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2022

INDUS  
HOLDING AG

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INTERIM  
REPORT Q3  
2022

[INDUS]

# Highlights

in EUR million	Q1-Q3 2022	Q1-Q3 2021
Sales	1,434.9	1,296.4
EBITDA	146.1	157.1
Adjusted EBIT	92.7	86.8
Adjusted EBIT margin (in %)	6.5	6.7
Adjustments (SMA and impairment tests)	-81.5	-8.2
EBIT	11.2	78.6
EBIT margin (in %)	0.8	6.1
Group net income for the year (earnings after taxes)	-29.8	39.4
Earnings per share (in EUR)	-1.13	1.48
Operating cash flow	0.1	74.1
Cash flow from operating activities	-13.9	59.8
Cash flow from investing activities	-90.4	-105.4
Cash flow from financing activities	98.8	14.4
	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Total assets	2,031.1	1,857.4
Equity	761.1	787.5
Equity ratio (in %)	37.5	42.4
Working capital	618.1	457.5
Net debt	646.8	504.2
Cash and cash equivalents	130.8	136.3
Portfolio companies (number as of reporting date)	48	46

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## INDUS Group operating business performing well

- Plus in sales of 10.7% in the first nine months of 2022
- EBIT adjusted for non-cash effects up on previous year
- Impairments mainly due to higher cost of capital and SMA expenses: one-time effects impact EBIT

## SHARE PRICE PERFORMANCE OF THE INDUS SHARE JANUARY TO OCTOBER 2022 EXCL. DIVIDENDS

(in %)



Source: Bloomberg

— INDUS Holding AG — DAX Price Index — SDAX Price Index

# Letter to the Shareholders

## Dear Shareholders,

The third quarter of the 2022 financial year is now behind us, a quarter where our Group again performed well overall. Our portfolio companies were able to further increase sales in the first nine months of 2022. Adjusted EBIT, with non-cash-effective one-time effects deducted, is stable – despite the challenging overall economic environment. The EBIT margin before impairment in the three largest segments – Construction/Infrastructure, Engineering, and Metals Technology – continues to develop well.

Two major non-cash effects have dominated the results in the third quarter of 2022:

As previously announced, our portfolio company SMA applied for the initiation of self-administration proceedings on October 24, 2022. SMA was unfortunately unable to achieve the necessary adjustments to existing supply agreements during long negotiations with its major customers. This will lead to the recognition of non-cash expenses of around EUR 61 million in the 2022 financial year – EUR 37.1 million of this amount has already been recognized in these quarterly financial statements. The good news is that the ongoing operating losses in the Automotive Technology segment will decrease significantly from October 24, 2022, as INDUS will no longer bear the operating losses of SMA from this time. SMA was responsible for more than half of the operating losses in the Automotive Technology segment in the current year.

As part of the planning for the coming year, we performed the annual impairment test to evaluate goodwill. The ECB is countering the record inflation in the euro area with a historic interest rate increase to 2.0%. This has led to sharp increases in the cost of capital in recent weeks, which is based on market parameters and used to evaluate the portfolio companies. Some corporate planning has been more cautious due to macroeconomic uncertainties, which has resulted in non-cash impairment, mainly on goodwill, of EUR 39.8 million in total.

Looking at the Group's operating activities in isolation, the outlook is much brighter: sales climbed 10.7% to EUR 1,434.9 million. This compensated for the decrease in sales of approximately EUR 38 million from the sale of the WIESAUPLAST Group. The positive development of the Construction/Infrastructure, Engineering and Metals Technology segments, our three largest segments, has led to a good operating performance for the whole Group – despite the known losses in the Automotive Technology

segment and the more restrained developments in the Medical Engineering/Life Science segment. Adjusted for impairment expenses in connection with the application for the initiation of self-administration proceedings at SMA, expenses from impairment testing and other non-operating effects, our portfolio companies generated adjusted EBIT of EUR 92.7 million. Our operating results are thus higher than in the same period of the previous year (EUR 86.8 million).

Excluding all one-time effects, we anticipate adjusted EBIT will range between EUR 115 million and EUR 130 million for the whole of 2022. Including the effects mentioned and based on EBIT of EUR 11.2 million in the first nine months, we have adjusted our EBIT forecast for the 2022 financial year. We now anticipate a figure between EUR 15 million and EUR 30 million. Our sales forecast remains unchanged at between EUR 1.9 billion and EUR 2.0 billion.

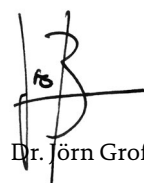
Dear shareholders, we have worked intensely on refining our PARKOUR strategy in recent months – always with a firm eye on our 2025 targets. In light of the geopolitical disturbances, the energy crisis, and the corresponding macroeconomic challenges, it is particularly important that we now set out the path for successful developments in the coming years. We have taken the steps necessary to eliminate the high losses in the Automotive Technology segment recorded over the past few years. With the deconsolidation of SMA, the weight of the series suppliers in the segment will continue to be significantly reduced – this gives us the ability to keep pushing the Group's organic growth and to increase the focus of our portfolio on growth industries through new acquisitions. We will provide more information regarding the development of our strategy in the coming weeks and are looking forward to a lively discussion with you all.

Thank you for confidence in us. Yours sincerely,

Bergisch Gladbach, November 2022



Dr. Johannes Schmidt



Dr. Jörn Großmann



Axel Meyer



Rudolf Weichert

# Interim Management Report

## Performance of the INDUS Group in the First Nine Months of 2022

### CONSOLIDATED STATEMENT OF INCOME

(in EUR million)

	Q1-Q3 2022	Q1-Q3 2021	Difference		Q3 2022	Q3 2021	Difference	
			absolute	in %			absolute	in %
<b>Sales</b>	<b>1,434.9</b>	<b>1,296.4</b>	<b>138.5</b>	<b>10.7</b>	<b>490.0</b>	<b>446.1</b>	<b>43.9</b>	<b>9.8</b>
Other operating income	18.9	10.4	8.5	81.7	7.8	2.0	5.8	>100
Own work capitalized	4.1	3.3	0.8	24.2	2.6	0.6	2.0	>100
Change in inventories	44.9	24.1	20.8	86.3	6.3	8.1	-1.8	-22.2
<b>Overall performance</b>	<b>1,502.8</b>	<b>1,334.2</b>	<b>168.6</b>	<b>12.6</b>	<b>506.7</b>	<b>456.9</b>	<b>49.8</b>	<b>10.9</b>
Cost of materials	-746.3	-616.8	-129.5	-21.0	-253.4	-213.9	-39.5	-18.5
Personnel expenses	-415.6	-394.4	-21.2	-5.4	-140.5	-131.5	-9.0	-6.8
Other operating expenses	-194.8	-165.9	-28.9	-17.4	-69.2	-56.9	-12.3	-21.6
<b>EBITDA</b>	<b>146.1</b>	<b>157.1</b>	<b>-11.0</b>	<b>-7.0</b>	<b>43.6</b>	<b>54.6</b>	<b>-11.0</b>	<b>-20.1</b>
Depreciation/amortization	-73.3	-70.3	-3.0	-4.3	-24.7	-24.2	-0.5	-2.1
Impairment	-61.6	-8.2	-53.4	<-100	-58.8	-8.1	-50.7	<-100
<b>Operating income (EBIT)</b>	<b>11.2</b>	<b>78.6</b>	<b>-67.4</b>	<b>-85.8</b>	<b>-39.9</b>	<b>22.2</b>	<b>-62.1</b>	<b>&lt;-100</b>
Financial income	-15.6	-15.0	-0.6	-4.0	-5.5	-5.2	-0.3	-5.8
<b>Earnings before taxes (EBT)</b>	<b>-4.4</b>	<b>63.6</b>	<b>-68.0</b>	<b>&lt;-100</b>	<b>-45.4</b>	<b>17.0</b>	<b>-62.4</b>	<b>&lt;-100</b>
Income taxes	-25.4	-24.2	-1.2	-5.0	-5.1	-6.5	1.4	21.5
<b>Earnings after taxes</b>	<b>-29.8</b>	<b>39.4</b>	<b>-69.2</b>	<b>&lt;-100</b>	<b>-50.5</b>	<b>10.5</b>	<b>-61.0</b>	<b>&lt;-100</b>
of which attributable to non-controlling shareholders	0.5	0.5	0.0	0.0	0.2	0.1	0.1	>100
of which attributable to INDUS shareholders	-30.3	38.9	-69.2	<-100	-50.7	10.4	-61.1	<-100
<b>Earnings per share</b>	<b>-1.13</b>	<b>1.48</b>	<b>-2.61</b>	<b>&lt;-100</b>	<b>-1.96</b>	<b>0.39</b>	<b>-2.35</b>	<b>&lt;-100</b>

## Operating Business Performance

Sales in the INDUS portfolio companies rose 10.7% in the first three quarters of 2022 against the same period of the previous year. In the reporting period, portfolio companies generated sales of EUR 1,434.9 million. This equates to an increase of EUR 138.5 million in comparison with the previous year (EUR 1,296.4 million).

The highest increase (22.0%) was achieved in the Engineering segment. At 17.5%, sales also rose significantly in the Construction/Infrastructure segment. This was primarily the result of the acquisition of HEIBER + SCHRÖDER and HELD in the current year (both assigned to the Engineering segment) and the acquisition of WIRUS (Construction/Infrastructure segment), TECALEMIT Inc., and FLACO (Engineering) in the previous year. Revenue in the Medical Engineering/Life Science and Metals Technology segments also rose by 5.4% and 8.5% respectively. Only the Auto-

motive Technology segment recorded a drop in revenue (-10.8%). This decrease is exclusively due to the sale of the WIESAUPLAST Group at the end of 2021, however. The other companies in the Automotive Technology segment recorded growth in sales. Overall the INDUS Group grew 2.4% inorganically and 8.3% organically.

## Adjusted Operating Income

Operating income (EBIT) was negatively affected by expenses from value adjustments in connection with SMA applying for the initiation of self-administration proceedings in the amount of EUR 37.1 million and expenses from impairment testing in the amount of EUR 44.4 million (Q1: EUR 4.6 million; Q3: EUR 39.8 million). Without these effects, adjusted EBIT amounts to EUR 92.7 million (previous year: EUR 86.8 million) and the adjusted EBIT margin is 6.5% (previous year: 6.7%).

in EUR million	<u>Q1-Q3 2022</u>	<u>Q1-Q3 2021</u>	<u>Q3 2022</u>	<u>Q3 2021</u>
<b>Operating Income (EBIT)</b>	<b>11.2</b>	<b>78.6</b>	<b>-39.9</b>	<b>22.2</b>
SMA adjustments*	37.1	0.0	37.1	0.0
Impairment testing adjustments**	44.4	8.2	39.8	8.2
<b>Total adjustments</b>	<b>81.5</b>	<b>8.2</b>	<b>76.9</b>	<b>8.2</b>
<b>Adjusted EBIT</b>	<b>92.7</b>	<b>86.8</b>	<b>37.0</b>	<b>30.4</b>
<b>Adjusted EBIT margin</b>	<b>6.5</b>	<b>6.7</b>	<b>7.6</b>	<b>6.8</b>

\* Expenses from value adjustments in connection with the application for the initiation of self-administration proceedings at SMA

\*\* Expenses from impairment testing (Q1 and Q3)

In the third quarter alone, adjusted operating income (EBIT) amounted to EUR 37.0 million (previous year: EUR 30.4 million). The adjusted EBIT margin in the third quarter was 7.6% against 6.8% in the same period of the previous year.

Overall, the three INDUS segments Construction/Infrastructure, Engineering and Metals Technology performed very well in the first three quarters of 2022, despite the difficult macroeconomic situation. The Medical Engineering/Life Science segment is negatively impacted by the general increases in prices. This segment was again able to increase sales but reported a decrease in adjusted operating income (EBIT). The Automotive Technology segment is experiencing the most serious impacts from the current increases in the cost of materials and supply chain problems.

## Application for the Initiation of Self-administration Proceedings at SMA

With the approval of the Supervisory Board, the Board of Management decided on September 23, 2022, to drastically reduce INDUS' financial engagement in the portfolio company SMA and to limit engagement until the end of October 2022. Prior to this decision, SMA was in intense negotiations with its major customers regarding the adjustment of existing contracts due to changes in the basis of these contracts as a result of macroeconomic developments. SMA was not able to achieve the necessary adjustments in the existing supply agreements. On October 24, 2022, therefore, the management of SMA went into administration with the aim of restructuring the company. In total, this is expected to result in expenses for the full year 2022 of approximately EUR 61 million. In the financial statements as of September 30, 2022, expenses in the amount of EUR 37.1 million were recognized in profit or loss. As part of the deconsolidation of SMA due to the company going into administration on October 24, 2022, further expenses in the amount of around EUR 23.9 million are expected. As of September 30, 2022, SMA was responsible for more than half of the operating loss (EBIT) in the Automotive Technology segment. Further operating losses will no longer be incurred due to SMA from October 24, 2022.

## Impairment

EUR 39.8 million of the total impairment of EUR 61.6 million (previous year: EUR 8.2 million) is due to the annual impairment test as of September 30, 2022. EUR 37.8 million of this amount related to goodwill (previous year: EUR 2.3 million) and EUR 2.0 million to intangible assets. Another EUR 21.8 million related to the impairment of fixed assets at SMA. Impairment losses of EUR 8.2 million were recognized in the previous year.

## Operating Income (EBIT)

Following the above effects, operating income (EBIT) amounted to EUR 11.2 million and was down by EUR 67.4 million on the previous year's figure. The EBIT margin came to 0.8% (previous year: 6.1%). Looking at the third quarter in isolation, operating income (EBIT) amounted to EUR -39.9 million and was therefore, again due to the above effects, clearly under the previous-year figure (EUR 22.2 million). The EBIT margin in the third quarter was -8.1% (previous year: 5.0%).

Financial income decreased by EUR 0.6 million to EUR -15.6 million. Financial income includes net interest, income from shares accounted for using the equity method and other financial income. Measurements of non-controlling shareholders are reported in the other financial income item.

At EUR -4.4 million, earnings before taxes (EBT) in the first nine months of the year was significantly lower than the previous year's figure (EUR 63.6 million). Tax expenses rose slightly to EUR 25.4 million as against EUR 24.2 million in the previous year. The reason for the relatively high tax expenses in relation to pre-tax earnings was primarily the losses in the Automotive Technology segment, which could not or could only partially be deducted for tax purposes. Before the interests attributable to non-controlling shareholders were deducted, earnings after taxes amounted to EUR -29.8 million (previous year: EUR 39.4 million). Earnings per share came to EUR -1.13, following EUR 1.48 in the previous year.

During the first nine months of 2022, the INDUS Group companies employed 10,680 people on average (previous year: 10,828 employees).

## Acquisition of HEIBER + SCHRÖDER

By contract dated December 17, 2021, INDUS Holding AG acquired 100% of the shares in Heiber+Schröder Maschinenbau GmbH (HEIBER + SCHRÖDER) in Erkrath. HEIBER + SCHRÖDER is an SME provider of special machinery for the cardboard industry, supplying its products to packaging manufacturers worldwide, especially suppliers to the food, cosmetics, household goods and toy sectors. Heiber + Schröder Maschinenbau GmbH has a subsidiary, Heiber Schroeder USA Inc., based in Cary, Illinois. HEIBER + SCHRÖDER was assigned to the Engineering segment. The economic transfer (closing) took place on April 8, 2022. The company was consolidated for the first time from April 1, 2022.

## Acquisition of HELD

By way of a contract dated May 18, 2022, INDUS acquired 70% of the shares in HELD Industries GmbH (HELD), Heusenstamm. HELD is a medium-sized provider of customized machinery and equipment for laser cutting and welding technology. Two of the application areas of HELD Group's systems are in the technical textiles industry, especially in the production of woven airbag covers, and the metals processing industry. The economic transfer took place on May 18, 2022. The initial consolidation of HELD took place on May 1, 2022.

## Acquisition of Remaining Shares

As scheduled, INDUS acquired the shares of an existing shareholder in MESUTRONIC Gerätebau GmbH, Kirchberg im Wald, in June 2022. By acquiring shares amounting to 5.0%, INDUS was able to increase the amount of shares it holds in the company to 94.9%. MESUTRONIC produces equipment for metal and foreign body detection and has been part of the INDUS Group since 2019.

With the contract dated June 1, 2022, INDUS acquired the remaining 6.6% of shares in M+P International Mess- und Rechnertechnik GmbH, Hanover, and now holds 100% of the shares in the company. The M+P Group has been part of the INDUS Group since 2017 and supplies measurement and test systems for vibration testing.

Effective January 1, 2022, M.BRAUN Inertgas-Systeme GmbH & Co. KG, Garching, acquired 25% of CREAPHYS GmbH, Dresden. With this acquisition, M.BRAUN now holds all of the shares in CREAPHYS. CREAPHYS has been part of the INDUS Group since 2016 and designs high-vacuum systems and components for thin-layer application, vacuum sublimation systems and thermal evaporators.

# Segment Reporting

INDUS Holding AG divides its investment portfolio into five segments: Construction/Infrastructure, Automotive Technology, Engineering, Medical Engineering/Life Science and Metals Technology. As of September 30, 2022, our investment portfolio encompassed 48 operating units.

## Construction/Infrastructure

### WIRUS Makes Positive Contribution to Solid Segment Earnings

Segment sales in the Construction/Infrastructure segment amounted to EUR 397.0 million and were therefore EUR 59.0 million (17.5%) higher in a year-over-year comparison. Growth in sales is attributable to inorganic growth of 6.7% through the acquisition of WIRUS and to organic growth of 10.8%. The majority of the segment's portfolio companies contributed to the organic growth in sales.

At EUR 59.6 million, operating income (EBIT) before impairment was up 10.0% on the previous year's figure (EUR 54.2 million). At 15.0% (previous year: 16.0%), the EBIT margin before impairment once again reached an outstanding level and remains at the upper end of the target range of 13% to 15%.

The annual impairment testing led to the recognition of goodwill impairments of EUR 12.7 million. This was due in particular to a sharp rise in the cost of capital as a result of market parameters. As a result of impairments, operating income (EBIT) fell in comparison with the previous year by EUR 7.3 million (13.5%) to EUR 46.9 million (previous year: EUR 54.2 million).

Higher material prices and supply chain issues had a negative impact on the Construction/Infrastructure segment. In the first nine months of the year, however, companies in the segment were able to largely cushion material bottlenecks with targeted stockpiling of raw materials. Nevertheless, the higher price of materials was only partially passed on to customers and has had a negative impact on the EBIT margin. The increase in inventories led to markedly higher working capital. The companies in this segment are currently experiencing an ebb in demand, although at a high level and demand has essentially remained intact.

We therefore continue to anticipate a rise in sales, a slight rise in operating income before impairment and an EBIT margin before impairment between 13% and 15% for the full year.

Investments of EUR 8.8 million in the reporting year related exclusively to investments in fixed assets. In the previous year, this figure included the acquisition of WIRUS.

## KEY FIGURES FOR CONSTRUCTION/INFRASTRUCTURE

(in EUR million)

	Q1-Q3 2022	Q1-Q3 2021	Difference		Q3 2022	Q3 2021	Difference	
			absolute	in %			absolute	in %
Revenue with external third parties	397.0	338.0	59.0	17.5	135.5	121.8	13.7	11.2
EBITDA	74.8	68.4	6.4	9.4	25.7	23.8	1.9	8.0
Depreciation/amortization	-15.2	-14.2	-1.0	-7.0	-5.0	-5.2	0.2	3.8
EBIT before impairment	59.6	54.2	5.4	10.0	20.7	18.6	2.1	11.3
EBIT margin before impairment in %	15.0	16.0	-1.0 pp	-	15.3	15.3	0.0 pp	-
Impairment	-12.7	0.0	-12.7	-	-12.7	0.0	-12.7	-
EBIT	46.9	54.2	-7.3	-13.5	8.0	18.6	-10.6	-57.0
EBIT margin in %	11.8	16.0	-4.2 pp	-	5.9	15.3	-9.4 pp	-
Investments	8.8	43.4	-34.6	-79.7	4.2	3.6	0.6	16.7
Employees	2,339	2,127	212	10.0	2,347	2,273	74.0	3.3



## Automotive Technology

### SMA Goes Into Administration – Impact on Income Lessened With Immediate Effect

At EUR 189.9 million, sales in the Automotive Technology segment decreased year-over-year by EUR 23.1 million, or 10.8%, in the first nine months of 2022. This decrease in sales is solely the result of the sale of WIESAUPLAST at the end of 2021 (EUR -37.8 million). The total revenue of EUR 14.7 million from the remaining companies in the segment has increased against the same period of the previous year. This increase relates to virtually all of the remaining portfolio companies in the segment.

With the approval of the Supervisory Board, the INDUS Board of Management decided to drastically reduce INDUS' further financial engagement in the portfolio company S.M.A. Metalltechnik GmbH & Co. KG ("SMA") on September 23 and to limit engagement until the end of October 2022. Prior to this decision, SMA was in intense negotiations with its major customers regarding the adjustment of existing contracts due to changes in the basis of these contracts as a result of macroeconomic developments. SMA was not able to achieve the necessary adjustments. On October 24, 2022, therefore, the management of SMA went into administration with the aim of restructuring the company. In total, this is expected to result in expenses of approximately EUR 61 million in the 2022 financial year. In the financial statements as of September 30, 2022, expenses in the amount of EUR 37.1 million were recognized in profit or loss. As part of the deconsolidation of SMA due to the company going into administration on October 24, 2022, further expenses in the amount EUR 23.9 million are expected. As of September 30, SMA was responsible for more than half of the operating loss in the Automotive Technology

segment. Further operating losses will no longer be incurred due to SMA from October 24, 2022.

At EUR -92.2 million, operating income (EBIT) in the first three quarters of the 2022 financial year was EUR 50.7 million lower than the previous year's figure (EUR -41.5 million). The segment's EBIT margin came to -48.6% compared with -19.5% in the previous year.

EBIT includes impairments and value adjustments at SMA in the amount of EUR 41.7 million and SMA's pure operating income of EUR -28.8 million. The Automotive Technology segment's operating income (EBIT) excluding SMA came to EUR -21.7 million in the first nine months of the year. At the end of September SMA's sales amounted to EUR 41.4 million.

The restructuring of SELZER is still proceeding according to plan and sales and income are set to rise significantly from 2023 due to upcoming series production, specifically at the Bosnian location, but also in Germany. Nevertheless, SELZER is still responsible for a considerable amount of the loss in the Automotive Technology segment. Income in the Automotive Technology segment has been impacted in the current year by sharp increases in the cost of materials and energy as well as higher freight and logistics costs. The semiconductor shortage held back sales and income in the measuring technology field. The complete breakaway of Russian business and the serious delay to the start of series production by a customer in the field of electric buses have led to missing sales and income in the field of climate technology for buses.

Due to the expenses in connection with SMA and the overall situation in the Automotive Technology segment, INDUS continues to anticipate that operating income (EBIT) will be significantly negative for the 2022 financial year.

Investments in the amount of EUR 21.5 million in the Automotive Technology segment (previous year: EUR 15.1 million) relate exclusively to investments in fixed assets.

#### KEY FIGURES FOR AUTOMOTIVE TECHNOLOGY

(in EUR million)

	Q1-Q3 2022				Q3 2021			
	Q1-Q3 2022	Q1-Q3 2021	absolute	in %	Q3 2022	Q3 2021	absolute	in %
Revenue with external third parties	189.9	213.0	-23.1	-10.8	66.6	69.5	-2.9	-4.2
EBITDA	-51.8	-13.6	-38.2	<-100	-26.7	-7.2	-19.5	<-100
Depreciation/amortization	-18.6	-27.9	9.3	33.3	-6.1	-14.8	8.7	58.8
EBIT before impairment	-70.4	-33.3	-37.1	<-100	-32.9	-23.6	-9.3	-39.4
EBIT margin before impairment in %	-37.1	-15.6	-21.5 pp	-	-49.4	-34.0	-15.4 pp	-
Impairment	-21.8	-8.2	-13.6	<-100	-18.9	-8.2	-10.7	<-100
EBIT	-92.2	-41.5	-50.7	<-100	-51.8	-22.0	-29.8	<-100
EBIT margin in %	-48.6	-19.5	-29.1 pp	-	-77.8	-31.7	-46.1 pp	-
Investments	21.5	15.1	6.4	42.4	9.4	4.5	4.9	>100
Employees	2,814	3,288	-474	-14.4	2,820	3,308	-488	-14.8

## Engineering

### High Inorganic and Organic Growth

Sales in the Engineering segment amounted to EUR 380.5 million in the first nine months of 2022, following EUR 311.9 million in the previous year. This represents a clear year-over-year increase of EUR 68.6 million (22.0%). The increase includes both inorganic growth of 14.9% – through the acquisition of TECALEMIT Inc. and FLACO in 2021 and the recent acquisitions of HEIBER + SCHRÖDER and HELD – and organic growth of 7.1%.

As INDUS has acquired 100% of the shares, HEIBER + SCHRÖDER has been included in the INDUS consolidated financial statements since April 2022. HEIBER + SCHRÖDER is an SME provider of special machinery for the cardboard industry, supplying its products to packaging manufacturers worldwide, especially suppliers to the food, cosmetics, household goods and toy sectors. INDUS acquired 70% of the shares in and first consolidated the HELD Group in May 2022. HELD is a medium-sized provider of laser cutting and welding technology.

Most of the portfolio companies in the Engineering segment were able to improve on the previous year's results. The contribution to income from JST, consolidated for the first time in January 2021, increased especially due to the reversal of write-downs on current assets discovered during the initial consolidation in the reporting period. The new

acquisitions completed in this financial year – HEIBER + SCHRÖDER and HELD – made positive contributions to income for the period up to September 30, despite depreciation/amortization in connection with the initial consolidation.

Operating income (EBIT) before impairment amounted to a very encouraging EUR 43.1 million (previous year: EUR 35.8 million). At 11.3% (previous year: 11.5%), the EBIT margin before impairment also reached a good level and remains in the target range of 10% to 12%.

The annual impairment testing led to the recognition of goodwill impairments of EUR 13.8 million. This is due to the significant rise in the cost of capital as a result of the market parameters, but also the lower future earnings prospects of one portfolio company. Operating income (EBIT) was down to EUR 29.3 million due to impairments. At 7.7%, the EBIT margin is lower than in the previous year (11.5%).

We anticipate a significant rise in sales and a rise in operating income (EBIT) before impairment for the full year. The EBIT margin before impairment will be within a range of 10% to 12%.

Investments in the reporting period included EUR 65.3 million for the acquisition of HEIBER + SCHRÖDER, EUR 58.8 million for the acquisition of HELD, and EUR 6.5 million in fixed assets. Investments in the previous year consisted of EUR 26.4 million for the acquisition of JST and EUR 7.6 million for investments in fixed assets.

#### KEY FIGURES FOR ENGINEERING

(in EUR million)

	Q1-Q3 2022	Q1-Q3 2021	Difference		Q3 2022	Q3 2021	Difference	
			absolute	in %			absolute	in %
Revenue with external third parties	380.5	311.9	68.6	22.0	133.3	113.1	20.2	17.9
EBITDA	62.1	52.2	9.9	19.0	23.9	21.7	2.2	10.1
Depreciation/amortization	-19.0	-16.4	-2.6	-15.9	-6.8	-5.7	-1.1	-19.3
EBIT before impairment	43.1	35.8	7.3	20.4	17.1	16.0	1.1	6.9
EBIT margin before impairment in %	11.3	11.5	-0.2 pp	-	12.8	14.1	-1.3 pp	-
Impairment	-13.8	0.0	-13.8	-	-13.8	0.0	-13.8	-
EBIT	29.3	35.8	-6.5	-18.2	3.3	16.0	-12.7	-79.4
EBIT margin in %	7.7	11.5	-3.8 pp	-	2.5	14.0	-11.5 pp	-
Investments	65.3	34.0	31.3	92.1	1.4	5.2	-3.8	-73.1
Employees	2,406	2,250	156	6.9	2,450	2,270	180	7.9

## Medical Engineering/Life Science

### Recovery Hampered by Cost Increases

The portfolio companies in the Medical Engineering/Life Science segment reported sales of EUR 116.6 million in the first nine months of 2022, which corresponds to an increase of EUR 6.0 million (5.4%). The increase in sales was generated primarily in the field of optical lenses and rehabilitation technology.

At EUR 7.9 million, operating income (EBIT) before impairment was lower than the EUR 9.0 million of the previous year. The EBIT margin before impairment was 6.8% (previous year: 8.1%).

The higher material prices and supply chain problems also had a negative impact on the Medical Engineering/Life Science segment and will continue to pose challenges for the portfolio companies in the coming months. It was not possible to pass higher procurement costs on fully to customers in the healthcare sector. In addition, this financial year also

saw higher expenses in connection with the implementation of the EU Medical Device Regulation (MDR) as well as expenses from production relocation to boost the portfolio companies' earnings power in the future.

The annual impairment testing led to the recognition of goodwill impairments of EUR 11.7 million. This was due in particular to a sharp rise in the cost of capital as a result of market parameters. Operating income (EBIT) fell in comparison with the previous year by EUR 12.8 million to EUR -3.8 million (previous year: EUR 9.0 million) due to impairment. The EBIT margin came to -3.3%, as against 8.1% in the previous year.

We anticipate a slight rise in sales for the full year, but lower operating EBIT before impairment in comparison with the previous year. We anticipate that the operating EBIT margin will range between 5% and 7%.

At EUR 5.3 million, investments were substantially lower than in the same period of the previous year (EUR 7.7 million) as the acquisition of a new production location was included in the figures in the previous year.

#### KEY FIGURES FOR MEDICAL ENGINEERING/LIFE SCIENCE

(in EUR million)

	Q1-Q3 2022	Q1-Q3 2021	Difference		Q3 2022	Q3 2021	Difference	
			absolute	in %			absolute	in %
Revenue with external third parties	116.6	110.6	6.0	5.4	39.2	37.4	1.8	4.8
EBITDA	15.6	16.7	-1.1	-6.6	5.5	5.7	-0.2	-3.5
Depreciation/amortization	-7.7	-7.7	0.0	0.0	-2.6	-2.5	-0.1	-4.0
EBIT before impairment	7.9	9.0	-1.1	-12.2	2.9	3.2	-0.3	-9.4
EBIT margin before impairment in %	6.8	8.1	-1.3 pp	-	7.4	8.6	-1.2 pp	-
Impairment	-11.7	0.0	-11.7	-	-11.7	0.0	-11.7	-
EBIT	-3.8	9.0	-12.8	<-100	-8.8	3.2	-12.0	<-100
EBIT margin in %	-3.3	8.1	-11.4 pp	-	-22.4	8.6	-31.0 pp	-
Investments	5.3	7.7	-2.4	-31.2	2.2	1.2	1.0	83.3
Employees	1,586	1,611	-25	-1.6	1,565	1,616	-51	-3.2

## Metals Technology

### Encouraging Development in Sales and Income

Sales in the Metals Technology segment amounted to EUR 350.5 million in the first nine months of 2022, which represents an increase of EUR 27.5 million (8.5%) against the same period of the previous year. This increase was achieved despite the deconsolidation of BACHER (approx. EUR 9.9 million in sales in the previous year) and with no acquisitions. Virtually all of the portfolio companies contributed to this result. Clear increases in sales were achieved in the carbide business and the fields of metal processing and forming technology.

Operating income (EBIT) before impairment also increased considerably by EUR 13.5 million, or 48.7%. The discontinuation of BACHER in the previous year had the largest positive impact on this item; the sale of real estate also resulted in income. Due to these one-time effects in particular, the EBIT margin before impairment in the first nine

months of 2022 surpassed the previous year's figure (8.6%) by 3.2 percentage points at 11.8% and is at the upper end of the target margin of 8% to 10%.

The annual impairment testing led to the recognition of goodwill impairments of EUR 1.6 million. This was due in particular to a rise in the cost of capital as a result of market parameters. At EUR 39.6 million, operating income (EBIT) was up EUR 11.9 million on the previous year (EUR 27.7 million). The EBIT margin was 11.3%, as against 8.6% in the previous year.

The companies in the Metals Technology segment, too, faced higher material prices and energy costs in the first nine months of the year. The ability to pass on costs varies greatly and is also partly dependent on the term of supply agreements.

We currently anticipate a rise in sales and a rise in operating income (EBIT) for the full 2022 financial year. The EBIT margin will likely be between 8% and 10%.

Investments stood at EUR 5.5 million, exactly on a par with the previous year.

#### KEY FIGURES FOR METALS TECHNOLOGY

(in EUR million)

	Q1-Q3 2022	Q1-Q3 2021	Difference		Q3 2022	Q3 2021	Difference	
			absolute	in %			absolute	in %
Revenue with external third parties	350.5	323.0	27.5	8.5	115.3	104.3	11.0	10.5
EBITDA	53.1	39.2	13.9	35.5	16.7	12.0	4.7	39.2
Depreciation/amortization	-11.9	-11.5	-0.4	-3.5	-4.0	-3.9	-0.1	-2.6
EBIT before impairment	41.2	27.7	13.5	48.7	14.3	8.1	6.2	76.5
EBIT margin before impairment in %	11.8	8.6	3.2 pp	-	12.4	7.8	4.6 pp	-
Impairment	-1.6	0.0	-1.6	-	-1.6	0.0	-1.6	-
EBIT	39.6	27.7	11.9	43.0	12.7	8.1	4.6	56.8
EBIT margin in %	11.3	8.6	2.7 pp	-	11.0	7.8	3.2 pp	-
Investments	5.5	5.7	-0.2	-3.5	3.0	1.8	1.2	66.7
Employees	1,496	1,529	-33	-2.2	1,505	1,501	4	0.3

# Financial Position

CONSOLIDATED STATEMENT OF CASH FLOWS, CONDENSED					(in EUR million)
	Q1-Q3 2022	Q1-Q3 2021	absolute	in %	
<b>Earnings after taxes</b>	<b>-29.9</b>	<b>39.4</b>	<b>-69.3</b>	<b>&lt;-100</b>	
Depreciation/amortization	134.9	78.5	56.4	71.8	
Other non-cash changes	45.5	39.7	5.8	14.6	
Cash-effective change in working capital	-137.8	-76.2	-61.6	-80.8	
Change in other balance sheet items	12.1	20.6	-8.5	-41.3	
Tax payments	-24.7	-27.9	3.2	11.5	
<b>Operating cash flow</b>	<b>0.1</b>	<b>74.1</b>	<b>-74.0</b>	<b>-99.9</b>	
Interest	-14.0	-14.3	0.3	2.1	
<b>Cash flow from operating activities</b>	<b>-13.9</b>	<b>59.8</b>	<b>-73.7</b>	<b>&lt;-100</b>	
Cash outflow from investments in property, plant and equipment and intangible assets	-106.7	-106.0	-0.7	-0.7	
Cash inflow from the disposal of assets	16.3	0.6	15.7	>100	
<b>Cash flow from investing activities</b>	<b>-90.4</b>	<b>-105.4</b>	<b>15.0</b>	<b>14.2</b>	
Contributions from capital increase	0.0	84.7	-84.7	-100.0	
Dividend payment	-28.2	-21.5	-6.7	-31.2	
Dividends paid to non-controlling shareholders	-0.4	-0.3	-0.1	-33.3	
Payments related to transactions involving interests attributable to non-controlling shareholders	0.0	-0.7	0.7	100.0	
Cash inflow from the raising of loans	255.9	57.5	198.4	>100	
Cash outflow from the repayment of loans	-109.9	-89.4	-20.5	-22.9	
Cash outflow from the repayment of lease liabilities	-16.1	-15.9	-0.2	-1.3	
Cash outflow from the repayment of contingent purchase price commitments	-2.5	0.0	-2.5	-	
<b>Cash flow from financing activities</b>	<b>98.8</b>	<b>14.4</b>	<b>84.4</b>	<b>&gt;100</b>	
Net changes in cash and cash equivalents	-5.5	-31.2	25.7	82.4	
Changes in cash and cash equivalents caused by currency exchange rates	0.0	1.0	-1.0	-100.0	
Changes in cash and cash equivalents in connection with assets held for sale	0.0	-3.3	3.3	100.0	
Cash and cash equivalents at the beginning of the period	136.3	194.7	-58.4	-30.0	
<b>Cash and cash equivalents at the end of the period</b>	<b>130.8</b>	<b>161.2</b>	<b>-30.4</b>	<b>-18.9</b>	

## Statement of Cash Flows: Rise in Working Capital and High Level of Investing Activity Due to Acquisitions

Based on earnings after taxes of EUR -29.9 million (previous year: EUR 39.4 million), operating cash flow decreased in the first nine months of 2022 by EUR -74.0 million to EUR 0.1 million. This change was primarily due to the cash-effective increase in working capital, which was EUR 61.6 million higher than the previous year's figure at EUR 137.8 mil-

lion. The reason for this was the intentional stockpiling as a result of the increase in the price of materials and supply chain issues as well as higher procurement costs. In light of the clear increase in sales, receivables also climbed year-over-year.

Taking into account interest payments in the amount of EUR 14.0 million (previous year: EUR 14.3 million), cash flow from operating activities amounted to EUR -13.9 million (previous year: EUR 59.8 million).

Cash flow from investing activities came to EUR -90.4 million, compared with EUR -105.4 million in the previous year. The cash outflow for investments in intangible assets and in property, plant and equipment was slightly higher than in the previous year at EUR -47.5 million (previous year: EUR -42.6 million). Cash outflow for investment in shares in fully consolidated companies amounted to EUR -58.8 million (previous year: EUR -62.9 million) and related to the acquisition of HEIBER + SCHRÖDER and HELD. In the previous year this figure related to the acquisition of JST and WIRUS. Cash inflow from the disposal of assets include the second tranche of the purchase price for the sale of the WIESAUPLAST Group at the end of the last financial year of EUR 9.8 million and the cash inflow from

the disposal of other assets due to the sale of several commercial properties.

The cash flow from financing activities was dominated by net borrowing in the first nine months of the year amounting to EUR 146.1 million. This item includes funds from the second ESG-linked promissory note loan in January 2022 amounting to EUR 56.0 million. As in the previous year, the dividend was paid out in the second quarter of the year. Due to the increase of EUR 0.25 per share (total: EUR 1.05 per share), the dividend payment was EUR 6.7 million higher than in the previous year at EUR 28.2 million. Cash flow from financing activities amounted to EUR 98.9 million, exceeding the previous year's figure of EUR 14.4 million.

The net changes in cash and cash equivalents for the first three quarters of 2022 amount to EUR -5.5 million. Starting with an opening balance at the beginning of the year of EUR 136.3 million, cash and cash equivalents as of September 30, 2022, stood at EUR 130.8 million.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONDENSED

(in EUR million)

	September 30, 2022	December 31, 2021	Difference	
			absolute	in %
<b>AKTIVA</b>				
<b>Non-current assets</b>	<b>1,106.1</b>	<b>1,099.0</b>	<b>7.1</b>	<b>0.6</b>
Fixed assets	1,085.5	1,081.8	3.7	0.3
Receivables and other assets	20.6	17.2	3.4	19.8
<b>Current assets</b>	<b>925.0</b>	<b>758.4</b>	<b>166.6</b>	<b>22.0</b>
Inventories	518.3	403.9	114.4	28.3
Receivables and other assets	275.9	218.2	57.7	26.4
Cash and cash equivalents	130.8	136.3	-5.5	-4.0
<b>Total assets</b>	<b>2,031.1</b>	<b>1,857.4</b>	<b>173.7</b>	<b>9.4</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Non-current financial instruments</b>	<b>1,491.7</b>	<b>1,403.1</b>	<b>88.6</b>	<b>6.3</b>
Equity	761.1	787.5	-26.4	-3.4
Borrowings	730.6	615.6	115.0	18.7
of which provisions	19.2	42.7	-23.5	-55.0
of which payables and deferred taxes	711.4	572.9	138.5	24.2
<b>Current financing instruments</b>	<b>539.4</b>	<b>454.3</b>	<b>85.1</b>	<b>18.7</b>
of which provisions	124.6	88.3	36.3	41.1
of which liabilities	414.8	366.0	48.8	13.3
<b>Total equity and liabilities</b>	<b>2,031.1</b>	<b>1,857.4</b>	<b>173.7</b>	<b>9.4</b>

## Equity Ratio at 37.5% as of September 30, 2022

The INDUS Group's consolidated total assets amounted to EUR 2,031.1 million, as of September 30, 2022, and were thus EUR 173.7 million (9.4%) higher than they were as of December 31, 2021. This was primarily due to the initial consolidation of the new portfolio companies HEIBER + SCHRÖDER and HELD along with an increase of EUR 160.6 million in working capital.

Equity decreased by EUR 26.4 million (3.4%) largely as a result of non-cash impairment recognized during impairment testing in the amount of EUR 44.4 million, further non-cash impairment in connection with the application for the initiation of self-administration proceedings at SMA in the amount of EUR 37.1 million, and the dividend payment to INDUS shareholders in the amount of EUR 28.2 million in the second quarter of 2022. A EUR 25.7 million decrease in pension obligations recognized in other comprehensive income had a compensating effect.

Due to the sharp rise in the balance sheet total and lower equity, the equity ratio as of September 30, 2022, amounted to 37.5%, thus under the target of 40% as of the reporting date and under the equity ratio as of December 31, 2021 (42.4%).

The increase in liabilities relates to financial liabilities (EUR +137.1 million) and trade payables (EUR +25.4 million). This increase is directly related to the financing of working capital.

Working capital amounted to EUR 618.1 million as of September 30, 2022, and was thus 35.1% higher than as of December 31, 2021 (EUR 457.5 million). In addition to the planned seasonal increase in working capital, some portfolio companies have also carried out intentional additional stockpiling in the reporting quarter to counteract the cost of rising material prices and continuing supply chain problems. The increase in receivables is primarily due to the increase in the Group's operating activities. INDUS believes that working capital will decline by the end of the year, but will not reach the figures recorded at the beginning of the year.

### WORKING CAPITAL

(in EUR million)

	September 30, 2022	December 31, 2021	Difference	
			absolute	in %
Inventories	518.3	403.9	114.4	28.3
Receivables	247.3	168.9	78.4	46.4
Trade payables	-87.6	-62.2	-25.4	-40.8
Advance payments received	-43.2	-25.7	-17.5	-68.1
Contract liabilities	-16.7	-27.4	10.7	39.1
<b>Working capital</b>	<b>618.1</b>	<b>457.5</b>	<b>160.6</b>	<b>35.1</b>

Net financial liabilities amounted to EUR 646.8 million as of September 30, 2022, EUR 142.6 million higher than as of December 31, 2021. The increase comprises higher non-current financial liabilities (EUR +108.8 million) and

higher current financial liabilities (EUR +28.3 million). At EUR 130.8 million, cash and cash equivalents are down by EUR 5.5 million on the previous year.

### NET FINANCIAL LIABILITIES

(in EUR million)

	September 30, 2022	December 31, 2021	Difference	
			absolute	in %
Non-current financial liabilities	586.1	477.3	108.8	22.8
Current financial liabilities	191.5	163.2	28.3	17.3
Cash and cash equivalents	-130.8	-136.3	5.5	4.0
<b>Net financial liabilities</b>	<b>646.8</b>	<b>504.2</b>	<b>142.6</b>	<b>28.3</b>

# Post-Balance Sheet Events

With the approval of the Supervisory Board, the INDUS Holding AG (“INDUS”) Board of Management decided to drastically reduce INDUS’ further financial engagement in the portfolio company S.M.A. Metalltechnik GmbH & Co. KG (“SMA”) on September 23 and to limit engagement until the end of October 2022. Prior to this decision, SMA was in intense negotiations with its major customers regarding the adjustment of existing contracts due to changes in the basis of these contracts as a result of macroeconomic developments. SMA was not able to achieve the necessary adjustments in the existing supply agreements. On October 24, 2022, therefore, the management of SMA applied for the initiation of self-administration proceedings with the aim

of restructuring the company. In total, this is expected to result in expenses of approximately EUR 61 million (EBIT effect). In the financial statements as of September 30, 2022, expenses in the amount of EUR 37.1 million were recognized in profit or loss. As part of the deconsolidation of SMA due to the company applying for the initiation of self-administration proceedings on October 24, 2022, further expenses in the amount EUR 23.9 million are expected. As of September 30, 2022, SMA was responsible for more than half of the operating loss (EBIT) in the Automotive Technology segment. Further operating losses will no longer be incurred due to SMA from October 24, 2022.



# Opportunities and Risks

For the Opportunities and Risk Report of INDUS Holding AG, please consult the 2021 Annual Report. The company operates an efficient risk management system for early detection, comprehensive analysis, and the systematic handling of risks. The particulars of the risk management system and the significance of individual risks are explained in the Annual Report. Therein is stated that the company does not consider itself to be exposed to any risks that might jeopardize its continued existence as a going concern.

The effects of the Russia-Ukraine war, the economic shortages, the ongoing sharp price increases, especially for primary materials, freight and energy, climbing personnel costs and rising inflation all point to lower economic output and higher volatility. The third quarter could mark the start of a recession for the German economy. In the quarterly report for the first quarter of 2022, we noted that portfolio companies – depending on the individual market situation – must succeed in passing on the cost of price increases to customers as quickly and fully as possible. This still applies. The situation has already eased for some materials as demand has ebbed. Another consequence of the Russia-Ukraine war is the increased risk of gas supply shortages. Our portfolio companies are working on emergency scenarios internally should gas supplies be stopped or if there are shortages. In the short-term, however, these can only ameliorate the potential negative effects. The direct effects for INDUS are manageable in light of the production processes within the Group. We believe the potential macroeconomic and indirect effects of a halt in gas supplies and the effect this would have on our portfolio companies cannot be realistically predicted at the moment.

Interest rates have again risen sharply in recent weeks. The ECB raised the interest rate in the euro area on September 8 by 0.75 basis points and again by the same amount on October 27. The base rate is now 2.0 percent. These considerable rate increases have been made over the course of 2022 to combat rising inflation. Further interest rate increases together with unfavorable developments in other capital market parameters that affect valuation may result in the need for impairment testing as of December 31, 2022, which in turn may lead to further cash-effective impairment in the fourth quarter of 2022.

The effects of the coronavirus pandemic have been manageable for the portfolio companies so far, but they have had a noticeable impact. Companies are having to compensate for lost working hours, which generally results in higher costs. The range of expenses stretches from additional temporary workers to compensation or supply delays and higher logistics costs due to special deliveries. There is a risk that the number of coronavirus infections will rise significantly and possibly be less mild with new variants. The effects of any lockdown measures in connection with these possibilities (including in other countries, particularly China, and the impact on supply chains) are difficult to predict.

# Outlook

Contrary to general expectations, the German economic output increased slightly in the third quarter of 2022. The gross domestic product was 0.3% higher than in the previous quarter, carried mainly by private consumer spending. However, German industry continues to face difficult conditions. The issues in the supply chain have not disappeared, even if the pressure has eased somewhat of late. At 10.4% in October 2022 compared with October 2021, the rate of inflation remains high. Rising interest rates are driving up the cost of financing. The general cost pressures are set to continue rising in the coming months. This applies in particular to the negative impact of higher energy prices. In the first half of 2022, gas prices for non-household customers rose by 38.9% and electricity prices by 19.3% against the second half of 2021. Incoming orders are also trending downwards. In the summer of 2022, incoming orders in the industry decreased considerably against the high levels seen in the summer of 2021, but orders are holding steady above the level seen before the pandemic.

The high levels of market uncertainty are likely to have an impact on the economy in the coming months, too. The risk of recession is rising. This is reflected in the Purchasing Managers' Index (PMI). The S&P index for German industry declined from 47.8 to 45.7 in October, slipping deeper into the contraction zone. The ifo business climate index for the manufacturing and main construction sectors again deteriorated in October 2022. In the construction sector in particular all signs are pointing to a slowdown. The International Monetary Fund anticipates growth of 1.5% for the German economy for the whole of 2022; the German government forecasts growth of 1.4%. The IMF forecasts a contraction of -0.3% for 2023 and the German government -0.4%. The

global economic outlook is also weak and peppered with a high level of market risks. The IMF anticipates growth of 3.2% for 2022 and 2.7% for 2023.

INDUS achieved positive operating income in the first nine months of the 2022 financial year in the Construction/Infrastructure, Engineering and Metals Technology segments. Despite the tense economic situation, with extreme material price increases in some cases, these segments were able to increase sales and operating income (EBIT) before impairment year-over-year, while the Metals Technology segment's results contained considerable one-time effects in comparison with the previous year. The Medical Engineering/Life Science segment is currently struggling with higher material prices and supply chain problems. The situation in the Automotive Technology segment remained challenging.

In the last three months of the year, we anticipate rather calmer conditions, partially due to seasonal effects. The increases in personnel and energy costs that now apply will have a more noticeable impact on income. The new acquisitions HEIBER + SCHRÖDER and HELD will be making positive contributions to EBIT.

At EUR 0.1 million, operating cash flow in the first nine months of 2022 was significantly down against the previous year (EUR 74.1 million) due to the sharp expansion in working capital. This is due to the increased material prices, higher inventories as a result of supply chain issues and higher receivables resulting from significantly higher sales, in addition to the normal annual fluctuation. We expect the measures initiated to lead to a decrease in working capital by the end of the year, but this will not bring the figures down to those of the beginning of 2022.

## ADJUSTED SEGMENT FORECAST

	Actual 2021	Forecast – November 2022*
<b>Construction/Infrastructure</b>		
Sales	EUR 451.6 million	Rising sales
EBIT	EUR 70.5 million	Slightly rising
EBIT margin	15.6%	13% to 15%
<b>Automotive Technology</b>		
Sales	EUR 281.9 million	Falling sales
EBIT	EUR -57.3 million	Falling
EBIT margin	-20.3%	Negative
<b>Engineering</b>		
Sales	EUR 438.9 million	Strong rise in sales
EBIT	EUR 56.9 million	Rising
EBIT margin	13.0%	10% to 12%
<b>Medical Engineering/Life Science</b>		
Sales	EUR 148.7 million	Slight rise in sales
EBIT	EUR 12.1 million	Falling
EBIT margin	8.1%	5% to 7%
<b>Metals Technology</b>		
Sales	EUR 420.4 million	Rising sales
EBIT	EUR 42.3 million	Rising
EBIT margin	10.1%	8% to 10%

\* The forecast as of November 2022 shows both EBIT and the EBIT margin before impairment

Our sales forecast for the whole of 2022 remains unchanged at between EUR 1.90 billion and EUR 2.00 billion. Due to the expenses from value adjustments in connection with SMA applying for the initiation of self-administration proceedings (EUR 61 million), expenses from impairment testing (Q1: EUR 4.6 million; Q3: EUR 39.8 million), and other non-operating effects, operating income (EBIT) will decrease sharply; we now anticipate EBIT of between EUR 15 million and EUR 30 million.

Without the above effects (value adjustments at SMA; impairment testing expenses, other non-operating effects), we expect adjusted operating income for the full year to range between EUR 115 million and EUR 130 million, with an adjusted EBIT margin of between 6% and 7%.

# Condensed Consolidated Interim Financial Statements

## Consolidated Statement of Income

FOR THE FIRST NINE MONTHS OF 2022

in EUR '000	Notes	Q1-Q3 2022	Q1-Q3 2021	Q3 2022	Q3 2021
<b>REVENUE</b>		<b>1,434,871</b>	<b>1,296,372</b>	<b>489,942</b>	<b>446,059</b>
Other operating income		18,907	10,375	7,819	2,037
Own work capitalized		4,182	3,258	2,686	673
Change in inventories		44,874	24,119	6,310	8,088
Cost of materials	[4]	-746,307	-616,836	-253,437	-213,925
Personnel expenses	[5]	-415,641	-394,411	-140,582	-131,441
Depreciation/amortization		-73,326	-70,265	-24,717	-24,116
Impairment	[6]	-61,582	-8,188	-58,782	-8,188
Other operating expenses	[7]	-194,791	-165,851	-69,182	-56,934
<b>OPERATING INCOME (EBIT)</b>		<b>11,187</b>	<b>78,573</b>	<b>-39,943</b>	<b>22,253</b>
Interest income		208	97	44	10
Interest expense		-11,789	-12,463	-4,164	-3,915
<b>NET INTEREST</b>		<b>-11,581</b>	<b>-12,366</b>	<b>-4,120</b>	<b>-3,905</b>
Income from shares accounted for using the equity method		598	742	488	281
Other financial income		-4,636	-3,349	-1,941	-1,509
<b>FINANCIAL INCOME</b>	[8]	<b>-15,619</b>	<b>-14,973</b>	<b>-5,573</b>	<b>-5,133</b>
<b>EARNINGS BEFORE TAXES (EBT)</b>		<b>-4,432</b>	<b>63,600</b>	<b>-45,516</b>	<b>17,120</b>
Income taxes	[9]	-25,441	-24,234	-5,010	-6,494
<b>EARNINGS AFTER TAXES</b>		<b>-29,873</b>	<b>39,366</b>	<b>-50,526</b>	<b>10,626</b>
of which attributable to non-controlling shareholders		468	545	214	128
of which attributable to INDUS shareholders		-30,341	38,821	-50,740	10,498
Earnings per share (basic and diluted) in EUR	[10]	-1.13	1.48	-1.89	0.39

# Consolidated Statement of Comprehensive Income

FOR THE FIRST NINE MONTHS OF 2022

in EUR '000	01-03 2022	01-03 2021	Q3 2022	Q3 2021
<b>EARNINGS AFTER TAXES</b>	<b>-29,873</b>	<b>39,366</b>	<b>-50,526</b>	<b>10,626</b>
Actuarial gains/losses	25,655	3,369	3,525	657
Deferred taxes	-6,746	-904	-1,111	-164
<b>Items not to be reclassified to profit or loss</b>	<b>18,909</b>	<b>2,465</b>	<b>2,414</b>	<b>493</b>
Currency conversion adjustment	7,712	1,847	3,494	1,353
Change in the market values of hedging instruments (cash flow hedge)	6,062	1,298	4,065	171
Deferred taxes	-548	-204	-260	-26
<b>Items to be reclassified to profit or loss</b>	<b>13,226</b>	<b>2,941</b>	<b>7,299</b>	<b>1,498</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>32,135</b>	<b>5,406</b>	<b>9,713</b>	<b>1,991</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>2,262</b>	<b>44,772</b>	<b>-40,813</b>	<b>12,617</b>
of which attributable to non-controlling shareholders	518	545	222	128
of which attributable to INDUS shareholders	1,744	44,227	-41,035	12,489

Income and expenses recorded under other comprehensive income include actuarial gains from pensions and similar obligations amounting to EUR 25,655 thousand (previous year: EUR 3,369 thousand). This was the result of a 2.8 percentage point increase in the interest rate for domestic pension obligations (previous year: 0.45 percentage points) and 1.89 percentage points for foreign pensions (Switzerland) (previous year: 0.18 percentage points).

Income from currency conversion is derived primarily from the converted financial statements of consolidated international subsidiaries. The change in the market value of derivative financial instruments was the result of interest rate swaps transacted by the holding company to hedge against interest rate movements.

# Consolidated Statement of Financial Position

AS OF SEPTEMBER 30, 2022

in EUR '000	Notes	Sep. 30, 2022	Dec. 31, 2021
<b>ASSETS</b>			
Goodwill	[11] [12]	405,770	409,798
Right-of-use assets from leasing/rent	[11] [12]	78,140	93,402
Other intangible assets	[11] [12]	180,617	142,817
Property, plant and equipment	[11] [12]	401,107	416,610
Investment property		5,663	5,782
Financial investments		8,961	8,794
Shares accounted for using the equity method		5,261	4,578
Other non-current assets		7,079	3,476
Deferred taxes		13,437	13,771
<b>Non-current assets</b>		<b>1,106,035</b>	<b>1,099,028</b>
Inventories	[13]	518,347	403,894
Receivables	[14]	247,335	168,890
Other current assets		21,032	35,538
Current income taxes		7,500	13,739
Cash and cash equivalents		130,813	136,320
<b>Current assets</b>		<b>925,027</b>	<b>758,381</b>
<b>TOTAL ASSETS</b>		<b>2,031,062</b>	<b>1,857,409</b>
<b>EQUITY AND LIABILITIES</b>			
Subscribed capital		69,928	69,928
Capital reserve		318,143	318,143
Other reserves		371,064	397,560
<b>Equity held by INDUS shareholders</b>		<b>759,135</b>	<b>785,631</b>
Non-controlling interests in the equity		1,955	1,843
<b>Equity</b>		<b>761,090</b>	<b>787,474</b>
Pension provisions		17,645	41,321
Other non-current provisions		1,548	1,435
Non-current financial liabilities	[15]	586,065	477,286
Other non-current liabilities	[16]	61,453	47,023
Deferred taxes		63,910	48,569
<b>Non-current liabilities</b>		<b>730,621</b>	<b>615,634</b>
Other current provisions		124,630	88,344
Current financial liabilities	[15]	191,490	163,168
Trade payables		87,575	62,178
Other current liabilities	[16]	116,168	125,823
Current income taxes		19,488	14,788
<b>Current liabilities</b>		<b>539,351</b>	<b>454,301</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,031,062</b>	<b>1,857,409</b>

# Consolidated Statement of Changes in Equity

FROM JANUARY 1 TO SEPTEMBER 30, 2022

in EUR '000	Subscribed capital	Capital reserve	Retained earnings	Other reserves	Equity held by INDUS shareholders	Interests held by non-controlling shareholders	Group equity
<b>AS OF JAN. 1, 2021</b>	<b>63,571</b>	<b>239,833</b>	<b>398,426</b>	<b>-26,522</b>	<b>675,308</b>	<b>1,046</b>	<b>676,354</b>
Earnings after taxes			38,821		38,821	545	39,366
Other comprehensive income				5,406	5,406		5,406
<b>Total comprehensive income</b>			<b>38,821</b>	<b>5,406</b>	<b>44,227</b>	<b>545</b>	<b>44,772</b>
Capital increase	6,357	78,310			84,667		84,667
Dividend payment			-21,517		-21,517	-306	-21,823
Transactions involving interests attributable to non-controlling shareholders			-11,086		-11,086	168	-10,918
<b>AS OF SEP. 30, 2021</b>	<b>69,928</b>	<b>318,143</b>	<b>404,644</b>	<b>-21,116</b>	<b>771,599</b>	<b>1,453</b>	<b>773,052</b>
<b>AS OF JAN. 1, 2022</b>	<b>69,928</b>	<b>318,143</b>	<b>410,994</b>	<b>-13,434</b>	<b>785,631</b>	<b>1,843</b>	<b>787,474</b>
Earnings after taxes			-30,341		-30,341	468	-29,873
Other comprehensive income				32,085	32,085	50	32,135
<b>Total comprehensive income</b>			<b>-30,341</b>	<b>32,085</b>	<b>1,744</b>	<b>518</b>	<b>2,262</b>
Dividend payment			-28,240		-28,240	-406	-28,646
<b>AS OF SEP. 30, 2022</b>	<b>69,928</b>	<b>318,143</b>	<b>352,413</b>	<b>18,651</b>	<b>759,135</b>	<b>1,955</b>	<b>761,090</b>

Interests attributable to non-controlling shareholders as of September 30, 2022, primarily consist of interests attributable to non-controlling shareholders in ROLKO Group subsidiaries. Interests attributable to non-controlling shareholders, for which the economic ownership of the corresponding non-controlling interests had already been transferred under reciprocal option agreements at the acquisition date, are shown under other liabilities.

A reciprocal option agreement for the acquisition of a 20% non-controlling interest in WEIGAND Bau GmbH was entered into in 2021. Another 23.2% non-controlling interest was acquired in a sub-subsidiary. Both transactions are reported in the table of equity as “Transactions involving interests attributable to non-controlling shareholders.”

# Consolidated Statement of Cash Flows

FOR THE FIRST NINE MONTHS OF 2022

in EUR '000	Q1-Q3 2022	Q1-Q3 2021
Earnings after taxes	-29,873	39,366
Depreciation/appreciation of non-current assets	134,908	78,453
Income taxes	25,441	24,234
Financial income	15,619	14,973
Other non-cash transactions	4,433	576
Changes in provisions	35,050	37,218
Increase (-)/decrease (+) in inventories, receivables and other assets	-171,080	-106,116
Increase (+)/decrease (-) in trade payables and other equity and liabilities	10,311	13,306
Income taxes received/paid	-24,680	-27,906
<b>Operating cash flow</b>	<b>129</b>	<b>74,104</b>
Interest paid	-14,343	-14,433
Interest received	291	97
<b>Cash flow from operating activities</b>	<b>-13,923</b>	<b>59,768</b>
Cash outflow from investments in		
Property, plant and equipment and intangible assets	-47,504	-42,578
Financial investments and shares accounted for using the equity method	-454	-484
Shares in fully consolidated companies	-58,769	-62,929
Cash inflow from the disposal of		
Shares in fully consolidated companies	9,843	0
Other assets	6,444	590
<b>Cash flow from investing activities</b>	<b>-90,440</b>	<b>-105,401</b>
Contributions to capital (capital increase)	0	84,667
Dividend payment	-28,240	-21,517
Cash outflow from the repayment of contingent purchase price commitments	-2,474	0
Payments related to transactions involving interests attributable to non-controlling shareholders	0	-713
Dividends paid to non-controlling shareholders	-406	-306
Cash inflow from the raising of loans	255,954	57,500
Cash outflow from the repayment of loans	-109,902	-89,392
Cash outflow from the repayment of lease liabilities	-16,094	-15,825
<b>Cash flow from financing activities</b>	<b>98,838</b>	<b>14,414</b>
Net changes in cash and cash equivalents	-5,525	-31,219
Changes in cash and cash equivalents caused by currency exchange rates	18	1,013
Changes in cash and cash equivalents in connection with assets held for sale	0	-3,251
Cash and cash equivalents at the beginning of the period	136,320	194,701
<b>Cash and cash equivalents at the end of the period</b>	<b>130,813</b>	<b>161,244</b>



# Notes

## Basic Principles of the Consolidated Financial Statements

### [1] General Information

INDUS Holding AG, with registered office in Bergisch Gladbach, Germany, has prepared its condensed consolidated interim financial statements for the period from January 1, 2022, to September 30, 2022, in accordance with the International Financial Reporting Standards (IFRS), and their interpretation by the International Financial Reporting Standards Interpretations Committee (IFRS IC) as applicable in the European Union (EU). The consolidated financial statements are prepared in euros (EUR). Unless otherwise indicated, all amounts are stated in thousands of euros (EUR '000).

These interim financial statements have been prepared in accordance with IAS 34 in condensed form. The interim report has been neither audited nor subjected to perusal or review by an auditor.

New obligatory standards are reported on separately in the section "Changes in Accounting Standards." Otherwise, the same accounting methods have been applied as in the consolidated financial statements for the 2021 financial year, where they are described in detail. Since these interim financial statements do not provide the full scope of information found in the annual financial statements, these financial statements should be considered within the context of the last annual financial statements.

In the Board of Management's view, this quarterly report includes all usual current adjustments necessary for the proper presentation of the Group's financial position and financial performance. The results achieved in the first nine months of 2022 do not necessarily allow predictions to be made regarding future business performance.

Preparation of the consolidated financial statements is influenced by accounting and valuation principles and requires assumptions and estimates that have an impact on the recognized value of assets, liabilities, and contingent liabilities, and on income and expenses. When estimates are made regarding the future, actual values may differ from the estimates. If the original basis for the estimates changes, the statement of the items in question is adjusted through profit and loss.

### [2] Changes in Accounting Standards

All obligatory accounting standards in effect as of the 2022 financial year have been implemented in the interim financial statements at hand.

The application of new standards has had no material effect on the presentation of the financial position and financial performance of INDUS Holding AG.

### [3] Company Acquisitions

#### HEIBER + SCHRÖDER

By contract dated December 17, 2021, INDUS Holding AG acquired 100% of the shares in Heiber + Schröder Maschinenbau GmbH (HEIBER + SCHRÖDER) in Erkrath. HEIBER + SCHRÖDER is an SME provider of special machinery for the cardboard industry, supplying its products to packaging manufacturers worldwide, especially suppliers to the food, cosmetics, household goods and toy sectors. Heiber + Schröder Maschinenbau GmbH has a subsidiary, Heiber Schroeder USA Inc., based in Cary, Illinois. HEIBER + SCHRÖDER is assigned to the Engineering segment. The economic transfer (closing) took place on April 8, 2022.

The fair value of the total consideration amounted to EUR 38,000 thousand as of the acquisition date and consisted entirely of cash. The payment was made on April 8, 2022.

Goodwill of EUR 17,900 thousand, determined in the course of the purchase price allocation, is not tax-deductible. Goodwill is the residual amount of the total consideration less the value of the re-assessed acquired assets and assumed liabilities and does not represent the accountable potential earnings of the acquired company for the future or the expertise of the personnel.

In the preliminary purchase price allocation, the acquired assets and liabilities have been calculated as follows:

**NEW ACQUISITION: HEIBER + SCHRÖDER**

(in EUR '000)

	Carrying amount at time of acquisition	Assets added due to initial consolidation	Addition to consolidated statement of financial position
Goodwill	0	17,900	17,900
Other intangible assets	60	17,875	17,935
Property, plant and equipment	336	0	336
Inventories	10,519	2,701	13,220
Receivables	926	0	926
Other assets*	1,872	0	1,872
Cash and cash equivalents	970	0	970
<b>Total assets</b>	<b>14,683</b>	<b>38,476</b>	<b>53,159</b>
Other provisions	1,487	0	1,487
Trade payables	563	0	563
Other equity and liabilities**	6,827	6,282	13,109
<b>Total liabilities</b>	<b>8,877</b>	<b>6,282</b>	<b>15,159</b>

\* Other assets: other non-current assets, other current assets, deferred taxes, current income taxes

\*\* Other equity and liabilities: other non-current liabilities, other current liabilities, deferred taxes, current income taxes

The re-assessed intangible assets essentially comprise client relations and the client base.

HEIBER + SCHRÖDER was consolidated for the first time in April 2022. HEIBER + SCHRÖDER contributed sales amounting to EUR 17,412 thousand and operating income (EBIT) of EUR 1,008 thousand to income in the first nine months of the year.

Expenses affecting net income from the initial consolidation of HEIBER + SCHRÖDER had a negative impact of EUR 3,280 thousand on operating income (EBIT). The incidental acquisition costs were recorded in the statement of income.

**HELD**

By way of an agreement concluded on and effective from May 18, 2022, INDUS Holding AG acquired 70% of the shares in HELD Industries GmbH (HELD), Heusenstamm. The HELD Group manufactures customized machines and equipment for high-precision laser cutting and welding technology. HELD is assigned to the Engineering segment.

The fair value of the total consideration amounted to EUR 41,661 thousand on the acquisition date. This consists of a cash component in the amount of EUR 25,039 thousand and contingent purchase price payments in the amount of EUR 16,622 thousand, which were recognized and measured at fair value and result from an earn-out clause and call/put options on the non-controlling interests. The cash component was paid on May 18, 2022. The amount of the contingent purchase price commitment is determined on the basis of EBIT multiples and a forecast of the future-relevant EBIT.

Goodwill of EUR 14,628 thousand, determined in the course of the purchase price allocation, is not tax-deductible. Goodwill is the residual amount of the total consideration less the value of the re-assessed acquired assets and assumed liabilities and does not represent the accountable potential earnings of the acquired company for the future or the expertise of the personnel.

In the preliminary purchase price allocation, the acquired assets and liabilities have been calculated as follows:

**NEW ACQUISITION: HELD**

(in EUR '000)

	Carrying amount at time of acquisition	Assets added due to initial consolidation	Addition to consolidated statement of financial position
Goodwill	0	14,628	14,628
Other intangible assets	8	34,525	34,533
Property, plant and equipment	89	0	89
Inventories	7,013	2,539	9,552
Receivables	77	0	77
Other assets*	638	0	638
Cash and cash equivalents	3,300	0	3,300
<b>Total assets</b>	<b>11,125</b>	<b>51,692</b>	<b>62,817</b>
Other provisions	327	0	327
Financial liabilities	41	0	41
Trade payables	407	0	407
Other equity and liabilities**	9,586	10,795	20,381
<b>Total liabilities</b>	<b>10,361</b>	<b>10,795</b>	<b>21,156</b>

\* Other assets: other non-current assets, other current assets, deferred taxes, current income taxes

\*\* Other equity and liabilities: other non-current liabilities, other current liabilities, deferred taxes, current income taxes

The re-assessed intangible assets essentially comprise client relations and the client base.

The initial consolidation took place in May 2022. HELD contributed sales amounting to EUR 5,528 thousand and operating income (EBIT) of EUR 166 thousand to income in the first nine months of the year.

Expenses affecting net income from the initial consolidation had a negative impact of EUR 4,014 thousand on operating income. The incidental acquisition costs were recorded in the statement of income.

## Notes to the Consolidated Statement of Income

### [4] Cost of Materials

in EUR '000	Q1-Q3 2022	Q1-Q3 2021
Raw materials, consumables and supplies, and purchased merchandise	-653,370	-536,732
Purchased services	-92,937	-80,104
<b>Total</b>	<b>-746,307</b>	<b>-616,836</b>

### [5] Personnel Expenses

in EUR '000	Q1-Q3 2022	Q1-Q3 2021
Wages and salaries	-349,655	-332,034
Social security	-62,573	-59,163
Pensions	-3,413	-3,214
<b>Total</b>	<b>-415,641</b>	<b>-394,411</b>

### [6] Impairment

The impairments relate to fixed assets. In the current quarter, impairment of EUR 18,967 thousand was reported in connection with the discontinuation of financing for SMA and from the annual impairment testing in the amount of EUR 39,815 thousand as of September 30, 2022. In addition, impairments of EUR 2,800 thousand were reported in the first quarter. Impairments in the previous year resulted from the annual impairment test performed as of September 30, 2021, in the amount of EUR 5,709 thousand and to a write-down relating to a reclassification to “assets held for sale” in the amount of EUR 2,479 thousand.

### [7] Other Operating Expenses

in EUR '000	Q1-Q3 2022	Q1-Q3 2021
Selling expenses	-86,560	-67,594
Operating expenses	-51,720	-51,259
Administrative expenses	-45,273	-37,378
Other expenses	-11,238	-9,620
<b>Total</b>	<b>-194,791</b>	<b>-165,851</b>

### [8] Financial Income

in EUR '000	Q1-Q3 2022	Q1-Q3 2021
Interest and similar income	208	97
Interest and similar expenses	-11,789	-12,463
<b>Net interest</b>	<b>-11,581</b>	<b>-12,366</b>
<b>Income from shares accounted for using the equity method</b>	<b>598</b>	<b>742</b>
Shares attributable to non-controlling interests	-4,718	-3,648
Income from financial investments	82	299
<b>Other financial income</b>	<b>-4,636</b>	<b>-3,349</b>
<b>Total</b>	<b>-15,619</b>	<b>-14,973</b>

The “shares attributable to non-controlling interests” item includes an effect on income from the subsequent valuation of the contingent purchase price liabilities (call/put options) of EUR 89 thousand (previous year: EUR -219 thousand) and earnings after taxes that external entities are entitled to from shares in limited partnerships and stock corporations with call/put options.

### [9] Income Taxes

The income tax expense in the interim financial statements is calculated based on the assumptions currently used for tax planning purposes.

### [10] Earnings per Share

in EUR '000	Q1-Q3 2022	Q1-Q3 2021
Income attributable to INDUS shareholders	-30,341	38,821
Weighted average shares outstanding (in thousands)	26,896	26,143
<b>Earnings per share (in EUR)</b>	<b>-1.13</b>	<b>1.48</b>

## Notes to the Consolidated Statement of Financial Position

### [11] Event-Related Impairment Losses as of March 31, 2022

The INDUS Holding AG Board of Management continuously monitors the effects of current economic developments on the individual portfolio companies. The Russian

invasion of Ukraine has set off another spiral of price increases on the raw materials market. One series supplier in the Automotive Technology segment in particular was severely negatively affected by the rising cost of materials, higher freight and logistics costs, and orders by OEM customers that were below expectations. These events triggered an impairment test of the recognized value of assets as of March 31, 2022, which resulted in the recognition of an impairment loss of EUR 4,600 thousand. EUR 2,800 thousand of this figure related to fixed assets and EUR 1,800 thousand to contract assets (pursuant to IFRS 15). Goodwill had already been fully impaired in 2020. The impairment testing system remains unchanged and is explained in the consolidated financial statements as of December 31, 2021. An updated pre-tax cost of capital rate of 8.8% was applied (previous year: 8.7%). It is based on risk-free interest rates of 0.4% (previous year: 0.093%), a market risk premium of 7.5% (previous year: 7.5%) and segment-specific beta coefficients, derived by a peer group, and borrowing rates.

## [12] Annual Impairment Test as of September 30, 2022

The annual impairment test for all goodwill was performed as of September 30, 2022. The latest projections were available from all portfolio companies for the purposes of this test. The planning assumptions take into account both current knowledge and historical developments.

In accordance with the detailed planning periods of usually three years, future cash flows are extrapolated with a global growth rate of 1.0% (previous year: 1.0%). The payments determined in this manner are discounted using capital cost rates. These are based on risk-free interest rates of 1.50% (previous year: 0.093%), a market risk premium

of 7.25% (previous year: 7.50%) and segment-specific beta coefficients derived by a peer group and borrowing rates. The following pre-tax cost of capital rates were applied: Construction/Infrastructure 11.5% (previous year: 8.7%); Automotive Technology 10.8% (previous year: 8.7%); Engineering 12.2% (previous year: 9.1%); Medical Engineering/Life Science 10.7% (previous year: 6.1%) and Metals Technology 11.4% (previous year: 8.7%).

The annual impairment test resulted in impairment losses of EUR 39,815 thousand. EUR 37,848 thousand of this amount related to goodwill (previous year: EUR 2,342 thousand), EUR 93 thousand to property, plant and equipment, and EUR 1,874 thousand to intangible assets.

## [13] Inventories

in EUR '000	September 30, 2022	December 31, 2021
Raw materials, consumables, and supplies	192,655	160,589
Unfinished goods	140,433	102,205
Finished goods and goods for resale	161,935	118,854
Advance payments	23,324	22,246
<b>Total</b>	<b>518,347</b>	<b>403,894</b>

## [14] Receivables

in EUR '000	September 30, 2022	December 31, 2021
Receivables from customers	223,832	153,646
Contract receivables	22,596	13,402
Receivables from associated companies	907	1,842
<b>Total</b>	<b>247,335</b>	<b>168,890</b>

## [15] Financial Liabilities

in EUR '000	September 30, 2022			December 31, 2021		
	Current	Non-current		Current	Non-current	
Liabilities to banks	408,817	131,073	277,744	281,322	93,987	187,335
Lease liabilities	84,885	24,335	60,550	95,125	26,099	69,026
Promissory note loans	283,853	36,082	247,771	264,007	43,082	220,925
<b>Total</b>	<b>777,555</b>	<b>191,490</b>	<b>586,065</b>	<b>640,454</b>	<b>163,168</b>	<b>477,286</b>

## [16] Liabilities

Other liabilities of EUR 67,948 thousand (Dec. 31, 2021: EUR 53,563 thousand) include contingent purchase price

liabilities, carried at fair value, insofar as the non-controlling shareholders can tender shares to INDUS by terminating the Articles of Incorporation or on the basis of option agreements.

## Other Disclosures

### [17] Segment Reporting

#### SEGMENT INFORMATION BY DIVISION FOR THE FIRST NINE MONTHS OF 2022

##### SEGMENT REPORT IN ACCORDANCE WITH IFRS 8

(in EUR '000)

	<u>Construction/ Infrastructure</u>	<u>Automotive Technology</u>	<u>Engineering</u>	<u>Medical Engineering/ Life Science</u>	<u>Metals Technology</u>	<u>Total segments</u>	<u>Reconciliation</u>	<u>Consolidated financial statements</u>
<b>Q1-Q3 2022</b>								
Revenue with external third parties	397,010	189,877	380,511	116,603	350,540	1,434,541	330	1,434,871
Revenue with other segments	43	9,795	3	75	4,647	14,563	-14,563	0
<b>Revenue</b>	<b>397,053</b>	<b>199,672</b>	<b>380,514</b>	<b>116,678</b>	<b>355,187</b>	<b>1,449,104</b>	<b>-14,233</b>	<b>1,434,871</b>
<b>Segment earnings (EBIT)</b>	<b>46,851</b>	<b>-92,193</b>	<b>29,302</b>	<b>-3,801</b>	<b>39,584</b>	<b>19,743</b>	<b>-8,556</b>	<b>11,187</b>
Income from measurement according to the equity method	622	-24	0	0	0	598	0	598
<b>Depreciation/amortization</b>	<b>-15,256</b>	<b>-18,605</b>	<b>-18,966</b>	<b>-7,688</b>	<b>-11,914</b>	<b>-72,429</b>	<b>-897</b>	<b>-73,326</b>
<b>Impairment</b>	<b>-12,700</b>	<b>-21,767</b>	<b>-13,800</b>	<b>-11,700</b>	<b>-1,615</b>	<b>-61,582</b>	<b>0</b>	<b>-61,582</b>
<b>Segment EBITDA</b>	<b>74,807</b>	<b>-51,821</b>	<b>62,068</b>	<b>15,587</b>	<b>53,113</b>	<b>153,754</b>	<b>-7,659</b>	<b>146,095</b>
<b>Investments</b>	<b>8,830</b>	<b>21,534</b>	<b>65,288</b>	<b>5,309</b>	<b>5,454</b>	<b>106,415</b>	<b>312</b>	<b>106,727</b>
of which company acquisitions	0	0	58,769	0	0	58,769	0	58,769
<b>Q1-Q3 2021</b>								
Revenue with external third parties	337,988	213,029	311,853	110,583	322,997	1,296,450	-78	1,296,372
Revenue with other segments	8	5,767	70	54	3,229	9,128	-9,128	0
<b>Revenue</b>	<b>337,996</b>	<b>218,796</b>	<b>311,923</b>	<b>110,637</b>	<b>326,226</b>	<b>1,305,578</b>	<b>-9,206</b>	<b>1,296,372</b>
<b>Segment earnings (EBIT)</b>	<b>54,205</b>	<b>-41,539</b>	<b>35,793</b>	<b>8,958</b>	<b>27,710</b>	<b>85,127</b>	<b>-6,554</b>	<b>78,573</b>
Income from measurement according to the equity method	-154	-59	955	0	0	742	0	742
<b>Depreciation/amortization</b>	<b>-14,160</b>	<b>-19,779</b>	<b>-16,428</b>	<b>-7,694</b>	<b>-11,503</b>	<b>-69,564</b>	<b>-701</b>	<b>-70,265</b>
<b>Impairments</b>	<b>0</b>	<b>-8,188</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-8,188</b>	<b>0</b>	<b>-8,188</b>
<b>Segment EBITDA</b>	<b>68,365</b>	<b>-13,572</b>	<b>52,221</b>	<b>16,652</b>	<b>39,213</b>	<b>162,879</b>	<b>-5,853</b>	<b>157,026</b>
<b>Investments</b>	<b>43,376</b>	<b>15,077</b>	<b>33,954</b>	<b>7,701</b>	<b>5,717</b>	<b>105,825</b>	<b>166</b>	<b>105,991</b>
of which company acquisitions	32,700	0	30,229	0	0	62,929	0	62,929

## SEGMENT INFORMATION BY DIVISION FOR THE FIRST THREE MONTHS OF 2022

### SEGMENT REPORT IN ACCORDANCE WITH IFRS 8

(in EUR '000)

	<u>Construction/ Infrastructure</u>	<u>Automotive Technology</u>	<u>Engineering</u>	<u>Medical Engineering/ Life Science</u>	<u>Metals Technology</u>	<u>Total segments</u>	<u>Reconciliation</u>	<u>Consolidated financial statements</u>
<b>Q3 2022</b>								
Revenue with external third parties	135,509	66,594	133,290	39,161	115,331	489,885	57	489,942
Revenue with other segments	7	2,679	2	10	1,557	4,255	-4,255	0
<b>Revenue</b>	<b>135,516</b>	<b>69,273</b>	<b>133,292</b>	<b>39,171</b>	<b>116,888</b>	<b>494,140</b>	<b>-4,198</b>	<b>489,942</b>
<b>Segment earnings (EBIT)</b>	<b>7,956</b>	<b>-51,769</b>	<b>3,302</b>	<b>-8,846</b>	<b>12,690</b>	<b>-36,667</b>	<b>-3,276</b>	<b>-39,943</b>
Income from measurement according to the equity method	537	-49	0	0	0	488	0	488
<b>Depreciation/amortization</b>	<b>-5,036</b>	<b>-6,086</b>	<b>-6,773</b>	<b>-2,547</b>	<b>-3,968</b>	<b>-24,410</b>	<b>-307</b>	<b>-24,717</b>
<b>Impairment</b>	<b>-12,700</b>	<b>-18,967</b>	<b>-13,800</b>	<b>-11,700</b>	<b>-1,615</b>	<b>-58,782</b>	<b>0</b>	<b>-58,782</b>
<b>Segment EBITDA</b>	<b>25,692</b>	<b>-26,716</b>	<b>23,875</b>	<b>5,401</b>	<b>18,273</b>	<b>46,525</b>	<b>-2,969</b>	<b>43,556</b>
<b>Investments</b>	<b>4,199</b>	<b>9,434</b>	<b>1,442</b>	<b>2,218</b>	<b>2,964</b>	<b>20,257</b>	<b>269</b>	<b>20,526</b>
of which company acquisitions	0	0	0	0	0	0	0	0
<b>Q3 2021</b>								
Revenue with external third parties	121,835	69,483	113,081	37,391	104,273	446,063	-4	446,059
Revenue with other segments	0	-1	0	-1	0	-2	2	0
<b>Revenue</b>	<b>121,835</b>	<b>69,482</b>	<b>113,081</b>	<b>37,390</b>	<b>104,273</b>	<b>446,061</b>	<b>-2</b>	<b>446,059</b>
<b>Segment earnings (EBIT)</b>	<b>18,602</b>	<b>-22,004</b>	<b>16,023</b>	<b>3,201</b>	<b>8,109</b>	<b>23,931</b>	<b>-1,678</b>	<b>22,253</b>
Income from measurement according to the equity method	87	-5	199	0	0	281	0	281
<b>Depreciation/amortization</b>	<b>-5,176</b>	<b>-6,598</b>	<b>-5,728</b>	<b>-2,520</b>	<b>-3,856</b>	<b>-23,878</b>	<b>-240</b>	<b>-24,116</b>
<b>Impairments</b>	<b>0</b>	<b>-8,188</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-8,188</b>	<b>0</b>	<b>-8,188</b>
<b>Segment EBITDA</b>	<b>23,778</b>	<b>-7,218</b>	<b>21,751</b>	<b>5,721</b>	<b>11,965</b>	<b>55,997</b>	<b>-1,438</b>	<b>54,557</b>
<b>Investments</b>	<b>3,565</b>	<b>4,508</b>	<b>5,200</b>	<b>1,238</b>	<b>1,794</b>	<b>16,305</b>	<b>24</b>	<b>16,329</b>
of which company acquisitions	0	0	3,823	0	0	3,823	0	3,823

The table below reconciles the total operating results of segment reporting with the earnings before taxes in the consolidated statement of income:

### RECONCILIATION

(in EUR '000)

	<u>Q1-Q3 2022</u>	<u>Q1-Q3 2021</u>	<u>Q3 2022</u>	<u>Q3 2021</u>
<b>Segment earnings (EBIT)</b>	<b>19,743</b>	<b>85,127</b>	<b>-36,667</b>	<b>23,931</b>
Areas not allocated incl. holding company	-7,829	-6,610	-2,780	-2,116
Consolidations	-727	56	-496	438
Financial income	-15,619	-14,973	-5,573	-5,133
<b>Earnings before taxes</b>	<b>-4,432</b>	<b>63,600</b>	<b>-45,516</b>	<b>17,120</b>

The classification of segments corresponds without change to the current state of internal reporting. The segment information relates to continued operations. The companies are assigned to the segments based on their selling markets if the large majority of their range is sold in a particular market environment (Automotive Technology, Medical Engineering/Life Science). Otherwise they are classified by common features in their production structure (Construction/Infrastructure, Engineering, Metals Technology).

The reconciliations contain the figures of the holding company, the non-operating units not allocated to any segment, and consolidations. See the explanation provided in the management report regarding the products and services that generate segment sales.

The key control variable for the segments is operating income (EBIT) as defined in the consolidated financial statements. The information pertaining to the segments has been ascertained in compliance with the reporting and valuation methods that were applied in the preparation of the

consolidated financial statements. Transfer prices between segments are based on arm's-length prices to the extent that they can be established in a reliable manner and are otherwise determined on the basis of the cost-plus pricing method.

#### SEGMENT INFORMATION BY REGION

The breakdown of sales by region relates to our selling markets. Owing to the diversity of our foreign activities, a further breakdown by country would not be meaningful since no country other than Germany accounts for 10% of Group sales.

Non-current assets, less deferred taxes and financial instruments, are based on the registered offices of the companies concerned. Further differentiation would not be useful since the majority of companies are based in Germany.

Owing to the diversification policy at INDUS, there were no individual product or service groups and no individual customers that accounted for more than 10% of sales.

in EUR '000	<u>Group</u>	<u>Germany</u>	<u>EU</u>	<u>Third countries</u>
<b>Revenue with external third parties</b>				
Q1-Q3 2022	1,434,871	728,506	272,908	433,457
Q3 2022	489,942	253,953	86,262	149,727
<b>Non-current assets, less deferred taxes and financial instruments</b>				
September 30, 2022	1,076,558	902,537	44,906	129,115
<b>Revenue with external third parties</b>				
Q1-Q3 2021	1,296,372	663,236	277,037	356,099
Q3 2021	446,059	231,276	94,822	119,961
<b>Non-current assets, less deferred taxes and financial instruments</b>				
December 31, 2021	1,000,342	848,392	57,452	94,498



## [18] Information on the Significance of Financial Instruments

The table below shows the carrying amounts of the financial instruments. The fair value of a financial instrument is the price that would be paid in an orderly transaction between market participants for the sale of an asset or transfer of a liability on the measurement date.

### FINANCIAL INSTRUMENTS

(in EUR '000)

	<u>Balance sheet value</u>	<u>Not within the scope of IFRS 9</u>	<u>IFRS 9 Financial instruments</u>	<u>Of which measured at fair value</u>	<u>Of which measured at amortized cost</u>
<b>September 30, 2022</b>					
Financial investments	8,961	0	8,961	2,467	6,494
Cash and cash equivalents	130,813	0	130,813	0	130,813
Receivables	247,335	22,596	224,739	0	224,739
Other assets	28,111	9,390	18,721	3,460	15,261
<b>Financial instruments: Assets</b>	<b>415,220</b>	<b>31,986</b>	<b>383,234</b>	<b>5,927</b>	<b>377,307</b>
Financial liabilities	777,555	0	777,555	0	777,555
Trade payables	87,575	0	87,575	0	87,575
Other liabilities	177,621	74,714	102,907	68,118	34,789
<b>Financial instruments: Equity and liabilities</b>	<b>1,042,751</b>	<b>74,714</b>	<b>968,037</b>	<b>68,118</b>	<b>899,919</b>
<b>December 31, 2021</b>					
Financial investments	8,794	0	8,794	2,517	6,277
Cash and cash equivalents	136,320	0	136,320	0	136,320
Receivables	168,890	13,402	155,488	0	155,488
Other assets	39,014	12,617	26,397	0	26,397
<b>Financial instruments: Assets</b>	<b>353,018</b>	<b>26,019</b>	<b>326,999</b>	<b>2,517</b>	<b>324,482</b>
Financial liabilities	640,454	0	640,454	0	640,454
Trade payables	62,178	0	62,178	0	62,178
Other liabilities	172,846	71,755	101,091	56,164	44,927
<b>Financial instruments: Equity and liabilities</b>	<b>875,478</b>	<b>71,755</b>	<b>803,723</b>	<b>56,164</b>	<b>747,559</b>

Available-for-sale financial instruments are fundamentally long-term financial investments for which no pricing on an active market is available and the fair value of which cannot be reliably determined. These are carried at cost.

**FINANCIAL INSTRUMENTS BY BUSINESS MODEL  
IN ACC. WITH IFRS 9**

(in EUR '000)

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Financial assets measured at cost	377,307	324,482
Financial assets recognized at fair value directly in equity	2,467	2,517
Derivatives with hedging relationships, hedge accounting	3,460	0
<b>Financial instruments: Assets</b>	<b>383,234</b>	<b>326,999</b>
Financial liabilities measured at fair value through profit and loss	67,514	53,563
Financial liabilities measured at cost	899,919	747,559
Derivatives with hedging relationships, hedge accounting	604	2,601
<b>Financial instruments: Equity and liabilities</b>	<b>968,037</b>	<b>803,723</b>

**[20] Approval for Publication**

The Board of Management of INDUS Holding AG approved these IFRS interim financial statements for publication on November 9, 2022.

Bergisch Gladbach, November 9, 2022

INDUS Holding AG

The Board of Management

  
Dr. Johannes Schmidt

  
Dr. Jörn Großmann

**[19] Events After the Reporting Date**

With the approval of the Supervisory Board, the INDUS Holding AG (“INDUS”) Board of Management decided to drastically reduce INDUS’ further financial engagement in the portfolio company S.M.A. Metalltechnik GmbH & Co. KG (“SMA”) on September 23 and to limit engagement until the end of October 2022. Prior to this decision, SMA was in intense negotiations with its major customers regarding the adjustment of existing contracts due to changes in the basis of these contracts as a result of macroeconomic developments. SMA was not able to achieve the necessary adjustments in the existing supply agreements. On October 24, 2022, therefore, the management of SMA went into administration with the aim of restructuring the company. In total, this is expected to result in expenses of approximately EUR 61 million (EBIT effect). In the financial statements as of September 30, 2022, expenses in the amount of EUR 37.1 million were recognized in profit or loss. As part of the deconsolidation of SMA due to the company applying for the initiation of self-administration proceedings on October 24, 2022, further expenses in the amount EUR 23.9 million are expected. As of September 30, 2022, SMA was responsible for more than half of the operating loss (EBIT) before impairments in the Automotive Technology segment. Further operating losses will no longer be incurred due to SMA from October 24, 2022.

  
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# Financial Calendar

Date	Event
February 23, 2023	Publication of preliminary figures for 2022
March 23, 2023	Publication of the annual report for 2022
May 11, 2023	Publication of interim report on the first three months of 2023
May 17, 2023	Annual Shareholders' Meeting 2023
August 10, 2023	Publication of interim report on the first half of 2023
November 14, 2023	Publication of interim report on the first nine months of 2023



Find the INDUS financial calendar and dates for corporate events at [www.indus.de/en/investor-relations/financial-calendar](http://www.indus.de/en/investor-relations/financial-calendar)

# Imprint

## RESPONSIBLE MEMBER OF THE BOARD OF MANAGEMENT

Dr.-Ing. Johannes Schmidt

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## DISCLAIMER:

This interim report contains forward-looking statements based on assumptions and estimates made by the Board of Management of INDUS Holding AG. Although the Board of Management is of the opinion that these assumptions and estimates are accurate, they are subject to certain risks and uncertainty. Actual future results may deviate substantially from these assumptions and estimates due to a variety of factors. These factors include changes in the general economic situation, the business, economic and competitive situation, foreign exchange and interest rates, and the legal setting. INDUS Holding AG shall not be held liable for the future development and actual future results being in line with the assumptions and estimates included in this interim report. Assumptions and estimates made in this interim report will not be updated.

