



2022

CONSOLIDATED INTERIM REPORT FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2022

# Key figures at a glance

## Financial position and results of operations

(in EUR million)

	1 Jan. – 30 Sept. 2022	1 Jan. – 30 Sept. 2021
Sales	470.7	430.0
Total output <sup>1</sup>	501.0	465.8
Gross profit	209.2	216.4
EBITDA <sup>2</sup>	12.5	31.2
EBIT <sup>3</sup>	3.8	22.2
Cash flow from operating activities	-22.5	1.3
Cash flow from investing activities	-5.5	-1.8

## Net assets

(in EUR million)

	30 Sept. 2022	31 Dec. 2021
Total assets	363.9	341.7
Equity	124.3	131.1
Equity ratio % <sup>4</sup>	34.2%	38.4%
Working capital <sup>5</sup>	117.9	78.7
Net cash and cash equivalents <sup>6</sup>	50.9	84.3
Employees <sup>7</sup>	2,776	2,753

<sup>1</sup> Sales plus change in inventories and other own work capitalised

<sup>2</sup> Consolidated net income before depreciation and amortisation, financial result and income taxes

<sup>3</sup> Consolidated net income before financial result and income taxes

<sup>4</sup> Equity plus goodwill/total assets

<sup>5</sup> Inventories plus trade receivables minus trade payables

<sup>6</sup> Bank balances incl. securities classified as current assets minus liabilities to banks

<sup>7</sup> Average number for the period

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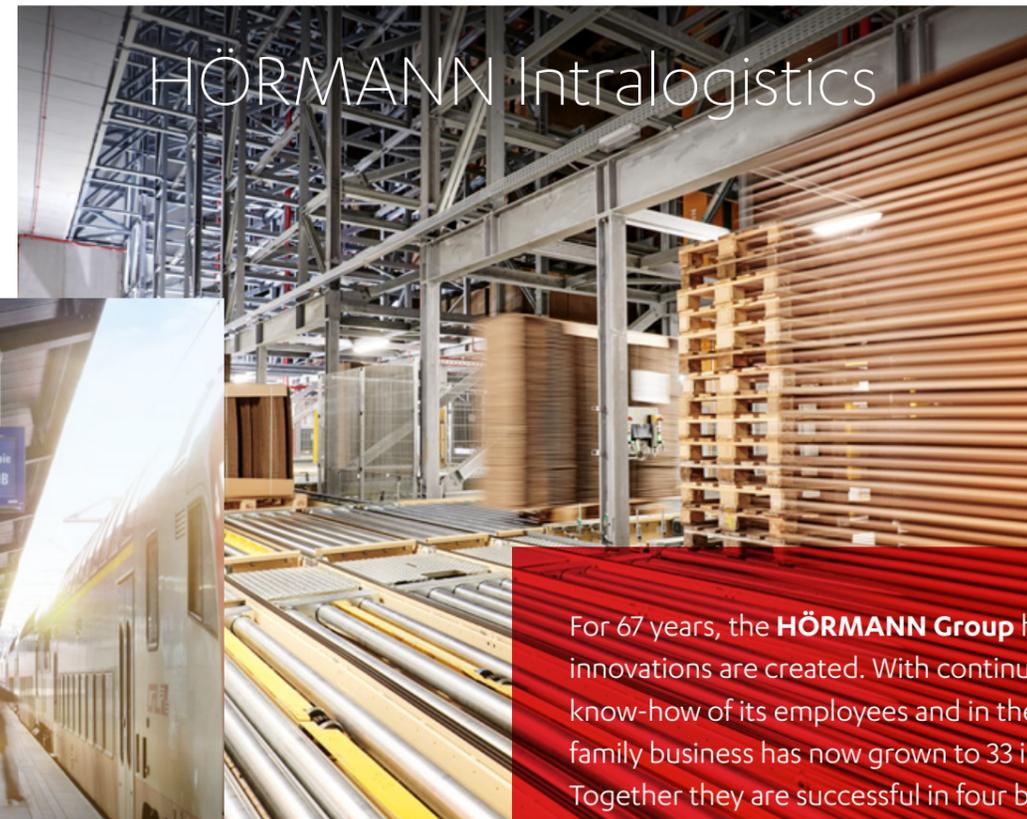
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## Management Report

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# Broad diversification with four strong divisions



HÖRMANN Intralogistics



HÖRMANN Communication

For 67 years, the **HÖRMANN Group** has been on the road where innovations are created. With continuous investments in the know-how of its employees and in the latest technologies, the family business has now grown to 33 independent companies. Together they are successful in four business divisions: Engineering, Communication, Intralogistics and Automotive. In the group the divisions support each other, thus ensuring a high degree of stability for the group of companies and creating synergies.



HÖRMANN Automotive



HÖRMANN Engineering

# Basic information on the Group

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

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 in the Group management report is presented in line with the business division structure of the Group.

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

## AUTOMOTIVE

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

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

## ENGINEERING

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

In the period under review, the companies HÖRMANN Logistik GmbH, Munich, HÖRMANN Logistik Polska Sp. z o.o., Gdansk, Poland, and Klatt Fördertechnik GmbH, Neumarkt a. Wallersee, Austria, were moved to the newly established Intralogistics division.

The **Engineering** division operates in industrial design and 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.

## INTRALOGISTICS

- ♦ HÖRMANN Intralogistics GmbH, Munich
- ♦ HÖRMANN Logistik GmbH, Munich
- ♦ HÖRMANN Logistik Polska Sp. z o.o., Gdansk, Poland
- ♦ HÖRMANN Logistik Systeme GmbH, Graz, Austria
- ♦ Klatt Fördertechnik GmbH, Neumarkt a. Wallersee, Austria
- ♦ HÖRMANN Services GmbH, Kirchseeon
- ♦ HÖRMANN Industriesservice GmbH, Lehre/Wolfsburg
- ♦ HÖRMANN Automationservice GmbH, Kirchseeon
- ♦ MAT Maschinentechnik GmbH, Salzgitter

The very dynamic market development and the significant increase in market demand for sophisticated system solutions for intralogistics, for automation solutions for production, warehousing and distribution logistics, and for services show strong growth potential. To expand this growth area in a targeted manner, the new strategic division **Intralogistics** was established in the first half of 2022, along with the intermediate holding company HÖRMANN Intralogistics GmbH, Kirchseeon, to which the companies HÖRMANN Logistik GmbH, Munich, HÖRMANN Logistik Polska Sp. z o.o., Gdansk, Poland, and Klatt Fördertechnik GmbH, Neumarkt a. Wallersee, Austria, were contributed. These entities were previously allocated to the Engineering division. HÖRMANN Logistik Systeme GmbH, Graz, Austria, was established and consolidated for the first time in the period under review. With investments in extended product solutions, sales-focused internationalisation and growth-focused organisation, the new strategic division Intralogistics is to become a pillar of profitable growth for the Group.

To complete the value chain, the Services division with the subsidiaries HÖRMANN Industrieservice GmbH, Lehre/Wolfsburg, HÖRMANN Automatisierungsservice GmbH, Kirchseeon, and MAT Maschinentechnik GmbH, Salzgitter, was integrated in the new Intralogistics division, also in the first half of 2022.

The Group operates in the Intralogistics division with HÖRMANN Logistik GmbH, HÖRMANN Logistik Polska Sp. z o.o. and HÖRMANN Logistik Systeme GmbH as general contractors in the planning and implementation of turnkey material flow systems. With intelligent material flow concepts and complex storage strategies, the most economical intralogistics solutions for individual requirements are implemented, thereby enabling international customers from a wide range of industries to generate significant productivity and efficiency improvements. With Klatt Fördertechnik GmbH, the portfolio has been expanded to include the products and conveyor systems developed, planned and manufactured by the company. Klatt Fördertechnik GmbH has developed into an international provider of conveyor systems for industry, airports, mail sorting centres, waste disposal and hospitals.

Through the integration of the Services division, the range of solutions is to be expanded with extensive aftersales service and vertical integration is to be increased with in-house assembly services and commissioning.

The service units HÖRMANN Services GmbH, HÖRMANN Industrieservice GmbH, HÖRMANN Automationservice GmbH and MAT Maschinentechnik GmbH contribute a service portfolio in electrical, mechanical, control, robot, welding and conveyor technology, pneumatic and hydraulic systems, shift-accompanying maintenance of process technology, and the assembly, commissioning and relocation of complete production plants.

#### COMMUNICATION

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

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

HÖRMANN Kommunikation & Netze GmbH is a provider of installation, assembly and accompanying services for the public infrastructure relating to railway traffic and communication technology as well as energy supply.

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

» Our broad structure with four business divisions provides us with a stable foundation in times of crisis. So even during periods like these with high inflation and supply chain disruptions, we look towards the future with optimism. «

JOHANN SCHMID-DAVIS, CFO

# Economic report

## GENERAL ECONOMIC AND INDUSTRY CONDITIONS

According to the German Federal Statistical Office (Destatis), gross domestic product (GDP) adjusted for inflation, seasonal and calendar effects increased by 0.3% in the third quarter of 2022 as against the previous quarter.<sup>1</sup> After the slight increase in the second quarter of 2022 (+0.1%), the German economy thus continued to hold its ground despite difficult general economic conditions with the ongoing COVID-19 pandemic, disrupted supply chains, sharply rising prices and, last but not least, the effects of the war in Ukraine. After adjustment for inflation and calendar effects, GDP was 1.2% higher than in the third quarter of 2021. Economic output in the third quarter of 2022 was driven particularly by private consumer spending.

One of the main reasons for the persistently high price increases in Germany is the war in Ukraine.<sup>2</sup> According to Destatis, the consumer inflation rate was in double digits for the second month in a row at 10.4% (provisional) in October 2022 (September 2022: 10.0%), after having reached very high levels of 7.5% and 7.9% already in the previous months of July and August. Since the beginning of the war in Ukraine, prices for energy in particular have risen sharply, significantly influencing the inflation rate. Energy prices in October 2022 were 43.0% higher than in the same month of the previous year. On top of this there are the inflationary effects of continued disrupted supply chains as a result of the COVID-19 pandemic.

Sentiment in the German economy therefore remains very subdued. The ifo Business Climate Index again fell slightly to 84.3 points in October 2022 after 84.4 points.<sup>3</sup> In January, before the outbreak of the war, it had been at a level of 96.0 points. Despite a slightly better outlook, companies are worried about the coming months. In the manufacturing and construction sectors in particular, the business climate has deteriorated again. Although the order books of companies in the manufacturing industry are currently still well-filled, ever fewer new orders are coming in. The Business Climate Index accordingly fell to -15.9 points. In the main construction industry, the indicator fell to -24.0 points, its lowest level since January 2016.

<sup>1</sup> Destatis press release 457, 28 October 2022

<sup>2</sup> Destatis press release 458, 28 October 2022

<sup>3</sup> ifo Business Climate Index Germany, results of the ifo economic surveys in October 2022

Sharp price increases and a shortage of certain input materials also adversely affected the European commercial vehicle industry in the first nine months of 2022. For example, material shortages since the start of the Ukraine war have triggered temporary production shutdowns and various customers in the Automotive division have had to restrict production. According to the European Automobile Manufacturers' Association (ACEA), the number of commercial vehicles registered in the EU fell for the fifteenth consecutive month in September 2022.<sup>4</sup> In the first nine months of 2022, 17.6% fewer units were registered than in the same period of the previous year, chiefly due to the weak registration figures for light commercial vehicles up to 3.5 tonnes (-21.2%). The registration figures for heavy commercial vehicles over 16 tonnes and for medium-weight commercial vehicles with an overall vehicle weight of between 3.5 and 16 tonnes increased slightly by 4.6% and 1.5% respectively year-on-year in the period under review thanks to a good third quarter of 2022, although the German market for heavy trucks contracted again by -0.8% counter to the slight recovery in Europe.

The Engineering division is primarily dependent on the economic performance of the construction and railway vehicle construction industries. According to the Federation of the German Construction Industry (HDB), the aforementioned sharp rise in the price of various materials, the shortage of building materials, the sharp increase in financing costs and the generally weaker macroeconomic situation have also been impacting the German construction industry since April.<sup>5</sup> In the ifo economic test in October, 30% of the construction companies surveyed also complained that their production was being impeded by material shortages.

By contrast, the intralogistics industry made a good start to 2022. According to the VDMA's trade association for conveyor technology and intralogistics, there is still a good order situation and a high level of orders on hand from the previous year, so the association anticipates a positive business development.<sup>6</sup> However, the industry is burdened by significant supply shortages as well as material price increases, mainly due to the COVID pandemic and the war in Ukraine, which cannot be fully passed on to customers and therefore weigh on margins as well as cash flow.

<sup>4</sup> ACEA press releases dated 26 October 2022

<sup>5</sup> HDB Construction Industry Report, as of 26 October 2022

<sup>6</sup> VDMA press release, 17 February 2022

The German rail industry, the most important sector for the Communication division, developed extremely well over 2021 as a whole and set new records for sales and incoming orders of EUR 12.9 billion and EUR 16.7 billion respectively according to the German Railway Industry Association (VDB).<sup>7</sup> But despite the strong level of orders on hand, the VDB is now warning of drastic effects from the high inflation and extreme increases in energy and raw material prices.<sup>8</sup> The risk of cost increases is currently often borne by contractors alone, resulting in a disproportionate and in some cases existence-threatening burden for the rail industry.

## RESULTS OF OPERATIONS

HÖRMANN Industries GmbH generated sales of EUR 470.7 million in the first three quarters of 2022. As a result, sales were up significantly by EUR 40.7 million or 9.5% on the first three quarters of 2021 (EUR 430.0 million) due to inflation-related price increases. In the Automotive division alone, oncharged material price rises recognised directly in equity were invoiced in the amount of almost EUR 30 million in the first nine months of 2022.

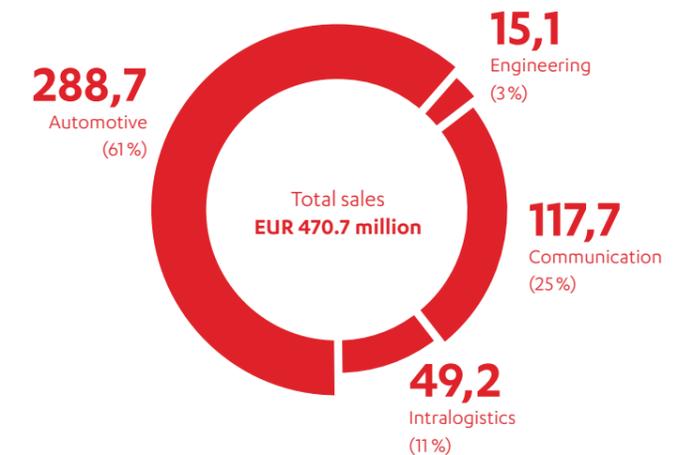
Taking into account an increase in inventories of EUR 29.7 million, **total output** amounted to EUR 501.0 million, up by EUR 35.2 million or 7.6% on the same period of the previous year (EUR 465.8 million).

The **cost of materials** of EUR 299.4 million (previous year: EUR 255.0 million) included costs of raw materials, consumables and supplies, and of purchased merchandise (including energy), of EUR 243.8 million (previous year: EUR 203.1 million) and costs of purchased services of EUR 55.6 million (previous year: EUR 51.9 million). The cost of materials corresponded to 59.8% of total output, up 5.0 percentage points on the prior-year figure (54.8%). The year-on-year increase in the cost of materials ratio was due to the business performance in the material-intensive Automotive and Intralogistics divisions with huge price rises in some cases for raw materials such as steel, purchased parts and electronic components, as well as to the increase in energy costs for production.

<sup>7</sup> VDB press release 5/2022, 18 May 2022

<sup>8</sup> VDB press release 10/2022, 1 November 2022

Breakdown of sales by business division for 9M 2022 in EUR million



**Other operating income** of EUR 7.5 million (previous year: EUR 5.6 million) includes EUR 2.1 million in income from the reversal of provisions, EUR 1.7 million in income from investment and research grants, EUR 1.4 million in payments in kind, EUR 0.4 million in income from disposals of assets, EUR 0.4 million in income from the reversal of write-downs and EUR 0.1 million in prior-period income.

At EUR 209.2 million, the **gross profit** was down by EUR 7.2 million as against the previous year's figure of EUR 216.4 million, chiefly due to the rise in material and energy prices. The gross profit margin accordingly fell from 46.5% of total output in the first nine months of 2021 to 41.7% in the period under review.

**Personnel expenses** of EUR 132.8 million were up EUR 7.5 million on the previous year (EUR 125.3 million). Staff costs corresponded to 26.5% of total output, which was equivalent to the previous year's level (26.9%). Excluding trainees, HÖRMANN Industries GmbH employed an average of 2,776 people in the first three quarters of 2022 (previous year: 2,705).

**Depreciation and amortisation** were down EUR 0.3 million year-on-year at EUR 8.7 million (previous year: EUR 9.0 million). This included goodwill amortisation of EUR 1.4 million (previous year: EUR 1.3 million).

**Other operating expenses** rose by EUR 3.9 million year-on-year to EUR 62.9 million (previous year: EUR 59.0 million). EUR 12.1 million of this related to the cost of buildings and premises, EUR 16.3 million to administrative expenses and EUR 23.8 million to operating and selling expenses. Compared to the first three quarters of 2021, there were particular increases in operating expenses by EUR 1.5 million, the cost of premises by EUR 1.0 million, administrative expenses by EUR 1.0 million and travel and vehicle costs by EUR 1.9 million in the period under review, while write-downs on current assets, additions to provisions and miscellaneous other expenses decreased by EUR 2.4 million. Other operating expenses amounted to 12.6% of total output (previous year: 12.7%).

The **operating result** of EUR 4.7 million (previous year: EUR 23.1 million) declined by EUR 18.4 million year-on-year, primarily due to the disruptions to production that arose in parts of the Automotive division, to price increases for materials and energy, and to project delays as a result of material shortages.

After deducting **other taxes** of EUR 0.9 million, **EBIT** for the first nine months of 2022 amounted to EUR 3.8 million (previous year: EUR 22.2 million).

The **financial result** was virtually unchanged at EUR -2.4 million (previous year: EUR -2.5 million). In the first three quarters of 2022, interest and similar expenses including commitment fees were incurred in the amount of EUR 2.8 million (previous year: EUR 2.9 million) for the bond issued in 2019, the credit facilities of EUR 40 million provided during the course of the year under the existing syndicated loan, and the EUR 10 million tranche of the KfW entrepreneur loan drawn down in October 2020. These expenses were offset by interest and investment income in the amount of EUR 0.3 million (previous year: EUR 0.3 million).

The **income tax expense** for trade tax and corporation tax amounted to EUR 5.0 million in the first nine months of 2022 (previous year: EUR 6.2 million).

The first three quarters of 2022 ended with a **consolidated net loss** of EUR 3.4 million (previous year: consolidated net income of EUR 15.3 million).

## FINANCIAL POSITION

### Capital structure

**Total assets** increased by EUR 22.2 million from EUR 341.7 million to EUR 363.9 million, essentially as a result of the increase in working capital as against the end of the previous year.

The Group's **equity base** including non-controlling interests amounted to EUR 124.3 million as of 30 September 2022 (31 December 2021: EUR 131.1 million). In connection with the increase in total assets, the equity ratio as of 30 September 2022 fell to 34.2% (31 December 2021: 38.4%) due to reporting date factors.

Including inventories of EUR 109.5 million and trade receivables of EUR 64.3 million and less trade payables of EUR 55.9 million, **working capital** increased to EUR 117.9 million at the end of the period under review (31 December 2021: EUR 78.7 million). This development was primarily due to the increase in inventories from EUR 61.1 million at the prior-year reporting date to EUR 109.5 million as of 30 September 2022. The good level of orders on hand in the Intralogistics and Communication divisions and the current project delays meant that work in progress rose by EUR 30.2 million to EUR 145.1 million. In addition, there was a negative impact from high procurement prices and inventories of raw materials, consumables and supplies, which rose by EUR 8.6 million from EUR 30.6 million to EUR 39.2 million in the period under review. 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 was kept at a level of EUR 102.0 million in the first nine months of 2022 (31 December 2021: EUR 110.5 million) and was thus down EUR 8.6 million on the previous year's figure, although this was not enough to fully refinance the increase in work in progress.

Liabilities in connection with **bonds** amounted to EUR 50.0 million as of 30 September 2022 (31 December 2021: EUR 50.0 million). The bond issued in June 2019 by HÖRMANN Industries GmbH has a volume of EUR 50.0 million, a coupon of 4.5% and a term of five years ending on 6 June 2024.

There were **liabilities to banks** of EUR 11.2 million as of 30 September 2022 (31 December 2021: EUR 9.4 million). In the fourth quarter of 2020, HÖRMANN Industries GmbH drew down a sum of EUR 10.0 million from the KfW entrepreneur loan granted in July 2020. The loan tranches of EUR 30.0 million that had not yet been disbursed from the KfW entrepreneur loan were returned to KfW in the first half of 2021 and the loan agreements were cancelled.

The KfW loan of EUR 10 million that has been drawn down has a term of five years with 16 quarterly repayment instalments beginning in the second year. By the end of the third quarter of 2022, cumulative repayments of EUR 2.5 million had been made.

Under the five-year syndicated loan agreement concluded with a bank consortium comprising SaarLB, HeLaBa, Commerzbank AG and Oberbank AG in December 2019, the Group has a credit facility of up to EUR 40.0 million, of which up to EUR 15 million can be used as a current account credit line and up to EUR 25 million as a revolving EURIBOR line. In June 2021, HÖRMANN Industries GmbH requested to extend the term under the existing option for an additional year until the end of 2025; this request was approved. This loan had been utilised in the amount of EUR 3.0 million as of 30 September 2022.

### Liquidity

**Bank balances** amounted to EUR 62.1 million as of 30 September 2022 (31 December 2021: EUR 93.7 million).

As of 30 September 2022, there were available credit facilities of EUR 38.8 million (31 December 2021: EUR 42.5 million).

HÖRMANN Industries GmbH had **net cash and cash equivalents** of EUR 50.9 million as of the reporting date (31 December 2021: EUR 84.3 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 three quarters of 2022, **cash flow from operating activities** declined from EUR 1.3 million in the same period of the previous year to EUR -22.5 million, largely as a result of the increase in working capital. **Cash flow from investing activities** decreased from EUR -1.8 million to EUR -5.5 million in the first nine months of 2022. **Cash flow from financing activities** amounted to EUR -3.6 million (previous year: EUR -4.4 million). By 30 September 2022, four instalments for the KfW loan totalling EUR 2.5 million had been paid, including three instalments totalling EUR 1.7 million in the period under review. This was countered by temporary utilisation of the syndicated loan in the amount of EUR 3.0 million.

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

### Net assets

At EUR 9.4 million (previous year: EUR 4.2 million), additions to **tangible and intangible assets** were slightly higher than depreciation and amortisation of fixed assets (EUR 8.7 million). The year-on-year increase was chiefly due to the construction of new buildings at the headquarters of Funkwerk AG in Kölleda.

Total **inventories** (after deducting payments received on account of orders) rose from EUR 61.1 million as of 31 December 2021 to EUR 109.5 million due to the increased project progress volume and the rises in material prices. This figure was driven up by the increase in work in progress to EUR 145.1 million (previous year: EUR 114.9 million), which was partly offset by payments received on account of orders of EUR 101.9 million, which were down EUR 8.6 million (previous year: EUR 110.5 million). The theoretical range of inventories to sales increased to 63 days (previous year: 37 days). Daily turnover is calculated by dividing the inventories as of 30 September 2022 by the average sales per day in the period under review.

Due to reporting date and seasonal factors, **trade receivables** increased from EUR 57.7 million to EUR 64.3 million, corresponding to 37 days (previous year: 35 days), as a result of a high sales volume in September 2022. The range of receivables was calculated by dividing the receivables as of 30 September 2022 by the average sales per day in the period under review.

**Other assets** increased from EUR 14.4 million to EUR 17.8 million.

**Deferred taxes** are taken over from the single-entity financial statements. Deferred tax assets mainly result from differences between the amounts recognised for provisions in the financial accounts and the tax accounts, and from tax loss carry-forwards that could be used at a future date. As of 30 September 2022, this item had a value of EUR 14.9 million and thus remained at the level of the carrying amount as of 31 December 2021 (EUR 14.7 million).

At EUR 21.3 million as of 30 September 2022, **pension provisions** were essentially unchanged as against the previous year (EUR 21.3 million).

**Tax provisions** decreased to EUR 2.6 million as of 30 September 2022 after EUR 3.1 million in the previous year.

**Trade payables** increased from EUR 40.1 million to EUR 55.9 million due to reporting date and seasonal factors. The utilisation of supplier credits for the cost of materials and other operating expenses increased from an average of 34 days in the previous year to 42 days. The average duration of credit utilisation is calculated by dividing the trade payables as of 30 September 2022 by the sum of the average cost of materials and the average other operating expenses per day in the period under review.

# Outlook

## GENERAL ECONOMIC CONDITIONS

In its latest forecast from October 2022, the International Monetary Fund (IMF) anticipates that the global economic situation will increasingly deteriorate.<sup>9</sup> The reasons for this particularly include the war in Ukraine, high inflation and the economic slowdown in China in connection with the government's zero-COVID strategy. According to the IMF forecast, these developments will lead to a more significant slowdown of global and particularly European growth than was initially expected. Compared to its April forecast, the first since the war in Ukraine began, the IMF lowered its outlook for global economic output by 0.4 percentage points in October 2022. The experts now expect global growth to come to 3.2% in 2022 as a whole. Apart from the financial crisis and the COVID-19 pandemic, this would be the weakest growth since the start of this millennium.

The effects of the Russia/Ukraine war are impacting the entire global economy and have led to slower growth, trade disruptions and steeper inflation. Inflation is being driven primarily by higher commodity and energy prices. This already impaired economic development in Europe and especially in Germany in the second half of 2021. On top of this there are the above-mentioned supply chain disruptions that are also significantly impacting the German automotive and commercial vehicle industry and likewise have a negative effect on the business activities of HÖRMANN Industries GmbH again. In addition to the supply chain issues resulting from the war, a study by Roland Berger suggests that the semiconductor shortage that already impaired the production of numerous automotive manufacturers in the previous year will continue into 2023 – and probably also beyond.<sup>10</sup> An escalation of the conflict over Taiwan, the world's most important semiconductor producer, would significantly exacerbate this shortage. Overall, the risks for the outlook have increased.

For 2022 as a whole, the IMF anticipates a year-on-year increase in gross domestic product of 3.1% for the eurozone. With regard to the economic development in Germany, the IMF expects only a slight increase in economic output of 1.5% (-0.6 percentage points compared to the April 2022 forecast). For the

coming year 2023, the experts anticipate growth of just 0.5% for the eurozone and even fear a decline in GDP of -0.3% for Germany.

Due to the dynamic and very uncertain situation, all forecasts are subject to a high degree of uncertainty.

## FORECAST FOR HÖRMANN INDUSTRIES GMBH

Economic, geopolitical and industry developments are continuing to influence HÖRMANN Industries GmbH's operating and financial performance in the 2022 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 eurozone and specific industries, and on an optimistic assessment of the further course of the COVID-19 pandemic and the war in Ukraine and their consequences.

Given the considerable uncertainty at the time of preparing this report concerning the further course of the COVID-19 pandemic, the current events in Ukraine and the resulting supply bottlenecks and rising material and energy prices, forecasts are subject to an extremely high degree of uncertainty at present. The economic and financial consequences of these simultaneous crises will have an impact on the sales and earnings performance of HÖRMANN Industries GmbH in 2022.

This forecast is subject to the assumption that the overall economic situation will not deteriorate further over the remainder of 2022.

However, any negative macroeconomic developments beyond this, such as further interruptions to production, a sustained shortfall in the energy supply or a recession, could mean that the actual results for the 2022 financial year differ from the forecast values.

All in all, the biggest challenges for HÖRMANN Industries GmbH in 2022 therefore include the COVID-19 restrictions and, in particular, the sustained supply bottlenecks on the world markets and rising procurement and energy prices. Private and public clients could also become less willing to make investments in response to the growing uncertainty or consolidation pressure on public budgets. Imponderables also result from the fragile global political and economic



situation. The Russian war of aggression in Ukraine involves substantial risks for the economy in Germany and worldwide. It is extremely difficult to reliably predict the future development of the world economy, the industries in which the company operates and the development of HÖRMANN Industries GmbH.

At Group level, taking account of the results of operations in the third quarter of 2022 and based on an evaluation of the current order situation and an assessment of the business development in its individual divisions in the fourth quarter of 2022, HÖRMANN Industries GmbH is confirming the sales and earnings forecast from the consolidated report on the first half of 2022 at the lower end of the range, with sales of approximately EUR 630 million and operating EBIT of approximately EUR 20.5 million. The achievement of this sales and earnings forecast is largely subject to the fulfilment of the latest call-off forecasts by our customers, the granting of price compensation by OEM customers in the Automotive division and the implementation of project orders in the Communication and Intralogistics divisions as planned, which will require timely supply of materials and completion of upstream work.

HÖRMANN Industries GmbH notes that its actual results may differ from these forecasts. Please refer to the consolidated financial statements for the 2021 financial year for the report on risks and opportunities. Potential consequences of a suspension of gas deliveries are not taken into account in this forecast. It is currently not possible to estimate the potential macroeconomic effects of a suspension of gas deliveries and their impact on HÖRMANN Industries GmbH.

Kirchseeon, November 2022

HÖRMANN Industries GmbH

The Management

Dr.-Ing. Michael Radke

Johann Schmid-Davis

Dr.-Ing. Christian Baur

<sup>9</sup> IMF World Economic Outlook Update, October 2022

<sup>10</sup> Roland Berger press release, 16 December 2021

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# Consolidated Balance Sheet

ASSETS (EUR thousand)	30 Sept 2022	31 Dec 2021
<b>A. FIXED ASSETS</b>	<b>81,696</b>	<b>85,503</b>
<b>I. Intangible fixed assets</b>	<b>11,630</b>	<b>12,758</b>
1. Purchased concessions, industrial property rights and similar rights and assets and licenses in such rights and assets	2,315	2,172
2. Goodwill	8,820	9,945
3. Advance payments made on intangible assets	495	641
<b>II. Tangible assets</b>	<b>45,763</b>	<b>47,837</b>
1. Land, leasehold rights and buildings	9,249	9,637
2. Technical equipment and machinery	20,345	22,197
3. Other equipment, factory and office equipment	10,713	10,248
4. Advance payments and assets under construction	5,456	5,755
<b>III. Long-term financial assets</b>	<b>24,303</b>	<b>24,908</b>
1. Equity investments	304	304
2. Securities held as fixed assets	406	406
3. Other loans	23,593	24,198
<b>B. CURRENT ASSETS</b>	<b>264,549</b>	<b>238,632</b>
<b>I. Inventories</b>	<b>109,453</b>	<b>61,102</b>
1. Raw materials, consumables and supplies	39,171	30,615
2. Work in progress	145,148	114,940
3. Finished goods and merchandise	16,123	13,412
4. Advance payments	10,940	12,617
5. Payments received on account of orders	-101,929	-110,482
<b>II. Receivables and other assets</b>	<b>92,956</b>	<b>83,827</b>
1. Trade receivables	64,347	57,711
2. Receivables from affiliated companies	10,761	11,734
3. Other assets	17,848	14,382
<b>III. Cash-in-hand and bank balances</b>	<b>62,140</b>	<b>93,703</b>
<b>C. PREPAID EXPENSES</b>	<b>2,601</b>	<b>2,805</b>
<b>D. DEFERRED TAX ASSETS</b>	<b>14,852</b>	<b>14,680</b>
<b>E. EXCESS OF PLAN ASSETS OVER PENSION LIABILITIES</b>	<b>156</b>	<b>64</b>
<b>Total assets</b>	<b>363,854</b>	<b>341,684</b>

# Consolidated Balance Sheet

EQUITY AND LIABILITIES (EUR thousand)	30 Sept 2022	31 Dec 2021
<b>A. EQUITY</b>	<b>124,265</b>	<b>131,055</b>
<b>I. Subscribed capital</b>	<b>200</b>	<b>200</b>
<b>II. Capital reserve</b>	<b>42,591</b>	<b>43,422</b>
<b>III. Consolidated balance sheet profit</b>	<b>63,092</b>	<b>67,836</b>
<b>IV. Non-controlling interests</b>	<b>18,395</b>	<b>19,607</b>
<b>V. Currency translation differences</b>	<b>-13</b>	<b>-10</b>
<b>B. SPECIAL ITEMS FOR INVESTMENT GRANTS</b>	<b>349</b>	<b>0</b>
<b>C. PROVISIONS</b>	<b>110,526</b>	<b>94,175</b>
1. Pension provisions and similar obligations	21,321	21,245
2. Tax provisions	2,649	3,050
3. Other provisions	86,556	69,880
<b>D. LIABILITIES</b>	<b>127,814</b>	<b>116,067</b>
1. Bonds	50,000	50,000
2. Liabilities to banks	11,233	9,375
3. Trade payables	55,901	40,068
4. Liabilities to affiliated companies	1,962	4,255
5. Other liabilities	8,718	12,369
<b>E. DEFERRED INCOME</b>	<b>900</b>	<b>387</b>
<b>Total equity and liabilities</b>	<b>363,854</b>	<b>341,684</b>

# Consolidated Income Statement

(EUR thousand)	1 Jan – 30 Sep 2022		1 Jan – 30 Sep 2021	
1. Sales revenues		470,658		429,967
2. Increase in finished goods and work in progress		29,695		35,689
3. Other internally produced and capitalised assets		692		150
4. Other operating income		7,542		5,602
5. Cost of materials				
a) Expenses for raw materials, consumables and supplies and purchased goods		243,777		203,120
b) Cost of purchased services		55,640	299,417	255,032
<b>Gross profit</b>		<b>209,169</b>		<b>216,376</b>
6. Personnel expenses				
a) Wages and salaries		110,055		104,689
b) Social contributions and expenses for pensions and social welfare		22,775	132,830	125,323
7. Depreciation and amortization of current assets to the extent that these exceed the usual expenses in the corporation		8,715		9,009
8. Other operating expenses		62,931		58,977
		<b>4,693</b>		<b>23,067</b>
9. Income from investments and associated companies		13		17
10. Income from other securities and loans from financial assets		4		97
11. Other interest and similar income		346		298
12. Interest and similar expenses		2,770		2,930
13. Taxes on income and profit		4,987		6,239
14. Deferred taxes (-income)		-171		-1,814
<b>15. Earnings after taxes</b>		<b>-2,530</b>		<b>16,124</b>
16. Other taxes		895		861
<b>17. Consolidated net loss (income)</b>		<b>-3,425</b>		<b>15,263</b>
18. Non-controlling interests		-1,988		-3,944
<b>19. Consolidated loss (profit)</b>		<b>-5,413</b>		<b>11,319</b>
20. Profit carried forward from the previous year		68,505		62,112
21. Consolidated balance sheet profit		<b>63,092</b>		<b>73,431</b>

# Consolidated Cash Flow Statement

(EUR thousand)	1 Jan – 30 Sep 2022		1 Jan – 30 Sep 2021	
Consolidated income (consolidated net income/loss including income/loss attributable to non-controlling interests)		-3,425		14,734
+/- (+) Depreciation/(-) write-ups on fixed assets		8,715		9,009
+/- (+) Increase/(-) Decrease in provisions		18,488		11,651
+/- Other non-cash expenses/income		-1,724		-2,943
+/- (+) Decrease/(-) Increase in inventories, trade receivables and other assets that are not attributable to investing or financing activities		-57,430		-33,577
+/- (-) Decrease/(+) Increase in liabilities from trade payables and other liabilities that are not attributable to investing or financing activities		10,958		-1,324
+/- (-) Gain/(+) Loss from disposal of fixed assets		-282		-56
+/- Interest expenses/income		2,424		2,632
- Other income from investments		-13		-17
+/- Income tax expenses/income		4,817		4,426
- Income tax payments		-4,992		-3,263
<b>= Cash flow from operating activities</b>		<b>-22,464</b>		<b>1,272</b>
+ Proceeds from the disposal of intangible and fixed assets		25		19
- Payments for intangible assets		-1,028		-794
+ Proceeds from sales of property, plant and equipment		4,174		5,174
- Payments for investments in property, plant and equipment		-8,380		-5,876
+ Proceeds from the disposal of non-current financial assets		611		193
- Payments for investments in non-current financial assets		-6		-550
- Payment for additions to the scope of consolidation		-953		0
+ Interests received		23		30
+ Dividends received		13		17
<b>= Cash flow from investing activities</b>		<b>-5,521</b>		<b>-1,788</b>
+ Proceeds from (financial) loans		3,734		0
- Payments for redemption of (financial) loans		-1,875		-12
- Interests paid		-2,960		-3,071
- Dividends paid to other shareholders		-2,469		-1,356
<b>= Cash flow from financing activities</b>		<b>-3,570</b>		<b>-4,439</b>
<b>Reduction in cash flow</b>		<b>-31,555</b>		<b>-4,955</b>
<b>Cash and cash equivalents at the start of the period</b>		<b>93,703</b>		<b>83,027</b>
+/- Exchange rate and valuation-related changes in cash and cash equivalents		-8		0
<b>Cash and cash equivalents at the end of the period</b>		<b>62,140</b>		<b>78,072</b>

# Consolidated Statement of Changes in Fixed Assets

FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2022

	ACQUISITION OR CONSTRUCTION COSTS					DEPRECIATION AND AMORTISATION					BOOK VALUES	
	As of 1 Jan 2022	Addition	Disposal	Transfers	As of 30 Sep 2022	As of 1 Jan 2022	Addition	Disposal	Transfers	As of 30 Sep 2022	Book value 30 Sep 2022	Book value 31 Dec 2021
<b>A. FIXED ASSETS</b>												
<b>I. Intangible Assets</b>												
1. Purchased concessions, industrial property rights and similar rights and assets and licenses in such rights and assets	5,628	741	-100	147	6,416	3,457	743	-97	0	4,102	2,315	2,172
2. Goodwill	37,423	262	0	0	37,685	27,477	1,388	0	0	28,865	8,820	9,945
3. Advance payments	641	116	-22	-239	496	0	0	0	0	0	495	641
<b>Total intangible assets</b>	<b>43,692</b>	<b>1,120</b>	<b>-123</b>	<b>-92</b>	<b>44,597</b>	<b>30,935</b>	<b>2,130</b>	<b>-97</b>	<b>0</b>	<b>32,967</b>	<b>11,630</b>	<b>12,758</b>
<b>II. Tangible assets</b>												
1. Land, leasehold rights and buildings	12,109	241	-4	37	12,383	2,472	665	-4	0	3,133	9,249	9,637
2. Technical equipment and machinery	34,773	2,258	-6,996	3,170	33,205	12,576	3,467	-3,134	-50	12,860	20,345	22,197
3. Other equipment, factory and office equipment	16,362	2,882	-615	114	18,744	6,114	2,451	-584	50	8,031	10,713	10,248
4. Advance payments and assets under construction	5,949	2,907	0	-3,229	5,627	194	0	-23	0	171	5,456	5,755
<b>Total tangible assets</b>	<b>69,193</b>	<b>8,288</b>	<b>-7,615</b>	<b>92</b>	<b>69,958</b>	<b>21,355</b>	<b>6,584</b>	<b>-3,745</b>	<b>0</b>	<b>24,195</b>	<b>45,763</b>	<b>47,837</b>
<b>III. Non-current financial assets</b>												
1. Equity investments	6,130	0	0	0	6,130	5,825	0	0	0	5,825	304	304
2. Securities held as fixed assets	990	0	0	0	990	585	0	0	0	585	406	406
3. Other loans	24,198	6	-611	0	23,593	0	0	0	0	0	23,593	24,198
<b>Total non-current financial assets</b>	<b>31,318</b>	<b>6</b>	<b>-611</b>	<b>0</b>	<b>30,713</b>	<b>6,410</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,410</b>	<b>24,303</b>	<b>24,908</b>
<b>Total Fixed Assets</b>	<b>144,204</b>	<b>9,414</b>	<b>-8,348</b>	<b>0</b>	<b>145,269</b>	<b>58,699</b>	<b>8,715</b>	<b>-3,842</b>	<b>0</b>	<b>63,572</b>	<b>81,696</b>	<b>85,503</b>

# Consolidated Statement of Equity Changes

BALANCE AS OF 30 SEPTEMBER 2022

(EUR thousand)

	EQUITY OF THE PARENT COMPANY					NON- CONTROLLING INTERESTS	CONSOLIDA- TED EQUITY
	Subscribed capital	Capital reserve	Equity difference from currency translation	Consolidated balance sheet profit	Total	Profit / loss attributable to non-controlling interests	Total
<b>Balance on 1 Jan 2021</b>	<b>200</b>	<b>43,422</b>	<b>0</b>	<b>62,112</b>	<b>105,734</b>	<b>15,015</b>	<b>120,749</b>
Consolidated net profit	0	0	0	8,218	<b>8,218</b>	6,217	<b>14,435</b>
Currency translation	0	0	-10	0	<b>-10</b>	0	<b>-10</b>
Distributions	0	0	0	-2,500	<b>-2,500</b>	-1,626	<b>-4,126</b>
Other changes	0	0	0	6	<b>6</b>	0	<b>6</b>
<b>Balance on 31 Dec 2021</b>	<b>200</b>	<b>43,422</b>	<b>-10</b>	<b>67,836</b>	<b>111,448</b>	<b>19,607</b>	<b>131,055</b>
<b>Balance on 1 Jan 2022</b>	<b>200</b>	<b>43,422</b>	<b>-10</b>	<b>67,836</b>	<b>111,448</b>	<b>19,607</b>	<b>131,055</b>
Consolidated net loss	0	0	0	-5,413	<b>-5,413</b>	1,988	<b>-3,425</b>
Currency translation	0	0	-3	0	<b>-3</b>	0	<b>-3</b>
Distributions	0	0	0	0	<b>0</b>	-2,239	<b>-2,239</b>
Other changes	0	-831	0	669	<b>-162</b>	-960	<b>-1,122</b>
<b>Balance on 30 Sep 2021</b>	<b>200</b>	<b>42,591</b>	<b>-13</b>	<b>63,092</b>	<b>105,870</b>	<b>18,395</b>	<b>124,265</b>

## Imprint

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