	298.5
Total output ¹	401.7	329.0
Gross profit	166.5	136.7
EBITDA ²	15.1	6.4
EBIT ³	9.2	0.5
Cash flow from operating activities	0.9	–4.8
Cash flow from investing activities	–23.1	–2.5

Net assets

(in EUR million)

	30 Jun 2023	31 Dec 2022
Total assets	375.6	364.8
Equity	135.4	136.4
Equity ratio ⁴	36.1%	37.4%
Working capital ⁵	128.8	112.7
Net cash and cash equivalents ⁶	42.3	65.3
Employees ⁷	2.954	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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HÖRMANN **Industries GmbH** is pushing ahead with the strategic realignment of the Group and opening up new future prospects for the further development of its four business divisions Automotive, Communication, Intralogistics and Engineering.

DR.-ING. CHRISTIAN BAUR, CTO (LEFT), JOHANN SCHMID-DAVIS, CFO (CENTER), AND DR.-ING. MICHAEL RADKE, CEO (RIGHT)

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

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; 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 Wackersdorf GmbH, which assembles automotive modules and charging stations, is expected to be deconsolidated in the second half of 2023. With contract date of 3 August 2023, 100% of the shares in HÖRMANN Automotive Wackersdorf GmbH are sold. The implementation of the agreement remains subject to certain conditions precedent. The disposal is expected to be completed in the second half of the year.

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
- ♦ 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 first half of 2023, 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.

Through the integration of the Services division in 2022, 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. 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 **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.

Economic report

GENERAL ECONOMIC AND INDUSTRY CONDITIONS

Economic development in Germany in the first half of 2023 was dominated by the war in Ukraine in particular. According to the German Federal Statistical Office (Destatis), the sustained high level of inflation had an impact on private consumer spending in particular, with the result that gross domestic product (GDP) adjusted for inflation, seasonal and calendar effects declined by 0.1% in the first quarter of 2023 as against the fourth quarter of 2022.¹ In the second quarter of 2023, GDP stagnated compared with the first quarter (0.0% after adjustment for inflation, seasonal and calendar effects). In particular, private consumer spending stabilised in the second quarter of 2023 following the weak winter half-year. After adjustment for inflation and calendar effects, GDP was 0.2% lower in the second quarter of 2023 than in the same period of the previous year.

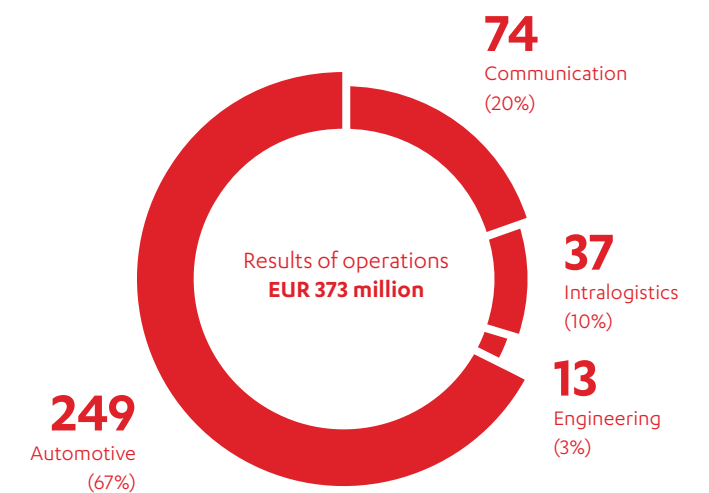
This means that sentiment in the German economy has deteriorated further. According to the ifo Business Climate Index, which fell from 91.5 points in May to 88.5 points in June, the expectations of German companies in particular have become considerably more pessimistic.² Companies also consider their current situation to be less positive. The weakness of industry is the main reason for the difficulties facing the German economy. The business climate in the manufacturing sector has seen a particularly pronounced downturn, with expectations falling to their lowest level since November 2022. However, the index also declined in the other three sectors, i.e. services, retail and construction. By contrast, Destatis reports that incoming orders in the manufacturing sector stabilised in the three months from April to June.³ Incoming orders were essentially unchanged compared with the first quarter of 2023 (+0.2%), meaning that the slump in orders in March (– 10.9%) was offset by sharp rises in May and June. However, the overall development of incoming orders in June 2023 was boosted by major orders in several areas. Without these major orders, incoming orders in June 2023 would have been 2.6% lower than in the previous month. Furthermore, orders for the production of vehicles and vehicle parts declined substantially (– 7.3%).

¹ cf. Destatis press release no. 299, 28 July 2023

² cf. Results of ifo business surveys, 26 June 2023

³ cf. Destatis press release no. 309, 4 August 2023

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



One reason for the muted sentiment in the German economy is likely to be the sustained high level of inflation affecting the country. Having declined for three consecutive months to 6.1% in May 2023, inflation increased to 6.4% in June 2023 according to Destatis.⁴ Food remains the main price driver, but energy products were also 3.0% more expensive in June 2023 than in the previous month.⁵ Solid fuels and natural gas saw particularly pronounced inflation, increasing by +26.6% and +20.8% respectively in the period from June 2022 to June 2023. The price of electricity (+10.5%) and district heating (+9.3%) also increased to an above-average extent.

⁴ cf. Destatis press release no. 311, 8 August 2023

⁵ cf. Destatis press release no. 270, 11 July 2023

INDUSTRY ENVIRONMENT

The industry environment is discussed in the information on the course of business in the individual divisions starting on page 17.

FINANCIAL PERFORMANCE

HÖRMANN Industries GmbH generated **sales** of EUR 372.5 million in the first half of 2023. This represented an increase of EUR 74.0 million or 24.8% compared with the first half of 2022 (EUR 298.5 million). While the period 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 half 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.

Taking into account an increase in inventories of EUR 28.5 million, **total output** at HÖRMANN Industries GmbH amounted to EUR 401.7 million, up EUR 72.7 million or 22.1% on the same period of the previous year (EUR 329.0 million).

The **cost of materials** of EUR 240.4 million (previous year: EUR 197.3 million) included costs of raw materials, consumables and supplies and of purchased merchandise (including energy) of EUR 203.1 million (previous year: EUR 161.4 million) and costs of purchased services of EUR 37.3 million (previous year: EUR 35.9 million). The cost of materials corresponded to 59.8% of total output, down 0.2 percentage points on the prior-year figure (60.0%).

Other operating income of EUR 5.3 million (previous year: EUR 4.9 million) includes income from the reversal of provisions of EUR 1.1 million, income from investment and research grants of EUR 1.2 million, payments in kind of EUR 1.0 million, income from payments for damages of EUR 0.5 million, and exchange gains of EUR 0.2 million.

At EUR 166.5 million, **gross profit** increased by EUR 29.8 million compared with the prior-year figure of EUR 136.7 million. In the first six months, the gross profit margin remained essentially unchanged year-on-year at 41.5% of total output (previous year: 41.6%).

Personnel expenses of EUR 100.0 million were up EUR 11.2 million on the previous year (EUR 88.8 million). The staff cost ratio improved from 27.1% of total output in the first half of the previous year to 24.9% in the first half of 2023. Excluding trainees, HÖRMANN Industries GmbH employed an average of 2,954 people in the first six months of 2023 (2022: 2,876).

Depreciation and amortisation were unchanged year-on-year at EUR 5.9 million (previous year: EUR 5.8 million). This included goodwill amortisation of EUR 0.9 million (previous year: EUR 0.9 million).

Other operating expenses rose by EUR 9.9 million year-on-year to EUR 50.8 million (previous year: EUR 40.9 million). EUR 8.7 million of this related to the cost of buildings and premises, EUR 12.4 million to administrative expenses and EUR 20.5 million to operating and selling expenses. Compared with the first half of 2022, there were particularly significant increases in operating expenses (up EUR 4.6 million), the cost of premises (up EUR 1.0 million), administrative expenses (up EUR 1.0 million) and travel and vehicle costs (up EUR 1.0 million). Other operating expenses corresponded to 12.7% of total output, which was essentially unchanged compared with the first half of 2022 (12.4%).

The **operating result** of EUR 9.8 million was EUR 8.6 million higher than in the previous year (EUR 1.2 million) due to the stabilisation of the business situation and improved productivity.

After deducting **other taxes** of EUR 0.6 million, **EBIT** for the first half of 2023 amounted to EUR 9.2 million (previous year: EUR 0.5 million). One encouraging development was the fact that all four divisions contributed to this earnings growth.

At EUR -1.9 million, the **financial result** was EUR 0.3 million lower than in the same period of the previous year (EUR -1.6 million). In the first six months of 2023, interest and similar expenses including commitment fees were incurred in the amount of EUR 2.7 million (previous year: EUR 1.9 million) for the 2019/2024 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 0.9 million (previous year: EUR 0.2 million).

The **income tax expense** for trade tax and corporation tax amounted to EUR 4.5 million in the first six months of 2023 (previous year: EUR 3.0 million).

The first half of 2023 ended with a **consolidated net profit** of EUR 3.0 million (previous year: consolidated net loss of EUR – 3.9 million).

FINANCIAL POSITION

Capital structure

Total assets rose by EUR 10.8 million, from EUR 364.8 million at the start of 2023 to EUR 375.6 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 135.4 million as at 30 June 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 36.1% as at 30 June 2023 due to reporting date factors (31 December 2022: 37.4%).

Including inventories of EUR 108.0 million and trade receivables of EUR 78.1 million and less trade payables of EUR 57.2 million, **working capital** increased to EUR 128.9 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 to EUR 108.0 million as at 30 June 2023. The processing of the high level of orders on hand in the Intra-logistics and Communication divisions and the current project delays caused unfinished goods and services to rise by EUR 26.5 million to EUR 164.5 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 3.4 million from EUR 34.3 million to EUR 37.7 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 12.1 million to EUR 116.0 million in the first six 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 30 June 2023 (31 December 2022: EUR 50.0 million). The 2019/2024 bond issued by HÖRMANN Industries GmbH in June 2019 has a volume of EUR 50.0 million and a coupon of 4.5%. With a view to the sustained rise in interest rates and developments on the capital markets, a new 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 for the existing 2019/2024 bond. The 2019/2024 bonds not redeemed as part of the exchange offer, which amount to around EUR 34 million, will be terminated and repaid ahead of schedule by the end of September 2023.

There were **liabilities to banks** of EUR 5.6 million as of 30 June 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 5.6 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. Cumulative repayments of EUR 4.3 million had been made by the end of the first half of 2023.

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 was not utilised as at 30 June 2023 (31 December 2022: utilisation of 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 47.9 million as of 30 June 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 half of 2023.

As at 30 June 2023, there were available credit facilities of EUR 41.0 million (31 December 2022: EUR 40.5 million).

HÖRMANN Industries GmbH had **net cash and cash equivalents** of EUR 42.3 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.

Cash flow statement

The cash flow statement is structured in accordance with GAS 21. In the first six months of 2023, **cash flow from operating activities** increased from EUR – 4.8 million in the same period of the previous year to EUR 0.9 million. Taking into account payments for investments in tangible assets of EUR 7.3 million and payments for additions to the consolidated group of EUR 16.0 million, **cash flow from investing activities** decreased from EUR – 2.5 million to EUR – 23.1 million in the period under review. **Cash flow from financing activities** amounted to EUR – 5.8 million (previous year: EUR 0.2 million). By 30 June 2023, six instalments for the KfW loan totalling EUR 4.3 million had been paid, including two instalments of EUR 1.2 million in the period under review. In addition, repayments of short-term current account credit lines of EUR 1.0 million were made in the first half of 2023. Dividends of EUR 2.4 million were paid to shareholders of the parent company and other shareholders in the reporting period.

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

Assets and liabilities

At EUR 13.6 million (previous year: EUR 6.7 million), additions to **tangible and intangible assets** were higher than depreciation and amortisation of fixed assets (EUR 5.9 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 as at 30 June 2023.

Total **inventories** (after deducting payments received on account of orders) rose from EUR 87.7 million as at 31 December 2022 to EUR 108.0 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 164.5 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 116.0 million. The theoretical days inventory outstanding increased to 52.4 days (previous year: 52.0 days). Daily turnover is calculated by dividing the inventories as at 30 June 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 half of 2023. The Group recorded incoming orders of EUR 435.9 million in the first six months of the 2023 financial year (previous year: EUR 390.5 million), corresponding to a book-to-bill-ratio of 1.2 (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 519.6 million at the end of June 2023, representing an increase of EUR 58.2 million in the first half of 2023 compared with 31 December 2022 (EUR 461.3 million). Of this figure, EUR 202.3 million was attributable to the Communication division, EUR 133.5 million to the Intralogistics division, EUR 133.9 million to the Automotive division and EUR 49.9 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.

At EUR 78.7 million, **trade receivables** were kept almost at the same level as the balance sheet value as at 31 December 2022 (EUR 78.1 million), resulting in a receivables balance of 37.9 days (previous year: 41.0 days). Days sales outstanding were calculated by dividing the receivables as at 30 June 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 24.5 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 at 30 June 2023, this item had a value of EUR 15.2 million and thus remained at the level of the carrying amount as at 31 December 2022 (EUR 15.0 million).

At EUR 20.4 million as at 30 June 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 prior-year amount was restated as at 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 31 March 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'.

Tax provisions amounted to EUR 3.6 million as at 30 June 2023 (31 December 2022: EUR 6.0 million).

Trade payables increased from EUR 53.0 million (31 December 2022) to EUR 57.2 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 35.4 days. The average duration of credit utilisation is calculated by dividing the trade payables as at 30 June 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 half of 2023. Taking into account the continued difficult and volatile overall economic situation, it enjoyed a successful half-year in terms of sales, total output and EBIT.

REPORT ON PERFORMANCE INDICATORS

Non-financial performance indicators

Production

The Automotive, Communication, Intralogistics and Engineering divisions operated at full capacity throughout the first half of 2023 thanks to the high order and business volumes.

Procurement

The purchase of raw materials, supplies and components within the Group is managed on a distributed basis by the individual subsidiaries as needed. The required materials are procured worldwide from various suppliers, most of whom the units work with on a long-term basis. Depending on the volume, master agreements are used that can last for several years in some cases. In the Automotive division, there is a strategic purchasing department that is responsible for leveraging additional cost-cutting potential by bundling a wide range of product groups and services.

In the 2021 and 2022 financial years, purchasing faced the challenge of excess demand on the steel market, the lack of availability of electronic components and the need to ensure the supply of production materials in this context. This situation eased during the first half of 2023. However, the Group continued to be affected by inflation-related price rises, especially for energy, and additional logistics expenses in the period under review. Accordingly, the rise in inventory levels due to price increases again prompted purchasing organisations to tailor the flow of materials to demand in close cooperation with production planning departments during the period under review, thereby reducing turnaround times.

The global and European procurement markets are seeing sustained volatility and extremely high inflationary trends with risks that are largely incalculable.

Employees

HÖRMANN Industries GmbH had a total of 2,954 employees on average in the first six months of 2023 compared with 2,876 in the previous year (2022 as a whole).

It also employed a total of 73 trainees (2022: 84). Measured against the total workforce, this corresponds to a share of around 2.5%. The training on offer covers various industrial and commercial occupations.

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

Quality assurance

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

Sustainability and social responsibility

An important pillar of long-term corporate development is the acceptance of ecological and social responsibility. The HÖRMANN Group tries to keep the impact of its actions on the environment as minimal as possible or to reduce this on an ongoing basis. Ecological interests are linked to economic goals. HÖRMANN Industries GmbH also meets its responsibility to society and its employees in many different ways. In addition to supporting universities and schools, the Group awards scholarships and sponsors selected cultural institutions and social projects.

HÖRMANN Industries Group has made sustainability an even higher priority in terms of corporate governance since 2021. After the first voluntary sustainability report in 2021, HÖRMANN published its second for the 2022 financial year. A sustainability management system capable of being audited is thus gradually being established and sustainability initiatives are being implemented so that the future statutory requirements will be met.

Regular reporting is still focused on the financial performance indicators.

Financial performance indicators

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

Liquidity available is also a key performance indicator. Frequent, Group-wide liquidity planning and management plays a key role.

Financial performance indicators
Multi-year comparison (EUR million):

	H1 2023	H1 2022	H1 2021
Sales	372.5	298.5	296.3
Total output	401.7	329.0	315.6
Gross profit	166.5	136.7	144.6
Gross profit margin in % of total output	41.5%	41.6%	45.8%
EBIT	9.2	0.5	13.8
EBIT margin in % of total output	2.3%	0.2%	4.4%
Available liquidity (Net liquidity plus unutilised credit facilities)	83.3	111.0	112.6

In its strategic medium-term planning, HÖRMANN Industries GmbH is still aiming for inflation-adjusted organic and inorganic consolidated sales growth to more than EUR 750 million with a sustained EBIT margin of approximately 5% p. a. in the Group in the coming years.

COURSE OF BUSINESS IN THE DIVISIONS

Automotive division

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

According to the European Automobile Manufacturers’ Association (ACEA), the number of commercial vehicles registered in the EU increased in the period from January to June 2023 compared with the previous year.⁶ All four segments – light, medium-duty and heavy-duty commercial vehicles and buses – recorded double-digit growth rates.

The number of registrations of light commercial vehicles weighing up to 3.5 tonnes – which accounted for almost 80% of total new registrations in the EU – increased by 11.2% to 730,969 units in the period under review according to ACEA. Within this, Spain and Germany recorded particularly strong growth rates of 26.6% and 15.5% respectively. New registrations of medium-duty commercial vehicles with a gross vehicle weight of between 3.5 and 16 tonnes increased by 27.0% to 27,561 units, while new registrations of heavy-duty commercial vehicles over 16 tonnes rose by 18.8% to 151,947 units. Almost all EU markets posted double-digit increases, including the four biggest markets: Germany (+24.8%), France (+12.3%), Italy (+12.6%) and Poland (+10.8%). New registrations of buses in the EU also enjoyed a solid first half of 2023, rising by 15% to 14,781 units.

According to the Association of International Motor Vehicle Manufacturers (VDIK), the number of newly registered commercial vehicles in Germany increased sharply by 17.9% in the first six months of 2023.⁷ All weight classes recorded double-digit growth rates, with buses and heavy-duty commercial vehicles (over 16 tonnes) leading the way at 27.8% and 25.1% respectively.

TRATON SE was again the main customer for the Automotive division in the 2023 financial year, primarily through its subsidiary MAN Truck & Bus AG. According to TRATON SE, incoming orders at MAN Truck & Bus AG increased slightly by 4%.⁸ Thanks to the sustained high level of orders on hand, growing supply chain stabilisation and the resulting sharp rise in the production volume, the sales volume enjoyed

significant growth of 61%, from 34,858 to 56,173 units. In the previous year, sales were impacted by the production shutdown lasting several weeks.

In addition to TRATON SE, Daimler Truck Holding AG is another key customer in the Automotive division. According to Daimler Truck Holding AG, vehicle sales climbed by 11.6% to 257,060 units in the first half of 2023 (2022: 230,247).⁹

Multi-year comparison for the Automotive division:

	H1 2023	H1 2022	H1 2021	H1 2020
Sales (EUR million)	248.8	189.0	181.2	118.5
Change (absolute) (EUR million)	59.8	7.8	62.7	– 88.6
Change (relative)	31.6%	4.3%	52.9%	– 42.8%
EBIT (EUR million)	2.2	– 5.6	1.2	– 11.3
EBIT margin	0.9%	– 0.3%	0.7%	– 9.5%

In the Automotive division, sales increased by EUR 59.8 million or 31.6% year-on-year, from EUR 189.0 million to EUR 248.8 million. Following the outbreak of the war in Ukraine, major OEM customers shut down production for several weeks at a time in the first half 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 half of 2023, with the target production volumes being exceeded. Call-off orders in the division amounted to EUR 262.6 million (previous year: EUR 206.9 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.

Owing to price developments, the gross profit margin fell to 31.6% in the period under review after 31.8% in the previous year. Despite the lower margin, the gross profit increased by EUR 20.2 million to EUR 80.4 million (previous year: EUR 60.2 million) on the back of high sales growth.

⁶cf. European Automobile Manufacturers’ Association New Commercial Vehicle Registration, 27 July 2023

⁷cf. Association of International Motor Vehicle Manufacturers, new registrations of commercial vehicles in Germany

⁸cf. TRATON SE 2023 Half-Year Financial Report

⁹cf. Daimler Truck Holding AG Investor Relations Release, 1 August 2023

The strong performance in terms of sales and gross profit meant the division achieved a turnaround in terms of earnings in the first six months of the 2023 financial year, with EBIT amounting to EUR 2.2 million after a loss of EUR – 5.6 million in the first half of 2022.

Communication division

In the **Communication** division, HÖRMANN Industries GmbH is a technology provider for innovative communication, information, warning and security systems together with its subsidiaries. A detailed description of these activities can be found in the section “Basic information on the Group”. The division’s business development is primarily dependent on the economic performance of the railway industry and investment in infrastructure projects, as well as the security industry.

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

The German Railway Industry Association (VDB) reported positive performance in the 2022 financial year.¹⁰ While the German railway industry is also suffering from high inflation and extreme price hikes for energy and commodities, sales nonetheless rose by around 7.8% year-on-year to EUR 13.9 billion in 2022. In particular, this increase was thanks to domestic business, where sales were up by 22%. Infrastructure sales on the domestic market declined by EUR 0.3 billion to EUR 2.4 billion, though the traditionally strong vehicle business grew by 38% to EUR 7.6 billion. By contrast, incoming orders declined sharply by around 23% to EUR 8.2 billion.

Sales in the German security industry increased by 5.2% to EUR 5.2 billion in 2022.¹¹ The video systems market system enjoyed above-average growth of 6.6% to EUR 746.0 million.

The Communication division made a good start to the 2023 financial year, recording incoming orders of EUR 102.4 million in the first half of 2023 (previous year: EUR 111.5 million). With sales of EUR 73.7 million (previous year: EUR 75.3 million) and total output of EUR 82.7 million (previous year: EUR 81.8 million), the division maintained the prior-year level, which was higher than forecast. The division’s earnings performance was also largely unchanged year-on-year, with EBIT amounting to EUR 8.5 million (previous year: EUR 9.8 million).

Between 2020 and 2022, the division benefited considerably from government stimulus programmes and additional state investment in the accelerated expansion of European Train Control System (ETCS), and from the efforts to enhance the efficiency of the network infrastructure for digitisation in railway transport (Digitale Schiene Deutschland). As an established provider of this technology, the train radio segment played an important role in the project. The government stimulus programmes set up in response to the economic repercussions of the COVID-19 pandemic came to an end as planned in the past financial year.

The warning systems segments experienced a strong surge in growth also in the first half of 2023 thanks to the Federal Office for Civil Protection and Disaster Assistance’s siren subsidy programme, with which it provided funding of EUR 88 million to expand Germany’s municipal siren network. HÖRMANN has been operating in the development, production, installation and maintenance of civil defence sirens in Germany for more than 65 years. The segment also experienced increased demand from outside Germany. For example, around the turn of 2022/2023, a major government contract worth EUR 11.9 million was landed in Bulgaria to deliver and launch 500 sirens to extend the country’s warning system.

The division’s positive business performance is also supported by the high demand for qualified electrical planning and installation services, for mechanical assembly and maintenance for the energy transition and high investment in the expansion of railway transport, which benefited HÖRMANN Kommunikation & Netze GmbH.

Multi-year comparison for the Communication division:

	H1 2023	H1 2022	H1 2021	H1 2020
Sales (EUR million)	73.7	75.3	76.6	65.9
Change (absolute) (EUR million)	-1.6	-1.3	11.7	5.4
Change (relative)	-2.1%	-1.7%	18.0%	9.0%
EBIT (EUR million)	8.5	9.8	13.8	7.8
EBIT margin	10.3%	12.0%	18.0%	12.0%

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

Intralogistics division

In the **Intralogistics** division, the HÖRMANN Group caters to the increase in market demand for sophisticated system solutions for intralogistics, i.e. automation solutions for production, warehouse and distribution logistics, and for services. A detailed description of these activities can be found in the section “Basic information on the Group”. The division’s business development is primarily dependent on the economic performance of the logistics industry.

After conveyor technology and intralogistics providers reported a slight increase in production of 2% to an estimated production volume of EUR 23.7 billion in 2022 according to the VDMA Trade Association for Conveyor Technology and Intralogistics, expectations for the current year are restrained.¹² Although the VDMA expects the mechanical and plant engineering industry as a whole to see a downturn in production of 2% in 2023, it believes that 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 sharply over the past two years, which is why the Trade Association for Conveyor Technology and Intralogistics is forecasting moderate growth of 2% in 2023 even in the current climate.

The difficult conditions are also reflected in the monthly logistics indicator surveys conducted by the ifo Institute on behalf of the German Logistics Industry Association (BVL) as part of its economic surveys.¹³ These found that the business situation for logistics providers and customers has deteriorated further, with the indicator slipping into negative territory for the first time since February 2021. Companies were also concerned about the business outlook, leading to a further cooling in the overall business climate.

Having been heavily impacted by supply bottlenecks and uncertainties in the previous year, the Intralogistics division recorded incoming orders of EUR 63.0 million in the first half of 2023 (previous year: EUR 50.3 million). This meant that incoming orders in the period under review were higher than in the same period of the previous year. Reluctance to invest and postponed investments on the part of industrial customers were clearly observed in the first half of 2023. In view of the order backlog, which has increased from € 121.1 million to € 133.5 million since the beginning of the year, the focus continues to be on organisational development and the processing of multi-year project orders. The Intralogistics division generated sales of EUR 36.6 million in the first six months of the 2023 financial year (previous year: EUR 22.7 million, pro forma).

With a total output of EUR 47.7 million (previous year: EUR 42.0 million; pro forma), the division was able to improve its result by EUR 2.6 million in the reporting period. However, earnings remained negative in the first half of 2023 at EUR – 0.9 million (previous year: EUR – 3.5 million, pro forma) due to continued project delays.

Multi-year comparison for the Intralogistics division:

	H1 2023	H1 2022	H1 2021	H1 2020
Sales (EUR million)	36.6	22.7	26.0	34.0
Change (absolute) (EUR million)	13.9	-3.3	-8.0	15.3
Change (relative)	61.2%	-12.7%	-23.5%	81.8%
EBIT (EUR million)	-0.9	-3.5	-0.8	1.5
EBIT margin	-2.5%	-15.4%	-3.1%	4.4%

The figures for 2020 and 2021 are presented on a pro forma basis as the division was spun off from the Engineering division in 2022 and the Services division was integrated into it.

¹⁰ cf. German Railway Industry Association annual press conference, 26 April 2023
¹¹ cf. German Federal Security Technology Association/German Electro and Digital Industry Association, June 2023

¹² cf. VDMA Trade Association for Conveyor Technology and Intralogistics press release, 28 February 2023

¹³ cf. BVL/ifo logistics indicator as at 28 June 2023

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

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

According to the Central Association of the German Construction Industry (ZDB), the difficult situation observed in the German construction sector in 2022 continued in the first half of 2023.¹⁴ Although incoming orders in the construction industry saw growth of 3.5% between April and May according to Destatis (in real terms, adjusted for seasonal and calendar effects) – the first such increase after 13 months of negative development – incoming orders were down by 5.7% in real terms compared with May 2022.¹⁵ The downturn in orders in the period from January to May 2023 was even more pronounced at 14.7%. Sales declined by 7.3% in real terms across this period.

At EUR 13.2 million, sales in the **Engineering** division were up EUR 2.6 million or 24.5% on the first half of 2022 (previous year: EUR 10.6 million; pro forma). Bolstered by a good order book, with orders on hand of EUR 49.9 million as at the end of the period under review, the division generated total output of EUR 16.4 million. The change in the product and service mix compared with the previous year meant that EBIT was unchanged year-on-year at EUR 2.5 million (previous year: EUR 2.4 million; pro forma).

Multi-year comparison for the
Engineering division:

	H1 2023	H1 2022*	H1 2021*	H1 2020*
Sales (EUR million)	13.2	10.6	12.8	17.3
Change (absolute) (EUR million)	2.6	–2.2	–4.5	–2.0
Change (relative)	24.5%	–17.2%	–26.0%	–10.4%
EBIT (EUR million)	2.5	2.4	2.1	2.4
EBIT margin	18.9%	22.6%	16.4%	13.9%

*The figures for 2020 and 2021 are presented on a pro forma basis as HÖRMANN Logistik GmbH, HÖRMANN Klatt Conveyors GmbH and HÖRMANN Logistik Polska Sp. z o.o. were reassigned to the new Intralogistics division in 2022.

Report on opportunities, risks and expected developments

OUTLOOK

General economic conditions
Economic development in the 2023 financial year to date has been characterised by considerable uncertainty and an ongoing fragile situation that is expected to adversely affect economic growth in the current year.

In its forecast issued in July 2023, the IMF expects global gross domestic product to increase by 3.0% across the year as a whole.¹⁶ Although this is 0.2 percentage points higher than forecast in April 2023, it is well below the growth rate of 3.5% in 2022 and the historical growth rates. The economy is expected to expand by 1.5% in the industrialised countries and by 4.0% in the emerging and developing countries. In the euro area, IMF experts are forecasting significantly weaker growth of 0.9%. In Germany, GDP is expected to fall slightly by 0.3% according to the current forecast, after the IMF had still assumed a slight increase in economic output of 0.1% in January 2023. Expectations have also been lowered by 0.2 percentage points compared with the April forecast.

The IMF still sees inflation and the accompanying measures taken by the central banks as one of the biggest challenges facing the world economy. 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.

In its summer 2023 economic forecast, the ifo Institute is even forecasting a downturn in German GDP of 0.4%.¹⁷ This is due in particular to the slowdown in demand in response to high inflation. It is only from the second half of the year that incomes are expected to rise more strongly than prices, with private consumer spending picking up as a result. Accordingly, the ifo Institute expects inflation to continue to fall in the coming months. The overall

inflation rate is expected to fall from 6.9% in 2022 to 5.8% in 2023. However, the situation is not expected to gradually return to normal until the coming year, with inflation forecast to decline to 2.1% in 2024. With this in mind, the experts from the ifo Institute expect the German economy to return to moderate growth of 1.5% in 2024.

It was not realistically possible to forecast the potential economic consequences reliably at the time this consolidated interim report was published, as the effects cannot be predicted at present.

Forecast for the Automotive division
The Association of International Motor Vehicle Manufacturers (VDIK) is anticipating a significant increase in new registrations of commercial vehicles in Germany of 13.0% for 2023 as a whole.¹⁸ The latest figures are even higher, with a total of 177,444 commercial vehicles newly registered in Germany in the first half of 2023 (+17.9%).¹⁹ In turn, this is reflected in the forecasts issued by major manufacturers. For example, the Traton SE, the main customer for the Automotive division, is anticipating sales growth of between 5% and 15% in the 2023 financial year.²⁰ Meanwhile, Daimler Truck Holding AG raised its full-year forecast for 2023 in early July and now expects sales to increase to between 530,000 and 550,000 units (previously: 510,000 to 530,000 units).²¹

Assuming that the increase in truck production anticipated by customers continues to result in higher call-off orders in the current financial year, HÖRMANN Industries GmbH expects the Automotive division to stabilise and return to profitability.

Sales of between roughly EUR 440 million and EUR 460 million (previous year: EUR 403.7 million) are forecast for the Automotive division in the 2023 financial year. Around EUR 40 million of this increase will relate to customers with agreed inflation compensation and thus no contribution to value added. Accordingly, real sales adjusted for inflation of approximately EUR 400 million to EUR 420 million

¹⁴ cf. Central Association of the German Construction Industry press release, 23 June 2023
¹⁵ cf. Destatis press release no. 292, 25 July 2023

¹⁶ cf. IMF World Economic Outlook, July 2023
¹⁷ cf. ifo Institute Economic Forecast Summer 2023, 21 June 2023

¹⁸ cf. Association of International Motor Vehicle Manufacturers, presentation on 2 December 2022
¹⁹ cf. Association of International Motor Vehicle Manufacturers, new registrations of commercial vehicles in Germany
²⁰ cf. Traton SE 2023 Half-Year Financial Report
²¹ cf. Daimler Truck AG, press release dated 10 July 2023

are expected. Factoring in cost increases for materials, energy, staff and infrastructure, EBIT of between EUR 5 million and EUR 7 million is projected for 2023. The division is thereby aiming to return to profitability after three successive years of crisis.

In the medium term, the obsolescence of truck fleets in Europe, stricter emission standards, considerable excess demand and the high level of orders on hand at truck manufacturers suggest that production orders will rise again as the supply chain situation returns to normal. This will help the division to return to stable and positive territory on the back of consistent production utilisation. The productivity improvements and cost savings achieved as part of the restructuring and reorientation of the division in recent years will provide additional support when it comes to earnings performance. In addition to continued supply chain normalisation and a more stable economy in Europe, the ambitious medium-term targets are dependent on OEMs achieving their sales forecasts and the compensation of inflation-related cost increases through additional prices on the part of the OEMs.

Forecast for the Communication division

The railway industry is continuing to benefit in particular from global megatrends such as urbanisation, population growth and rising environmental awareness. PSR OE Link therefore predicts that the railway industry will be able to continue its growth until provisionally 2028.²² After growth of 2.9% in 2022, average annual growth of between 4% and 13% is expected for the years ahead.

However, the German Railway Industry Association (VDB) is of the opinion that the latest decisions by the German federal government do not go far enough.²³ It says that the government draft of the 2024 federal budget lacks a reliable investment strategy to ensure the achievement of its transport policy objectives concerning the overhaul and digitalisation of the German rail network and its expansion at critical points.

By contrast, the spring economic survey by the German Federal Security Technology Association (BHE) shows a gradual stabilisation in the current business situation on the market for digital security,

surveillance, communication and network technology.²⁴ Companies are also more optimistic with regard to the coming months than they were last autumn. With a score of 2.24 (autumn 2022: 2.45), their assessment of the future business situation is similar to the level recorded in spring 2022 (2.22).

Now that large parts of the German government's subsidy programmes for the train radio product segment have ended in 2022, HÖRMANN Industries GmbH is forecasting consolidation at its high earnings level in the Communication division for 2023. The good business and earnings situation will continue to benefit from consistently high demand for public warning systems and infrastructure services.

The investment in civil protection funded by the Federal Office for Civil Protection and Disaster Assistance's siren subsidy programme and the ongoing rise in demand for electrical planning and installation, mechanical assembly and maintenance services as well as the necessary investment in railway transport allow a sales forecast in line with the 2022 level (approx. EUR 170 million to EUR 180 million). With a very different product and service mix compared with the last two years and the anticipated price hikes for materials and energy, the division expects EBIT of around EUR 23 million for the 2023 financial year (previous year: EUR 31.7 million).

Forecast for the Intralogistics division

According to its latest forecast, the VDMA Trade Association for Conveyor Technology and Intralogistics is assuming slight growth of 2% for conveyor technology and intralogistics providers in the 2023 financial year.²⁵ This modest growth will be driven by demand for intralogistics and automation solutions, which is expected to counteract the repercussions of the war in Ukraine. The latter of these is forcing companies to make their supply chains and logistics more flexible and resilient. Combined with the general skills shortage, this means that further investment is required in conveyor technology and intralogistics, which will be reflected accordingly in providers' order books.

By contrast, the monthly logistics indicator surveys conducted by the ifo Institute on behalf of the German Logistics Industry Association (BVL) as part of its economic surveys show that the business situation for logistics providers and customers has deteriorated further, with the indicator for both groups

slipping into negative territory for the first time since February 2021.²⁶ Companies were also concerned about the business outlook, leading to a further cooling in the overall business climate.

With orders on hand amounting to over EUR 130 million, the Intralogistics division is forecasting sales growth of around 30% to between EUR 100 million and EUR 110 million in 2023 (previous year: EUR 79.1 million). Targeted investment in the further expansion of the intralogistics business is planned. Earnings performance will be impacted by lingering problems relating to the availability of materials and the resulting project delays as well as the surges in some prices. The forecast is also influenced by the tangible slowdown in the orders placed by customers in Central Europe. Many customers are currently postponing planned investments in intralogistics in response to the economic risks and high interest rates. Taking into account the expenses and resources necessary for growth and internationalisation, the goal is for planned sales recognition to return to profit zone. The forecast EBIT is between EUR 2 million and EUR 3 million (previous year: EUR – 3.3 million). This forecast assumes that it will be possible to complete and invoice major project orders in the 2023 financial year.

In the medium term until 2025, HÖRMANN Industries GmbH is still assuming growth with an EBIT target of more than 5% of total output. It remains to be seen how much higher interest rates might affect investment in the Intralogistics division.

Forecast for the Engineering division

Having suffered from steep increases in prices and interest rates in the past year, the Federation of the German Construction Industry (HDB) expects the construction industry in Germany to experience a real sales decline of 6% in the 2023 financial year as well.²⁷ Real sales declines are expected in the three segments of residential (-9%), industrial (- 4%) and public construction (- 5%) as a result of higher interest rates.

With the COVID-19 pandemic on the decline around the world, demand for x-ray sensors for medical technology has stabilised at the long-term average level in 2023. As a result of the sanctions against Russia, demand is currently rising for sensors for environmental radioactivity readings and for industrial applications.

The Engineering division anticipates sales of around EUR 23 million to EUR 25 million (previous year: EUR 21.6 million) and EBIT of around EUR 3.0 million (previous year: EUR 4.0 million) in 2023.

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 and the war in Ukraine, and its economic consequences, will continue to unfold.

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.²⁸

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 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 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 from 2023.

There is further uncertainty stemming from the unstable geopolitical and fragile economic situation, which in combination make it extremely difficult to

²⁴ cf. German Federal Security Technology Association, spring 2023 economic survey

²⁵ cf. VDMA Trade Association for Conveyor Technology and Intralogistics press release, 28 February 2023

²⁶ cf. BVL/ifo logistics indicator as at 28 June 2023

²⁷ cf. HDB Construction Industry Report, 26 July 2023

²⁸ cf. IMF World Economic Outlook Update, January 2023

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 760 million in 2023 (previous year: EUR 685.7 million). Besides the passing on of inflation-related price increases to customers, the main causes 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 still anticipating positive operating EBIT of between EUR 23 million and EUR 25 million, which would be in line with the level recorded in 2022 (EUR 23.7 million). This means the company is confirming the sales and earnings forecast published in the management report in its 2022 Annual Report. A key factor influencing earnings in 2023 will be the shifts in earnings between the various divisions of HÖRMANN Industries. 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 profitability following the economic battering of the past few years.

In light of the forecast results of operations and assuming a slight drop in inflation, 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. Given the credit facilities available from banks, the Group therefore expects that its financial situation will remain stable in 2023.

This forecast is subject to the assumption that the overall economic situation will not deteriorate further 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.

RISK REPORT

General business risks

The global economy and the economies of the euro area and Germany, which are key to HÖRMANN Industries GmbH, are subject to fluctuations that could impair HÖRMANN Industries GmbH’s business activities and results of operations.

HÖRMANN Industries GmbH is highly dependent on the economy in the euro area and Germany. The past financial and economic crisis in 2008/2009 and the onset of the COVID-19 pandemic in 2020 caused substantial downturns in sales and earnings. In particular, the difficult development in the commercial vehicle industry in the past three years had a considerable negative impact on the Automotive division, which in turn largely affected HÖRMANN Industries GmbH’s business activities. A renewed crisis scenario such as the COVID-19 pandemic, the debt situation of many industrialised nations, political instability, the current war in Ukraine, an escalation of the Taiwan conflict or a renewed crisis in the financial system could have a significant impact on the business activities of HÖRMANN Industries GmbH.

The euro area economy and the business development of HÖRMANN Industries GmbH remain subject to considerable uncertainty throughout the rest of the 2023 financial year, largely due to the ramifications of the Russia-Ukraine war. The sanctions imposed by the EU and the US remain in force. The war in Ukraine could escalate and, in the worst case, spread to other countries. This would represent a significant risk to the market environment in which HÖRMANN Industries GmbH operates. Accordingly, the risks in connection with legal and political conditions described in the 2022 Annual Report remain high and continue to be classified with a medium probability of occurrence.

Inflation in the core market of Europe remains at a high level. Economic development throughout the rest of the 2023 financial year also depends on the additional countermeasures that could be taken by the European Central Bank (ECB). A failure to intervene on the part of the central banks could lead to considerable disruption on the financial and sales markets, as could excessive intervention.

HÖRMANN Industries GmbH’s business development is fundamentally dependent on its success in maintaining or expanding its market position and – where applicable – technology leadership, which in the view of the management exists, and responding quickly

to the emergence of new competitors or the intensification of the competitive situation. To prevent the loss of market share, HÖRMANN Industries GmbH offers a high level of product and service quality, maintains close, trust-based contact with its customers and pursues systematic innovation, price and cost management. The Group also regularly observes market developments and the business policy of other market participants and adjusts its activities to reflect changes in requirements in regular strategy reviews. These countermeasures also create opportunities for HÖRMANN Industries GmbH to gain market share and continue to grow.

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

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

HÖRMANN Industries GmbH generates the majority of its sales with multiple individual customers, primarily major automotive and commercial vehicle manufacturers and Deutsche Bahn AG and its suppliers. HÖRMANN Industries GmbH generated more than 20% of its sales with Volkswagen AG and its subsidiaries in the 2022 financial year. If it is not possible to retain these key customers or to offset a significant downturn in sales with them by gaining new customers or expanding business with other customers, this could have an adverse effect on the net assets, financial position and results of operations of HÖRMANN Industries GmbH.

Some of HÖRMANN Industries GmbH’s business activities are dependent on political decisions that dictate the provision of funding for public investment in railway systems, personal security, property protection systems, motorways and other infrastructure

projects. In light of the sharp increase in public debt and the consolidation pressure on public budgets in many European nations at present, delayed or cancelled investment projects and public funds could have an adverse effect on public-sector contract awards, and hence on business development in the affected areas.

General operational risks

HÖRMANN Industries GmbH is exposed to general operational risks. This also includes risks in connection with business expansion as well as risks from commercial disruptions and other business interruptions such as strikes or other industrial action or restrictions due to government orders. These could result in disadvantages for the earnings and financial position of HÖRMANN Industries GmbH.

Presentation of individual risks

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

Risks in connection with viral pandemics

Over the past three years, HÖRMANN Industries GmbH’s landscape has been negatively impacted by the COVID-19 pandemic, which represented a considerable blow to the global economy as a whole. These novel, completely incalculable situations such as the global virus pandemic represent a risk that has a strong impact on all areas of HÖRMANN Industries GmbH and therefore cannot be hedged against.

Even after the COVID-19 pandemic has been contained, in a globalised economy, a further significant impact on HÖRMANN Industries GmbH’s business activities by new pandemics cannot be ruled out in the medium term.

Existing contingency plans will help to maintain core functions should the situation change significantly again. The Group is in constant communication with its customers and suppliers in order to best deal with constantly changing situations. Management and all executives are focused on the identification of possible disruptions in the value chain at all times in order to respond quickly to new circumstances with suitable measures.

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

Dependence on industry-specific permits and certifications

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

Dependence on international markets

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

Geopolitical risks

The Russian war of aggression in Ukraine that started in 2022 has substantially exacerbated the overall geopolitical risk situation. The consequences and the sanctions imposed had an ad hoc impact on the German economy, and the repercussions for the global economy are expected to be keenly felt in the current financial year. According to prevailing opinion, hostilities are not expected to end in the near future. In particular, the associated rise in energy prices and high inflation are expected to cause further growth setbacks. The ongoing war could also have a negative effect on the development of sales figures, production processes and procurement and logistics, e.g. due to the fresh disruption of supply chains or the energy supply, or the shortage of raw materials, parts and components, either as a direct consequence of the war or as a result of the extensive sanctions imposed on Russia by various members of the international community. Potential supply chain disruption and shortages of raw materials, parts or components could lead to a further steep rise in energy and commodity prices as well as the prices of parts and components, which could in turn lead to higher costs. These supply difficulties and price rises could make the economic recovery even weaker while further increasing inflationary pressure across the entire world economy. More broadly, rising

inflation could also have a negative impact on the Group's cost base. The major uncertainty concerning the future of the war in Ukraine and the sanctions imposed and an entrenchment of the geopolitical tension in relation to China could adversely affect consumer sentiment and the investment climate, and thus negatively impact the world economy. An escalation of the Taiwan conflict would massively alter the availability of semiconductors all over the world and could tip the global economy into a deep recession. This would have negative consequences for the Group's results of operations. HÖRMANN Industries GmbH continuously observes political developments and the resulting economic impacts in order to allow it to take countermeasures as quickly as possible.

Currency risks

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

Dependence on commodity and energy prices

A rise in prices for commodities and energy could lead to higher production costs, in particular in the Automotive, Communication and Intralogistics divisions, and thus to lower income at HÖRMANN Industries GmbH. The shortages on the commodity markets that began in late 2020 caused substantial price increases in some cases, especially for steel products and electronics components. It is not currently possible to assess the extent to which the situation on the procurement market will ease sustainably in the short to medium term. At the time of the half-yearly financial statements being prepared, the trend in energy products, metal, plastics and other products was starting to ease and the delivery times typically agreed for various materials were beginning to return to normal. The war in Ukraine can entail the risk of a further exacerbation of supply shortages accompanied by economic stagnation at any time. HÖRMANN is monitoring the market at all times and responds to changes with the utmost agility possible. HÖRMANN Industries GmbH seeks to counteract these influences by adjusting its sales prices in line with changing materials prices and by agreeing escalation clauses for materials and energy prices. However, if this is not successful due to the highly competitive situation, this could have an adverse effect on the net assets, financial position and results of operations of HÖRMANN Industries GmbH.

IT risks

The HÖRMANN Industries GmbH companies can be controlled only with the help of complex IT systems. Their ability to deliver at all times also is dependent on the constant availability of the corresponding systems and data. Serious disruptions such as system outages, external network attacks and data loss or manipulation could jeopardise their ability to deliver and give rise to claims for damages on the part of customers and high internal downtime costs. Accordingly, the company is constantly working to optimise its IT environment and IT security, including with the support of external experts. The expenditure and resources for IT security management have been increased significantly. As requested by customers, some companies are currently preparing certification according to ISO 27001 or TISAX IT security standards.

Project organisation and management risks

HÖRMANN Industries GmbH is particularly active in the divisions Communication, Engineering and Intralogistics in the project business. When orders are awarded, there is a possibility that the contractual partners will expect different conditions, thereby jeopardising the realisation of the respective project or the planned profit margin. As consideration is based on the completion of defined performance phases, cancellation can mean that preliminary work done and costs and expenses incurred are not settled in full. In addition, the risk assessment of the specific project could be erroneous or incomplete, meaning that the agreed remuneration is not proportionate to the expenses incurred. By continuously improving project management and controlling, the subsidiaries seek to counteract the potential impact on the results of operations early on.

Risk in connection with outstanding project receivables and guarantees in Algeria

Funkwerk video systeme GmbH (FVS) and Funkwerk plettac systems GmbH (fps) have an investment in a consortium under Algerian law (Groupement Funkwerk Contel plettac). As a result of domestic political developments in Algeria, an investigation into alleged suspicions of corruption and illegal overcharging against several companies and individuals was initiated in 2010. The affected parties included this consortium, the Algerian partner and FVS/fps, but not its managing directors or other employees of the Funkwerk Group. The proceedings are still ongoing. Shortly after the initiation of the investigation in 2010, bank accounts of the consortium were temporarily blocked, among other things. These accounts contain amounts of EUR 2.9 million paid for properly performed work, converted as at the balance sheet date, that cannot currently be transferred to Germany and

that are internally due solely to FVS/fps. An internal investigation by Funkwerk AG found no evidence to suggest that the corruption allegations are accurate.

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

In connection with the projects realised, Funkwerk AG provided bank guarantees issued by Algerian banks on the basis of corresponding counter-guarantee agreements with some German banks. All the bank guarantees from German banks were derecognised as at the balance sheet date. The principal has yet to return original guarantees of around EUR 8.4 million of the derecognised bank guarantees. Under the terms of the contracts with the principal, it should no longer be possible to assert claims against FVS/fps due to the latter having met the underlying delivery and performance obligations, the expiry of the contractual warranties and the expiry of the bank guarantees, which is why the guarantees have also already been derecognised by the German banks. However, there is a residual risk with regard to the original bank guarantees that have not yet been returned, as the German banks issued the Algerian banks with "true" counter-guarantees. The state of proceedings has not changed significantly as against 2022 in the current financial year.

Staff recruitment and selection risks

HÖRMANN Industries GmbH is dependent on qualified staff, particularly for generating further growth. If it is no longer possible to attract and retain qualified staff within HÖRMANN Industries GmbH to a sufficient extent and at salaries that are in line with market conditions in the long term, this could diminish the ability of HÖRMANN Industries GmbH and its affiliated companies to successfully implement and adapt the strategies and growth plans of the divisions. A shortage of qualified staff could become a critical growth-inhibiting factor in future. HÖRMANN Industries GmbH is responding to this demographic challenge with its considerably more intensive activities in HR marketing and HR development.

Risks from rising personnel costs

The past decade has been characterized by moderate growth in wages and salaries and non-wage labour costs. The sharp rise in inflation since 2021 could lead to a wage-price spiral with high personnel cost increases above the long-term average level previously assumed in the planning of HÖRMANN Industries. Demographic development, the shortage of skilled workers and the workforce expansion required by the HÖRMANN Group in order to grow are placing additional pressure on staff costs. This would have adverse consequences for the Group's net assets, financial position and results of operations.

Procurement, logistics and production risks

HÖRMANN Industries GmbH's production is dependent on supplying parts, products and services in perfect condition. Fluctuation in demand could lead to long response times on the part of suppliers. In addition, HÖRMANN Industries GmbH's requirement and capacity planning could be inadequate. Unexpected border controls, border closures, embargoes, the consequences of the Ukraine war or embargos as a result of new geopolitical tension could lead to substantial supply shortages at short notice.

Missing or defective finished parts or low-quality raw materials could lead to production delays or stoppages. The steel market experienced a substantial surplus in demand from the end of 2020, which made it considerably more difficult to purchase raw materials on time for the Automotive division and was a significant potential risk for HÖRMANN Industries GmbH. In 2021 and 2022, this was exacerbated by massive supply shortages for electronic components and microchips. In addition to representing a considerable potential risk for the Communication and Intralogistics divisions, this also affected the Automotive division in the form of production stoppages on the part of vehicle manufacturers.

The renewed price rises for materials, energy, purchased services and capital goods at the start of 2022 in particular exacerbated the risk situation within the Group as these rises cannot be fully passed on to customers. Longer delivery times and supply shortages for materials are another risk. To ensure compliance with the deadlines set out in long-term contracts with customers, binding orders had to be placed for the type and quantity of the respective materials in some cases, which greatly increased inventory levels. Switching to alternative materials is not generally possible at short notice, as conversion often requires costly new authorisation to be obtained.

HÖRMANN Industries GmbH primarily operates production sites in Germany, Austria and Slovakia. In a worst-case scenario, the wide-scale destruction of one or more sites, e.g. as a result of flood, fire, explosion, sabotage or other accidents, could cause production to come to a permanent halt.

Key suppliers and other business partners could find themselves in economic difficulties, thereby negatively impacting HÖRMANN Industries GmbH's business performance. To prevent this, HÖRMANN Industries GmbH regularly reviews its business partners' performance and selects suppliers carefully. In addition, long-term supply contracts are entered into wherever possible in order to offset fluctuations and prevent shortages.

Logistics risks

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

Warranty risks

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

Risks in connection with receivables

If customers and other business partners default on receivables, either in full or in part, or there are significant and wide-scale delays in payment, this could lead to liquidity bottlenecks and hence restrict

HÖRMANN Industries GmbH's business activities or considerably impact its net assets, financial position or results of operations. HÖRMANN Industries GmbH counteracts these risks by requiring advance payments and invoicing on a percentage-of-completion basis in its product business and by taking out commercial credit insurance where possible.

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

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

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

Risks in connection with inadequate insurance

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

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

Risks in connection with compliance violations

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

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

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

Risks in connection with financial obligations

HÖRMANN Industries GmbH has considerable pension, lease and rental obligations that could impair its liquidity situation moving ahead.

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

Litigation risks

HÖRMANN Industries GmbH companies are parties to various judicial and extrajudicial disputes. The outcome of these proceedings is unclear and each case involves the risk that the plaintiff/claimant could prevail, either in part or in full. Where this is considered to be necessary, adequate provisions have been recognised in line with the current assessment of the situation.

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

Risks in connection with acquisitions and joint ventures

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

Risks in connection with violations of environmental law

HÖRMANN Industries GmbH could violate existing provisions of environmental law or its production activities could unintentionally pollute the environment. This could have an adverse effect on the net assets, financial position and results of operations of HÖRMANN Industries GmbH. Corresponding management systems at the subsidiaries help to prevent these risks and ensure compliance with the statutory requirements.

Risks in connection with sustainability and environmental protection requirements

New statutory regulations are introducing new requirements for companies when it comes to sustainable corporate governance, climate protection and environmental protection in particular. Major companies are already requiring their suppliers to comply with these additional requirements, e.g. in the form of sustainability ratings and declarations on carbon neutrality, and they are often included as a condition for the award of contracts.

HÖRMANN Industries GmbH supports the various initiatives and is committed to sustainable business and climate and environmental protection. Work began on the implementation of a sustainability management system in accordance with the principles of the UN Global Compact in 2021. Furthermore, a sustainability report based on the GRI standards was published for each of the 2021 and 2022 reporting years.

As for all companies in Germany and Europe, a continuous reduction in carbon emissions up to and including complete carbon neutrality poses considerable challenges for HÖRMANN Industries, and requires significant additional investment every year, for instance in the generation of renewable energies, in carbon-optimised production processes, in the energy-efficiency improvement of buildings and in eco-friendly transportation. These investments are not yet included in planning and could have an impact on the net assets, financial position and results of operations of HÖRMANN Industries. If the sustainability requirements imposed on suppliers by major companies are not complied with, this could lead to individual subsidiaries of HÖRMANN Industries losing customers and orders in future with a corresponding adverse impact on the results of operations.

Risks in connection with violations of industrial property rights

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

Risks from a lack of credit

HÖRMANN Industries GmbH and a syndicate of banks have entered into a global syndicated loan agreement with a volume of EUR 40 million maturing in December 2025, consisting of a current account credit line of EUR 15 million and a revolving EURIBOR credit line of EUR 25 million. The financial crisis in 2008/2009 has shown that there could be a temporary shortage of credit in the economy. At present, it cannot be ruled out that there will be a renewed financial crisis with a temporary shortage of credit in the economy in the wake of the current crisis events and the monetary policy countermeasures. If the contractually agreed credit lines are not made available in a timely manner in accordance with the requirements of HÖRMANN Industries GmbH, this could have a significant impact on the business activities of HÖRMANN Industries GmbH. To mitigate this risk and as a precautionary measure, management claimed a KfW entrepreneur loan of EUR 10 million as part of the German Federal Government's package of measures to mitigate the economic impact of the COVID-19 pandemic.

Risks in connection with the bond issue

HÖRMANN Industries GmbH has issued a bond with a term from 2019 to mid-2024, a volume of EUR 50 million and a coupon of 4.5%. Interest is payable each June. With a view to the sustained rise in interest rates and the risk of negative developments on the capital markets, a new 2023/2028 bond with a volume of EUR 50 million and a coupon of 7.0% was issued in July 2023. The existing 2019/2024 bond will be repaid ahead of schedule by the end of September 2023. There is a risk that the funds generated from the bond will not be employed profitably enough to cover the

coupon payments. This would have a negative impact on the Group's net assets, financial position and results of operations. Furthermore, there is a risk that misinvestments could lead to an inability to make coupon payments or redeem the bond to the necessary extent or on schedule or at all. This would have negative consequences for the Group's position. There is also the risk that negative developments at the company or on the financial markets could prevent the bond from being fully rolled over when it matures, or this might only be possible with a high margin, which could have a negative effect on the Group's financial position and financial performance as well.

Interest rate risks

HÖRMANN Industries GmbH and a syndicate of banks have entered into a global syndicated loan agreement with a volume of EUR 40 million maturing in December 2025. The loan agreement sets out a variable interest rate based on EURIBOR. The steep rise in EURIBOR will cause an increase in the interest cost of future financing, which will have an adverse effect on the Group's results of operations. The significant and rapid rise in global interest rates will adversely affect all future financing, leasing and surety transactions.

STRATEGIC OUTLOOK AND REPORT ON OPPORTUNITIES

Despite the various operational challenges in the 2023 financial year, the defined strategy for 2025 is being maintained for all of the divisions.

In the largest division, **Automotive**, HÖRMANN Industries GmbH is continuing to pursue its strategy of being a key supplier of metal chassis products, high-end body-in-white components (body parts) and turnkey modules for the European commercial vehicle and agricultural/construction machinery industries. It intends to press ahead with increasing the competitiveness and customer diversification of the division. The ongoing implementation of long-term income management is still a key area of HÖRMANN Automotive's strategy planning.

Based on current developments, the expectations of vehicle manufacturers and forecasts of the VDA industry association, HÖRMANN Industries GmbH expects the European market to see higher sales of commercial vehicles in the short and medium term, with the market therefore recovering compared with previous years. The main drivers for this forecast are the successive obsolescence of existing vehicle fleets, increasingly stringent requirements in terms of exhaust quality and a further rise in the transport volumes as the economic recovery continues.

If this positive market development prevails, accompanied by the continued normalisation of the supply chain problems being experienced by customers, higher call-off orders can be expected in the coming years, which could have a correspondingly positive impact on sales planning. HÖRMANN Industries GmbH expects the outsourcing of in-house production activities by European commercial vehicle manufacturers to result in additional orders. The continued growth in vehicle derivatives and the development of new vehicle concepts for electric mobility could open up additional market potential.

The specific expertise in the Automotive division in the area of forming technology, a broad portfolio of systems and machinery with sufficient capacity, the strategy of expanding automation at domestic plants while outsourcing labour-intensive production to cheaper foreign plants provide healthy foundations for attracting additional customers and orders. A gradual return to sustained earnings power at a level that is typical for the industry is expected from 2023

onwards. In particular, a considerable contribution to this will be made by the expansion of the plant in Bánovce, Slovakia, which has since been completed and is now fully operational, significantly improving its cost position and greatly expanding production capacity.

The **Communication** division intends to grow sustainably while maintaining its good income level by further strengthening its competitive position and strategically expanding its business activities. The division has a high-tech product range with a number of unique selling points. Among other things, opportunities for the division result from the progressive digitalisation of railway transport, the growing need for security technology and video surveillance as well as the conversion of communication networks to 5G technology. Varied growth potential is also offered by government economic support programmes and the accompanying investment in the expansion of public infrastructure, disaster protection, the ongoing rise in the need for security around the world, the sustained trend towards urbanisation and the further dynamic expansion of rail transport in the wake of the climate debate. There will also be expansion opportunities thanks to new service concepts in the field of public infrastructure and the establishment of paperless, digital railway stations. The long product lifecycles for rail vehicles in the rail industry also involve opportunities. Reliable services over the entire useful life and professional obsolescence management can help to secure customer investment for the long term. The division also intends to sustainably enhance its export business by entering into new partnerships – like the recent acquisition of a majority interest in the Polish company Radionika Sp. z o.o. – and further internationalising its sales activities.

The Group sees the **Intralogistics** division as a key growth area for the future. The dynamic development of the market in intralogistics, automation engineering and robotics applications, the higher demand for comprehensive e-commerce solutions and the trend towards new supermarket concepts are all signs of this growth potential. To leverage this growth potential, the Group is planning to further strengthen the division's product and customer diversification by extending its range of services, pressing ahead with internationalisation and expanding its development capacity. The growth strategy is also supported by bundling the service units with expertise in the areas of automation and mechanical engineering.

With its broad portfolio of service expertise along the entire engineering value chain, from design engineering for vehicles to factory and building planning,

Engineering is a division with a promising future and high growth potential. Knowledge management and the industrial application of engineering know-how has a long and successful tradition in Germany and will remain one of the key drivers of global technological progress and dynamic industrial development. Although the division is already very well positioned for the challenges of today and tomorrow, it intends to systematically expand this position with a view to the existing growth potential and the wide range of new technological requirements in order to take advantage of the resulting opportunities.

The close networking of design expertise, manufacturing technology knowledge and production experience can open up a wide range of new options. In particular, the current dynamic development of electric mobility and new hydrogen-based drive systems offers extensive additional potential for developing new areas of activity for rail and road vehicles alike.

All divisions of HÖRMANN Industries GmbH will have wide-ranging opportunities for business expansion if the company is even more successful at marketing itself as an attractive medium-sized employer and is able to recruit new employees to a sufficient extent.

OVERALL ASSESSMENT OF THE FUTURE DEVELOPMENT OF HÖRMANN INDUSTRIES GMBH

Geopolitical, economic and industry developments under the current conditions continued to influence HÖRMANN Industries GmbH's operating and financial performance in the 2023 financial year. The Group's forecasts for its expected business performance in 2023 are based on certain assumptions regarding the development of the economy in Germany, the euro area and specific industries.

Given the major uncertainty that remained in place at the time of reporting regarding economic developments, consistently high inflation in the euro area, the war in Ukraine and the possible associated economic and financial repercussions, HÖRMANN Industries GmbH assumes that high material, personnel, energy and financing costs will continue to affect HÖRMANN Industries GmbH's sales and earnings performance in 2023.

Taking into account and assessing the current business and order situation as well as inflation-related price pass-through, management currently expects HÖRMANN Industries GmbH to generate sales of between EUR 730 million and EUR 760 million in the 2023 financial year. Taking into account the change in the product and service mix, the negative impact of the rise in materials prices throughout the Group and the foreseeable increase in personnel expenses and energy costs, the goal is for positive operating EBIT in line with the previous year's level of between EUR 23 million and EUR 25 million (2022: EUR 23.7 million). Working capital is therefore expected to remain in line with the reporting year's level.

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 in the first half of 2023 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 second half of 2023.

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, August 2023

HÖRMANN Industries GmbH

The Management



Dr.-Ing. Michael Radke



Johann Schmid-Davis



Dr.-Ing. Christian Baur

» The successful placement of the 2023/2028 bond reinforces our reputation as a reliable and established issuer and partner. Once again, we see this as confirmation of our strategic decision to integrate the capital markets as a long-term component of the HÖRMANN Group's financing. «



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Consolidated Balance Sheet

OF HÖRMANN INDUSTRIES GMBH, KIRCHSEEON, AS OF 30 JUNE 2023

ASSETS (in EUR thousand)	30 June 2023	31 Dec. 2022
A. FIXED ASSETS	84,925	77,557
I. Intangible assets	15,501	10,913
1. Purchased concessions, industrial property rights and similar rights and assets and licenses in such rights and assets	2,407	2,492
2. Goodwill	12,792	8,120
3. Advance payments made on intangible assets	302	301
II. Tangible assets	47,551	44,847
1. Land, leasehold rights and buildings	9,587	9,228
2. Technical equipment and machinery	17,986	19,124
3. Other equipment, factory and office equipment	10,588	10,401
4. Advance payments and assets under construction	9,390	6,094
III. Long-term financial assets	21,873	21,798
1. Equity investments	358	304
2. Securities held as fixed assets	427	398
3. Other loans	21,088	21,096
B. CURRENT ASSETS	271,499	269,278
I. Inventories	107,956	87,715
1. Raw materials, consumables and supplies	37,685	34,272
2. Work in progress	164,524	137,969
3. Finished goods and merchandise	18,550	15,574
4. Advance payments	3,242	3,781
5. Payments received on account of orders	-116,045	-103,881
II. Receivables and other assets	115,596	108,472
1. Trade receivables	78,063	77,685
2. Receivables from affiliated companies	13,060	15,018
3. Other assets	24,473	15,769
III. Cash-in-hand and bank balances	47,947	73,091
C. PREPAID EXPENSES	3,731	2,783
D. DEFERRED TAX ASSETS	15,241	15,043
E. EXCESS OF PLAN ASSETS OVER PENSION LIABILITIES	163	163
Total Assets	375,559	364,824

Consolidated Balance Sheet

OF HÖRMANN INDUSTRIES GMBH, KIRCHSEEON, AS OF 30 JUNE 2023

EQUITY AND LIABILITIES (in EUR thousand)	30 June 2023	31 Dec. 2022
A. EQUITY	135,442	136,379
I. Subscribed capital	200	200
II. Capital reserve	36,733	42,758
III. Consolidated balance sheet profit	75,139	72,691
IV. Non-controlling interests	23,365	20,743
V. Currency translation differences	5	-13
B. PROVISIONS	112,509	98,569
1. Pension provisions and similar obligations	20,362	20,346
2. Tax provisions	3,574	6,008
3. Other provisions	88,573	72,215
C. LIABILITIES	126,912	129,009
1. Bonds	50,000	50,000
2. Liabilities to banks	5,625	7,806
3. Trade payables	57,189	52,704
4. Liabilities to affiliated companies	1,030	4,129
5. Other liabilities	13,068	14,370
D. DEFERRED INCOME	696	867
Total Equity and Liabilities	375,559	364,824

Consolidated Income Statement

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
(in EUR thousand)

	1 Jan.– 30 June 2023	1 Jan.– 30 June 2022
1. Total sales	372,496	298,486
2. Increase in finished goods and work in progress	28,448	30,298
3. Other own work capitalised	703	221
4. Other operating income	5,253	4,903
5. Cost of materials		
a) Expenses for raw materials, consumables and supplies and purchased goods	203,069	161,365
b) Cost of purchased services	37,336	240,405
GROSS PROFIT	166,495	136,651
6. Personnel expenses		
a) Wages and salaries	81,905	73,898
b) Social contributions and expenses for pensions and social welfare	18,043	99,948
7. Depreciation and amortization		
a) on tangible and intangible assets	5,926	5,849
8. Other operating expenses	50,780	40,859
9. Income from other securities and loans from financial assets	0	4
10. Other interest and similar income	849	228
11. Interest and similar expenses	2,731	1,847
12. Taxes on income	4,530	2,961
13. Deferred taxes (– income)	–251	–166
14. EARNINGS AFTER TAXES	3,680	–3,255
15. Other taxes	632	630
16. CONSOLIDATED NET INCOME (LOSS)	3,048	–3,885
17. Non-controlling interests	–875	–1,097
18. CONSOLIDATED NET PROFIT (LOSS)	2,173	–4,982
19. Profit carried forward from the previous year	72,966	67,836
20. Consolidated balance sheet profit	75,139	62,854

Consolidated Cash Flow Statement

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
(in EUR thousand)

	1 Jan.– 30 June 2023	1 Jan.– 30 June 2022
Consolidated income (consolidated net income/loss including income/loss attributable to non-controlling interests)	3,048	–3,885
+/- (+) Depreciation/(-) write-ups on fixed assets	5,926	5,849
+/- (+) Increase/(-) Decrease in provisions	14,775	18,657
+/- Other non-cash expenses/income	3,301	–510
+/- (+) Decrease/(-) Increase in inventories, trade receivables and other assets that are not attributable to investing or financing activities	–22,246	–33,012
+/- (-) Decrease/(+) Increase in liabilities from trade payables and other liabilities that are not attributable to investing or financing activities	–665	6,707
+/- (-) Gain/(+) Loss from disposal of fixed assets	–6	–361
+/- Interest expenses/income	1,881	1,619
+/- Income tax expenses/income	4,279	2,795
+/- Income tax payments	–9,355	–2,678
= CASH FLOW FROM OPERATING ACTIVITIES	938	–4,819
+ Proceeds from the disposal of intangible and fixed assets	0	25
– Payments for investments in intangible assets	–453	–1,046
+ Proceeds from the disposal of tangible assets	302	4,236
– Payments for investments in tangible assets	–7,266	–5,631
+ Proceeds from the disposal non-current financial assets	11	607
– Payments for investments in non-current financial assets	–86	0
– Payment for additions to the scope of consolidation	–15,974	–961
+ Interests received	322	266
= CASH FLOW FROM INVESTING ACTIVITIES	–23,144	–2,504
+ Proceeds from (financial) loans	0	5,000
– Payments for redemption of (financial) loans	–2,181	–1,250
– Interests paid	–1,204	–2,804
– Payments to shareholders of the parent company	–2,200	0
– Dividends paid to other shareholders	–230	–715
= CASH FLOW FROM FINANCING ACTIVITIES	–5,815	231
Decrease in cash flow	–28,021	–7,092
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	20	–2
+/- 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	47,947	86,609

Consolidated Statement of Changes in Fixed Assets

FOR THE PERIOD FROM 1 JANUARY
TO 30 JUNE 2023 (in EUR thousand)

	ACQUISITION OR CONSTRUCTION COSTS						DEPRECIATION AND AMORTISATION				BOOK VALUES	
	As of 1 Jan. 2023	Addition	Additions due to changes in the scope of consolidation	Disposal	Transfers	As of 30 Jun. 2023	As of 1 Jan. 2023	Addition	Disposal	As of 30 Jun. 2023	Book value 30 Jun. 2023	Book value 31 Dec. 2022
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	451	0	-17	0	7,205	4,280	536	-18	4,798	2,407	2,492
2. Goodwill	37,423	0	5,578	0	0	43,001	29,303	907	0	30,210	12,792	8,120
3. Advance payments	301	2	0	0	0	302	0	0	0	0	302	301
Total intangible assets	44,495	453	5,578	-17	0	50,509	33,583	1,442	-18	35,008	15,501	10,912
II. Tangible assets												
1. Land, leasehold rights and buildings	12,586	894	0	-215	0	13,266	3,358	449	-129	3,678	9,587	9,228
2. Technical equipment and machinery	32,960	1,079	125	-452	-55	33,658	13,835	2,103	-267	15,671	17,986	19,124
3. Other equipment, factory and office equipment	19,007	1,892	98	-387	151	20,762	8,606	1,922	-354	10,174	10,588	10,401
4. Advance payments and assets under construction	6,265	3,401	0	0	-95	9,571	171	10	0	181	9,390	6,094
Total tangible assets	70,819	7,267	223	-1,053	0	77,256	25,971	4,484	-750	29,704	47,551	44,847
III. Non-current financial assets												
1. Equity investments	6,130	53	0	0	0	6,183	5,825	0	0	5,825	358	304
2. Securities held as fixed assets	982	30	0	0	0	1,012	585	0	0	585	427	398
3. Other loans	21,096	3	0	-11	0	21,088	0	0	0	0	21,088	21,096
Total non-current financial assets	28,208	86	0	-11	0	28,283	6,410	0	0	6,410	21,873	21,798
Total fixed assets	143,522	7,805	5,801	-1,080	0	156,048	65,965	5,926	-768	71,123	84,925	77,557

Consolidated Statement of Equity Changes

(in EUR thousand)	EQUITY OF THE PARENT COMPANY					NON-CON- TROLLING 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 on 1 Jan. 2022	200	43,422	-10	67,836	111,448	19,607	131,055
Consolidated net profit				7,055	7,055	5,185	12,240
Currency translation			-3		-3		-3
Distributions				-2,200	-2,200	-3,089	-5,289
Effects of increases in equity investments		-664			-664	-960	-1,624
Balance on 31 Dec. 2022	200	42,758	-13	72,691	115,636	20,743	136,379
Balance on 1 Jan. 2023	200	42,758	-13	72,691	115,636	20,743	136,379
Consolidated net profit				2,173	2,173	875	3,048
Currency translation			18		18		18
Purchase of shares from third parties						1,747	1,747
Effects of increases in equity investments		-6,025			-6,025		-6,025
Other changes				275	275		275
Balance on 30 June 2023	200	36,733	5	75,139	112,077	23,365	135,442



» The HÖRMANN Group's diversified and resilient business model has enabled it to master the challenging market environment over the past three years.

We are benefiting from various mega-trends, such as mobility, urbanisation and digitalisation. These motivate us to keep developing new innovations that drive our sustainable business development. «

DR. MICHAEL RADKE, CEO



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

1. Consolidation and accounting policies applied

The consolidated financial statements of HÖRMANN Industries GmbH, Kirchseeon, for the first half of the 2023 financial year were prepared in accordance with the provisions of German commercial law for corporations and the supplementary provisions of the law concerning the Gesellschaften mit beschränkter Haftung (GmbHG – German Limited Liability Companies Act).

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

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

The presentation of the consolidated financial statements is the same as in the previous year.

2. Consolidated group

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

LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF HÖRMANN INDUSTRIES GMBH BY WAY OF FULL CONSOLIDATION as of 30 June 2023	Equity interest (in %)
Automotive division	
HÖRMANN Automotive GmbH, Kirchseeon	100.00
HÖRMANN Automotive Saarbrücken GmbH, Saarbrücken	100.00
HÖRMANN Automotive Eisingen GmbH, Ebersbach a.d. Fils	100.00
HÖRMANN Automotive St. Wendel GmbH, St. Wendel	100.00
HÖRMANN Automotive Wackersdorf GmbH, Wackersdorf	100.00
HÖRMANN Automotive Assets GmbH, Kirchseeon	100.00
HÖRMANN Automotive Gustavsborg GmbH, Ginsheim-Gustavsborg	100.00
HÖRMANN Automotive Slovakia s.r.o., Bánovce, Slowakei	100.00
Versorgungswerk HÖRMANN Automotive Gustavsborg e.V., Ginsheim-Gustavsborg	100.00
Intralogistics division	
HÖRMANN Intralogistik GmbH, Kirchseeon	100.00
HÖRMANN Logistik GmbH, Munich	94.00
HÖRMANN Hörmann Logistik Polska Sp. z o.o., Gdansk, Poland	100.00
HÖRMANN Logistik Czech Republic s.r.o., Prague, Czechia	100.00
HÖRMANN Klatt Conveyors GmbH (formerly Klatt Fördertechnik GmbH), Neumarkt am Wallersee, Austria	100.00
HÖRMANN Logistik Systeme GmbH, Graz, Austria	84.00
HÖRMANN Services GmbH, Kirchseeon	100.00
HÖRMANN Industrieservice GmbH, Lehre	100.00
MAT Maschinentechnik GmbH, Salzgitter	100.00
HÖRMANN Intralogistics Services GmbH (formerly Hörmann Automationservice GmbH), Salzgitter	100.00
HÖRMANN Energy Solutions GmbH (formerly Hörmann Charging Solutions GmbH), Wolfsburg	100.00

LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF HÖRMANN INDUSTRIES GMBH BY WAY OF FULL CONSOLIDATION as of 30 June 2023	Equity interest (in %)
Engineering division	
HÖRMANN BauPlan GmbH, Chemnitz	100.00
HÖRMANN Rawema Engineering & Consulting GmbH, Chemnitz	100.00
VacuTec Meßtechnik GmbH, Dresden	90.00
HÖRMANN Vehicle Engineering GmbH, Chemnitz	100.00
Communication division	
Communication system segment	
Funkwerk AG, Kölleda	78.00
Funkwerk Systems GmbH, Kölleda	100.00
Funkwerk StatKom GmbH, Kölleda	100.00
Funkwerk Systems Austria GmbH, Vienna, Austria	100.00
Funkwerk Technologies GmbH, Kölleda	100.00
Funkwerk Security Solutions GmbH (formerly Funkwerk video systeme GmbH), Nuremberg ¹⁾	100.00
Funkwerk plettac electronic GmbH, Nuremberg	100.00
FunkTech GmbH, Kölleda	100.00
Funkwerk IoT GmbH, Kölleda	100.00
HÖRMANN Kommunikation & Netze GmbH, Kirchseeon	100.00
Radionika Sp. z o.o., Krakow, Poland	60.00
euromicron AG in insolvency, Neu-Isenburg	15.36
Communication service segment	
HÖRMANN Warnsysteme GmbH, Kirchseeon	74.99
HÖRMANN – KMT Kommunikations- und Meldetechnik GmbH, Salzburg, Austria	100.00
HÖRMANN Warnsysteme Bulgaria EOOD, Sofia, Bulgaria	100.00
Holdings, other companies	
HÖRMANN Digital GmbH, Kirchseeon	100.00
HÖRMANN Finance & Accounting GmbH, Kirchseeon	100.00

¹⁾ Funkwerk vipro.sys GmbH, Leipzig, was merged into Funkwerk video systeme GmbH, Nuremberg (now trading as Funkwerk Security Solutions GmbH), with effect from the merger date 1 January 2023.

There were the following material changes in the consolidated group in the financial year:

HÖRMANN Finance & Accounting GmbH, Kirchseeon, was established on 15 December 2022 and consolidated for the first time effective 30 June 2023. The expenses and income of this company are included in consolidation in full.

HÖRMANN Warnsysteme Bulgaria EOOD, Sofia, Bulgaria, was established on 10 March 2023 and consolidated for the first time effective 30 June 2023. The expenses and income of this company are included in consolidation in full.

Funkwerk Systems GmbH, an indirect subsidiary of Funkwerk AG, acquired 60% of the shares in Radionika Sp. z o.o, Krakow, Poland, in May 2023 and consolidated the company for the first time effective 30 June 2023. The expenses and income of this company are included in consolidation in full.

Funkwerk vipro.sys GmbH, Leipzig, was merged into Funkwerk video systeme GmbH, Nuremberg (now trading as Funkwerk Security Solutions GmbH), with effect from the merger date 1 January 2023. The changes in the consolidated group do not affect comparability with the previous year.

- b.)** No companies were included according to the provisions on equity consolidation in accordance with sections 311 et seq. HGB as at 30 June 2023.
- Changes were presented under 2. Consolidated group a.).
- c.)** Companies not included due to immateriality
- By reference to section 296(2) HGB and section 311(2) HGB, the shares in the following companies were not included in consolidation on account of their immateriality for the net assets, financial position and results of operations of the Group.

COMPANY	Equity interest %
HÖRMANN Pannon Software Kft., Budapest, Hungary	50.00
HL Mitarbeiterbeteiligungsgesellschaft mbH, Munich	80.00
Camunsa-HÖRMANN S.A., Barcelona, Spain	37.50
VAKS a. s., Jablonec nad Nisou, Czechia	31.50
HÖRMANN-Rema Praha spol. s r.o., Prague, Czechia	30.00
HÖRMANN ERMAFA GmbH, Chemnitz	100.00
AIC Zeitarbeit GmbH i.L., Chemnitz	60.00
Versorgungswerk HÖRMANN Gruppe e.V., Traunstein	Special purpose entity
Versorgungswerk HÖRMANN Gruppen-Unterstützungskasse e.V., Kirchseeon	Special purpose entityt

- The exemption of section 313(3) sentence 4 HGB was applied to equity investments of minor significance to the presentation of the net assets, financial position and results of operations, as the companies are either inactive or generate sales that are insignificant to the Group.
- d.)** Interests within the meaning of section 271(1) HGB.
- Funkwerk AG, Köllda, has a 15.36% stake in euromicron AG in Insolvenz, Neu-Isenburg. As a result of the initiation of insolvency proceedings on 23 December 2019, the investment at the level of Funkwerk AG, Köllda, was written off in full in previous years.

3. Reporting date of the consolidated financial statements

The consolidated financial statements were prepared as at 30 June 2023. This reporting date is the end of the first half of the financial year for all companies included in the consolidated financial statements.

4. Consolidation policies

HÖRMANN Industries GmbH, Kirchseeon, is exempt from the obligation to prepare consolidated financial statements in accordance with section 291 HGB. As at 30 June 2023, HÖRMANN Industries GmbH, Kirchseeon, has voluntarily prepared consolidated financial statements comprising a consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated statement of changes in equity, notes to the consolidated financial statements and a Group management report.

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

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

Any excess remaining after offsetting the shares in the affiliated company against equity is reported as goodwill.

Any negative goodwill remaining is reported as a separate item after equity.

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

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

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

Deferred tax assets and liabilities arising as a result of consolidation adjustments are accounted for at the level of HÖRMANN Industries GmbH, Kirchseeon, using a tax rate of 29.95% and at the level of Funkwerk AG, Köllda, using a tax rate of 29.79%, whereas deferred taxes from Group companies are measured using a uniform corporate income tax rate (including solidarity surcharge) of 15.83% and an individual trade tax rate dependent on the tax rate applied of 13.76% on average. The resulting tax expenses are offset against tax income.

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

5. Negative goodwill

The ‘Goodwill’ item includes the goodwill from the first-time consolidation of Funkwerk AG, Köllda, as at 1 October 2016. Its value was EUR 2,957 thousand as at 30 June 2023 (previous year: EUR 3,410 thousand). It is being written down over a ten-year period. Goodwill was written down pro rata temporis by EUR 453 thousand p.a. in the first half of 2023.

The goodwill of HÖRMANN Vehicle Engineering GmbH, Chemnitz, of EUR 442 thousand from first-time consolidation as at 1 December 2016 is also being written down over ten years. Its value was EUR 151 thousand as at 30 June 2023 (previous year: EUR 173 thousand). This resulted in a pro rata write-down of EUR 22 thousand p.a. in the first half of 2023.

As at 30 June 2023, MAT Maschinentechnik GmbH, Salzgitter, generated qualifying goodwill of EUR 247 thousand (previous year: EUR 274 thousand). This was written down in the amount of EUR 27 thousand p.a. in the first half of 2023. It is being written down over a ten-year period.

As at 30 June 2023, HÖRMANN Klatt Conveyors GmbH, Neumarkt am Wallersee, Austria, generated qualifying goodwill of EUR 3,001 thousand (previous year: EUR 3,261 thousand). This was written down in the amount of EUR 260 thousand p.a. in the first half of 2023. It is being written down over a ten-year period.

As at 30 June 2023, Funkwerk vipro.sys GmbH, Leipzig, generated qualifying goodwill of EUR 99 thousand (previous year: EUR 122 thousand). This was written down in the amount of EUR 23 thousand p.a. in the first half of 2023. It is being written down over a four-year period.

As at 30 June 2023, Radionika Sp. z o.o, Krakow, Poland, generated qualifying goodwill of EUR 5,579 thousand (previous year: EUR 0 thousand). It is being written down over a ten-year period starting in July 2023.

6. Currency translation principles

The consolidated financial statements were prepared in euros (EUR), which is the currency of the Group’s primary economic environment (functional currency).

The items in the financial statements of each company included in consolidated are measured on the basis of the currency of the respective company’s primary economic environment (functional currency).

Equity denominated in foreign currency is translated at the historical exchange rate.

Assets and liabilities in foreign currency and foreign currency amounts in the income statement are translated at the exchange rate on the date of initial recognition. Receivables and liabilities in foreign currency are measured at the middle spot rate depending on the remaining term at the reporting date.

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

Financial statements of subsidiaries that are prepared in a functional currency other than the reporting currency, euros (EUR), are translated using the modified closing rate method: Assets and liabilities are translated at the middle spot rate at the reporting date for each balance sheet date. For simplification, income and expense items in the income statement are translated using the monthly average exchange rate for the period.

Differences resulting from the translation of financial statements prepared in a different functional currency are recognised directly in equity. Currency translation differences taken directly to equity are only recognised in profit or loss when the respective foreign operation is deconsolidated.

7. Accounting policies

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

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

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

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

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

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

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

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

Securities held as fixed assets are initially carried at acquisition cost and subsequently at market prices or fair value, not exceeding acquisition cost, if such market prices cannot be determined.

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

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

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

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

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

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

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

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

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

Deferred tax assets are recognised in the amount that it is probable that they will lead to tax relief in future financial years. **Deferred tax liabilities** are recognised for future tax charges. Deferred tax assets were reported as at 30 June 2023. Where possible, deferred tax assets and liabilities are offset in accordance with the option provided by section 274 HGB in conjunction with section 306 HGB.

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

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

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

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

Subscribed capital is carried at its nominal amount.

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

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

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

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

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

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

Liabilities to banks are recognized at the amount repayable.

Liabilities and **other liabilities** are carried at their settlement amount.

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

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

B. NOTES TO THE CONSOLIDATED BALANCE SHEET

1. Consolidated Statement of Changes in Fixed Assets

Assets recognised as fixed assets were written down to the lower fair value if necessary.

Research and development costs amounted to EUR 2.1 million in total in the first half of 2023 (previous year, 1 January to 31 December: EUR 10.9 million). In the first half of the 2023 financial year, no internally generated intangible assets or research and development costs were capitalised.

The development of fixed assets in the financial year is shown on pages 42/43.

2. Inventories

Payments received on account of orders of EUR 116,045 thousand (previous year: EUR 103,881 thousand) were deducted from inventories on the face of the balance sheet.

3. Receivables and other assets

Trade receivables of EUR 0 thousand (previous year: EUR 18 thousand) have a remaining term of more than one year.

Other assets of EUR 1,425 thousand (previous year: EUR 1,156 thousand) have a remaining term of more than one year.

Receivables from affiliated companies include trade receivables of EUR 582 thousand (previous year: EUR 3,973 thousand), EUR 2,500 thousand from loans (previous year: EUR 2,500 thousand), and EUR 9,978 thousand (previous year: EUR 8,545 thousand) from cash pooling.

4. Prepaid expenses

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

5. Consolidated equity

The development of consolidated equity in the first half of 2023 is shown in the consolidated statement of changes in equity on page 44.

Retained profits brought forward were EUR 72,966 thousand in the 2022 financial year (previous year: EUR 65,636 thousand).

6. Provisions

The provision for pension obligations is estimated during the year based on the assessment available for the reporting date 31 December 2022.

Pension provisions were measured on the basis of the following premises:

- ♦ Interest rate (10-year average): 1.79%
- ♦ Interest rate (7-year average): 1.45%
- ♦ Expected wage and salary increases: 0.00% to 3.00%
- ♦ Expected inflation rate/pension trend: 0.00% to 2.00%

In accordance with section 253(2) sentence 1 HGB, the Group used a ten-year period to calculate the average interest rate for the discounting of pension obligations. Comparing against the calculation using the average market interest rate for the last seven financial years results in a difference pursuant to section 253(6) HGB of EUR 2,670 thousand (previous year: EUR 2,894 thousand).

The settlement of pension provisions is EUR 34,381 thousand (previous year: EUR 37,105 thousand). 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 was made as at 31 March 2023. The correction has no material effect on the net assets, financial position and results of operations as at 31 December 2022, 31 March 2023 and 30 June 2023. The settlement amount is offset against assets of EUR 2,105 thousand (previous year: EUR 2,002 thousand) that are exclusively reserved for pension obligations. Plan assets in excess of the settlement amount of EUR 163 thousand (previous year: EUR 64 thousand) were reported on the assets side of the balance sheet as the ‘Excess of plan assets over pension liabilities’.

The amortised cost of the offset assets is EUR 1,755 thousand, while their recognised fair value is EUR 1,079 thousand. The fair value recognition is due to the fact that the insurance policies concluded serve exclusively to cover the pension liabilities and so are to be measured at fair value and offset against the related liabilities (section 246(2) sentence 2 HGB, section 253(1) sentence 4 HGB). Only insignificant amounts are offset in the income statement in this regard.

As a result of the HGB regulations amended as at 1 January 2010, an addition of at least one-fifteenth to the direct pension provision (which amounts to EUR 1,540 thousand) is required in line with Article 67(1) Sentence 1 of the Einführungsgesetz zum Handelsgesetzbuch (EGHGB – Introductory Act to the German Commercial Code). EUR 103 thousand was added in the financial year.

EUR 1,335 thousand of the difference was already recognised by 31 December 2022.

The direct pension provisions not reported in the balance sheet amount to EUR 296 thousand as at the balance sheet date.

The indirect pension obligations are underfunded in accordance with Article 28(1) Sentence 2 EGHGB. The underfunding amounted to EUR 8,165 thousand as at 31 December 2022 (Article 28(2) EGHGB).

In line with section 249 HGB in connection with Article 28(2) EGHGB, the underfunding level of the unrecognised direct pension obligations at Versorgungswerk HÖRMANN Gruppen-Unterstützungskasse e.V., Kirchseeon, amounts to EUR 22 thousand.

The settlement amount of early retirement provisions is EUR 3,659 thousand (previous year: EUR 3,423 thousand). This is offset against assets of EUR 1,714 thousand (previous year: EUR 1,647 thousand) that are exclusively reserved for partial early retirement obligations.

The acquisition cost of the offset assets is EUR 1,714 thousand. The recognised fair value of the offset assets amounts to EUR 1,714 thousand. The fair value of these assets is equal to their market value as at the balance sheet date.

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

7. Liabilities

Liabilities are reported at their settlement amount or the amount repayable. The remaining terms are presented in the consolidated maturity structure of liabilities in **Appendix 2**.

Liabilities to affiliated companies comprise EUR 1,030 thousand (previous year: EUR 4,129 thousand) from trade payables.

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

8. General disclosures

Deferred taxes

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

Deferred tax liabilities result from temporary differences between the financial accounts and the tax accounts for pension provisions.

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

Deferred tax assets and liabilities arising as a result of consolidation adjustments are accounted for at the level of HÖRMANN Industries GmbH, Kirchseeon, using a tax rate of 29.95%, whereas deferred taxes from Group companies are measured using a uniform corporate income tax rate (including solidarity surcharge) of 15.83% and an individual trade tax rate dependent on the tax rate applied of between 11.55% and 17.15%. The resulting tax expenses are offset against tax income.

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

CONSOLIDATED MATURITY STRUCTURE OF LIABILITIES AS OF 30 JUNE 2023 (in EUR thousand)				Remaining term	
	up to one year	more than one year	thereof more than five years	Total 30 Jun 2023	thereof secured
1. Bonds	50,000	0	0	50,000	0
Previous year	0	50,000	0	50,000	0
2. Liabilities to banks	2,500	3,125	0	5,625	0
Previous year	3,431	4,375	0	7,806	0
3. Trade payables	57,189	0	0	57,189	0
Previous year	53,012	0	0	53,012	0
4. Liabilities to affiliated companies	1,030	0	0	1,030	0
Previous year	4,129	0	0	4,129	0
thereof to shareholders	3,157	0	0	3,157	0
Previous year	3,157	0	0	3,157	0
5. Other liabilities	13,068	0	0	13,068	0
Previous year	14,062	0	0	14,062	0
therof from taxes	5,853	0	0	5,853	0
Previous year	6,034	0	0	6,034	0
thereof for social security	1,479	0	0	1,479	0
Previous year	1,905	0	0	1,905	0
thereof to shareholders	849	0	0	849	0
Previous year	308	0	0	308	0
Fiscal year	123,787	3,125	0	126,912	0
Previous year	74,634	54,375	0	129,009	0

C. CONSOLIDATED INCOME STATEMENT DISCLOSURES

1. Total sales

Breakdown of sales by region (in EUR million)	H1 2023 (in EUR million)	H1 2022 (in EUR million)
Sales, domestic	300	215
Sales, international	72	83
Total	372	298

Divisions	H1 2023 (in EUR million)	H1 2022 (in EUR million)
Automotive	249	189
Intralogistics	36	23
Engineering	13	11
Communication	74	75
Total	372	298

2. Other operating income

Other operating income includes prior-period income of EUR 1,483 thousand (previous year: EUR 1,925 thousand), EUR 1,075 thousand (previous year: EUR 1,088 thousand) of which relates to the reversal of provisions, EUR 226 thousand (previous year: EUR 372 thousand) to the reversal of write-downs, EUR 124 thousand (previous year: EUR 401 thousand) to disposals of assets and EUR 58 thousand (previous year: EUR 64 thousand) to other prior-period income. Other operating income also includes income from currency translation of EUR 199 thousand (previous year: EUR 69 thousand).

3. Other operating expenses

Other operating expenses include prior-period expenses of EUR 932 thousand (previous year: EUR 57 thousand). These include expenses from debt waivers of EUR 776 thousand (previous year: EUR 0 thousand) and other expenses of EUR 156 thousand (previous year: EUR 57 thousand). Currency translation resulted in expenses of EUR 131 thousand (previous year: EUR 112 thousand).

4. Taxes on income

Taxes on income include prior-period tax expenses of EUR 18 thousand (previous year: EUR 36 thousand) and prior-period tax income of EUR 231 thousand (previous year: EUR 155 thousand).

5. Significant events after the balance sheet date

With a view to the sustained rise in interest rates and developments on the capital markets, a new 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 for the existing 2019/2024 bond. The 2019/2024 bonds not redeemed as part of the exchange offer, which amount to around EUR 34 million, will be terminated and repaid ahead of schedule by the end of September 2023.

HÖRMANN Automotive Wackersdorf GmbH, which assembles automotive modules and charging stations, is expected to be deconsolidated in the second half of 2023. 100% of the shares in HÖRMANN Automotive Wackersdorf GmbH are sold by way of an agreement dated 3 August 2023. The implementation of the agreement remains subject to certain conditions precedent. The disposal is expected to be completed in the second half of the year.

D. OTHER DISCLOSURES

1. Contingent liabilities and other financial obligations

a.) Contingent liabilities

There are contingent liabilities of EUR 5.1 million in accordance with section 251 in conjunction with section 268(7) HGB from guarantees issued for liabilities.

Furthermore, HÖRMANN Industries GmbH, Kirchseeon, together with HÖRMANN Automotive GmbH, Kirchseeon, are liable as co-borrowers and joint debtors for a guarantee granted by Commerzbank AG, Frankfurt am Main, to HÖRMANN Holding GmbH & Co. KG, Kirchseeon, and HÖRMANN Industries GmbH, Kirchseeon, up to an amount of EUR 0.5 million until further notice. EUR 0.5 million of this guarantee facility had been utilised as at 30 June 2023. To the best of our knowledge, both HÖRMANN Holding GmbH & Co. KG, Kirchseeon and HÖRMANN Automotive GmbH, Kirchseeon conduct their business properly and in a manner that ensures that they are able to meet all their obligations on their own and recourse to HÖRMANN Industries GmbH, Kirchseeon, is therefore not expected.

In light of the current credit rating and past payment behaviour of the beneficiary, we believe there is a low probability that the guarantees issued for liabilities and reported in the notes to the consolidated financial statements will be utilised. We are not currently aware of any evidence that would necessitate a different assessment.

The Group companies enter into contingent liabilities only after carefully weighing up the risks and generally only do so in conjunction with their own business activity or that of affiliated companies. Based on a continuous risk assessment of the contingent liabilities entered into and taking into account all the information available at the preparation date of the annual consolidated financial statements, the group currently expects the obligations underlying the contingent liabilities to be fulfilled by the respective principal debtors. Accordingly, the risk that the contingent liabilities will be utilised is considered unlikely.

Based on the information on the net assets, financial position and results of operations of the subsidiaries that was available at the preparation date, the risk that the contingent liabilities will be utilised is considered to be low. Provisions are recognised in the balance sheet for identifiable risks at the preparation date.

b.) Other financial obligations

Obligations under rental and lease agreements and other longer-term contracts amount to EUR 54.8 million. Other financial obligations of EUR 15.2 million have a remaining term of up to one year, EUR 34.0 million have a remaining term of between one and five years and EUR 5.6 million have a remaining term of more than five years.

2. Related party transactions

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

3. Management

- Dr. Ing. Michael Radke, engineer
- Mr Johann Schmid-Davis, business administration graduate
- Dr. Ing. Christian E. Baur, engineer

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

With reference to section 286(4) HGB, the company refrains from disclosing management compensation.

4. Employees

Excluding trainees and managing directors, there were 2,954 employees on average in the first half of the 2023 financial year (Total year 2022: 2,876). The average number of trainees was 73 (previous year: 84).

Average number of employees by group:

Group	1. HJ 2023
Production	2,018
Sales/Project Management	317
Development	365
Administration	254
Total	2,954

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

The subsidiaries HÖRMANN Automotive GmbH, Kirchseeon, HÖRMANN Automotive Saarbrücken GmbH, Saarbrücken, HÖRMANN Automotive St. Wendel GmbH, St. Wendel, HÖRMANN Automotive Eislingen GmbH, Ebersbach an der Fils, HÖRMANN Automotive Wackersdorf GmbH, Wackersdorf (until 30 September 2023), HÖRMANN Warnsysteme GmbH, Kirchseeon, HÖRMANN Logistik GmbH, Munich (until 31 December 2022), HÖRMANN BauPlan GmbH, Chemnitz, VacuTec Meßtechnik GmbH, Dresden, HÖRMANN Rawema Engineering & Consulting GmbH, Chemnitz, HÖRMANN Kommunikation & Netze GmbH, Kirchseeon (until 31 December 2022), HÖRMANN Digital GmbH, Kirchseeon, and HÖRMANN Services GmbH, Kirchseeon, exercise the exemption regarding the disclosure of their annual financial statements in accordance with section 325 HGB and, if necessary, the provisions regarding the preparation of notes or a management report in accordance with section 264(3) HGB.

6. Group affiliation

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

E. CONSOLIDATED CASH FLOW STATEMENT

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

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

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

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

Definition of cash and cash equivalents

Cash and cash equivalents at the end of the period shown in the consolidated cash flow statement consisted exclusively of bank balances available at short notice and cash-in-hand. Please refer to the section on the financial position in the Group management report.

Kirchseeon

HÖRMANN Industries GmbH

Dr.-Ing. Michael Radke

Johann Schmid-Davis

Dr.-Ing. Christian Baur



» Despite the challenging market environment at present, we are continuing to systematically pursue a growth path and are pressing ahead with digitalisation and the strategic reorientation of the pioneering HÖRMANN Intralogistics division. «

DR. CHRISTIAN BAUR, CTO



Imprint

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