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2022

INDUS
HOLDING AG

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INTERIM
REPORT H1
2022

[INDUS]

Highlights

in EUR million	H1 2022	H1 2021
Sales	944.9	850.3
EBITDA	102.5	102.4
EBIT	51.1	56.3
EBIT margin (in %)	5.4	6.6
Group net income for the year (earnings after taxes)	20.7	28.7
Earnings per share (in EUR)	0.76	1.16
Operating cash flow	-39.7	22.8
Cash flow from operating activities	-50.9	11.4
Cash flow from investing activities	-71.5	-89.1
Cash flow from financing activities	101.2	45.7
	June 30, 2022	December 31, 2021
Total assets	2,083.2	1,857.4
Equity	801.9	787.5
Equity ratio (in %)	38.5	42.4
Working capital	603.5	457.5
Net debt	662.3	504.2
Cash and cash equivalents	115.3	136.3
Portfolio companies (number as of reporting date)	48	46

Contents

1	01	Letter to the Shareholders
2	02	Interim Management Report
14	03	Condensed Consolidated Interim Financial Statements
29	04	Further Information

INDUS Group remains robust in challenging market environment

- Sales up by approx. 11% in H1 2022
- Noticeable sales and EBIT growth in three segments
- Losses in Automotive Technology segment increased further due to high costs
- Forecast adjusted

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

(in %)



Source: Bloomberg

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

Letter to the Shareholders

Dear shareholders,

The first half of 2022 is behind us – and, in light of numerous crises, the macroeconomic environment has not improved. Nevertheless, our Group has delivered a respectable performance in these uncertain times. With the acquisition of HEIBER + SCHRÖDER and the HELD Group we have diversified our portfolio further by adding two companies with promising growth prospects.

At approximately EUR 945 million, the INDUS Group's sales in the first half of the year were around 11% higher than in the previous year. Operating income (EBIT) before the impairments recognized in the first quarter in the Automotive Technology segment in the amount of EUR 4.6 million was only slightly lower at around EUR 56 million than in the same period of the previous year. Sales and EBIT rose considerably in the Construction/Infrastructure, Engineering and Metals Technology segments. Developments in the Medical Engineering/Life Science segment are still subdued. In total, these four segments easily reach our EBIT margin target of "10% + X".

The situation in the Automotive Technology segment remains challenging. The steep increases in materials and energy prices are negatively impacting companies in the segment. The series suppliers in particular are struggling in price negotiations with customers who are insufficiently prepared to make any of the desperately necessary concessions. The momentum anticipated in sales in the second half of the year has also largely not materialized yet. In light of the ongoing negative overall conditions, the status of the ongoing restructuring and the planning for the coming years, which will be updated as scheduled, the Board of Management will be looking closely in the coming weeks at continuation scenarios with series suppliers.

Working capital rose once more in the second quarter. This is due on the one hand to the value of inventories increasing sharply as a result of the massive material price hikes and on the other hand to the portfolio companies stocking up their inventories to counteract uncertainties in material availability. The steep increase in sales also led to higher receivables in the first half of the year. Together with the managing directors, the Board of Management has in the meantime initiated a program to reduce working capital. Working capital is therefore expected to decline again significantly by the end of the year, but it is still unlikely to reach the figures seen at the beginning of 2022.

We have been successful in the field of M&A in 2022. Following the acquisition of HEIBER + SCHRÖDER, we

acquired the HELD Group for the Engineering segment in the second quarter. The profitable provider of laser cutting and welding technology also produces equipment to manufacture electrodes for hydrogen electrolysis – an exciting future field. We have invested approximately EUR 59 million in the acquisition of new companies in the first six months of the year and repaid contingent purchase price liabilities in the amount of EUR 2.5 million for remaining shares in MESUTRONIC and M+P.

We have adjusted our forecast published with the 2021 Annual Report correspondingly. We now anticipate higher Group sales of between EUR 1.90 billion and EUR 2.0 billion due to the inflation-related passing on of price increases at many portfolio companies. In light of higher material prices, and a foreseeable increase in personnel and energy costs, we expect lower operating income (EBIT) of between EUR 100 million and EUR 115 million. We have adjusted the sales and EBIT forecast ranges for the individual segments.

Dear shareholders, the year 2022 will be a challenging one for our portfolio companies. Despite the deteriorations in the macroeconomic environment, however, our portfolio is robust overall. The Board of Management's main task in the coming months is to reduce the negative impacts in the Automotive Technology segment, which will allow the strength of the other segments to shine through again more clearly. We are working on this and we will find solutions. The companies in the other segments are active in a number of exciting future fields and will make the most of the opportunities that also arise from the current crises. The portfolio companies are currently working on innovative projects related to making the necessary energy savings, for instance.

Thank you for confidence in us. Yours sincerely,

Bergisch Gladbach, August 2022



Dr. Johannes Schmidt



Dr. Jörn Großmann



Axel Meyer



Rudolf Weichert

Interim Management Report

Performance of the INDUS Group in the First Six Months of 2022

CONSOLIDATED STATEMENT OF INCOME

(in EUR million)

	H1 2022	H1 2021	Difference		Q2 2022	Q2 2021	Difference	
			absolute	in %			absolute	in %
Sales	944.9	850.3	94.6	11.1	500.1	449.9	50.2	11.2
Other operating income	11.1	8.3	2.8	33.7	7.3	4.5	2.8	62.2
Own work capitalized	1.5	2.6	-1.1	-42.3	-0.2	1.8	-2.0	<-100
Change in inventories	38.6	16.0	22.6	>100	14.4	4.2	10.2	>100
Overall performance	996.1	877.2	118.9	13.6	521.6	460.4	61.2	13.3
Cost of materials	-492.9	-402.9	-90.0	-22.3	-261.1	-213.4	-47.7	-22.4
Personnel expenses	-275.1	-263.0	-12.1	-4.6	-139.8	-134.7	-5.1	-3.8
Other operating expenses	-125.6	-108.9	-16.7	-15.3	-65.3	-57.6	-7.7	-13.4
EBITDA	102.5	102.4	0.1	0.1	55.4	54.7	0.7	1.3
Depreciation/amortization	-51.4	-46.1	-5.3	-11.5	-25.0	-23.4	-1.6	-6.8
Operating income (EBIT)	51.1	56.3	-5.2	-9.2	30.4	31.3	-0.9	-2.9
Financial income	-10.0	-9.8	-0.2	-2.0	-4.3	-4.6	0.3	6.5
Earnings before taxes (EBT)	41.1	46.5	-5.4	-11.6	26.1	26.7	-0.6	-2.2
Income taxes	-20.4	-17.8	-2.6	-14.6	-10.0	-10.1	0.1	1.0
Earnings after taxes	20.7	28.7	-8.0	-27.9	16.1	16.6	-0.5	-3.0
of which attributable to non-controlling shareholders	0.3	0.4	-0.1	-25.0	0.2	0.4	-0.2	-50.0
of which attributable to INDUS shareholders	20.4	28.3	-7.9	-27.9	15.9	16.2	-0.3	-1.9
Earnings per share	0.76	1.10	-0.34	-30.9	0.59	0.60	-0.01	-1.7

Despite the tense overall economic situation, the three INDUS segments Construction/Infrastructure, Engineering and Metals Technology all performed very well in the first six months of 2022. The Medical Engineering/Life Science segment is negatively impacted by the general increases in prices. This segment was able to increase sales but reported a decrease in 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. The Automotive Technology segment's operating income (EBIT) is therefore distinctly negative.

11% Increase in Sales

In the first half of 2022, the INDUS portfolio companies generated sales of EUR 944.9 million. This equates to an increase of EUR 94.6 million (11.1%) in comparison with the previous year (EUR 850.3 million).

Revenue increased the most in the Construction/Infrastructure (+21.0%) and Engineering (+24.3%) segments. This was primarily due to the acquisition of WIRUS (Construction/Infrastructure segment), TECALEMIT Inc. and FLACO in the previous year and HEIBER + SCHRÖDER and HELD in the current year (all assigned to the Engineering segment). Revenue in the Medical Engineering/Life Science and Metals Technology segments also rose by 5.7% and 7.5% respectively. Only the Automotive Technology segment recorded a drop in revenue (-14.1%). This decrease is exclusively due to the sale of the WIESAUPLAST Group at the end of 2021. The remaining companies in the Automotive Technology segment recorded growth in sales. Overall, the INDUS Group grew 2.9% inorganically and 8.2% organically.

At EUR 996.1 million, the overall performance improved significantly on the previous year's figure (EUR 877.2 million). The cost of materials increased disproportionately to the sales figure by EUR 90.0 million to EUR 492.9 million. The cost-of-materials ratio increased from 47.4% to 52.2%. Taking into account the larger inventories, the change is much less significant and primarily due to the overall increase in the price of materials. The increase in personnel expenses was disproportionately lower, rising EUR 12.1 million from EUR 263.0 million to EUR 275.1 million. The personnel expense ratio decreased by 1.8 percentage points from 30.9% to 29.1%.

In the reporting period, other operating expenses of EUR 125.6 million were slightly disproportionately higher in a year-over-year comparison (previous year: EUR 108.9 million). This relates in particular to higher selling expenses and especially higher logistics costs. Depreciation/amortization increased by EUR 5.3 million to EUR 51.4 million in total. The depreciation/amortization includes impairments on assets of EUR 2.8 million recorded in the first quarter of 2022.

Operating Income Impacted by Price Increases

At EUR 51.1 million, operating income (EBIT) was down EUR 5.2 million on the previous year's figure (EUR 56.3 million). The EBIT margin fell to 5.4% (previous year: 6.6%). The operating income (EBIT) was negatively affected by the sharp rises in material and energy costs as well as higher freight and logistics costs. These cost increases are having an especially severe impact on one of the series suppliers in the Automotive Technology segment. Due to impairment testing in the first quarter, triggered by current events, a EUR 4.6 million impairment loss was recognized; this relates to the

impairment of fixed assets in the amount of EUR 2.8 million and impairment of contract assets (pursuant to IFRS 15) in the amount of EUR 1.8 million.

Looking at the second quarter in isolation, operating income (EBIT) amounted to EUR 30.4 million and was therefore just under the previous-year figure (EUR 31.3 million). At 6.1%, the EBIT margin in the second quarter was significantly higher than the margin in the first half of the year (5.4%) and higher than the margin in the first quarter (4.7%).

Financial income decreased very slightly by EUR 0.2 million to EUR -10.0 million. Financial income includes net interest, income from shares accounted for using the equity method and other financial income. Measurements of minority interests are reported in the other financial income item.

At EUR 41.1 million, earnings before taxes (EBT) in the first half of the year were down by EUR 5.4 million on the previous year's figure (EUR 46.5 million). Tax expenses rose to EUR 20.4 million against EUR 17.8 million in the previous year. The reason for this increase in tax expenses was the lack of offsetting between companies, in line with INDUS' decentralized business model. Before the interests attributable to non-controlling shareholders were deducted, earnings after taxes had fallen by EUR 8.0 million to EUR 20.7 million (previous year: EUR 28.7 million). Earnings per share came to EUR 0.76, following EUR 1.10 in the previous year.

During the first six months of 2022, the INDUS Group companies employed 10,656 people on average (previous year: 10,738 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 is 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, 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.

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 June 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 261.5 million and were therefore EUR 45.3 million (21.0%) higher in a year-on-year comparison. Growth in sales is attributable to inorganic growth of 10.4% through the acquisition of WIRUS and to organic growth of 10.6%. The majority of the segment's portfolio companies contributed to the organic growth in sales.

Operating income (EBIT) rose in comparison with the previous year by EUR 3.3 million (9.3%) to EUR 38.9 million (previous year: EUR 35.6 million). At 14.9%, the EBIT

margin once again reached an outstanding level and remains at the upper end of the target range of 13% to 15%.

The majority of portfolio companies were able to maintain the results of the previous year. WIRUS also made a significant positive contribution to income. The higher material prices and supply chain problems also had a negative impact on the Construction/Infrastructure segment and will continue to pose challenges for the portfolio companies in the coming months. In the first six months of the year, however, companies in the segment were able to largely cushion material bottlenecks with targeted stockpiling of raw materials – which has led to an increase in working capital. Nevertheless, the increase in the price of materials was only partially passed on to customers and has had a negative impact on the EBIT margin.

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

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

KEY FIGURES FOR CONSTRUCTION/INFRASTRUCTURE

(in EUR million)

	H1 2022	H1 2021	Difference		Q2 2022	Q2 2021	Difference	
			absolute	in %			absolute	in %
Revenue with external third parties	261.5	216.2	45.3	21.0	137.2	120.2	17.0	14.1
EBITDA	49.1	44.6	4.5	10.1	26.4	25.7	0.7	2.7
Depreciation/amortization	-10.2	-9.0	-1.2	-13.3	-5.2	-4.9	-0.3	-6.1
EBIT	38.9	35.6	3.3	9.3	21.2	20.8	0.4	1.9
EBIT margin in %	14.9	16.5	-1.6 pp	-	15.5	17.3	-1.8 pp	-
Investments	4.6	39.8	-35.2	-88.4	2.9	36.4	-33.5	-92.0
Employees	2,334	2,055	279	13,6	2,336	2,165	171,0	7,9

Automotive Technology

Series Supplier Heavily Impacted by Rise in Material Prices

At EUR 123.3 million, sales in the Automotive Technology segment decreased year-over-year by EUR 20.2 million, or 14.1%, in the first half of 2022. This decrease in sales is solely the result of the sale of WIESAUPLAST at the end of 2021 (EUR -26.0 million). The total revenue of EUR 5.8 million from the remaining companies in the segment has increased against the same period of the previous year.

At EUR -40.4 million, operating income (EBIT) was EUR 20.9 million lower than the previous year's figure (EUR -19.5 million). The segment's EBIT margin came to -32.8% compared with -13.6% in the previous year.

The sharp increase in material and energy prices along with higher freight and logistics costs impacted one series supplier in particular severely. Both series suppliers in the segment again made severely negative contributions to

income. The higher prices have not been passed on to customers yet. The aim remains to adjust the sales prices at least partially in the second half of 2022. These events triggered an impairment test of the recognized value of assets in the first quarter of 2022, which resulted in the recognition of an impairment loss of EUR 2.8 million on fixed assets and EUR 1.8 million on contract assets pursuant to IFRS 15.

Investments in the amount of EUR 12.1 million in the Automotive Technology segment (previous year: EUR 10.6 million) relate exclusively to investments in fixed assets.

In light of the ongoing negative overall conditions, the status of the ongoing restructuring and the planning for the coming years, which will be updated according to the schedule, the Board of Management will be looking closely in the coming weeks at continuation scenarios with series suppliers. Providing the status quo holds, we expect a slight increase in sales and a decrease of approximately EUR 10 million in operating income (EBIT) before impairment for the full year.

KEY FIGURES FOR AUTOMOTIVE TECHNOLOGY

(in EUR million)

	H1 2022	H1 2021	Difference		Q2 2022	Q2 2021	Difference	
			absolute	in %			absolute	in %
Revenue with external third parties	123.3	143.5	-20.2	-14.1	65.4	73.7	-8.3	-11.3
EBITDA	-25.1	-6.3	-18.8	<-100	-10.1	-3.2	-6.9	<-100
Depreciation/amortization	-15.3	-13.2	-2.1	-15.9	-6.4	-6.6	0.2	3.0
EBIT	-40.4	-19.5	-20.9	<-100	-16.5	-9.8	-6.7	-68.4
EBIT margin in %	-32.8	-13.6	-19.2 pp	-	-25.2	-13.3	-11.9 pp	-
Investments	12.1	10.6	1.5	14.2	7.3	4.6	2.7	58.7
Employees	2,812	3,253	-441	-13.6	2,812	3,308	-496	-15.0

Engineering

Acquisition of Two New Portfolio Companies Completed

Segment sales in the Engineering segment amounted to EUR 247.2 million in the first half of 2022, following EUR 198.8 million in the previous year. This represents a clear year-over-year increase of EUR 48.4 million (24.3%). The increase is attributable to inorganic growth of 14.3% – through the acquisition of TECALEMIT Inc. and FLACO in 2021 and the recent acquisitions of HEIBER + SCHRÖDER and HELD – and organic growth of 10.0%.

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 and first consolidated

the HELD Group in May 2022. HELD is a medium-sized provider of laser cutting and welding technology.

Operating income (EBIT) rose disproportionately by EUR 6.2 million to EUR 26.0 million. At 10.5%, the EBIT margin exceeded the previous year's figure (10.0%). 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, acquired in January 2021, increased especially due to the reversal of write-downs on current assets discovered during the initial consolidation in the reporting period. We anticipate that the newly acquired portfolio companies will already begin making positive contributions to income in the second half of 2022.

We therefore anticipate a significant rise in sales and a rise in operating income (EBIT) for the full year. The EBIT margin is expected to be in a range of 10% to 12%.

Investments in the reporting period included EUR 63.8 million for the acquisition of HEIBER + SCHRÖDER, EUR 58.8 million for the acquisition of HELD, and EUR 5.0 million in fixed assets. Investments in the previous year consisted of EUR 26.4 million for the acquisition of JST and EUR 2.4 million for investments in fixed assets.

KEY FIGURES FOR ENGINEERING

(in EUR million)

	H1 2022	H1 2021	Difference		Q2 2022	Q2 2021	Difference	
			absolute	in %			absolute	in %
Revenue with external third parties	247.2	198.8	48.4	24.3	138.1	106.1	32.0	30.2
EBITDA	38.2	30.5	7.7	25.2	17.2	16.2	1.0	6.2
Depreciation/amortization	-12.2	-10.7	-1.5	-14.0	-6.6	-5.4	-1.2	-22.2
EBIT	26.0	19.8	6.2	31.3	10.6	10.8	-0.2	-1.9
EBIT margin in %	10.5	10.0	0.5 pp	-	7.7	10.2	-2.5 pp	-
Investments	63.8	28.8	35.0	>100	61.5	1.3	60.2	>100
Employees	2,383	2,241	142	6.3	2,433	2,232	201	9.0

Medical Engineering/Life Science

Marked Price Increases Impact EBIT

The portfolio companies in the Medical Engineering/Life Science segment reported sales of EUR 77.4 million in the first half of 2022, which corresponds to an increase of EUR 4.2 million (5.7%). The increase in sales was generated above all in the field of optical lenses and rehabilitation technology.

At EUR 5.0 million, operating income (EBIT) was down by EUR 0.8 million on the previous year (EUR 5.8 million). The portfolio companies have been negatively

impacted by higher material prices and logistics costs. The price increases have proven difficult to pass on to customers. The EBIT margin came to 6.5%, as against 7.9% in the previous year.

We anticipate a slight rise in sales for the full year. However, we expect EBIT to decline against the previous year. This is due to an increase in costs resulting from the relocation of production that will especially impact figures in the second half of the year. We expect the EBIT margin to range between just 6% and 8%.

At EUR 3.1 million, investments were substantially lower than in the same period of the previous year (EUR 6.5 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)

	H1 2022	H1 2021	Difference		Q2 2022	Q2 2021	Difference	
			absolute	in %			absolute	in %
Revenue with external third parties	77.4	73.2	4.2	5.7	38.7	37.6	1.1	2.9
EBITDA	10.2	10.9	-0.7	-6.4	4.5	5.0	-0.5	-10.0
Depreciation/amortization	-5.2	-5.1	-0.1	-2.0	-2.6	-2.4	-0.2	-8.3
EBIT	5.0	5.8	-0.8	-13.8	1.9	2.6	-0.7	-26.9
EBIT margin in %	6.5	7.9	-1.4 pp	-	4.9	6.9	-2.0 pp	-
Investments	3.1	6.5	-3.4	-52.3	1.8	5.7	-3.9	-68.4
Employees	1,596	1,609	-13	-0.8	1,592	1,612	-20	-1.2

Metals Technology

Increase in Sales and EBIT

Both sales and EBIT increased in the Metals Technology segment in the first half of 2022.

Sales amounted to EUR 235.2 million in the first half of 2022 and were therefore EUR 16.5 million (7.5%) higher in a year-over-year comparison. The increase was carried by virtually all segment companies and was generated despite the discontinuation of BACHER (share of around EUR 7.6 million in sales in the same period of the previous year). Clear increases in sales were achieved in the carbide business and the fields of metal processing and forming technology.

Operating income (EBIT) increased by EUR 7.3 million, or 37.2%. The discontinuation of BACHER in the previous year had the largest impact on this item; the sale of

real estate also resulted in income. After adjusting for both of these one-off effects, the segment's operating income (EBIT) was slightly higher than in the same period of the previous year. The companies in the Metals Technology segment, too, faced higher material prices and energy costs in the first half of 2022. The ability to pass on price increases was varied and dependent on contract maturities, which led to higher income volatility. Due to the one-time effects described above, the EBIT margin outperformed the previous year's figure by 2.4 percentage points in the first half of 2022 at 11.4% (9.0%) and was above the target margin of 7% to 9%.

We expect a rise in sales and an operating result (EBIT) for the whole of 2022 that is roughly on a par with the previous year's level.

At EUR 2.5 million, investments were EUR 1.4 million lower than in the same period of the previous year.

KEY FIGURES FOR METALS TECHNOLOGY

(in EUR million)

	H1 2022	H1 2021	Difference		Q2 2022	Q2 2021	Difference	
			absolute	in %			absolute	in %
Revenue with external third parties	235.2	218.7	16.5	7.5	120.5	112.1	8.4	7.5
EBITDA	34.8	27.2	7.6	27.9	19.6	13.3	6.3	47.4
Depreciation/amortization	-7.9	-7.6	-0.3	-3.9	-3.9	-3.8	-0.1	-2.6
EBIT	26.9	19.6	7.3	37.2	15.7	9.5	6.2	65.3
EBIT margin in %	11.4	9.0	2.4 pp	-	13.0	8.5	4.5 pp	-
Investments	2.5	3.9	-1.4	-35.9	1.2	3.3	-2.1	-63.6
Employees	1,492	1,542	-50	-3.2	1,497	1,541	-44	-2.9

Financial Position

CONSOLIDATED STATEMENT OF CASH FLOWS, CONDENSED		(in EUR million)		
	H1 2022	H1 2021	absolute	in %
Earnings after taxes	20.7	28.7	-8.0	-27.9
Depreciation/amortization	51.4	46.1	5.3	11.5
Other non-cash changes	31.8	29.1	2.7	9.3
Cash-effective change in working capital	-123.1	-58.6	-64.5	<-100
Change in other balance sheet items	-7.0	2.7	-9.7	<-100
Tax payments	-13.5	-25.2	11.7	46.4
Operating cash flow	-39.7	22.8	-62.5	<-100
Interest	-11.2	-11.4	0.2	1.8
Cash flow from operating activities	-50.9	11.4	-62.3	<-100
Cash outflow from investments in property, plant and equipment and intangible assets	-86.2	-89.3	3.1	3.5
Cash inflow from the disposal of assets	14.7	0.2	14.5	>100
Cash flow from investing activities	-71.5	-89.1	17.6	19.8
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 minority 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	221.0	57.5	163.5	>100
Cash outflow from the repayment of loans	-78.4	-63.3	-15.1	-23.9
Cash outflow from the repayment of lease liabilities	-10.3	-10.7	0.4	3.7
Cash outflow from the repayment of contingent purchase price commitments	-2.5	0.0	-2.5	-
Cash flow from financing activities	101.2	45.7	55.5	>100
Net changes in cash and cash equivalents	-21.2	-32.0	10.8	33.8
Changes in cash and cash equivalents caused by currency exchange rates	0.2	0.5	-0.3	-60.0
Cash and cash equivalents at the beginning of the period	136.3	194.7	-58.4	-30.0
Cash and cash equivalents at the end of the period	115.3	163.2	-47.9	-29.4

Statement of Cash Flows: Rise in Working Capital And High Level of Investing Activity in First Half of 2022

Based on earnings after taxes of EUR 20.7 million (previous year: EUR 28.7 million), operating cash flow decreased in the first half of 2022 by EUR -62.5 million to EUR -39.7 million. This change was primarily due to the cash-effective increase in working capital, which was EUR 64.5 million higher than the previous year's figure at EUR 123.1 million. 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 11.2 million (previous year: EUR 11.4 million), cash flow from operating activities amounted to EUR -50.9 million (previous year: EUR 11.4 million).

Cash flow from investing activities came to EUR -71.5 million, compared with EUR -89.1 million in the previous year. The cash outflow for investments in intangible assets

and in property, plant and equipment was slightly lower than in the same period of the previous year at EUR -27.2 million (previous year: EUR -30.2 million). Cash outflow for investment in shares in fully consolidated companies amounted to EUR -58.8 million (previous year: EUR -59.1 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 fully consolidated companies in the amount of EUR 9.8 million related to two tranches of the purchase price for the sale of the WIESAUPLAST Group at the end of the previous financial year as well as cash inflow from the disposal of other assets related to the sale of a commercial property.

The cash flow from financing activities was dominated by net borrowing in the first half of the year amounting to

EUR 142.6 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 therefore amounted to EUR 101.2 million, exceeding the previous year's figure of EUR 45.7 million.

The net changes in cash and cash equivalents for the first six months of 2022 amount to EUR -21.2 million. Starting with an opening balance at the beginning of the year of EUR 136.3 million, cash and cash equivalents as of the first half of the year stood at EUR 115.3 million.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONDENSED

(in EUR million)

	June 30, 2022	December 31, 2021	Difference	
			absolute	in %
ASSETS				
Non-current assets	1,169.4	1,099.0	70.4	6.4
Fixed assets	1,147.2	1,081.8	65.4	6.0
Receivables and other assets	22.2	17.2	5.0	29.1
Current assets	913.8	758.4	155.4	20.5
Inventories	512.8	403.9	108.9	27.0
Receivables and other assets	285.7	218.2	67.5	30.9
Cash and cash equivalents	115.3	136.3	-21.0	-15.4
Total assets	2,083.2	1,857.4	225.8	12.2
EQUITY AND LIABILITIES				
Non-current financial instruments	1,520.6	1,403.1	117.5	8.4
Equity	801.9	787.5	14.4	1.8
Borrowings	718.7	615.6	103.1	16.7
of which provisions	21.9	42.7	-20.8	-48.7
of which payables and deferred taxes	696.8	572.9	123.9	21.6
Current financing instruments	562.6	454.3	108.3	23.8
of which provisions	113.7	88.3	25.4	28.8
of which liabilities	448.9	366.0	82.9	22.7
Total equity and liabilities	2,083.2	1,857.4	225.8	12.2

Increase in Working Capital and Net Financial Liabilities in First Half of 2022

The INDUS Group's consolidated total assets amounted to EUR 2,083.2 million as of June 30, 2022, and were thus EUR 225.8 million (12.2%) higher than they were as of December 31, 2021. This was due in particular to an increase in working capital of EUR 146.0 million and the initial consolidation of the new portfolio companies HEIBER + SCHRÖDER and HELD.

Equity increased by EUR 14.4 million (1.8%). The payment of dividends to INDUS shareholders in the amount of EUR 28.2 million in the second quarter resulted in a decrease in equity. Due to the sharp rise in total equity and liabilities, the equity ratio as of June 30, 2022, amounted to 38.5%, thus under the target of 40% 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 +41.0 million). The increase in financial liabilities was primarily due to the financing of working capital, the acquisitions and the dividend payment in the first half of the year.

Working capital amounted to EUR 603.5 million as of June 30, 2022, and was thus 31.9% 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 supply chain problems. The increase in receivables is related to the increase in operating activities in three of the five segments.

WORKING CAPITAL

(in EUR million)

	June 30, 2022	December 31, 2021	Difference	
			absolute	in %
Inventories	512.8	403.9	108.9	27.0
Trade receivables	256.4	168.9	87.5	51.8
Trade payables	-103.1	-62.2	-40.9	-65.8
Advance payments received	-40.3	-25.7	-14.6	-56.8
Contract liabilities	-22.3	-27.4	5.1	18.6
Working capital	603.5	457.5	146.0	31.9

Net financial liabilities amounted to EUR 662.3 million as of June 30, 2022, up by EUR 158.1 million on December 31, 2021. The increase comprises higher non-current financial liabilities (EUR +88.5 million) and higher current financial

liabilities (EUR 48.6 million). At EUR 115.3 million, cash and cash equivalents are down by EUR 21.0 million on the previous year.

NET FINANCIAL LIABILITIES

(in EUR million)

	June 30, 2022	December 31, 2021	Difference	
			absolute	in %
Non-current financial liabilities	565.8	477.3	88.5	18.5
Current financial liabilities	211.8	163.2	48.6	29.8
Cash and cash equivalents	-115.3	-136.3	21.0	15.4
Net financial liabilities	662.3	504.2	158.1	31.4

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 and the ongoing sharp price increases, especially for primary materials, freight and energy, and rising inflation all point to lower economic output and higher volatility. 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 risk is particularly significant for the series suppliers in the Automotive Technology segment. In light of the ongoing negative overall conditions, the status of the ongoing restructuring and the planning for the coming years, which

will be updated according to the schedule, the Board of Management will be looking closely in the coming weeks at continuation scenarios with series suppliers.

Another consequence of the Russia-Ukraine war is the increased risk of a halt to gas supplies. Our portfolio companies are working on emergency scenarios internally should gas supplies be stopped. In the short-term, however, these can only ameliorate the potential negative effects. We believe the potential macroeconomic effects of a halt in gas supplies and the effect this would have on our portfolio companies cannot be realistically predicted at the moment.

In the upcoming budgeting and planning process, the combination of rising capital costs and macroeconomic uncertainties, for example, due to price volatility, supply bottlenecks or additional negative effects resulting from the Russia-Ukraine war, could lead to reduced corporate planning while at the same time increasing discount rates. There is therefore a risk that cash-effective impairments may arise following the submission of updated corporate planning, and corresponding impairment testing may become necessary in the third quarter.

Outlook

The outlook for the German economy is becoming increasingly gloomy. The outbreak of the Russia-Ukraine war led to a general downward trend that even canceled out the upswing in the service sector that followed the end of the coronavirus restrictions. GDP stagnated in the second quarter of 2022 in a quarter-over-quarter comparison. Uncertain energy supplies and the associated price increases in particular are impacting on sentiment and posing a serious potential risk for recession. At the same time, the German industry continues to struggle with the global logistics issues, supply shortages and increases in the price of materials. The restricted Chinese economy, held back by a zero-Covid policy, and sanctions against Russia are having an additional negative impact on international export. Demand is also dwindling: high inflation, particularly in the EU and USA, are weighing on consumer sentiment. The central banks are raising interest rates considerably to combat inflation, which is leading to higher financing costs.

The uncertain overall situation is reflected in increasingly pessimistic economic forecasts and indicators dropping, and the International Monetary Fund now predicts global economic growth of just 3.2% in 2022. The IMF anticipates growth of 1.2% for Germany in the current year and 0.8% in the coming year. In June, the ifo economic research institute was still expecting GDP growth of 2.5% in 2022 and 3.7% in 2023. The ifo Business Climate Index fell to its lowest value since June 2020 in July – for the first time in two years even the figures for new orders in the manufacturing sector showed a decrease. The ZEW's economic expectations collapsed in July 2022 and were below the figures of March 2020, which was dominated by uncertainty related to the coronavirus. How long this downward trend will last and how severely the German economy will be impacted is highly dependent on the further course of the energy crisis.

INDUS achieved positive results in the first six months of the 2022 financial year in the Construction/Infrastructure, Engineering and Metals Technology segments. Despite the tense economic situation, with extreme price increases in some cases, these segments were able to increase sales and operating income (EBIT), whereby the Metals Technology segment's results contained considerable one-time effects in comparison with the previous year. The development in the Medical Engineering/Life Science segment was subdued. The situation in the Automotive Technology segment was challenging.

In terms of sales, we expect developments to be stable overall in the second half of the year. Operating income (EBIT) will be impacted by the rising material prices in the Automotive Technology segment. On top of this, we are now predicting increases in personnel and energy costs across the portfolio in the second half of the year. Conversely, the newly acquired companies HEIBER + SCHRÖDER and HELD will deliver positive EBIT contributions early on.

At EUR -39.7 million, operating cash flow was considerably below the previous year's level (EUR 22.8 million). This is due to the steep increase in working capital, due in turn 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 in the second half of the year, but this will not bring the figures down to the level of the beginning of 2022.

We therefore anticipate a debt repayment period (net debt/EBITDA) from 2.8 to 3.2 years for the 2022 financial year. The long-term target corridor remains unchanged at two to two and a half years.

ADJUSTED FORECAST FOR THE SEGMENTS

	Actual 2021	Forecast – August 2022
Construction/Infrastructure		
Sales	EUR 451.6 million	Rising sales
EBIT	EUR 70.5 million	Slight rise in EBIT
EBIT margin	15.6%	13% to 15%
Automotive Technology		
Sales	EUR 281.9 million	Slight rise in sales
EBIT	EUR -57.3 million	Fall in EBIT
EBIT margin	-20.3%	Negative
Engineering		
Sales	EUR 438.9 million	Strong rise in sales
EBIT	EUR 56.9 million	Rising EBIT
EBIT margin	13.0%	10% to 12%
Medical Engineering/Life Science		
Sales	EUR 148.7 million	Slight rise in sales
EBIT	EUR 12.1 million	Fall in EBIT
EBIT margin	8.1%	6% to 8%
Metals Technology		
Sales	EUR 420.4 million	Rising sales
EBIT	EUR 42.3 million	Stable EBIT
EBIT margin	10.1%	8% to 10%

We are raising our forecast for the full financial year 2022, primarily due to the inflation-related passing on of price increases at many portfolio companies, to between EUR 1.90 billion and EUR 2.00 billion. Operating income (EBIT) will decline due to the negative impact of higher material prices in the Automotive Technology segment in particular and will therefore range between EUR 100 million and EUR 115 million.

In updating the forecast, we have not taken the consequences of a potential halt in gas supplies into account. Our portfolio companies are working on emergency scenarios internally should gas supplies be stopped. In the short-term, however, these can only ameliorate the potential negative effects. We believe the potential macroeconomic effects of a halt in gas supplies and the effect this would have on our portfolio companies cannot be realistically predicted at the moment.

Condensed Consolidated Interim Financial Statements

Consolidated Statement of Income

FOR THE FIRST HALF OF 2022

in EUR '000	Notes	H1 2022	H1 2021	Q2 2022	Q2 2021
REVENUE		944,929	850,313	500,145	449,888
Other operating income		11,088	8,338	7,293	4,504
Own work capitalized		1,496	2,585	-181	1,778
Change in inventories		38,564	16,031	14,385	4,192
Cost of materials	[4]	-492,870	-402,911	-261,095	-213,378
Personnel expenses	[5]	-275,059	-262,970	-139,796	-134,657
Depreciation/amortization	[6]	-51,409	-46,149	-25,014	-23,451
Other operating expenses	[7]	-125,609	-108,917	-65,256	-57,586
OPERATING INCOME (EBIT)		51,130	56,320	30,481	31,290
Interest income		164	87	62	62
Interest expense		-7,625	-8,547	-3,972	-4,323
NET INTEREST		-7,461	-8,460	-3,910	-4,261
Income from shares accounted for using the equity method		110	461	111	346
Other financial income		-2,695	-1,840	-661	-696
FINANCIAL INCOME	[8]	-10,046	-9,839	-4,460	-4,611
EARNINGS BEFORE TAXES (EBT)		41,084	46,481	26,021	26,679
Income taxes	[9]	-20,431	-17,740	-9,937	-10,017
EARNINGS AFTER TAXES		20,653	28,741	16,084	16,662
of which attributable to non-controlling shareholders		254	417	175	449
of which attributable to INDUS shareholders		20,399	28,324	15,909	16,213
Earnings per share (basic and diluted) in EUR	[10]	0.76	1.10	0.59	0.60

Consolidated Statement of Comprehensive Income

FOR THE FIRST HALF OF 2022

in EUR '000	H1 2022	H1 2021	Q2 2022	Q2 2021
EARNINGS AFTER TAXES	20,653	28,741	16,084	16,662
Actuarial gains/losses	22,130	2,712	13,019	-174
Deferred taxes	-5,635	-740	-3,383	37
Items not to be reclassified to profit or loss	16,495	1,972	9,636	-137
Currency conversion adjustment	4,218	494	2,305	428
Change in the market values of hedging instruments (cash flow hedge)	1,997	1,127	176	1,337
Deferred taxes	-288	-178	-164	-211
Items to be reclassified to profit or loss	5,927	1,443	2,317	1,554
OTHER COMPREHENSIVE INCOME	22,422	3,415	11,953	1,417
TOTAL COMPREHENSIVE INCOME	43,075	32,156	28,037	18,079
of which attributable to non-controlling shareholders	296	417	190	449
of which attributable to INDUS shareholders	42,779	31,739	27,847	17,630

Income and expenses recorded under other comprehensive income include actuarial gains from pensions and similar obligations amounting to EUR 22,130 thousand (previous year: EUR 2,712 thousand). This was the result of a 2.35% increase in the interest rate for domestic pension obligations (previous year: 0.35%) and 1.73% for foreign pensions (Switzerland) (previous year: 0.12%).

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 JUNE 30, 2022

in EUR '000	Notes	June 30, 2022	December 31, 2021
ASSETS			
Goodwill		443,019	409,798
Right-of-use assets from leasing/rent	[11]	86,684	93,402
Other intangible assets	[11]	186,517	142,817
Property, plant and equipment	[11]	411,511	416,610
Investment property		5,625	5,782
Financial investments		9,039	8,794
Shares accounted for using the equity method		4,773	4,578
Other non-current assets		7,247	3,476
Deferred taxes		14,979	13,771
Non-current assets		1,169,394	1,099,028
Inventories	[12]	512,760	403,894
Receivables	[13]	256,439	168,890
Other current assets		21,247	35,538
Current income taxes		8,021	13,739
Cash and cash equivalents		115,309	136,320
Current assets		913,776	758,381
TOTAL ASSETS		2,083,170	1,857,409
EQUITY AND LIABILITIES			
Subscribed capital		69,928	69,928
Capital reserve		318,143	318,143
Other reserves		412,099	397,560
Equity held by INDUS shareholders		800,170	785,631
Non-controlling interests in the equity		1,733	1,843
Equity		801,903	787,474
Pension provisions		20,420	41,321
Other non-current provisions		1,472	1,435
Non-current financial liabilities	[14]	565,814	477,286
Other non-current liabilities	[15]	61,201	47,023
Deferred taxes		69,823	48,569
Non-current liabilities		718,730	615,634
Other current provisions		113,643	88,344
Current financial liabilities	[14]	211,792	163,168
Trade payables		103,132	62,178
Other current liabilities	[15]	113,875	125,823
Current income taxes		20,095	14,788
Current liabilities		562,537	454,301
TOTAL EQUITY AND LIABILITIES		2,083,170	1,857,409

Consolidated Statement of Changes in Equity

FROM JANUARY 1 TO JUNE 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
AS OF JAN. 1, 2021	63,571	239,833	398,426	-26,522	675,308	1,046	676,354
Earnings after taxes			28,324		28,324	417	28,741
Other comprehensive income				3,415	3,415		3,415
Total comprehensive income			28,324	3,415	31,739	417	32,156
Capital increase	6,357	78,310			84,667		84,667
Dividend payment			-21,517		-21,517	-336	-21,853
Transactions involving interests attributable to non-controlling shareholders			-11,086		-11,086	168	-10,918
AS OF JUNE 30, 2021	69,928	318,143	394,147	-23,107	759,111	1,295	760,406
AS OF JAN. 1, 2022	69,928	318,143	410,994	-13,434	785,631	1,843	787,474
Earnings after taxes			20,399		20,399	254	20,653
Other comprehensive income				22,380	22,380	42	22,422
Total comprehensive income			20,399	22,380	42,779	296	43,075
Dividend payment			-28,240		-28,240	-406	-28,646
AS OF JUNE 30, 2022	69,928	318,143	403,153	8,946	800,170	1,733	801,903

Interests attributable to non-controlling shareholders as of June 30, 2022, primarily consist of the minority interests in ROLKO Group subsidiaries. Minority interests in limited partnerships and limited liability companies, for which the economic ownership of the corresponding minority 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% minority interest in Weigand Bau GmbH was entered into in the second quarter of 2021. Another 23.2% minority 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 SIX MONTHS OF 2022

in EUR '000	H1 2022	H1 2021
Earnings after taxes	20,653	28,741
Depreciation/appreciation of non-current assets	51,409	46,149
Income taxes	20,431	17,740
Financial income	10,046	9,839
Other non-cash transactions	1,371	1,511
Changes in provisions	23,741	23,081
Increase (-)/decrease (+) in inventories, receivables and other assets	-178,385	-89,876
Increase (+)/decrease (-) in trade payables and other equity and liabilities	24,503	10,779
Income taxes received/paid	-13,516	-25,189
Operating cash flow	-39,747	22,775
Interest paid	-11,378	-11,418
Interest received	222	87
Cash flow from operating activities	-50,903	11,444
Cash outflow from investments in		
Property, plant and equipment and intangible assets	-27,160	-30,172
Financial investments and shares accounted for using the equity method	-272	-384
Shares in fully consolidated companies	-58,769	-59,106
Cash inflow from the disposal of assets		
Shares in fully consolidated companies	9,843	0
Other assets	4,868	584
Cash flow from investing activities	-71,490	-89,078
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 minority shareholders	-406	-336
Cash inflow from the raising of loans	220,972	57,500
Cash outflow from the repayment of loans	-78,387	-63,280
Cash outflow from the repayment of lease liabilities	-10,265	-10,723
Cash flow from financing activities	101,200	45,598
Net changes in cash and cash equivalents	-21,193	-32,036
Changes in cash and cash equivalents caused by currency exchange rates	182	553
Cash and cash equivalents at the beginning of the period	136,320	194,701
Cash and cash equivalents at the end of the period	115,309	163,218

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 June 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 half-yearly 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 half 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
Total assets	14,683	38,476	53,159
Other provisions	1,487	0	1,487
Trade payables	563	0	563
Other equity and liabilities**	6,827	6,282	13,109
Total liabilities	8,877	6,282	15,159

* 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 9,059 thousand and operating income (EBIT) of EUR -543 thousand to income in the first half of the year.

Expenses affecting net income from the initial consolidation of HEIBER + SCHRÖDER had a negative impact of EUR 3,031 thousand on operating income. 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, 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
Total assets	11,125	51,692	62,817
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
Total liabilities	10,361	10,795	21,156

* 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 of HELD took place in May 2022. HELD contributed sales amounting to EUR 5,260 thousand and operating income (EBIT) of EUR 642 thousand to income in the first half of the year.

Expenses affecting net income from the initial consolidation of HELD had a negative impact of EUR 3,192 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	H1 2022	H1 2021
Raw materials, consumables and supplies, and purchased merchandise	-434,169	-349,273
Purchased services	-58,701	-53,638
Total	-492,870	-402,911

[5] Personnel Expenses

in EUR '000	H1 2022	H1 2021
Wages and salaries	-231,353	-221,667
Social security	-41,427	-39,109
Pensions	-2,279	-2,194
Total	-275,059	-262,970

[6] Depreciation/Amortization

in EUR '000	H1 2022	H1 2021
Depreciation/amortization	-48,609	-46,149
Impairment	-2,800	0
Total	-51,409	-46,149

This item includes both depreciation/amortization and impairments. Incident-related impairment testing in the current financial year led to the recognition of impairment losses in the amount of EUR 2,800 thousand as of March 31, 2022.

[7] Other Operating Expenses

in EUR '000	H1 2022	H1 2021
Selling expenses	-55,396	-41,570
Operating expenses	-33,206	-33,798
Administrative expenses	-29,337	-25,203
Other expenses	-7,670	-8,346
Total	-125,609	-108,917

[8] Financial Income

in EUR '000	H1 2022	H1 2021
Interest and similar income	164	87
Interest and similar expenses	-7,625	-8,547
Net interest	-7,461	-8,460
Income from shares accounted for using the equity method	110	461
Minority interests	-2,752	-1,894
Income from financial investments	57	54
Other financial income	-2,695	-1,840
Total	-10,046	-9,839

The "minority interests" item includes an effect on income from the subsequent valuation of the contingent purchase price liabilities (call/put options) of EUR -152 thousand (previous year: EUR 153 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	H1 2022	H1 2021
Income attributable to INDUS shareholders	20,399	28,324
Weighted average shares outstanding (in thousands)	26,896	25,761
Earnings per share (in EUR)	0.76	1.10

Notes to the Consolidated Statement of Financial Position

7.5% (previous year: 7.5%) and segment-specific beta coefficients, derived by a peer group, and borrowing rates.

[11] 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

[12] Inventories

in EUR '000	June 30, 2022	December 31, 2021
Raw materials, consumables, and supplies	199,007	160,589
Unfinished goods	137,310	102,205
Finished goods and goods for resale	150,407	118,854
Advance payments	26,036	22,246
Total	512,760	403,894

[13] Receivables

in EUR '000	June 30, 2022	December 31, 2021
Receivables from customers	232,623	153,646
Contract receivables	22,893	13,402
Receivables from associated companies	923	1,842
Total	256,439	168,890

[14] Financial Liabilities

in EUR '000	June 30, 2022			December 31, 2021		
	Current	Non-Current		Current	Non-Current	
Liabilities to banks	402,659	148,232	254,427	281,322	93,987	187,335
Lease liabilities	89,094	25,478	63,616	95,125	26,099	69,026
Promissory note loans	285,853	38,082	247,771	264,007	43,082	220,925
Total	777,606	211,792	565,814	640,454	163,168	477,286

[15] Liabilities

Other liabilities of EUR 67,847 thousand (Dec. 31, 2021: EUR 53,563 thousand) include contingent purchase price liabilities, carried at fair value, insofar as the minority shareholders can tender shares to INDUS by terminating the Articles of Incorporation or on the basis of option agreements.

Other Disclosures

[16] Segment Reporting

SEGMENT INFORMATION BY DIVISION FOR THE FIRST HALF 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>
H1 2022								
Revenue with external third parties	261,501	123,283	247,221	77,442	235,209	944,656	273	944,929
Revenue with other segments	36	7,116	1	65	3,090	10,308	-10,308	0
Revenue	261,537	130,399	247,222	77,507	238,299	954,964	-10,035	944,929
Segment earnings (EBIT)	38,895	-40,424	26,000	5,045	26,894	56,410	-5,280	51,130
Income from measurement according to the equity method	85	25	0	0	0	110	0	110
Depreciation/amortization	-10,220	-15,319	-12,193	-5,141	-7,946	-50,819	-590	-51,409
Segment EBITDA	49,115	-25,105	38,193	10,186	34,840	107,229	-4,690	102,539
Investments	4,631	12,100	63,846	3,091	2,490	86,158	43	86,201
of which company acquisitions	0	0	58,769	0	0	58,769	0	58,769
H1 2021								
Revenue with external third parties	216,153	143,546	198,772	73,192	218,724	850,387	-74	850,313
Revenue with other segments	8	5,767	70	54	3,229	9,128	-9,128	0
Revenue	216,161	149,313	198,842	73,246	221,953	859,515	-9,202	850,313
Segment earnings (EBIT)	35,603	-19,535	19,770	5,757	19,601	61,196	-4,876	56,320
Income from measurement according to the equity method	-241	-54	756	0	0	461	0	461
Depreciation/amortization	-8,984	-13,181	-10,700	-5,174	-7,647	-45,686	-462	-46,149
Segment EBITDA	44,587	-6,354	30,470	10,931	27,248	106,882	-4,414	102,469
Investments	39,811	10,569	28,754	6,463	3,923	89,520	142	89,662
of which company acquisitions	32,700	0	26,406	0	0	59,106	0	59,106

SEGMENT INFORMATION BY DIVISION FOR THE SECOND QUARTER 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>
Q2 2022								
Revenue with external third parties	137,179	65,367	138,131	38,742	120,545	499,964	181	500,145
Revenue with other segments	27	3,927	1	10	1,773	5,738	-5,738	0
Revenue	137,206	69,294	138,132	38,752	122,318	505,702	-5,557	500,145
Segment earnings (EBIT)	21,204	-16,454	10,569	1,934	15,672	32,925	-2,444	30,481
Income from measurement according to the equity method	50	61	0	0	0	111	0	111
Depreciation/amortization	-5,211	-6,379	-6,569	-2,571	-3,907	-24,637	-377	-25,014
Segment EBITDA	26,415	-10,075	17,138	4,505	19,579	57,562	-2,067	55,495
Investments	2,933	7,337	61,530	1,827	1,214	74,841	27	74,868
of which company acquisitions	0	0	58,769	0	0	58,769	0	58,769
Q2 2021								
Revenue with external third parties	120,188	73,680	106,133	37,560	112,124	449,685	203	449,888
Revenue with other segments	5	2,704	68	44	1,912	4,733	-4,733	0
Revenue	120,193	76,384	106,201	37,604	114,036	454,418	-4,530	449,888
Segment earnings (EBIT)	20,795	-9,797	10,840	2,641	9,452	33,931	-2,641	31,290
Income from measurement according to the equity method	-68	-6	420	0	0	346	0	346
Depreciation/amortization	-4,901	-6,599	-5,371	-2,504	-3,845	-23,220	-231	-23,451
Segment EBITDA	25,696	-3,198	16,211	5,145	13,297	57,151	-2,410	54,741
Investments	36,426	4,608	1,270	5,656	3,261	51,221	98	51,319
of which company acquisitions	32,700	0	0	0	0	32,700	0	32,700

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>H1 2022</u>	<u>H1 2021</u>	<u>Q2 2022</u>	<u>Q2 2021</u>
Segment earnings (EBIT)	56,410	61,196	32,925	33,931
Areas not allocated incl. holding company	-5,049	-4,494	-2,514	-2,404
Consolidations	-231	-382	70	-237
Financial income	-10,046	-9,839	-4,460	-4,611
Earnings before taxes	41,084	46,481	26,021	26,679

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, 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>
Revenue with external third parties				
H1 2022	944,929	474,553	186,646	283,730
Q2 2022	500,145	253,964	99,544	146,637
Non-current assets, less deferred taxes and financial instruments				
June 30, 2022	1,138,168	955,781	49,961	132,426
Revenue with external third parties				
H1 2021	850,313	431,960	182,215	236,138
Q2 2021	449,888	233,452	96,554	119,882
Non-current assets, less deferred taxes and financial instruments				
December 31, 2021	1,000,342	848,392	57,452	94,498

[17] 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>
JUNE 30, 2022					
Financial investments	9,039	0	9,039	2,594	6,445
Cash and cash equivalents	115,309	0	115,309	0	115,309
Receivables	256,439	22,893	233,546	0	233,546
Other assets	28,495	11,932	16,563	0	16,563
Financial instruments: Assets	409,282	34,825	374,457	2,594	371,863
Financial liabilities	777,606	0	777,606	0	777,606
Trade payables	103,132	0	103,132	0	103,132
Other liabilities	174,876	78,311	96,565	68,451	28,114
Financial instruments: Equity and liabilities	1,055,614	78,311	977,303	68,451	908,852
DECEMBER 31, 2021					
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
Financial instruments: Assets	353,018	26,019	326,999	2,517	324,482
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
Financial instruments: Equity and liabilities	875,478	71,755	803,723	56,164	747,559

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)

	June 30, 2022	December 31, 2021
Financial assets measured at cost	371,863	324,482
Financial assets recognized at fair value directly in equity	2,594	2,517
Financial instruments: Assets	374,457	326,999
Financial liabilities measured at fair value through profit and loss	67,847	53,563
Financial liabilities measured at cost	908,852	747,559
Derivatives with hedging relationships, hedge accounting	604	2,601
Financial instruments: Equity and liabilities	977,303	803,723

[18] Approval for Publication

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

[19] Responsibility Statement

We hereby certify, to the best of our knowledge, that in accordance with the applicable accounting principles for interim reporting, the consolidated interim financial statements give a true and fair view of the financial position and financial performance of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected performance of the Group in the remainder of the financial year.

Bergisch Gladbach, August 9, 2022

INDUS Holding AG

The Board of Management



Dr. Johannes Schmidt



Dr. Jörn Großmann



Axel Meyer



Rudolf Weichert

Contact

CONTACT

Nina Wolf
Public Relations
Phone: +49 (0)2204/40 00-73
Email: presse@indus.de

Dafne Sanac
Investor Relations
Phone: +49 (0)2204/40 00-32
Email: investor.relations@indus.de

INDUS HOLDING AG

Kölner Straße 32
51429 Bergisch Gladbach

P.O. Box 10 03 53
51403 Bergisch Gladbach

Phone: +49(0)2204/40 00-0
Fax: +49 (0)2204/40 00-20
Email: indus@indus.de

www.indus.de/en



Financial Calendar

Date	Event
November 10, 2022	Publication of interim report on the first nine months of 2022



Find the INDUS financial calendar and dates for corporate events at www.indus.de/en/investor-relations/financial-calendar

Imprint

RESPONSIBLE MEMBER OF THE BOARD OF MANAGEMENT

Dr.-Ing. Johannes Schmidt

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This interim report is also available in German. Only the German version of the interim report is legally binding.

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.

