

# 2021

ANNUAL REPORT OF HÖRMANN INDUSTRIES GMBH



# Key figures at a glance

## Financial position and results of operations

(in EUR million)

	2021	2020	2019	2018
Sales	589.8	521.5	622.2	624.1
Total output	626.8	521.5	641.2	675.1
Gross profit	294.6	256.0	289.2	322.3
EBITDA <sup>1)</sup>	45.3	25.5	35.6	41.8
Operating EBIT <sup>2)</sup>	33.5	18.9	28.3	30.5
EBIT <sup>3)</sup>	30.0	12.6	23.7	25.1
Cash flow from operating activities	21.1	28.3	13.0	16.2
Cash flow from investing activities	-3.5	-14.5	-41.0	-10.8

## Net assets

(in EUR million)

	31.12.2021	31.12.2020	31.12.2019	31.12.2018
Total assets	341.7	324.7	312.6	294.7
Equity	131.1	120.8	121.2	112.8
Equity ratio % <sup>4)</sup>	38.4 %	37.2 %	38.8 %	38.3 %
Working capital <sup>5)</sup>	78.7	66.1	79.1	77.4
Net cash and cash equivalents <sup>6)</sup>	84.3	73.2	64.8	77.3
Employees <sup>7)</sup>	2,787	2,774	2,821	3,175

<sup>1)</sup> Consolidated net income before depreciation and amortisation, financial result and income taxes

<sup>2)</sup> Consolidated net income before financial result income taxes and non-recurring effects

<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> Net cash including securities classified as current assets, less liabilities to banks

<sup>7)</sup> Average number for the year

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# Back on track for growth



Dr.-Ing. Michael Radke, CEO (left) in conversation  
with Johann Schmid-Davis, CFO (right)

## INTERVIEW WITH THE MANAGEMENT BOARD

The HÖRMANN Group is looking back on the best financial year in recent company history. Consistent in its implementation of long-term strategies, flexible in dealing with change and aware of its responsibilities towards its employees – this is what shapes the Group’s thinking and actions. Armed with this positive spirit and a strong sense of responsibility, we can build the future with confidence and our great passion for innovation. In this conversation, the Management Board talks about past developments as well as the road ahead to the future. Peer-to-peer discussion with Michael Radke and Johann Schmid-Davis ...

**The word “crisis” has accompanied us since the start of the COVID-19 pandemic in spring 2020 and is now further intensified by the war in Ukraine. How does the HÖRMANN Group deal with these crises?**

**Michael Radke** I would really love to delete the word “crisis” from all language use because it generates a great deal of negative energy and even fear that can paralyse us and constrain our ability to take action. For many years now, we have been living in a world that has been repeatedly impacted by strong fluctuations and high levels of uncertainty, by increasing complexity and often irritating ambiguity. Some people also refer to it as a VUCA world – an abbreviation of “Volatility, Uncertainty, Complexity and Ambiguity”. “The VUCA world is the new normal”: frequent upheavals in our everyday lives, our economic and political environment and therefore also our living conditions are framing our lives in the

21st century. We are confronted on a daily basis by events that are unplanned and surprising, new and unimaginable, unknown and uncertain. Constant change and a never-ending stream of new challenges have become an integral part of our lives – we must get used to this. We must always be ready to react with speed and flexibility to changes if we want to remain competitive.

**Johann Schmid-Davis** Naturally, both events have consequences for the financial position and results of operations of the HÖRMANN Group. However, we have not generated any losses in the Group throughout this period since 2019 – on the contrary: Despite the crisis in the automotive sector in 2020 and the associated production shut-downs, we can look back on a positive result for the Group. In the 2021 financial year, we even generated the best profit margin in the company’s history. ›



» Reacting with flexibility and speed, acting consistently and sticking resolutely to our long-term roadmap and strategy – these are the keys to success! «

MICHAEL RADKE, CEO

From previous years and specifically at the start of the COVID-19 pandemic in March 2020, we have learned that we must align our business models as flexibly as possible and that we must react quickly. In this regard, our success model continues to help us: the broadly diversified structure of the HÖRMANN Group and therefore the balance between the early and late cyclical impacts of an economic downturn as well as the balancing of different market trends across the various sales sectors of the HÖRMANN Group.

Our corporate structure insulates us against crises, allows us to remain independent and to pursue our strategic goals. We also remain firmly committed to our higher-level goal of maintaining four pillars of equal strength that can balance one another in the event of market fluctuations.

Since the start of the COVID-19 pandemic, we have also further bolstered our internal control processes – Controlling, Accounting, liquidity control and corporate planning are now much better organized and can react with even greater flexibility. I was more nervous at the outbreak of the COVID-19 pandemic than I am today. Now, as we look back at the past, we have developed more tools, we know how to deal better with the challenges – and can implement the necessary countermeasures more effectively and with greater speed. We have become more crisis-resistant and sustainable. We are also consistently pursuing our strategy and our long-term roadmap for growth.

**However, the crises of the past two years not only had a serious impact on our business but also took a major toll on the people. How did you deal with this?**

**MR** As a family-owned company, we have a firm value system. One good example is the donation campaign at the automotive plant in Gustavsburg in support of the people in Ukraine, which collected more than 180 pallets of relief supplies. Or the fund-raiser at VacuTec Meßtechnik, for which employees delivered donations in kind from Dresden directly to the Polish border town of Doruhusk.

Apart from that, we have the COVID-19 pandemic well under control. Thanks to our comprehensive hygiene measures at all locations, we had only a few serious cases. Despite the nationwide relaxation of regulations, our internal rules will remain in place. After all, we want to continue working in a healthy, stable and sustainable manner.

**You mention the buzzword “sustainable” – this year sees HÖRMANN Group publish its first sustainability report. What persuaded you to do this?**

**MR** The primary motivation for us to develop a sustainability report is the new statutory requirement of the European Union, known as the ‘Corporate Sustainability Reporting Directive’, which requires us to publish the impacts of our business activities on the environment, resources and society in a non-financial performance report on a regular basis starting in 2023. For this reason, we decided to start publishing our activities and non-financial key figures now, firstly, to present our diverse activities in the area of sustainable corporate governance to the public and secondly to ensure that we are fully prepared for the new directive.

For us, it is not difficult to prepare the sustainability report because the HÖRMANN Group as a family-owned company has for many years taken its external responsibility to society very seriously. Within the company, we also attach great importance to sustainable corporate governance and maintaining a social/human corporate culture.

Over the last few years, we have already realised many individual initiatives and projects. We just didn’t communicate them before now. Our activities range from measures aimed at conserving energy and reducing emissions to the installation of solar systems and charging stations across multiple locations of HÖRMANN subsidiaries. We are already making very good progress as regards sustainability – and will continue to assume this responsibility with determination and will stick resolutely to this path.

**JSD** The sustainability report represents a new reporting perspective. We have traditionally focussed strongly on financial key figures in our annual report. In the last year, many of our investors and financing partners have already enquired about the importance of sustainable corporate governance in the HÖRMANN Group, also in conjunction with the ESG rating of corporate loans, which is set to become increasingly important in the future. ESG stands for “Environment”, “Sustainability” and “Governance”. This was yet another reason for us to get ahead of the curve by publishing a sustainability report now. We have already conducted many projects and activities on the topic of sustainability, we just have to communicate them. We often appear too unassuming – the slogan “do good and talk about it” will become one of our new guiding principles.

What’s more, we regard the work involved in creating a sustainability report as an opportunity to further improve the processes in our company, to identify new cost-reduction potential and to launch new sustainability initiatives in the HÖRMANN companies.

**MR** Let me also add that the HÖRMANN Group’s first sustainability report to be published already conforms to the demanding GRI standard (Global Reporting Initiative). In other words, we identified the relevant sustainability topics and central strategic action areas in the HÖRMANN Group, mapped them in a materiality matrix and made them measurable with the help of key figures. We generally think in the long term, and if we do something, we do it with high expectations of quality. Therefore, we can look ahead with equanimity to the external audits of the sustainability report that will be required in future and will endeavour to secure sustainability certification for more of our subsidiaries.

Apart from that, we are of course also aware that a company that champions sustainability is perceived to be an attractive employer. The younger generations, in particular, are increasingly searching for a ‘purpose’ for their work. Therefore, the degree to which a company operates along sustainable lines can also influence their choice of future employer. ➤

**Promoting and providing further training for employees is important, especially in these times. The challenges faced by many companies today are the demographic trend, a shortage of skilled workers and unfilled vacancies – what measures has the HÖRMANN Group introduced to manage the consequences of these challenges?**

**MR** The demographic trend and the shortage of skilled workers has also caught up with the HÖRMANN Group. According to a recent study by the Federal Ministry for Economic Affairs and Climate Action (BMWi), the working population, that is, people between the ages of 20 and 65, will already have shrunk by 3.9 million by the year 2030. By 2060, there will be 10.2 million fewer people of working age in Germany. As part of a strategic HR plan, the HÖRMANN Group has identified not only which professional groups and personnel it will need in the years ahead but also when and where bottlenecks may arise in professional areas. How will we react to this? Where will we recruit staff? And how can we continue to guarantee the high quality of our employees and therefore of our products? These are questions for which we are making systematic preparations and defining answers and solutions – after all, good preparation is key!

We are also aware that we must adopt new strategies to find suitable people and retain them over the long term. At the same time, we are pursuing an ambitious growth strategy based on our slogan “750 and more”. This means that we need committed, qualified and competent personnel to realise our goals by 2025. To this end, we have decided to invest more in personnel development and further training in all subsidiaries. Our goal is to attract forward-looking, educated individuals who have the necessary skills and qualifications for the HÖRMANN Group and to continue to offer an attractive workplace for our long-serving employees.

**JSD** To enhance the appeal of the HÖRMANN Group, we have introduced many benefits, such as the HÖRMANN pension with an attractive retirement model or the ‘Jobrad’ scheme. As a mid-sized company, we know that we cannot compete with the benefits offered by major corporations. However, we can provide young talented people with many development opportunities with extensive creative freedom, in which they can quickly take on operational responsibility – in a way that would not usually be possible in major companies. This is an extremely attractive prospect that offers numerous possibilities for personal growth and development and is rated very positively by our employees. Despite all these measures, we must continue to invest in personnel development and rethink our approach to human resources management. That’s because the new generations of ‘millennials’ and ‘generation Z’ want to be addressed and managed very differently, for example, with greater use of digital tools, mobile working as well as innovative, forward-looking tasks, for instance, in the context of digitalisation.

**Nevertheless, the growth of digitalisation also has its downsides, such as the major issue of cybersecurity. The HÖRMANN Group also suffered a cyberattack last year – how did it respond to this?**

**JSD** Cybersecurity has now become a top priority in our work and in our IT infrastructure. Almost exactly a year ago, in April 2021, we received a message from the automotive plant in St. Wendel stating that a cyberattack had been detected. To launch the attack on the company network, the hacker used the user account and VPN access of the IT administrator, who had all authorisations for the company network. Production was shut down and the workforce did not know how production could be restarted to cope with the high production volumes. We brought in external specialists. Employees were informed that they could no longer use any of the computers and a special cybercrime unit of the police was called in.



» Seeing crises as an opportunity to understand requires perseverance and courage, a great deal of strength and entrepreneurial spirit. These views and traits have been the great strengths of the HÖRMANN Group for decades. «

**JOHANN SCHMID-DAVIS, CFO**

We managed to get the production up and running again as quickly as possible. The night shift resumed two days after the attack, although with certain restrictions. Unit figures, inventories and working hours were recorded manually and then posted later on. At no time were supplies of components to our OEM customers endangered. As a result, we have further strengthened the security measures in all subsidiaries. In doing so, we also focused our attention on the workforce. After all, employees who simply click on the wrong thing at the wrong time can often provide the biggest gateway into the company. We are working to raise awareness of this with intensive training courses. Thanks to these extensive measures to increase IT security and the training courses, we now have a good level of protection. There will probably never be such a thing as 100% protection simply because of the increasingly sophisticated and criminal nature of these attacks.

That said, we have made it much more difficult for the hackers to breach our defences. We also know that we will have to continue investing significantly in IT protection year by year.

**MR** We take the issue of IT protection very seriously and invest in many IT security projects. Our IT security standards have increased by 25% in the last five months. Some companies have also started to prepare for certification of the IT security system: Funkwerk AG is working towards certification to ISO 27001: Information Security Management and HÖRMANN Logistik GmbH is targeting certification to the automotive standard TISAX (Trusted Information Security Assessment Exchange). HÖRMANN Vehicle Engineering has been certified to TISAX for several years. These experiences and the knowledge gained as a result will be transferred to our other subsidiaries on a phased basis.

**You are investing a great deal and pursuing an ambitious growth target – how do you plan to achieve the “750 and more” target?**

**MR** Long before the COVID-19 pandemic, we set ourselves the ambitious target of further growth and increasing sales at the HÖRMANN Group to EUR 750 million by 2025.

To achieve this goal, we started to revise and re-focus our strategies in 2020 despite the COVID-19 pandemic. And in 2021 – despite many other challenges – we have made great strides in implementing our strategy 2025.

**The key focus areas of the strategy for 2025 are:**

- ♦ We will soon finish the process of restructuring the HÖRMANN Automotive division. Despite massive difficulties faced by our customers and stiff competition, this division is set to return to stable profits in 2023. This applies especially to our strategic “Truck” division, which was particularly badly affected in 2020 and 2021 by the ongoing problems at our main customer MAN.
- ♦ We continue to expand the successful development of the Communication division in 2020 and 2021. We will also focus on new divisions, especially in the area of digitalisation and software development.
- ♦ In the Engineering division, we have identified the fascinating topic of intralogistics as a key growth area in the market. We will continue to vigorously expand our technological know-how, skills and capacities to achieve ambitious growth in “intralogistics” by 2025. HÖRMANN intralogistics is set to develop into an important and profitable pillar of the HÖRMANN Group by 2025.



**JSD** Despite the restrictions imposed by the COVID-19 pandemic, we hosted a series of joint workshops in which we developed and collectively realigned a forward-looking strategy for 2025. Achieving our growth target will mainly require activities with a short-term focus: improving the order situation as quickly as possible and intensifying our market development, for example, acquiring new customers, opening up new applications and sales potential in order to eliminate capacity deficits in the short term. We will continue to critically scrutinise and further optimise our internal business processes and structures. Digitalisation offers numerous opportunities to do so. The main focus is to continuously improve the productivity of all processes throughout value-added chain to further increase our competitive ability, product outcomes and our earning power. One challenge in this context is undoubtedly the implementation of dynamic price management. Given the sharp increases in producer prices and the substantial hikes in labour costs that are expected as the year progresses, the prices for our products and services must also be continually adjusted in line with inflation and costs. We will have to switch from a prolonged period of virtually constant prices and costs to a new reality of inflationary prices and costs that we have not seen in decades.

**MR** We are confident that we will achieve our ambitious targets. From 2020 to 2021, we managed to increase our gross revenue from EUR 520 million to over EUR 600 million – which puts us back to where we were before the crisis and thus to our “750 and more” growth course. ♦

» Even in difficult and challenging situations, it can be helpful to reflect on one’s own strengths. These can be personal strengths but also the strengths of a community, a family or a Group such as HÖRMANN. «

**MICHAEL RADKE, CEO**

# Broad diversification with four strong divisions



HÖRMANN Engineering

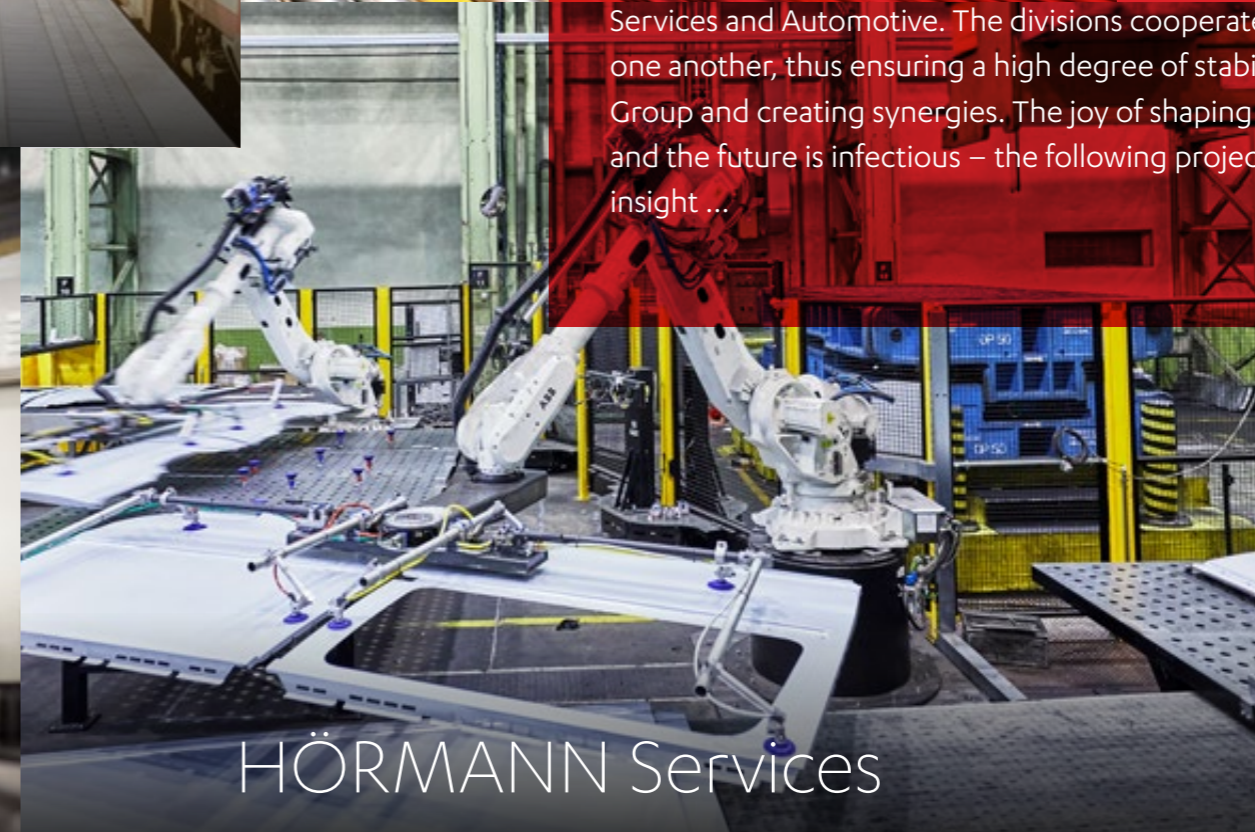


HÖRMANN Communication

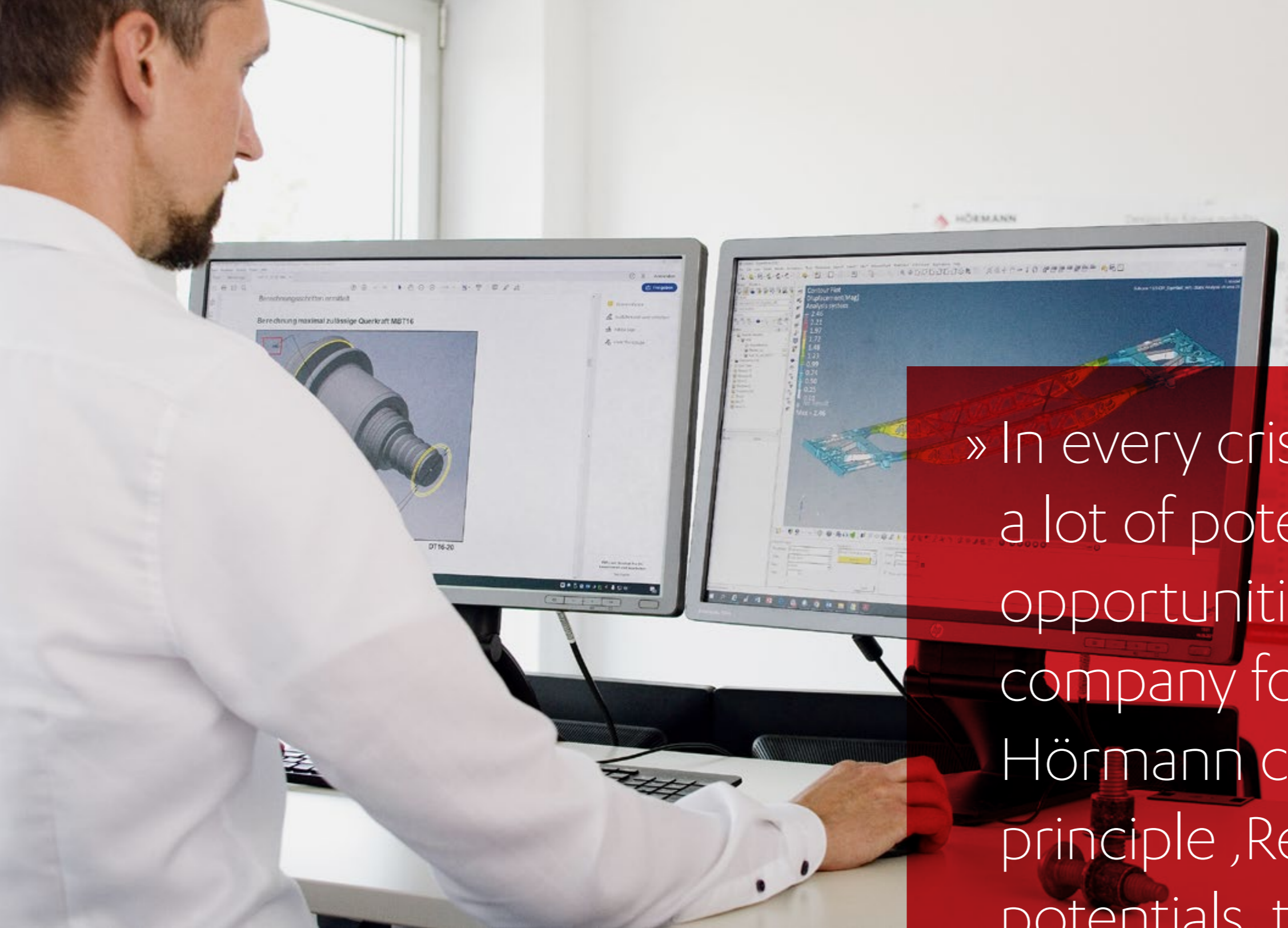
The **HÖRMANN Group** has been at the forefront of innovation for 66 years. By continuously investing in our employees' expertise and the latest technologies, the family-owned company has since expanded into 27 independent companies. Together, they are successful in four divisions: Engineering, Communication, Services and Automotive. The divisions cooperate and support one another, thus ensuring a high degree of stability for the Group and creating synergies. The joy of shaping the transition and the future is infectious – the following projects offer an insight ...



HÖRMANN Automotive



HÖRMANN Services



» In every crisis there is also a lot of potential and new opportunities. From our company founder Hans Hörmann comes the guiding principle ‚Recognise potentials, take advantage of opportunities and act on the basis of a clear strategy‘. «

JOHANN SCHMID-DAVIS, CFO

# Engineering

## HÖRMANN Logistik GmbH Combined intralogistics

“2021 was a record year for us in terms of incoming orders. Overall, 65% of incoming orders were from our traditional high-bay warehouse business, 25% from the AutoStore business and the remainder from our customer service. Many of the projects secured come from our traditional sectors, such as corrugated board. However, we also won customers from the mechanical engineering and, for the first time, the timber sector. This suggests that customers appreciate our bespoke solutions including for special requirements and that they see us as a professional full-range supplier for a wide range of warehouse solutions from a single source,” says Steffen Dieterich, Managing Director of HÖRMANN Logistik GmbH in Munich.

iDM Energiesysteme GmbH is Austria’s largest manufacturer of heat pumps. More than 400 employees develop, produce and sell over 10,000 heat pumps annually for heating, cooling and hot water systems. As part of the company’s further expansion, a new logistics centre is under construction in Matrei (East Tyrol). The first stage of construction involved an innovative Autostore small-parts warehouse. It will be followed during the second stage by the new pallet high-bay warehouse, the connecting conveyor technology and the central order-picking work stations, which are served by both warehouses.

The order for realising the overall solution including the “HiLIS” warehouse management system (WMS) for the two automatic and manual warehouses was awarded to HÖRMANN Logistik GmbH. “HÖRMANN Logistik GmbH won the order because we received a detailed offer and were able to clarify open issues very quickly during the bidding phase and contract negotiations – during which almost all points were agreed at the table with a handshake.

“Despite the challenging supply situation on the market, our team successfully installed and commissioned the AutoStore system on schedule. It has been in productive operation since mid-September 2021,” says Axel Sebastian, Project Manager at HÖRMANN Logistik GmbH.

The innovative AutoStore system includes 16,000 containers measuring 649 x 449 x 330 millimetres (L x W x H), which are stored and handled on seven levels. Each container has a net loading capacity of approximately 30.5 kilogrammes. Many ports are connected to the order-picking stations, which are connected by conveyor technology and shuttles to the high-bay warehouse.

The company has in-house WMS and AutoStore expertise,” says Christoph Bacher, Managing Director of iDM-Energiesysteme GmbH, adding: “I see the particular strengths of HÖRMANN Logistik GmbH in its solution expertise, customer orientation and, more recently, very clearly in IT.”

### Triple-aisle high-bay warehouse for around 9,000 pallets

The new triple-aisle high-bay warehouse measuring 57.5 metres long, 22.5 metres wide and 31 metres high is connected by pallet conveyor technology to the goods inbound. A contour and weight check is performed at the handover point. The Euro and industrial pallets are then conveyed to the pallet circuit in the pre-storage zone of the high-bay warehouse.

Each of the three high-bay aisles has a separate storage and retrieval aisle. This is where the stacker cranes pick up the pallets. With the help of a camera-based fine positioning system, the devices approach the designated storage space. The telescopic fork on the stacker cranes can extend as far as the second Z-position, enabling double-depth storage of pallets with exceptional precision.

The three stacker cranes work with the HiLIS-ECO-Power Management System, whose intelligent energy compensation saves up to 25% of the energy consumption. The high-bay warehouse can accommodate 9,324 pallets and achieves a storage capacity of 93 pallets per hour and a retrieval capacity of 85 pallets per hour.



With its creative concepts for warehousing and conveyor technology as well as innovative warehouse logistics solutions, **HÖRMANN Logistik GmbH** realises tailored intralogistics systems for various industries. The company designs high-bay and small parts warehouses that ensure maximum productivity and profitability. It assumes overall responsibility for the realisation of complex warehouse systems either as new systems or as upgrades to existing systems as they are in operation.

Bottlenecks affecting the delivery of structural steel in general delayed the schedule, which meant that the project at an altitude of 1,000 metres had to be completed during the winter. “With the help of extraordinary measures such as the installation of heated tents and excellent coordination between all the trades, the project was completed in record time despite the adverse weather,” says Herbert Schwarz, Project Manager at HÖRMANN Logistik GmbH. The commissioning process will be completed in mid-2022.



**Klatt Fördertechnik GmbH** has developed into a key partner to many European logistics companies. The core business is based mainly in the areas of airports, hospitals and postal services. For this purpose, the Austrian company develops and installs a range of conveyor systems for tanks, containers, luggage, pallets and parcels as well as special conveyor systems. Its service offering covers the entire process from planning to design all the way to assembly and commissioning as well as maintenance.



Klatt Fördertechnik GmbH

## Customised conveyor technology for the timber industry

The modular conveyor technology developed by Klatt Fördertechnik GmbH am Wallersee (Austria) is designed for situations where the conveying task deviates from the norm or where the conditions require custom adaptations, such as extra-wide conveyor routes, higher weights, adverse environmental conditions or special industry-specific requirements.

The very low-maintenance and lubricant-free link conveyor technology by Klatt Fördertechnik can be used to transport materials in a way that protects the conveyed goods. This conveyor technology, which leaves no pressure marks, can be used for transverse as well as longitudinal transport applications. Roller conveyors propelled by toothed belts guarantee maintenance-free operation for longitudinal transport applications.

The omission of lubricants also guarantees that no damaging residues can adhere to the material conveyed while also reducing the maintenance and cleaning work required by the system. Particularly in large industrial plants, the cost of lubrication in terms of money and time is not to be underestimated. The use of highly efficient and load-sensing geared motors delivers significant energy savings for the conveyor technology.

The greatest potential of an efficient conveyor system lies in its overall design. An optimum layout, perfected conveyor technology and experienced project and assembly teams ensure that the system is installed on time and runs satisfactorily in the long term. "We don't just consider the actual situation. We also incorporate future developments into our current plans," emphasises Florian Pöckl, Managing Director of Klatt.

### Innovative modular conveyor technology

One example of customised conveyor technology is the system designed for the Mayr-Melnhof Holz Group, one of Europe's leading companies in the sawn timber and wood processing sector. A modern intralogistics solution is under construction at the sawmill site in Leoben. It features an automated,

triple-aisle high-bay warehouse and the connecting conveyor technology for order-related sequence formation, packaging, stacking and route-specific provisioning and subsequent loading onto trucks in the loading hall. HÖRMANN Logistik GmbH, working in cooperation with Klatt Fördertechnik, developed an impressive overall concept for Mayr-Melnhof Holz and was awarded the contract as general contractor for its implementation.

The new high-bay warehouse along with the logistics and loading hall are being built on an existing site adjacent to the production halls. The conveyor technology by Klatt transports the packages of wood from the sorting and planing plant to the high-bay warehouse. In the triple-aisle high-bay warehouse, the



packages of wood are buffered, retrieved for specific orders, combined for specific sequences and tours, and then packed and stacked. A shuttle then transports the packages to the respective delivery belts alongside trailers in the loading hall.

The loading units are bundled packages of sawn timber measuring up to 5.2 metres long, 1.27 metres wide, 1.30 metres high and weighing up to 3,200 kilograms. To transport the packages safely and gently on the conveyor technology, HÖRMANN uses an innovative modular conveyor technology with integrated conveyor rollers. The packages can be conveyed on it with and without squared timber.

HÖRMANN BauPlan GmbH

## General contracting for world market leaders

To expand its branch network for the Berlin-Brandenburg region, Adolf Würth GmbH & Co. KG will relocate its sales branch to the "Funkenberg Nordwest" business park in Königs Wusterhausen. In addition to its distribution function, the new branch building with its large shop and customer call centre represents a central location in the sales region. The facility will consist of a completely new administration building with 10,300 square metres of floor space and a logistics hall extending to 5,900 square metres.

The trades centre currently under construction is a particular highlight. With rooms for conferences, training courses and events, it will be available to corporate customers and all Würth employees. One unusual planning aspect is the customer's request that its own products be used for the construction.

HÖRMANN BauPlan in Chemnitz is overseeing this new-build project as a general contractor. "Starting with a concept study for the two buildings, we have been tasked since 2021 with providing building and technical plans and consulting services for thermal and noise insulation as well as fire protection," says Lars Keppler, Managing Director of HÖRMANN BauPlan GmbH.

### Carbon-neutral planning and building

For HÖRMANN BauPlan, this job is also a pilot project for carbon-neutral planning and building. The use of especially energy-efficient construction materials for the building shell achieves a positive energy balance. Positive values are also created by the planning and use of near-surface geothermal energy for heating and cooling as well as a photovoltaic system capable of meeting the annual electricity needs for the property.

Twelve employees, from property planning as well as technical planning, are involved in the implementation of this pilot construction project. Construction is planned to commence in spring 2022.



**HÖRMANN BauPlan GmbH** operates as a general contractor for all services required in the construction sector. The company provides general contracting services and detailed solutions for industry, trade, residential and public construction projects. Customers are supported from initial idea through to the turnkey property.





**HÖRMANN Rawema Engineering & Consulting GmbH** is an innovative, vendor-neutral engineering company that specialises in technical planning services for the industrial sector with a focus on production technologies and factory design. The engineering services cover the complete life cycle of the factory, starting with responsibility as general contractor for planning entire factory projects through to engineering the individual production areas, processes and systems and all the way to re-engineering and resulting relocation projects.

HÖRMANN Rawema Engineering & Consulting GmbH

## Augmented reality for remote maintenance

The trend for using digitalisation to boost efficiency continued to accelerate in 2021. As a result, HÖRMANN Rawema GmbH no longer plans factories solely in terms of maximum output but also from the perspectives of flexibility and adaptability. In addition to customer projects, HÖRMANN Rawema also incorporates developments and trends from related research projects. "A consistent and solution-driven approach to the interaction between customer projects and the latest developments from our research projects is the main focus of our employees. It also enables them to take account of useful trends in their projects," stresses Benjamin Bielefeld, Managing Director of HÖRMANN Rawema in Chemnitz.

As part of the "AgilPlanBZ" project funded by the Development Bank of Saxony, the Chemnitz company developed an augmented reality (AR) solution for performing remote maintenance. This is the first phase of a three-part project. The first phase involves bringing system manufacturers and system users into contact with one another and ensuring that response times for technical interfaces are not constrained by long communication channels and other obstacles. Direct 1:1 support is incorporated for this purpose. This enables support technicians as well as the system users on site to discuss topics in real time.

### Dedicated HoloLens 2 development for factory planning

Ensuring high system availability based on rapid reaction times and a short MTTR (Mean Time to Repair) has always been a priority for manufacturing companies. "In these times of travel restrictions and limited availability of those with the relevant expertise, we had to come up with alternative solutions. Microsoft HoloLens 2 offers a cost-effective, robust and deployable device that meets the particular requirements of the production environment. This combined with the opportunity to test it in a funded project covering all aspects of agile fuel cell production were good reasons for us to approach our customers with an in-house development and to start the first projects," explains Benjamin Bielefeld.

During the second phase in 2021, HÖRMANN Rawema planned a model for implementing remote maintenance. Repair and maintenance information is digitally formatted and offered to the user as an automated sequence and animation, for example, to showcase assembly sequences or specific usage instructions. This implementation also enables interaction by the user, who can then track and repeat individual steps in slow motion. For topics not covered by this knowledge database, it is possible to revert to the direct support from the first phase.

The third phase aims to enable automated interaction by means of property recognition to make it possible to deal flexibly with the user's situation. Here, HÖRMANN Rawema is still reliant on the development of suitable devices because hardware adaptations are required. The remote-maintenance AR solution is one building block for the factory planning of the future. Benjamin Bielefeld emphasises: "We're excited to work with our customers and partners in developing efficient, flexible factories and digital projects."



## HÖRMANN Vehicle Engineering GmbH New tram platform

The cities of Leipzig, Görlitz and Zwickau in Saxony, Germany, are procuring new low-floor trams based on a joint Saxon platform. The overall project including all options involves a total of 187 vehicles in four different versions for delivery in the period up to 2030. The total order volume for vehicle deliveries is around EUR 600 million.

The LEIWAG consortium (HeiterBlick as consortium lead, responsible for vehicle construction, and Knorr Kiepe as consortium partner, responsible for the electrical equipment) signed the delivery contract in 2021. "We are developing the vehicle concept. Many of the technical documents required for the participation in the tender were also prepared by us on behalf of the consortium," says Frank Salzwedel, Managing Director of HÖRMANN Vehicle Engineering GmbH (HVE) in Chemnitz.

### The largest railway to use alternative drive systems

Since September 2021, the functional specification document has been developed into a contract specification in close consultation with the Leipzig and Görlitz transport authorities and Zwickau's public utility company. At the same time, development of the vehicle began. For Leipzig, a 45-metre-long five-piece XXL version and a 30-metre L variant are being developed for a gauge of 1,458 millimetres. Görlitz and Zwickau have each specified a 30-metre L variant to run on a gauge of 1,000 millimetres. The XXL version for Leipzig is the largest tram ever to operate in the city. It offers significantly more seats, a powerful wifi service, additional safety measures and alternative drive systems.

It is also the largest single order for HÖRMANN Vehicle Engineering. Up to 2024, more than 100 engineers will be employed to develop the entire mechanical system and for the development of the electrical part.

**HÖRMANN Vehicle Engineering GmbH** supports customers throughout the development process chain for rail, road and special vehicles. As a global engineering partner, the company offers full-vehicle expertise from the initial idea to the finished prototype and start of production. Innovative trends are applied in the area of lightweight construction, in the use of new materials and in drive technology.



**Leipziger**  
Verkehrsbetriebe

**SVZ**  
ZWICKAU

**GVB**  
Im Takt mit Görlitz

"After completing numerous tram projects in locations abroad such as Beijing, Chengdu, Shenyang, New Taipei City and throughout Germany in Hanover, Dortmund, and Würzburg, we are particularly pleased to finally realise a project in Saxony," says Frank Salzwedel, adding: "This also represents a successful continuation of our long-standing partnership with HeiterBlick and Knorr Kiepe."

The city of Leipzig plans to expand its tram network primarily in the east and south – a connection to the Neuseenland area created by the flooding of old open-cast mines. Since the fuel-cell tram currently in joint development with HeiterBlick can also be used here, it will be possible to retrofit fuel-cell equipment to the new trams. "We are proud that employees of HVE have the opportunity to design the future of modern local public transport," stresses Frank Salzwedel.

VacuTec Meßtechnik GmbH

## Minimising radiation risks

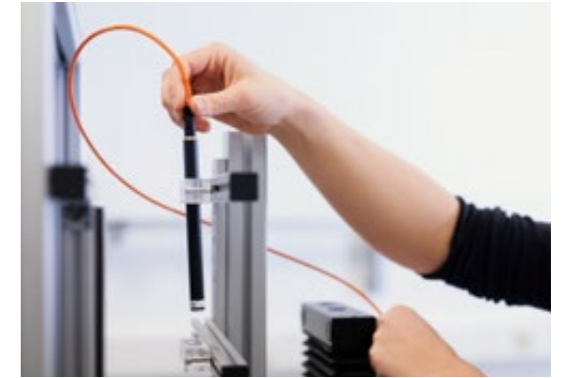
“Nowadays, examinations performed with the help of computer tomography account for most of the radiation exposure in the general population due to diagnostic radiology. This makes it extremely important to control the dose used,” points out Dr. Bernd Wörmann, Managing Director of VacuTec Meßtechnik GmbH. The dose is determined using a pencil-shaped ionisation chamber, known as a pencil chamber, which measures the dose index at defined positions of a plexiglas phantom. On the one hand, this dosimetric parameter serves as a regular check to guarantee the constancy of a CT. On the other hand, the dose index can also be used to estimate the organ dose that a patient receives during the examination.

The development and production of this specialised ionisation chamber is very much within VacuTec’s area of expertise and complements the existing range of dose measuring devices for patient protection. The pencil chamber is a cylindrical ionisation chamber with a homogeneous sensitivity over 100 millimetres of what is called the active length. It is designed for measuring the CTDI (computed tomography dose index) and DLP (dose length product). These measurements are performed in the open air and in phantoms that replicate the attenuation of the radiation in the human body. These phantoms consist of cylindrical blocks of PMMA (polymethyl methacrylate) or water-equivalent materials and have different hole patterns to measure the radiation in the form of dose and dose distribution at different depths in the “body”. The pencil ionisation chamber is available in diameters of ten millimetres and twelve millimetres.

### Specialist developer and manufacturer of ionisation chambers

VacuTec develops and produces modern measuring technology to determine radiation doses in medicine. The workforce, which includes a large number of women, specialises in the development and production of ionisation chambers for use as detectors in diagnostic X-ray systems. “As a company with a strong focus on natural sciences, we take particular pride in the high proportion of women, exactly 46%, working with us,” says Bernd Wörmann.

The new pencil ionisation chamber together with the dose area product measuring devices for measuring the dose for patients in the X-ray machine as well as the AEC chambers for automatic X-ray exposure control form the medical division of VacuTec Meßtechnik GmbH. For additional applications to protect against ionising radiation, VacuTec offers a broad range of radiation counter tubes for dosimeters and exposure-rate sensors in the area of environmental protection and for monitoring nuclear power plants and their deconstruction.



Established in 1955 as Vakutronik, **VacuTec Meßtechnik GmbH** is at the forefront of the development of detectors for ionising radiation. Today, VacuTec is a global company with a workforce of around 60 highly qualified and dedicated employees. The company develops, produces and markets a broad range of detectors for measuring ionising radiation for use in medicine, industrial metrology and environmental monitoring.

A man in a red polo shirt is shown in profile, working on a piece of industrial machinery. He is using a tool to adjust or connect components inside the machine. The background shows a factory environment with overhead lights and other equipment. The right side of the image is overlaid with a red semi-transparent rectangle containing white text.

» The culture of ›re-inventing‹, continuously re-imagining a company's business, is what separates successful companies from less successful companies. «

MICHAEL RADKE, CEO

# Communication

Funkwerk AG

## Improving mobile reception along the railway

Train radio plays a vital role in railway operations. It ensures communication between rail vehicles and the stationary infrastructure. This is the specialist field of Funkwerk: “We are experts for voice and data communication using analogue and digital mobile phone networks,” says Kerstin Schreiber, CEO of Funkwerk AG in Kölleda. Certified according to current standards, train radio is breaking new ground thanks to the MESA®26 radio system.



Two aspects in particular set the system apart: the use of an MTSE radio module with an integrated filter that shields against interference from other networks and its innovative software featuring a modular structure and multi-mode capability (GSM-R/4G/5G). This is why the MESA®26 has long been in use with many European railway companies. The modular concept guarantees outstanding flexibility and extended investment security for our customers.

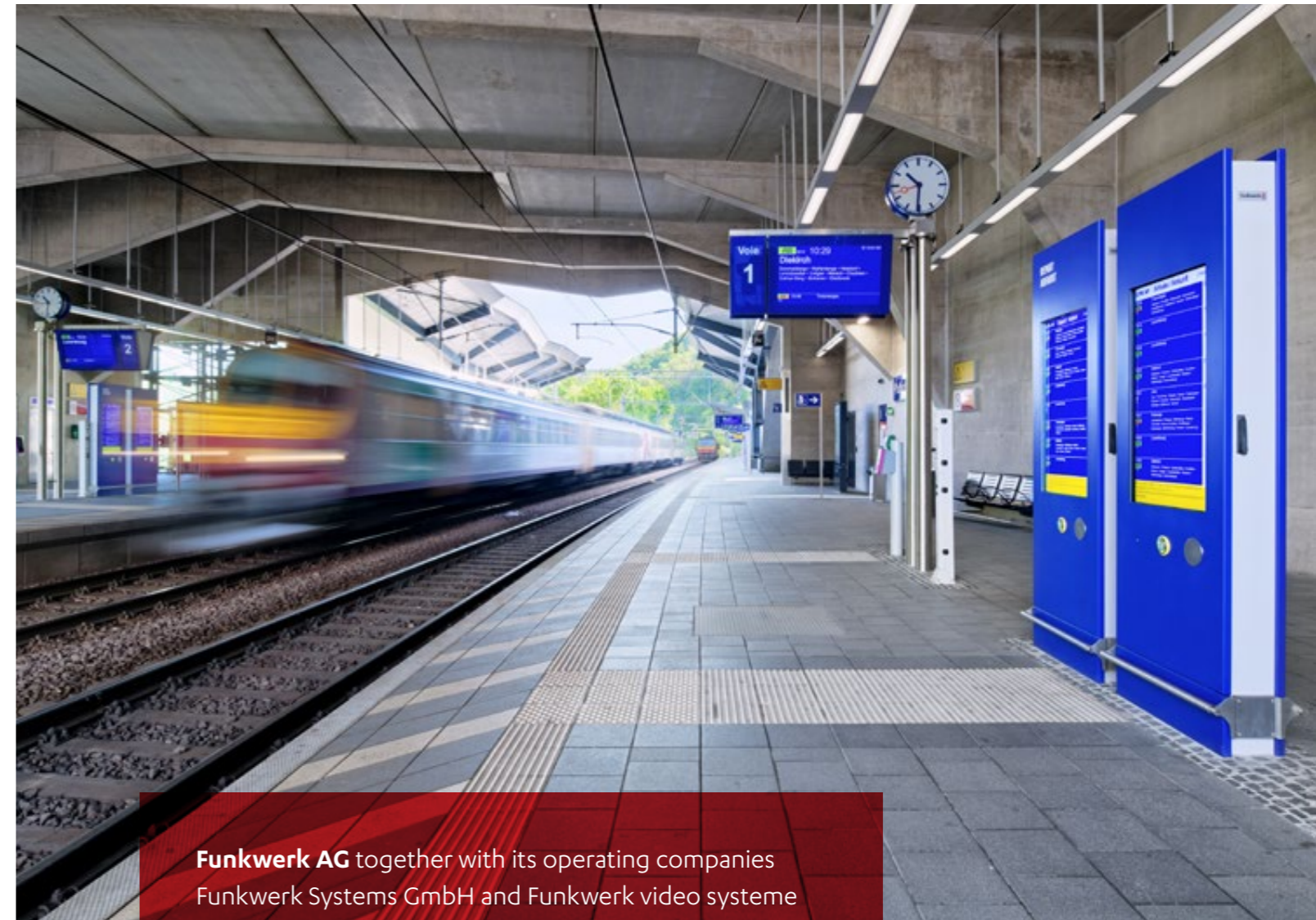
### Funding programme extended

Funkwerk’s immune MTSE radio module is currently integrated into the active train radio systems in many German railway workshops. As one of the leading providers of this technology, Funkwerk benefits from a federal government funding project that is currently being implemented at pace. Funkwerk has received corresponding orders from a large number of railway companies that are converting the devices on their trains operating on the German rail network to immune GSM-R components and systems.

In Germany, the paradigm shift towards greater climate protection is reflected, for example, by the stimulus package approved by the federal government in 2020 in response to the COVID-19 pandemic. The stated objective is to promote economic growth and climate protection in equal measure. Rail transport has a key role to play here – and the federal government is funding investment in the railway industry accordingly.

The focus of one of the funding packages in the stimulus package is on improving the mobile reception along the railways. Specifically, this means upgrading and converting the devices on the trains to immune GSM-R components and systems. “To use the full transmission power of public mobile phone networks, it is essential to ensure a high level of immunity in the train radio systems. Therefore, the successful realisation of this project should lead to a major improvement in the mobile connection on board trains, including for passengers,” explains Kerstin Schreiber.

The funding programme, which was originally limited to the financial year 2021, was extended on 1 July 2021 by the Federal Ministry of Transport and Digital Infrastructure until 31 December 2022. This means that railway companies can now apply for funding from the remainder of the federal government’s budget for projects that have not yet been submitted.



**Funkwerk AG** together with its operating companies Funkwerk Systems GmbH and Funkwerk video systeme GmbH, is a leading provider of advanced communication, information and security systems. The company supplies customers with professional communication and information solutions for railway companies, airports and local public transport services as well as smart security systems for buildings, government authorities, banks, transport links and industrial premises.



**Funkwerk Systems GmbH** also specialises in passenger information systems. The product range includes stationary, visual and audible systems to provide information to passengers in indoor and outdoor areas. The systems include highly complex control software for processing and delivering real-time data.

Funkwerk Systems GmbH

## Digital video technology for Deutsche Bahn

The doors open, passenger exit the train, others board it – the doors close and the train departs. The dispatching process for a train at the platform appears straightforward to the travellers. In reality, however, the driver must adhere to a strict protocol. For instance, he or she may only close the doors after looking to check that all passengers have finished boarding and exiting the train. Especially on obscured, very long or curved platforms, technical support is required. One solution is provided by Funkwerk and is called EtA (“Einführung technischer Abfertigung”/introducing technical dispatching).

Video-based train dispatching systems to ensure safe self-handling by the driver have been used at German train stations for more than 20 years. With the help of one or more cameras, obscured areas of the platform are monitored and video images transmitted to screens that the train driver can see from his stopping point. However, the systems used by DB Station & Service AG were no longer state-of-the-art. For this reason, the system was put out to tender again as a flexible modular solution using digital video technology.

### Interdisciplinary cooperation

Despite the complexity of each division of the Funkwerk Group and the associated high degree of specialisation, the requirements of the various projects often cross boundaries in thematic terms. “We attach great importance to working in interdisciplinary teams and sharing expertise between locations and divisions,” says Christian Ringler, Managing Director of Funkwerk Systems GmbH. One particular advantage that Funkwerk exploited for the EtA tender process was that the passenger information specialists (at the Karlsfeld site) joined forces with the video system experts (at the Nuremberg site) and developed a joint solution that was ultimately selected and approved by DB Station & Service in 2021.

The Funkwerk solution meets the strict requirements regarding the robustness of the camera technology, the system availability along with the adherence to and self-testing of low latency times of no more than 200 milliseconds for the transmission and display of the real-time video images. The solution is rounded



out with a modular monitor module that can display up to four camera images per monitor depending on the screen type.

The Funkwerk concept streamlines the dispatching processes, optimises cycle times and resources and improves passenger safety. The train driver can also see when the train is ready to depart without the help of train attendants. The latency-optimised transmission and presentation of the video images makes it possible to evaluate the situation on the platform in real time – even in areas outside the direct field of vision from the driver’s compartment. The system also includes visual aids to verify the “live image” for the train driver.

Funkwerk video systeme GmbH

## Process monitoring of canal locks

For decades, Funkwerk video systeme GmbH has been a trusted partner in the area of video-based monitoring systems for waterways. Thanks to an industry solution developed in house, the Nuremberg company is currently modernising locks throughout Germany.

“Our video solution was developed in accordance with specific guidelines issued by the Federal Waterways and Shipping Administration. This is an important feature, which is why we can also expect additional orders in this area in the future,” says Norbert Meißner, Managing Director of Funkwerk video systeme, adding: “Easy and intuitive operation using touch displays and a special web interface are what set the system used apart from competing solutions”.

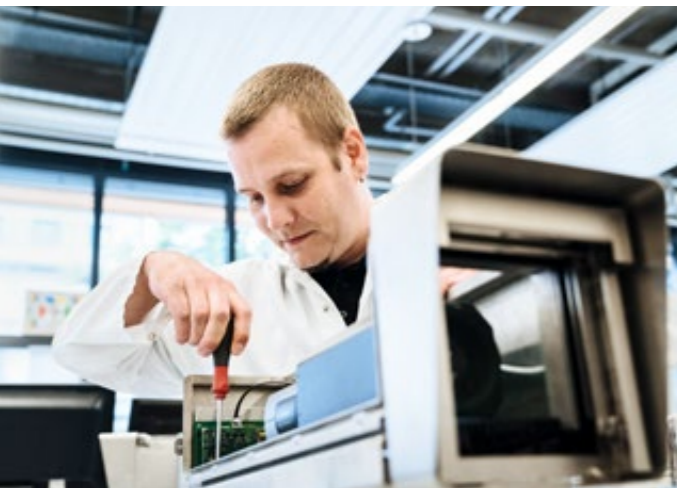
In addition to the “posa palleon” video management software and display technology, the Funkwerk solution includes static and controllable IP cameras that monitor the entire lock area and guarantee reliable support for the operator controlling the lock – either on site or remotely. In many cases, several locks are controlled and monitored from a central control centre such as the one in Volkach (Bavaria), which

operates four additional locks on the Main river in Gerlachshausen, Wipfeld, Garstadt and Schweinfurt. In case of emergencies due to a technical fault at the control centre, for example, additional operating stations are available at every lock location.

### From small locks to boat lifts

However, the Funkwerk solution is not just suitable for lock systems. Large industrial installations, such as the Niederfinow boat lift at the eastern end of the Oder-Havel Canal (Brandenburg), rely on video technology from Nuremberg. Germany’s oldest boat lift still in operation was commissioned in 1934 and overcomes a difference in elevation of 36 metres. Due to the ever-increasing size of the boats used, a new “Niederfinow North Boat Lift” has been under construction parallel to the existing boat lift since 2006 and is currently being tested.

“The new boat lift in Niederfinow gives us yet another opportunity to demonstrate our outstanding expertise in the area of telecommunications,” says Norbert Meißner. That’s because Funkwerk is responsible not only for the entire video system for this structure but also for the fire-alarm, intruder-alarm and telecommunications systems. As a result, Funkwerk is delivering a comprehensive and integrated solution from a single source.



**Funkwerk video systeme GmbH** develops video systems as a high-end system solution for highly sensitive applications from a single source that are guaranteed »made in Germany«. The products range from modern cameras and pan/tilt units for numerous applications to video management systems with smart image processing all the way to a comprehensive range of accessories. Day by day, the in-house development department produces new components that ensure customers ideal solutions for their individual requirements.

HÖRMANN Kommunikation & Netze GmbH  
Project for Stuttgart 21

The project “BTO (‘Bahntechnik und Oberbau’) for the Wendlingen – Ulm new-build route” is part of Deutsche Bahn AG’s new and extended route from Stuttgart to Augsburg and will make it possible to cross the Swabian Jura mountains at speeds of up to 250 kilometres per hour. The “Stuttgart 21” project is currently Europe’s largest infrastructure project.

As a subcontractor of ARGE Bahntechnik Schwäbische Alb (ARGE BSA), HÖRMANN Kommunikation & Netze GmbH in Kirchseeon has accepted overall responsibility for planning and implementing the railway telecommunications equipment. ARGE BSA is a consortium of Rhomberg Bahntechnik GmbH and Swietelsky Baugesellschaft m.b.H.

Projects with many sub-projects

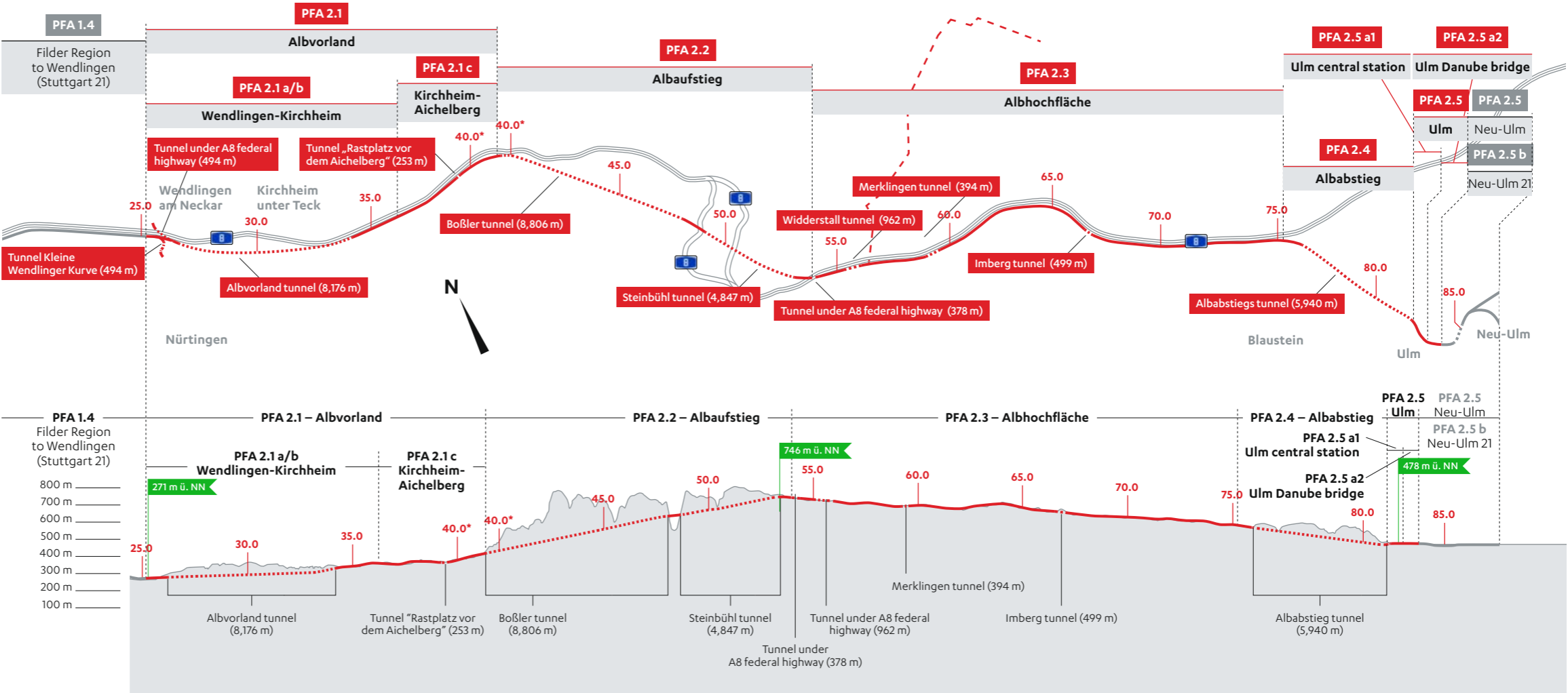
The Stuttgart 21 project is divided into four sections, corresponding to the individual planning approval sections (see diagram). Sections 2.1 to 2.4 extend from Wendlingen to the central station in Ulm. The section 2.4 is the direct connection to the station in Ulm in conjunction with the Alabstiegtunnel and has a length of 5.9 kilometres.

A field test was conducted in the Alabstiegtunnel. This is the first test by Deutsche Bahn of an IP switch, which is responsible for the secure data transmission of individual messages. New components for the IP technology were also tested in the devices. The field test took place in 2020 and resulted in the approval of the new IP technology by the Federal Railway Authority.

Since 2021, HÖRMANN Kommunikation & Netze has completed a route section of 56.9 kilometres on this basis, of which 30.4 kilometres are in the tunnel. “For this purpose, we have to realise numerous sub-projects,” says Johannes Antoni, Managing Director of HÖRMANN Kommunikation & Netze. Among other things, the company installed a system for monitoring and controlling hazard warning systems as well as the transmission technology and the IP network. The telecommunication system must be connected to the DB signalling system (DBMAS). DBMAS is a system used to monitor and control hazard warning systems. This involved using IP routers belonging to DB for the first time, a move that HÖRMANN Kommunikation & Netze also supported during the authorisation process to secure approval from the Federal Railway Authority.



**HÖRMANN Kommunikation & Netze GmbH** is a technical service provider in the areas of communication technology, open line construction, energy generation and efficiency as well as in the maintenance of public infrastructures. As one of the leading full-spectrum partners for providing complete services, the company offers flexible and customer-oriented solutions. From projects in the railway environment such as Stuttgart 21, setting up 5G mobile communications, installing charging stations, overhead line work, lighting installations in stadiums or erecting advertising systems on Munich’s U-Bahn and S-Bahn networks – the HÖRMANN company handles a wide range of projects.





Providing reliable warnings to the public of impending catastrophes is the speciality of **HÖRMANN Warnsysteme GmbH**, which has more than 60 years of expertise in developing and building sirens as well as siren warning systems. The sirens »made in Germany« alert people around the world to threats such as tsunamis, flooding, fire, toxic substances or other disasters. Founded in 1955 by Hans HÖRMANN as a two-man operation, the sirens laid the foundations for today's HÖRMANN Group.

HÖRMANN Warnsysteme GmbH

## Flood warning with sirens

Across the globe, more and more people are living in areas threatened by high tides and flash floods. The devastating floods of 2021 in North Rhine-Westphalia and Rhineland-Palatinate, for instance, in the Ahr Valley, clearly showed that even Germany was exposed to an growing risk of flooding caused by heavy rain. "We are in the middle of climate change and can expect more frequent major natural disasters – we must be prepared for this," emphasises Matthias Müllner, Managing Director of HÖRMANN Warnsysteme GmbH in Kirchseon.

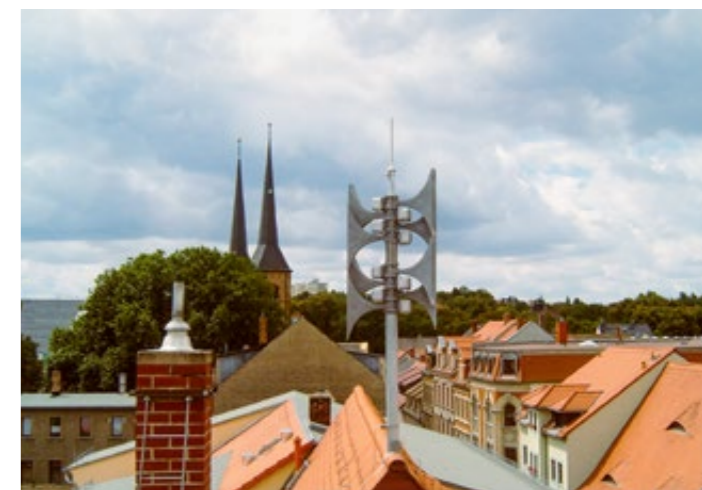
Time is a critical factor when it comes to warning and informing the general public. This is why crisis situations call for warning systems that are both reliable and easy to understand. Sirens fall into this category. Every warning begins with the wake-up effect of the sirens, after which citizens can use additional information channels to inform themselves about the situation in their immediate vicinity. They are issued with recommended actions, for example, to close windows or to leave the building and seek shelter on higher ground.

The town of Grimma is at the forefront of modern flood warning systems. Grimma was heavily damaged by floods in 2002 and 2013. Since then, 25 sirens manufactured by HÖRMANN Warnsysteme GmbH have been used to warn the population. In June 2021, the system was expanded and the existing sirens were updated to the latest state of technology. The entire area is now covered and every person can be reached. The sirens are tested once a month. For the decision-makers in Grimma, the focus was on using modern electronic sirens that could operate independently of the electricity grid for up to two weeks. This meant that the sirens could be relied upon to wail when necessary. After all, electricity grids along with mobile phone networks are often the first victims of flood damage.

### Federal government funds extra sirens

The local authorities use sirens to guarantee warnings at any time. With digital warning systems, whether or not an alarm is received also depends on the user. Is the device switched on? Have the latest updates been applied? Was the mobile phone charged? There are many uncertainties in the solution. This is why public authorities are increasingly turning to sirens again,

upgrading existing siren warning systems and closing gaps. Modern electronic sirens also provide reliable warnings, even if the electricity grid has failed or the mobile phone is switched off. This is the great advantage of sirens. With a funding programme for sirens amounting to EUR 88 million, the federal government



is supporting a rapid expansion of the siren network in Germany in 2022. As the market leader for siren warning systems, HÖRMANN Warnsysteme GmbH is helping local authorities throughout Germany to plan, install and maintain their siren systems. These include cities such as Wuppertal, which is condensing its siren warning system. HÖRMANN Warnsysteme GmbH will also supply and install the new sirens, just as it did for the existing ones. "Our service network across Germany is one of our strengths," explains Matthias Müllner.

By participating actively in the relevant committees to agree on a standardized TETRA nationwide digital radio network (BOS) and consistent data exchange formats such as CAP (Common Alerting Protocol), the siren experts are closely involved in the further development of promising siren warning systems. Growing demand for sirens provides opportunities to further extend the company's position as a market leader. To this end, its consulting, installation, service and production capacities are currently being expanded.

» Strategies are just theories until we implement them with all our strength. «

JOHANN SCHMID-DAVIS, CFO



# Services

MAT Maschinentechnik & HÖRMANN Automationservice

## Relocation in record time

The process of relocating machinery and systems presents major challenges for many companies. From planning to logistics and all the way to actual execution, they often lack the necessary personnel resources or technical equipment. Even moving a machine within the company can therefore quickly become a difficult task. “We are a strong and experience partner to our customers,” says Lothar Becker, Managing Director of HÖRMANN Services GmbH. From machine relocations as part of production changeovers, relocating complete manufacturing systems and production lines or even entire plants – customers can access all services from a single source. Until recommissioning is performed at the new location, customers benefit from all services in the areas of planning, disassembly and reassembly, including loading and transportation. This avoids misunderstandings and ensures a seamless operation that is supervised by the engineers from start to finish.



This is exactly how MAT Maschinentechnik GmbH partnered with HÖRMANN Automationservice GmbH to relocate a system in 2021. A manufacturing system for the internal parts of the doors of the Porsche Panamera (623) was relocated from the production line at KWD Automotive AG & Co. KG in Wolfsburg to the production line at Smart Press Shop

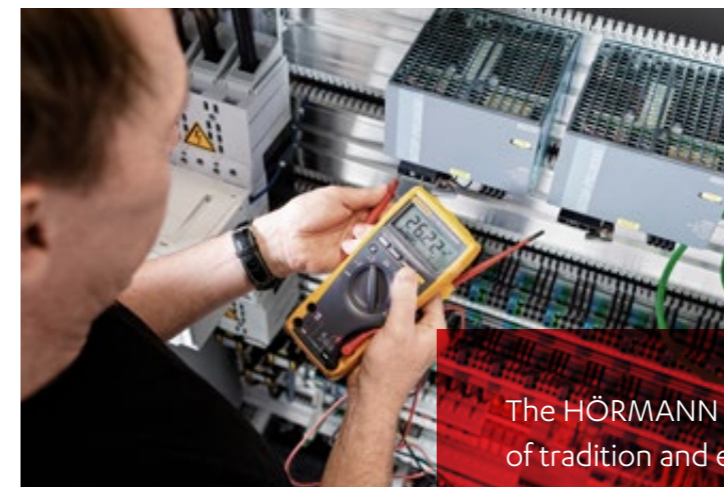
in Halle (Saale). The system comprises two stations with two robots each. It performs the processes “stamp nuts” and “fit clinch studs” for passenger car doors and is designed according to the VW-VASS-5 standard.

“The entire manufacturing system was dismantled – from the individual screws to the robots all the way to the high-speed doors,” says Ingo Bettermann, Managing Director of HÖRMANN Automationservice. The entire operation, from dismantling the system to setting it up at Smart Press Shop GmbH, took just three weeks. Just one week later, the first 50 sample parts were delivered and three weeks after that, series production resumed.

### Rapid relocation and trouble-free commissioning

Recent years have seen a sharp increase in modular machines and systems. Modern production plants must be highly flexible in order to react dynamically to changing conditions such as new production specifications. In many cases, this leads to the reorientation of the machine park. Machining centres, conveyor technology and packing systems are rearranged within the production hall. “Organizing a relocation outside the plant, which might sound easy at first, requires professional planning,” stresses Ingo Bettermann. Along with the electrical and mechanical disassembly of machines, meticulous preparations of the new positions in the factory hall play a vital in ensuring a seamless commissioning procedure.

Not only did the team complete the complex relocation from Wolfsburg to Halle on schedule. It also overcame several challenges along the way, such as repainting the robots green, reprogramming and running in the system and replacing the safety fence. The short time window was also a challenge. Maintenance and commissioning of the tools are part of the services. “The seamless and timely relocation did not go unnoticed, and the next orders are already being discussed,” reveals Lothar Becker.



The HÖRMANN Services division builds on the decades of tradition and experience accumulated by HÖRMANN Industrietechnik. With the operating companies **HÖRMANN Industrieservice GmbH, HÖRMANN Automationservice GmbH** and **MAT Maschinentechnik GmbH** covering all aspects of automated production and intralogistics processes, we offer a comprehensive life-cycle service – from product to process, from SOP to EOP. Our network of specialists within the Group along with established partners enables us to deliver “everything from a single source”.



**HÖRMANN Services** sees itself as a hands-on enterprise. Every day, our employees roll up their sleeves and bring their knowledge and energy to bear in finding the best solution for our customers. In so doing, they overcome challenges and avoid impending problems. Particularly in times of disruptive change in the industry and in the energy sector (against the background of increasingly demanding automation requirements), given the challenges posed by digitalisation and carbon-neutral energy supplies, the services of HÖRMANN Services are in demand.



HÖRMANN Industrieservice GmbH

## Looking to the future with photovoltaics

Photovoltaics have a lucrative present and a glittering future. "The sector is booming and the new government is focused on renewable energies," says Dirk Jakobs, Managing Director of HÖRMANN Industrieservice GmbH in Lehre near Wolfsburg. In early 2019, the company had only highlighted the topics of "PV" and "charging technology" at the Leinefelde location. It has since been joined by the locations in Wolfsburg, Braunschweig and Salzgitter, which, in addition to the portfolio business in the automotive industry, are successfully establishing themselves in this market segment for private consumers as well as commercial and industrial customers.

Dirk Jakobs, Managing Director of HÖRMANN Industrieservice, is confident: "We will leave a green footprint here in North Germany and later on throughout the country". The company anticipates a further jump in demand for the second quarter of 2022. Preparations involving sales and recruitment and qualification are currently in full swing alongside everyday business operations.

The satisfaction of customers is reflected by the number of new projects – thanks to a recommendation rate in excess of 70%. "We are not selling an off-the-shelf product. We supply our customers with a photovoltaic system, including a battery and charging technology, which is customized to them and their requirements," asserts Dirk Jakobs.

### Cloud storage ensures affordable electricity

HÖRMANN Industrieservice is working with the SENEK solution to give customers the option of feeding their excess electricity into a cloud. This cloud solution allows them to offset higher energy consumption during the darker autumn and winter months with excess production from the months of strong sunshine. The SENEK cloud calculates only on 31 December of each year how much electricity was fed in and how much was consumed. Apart from this issue, the customer must purchase expensive additional electricity at a cost of over 30 cents – despite the storage during the darker months – while only receiving 7 cents for excess production from April to September.

Another advantage is that customers can give away the excess electricity produced in return for a low basic fee to a maximum of two additional households. Similarly, they can use an additional fuel card to draw "their electricity" free of charge from the cloud at more than 20,000 charging stations throughout Germany. This means that it is also possible, even without government funding, to achieve a payback period of 8-9 years for almost all systems (based on energy costs in 2020). In view of the sharp rise in energy prices for oil and gas, the payback period will now be significantly reduced and the attractiveness of photovoltaics will increase significantly.

The internal sales team at HÖRMANN Industrieservice keeps an eye on all interfaces and provides support wherever it is needed: from processing grant applications, familiarising users with the system and installing the SENEK app on mobile phones all the way to providing support for registrations with grid operators. The fact that this strategy works is reflected in the numbers. The company currently sells 5-8 photovoltaic systems per month – and installs them on the roof in a reasonable time. Where other companies have to contend with delivery problems, HÖRMANN Industrieservice operates a small warehouse but deals with reliable and long-standing suppliers.

Starting from year two, annual maintenance and measurement of the entire system in accordance with the DGV U3 regulation that governs the safety of electrical systems is recommended and offered to customers. "Engaging effectively with interested parties and informing them of the possibilities, preparing orders down to the smallest detail and implementing the project quickly and flawlessly – our approach has proven highly effective," according to Dirk Jakobs. Satisfied feedback from purchasers who are more than willing to recommend HÖRMANN provides the proof.

» Rapid changes are a fundamental part of our lives in the 21st century – we must get used to this if we want to remain competitive. «

MICHAEL RADKE, CEO



# Automotive

HÖRMANN Automotive GmbH

## The HÖRMANN Automotive company system

HÖRMANN Automotive GmbH strives to achieve operational excellence and has set up a modern and customized company system in pursuit of this goal. The company system brings together the strategies and methods used within the division. One well-known example of a company system is the Toyota production system, which is founded on the principle of avoiding waste. The quality of a company system can be measured by the extent to which it is tailored to the individual needs of the company.

It was for this reason that the existing system at HÖRMANN Automotive was completely revised and replaced by the new HÖRMANN Automotive (HA) company system (US) "HA-US 2.0". This system contains the ten key elements for the business with the goal of bringing the company closer to operational excellence. Examples include shop floor management, the zero-error principle, the goal of reaching "zero accidents" as well as the provision of training and qualifications for the workforce. The sustainable implementation of these elements is supported by

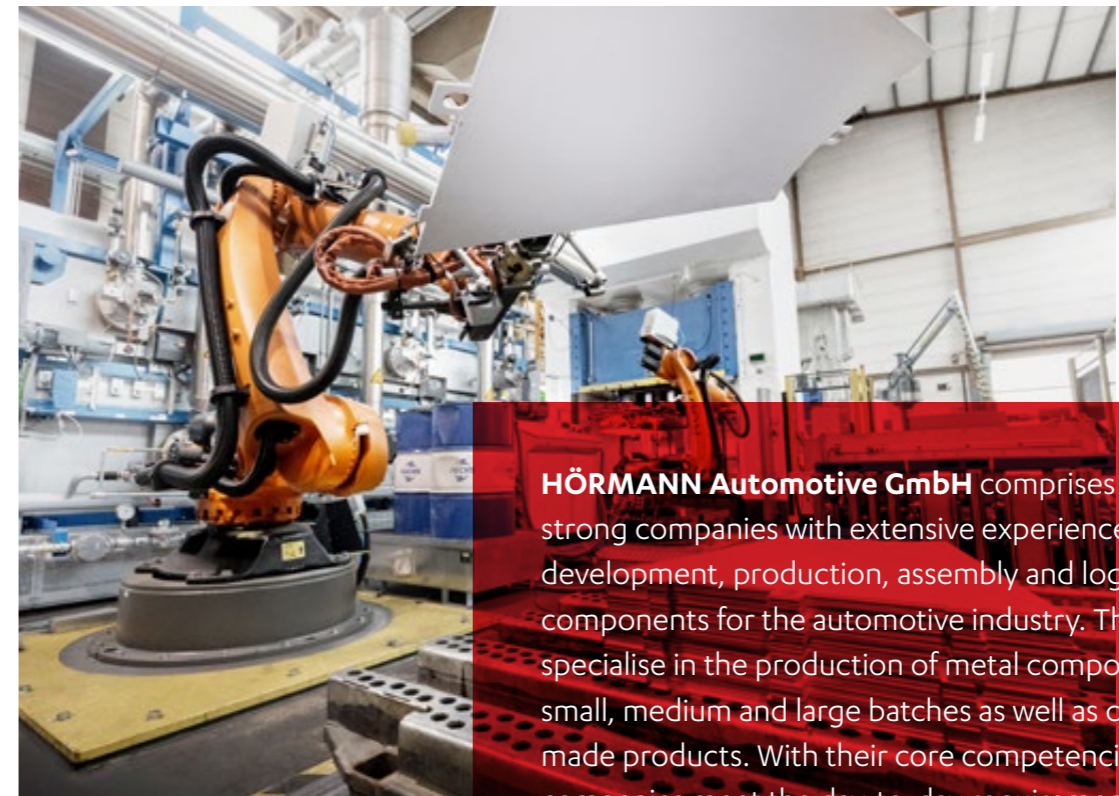
the fundamentals of goal definition and continuous improvement through regular exchanges of best practice between locations.

### Coordinated goals with scope for flexibility

However, in contrast to many other production and company systems, HA-US 2.0 does not define a specific approach or sequence and does not prescribe any forms. The intention is to provide the individual locations with the target states for each element. Although these describe what the process must be able to do in the end in order to remain competitive, they do not set out defined implementation paths. This allows each location to take full advantage of its individuality but also establishes a common foundation with agreed targets.

To guarantee sustainable and continuous further development of the locations, the maturity level of each location is analysed annually as part of a HA-US scan and evaluated based on 5 levels (0 = non-existent to 4 = best-practice level according to the industry benchmark). The decisive factor in this case is what people "put into practise" and consistently apply in the company, not how the processes should theoretically be run. At the end, the results are visualised in a 'spider web diagram' and documented by a certificate. Based on the analysis and its own objectives, each location then sets itself new points in which it wants to make further improvements by the time of the next HA-US scan. This approach inevitably results in continuous improvements of the maturity level at the locations, bringing them ever closer to operational excellence. However, it also guarantees them the freedom to follow a unique and individual path to the goal. What's more, it provides the motivation to develop one's capabilities in a verifiable manner and to discover the joy of making improvements.

### Production and company system HA-US 2.0



**HÖRMANN Automotive GmbH** comprises six strong companies with extensive experience in the development, production, assembly and logistics of components for the automotive industry. The plants specialise in the production of metal components in small, medium and large batches as well as custom-made products. With their core competencies, the companies meet the day-to-day requirements of the commercial vehicle, agricultural machinery, construction, automotive and automotive supplier industries.





**HÖRMANN Automotive Slovakia s.r.o.** is the plant for the production of high-quality, cost-optimised components and systems made from thick metal sheets. Between 2018 and 2020, the production area expanded rapidly from around 7,000 square metres to a total of approximately 25,000 square metres. State-of-the art technology with laser systems, folding presses and robot welding systems make the company a sought-after partner for the commercial vehicle and automotive industry.

HÖRMANN Automotive Slovakia s.r.o.

## Innovative laser folding centre

“Ever-increasing customer requirements combined with high cost pressure are always hot topics in the automotive industry,” says Dr. Daniel Holstein, Managing Director of HÖRMANN Automotive GmbH. He adds: “These general conditions were also a major factor behind the procurement of an innovative laser folding centre, which was commissioned in 2021 at the location in Bánovce (Slovakia). This fully automated system can produce laser edged parts – laser-cut and folded sheet metal parts – very reliably, efficiently and without manual intervention.”

The project includes a fully-automated high-bay warehouse for storing the sheet steel that serves as the starting material for the manufacturing process. This warehouse has 164 storage spaces that can accommodate up to three tons of material each. An automated transport system ensures fully traceable delivery of the steel sheets for processing. The warehouse is designed to be extremely compact to conserve valuable production space. It supplies the three high-performance laser systems, each of which has an output of ten kilowatts. The steel sheets are cut to size quickly and efficiently. What’s more, the laser systems requires very little maintenance and are extremely energy-efficient in operation. The latest software makes the best use of the steel sheets so as to minimise waste. Given the increases in material prices, this solution offers a significant competitive advantage compared with conventional approaches such as stamping from coil sheet.

### Consistent implementation of customer requirements

To eliminate the need for manual intervention, the lasered parts can be handled by suitable robots that unload the systems smoothly and stack the finished laser-cut parts in a structured manner that benefits the downstream processes. That’s because the carefully stacked parts can be securely gripped by the robots in the next process step and then passed to the folding process, which is also fully automated. The laser parts, which are sometimes highly complex and weigh over 30 kilogrammes, are then bent into their final geometry during the folding process.

In this case, a robot not only passes the component to the forming process but also the tools, which can be changed automatically. Ultimately, this robot-based process guarantees exceptional efficiency and repeatability. What’s more, folding cell makes an important contribution to ergonomics because no workers are required to handle the heavy components.

The commissioning of the laser folding centre in Bánovce is yet more evidence of the consistent implementation of customer requirements with



simultaneous gains in efficiency. “Thanks to this innovative system engineering and technology, the location is now fully equipped for the challenges of the future, for new customer orders and for further growth,” emphasises Daniel Holstein.

HÖRMANN Automotive Wackersdorf GmbH

## Enough charging power for everyone

Demand for electric cars continues to grow. More electric vehicles means increased demand for charging infrastructure in all areas. However, the importance of the public charging infrastructure will continue to fall as battery sizes increase. The market confirms that the most convenient way to charge – assuming the car is not urgently needed – is either at the workplace or at home. However, there are several challenges preventing the expansion of this type of charging infrastructure. Apart from the difficult authorisation process with grid operators, a shortage of skilled workers in the electrical installation sector is hampering the scalable development of charging points and is costing enormous amounts of time and money.



Munich-based charging infrastructure start-up ChargeX identified this challenge in 2018 and developed the Aqueduct charging system – the multi-socket for electric cars – that makes it easy to build a large charging park. The system enables a charging station delivering up to 22 kilowatts to be installed in under 60 seconds. The charging system is connected to an electricity supply and, depending on demand, can be expanded to provide as many as ten charging points. The system automatically configures itself when it restarts; the new charging point appears in the dashboard immediately and is ready to use. A subsequent expansion can therefore be completed in a very short period without the need for additional authorisation – and at minimum cost.

### Demand-driven charge management

With the modular charging system for electric cars, all vehicles receive the range they need for everyday or business use on a time-delayed basis. The integrated charging management system analyses the mobility needs of users locally and distributes the energy according to demand. The patented and hardware-based safety system guarantees that the mains connection is never overloaded. Intelligent phase distribution enables optimised charging of electric vehicles and plug-in hybrids.

ChargeX offers the power-sharing app “Drop” as a digital add-on to the charging system. For the first time, the flexibility of electric vehicle drivers is reconciled with the availability of mains electricity in a fun way. The idea behind the Drop app is simple: distribute the finite output of the electricity grid in a way that keeps everyone happy. The Drop power-sharing app is available in the Google Play Store and in the App Store and is compatible with all ChargeX Aqueduct charging systems.

With the support of HÖRMANN Automotive, ChargeX is planning to expand further afield in Europe. “As a simultaneous engineering partner and process expert, we support the further development of the design, the set-up of the supply chain/supplier network and the production of the product,” according to Marcus Schaffranka, Managing Director of HÖRMANN Automotive Wackersdorf GmbH. Approvals and approval procedures are accompanied in the same way. Depending on requirements, HÖRMANN Automotive controls and is responsible for the entire supply chain in the Supply Chain Management system. Yet another advantage of partnering with HÖRMANN is the ability to procure electronic components in bulk via the network of automotive suppliers as well as the excellent sales figures that it enjoys. In addition to a reliable supply chain, good terms can be achieved while product volumes remain low. Later on, reliable ramp-up management is also guaranteed when the company scales up for the expanding business. “All things considered, the collaboration is a win-win situation: the young start-up profits from decades of manufacturing experience at HÖRMANN Automotive, and we are involved in an exciting and future-oriented project,” says Marcus Schaffranka.



**HÖRMANN Automotive Wackersdorf GmbH** is strongly committed to the expansion of electric mobility in close cooperation with the vehicle manufacturers. The extensive assembly and logistics expertise at the plant in Wackersdorf has an important role to play in driving the expansion of the charging infrastructure in Germany.



## Management Report

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# 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 turnkey 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 (vorm. AIC Ingenieurgesellschaft für Bauplanung Chemnitz GmbH), Chemnitz
- ♦ HÖRMANN Rawema Engineering & Consulting GmbH, Chemnitz
- ♦ HÖRMANN Logistik GmbH, Munich
- ♦ HÖRMANN Logistik Polska Sp. z o.o., Gdansk, Poland
- ♦ Klatt Fördertechnik GmbH, Neumarkt a. Wallersee, Austria
- ♦ HÖRMANN Vehicle Engineering GmbH, Chemnitz
- ♦ VacuTec Meßtechnik GmbH, Dresden

The **Engineering** division operates in the fields of industrial design, vehicle development and facility, building and factory planning, through to providing innovative solutions for intralogistics and complex high-bay warehouse systems. This service range is supplemented by the development and production of detectors for measuring ionising radiation. HÖRMANN Bauplan GmbH provides engineering services within the construction industry, with a particular focus on commercial and residential construction and especially technical building services.

HÖRMANN Rawema Engineering & Consulting GmbH supplements the service range with general planning and realisation for new factories and the re-engineering and/or relocation of existing factories and facilities.

HÖRMANN Logistik GmbH and its subsidiary HÖRMANN Logistik Polska sp. z o.o. are general contractors that build turnkey material flow systems. With intelligent workflow concepts and complex storage strategies, HÖRMANN Logistik GmbH realises the most economical intralogistics solutions for individual requirements, thereby enabling its international customers from a wide range of industries to generate significant productivity and efficiency improvements. With Klatt Fördertechnik GmbH, the portfolio has been expanded to include the products and conveyor systems developed, planned, manufactured and assembled by the company. Klatt Fördertechnik GmbH has developed into a European provider of conveyor systems for industry, airports, mail sorting centres, waste disposal and hospitals.

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.

## COMMUNICATION

- ♦ Funkwerk AG, Kölleda
- ♦ Funkwerk Technologies GmbH, Kölleda
- ♦ FunkTech GmbH, Kölleda
- ♦ Funkwerk Systems GmbH, Kölleda
- ♦ Funkwerk Systems Austria GmbH, Wien, 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 Melde-technik GmbH, Salzburg, Austria

Funkwerk AG and its subsidiaries (the Funkwerk Group) are a technologically leading provider of innovative communication, information and security systems. It focuses on professional hardware and software concepts for railway companies, public transportation, inland shipping and airports in addition to smart electronic security systems to protect buildings, public spaces, industrial properties, transport and people. 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 our state-of-the-art siren warning systems for alerting the fire brigade or warning the population about disasters. The project-specific solutions are performed from a single source, from planning, development and realisation to long-term maintenance.

## SERVICES

- ♦ HÖRMANN Services GmbH, Kirchseeon
- ♦ HÖRMANN Industrieservice GmbH, Lehre/Wolfsburg
- ♦ HÖRMANN Automationsservice GmbH, Kirchseeon
- ♦ MAT Maschinentechnik GmbH, Salzgitter

In the **Services** division, the Group offers a range of technical services in the industrial environment of automation and complex production facilities. The industrial service units HÖRMANN Industrieservice GmbH, HÖRMANN Automationsservice GmbH and MAT Maschinentechnik GmbH focus on plant maintenance related to electrical, mechanical, control, robot, welding and conveyor technology, pneumatic and hydraulic systems as well as shift-accompanying maintenance of process technology, the assembly and commissioning of machining centres and the relocation of complete production plants, primarily for customers in the automotive industry and mechanical engineering.

# Economic report

## GENERAL ECONOMIC AND INDUSTRY CONDITIONS

Macroeconomic development in the 2021 financial year was characterised by a global economic recovery. However, the negative consequences of the COVID-19 pandemic – including material bottlenecks due to supply chain disruption and a sharp rise in material and commodity prices – curbed the upward trend as the year progressed. Supply bottlenecks led to slower economic growth in the second half of the year in particular. According to the International Monetary Fund (IMF)<sup>1</sup>, global gross domestic product (GDP) declined by 3.1% in the previous year as a result of the COVID-19 pandemic. By contrast, the latest IMF figures in January 2022 indicated a global economic upturn of 5.9% across 2021 as a whole.

Economic growth in the period under review was driven by positive development in the industrialised nations (+5.0%) as well as the emerging economies (+6.5%). The eurozone recorded growth of 5.2%. Although Germany saw full-year economic growth of 2.7% in 2021 according to the IMF experts, the second half of the year in particular saw a slowdown in the economic recovery. As a result of rising inflation, supply bottlenecks – especially the supply difficulties affecting raw materials and semiconductors, which led to a significant increase in material prices – a shortage of skilled workers and renewed COVID-19 restrictions in response to the highly infectious Delta and Omicron variants, the IMF lowered its growth forecast by 0.9 percentage points compared with its update in July 2021<sup>2</sup>. By contrast, GDP growth in the EU member states of France (+6.7%), Italy (+6.2%) and Spain (+4.9%) was considerably more resilient.

These estimates are confirmed by the latest figures from the German Federal Statistical Office (Destatis)<sup>3</sup> in January 2022. Economic development over the course of the year depended to a large extent on infection numbers and the massive supply bottlenecks affecting the supply chain in the German automotive industry. The recovery was curbed in particular by the fourth wave of the pandemic at the end of the year and growing supply and material bottlenecks, meaning that the upturn in economic output failed to offset the slump in 2020 as a result of the coronavirus crisis. GDP was still 2.0% lower than in

2019. Despite this, economic output increased in almost all areas of the economy in 2021. Price-adjusted gross value added saw a substantial upturn in the manufacturing sector (+4.4%) as well as most service sectors. Only the construction sector, which was largely unaffected by the coronavirus pandemic in 2020, saw a slight downturn in economic output in 2021 (-0.4%).

## INDUSTRY ENVIRONMENT

The industry environment is discussed in the information on the course of business in the individual divisions starting on page 64.

## FINANCIAL PERFORMANCE

In the 2021 financial year, HÖRMANN Industries GmbH generated **sales** of EUR 589.8 million. This meant that sales were EUR 68.3 million or 13.1% higher than in 2020 (EUR 521.5 million) and EUR 59.5 million or 11.2% higher than forecast by the company. This development was attributable in particular to the Automotive and Communication divisions, whereas the Engineering division saw a year-on-year downturn in sales in the 2021 financial year as forecast.

In the Automotive division, sales increased by EUR 60.3 million year-on-year, from EUR 273.2 million to EUR 333.5 million (forecast: EUR 288.3 million). The unexpected outbreak of the COVID-19 pandemic and the resulting widespread shutdowns of production capacity in the automotive industry had a significant impact on the business development of the Automotive division in the first half of the previous year. As a result, 2020 saw an unplanned loss of sales of almost EUR 60 million (cumulative) compared with 2019.

With sales of EUR 169.9 million (previous year: EUR 146.3 million/forecast: EUR 157.1 million), the Communication division recorded sales growth of around 16% compared with the previous year and around 8% compared with the forecast.

With sales of EUR 68.8 million (previous year: EUR 84.3 million), the Engineering division saw a year-on-year downturn due to longer project durations as expected. However, it closed the year up 11.9% or EUR 7.3 million compared with the forecast (EUR 61.5 million).

Although the Services division was also affected by the economic downturn in the automotive industry and the COVID-19 pandemic, sales were essentially unchanged year-on-year at EUR 17.6 million (previous year: EUR 17.0 million/forecast: EUR 23.3 million).

Taking into account an increase in inventories of EUR 36.7 million, **gross revenue** amounted to EUR 626.8 million, up by EUR 105.3 million or 20.2% on the same period of the previous year (EUR 521.5 million). This meant that gross revenue returned to the pre-crisis level of 2019 (EUR 628.2 million) in the year under review.

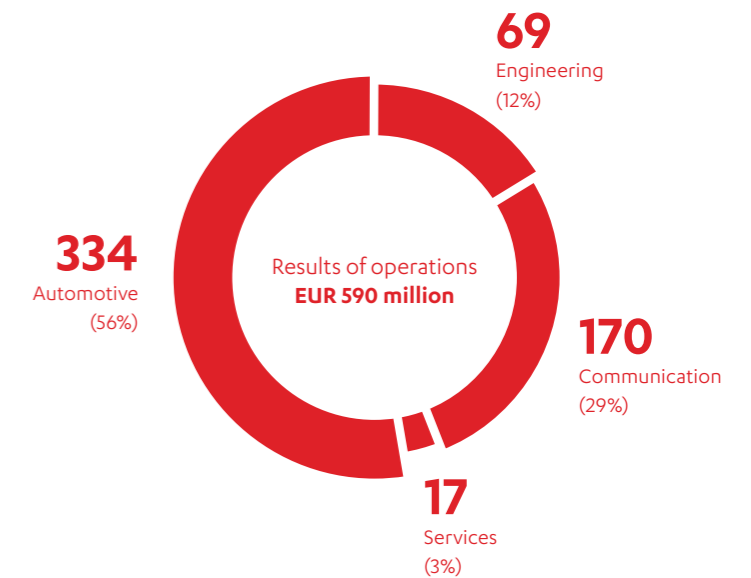
The **cost of materials** of EUR 343.7 million (previous year: EUR 279.2 million) included costs of raw materials, consumables and supplies, and of purchased merchandise, of EUR 269.7 million (previous year: EUR 220.1 million) and costs of purchased services of EUR 74.0 million (previous year: EUR 59.1 million). The cost of materials corresponded to 54.8% of total output, up on the prior-year figure (53.5%) but down on the pre-crisis level of 56.0%. The year-on-year increase in the cost of materials ratio was due to the stabilisation of business performance in the material-intensive Automotive business and price rises for steel and purchased parts such as electronic components.

**Other operating income** of EUR 11.5 million (previous year: EUR 13.6 million) includes EUR 3.6 million in income from the reversal of provisions, EUR 2.5 million in income from investment and research grants, EUR 1.7 million in payments in kind, EUR 1.0 million in prior-period income, EUR 0.1 million income from insurance payments and EUR 0.2 million from currency translation.

At EUR 294.6 million, the **gross profit** rose by EUR 38.6 million as against the previous year's figure of EUR 256.0 million, thereby returning to the pre-crisis level recorded in 2019 (EUR 289.2 million).

**Personnel expenses** increased by EUR 13.2 million year-on-year to EUR 166.9 million (previous year: EUR 153.7 million) due to the increased capacity utilisation in the Automotive and Communication divisions in particular. In response to the slump in business in 2020, extraordinary cost-cutting measures (e.g. reduced working hours schemes, working off working time accounts and holiday entitlement, postponing new hires) with a net effect of around EUR 10 million were realised in the previous year. Staff costs corresponded to 26.6% of gross revenue (previous year: 29.5%). Excluding trainees, HÖRMANN Industries GmbH employed an average of 2,787 people in the year under review (2020: 2,774).

## Breakdown of sales by business division for 2021 in EUR million



At EUR 15.3 million, **depreciation and amortisation** was up EUR 2.5 million on the prior-year figure (EUR 12.8 million). This included goodwill amortisation of EUR 1.8 million (previous year: EUR 3.2 million). The increase in depreciation and amortisation in the period under review was mainly due to unscheduled and non-recurrent write-downs on equipment and operating resources in the amount of EUR 3.5 million that were subsequently recognised in the Automotive division in connection with the closure of the Penzberg plant and the relocation of production from Penzberg to Banovce/Slovakia.

**Other operating expenses** rose by EUR 5.3 million year-on-year to EUR 81.2 million (previous year: EUR 75.9 million). EUR 14.7 million of this related to the cost of buildings and premises, EUR 20.2 million to administrative expenses and EUR 28.6 million to operating and selling expenses. The increase was due to investments in the renovation and expansion of the IT infrastructure in the year under review with a view to strengthening cybersecurity and the ERP systems. Additionally, the expansion of automation and the ramp-up of new standard products in the Automotive division resulted in increased leasing costs for commissioned machinery and equipment as well as maintenance costs for the existing machine fleet. Other operating expenses amounted to 13.0% of gross revenue (previous year: 14.6%).

<sup>1</sup> IMF World Economic Outlook Update January 2022

<sup>2</sup> IMF World Economic Outlook Update July 2021

<sup>3</sup> Destatis press conference statement, 14 January 2022

With an **operating result** of EUR 31.2 million (previous year: EUR 13.6 million), financial performance improved by around 130% year-on-year despite the disruption to production in large parts of the Automotive division in the second half of 2021 due to the shortage of electronic components on the part of OEM customers. In addition to the partial economic stabilisation of the Automotive division, this was due in particular to the extremely good business development in the Communication division, whereas the Engineering division developed as forecast.

After deducting other taxes of EUR 1.2 million, **EBIT** for 2021 amounted to EUR 30.0 million (previous year: EUR 12.6 million/forecast: EUR 18.2 million). After adjustment for unscheduled write-downs in the Automotive division, operating EBIT amounted to EUR 33.5 million or 5.3% of gross revenue.

The **financial result** was unchanged at EUR -3.7 million (previous year: EUR -3.7 million). In the year under review, interest and similar expenses including commitment fees were incurred in the amount of EUR 4.5 million (previous year: EUR 4.4 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 0.8 million (previous year: EUR 0.7 million).

The **income tax expense** for trade tax and corporation tax amounted to EUR 12.2 million in 2021 (previous year: EUR 6.7 million). Income from deferred taxes in the reporting period amounted to EUR 0.3 million (previous year: EUR 1.0 million).

The 2021 financial year closed with **consolidated net income** of EUR 14.4 million (previous year: EUR 3.2 million).

Following the crisis-hit 2020 financial year, HÖRMANN Industries GmbH returned to strong performance in the 2021 reporting year, with sales, gross revenue and EBIT all exceeding expectations by some distance. This meant that HÖRMANN Industries GmbH returned to the positive business development it recorded in the pre-crisis years of 2018 and 2019. In the Automotive division, sales rose by EUR 62.7 million year-on-year from EUR 118.5 million to EUR 181.2 million in the first half of 2021, thanks to the strong rise in demand in the trucks and agricultural machinery product segments.

Renewed disruption to production and lower call orders from our customers in the trucks product segment meant that the strong growth in the first half of the year did not continue in the second half of 2021, thus preventing an operating turnaround in the Automotive division in the year under review. By contrast, the Communication division exceeded forecasts by some distance with the aid of government economic support packages, thereby more than offsetting the weak Automotive business in the second half of 2021. This development once again underlines the impact of the diversification strategy and the stronger focus on the non-automotive areas of HÖRMANN Industries GmbH. On the whole, the management considers the Group's business development and results of operations in the 2021 reporting year to be good.

## FINANCIAL POSITION

### Capital structure

The Group's **equity base** including non-controlling interests amounted to EUR 131.1 million as at 31 December 2021 (31 December 2020: EUR 120.8 million). Despite the increase in total assets, the equity ratio thus increased from 37.2 % in the previous year to 38.4 % as at 31 December 2021.

**Total assets** rose by EUR 17.0 million, from EUR 324.7 million to EUR 341.7 million, essentially as a result of the increase in trade receivables and bank balances compared with the end of the previous year.

Including inventories of EUR 61.1 million and trade receivables of EUR 57.7 million and less trade payables of EUR 40.1 million, **working capital** increased to EUR 78.7 million at the end of the period under review (31 December 2020: EUR 66.1 million). This development was primarily due to the increase in trade receivables from EUR 42.8 million at the prior-year reporting date to EUR 57.7 million in the year under review. The good level of orders on hand in the Engineering and Communication division meant that work in progress rose by EUR 37.0 million to EUR 114.9 million. The advance payment rate increased further in the 2021 financial year thanks to good and, in some cases, long-standing customer relationships as well as existing guarantee and surety facilities, thereby refinancing the higher level of work in progress. At the end of the 2021 financial year, payments received from customers for projects and orders that had already begun amounted to EUR 110.5 million (31 December 2021: EUR 74.6 million).

Liabilities in connection with **bonds** amounted to EUR 50.0 million as at 31 December 2021 (31 December 2020: EUR 50.0 million). The bond issued in June 2019 by HÖRMANN Industries GmbH has a volume of EUR 50.0 million, a coupon of 4.5% and a term of five years ending on 6 June 2024.

**Liabilities to banks** amounted to EUR 9.4 million at the end of the 2021 financial year (31 December 2020: EUR 10.0 million). At the end of July 2020, HÖRMANN Industries obtained approval for a EUR 40 million KfW entrepreneur loan it had applied for, as a precautionary measure, as part of the German Federal government's package of measures to mitigate the economic impact of the COVID-19 pandemic. In September 2020, the federal government contractually agreed the loan facility granted under the terms of the KfW Special Programme 2020 for large companies with the existing syndicate of banks as the financing partner assuming 80% of the risk. HÖRMANN Industries GmbH utilised EUR 10.0 million of this in October 2020 as a precaution. In view of the improvement in the economic environment and the associated increase in its results of operations, HÖRMANN Industries GmbH decided in the past financial year not to draw down the tranches from the KfW entrepreneur loan of EUR 30 million that had not yet been disbursed and to cancel the corresponding loan agreements with KfW.

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. The first quarterly repayment instalment of EUR 0.6 million was paid at the end of 2021.

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; this request was approved. There was no credit utilisation as at 31 December 2021

Information on the term and collateralisation of the other liabilities can be found in the notes to the consolidated financial statements. Conditions have not deteriorated year-on-year as a result of the company's credit standing and are in line with market developments.

## Liquidity

**Bank balances** amounted to EUR 93.7 million at the reporting date (31 December 2020: EUR 83.0 million).

As at 31 December 2021, there were available credit facilities of EUR 42.5 million (31 December 2020: EUR 72.5 million including the total KfW credit commitment).

HÖRMANN Industries GmbH had **net cash and cash equivalents** of EUR 84.3 million as of the reporting date (31 December 2020: EUR 73.2 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. Cash flow from operating activities declined from EUR 28.3 million in 2020 to EUR 21.1 million in the 2021 financial year, largely as a result of the increase in working capital. Cash flow from investing activities improved from EUR -14.5 million to EUR -3.5 million in the 2021 financial year as a result of the lower level of investment and the sale and leaseback of production facilities. Investment activity in the year under review focused on necessary expenditure on fixed assets for the expansion of the Automotive plant in Slovakia and investments in further increasing the degree of automation at German production sites in the Automotive division, as well as the start of construction work on Funkwerk AG's new production and administrative buildings at its headquarters in Köllda. Cash flow from financing activities amounted to EUR -7.1 million (previous year: EUR 4.6 million). Payments for interest and dividends or distributions for shareholders of the parent company and for other shareholders amounted to EUR 6.5 million in the year under review (previous year: EUR 5.4 million). Furthermore, the first instalment for the KfW loan was paid in the fourth quarter of 2021 in the amount of EUR 0.6 million.

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

## NET ASSETS

At EUR 12.7 million (previous year: EUR 15.6 million), additions to **tangible and intangible assets** were at the same level as depreciation and amortisation of fixed assets (EUR 11.8 million excluding unscheduled write-downs).

The first-time consolidation of Funkwerk AG as at 1 October 2016 resulted in goodwill of EUR 4.3 million (previous year: EUR 5.2 million), which was subject to pro rata amortisation of EUR 0.9 million in the 2021 financial year. The acquisition of MAT Maschinentechnik GmbH at the end of 2017 financial year resulted in goodwill on first-time consolidation in the amount of EUR 0.3 million as at 31 December 2021 (previous year: EUR 0.4 million), which was subject to amortisation of EUR 0.1 million in the past financial year. The first-time consolidation of Klatt Fördertechnik GmbH as at 1 April 2019 resulted in goodwill of EUR 3.8 million (previous year: EUR 4.3 million), which was subject to amortisation of EUR 0.5 million in the past financial year.

Total **inventories** (after deducting payments received on account of orders) remained unchanged year-on-year at EUR 61.1 million (2020: EUR 61.1 million) despite the significant expansion in the business volume and the increase in the cost of materials. The increase in work in progress to EUR 114.9 million (previous year: EUR 77.9 million) was offset by the increase in payments received on account of orders to EUR 110.5 million (previous year: EUR 74.6 million). The range of inventories to sales declined to 37.4 days (previous year: 42.2 days). Daily turnover is calculated by dividing the inventories as at 31 December 2021 by the average sales per day in the period under review.

The significant increase in the business volume was also reflected in incoming orders in 2021. The Group recorded incoming orders of EUR 655.9 million in 2021 (previous year: EUR 550.7 million), corresponding to a book-to-bill ratio of 1.11. Orders on hand amounted to EUR 359.9 million at the end of 2021 (previous year: EUR 293.4 million). Of this figure, EUR 112.1 million (previous year: EUR 70.6 million) was attributable to the Engineering division, EUR 147.8 million (previous year: EUR 138.6 million) to the Communication division, EUR 6.1 million (previous year: EUR 3.7 million) to the Services division and EUR 93.9 million (previous year: EUR 80.5 million) to the Automotive division. The project-oriented divisions of Engineering and Communication thus have an order backlog of around one year's sales. In the Automotive division, the existing multi-year master agreements with OEM customers are included in orders on hand only for notified call orders of an average of 8-12 weeks.

The sales growth in particular meant that **trade receivables** increased from EUR 42.8 million to EUR 57.7 million, corresponding to 35.3 days (previous year: 29.6 days). Daily turnover is calculated by dividing the receivables as at 31 December 2021 by the average sales per day in the period under review. As in 2020, the HÖRMANN Automotive division is included in reverse factoring arrangements with two major customers under which current trade receivables with a short payment term of less than ten days are purchased via a fintech platform.

**Other assets** declined from EUR 19.0 million to EUR 14.4 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. Deferred tax assets increased by EUR 0.4 million to EUR 14.7 million in the 2021 financial year (previous year: EUR 14.3 million).

At EUR 21.3 million as of 31 December 2021, **pension provisions** were essentially unchanged as against the previous year (EUR 21.2 million).

**Tax provisions** amounted to EUR 3.1 million as of 31 December 2021 after EUR 3.6 million in the previous year.

**Trade payables** increased from EUR 37.8 million to EUR 40.1 million as at the reporting date. The utilisation of supplier credits for the cost of materials and other operating expenses decreased from an average of 38.5 days to 34.1 days due to the higher volume. The average duration of credit utilisation is calculated by dividing the trade payables as at 31 December 2021 by the sum of the average cost of materials and the average other operating expenses per day in the period under review.

## REPORT ON PERFORMANCE INDICATORS

### Non-financial performance indicators

#### Production

Production capacity utilisation within HÖRMANN Industries GmbH varied in 2021. While the Communication and Engineering divisions operated at full capacity in the reporting year due to the high business volume, plant utilisation in the Automotive division declined unexpectedly sharply in the second half of 2021 as a result of renewed disruption to production and cancelled call orders on the part of truck manufacturers following a strong first half of the year. This volatile situation in terms of capacity utilisation, especially at the plants in Gustavsburg and Banovce/Slovakia, led to significant additional expenses in the first half of the year under review due to extra shifts, the use of temporary workers and the commissioning of additional purchased services and special shipments, whereas the second half of the year saw high idle capacity costs due to the surprising reduction in the production programme by around 50% from the end of August 2021 and the resulting underutilisation.

#### Supply

The purchase of raw materials and supplies as well as components within the Group is managed decentrally by the individual subsidiaries on a demand-oriented basis. The required material is procured worldwide from various suppliers, most of whom the units work with on a long term basis. Depending on the volume, multi-year master agreements are used. In the Automotive division, a strategic purchasing department was established to leverage additional cost-cutting potential by bundling a wide range of product groups and services with an impact on earnings. Additionally, strategic 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 at the start of the 2021 financial year. This situation intensified as the 2021 financial year progressed, with supply bottlenecks leading to extensive delays in delivery and significant price rises. The Group was impacted by these price rises and additional logistics costs in 2021. These disruptive factors are intensifying in conjunction with the demand situation and developments in Ukraine. As a result, purchasing prices – especially for energy – are set to continue to rise and availability problems are anticipated. Suppliers are extremely reticent to offer longer-term price and supply commitments, which is further exacerbating the risk of future cost increases. The global and European procurement

markets are seeing unprecedented volatility and extremely high inflationary trends with risks that are largely incalculable.

#### Employees

HÖRMANN Industries GmbH employed an average of 2,787 people in 2021 compared with 2,774 in the previous year.

It also employed a total of 82 trainees (previous year: 99). Measured against the total workforce, this corresponds to a share of almost 3.0%. The training on offer covers various industrial and commercial occupations.

In order to secure the further expansion of the Group 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 HÖRMANN Industries GmbH as an employer and to attract competent, motivated young professionals. HÖRMANN Industries GmbH 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 success-oriented 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 promptly for future requirements.

HÖRMANN Industries GmbH also focuses on protecting its employees. By establishing the conditions for remote working to the widest possible extent and introducing widespread and comprehensive hygiene measures at the production sites, we are providing our employees with the best possible protection against the risks arising from the COVID-19 pandemic. As soon as the first signs of the COVID-19 pandemic emerged in February 2020, more than 900 office workstations were equipped with mobile devices and system access. This again allowed the Group to remain operational throughout 2021 with minimal disruption while effectively protecting its employees' health. In addition, widespread and comprehensive hygiene measures have been in place at the Group's production sites since the onset of the COVID-19 pandemic, including the provision of protective masks and regular COVID-19 tests.

In 2021, this was supplemented by the provision of vaccinations by the company medical team at the locations with large workforces. These measures have limited the impact of the COVID-19 pandemic across the Group’s plants and production and assembly facilities in Germany to the greatest possible extent and ensured work and production capability at all times.

Quality assurance

To ensure the high quality level and the reliability of our products and services in the long term, the relevant processes in the Group’s operating units are regularly individually reviewed according to the respective 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. HÖRMANN Industries GmbH tries to keep the effects of its actions on the environment as low as possible or to reduce them 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 sponsor selected cultural institutions and social projects.

HÖRMANN Industries GmbH intends to make sustainability an even more important aspect of corporate governance in future. A sustainability report was prepared for the first time in the 2021 reporting year and will be published regularly as part of the gradual process of establishing an auditable sustainability management system and promoting sustainability initiatives.

Financial performance indicators

Financially, HÖRMANN Industries GmbH is managed on the basis of the key figures of sales, gross revenue, gross profit, EBIT and 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 was of central importance in the 2020 and 2021 financial years due to the impact of the COVID-19 pandemic.

	2021	2020	2019
Sales (EUR million)	589.8	521.5	622.2
Gross revenue (EUR million)	626.8	521.5	628.2
Gross profit (EUR million)	294.6	256.0	289.2
Gross profit margin / Gross revenue	47.0%	49.1%	46.0%
EBIT (EUR million)	30.0	12.6	23.7
EBIT margin / Gross revenue	4.8%	2.4%	3.8%
Available liquidity (EUR million) (Net liquidity plus unutilised credit facilities)	126.8	145.7	107.3

In its strategic medium-term planning, HÖRMANN Industries GmbH continues to adhere to its target of achieving consolidated sales growth to around EUR 750 million with a sustained EBIT margin of 5% p. a. in the Group in the next few years.

COURSE OF BUSINESS IN THE DIVISIONS

The course of business is presented in the form of a multi-year comparison of sales and EBIT. Sales are adjusted for intragroup sales and therefore only include sales with third parties and sales with companies that are not fully consolidated due to immateriality.

EBIT includes the operating result (Section 275(2) No. 1 - 8 of the German Commercial Code (HGB)) minus/plus other taxes (Section 275(2) No. 16 HGB) unless expressly stated otherwise. The EBIT percentages relate to sales unless expressly stated otherwise.

The development of the individual divisions is presented in the following sections.

Automotive division

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

Although the past year saw a recovery in the European truck industry following the severe impact of the COVID-19 pandemic in 2020, supply bottlenecks and the resulting global semiconductor shortage in particular meant it remained significantly below the pre-crisis level of 2019. According to the European Automobile Manufacturers’ Association (ACEA)<sup>4</sup>, the number of commercial vehicles registered in the EU increased by 9.6% year-on-year to almost 1.9 million, but this was well below the figure of 2.1 million for 2019. In the second half of the year in particular, the monthly new registration figures were below the corresponding figures for previous years.

According to the Association of International Motor Vehicle Manufacturers (VDIK)<sup>5</sup>, around 351,000 commercial vehicles were registered in Germany, up 0.6% on the previous year. As in the EU, this slight increase was driven by substantial growth in the first half of 2021 (+22%), whereas registration figures declined considerably in the second half of the year (-19%) as a result of the massive availability problems affecting electronic components in particular. While registrations of new light commercial vehicles up to 3.5 tonnes fell by 0.8% to just under 266,000, the number of newly registered heavy commercial vehicles over 16 tonnes rose by 10.3% to around 55,400. New registrations of commercial vehicles with an overall vehicle weight of between 3.5 and 16 tonnes fell by 4.2% to around 23,400, while the figure for buses remained constant (+0.2%) at almost 6,500.

The main customer for the Automotive division in 2021 remained TRATON SE, primarily with its subsidiary MAN Truck & Bus AG. According to TRATON SE<sup>6</sup>, MAN Truck & Bus AG generated total sales of 93,668 units in the reporting period, 15% more than in the previous year (81,673 units). Sales of trucks (>6 tonnes) increased by 14% year-on-year to 66,837 units (previous year: 58,698 units). Growth in demand was recorded in the most important region in particular, namely EU27+3. Incoming orders at MAN Truck & Bus amounted to 143,531 units in 2021 (previous year: 84,921 units). Incoming orders for trucks (>6 tonnes) amounted to 107,476 units, up 77% on the previous

year (60,862 units). This development was driven by all of the major regions, with the most important market, EU27+3, recording growth of 84%.

In addition to TRATON SE, Daimler Truck Holding AG, which was newly formed in 2021, is a key customer for the Automotive division. According to Daimler Truck Holding AG<sup>7</sup>, vehicle sales climbed by 20% to 455,400 units (2020: 378,300 units). Supply bottlenecks also impacted production at Daimler in the second half of the year, thereby limiting the volume growth for heavy commercial vehicles in North America and Europe in particular.

The Automotive business division in a multi-year comparison:

	2021	2020	2019	2018
Sales (EUR million )	333.5	273.2	379.5	423.9
Change (EUR million)	60.3	−106.3	−44.4	48.5
Change	22.1%	−28.0%	−10.5%	12.9%
EBIT (EUR million)	−5.9	−16.0	3.2	3.8
EBIT margin	−1.8%	−5.9%	0.8%	0.9%
Non-recurring and prior-period effects * (EUR million )	3.5	5.8	0.2	6.3
Adjusted EBIT (EUR million)	−2.4	−10.2	3.4	10.1
Adjusted EBIT margin	−0.7%	−3.7%	0.9%	2.4%

\* From 2018 to 2021, HÖRMANN Industries recognised provisions and unscheduled write-downs on current and fixed assets in connection with the adjustment of German staff capacities as a result of the expansion of automation, the relocation of labour-intensive products to the new plant in Slovakia and the relocation of its operations in Bielefeld. The deconsolidation of Hörmann Automotive Penzberg GmbH resulted in non-recurring income of EUR 1.2 million in the first half of 2019. In the 2020 financial year, the relocation and closure of the Automotive plant in Penzberg resulted in non-recurring expenses due to book losses, losses on receivables and consulting and special transportation costs at the level of HÖRMANN Automotive GmbH and HÖRMANN Automotive Slovakia s.r.o.

In 2021, the Automotive division developed in line with the industry as a whole. In the first half of the year, sales in the trucks and agricultural machinery product segments rose by around 50% year-on-year thanks to government investment subsidy programmes (including the “scrapping premium” for old

<sup>4</sup> ACEA press release, 26 January 2022  
<sup>5</sup> VDIK press release, 5 January 2022  
<sup>6</sup> TRATON SE Annual Report 2021

<sup>7</sup> Daimler Truck Holding AG Annual Report 2021

trucks) and higher standards for truck exhaust quality, among other things. However, business development slumped from September 2021 onwards due to the shortage of electronic components, which resulted in disruption to production and the cancellation of orders on the part of customers in the trucks product segment. The Automotive division generated sales of EUR 333.5 million across 2021 as a whole, an increase of EUR 60.3 million or 22.1% compared with 2020. Of this figure, around EUR 30 million related to oncharged material price rises that were recognised directly in equity. Despite the weaker second half of the year, the ongoing availability issues affecting materials and the accompanying price rises, this meant that EBIT improved by EUR 10.1 million, from EUR -16.0 million in the previous year to EUR -5.9 million in 2021. This includes non-recurring expenses for write-downs on equipment and operating resources in the amount of EUR 3.5 million that were subsequently recognised in connection with the relocation of production from Penzberg to the plant in Banovce/ Slovakia.

Communication division

In the Communication division, HÖRMANN Industries GmbH is a technologically leading provider of innovative communication, information, warning and security systems together with its subsidiaries. The product portfolio includes professional radio equipment for railways and public transportation, smart security systems to protect buildings, public spaces, industrial properties and facilities and inland shipping and airports. The Communication division’s portfolio also includes the development, production, installation and maintenance of electronic warning systems for civil protection and Germany-wide infrastructure services related to railway traffic and communication technology.

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 international trade flows and growing environmental awareness, as well as more stringent environmental protection targets, are making rail transport more important. At the same time, the environment and technological requirements are changing, influenced by digitalisation and automation.

According to the unife World Rail Market Study<sup>8</sup>, the global rail industry is set to have continued on its long-term growth path in 2021. As the biggest railway infrastructure market in the Western Europe region, Germany was one of the main drivers of this development. The German Railway Industry Association<sup>9</sup> (VBD) reported positive performance in the first half of 2021: With sales of EUR 7.3 billion, the German railway industry reached a new record high. This year-on-year increase of 14.1 % serves to underline the resilience of the railway industry in Germany. Exports performed especially well, growing by almost 30% and increasing their share of total sales from around 40% to 44%. Vehicle business remained the strongest performer with sales of EUR 5.1 billion, but infrastructure also saw growth of 10% to EUR 2.2 billion. However, incoming orders fell by just under 7% to EUR 7 billion in the first half of 2021. According to the VBD, this was also due to the COVID-19 crisis. It specifically highlighted the downturn in domestic orders, which is not consistent with Germany’s climate policy objectives.

According to the German Federal Security Technology Association (BHE)<sup>10</sup>, the situation in the security industry is starting to ease a little following the massive economic impact of the COVID-19 pandemic on some areas of the industry in the 2020 financial year. In the BHE’s autumn economic survey, companies in the industry gave their current business situation an average score of 1.95 using the German school grade system, with more than 80% of the companies surveyed awarding grades of “very good” or “good”. This was the case for just two-thirds of the companies as recently as spring 2021. Individual sectors appear to have benefited substantially from the conditions resulting from the coronavirus pandemic. For example, video security and access control recorded new best scores of 2.12 and 2.06 respectively.

Despite the ongoing impact of the COVID-19 pandemic and growing supply bottlenecks on the procurement markets, the Communication division again performed extremely well and continued to develop positively in 2021, thereby more than exceeding expectations. Consolidated sales increased by EUR 23.6 million, from EUR 146.3 million in the previous year to EUR 169.9 million in the year under review. The division benefited from the noticeable increase in demand and the favourable product mix.

The strong growth in sales was attributable in particular to increased investment in infrastructure expansion and government economic and subsidy projects for the expansion of the rail network and railway line digitalisation. As part of its “future package”, the Federal Republic of Germany is supporting the improvement of mobile reception across the German rail network, which requires the modernisation and conversion of systems to interference-free GSM-R components. As an established provider of this technology, the subsidiary Funkwerk Systems GmbH was able to participate in the project which was originally scheduled until the end of 2021 and has since been extended by one year. The resulting orders from numerous rail operating companies led not only to considerable pull-forward effects and a significant expansion in the business volume, but also to extremely high capacity utilisation that boosted the operating result in particular. In addition, the division’s positive performance was supported by high demand for qualified electrical planning and installation services as well as mechanical assembly and maintenance for the ongoing energy turnaround. As a result, EBIT increased by EUR 13.6 million year-on-year to EUR 37.1 million in the 2021 financial year.

Multi-year comparison for the Communication division:

	2021	2020	2019	2018
Sales (EUR million)	169.9	146.3	134.2	113.4
Change (EUR million)	23.6	12.1	20.8	4.3
Change	16.1%	9.0%	18.3%	3.9%
EBIT (EUR million)	37.1	23.5	18.5	12.9
EBIT margin	21.8%	16.1%	13.8%	11.4%

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

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 primarily depends on the economic performance of the construction, logistics and railway vehicle construction industries.

The German construction industry saw stable development at a high level in 2021. According to the two largest construction associations, the Central Association of the German Construction Industry (ZDB) and the Federation of the German Construction Industry (HDB)<sup>11</sup>, sales in the main construction industry increased by 0.5% in nominal terms to EUR 143.5 billion in the reporting period. As previously, residential construction was the main pillar of the construction industry in the past year. All in all, the associations expect sales in residential construction to have amounted to around EUR 55.4 billion in 2021, a nominal increase of 2% compared with 2020. By contrast, demand in commercial construction was extremely volatile and remains ambivalent in terms of the leading indicators of building permits and incoming orders. All in all, the associations expect sales to have amounted to EUR 50.3 billion in 2021 (+1% in nominal terms).

According to the VDMA’s trade association for conveyor technology and intralogistics<sup>12</sup> (VDMA), 2021 was a strong year for Germany’s conveyor technology and intralogistics providers. Experts expect the production volume to have risen by 6% to EUR 22.6 billion in the past year. The industry was one of the few to benefit from supply bottlenecks and the shortage of materials, as these prompted companies to adopt new inventory and production supply concepts, leading to increased demand for intralogistics solutions. Following the pandemic-related downturns in 2020, there was a return to stronger export demand in 2021, albeit not yet at pre-crisis levels.

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

At EUR 68.8 million, sales in the Engineering division were lower than in the same period of the previous year as anticipated (EUR 84.3 million). The enormous uncertainty and the economic repercussions of the COVID-19 pandemic caused severe delays in order placement in 2020. The late-cycle effects of the crisis were therefore still felt in the 2021 financial year and caused sales to decline in the Engineering division, and especially at HÖRMANN Logistik GmbH. Major intralogistics orders that were expected to be placed in 2020 were

<sup>8</sup> unife World Rail Market Study forecast 2020 to 2025  
<sup>9</sup> German Railway Industry Association (VDB) press release, 4 October 2021  
<sup>10</sup> BHE autumn economic survey, 3 December 2021

<sup>11</sup> ZDB/HDB joint press release, 16 December 2021  
<sup>12</sup> VDMA press release, 17 February 2022

postponed until the first half of 2021, which means that longer-running projects cannot be invoiced until 2022 or 2023. Accordingly, the division's order situation developed positively in the year under review. New orders of EUR 110.1 million were recorded, causing orders on hand to increase to EUR 112.1 million as at 31 December 2021.

#### Multi-year comparison for the Engineering division

	2021	2020	2019	2018
<b>Sales</b> (EUR million)	<b>68.8</b>	<b>84.3</b>	<b>86.9</b>	<b>65.6</b>
Change (EUR million)	-15.5	-2.6	21.3	-18.5
Change	-18.4%	-3.0%	32.5%	-35.7%
<b>EBIT</b> (EUR million)	<b>7.4</b>	<b>9.1</b>	<b>9.5</b>	<b>8.6</b>
EBIT margin	10.8%	10.8%	10.9%	13.1%

#### Services division

The Services division bundles the industrial service offering of HÖRMANN Industries GmbH, which the Group intends to use to leverage the growth potential of the technological trends of automation and the emerging structural change within the automotive industry.

According to the latest calculations by the German Federal Statistical Office in January<sup>13</sup> and February<sup>14</sup> 2022, there was a year-on-year improvement in economic output in 2021 in the manufacturing sector (+4.4%) and industry (+3.0%) alike. However, economic output in both areas was still well below the pre-crisis level at 6.0% (manufacturing) and 5.5% (industry). The automotive industry saw a further downturn in production in 2021.

The Services division, which was also substantially affected by the economic downturn in the automotive industry and the effects of the COVID-19 pandemic, generated sales of EUR 17.6 million (previous year: EUR 17.0 million). It closed the 2021 financial year with negative EBIT of EUR -2.0 million (previous year: EUR -2.5 million).

The business performance of the young business unit in the period under review continued to be impacted by the travel and access restrictions that remained in place in 2021 and a lingering reluctance among customers from the automotive and mechanical engineering sectors to place orders. The high degree of dependence on a major customer in the automotive industry and the restrictive awarding of third-party orders also had a negative impact in the reporting year. The strategic focus is therefore on customer acquisition in non-automotive areas on the basis of the division's expertise in automation, assembly and maintenance. The Automation division of SAV GmbH, Mittweida, and its eleven employees were acquired effective 1 January 2021. In addition, HÖRMANN Automationservice GmbH acquired the operations of SOLUTION-TEC GmbH in Wolfenbüttel, along with its seven employees, effective 1 November 2021. These two acquisitions serve to systematically strengthen the pioneering field of automation technology.

#### Multi-year comparison for the Services division

	2021	2020	2019	2018
<b>Sales</b> (EUR million)	<b>17.6</b>	<b>17.0</b>	<b>21.4</b>	<b>21.2</b>
Change (EUR million)	0.6	-4.4	0.2	17.1
Change	3.5%	-20.6%	0.9%	n.a.
<b>EBIT</b> (EUR million)	<b>-2.0</b>	<b>-2.5</b>	<b>-4.0</b>	<b>0.4</b>
EBIT margin	-11.3%	-14.7%	-18.7%	1.9%
Non-recurring and prior-period effects* (EUR million)	0.0	0.5	2.4	0.0
<b>Adjusted EBIT</b> (EUR million)	<b>-2.0</b>	<b>-2.0</b>	<b>-1.6</b>	<b>0.4</b>
Adjusted EBIT margin	-11.3%	-11.8%	-7.5%	1.9%

\* In 2019, the restructuring of the industrial service units of HÖRMANN Industries and the subsequent follow-up and labour-intensive costs from project orders, the consolidation of administrative locations and the associated adjustment of staff capacities and rental expenses until the end of the respective rental agreements as well as unscheduled goodwill amortisation resulted in non-recurring expenses of EUR 2.4 million. In 2020, unscheduled goodwill amortisation was recognised in the amount of EUR 0.5 million due to the development of the respective company's value.

## Report on opportunities, risks and expected developments

### OUTLOOK

#### General economic conditions

Since the Russian invasion of Ukraine on 24 February 2022, the global and, in particular, European economy has been impacted by the consequences of the war. According to a joint statement by international financial institutions<sup>15</sup> including the IMF and the European Investment Bank, the effects of the crisis will have an impact on the entire global economy, leading to slower growth, trade disruptions and steeper inflation. The latter is being driven by higher commodity and energy prices in particular. This will impair economic development in Europe and especially in Germany in the second half of 2021 and will also have a negative impact on the HÖRMANN Industries GmbH's business activities. In addition to the supply chain issues resulting from the war, a study by Roland Berger<sup>16</sup> suggests that the semiconductor shortage that already impaired the production of numerous OEMs in the previous year will continue into 2023.

This is further exacerbated by restrictions to prevent the spread of the COVID-19 pandemic. For example, infections increased again at the end of the 2021 financial year as the highly infectious Omicron variant of COVID-19 became prevalent. At the time this report was prepared, lockdowns had been reimposed in several major Chinese cities, including the economic powerhouse and biggest city Shanghai. However, the progress made with vaccination campaigns and the supposedly milder symptoms of the Omicron variant meant that many countries refrained from imposing strict restrictions on public life or have since lifted the restrictions that were in place. Despite this, forecasts by experts are subject to a high degree of uncertainty regarding the remaining duration and severity of the pandemic, particularly with a view to potential new variants.

The updated economic forecast by the German Council of Economic Experts<sup>17</sup> on 30 March 2022 confirms this forecast for macroeconomic development, stating that the Russian war of aggression on Ukraine is impairing the outlook for the world economy and leading to considerable political uncertainty. Probable consequences include sustained high energy and commodity prices and the absence of food and fertiliser exports from Ukraine and Russia. Economic growth in the European Union in particular is set to slow considerably. In particular, the high degree of dependence on Russian imports represents a significant risk for some member states. Ultimately, the suspension of deliveries or an embargo on imports of Russian energy cannot be ruled out.

Global economic development had been more robust prior to the outbreak of the war. Although the spread of the Omicron variant of the coronavirus (SARS-CoV-2) led to record high infection levels in many countries, the economic impact is becoming increasingly less dramatic with each new wave of the pandemic. However, the Russian war of aggression on Ukraine and the sanctions imposed in response are intensifying the disruption to global supply chains and increasing inflationary pressure. These supply-side difficulties are expected to be accompanied by stable consumer demand for the time being. Contact-intensive services in particular are expected to continue to recover in the summer half-year of 2022. As the consumer structure between goods and services continues to normalise, the pandemic-related bottlenecks should at least become less relevant as the year progresses. Growth impetus is likely to result from the partial utilisation of unplanned savings during the pandemic and the solid nature of the employment market.

The German Council of Economic Experts believes that GDP in the eurozone will grow by 2.9% in both 2022 and 2023. This is based on the assumption that energy prices will remain high during the forecast period but that Russian energy supplies will not be suspended. Germany is expected to see GDP growth

<sup>13</sup> Destatis press conference statement, 14 January 2022

<sup>14</sup> Destatis press release no. 049, 7 February 2022

<sup>15</sup> IMF press release no. 22/80, 17 March 2022

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

<sup>17</sup> German Council of Economic Experts, updated economic forecast, 30 March 2022

of 1.8% in 2022 and 3.6% in 2023. The German Council of Economic Experts is forecasting inflation of 6.2% in 2022 and 2.9% in 2023 for the eurozone (HICP) and 6.1% and 3.4% for Germany (CPI). The considerable dependence on Russian energy supplies embodies a significant risk of lower economic output, up to and including a recession, accompanied by substantially higher inflation.

This dynamically developing situation means it was difficult to reliably forecast the economic consequences at the time this management report was published, since they cannot yet be quantified with any real degree of credibility.

#### Forecast for the Automotive division

Following a weaker start to the year in the first two months of 2022, with the German commercial vehicle market seeing another downturn of 6% to 48,600 new registrations, the Association of International Motor Vehicle Manufacturers (VDIK)<sup>18</sup> believes development over the coming months will depend on the speed at which delivery capability can be expanded. Sustained supply chain disruption – e.g. affecting semiconductors – will continue to impact manufacturers’ production in 2022 and the shortage of semiconductors is expected to continue until mid-2023. This is accompanied by interruptions due to the war in Ukraine, which has already brought production to a halt for some manufacturers in Germany. Accordingly, key manufacturers and customers like the TRATON Group<sup>19</sup> and suppliers like Schaeffler<sup>20</sup> are scaling back or suspending their forecasts for 2022, as any predictions depend on what happens in the war in Ukraine and, in particular, how this impacts supply chains. For these reasons, a reliable forecast of the economic performance of the commercial vehicle market in Germany and Europe was only possible to a limited extent at the time this report was prepared.

The Russian aggression in Ukraine is having a massive impact on truck production at the key customer MAN Truck & Bus AG, as the majority of the wire harnesses used in vehicle production are imported from Ukraine. As a result, the customer has had to curtail or even suspend production since mid-March 2022. It currently expects availability to be restored from May 2022 onwards, which will allow it to ramp up production again.

Accordingly, the plants in Gustavsburg and Banovce/ Slovakia with a focus on truck components have also had to substantially curtail production since mid-March 2022, which will have a negative impact on their financial position and results of operations.

It is not currently possible to predict the further ramifications of the war in Ukraine, the COVID-19 pandemic and the associated supply bottlenecks as far as production and demand for commercial vehicles are concerned.

Assuming that the customer-induced interruption to production is resolved from May 2022 onwards, the economic situation in the Automotive division stabilises and the further development of the COVID-19 pandemic and the availability of materials do not lead to additional negative business developments over the remainder of the year, HÖRMANN Industries GmbH anticipates sales of around EUR 330 million in the Automotive division in the 2022 financial year (previous year: EUR 335 million). Due to material and energy price rises and the idle capacity costs arising during the interruption to production, which occurred despite the immediate implementation of cost-cutting measures such as reduced working hours schemes and working off working time accounts and holiday entitlement and which cannot be offset, the breakeven is expected to be missed again in 2022 with a net loss at the same level as in the reporting year.

In the medium term, considerable excess demand and the high level of orders on hand at truck manufacturers means that production orders are expected to increase sharply as the supply chain situation returns to normal. This will help the division to return to positive results of operations on the back of stable 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 the pandemic levelling off and the supply chain situation normalising, achieving the ambitious medium-term targets will require a stabilised economic situation in Europe that allows the OEMs to meet the sales forecasts that form the basis for the targets.

#### Forecast for the Communication division

The German Railway Industry Association (VDB)<sup>21</sup> also expects the war in Ukraine to have economic consequences for the railway industry in Germany. The strained supply chain situation for some raw materials and components is expected to intensify. Energy and logistics costs are also continuing to rise, while the COVID-19 pandemic is still having a pronounced impact.

However, the experts from unife<sup>22</sup> do not expect the COVID-19 pandemic to have a long-term influence on the rail industry. Instead, the positive development in recent years on the back of sustained global megatrends like urbanisation, population growth and increasing environmental awareness are forecast to continue. Digitalisation and automation will make public transport even more attractive. Furthermore, many countries have resolved government infrastructure measures to support the economy – including Germany, the biggest market for the rail industry in Western Europe.

This represents additional sales potential for the Communication division. Specifically, the outgoing German Federal Government adopted a comprehensive economic and crisis response package as well as a “future package”. Within a EUR 50 billion stability package, this includes a EUR 150 million sub-package intended to improve mobile reception along 39,000 kilometres of railway in Germany. It also provides for improved interference immunity for train radio modules in older trains. The majority of the latter orders were placed in 2021 but further impetus is also expected in 2022.

The new German Federal Government is also committed to strengthening the rail network<sup>23</sup>. The coalition agreement states that the railway will become the backbone of mobility in cities and rural regions alike. One focal point will be the expansion of the rail infrastructure and railway operations.

In addition, the market for digital security, surveillance, communication and network technology had recovered from the impact of the COVID-19 pandemic by autumn 2021 and is looking to the future with cautious optimism. The companies participating

in the autumn economic survey of the German Federal Security Technology Association (BHE) gave their expected business situation an average score of 2.06 using the German school grade system. Although this is significantly better than in recent surveys, it still reflects the current uncertainty with regard to future development.

HÖRMANN Industries GmbH expects the course of business in the Communication division to return to normal during the 2022 financial year, as the majority of the non-recurring sales in 2021 from the German Federal Government’s funding programme for train radio will expire in 2022. At the same time, mass warning systems and infrastructure services are expected to offer significant growth potential for 2022 on the back of investments in disaster control and the high level of demand for qualified services for electrical planning and installation, mechanical assembly and maintenance, as well as the aforementioned investments in rail transport. Sales are expected to remain essentially constant year-on-year at around EUR 170.0 million (previous year: EUR 169.5 million) with a change in the product and service mix compared with 2021. Taking into account the expected product mix, higher development and project planning costs and material and energy price rises, EBIT for the 2022 financial year is forecast at around EUR 24.0 million.

#### Forecast for the Engineering division

In light of the Russian invasion of Ukraine, the Federation of the German Construction Industry (HDB)<sup>24</sup> expects sales to stagnate in real terms across 2022 as a whole. The war has seriously altered the conditions for the current year for the construction industry and the wider economy. In a current survey from mid-March 2022, the vast majority of companies expected to see a negative impact on construction output, especially with regard to construction materials (low availability, rising prices, no supplier price guarantees, higher transport costs). As in the previous years, residential construction is expected to record the strongest performance in terms of sales, with real growth of 2%. Commercial construction is also expected to see growth of 1% providing that the economy does not slip into a recession. Rail investments are set to be one of the pillars of commercial construction in 2022.

<sup>18</sup> VDIK press releases, 3 February 2022 and 3 March 2022

<sup>19</sup> TRATON Group press release, 15 March 2022

<sup>20</sup> Schaeffler AG press release, 8 March 2022

<sup>21</sup> VDB press release, 21 March 2022

<sup>22</sup> unife World Rail Market Study forecast 2020 to 2025

<sup>23</sup> German coalition agreement, 2021

<sup>24</sup> HDB Construction Industry Report, 25 March 2022

The logistics industry is expected to see positive development in the current financial year. According to the VDMA's trade association for conveyor technology and intralogistics (VDMA), the sustained positive order situation and the high level of orders on hand from 2021 are expected to lead to production growth of 8%. With forecast sales of around EUR 24.4 billion, this year will see German providers returning to the pre-pandemic level. However, it should be noted that the VDMA issued its forecast before the outbreak of the war in Ukraine.

With orders on hand amounting to EUR 112.1 million, the Engineering division is forecasting sales growth of around 20% to over EUR 80 million in 2022 (previous year: EUR 68.3 million). Targeted investments in the further expansion of intralogistics business and the internationalisation of the sales organisation are planned for the 2022 financial year. Taking into account the expenses and resources required to achieve this, earnings in 2022 are expected to be at a similar level to the 2021 financial year (EUR 7.7 million), accompanied by a temporary reduction in the profit margin. This forecast assumes that project orders can be processed and factored largely as planned. Current risks in this respect relate in particular to the issues around material availability, including for electronic components, and the resulting project delays as well as further price rises.

In light of the sustained positive outlook for the industry and the current good order level, HÖRMANN Industries GmbH expects the Engineering division to record further strong growth in the medium term to 2025, accompanied by an EBIT margin of around 10%. The primary growth driver will be products and solutions for intralogistics.

#### **Forecast for the Services division**

The HÖRMANN Industries GmbH subsidiaries in the Services division are still primarily active on behalf of customers from the automotive and mechanical engineering industries. This means the division is still dependent on the economic performance of the automotive industry, which is subject to considerable uncertainty as described above.

Prior to the outbreak of the war in Ukraine, the maintenance industry assessed its economic situation in Germany in the form of the quarterly "Maintenance" industry indicator published by the Institute for Industrial Management (FIR) at RWTH Aachen University, which reflects the sentiment in the maintenance industry with regard to economic development. Sentiment among industrial maintenance service providers improved significantly compared with the third quarter of 2021, rising from 41 to 56 points. 75% of those surveyed stated that their economic situation had improved compared with the previous quarter. The remaining 25% said their situation was unchanged. In addition, 92% of respondents expect their economic situation to improve or remain unchanged in future. However, these figures do not yet reflect the change in the situation following the outbreak of the Ukraine war.

Following the setbacks in 2021 and 2022 due to the pandemic and economic factors, HÖRMANN Industries GmbH is planning to reorient the Services division with a focus on non-automotive sectors and a stronger portfolio in the area of automation in particular. The Group is forecasting sales of around EUR 20 million in 2022 (2021: EUR 17.6 million) and is aiming to break even in terms of EBIT.

#### **Forecast for HÖRMANN Industries GmbH**

Economic, geopolitical and industry developments will continue 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 and, in particular, 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. The forecast is subject to the assumption that the economic situation will stabilise by mid-2022 and the interruption to production in the Automotive division will be resolved from May 2022 onwards. However, any negative macroeconomic developments beyond this, such as extended interruptions to production, a sustained shortfall in the energy supply or a recession as a result of the Ukraine war, 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 and pressure on 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. The further development of the war makes it difficult to 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, based on an assessment of the current order situation and business development in its individual divisions, HÖRMANN Industries GmbH is forecasting total sales in 2022 of between EUR 585 and EUR 610 million (2021: EUR 589.8 million). In operating business, the target is a positive result before interest and taxes (operating EBIT) of between EUR 22 million and EUR 25 million (2021: EUR 30 million).

In light of the forecast results of operations, working capital – comprising inventories and trade receivables less trade payables – at the end of 2022 is expected to be at the same level as at the reporting date in 2021. Accordingly, taking into account the planned payments for provisions and investments, net cash and cash equivalents are expected to decline by around EUR 5 to 10 million between December 2021 and December 2022. Based on net cash and cash equivalents at the end of 2021 and the available credit facilities with banks for 2022, the Group therefore expects the financial situation to remain stable.

All in all, the four divisions of HÖRMANN Industries GmbH are continuing to place close cooperation with the customer at the heart of all their activities. This strong customer orientation, combined with targeted innovation and technology management and future-oriented human resources management, will allow HÖRMANN Industries GmbH to further strengthen its market and competitive position in the medium and long term while determinedly continuing on its growth path in line with the strategy for 2025.

#### **RISK REPORT**

##### **General business risks**

The global economy and the economies in the eurozone and Germany, which are key for HÖRMANN Industries GmbH, are subject to fluctuations that could impair the business activities and results of operations of HÖRMANN Industries GmbH.

HÖRMANN Industries GmbH is heavily dependent on the economy in the eurozone and in Germany. The past financial and economic crisis in 2008/2009 and the onset of the COVID-19 pandemic in 2020 led to a significant downturn in sales and earnings, particularly in the commercial vehicle industry and thus in the HÖRMANN Automotive division, that substantially impacted 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 or a renewed crisis in the financial system could have a significant impact on the business activities of HÖRMANN Industries GmbH.

<sup>25</sup> VDMA press release, 17 February 2022

<sup>26</sup> RWTH, fir / FVI Das Netzwerk – Maintenance Sector Indicator Q4/2021

HÖRMANN Industries GmbH's business development fundamentally depends on its success in maintaining or expanding its market position and – where applicable – technology leadership 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 also depend 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 come up against 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, particularly major automotive and commercial vehicle manufacturers and Deutsche Bahn AG and its suppliers. HÖRMANN Industries GmbH generated over 25% of its sales with Volkswagen AG and its subsidiaries in the 2021 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. These also include risks in connection with business expansion and the risk of business disruption and other interruptions, such as strikes or other industrial action or restrictions imposed by government orders. This could have an adverse effect on the earnings and financial position of HÖRMANN Industries GmbH.

#### **Presentation of individual risks**

As in the previous year, the following section contains a summary description of 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**

Since March 2020, the environment of HÖRMANN Industries GmbH has been burdened by the COVID-19 pandemic, which has had a considerable impact on the entire global economy. These novel, completely incalculable situations such as the current global virus pandemic represent a risk that has a strong impact on all areas of HÖRMANN Industries GmbH and therefore cannot be hedged against. The further course of the COVID-19 pandemic and the specific consequences for the real economy and the financial system – and thus possibly also for HÖRMANN Industries GmbH – cannot be predicted. Furthermore, there is no historical experience of comparable events from which probable scenarios can be derived.

Even after the current COVID-19 pandemic has been contained, renewed significant impairment to the business activities of HÖRMANN Industries GmbH cannot be ruled out in the medium term, even in a globalised economy.

The extent of the impact of the COVID-19 pandemic on the economy as a whole and on HÖRMANN Industries GmbH still cannot be estimated. The Group felt the effects in the interruption of production by automotive and commercial vehicle manufacturers lasting several weeks and in project and order postponements by its customers, especially in the 2020 financial year but also in 2021. In addition, travel restrictions were defined for the Group's employees, which is continuing to severely restrict acquisition activities in exports in particular. The Group is prepared to adequately address the dynamic development of the situation. 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 deal with the ongoing and dynamically changing situation in the best possible way. Management and all executives are focused on the permanent identification of possible disruptions in the value chain in order to react quickly to new circumstances with appropriate 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 depends on its ability to obtain industry-specific permits and certifications and its compliance with the prevailing standards and technical guidelines that govern the introduction 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. Particularly in the Communication and Engineering divisions, 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 February 2022 has substantially exacerbated the overall geopolitical risk situation. The consequences and the sanctions imposed had an ad hoc impact on the German economy, while the consequences for the world economy throughout the rest of the year are expected to be significant. In particular, growth is expected to be impaired by the sharp rise in oil and gas prices and high inflation. The war could also have a negative effect on the development of sales figures, production processes and procurement and logistics, e.g. through interruptions to supply chains or 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 interruptions and bottlenecks affecting raw materials, parts or components could lead to a further sharp rise in energy and commodity prices as well as the prices of parts and components, which could lead to higher costs in turn. These supply difficulties and price rises could weaken the sustained economic recovery following the COVID-19 pandemic 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 considerable uncertainty regarding the next developments in the war in Ukraine and the sanctions imposed on Russia could adversely affect consumer sentiment and the investment climate, and hence have a negative impact on the world economy. 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 commodity and energy prices could lead to higher production costs, particularly in the Automotive division, and hence to falling income at HÖRMANN Industries GmbH. The shortages on the commodity markets that have been in place since late 2020 are leading to substantial price rises in some cases, especially for steel products. It is not currently possible to assess the extent to which the situation on the procurement market will ease in the short to medium term. At the time of preparing the annual consolidated financial statements, the trend towards substantial price rises in energy products, metal, plastics and other products was intensifying, as was the tendency to extend the delivery times regularly agreed for various materials. The war in Ukraine involves the risk of a further exacerbation of supply bottlenecks accompanied by economic stagnation. HÖRMANN is permanently observing the market and responding to changes with the greatest possible agility. HÖRMANN Industries GmbH seeks to counteract these influences by adjusting its sales prices in line with changes in material prices and agreeing material and energy escalation clauses. 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. The companies' ability to deliver at all times also depends on the permanent 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 works to permanently 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. At customers' request, some companies are currently preparing certification in accordance with the ISO 27001 or TISAX IT security standards.

### Project organisation and management risks

HÖRMANN Industries GmbH is particularly active in the project business areas of communication, engineering and services. 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 remuneration is based on the completion of defined performance phases, cancellation may mean that preliminary work done and costs and expenses incurred are not settled in full. In addition, the risk assessment of the specific project may be erroneous or incomplete, meaning that the agreed remuneration is not proportionate to the expenses incurred. The subsidiaries continuously improve project management and controlling in order to counteract the potential impact on the results of operations at an early stage.

### 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 contained amounts paid for properly performed work in

the equivalent amount of EUR 2.9 million calculated as at the reporting date that cannot currently be transferred to Germany and which are due within the Group 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 at the reporting date. Of the derecognised bank guarantees, the principal has yet to return original guarantees in the amount of around EUR 8.4 million. 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 'real' counter-guarantees.

### Staff recruitment and selection risks

HÖRMANN Industries GmbH is dependent on qualified staff, particularly for generating further growth. If it is no longer 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 HÖRMANN Industries GmbH's ability to successfully implement and adapt the strategies and growth plans of the divisions. A shortage of qualified staff may

become a critical growth-inhibiting factor in the future. HÖRMANN Industries GmbH is responding to this demographic challenge with its usual activities in staff marketing and development.

### Risks in connection with rising staff costs

The last decade was characterised by moderate development in wages and salaries and ancillary labour costs. Having risen sharply since 2021, inflation could remain at a high level or increase further due to the economic consequences of the COVID-19 pandemic and the war in Ukraine. This could trigger a wage-price spiral with substantial growth in staff costs above and beyond the long-term average applied by HÖRMANN Industries GmbH in its planning to date. 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 negative consequences for the Group's net assets, financial position and results of operations.

### Procurement, logistics and production risks

HÖRMANN Industries GmbH's production depends on the supply of 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 and the consequences of the Ukraine war could lead to considerable supply shortages at short notice.

Missing or qualitatively defective finished parts or raw materials could lead to production delays or stoppages. There has been substantial excess demand on the steel market since 2020. This is making it considerably more difficult to purchase raw materials for the Automotive division in a timely manner and represents a significant potential risk for HÖRMANN Industries GmbH. Since mid-2021, this has been exacerbated by substantial supply bottlenecks for electronic components and microchips. As well as representing a considerable potential risk for the Communication and Engineering divisions, this is also impacting the Automotive division in the form of production stoppages on the part of vehicle manufacturers.

The renewed price rises for materials, energy and capital goods at the start of 2022 in particular have intensified the risk situation within the Group, as these rises cannot be passed on to customers in full. Longer delivery times and supply bottlenecks for materials constitute an additional risk. To ensure compliance with the deadlines set out in long-term contracts with customers, binding orders must be placed for the type and quantity of the respective material in some cases. 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 the worst case, the extensive destruction of one or more sites, e.g. as a result of flood, fire, explosion, sabotage or other causes, could lead to permanent production stoppages.

Key suppliers and other business partners could find themselves in economic difficulties, thereby negatively impacting the course of business of HÖRMANN Industries GmbH. To prevent this, HÖRMANN Industries GmbH regularly reviews its business partners' performance and selects suppliers carefully. In addition, long-term supply contracts are concluded where possible in order to offset fluctuations and prevent bottlenecks.

#### **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 may be faulty, thereby exposing HÖRMANN Industries GmbH to warranty claims and/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 Services 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 sub-groups 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 concluding commercial credit insurance.

#### **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 backpayments 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 concluding 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, backpayments 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 in the future.

These obligations must be met from 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 need for unscheduled amortisation of recognised of 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 the first time in the 2021 reporting year.

In the same way as for all companies in Germany and Europe, a continuous reduction in CO2 emissions up to and including complete carbon neutrality poses considerable challenges for HÖRMANN Industries and requires significant additional annual investments in the generation of renewable energies and in energy- and heat-efficient production techniques. 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 patents of HÖRMANN Industries GmbH. 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 concluded a global syndicated loan agreement with a volume of EUR 40 million and a term to December 2024, 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 may be a temporary shortage of credit in the economy. At present, it cannot be ruled

out that there will not be another financial crisis with a temporary shortage of credit for the economy in the wake of the current crisis events. 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, the management took advantage of a EUR 10 million KfW entrepreneur loan 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 volume of EUR 50 million, a coupon of 4.5% p.a. and a term until June 2024. Interest is payable each June. 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 and/or redeem the bond to the necessary extent and/or on schedule or at all. This would have negative consequences for the Group's position.

#### **Interest rate risks**

HÖRMANN Industries GmbH and a syndicate of banks have concluded a global syndicated loan with a volume of EUR 40 million and a term to December 2025. The loan agreement sets out a variable interest rate based on EURIBOR. If EURIBOR were to rise to above 0%, this could increase the interest cost of future financing, which would have an adverse effect on the Group's results of operations.

## **STRATEGIC ORIENTATION AND REPORT ON OPPORTUNITIES**

### **Automotive division**

Despite the various operational challenges in the 2021 financial year, the strategy for 2025 was enhanced in all divisions with methodical support from the holding company, thereby laying the foundations for HÖRMANN Industries GmbH to move into a successful future.

In the largest division, **Automotive**, HÖRMANN Industries GmbH is continuing to pursue a 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.

Based on current developments, the expectations of vehicle manufacturers and forecasts of the industry association VDA, HÖRMANN Industries GmbH expects the European market to see higher sales of commercial vehicles in the medium term, with the market therefore gradually recovering compared with the 2021 financial year. 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. High demand for light commercial vehicles, particularly vans for delivering parcels, is also propelled by the continued rapid growth of online shipping logistics.

If this proves to be the prevailing market development for our customers in the medium term, accompanied by a normalisation of the current supply chain problems, this is expected to lead to increased call orders in the next few years, with a corresponding positive impact on sales forecasts. 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, particularly when it comes to light commercial vehicles, could open up additional markets.

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, and the planned stronger positioning as a systems supplier provide healthy foundations for attracting additional customers and orders. A return to growth and sustained earnings power at a level that is typical for the industry is expected in 2023 at the latest. The expansion of the plant in Banovce/Slovakia in 2020 and the significantly improved cost position will make an important contribution to this.

### **Communication division**

The **Communication** division intends to continue to grow while maintaining its strong results of operations and is seeking to further strengthen its competitive position in order to do so. 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 transport, the growing need for security technology and video surveillance and the conversion of communication networks to 5G technology. Growth potential is also offered by government economic support programmes and the accompanying investments in the expansion of public infrastructure, the continuous upturn 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 are also expansion opportunities thanks to service concepts and equipment for 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 investments for the long term. The division also intends to further strengthen its export business by entering into new partnerships, including abroad.

### Engineering division

With its broad portfolio of expertise along the entire **engineering** value chain, from design engineering through factory and building planning to the realisation of turnkey logistics centres, 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. To this end, 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 engineering capacities. In addition to organic growth, opportunities for inorganic growth in the form of acquisitions are continuously examined.

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. The Group also sees extended product solutions for the intralogistics segment as an important growth area. The extremely dynamic development of the market and the sharp rise in demand for mail order and e-commerce serve to underline the growth potential in this area.

However, all the other segments of the Engineering division will also have wide-ranging opportunities for business expansion if HÖRMANN Industries GmbH is even more successful at marketing itself as an attractive medium-sized employer and is able to recruit new employees to a sufficient extent.

### Services division

With the further development of the **Services** division, HÖRMANN Industries GmbH is seeking to reflect the trend towards the outsourcing of industrial services. In future, the division's activities will concentrate to a greater extent on high-tech services in the industrial environment of automation and the assembly of complex machinery and systems.

The massive downturn in production in the passenger car industry and the emerging structural changes at plants in the automotive industry as they adapt to electric mobility are requiring the service companies to shift their focus to applications outside the automotive industry. This strategy focuses in particular on mechanical and plant engineering and the intralogistics industry. In this way, the Group is laying the foundations for further organic growth, and it intends to systematically press ahead with its growth strategy over the coming years. To this end, the skills and capacities for system automation will be further strengthened and expanded.

### OVERALL ASSESSMENT OF THE FUTURE DEVELOPMENT OF HÖRMANN INDUSTRIES GMBH

In the new 2022 financial year, economic and industry-specific developments under the current conditions will continue to influence the operational and financial development of HÖRMANN Industries GmbH. The outlook made by the Group on the expected course of business is therefore based on certain assumptions regarding the development of the economy in Germany and the eurozone, as well as in the specific industries.

Given the considerable uncertainty concerning the further course of the COVID-19 pandemic, the current events in Ukraine and the resulting economic and financial consequences at the time of preparing this report, HÖRMANN Industries GmbH expects these crisis events to continue to have an impact on HÖRMANN Industries GmbH's sales and earnings performance in 2022 in the form of supply bottlenecks and rising material and energy prices.

Based on the planning drawn up for the 2022 financial year and taking the current business and order situation into account, the management assumes that HÖRMANN Industries GmbH will repeat the performance recorded in the 2021 reporting year (EUR 589.5 million) and generate sales of between EUR 585 million and EUR 610 million. Taking into account the change in the product and service mix, the negative impact of the current production interruptions in the Automotive division and the Group-wide increase in material and energy prices, the target for operating EBIT is between EUR 22 million and EUR 25 million (2021: EUR 30 million). The net assets, financial position and results of operations are expected to remain at a stable level.

All in all, the management considers the position of the Group to be stable at the time at which this report was prepared.

On the basis of HÖRMANN Industries GmbH's good net assets, financial position and results of operations in the 2021 financial year and in view of the broad diversification of its business activities, the management is confident that HÖRMANN Industries GmbH will successfully overcome the challenges that are already in place in the 2022 financial year.

The management assumes that HÖRMANN Industries GmbH will return to positive business development at pre-crisis and 2021 levels in the medium term once the COVID-19 pandemic and its economic consequences have subsided and the war in Ukraine comes to an end.

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 objective of profitable growth with a focus on the Group's strengths. With the continued and targeted strengthening of the Engineering and Communication 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 proved its worth once again in the 2020 and 2021 financial years: Despite the sharp downturn in the Automotive and Services division, the positive business development in the Communication and Engineering divisions enabled the Group to maintain a positive earnings situation in 2020 followed by a substantial improvement in 2021. The Group intends to achieve this goal not only through organic growth, but also through supplementary acquisitions when attractive opportunities arise.

All in all, HÖRMANN Industries GmbH considers its close relationship with its customers, which it is intensifying in a targeted manner, to be 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 opportunities at the Group's disposal also include the retention of specialist staff and the long service of its employees, which allow it to make the available expertise and specialist experience available across the various divisions in a way that is advantageous to 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.

## Other disclosures

### RESEARCH AND DEVELOPMENT

In the **Automotive** division, an extremely good basic understanding of metallurgy and its requirements in terms of customer products is a key success factor. Product-specific expertise with regard to forming, joining and assembly technology is required in order to gain additional market share. For new series production orders, the design and development as well as the use and maintenance of technologically sophisticated tools in production are very important. In addition to the ongoing enhancement of existing expertise, the development of new manufacturing technologies and their application to new materials is being driven forward in order to prepare for the future requirements of electric commercial vehicles at an early stage. A particular focus here is on light-weight construction and weight reduction, composite components made of various materials and standardisation for the further development of OEM platform strategies.

The **Engineering** division contributes to the successful market presence of HÖRMANN Industries GmbH with its consulting expertise. HÖRMANN Vehicle Engineering GmbH is expanding the division's vehicle development expertise and leveraging synergy potential with the Automotive division. This is helping to support the strategic development of the Automotive division from a build-to-print manufacturer to a solution provider and system supplier using the latest design, calculation and simulation methods. Within the framework of joint research projects, HÖRMANN Vehicle Engineering is also involved in the development of vehicles with innovative fuel cell drives.

The primary objective of the extensive research and development activities in the **Communication** division remains to secure and expand its technology leadership in the respective technologies and application-specific markets. These activities focus on customer-specific developments and applications as well as innovative new products and system solutions. Special emphasis is placed here on the development of new electronics, filter technologies and new mobile phone standards for train radios as well as the ongoing further development of the extensive product-oriented software systems. We are also constantly working on improving our production processes.

In addition, HÖRMANN Digital GmbH and its team of specialists are tasked with developing new digital business models and software-based product enhancements for the individual divisions.

In order to utilise as much expertise for development as possible and to always be at the cutting edge of research, all the divisions regularly cooperate with external partners and universities. In addition, there is a regular dialogue with suppliers of key components and customers in order to allow innovative topics and trends and individual requirements to be integrated into the development process at an early stage.

Kirchseeon, 28 April 2022

HÖRMANN Industries GmbH

The Management



Dr.-Ing. Michael Radke



Johann Schmid-Davis

» In the 2021 financial year, we generated the best profit margin in the company's history. We have become more resilient and sustainable and are consistently pursuing our strategy.“ «

JOHANN SCHMID-DAVIS, CFO

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# Consolidated Balance Sheet

ASSETS (EUR thousand)	31 Dec. 2021	31 Dec. 2020
<b>A. FIXED ASSETS</b>	<b>85,503</b>	<b>90,087</b>
<b>I. Intangible fixed assets</b>	<b>12,758</b>	<b>14,380</b>
1. Purchased concessions, industrial property rights and similar rights and assets and licenses in such rights and assets	2,172	2,243
2. Goodwill	9,945	11,578
3. Advance payments made on intangible assets	641	559
<b>II. Tangible assets</b>	<b>47,837</b>	<b>54,550</b>
1. Land, leasehold rights and buildings	9,637	11,906
2. Technical equipment and machinery	22,197	26,693
3. Other equipment, factory and office equipment	10,248	9,483
4. Advance payments and assets under construction	5,755	6,468
<b>III. Long-term financial assets</b>	<b>24,908</b>	<b>21,157</b>
1. Equity investments	304	304
2. Securities held as fixed assets	406	204
3. Other loans	24,198	20,649
<b>B. SHORT-TERM ASSETS</b>	<b>238,632</b>	<b>216,975</b>
<b>I. Inventories</b>	<b>61,102</b>	<b>61,084</b>
1. Raw materials, consumables and supplies	30,615	31,282
2. Work in progress	114,940	77,906
3. Finished goods and merchandise	13,412	12,538
4. Advance payments	12,617	13,965
5. Payments received on account of orders	-110,482	-74,607
<b>II. Receivables and other assets</b>	<b>83,827</b>	<b>72,682</b>
1. Trade receivables	57,711	42,835
2. Receivables from affiliated companies	11,734	10,860
3. Other assets thereof to shareholders: EUR 500 thousand (previous year EUR 2,570 thousand)	14,382	18,987
<b>III. Securities</b>	<b>0</b>	<b>182</b>
<b>IV. Cash-in-hand and bank balances</b>	<b>93,703</b>	<b>83,027</b>
<b>C. PREPAID EXPENSES</b>	<b>2,805</b>	<b>2,964</b>
<b>D. DEFERRED TAX ASSETS</b>	<b>14,680</b>	<b>14,333</b>
<b>E. EXCESS OF PLAN ASSETS OVER PENSION LIABILITIES</b>	<b>64</b>	<b>381</b>
Total assets	341,684	324,740

# Consolidated Balance Sheet

EQUITY AND LIABILITIES (EUR thousand)	31 Dec. 2021	31 Dec. 2020
<b>A. EQUITY</b>	<b>131,055</b>	<b>120,749</b>
<b>I. Subscribed capital</b>	<b>200</b>	<b>200</b>
<b>II. Capital reserve</b>	<b>43,422</b>	<b>43,422</b>
<b>III. Consolidated balance sheet profit</b>	<b>67,836</b>	<b>62,112</b>
<b>IV. Non-controlling interests</b>	<b>19,607</b>	<b>15,015</b>
<b>V. Currency translation differences</b>	<b>-10</b>	<b>0</b>
<b>B. PROVISIONS</b>	<b>94,175</b>	<b>94,391</b>
1. Pension provisions and similar obligations	21,245	21,228
2. Tax provisions	3,050	3,601
3. Other provisions	69,880	69,562
<b>C. LIABILITIES</b>	<b>116,067</b>	<b>109,593</b>
1. Bonds	50,000	50,000
2. Liabilities to banks	9,375	10,013
3. Trade payables	40,068	37,811
4. Liabilities to affiliated companies there of to shareholders: EUR 3,117 thousand (previous year EUR 1,702 thousand)	4,255	1,794
5. Other liabilities thereof from taxes: EUR 5,900 thousand (previous year EUR 4,207 thousand) thereof for social security EUR 1,318 thousand (previous year EUR 1,097 thousand) thereof to companies: EUR 375 thousand (previous year: EUR 225 thousand)	12,369	9,975
<b>D. DEFERRED INCOME</b>	<b>387</b>	<b>7</b>
Total equity and liabilities	341,684	324,740

# Consolidated Income Statement

(EUR thousand)	1 Jan. – 31 Dec. 2021		1 Jan. – 31 Dec. 2020	
	T€	T€	T€	T€
1. Sales revenues		589,841		521,473
2. Increase in finished goods and work in progress		36,684		-1,004
3. Other internally produced and capitalised assets		274		1,008
4. Other operating income thereof from currency translation: EUR 196 thousand (previous year EUR 178 thousand)		11,524		13,631
5. Cost of materials				
a) Expenses for raw materials, consumables and supplies and purchased goods	269,659		220,054	
b) Cost of purchased services	74,022	343,681	59,094	279,148
<b>Gross profit</b>		<b>294,642</b>		<b>255,960</b>
6. Personnel expenses				
a) Wages and salaries	138,903		128,452	
b) Social contributions and expenses for pensions and social welfare thereof pensions: EUR 842 thousand (previous year EUR 347 thousand)	28,013	166,916	25,233	153,685
7. Depreciation and amortisation				
a) on intangible fixed assets and property, plant and equipment	12,261		12,844	
b) on current assets, to the extent that these exceed the usual expenses in the corporation	3,078	15,339		0
8. Other operating expenses thereof from currency translation: EUR 143 thousand (previous year: EUR 184 thousand)		81,195		75,855
9. Income from participations and affiliated companies		17		1
10. Income from other securities and loans from financial assets		97		0
11. Other interest and similar income thereof from discounting of provisions: EUR 0 thousand (previous year: EUR 7 thousand) thereof from affiliated companies: EUR 305 thousand (previous year: EUR 295 thousand)		688		720
12. Interest and similar expenses thereof from compounding of provisions: EUR 648 thousand (previous year: EUR 696 thousand) thereof from affiliated companies: EUR 95 thousand (previous year: EUR 118 thousand)		4,538		4,432
13. Taxes on income		12,173		6,693
14. Deferred taxes (- income)		-348		-1,008
<b>15. Earnings after taxes</b>		<b>15,631</b>		<b>4,180</b>
16. Other taxes		1,196		956
<b>17. Consolidated net income</b>		<b>14,435</b>		<b>3,224</b>
18. Non-controlling interests		-6,217		-5,387
19. Consolidated net income/loss		8,218		-2,163
20. Profit carried forward from the previous year		59,618		64,275
<b>21. Consolidated balance sheet profit</b>		<b>67,836</b>		<b>62,112</b>

# Consolidated Cash Flow Statement

(EUR thousand)	1 Jan. – 31 Dec. 2021		1 Jan. – 31 Dec. 2020	
+ Consolidated income (consolidated net income/loss including income/loss attributable to non-controlling interests)		14,435		3,224
+/- (+) Depreciation/(-) write-ups on fixed assets		11,799		12,844
+/- (+) Increase/(-) Decrease in provisions		4,022		13,808
+/- Other non-cash expenses/income		-4,427		-7,738
+/- (+) Decrease (-) Increase in inventories, trade receivables and other assets that are not attributable to investing or financing activities		-17,333		5,384
+/- (-) Decrease (+) Increase in liabilities from trade payables and other liabilities that are not attributable to investing or financing activities		7,808		-4,471
+/- (-) Gain/(+) Loss from disposal of fixed assets		-668		-113
+/- Interest expenses/income		3,850		3,712
+/- Other income from investments		-17		0
+/- Expenses and income of extraordinary amount and importance		3,540		3,870
+/- Income tax expenses/income		11,825		5,685
- Payments in conjunction with expenses of extraordinary amount and importance		0		-1,911
+/- Income taxes paid		-13,697		-5,972
<b>= Cash flow from operating activities</b>		<b>21,137</b>		<b>28,322</b>
+ Proceeds from the disposal of intangible and fixed assets		21		10
- Payments for intangible assets		-1,162		-2,851
+ Proceeds from sales of property, plant and equipment		9,266		1,053
- Payments for property, plant and equipment		-11,336		-12,486
+ Proceeds from the disposal of non-current financial assets		197		0
- Payments for investments in financial assets		-391		-494
- Payment for additions to the scope of consolidation		-160		-24
+ Interest received		81		277
+ Dividends received		17		0
<b>= Cash flow from investing activities</b>		<b>-3,467</b>		<b>-14,515</b>
+ Proceeds from (financial) borrowings		0		10,007
- Payments for redemption of (financial) borrowings		-638		0
- Interest paid		-3,511		-3,368
- Payments to shareholder of the parent company		-1,500		0
+ Dividends paid to other shareholders		-1,456		-2,056
<b>= Cash flow from financing activities</b>		<b>-7,105</b>		<b>4,583</b>
<b>Reduction in cash flow</b>		<b>10,565</b>		<b>18,390</b>
<b>Cash and cash equivalents at the start of the period</b>		<b>83,027</b>		<b>64,639</b>
Change in cash and cash equivalents due to changes in consolidated group		111		-2
<b>Cash and cash equivalents at the end of the period</b>		<b>93,703</b>		<b>83,027</b>

# Consolidated Statement of Changes in Fixed Assets

(EUR thousand)

	COSTS					DEPRECIATION AND AMORTISATION					BOOK VALUES	
	As of 1 Jan. 2021	Addition	Disposal	Transfers	As of 31 Dec. 2021	As of 1 Jan. 2021	Addition	Disposal	Transfers	As of 31 Dec. 2021	Book value 31 Dec. 2021	Book value 31 Dec. 2020
<b>A. FIXED ASSETS</b>												
<b>I. Intangible Assets</b>												
1. Internally generated industrial property rights and similar rights and assets	0	37	-36	-1	0	0	36	-36	0	0	0	0
2. Purchased concessions, industrial property rights and similar rights and assets and licenses in such rights and assets	4,892	732	-135	140	5,628	2,650	929	-122	0	3,457	2,172	2,243
3. Goodwill	37,330	184	-91	0	37,423	25,752	1,816	-91	0	27,477	9,945	11,578
4. Advance payments	559	291	-8	-200	641	0	0	0	0	0	641	559
<b>Total intangible fixed assets</b>	<b>42,782</b>	<b>1,300</b>	<b>-270</b>	<b>-62</b>	<b>43,692</b>	<b>28,402</b>	<b>2,782</b>	<b>-249</b>	<b>0</b>	<b>30,935</b>	<b>12,758</b>	<b>14,380</b>
<b>II. Tangible fixed assets</b>												
1. Land, land rights and buildings	14,826	1,016	-3,826	93	12,109	2,920	948	-1,163	-234	2,472	9,637	11,906
2. Technical equipment and machinery	35,370	3,295	-5,866	1,974	34,773	8,677	4,891	-487	-505	12,576	22,197	26,693
3. Other equipment, factory and office equipment	12,979	2,991	-1,583	1,975	16,362	3,495	3,640	-1,488	466	6,114	10,248	9,483
4. Advance payments and assets under construction	6,468	4,128	-532	-4,114	5,949	0	0	-32	227	194	5,755	6,468
<b>Total tangible fixed assets</b>	<b>69,643</b>	<b>11,431</b>	<b>-11,808</b>	<b>-73</b>	<b>69,193</b>	<b>15,093</b>	<b>9,480</b>	<b>-3,170</b>	<b>-47</b>	<b>21,355</b>	<b>47,837</b>	<b>54,550</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 classified as fixed assets	789	384	-183	0	990	585	0	0	0	585	406	204
3. Other loans	20,649	7	-14	3,556	24,198	0	0	0	0	0	24,198	20,649
<b>Total non-current financial assets</b>	<b>27,567</b>	<b>391</b>	<b>-198</b>	<b>3,556</b>	<b>31,318</b>	<b>6,410</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,410</b>	<b>24,908</b>	<b>21,157</b>
<b>Total fixed assets</b>	<b>139,993</b>	<b>13,122</b>	<b>-12,276</b>	<b>3,422</b>	<b>144,204</b>	<b>49,905</b>	<b>12,261</b>	<b>-3,419</b>	<b>-47</b>	<b>58,699</b>	<b>85,503</b>	<b>90,087</b>

# Consolidated Statement of Equity Changes

AS OF 31 DECEMBER 2021

(EUR thousand)

	EQUITY OF THE PARENT COMPANY					NON- CONTROLLING INTERESTS	CONSOLI- DATED EQUITY
	Subscribed capital	Capital reserve	Difference in equity from currency translation	Consolidated net retained profits	Total	Total capital attributable to non-controlling interests	Total
<b>Balance at 1 Jan. 2020</b>	<b>200</b>	<b>43,422</b>		<b>65,775</b>	<b>109,397</b>	<b>11,782</b>	<b>121,179</b>
Consolidated net income				-2,163	<b>-2,163</b>	5,387	<b>3,224</b>
Distribution				-1,500	<b>-1,500</b>	-2,154	<b>-3,654</b>
<b>Balance at 31 Dec. 2020</b>	<b>200</b>	<b>43,422</b>		<b>62,112</b>	<b>105,734</b>	<b>15,015</b>	<b>120,749</b>
<b>Balance at 1 Jan. 2021</b>	<b>200</b>	<b>43,422</b>		<b>62,112</b>	<b>105,734</b>	<b>15,015</b>	<b>120,749</b>
Consolidated net income				8,218	<b>8,218</b>	6,217	<b>14,435</b>
Currency translation			-10		<b>-10</b>		<b>-10</b>
Distribution				-2,500	<b>-2,500</b>	-1,626	<b>-4,126</b>
Other changes				6	<b>6</b>		<b>6</b>
<b>Balance at 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>

» We are confident that we  
will achieve our ambitious  
goals – as we have returned  
to pre-crisis levels and our  
growth trajectory »750 and  
more«. «

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 2021 financial year were prepared in accordance with the provisions of German commercial law for corporations and the supplementary provisions of the Gesetz betreffend die 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 at 31 December 2021	Equity portion (EUR thousand)	Total Equity (EUR thousand)	Overall annual results (EUR thousand)	Interest (in %)
<b>Automotive division</b>				
HÖRMANN Automotive GmbH, Kirchseeon <sup>3</sup>	10,390.6	10,390.6	0.0	100.00%
HÖRMANN Automotive Saarbrücken GmbH, Saarbrücken <sup>3</sup>	4,570.6	4,570.6	0.0	100.00%
HÖRMANN Automotive Eislingen GmbH, Ebersbach a.d. Fils <sup>3</sup>	378.0	378.0	0.0	100.00%
HÖRMANN Automotive St. Wendel GmbH, St. Wendel <sup>3</sup>	4,190.8	4,190.8	0.0	100.00%
HÖRMANN Automotive Wackersdorf GmbH, Wackersdorf <sup>3</sup>	1,960.9	1,960.9	0.0	100.00%
HÖRMANN Automotive Assets GmbH, Kirchseeon	-3,661.6	-3,661.6	-3,938.8	100.00%
HÖRMANN Automotive Gustavsborg GmbH, Ginsheim-Gustavsborg	17,351.1	17,351.1	4,402.3	100.00%
HÖRMANN Automotive Slovakia s.r.o., Banovce, Slovakia	1,201.2	1,201.2	-6,544.5	100.00%
Versorgungswerk HÖRMANN Automotive Gustavsborg e.V., Ginsheim-Gustavsborg	-2,918.4	-2,918.4	-795.2	100.00%
<b>Engineering division</b>				
HÖRMANN BauPlan GmbH, Chemnitz <sup>3</sup>	1,382.3	1,382.3	0.0	100.00%
HÖRMANN Rawema Engineering & Consulting GmbH, Chemnitz <sup>3</sup>	518.4	518.4	0.0	100.00%
HÖRMANN Intralogistik GmbH, Kirchseeon	23.2	23.2	-1.8	100.00%
HÖRMANN Logistik GmbH, Munich <sup>3</sup>	5,071.8	6,035.0	0.0	84.04%
HÖRMANN Logistik Polska Sp z o.o., Gdansk, Poland	135.4	135.4	-86.0	100.00%
Klatt Fördertechnik GmbH, Neumarkt am Wallersee, Austria	1,520.6	2,981.5	1,415.0	51.00%

LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF HÖRMANN INDUSTRIES GMBH BY WAY OF FULL CONSOLIDATION as at 31 December 2021	Equity portion (EUR thousand)	Total Equity (EUR thousand)	Overall annual results (EUR thousand)	Interest (in %)
VacuTec Meßtechnik GmbH, Dresden <sup>3</sup>	6.766,3	7.518,1	0,0	90,00 %
HÖRMANN Vehicle Engineering GmbH, Chemnitz	1.827,2	1.827,2	296,6	100,00 %
HÖRMANN Charging Solutions GmbH	23,4	23,4	-1,6	100,00 %
<b>Communication division</b>				
<b>Communication system segment</b>				
Funkwerk AG, Köllda	20,823.0	26,696.2	9,476.2	78.00%
Funkwerk Systems GmbH, Köllda <sup>3</sup>	15,933.1	15,933.1	0.0	100.00%
Funkwerk StatKom GmbH, Köllda	128.5	128.5	-85.2	100.00%
Funkwerk Systems Austria GmbH, Vienna, Austria	-1,858.3	-1,858.3	-1,309.5	100.00%
Funkwerk Technologies GmbH, Köllda	36,478.2	36,478.2	16,305.4	100.00%
Funkwerk video systeme GmbH, Nuremberg	-41,997.6	-41,997.6	887.0	100.00%
Funkwerk plettac electronic GmbH, Nuremberg <sup>1</sup>	25.0	25.0	0.0	100.00%
FunkTech GmbH, Köllda <sup>3</sup>	513.0	513.0	0.0	100.00%
Funkwerk IoT GmbH, Köllda	-987.9	-987.9	-47.2	100.00%
Funkwerk vipro.sys GmbH, Leipzig	196.0	196.0	-31.5	100.00%
euromicron AG in Insolvenz, Neu-Isenburg <sup>2</sup>	-12,584.6	-81,930.8	-143,172.8	15.36%
<b>Communication services segment</b>				
HÖRMANN Warnsysteme GmbH <sup>1</sup>	2,360.5	3,147.7	0.0	74.99%
HÖRMANN KMT Kommunikations- und Meldetechnik GmbH, Salzburg, Austria	632.1	632.1	158.4	100.00%
HÖRMANN Kommunikation & Netze GmbH, Kirchseeon <sup>3</sup>	3,673.4	3,673.4	0.0	100.00%
<b>Services division</b>				
HÖRMANN Services GmbH, Kirchseeon <sup>3</sup>	193.3	193.3	0.0	100.00%
HÖRMANN Industrieservice GmbH, Lehre	-4,666.6	-4,666.6	-982.4	100.00%
MAT Maschinentechnik GmbH, Salzgitter	317.3	473.5	265.1	67.00%
HÖRMANN Automationsservice GmbH, Salzgitter	-1,249.9	-1,249.9	-863.6	100.00%
<b>Holdings, other companies</b>				
HÖRMANN Digital GmbH, Kirchseeon	-214.1	-214.1	0.0	100.00%

The exemption provision of section 313 (3) sentence 4 of the German Commercial Code (HGB) was applied for participations that are of minor importance for the presentation of the net assets, financial position and results of operations.

<sup>1</sup> preliminary  
<sup>2</sup> Net income/loss for 2019  
<sup>3</sup> Net income/loss after profit transfer

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

Hörmann Charging Solutions GmbH, Kirchseeon, was established on 25 February 2021 and consolidated for the first time effective 30 June 2021. The expenses and income of this company are included in consolidation in full.

With the signature of the notarised purchase agreement on 29 June 2021, FunkTech GmbH, Köllda, acquired VIPRO.sys GmbH, Leipzig, and renamed it Funkwerk vipro.sys GmbH, Leipzig. It was consolidated for the first time effective 31 July 2021. The expenses and income of this company are included in consolidation in full.

In addition, Hörmann Logistik Polska Sp. z o.o., Gdansk, Poland, was established on 30 April 2021 and consolidated for the first time effective 31 October 2021. The expenses and income of this company are included in consolidation in full.

Hörmann Intralogistik GmbH, Kirchseeon, was established on 22 October 2021 and consolidated for the first time effective 31 December 2021. The expenses and income of this company are included in consolidation in full.

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 31 December 2021.

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 to the financial position and financial performance of the Group.

COMPANY	Equity interest in %
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., Gablonz on the Neisse, Czech Republic	31.50
HÖRMANN-Rema Praha spol.sr.o, Prague, Czech Republic	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 entity
HÖRMANN Logistik Systeme GmbH, Graz, Austria	100.00

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 31 December 2021. This reporting date is the end 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 31 December 2021, 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 Automotive 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 inter-company 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 30.38% and at the level of Funkwerk AG, Köllda, using a tax rate of 29.83%, 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 14.00% 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, Kölleda, as at 1 October 2016. Its value was EUR 4,320 thousand as at 31 December 2021 (previous year: EUR 5,230 thousand). It is being written down over a ten-year period. Goodwill was written down pro rata by EUR 910 thousand in the 2021 financial year.

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 217 thousand as at 31 December 2021 (previous year: EUR 261 thousand). This resulted in a pro rata write-down of EUR 44 thousand in the 2021 financial year.

As at 31 December 2021, MAT Maschinentechnik GmbH, Salzgitter, generated qualifying goodwill of EUR 329 thousand (previous year: EUR 384 thousand). This was written down in the amount of EUR 55 thousand in the 2021 financial year. It is being written down over a ten-year period.

As at 31 December 2021, Klatt Fördertechnik GmbH, Neumarkt am Wallersee, Austria, generated qualifying goodwill of EUR 3,782 thousand (previous year: EUR 4,303 thousand). This was written down in the amount of EUR 521 thousand in the 2021 financial year. It is being written down over a ten-year period.

As at 31 December 2021, Funkwerk vipro.sys GmbH, Leipzig, generated qualifying goodwill of EUR 183 thousand (previous year: EUR 0 thousand). No write-downs were recognised in the 2021 financial. It is being written down over a four-year period.

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.

		Closing rate in EUR		Average rate in EUR	
		2021	2020	2021	2020
Poland	PLN	0.217538	0.219313	0.219048	0.224996

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.

**Long-term investments** 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 contractor 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.

**Other securities classified as current assets** are carried at the lower of acquisition cost or fair value as at the balance sheet date in accordance with section 255(4) HGB.

**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 31 December 2021. 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 Bilanzrechtsmodernisierungsgesetz (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 carried at settlement amount.

**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, Kirchseon, 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. Fixed assets**

Assets recognised as fixed assets were written down to the lower fair value if necessary. The differences from reclassifications in acquisition and production cost result from changes in reporting from fixed assets to current assets and vice versa.

The amount of unscheduled depreciation is to be disclosed in the notes to the income statement.

Research and development costs amounted to around EUR 10.7 million in total in the past 2021 financial year (previous year: EUR 9.6 million). In the 2021 financial year, no internally generated intangible assets or research and development costs were capitalised.

The development of fixed assets in the financial year is on pages 92/93.

**2. Inventories**

Payments received on account of orders of EUR 110,482 thousand (previous year: EUR 74,607 thousand) were deducted from inventories on the face of the balance sheet.

**3. Receivables and other assets**

Trade receivables of EUR 492 thousand (previous year: EUR 83 thousand) have a remaining term of more than one year.

Other assets of EUR 220 thousand (previous year: EUR 73 thousand) have a remaining term of more than one year.

Receivables from affiliated companies include trade receivables of EUR 388 thousand (previous year: EUR 181 thousand) and EUR 11,346 thousand (previous year: EUR 10,679 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 2021 financial year is shown in the consolidated statement of changes in equity on page 94.

Retained profits brought forward were EUR 59,618 thousand in the 2020 financial year (previous year: EUR 64,275 thousand).

**6. Provisions**

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

♦ Interest rate (10-year average):	1.87%
♦ Interest rate (7-year average):	1.35%
♦ Expected wage and salary increases:	0.00% to 2.50%
♦ 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 2,894 thousand (previous year: EUR 4,431 thousand).

The settlement of pension provisions is EUR 37,105 thousand (previous year: EUR 36,328 thousand). This is offset against assets of EUR 2,002 thousand (previous year: EUR 2,318 thousand) that are exclusively reserved for pension obligations. Plan assets in excess of the settlement amount of EUR 64 thousand (previous year: EUR 58 thousand) were reported on the assets side of the balance sheet as the 'Excess of plan assets over pension liabilities'.

Amortised cost of the offset assets is EUR 1,755 thousand, while their recognised fair value is EUR 1,221 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 167 thousand was added in the financial year.

EUR 1,232 thousand of the difference was already recognised by 31 December 2021.

The direct pension provisions not reported in the balance sheet amount to EUR 308 thousand as at the balance sheet date.

The indirect pension obligations are underfunded in accordance with Article 28(1) Sentence 2 EGHGB. The underfunding amounts to EUR 10,247 thousand as at 31 December 2021 (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 24 thousand.

The settlement amount of early retirement provisions is EUR 3,423 thousand (previous year: EUR 1,276 thousand). This is offset against assets of EUR 1,647 thousand (previous year: EUR 1,656 thousand) that are exclusively reserved for partial early retirement obligations.

The acquisition cost of the offset assets is EUR 1,647 thousand. The recognised fair value of the offset assets amounts to EUR 1,647 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 settlement amount. Their remaining terms are shown in the following consolidated maturity structure of liabilities in Annex 2.

Liabilities to affiliated companies comprise EUR 3,960 thousand (previous year: EUR 1,794 thousand) from trade payables.

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

CONSOLIDATED MATURITY STRUCTURE OF LIABILITIES (EUR thousand)	REMAINING TERM				
	up to one year	more than one year	thereof more than five years	Total 31 Dec. 2021	thereof secured
1. Bonds	0	50,000	0	50,000	0
previous year	0	50,000	0	50,000	0
2. Liabilities to banks	2,500	6,875	0	9,375	0
previous year	638	9,375	0	10,013	0
3. Trade payables	40,068	0	0	40,068	0
previous year	37,811	0	0	37,811	0
4. Liabilites to affiliated companies	4,255	0	0	4,255	0
previous year	1,794	0	0	1,794	0
thereof to shareholders	3,117	0	0	3,117	0
previous year	1,702	0	0	1,702	0
5. Other liabilities	12,369	0	0	12,369	0
previous year	9,975	0	0	9,975	0
therof from taxes	5,900	0	0	5,900	0
previous year	4,207	0	0	4,207	0
thereof for social security	1,318	0	0	1,318	0
previous year	1,097	0	0	1,097	0
thereof to companies	375	0	0	375	0
previous year	225	0	0	225	0
Fiscal year	59,192	56,875	0	116,067	0
Previous year	50,218	59,375	0	109,593	0

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 30.38 %, 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.

There are derivative financial instruments in the form of interest rate options with a nominal amount of EUR 10,000.0 thousand that expire as at the balance sheet date. The fair value of the interest rate options is EUR 0.0 thousand. They are measured using the market-to-market method. Their carrying amount is EUR 1.9 thousand and is included in prepaid expenses.

C. CONSOLIDATED INCOME STATEMENT DISCLOSURES

1. Expenses and income in accordance with section 314(1) no. 23 HGB

The following expenses of an extraordinary amount were incurred in the past financial year:

Background	Amount (in EUR thousand)	Income statement item
Write-down on a painting system reported in current assets	3,078	Depreciation and amortisation on current assets in excess of the expenses that are usual for the company
Unscheduled depreciation on operating resources	462	Depreciation and amortisation on tangible and intangible assets
Total	3,540	Total expenses

There were no income items of an extraordinary amount in the 2021 financial year.

2. Sales revenues

Breakdown of revenues by region	2021 (In EUR million)	2020 (In EUR million)
Sales, domestic	395	340
Sales, international	195	181
Gesamt	590	521

Divisions	2021 (In EUR million)	2020 (In EUR million)
Automotive	333	273
Engineering	68	84
Services	17	17
Communication	170	146
Holdings	2	1
Total	590	521

3. Other operating income

Other operating income includes prior-period income of EUR 5,291 thousand (previous year: EUR 8,164 thousand), EUR 3,640 thousand (previous year: EUR 6,853 thousand) of which relates to the reversal of provisions, EUR 0 thousand (previous year: EUR 461 thousand) to the reversal of write-downs, EUR 0 thousand (previous year: EUR 44 thousand) to disposals of assets and EUR 1,651 thousand (previous year: EUR 806 thousand) to other prior-period income. Other operating income also includes income from currency translation of EUR 196 thousand (previous year: EUR 178 thousand).

4. Write-downs

No write-downs on goodwill were recognised in the year under review (previous year: EUR 1,234 thousand).

Current assets were written down in the amount of EUR 3,078 thousand (previous year: EUR 0 thousand), while tangible assets were written down in the amount of EUR 462 thousand (previous year: EUR 0 thousand). These constitute non-recurring expenses within the meaning of section 314(1) no. 23 HGB.

5. Other operating expenses

Other operating expenses include prior-period expenses of EUR 1,023 thousand (previous year: EUR 561 thousand). These include repayments of compensation under reduced working hours schemes of EUR 575 thousand (previous year: EUR 0 thousand), expenses for pension and social insurance audits of EUR 0 thousand (previous year: EUR 81 thousand), expenses from debt waivers of EUR 0 thousand (previous year: EUR 244 thousand), rectification in connection with allocations to the archiving provision of EUR 0 thousand (previous year: EUR 41 thousand) and other expenses of EUR 448 thousand (previous year: EUR 195 thousand).

6. Taxes on income

Taxes on income include prior-period tax expenses of EUR 610 thousand (previous year: EUR 59 thousand) and prior-period tax income of EUR 215 thousand (previous year: EUR 571 thousand).

7. Significant events after the reporting date

In the same way as for many other industrial companies, the further course of the COVID-19 pandemic and, in particular, the Russian war of aggression in Ukraine that started in February 2022 will have a negative impact on the financial position and results of operations of the HÖRMANN Group that cannot be reliably quantified at present, including because of the resulting supply bottlenecks and rising material and energy costs. The HÖRMANN Group has taken additional steps to secure its liquidity, ensure its delivery capability and cut costs as a matter of urgency.

HÖRMANN Industries GmbH, Kirchseeon, expects the customer-induced interruption to production in the Automotive division, which has been in place since mid-March 2022, to be resolved from May 2022 onwards and that the economic situation as a whole will stabilise. Furthermore, it does not expect the further course of the COVID-19 pandemic and material availability as well as cost increases to result in any additional negative business developments as the year progresses.

D. OTHER DISCLOSURES

1. Contingent liabilities and other financial obligations

a.) Contingent liabilities

There are contingent liabilities of EUR 3.1 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 issued 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 31 December 2021. 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 does so in conjunction with its 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 55 million. Other financial obligations of EUR 14 million have a remaining term of up to one year, EUR 34 million have a remaining term of between one and five years and EUR 7 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. Auditor’s fees

	2021
	(in EUR thousand)
Audits of financial statements	715
Other assurance or valuation services	89
Tax advisory services	311
Other services	0
Total	1.115

4. Management

- ♦ Mr. Dr.-Ing. Michael Radke, engineer
- ♦ Mr. Johann Schmid-Davis, business administration graduate

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

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

5. Employeesr

There were 2,787 employees on average in the 2021 financial year (previous year 2,900). The average number of trainees was 82 (previous year: 99).

Average number of employees by group:

Group	2021
Production	1,932
Sales/Project Management	283
Development	337
Administration	235
Total	2,787

6. 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, Hörmann Warnsysteme GmbH, Kirchseeon, Hörmann Logistik GmbH, Munich, Hörmann BauPlan GmbH (formerly AIC Ingenieurgesellschaft für Bauplanung Chemnitz GmbH), Chemnitz, VacuTec Meßtechnik GmbH, Dresden, Hörmann Rawema Engineering & Consulting GmbH, Chemnitz, Hörmann Kommunikation & Netze GmbH, Kirchseeon, Hörmann Digital GmbH, Kirchseeon, Hörmann Services GmbH, Kirchseeon, Hörmann Charging Solutions GmbH, Kirchseeon, and Hörmann Intralogistik 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.

7. 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 state-ments 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.

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 see the comments in section IV. “Financial position” in the Group management report.

Kirchseeon, 28 April 2022

HÖRMANN Industries GmbH

Dr.-Ing. Michael Radke

Johann Schmid-Davis

## INDEPENDENT AUDITOR'S REPORT

Convenience translation of the original German audit report. Solely the original text in German is authoritative.

To HÖRMANN Industries GmbH, Kirchseeon

### AUDIT OPINIONS

We have audited the consolidated financial statements of Hörmann Industries GmbH, Kirchseeon, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit and loss, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the financial year from 1 January 2021 to 31 December 2021 and notes to the consolidated financial statements, including the presentation of the recognition and measurement policies.

In addition, we have audited the group management report of Hörmann Industries GmbH for the financial year from 1 January 2021 to 31 December 2021.

In our opinion, on the basis of the knowledge obtained in the audit,

- ♦ the accompanying consolidated financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2021 and of its financial performance for the financial year from 1 January 2021 to 31 December 2021 and
- ♦ the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

### BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW).

Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of The Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in compliance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

### RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law and that the consolidated financial statements, in compliance with German Legally Required Accounting Principles, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal controls as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

### AUDITOR RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ♦ Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, and intentional omissions, misrepresentations, or the override of internal controls.
- ♦ Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- ♦ Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- ♦ Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- ♦ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles.
- ♦ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- ♦ Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- ♦ Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Munich, 28 April 2022

BDO AG  
Wirtschaftsprüfungsgesellschaft

# Imprint

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