

# 2022

ANNUAL REPORT OF HÖRMANN INDUSTRIES GMBH



# Key figures at a glance

## Financial position and results of operations

(in EUR million)

	2022	2021	2020	2019
Sales	685.7	589.8	521.5	622.2
Total output <sup>1)</sup>	709.0	626.8	521.5	641.2
Gross profit	305.2	294.6	256.0	289.2
EBITDA <sup>2)</sup>	35.3	45.3	25.5	35.6
EBIT <sup>3)</sup>	23.7	30.0	12.6	23.7
Cash flow from operating activities	-7.2	21.1	28.3	13.0
Cash flow from investing activities	-2.9	-3.5	-14.5	-41.0

## Net assets

(in EUR million)

	31. Dec. 2022	31. Dec. 2021	31. Dec. 2020	31. Dec. 2019
Total assets	364.8	341.7	324.7	312.6
Equity	136.4	131.1	120.8	121.2
Equity ratio % <sup>4)</sup>	37.4%	38.4%	37.2%	38.8%
Working capital <sup>5)</sup>	112.4	78.7	66.1	79.1
Net cash and cash equivalents <sup>6)</sup>	65.3	84.3	73.2	64.8
Employees <sup>7)</sup>	2,876	2,787	2,774	2,821

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

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

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

<sup>4)</sup> Equity/total assets

<sup>5)</sup> Inventories plus trade receivables less trade payables

<sup>6)</sup> Bank balances less liabilities to banks

<sup>7)</sup> Average number for the year without trainees

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# Successfully guiding the HÖRMANN Group through crises



➤ Dr.-Ing. Michael Radke, CEO (left) in conversation with Johann Schmid-Davis, CFO (center) and Dr.-Ing. Christian Baur, CTO (right)

## INTERVIEW WITH THE MANAGEMENT BOARD

The HÖRMANN Group mastered the crises in recent years and enjoyed stable performance in the 2022 financial year. Considerable progress was made in the transformation of the highly diversified group and its portfolio with a view to future viability. In this peer-to-peer discussion, Michael Radke, Johann Schmid-Davis and Christian Baur talk about the focal points for the future, including “sustainable corporate governance”, “digitalisation” and “growth”.

### Looking back, what is your assessment of the 2022 financial year?

**Michael Radke** The 2022 financial year was dominated by the Ukraine war and its ramifications for the economy. In terms of the industry, this mainly took the form of disruption to global supply chains. Many suppliers felt the impact of this development, and the HÖRMANN Group was no exception. One major issue was the lack of semiconductor availability, which had a direct impact on the procurement of components and modules, as well as indirectly affecting the HÖRMANN Group by disrupting our customers’ production. And like all companies, we are still dealing with the high level of inflation, which has had pronounced economic consequences for all our divisions in terms of the price of precursors, energy and purchased services in particular.

All these challenges meant that 2022 was the third crisis-hit year in succession, following on from the outbreak of COVID-19 in 2020, the ongoing consequences of the pandemic in 2021, and 2022 with the challenges mentioned above. Nevertheless, we are

proud to be able to say that we have mastered these difficult years and successfully guided the HÖRMANN Group through the various crises.

The history of the HÖRMANN Group shows that the economic downturn of 2008/2009 resulted in significant losses and left its mark on our balance sheet. By comparison, we have emerged from the last three years in extremely good shape. The HÖRMANN Group has become far more crisis-resistant and is excellently positioned for the future.

### What were the biggest successes achieved by the HÖRMANN Group in the 2022 reporting period?

**MR** We are continuing to systematically pursue the reorientation of the HÖRMANN Group with a focus on promising fields that are expected to deliver strong growth potential and good earnings power. In 2020, we therefore adopted a comprehensive strategy to 2025 that we are stringently implementing even in the face of the current crises and unforeseen challenges. We have already made considerable progress in the transformation of our highly diversified group of companies and our portfolio with a view to future viability.

» We are continuing to systematically pursue the reorientation of the HÖRMANN Group with a focus on promising fields that are expected to deliver strong growth potential and good earnings power. «

MICHAEL RADKE, CEO



One example is the establishment of our new Intralogistics division, which concentrates all our intralogistics activities. This also involved the restructuring of our Industrial Services division, because we no longer consider industrial services to be viable as far as the difficult segment of major automotive OEM customers is concerned. We are now gradually concentrating our future service activities on the intralogistics segment.

#### How has the HÖRMANN Group performed during the crisis?

**Johann Schmid-Davis** So far, the current decade has been a challenging one for every company. But this is exactly where our diversified business has repeatedly demonstrated its strength.

Looking back, 2020 saw the COVID-19 crisis, which brought our customers' production facilities to a standstill, while 2021 saw further significant supply chain disruption and production shutdowns – then 2022 was characterised by exceptional volatility in production and dramatic inflation as a result of the Ukraine war. All these developments required rapid action and a great deal of creativity in order to reduce costs. We succeeded in responding quickly and flexibly to the changed circumstances, which also enabled

us to contain the losses in the Automotive division to a large extent. We also succeeded in concluding price negotiations with our major customers on an equal footing.

We are delighted to have enjoyed three excellent years in the area of infrastructure, especially in our Communication division, with government stimulus programmes playing an important role in this development. As a result, our strong Communication pillar compensated for the exceptional challenges affecting the Automotive and Intralogistics divisions.

#### Beyond earnings performance, how do things look financially?

**JSD** Our financial position has come under considerable pressure in the last three years. The sharp rise in inflation meant that our working capital increased to over EUR 100 million in 2022, which had a notable impact on our liquidity development. I am extremely proud of the entire HÖRMANN Group, and especially our commercial team, who adapted to these new conditions and planning requirements in such a short space of time. This allowed us to successfully emerge from the crises in spite of the strain on our financial position.

I would also like to emphasise how helpful the stability of our financing structures has been over the past year. We actively opted for bond financing as the core financing mechanism for our company in order to secure a long-term financing base and prepare us for crises like those we have experienced recently. Furthermore, an extremely stable bank consortium and a stable credit facility have been available to HÖRMANN over the past three difficult years and will remain so in future.

In addition to the highly effective liquidity management that we have established at the HÖRMANN Group, I would also like to mention the state-of-the-art Group-wide cash management system we implemented prior to the crisis. This cash pooling means we can quickly adapt our cash flows in order to meet the respective needs. In a day and age when speed is of the essence, this has delivered additional financial stability for the HÖRMANN Group.

#### What were the biggest challenges in the past year?

**JSD** Liquidity management was indeed one of the biggest challenges. The turnaround in interest rate policy came as a huge surprise to the industry. To be clear For many years, customers paid ahead of schedule and were happy to make payments on account of orders because they wanted to avoid negative interest rates. This situation changed completely in the space of just a few months. Securing liquidity is now the top priority, and customers' payment behaviour has altered accordingly. We had to make changes to our entire organisation, from contract preparation through to dunning, in order to focus on generating liquidity. This is a considerable challenge, especially when your inventories are based on advance financing to a considerable extent.

There has also been a paradigm shift when it comes to sales recognition. We are now including flexible pricing mechanisms in our contracts, and we must do everything in our power to pass on inflation-related price rises to customers – even those with existing contracts – through intensive negotiation and discussion. In our project business in particular, we have acquired a number of orders in recent years and inflation has not been a major factor.

Availability problems and inflation led to some substantial price rises on the commodity markets, and hence for our purchased parts. The associated increase in working capital meant that our procurement department had to adopt a very different approach in order to reduce warehouse throughput times and the level of advance financing as quickly as possible. Having prioritised securing materials during the COVID-19 pandemic, all this required a renewed shift in organisational strategy in just a short space of time. One of the biggest challenges facing the HÖRMANN Group is optimising and significantly reducing the level of working capital.



» We established a state-of-the-art Group-wide cash management system prior to the crisis. This cash pooling means we can adapt our cash flows in order to meet the respective needs. «

JOHANN SCHMID-DAVIS, CFO

Energy procurement, especially in the Automotive division, is another challenge that we did not have on our agenda until last year. Energy used to be readily available at a largely reliable price. Since the Ukraine war, which led to fears of a gas crisis and sky-rocketing electricity prices, we have to ensure that we can get the energy we need at an affordable price. This has been and remains a considerable challenge for our procurement team.



### How important is sustainability for the HÖRMANN Group?

**MR** All of us now see signs of climate change every day. Sustainability is the subject of near-continuous public debate. All companies in Germany – including the HÖRMANN Group – bear considerable responsibility for the climate and the environment, and they also have a social responsibility to meet. Today's business leaders need to internalise the principles of sustainable corporate governance.

In addition to our own responsibility as a company, numerous customers, including in the automotive industry, are now approaching us with specific requirements when it comes to sustainable corporate governance. And the legislative requirements are also increasing, from the EU Green Deal to the Federal Climate Change Act in Germany. This places considerable demands on the HÖRMANN Group that we have been actively addressing since 2021.

### What are the most important sustainability topics in the HÖRMANN Group for the years ahead?

**MR** Reducing our CO<sub>2</sub> emissions will undoubtedly be the biggest challenge. We will also make our contribution to the climate goals of the Paris Agreement. For the HÖRMANN Group, this means lowering our CO<sub>2</sub> emissions by around 40% in the period from 2021 to 2030. We have now established a sustainability organisation at the HÖRMANN Group and appointed officers to systematically address the topics of climate protection, reducing CO<sub>2</sub> emissions and energy management. We are already pressing ahead with a wide range of sustainability initiatives. Last year saw the publication of our first sustainability report covering the 2021 financial year, and we will publish another sustainability report this year. The further intensification of sustainability management at the HÖRMANN Group is one of the most important tasks forming part of our responsible and holistic corporate governance. We are happy to meet this responsibility and we are keen to play our part.

In terms of our products, too, sustainability is becoming increasingly important and will lead to many changes. We are actively shaping this change in some areas. For example, HÖRMANN Vehicle Engineering is actively participating in the development of the first tram powered by hydrogen fuel cells.

Sustainable corporate governance without digitalisation is almost inconceivable in the modern age. To this end, we launched a comprehensive Group-wide digitalisation initiative at the start of the year.

### What major digital trends are being observed by the HÖRMANN Group and how does it intend to address them?

**Christian Baur** Digitalisation is a megatrend in its own right. As the globalised world becomes increasingly digital and connected, digitalisation is unavoidable. For the HÖRMANN Group, this means stepping up our investments in digital transformation. This applies to external digitalisation, especially the development of digital products and connectivity with our customers, suppliers and business partners, as well as internal digitalisation with a view to improving our business processes.

We adopted a corresponding digitalisation strategy in 2022. This involves the realignment of digitalisation process for all HÖRMANN Group companies, both internally and externally – because achieving the right balance between these two simultaneous priorities is the only way to fully harness our potential, further improve our competitiveness and create sustainable growth.

### What are the focal points of the internal and external digitalisation strategy?

**CB** In terms of internal digitalisation, we are aiming to digitalise our internal business processes in order to increase efficiency and become quicker, more agile and more dynamic. We will achieve this by introducing standardised company-wide software solutions, especially ERP (enterprise resource planning) and CRM (customer relationship management) systems.

When it comes to external digitalisation, we are investing in the development of software solutions, analysis tools and new digital products and business models in order to meet the requirements of our future customers and to expand the HÖRMANN Group's product and service range.

Software is the critical USP for large-scale automated systems. One example from our Intralogistics division is our HiLIS software (HÖRMANN Intralogistics System) for flexible, high-performance warehouse management system. This software allows customers to ergonomically control the automated systems and technologies we customise for them with a high degree of efficiency and effectiveness.



» Software and data processing will make the decisive difference when it comes to maintaining our competitiveness and improving it for the long term. «

CHRISTIAN BAUR, CTO

Software also enables solution and application expertise to be transferred internationally. After all, hardware requirements differ from country to country, but the software "brain" remains the same.

### How do you intend to advance these topics?

**CB** In 2022, we reorganised HÖRMANN Digital GmbH – the HÖRMANN Group's small but smart digitalisation unit – with a view to advancing this development. Its primary objective is to promote external digitalisation and generate synergies across all companies. In this way, we intend to actively support innovative digital topics in order to increase our sales, expand our market share and leverage competitive advantages. This includes new business models, digital platforms, and market-driven aspects such as customer platforms. Although the HÖRMANN Group encompasses a number of different business models, we have a great deal in common. E-commerce for spare parts is just as relevant for the Intralogistics division as it is for HÖRMANN Warnsysteme GmbH, for example.

We also have data scientists at HÖRMANN Digital GmbH who analyse the large volumes of data generated by systems such as the presses at the Automotive plant in Gustavsborg in order to derive potential for internal and external digitalisation.

### What are the biggest digital challenges facing the HÖRMANN Group?

**CB** The biggest challenges relate to the change process within the organisation – in other words, ensuring that we recognise, accept and implement the required changes and make the corresponding modifications to workflows that have become established over decades. Although the HÖRMANN Group undoubtedly has the necessary expertise, I believe we still need to make a few changes to our mindset in order to ensure that the new developments meet with acceptance. Taken as a whole, this will help us to advance digital innovation, operate in a modern working environment and generate value added for our customers.

### What are the HÖRMANN Group's plans for the current financial year?

**Johann Schmid-Davis** We expect our results of operations to remain stable in 2023, although the highly volatile and inflation-driven markets will be challenging once again. Refinancing will also be an important topic in an environment characterised by rising interest rates and nervous financial markets.

The business situation and results of operations in the Communication division are expected to return to normal as economic stimulus programmes gradually expire. As such, the division is set to enjoy good earnings development but at a more typical level.

We need to return to earnings-oriented growth in the Automotive and Intralogistics divisions. In Automotive, we expect to return to profitability in 2023 as our customers' sales figures stabilise and our restructuring measures take effect. We anticipate significant sales and earnings growth in Intralogistics on the back of the healthy level of orders on hand and the expansion of our international activities.

Our medium-term objective remains to achieve inflation-adjusted sales of over EUR 750 million and a sustained EBIT margin of 5%. This naturally requires additional qualified staff - a challenge facing almost every company today, and one that we are addressing actively and intensively.

**And what is the HÖRMANN Group's main objective for 2023 and beyond?**

**MR** We want to systematically continue on our growth path. In the Intralogistics division, we have set ourselves ambitious targets and intend to take a big step forward in terms of incoming orders in 2023.

However, there is also considerable growth potential in the Communication division, whose technologies make it highly focused on the future. The market for security technology has been growing rapidly for over a decade and is expected to take on new dimensions in the coming years in light of the geopolitical challenges affecting the world. This is also the reason for our decision to expand the Management Board of Funkwerk AG in order to strengthen the Security Technology unit and help it to achieve dynamic growth.

Development in our largest division, Automotive, is characterised by the high level of pent-up demand for trucks as vehicles have become considerably older in recent years and often no longer satisfy the latest emission regulations. Demand for agricultural machinery is also set to remain high. The most important goal for 2023 is to return the Automotive division to profitability on a sustained basis. We will continue to press ahead with the transformation that is necessary to achieve this.

We aim to leverage additional potential in the Engineering division. This is important in terms of supporting the other divisions, because this division is where we bundle our engineering expertise and a great deal of technical know-how.

As previously, the HÖRMANN Group will stand on four stable pillars in 2023. We are making good progress when it comes to strengthening the earnings power of the four divisions even further – thanks to good management and our many dedicated employees. ♦

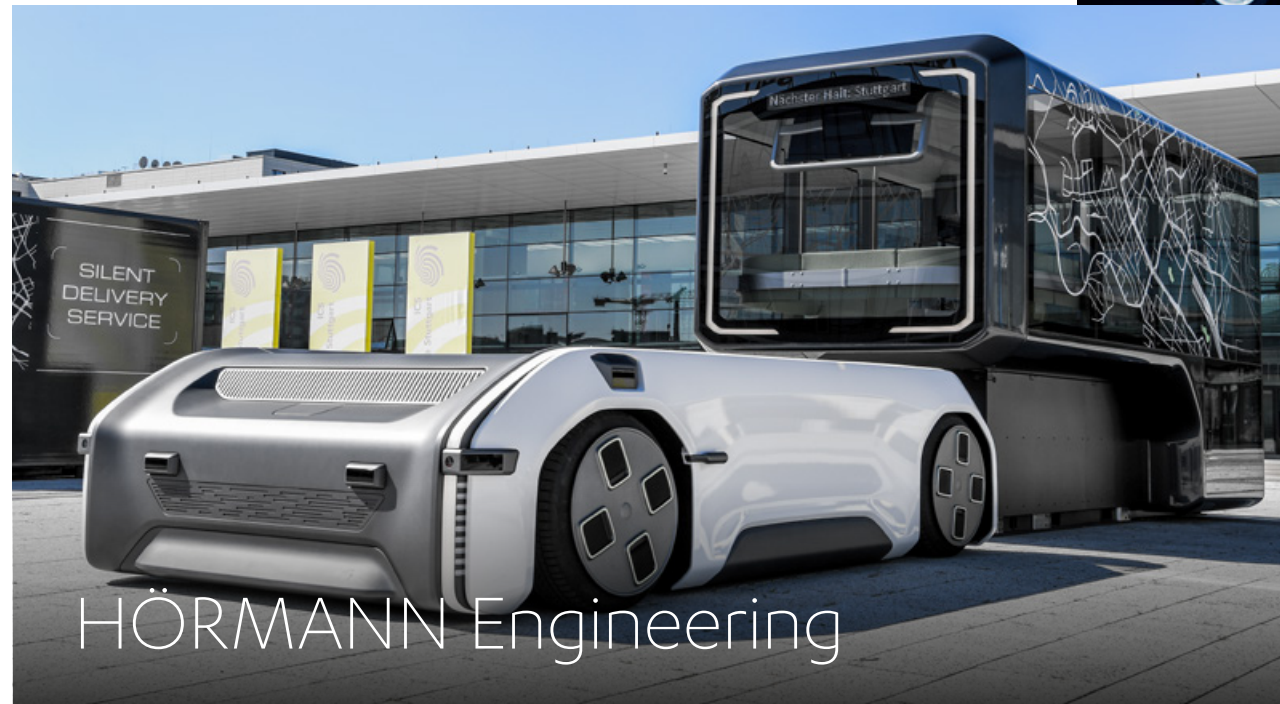


» As well as making our internal processes considerably more efficient, business process digitalisation is the key to continued growth. To this end, we launched a comprehensive Group-wide digitalisation initiative at the start of the year. «

**MICHAEL RADKE, CEO**



# Broad diversification with four strong business divisions



For 68 years, the **HÖRMANN Group** has been on the road where innovations are created. With constant investment in the know-how of its employees and in the latest technologies, the family business has now grown to around 30 independent companies. Together they are successful in four business divisions: Automotive, Communication, Intralogistics, and Engineering. As a group, the divisions support each other, thus ensuring a high degree of stability for the group of companies and creating synergies. The joy of shaping change and the future is contagious – the following projects provide an insight ...







» The further intensification of sustainability management at the HÖRMANN Group is one of the most important tasks forming part of our responsible and holistic corporate governance. We are happy to meet this responsibility and we are keen to play our part. «

MICHAEL RADKE, CEO

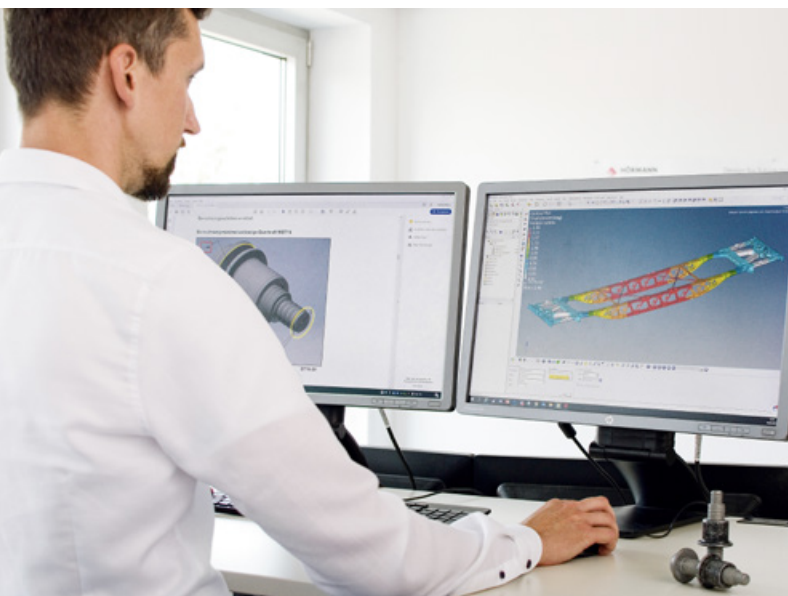


# Engineering

HÖRMANN Vehicle Engineering GmbH

## The future of urban transport

With the futuristic U-Shift vehicle concept, transport researchers at the German Aerospace Center (DLR) are exploring new ways of making the future of urban transport more sustainable, efficient and convenient. The salient feature of U-Shift is the separation between the vehicle itself and the space for passen-



gers and goods. This allows for a whole new kind of modularisation on the road and thus a host of innovative vehicle configurations and business models.

DLR engaged HÖRMANN Vehicle Engineering to develop the concept and details for the new vehicle. The work encompassed the mechanical systems, the integration and interconnection of all system components and the sensor system as well as software programming, functional testing and commissioning. An initial prototype was built, tested and commissioned in cooperation with prototype manufacturer Robur in Chemnitz.

### Capsules are lightweight and versatile

A u-shaped chassis called the Driveboard houses all the technical components and systems needed for autonomous electric driving. "That includes the electric drive system, the wheels and suspension, the sensors required for driverless operation, battery or fuel cell systems to supply energy and the appropriate components for charging or refuelling components," says Jürgen Weimer, project manager for U-Shift and a researcher at the DLR Institute of Vehicle Concepts in Stuttgart. The Driveboard also has an integrated lifting system, allowing functional units to be swapped quickly and easily based on a plug-and-drive concept.

The functional units – the capsules – are lightweight, versatile and designed for a wide range of possible applications in transporting both passengers and goods. They can be manufactured in large or small volumes to suit numerous uses. The U-Shift prototype, consisting of the Driveboard and passenger capsule intended for use in public transport, measures approximately 5.6 m x 2.2 m x 3.2 m (LxWxH). The Driveboard is currently operated by remote control and is intended to be fully automated later on.

### Extensive standardisation opens up plenty of potential applications

The U-Shift can be used as a people mover for public transport. For example, it can serve as a flexible on-call bus system in urban areas that do not yet have comprehensive public transport coverage or be used for door-to-door transport in city centres. As far as commercial applications are concerned, it could conceivably be used for parcel and goods delivery, waste disposal collection or mobile pop-up shops. The capacity for extensive standardisation means that the capsules can also easily be moved to other modes of transport, be it rail or, in the future, perhaps air taxis or cable cars.



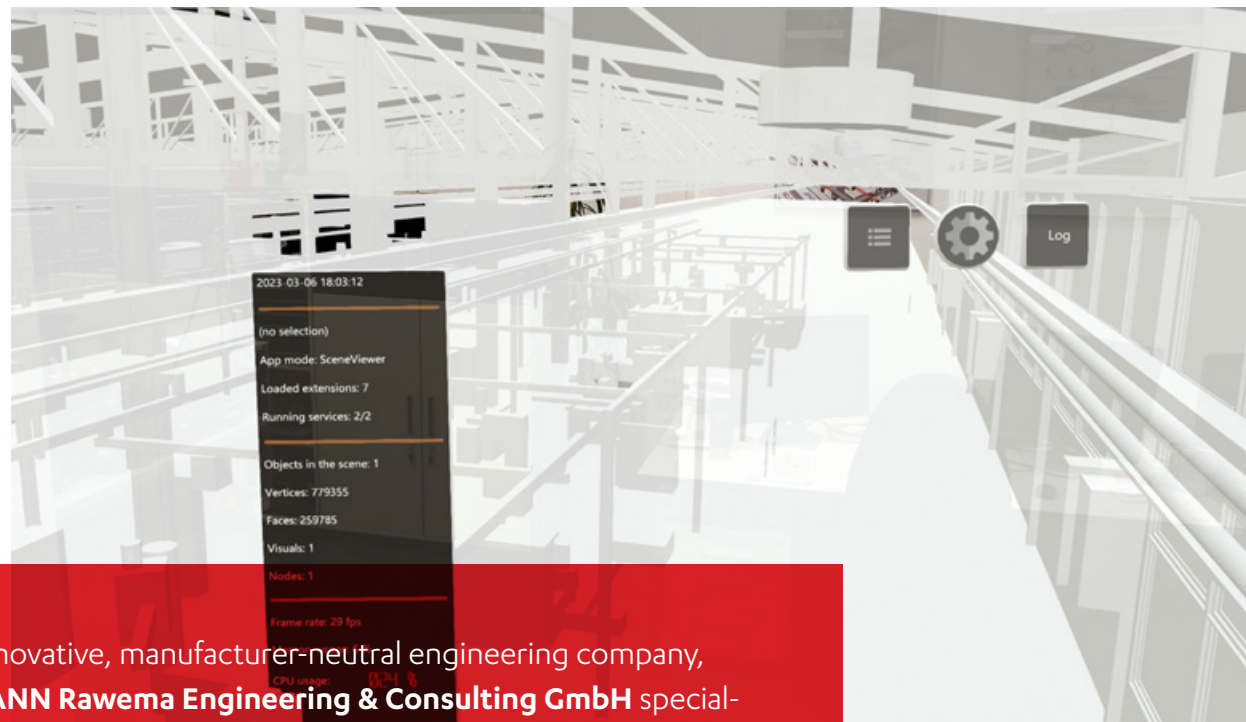
**HÖRMANN Vehicle Engineering GmbH** accompanies customers through the entire development process chain for rail, road and special vehicles. As a globally active engineering partner, the company offers complete vehicle expertise from the initial idea to the finished prototype and the start of series production. Innovative trends are set in the field of lightweight construction as well as in the use of new materials and drive technology.

The passenger capsule is fitted with seven permanent seats and one folding seat. It offers good utility thanks to a large door with an integrated ramp and space for a wheelchair or pushchair. This area can also be used as standing room. The M4 version of the capsule, intended to carry cargo, provides space for four EUR standard pallets or eight cage trolleys.

The prototype has been used to build up experience with the system regarding processes such as mounting, integrating and removing the capsules. There are plans to put the prototype into trial operation for the first time at the BUGA horticultural show in Mannheim. "This is an exciting project, and we are certain that this innovative concept vehicle is going to influence the future of urban transport," says managing director Frank Salzwedel.







As an innovative, manufacturer-neutral engineering company, **HÖRMANN Rawema Engineering & Consulting GmbH** specialises in the provision of technical planning services in the industrial sector with a focus on production technologies and factory planning. The engineering services cover the complete life cycle of the factory, starting with responsibility as general planner for the project planning of entire factories, through the engineering of individual production areas, processes and plants, to reengineering and resulting relocation projects.

HÖRMANN Rawema Engineering & Consulting GmbH

## A 'digital twin' for factory planning

A great many new concepts and potential ways of implementing factory planning and management are being devised in the context of Industry 4.0. Digitalisation in the world of production and dynamic development in IT mean that new potential is being identified all the time in terms of how the data involved can be put to practical use.

With that in mind, HÖRMANN Rawema is increasingly making use of 'digital twins'. "A digital twin allows major changes to be simulated virtually, meaning that more precise conclusions can be drawn and possible outcomes of future planning and management can be considered," explains managing director Benjamin Bielefeld.

### Testing laboratory for different scenarios

The digital twin is a medium and an application rolled into one.

On the one hand, it provides a concept for pooling all the data gathered at a company and delivers benefits in terms of visualisation and classification. With an improved overview, availability and up-to-dateness, experts can view information independent of location and person. The challenge lies in automatically bringing all the various data and interfaces together and designing the digital twin in a way that is sufficiently open to enable data that have not yet been gathered to be incorporated as well. Specifically, that means visualising the factory and production layouts (using building information modelling) and entering all information that could possibly be of any use in production or management. In this respect, the digital twin exists as a virtual model in the back end on appropriate servers and databases.

On the other hand, the experts can use the shared platform to correlate digitalised information from the company and generate new data. The digital twin acts as a testing laboratory in which various scenarios can be planned and tested. That is associated with an array of applications, which means that the digital twin can be used across all a company's areas.

The visualisation can also be made accessible in a way that gives various stakeholders wide-ranging information about the company or the production process. For example, after ordering a product, a customer can track it, the maintenance department monitors plant conditions or the production department establishes individual evaluations.

### Broad range of improvements to numerous processes

HÖRMANN Rawema has gone in two directions in exploring the field of digital twins. Using 3D visualisation and building information modelling (BIM), the first step is for the factory planners to use a 3D laser scanner to create precise 3D point clouds, with the scanner generating millions of measurements, accurate down to just a few millimetres. They can then use the wealth of readings to determine areas, columns, installations, pipes and other physical objects for 3D modelling. They can continue to use the data from BIM or technical building plans. These 3D models form the visual basis for the digital twin. After that, depending on what is needed and what kinds of functions are involved, the information from the production system is incorporated.

Material flow simulation can be used to visualise the production system via the digital twin. With this technology, the factory planning experts are laying the foundations for the simulation of processes for various scenarios. The results can be used to optimise the day-to-day production programme or to help plan process workflows. Using the digital twin as a platform allows the various data and applications (logistics planning/material flow, product and production simulation) to be interlinked.

"All in all, the digital twin offers a wide range of potential improvements to processes, from visualising and linking different digital applications to automating the flow of information," says Bielefeld.





HÖRMANN BauPlan GmbH

## Improving energy efficiency in a historic building

The building services engineering team at HÖRMANN BauPlan in Chemnitz have been working on an energy-efficiency upgrade of the state of Saxony's administrative offices, also located in Chemnitz, since 2021.

The structure, originally a horseshoe-shaped production building, was designed by Willy Schönefeld in 1929 in an architectural style heavily influenced by the

Bauhaus movement. Further work on the building in 1938 and 1939 was overseen by the architectural firm of Rümmler und Mehnert, with the west wing added in the 'New Objectivity style'.

Early in 1991, the regional council of Chemnitz, one of three newly formed

intermediate authorities in Saxony, began working in the building due to its growing headcount and remit.

The structure was acquired in 1993 by a private investor, who renovated the complex and turned it into an office building.

Since then, the state of Saxony has leased the protected former industrial building as the headquarters for the modern-day authority.

### Saving energy with careful planning

Since 2021, the building services engineering team at HÖRMANN BauPlan have been carrying out various sub-projects aimed at satisfying increasingly stringent energy efficiency requirements and meeting the need for renovation work. The planners also need to take structural fire safety into account. The roof insulation is also being brought up to current energy-efficiency standards.

The changes in the use of space and the administrative structure of the authority, as well as updates to specifications, required adjustments in structural fire safety and revisions to technical fire safety measures (such as the installation of a category 1 fire alarm system), safety lighting and the smoke extraction and ventilation systems. The existing heating system had also reached the end of its life cycle.

### Extensive structural work with operations planned down to the day

In 2022, the building planners revised the special one-pipe system, with water running through rectangular skirting boards, entirely while the building was operational. This involved opening up walls and floors while people were using the building, which not only meant extensive structural work but also called for operations to be planned in detail for specific days. This was complicated by the need to coordinate utility supplies during the work because planning documents detailing the utility connections installed were often unavailable. Despite that, HÖRMANN BauPlan successfully implemented the new requirements of the district heating provider as well as the user's required modifications in 2022.

"We are currently working closely with the user to ensure that we carry out the energy-efficiency upgrade in this protected historic building with the utmost sensitivity while allowing the authorities to carry on with their work," says the responsible project manager Dipl.-Ing. (FH) Jörg Wunderlich. Work on the building is due to continue until 2026.



### HÖRMANN BauPlan GmbH

is available as a general planner for all services required within the construction industry. The company provides general planning services and detailed solutions for industry, trade, residential and social construction. Clients are accompanied from the idea to the turnkey object.





## Characterising radioactive waste

VacuTec Messtechnik develops and produces a wide range of gaseous detectors for identifying the presence of ionising radiation. “We are one of the few manufacturers in the world that produce Geiger–Müller counter tubes, and we are seeing increased demand for them at the moment due to the current political situation,” says managing director Dr. Bettina Jakob.

VacuTec has been producing a wide range of counter tubes using special glass technology, primarily for detecting radiation, for more than 65 years. VacuTec

offers an extensive array of products that is bound to include the right counter tube for any application that requires the measurement of alpha, beta, gamma, neutron or X-ray radiation. Miniature and end-window versions of recently developed counter tube models with chromium-iron cathodes are available for high-dosage applications and for detecting particle and low-energy X-ray radiation.

The counter tubes are widely used to measure radiation levels in radiation protection and for environmental monitoring. Other applications include non-destructive

material testing and non-contact liquid level sensors. Versions of the counter tubes that are energy-compensated based on ‘air kerma/exposure’ (type E) or ‘ambient dose equivalent’ (type A) are available for dosimetry and environmental measurement.

### Configurable probes for different applications

Geiger–Müller counter tubes have long been established as simple, durable and reliable detectors for monitoring gamma radiation fields. Today, they are used mainly for measurement in situations in which the dose rate to be determined can vary significantly within a very wide range.

To ensure that it could offer its customers state-of-the-art sensors with smart interfaces, VacuTec developed a modular system for dose rate probes based on its range of Geiger–Müller counter tubes and its expertise in detector electronics. That has given the Dresden-based company the capability to configure probes for all manner of use cases. For example, its probes are integrated in environmental monitoring networks at both new and existing nuclear power stations and used for drum monitoring as part of decommissioning projects.

### Probes for measuring photon dose rates of up to 100 Sv/h

For the purpose of characterising highly radioactive samples, which enables the ambient dose equivalent to be reliably determined over nine decades, from 0.00000015 Sv/h to very high dose rates of 100 Sv/h, a probe was developed. It. Unlike in the traditional operation of Geiger–Müller counting tubes, where pulses are counted in a given time under constant high voltage, the measurement of the dose rate with the VacuTec probes is based on determining the average time from application of the operating voltage to the point at which the first signal arrives. That is based on a controlled switch-on and switch-off process for the working voltage. The new method is characterised, among other things, by the good linearity of the detector response up to highest dose rates.

### VacuTec probe 70 091 is particularly energy-saving

The traditional mode of operation of Geiger–Müller counter tubes is based on the method of counting pulses within a specific time frame under constant high voltage. The VacuTec 70 091 probe, however, comprises two counter tubes with energy-compensating corrector elements and the appropriate electronics. The counter tubes’ detector response of 7.17 pulses per second and 0.0143 microsieverts per hour covers lower and higher dose rate ranges with sufficient overlap in each direction. The central controller collects the results produced by the counter tubes working independently of other. The individual readings are then used to calculate the overall results, including statistical error. The ambient dose equivalent is determined in accordance with the requirements of the IEC 60846-1 standard.

The probe’s electronics are distributed across two separate components. To protect the electronics from radiation damage, only a few electronic components are attached directly to the counter tube. They and the counter tube are accommodated in a thin-walled aluminium housing with an IP65 enclosure rating, well protected against external influences. The two counter tubes are connected by ten-metre cables to their shared control and analysis unit, which is positioned at a distance from the sample to shield it from the radiation that the latter emits. “Our probe is therefore very well suited for integration in drum monitoring and for the evaluation of radioactive waste,” says Dr. Bettina Jakob.

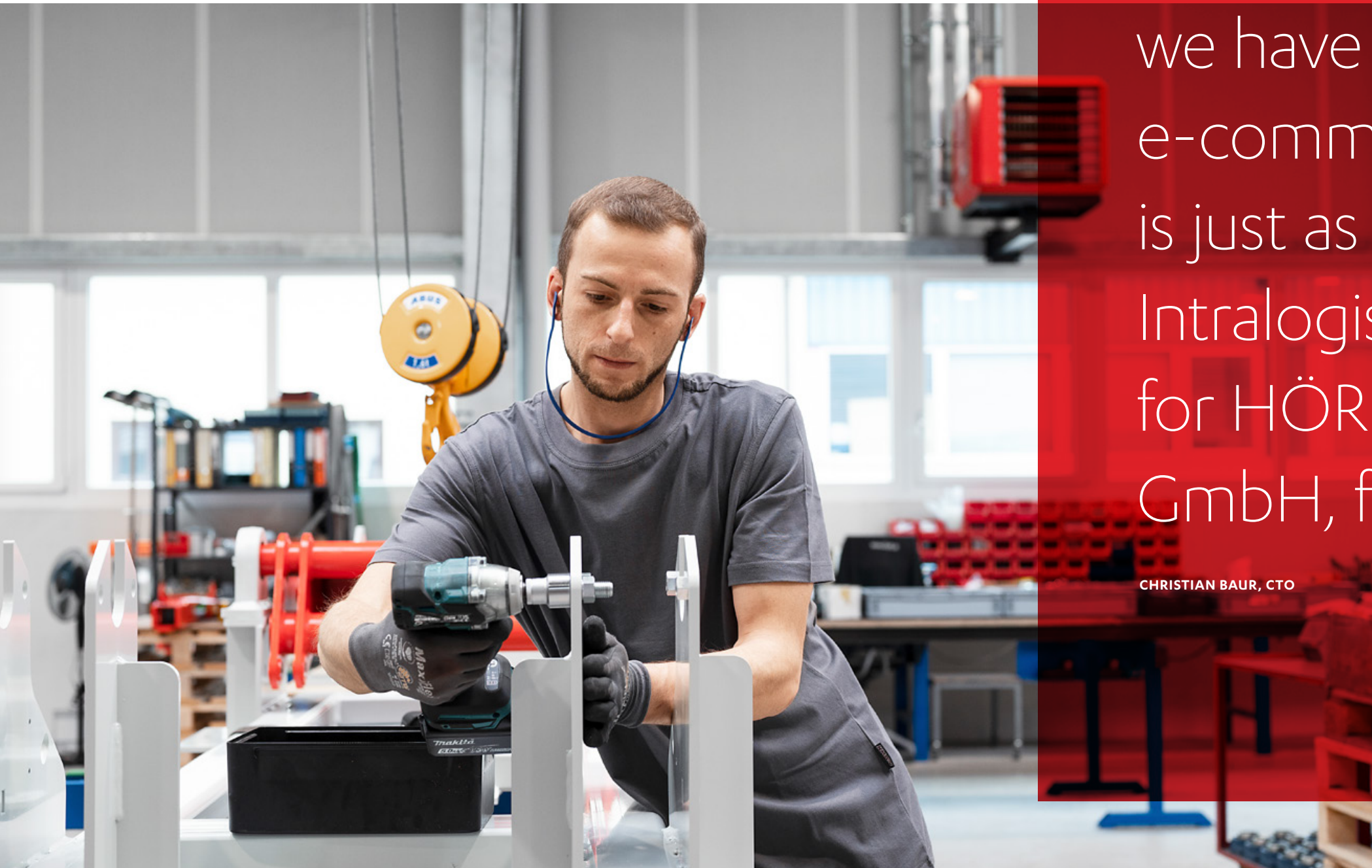


> VacuTec probe 70 091

Founded in 1956 as Vakutronik, **VacuTec Meßtechnik GmbH** develops, produces and distributes a wide range of gas-filled detectors for the measurement of ionising radiation with around 60 highly qualified and committed employees. The high-end products, which are recognised worldwide, are used in medicine, industrial measurement technology and environmental monitoring.







» Although we have many different business model in the HÖRMANN Group, we have a lot in common: e-commerce for spare parts is just as much an issue for the Intralogistics division as it is for HÖRMANN Warnsysteme GmbH, for example. «

CHRISTIAN BAUR, CTO



# Intralogistics

HÖRMANN Klatt Conveyors GmbH & HÖRMANN Logistik GmbH

## Cutting-edge Powercap technology for saving energy in high-bay warehouses

Hawle Austria Group produces and sells heavy-duty fittings worldwide. Its products are designed to last for generations and used in water management everywhere from the source to the home. Hawle Austria Group has twelve subsidiaries in Austria, the Czech Republic, Poland, Slovakia, Russia, Turkey, Italy, the UK and India.

At the E. Hawle Armaturenwerke GmbH factory in Frankenmarkt in Upper Austria, the company has built a new warehouse to minimise its use of rented third-party warehouses for logistics. HÖRMANN Intralogistics was the general contractor that realised the

five-aisle high-bay warehouse and the conveyor technology linking everything together. IGZ, the SAP engineers for logistics and production, implemented the entire logistics process in SAP EWM (Extended Warehouse Management) with direct warehouse technology control through SAP MFS (Material Flow System).

For the first time, cutting-edge Powercap technology was installed on the five stacker cranes. The Powercap store the energy generated by the stacker cranes, The Powercaps store the energy generated by the stacker cranes, thus cutting down on the amount of externally supplied power that needs to be purchased from the grid, particularly during times of peak demand, taking some of the strain off supply infrastructure and cutting down on CO<sub>2</sub> emissions throughout operations.

### Investing in Powercap pays off quickly and delivers maximum energy efficiency

The Powercap storage system makes it possible to operate the facility with limited braking resistance and to use the stacker cranes without restriction.

The additional expenditure required for Powercap technology pays off after around 3.21 years on average because along with the one-off savings on infrastructure (transformers, supply lines etc.) and the government funding programme for energy efficiency in the commercial sector, it results in considerable savings on energy costs.

This optimisation of resources is underpinned by clever WMS strategies executed with the HiLIS warehouse management system, such as those for minimising trips between different storage locations and maximising the use of capacity through interleaving. The intermediate circuit technology used with the stacker cranes also helps with energy efficiency by linking the traction converters and using the energy generated by the neighbouring drive system.

### Hawle high-bay warehouses – a key intralogistics system

Blanks and semi-finished products are stored in high-bay warehouses before being used in production or prepared for shipping. The entire conveyor technology was supplied by HÖRMANN Klatt Conveyors. Thus, the link to production takes place directly via a new double-decker conveyor system for pallets.

There are also plans for a new loading and unloading station in the outer wall of the new warehouse, accessible from the yard outside by forklift and dynamically started up by SAP EWM when needed to ensure that production is kept supplied at all times.

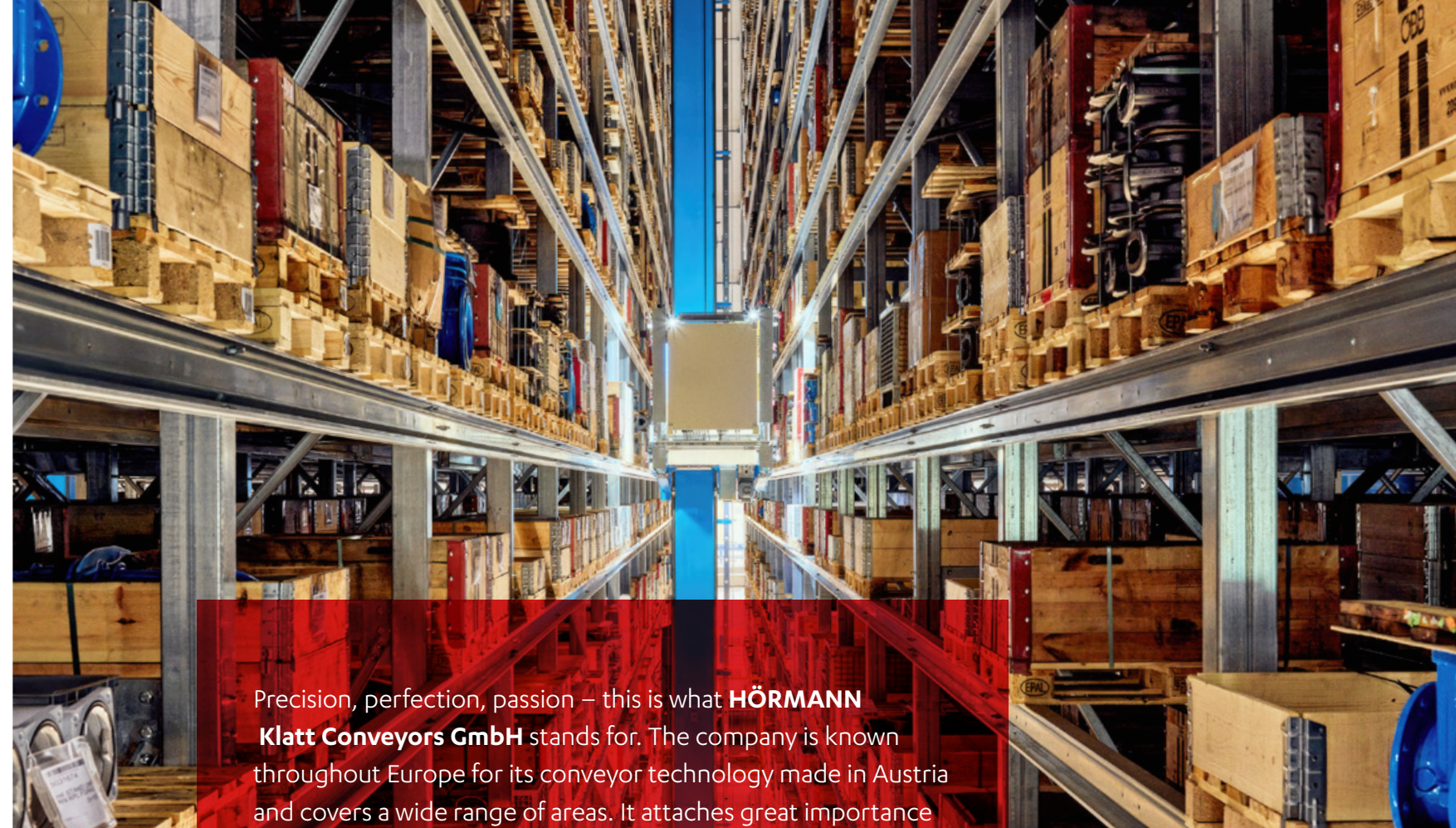
The five-aisle high-bay warehouse is equipped with five stacker cranes, one for each aisle. In addition to the Powercap technology, each is fitted with a telescopic fork for double-depth storage. Each bay provides space for three stations lined up side by side. The storage and retrieval aisles in the high-bay warehouse are linked by a looping conveyor system that reaches into the logistics area for goods to deliver and retrieve

Precision, perfection, passion – this is what **HÖRMANN Klatt Conveyors GmbH** stands for. The company is known throughout Europe for its conveyor technology made in Austria and covers a wide range of areas. It attaches great importance to the perfect implementation of individual solutions – from development and construction to on-site assembly. The customers appreciate the professional project management, the competence, the high-quality product solutions and the handshake quality. That is why HÖRMANN Klatt Conveyors is a strong partner when it comes to conveyor technology, storage and systemisation.

goods. Each stacker crane features a precision positioning system that detects the position on the z-axis in front of and behind the crane.

In the incoming goods area, normal loading units are loaded on three conveyors with weight and dimension controls. Pallet cages are put only on the central conveyor. A wooden sub-pallet is put down before the pallet cage is positioned on top of it in an entirely automated process. The empty pallets required for this are kept in a stack in a temporary storage bay and transported separately towards the place where the pallet cages are set down. “With the automated high-bay warehouse that HÖRMANN Intralogistics has set up, the customer has reduced its use of rented third-party warehouses, in turn minimising its expenditure on the transport involved, and create additional

capacity in production,” say managing directors Steffen Dieterich from HÖRMANN Logistik GmbH and Florian Pöckl from HÖRMANN Klatt Conveyors GmbH.





HÖRMANN Logistik GmbH

## Extension to AutoStore® small-parts warehouse and AGV system for bulky goods

Sport Okay GmbH, an e-commerce company, is a specialist in mountaineering gear, footwear and sports equipment offering more than 300 top brands through its online shop. It offers a unique feature in the form of its 3D view, allowing customers to inspect items in the online shop from all angles. Hundreds of thousands of satisfied customers in Germany, Austria, Italy and a further 24 countries buy products from the specialist in sporting gear located in the heart of the Alps. The online shop was performing so well that SportOkay.com decided to invest in a new logistics centre in Innsbruck, which uses an AutoStore® system for its main picking operations. HÖRMANN Intralogistics was the general contractor that implemented the entire system in 2022, and in 2021, it was engaged to expand it.

Another innovative feature is the AGV (automated guided vehicle) system from Safelog GmbH, which keeps the SportOkay picking stations supplied with bulky goods such as skis, poles and the like from the storage bays in the basement, all in a completely automated process.

### Dynamic and flexible in even tiny spaces with AutoStore®

The AutoStore® warehouse was set up on the second floor of a newly built facility. The workstations for incoming goods and picking are located on the ground floor. For the customised design of the system, HÖRMANN Intralogistics ran several real-time system simulations using original data during planning.

The customer's requirements merged with the results of the simulation to produce a two-stage system configuration. In the first phase of the project, 22 robots with 26,500 containers were installed across 16 levels and an accompanying six workstations with Swing-Ports, enabling roughly 168 deposits and returns as well as 4,000 picks per day. Now, in its final stage of expansion, the AutoStore® system has doubled in size again. In a space measuring 20 m × 80 m × 5.5 m (L × W × H), there are now 44 robots working with around 55,000 containers, delivering items to 12 workstations with SwingPorts and connected Bin



With innovative and highly dynamic intralogistics, robotics and conveyor technology solutions as well as the modular warehouse management system HiLIS and versatile services, **HÖRMANN Intralogistics GmbH** implements customised intralogistics systems for various industries. As a general contractor, **HÖRMANN Intralogistics** assumes overall responsibility for the realisation of complex new systems as well as for the maintenance and modernisation of existing systems during ongoing operation.



Lifts. This setup allows the system to achieve roughly 336 deposits and returns as well as 8,000 picks per day over a ten-hour shift.

The workstations for depositing, retrieving and picking the goods at SportOkay.com are located on the ground floor underneath the AutoStore® system. The items are taken to the incoming goods workstations on pallets or in boxes, unpacked and deposited into the system. The system delivers goods destined for picking to one of the SwingPorts, where an employee removes the item and places it in a box for shipping.

### Linking the storage bays with automated guided vehicles

Large items such as skis, poles, bouldering mats etc. are kept on racks in the basement. Fixed storage locations are assigned to the racks that are encoded with RFID (radio frequency identification) tags on the floor. This provides defined routes for the AGVs to take to the storage spaces. Depending on the picking order in question, the Safelog AGV L1 mobile transport robots fetch the racks with the necessary items in the storage locations. A vertical conveyor takes the AGV and the rack directly to the picking zone and the

correct workstation. The racks are fitted with cantilever arms or horizontal bases. After picking, the AGVs return the racks to their storage locations.

Specially configured Safelog S2 AGVs transport fully picked orders from the AutoStore® picking stations directly to the packing machinery.

"This goods-to-person strategy made efficient use of the storage space and cut journey times for employees carrying out picking activities by around 80%. That significantly increases the picking rate," says Steffen Dieterich, managing director of HÖRMANN Logistik GmbH.



HÖRMANN Intralogistics Services GmbH

## Dismantling and expanding a packing system

From machine relocations as part of production changeovers to moving complete manufacturing systems and production lines or even entire plants, HÖRMANN Intralogistics Services offers all services from a single source.

Within a total of around nine weeks, the team from HÖRMANN Intralogistics Services managed to relocate an entire packing system, including expanding it and putting it into operation. “The process of relocating machinery and systems presents major



> Reject section

challenges for many companies. From planning to logistics all the way to actual execution, they often lack the necessary personnel resources or technical equipment,” says managing director Gerhard Jacobi.

### Relocating a packing system for a cardboard packaging manufacturer

In 2022, HÖRMANN Intralogistics Services received an order from a customer that manufactures primary and secondary packaging for high-profile companies in the pharmaceutical industry. The project involved moving a complex system for sealing, labelling and sorting six different kinds of boxes from Wuppertal to Burscheid.

The assignment was broken down into the following stages. Firstly, the HÖRMANN service team took a record of the system setup at the existing site in Wuppertal. This involved taking precise measurements of the system, planning the necessary dismantling and relocation equipment and the transport vehicles that would be required, configuring the additional components needed for modification at the new site and organising all the different tradespeople. They then dismantled the system at the existing site, packed up all the pieces and transported them to the new site. They then re-assembled and modified the system at the new site in Burscheid. The specialists dealt with some design changes to the length and routing of the system as well as an expansion from five feeder machines to six and from five reject belts to six. They then integrated all the new components mechanically, electrically and into the control system. The last step, once setup was complete, involved commissioning and production monitoring.

### Packing system customised at the new site

The team from HÖRMANN Intralogistics Services pulled off the entire relocation project within a total of nine weeks. That involved spending two weeks on dismantling, packing up and transporting the system, four weeks on re-assembling, modification and expansion and three weeks on making adjustments to the control software, putting the system into operation and monitoring production. To ensure that things ran smoothly, the specialists from the electrical and mechanical design teams as well as mechanics, electricians and the commissioning engineer in charge of the project worked hand in hand and supervised the entire relocation operation. The project required the use of a total of eight articulated lorries to transport the system, weighing around 30 tonnes, from Wuppertal to Burscheid.



In line with the customer’s needs, roughly six metres were added to the conveyor and accumulation sections to allow a sixth machine to be integrated. Originally, the section of belt after the accumulation conveyor featured a 90-degree bend to the left, where five reject belts were connected. At the new site in Burscheid, because of differences in the space available, the system now has new corner transfer units directing items 180 degrees to the right, with six connected reject belts.

Between the corner transfer units are three short roller conveyors with pneumatic pushers that move the boxes from one belt to the next and the packaging units to the reject belts. The complete conveyor line has also been made longer. “It was a pretty tight schedule, but we implemented the entire project and generated some potential follow-up orders,” says Jacobi.

**HÖRMANN Intralogistics Services GmbH** sees itself as a practitioner. In the interest of the customers, all employees roll up their sleeves every day to find the best solution with knowledge and energy. In this way, they master challenges and avoid impending difficulties. Particularly in times of disruptive change in industry and the energy sector (against the backdrop of ever more demanding automation requirements), the challenges of digitalisation and climate-neutral energy supply, the services of HÖRMANN Intralogistics Services are in demand.



» Our diversified business model has once again proven its viability. We have become much stronger in the diversification and have aligned the business units even more with regard to profitability. «

JOHANN SCHMID-DAVIS, CFO





# Automotive

HÖRMANN Automotive Gustavsburg GmbH

## Climate-friendly last-mile logistics

Demand for zero-emissions delivery logistics in city centres is growing all the time. Many of the established commercial vehicle manufacturers are working flat out on new vehicles with alternative drive systems. One of the frontrunners is Volta Trucks, a relatively new Swedish company that has chosen to partner with HÖRMANN Automotive to turn its vision into a reality.

Volta Trucks was founded as a start-up in 2019 and has made it its mission to revolutionise last-mile logistics. The company designed and developed a battery-

electric concept vehicle in an incredibly short space of time. Volta reckons that makes it a pioneer in launching the first electric commercial vehicle.

Volta Trucks now employs more than 300 people and has grown from a start-up into a fully-fledged company. In addition

to its headquarters in Sweden, it has locations in the UK (Engineering) and France (Sales). This international collaboration means that the company can blend wide-ranging expertise and cultures.

Volta Trucks is focusing its product development on medium-duty commercial vehicles. To achieve clear positioning in the product sector, the company has opted for a short time to market and a striking futuristic vehicle design. One particularly noteworthy aspect is the safety-focused design. The driver sits low down in a central position, providing a clearer view of other road users and making it possible to be proactive in preventing potentially hazardous situations. In addition, with Truck as a Service (TaaS), Volta is providing a business model with which customers

can pay a monthly fee to obtain a complete package, comprising a vehicle, charging infrastructure, maintenance, servicing, insurance and driver training.

The result is an innovative, climate-friendly commercial vehicle based on an electric drive system and designed to meet the highest safety standards – the Volta Zero. Alongside the 16-tonne model, 18-tonne, 12-tonne and 7.5-tonne versions are due to be launched by 2025.

### HÖRMANN Automotive delivers at incomparable speed

When Volta Trucks was seeking a capable partner and supplier, it was still in the early stages of development when it found what it was looking for in HÖRMANN Automotive. Working closely with the customer, HÖRMANN Automotive made the most of the wide-ranging expertise and potential in commercial vehicle development of its factory in Gustavsburg. An interdisciplinary team comprising staff from sales, engineering and production set to work on the demanding requirements involved in the customer's project. Thanks to their many years of experience in forming and punching methods, the experts were able to lend active support to product development. At the top of the agenda were validating the production-ready component design and optimising product costs. The team's extensive expertise in chassis development allowed them to design the components in a way that met the industrial requirements for optimised manufacturability.

However, the main challenge on the project was resolving the conflict of interests between validating industrial manufacturability and achieving a short time to market. The Gustavsburg factory delivered the first off-tool pre-production parts to the customer's manufacturing facility in the Austrian city of Steyr in just 15 weeks after submitting its tender.



**HÖRMANN Automotive Gustavsburg GmbH** specialises in the production of high-quality steel components for the highly competitive commercial vehicle and automotive industries. With innovative technology and state-of-the-art solutions in forming, welding and automation technology on a production area of over 90,000 square metres, it processes around 120,000 tonnes of steel into chassis, bodywork and add-on parts every year. In-house engineering, coupled with experienced toolmaking, also guarantees prompt and excellent solutions in the product development process. This makes the automotive plant in Gustavsburg a leading supplier of forming products for the European commercial vehicle industry.



### Key supplier in Volta's overall portfolio

The supply portfolio of HÖRMANN Automotive in Gustavsburg focuses on the heavy and complex components in the chassis of the Volta Zero, including the side members, chassis reinforcement and attachments. That has qualified HÖRMANN Automotive as one of the key suppliers in Volta's overall portfolio.

The Volta Zero project began early in 2022 and is already rapidly approaching the start of production. It is setting new standards for agile collaboration with a customer and underpinning its success. A sales

volume of 1,300 vehicles is planned for the first year of production in 2023. The company is expecting orders for more than 5,000 vehicles the year after that.

"We are thrilled to be making such a big contribution to a zero-emissions future for delivery logistics. Our factory is a key partner to the commercial vehicle manufacturer on the journey towards getting sustainable and climate-friendly goods traffic on the roads," says Andreas Müller, managing director of HÖRMANN Automotive in Gustavsburg.

> Chassis from Volta Zero





**HÖRMANN Automotive Slovakia s.r.o.** is the plant for the production of high-quality, cost-optimised components and systems made of heavy plate. In a short time, the production area grew from originally 7,000 to a total of around 25,000 square metres. State-of-the-art technology with laser systems, press brakes and robot welding systems make the company a sought-after partner for the commercial vehicle and automotive sector.



HÖRMANN Automotive Slovakia s.r.o.

## A 'fitness regimen' for profitable growth

As part of the strategic restructuring of the HÖRMANN Automotive manufacturing facility in Slovakia, the associated large-scale expansion of the site from 7,000 m<sup>2</sup> to 25,000 m<sup>2</sup> and the relocation of production from Penzberg in Bavaria to Bánovce in Slovakia, the first step was to create a new production setup that would ensure that customers in the commercial vehicle industry could reliably be supplied with products. This disruptive change to the factory involved the relocation of more than one hundred systems, several thousand tools and almost 5,000 item numbers. The crucial milestone of stabilising all workflows was reached in 2022, thus laying solid foundations on which to build the further development of the factory.

The strategic direction for the continuing future of the factory envisages further growth in production volume for both new and existing customers. The variety and complexity involved will also increase as new products are introduced.

### Advancing the company system through stages of development

One of the fundamental prerequisites for ongoing strategic development is to advance through stages of development in all elements of the HÖRMANN Automotive (HA) company system (US, for the German *Unternehmenssystem*), also known internally as 'HA-US'. "In this year's audit to evaluate the company system at the HÖRMANN Automotive factories, our site made the biggest progress. This is also reflected in the improvements to our operational stability and is an excellent starting point for the continued development of the location," explains Milan Gergel, technical manager at HÖRMANN Automotive Slovakia s.r.o.

The operational and organisational structure is pivotal for the long-term evolution of the site. In a structured process for defining targets, the company's objectives are cascaded through the organisation and tracked

by every functional unit in the form of KPI cockpits. This enables transparent management and performance measurement across all sub-processes and units. There is also a focus on automated processes, a modern management culture and a high level of employee satisfaction. Various measures were implemented in 2022, such as tailored, performance-based pay models, working-from-home arrangements, trainings and employee events. All these measures are helping to fashion a management culture based on trust and clear objectives. The success of this direction is evident in, for example, the relatively low staff turnover and in women making up a bigger proportion of the workforce than at any other HÖRMANN Automotive production facility.

### Setup and expansion of the digital process landscape

The company is also putting considerable effort into the ongoing process of setting up and expanding the digital process landscape. That includes setting up a computer-aided quality (CAQ) system and rolling out a manufacturing execution system (MES) in tandem with the other HÖRMANN Automotive factories. A CRM (customer relationship management) tool and software for product costing have already been implemented successfully at the HÖRMANN Automotive sales department. The migration of the ERP (enterprise resource planning) system to a new software version is scheduled to take place later this year.

"The increasing use of software to optimise processes and workflows while continuing with staff development at the same time works rather like a fitness regimen. We believe this is putting the site in a good position for the planned profitable revenue growth and for managing the increasing product complexity over the next few years," says Dr. Daniel Holstein, managing director of HÖRMANN Automotive GmbH.



> Fabian Selder, Technical Managing Director, and Romana Wiesinger, Commercial Managing Director



HÖRMANN Automotive St. Wendel GmbH

## Digitalisation throughout the production processes

When you think of a press shop like the one operated by HÖRMANN Automotive in St. Wendel, the first things that come to mind are probably steel plates being placed under giant presses as tall as a house and formed under enormous, 1,800-tonne forces. However, if you explore the manufacturing technology involved in forming in

a little more detail, it soon becomes clear that there is some highly specific expertise, not to mention many years of experience, behind the expensive machinery and all the tools and dies and related processes. The considerable pressure on pricing and costs means that these production processes are increasingly needing to be automated and digitalised to ensure survival amidst fierce competition.

That is why the factory in St. Wendel has embarked on a number of projects on its journey to Industry 4.0, most of them relating to

the digital recording and processing of production and machine data. The goal of Industry 4.0 is to digitally record, compile and evaluate comprehensive data on the process of production and the status of a product so as to document quality information, manage production more efficiently and give customers timely information about the progress of production.

### Digital transformation

One key milestone in the interconnection of people, technology and organisation is the implementation of the new manufacturing execution system (MES) based on HYDRA X software. Digitally recording all relevant data makes it possible to carry out comprehensive analysis throughout the production process, covering aspects such as takt times, output, downtime, personnel deployment and so forth. Integrating a decentralised system architecture allows data to be recorded in real time and leads to better traceability, data quality and monitoring of production processes. Identifying short-notice changes in good time enables workflows to be adjusted and costs to be reduced. "Using BI (business intelligence) tools, we can analyse and visualise the data gathered and make the results available to the people responsible in real time," says Jannik Keber, who is in charge of MES at the factory.

Another aspect of the digital transformation that is just as important is the migration of the ERP system from SAP/R3 to the new SAP S/4HANA software version. The factory is due to be migrated to SAP S/4HANA by the end of 2023, which should enable it to enjoy the benefits of the improved system as soon as possible. With SAP Fiori, SAP offers users an up-to-date, user-friendly web-based user interface designed for use on mobile devices as well. "The usability of the applications is much improved and ensures that users can get their bearings quickly and run through processes efficiently," says Sabine Schröder, process manager for digital applications at the factory.



### HÖRMANN Automotive St. Wendel GmbH

is a specialist in the manufacturing of cold and hot forming components as well as complex assembly modules and, with over 25 different customers in the agricultural and construction machinery industry, is one of the most important suppliers for these sectors.

### Optimising data quality for even better processes and products

HÖRMANN Automotive in St. Wendel is also planning to introduce computer-aided quality (CAQ) software, which should perfectly complement the existing systems. It can be integrated directly via the HYDRA X MES and also includes a direct interface with the ERP system. As a modular application, the CAQ software covers all aspects of quality assurance and quality management, such as inspection planning, APQP, SPC, PPAP, FMEA, control planning and more besides. That allows all requirements of the ISO 9001 and IATF 16949 quality standards to be fulfilled in the most effective way possible and the company's quality management processes to be continuously improved.

As Jörg Strass, technical manager at HÖRMANN Automotive in St. Wendel, explains, "Digitalisation is helping us to prevent duplicate work and problems with inconsistent formats, thereby improving transparency and data quality. As a result, we're ensuring that the site stays competitive and keeping jobs secure for the long term."







» HÖRMANN Group will continue to stand on four stable pillars in 2023. We are well on the way to further increasing the profitability of the four divisions – with good management and many committed employees. «

MICHAEL RADKE, CEO



# Communication

HÖRMANN Warnsysteme GmbH

## Germany continuing to invest in sirens

The German federal government's siren funding programme has given a significant boost to demand for sirens. HÖRMANN Warnsysteme is continuing to expand its capacity in line with the considerable increase in orders.

The aim is to expand siren warning in Germany. The aim is to expand siren warning in Germany. The federal government's siren funding programme was launched as early as spring 2021 - in response to the problems with the warning day in September 2020. The disaster in the Ahr valley acted as an accelerator in the implementation of the programme. The cities and municipalities were able to call up EUR 88 million in funding. In addition, there was further funding at the state level, among others in Thuringia, Rhineland-Palatinate, Bavaria and North Rhine-Westphalia.

Germany has been working to modernise its public alert system for several years now. Sirens in Germany are currently being integrated in the TETRA (Terrestrial Trunked Radio)

digital radio network operated by the Federal Agency for Public Safety Digital Radio. In the future, this will make it possible to trigger sirens nationwide via the Federal Modular Warning System (MoWaS). This adds sirens to the existing mixture of options for issuing alerts in MoWaS, consisting of alert apps, digital information systems and the

new Cell Broadcast system. Consequently, it is a matter not only of installing new electronic sirens, such as in new-build residential areas, but also of modernising and digitalising existing siren locations.

Despite all the latest communications infrastructure, it has become clear that modern sirens, with their audible alarm functions, are still indispensable. They will continue to work even if the mobile phone network is overloaded or in the event of a power cut. Furthermore, electronic sirens not only sound alarms but can also be used as public address systems or to play back voice recordings.

### Market leader in Germany

HÖRMANN Warnsysteme has installed approximately 25,000 sirens, making it the market leader in Germany and often the first port of call for cities and local authorities. It is therefore no surprise that the funding programme has led to a considerable increase in orders. They have doubled relative to previous years. INTERSCHUTZ, the most important trade fair in the company's industry returned in 2022 for the first time in seven years, had a part to play in that.

The increase in demand was plain to see. The company therefore started early on building up the necessary resources, expanded production capacity at its site in Zwönitz and recruited new employees across Germany. It also opened new sites in Saarland and in Giesenhausen in Brandenburg. In total, HÖRMANN Warnsysteme now has nine offices and service locations in Germany.

### Ongoing development of siren technology

The company devotes a lot of effort to the ongoing development of siren technology and siren control systems. The use of advanced software systems such as apps is becoming ever more important in that respect. HÖRMANN Warnsysteme has its own in-house developments for this purpose, both in hardware and in software, and is recruiting additional software developers for the team in Zwönitz. The company is also continuing to play an active role on committees with goals including standardising siren control via TETRA in Germany.



With expertise from over 65 years of developing and building sirens as well as siren warning systems, reliably warning the population of disasters is the concern of **HÖRMANN Warnsysteme GmbH**. The sirens "made in Germany" alert people worldwide to dangers such as tsunamis, floods, fire, toxic substances or other disasters. Founded in 1955 by Hans Hörmann as a two-man business, the sirens laid the foundation for today's HÖRMANN Group.



The international side of the company became involved in several planned major projects in Eastern Europe in 2022. New business has also been opened up in Asia, the Middle East, the Pacific region, the Caribbean and South America. There are also existing customers wishing to modernise and expand their nationwide warning systems. Continuing to build up the partner network will remain an important undertaking next year as well. The international sales team has gained some new members and undergone a restructure to help with this.





From its seven branches, **Funkwerk video systeme GmbH** designs, implements and maintains nationwide customised high-end video system and security solutions for KRITIS companies and companies with individual security needs. Extensive know-how, state-of-the-art cameras, radar, perimeter protection, seamlessly moving 360° pan/tilt heads, various video management systems, most advanced physical security information management and intelligent image processing guarantee perfect projects “made in Germany”. Complete solutions for the optimisation and digitalisation of analogue processes, among others in rail or road traffic, are also part of the diversification features of Funkwerk video systeme.



Funkwerk video systeme GmbH

## State-of-the-art digital system for temporarily opening hard shoulders

Funkwerk components and solutions have been used for decades for traffic monitoring and opening hard shoulders on roads and critical sections of motorway, as well as in tunnels. System solutions from Funkwerk video systeme ensure an optimised flow of traffic and help to improve safety for road users, all while making economical use of resources.

An additional system for temporarily opening hard shoulders to traffic with multistatic video analysis is currently being approved for use. Temporarily opening hard shoulders helps to ease congestion by making an additional lane available. Road users are informed of the open lane by digital display boards and can immediately start to use that lane.

### Dynamic video cameras improve the flow of traffic and increase road safety

The section of motorway being focused on in this case is 2.8 kilometres long, featuring twists and turns in some places as well as a steep 7.5% gradient and three lanes. In the future, it will be steadily monitored thanks to optimised verification by the use of dynamic video cameras with special pan/tilt technology and powerful optical zoom. The nature of the road previously meant that traffic jams frequently built up as a result of slow-moving heavy goods vehicles. Given that the section of road in question has a lot of junctions, drivers also often had to merge across multiple lanes to exit the motorway in the right places. Roughly 110,000 vehicles use the road every 24 hours, with around 16% of those being heavy goods vehicles (source: Autobahn GmbH, south-western branch).

To ease the flow of traffic and improve road safety, the system for temporarily opening the hard shoulder was planned in line with the requirements and the available options and was built during 2021 and 2022.

Norbert Meissner, managing director of Funkwerk video systeme, explains how the system works in practice. “Once the process for temporarily opening the hard shoulder has been activated, the camera modules are used to scan the selected section of road. As this scanning process unfolds, all cameras, starting with the first on that section of road, start up

on their sectors of the hard shoulder in turn. The hard shoulder is eventually opened depending on traffic, having first been checked by an operator to ensure that it is clear of any obstacles.”

### Climate- and economical resource-friendly use of road infrastructure

Using systems of this type presents an opportunity to protect the climate, cut down on the use of resources and make more effective use of existing road infrastructure. In this specific case, it helps to improve the flow of traffic because heavy goods vehicles in particular, slowed by the steep gradient, can move onto the hard shoulder and, in doing so, get out of the way of other road users. The use of the dynamic Platon NEO pan/tilt head from Funkwerk minimises the amount of hardware required and thus cuts infrastructure costs.

The systems can be upgraded at any time through the use of smart traffic analysis. Traffic analysis ensures that people driving the wrong way, slow vehicles, breakdowns, congestion, situations that are threatening to turn into traffic jams and congestion that is easing are all reliably detected. Symbols on a map are used to indicate any incidents requiring attention. Traffic analysis can be used equally on single-lane and multi-lane roads, from motorways to rural roads as well as in towns and cities.





HÖRMANN Kommunikation & Netze GmbH

## 5G mobile technology at Munich Airport

Munich Airport is one of the most advanced airports in Europe – and that applies to its mobile technology, too. The providers there have set up everything that the world of communications has to offer these days: UMTS, LTE, GSM. Yet not only do passengers enjoy the benefits of mobile coverage, but it also makes life easier for workers out on the apron, such as ground crew and security staff.

### Retrofitting outdoor stations

“HÖRMANN Kommunikation & Netze was commissioned in early 2022 to retrofit all outdoor stations at Munich Airport to accommodate 5G,” says managing director Günter Seufzger with a note of pride. That meant upgrading masts to hold the larger 5G antennas and, in some cases, replacing them entirely to ensure that the extra weight could be carried.

The infrastructure was also set up for the system equipment for every provider, because each provider operates its own 5G base station whereas the signals are transmitted via central master units. The challenge lay in carrying out the installation work while aircraft were taking off and landing and sticking to all the safety and security requirements in the process, especially given that several of the stations are located in high-security areas. The outdoor units entered operation in late 2022 and now provide comprehensive 5G coverage in the outdoor areas of the airport.

### Upgrading indoor coverage

Planning is currently ongoing for further upgrading indoor coverage at Munich Airport. HÖRMANN Kommunikation & Netze will once again take on a significant part of the infrastructure work. The 5G frequency band will be enabled on the various master units, and all antennas will again be replaced to provide the additional 5G service. The project is already under way and the upgrading will be completed by mid-2024.

HÖRMANN Kommunikation & Netze is also doing most of the infrastructure work on the campus network. There is another important component, too, in the form of a data centre, featuring a high-performance server connected directly to the private mobile network. All applications needed to manage the operational applications in real time can be installed on this computer. “This mixture of a special mobile network infrastructure and integrated processing power is the unique opportunity that the 5G campus network offers,” says managing director Johannes Antoni.

**HÖRMANN Kommunikation & Netze GmbH** is a technical service provider in the fields of communications technology, overhead line construction, energy generation and efficiency, and the maintenance of public infrastructures. As one of the leading full-service partners for the provision of complete services, the company offers flexible and customer-oriented solutions. Whether projects in the railroad environment, for example, for Stuttgart 21, the 5G mobile radio installation, charging column installation, overhead line work, lighting installation in stadiums or the installation of advertising systems in the Munich underground and suburban railroad – the projects of the HÖRMANN company are versatile.



> above – plant before reconstruction, opposite above – after reconstruction

Planning on the project for providing 5G at Munich Airport began several years ago, and all the necessary preparations were made. Particular consideration was given to the existing infrastructure for the complete antenna unit. At Munich Airport, all mobile operators use shared infrastructure, comprising an antenna unit and system equipment. That means that one mobile operator always takes the lead on the construction of an installation that is then used for all operators.





Funkwerk Systems GmbH

## Standardised modular systems for passenger information

Funkwerk in Karlsfeld specialises in display technology and public address systems for passenger information in rail and public transport settings. Changing market conditions shaped the business a lot last year. At the InnoTrans trade fair Funkwerk presented its new range of standard hardware for information systems. "Our portfolio allows us to address additional markets that don't necessarily need custom solutions, primarily in the railway and public transport segments in Eastern and Southern Europe," explains Managing Director Christian Ringler, adding, "That also allows us to be proactive in dealing with pressure on pricing."

### Modular design

Modular design permits maximum flexibility for an extensive range of customer requirements in the field of railways and public transport. Its benefits include short delivery times, easy-to-service systems and an attractive price structure. Customers can choose from various models (displays or columns), sizes and shapes when setting up their displays. Systems are available for indoor and outdoor use as well as for

critical infrastructures or locations without network connections and/or their own power supplies. There is a wide range of options and add-ons for the technical equipment, such as sensors, mobile connectivity and a text-to-speech function. The design can also be customised with a choice of colours.

"The range of standard hardware complements our line-up of information systems developed for highly customer-specific requirements," says Ringler. "We are continuing to follow this approach so that we can offer our long-standing customers tailor-made solutions to suit their needs."



**Funkwerk Systems GmbH**, Karlsfeld plant, specialises in passenger information systems. The product range includes stationary, visual and and acoustic systems for indoor and outdoor use to provide for the information the traveller. The systems include highly complex control software for processing and provision of real-time data.







**Funkwerk Systems GmbH**, Köllda plant, develops and distributes professional communication solutions for railways. The company repeatedly sets new technical standards, such as in the migration of analogue communication to new digital communication systems – this also includes the development and marketing of solutions for effective migration from GSM-R to the new 5G-based FRMCS technology.

Funkwerk Systems GmbH

## Highly automated rail transport based on 5G technology

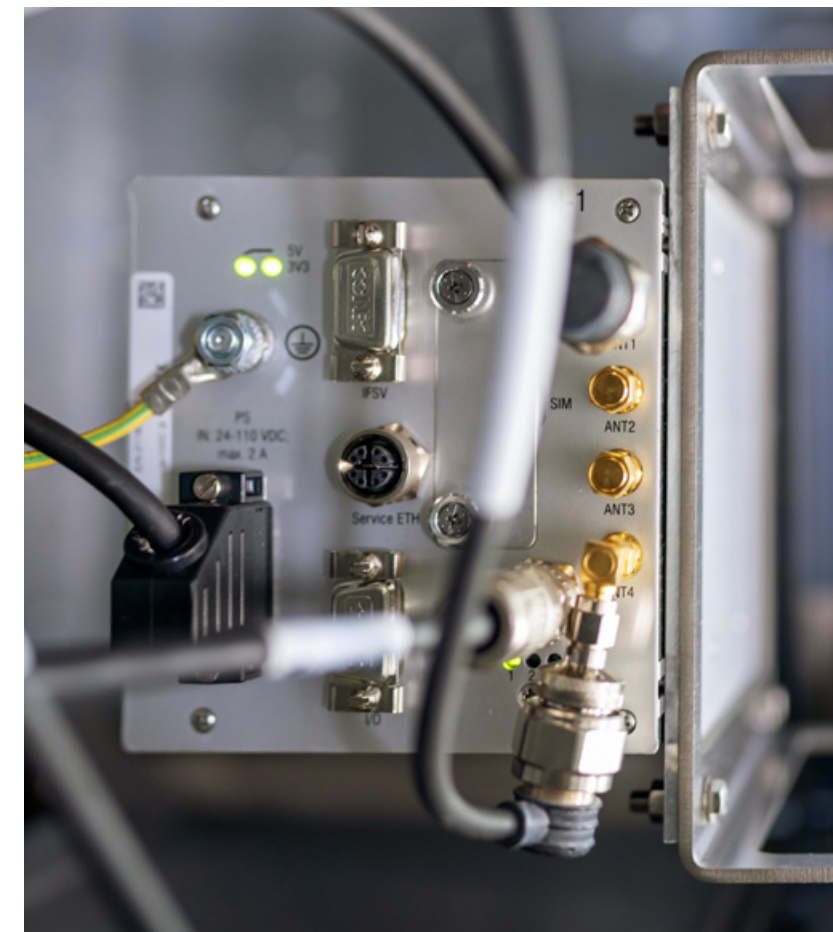
Professional communication systems are among the core areas of expertise at the Funkwerk Systems site in Köllda. The company is a leading provider of wireless systems (2G/4G/5G).

The imminent transition to the digital FRMCS (Future Railway Mobile Communication System) European standard is currently shaping the market. FRMCS is based on 5G mobile communications technology and is due to be introduced as the successor to the current GSM-R standard from 2026 onwards. To make sure that Funkwerk is in position as a specialist in this technology early on, the company is taking part in a series of high-profile projects with its innovative products and working on the relevant committees to play an active role in determining what form the migration will take.

### Test track with 5G technology in the Ore Mountains

Deutsche Bahn has set up a test track for conducting practical trials of highly automated rail transport systems based on 5G in the Ore Mountains. The 25-kilometre section of disused railway track features several Funkwerk train radio systems. The integration tests have gone well, allowing regular test operations there to begin in spring 2022. By participating in this forward-looking project, Funkwerk is underlining its excellent expertise in the field of train radio.

“To support the multi-year testing phase in the Ore Mountains, we set up a testing laboratory for active FRMCS trials at our Köllda site,” says managing director Kerstin Schreiber. This laboratory is working closely with the trial facility in the Ore Mountains, where research is focusing on how the 5G products behave in real-life conditions. Kerstin Schreiber continues: “In the long term, we intend to offer our testing capacity as a service to other providers and customers as well as for third-party products, and with that in mind, we are seeking accreditation to the FRMCS standard for the laboratory.” Funkwerk is one of a very small number of laboratories that already possess this certification for the GSM-R communications standard.





## Management Report

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# Basic information on the Group

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

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

The information on business performance in the Group management report is presented in line with structure of the Group's divisions. The new Intralogistics division was founded in 2022 and the Services division was integrated into it.

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 Eisingen GmbH, Ebersbach
- ♦ HÖRMANN Automotive Assets GmbH, Kirchseeon

In the **Automotive** division, HÖRMANN Industries GmbH is a supplier of metal components, modules and systems for the European commercial vehicle, construction and agricultural machinery industries.

The division covers the entire value chain with its engineering, technology development, production and logistics services.

The largest domestic location is HÖRMANN Automotive Gustavsburg GmbH, which specialises in the production of premium chassis and body parts and attachments for commercial vehicles. It is also a manufacturer of side members.

The other locations include HÖRMANN Automotive St. Wendel GmbH, a manufacturer of metal components for the agricultural machinery industry in particular; HÖRMANN Automotive Saarbrücken GmbH, a manufacturer of interior systems for buses, complex welded assemblies through to full chassis for agricultural machinery and turnkey installation systems; HÖRMANN Automotive Wackersdorf GmbH, which assembles automotive modules and charging stations; HÖRMANN Automotive Eisingen GmbH, a manufacturer of luggage fuel tanks and hydraulic tanks as well as service hatches for busses and agricultural and construction machinery; and HÖRMANN Automotive Slovakia s.r.o., which produces labour-intensive metal components and chassis attachments for the commercial vehicle industry. HÖRMANN Automotive Assets GmbH holds assets and operating resources for companies in the Automotive division.

## COMMUNICATION

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

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

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

as energy supply. HÖRMANN Kommunikation & Netze GmbH has been a part of the Funkwerk Group since 1 August 2022.

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

## INTRALOGISTICS

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

The dynamic market development and increase in market demand for sophisticated system solutions for intralogistics, for automation solutions for production, warehouse and distribution logistics as well as for services for these industries show high potential for growth. In order to actively expand this growth area and to bundle the long-standing activities of the HÖRMANN Group in this segment, the new strategic **Intralogistics** division was created in the first half of 2022, together with the intermediate holding company HÖRMANN Intralogistics GmbH, Kirchseeon, to which the companies HÖRMANN Logistik GmbH, Munich, HÖRMANN Logistik Polska Sp. z o.o., Gdansk, Poland, and HÖRMANN Klatt Conveyors GmbH, Neumarkt am Wallersee, Austria, were assigned. These entities were previously allocated to the **Engineering** division. HÖRMANN Logistik Systeme GmbH, Graz, Austria, was established and consolidated for the first time in the period under review. With investment in extended product solutions, sales-focused internationalisation and

growth-oriented organisation, the new strategic division Intralogistics will become a pillar of profitable growth for the Group.

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

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

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

The service units HÖRMANN Services GmbH, HÖRMANN Industrieservice GmbH, HÖRMANN Intralogistics Services and MAT Maschinentechnik GmbH contribute a service portfolio in electrical, mechanical, control, robot, welding and conveyor technology, pneumatic and hydraulic systems, on-shift process technology maintenance and the assembly, commissioning and relocation of complete plants. HÖRMANN Energy Solutions GmbH, which was founded in 2022, plans, installs and maintains system solutions for generating and using regenerative energy. HÖRMANN Energy Solutions GmbH commenced operations at the start of 2023.



## ENGINEERING

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

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

The **Engineering** division operates in building and industrial planning and in vehicle development. This service range is supplemented by the development and production of detectors for measuring ionising radiation.

HÖRMANN Bauplan GmbH provides engineering services within the construction industry, with a particular focus on commercial and residential construction and especially technical building services.

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

HÖRMANN Vehicle Engineering GmbH harnesses its expertise and resources in high-tech design engineering for the development of rail and road vehicles.

VacuTec Meßtechnik GmbH develops, produces and markets a broad range of detectors for measuring ionising radiation for use in medicine, industrial metrology and environmental monitoring.

# Economic report

## GENERAL ECONOMIC AND INDUSTRY CONDITIONS

Above all, the development of the world economy was dominated by the war in Ukraine in 2022. The easing of the economy as a whole as the COVID-19 pandemic wound down was brought to a screeching halt by Russia's attack. The energy crisis this sparked and the massive cost increases of an order and pace not witnessed in a long time – particularly for energy, materials and commodity prices – were the defining factors in economic development over the course of the year. There were also bottlenecks in the supply of materials, the skills shortage and strict lockdowns owing to the pandemic in China. In its latest outlook from April 2023, the International Monetary Fund (IMF) is therefore assuming a significant downturn in global – and especially European – growth in 2022.<sup>1</sup> However, the economic weakening was less pronounced than experts had initially assumed. This was essentially thanks to robust labour markets and the relatively stable price of oil.

According to the IMF, global growth in 2022 as a whole amounted to 3.4% and was thus down significantly on the prior-year figure of 6.2%. In 2022, gross domestic product climbed by 2.7% in the industrialised countries (previous year: 5.4%) and by 4.0% in the emerging and developing countries (previous year: 6.7%). Growth in the euro area amounted to 3.5% (previous year: 5.3%). By contrast, the German economy grew by just 1.8% (previous year: 2.6%) and has not yet returned to pre-COVID-19 levels. The challenges of the second half of 2021 – rising inflation and supply problems – continued without missing a step in the year under review, and were further exacerbated by the repercussions of the war in Ukraine. In particular, according to the German Federal Statistical Office, economic performance in Germany was hampered by extreme hikes in the price of energy in the period under review.<sup>2</sup> On top of this, there were materials and supply shortages, massive spikes in prices, for instance for industrial products and services, and the skills shortage. Overall, the German economy was able to hold its ground relatively well despite the challenges, as reflected by economic growth 0.3 percentage points higher than as forecast by the IMF in October.<sup>3</sup>

<sup>1</sup> cf. IMF World Economic Outlook, April 2023

<sup>2</sup> cf. Destatis press release no. 020, 13 January 2023

<sup>3</sup> cf. IMF World Economic Outlook, October 2022

## INDUSTRY ENVIRONMENT

The industry environment is discussed in the section "Business performance in the divisions".

## FINANCIAL PERFORMANCE

HÖRMANN Industries GmbH generated sales of EUR 685.7 million in the 2022 financial year. Sales thus increased by EUR 95.9 million or 16.3% as against 2021 (EUR 589.8 million); this figure alone included around EUR 40 million in price increases for materials in the Automotive division that were passed on to customers and had no effect on earnings. The sales target of EUR 671.8 million was slightly outperformed by 2.1% or EUR 13.9 million, though this was largely due to inflationary effects.

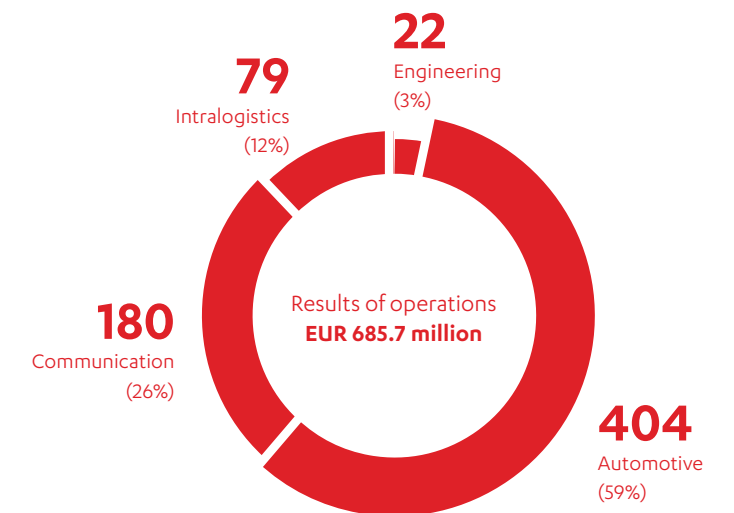
In the **Automotive** division, sales increased by EUR 70.2 million or 21.1% year-on-year, from EUR 333.5 million to EUR 403.7 million. The two preceding financial years had been dominated by the repercussions of the COVID-19 pandemic, the massive disruption in supply chains and the associated production disruption in the automotive industry. When the war in Ukraine began in the first half of the period under review, major OEM customers once again shut down production for several weeks at a time, sending a seismic wave through the Automotive division in 2022 as well. It was not until the months of September to December that call-off figures in truck production were significantly increased again by a key customer. However, sales figures fell well short of planning over the year as a whole. The trend in sales was driven by the inflationary development in the price of materials, which saw additional costs of around EUR 40 million passed on to customers. Value-adding sales thus rose by only around EUR 30 million or 9% as against 2021.

The **Communication** division was again able to leverage the high demand in the infrastructure sector and its good market position, topping its prior-year sales figure by another EUR 10.3 million or 6.1% to EUR 180.2 million (previous year: EUR 169.9 million).

The newly founded **Intralogistics** division, which was heavily impacted by supply shortages and the effects of inflation, was nonetheless able to improve its sales by EUR 14.9 million or 23.2% year-on-year to EUR 79.1 million (previous year: EUR 64.2 million, as-if) thanks to a strong final quarter. However, it fell short of expectations over the year as a whole (forecast: EUR 93.8 million) as it proved impossible to complete major projects as scheduled owing to delays during the period under review.

Sales in the **Engineering** division were down slightly at EUR 21.6 million (previous year: EUR 23.0 million, as-if). HÖRMANN Logistik GmbH, HÖRMANN Klatt

Breakdown of sales by business division for 2022  
in EUR million



Conveyors GmbH and HÖRMANN Logistik Polska Sp. z o.o. were reassigned to the new **Intralogistics** division in the period under review. The prior-year figures were restated pro forma to improve comparability.

Taking into account inventory changes of EUR 22.1 million (previous year: EUR 36.7 million) and own work capitalised of EUR 1.2 million (previous year: EUR 0.3 million), **total output** amounted to EUR 709.0 million, up by EUR 82.2 million or 13.1% on the previous year (EUR 626.8 million).

The **cost of materials** of EUR 419.9 million (EUR 343.7 million) included costs of raw materials, consumables and supplies, and of purchased merchandise, of EUR 334.6 million (previous year: EUR 269.7 million) and costs of purchased services of EUR 85.2 million (previous year: EUR 74.0 million). The ratio of the cost of materials to total output was 59.2%, up significantly on the prior-year figure (54.8%). The year-on-year increase in the cost of materials ratio was as a result of business performance with massive price rises in some cases for raw materials such as steel, purchased parts and electronic components, as well as the increase in energy costs for production.



**Other operating income** of EUR 16.1 million (previous year: EUR 11.5 million) includes income from the reversal of provisions of EUR 7.9 million (previous year: EUR 3.6 million), income from investment and research grants of EUR 2.4 million (previous year: EUR 2.5 million), payments in kind of EUR 1.9 million (previous year: EUR 1.7 million), income from disposals of assets of EUR 0.4 million (previous year: EUR 0.9 million), income from the reversal of write-downs of EUR 0.4 million (previous year: EUR 0.1 million) and prior-period income of EUR 0.4 million (previous year: EUR 1.0 million).

At EUR 305.2 million, the **gross profit** rose by EUR 10.6 million as against the previous year's figure of EUR 294.6 million, essentially as a result of the rise in materials and energy prices. The gross profit margin thus fell from 47.0% in 2021 to 43.0% in the period under review.

**Personnel expenses** were up by EUR 12.8 million or 7.7% year-on-year at EUR 179.7 million, essentially as a result of the growth in the workforce and pay increases during the year (previous year: EUR 166.9 million). The ratio of personnel expenses to total output was down year-on-year at 25.4% (26.6%), while the ratio of personnel expenses to gross profit was up at 58.9% (56.7%). On average, HÖRMANN Industries GmbH employed 2,876 people during the year (previous year: 2,787), not including trainees.

**Depreciation and amortisation** were down EUR 3.8 million year-on-year at EUR 11.6 million (EUR 15.3 million). This included goodwill amortisation of EUR 1.8 million (previous year: EUR 1.8 million). The figure for the previous year had included impairment and non-recurring write-downs on factory and operating equipment of EUR 3.1 million, which were subsequently recognised in the Automotive division in connection with the closure of the Penzberg plant and the relocation of production from Penzberg to Bánovce/Slovakia.

**Other operating expenses** rose by EUR 7.9 million or 9.7% year-on-year to EUR 89.1 million (EUR 81.2 million). EUR 16.6 million (previous year: EUR 14.7 million) of this related to the cost of buildings and premises, EUR 22.7 million (previous year: EUR 20.2 million) to administrative expenses and EUR 33.0 million (previous year: EUR 28.6 million) to operating and selling expenses. As in 2021, this increase in expenses was largely due to investment in replacing and expanding the IT infrastructure and software for the digitalisation of business processes, further automation, the start-up of new series products in the Automotive division with higher leasing costs for new equipment and machinery and maintenance costs.

Selling expenses rose as a result of the resurgence in travel and trade fair attendance. There were also general inflationary cost increases, higher vehicle costs and the sharp rise in transport costs compared to 2021. Other operating expenses amounted to 12.6% of total output (previous year: 13.0%), and expenses were up year-on-year at 29.2% (27.6%) as a percentage of gross profit.

In view of the production problems that arose during the year, the major price increases for materials and energy and project delays, the **operating result** exceeded expectations at EUR 24.8 million (previous year: EUR 31.2 million) but was down by EUR 6.4 million year-on-year.

After deducting other taxes of EUR 1.2 million (previous year: EUR 1.2 million), **EBIT** for the reporting year amounted to EUR 23.7 million (previous year: EUR 30.0 million).

The **financial result** was up EUR 0.4 million or 10.5% year-on-year at EUR -3.3 million (previous year: EUR -3.7 million). In the year under review, interest and similar expenses including commitment fees of EUR 4.2 million (previous year: EUR 4.5 million) were incurred for the bond issued in 2019, the credit facilities of EUR 40 million provided during the year under the existing syndicated loan and the EUR 10 million tranche of the KfW entrepreneur loan borrowed in October 2020. These expenses were offset by interest and investment income of EUR 0.9 million (previous year: EUR 0.7 million). Thus, steep rises in interest rates in the second half of the year were counteracted by active financial and liquidity management.

The **income tax expense** for trade and corporation tax amounted to EUR 8.5 million in 2022 (previous year: EUR 12.2 million). Deferred taxes resulted in income of EUR 0.4 million in the reporting period (previous year: income of EUR 0.3 million).

The 2022 financial year ended with **consolidated net income** of EUR 12.2 million (previous year: EUR 14.4 million).

HÖRMANN Industries GmbH performed well despite the third crisis year in a row. Taking into account the extremely difficult economic situation overall, it enjoyed a successful financial year in terms of sales, total output and EBIT. HÖRMANN Industries GmbH thus once again demonstrated the high level of stability and the positive effect of a stronger focus on non-automotive areas afforded by its diversified business model. Overall, management considers the Group's business performance and results of operations to be good in the 2022 reporting year.

## FINANCIAL POSITION

### Capital structure

The Group's **equity base** including non-controlling interests amounted to EUR 136.4 million as at 31 December 2022 (31 December 2021: EUR 131.1 million). The equity ratio was thus down at 37.4% owing to higher total assets as at 31 December 2022 (31 December 2021: 38.4%).

**Total assets** rose by EUR 23.1 million from EUR 341.7 million to EUR 364.8 million, essentially as a result of the increase in working capital as against the end of the previous year.

Including inventories of EUR 87.7 million (previous year: EUR 61.1 million) and trade receivables of EUR 77.7 million (previous year: EUR 57.7 million) and less trade payables of EUR 53.0 million (previous year: EUR 40.1 million), **working capital** increased to EUR 112.4 million at the end of the period under review (31 December 2021: EUR 78.7 million). This development was largely due to the increase in inventories of EUR 26.6 million as at the end of the previous year. Essentially as a result of higher prices for materials owing to inflation effects, the book value of raw materials, consumables and supplies rose by EUR 5.8 million as against the start of 2022 to EUR 49.9 million. The good level of orders on hand in the Intralogistics and Communication divisions and the current project delays caused unfinished goods and services to rise by EUR 23.0 million to EUR 138.0 million. Thanks to good and, in some cases, long-standing customer relationships as well as existing guarantee and surety facilities, the advance payment rate for projects and orders already initiated remained at a high level of EUR 103.9 million in 2022 but was still down by EUR 6.6 million year-on-year (EUR 110.5 million). By contrast, payments on account were reduced by EUR 8.8 million as against 2021 at EUR 3.8 million as at 31 December 2022.

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

There were **liabilities to banks** of EUR 7.8 million as at the end of 2022 (31 December 2021: EUR 9.4 million). These liabilities essentially result from the KfW entrepreneur loan of EUR 10 million borrowed in 2020 with a term of five years with 16 quarterly repayment instalments starting from the second year. Cumulatively, EUR 3.1 million of the KfW loan was repaid by the end of 2022.

Under the five-year syndicated loan agreement entered into with a banking syndicate comprising SaarLB, Commerzbank AG, HeLaBa and Oberbank AG, maturing in December 2025, the Group has a credit facility of up to EUR 40.0 million, up to EUR 15 million of which can be used as an overdraft and up to EUR 25 million as a revolving EURIBOR line. This loan had not been utilised as at 31 December 2022.

The terms in relation to the interest margin are no worse than in the previous year. Information on the maturity structure and collateral of other liabilities can be found in the notes to the consolidated financial statements.

### Liquidity

**Bank balances** amounted to EUR 73.1 million as at the balance sheet date (31 December 2021: EUR 93.7 million).

There were credit facilities of EUR 40.5 million available as at 31 December 2022 (31 December 2021: EUR 42.5 million).

HÖRMANN Industries GmbH had **net cash and cash equivalents** of EUR 65.3 million as at the balance sheet date (31 December 2021: EUR 84.3 million). Net cash and cash equivalents are calculated as cash in hand and bank balances less liabilities to banks. Heavily influenced by the unexpectedly steep rise in inflation, the associated price increases and project delays, which were essentially caused by supply shortages, the working capital target of around EUR 61 million was missed by around EUR 17 million. The higher capital employed has a corresponding effect on HÖRMANN Industries GmbH's liquidity as at the end of 2022, causing it to fall short of the corridor of EUR 74 million to EUR 79 million planned for the period under review. With net cash and cash equivalents of EUR 65.3 million and the unutilised credit facilities of EUR 40.5 million, HÖRMANN Industries GmbH still has solid liquidity.

### Cash flow statement

The cash flow statement is structured in accordance with GAS 21. **The cash flow from operating activities** declined to EUR -7.2 million in the 2022 financial year, essentially as a result of the increase in working capital (previous year: EUR 21.1 million).

The **cash flow from investing activities** rose to EUR -2.9 million after EUR -3.5 million in 2022 as a result of lower investment and the reclassification of completed and accepted production facilities to lease financing (sale-and-leaseback). Furthermore, other loans reported under long-term financial assets were repaid in the amount of EUR 2.5 million as well. Investment activity in the year under review focused on



necessary purchase of tangible assets and investment in further increasing automation at German production sites in the Automotive division, as well as Funkwerk AG's new factory and administrative buildings in Köllda, Thuringia.

The **cash flow from financing activities** amounted to EUR -10.4 million (previous year: EUR -7.1 million). Four instalments for the KfW loan of EUR 2.5 million in total had been paid by 31 December 2022. Payments for interest and dividends/distributions for shareholders of the parent company and other shareholders amounted to EUR 8.9 million in the year under review (previous year: EUR 6.5 million).

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

#### ASSETS AND LIABILITIES

At EUR 11.6 million, additions to **tangible** and **intangible assets** were in line with the previous year (EUR 12.7 million) and depreciation and amortisation on fixed assets (EUR 11.6 million; previous year: EUR 12.3 million).

**Financial assets** declined from EUR 24.9 million to EUR 21.8 million as a result of the scheduled repayment of other loans.

The first-time consolidation of Funkwerk AG as at 1 October 2016 resulted in goodwill of EUR 3.4 million (previous year: EUR 4.3 million), which was written down pro rata by EUR 0.9 million in the 2022 financial year. The acquisition of MAT Maschinentechnik GmbH at the end of 2017 financial year resulted in goodwill on first-time consolidation of EUR 0.2 million as at 31 December 2022 (previous year: EUR 0.3 million), which was written down pro rata by EUR 0.1 million in the past financial year. The first-time consolidation of HÖRMANN Klatt Conveyors GmbH (formerly Klatt Fördertechnik GmbH) as at 1 April 2019 resulted in goodwill of EUR 3.3 million (previous year: EUR 3.8 million), which was written down pro rata by EUR 0.5 million in the past financial year.

Total **inventories** (after deducting payments received on account of orders) rose from EUR 61.1 million as at 31 December 2021 to EUR 87.7 million as at the end of the reporting year as a result of the higher project progress volume and higher prices for materials. This figure increased as a result of the rise in unfinished goods and services to EUR 138.0 million (previous year: EUR 114.9 million) and the simultaneous decline in payments received on account of orders by EUR 6.6 million to EUR 103.9 million (previous year: EUR 110.5 million). Raw materials, consumables and supplies and finished goods and merchandise rose by EUR 5.8

million to EUR 49.9 million (previous year: EUR 44.0 million). These increases were offset by a reduction in payments on account of EUR 8.8 million to EUR 3.8 million (previous year: EUR 12.6 million). Days in inventory increased to 46.3 days (previous year: 37.4 days). Daily sales were calculated by dividing inventories as at 31 December 2022 by the average sales per day in the period under review.

The higher business volume was also reflected in **incoming orders** in 2022. The Group reported incoming orders of EUR 771 million in 2022 (previous year: EUR 656 million) and the book-to-bill ratio (ratio of incoming orders to sales) rose from 1.11 in the previous year to 1.12. The book-to-bill ratio relates order intake to sales in the reporting period, with a value above 1.0 indicating growth. **Orders on hand** amount to EUR 461.3 million as at the end of 2022 (previous year: EUR 360 million). EUR 173.8 million (previous year: EUR 147.8 million) of this related to the Communication division, EUR 118.9 million (previous year: EUR 94.8 million, as-if) to the Intralogistics division, EUR 119.0 million (previous year: EUR 93.9 million) to the Automotive division and EUR 48.6 million (previous year: EUR 37.4 million, as-if) to the Engineering division. The project-oriented divisions of Communication, Intralogistics and Engineering 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 only included in orders on hand for advised call-off orders of an average of 10 weeks.

**Trade receivables** increased from EUR 57.7 million to EUR 77.7 million, essentially as a result of sales growth, price increases due to inflation and the very high business volume in the fourth quarter of 2022, resulting in days sales outstanding of 41.0 days (previous year: 35.5 days). Daily sales were calculated by dividing receivables as at 31 December 2022 by the average sales per day in the period under review. As in previous years, the 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 typically purchased on a fintech platform.

**Other assets** increased from EUR 14.4 million to EUR 15.8 million.

**Deferred taxes** are taken over from the single-entity financial statements. Deferred tax assets mainly result from differences between the amounts recognised for provisions in the financial accounts and the tax accounts, and from tax loss carryforwards that could be used at a future date. At EUR 15.0 million as at

31 December 2022, this item was unchanged as against the carrying amount of 31 December 2021 (EUR 14.7 million).

**Pension provisions** were down year-on-year at EUR 20.3 million as at 31 December 2022 (EUR 21.3 million).

**Tax provisions** increased to EUR 6.0 million as at 31 December 2022 after EUR 3.1 million as at the end of the previous year.

**Trade payables** increased from EUR 40.1 million to EUR 53.0 million as a result of reporting date and seasonal factors. The utilisation of trade credit for the cost of materials and other operating expenses increased from an average of 34 days in the previous year to 37.5 days. The average duration of credit utilisation is calculated by dividing trade payables as at 31 December 2022 by the total of the average cost of materials and other operating expenses per day in the period under review.

#### REPORT ON PERFORMANCE INDICATORS

##### Non-financial performance indicators

##### Production

Production capacity utilisation at HÖRMANN Group varied over the 2022 financial year. While the Communication, Engineering and Intralogistics divisions operated at full capacity throughout the year thanks to high order and business volumes, capacity utilisation in the Automotive division fell considerably short of planning by around EUR 11 million or 5% as a result of fresh production disruption and the cancellation of call-off orders by truck manufacturers, particularly in the first eight months of 2022. In particular, the disruption of production at the key customer MAN Truck & Bus AG between the middle of March and early May 2022 led to high idle capacity costs, primarily at the plants in Gustavsborg and in Bánovce, Slovakia, and the additional production stoppages at Daimler Evobus due to supply chain disruption likewise resulted in idle capacity costs at the plants in Saarbrücken and Ebersbach. The extremely volatile call-off situation at virtually all OEMs once again rocked earnings at all plants of the Automotive division.

##### Procurement

The purchase of raw materials, supplies and components within the Group is managed on a distributed basis by the individual subsidiaries as needed. The required materials are procured worldwide from various suppliers, most of whom the units work with on a long-term basis. Depending on the volume, master agreements are used that can last for several

years in some cases. In the Automotive division, there is a strategic purchasing department that is responsible for leveraging additional cost-cutting potential by bundling a wide range of product groups and services.

Since the 2021 financial year, purchasing has faced the challenge of excess demand on the steel market, the lack of availability of electronic components and the need to ensure the supply of production materials in this context. This situation grew worse with the developments in Ukraine as 2022 progressed, with supply shortages leading to extensive delays in delivery and significant price increases. The Group was affected by price rises, especially for energy, and additional logistics expenses in the period under review. At the same time, the rise in inventory levels due to price increases prompted purchasing organisations to tailor the flow of materials to demand in close cooperation with production planning departments over the course of 2022, thereby reducing turnaround times.

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 2,876 people on average in 2022 after 2,787 over the whole of 2021.

It also employed 84 trainees in total (previous year: 82), accounting for around 2.9% of the total workforce. The training on offer covers various industrial and commercial occupations.

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



The HÖRMANN Industries Group also focuses on protecting its employees. By establishing optimal conditions for mobile working to the widest possible extent and introducing widespread hygiene measures at the production sites, we provided our employees with the best possible protection against the risks of 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, comprehensive hygiene measures were taken, protective masks were issued and regular COVID-19 testing was offered. We thus demonstrated that we were able to maintain operations while providing a high level of protection for our employees in extraordinary circumstances, and to contain the effects of the COVID-19 pandemic on the workforce to the best of our ability together with an active vaccination drive. Work and production capability were thus ensured at all times, though earnings were squeezed by a high level of absence due to illness.

Quality assurance

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

Sustainability and social responsibility

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

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

Regular reporting is still focused on the financial performance indicators.

Financial performance indicators

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

Liquidity available is also a key performance indicator. Tightly scheduled Group-wide liquidity planning and management has played a central role since the start of the COVID-19 pandemic.

	2022	2021	2020
<b>Sales</b> (EUR million)	<b>685.7</b>	<b>589.8</b>	<b>521.5</b>
Total output (EUR million)	709.0	626.8	521.5
Gross profit (EUR million)	305.2	294.6	256.0
Gross profit margin/ total output	43.1%	47.0%	49.1%
<b>EBIT</b> (EUR million)	<b>23.7</b>	<b>30.0</b>	<b>12.6</b>
EBIT margin/ total output	3.3%	4.8%	2.4%
Available liquidity (EUR million) (Net liquidity plus unutilised credit facilities)	106.9	126.8	145.7

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

BUSINESS PERFORMANCE IN THE DIVISIONS

Business performance 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 comprises the operating result (section 275(2) no. 1 to 8 of the *Handelsgesetzbuch* (HGB – German Commercial Code)) less/plus other taxes (section 275(2) no. 16 HGB), unless expressly stated otherwise. Unless expressly stated otherwise, the EBIT percentages shown relate to sales.

The performance of the individual divisions before central service and management costs and before consolidated net income effects is described below.

Automotive division

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

The European commercial vehicle industry was severely impacted by ongoing supply chain problems in the past year. According to the European Automobile Manufacturers’ Association (ACEA), this caused the number of commercial vehicles registered in the EU to decline by 14.6% to 1.6 million, which is below the volume of the pandemic year of 2020 (1.7 million units).<sup>4</sup> Europe’s four most important markets all reported double-digit declines as well: France -17.7%; Spain -16.7%; Germany -11.0% and Italy -10.5%.

New registrations of light commercial vehicles (up to 3.5 tonnes) were affected most, dropping by 18.1% to 1.3 million units in 2022. Virtually all EU countries experienced declines (Germany: -13.0%).

By contrast, registration figures for heavy-duty vehicles (over 16 tonnes) rose by 6.5% in 2022 to 256,020. Looking at the region’s biggest markets, only Germany was in negative territory (-0.9%). All other high-volume EU markets for heavy-duty trucks saw new registrations rise in this segment, e.g. Spain (+13.6%), Italy (+5.1%) and France (+2.3%). New registrations of vehicles with a gross vehicle weight of between 3.5 and 16 tonnes likewise climbed by 3.5% thanks to substantial growth in the period from August to November. However, registrations in this segment also declined by 3.5% in Germany over 2022 as a whole. New registrations of buses were down by 5.1%, again with a particularly sharp slump in Germany (-24.6%). As before, the registration and production figures for all types of commercial vehicles are still well below the long-term pre-COVID-19 level.

TRATON SE was again the main customer for the Automotive division in 2022, primarily through its subsidiary MAN Truck & Bus AG. According to TRATON SE, MAN Truck & Bus AG’s total unit sales were down by 9.8% at 84,500 vehicles (2021: 93,700) in the period under review, also as a result of a six-week production stoppage at the truck plants in Munich and Krakow in addition to halts at other MAN sites.<sup>5</sup> In particular, MAN was severely impacted by the effects of the war in Ukraine on the supply chains already weakened by the pandemic. While truck sales were down by 13.0% at 58,100 (2021: 66,800), bus sales were up 4.3% year-on-year at 4,800 (2021: 4,600).

In addition to TRATON SE, Daimler Truck Holding AG is another key customer in the Automotive division. According to Daimler Truck Holding AG, vehicle sales climbed by 14.3% to 520,300 units in 2022 (2021: 455,400).<sup>6</sup> Despite the difficult state of the economy as a whole in 2022, all Daimler segments increased their truck and bus unit sales.

Multi-year comparison for the Automotive division:

	2022	2021	2020	2019
<b>Sales</b> (EUR million)	<b>403.7</b>	<b>333.5</b>	<b>273.2</b>	<b>379.5</b>
Change (EUR million)	70.2	60.3	-106.3	-44.4
Change (relative)	21.1%	22.1%	-28.0%	-10.5%
<b>EBIT</b> (EUR million)	<b>-2.7</b>	<b>-5.9</b>	<b>-16.0</b>	<b>3.2</b>
EBIT margin	-0.7%	-1.8%	-5.9%	0.8%
Non-recurring and prior-period effects * (EUR million )	0.0	3.5	5.8	0.2
<b>Adjusted EBIT</b> (EUR million)	<b>-2.7</b>	<b>-2.4</b>	<b>-10.2</b>	<b>3.4</b>
Adjusted EBIT margin	-0.7%	-0.7%	-3.7%	0.9%

\* From 2018 to 2021, HÖRMANN Industries recognised provisions and write-downs on current and fixed assets in connection with the adjustment of German personnel capacity as a result of the expansion of automation, the relocation of labour-intensive products to the new plant in Slovakia and the Bielefeld relocation of operations. 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.

<sup>4</sup> cf. ACEA press release, 25 January 2023  
<sup>5</sup> cf. TRATON SE press release, 20 January 2023  
<sup>6</sup> cf. Daimler Truck Holding AG Investor Relations Release, 10 March 2023



In the **Automotive** division, sales increased by EUR 70.2 million from EUR 333.5 million in the previous year to EUR 403.7 million, essentially as a result of materials prices. After adjustment for inflation, value-adding sales amounted to approximately EUR 360 million. In addition to the reduced production volume since the middle of 2021 due to the lack of electronic components, the Russian aggression in Ukraine, which has led to a shortage of wire harnesses from Ukraine among other effects, also had a massive impact on truck production at the key customer MAN Truck & Bus AG. MAN therefore had to suspend vehicle production in the period from middle of March to early May 2022. The plants in Gustavsburg and Bánovce, Slovakia, geared towards truck components also had to curtail production substantially in this period, which had a negative impact on sales performance and results of operations in 2022. Later in the year, supply chain problems repeatedly caused OEM customers to briefly halt production and cancel call-off orders at short notice. From September 2022, call-off orders in the truck segment then began to surge by around 60% as against the first quarter of 2023, though this failed to compensate for the business lost in the first eight months of 2022. Volatile capacity utilisation again heavily impacted productivity and thus the results of operations in the past year.

Margins were also tightly squeezed by massive increases in prices for materials and energy. Owing to price developments, the gross profit margin fell to 32.5% in the period under review after 37.5% in the previous year, resulting in a gross profit deficit of around EUR 2.3 million as against 2021 despite the rise in sales.

As a result of production disruption and the resulting idle capacity costs, volatile production capacity utilisation and the developments in materials and energy prices, the division ended the 2022 financial year with EBIT of EUR -2.7 million after EUR -5.9 million in the previous year.

**Communication division**

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

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

According to the latest projections by PSR OE Link, global production in railway engineering climbed by another 2.9% in 2022, after having already surged by 15.3% in 2021.<sup>7</sup> The German Railway Industry Association (VDB) likewise reported a positive performance for the first half of 2022.<sup>8</sup> While the German railway industry is also suffering from the high inflation and extreme price hikes for energy and commodities, sales nonetheless rose by around 1.5% as against the same period of the previous year to EUR 6.8 billion in the first half of 2022. In particular, this increase was thanks to domestic business, where sales were up by 24%. Infrastructure sales on the domestic market remained flat at EUR 1.3 billion, though the traditionally good vehicle business grew by 13% to EUR 5.1 billion. Incoming orders climbed rapidly as well, by around 29% to EUR 9 billion. By contrast, international sales declined by 35% to EUR 1.7 billion in the first six months of 2022, according to the VDB, owing to the ongoing supply chain crisis and postponements of public sector contracts. At the time the report was prepared, no publication was available on the development for the full year 2022.

The security industry in Germany likewise faced economic challenges in 2022. According to the autumn economic survey by the German Federal Security Technology Association (BHE), companies were feeling relatively positive about their situation, assigning a score of 2.15 (on a scale of 1 (positive) to 6 (negative)), though with nods to the difficult and

<sup>7</sup> cf. PSR OE Link, Q4 2022 Update  
<sup>8</sup> cf. German Railway Industry Association press release, 15 November 2022

crisis-prone situation in individual customer groups.<sup>9</sup> The private sector scored 3.04 (April 2022: 2.77) and the commercial sector 2.33 (April 2022: 2.12), the third-worst figure since records began. Scores were only worse at the start of the COVID-19 pandemic in spring 2020 and in the first ever survey conducted in spring 2010. However, the video surveillance sector is doing well in the current crisis situation with a score of 2.34 (April 2022: 2.38).

The **Communication** division once again leveraged its good market position and technological product and solutions expertise in the period under review after a very good 2021. Incoming orders amounted to EUR 214.1 million (previous year: EUR 186.4 million) in the 2022 financial year. Sales increased again by EUR 10.3 million or 6.1% as against 2021 (EUR 169.9 million) to EUR 180.2 million.

Since 2020, the division has benefitted considerably from government stimulus programmes and additional state investment in the accelerated expansion of European Train Control System (ETCS), and from the efforts to enhance the efficiency of the network infrastructure for digitisation in railway transport (*Digitale Schiene Deutschland*). As part of its package for the future, the Federal Republic of Germany supported the improvement of mobile reception across the German rail network, which required the modernisation and conversion of systems to interference-free GSM-R components. As an established provider of this technology, the train radio segment participated very well in the project, which had originally been intended to end in 2021 and was then extended. A majority of these government stimulus programmes, which were set up in response to the economic repercussions of the COVID-19 pandemic, came to an end as planned in the past financial year.

The warning systems segments experienced a strong surge in growth thanks to the Federal Office for Civil Protection and Disaster Assistance’s siren subsidy programme, with which it provided funding of EUR 88 million to expand Germany’s municipal siren network. HÖRMANN has been operating in the development, production, installation and maintenance of civil defence sirens in Germany for more than 50 years. The segment also experienced increased demand from outside Germany. For example, around the turn of 2022/2023, a major government contract worth EUR 11.9 million was landed in Bulgaria to deliver and launch 500 sirens to extend the country’s warning system.

<sup>9</sup> cf. German Federal Security Technology Association, autumn 2022 economic survey

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

By contrast, problems with the availability of materials (for electronic components in particular), the resulting price increases, project delays, a change in the product mix and the planned sales decline in the train radio segment had a negative effect on earnings development. Accordingly, EBIT declined by EUR 5.4 million as against 2021 to EUR 31.7 million (previous year: EUR 37.1 million). The division still reported a strong return with an EBIT margin of 17.6% (previous year: 21.8%).

Multi-year comparison for the **Communication** division:

	2022	2021	2020	2019
<b>Sales</b> (EUR million)	<b>180.2</b>	<b>169.9</b>	<b>146.3</b>	<b>134.2</b>
Change (EUR million)	10.3	23.6	12.1	20.8
Change (relative)	6.1%	16.1%	9.0%	18.3%
<b>EBIT</b> (EUR million)	<b>31.7</b>	<b>37.1</b>	<b>23.5</b>	<b>18.5</b>
EBIT margin	17.6%	21.8%	16.1%	13.8%

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



Intralogistics division

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

According to the VDMA Trade Association for Conveyor Technology and Intralogistics, conveyor technology and intralogistics providers reported a slight increase in production of 2% with an estimated production volume of EUR 23.7 billion in Germany in 2022.<sup>10</sup> Business was weighed on by the effects of the war in Ukraine in particular. At the same time, demand for intralogistics and for automation solutions in particular – the main field for the HÖRMANN Group’s Intralogistics division – was on the rise in the past year. Overall, manufacturers increased their production volumes, specifically for foreign trade, by 10% to EUR 17.8 billion. The European internal market also proved stable and is still the most important sales market. In Europe alone, German exports amounted to around EUR 11.3 billion for 2022.

The new **Intralogistics** division generated sales of EUR 79.1 million in the 2022 financial year (previous year: EUR 64.2 million, as-if). The division focussed on its reorganisation and the associated restructuring in 2022. In addition to the structural reorganisation, operations focused on completing multi-year project orders.

The division performed in line with the general market trend and beyond in the past financial year. Its expertise in the planning and implementation of highly automated industrial intralogistics systems allowed it to generate incoming orders of EUR 104.2 million in 2022. Accordingly, the division is currently experiencing excellent capacity utilisation with orders on hand of more than EUR 118.9 million, while a shortage of staff resources, supply bottlenecks, higher materials prices and delays in construction are massively hampering project implementation in some cases.

<sup>10</sup> cf. VDMA Trade Association for Conveyor Technology and Intralogistics press release, 28 February 2023

With total output of EUR 91.1 million (previous year: EUR 81.3 million, as-if), the division generated negative EBIT of EUR -3.3 million in the reporting year (previous year: EUR 1.1 million, as-if) due to the special items described, delays in sales recognition for project and the expenses of its reorganisation.

Multi-year comparison for the Intralogistics division:

	2022	2021	2020	2019
<b>Sales</b> (EUR million)	<b>79.1</b>	<b>64.2</b>	<b>72.4</b>	<b>67.3</b>
Change (EUR million)	14.9	–8.4	5.3	
Change (relative)	23.2%	–11.6%	7.9%	
<b>EBIT</b> (EUR million)	<b>–3.3</b>	<b>1.1</b>	<b>3.9</b>	<b>–0.2</b>
EBIT margin	–4.2%	1.7%	5.4%	–0.3%
Non-recurring and prior-period effects* (EUR million )	0.7	0.0	0.5	2.4
<b>Adjusted EBIT</b> (EUR million)	<b>–2.6</b>	<b>1.1</b>	<b>3.4</b>	<b>–2.2</b>
Adjusted EBIT margin	–3.3%	1.7%	4.7%	3.3%

\* In 2019 and 2022, 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 capacity and rental expenses until the end of the respective rental agreements as well as goodwill impairment resulted in non-recurring expenses of EUR 2.4 million and EUR 0.7 million respectively. Goodwill impairment of EUR 0.5 million was recognised in 2020 due to the development in enterprise value.

The figures for the years 2019 to 2021 are presented on a pro forma basis as the division was spun off from the Engineering division in 2022 and the Services division was integrated into it. With regard to the companies integrated into the Intralogistics Division, we refer to the comments on the basic information on the Group.

Engineering division

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

The German construction sector was also impacted by rising expenses for construction, financing and the cost of living in 2022. According to the Central Association of the German Construction Industry, sales in construction are believed to have risen by a nominal 9.0% to EUR 157.9 billion in the reporting period.<sup>11</sup> However, this increase is attributable to the sharp price hikes referred to above. Adjusted for these effects, sales are believed to have fallen by 5.5% in 2022. Residential, commercial, and public construction suffered real sales reductions in the range of 4.5% to 6.6%. The deterioration in the overall situation is being attributed to steep price increases in particular. For instance, in residential construction – the backbone of the construction industry in recent years – prices to build new homes rose by an average of 16.4% compared to the previous year in 2022. This is the highest year-on-year increase since records began in 1958.<sup>12</sup> A quick recovery is also not expected in public or industrial construction – owing to the uncertain economic outlook.

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

At EUR 21.6 million, sales in the **Engineering** division were down by EUR 1.4 million or 6.1% on 2021 (previous year: EUR 23.0 million, as-if). Bolstered by a good order book, with incoming orders of EUR 37.6 million and orders on hand of EUR 48.6 million as at the end of the period under review, the division generated total output of EUR 28.3 million. Despite the year-on-year drop in sales, EBIT was maintained at the previous year’s level at EUR 4.0 million (previous year: EUR 4.3 million, as-if) thanks to a high-margin product and service mix in 2022. The EBIT margin is therefore 18.5% (previous year: 18.7%, as-if).

Multi-year comparison for the Engineering division:

	2022	2021	2020	2019
<b>Sales</b> (EUR million)	<b>21.6</b>	<b>23.0</b>	<b>30.7</b>	<b>42.2</b>
Change (EUR million)	–1.4	–7.7	–11.5	
Change (relative)	–6.1%	–25.1%	–27.2%	
<b>EBIT</b> (EUR million)	<b>4.0</b>	<b>4.3</b>	<b>2.8</b>	<b>5.8</b>
EBIT margin	18.5%	18.7%	9.0%	13.6%

The figures for the years 2019 to 2021 are presented on a pro forma basis as HÖRMANN Logistik GmbH, HÖRMANN Klatt Conveyors GmbH and HÖRMANN Logistik Polska Sp. z o.o. were reassigned to the new Intralogistics division in 2022.

<sup>11</sup> cf. Central Association of the German Construction Industry press release, 6 December 2022  
<sup>12</sup> cf. Central Association of the German Construction Industry press release, 1 February 2023



# Report on opportunities, risks and expected developments

## OUTLOOK

### General economic conditions

Initial positive signals emerged within the global economic makeup towards the end of 2022, including a slight easing on the energy markets, a slim decline in inflation and the lifting of COVID-19 restrictions in China. Nevertheless, the situation is still fragile and economic growth is expected to slow further in 2023.

Ongoing geopolitical tension, an intensification of the war in Ukraine, an escalation of the conflict surrounding Taiwan or even a fresh outbreak of the pandemic could also greatly increase the risk of a recession in 2023. Meanwhile, the IMF still sees inflation as one of the biggest challenges to the world economy.<sup>13</sup> Though the IMF expects inflation to slow over the course of 2023, consistently high or even rising interest rates could cause a more pronounced softening of the economy and weaker labour markets. There is also growing risk on the financial and capital markets, which is making it more difficult for companies to raise funds.

In its April 2023 outlook, the IMF predicted global growth in gross domestic product of 2.8% for the year as a whole, which is 0.1 percentage points less than was forecast in January 2023 and less than the 2022 figure of 3.4%. The economy is expected to expand by 1.3% in the industrialised countries and by 3.9% in the emerging and developing countries. In the euro area, IMF experts are forecasting significantly weaker growth of 0.8%. In Germany, GDP is expected to fall slightly by 0.1% according to the current forecast, after the IMF had still assumed a slight increase in economic output of 0.1% in January 2023.

A reliable forecast of the possible economic developments was hardly possible at the time of reporting owing to the unpredictable nature of the geopolitical and economic events.

### Forecast for the Automotive division

In its outlook of December 2022, the LMC projected a significant increase in global commercial vehicle production of 5.6% in the 2023 financial year.<sup>14</sup> Europe is expected to see moderate growth of 2.4%. This is in line with forecast at TRATON SE, whose subsidiary MAN Truck & Bus AG is a key customer for the division. Following the stabilisation of supply chains, the company expects unit sales to rise by between 5% and 15% in the current financial year.<sup>15</sup> Meanwhile, Daimler Truck Holding AG, another major customer for the customer, is slightly more cautious and is forecasting unit sales in 2023 in line with the previous year's relatively high level, within a range of 510,000 to 530,000 units.<sup>16</sup>

Assuming an increase in truck production as anticipated by customers, HÖRMANN Industries GmbH expects to see a rise in call-off orders and further stabilisation in the economic situation of the Automotive division in the current financial year.

Sales of roughly EUR 456 million (previous year: EUR 403.7 million) are planned in the Automotive division in the 2023 financial year. Around EUR 40 million of this increase will relate to customers with agreed inflation compensation and thus no contribution to value added. Thus, real sales adjusted for inflation of approximately EUR 410 million and adjusted growth of approximately 3% are expected. Factoring in cost increases for materials, energy, staff and infrastructure, EBIT of between EUR 4 and EUR 6 million is projected for 2023. The division is thereby aiming to return to profitability after three successive years of crisis.

In the medium term, the obsolescence of truck fleets in Europe, stricter emission standards, considerable excess demand and the high level of orders on hand at truck manufacturers suggest that production orders will rise again as the supply chain situation returns to normal. This will help the division to return to stable and positive territory on the back of consistent production utilisation. The productivity improvements and cost savings achieved as part of the restructuring and reorientation of the division in

<sup>14</sup> cf. LMC Global Commercial Vehicle Forecast, December 2022

<sup>15</sup> cf. Traton SE 2022 Annual Report

<sup>16</sup> cf. Daimler Truck Holding AG Investor Relations Release, 10 March 2023

recent years will provide additional support when it comes to earnings performance. Besides a conclusive end to the COVID-19 pandemic, supply chain normalisation and a more stable economy in Europe, the ambitious medium-term targets are dependent on OEMs achieving their sales projects, a sustained easing on the energy markets and falling inflation.

### Forecast for the Communication division

The railway industry is continuing to benefit in particular from global megatrends such as urbanisation, population growth and rising environmental awareness. PSR OE Link therefore predicts that the railway industry will be able to continue its growth until provisionally 2028.<sup>17</sup> After growth of 2.9% in 2022, average annual growth of between 4% and 13% is expected for the years ahead.

Another factor favouring further growth in Germany is the decision by the state and federal governments to launch the EUR 49 Ticket in Germany. The German Railway Industry Association (VDB) sees this as a key turning point for future mobility.<sup>18</sup> At the same time, however, the VDB anticipates a risk to companies operating in the railway industry from the extreme increases in prices for energy and commodities, as the railway sector predominantly works with long-term supply and master agreements at fixed prices.<sup>19</sup> A serious financial situation is thus anticipated in spite of the full order books.

At the same time, the German government is committed to improving the rail network. 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. According to the VDB, this investment will also be essential if the government is to achieve its goal of climate neutrality by 2040.

Furthermore, in view of the high general economic uncertainty, digital security, surveillance, communication and network technology companies are also feeling wary regarding their future business prospects. The results of the autumn economic survey by the German Federal Security Technology Association clearly show that even the security industry is struggling with the current crisis situation (general inflation, high energy prices, the skills shortage and supply problems). Firms in this sector are correspondingly cautious, giving their future business situation

a score of 2.45, which is hardly any more optimistic than at the start of the COVID-19 pandemic in spring 2020 (2.47).<sup>20</sup>

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

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

### Forecast for the Intralogistics division

According to its latest forecast, the VDMA Trade Association for Conveyor Technology and Intralogistics is assuming slight growth of 2% for conveyor technology and intralogistics providers in the 2023 financial year.<sup>21</sup> This modest growth will be driven by demand for intralogistics and automation solutions, counteracted by the repercussions of the war in Ukraine. The latter of these is forcing companies to make their supply chains and logistics more flexible and resilient. Combined with the general skills shortage, this means that further investment is required in conveyor technology and intralogistics, which will be reflected accordingly in providers' order books.

According to the results of the ifo economic survey in the fourth quarter of 2022 and its logistics indicator, the business climate in the German logistics sector improved slightly towards the end of 2022.<sup>22</sup>

According to the maintenance industry indicator published by the Institute for Industrial Management (FIR) at RWTH Aachen University, only 17% of industrial maintenance service providers (relevant to the

<sup>20</sup> cf. German Federal Security Technology Association, autumn 2022 economic survey

<sup>21</sup> cf. VDMA Trade Association for Conveyor Technology and Intralogistics press release, 28 February 2023

<sup>22</sup> cf. ifo-BVL logistics indicator, results of ifo business surveys in Q4 2022



Services segment of the Intralogistics division) expect an improvement in their economic situation.<sup>23</sup> However, 78% of these companies expect a consistent and satisfactory trend. Thus, by far the majority of those maintenance service providers polled do not expect their economic situation to deteriorate.

With orders on hand of more than EUR 100 million, the Intralogistics division is forecasting significant sales growth ahead of industry projections of approximately 30% to more than EUR 100 million in 2023 (previous year: EUR 79.1 million). Targeted investment in the ongoing expansion of intralogistics business and the internationalisation of the sales organisation are planned for the 2023 financial year. Earnings performance will be impacted by lingering problems relating to the availability of materials and the resulting project delays as well as the surges in some prices. Taking into account the expenses and resources necessary for growth and internationalisation, the goal is for planned sales recognition to return to positive territory. The forecast EBIT is between EUR 3 and EUR 4 million (previous year: EUR -3.4 million). This forecast assumes that it will be possible to complete and invoice major project orders in the 2023 financial year.

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

#### Forecast for the Engineering division

Having suffered from steep increases in prices and interest rates in the past year, the Federation of the German Construction Industry (HDB) expects the construction industry in Germany to experience a real sales decline of 6% in the 2023 financial year as well.<sup>24</sup> Real sales declines are expected in the three segments of residential (-9%), industrial (-4%) and public construction (-5%) as a result of higher interest rates. Industrial construction is proving astonishingly robust, which is partly thanks to the fact that a recession is no longer expected. The lessons learned from the COVID-19 year of 2020 have shown that the German industrial economy is astonishingly resistant to crisis, and therefore a slump in investment is not anticipated in 2023. The stable trend in industrial construction is also having a positive effect on factory planning activities.

<sup>23</sup> cf. Institute for Industrial Management (FIR) at RWTH Aachen University, maintenance industry indicator, results for Q4 2022

<sup>24</sup> cf. HDB Construction Industry Report, 26 January 2023

<sup>25</sup> cf. IMF World Economic Outlook Update, January 2023

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

The Engineering division anticipates sales of around EUR 24 million (previous year: EUR 21.6 million) and EBIT of around EUR 3.0 million (previous year: EUR 4.0 million) in 2023.

#### Forecast for HÖRMANN Industries GmbH

Economic, geopolitical and industry developments will continue to influence HÖRMANN Industries GmbH's operating and financial performance in the 2023 financial year. The Group's forecasts for its expected business performance are based on certain assumptions regarding the development of the economy in Germany, the euro area and specific industries, and on an optimistic assessment of how the pandemic and the war in Ukraine, and its economic consequences, will continue to unfold.

Incalculable risks lie in further geopolitical tension or an escalation of the current conflicts in Ukraine and concerning Taiwan, resurgent fears that the economy might slide into recession in 2023 or that interest rate trends could trigger a financial and banking crisis, possibly with significantly reduced lending. The IMF still sees inflation as one of the biggest challenges to the world economy.<sup>25</sup>

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

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

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

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

At Group level, based on an analysis of the current order situation and a confident assessment of the business performance in its individual divisions, HÖRMANN Industries GmbH is forecasting total sales of between EUR 730 million and EUR 760 million in 2023 (previous year: EUR 685.7 million). Besides the inflation-related price pass-through to customers, the main cause of the planned growth in sales as against the previous year will be real increases in sales volumes in the Automotive division and the implementation of long-term project orders in the Intralogistics division. Taking the significantly higher cost base due to inflation into account, the company is aiming for positive operating EBIT at the previous year's level of between EUR 23 million and EUR 25 million (2022: EUR 23.7 million). A key factor influencing earnings in 2023 will be the shifts in earnings between the various divisions of HÖRMANN Industries. The Communication division will generate "normalised" earnings again after the extraordinary and well above-average 2020 to 2022 financial years following the end of the railway digitisation stimulus programmes. On the other hand, the Automotive and Intralogistics divisions should return to profitability following the economic battering of the past few years.

In light of the forecast results of operations and assuming a slight drop in inflation, working capital – comprising inventories and trade receivables less trade payables – is expected to be at the same level as the 2022 balance sheet date at the end of 2023. Accordingly, taking into account the planned payments for provisions and investments, net cash and cash equivalents are expected to remain at roughly the same level as December 2022. Given the credit facilities available from banks, the Group therefore expects that its financial situation will remain stable in 2023.

This forecast is subject to the assumption that the overall economic situation will not deteriorate further over the course of 2023 and that supply chains will remain intact.

HÖRMANN Industries GmbH notes that its actual results could differ from these forecasts.

## RISK REPORT

### General business risks

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

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

HÖRMANN Industries GmbH's business development is fundamentally dependent on its success in maintaining or expanding its market position and – where applicable – technology leadership, which in the view of the management exists, and responding quickly to the emergence of new competitors or the intensification of the competitive situation. To prevent the loss of market share, HÖRMANN Industries GmbH offers a high level of product and service quality, maintains close, trust-based contact with its customers and pursues systematic innovation, price and cost management. The Group also regularly observes market developments and the business policy of other market participants and adjusts its activities to reflect changes in requirements in regular strategy reviews. These countermeasures also create opportunities for HÖRMANN Industries GmbH to gain market share and continue to grow.

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



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

HÖRMANN Industries GmbH generates the majority of its sales with multiple individual customers, primarily major automotive and commercial vehicle manufacturers and Deutsche Bahn AG and its suppliers. HÖRMANN Industries GmbH generated more than 20% of its sales with Volkswagen AG and its subsidiaries in the 2022 financial year.

If it is not possible to retain these key customers or to offset a significant downturn in sales with them by gaining new customers or expanding business with other customers, this could have an adverse effect on the net assets, financial position and results of operations of HÖRMANN Industries GmbH.

Some of HÖRMANN Industries GmbH's business activities are dependent on political decisions that dictate the provision of funding for public investment in railway systems, personal security, property protection systems, motorways and other infrastructure projects. In light of the sharp increase in public debt and the consolidation pressure on public budgets in many European nations at present, delayed or cancelled investment projects and public funds could have an adverse effect on public-sector contract awards, and hence on business development in the affected areas.

#### **General operational risks**

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

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

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

#### **Risks in connection with viral pandemics**

Over the past three years, HÖRMANN Industries GmbH's landscape has been negatively impacted by the COVID-19 pandemic, which was a considerable

blow to the global economy as a whole. These novel, completely incalculable situations such as the global virus pandemic represent a risk that has a strong impact on all areas of HÖRMANN Industries GmbH and therefore cannot be hedged against.

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

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

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

#### **Dependence on industry-specific permits and certifications**

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

#### **Dependence on international markets**

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

#### **Geopolitical risks**

The Russian war of aggression in Ukraine that started in 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, and the repercussions for the global economy are expected to be keenly felt in the current financial year. According to prevailing opinion, hostilities are not expected to end in the near future. In particular, the associated rise in energy prices and high inflation are expected to cause further growth setbacks. The ongoing war could also have a negative effect on the development of sales figures, production processes and procurement and logistics, e.g. due to the fresh disruption of supply chains or the energy supply, or the shortage of raw materials, parts and components, either as a direct consequence of the war or as a result of the extensive sanctions imposed on Russia by various members of the international community. Potential supply chain disruption and shortages of raw materials, parts or components could lead to a further steep rise in energy and commodity prices as well as the prices of parts and components, which could in turn lead to higher costs. These supply problems and price rises could further weaken the sustained economic recovery following the COVID-19 pandemic while simultaneously amplifying inflationary pressure across the entire world economy. Furthermore, rising inflation could also have a negative impact on the Group's cost base. The major uncertainty concerning the future of the war in Ukraine and the sanctions imposed and an entrenchment of the geopolitical tension in relation to China could adversely affect consumer sentiment and the investment climate, and thus negatively impact the world economy. An escalation of the Taiwan conflict and an attack by China on Taiwan would massively alter the availability of semiconductors all over the world and could tip the global economy into a deep recession. This would have negative consequences for the Group's results of operations. HÖRMANN Industries GmbH continuously observes political developments and the resulting economic impacts in order to allow it to take countermeasures as quickly as possible.

#### **Currency risks**

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

#### **Dependence on commodity and energy prices**

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

#### **IT risks**

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

#### **Project organisation and management risks**

HÖRMANN Industries GmbH is particularly active in the divisions Communication, Engineering and Intralogistics in the project business. When orders are awarded, there is a possibility that the contractual partners will expect different conditions, thereby jeopardising the realisation of the respective project or the planned profit margin. As consideration is based on the completion of defined performance phases,



cancellation can mean that preliminary work done and costs and expenses incurred are not settled in full. In addition, the risk assessment of the specific project could be erroneous or incomplete, meaning that the agreed remuneration is not proportionate to the expenses incurred. By continuously improving project management and controlling, the subsidiaries seek to counteract the potential impact on the results of operations early on.

#### **Risk in connection with outstanding project receivables and guarantees in Algeria**

Funkwerk video systeme GmbH (FVS) and Funkwerk plettac systems GmbH (fps) have an investment in a consortium under Algerian law (Groupement Funkwerk Contel plettac). As a result of domestic political developments in Algeria, an investigation into alleged suspicions of corruption and illegal overcharging against several companies and individuals was initiated in 2010. The affected parties included this consortium, the Algerian partner and FVS/fps, but not its managing directors or other employees of the Funkwerk Group. The proceedings are still ongoing. Shortly after the initiation of the investigation in 2010, bank accounts of the consortium were temporarily blocked, among other things. These accounts contain amounts of EUR 2.9 million paid for properly performed work, converted as at the balance sheet date, that cannot currently be transferred to Germany and that are internally due solely to FVS/fps. An internal investigation by Funkwerk AG found no evidence to suggest that the corruption allegations are accurate.

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

In connection with the projects realised, Funkwerk AG provided bank guarantees issued by Algerian banks on the basis of corresponding counter-guarantee agreements with some German banks. All the bank guarantees from German banks were derecognised as at the balance sheet date. The principal has yet to return original guarantees of around EUR 8.4 million of the derecognised bank guarantees. Under the terms of the contracts with the principal, it should no longer be possible to assert claims against FVS/fps due to the latter having met the underlying delivery and performance obligations, the expiry of the

contractual warranties and the expiry of the bank guarantees, which is why the guarantees have also already been derecognised by the German banks. However, there is a residual risk with regard to the original bank guarantees that have not yet been returned, as the German banks issued the Algerian banks with “true” counter-guarantees. The state of proceedings did not change significantly compared to 2021 in the past financial year.

#### **Staff recruitment and selection risks**

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

#### **Risks from rising personnel costs**

The past decade has been characterized by moderate growth in wages and salaries and non-wage labor costs. Inflation rates, which have risen sharply since 2021, may remain at a high level or even increase further. This could lead to a wage-price spiral with high personnel cost increases above the long-term average level previously assumed in the planning of HÖRMANN Industries. Demographic developments, the shortage of skilled workers and the high additional personnel requirements of HÖRMANN Industries GmbH for growth will put additional pressure on personnel costs. This would have adverse consequences for the Group's earnings, financial and asset situation.

#### **Procurement, logistics and production risks**

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

Missing or defective finished parts or low-quality raw materials could lead to production delays or stoppages. The steel market experienced a substantial surplus in demand from the end of 2020, which made

it considerably more difficult to purchase raw materials on time for the Automotive division and was a significant potential risk for HÖRMANN Industries GmbH. Since the middle of 2021, this has been exacerbated by massive supply shortages for electronic components and microchips. In addition to representing a considerable potential risk for the Communication and Intralogistics divisions, this also affected the Automotive division in the form of production stoppages on the part of vehicle manufacturers.

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

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

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

#### **Logistics risks**

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

#### **Warranty risks**

Products and systems could be faulty, thereby exposing HÖRMANN Industries GmbH to warranty claims or claims for damages. Furthermore, there are liability risks arising from supply agreements (liability clauses

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

#### **Risks in connection with receivables**

If customers and other business partners default on receivables, either in full or in part, or there are significant and wide-scale delays in payment, this could lead to liquidity bottlenecks and hence restrict HÖRMANN Industries GmbH's business activities or considerably impact its net assets, financial position or results of operations. HÖRMANN Industries GmbH counteracts these risks by requiring advance payments and invoicing on a percentage-of-completion basis in its product business and by taking out commercial credit insurance.

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

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

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



### **Risks in connection with inadequate insurance**

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

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

### **Risks in connection with compliance violations**

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

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

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

### **Risks in connection with financial obligations**

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

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

### **Litigation risks**

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

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

### **Risks in connection with acquisitions and joint ventures**

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

### **Risks in connection with violations of environmental law**

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

### **Risks in connection with sustainability and environmental protection requirements**

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

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

As for all companies in Germany and Europe, a continuous reduction in carbon emissions up to and including complete carbon neutrality poses considerable challenges for HÖRMANN Industries, and requires significant additional investment every year, for instance in the generation of renewable energies, in carbon-optimised production processes, in the

energy-efficiency improvement of buildings and in eco-friendly transportation. These investments are not yet included in planning and could have an impact on the net assets, financial position and results of operations of HÖRMANN Industries. If the sustainability requirements imposed on suppliers by major companies are not complied with, this could lead to individual subsidiaries of HÖRMANN Industries losing customers and orders in future with a corresponding adverse impact on the results of operations.

### **Risks in connection with violations of industrial property rights**

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

### **Risks from a lack of credit**

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

### **Risks in connection with the bond issue**

HÖRMANN Industries GmbH has issued a bond with a volume of EUR 50 million and a coupon of 4.5% p.a., maturing in 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 or redeem the bond to the necessary extent or on schedule or at all. This would have negative consequences for the Group's position. There is also the risk that negative developments at the company or on the financial markets could prevent the bond from being fully rolled over when it matures, or this might only be possible with a high margin, which could have a negative effect on the Group's financial position and financial performance as well.

### **Interest rate risks**

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

## **STRATEGIC OUTLOOK AND REPORT ON OPPORTUNITIES**

Despite the various operational challenges in the 2022 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 its strategy of being a key supplier of metal chassis products, high-end body-in-white components (body parts) and turnkey modules for the European commercial vehicle and agricultural/construction machinery industries. It intends to press ahead with increasing the competitiveness and customer diversification of the division. The ongoing implementation of long-term income management is still a key area of HÖRMANN Automotive's strategy planning.

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

If this positive market development prevails, accompanied by a normalisation of the current supply chain problems being experienced by customers, higher



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

The specific expertise in the Automotive division in the area of forming technology, a broad portfolio of systems and machinery with sufficient capacity, the strategy of expanding automation at domestic plants while outsourcing labour-intensive production to cheaper foreign plants, and the planned stronger positioning as a module supplier provide healthy foundations for attracting additional customers and orders. A return to growth with sustained earnings power at a level that is typical for the industry is expected from 2023 onwards. In particular, a considerable contribution to this will be made by the expansion of the plant in Bánovce, Slovakia, which has since been completed and is now fully operational, significantly improving its cost position and greatly expanding production capacity.

Das spezifische Know-how des Geschäftsbereichs Automotive im Bereich der Umformtechnik, ein breites Portfolio an Anlagen und Maschinen mit ausreichender Kapazität, die eingeleitete Strategie zum Ausbau der Automatisierung bei inländischen Werken und gleichzeitiger Verlagerung lohnintensiver Produktionen in kostengünstigere ausländische Werke sowie die angestrebte stärkere Positionierung als Modullieferant bieten eine gute Basis zur Gewinnung weiterer Kunden und Aufträge. Ab 2023 wird eine Rückkehr auf den Wachstumskurs mit einer nachhaltigen Ertragskraft auf branchenüblichem Niveau erwartet. Insbesondere die abgeschlossene und vollumfänglich in Betrieb gegangene Erweiterung des Werks in Bánovce/Slowakei mit einer deutlich verbesserten Kostenposition und wesentlich erweiterten Produktionskapazitäten wird hierzu einen wesentlichen Beitrag leisten.

The **Communication** division intends to grow sustainably while maintaining its good income level by further strengthening its competitive position and strategically expanding its business activities. The division has a high-tech product range with a number of unique selling points. Among other things, opportunities for the division result from the progressive digitalisation of railway transport, the growing need for security technology and video surveillance as well as the conversion of communication networks to 5G technology. Varied growth potential is also offered by government economic support programmes and the

accompanying investment in the expansion of public infrastructure, disaster protection, the ongoing rise in the need for security around the world, the sustained trend towards urbanisation and the further dynamic expansion of rail transport in the wake of the climate debate. There will also be expansion opportunities thanks to new service concepts in the field of public infrastructure and the establishment of paperless, digital railway stations. The long product lifecycles for rail vehicles in the rail industry also involve opportunities. Reliable services over the entire useful life and professional obsolescence management can help to secure customer investment for the long term. The division also intends to further enhance its export business by entering into new partnerships – including abroad – and further internationalising its sales activities.

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

With its broad portfolio of service expertise along the entire engineering value chain, from design engineering for vehicles to factory and building planning, **Engineering** is a division with a promising future and high growth potential. Knowledge management and the industrial application of engineering expertise has a long and successful tradition in Germany and will continue to be one of the key drivers of global technological progress and dynamic industrial development. Although the division is already very well positioned for the challenges of today and tomorrow, it intends to systematically expand this position with a view to the existing growth potential and the wide range of new technological requirements in order to take advantage of the resulting opportunities.

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

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

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

Geopolitical, economic and industry developments under the current conditions continued to influence HÖRMANN Industries GmbH's operating and financial performance in the 2022 financial year. The Group's forecasts for its expected business performance in 2023 are based on certain assumptions regarding the development of the economy in Germany, the euro area and specific industries.

Given the major ongoing uncertainty at the time of reporting regarding economic developments, consistently high inflation in the euro area, the war in Ukraine and the possible associated economic and financial repercussions, HÖRMANN Industries GmbH assumes that further price hikes for materials, energy and financing will affect HÖRMANN Industries GmbH's sales and earnings performance in 2023 as well.

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

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

On the basis of HÖRMANN Industries GmbH's stable net assets, financial position and results of operations in the 2022 financial year and given the broad diversification of its business activities, management is confident that HÖRMANN Industries GmbH will successfully overcome the challenges known to date in the 2023 financial year as well.

Opportunities for the further development of HÖRMANN Industries GmbH will continue to be systematically identified, taken and utilised in all subsidiaries as part of the regular strategy process. In addition to observing internal and external data and the development of competitors, this is achieved using regular reports, strategic product and project management and the establishment of a systematic innovation and strategy process.

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

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

Overall, HÖRMANN Industries GmbH believes that its close relationship with its customers, which it is actively intensifying, is a key factor in the Group's success. In addition to its extensive existing customer base, it intends to press ahead with new business while also placing system solutions and services on the market. Another important factor for future success will be the continued intensification of interdisciplinary cooperation between the various specialist units and companies within HÖRMANN Industries GmbH, particularly across division boundaries. This can open up new services that will benefit long-standing customers.

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



## Other disclosures

### RESEARCH AND DEVELOPMENT

In the **Automotive** division, an excellent understanding of metallurgy, metal forming and joining technologies as well as the requirements of customer products is a key success factor. Expertise in specific products is needed 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, progress is being made in the development of new manufacturing technologies and their application to new materials in order to prepare early on for the future requirements of modern electric commercial vehicles. A particular focus here is on lightweight 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 profile of HÖRMANN Industries GmbH as a whole 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 module supplier using the latest design, calculation and simulation methods. In conjunction with joint research projects, HÖRMANN Vehicle Engineering is also involved in the development of vehicles with innovative fuel cell drives and the use of hydrogen technology.

Development activities in the **Intralogistics** division will focus on the refinement of the HILIS warehouse management system as well as expanding HÖRMANN Klatt Conveyors GmbH's product range and HÖRMANN Intralogistics Services GmbH's service range. The software product HILIS is the core of the control system for automatic and manual intralogistics processes at customers' facilities. It is an extremely high-performance software suite that is able to map all key processes in intralogistics. Development capacity will be increased so that market and customer requirements can be served with fast response times.

The primary objective of the extensive research and development activities in the **Communication** division is still to secure and expand its technology leadership in the respective technologies and markets for specific applications. These activities focus on customer-specific developments and applications as well as innovative new products and system solutions. A key area of this is the development of new electronics, new filter technologies and new mobile phone standards for train radios as well as the ongoing 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, April 2023  
HÖRMANN Industries GmbH  
The Management



Dr.-Ing. Michael Radke



Johann Schmid-Davis



Dr.-Ing. Christian Baur

» We were able to adapt quickly and flexibly to the changes. That always required fast action and a lot of creativity. «

JOHANN SCHMID-DAVIS, CFO

» We can say with a certain pride that we have coped well with the crisis years. «

MICHAEL RADKE, CEO

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# Consolidated Balance Sheet

ASSETS (EUR thousand)	31 Dec. 2022	31 Dec. 2021
<b>A. FIXED ASSETS</b>	<b>77,557</b>	<b>85,503</b>
<b>I. Intangible assets</b>	<b>10,913</b>	<b>12,758</b>
1. Purchased concessions, industrial property rights and similar rights and assets and licenses in such rights and assets	2,492	2,172
2. Goodwill	8,120	9,945
3. Advance payments made on intangible assets	301	641
<b>II. Tangible assets</b>	<b>44,847</b>	<b>47,837</b>
1. Land, leasehold rights and buildings	9,228	9,637
2. Technical equipment and machinery	19,124	22,197
3. Other equipment, factory and office equipment	10,401	10,248
4. Advance payments and assets under construction	6,094	5,755
<b>III. Non-current financial assets</b>	<b>21,798</b>	<b>24,908</b>
1. Equity investments	304	304
2. Securities held as fixed assets	398	406
3. Other loans	21,096	24,198
<b>B. CURRENT ASSETS</b>	<b>269,278</b>	<b>238,632</b>
<b>I. Inventories</b>	<b>87,715</b>	<b>61,102</b>
1. Raw materials, consumables and supplies	34,272	30,615
2. Work in progress	137,969	114,940
3. Finished goods and merchandise	15,574	13,412
4. Advance payments	3,781	12,617
5. Payments received on account of orders	-103,881	-110,482
<b>II. Receivables and other assets</b>	<b>108,472</b>	<b>83,827</b>
1. Trade receivables	77,685	57,711
2. Receivables from affiliated companies	15,018	11,734
3. Other assets thereof from shareholders: EUR 500 thousand (previous year: EUR 500 thousand)	15,769	14,382
<b>III. Cash-in-hand and bank balances</b>	<b>73,091</b>	<b>93,703</b>
<b>C. PREPAID EXPENSES</b>	<b>2,783</b>	<b>2,805</b>
<b>D. DEFERRED TAX ASSETS</b>	<b>15,043</b>	<b>14,680</b>
<b>E. EXCESS OF PLAN ASSETS OVER PENSION LIABILITIES</b>	<b>163</b>	<b>64</b>
Total assets	364,824	341,684

# Consolidated Balance Sheet

EQUITY AND LIABILITIES (EUR thousand)	31 Dec. 2022	31 Dec. 2021
<b>A. EQUITY</b>	<b>136,379</b>	<b>131,055</b>
<b>I. Subscribed capital</b>	<b>200</b>	<b>200</b>
<b>II. Capital reserve</b>	<b>42,758</b>	<b>43,422</b>
<b>III. Consolidated balance sheet profit</b>	<b>72,691</b>	<b>67,836</b>
<b>IV. Non-controlling interests</b>	<b>20,743</b>	<b>19,607</b>
<b>V. Currency translation differences</b>	<b>-13</b>	<b>-10</b>
<b>B. PROVISIONS</b>	<b>98,569</b>	<b>94,175</b>
1. Pension provisions and similar obligations	20,346	21,245
2. Tax provisions	6,008	3,050
3. Other provisions	72,215	69,880
<b>C. LIABILITIES</b>	<b>129,009</b>	<b>116,067</b>
1. Bonds	50,000	50,000
2. Liabilities to banks	7,806	9,375
3. Trade payables	52,704	40,068
4. Liabilities to affiliated companies thereof to shareholders: EUR 3,157 thousand (previous year: EUR 3,117 thousand)	4,129	4,255
5. Other liabilities thereof taxes: EUR 7,343 thousand (previous year: EUR 5,900 thousand) thereof social security: EUR 1,905 thousand (previous year: EUR 1,318 thousand) thereof to shareholders: EUR 308 thousand (previous year: EUR 375 thousand)	14,370	12,369
<b>D. DEFERRED INCOME</b>	<b>867</b>	<b>387</b>
Total equity and liabilities	364,824	341,684

# Consolidated Income Statement

(EUR thousand)	1 Jan. – 31 Dec. 2022		1 Jan. – 31 Dec. 2021	
	T€	T€	T€	T€
1. Sales		685,743		589,841
2. Increase in finished goods and work in progress		22,082		36,684
3. Other own work capitalised		1,149		274
4. Other operating income thereof from currency translation: EUR 191 thousand (previous year: EUR 196 thousand)		16,120		11,524
5. Cost of materials				
a) Expenses for raw materials, consumables and supplies and purchased goods	334,616		269,659	
b) Cost of purchased services	85,247	419,863	74,022	343,681
<b>Total output</b>		<b>305,231</b>		<b>294,642</b>
6. Personnel expenses				
a) Wages and salaries	148,848		138,903	
b) Social contributions and expenses for pensions and social welfare thereof in respect of old age pensions: EUR 590 thousand (previous year: EUR 842 thousand)	30,881	179,729	28,013	166,916
7. Depreciation and amortisation				
a) on tangible and intangible assets	11,577		12,261	
b) on current assets to the extent that they exceed the expenses usual for the corporation	0	11,577	3,078	15,339
8. Other operating expenses thereof from currency translation: EUR 439 thousand (previous year: EUR 143 thousand)		89,098		81,195
9. Income from investments and associated companies		13		17
10. Income from other securities and loans from financial assets		4		97
11. Other interest and similar income thereof from discounting of provisions: EUR 5 thousand (previous year: EUR 0 thousand) thereof from affiliated companies: EUR 358 thousand (previous year: EUR 305 thousand)		865		688
12. Interest and similar expenses thereof from compounding of provisions: EUR 270 thousand (previous year: EUR 648 thousand) thereof from affiliated companies: EUR 128 thousand (previous year: EUR 95 thousand)		4,227		4,538
13. Taxes on income		8,490		12,173
14. Deferred taxes (– income)		–407		–348
<b>15. Earnings after taxes</b>		<b>13,399</b>		<b>15,631</b>
16. Other taxes		1,159		1,196
<b>17. Consolidated net profit</b>		<b>12,240</b>		<b>14,435</b>
18. Non-controlling interests		–5,185		–6,217
<b>19. Consolidated net income</b>		<b>7,055</b>		<b>8,218</b>
20. Profit carried forward from the previous year		65,636		59,618
<b>21. Consolidated balance sheet profit</b>		<b>72,691</b>		<b>67,836</b>

# Consolidated Cash Flow Statement

(EUR thousand)	1 Jan. – 31 Dec. 2022		1 Jan. – 31 Dec. 2021	
+ Consolidated income (consolidated net income/loss including income/loss attributable to non-controlling interests)		12,240		14,435
+/- (+) Depreciation/(-) reversals of write-downs on fixed assets		11,577		11,799
+/- (+) Increase/(-) decrease in provisions		9,368		4,022
+/- Other non-cash expenses/income		–6,982		–4,427
+/- (+) Decrease/(-) increase in inventories, trade receivables and other assets that are not attributable to investing or financing activities		–51,395		–17,333
+/- (-) Decrease/(+) increase in liabilities from trade payables and other liabilities that are not attributable to investing or financing activities		14,730		7,808
+/- (-) Gain/(+) loss from disposal of fixed assets		–375		–668
+/- Interest expenses/income		3,362		3,850
– Other income from investments		–13		–17
+/- Expenses and income of extraordinary amount and importance		0		3,540
+/- Income tax expenses/income		8,083		11,825
– Income tax payments		–7,838		–13,697
<b>= Cash flow from operating activities</b>		<b>–7,243</b>		<b>21,137</b>
+ Proceeds from the disposal of intangible assets		266		21
– Payments for investments in intangible assets		–1,248		–1,162
+ Proceeds from the disposal of tangible assets		5,034		9,266
– Payments for investments for tangible assets		–10,395		–11,336
+ Proceeds from the disposal of non-current financial assets		3,123		197
– Payments for investments in financial assets		–13		–391
– Payment for additions to the consolidated group		0		–160
+ Interest received		282		81
+ Dividends received		13		17
<b>= Cash flow from investing activities</b>		<b>–2,938</b>		<b>–3,467</b>
+ Proceeds from (financial) loans		931		0
– Payments for redemption of (financial) loans		–2,500		–638
– Interest paid		–3,618		–3,511
– Payments to shareholder of the parent company		–2,500		–1,500
+ Dividends paid to other shareholders		–2,744		–1,456
<b>= Cash flow from financing activities</b>		<b>–10,431</b>		<b>–7,105</b>
<b>Increase in cash flow</b>		<b>–20,612</b>		<b>10,565</b>
<b>Cash and cash equivalents at the start of the period</b>		<b>93,703</b>		<b>83,027</b>
Change in cash and cash equivalents due to changes in consolidated group		0		111
<b>Cash and cash equivalents at the end of the period</b>		<b>73,091</b>		<b>93,703</b>



# Consolidated Statement of Changes in Fixed Assets

FOR THE FINANCIAL YEAR FROM 1 JANUARY 2022 TO 31 DECEMBER 2022

(EUR thousand)

	ACQUISITION/PRODUCTION COST					DEPRECIATION AND AMORTIZATION					BOOK VALUES	
	As of 1 Jan. 2022	Addition	Disposal	Transfers	As of 31 Dec. 2022	As of 1 Jan. 2022	Addition	Disposal	Transfers	As of 31 Dec. 2022	Book value 31 Dec. 2022	Book value 31 Dec. 2021
<b>A. FIXED ASSETS</b>												
<b>I. Intangible assets</b>												
1. Internally generated industrial property rights and similar rights and assets	5,628	1,171	-182	155	6,771	3,457	1,003	-179	0	4,280	2,492	2,172
2. Goodwill	37,423	0	0	0	37,423	27,477	1,826	0	0	29,303	8,120	9,945
3. Advance payments	641	175	-263	-253	301	0	0	0	0	0	301	641
<b>Total intangible assets</b>	<b>43,692</b>	<b>1,346</b>	<b>-445</b>	<b>-98</b>	<b>44,495</b>	<b>30,935</b>	<b>2,829</b>	<b>-179</b>	<b>0</b>	<b>33,583</b>	<b>10,912</b>	<b>12,758</b>
<b>II. Tangible assets</b>												
1. Land, leasehold rights and buildings	12,109	440	-1	37	12,586	2,472	887	-1	0	3,358	9,228	9,637
2. Technical equipment and machinery	34,773	2,544	-7,482	3,126	32,960	12,576	4,484	-3,175	-50	13,835	19,124	22,197
3. Other equipment, factory and office equipment	16,362	3,368	-980	258	19,007	6,114	3,377	-935	50	8,606	10,401	10,248
4. Advance payments and assets under construction	5,949	3,946	-306	-3,323	6,265	194	0	-23	0	171	6,094	5,755
<b>Total tangible assets</b>	<b>69,193</b>	<b>10,298</b>	<b>-8,769</b>	<b>98</b>	<b>70,819</b>	<b>21,355</b>	<b>8,748</b>	<b>-4,133</b>	<b>0</b>	<b>25,970</b>	<b>44,847</b>	<b>47,837</b>
<b>III. Non-current financial assets</b>												
1. Equity investments	6,130	0	0	0	6,130	5,825	0	0	0	5,825	304	304
2. Securities held as fixed assets	990	0	-8	0	982	585	0	0	0	585	398	406
3. Sonstige Ausleihungen	24,198	13	-3,115	0	21,096	0	0	0	0	0	21,096	24,198
<b>Total non-current financial assets</b>	<b>31,318</b>	<b>13</b>	<b>-3,123</b>	<b>0</b>	<b>28,208</b>	<b>6,410</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,410</b>	<b>21,798</b>	<b>24,908</b>
<b>Total fixed assets</b>	<b>144,204</b>	<b>11,656</b>	<b>-12,338</b>	<b>0</b>	<b>143,522</b>	<b>58,699</b>	<b>11,577</b>	<b>-4,313</b>	<b>0</b>	<b>65,965</b>	<b>77,557</b>	<b>85,503</b>

# Consolidated Statement of Equity Changes

AS OF 31 DECEMBER 2022

(EUR thousand)	EQUITY OF THE PARENT COMPANY					NON- CONTROLLING INTERESTS	CONSOLI- DATED EQUITY
	Subscribed capital	Capital reserves	Equity difference from currency translation	Consolidated balance sheet profit	Total	Profit/loss attributable to non-controlling interests	Total
<b>Balance on 1 Jan. 2021</b>	<b>200</b>	<b>43,422</b>		<b>62,112</b>	<b>105,734</b>	<b>15,015</b>	<b>120,749</b>
Consolidated net profit				8,218	<b>8,218</b>	6,217	<b>14,435</b>
Currency translation			-10		<b>-10</b>		<b>-10</b>
Distributions				-2,500	<b>-2,500</b>	-1,625	<b>-4,125</b>
Other changes				6	<b>6</b>		<b>6</b>
<b>Balance on 31 Dec. 2021</b>	<b>200</b>	<b>43,422</b>	<b>-10</b>	<b>67,836</b>	<b>111,448</b>	<b>19,607</b>	<b>131,055</b>
<b>Balance on 1 Jan. 2022</b>	<b>200</b>	<b>43,422</b>	<b>-10</b>	<b>67,836</b>	<b>111,448</b>	<b>19,607</b>	<b>131,055</b>
Consolidated net profit				7,055	<b>7,055</b>	5,185	<b>12,240</b>
Currency translation			-3		<b>-3</b>		<b>-3</b>
Distributions				-2,200	<b>-2,200</b>	-3,089	<b>-5,289</b>
Effects from the increase in shareholdings		-664			<b>-664</b>	-960	<b>-1,624</b>
<b>Balance on 31 Dec. 2022</b>	<b>200</b>	<b>42,758</b>	<b>-13</b>	<b>72,691</b>	<b>115,636</b>	<b>20,743</b>	<b>136,379</b>



» We are realigning the digitization process for the HÖRMANN companies across the Group – this applies to both internal and external digitization. Only if we implement these in parallel and in a balanced manner can we as the HÖRMANN Group exploit our potential in digitization, create growth and further increase competitiveness. «

CHRISTIAN BAUR, CTO





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 2022 financial year were prepared in accordance with the provisions of German commercial law for corporations and the supplementary provisions of the law concerning the Gesellschaften mit beschränkter Haftung (GmbHG – German Limited Liability Companies Act).

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

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

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

2. Consolidated group

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

LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF HÖRMANN INDUSTRIES GMBH BY WAY OF FULL CONSOLIDATION as at 31 December 2022	Equity portion (EUR thousand)	Total equity (EUR thousand)	Overall net income/loss (EUR thousand)	Interest (in %)
<b>Automotive division</b>				
HÖRMANN Automotive GmbH, Kirchseeon <sup>1</sup>	10,390.6	10,390.6	0.0	100.00 %
HÖRMANN Automotive Saarbrücken GmbH, Saarbrücken <sup>1</sup>	4,570.6	4,570.6	0.0	100.00 %
HÖRMANN Automotive Eislingen GmbH, Ebersbach a. d. Fils <sup>1</sup>	378.0	378.0	0.0	100.00 %
HÖRMANN Automotive St. Wendel GmbH, St. Wendel <sup>1</sup>	4,190.8	4,190.8	0.0	100.00 %
HÖRMANN Automotive Wackersdorf GmbH, Wackersdorf <sup>1</sup>	1,960.9	1,960.9	0.0	100.00 %
HÖRMANN Automotive Assets GmbH, Kirchseeon	–3,782.8	–3,782.8	–123.5	100.00 %
HÖRMANN Automotive Gustavsborg GmbH, Ginsheim-Gustavsborg	18,124.0	18,124.0	2,272.9	100.00 %
HÖRMANN Automotive Slovakia s. r. o., Bánovce, Slovakia	3,456.3	3,456.3	–944.9	100.00 %
Versorgungswerk HÖRMANN Automotive Gustavsborg e. V., Ginsheim-Gustavsborg	–3,730.2	–3,730.2	–811.8	100.00 %
<b>Intralogistics division</b>				
HÖRMANN Intralogistics GmbH, Kirchseeon	9,640.6	9,640.6	–322.9	100.00 %
HÖRMANN Logistik GmbH, Munich <sup>1</sup>	5,672.9	6,035.0	0.0	94.00 %
HÖRMANN Logistik Polska Sp. z o. o., Gdansk, Poland	26.5	26.5	–105.9	100.00 %
HÖRMANN Logistik Czech Republic s. r. o., Prague, Czech Republic	160.3	160.3	0.9	100.00 %
HÖRMANN Klatt Conveyors GmbH (formerly Klatt Fördertechnik GmbH), Neumarkt am Wallersee, Austria	1,647.4	3,230.2	1,239.2	51.00 %
HÖRMANN Logistik Systeme GmbH, Graz, Austria	–794.5	–794.5	–829.5	100.00 %
HÖRMANN Services GmbH, Kirchseeon <sup>1</sup>	193.3	193.3	0.0	100.00 %
HÖRMANN Industrieservice GmbH, Lehre	157.5	157.5	–1,264.8	100.00 %
MAT Maschinentechnik GmbH, Salzgitter	351.0	351.0	324.0	100.00 %
HÖRMANN Intralogistics Services GmbH (formerly HÖRMANN Automationsservice GmbH), Salzgitter	38.1	38.1	–812.0	100.00 %
HÖRMANN Energy Solutions GmbH (formerly HÖRMANN Charging Solutions GmbH), Wolfsburg	22.2	22.2	–1.2	100.00 %

LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF HÖRMANN INDUSTRIES GMBH BY WAY OF FULL CONSOLIDATION as at 31 December 2022	Equity portion (EUR thousand)	Total equity (EUR thousand)	Overall net income/loss (EUR thousand)	Interest (in %)
<b>Engineering division</b>				
HÖRMANN BauPlan GmbH, Chemnitz <sup>1</sup>	1,382.3	1,382.3	0.0	100.00 %
HÖRMANN Rawema Engineering & Consulting GmbH, Chemnitz <sup>1</sup>	518.4	518.4	0.0	100.00 %
VacuTec Meßtechnik GmbH, Dresden <sup>1</sup>	6,766.3	7,518.1	0.0	90.00 %
HÖRMANN Vehicle Engineering GmbH, Chemnitz	2,065.4	2,065.4	238.2	100.00 %
<b>Communication division Communication system segment</b>				
Funkwerk AG, Kölleda	26,094.4	33,454.8	14,818.3	78.00 %
Funkwerk Systems GmbH, Kölleda <sup>1</sup>	15,933.1	15,933.1	0.0	100.00 %
Funkwerk StatKom GmbH, Kölleda	248.7	248.7	120.2	100.00 %
Funkwerk Systems Austria GmbH, Vienna, Austria	–1,839.4	–1,839.4	19.0	100.00 %
Funkwerk Technologies GmbH, Kölleda	56,174.8	56,174.8	19,696.6	100.00 %
Funkwerk video systeme GmbH, Nuremberg	–41,807.7	–41,807.7	189.9	100.00 %
Funkwerk plettac electronic GmbH, Nuremberg <sup>2</sup>	25.0	25.0	0.0	100.00 %
FunkTech GmbH, Kölleda <sup>1</sup>	513.0	513.0	0.0	100.00 %
Funkwerk IoT GmbH, Kölleda	–1,028.2	–1,028.2	–40.3	100.00 %
Funkwerk vipro.sys GmbH, Leipzig	197.7	197.7	1.7	100.00 %
HÖRMANN Kommunikation & Netze GmbH, Kirchseeon <sup>1</sup>	6,973.4	6,973.4	0.0	100.00 %
euromicron AG in Insolvenz, Neu-Isenburg <sup>3</sup>	–12,584.6	–81,930.8	–143,172.8	15.36 %
<b>Communication service division</b>				
HÖRMANN Warnsysteme GmbH, Kirchseeon <sup>1</sup>	2,360.5	3,147.7	0.0	74.99 %
HÖRMANN KMT Kommunikations- und Meldetechnik GmbH, Salzburg, Austria	610.7	610.7	278.5	100.00 %
<b>Holdings, other companies</b>				
HÖRMANN Digital GmbH, Kirchseeon <sup>1</sup>	–214.1	–214.1	0.0	100.00 %

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

<sup>1</sup> Net/income loss after profits transfer

<sup>2</sup> Provisional

<sup>3</sup> Net income/loss for 2019

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

HÖRMANN Logistik Systeme GmbH, Graz, Austria, was established on 30 November 2021 and consolidated for the first time effective 31 March 2022. 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 2022.

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	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. s r. 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 Finance & Accounting GmbH, Kirchseeon	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 2022. 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 2022, HÖRMANN Industries GmbH, Kirchseeon, has voluntarily prepared consolidated financial statements comprising a consolidated balance sheet, a consolidated income statement, a consolidated cash flow statement, a 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 intercompany profits were eliminated.

Deferred tax assets and liabilities arising as a result of consolidation adjustments are accounted for at the level of HÖRMANN Industries GmbH, Kirchseeon, using a tax rate of 30.52% and at the level of Funkwerk AG, Köllda, using a tax rate of 29.58%, whereas deferred taxes from Group companies are measured using a uniform corporate income tax rate (including solidarity surcharge) of 15.83% and an individual trade tax rate dependent on the tax rate applied of 13.76% on average. The resulting tax expenses are offset against tax income.

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

5. Negative goodwill

The ‘Goodwill’ item includes the goodwill from the first-time consolidation of Funkwerk AG, Köllda, as at 1 October 2016. Its value was EUR 3,410 thousand as at 31 December 2022 (previous year: EUR 4,320 thousand). It is being written down over a ten-year period. Goodwill was written down pro rata by EUR 910 thousand in the 2022 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 173 thousand as at 31 December 2022 (previous year: EUR 217 thousand). This resulted in a pro rata write-down of EUR 44 thousand in the 2022 financial year.

As at 31 December 2022, MAT Maschinentechnik GmbH, Salzgitter, generated qualifying goodwill of EUR 274 thousand (previous year: EUR 329 thousand). This was written down by EUR 55 thousand in the 2022 financial year. It is being written down over a ten-year period.

As at 31 December 2022, HÖRMANN Klatt Conveyors GmbH (formerly Klatt Fördertechnik GmbH), Neumarkt am Wallersee, Austria, generated qualifying goodwill of EUR 3,261 thousand (previous year: EUR 3,782 thousand). This was written down by EUR 521 thousand in the 2022 financial year. It is being written down over a ten-year period.

As at 31 December 2022, Funkwerk vipro.sys GmbH, Leipzig, generated qualifying goodwill of EUR 122 thousand (previous year: EUR 183 thousand). This was written down by EUR 61 thousand in the 2022 financial year (including catch-up depreciation for the months September to December 2021 in the amount of EUR 15 thousand). 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	
		2022	2021	2022	2021
Polen	PLN	0.21364	0.21754	0.21340	0.21905
Czech Republic	CZK	0.04147	0.04022	0.04071	0.03900

7. Accounting policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Deferred tax assets** are recognised in the amount that it is probable that they will lead to tax relief in future financial years. **Deferred tax liabilities** are recognised for future tax charges. Deferred tax assets were reported as at 31 December 2022. Where possible, deferred tax assets and liabilities are offset in accordance with the option provided by section 274 HGB in conjunction with section 306 HGB.

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

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

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

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

**Subscribed capital** is carried at its nominal amount.

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

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

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

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

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

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



**Liabilities to banks** are recognized at the settlement amount.

**Liabilities** are carried at their settlement amount.

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

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

**B. NOTES TO THE CONSOLIDATED BALANCE SHEET**

**1. Consolidated statement of changes in fixed assets**

Assets recognised as fixed assets were written down to the lower fair value if necessary. The amount of unscheduled depreciation is disclosed in the notes to the income statement.

Research and development costs amounted to EUR 10.9 million in the past 2022 financial year (previous year: EUR 10.7 million). In the 2022 financial year, no internally generated intangible assets or research and development costs were capitalised.

The development of fixed assets in the financial year is shown on pages 88/89.

**2. Inventories**

Payments received on account of orders of EUR 103,881 thousand (previous year: EUR 110,482 thousand) were deducted from inventories on the face of the balance sheet.

**3. Receivables and other assets**

Trade receivables of EUR 18 thousand (previous year: EUR 492 thousand) have a remaining term of more than one year.

Other assets of EUR 1,156 thousand (previous year: EUR 220 thousand) have a remaining term of more than one year.

Receivables from affiliated companies include trade receivables of EUR 3,973 thousand (previous year: EUR 388 thousand), EUR 2,500 thousand from loans, and EUR 8,545 thousand (previous year: EUR 11,346 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 2022 financial year is shown in the consolidated statement of changes in equity on page 90.

Retained profits brought forward were EUR 65,636 thousand in the 2021 financial year (previous year: EUR 59,618 thousand).

The change in capital reserves amounting to EUR -664 thousand results from the acquisition of several minority interests in fully consolidated companies in the financial year.

**6. Provisions**

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

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

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

The settlement of pension provisions is EUR 22,928 thousand (previous year: EUR 37,105 thousand). This is offset against assets of EUR 2,105 thousand (previous year: EUR 2,002 thousand) that are exclusively reserved for pension obligations. Plan assets in excess of the settlement amount of EUR 163 thousand (previous year: EUR 64 thousand) were reported on the assets side of the balance sheet as the 'Excess of plan assets over pension liabilities'.

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

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

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

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

The indirect pension obligations are underfunded in accordance with Article 28(1) Sentence 2 EGHGB. The underfunding amounts to EUR 8,246 thousand as at 31 December 2022 (Article 28(2) EGHGB).

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

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

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

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

7. Liabilities

Liabilities are reported at settlement amount. The remaining terms are are presented below in the consolidated maturity structure of liabilities.

Liabilities to affiliated companies comprise EUR 4,129 thousand (previous year: EUR 3,960 thousand) from trade payables.

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

CONSOLIDATED  
MATURITY STRUCTURE  
OF LIABILITIES  
AS AT 31 DECEMBER 2022  
(EUR thousand)

REMAINING TERM

	up to one year	more than one year	thereof more than five years	Total 31 Dec. 2022	thereof secured
1. Bonds	0	50,000	0	50,000	0
Previous year	0	50,000	0	50,000	0
2. Liabilities to banks	3,431	4,375	0	7,806	0
Previous year	2,500	6,875	0	9,375	0
3. Trade payables	52,704	0	0	52,704	0
Previous year	40,068	0	0	40,068	0
4. Liabilites to affiliated companies	4,129	0	0	4,129	0
Previous year	4,255	0	0	4,255	0
thereof to shareholders	3,157	0	0	3,157	0
Previous year	3,117	0	0	3,117	0
5. Other liabilities	14,370	0	0	14,370	0
Previous year	12,369	0	0	12,369	0
therof from taxes	7,343	0	0	7,343	0
Previous year	5,900	0	0	5,900	0
thereof for social security	1,905	0	0	1,905	0
Previous year	1,318	0	0	1,318	0
thereof to shareholders	308	0	0	308	0
Previous year	375	0	0	375	0
Financial year	74,634	54,375	0	129,009	0
Previous year	59,192	56,875	0	116,067	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 30.52%, 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.

C. CONSOLIDATED INCOME STATEMENT DISCLOSURES

1. Total sales

	2022 (EUR million)	2021 (EUR million)
Sales, domestic	477	395
Sales, international	209	195
Total	686	590

Divisions

Automotive	404	333
Intralogistics	79	0
Engineering	22	68
Services	0	17
Communication	180	170
Holdings	1	2
Gesamt	686	590

Compared with the previous year, the Services division and individual companies of the Engineering division were integrated into the newly created Intralogistics division. As a result, no sales are reported for the Services division and lower sales for the Engineering division.

2. Other operating income

Operating income includes prior-period income of EUR 8,503 thousand (previous year: EUR 5,291 thousand), EUR 7,932 thousand (previous year: EUR 3,640 thousand) of which relates to the reversal of provisions and EUR 380 thousand (previous year: EUR 1,651 thousand) to other prior-period income. Other operating income also includes income from currency translation of EUR 191 thousand (previous year: EUR 196 thousand).

3. Other operating expenses

Other operating expenses include prior-period expenses of EUR 551 thousand (previous year: EUR 1,023 thousand). These include repayments of compensation under reduced working hours of EUR 0 thousand (previous year: EUR 575 thousand), expenses from debt waivers of EUR 333 thousand (previous year: EUR 0 thousand) and other expenses of EUR 218 thousand (previous year: EUR 448 thousand).

4. Taxes on income

Taxes on income include prior-period tax expenses of EUR 123 thousand (previous year: EUR 610 thousand) and prior-period tax income of EUR 17 thousand (previous year: EUR 215 thousand).

5. Significant events after the balance sheet date

There were no significant events after the end of the financial year that are not reflected in the income statement or balance sheet.



D. OTHER DISCLOSURES

1. Contingent liabilities and other financial obligations

a.) Contingent liabilities

There are contingent liabilities of EUR 2.4 million in accordance with section 251 in conjunction with section 268(7) HGB from guarantees issued for liabilities.

Furthermore, HÖRMANN Industries GmbH, Kirchseeon, together with HÖRMANN Automotive GmbH, Kirchseeon, are liable as co-borrowers and joint debtors for a guarantee granted by Commerzbank AG, Frankfurt am Main, to HÖRMANN Holding GmbH & Co. KG, Kirchseeon, and HÖRMANN Industries GmbH, Kirchseeon, up to an amount of EUR 0.5 million until further notice. EUR 0.5 million of this guarantee facility had been utilised as at 31 December 2022. 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 48.5 million. Other financial obligations of EUR 8.9 million have a remaining term of up to one year, EUR 34.0 million have a remaining term of between one and five years and EUR 5.6 million have a remaining term of more than five years.

2. Related party transactions

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

3. Auditor's fees

	2022
	(in EUR thousand)
Audits of financial statements	683
Other assurance or valuation services	0
Tax advisory services	373
Other services	126
Total	1,182

In addition to the above fees for audit services, the fees of the auditor's network within the European Union amount to EUR 61 thousand.

4. Management

- ♦ Dr. Ing. Michael Radke, engineer
- ♦ Mr Johann Schmid-Davis, business administration graduate
- ♦ Dr. Ing. Christian E. Baur, engineer, from 18 July 2022

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

With reference to section 286 (4) HGB, no information is provided on the remuneration of the managing directors.

5. Employees

Without trainees and managing directors, there were 2,876 employees on average in the 2022 financial year (previous year 2,787). The average number of trainees was 84 (previous year: 82).

Average number of employees by group:

Group	2022
Production	1,996
Sales/Project Management	296
Development	344
Administration	240
Total	2,876

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, München, HÖRMANN BauPlan GmbH, Chemnitz, VacuTec Meßtechnik GmbH, Dresden, HÖRMANN Rawema Engineering & Consulting GmbH, Chemnitz, HÖRMANN Digital GmbH, Kirchseeon, and HÖRMANN Services GmbH, Kirchseeon, exercise the exemption regarding the disclosure of their annual financial statements in accordance with section 325 HGB and, if necessary, the provisions regarding the preparation of notes or a management report in accordance with section 264(3) HGB.

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 statements of HÖRMANN Holding GmbH & Co. KG, Kirchseeon, the parent company with the largest consolidated group. The consolidated financial statements of HÖRMANN Holding GmbH & Co. KG, Kirchseeon, are filed with and disclosed by the Federal Gazette.

E. CONSOLIDATED CASH FLOW STATEMENT

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

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

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

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

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, 26 April 2023  
HÖRMANN Industries GmbH



Dr.-Ing. Michael Radke



Johann Schmid-Davis



Dr.-Ing. Christian E. Baur

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), comprising the consolidated balance sheet as at 31 December 2022, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from 1 January to 31 December 2022, and the notes to the consolidated financial statements, including the presentation of the accounting policies and valuation principles.

In addition, we have audited the group management report of HÖRMANN Industries GmbH for the financial year from 1 January 2022 to 31 December 2022.

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 2022 and of its financial performance for the financial year from 1 January 2022 to 31 December 2022 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 regulations and guidelines are further described in the 'AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT' section of our 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 (i.e. manipulation of accounting and asset misappropriation) 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.
- ◆ We evaluate the appropriateness of the accounting policies used by the executive directors and the reasonableness of the estimated values presented by the executive directors and the associated 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 consistency of the Group management report with the consolidated financial statements, its legal compliance and presentation of the Group's position.
- ◆ 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, 26 April 2023

BDO AG  
Wirtschaftsprüfungsgesellschaft

# Values of HÖRMANN Group





More information on our sustainability activities  
can be found in the Sustainability Report 2022  
of the HÖRMANN Group:

[www.hoermann-gruppe.com/en/company/sustainability](http://www.hoermann-gruppe.com/en/company/sustainability)

## Imprint

### **HÖRMANN Industries GmbH**

Hauptstraße 45–47  
85614 Kirchseeon  
Germany

### **Responsible**

Dr.-Ing. Michael Radke, CEO  
Johann Schmid-Davis, CFO  
Dr.-Ing. Christian Baur, CTO

### **Accounting & Controlling**

Andreas Wolfrum

### **Marketing & Communication**

Celina Begolli

### **Investor Relations**

IR.on AG, Cologne

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Kochan & Partner GmbH, Munich

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HÖRMANN Industries GmbH  
Hauptstraße 45–47 / 85614 Kirchseeon  
T +49 8091 5630-0 / F +49 8091 5630-195

[www.hoermann-gruppe.com](http://www.hoermann-gruppe.com)