INDUS
HOLDING AG

ANNUAL REPORT

2022

INDUS

INDUS

... is a leading specialist for sustainable corporate development in the German-speaking SME sector. We acquire two to three technology-oriented and promising companies for the Engineering, Infrastructure, and Materials segments annually. Our subsidiaries stand out in particular due to their strong position in special industrial technology niche markets.

As a value-oriented investment company, with a clear focus on predefined future fields, we support the corporate development of our operationally independent portfolio companies. We provide active support in the fields of innovation, market excellence, operational excellence, and sustainability.

Goals

- Profitable Growth
- Value Enhancement
- Balanced Portfolio Structure

Contents

References

Follow link for further information within the document or in other documents

Follow link for more information on the internet

An online version of the Annual Report is available. Please scan the QR code or go to www.reporting.indus.de/en

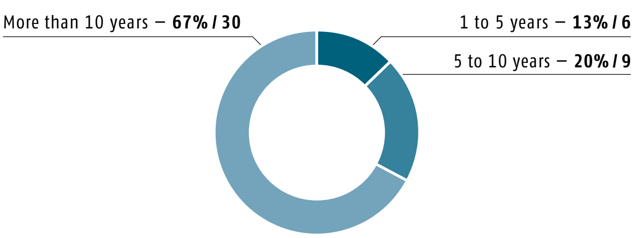
Key Figures 2022

in EUR million	2022	2021
Sales	1,804.1	1,633.5
EBITDA	262.5	251.2
EBIT before impairment	176.5	168.1
EBIT margin before impairment (in %)	9.8	10.3
Impairments*	42.8	2.5
EBIT	133.7	165.6
EBIT margin (in %)	7.4	10.1
Earnings after taxes from continuing operations	72.9	97.8
Income from discontinued operations	-123.9	-50.2
Earnings after taxes	-51.0	47.6
Operating cash flow	137.1	177.7
Cash flow from operating activities	116.3	158.3
Cash flow from investing activities	-94.4	-106.0
Cash flow from financing activities	56.2	-40.8
Earnings per share from continuing operations (in EUR)	2.68	3.68
Earnings per share from continuing operations and discontinued operations (in EUR)	-1.93	1.78
Cash flow per share (in EUR)	6.01	4.33
Dividend per share (in EUR)	0.80**	1.05
Dividend yield (in %)	3.6**	3.2
Payout ratio (in %)	79.0**	51.9
	Dec. 31, 2022	Dec. 31, 2021
Total assets	1,889.9	1,857.4
Equity	685.2	787.5
Equity ratio (in %)	36.3	42.4
Working capital	496.7	443.9
Net debt	593.5	504.2
Cash and cash equivalents	127.8	136.3
Total assets of INDUS Holding AG	1,531.1	1,689.1
Equity of INDUS Holding AG	821.7	1,068.2
Equity ratio INDUS Holding AG (in %)	53.7	63.2
Investments (number as of Dec. 31)	45	44
Employees within the Group (on average)	8,837	9,063

* Impairment of goodwill, intangible assets, and property, plant and equipment
** Subject to approval at Annual Shareholders' Meeting on May 17, 2023

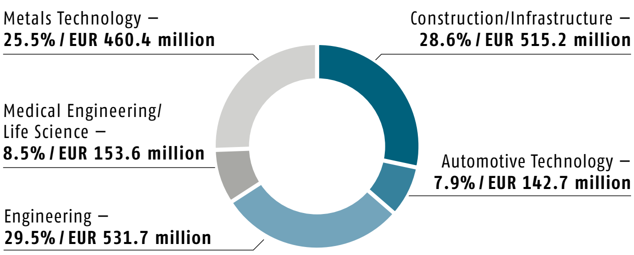
PORTFOLIO STRUCTURE BY AGE

(in % / number of portfolio companies)



SALES BREAKDWON BY SEGMENT

(in % / EUR million)



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COMPANY AND SHAREHOLDERS

We are firmly focused on our 2025 targets

From labor shortages to interest rate hikes – 2022 was another demanding year for the INDUS Group. The Group has repositioned itself strategically with PARKOUR perform and set out the path for the coming years. INDUS Board of Management Interview.

2022 was a challenging year. How would you describe it looking back?

DR. JOHANNES SCHMIDT – We didn't let ourselves get distracted by the difficult conditions resulting from the coronavirus and the war, supply chain problems, price increases, and labor shortages. All in all, our portfolio companies performed well. They faced the challenges, had the foresight to ensure they had sufficient materials, and passed on the majority of the cost increases. At the holding company, we used these times of crises to identify opportunities and reposition the Group. We refined our strategy and focused our portfolio on future fields in industrial technology. We decided to part ways with the loss-making series suppliers in the Automotive Technology segment. It took great effort from all involved, but it has been worth it. We're grateful to all employees in the portfolio companies and the holding company for their dedication.

RUDOLF WEICHERT – This overall picture is reflected in the figures for the financial year. Sales from continuing operations increased by 10 percent to EUR 1.8 billion. The EBIT margin before impairment almost came to 10 percent. That's one side of the coin; the other side shows sales from discontinued operations of around EUR 110 million, and earnings after taxes of EUR -123.9 million in this instance. We are seeing the consequences of our decision to divest from the series suppliers – a difficult step, but one that will pay off in the coming years.

Cost pressure on the portfolio companies was considerable. How did they manage?

AXEL MEYER – 2022 clearly showed that the portfolio companies who worked on the optimization of their own cost items with determination while also passing on price increases made it through the year

with ease. The support offers that have been available for a number of years as part of our "Improving Performance" strategic initiative to attain operational excellence in all business processes play a decisive role in safeguarding the profitability of our portfolio companies, even under difficult economic conditions. In times when it is necessary to increase prices, it is vitally important that customer relationships are maintained so that long-term partnerships remain healthy, despite difficult price negotiations. We supported our managing and sales directors actively over the last year with targeted seminars and training courses aimed at helping them formulate their arguments in a comprehensible manner and to succeed in negotiations with customers.

DR. JÖRN GROßMANN – Driven by the sharp increase in the cost of energy in the 2022 financial year, one focal point was naturally on initiatives to reduce energy consumption. This also contributed to achieving one of the most important targets of our "Striving for Sustainability" strategic initiative – a reduction in our Group's greenhouse gas emissions. Our portfolio companies also identified potential energy substitutes in added value processes, such as replacing gas with electricity. We supported technical improvements that significantly reduced portfolio companies' energy consumption through our sustainability development bank.

Let's come back to the strategy update: why was it necessary?

DR. JOHANNES SCHMIDT – We're currently experiencing a number of great upheavals. And they're happening in the economy, too. We therefore asked ourselves what our strengths are, what we're good at, and also what we want to improve. In the past, INDUS was a broad-base, long-term financial investor. Now INDUS is an investment company focused on the technology-oriented industrial SME sector. With **PARKOUR perform**, we're building on our strength, diversification, where we already have a solid footing – in highly specialized industrial technology in innovative niches of the market. We are repositioning ourselves with the Engineering, Infrastructure, and Materials segments. We have defined the future fields that will drive our development and we will be speeding up development of our portfolio companies and the acquisition of new companies.

You're parting ways with the series suppliers in the Automotive Technology segment. What specific impacts will this restructuring have?

DR. JOHANNES SCHMIDT – As part of the strategy update, we have decided to sell SELZER and SCHÄFER by the end of 2023. Productive talks are already underway. This will free us of the heavy losses in the automotive sector. As a result, the items on the statement of income from SMA, SCHÄFER and SELZER were assigned to discontinued operations from the end of the 2022 financial year. We have recognized the necessary impairment and can now make a fresh start following the 2022 annual financial statements.

Rising cost of capital, value adjustments. What does this mean for INDUS in terms of its financial strength?

RUDOLF WEICHERT – The steep interest rate hikes by central banks around the world have led to a considerable increase in interest rates in recent months. It remains to be seen whether, as currently expected, the highest rates will be seen by mid-2023. Higher interest rates impact us in the form of a significantly higher cost of capital and as a result in impairment losses following impairment testing. Higher interest rates also make it more expensive to take on new credit. In light of this, it is important that we return to our former earning power and follow free cash flow developments closely. Free cash flow also allows us to reduce our net debt, and this is one of the reasons why we have defined free cash flow as an additional management variable.

Do you have to change how the portfolio companies are managed?

DR. JOHANNES SCHMIDT – We introduced segment management with the strategy update. In short, this means one member of the Board of Management is now responsible for one segment. This member will focus the portfolio companies' activities on the future fields, drive organic and inorganic growth, and ensure that the segment's management is focused on earnings and value. This means supporting the portfolio companies more closely. The focus is on exploiting growth opportunities.

Will INDUS continue to grow through acquisitions?

DR. JÖRN GROẞMANN – The acquisition of companies with a promising future remains an important source of growth for the INDUS portfolio. In addition to growth acquisitions at portfolio level, complementary additions for existing portfolio companies remain a focal point. One good example of this is the complementary acquisition of QUICK Bauprodukte GmbH at the beginning of January 2023 for our portfolio company BETOMAX. In my segment, Infrastructure, infrastructure buildings are an important future field. Quick complements BETOMAX's range of products, particularly in the area of bridge construction. This opens up new growth opportunities for both companies in a segment of the market with a promising future.

AXEL MEYER – With HEIBER + SCHRÖDER and HELD, we were able to complete two very fitting growth acquisitions for the Engineering segment in 2022. Machinery from HEIBER + SCHRÖDER is used in automated processes in the cardboard industry. Global trends such as automation and sustainability promise great growth potential. As a supplier of specialized laser cutting and welding equipment, the HELD Group is a broadly positioned company in terms of application areas. With its innovativeness, it is continually tapping into new market segments – such as innovative laser welding systems for the manufacture of electrodes in the future field of hydrogen electrolysis. I'm particularly pleased that both of the newly acquired companies made positive contributions to income in 2022, despite the high level of depreciation/amortization resulting from initial consolidation.

How reliable is the INDUS dividend?

DR. JOHANNES SCHMIDT – INDUS continues to pay dividends. We pay out around 50 percent of our balance sheet profit. This is something our shareholders can depend on.

RUDOLF WEICHERT – Our repositioning in 2022 resulted in considerable non-cash value allowances and impairment. Nevertheless, we want our shareholders to share in the good operating performance of our continuing operations and the cash flow generated there, despite the difficult conditions throughout the year. Together with the Supervisory Board, we will therefore propose a dividend of EUR 0.80 per share at the Annual Shareholders' Meeting.

What are your expectations for 2023? What are the biggest building sites?

DR. JOHANNES SCHMIDT – Our strategic repositioning means we are focusing firmly on our medium-term goals until 2025 – sales significantly above EUR 2 billion, despite sell offs, and an EBIT margin back over 10 percent. 2025 is not far away. We're hitting the ground running in 2023; the strength of the INDUS portfolio will become clear to see again. We're focused on successfully completing the sale of the series suppliers. We will push the three new segments forward at speed with the segment management. We will make first- and second-level acquisitions with a clear focus on the predefined future fields. We hope we will receive some tailwind from the macroeconomic conditions. <<

Management Bodies

The INDUS Board of Management

DR.-ING. JOHANNES SCHMIDT

CHAIRMAN OF THE BOARD (responsible for the Materials segment)

Dr. Johannes Schmidt (German citizen, born 1961) has been a member of the Board of Management of INDUS Holding AG since January 2006. He assumed the position of Chairman of the Board of Management in July 2018. Dr. Schmidt was previously the sole managing director of ebm-papst Landshut GmbH, a manufacturer of ventilation motors and fans. During his tenure there, his main achievements included advancing the development of new product platforms and internationalization of production sites. Dr. Schmidt began his career at Richard Bergner GmbH, a manufacturer of electrical instruments from Schwabach. He initially assumed development tasks before rising to the position of managing director during his 12 years at the company. Schmidt, who studied mathematics, gained an engineering doctorate in mechanics at the Technical University of Darmstadt.

DR. JÖRN GROßMANN

BOARD MEMBER (responsible for the Materials Infrastructure segment)

Dr. Jörn Großmann (German citizen, born 1968) has been a member of the INDUS Holding AG Board of Management since January 2019. Up until his move to the INDUS Board of Management, he worked for the Dutch Group Aalberts Industries N.V., with his last position being sole managing director of Impreglon GmbH in Lüneburg. He previously held various positions at the Georgsmarienhütte Group, initially becoming managing director of Mannstaedt GmbH in Troisdorf and later managing director of GMH Edelstahl Service Center Burg GmbH and GMH Engineering GmbH. Before Dr. Großmann became the managing director of Buderus Feinguss GmbH in Moers, he worked as a development engineer and as technical director for Doncasters Precision Castings GmbH in Bochum, Germany. He studied material sciences and earned a doctorate in the field of natural sciences.

AXEL MEYER

BOARD MEMBER (responsible for the Engineering segment)

Axel Meyer (German citizen, born 1968) has been a member of the INDUS Holding AG Board of Management since October 2017. He previously worked in various management positions at Schuler AG, most recently as managing director of Schuler Pressen GmbH and head of the Schuler Group service division in Göppingen. Between 2003 and 2008, Axel Meyer was a managing partner and a management board member at the management consultancy firm IMAGIN Prof. Bochmann AG in Eppstein im Taunus. He began his career at the Schuler Group in the massive forming segment – first in international sales and then as division manager. Axel Meyer studied industrial engineering in Germany and the United States and also completed a Master of Mergers & Acquisitions (LL.M.) from the Frankfurt School of Finance & Management while working.

RUDOLF WEICHERT

BOARD MEMBER (CFO)

Rudolf Weichert (German citizen, born 1963) has been a member of the INDUS Holding AG Board of Management since June 2012. Before joining the INDUS Board of Management, he was a partner at accounting firm KPMG for nine years. He spent three of these years in Detroit, Michigan, United States, where he worked mainly with companies in the automotive, engineering, and materials trading industries. Mr. Weichert, who holds a business degree, worked for KPMG for about 20 years, primarily in the firm’s Düsseldorf offices, where he worked mainly with multi-national manufacturing corporations.

Detailed information concerning memberships of the Board members on other Supervisory Boards can be found on p. 141 and online at www.indus.de/en/about-indus/board-of-management

The INDUS Supervisory Board

Supervisory Board members representing shareholders are elected for no longer than the period until the end of the Annual Shareholders' Meeting that resolves the approval of the actions for the fourth financial year after the start of the term in office. The financial year in which the term of office begins is not taken into account here. The Annual Shareholders' Meeting can define a shorter term of office for the Supervisory Board members representing shareholders on their election. Re-election is permitted. Candidates must not be above the age of 70 at the time of their election or re-election. The terms of office of the serving members of the Supervisory Board end with the end of the Annual Shareholders' Meeting in 2023.

JÜRGEN ABROMEIT
Supervisory Board Chairman (since 2018)

WOLFGANG LEMB*
Deputy Supervisory Board Chairman (since 2018)

DR. JÜRGEN ALLERKAMP
Member of the Supervisory Board (since 2007)

DR. DOROTHEE BECKER
Member of the Supervisory Board (since 2014)

DOROTHEE DIEHM*
Member of the Supervisory Board (since 2018)

PIA FISCHINGER*
Member of the Supervisory Board (since 2018)

CORNELIA HOLZBERGER*
Member of the Supervisory Board (since 2018)

GEROLD KLAUSMANN*
Member of the Supervisory Board (since 2018)

ISABELLA PFALLER
Member of the Supervisory Board (until May 31, 2022)

BARBARA SCHICK
Member of the Supervisory Board (since May 31, 2022)

HELMUTH SPÄTH
Member of the Supervisory Board (since 2012)

UWE TRINOGGA*
Member of the Supervisory Board (since 2018)

CARL MARTIN WELCKER
Member of the Supervisory Board (since 2010)

Supervisory Board Committees

Nomination Committee

Jürgen Abromeit (Chairman of the Board),
Isabella Pfaller until May 31, 2022,
Barbara Schick since May 31, 2022,
Carl Martin Welcker

Personnel Committee

Jürgen Abromeit (Chairman of the Board),
Dr. Dorothee Becker,
Dorothee Diehm,
Wolfgang Lemb

Audit Committee

Barbara Schick since May 31, 2022
(Chairwoman and Financial Expert),
Isabella Pfaller until May 31, 2022
(Chairwoman and Financial Expert),
Dr. Jürgen Allerkamp (Financial Expert),
Gerold Klausmann (Financial Expert)

Mediation Committee in Accordance With Section 27 (3) of the German Codetermination Act (MitbestG)

Jürgen Abromeit (Chairman),
Pia Fischinger,
Wolfgang Lemb,
Isabella Pfaller until May 31, 2022

Detailed information concerning memberships on other Supervisory Boards can be found on p. 140 and online at www.indus.de/en/about-indus/supervisory-board

* Employee representative

Report of the Supervisory Board

Dear Shareholders,
I would like to take this opportunity to inform you of the Supervisory Board's work over the past financial year.

Cooperation Between the Board of Management and the Supervisory Board

In the reporting year, the Supervisory Board diligently fulfilled its duties under applicable law and the company's Articles of Incorporation. The Supervisory Board continually advised the Board of Management, supervised its management of the company, and ensured that all actions taken were legal and proper and served their intended purpose. The Board of Management fulfilled its informational duties at all times and regularly, promptly, and comprehensively informed the Supervisory Board, both in writing and orally, of all issues relating to strategy, planning, business performance, risk exposure, risk management, compliance, and internal audit that were of material importance to the company and the INDUS Group. This included information about any divergence between the actual performance of the INDUS Group and previously reported goals and of the actual course of business from the originally communicated planning as well as information relating to significant other events.

The members of the Supervisory Board always had sufficient opportunity to critically review, in their plenary sessions and committees, the reports and proposed resolutions presented by the Board of Management, and to introduce suggestions of their own. This kept them informed of current business performance and asset development at all times. Matters to which the Supervisory Board devoted its attention included, in addition to corporate, financial, and investment planning, the company's risk exposure and risk management. Where necessary due to the law, the Articles of Incorporation, or the rules of procedure, the Supervisory Board provided approval on a case-by-case basis for business transactions requiring approval. Between board meetings, the Supervisory Board Chair also engaged in an intensive exchange of information and ideas with the Board of Management and was kept regularly informed of significant company developments as they happened. The Chair of the Audit Committee conferred bilaterally with the Chief Financial Officer and the Supervisory Board Chair on specific subjects. The Supervisory Board as the supervisory body was always included in all fundamental decisions.

Composition of the Supervisory Board

Ms. Isabella Pfaller resigned from the Supervisory Board effective at the end of the Annual Shareholders' Meeting on May 31, 2022. The 2022 Annual Shareholders' Meeting elected Ms. Barbara Schick as her successor. The Supervisory Board resolved to appoint Ms. Schick as the Chairwoman of the Audit Committee. The shareholder representatives on the Supervisory Board elected Ms. Schick as a member of the Nomination Committee. Apart from this, there were no other changes to the Supervisory Board or its committees. Details of the composition of the Supervisory Board and its committees can be found in the Annual Report in the "Management Bodies" section and on the INDUS website.
See p. 9 and p. 140 et seq. as well as www.indus.de/en/about-indus/supervisory-board

Meeting Frequency and Attendance

The Supervisory Board held eight ordinary meetings in financial year 2022. Four Supervisory Board meetings were held as video conferences. The other four Supervisory Board meetings were held as physical meetings, with the option for individual members to attend by video link. In addition, the resolutions of the shareholder representatives on the Supervisory Board on independence were adopted in a video conference on March 17, 2022. The resolutions of the shareholder representatives on independence and the election of Ms. Schick to the Supervisory Board on April 28, 2022, were made in physical meetings with the option for individual shareholder representatives to join via video conference.

The Board of Management attended all Supervisory Board meetings except for the meeting held on June 8, 2022, although the Supervisory Board also regularly discussed agenda items without the Board of Management. Apart from the excused absence of one member at three Supervisory Board meetings and one Personnel Committee meeting and three other members at one Supervisory Board meeting each, all members of the Supervisory Board and the committees always took part in all meetings of the Supervisory Board and its committees. All shareholder representatives attended the shareholder representative Supervisory Board meetings in person or via video.

SUPERVISORY BOARD MEETINGS IN FINANCIAL YEAR 2022

	Attendance at ordinary meetings	in %
Supervisory Board		
Jürgen Abromeit (Chairman)	8/8	100
Wolfgang Lemb (Deputy Chair)	8/8	100
Dr. Jürgen Allerkamp	7/8	88
Dr. Dorothee Becker	5/8	63
Dorothee Diehm	7/8	88
Pia Fischinger	8/8	100
Cornelia Holzberger	8/8	100
Gerold Klausmann	8/8	100
Isabella Pfaller (until May 31, 2022)	4/4	100
Barbara Schick (from May 31, 2022)	4/4	100
Helmut Späth	7/8	88
Uwe Trinogga	8/8	100
Carl Martin Welcker	8/8	100

COMMITTEE MEETINGS IN FINANCIAL YEAR 2022

	Attendance	in %
Personnel Committee		
Jürgen Abromeit (Chairman)	2/2	100
Dr. Dorothee Becker	1/2	50
Dorothee Diehm	2/2	100
Wolfgang Lemb	2/2	100
Audit Committee		
Isabella Pfaller (Chairwoman until May 31, 2022)	1/1	100
Barbara Schick (Chairwoman from May 31, 2022)	2/2	100
Dr. Jürgen Allerkamp	3/3	100
Gerold Klausmann	3/3	100
Nomination Committee		
Jürgen Abromeit (Chairman)	7/7	100
Isabella Pfaller (until May 31, 2022)	2/2	100
Barbara Schick (from May 31, 2022)	5/5	100
Carl Martin Welcker	7/7	100

Conflicts of Interest

There were no indications that members of the Supervisory Board or Board of Management had conflicts of interest, which must be promptly disclosed to the Supervisory Board and of which the Annual Shareholders' Meeting is to be informed.

Corporate Governance

The Supervisory Board and the Board of Management issued an updated Declaration of Conformity with the German Corporate Governance Code on December 8, 2022, pursuant to Section 161 of the German Stock Corporation Act (AktG). The Declaration does not deviate from the Code and is available on the INDUS website.

Self-assessment of the Supervisory Board and its Committees

The Supervisory Board again performed a self-assessment of the entire body and the Personnel and Audit Committees in 2022. A corresponding survey was distributed to the members of the Supervisory Board in May 2022. The members of the Personnel and Audit Committees received an additional survey. The filled-out surveys were evaluated by the Supervisory Board Chairman and the findings and potential suggestions for the future were discussed at the Supervisory Board meeting on September 22, 2022. Overall, the self-assessment confirmed that the work of the Supervisory Board and the Personnel and Audit Committees was efficient and trustworthy.

Main Topics of the Meetings

The **first ordinary Supervisory Board meeting on March 17, 2022**, focused on the presentation and discussion of the 2021 separate and consolidated financial statements of INDUS Holding AG and the Group and the resolutions on these. Ms. Pfaller, the Chair of the Audit Committee, particularly explained significant aspects of accounting for the consolidated financial statements to the Supervisory Board. At the Audit Committee's recommendation and after in-depth discussion with the external auditor, Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, Cologne branch, the Supervisory Board approved the annual financial statements and the consolidated financial statements as well as the separate non-financial Group report for the financial year 2021. After a thorough review, the Supervisory Board had no objections to make to the joint management report and explanatory report by the Board of Management. In line with the recommendation of the Personnel Committee, the external auditor's formal and material review of the compensation report for the 2021 financial year was approved. The Supervisory Board agreed with the dividend and resolutions proposed by the Board of Management for the 2022 Annual Shareholders' Meeting. Based on the Audit Committee's suggestion, the Supervisory Board resolved to propose PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft at the 2022 Annual Shareholders' Meeting as the first choice for auditor of the separate and consolidated financial statements at the Supervisory Board meeting on December 8, 2021.

Other items on the agenda at the Supervisory Board meetings included the 2021 annual risk management and compliance report, the direct impacts of the war in Ukraine, and the current investments in the automotive field.

In the **second ordinary meeting** held on **April 28, 2022**, the Supervisory Board acknowledged Ms. Pfaller's resignation from the Supervisory Board effective with the end of the 2022 Annual Shareholders' Meeting, and the shareholder representatives' resolution to nominate Ms. Schick as successor at the 2022 Annual Shareholders' Meeting. The Supervisory Board also dealt with the company's performance in the first quarter of 2022 and specifically the development of the portfolio companies in the Automotive Technology segment, based on a detailed report from the Board of Management. The Board of Management also updated the Supervisory Board on the company's risk situation.

The Supervisory Board held a **third ordinary meeting on May 16, 2022**. The Supervisory Board looked closely at a report from the Board of Management regarding the planned acquisition of the HELD Group, a successful manufacturer of laser technology systems, which the Supervisory Board approved following discussion.

In addition to the company's current performance, the main issues of discussion at the **fourth ordinary meeting on May 30, 2022**, were the Forecast I for the 2022 financial year, a current risk report on the direct and indirect impacts of the war in Ukraine, the composition targets and skill profile of the Supervisory Board, and the Supervisory Board diversity concept. Based on the Nomination Committee's recommendations, the latest versions of these were approved following discussion.

In the **fifth ordinary meeting on June 8, 2022**, the Supervisory Board turned to the topic of a successor for Ms. Pfaller on the Audit and Nomination Committees following her resignation from the Supervisory Board. The Supervisory Board elected new member Ms. Schick as member and Chair of the Audit Committee. The shareholder representatives on the Supervisory Board resolved to elect Ms. Schick as a member of the Nomination Committee.

The Supervisory Board held a **sixth ordinary meeting on September 22, 2022**. The board dealt in depth with the Board of Management's report concerning business performance in the months from January to August 2022 at this meeting. The Board of Management also presented its Forecast II for year-end 2022 on the basis of the results in June 2022 and detailed the further financing strategy. The main topic was the continuation of the discussion regarding the refinement of the corporate strategy. The future outlooks of the portfolio companies SCHÄFER, SELZER, and S.M.A. were discussed in great detail. With regard to S.M.A., the Board of Management explained the current situation and the plan of action in terms of the time limits put on the further financing of the portfolio company to the Supervisory Board. Following a discussion, the Supervisory Board reached a decision on the matter.

On the recommendation of the Nomination Committee, the Supervisory Board also adopted the qualifications matrix for members of the Supervisory Board, which was then published on the INDUS website. The Supervisory Board also looked at the future composition of the body and profiles for two new members, based on an analysis of the skills represented on the Supervisory Board. The Supervisory Board Chairman also presented the findings of the Supervisory Board's self-assessment.

The main topics at the **seventh ordinary meeting on October 25, 2022**, were the Board of Management's in-depth report on developments at S.M.A. and the consequences for INDUS, in addition to the company's performance as of September 2022. Another important issue at the meeting was the continuation of the strategy dialogue with the Board of Management and the adoption of the refined PARKOUR strategy program **PARKOUR perform**. The refined strategy program aims to focus the portfolio on future fields in the industrial technology core skills. The INDUS Group will reposition itself with the segments Engineering, Infrastructure and Materials. Portfolio companies with positive outlooks will remain part of the new core segments. The loss-making companies SELZER and SCHÄFER from the former Automotive Technology segment will be sold. The newly created segment management will drive the focus on future fields at the portfolio companies and push yield- and value-focused management in the segments.

The Supervisory Board held an **eighth ordinary meeting on December 8, 2022**. At the meeting, the Board of Management reported on the current financial performance as of October 31, 2022, and the outlook for the remainder of the 2022 financial year. The Board of Management also reported on the current operating developments at SELZER and the ongoing sale process with the probable impacts on the valuation and financial statement accounting of the company at year-end 2022. The Supervisory Board acknowledged the Board of Management's report but has not yet made a final decision regarding the sale. The Board of Management then covered the corporate planning process for the 2023 financial year. In the discussion that followed, the Supervisory Board and the Board of Management considered the details and results of the planning process. The Supervisory Board adopted the annual planning without changes. In addition, the Board of Management explained the planned acquisition of QUICK Bauprodukte GmbH by BETOMAX systems GmbH & Co. KG, which the Supervisory Board approved following a debate.

The targets proposed by the Personnel Committee for the short-term variable compensation of the Board of Management for financial year 2023 were also discussed and adopted. The Supervisory Board also turned its attention to the long-term succession planning for the Board of Management. As part of the implementation of the refined **PARKOUR perform** strategy and the associated adjustment of the distribution of responsibility in the Board of Management, the Supervisory Board followed the recommendation of the Personnel Committee and resolved to expand the Board of Management by a further member. The new member sought for the Board of Management will be responsible for the Materials segment.

Work of the Committees

The main task of the Supervisory Board committees is to prepare decisions and topics for the complete Board's sessions. Decision-making powers may be transferred to the committees for this purpose insofar as the law permits. The chairs of the committees reported to the Supervisory Board regularly and in detail on their committees' work. Both the Personnel Committee, the Audit Committee, and the Nomination Committee met several times in the past year. In accordance with Section 27 (3) of the Codetermination Act, there was no need for the Mediation Committee to convene. The composition of the committees is presented in the Annual Report under the heading "Management Bodies" and on the INDUS website. See p. 9 and www.indus.de/en/about-indus/supervisory-board

In the 2022 financial year, the **Personnel Committee** prepared the Supervisory Board's personnel decisions in **two meetings** on **March 17 and December 8, 2022**. Where necessary, decisions were made or resolutions to be taken were recommended to the Supervisory Board. One focal point of the work was the compensation paid to the Board of Management. In addition to making recommendations to the Supervisory Board regarding necessary decisions on the achievement of targets set in 2020 for 2021 for short-term variable compensation, the Personnel Committee also proposed new targets for 2023 for Supervisory Board approval. The Personnel Committee also recommended the Supervisory Board approve the 2021 compensation report. Details regarding compensation for the Supervisory Board members can be found in the compensation report. The Personnel Committee also turned its attention to the long-term succession planning for the Board of Management. As part of the implementation of the refined **PARKOUR perform** strategy and the associated adjustment of the distribution of responsibility in the Board of Management, the Personnel Committee also recommended the Supervisory Board expand the Board of Management by a further member. The new member sought for the Board of Management will be responsible for the Materials segment. The Personnel Committee began the search in January 2023.

The **Audit Committee** met **three times** in the 2022 financial year: **on March 17, November 7, and December 8, 2022**. Representatives of the auditors for the 2021 financial year, Ebner Stolz & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft Stuttgart, Cologne branch, attended the meeting on March 17, 2022. Representatives of the new external auditor for the 2022 financial year PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Osnabrück branch, took part in the Audit Committee's meetings on November 7 and December 8, 2022. The Audit Committee verified the qualification and independence of the external auditor and the quality of the audit, and set the external auditor's catalog of approvable non-audit services. The Committee commissioned the external auditor selected at the 2022 Annual Shareholders' Meeting with the audit, completed the fee agreement, and determined the focus of the audit. The focal points of the discussion were the 2021 annual and consolidated financial statements along with the corresponding resolution recommendations to the Supervisory Board, the preliminary audit of the 2022 annual and consolidated financial statements and interim reporting. Other topics included the review of the 2021 risk management and compliance report and the further development of these areas, particularly in terms of new legal framework conditions such as the Act on Due Diligence in Supply Chains. The implementation of the EU Taxonomy Regulation in terms of sustainability reporting was also discussed.

The **Nomination Committee** held **seven meetings** in the 2022 financial year on **April 28, May 30, September 22, October 25, November 7 and 23, and December 1, 2022**. The main issue discussed was the preparations for the Supervisory Board election during the 2023 Annual Shareholders' Meeting. In light of this fact, the Nomination Committee revised the targets for the composition and skill profiles of the Supervisory Board and the diversity concept for the Supervisory Board, and proposed them for the Supervisory Board's resolution. The main targets of the Supervisory Board composition were also added to the updated version of the rules of procedure, adopted March 16, 2023, for the Supervisory Board. A qualification matrix was also created for the Supervisory Board and then adopted by the Supervisory Board. Based on an analysis of the current and future skills present on the Supervisory Board, the Nomination Committee proposed the Supervisory Board search for two new members with a predefined search profile. In light of Ms. Pfaller's resignation from the Supervisory Board, the Nomination Committee recommended the shareholder representatives on the Supervisory Board elect Ms. Schick to the Supervisory Board. The shareholder representatives agreed. Ms. Schick was accordingly recommended for election to the Supervisory Board at the 2022 Annual Shareholders' Meeting.

Approval of the Annual Financial Statements and the Consolidated Financial Statements as of December 31, 2022

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, appointed auditor of the separate and consolidated financial statements by resolution at the Annual Shareholders' Meeting of May 31, 2022, audited the annual financial statements, the consolidated financial statements, the combined management report and the compensation report of the Group and of INDUS Holding AG for the 2022 financial year pursuant to the Supervisory Board's instructions. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS). The external auditors provided the annual financial statements with an unqualified audit certificate. The auditors also confirmed that the risk management system complied with the provisions of law, and that there are no identifiable risks that might jeopardize the company as a going concern. As planned, the interim financial reports were not audited.

Annual financial statements, consolidated financial statements, the combined management report, the external auditor's audit report, the non-financial Group report and the compensation report were presented to all members of the Supervisory Board in good time. These were discussed in detail at the Supervisory Board meeting held on March 16, 2023, for adoption of the financial statements. This meeting was also attended by the external auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Osnabrück branch, which reported on the main results of the audit. The external auditor was also available to answer any further questions. The Supervisory Board discussed all of the submissions and audit reports in depth with the external auditor and partially without the presence of the Board of Management.

Following the final review of the documents submitted and the recommendations of the Audit Committee, the Supervisory Board raised no objections to the annual financial statements, the consolidated financial statements, or the combined management report, and agreed with the external auditor's findings. The Supervisory Board thus approved the 2022 annual financial statements and the 2022 consolidated financial statements. The annual financial statements for 2022 have therewith been adopted in accordance with Section 172 (1) of the German Stock Corporation Act (AktG). Following its review of the proposal, the Supervisory Board concurred with the Board of Management's proposed appropriation of distributable profit. The Supervisory Board also reviewed the separate non-financial report for the INDUS Group. It referred to the audit performed by the external auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Osnabrück branch. The Supervisory Board raised no objections to the separate non-financial report for the INDUS Group. On the basis of the formal and material review of the compensation report by the external auditors, the Supervisory Board approved the compensation report with no objections.

The Supervisory Board would like to thank the managing directors and all employees of the portfolio companies as well as all employees of INDUS Holding AG and the Board of Management for the extraordinary dedication they have displayed in the past financial year, which has been a volatile one, dominated by challenging conditions.

Bergisch Gladbach, March 16, 2023

For the Supervisory Board
Jürgen Abromeit
Chairman of the Board

Strategy Update

PARKOUR perform 2025

We are repositioning our strategy in 2023: We will be expanding INDUS' strengths with three future-oriented segments, new segment management, and value-oriented management. PARKOUR perform sets out the path for the successful development of our portfolio with clear technological focal points. We will be focusing on future fields in industrial technology and our 2025 targets.

Focusing on Megatrends and Future Fields

The market environment for our portfolio companies is in a state of constant change. This makes it all the more important to recognize trends early and exploit market opportunities. The megatrends of sustainability, digitalization, mobility, and urbanization as well as demographics and health are important drivers for our portfolio. The future fields derived from these trends point the way for our companies.

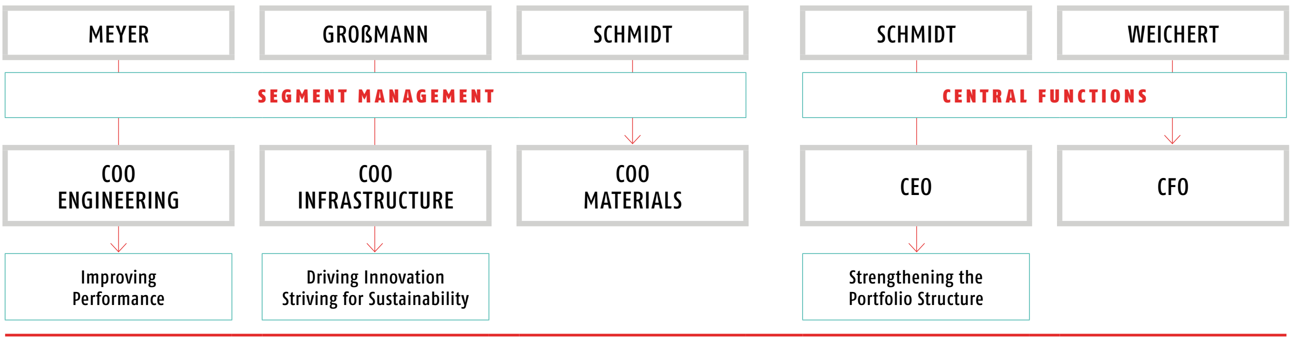
Three Segments, One Focus

We are concentrating on the three promising segments **Engineering, Infrastructure, and Materials**. This gives us a clear structure and allows us to expand our strength of diversification in areas where we already excel – highly specialized **industrial technology** and in attractive niches of the markets. The Board of Management is adjusting the portfolio to remove automotive technology companies that have been making losses for a number of years. The portfolio companies in the former Medical Engineering/Life Science segments, with their skills in materials for medical disposables and aids, will be assigned to the Materials segment.

One Board Member, One Segment

With the new **segment management**, we will intensify support for our portfolio companies: One member of the Board of Management will manage one segment. With their industry expertise, the member of the Board of Management responsible will work even more closely with the portfolio companies, promote dialogue between the segment's companies, set the development path according to the future fields, and develop the segment through organic and inorganic growth. The main functions of Chairman of the Board and Chief Financial Officer will be separated from segment management.

NEW SEGMENT MANAGEMENT



More Transparency, More Focus on Value

Free cash flow will be introduced as an additional key figure and key control variable. This will increase transparency regarding the funds available to the Group and our scope for further acquisitions, dividend distribution, debt reduction, and interest payments. The free cash flow will also show the contribution made by a segment and boost the value-oriented management of the Group.

Buy, Hold & Develop Remains the Focus

The further development of our SME portfolio companies remains our driving force. Our four strategic initiatives, “Strengthening the Portfolio Structure,” “Driving Innovation,” “Improving Performance,” and “Striving for Sustainability” are the foundation for achieving this. Each member of the Board of Management will push forward “their” initiative as a cross-sectional topic throughout the Group.

The INDUS portfolio will grow continually with two to three acquisitions each year. The acquisition process will focus on the predefined future fields. We promise the companies that join us that we will help them grow as technology and niche specialists.

Clear Targets

We have updated our medium-term goals for 2025: **Profitable growth, boosting value,** and a **balanced portfolio structure** continue to provide the framework as the overarching targets.

To achieve these targets, we will actively support the INDUS portfolio companies to become the next generation of SMEs. Our motto: **We are shaping the future with SMEs.**

You can find out more about our strategy in our magazine [IN]spiring Progress 2023 | perform

Medium-term Goals for 2025

Portfolio Strengthening:
Megatrends and innovations determine the performance of the portfolio companies
Sales Significantly Above EUR 2 Billion:
Organic & supported by regular acquisitions
EBIT Margin Above 10%:
Long-term, reliable target achievement
Value-based Management:
Free cash flow as a key performance indicator will be made transparent in the future
Regular Dividends:
Up to 50% of profits distributed
Striving for Sustainability:
All portfolio companies will pursue a measurable sustainability agenda

What Makes the INDUS Share Attractive

Our portfolio …
— is focused on technology-oriented industrial companies in the SME sector of the German speaking countries.
— is diverse and oriented toward clearly defined future fields.
— is actively developed, growing profitably, and enables the payment of regular dividends.
— creates access to an attractive asset class that cannot be directly invested in through the capital market.
— reflects our sustainable, long-sighted corporate strategy.
— preserves and develops the life’s work of SME entrepreneurs.

INDUS Share

2022: A Difficult Year on the Stock Markets

Following two years where the coronavirus pandemic was the main topic on the stock exchanges, 2022 was primarily dominated by the developments and events of the Ukraine war and the resulting increase in the rate of inflation. In January 2022, the DAX 40 narrowly achieved a new record high of 16,271 points. Instead of continuing along this trajectory, the index fell into a bear market. The main cause was initially the surprisingly sharp increase in inflation, which led to a withdrawal of liquidity as central banks tightened their monetary policies. Since February 2022, geopolitical events in particular have dominated the financial markets. The Ukraine crisis, which had been smoldering for a while, erupted into war with the Russian invasion. The DAX index downward trend accelerated and fell to a low of roughly 11,900 points by the end of September. Following another climb to almost 14,500 points, the DAX closed the year at around 14,000 points.

INDUS Share: Solid Share Price Performance in a Difficult Market

The INDUS share started the year at EUR 32.90. The annual high of EUR 34.35 came on February 2, 2022, followed by a low of EUR 26.95 on March 31 – there was a sell-off on this day with a daily trading volume at around 93,000 shares. The quarterly average was 19,500 shares traded per day. The share price was not able to recover reliably between the end of March 2022 to the middle of the year. Following a short uptick, the price continued to fall, reaching a new quarterly low of EUR 21.80. The share price recovered briefly at the beginning of the third quarter, only to tumble again with the share ending the quarter with a closing price of EUR 18.26. The annual low in the fourth quarter was EUR 17.44 which was followed by a marked counter-rally which brought the prices to an interim high of EUR 23.50 – after this, the share fluctuated and ended the stock year at EUR 21.95. Over the full year, the INDUS share closed the year at -33%, thus performing slightly worse than the MDAX (-28%) and SDAX (-27%).

KEY SHARE DATA (in EUR)

	2022	2021
Earnings per share (continuing operations)	2.68	3.68
Cash flow per share (continuing operations)	4.33	6.01
Dividend per share[1]	0.80	1.05
Dividend yield in %[1]	3.6	3.2
Distribution in EUR million[1]	21.5	28.2
Highest closing price for the year[2] (2/2/2022)	34.35	37.30
Lowest closing price for the year[2] (10/17/2022)	17.44	29.40
Final closing price for the year[2]	21.95	32.75
Market capitalization[3] in EUR million	590.4	880.8
Average daily trading volume in number of shares	16,410	15,110

1) Subject to approval at Annual Shareholders' Meeting on May 17, 2023
2) XETRA closing price
3) As of reporting date, based on complete capital stock of 26,895,559 shares

INDUS SHARE DATA

WKN/ISIN	620010/DE0006200108
Stock exchange code	INH.DE
Share class	No-par-value shares
Stock exchanges	XETRA, Düsseldorf, Frankfurt (regulated market), Berlin, Hamburg, Hanover, Munich, Stuttgart
Market segment/Index	Prime Standard/SDAX
Designated Sponsors	Hauck Aufhäuser, ICF and Oddo
Subscribed capital	EUR 69,928,453.64
Authorized capital 2021	EUR 34,964,225.52
Number of shares	26,895,559

Liquidity of the Share: Stable Trading Volume

The liquidity of the INDUS share was slightly higher than in the previous year. On average, according to the statistics of the German Stock Exchange, 16,410 shares were traded per day on XETRA and the German regional exchanges during the financial year: in 2021 the average trading volume was 15,110 shares a day.

XETRA and regional German stock markets accounted for 74% of trading volume, according to REFINITIV, slightly below the volume in the previous year.

Stable Shareholder Structure With Many Institutional Investors

The largest shareholder in INDUS Holding AG remains Versicherungskammer Bayern in Munich. In line with its long-term capital investment strategy, it holds 17.7% of the share capital, according to the Board of Management's knowledge. The other anchor is formed by a group of private investors who are represented jointly. The spokesman for the group of proxy shareholders is Hans Joachim Selzer of Driedorf, Germany. This group holds 5.7% of INDUS shares, according to its own statements. WIRTGEN Invest Holding, Neustadt (Wied) holds 3.7% of the shares, according to the Board of Management's knowledge. Epina GmbH & Co. KG, Gütersloh, became one of INDUS Holding AG's larger shareholders in November 2017, with 2.7% according to its own statement. The rest of the company's share capital (70.2%) is held by a broad range of investors. INDUS Holding AG currently does not hold any treasury shares.

Proposed Dividend of EUR 0.80 per Share

INDUS practices a stable dividend policy. Shareholders participate in company profits through regular dividend distributions. This is generally based on the holding company's net profit for the year. The dividend policy provides that at least 50% of profits are to be reinvested in the company and up to 50% distributed.

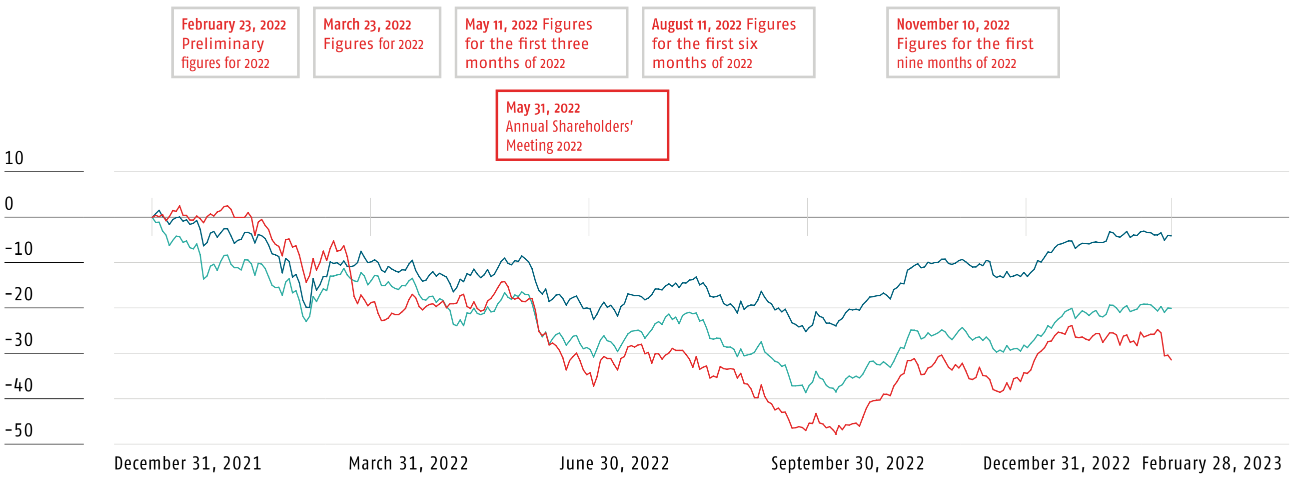
As of December 31, 2022, the holding company had EUR 27.2 million in balance sheet profit. The Board of Management and the Supervisory Board will propose a dividend payment of EUR 0.80 per share (previous year: EUR 1.05) to the Annual Shareholders' Meeting. This represents a distribution of EUR 21.5 million and a dividend ratio of 79.0%.

Overview of Current Research Coverage

The research coverage and published research reports are an important tool for investors to evaluate securities in terms of the expected yield of a company and the resulting price opportunities. Six banks and investment firms currently cover the INDUS share and publish regular research reports.

— FMR (EUR 30.00) – Buy
— Kepler Chevreux (EUR 24.00) – Hold
— LBBW (EUR 27.00) – Hold
— NuWays (EUR 24.00) – Hold
— M.M.Warburg (EUR 26.00) – Hold
— ODDO BHF (EUR 26.00) – Outperform

SHARE PRICE PERFORMANCE OF THE INDUS SHARE 2022 EXCL. DIVIDEND (in %)



Source: Bloomberg

Investor Relations Work: New Formats Address New Groups Of Investors Third Virtual Annual Shareholders' Meeting

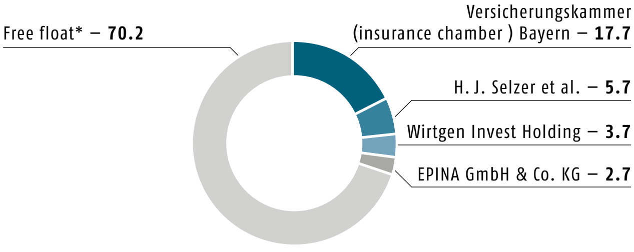
Following a difficult market year in 2021, due to the coronavirus restrictions, we were able to once again organize and hold in-person formats in 2022. INDUS attended nine (previous year: ten) road show and conference events in total in 2022. In addition to road shows, sales force briefings, and conferences, we also organized our first ever **site visit** to ASS Maschinenbau for investors and analysts in North Rhine-Westphalia on October 11, 2022. This site visit allowed participants to gain a better understanding of the business model and the opportunity to put questions directly to the managing director. An **Analyst Day** was held at the SIMON Group on December 15, 2022. The Board of Management primarily used this event to update analysts on the **PARKOUR perform** strategy and explained the links between the strategic pillars and SIMON's operating activities on site.

The **Annual Shareholders' Meeting (ASM)** was held at the koelnmesse on **May 31, 2022**, virtually for the third time due to coronavirus restrictions. Almost 380 participants (shareholders and guests) streamed the ASM. Around 55% of voting shares were present. INDUS will organize an in-person Annual Shareholders' Meeting at the koelnmesse in 2023.

As in the previous year, INDUS Holding AG had **greater contact with private investors** in the reporting year and continues to maintain a personal dialogue outside the Annual Shareholders' Meeting via DSW investor forums and face-to-face meetings. Interested investors can stay abreast of current events through the INDUS newsletter.

INDUS will hold a "Capital Markets Day" on March 24, 2023. It will take place in Cologne. By actively cultivating relations with the capital markets, INDUS underscores its commitment to transparent and regular communication. The financial calendar on the inside cover of the Annual Report provides an overview of the most important dates for the current financial year. It is regularly updated and is also available on the company's website. The dates planned for 2023 and additional IR information can be found at: www.indus.de/en/investor-relations/financial-calendar

SHAREHOLDER STRUCTURE OF INDUS HOLDING AG AS OF DECEMBER 31, 2022 (in %)



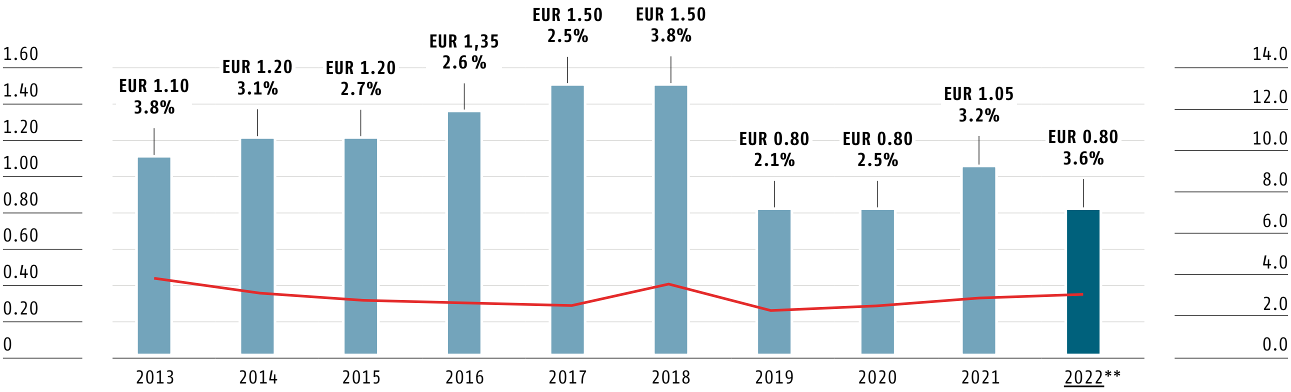
* The German Stock Exchange defines free float as all shares not held by major shareholders (share of share capital of at least 5%). According to this definition, free float amounts to 76.6%.

Source: Company information

YOUR CONTACT AT INVESTOR RELATIONS

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

DIVIDEND PER SHARE* AND DIVIDEND YIELD 2013 TO 2022 (in EUR/in %)



* Dividend payment for the respective financial year
** Subject to approval at Annual Shareholders' Meeting expected on May 17, 2023

02

COMBINED MANAGEMENT REPORT

Introduction to the Group

INDUS is a value-oriented holding company with a portfolio of 45 SMEs based in Germany and Switzerland. INDUS acquires predominantly owner-managed technology-oriented industrial companies and assists them in their entrepreneurial development on a long-term basis. INDUS ensures that the portfolio companies retain their SME status. The portfolio will grow in the coming years through organic growth in the existing portfolio companies and targeted acquisitions in the areas relevant to INDUS in terms of future fields.

The Company

Positioning and Business Model

VALUE- AND GROWTH-ORIENTED SME HOLDING COMPANY

INDUS Holding AG (hereinafter: INDUS) was founded in 1989 and today is among the leading specialists in the acquisition and long-term development of small- and medium-sized industrial companies in German-speaking countries. The focus of the investments is on owner-managed companies with their own industrial added value. INDUS exclusively acquires majority stakes in companies, preserves the SME status of its portfolio companies and supports them in their long-term entrepreneurial development. In the regions where the portfolio companies operate, INDUS positions itself as a long-term-oriented investor without an exit strategy but with the clear aim of strategically developing the portfolio companies.

As of the reporting date, its portfolio comprised 45 companies (previous year: 44). In the financial year, two more portfolio companies were acquired. One company in the Automotive Technology segment was deconsolidated following the start of insolvency proceedings. In addition to the 45 portfolio companies, two portfolio companies held for sale in the 2023 financial year are presented as discontinued operations. On December 31, 2022, a total of 194 fully consolidated enterprises (previous year: 193) belonged to the INDUS Group.

The INDUS Group consists of the holding company INDUS Holding AG with registered office in Bergisch Gladbach, Germany, and the individual portfolio companies. All direct INDUS portfolio companies have their registered offices in Germany (42) or Switzerland (3). The two companies classified as discontinued operations also have their registered offices in Germany. The INDUS Group is represented by sub-subsidiaries, branches, and representative offices in 30 countries (previous year: 31 countries) on five continents.

INDUS has been a listed company since 1995. The share is traded on the regulated market at the stock exchanges in Frankfurt and Düsseldorf. In Berlin, Hamburg, Hanover, Munich and Stuttgart, the share is traded over the counter. The INDUS share is listed in the SDAX stock market index. INDUS fulfills the Prime Standard transparency requirements in its financial reporting.

The holding company with its registered office in Bergisch Gladbach, Germany, is managed by the Board of Management, which consists of four members. The Board of Management consists of Dr. Johannes Schmidt (Chairman), Dr. Jörn Großmann, Axel Meyer, and Rudolf Weichert. The holding company averaged 36 employees in the financial year, not including the Board of Management (previous year: 35).

THE INDUS BUSINESS MODEL: BUY, HOLD & DEVELOP

The companies acquired and targeted for possible acquisition are exclusively SMEs with their own industrial added value in German-speaking countries and have an above-average level of profitability at the date of acquisition. They should generate annual sales figures amounting to between EUR 20 million and EUR 100 million and a sustained return on sales (EBIT margin) of 10% or more. The target companies are active in attractive niche markets with a clear technological focus on the future-oriented industrial fields relevant to INDUS. They should be unencumbered by economic legacy issues and be in an exemplary position in terms of sustainability considerations.

INDUS primarily acquires owner-managed companies and particularly keeps an eye on arrangements for succession in the families managing the companies. Continuity and the company's SME status are secured with the transfer of ownership. Therefore, the former owners ideally remain as co-shareholders and managing directors of the company for a certain period. INDUS avoids the direct acquisition of companies undergoing restructuring. INDUS does not acquire companies in the defense, alcohol or gambling sectors. Neither is INDUS planning any acquisitions in connection with the extraction of fossil fuels.

INDUS continuously acquires new companies. This portfolio addition aims to improve the development prospects of the entire Group. In addition to the organic development of the existing portfolio companies, acquisitions ensure that over time the portfolio always represents an up-to-date cross section of growth industries. The Group's companies operate in diverse business and technological fields, selling markets, and business cycles – the Group is broadly diversified. With their respective core capabilities, the companies as a rule occupy niches of the market of great interest for their sectors.

INDUS focuses on sustainability. Sustainable business practices generate competitive advantage, increase corporate value and strengthen the corporate culture. INDUS is therefore actively boosting the sustainability performance of the portfolio companies. Striving for sustainability means treating economic, social and ecological targets equally in the long term at INDUS. This is the only way to create permanent values that enable employees to work well and simultaneously ensure a careful approach to the environment.

As a majority shareholder and financial holding company, INDUS supports its portfolio companies as an "advisor" and as a "development bank." The Board of Management continuously provides advice to the managing directors in the portfolio companies through strategic dialogue. In the portfolio companies, the holding company's experts share methodological knowledge, train employees, and support strategic projects. Support focuses on strengthening innovativeness, and boosting Market Excellence and Operational Excellence. The holding company's employees encourage the transfer of knowledge by networking within the Group as well as with external partners. INDUS provides capital to its portfolio companies for investments in fixed assets and for development plans, internationalization, and acquisitions of companies at sub-subsidiary level. The INDUS innovation development bank also provides capital for innovative projects. With the new sustainability development bank, created in 2022, INDUS provides financial support for projects in the portfolio companies that aim to preserve resource and reduce emissions.

INDUS' business model can be summarized by the phrase "buy, hold & develop." This strategy represents the intention to hold the company for a longer period while simultaneously developing the portfolio companies.

The portfolio companies thus develop over the long term in a fast-changing market environment while preserving their identity as an SME, and with the financially strong INDUS at their side. Shareholders in INDUS hold a valuable interest in a managed investment portfolio of SME assets, while profiting from regular dividend distribution.

EXTERNAL INFLUENCING FACTORS

As industrial companies, the INDUS Group's portfolio companies operate under the influence of the **general economy** – in Germany, in Europe, and in the international markets. At the same time, the individual companies are subject to sector-specific business cycles.

The most significant external influence in 2022 was the **war in Ukraine** and the resulting economic impacts. Specifically, these are direct impacts, such as price increases, especially for primary materials, energy, and freight costs, rising personnel costs and the general rise in inflation. The direct consequences of the Ukraine war had an insignificant impact on INDUS companies.

Despite the challenging overall conditions, the INDUS portfolio companies performed well with typical SME agility. Overall, the INDUS portfolio's broad diversification once again proved to be an important pillar for stability. Economic risks are spread across the Group owing to its diversified positioning, thereby balancing out the portfolio. Compared with non-diversified holding companies, this gives INDUS a competitive advantage in the long term and also in the event of new exogenous shocks in individual sectors.

Cost factors also are important for the success of the portfolio companies. Globalization is increasingly thrusting SMEs into direct **price competition** with foreign competing companies that are, in some cases, able to produce under economically more favorable conditions. Material, energy, and personnel costs are especially relevant cost variables. Such an environment makes it all the more important to clearly set the companies apart through technological, innovation leadership, market and Operational Excellence, and INDUS provides important support to its portfolio companies to enable them to achieve these.

The labor market is changing due to the coronavirus pandemic. However, there is still a growing **skills shortage** in Germany. In light of this, recruitment is gaining in importance while wage costs rise steeply at the same time. INDUS is tackling global competition and rising cost pressures by helping portfolio companies improve their organization internationally, too.

In order to be successful in the long term, companies need to successfully shape the **technological change**. The digital transformation currently demands an even more intense development process from manufacturing companies. The coronavirus pandemic has further increased the need for digitalization. Digitalization means that business needs to become more flexible, resulting in a noticeable increase in the need for investment. Due to the importance of these external factors, INDUS supports investment in innovation through the INDUS innovation development bank.

Developments in the capital markets are also important factors for the entrepreneurial success of INDUS, as the situation on the stock exchanges and general interest rate trends determine the terms on which INDUS is able to secure equity and borrowed capital. Owing to its size, its broad access to capital markets, and its very solid credit rating, the company is well prepared for fluctuations in the capital markets.

Portfolio

45 COMPANIES IN FIVE SEGMENTS

The portfolio consisted of 45 portfolio companies in continuing operations on the reporting date. They were allocated to one of five segments: Construction/Infrastructure, Automotive Technology, Engineering, Medical Engineering/Life Science, and Metals Technology. Two further portfolio companies are managed and presented as discontinued operations. These two portfolio companies were assigned to the Automotive Technology segment.

The following information relates only to continuing operations unless explicitly indicated otherwise.

BASIC DATA FOR THE SEGMENTS (in EUR million)

	Construction/ Infrastructure	Automotive Technology	Engineering	Medical Engineering/ Life Science	Metals Technology
Sales	515.2	142.7	531.7	153.6	460.4
Operating income (EBIT)	59.6	-7.9	50.9	-4.6	50.7
Companies	12	4	15	5	9
Employees	2,343	952	2,418	1,588	1,496

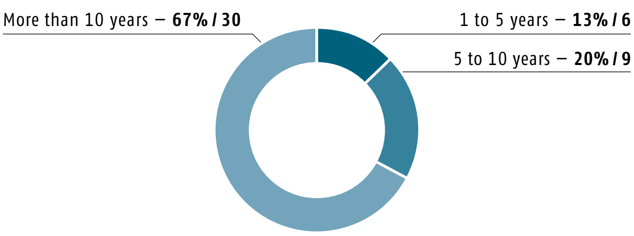
PORTFOLIO STRUCTURE BY NUMBER OF YEARS WITH THE GROUP

A total of 67% of the portfolio companies have belonged to the INDUS Group for more than ten years. Nine portfolio companies have been in the INDUS portfolio for between five and ten years, and six of the 45 portfolio companies have been acquired in the past five years.

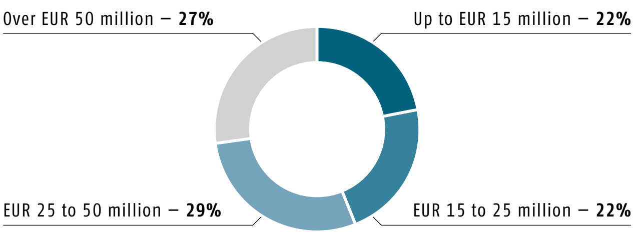
PORTFOLIO STRUCTURE BY SALES

The portfolio companies' annual sales figures range from under EUR 10 million to more than EUR 100 million. Around 27% of the portfolio companies generate annual sales figures of at least EUR 50 million. Slightly more (29%) portfolio companies generate annual sales figures of between EUR 25 million and EUR 50 million. The amount of portfolio companies that generate annual sales figures of up to EUR 15 million is declining and amounted to approximately 22% in 2022.

PORTFOLIO STRUCTURE BY AGE (in % / number of portfolio companies)



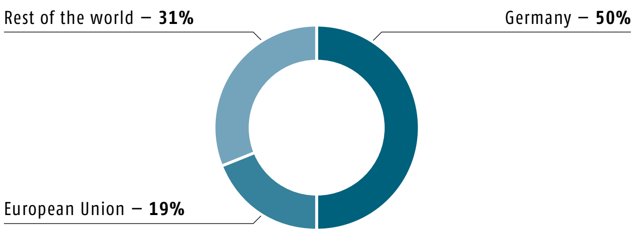
PORTFOLIO STRUCTURE BY SALES (in %)



SELLING MARKETS ON FIVE CONTINENTS

In regional terms, all of the portfolio companies are concentrated in sales territories with a politically and economically stable background. The portfolio companies' largest market for unit sales and thus revenue is Germany at 50%. The companies generate another 19% of their revenue in other EU countries. A further 31% is generated outside the EU. In the 2022 financial year, this distribution was unchanged from the previous year.

PORTFOLIO STRUCTURE BY REGION (in %)



PORTFOLIO CHANGES IN 2022

GROWTH ACQUISITIONS

In December 2021, INDUS signed a contract to purchase all 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 and initial consolidation was completed in April 2022.

In May 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 and the initial consolidation of HELD took place in May 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%, 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.

SMA INSOLVENCY

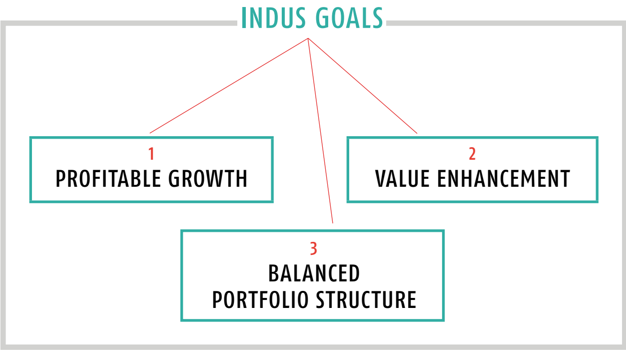
With the approval of the Supervisory Board, the Board of Management decided on September 23, 2022, to drastically reduce INDUS' financial engagement in the portfolio company S.M.A Metalltechnik GmbH & Co. KG, Backnang (SMA) and to limit engagement until the end of October 2022. Prior to this decision, 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 preliminary administration with the aim of restructuring the company. On November 15, 2022, the court granted the preliminary insolvency with the standard procedure, and the insolvency proceedings began on December 30, 2022.

INDUS Holding AG deconsolidated SMA and its subsidiaries from October 24, 2022, due to the loss of control resulting from the insolvency proceedings.

Goals and Strategy

Goals

INDUS GOALS



PROFITABLE GROWTH

Our aim is for the INDUS Group to grow organically through the operational success of its portfolio companies and inorganically through acquisitions. A considerable portion of the income earned remains in the portfolio companies and is available to them to finance further growth. Inorganic growth is to be ensured through the continuous acquisition of hidden champions from industries with a promising future.

VALUE ENHANCEMENT

The focus on value enhancement of the individual portfolio companies is intended to sustainably increase their profitability and value. Overall, this leads to the value enhancement of the entire Group. The aim is to achieve an **EBIT margin of "10% + X"** in the medium term. INDUS actively advises the operationally independent portfolio companies on strategic decisions, shares its methodological expertise, and helps companies build internal and external networks. The portfolio companies are deliberately given capital and know-how that they can use for their development.

Concrete targets for the further development of the portfolio companies have been set out in the PARKOUR strategy program: INDUS encourages the companies to use **innovations** as a growth engine and successfully shape **digitalization**. The aim is to drive **Market Excellence** and **Operational Excellence** in the portfolio companies and thus support continuous improvement of business processes. The internationalization of the portfolio companies is being further expanded – particularly in the North American and Asian markets. The **improvement of performance in terms of sustainability** remains an overarching goal and guiding principle for the portfolio companies' economic activities.

BALANCED PORTFOLIO STRUCTURE

The INDUS Group is particularly intending to grow by means of acquisitions in the six defined growth industries "automation/measuring technology/control engineering," "construction technology," "safety technology," "medical engineering/life science," "technology for infrastructure and logistics," and "energy and environmental technology." Candidates of interest for the portfolio are companies that are active in future-oriented industrial niche markets and occupy leading positions in these markets. INDUS focuses on companies in growth industries to ensure that the investment portfolio will continue to maintain a balanced, and hence stable, structure in the future. For the period until 2025, the aim is to grow further and generate Group sales of significantly more than EUR 2 billion. The strategy update **PARKOUR perform** 2025 was published in December 2022. With this update, management structures and segment composition were changed as of January 1, 2023, in order to achieve the targets set until 2025. The focus of the acquisition policy is on future fields, derived from the megatrends relevant to each segment.

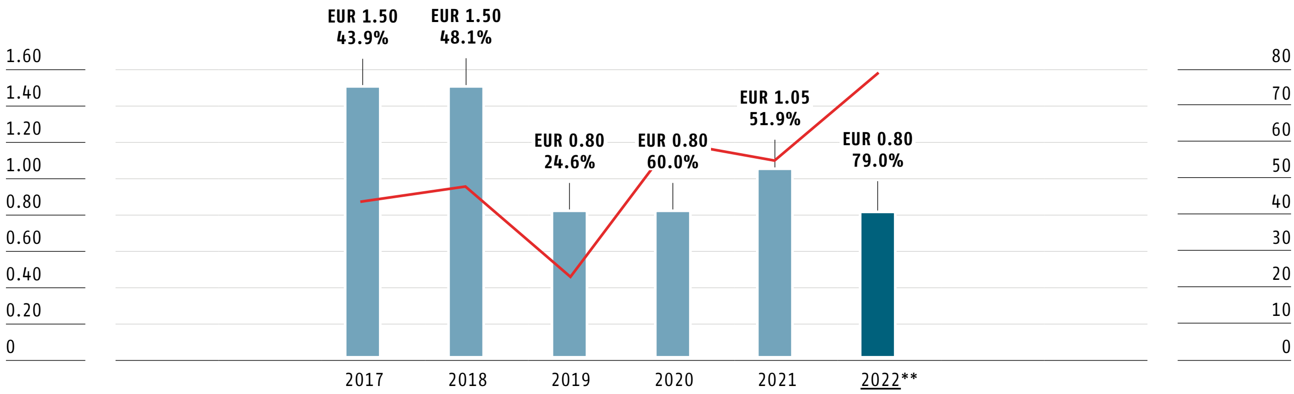
The investment portfolio's balanced structure and strong diversification are of particularly key significance when individual companies face structural or economic challenges. The portfolio companies are currently facing challenges from the tense situation on the markets caused by price increases, material shortages, labor shortages, and supply bottlenecks. Overall, the portfolio companies of the INDUS Group coped well with the challenges in the 2022 financial year. From the Board of Management's perspective, the INDUS Group's entire portfolio benefits from the agility of SMEs and their resilience.

CONSISTENT GROWTH – CONTINUOUS VALUE ENHANCEMENT – CONSTANT DIVIDEND POLICY

As owners, the shareholders are entitled to share in the success of their company through predictable profit distributions. That is why INDUS regularly pays a dividend. The average target value of the dividend proposed by the Board of Management and Supervisory Board amounts to between 40% and 50% of the balance sheet profit. The remaining balance sheet profit is retained in the Group to ensure further profitable growth.

The Board of Management of INDUS Holding AG has decided to propose a dividend of EUR 0.80 per no-par-value share to the Annual Shareholders' Meeting. The Board of Management considers it appropriate to take into account non-cash impairments resulting from annual impairment testing of carrying amounts and non-cash impairments in connection with the discontinuation of certain operations when determining dividend policy for the 2022 financial year. A corresponding amount was taken from the retained earnings and added to the balance sheet profit.

DIVIDEND PER SHARE* AND DIVIDEND YIELD 2017 TO 2022 (in EUR/in %)



—— Distribution ratio

* Dividend payment for the respective financial year

** Subject to approval at Annual Shareholders' Meeting on May 17, 2023

Strategy

"PARKOUR": TACKLING NEW OBSTACLES SUCCESSFULLY

The **PARKOUR** strategy program tackles the future challenges for the INDUS Group with sporting ambitions and focuses on development until 2025. With the strategy update **PARKOUR perform**, developed in 2022 and implemented from January 2023, INDUS has refined its strategy further and set everything on achieving its strategic targets.

INDUS' core task will continue to be the goal-oriented development of a diverse SME portfolio. In light of increasingly complex global conditions, competition growing globally and the challenge of the digital transformation, INDUS is giving its portfolio companies its full support to ensure their competitiveness. This is more important than ever in times of crises. To get the INDUS portfolio companies fit for the current and future tasks of PARKOUR, INDUS will sharpen its focus on supporting innovation, Market Excellence and Operational Excellence. INDUS will set ambitious targets, encourage cooperation, and share the right methods.

Assisting the companies in their internationalization measures is a central pillar of the INDUS strategy. The further improvement of the portfolio companies' performance in terms of sustainability is also actively supported and encouraged and embedded in the PARKOUR strategy with the strategic initiative "Striving for Sustainability."

Four central strategic initiatives are vital when it comes to the successful implementation of the PARKOUR strategy:

1. **Strengthening the Portfolio Structure**
2. **Driving Innovation**
3. **Improving Performance**
4. **Striving for Sustainability**

1. STRENGTHENING THE PORTFOLIO STRUCTURE

INDUS plans to acquire two to three companies as direct subsidiaries each year. INDUS has defined six **growth industries** that will be favored in acquisitions of companies to support the forward-looking future development of the portfolio:

THE SIX FAVORED GROWTH INDUSTRIES FOR ACQUISITION

1
AUTOMATION AND MEASURING TECHNOLOGY AND CONTROL ENGINEERING

2
CONSTRUCTION TECHNOLOGY

3
SAFETY TECHNOLOGY

4
MEDICAL ENGINEERING/LIFE SCIENCE

5
TECHNOLOGY FOR INFRASTRUCTURE AND LOGISTICS

6
ENERGY AND ENVIRONMENTAL TECHNOLOGY

The INDUS portfolio is intended to represent a cross-section of the relevant growth industries. The Board of Management is aiming for an **appropriate mix of future-oriented companies** for the portfolio structure so INDUS can continue to reach its profitability targets.

With the strategy update **PARKOUR perform**, the focus of acquisition activities from the beginning of 2023 is on future fields derived from the megatrends relevant to each of the newly formed segments.

In addition to growth acquisitions for the portfolio, INDUS continued to have a focus on complementary additions to strengthen individual portfolio companies. For strategic acquisitions at sub-subsidiary level, the investment decisions are linked to the portfolio companies' individual strategies, although INDUS is promoting more innovation- and sustainability-oriented acquisitions. In some cases, INDUS may also acquire companies in earlier stages of development at sub-subsidiary level, if they have the potential to be particularly useful to the portfolio company due to their innovation or technological expertise, and the viability of their business model has already been proven. **PARKOUR** includes plans for two to four strategic additions at portfolio company level per year.

Exit strategies play no role when INDUS makes its buying decisions, the "hold" principle being a key component of INDUS' DNA. However, to ensure stable performance and achieve the growth targets set for the individual company and the Group, parting with a company remains an option in exceptional cases – for example, if there has been a substantial change in the original environment and market conditions under which a portfolio company operates and a new configuration would make more financial sense for the company and its employees.

In light of the structural upheaval in the automotive industry and the high pressure on margins for series suppliers in the Automotive Technology segment, INDUS restructured these companies in recent years and examined a variety of options for their future viability. A strategic investor was found for WIESAUPLAST in the 2021 financial year who acquired the shares in WIESAUPLAST. SMA was not able to achieve the necessary adjustments to existing contracts with key customers in the current financial year and filed for insolvency in October 2022. As part of the **PARKOUR perform** strategy update, INDUS made the decision to sell the remaining series supplier SELZER and the company SCHÄFER from the Automotive Technology segment by the end of 2023 and to assign them to non-core from January 2023.

2. DRIVING INNOVATION

Competitive positions once established must be repeatedly defended. For this reason, the companies in the INDUS Group must actively embrace future trends, identify opportunities and make use of opportunities to act. The "driving innovation" initiative is of particular importance to adapt to changing market situations at an early stage. Driving innovation among the INDUS companies is a key component of the PARKOUR strategy program.

INDUS supports selected innovation projects in the Group with financial subsidies. The development funds cover 40% to 80% of the project volume. The holding company has set aside an annual budget up to 3% of consolidated EBIT for this purpose. The aim is to ensure the portfolio companies' future viability and open up new production areas and markets. INDUS made the same absolute volume of development funds available in the 2022 financial year.

To increase innovativeness, INDUS supports the portfolio companies strategically as a sparring partner and conceptually with methodological knowledge. In addition to developing company-specific innovation strategies, opening up individual innovation search areas and developing company-specific innovation road maps are particularly important. INDUS also creates networks with other Group companies and external institutions in order to obtain ideas from outside, collaborate on innovation projects or jointly open up innovation search areas in the network. This takes place in the "Hydrogen" and "Sustainable construction" working groups, for instance. Artificial intelligence in internal processes and products was added as an innovation focal point in the reporting year.

INDUS strengthens the development of defined, dynamic growth industries and analyzes possible points of intersection with its portfolio companies. Younger companies with high innovativeness make interesting acquisition targets for the INDUS Group, particularly at sub-subsidiary level. INDUS therefore supports the acquisitions of younger companies with a high level of technological competence as a complementary addition to increase its portfolio companies' innovativeness.

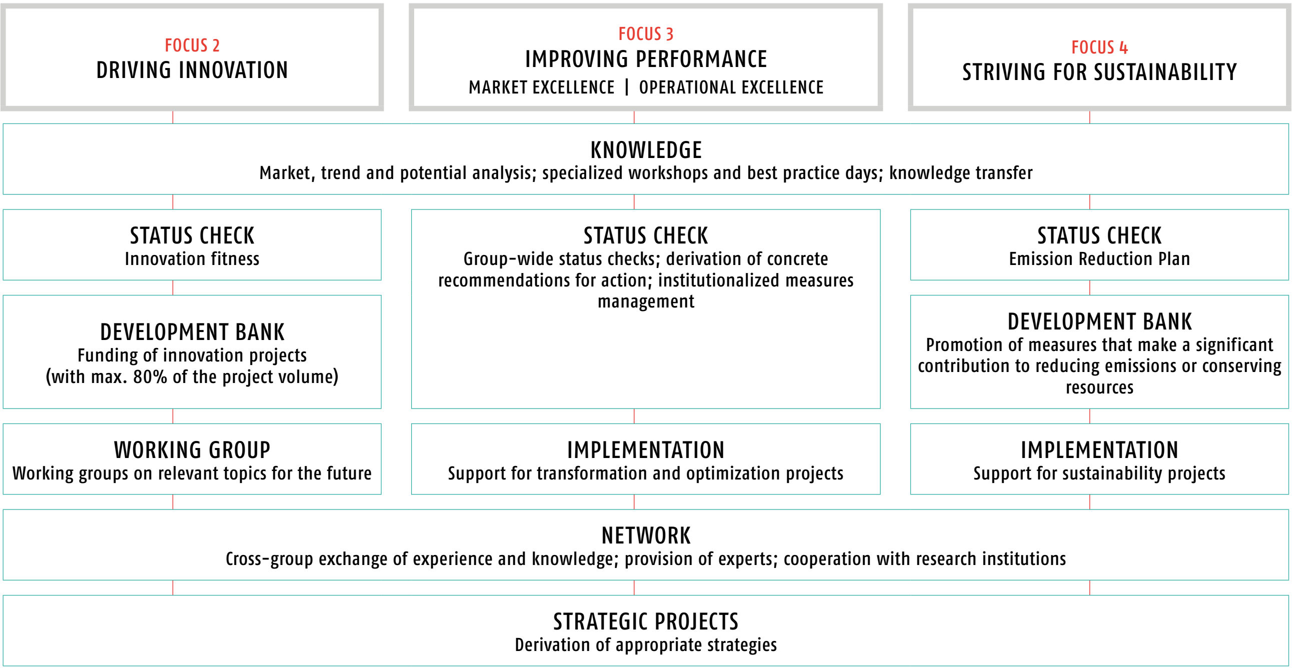
3. IMPROVING PERFORMANCE

INDUS addresses increasing global competition and rising margin pressure by promoting **Market Excellence** and **Operational Excellence** in the portfolio companies. INDUS assists its portfolio companies with the optimization of value-adding core processes from securing contracts to order processing. The focus of Market Excellence activities is on making optimal use of market potential. Lean management approaches are at the heart of our Operational Excellence activities. These approaches avoid waste and focus on added value in all tasks.

As part of the focus on **Market Excellence**, INDUS provides advice in the areas of business development, strategic marketing, sales, and pricing. It supports portfolio companies' processes from strategic market cultivation right through to securing contracts. The support on offer also includes sharing methodological expertise, for instance, with regard to market, potential, and competition analyses, and improving pricing for products and services. Another significant aspect is providing advice on choosing sales channels, designing sales organizations, and conducting specific sales training.

As part of the **Operational Excellence** focal point, INDUS assists the portfolio companies in realizing productivity potential in the operational field, such as procurement, production, and logistics. The optimization and digitalization of order processing is included in the support offered. This includes an overarching training program on lean management and shop floor management, various networking formats for sharing best practices in the INDUS Group, and individual workshops with the portfolio companies to impart specific methodological knowledge. Specific optimization projects in the portfolio companies are coordinated by the companies themselves with the support of INDUS or external consultants.

STRATEGIC INITIATIVES



4. STRIVING FOR SUSTAINABILITY

Sustainable business practices generate competitive advantage, increase corporate value and strengthen the corporate culture. Working from this conviction, INDUS has made its approach to sustainability increasingly professional in recent years. Sustainable practices for INDUS means treating economic, social and ecological objectives equally over the long term: We want to create lasting values, enable quality work by doing so, and protect the environment at the same time. The sustainability strategy has therefore now become an independent strategic initiative, "Striving for Sustainability," within the PARKOUR strategy program.

In order to ensure long-term entrepreneurial success, INDUS follows clear guidelines with respect to sustainable practices:

- **Economically sustainable conduct ensures future success.**
- **Fairness is a fundamental SME principle and encourages cooperation.**
- **Taking environmental factors into account prevents subsequent costs and improves process efficiency.**
- **Compliance with agreements and rules strengthens trust.**

To **ensure profitability**, INDUS uses traditional economic key figures, thus aligning itself with stability-oriented aspects. This safeguards entrepreneurial success in the interests of the Group, the shareholders, and other stakeholders in the long term. The holding company ensures a stable balance sheet, adequate liquidity, and a flexible financing basis. In terms of their social orientation, all the companies in the INDUS Group are guided by traditional SME values. Central to these is the principle of responsibility – for the survival of the company, but first and foremost for the people who ensure it. This is expressed in company-specific codes of conduct that cover the continuous development of occupational health and safety and support for trainees, as well as training courses for the employees. Social responsibility is expressed by support for non-profit initiatives, particularly in the portfolio companies' local region. With respect to the **environment**, INDUS supports the portfolio companies with their efforts to conserve resources and avoid greenhouse gas emissions. The portfolio companies express their environmental responsibility in particular by installing photovoltaic systems, by switching to more climate-friendly heating systems, buying green power, converting their fleet to vehicles with alternative drives and setting up Bike to Work initiatives for employees. The innovation development bank provides development funds for sustainable product innovations in the future field of green tech (energy and environmental technology and products with an improved energy-efficiency profile). Introduced for the first time in 2022, the sustainability development bank supported six projects that aim to conserve resources and significantly reduce the emissions of the portfolio companies involved in the project. The Board of Management and the Supervisory Board have always felt committed to responsible, transparent and sustainable **corporate governance**. They have fully followed the recommendations of the German Corporate Governance Code since its introduction, thus documenting the importance of the rules of good corporate governance and supervision. A whistleblowing system has also been introduced across the Group that can be used on a decentralized basis by the portfolio companies and so satisfies the corresponding statutory obligations and the recommendations of the German Corporate Governance Code. In 2022, the foundation was laid for the implementation of the Supply Chain Duty of Care Act from January 1, 2023.

INDUS will again publish a non-financial report for the INDUS Group for the period to December 31, 2022. The report will be published on the INDUS homepage and has undergone a limited assurance audit. The non-financial report and the audit opinion can be found under the following link: www.indus.de/en/nonfinancialreport/2022 In addition, the SUSTA[IN] magazine, published for the first time in 2021, is now well established and the third edition will be published in summer 2023. The magazine reports on projects and the progress of sustainability initiatives within the INDUS Group in a reader-friendly format.

Management Control

Planning and Strategy Processes

The INDUS portfolio companies develop individual strategies based on the INDUS strategy PARKOUR, which then form the strategic base for planning their business performance, the necessary investments and the development of their financial position and financial performance, usually in three- to five-year plans.

As part of the planning process, a structured discussion on business planning and the resulting risks and opportunities is held between the entire INDUS Board of Management and individual managing directors of the portfolio companies. Using the planning data and the exchanges with the managing directors, the INDUS Board of Management can gain an overall view of the business performance expected. The Board of Management uses this to create the planning for the necessary funds at holding company level and then communicates the results of the consolidated planning and expectations to the INDUS shareholders and creditors. The business objectives of INDUS Holding AG are thus based primarily on annual targets set by the portfolio companies.

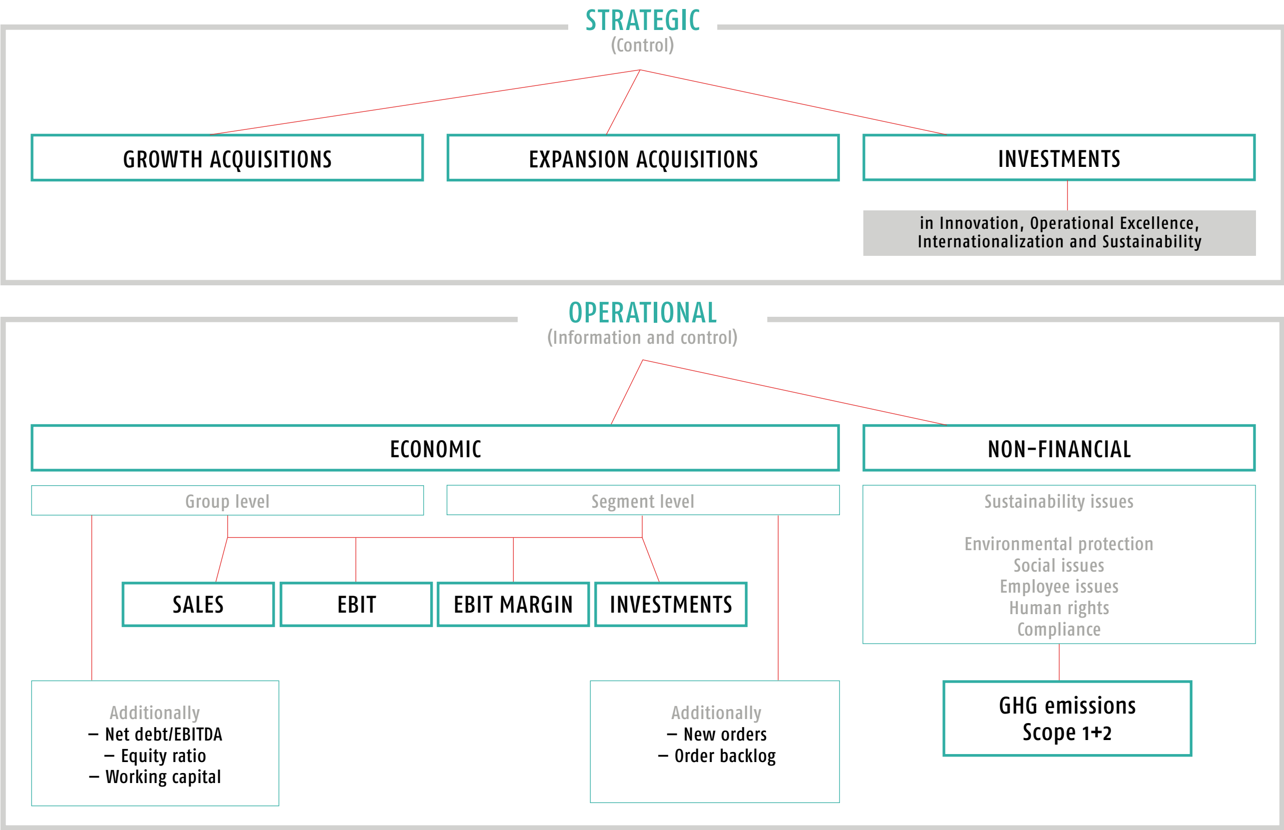
The planning process also pays particular attention to sustainability projects at the portfolio companies. Steps to reduce carbon emissions and activities related to employee and social issues are particularly recorded.

Management Variables

The economic indicators used by the holding company to assess the situation of the Group as a whole and the portfolio companies individually correspond to the operational **financial performance** indicators commonly used for manufacturing companies. In addition, **strategic financial performance** indicators are used for direct investment decision-making. For two years now, the greenhouse gas emissions (GHG emissions Scope 1+2) have also been used as a **non-financial** performance indicator for information and control. There are no other key control variables for the individual financial statements of INDUS Holding AG.

The target performance comparison results obtained by INDUS as part of its regular financial reporting for the last financial year are to be found in the Report on the Economic Situation.

BASIS FOR INFORMATION AND CONTROL



Interim Reporting

The portfolio companies inform INDUS about the financial performance of the companies on an ongoing basis. The companies report monthly to the holding company on their financial situation. INDUS also receives information focused on specific topics. This gives the holding company's management a continuous insight into the situation at the portfolio companies and thus an overview of the Group's overall situation.

INDUS monitors the performance of the companies in light of projections based on monthly figures. The portfolio companies update their forecast for the current financial year three times within the financial year. The controlling system delivers early warning if there are divergences from the plans. The subsidiaries also employ individual control mechanisms and, due to their different natures, individual key figures. The managing directors of the portfolio companies observe and analyze their markets and specific competitive environments, and report any material changes in either back to INDUS.

Regular Management Dialogue

In addition to the obligatory information flows for financial reporting, the Board of Management and the individual managing directors also regularly exchange information in a less formal manner about developments in the portfolio companies. INDUS proactively pursues its interests as owner by providing advice and supporting the portfolio companies' development.

Management Adjustments Under PARKOUR perform

The updated and adjusted **PARKOUR perform** strategy came into effect as of January 1, 2023. Important aspects of management control have changed under **PARKOUR perform**.

The control and planning process is now a two-step process. Firstly, the entire Board of Management determines the targets (for key control variables) at holding company and segment level and distributes the Group's investment budget among the segments. The Board members responsible for segment management then discuss and determine the strategy, aims and investment budget for the individual portfolio companies in conjunction with the framework conditions laid out by the entire Board of Management with the managing directors of the portfolio companies. This then forms the strategic base for planning the portfolio companies' business performance, the necessary investments and the development of their financial position and financial performance, usually in three- to five-year plans. The individual plans are finalized following a structured discussion between the member of the Board of Management responsible for the segment and the managing directors of the portfolio companies regarding the business planning and the resulting opportunities and risks. Segment management derives the segment plans from this initial planning. The segment plans are then consolidated in Group plans by the entire Board of Management and the Group plans are adopted by the entire Board of Management.

Free cash flow has been added as a new key control variable in order to link management control to a cash-flow factor. Free cash flow indicates how much flexibility INDUS has to pay dividends to shareholders, for the acquisition of high-margin companies, and to reduce net debt.

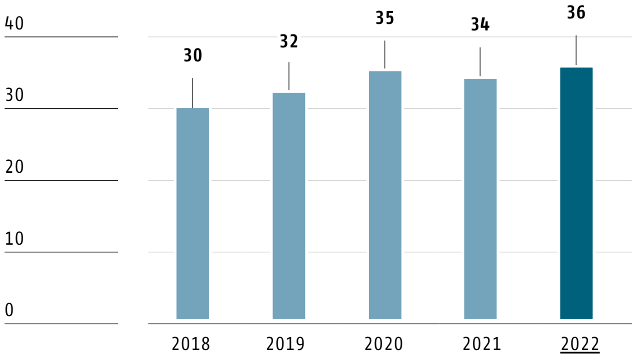
Non-financial Performance Indicators

Employees

IN THE HOLDING COMPANY: A TEAM OF SPECIALISTS FOR EFFECTIVE SUPPORT OF PORTFOLIO COMPANIES

On average in the 2022 financial year, the holding company had 36 employees excluding members of the Board of Management (previous year: 34). It is in the interest of INDUS to boost the productivity of its employees and to encourage their long-term loyalty to the company. To that end, INDUS offers its employees the basic conditions of a modern, attractive employer in terms of healthcare, educational advancement, and income.

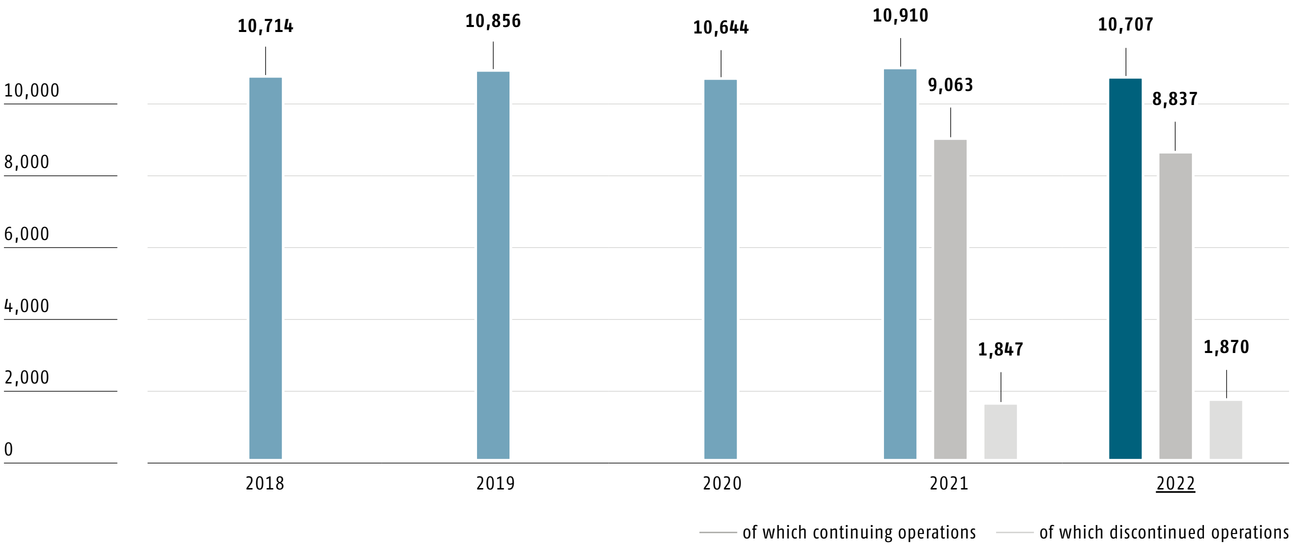
EMPLOYEES OF THE HOLDING COMPANY (Number)



IN THE GROUP: CULTIVATING AN SME-APPROPRIATE CULTURE

On average, 8,837 people were employed in the INDUS Group's continuing operations during the reporting year (previous year: 9,063). 1,870 people are employed in discontinued operations (previous year: 1,847). On average, 10,707 people were employed in the whole INDUS Group during the reporting year (previous year: 10,910). Management of those employed by the portfolio companies is the responsibility solely of their managements. Accordingly, the portfolio companies direct their human resources work, in both quantitative and qualitative terms, on their own. SMEs assume a high level of responsibility when it comes to training; this is also true in particular of the companies within the INDUS Group. A total of 353 trainees were employed throughout the Group in 2022 (previous year: 380); this equates to a trainee ratio of 3.3% (previous year: 3.5%).

EMPLOYEES OF THE INDUS GROUP (Number)



Development and Innovation

R&D SUPPORT FOR PORTFOLIO COMPANIES

As a holding company, INDUS does not engage in research or development work in the traditional sense. All activities, along with responsibility for ensuring that the portfolio companies have their fingers on the pulse in terms of the technology that their products embody and are strategically well positioned in their markets, are in the hands of the portfolio companies themselves.

INDUS is also keenly interested in the long-term economic success of its portfolio companies. The INDUS Board of Management therefore regards the subject of innovation as a central key to the healthy development of the companies. For this reason, the Board of Management has increasingly initiated support services in recent years that the portfolio companies can avail themselves of. These are:

Funds for innovations in future fields: INDUS budgets up to 3% of annual consolidated EBIT for its portfolio companies as part of the “driving innovation” strategic initiative to advance suitable innovation projects. A drop off in incoming orders during the coronavirus years of 2020 and 2021 and the end of a number of existing projects led to a decline in the innovation development bank’s funding budget in 2022. New applications and approvals were at pre-coronavirus level in 2022, so an increase in the funding budget is expected in the coming years. This enables INDUS to specifically promote activities and projects with a significant level of innovation and in predefined future fields that, in INDUS’ view, offer outstanding long-term development potential but are also associated with higher risks. Additionally, ideas that contribute to competition-relevant knowledge or personnel expansion in development are supported. These innovations enable the companies to tap into new business fields and technologies and thus strengthen their competitive position.

Methodological support: INDUS focuses in particular on promoting innovation. It supports its portfolio companies in innovation and technology management in order to improve their strategic position and thus optimize the focus and effectiveness of the development work. The portfolio companies are provided with methodological support for the derivation of innovation strategies, the identification of innovation potential, generating and selecting ideas, and project management during the innovation process.

Awareness and networking: The management of the holding company watches the trends and developments in the markets across sectors, and transfers the resulting knowledge to the portfolio companies through active dialogue with their managements. INDUS also supports information exchange between the portfolio companies to allow innovation to flourish through changes in perspective. INDUS also helps set up connections between its portfolio companies and external partners and institutions and looks for opportunities to collaborate in the fields of science, research, and economics.

INNOVATION ACTIVITIES UP AGAIN AT THE PORTFOLIO COMPANIES

The expenses for R&D activities recognized in the INDUS Group’s consolidated financial statements for 2022 amounted to EUR 21.1 million (previous year: EUR 17.2 million). This was an increase in research and development funding of EUR 3.9 million.

The aim is to achieve an increasing degree of in-house individual R&D capability and innovation effectiveness at the portfolio companies. The relevance to customers is a top priority in development work: Successful development partnerships are in place with both customers and suppliers.

The INDUS Group works in successful collaborations with research institutions and universities in connection with the portfolio companies' development activities. Some Group companies already collaborate with research organizations – for instance, through product innovations or innovation-related market analyses. Forms of cooperation range from traditional customer-supplier relationships to contract research and participation by individual companies in publicly funded research projects.

Sustainability

The sustainability strategy is the fourth independent strategic initiative in PARKOUR. In terms of the sustainability strategy the years ahead will focus particularly on implementing the greenhouse gas reduction targets defined in the Climate Protection Act. There are two ways of reducing greenhouse gases (GHG emissions): One is to use low-emission sources of energy and the other is to increase energy efficiency, which is also vital from an economic perspective.

The reduction in gross greenhouse gas emissions (GHG emissions) in Scope 1 and Scope 2 was defined as the performance indicator for management control purposes at INDUS. The gross emissions were chosen deliberately, because this figure cannot be corrected by the purchase of certificates. Scope 1 comprises stationary combustion, mobile combustion and fluid emissions. Greenhouse gas emissions in Scope 2 currently comprise power and district heating. Emissions are measured in tons of carbon and presented per million euros of gross value added.

Corporate Governance

Declaration on Corporate Governance

The Board of Management and Supervisory Board of INDUS have committed themselves to thorough observance of the principles of good corporate governance. The management body and supervisory body therefore issue the appropriate "Declaration on Corporate Governance" on an annual basis. The current declaration in its complete wording can be found on the INDUS website. www.indus.de/en/about-indus/corporate-governance

The annual Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) constitutes a part of the Declaration on Corporate Governance. This was issued by the Board of Management and the Supervisory Board on December 8, 2022. In it, they state that INDUS Holding AG was in compliance with all of the recommendations made by the government commission and the German Corporate Governance Code in the version dated April 28, 2022. The Declaration of Conformity in its complete wording can be found on the INDUS website. www.indus.de/en/about-indus/corporate-governance

Report on the Economic Situation

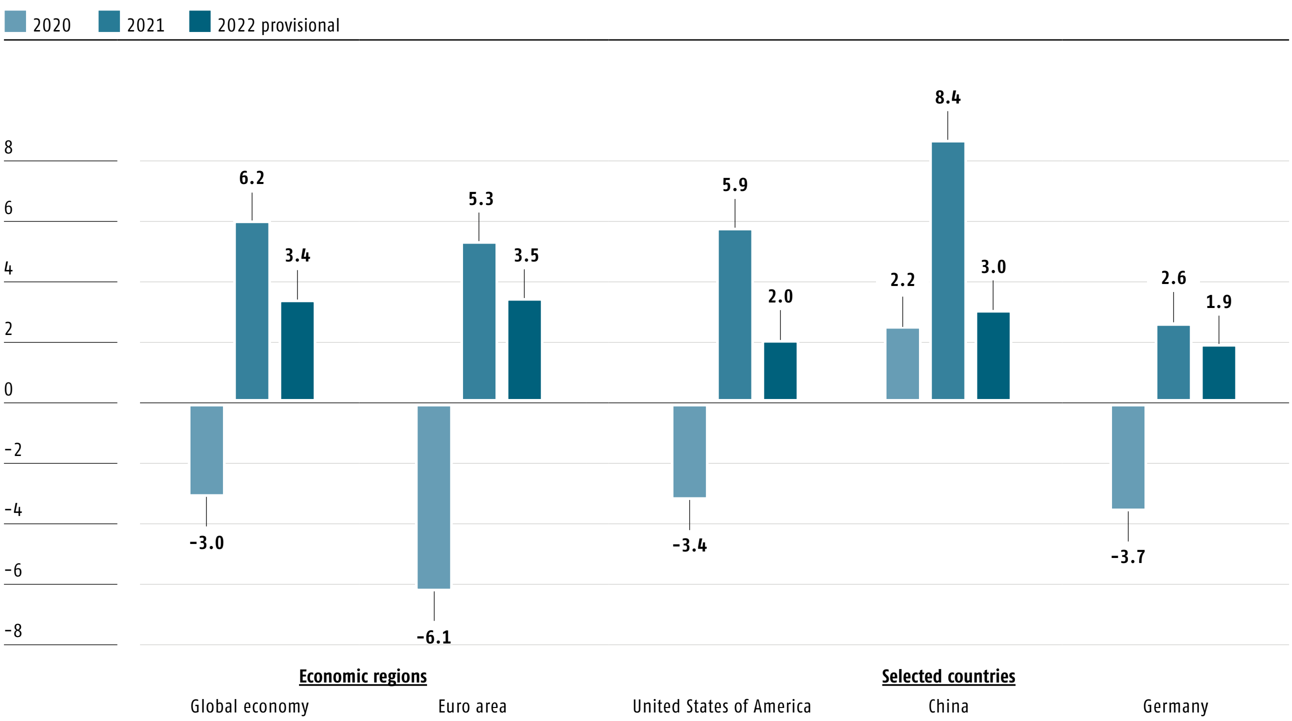
Sales for the INDUS Group rose from the previous year's figure of EUR 1.63 billion to EUR 1.80 billion in the 2022 financial year. The INDUS Group's operating result (EBIT) was EUR 133.7 million, compared to EUR 165.6 million in the previous year. Adjusted for impairment, operating income amounted to EUR 176.4 million (previous year: EUR 168.1 million). Earnings from discontinued operations included earnings after taxes from SMA, SELZER and SCHÄFER and amounted to EUR -123.9 million (previous year: EUR -50.2 million).

Changes in the Economic Environment

Macroeconomic Trends: Consequences of the War Weigh On

German industry once again faced difficult conditions and a high level of uncertainty in 2022. With the Russian attack on Ukraine, global businesses had to readjust for the second time in a row following the coronavirus pandemic. The financial performance in Germany was correspondingly dominated by the consequences of this war. The ongoing, albeit ebbing, pandemic also had a negative impact on companies throughout the year. China's zero-COVID policy in particular had a negative impact on global supply chains as well as China's business activities. Overall, these problems continue to be felt along the value chain, resulting in corresponding supply bottlenecks, although these have been easing over the course of the year. In total, German manufacturing was 0.6% lower in 2022 than in 2021 adjusted for calendar effects – putting it 5% below the figure of the pre-crisis year of 2019. Sharp rises in energy and food prices drove inflation up. In the first half of 2022, gas prices for non-household customers, i.e., primarily companies and public authorities, rose by 38.9% and electricity prices by 19.3% against the second half of 2021. Despite inflation slowing slightly toward the end of the year, the rate of infla-

ANNUAL ECONOMIC GROWTH (in %)



Source: International Monetary Fund, World Economic Outlook (as of Jan. 2023; figures for 2020 as of Oct. 2022) tion in Germany averaged 7.9% over the year in comparison with 2021. Annual inflation in 2021 amounted to 3.1%. As a result of the inflation and more restrictive monetary policy, interest and financing costs also rose.

Despite these difficult conditions and increasingly gloomy growth prospects, the German economy proved robust overall: In 2022, the gross domestic product (GDP) rose 1.8% when adjusted for price effects, and 1.9% when adjusted for price and calendar effects in comparison with the previous year. The number of people in employment reached a record high in the fourth quarter. Private consumption recovered with the lifting of coronavirus restrictions. This recovery effect compensated for the negative impact of massive price hikes – overall, private consumption increased slightly. The service sector in particular saw a sharp rise in growth with the lifting of the coronavirus restrictions. The economic performance of the manufacturing sector was hindered more by the lack of primary products and high energy prices, growing just 0.2% in 2022. Adjusted for calendar and seasonal effects, exports increased by 14.3% in 2022 in a year-over-year comparison. Due to the steep increase in the cost of energy imports, however, imports rose by 24.3%. The German export surplus thus fell for the fifth consecutive year.

Changes in the Industrial Environment

CONSTRUCTION/INFRASTRUCTURE: HIGH CONSTRUCTION COSTS AND RISING INTEREST RATES HINDER DEVELOPMENT

The German construction industry, which weathered the coronavirus pandemic relatively well, faced obstructions in 2022 despite its previously good performance. Shortages of materials and labor combined with high construction costs and rising interest rates led to gross value added declining by 2.3%. The prices of construction materials in 2022 exceeded the already-high prices seen in the previous year: Steel products increased by up to 40.4% while plate glass increased by 49.3%, for example. Simultaneously, investment in construction declined by 1.6% in 2022 when adjusted for price effects. Building and private housing construction were especially held back by materials and labor shortages. Over the course of the year, order cancellations in the private and commercial fields increased in light of rising construction interest rates. According to calculations by the Bundesbank, the interest rate for new mortgages with a term of more than ten years rose from 1.4% in January 2022 to 3.8% in November 2022.

AUTOMOTIVE TECHNOLOGY: SIGNIFICANTLY BELOW PRE-CRISIS LEVELS

The German passenger car market remained clearly below pre-crisis levels in 2022. Sales were still 26% down against the 2019 annual sales figures. Shortages of primary and intermediate products, high rises in energy prices and raw materials prices, and the uncertain conditions as a result of the war all had a negative impact on the market. At 1% growth and 2.7 million vehicles, registrations in Germany remained virtually on a par with the previous year. Almost every third registration was for an electric vehicle. Incoming orders in the domestic market were disproportionately down: Domestic orders declined by 15% in a year-over-year comparison, while foreign orders fell by 6% in 2022. Production volumes recovered significantly over the course of 2022, but remained a good 26% under the 2019 level in 2022 as a whole. The picture was similar when it came to exports: 10% more vehicles from German manufacturers were exported in 2022 than in 2021. That represents a decrease of 25% against the pre-coronavirus year of 2019.

ENGINEERING: ROBUST DESPITE CHALLENGING OVERALL CONDITIONS

German engineering firms were not able to avoid the difficult macroeconomic conditions in 2022, but performed well overall, nevertheless. Disruptions in supply chains, clearly noticeable labor shortages and energy supply issues all hindered production, which was up 0.2% in real terms in comparison with the previous year according to preliminary estimates from the VDMA. Sales simultaneously saw a nominal increase of 10.5% – primarily due to higher sales prices. The material situation remained difficult, however: According to the VDMA, 74% of companies indicated that disruptions in upstream supply chains were having a negative impact in December 2022. As a result of production obstacles with stable demand, the order backlog reached a record level. The timeframe for orders in engineering averaged over one year in some cases.

MEDICAL ENGINEERING/LIFE SCIENCE: MASSIVE COST INCREASES

Following the slump caused by the pandemic, the situation deteriorated further for German medical technology companies in 2022: According to estimates by BVMed, annual sales were able to recover slightly in comparison with 2021 (+3.3%), but company profits tumbled due to massive cost increases. Higher transport, raw materials, and energy prices, along with increased regulatory red tape resulting from the Medical Device Regulation (MDR), all put pressure on margins. In the BVMed fall survey, only 11% of companies anticipated increased profits in 2022, while 62% expected decreased profits.

METALS TECHNOLOGY: RECOVERY DESPITE INCREASE IN COST PRESSURE

The metalworking industry in Germany was affected in 2022 by the overall challenging conditions. Massive price increases for energy and materials led to lower income and cancellations in the M+E industry. New orders also gradually declined over the course of the year: In the period January through December 2022, incoming orders fell 4.2% in real terms. Domestic orders in particular were down. Despite these challenging conditions, production (1.8% increase in real terms) and sales (5.0% increase in real terms) stabilized as supply chain issues eased in 2022. International sales even increased by 6.3% in real terms and the number of employees rose slightly (nominal increase of 1.7%).

Performance of the INDUS Group

The Board of Management's Overall Assessment

INDUS GROUP'S STRATEGIC REALIGNMENT – DISCONTINUATION OF AUTOMOTIVE TECHNOLOGY SEGMENT CREATES FOUNDATION FOR NEW GROWTH

With the **PARKOUR perform** strategy update presented in December 2022, the INDUS Group has realigned itself with the Engineering, Infrastructure, and Materials segments from January 1, 2023. The Board of Management made decisions regarding which businesses have a good outlook with INDUS and will be continued. A specific decision to discontinue the Automotive Technology segment was also made. In light of this new arrangement, continued operations and discontinued operations will be presented separately in the following. The discontinued operations include SMA, which went into administration in October 2022, and the series suppliers SELZER and SCHÄFER, who manufacture design models for the automotive industry.

The continuing operations increased their sales in 2022 from EUR 1.63 billion to EUR 1.80 billion. Sales rose by 10.4%; the increase was attributable to four of five segments. The Engineering segment recorded the highest growth in sales at 21.2%. HEIBER + SCHRÖDER and HELD, acquired in the financial year, and JST, FLACO, and TECALEMIT Inc., acquired in the previous financial year, especially contributed to the high increase in this segment. The sales from continuing operations in the Automotive Technology segment decreased by 17.9%, as the WIESAUPLAST Group, which was sold at the end of the 2021 financial year, was included in the previous year. Adjusted for this effect, the remaining portfolio companies in the segment also reported a slight increase in sales. Adding the sales of continuing operations to discontinued operations, the total comes to EUR 1.91 billion, which comes in at the lower end of the forecast range of EUR 1.90 billion to EUR 2.00 billion, which was raised with the 2022 half-yearly report.

02 |

Operating income (EBIT) for continuing operations amounted to EUR 133.7 million. Contributions from the segments Construction/Infrastructure (EUR 59.6 million), Engineering (EUR 50.9 million), and Metals Technology (EUR 50.7 million) were positive, despite impairment on goodwill. EBIT in the Medical Engineering/Life Science segment amounted to EUR -4.6 million, due to impairments. The contributions to income from continuing operations were impacted by impairment in the amount of EUR 42.8 million. EBIT in the Automotive Technology segment came in below expectations at EUR -7.9 million; this segment was negatively impacted by the limited amount of semiconductors available, the cessation of Russian business, and a delayed start to series production. EBIT from continuing operations before impairments amounted to EUR 176.5 million, higher than the previous year's figure of EUR 168.1 million.

The EBIT margin for continuing operations was 7.4%, while the EBIT margin before impairment came to 9.8%. This shows the solid foundation we have to adjust the Automotive Technology segment from in the coming years. The earnings potential of continuing operations is good, and together with organic and inorganic growth we will be able to achieve our targets for the year 2025.

Operating cash flow of EUR 137.1 million was EUR 40.6 million lower than the previous year's figure (EUR 177.7 million), due to the additional working capital. Working capital was EUR 496.7 million as of December 31, 2022, and was thus EUR 52.8 million higher than as of the previous year's reporting date. The rise is due to higher material prices and increases in inventories. Some companies also increased inventories to hedge against price hikes and raw materials shortages.

INDUS acquired two portfolio companies in 2022. The first acquisition, HEIBER + SCHRÖDER, was closed in April. 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. In May 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. INDUS also acquired further shares in MESUTRONIC and the remaining shares in M+P. The portfolio company M. BRAUN acquired the remaining shares in CREAPHYS.

Investments in property, plant and equipment and intangible assets of continuing operations amounted to EUR 54.5 million (previous year: EUR 52.6 million). This represents a slight increase in investments in comparison with the previous year.

At 36.3%, the Group's equity ratio is significantly down on the previous year (42.4%) and below the target ratio of 40%. As of the reporting date, the level of liquidity was lower than in the previous year at EUR 127.8 million (previous year: EUR 136.3 million). The repayment term, that is the ratio of net debt to EBITDA (of continuing operations) was 2.3 years (previous year: 2.0 years) and is therefore within the target range of 2 to 2.5 years.

INDUS focuses increasingly on non-financial performance indicators. We are now using greenhouse gas emissions intensity (GHG emissions Scope 1+2) as a management variable at Group level. Emissions intensity (Scope 1+2) came to 76 t CO_2/EUR million GAV in financial year 2022. This was a reduction of around 19% in greenhouse gas emissions (94 t CO_2/EUR million GAV).

With the **PARKOUR perform** strategy update and the associated discontinuation of the Automotive Technology segment, the INDUS Group has realigned itself. The decision to separate from the long-term loss-makers in the Automotive Technology segment will free the Group from the steep losses in the automotive sector. The businesses remaining with INDUS all have positive outlooks. The activities in the continuing operations were allocated to the three segments Engineering, Infrastructure, and Metals at the beginning of 2023. These financial statements, which differentiate between continuing and discontinued operations, show the strength of the continuing operations and confirm that the decision to dispose of the former Automotive Technology segment is the right step for the INDUS Group's future.

TARGET PERFORMANCE COMPARISON

	ACTUAL 2021*	TARGET 2022	ACTUAL 2022	Degree of achievement***
GROUP				
Management variables				
Acquisitions	2 growth acquisitions, 2 purchase of sub-subsidiaries	2 growth acquisitions	2 growth acquisitions	achieved
Sales	EUR 1.74 billion (EUR 1.68 billion without growth acquisitions)	EUR 1.80–1.95 billion	EUR 1.80 billion (including discontinued operations EUR 1.91 billion)	achieved
EBIT	EUR 115.4 million	EUR 115 to 130 million	EUR 133.7 million (including discontinued operations EUR 13.4 million)	not achieved
EBIT margin	6.6%	6.0% to 7.0%	7.4% (incl. discontinued operations 0.7%)	not achieved
Investments in property, plant and equipment, and intangible assets	EUR 75.6 million	EUR 90 to 100 million	EUR 54.5 million (including discontinued operations EUR 76.5 million)	not achieved
Greenhouse emissions (GHG emissions Scope 1+2)**	93.91 t CO_2/EUR million GAV	lower than previous year	75.94 t CO_2/EUR million GAV	better than expected
Supplementary management variables				
Equity ratio	42.4%	>40%	36.3%	not achieved
Net debt/EBITDA	2.3 years	2 to 2.5 years	2.3 years (incl. discontinued operations 2.8 years)	not achieved (achieved for continuing operations)
Working capital	EUR 457.5 million	lower than previous year	EUR 496.7 million	not achieved
SEGMENTS				
Construction/Infrastructure				
Sales	EUR 451.6 million	Slight rise in sales	EUR 515.2 million	better than expected
EBIT	EUR 70.5 million	Slight fall in income	EUR 59.6 million (EBIT before impairment EUR 72.3 million)	not achieved (achieved before impairment)
EBIT margin	15.6%	13% to 15%	11.6% (EBIT margin before impairments 14.0%)	not achieved (achieved before impairment)
Automotive Technology				
Sales	EUR 281.9 million	Slight rise in sales	EUR 142.7 million continuing operations (incl. discontinued operations EUR 252.4 million)	not achieved
EBIT	EUR -57.3 million (incl. impairment of EUR 8.2 million)	Strong rise in income	EUR -7.9 million continuing operations (incl. discontinued operations EUR -128.1 million)	not achieved
EBIT margin	-20.3% (without impairment -17.4%)	Negative	-5.5% for continuing operations (-50.8% incl. discontinued operations)	forecast achieved
Engineering				
Sales	EUR 438.9 million	Strong rise in sales	EUR 531.7 million	better than expected
EBIT	EUR 56.9 million	Slight rise in income	EUR 50.9 million (before impairment EUR 64.7 million)	not achieved (achieved before impairment)
EBIT margin	13.0%	10% to 12%	9.6% (before impairment 12.2%)	not achieved (achieved before impairment)
Medical Engineering/Life Science				
Sales	EUR 148.7 million	Rising sales	EUR 153.6 million	achieved
EBIT	EUR 12.1 million	Slight rise in income	EUR -4.6 million (before impairment EUR 8.6 million)	not achieved
EBIT margin	8.1%	7% to 9%	-3.0% (before impairment 5.6%)	not achieved
Metals Technology				
Sales	EUR 420.4 million	Slight fall in sales	EUR 460.3 million	better than expected
EBIT	EUR 42.3 million	Strong fall in income	EUR 50.7 million (before impairment EUR 52.3 million)	better than expected
EBIT margin	10.1%	7% to 9%	10.1% (before impairment 11.4%)	better than expected

* Actual figures for 2021 comprise continuing and discontinued operations
** Net emissions intensity
*** The figures for continuing and discontinued operations are assessed together to determine target achievement for the Automotive Technology segment and the Group.

Group Earnings Performance

CONSOLIDATED STATEMENT OF INCOME (in EUR million)

			Difference 2022 to 2021	
	2022	2021	absolute	in %
Sales	**1,804.1**	**1,633.5**	**170.6**	**10.4**
Other operating income	25.1	23.8	1.3	5.5
Own work capitalized	3.5	3.9	-0.4	-10.3
Change in inventories	30.0	21.7	8.3	38.2
Overall performance	**1,862.7**	**1,682.9**	**179.8**	**10.7**
Cost of materials	-872.2	-757.0	-115.2	-15.2
Personnel expenses	-494.6	-467.5	-27.1	-5.8
Other operating expenses	-233.4	-207.2	-26.2	-12.6
EBITDA	**262.5**	**251.2**	**11.3**	**4.5**
Depreciation/amortization	-86.0	-83.1	-2.9	-3.5
Impairment	-42.8	-2.5	-40.3	<-100
Operating income (EBIT)	**133.7**	**165.6**	**-31.9**	**-19.3**
Financial income	-17.8	-15.9	-1.9	-11.9
Earnings before taxes from continuing operations (EBT)	**115.9**	**149.7**	**-33.8**	**-22.6**
Income taxes	-43.0	-51.9	8.9	17.1
Income (expense) from discontinued operations	-123.9	-50.2	-73.7	<-100
Earnings after taxes	**-51.0**	**47.6**	**-98.6**	**<-100**
of which attributable to non-controlling shareholders	0.8	0.8	0.0	0.0
of which attributable to INDUS shareholders	-51.8	46.8	-98.6	<-100
Earnings per share, continuing operations, in EUR	**2.68**	**3.68**	**-1.00**	**-27.2**
Earnings per share, discontinued operations, in EUR	**-4.61**	**-1.91**	**-2.70**	**<-100**

At the end of 2022, the Board of Management decided to give up the former Automotive Technology segment as part of the **PARKOUR perform** strategy update. The portfolio companies SELZER and SCHÄFER will not continue as part of INDUS and will be sold. They are reported as discontinued operations. SMA went into administration in October 2022, was deconsolidated, and is also reported under "discontinued operations." The previous year's figures have been adjusted accordingly.

GROWTH IN SALES IN CONTINUING OPERATIONS

INDUS Group **sales** rose by 10.4% (EUR +170.6 million) to EUR 1,804.1 million in the financial year 2022. Organic growth came to 8.3%. The growth of the acquisitions made in 2022, HEIBER + SCHRÖDER and HELD, and 2021, WIRUS, FLACO, and TECALEMIT Inc., amounted to 5.0%. The sale of WIESAUPLAST as of December 31, 2022, led to a EUR 47.3 million (-2.9%) decrease in sales. This resulted in inorganic net growth in sales of 2.1%.

With the exception of the Automotive Technology segment, all segments contributed to the growth in sales. The sale of WIESAUPLAST at the end of 2022 had the effect of decreasing segment sales. Taking the inorganic sales loss through WIESAUPLAST into consideration results in organic growth in sales of 9.3% in the Automotive Technology segment. The highest sales increases came from the Engineering segment (+21.2%) and the Construction/Infrastructure segment (+14.1%). At 13.4%, the increase in the Engineering segment primarily resulted from the acquisitions mentioned above, which are all allocated to this segment, with the exception of WIRUS. Organic growth in sales amounted to a satisfying 7.8%. Revenue in the Medical Engineering/Life Science and Metals Technology segments also rose by 3.3% and 9.5% respectively.

At EUR 1,862.7 million, the **overall performance** exceeded the previous year's figure of EUR 1,682.9 million by EUR 179.8 million (10.7%).

The **cost of materials** rose year-over-year by 15.2% to EUR 872.2 million (previous year: EUR 757.0 million). The increase was greater than the growth in sales because of generally higher materials prices in all areas. The **cost-of-materials ratio** therefore rose from 46.3% to 48.3%.

Personnel expenses increased by EUR 467.5 million to EUR 494.6 million. This represents an increase of 5.8%. At 27.4%, the **personnel expense ratio** was 1.2 percentage points below the previous year's figure (28.6%).

Other operating expenses increased by 12.6% to EUR 233.4 million. Energy costs (EUR +4.1 million), freight costs (EUR +5.3 million), and exchange rate losses (EUR +5.6 million) in particular rose sharply. As a result, operating income before depreciation/amortization **(EBITDA)** amounts to EUR 262.5 million compared with EUR 251.2 million the previous year. This represents an increase of EUR 11.3 million (4.5%).

Depreciation and amortization of EUR 86.0 was EUR 2.9 million (3.5%) up on the previous year. Impairments of EUR 42.8 million (previous year: EUR 2.5 million) related to **goodwill** (EUR 39.4 million), property, plant and equipment (EUR 1.5 million), and intangible assets (EUR 1.9 million). These figures are attributable to the Construction/Infrastructure segment (EUR 12.7 million), the Engineering segment (EUR 13.8 million), the Medical Engineering/Life Science segment (EUR 13.2 million), and the Metals Technology segment (EUR 3.1 million). Impairment in the previous year related exclusively to the Automotive Technology segment (EUR 2.5 million).

EBIT BEFORE IMPAIRMENT INCREASED

Operating income or EBIT came to EUR 133.7 million in 2022. EBIT was therefore EUR 31.9 million lower than the previous year (EUR 165.6 million). The EBIT margin was 7.4% compared with 10.1% in the previous year. Without taking impairments into account, the INDUS Group generated operating income of EUR 176.5 million (previous year: EUR 168.1 million). Operating income before impairment therefore was EUR 8.4 million higher than in the previous year. The EBIT margin before impairment was 9.8%, as against 10.3% in the previous year.

Net financial income fell by EUR 1.9 million, from EUR -15.9 million to EUR -17.8 million. The financial income includes net interest, income from shares accounted for using the equity method, and other financial income. Net interest improved from EUR -14.0 million to EUR -13.1 million. Measurements of minority interests in particular are reported in the other financial income item. The reason for the higher expense is the higher valuation of the call/put options for the later purchase of minority interests; the call/put options are measured at fair value.

Earnings before taxes from continuing operations or **EBT** fell by EUR 33.8 million to EUR 115.9 million (previous year: EUR 149.7 million). Tax expenses decreased significantly by EUR 8.9 million to EUR 43.0 million. Adjusted for impairment not taken into account for tax assessment purposes, the tax ratio amounted to 27.1%, following 34.1% in the previous year.

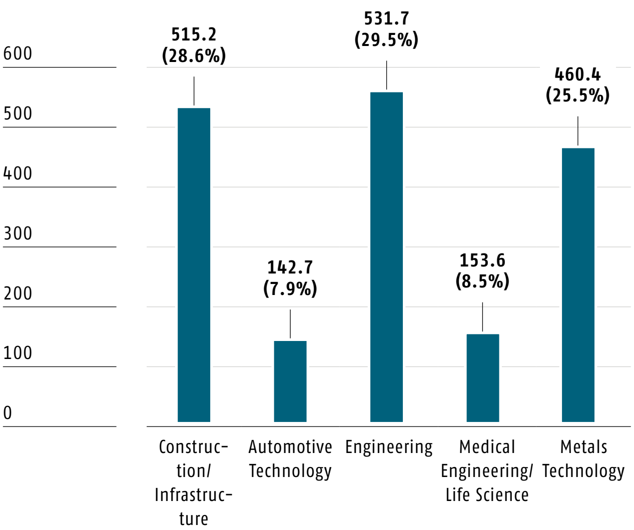
Income from discontinued operations are earnings after taxes and amounted to EUR -123.9 million. The previous year's figure amounted to EUR -50.2 million. This includes the operating income from SCHÄFER, SELZER, and SMA as well as all value adjustments resulting from the deconsolidation of SMA and the reclassification of SELZER to discontinued operations.

Earnings after taxes totaled EUR -51.0 million (previous year: EUR 47.6 million). This equates to a decrease of EUR 98.6 million compared with the previous year. Interests attributable to non-controlling shareholders amounted to EUR 0.8 million (previous year: EUR 0.8 million). Earnings after taxes for INDUS shareholders amounted to EUR -51.8 million. This equates to earnings per share from continuing operations of EUR 2.68 as compared to EUR 3.68 in the previous year. Earnings per share from discontinued operations came to EUR -4.61, following EUR -1.91 in the previous year.

IMPROVED SHARE OF SALES AND EARNINGS IN CONSTRUCTION/INFRASTRUCTURE AND ENGINEERING

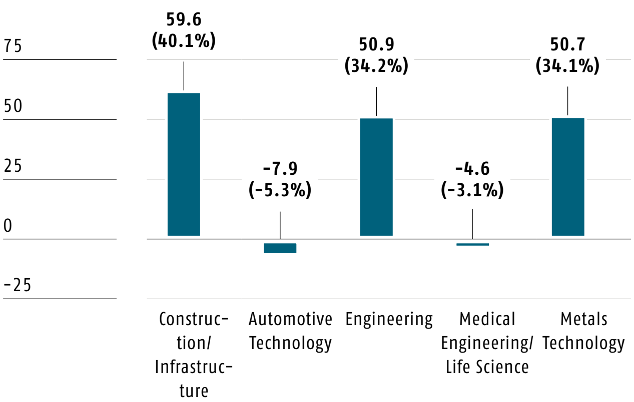
The individual segments' shares of sales and earnings have changed slightly further in relation to one another. The Automotive Technology segment's share of sales decreased especially due to the sale of WIESAUPLAST at the end of the previous year. The **Construction/Infrastructure** segment's contribution to sales increased to 28.6% (previous year: 27.7%) and that of **Engineering** to 29.5% (previous year: 26.9%). The companies HEIBER + SCHRÖDER and HELD, newly acquired in the reporting year, and the sub-subsidiaries FLACO and TECALEMIT Inc., acquired in the previous year, have made the Engineering segment the largest segment in terms of sales. At 25.5%, the **Metals Technology** segment has the third largest share of sales in the INDUS Group, and this share remains virtually unchanged from the previous year (25.7%). With the deconsolidation of WIESAUPLAST at the end of 2021, the **Automotive Technology** segment's share of sales declined, making it the smallest INDUS segment. Automotive Technology still accounts for 7.9% of sales (previous year: 10.6%). The Medical Engineering/Life Science segment has a share of sales of 8.5% (previous year: 9.1%).

SALES BREAKDOWN BY SEGMENT (in EUR million)



The distribution of operating income (EBIT) exhibits large differences between the segments. The Construction/Infrastructure segment generated a 40.1% share of income (previous year: 40.4%). The Engineering segment accounted for 34.2% of income (previous year: 32.4%). The Metals Technology segment earnings contributed 34.1% (previous year: 24.3%), around one third of Group EBIT. The Medical Engineering/Life Science and Automotive Technology segments generated negative contributions to income in the financial year of -3.1% (previous year: 6.9%) and -5.3% (previous year: -4.0%). The negative contribution to income from the Medical Engineering/Life Science segment is solely due to the non-cash impairment of goodwill in the current financial year.

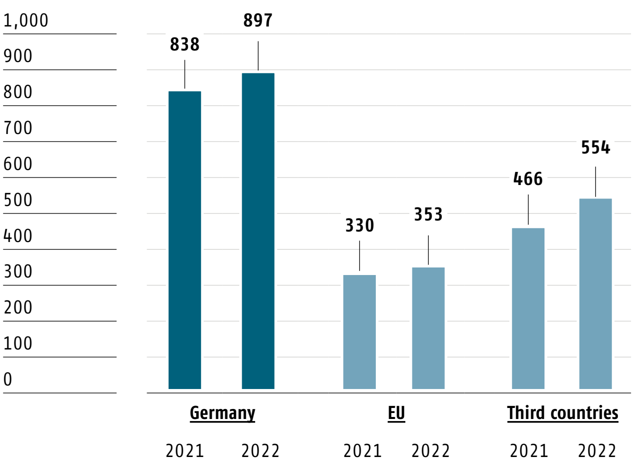
EBIT BREAKDOWN BY SEGMENT (in EUR million)



CONTRIBUTION TO SALES BY REGION

The INDUS Group's sales are attributable in almost equal measure to its domestic and international business. In relative terms, the foreign share of sales increased by 1.6 percentage points to 50.3% (previous year: 48.7%). Foreign sales increased by 14.0% to EUR 907.2 million as compared with the previous year. Domestic sales rose by 7.1% to EUR 896.9 million.

SALES 2021–2022 BY REGION (in EUR million)



Earnings Trends in the Segments

CONSTRUCTION/INFRASTRUCTURE

SEGMENT DESCRIPTION

The twelve (previous year: twelve) portfolio companies in the Construction/Infrastructure segment operate in various areas within the construction industry. Their products and services range from reinforcement technology for reinforced concrete through construction materials, air-conditioning and heating technology and expansion of infrastructure networks – particularly fiberglass networks – to accessories for private housing construction. Traditional building construction and civil engineering are not included in the INDUS portfolio.

The segment has above-average profitability and is positioned well for the future. Strategically speaking, therefore, INDUS is looking to boost this segment through the acquisition of more companies.

A large portfolio company with high levels of growth and an above-average degree of digitalization was acquired in the previous year with WIRUS Fenster GmbH & Co. KG, Rietberg-Mastholte. WIRUS manufactures windows, sliding, front, and side doors, and privacy and sun-protection systems.

SEGMENT PERFORMANCE: SALES UP CONSIDERABLY – EBIT MARGIN BEFORE IMPAIRMENT WITHIN TARGET RANGE

Segment sales in the Construction/Infrastructure segment amounted to EUR 515.2 million and were therefore EUR 63.6 million (14.1%) higher in a year-over-year comparison. Growth in sales is attributable to inorganic growth of 9.1% through the acquisition of WIRUS and to organic growth of 5.0%. The majority of the segment's portfolio companies contributed to the organic growth in sales. The largest growth in sales was achieved with reinforcement technology and wood veneers.

The portfolio companies generated operating income (EBIT) before impairment of EUR 72.3 million in the financial year, which was 2.4% (EUR 1.7 million) up on the previous year's figure of EUR 70.6 million. At 14.0% (previous year: 15.6%), the EBIT margin before impairment once again reached an outstanding level and remains in the middle 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 11.0 million (15.6%) to EUR 59.6 million (previous year: EUR 70.6 million). The EBIT margin was 11.6%, as against 15.6% in the previous year. There was no impairment in the previous year.

Higher material prices and supply chain issues had a negative impact on the Construction/Infrastructure segment. In the previous 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. Demand has stabilized at a high level for the portfolio companies.

Investments of EUR 12.3 million in the reporting year related exclusively to investments in fixed assets. In the previous year, this figure included the acquisition of WIRUS.

02 |

KEY FIGURES FOR CONSTRUCTION/INFRASTRUCTURE (in EUR million)

			Difference 2022 to 2021	
	2022	2021	absolute	in %
Revenue with external third parties	515.2	451.6	63.6	14.1
EBITDA	93.1	89.7	3.4	3.8
Depreciation/amortization	-20.8	-19.1	-1.7	-8.9
EBIT before impairment	72.3	70.6	1.7	2.4
EBIT margin before impairment in %	14.0	15.6	-1.6 pp	–
Impairment	-12.7	0.0	-12.7	–
EBIT	59.6	70.6	-11.0	-15.6
EBIT margin in %	11.6	15.6	-4.0 pp	–
Investments	12.3	48.6	-36.3	-74.7
Employees	2,343	2,173	170	7.8

AUTOMOTIVE TECHNOLOGY

SEGMENT DESCRIPTION

The Automotive Technology segment consists of four continuing operations (previous year: four continuing operations). Following the Board of Management's decision to give up the former Automotive Technology segment, three portfolio companies have been presented in the consolidated financial statements as discontinued operations: SMA Metalltechnik GmbH & Co. KG had already been deconsolidated following a filing for insolvency at the end of October 2022. SELZER Fertigungstechnik KG and SCHÄFER Holding GmbH are intended for sale in the course of the 2023 financial year, including subsidiaries. SMA and SELZER are series suppliers for air-conditioning pipes and precision engineering respectively, SCHÄFER manufactures design models for the automotive industry. SMA, SELZER, and SCHÄFER are presented as discontinued operations in accordance with IFRS accounting principles (IFRS 5). The previous year's figures have been adjusted accordingly.

The remaining companies offer heating and air-conditioning systems for commercial vehicles, innovative cold extrusion parts, tire studs, and testing and measurement solutions. Effective January 1, 2023, the Automotive Technology segment will be dissolved and the remaining portfolio companies will be allocated to the new segments with clear technological focal points and aligned with future fields.

SEGMENT PERFORMANCE: SALES AND EBIT FROM CONTINUING OPERATIONS DECLINES

At EUR 142.7 million, sales in the Automotive Technology segment decreased year-over-year by EUR 31.1 million, or 17.9%. This decrease in sales is solely the result of the sale of WIESAUPLAST at the end of 2021 (EUR -47.3 million). The total revenue of EUR 16.2 million, or 9.3%, from the remaining companies in the segment has increased against the previous year.

At EUR -7.9 million, operating income (EBIT) in the 2022 financial year was EUR 1.0 million lower than the previous year's figure (EUR -6.9 million). The segment's EBIT margin came to -5.5% compared with -4.0% in the previous year.

The previous year's EBIT contains impairment of EUR 2.4 million. The Automotive Technology segment's operating result (EBIT) before impairment was EUR -7.9 million, compared to EUR -4.5 million in the previous year.

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.

Investments in the amount of EUR 10.5 million in the Automotive Technology segment (previous year: EUR 5.2 million) relate exclusively to investments in fixed assets.

KEY FIGURES FOR AUTOMOTIVE TECHNOLOGY

(in EUR million)

			Difference 2022 to 2021	
	2022	2021	absolute	in %
Revenue with external third parties	142.7	173.8	-31.1	-17.9
EBITDA	2.5	9.3	-6.8	-73.1
Depreciation/amortization	-10.4	-13.8	3.4	24.6
EBIT before impairment	-7.9	-4.5	-3.4	-75.6
EBIT margin before impairment in %	-5.5	-2.6	+2.7 pp	–
Impairment	0.0	-2.4	2.4	100.0
EBIT	-7.9	-6.9	-1.0	-14.5
EBIT margin in %	-5.5	-4.0	+12.3 pp	–
Investments	10.5	5.2	5.3	>100
Employees	2,822	3,277	-455	-13.9

ENGINEERING

SEGMENT DESCRIPTION

The Engineering segment comprises 15 units (previous year: 13). The segment's companies produce complete automation systems, package distribution systems, robotic gripping systems, valve technology, inert gas systems, electric heat tracing systems, vibration measurement technology, metal detectors and control room technology.

Heiber + Schröder Maschinenbau GmbH (HEIBER + SCHRÖDER), Erkrath, joined the INDUS portfolio in April 2022. In May 2022, INDUS acquired 70% of the shares in HELD Industries GmbH (HELD), Heusenstamm.

INDUS acquired JST Jungmann Systemtechnik GmbH & Co. KG in the 2021 financial year. HORNGROUP Holding GmbH & Co. KG acquired 80% of the shares in FLACO Geräte GmbH, Gütersloh in 2021, and another 35% of the shares in the American company TECALEMIT Inc. in December 2021.

In the view of INDUS, the impressive technical capabilities and quality of goods "engineered and made in Germany" promise further growth, particularly in the sub-fields of automation, measuring technology, and control engineering. INDUS intends to invest more in acquisitions in this area. In the opinion of the Board of Management, the segment constitutes one of the mainstays of Germany's SME sector and has good prospects.

SEGMENT PERFORMANCE: EBIT MARGIN BEFORE IMPAIRMENT ON PAR WITH PREVIOUS YEAR

Segment sales in Engineering rose by EUR 93.0 million (+21.2%) to EUR 531.7 million (previous year: EUR 438.7 million). This increase includes inorganic growth from the 2021 acquisition of TECALEMIT Inc. and FLACO, and the 2022 acquisition of HEIBER + SCHROEDER and HELD in the amount of EUR 60.1 million (13.7%), as well as organic growth across the segment of 7.5%.

Most of the portfolio companies in the Engineering segment were able to improve on the previous year's results. The new acquisitions completed in this financial year – HEIBER + SCHRÖDER and HELD – made positive contributions to income, despite expenses in connection with the initial consolidation. The contribution to income made by JST, acquired in 2021, increased significantly as a result of expenses not being incurred due to the discovery of current assets during the initial consolidation.

Operating income (EBIT) before impairment amounted to a very encouraging EUR 64.7 million (previous year: EUR 56.5 million). At 12.2% (previous year: 12.9%), the EBIT margin before impairment also reached a good level, remaining above the target range of 10% to 12%, as in the previous year.

The annual impairment testing led to the recognition of goodwill impairments of EUR 13.8 million. This is due firstly 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 50.9 million due to impairments. At 9.6%, the EBIT margin is lower than in the previous year (12.9%).

Investments in the reporting period included EUR 67.9 million for the acquisition of HEIBER + SCHRÖDER, EUR 58.8 million for the acquisition of HELD, and EUR 9.1 million in fixed assets. Investments in the previous year consisted of EUR 34.6 million for the acquisition of JST, FLACO, and TECALEMIT Inc., and EUR 6.3 million for investments in fixed assets.

02 |

KEY FIGURES FOR ENGINEERING

(in EUR million)

			Difference 2022 to 2021	
	2022	2021	absolute	in %
Revenue with external third parties	531.7	438.7	93.0	21.2
EBITDA	90.8	79.2	11.6	14.6
Depreciation/amortization	-26.1	-22.7	-3.4	-15.0
EBIT before impairment	64.7	56.5	8.2	14.5
EBIT margin before impairment in %	12.2	12.9	-0.7 pp	–
Impairment	-13.8	0.0	-13.8	–
EBIT	50.9	56.5	-5.6	-9.9
EBIT margin in %	9.6	12.9	-3.3 pp	–
Investments	67.9	40.9	27.0	66.0
Employees	2,418	2,289	129	5.6

MEDICAL ENGINEERING/LIFE SCIENCE

SEGMENT DESCRIPTION

As in the previous year, the Medical Engineering/Life Science segment comprises five units. The companies in this segment produce orthotic devices and surgical stockings, develop optical lenses and full optical devices, produce surgical accessories and rehabilitation technology, and sell hygienic products for both medical applications and household purposes.

The segment represents one of the industries in which the Board of Management sees potential for future growth. In spite of greater cost pressure in the healthcare sector and higher regulatory requirements – particularly in the MDR – the Board of Management believes the Medical Engineering/Life Science segment continues to offer good prospects and attractive margins, and will therefore be integrated into the new segment structure and allocated to the new Materials segment from the beginning of 2023.

SEGMENT PERFORMANCE: COST INCREASES AND IMPAIRMENT WEIGH DOWN EBIT

The portfolio companies in the Medical Engineering/Life Science segment reported sales of EUR 153.6 million, which corresponds to an increase of EUR 4.9 million (+3.3%). The increase in sales was generated primarily in the field of optical lenses and rehabilitation technology.

At EUR 8.6 million, operating income (EBIT) before impairment was lower than the EUR 12.0 million of the previous year. The EBIT margin before impairment was 5.6% (previous year: 8.1%).

The higher material prices and supply chain problems 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.

Goodwill impairment of EUR 13.2 million was recognized as a result of the annual impairment test as of September 30, 2022, and the event-linked impairment test as of December 31, 2022. 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 16.6 million to EUR -4.6 million (previous year: EUR 12.0 million) due to impairment. The EBIT margin came to -3.0%, as against 8.1% in the previous year.

At EUR 9.7 million, investments were lower than in the same period of the previous year (EUR 11.6 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)

			Difference 2022 to 2021	
	2022	2021	absolute	in %
Revenue with external third parties	153.6	148.7	4.9	3.3
EBITDA	19.0	22.9	-3.9	-17.0
Depreciation/amortization	-10.4	-10.9	0.5	4.6
EBIT before impairment	8.6	12.0	-3.4	-28.3
EBIT margin before impairment in %	5.6	8.1	-2.5 pp	–
Impairment	-13.2	0.0	-13.2	–
EBIT	-4.6	12.0	-16.6	<-100
EBIT margin in %	-3.0	8.1	-11.1 pp	–
Investments	9.7	11.6	-1.9	-16.4
Employees	1,588	1,613	-25	-1.5

METALS TECHNOLOGY

SEGMENT DESCRIPTION

This segment serves highly specialized customers in particular and comprises nine units (previous year: ten). The range of solutions is large and includes the production of carbide tools for road construction, civil engineering, and the agricultural industry, manufacture of housings for laboratory diagnostic equipment, and manufacturing stainless metallic blasting agents and bolt welding technology – for example, for structural elements used in bridge construction.

SEGMENT PERFORMANCE: HIGHER SALES AND INCOME

Sales amounted to EUR 460.3 million in the Metals Technology segment and were therefore EUR 39.9 million (9.5%) higher than in the same period of the previous year. This increase was achieved despite the deconsolidation of BACHER (approx. EUR 10 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 9.9 million, or 23.3%. The discontinuation of BACHER in the previous year had the largest positive impact on this item; the sale of real estate also resulted in one-time income. Due to these one-time effects in particular, the EBIT margin before impairment surpassed the previous year's figure by 1.3 percentage points at 11.4% and is above 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 50.7 million, operating income (EBIT) was up EUR 8.3 million on the previous year (EUR 42.4 million). The EBIT margin came to 11.0%, exceeding the target margin and the previous year's figure (10.1%), despite impairment.

The companies in the Metals Technology segment faced higher material prices and, in particular, higher energy costs. The ability to pass on costs varies greatly among the portfolio companies and is dependent on the term of supply agreements.

At EUR 12.6 million, investments were EUR 1.4 million lower than in the previous year and relate exclusively to investments in fixed assets.

02 |

KEY FIGURES FOR METALS TECHNOLOGY

(in EUR million)

			Difference 2022 to 2021	
	2022	2021	absolute	in %
Revenue with external third parties	460.3	420.4	39.9	9.5
EBITDA	68.1	58.0	10.1	17.4
Depreciation/amortization	-15.8	-15.6	-0.2	-1.3
EBIT before impairment	52.3	42.4	9.9	23.3
EBIT margin before impairment in %	11.4	10.1	1.3 pp	–
Impairment	-1.6	0.0	-1.6	–
EBIT	50.7	42.4	8.3	19.6
EBIT margin in %	11.0	10.1	0.9 pp	–
Investments	12.6	14.0	-1.4	-10.0
Employees	1,496	1,520	-24	-1.6

Financial Position

Financial and Liquidity Management

PRINCIPLES AND OBJECTIVES

Financial management at INDUS Holding AG consists of managing equity and borrowings and managing interest rate and currency risks. Financial and liquidity management pursues three objectives: securing sufficient liquidity reserves, risk limitation, and earnings and cost optimization. Securing liquidity assumes special importance since it enables INDUS not only to meet its payment obligations at all times but also to exploit acquisition opportunities at any time with no dependence on banks.

INDUS can invest flexibly at any time owing to its comfortable liquidity base in combination with financing commitments from banks. INDUS relies on its long-term ties with a number of German financial institutions as partners. Factors stabilizing its long-term financing needs include broad diversification of the loan volume and a balanced redemption structure. Alternative financing instruments are less important, but are used occasionally at the level of the overall portfolio. To manage financing risks, the Group employs interest rate and currency derivatives where needed. These are used exclusively for risk hedging.

The risk-limiting activities focus primarily on hedging against financial risks that might jeopardize the continued existence of INDUS. The most important financing source is cash flow from current operating activities (operating cash flow). The treasury department carefully monitors the use of funds by the subsidiaries and the investing of cash and cash equivalents.

The management of net current assets (working capital) is of particular significance to the Group's liquidity needs. INDUS monitors and supports companies in the management of working capital.

FINANCING ANALYSIS FOR 2022

Further funds were raised from operating cash flow and long-term borrowing. This largely consisted of long-term bilateral bank loans with no collateral provided. Lease financing was also used to a lesser extent. Credit lines were also used on a temporary basis to cover short-term liquidity needs. These short-term borrowings play a subordinate role for the portfolio as a whole and were virtually fully repaid on the reporting date (EUR 0.2 million). Liabilities to banks amounted to EUR 347.7 million as of the reporting date (previous year: EUR 281.3 million); these are primarily (99.8%) denominated in euros. Promissory note loans amounted to EUR 303.5 million (previous year: EUR 264.0 million). INDUS also has unused credit lines totaling EUR 90.8 million (previous year: EUR 85.1 million).

Pursuant to loan agreements, INDUS entered into obligations to maintain a minimum equity ratio for the holding company. The required ratio was considerably exceeded again in the last financial year. The lenders have extraordinary termination rights in the event of a change of control.

Financial Position

CONSOLIDATED STATEMENT OF CASH FLOWS, CONDENSED

(in EUR million)

	2022	2021
Earnings after taxes	**72.9**	**97.8**
Depreciation/amortization	128.8	85.5
Other non-cash changes	57	68.1
Cash-effective change in working capital	-68.9	-45.9
Change in other balance sheet items	-4.1	16.7
Tax payments	-48.6	-44.5
Operating cash flow	**137.1**	**177.7**
Interest	-20.8	-19.4
Cash flow from operating activities	**116.3**	**158.3**
Cash outflow for investments and acquisitions	-113.7	-120.6
Cash inflow from the disposal of assets	19.3	14.6
Cash flow from investing activities	**-94.4**	**-106.0**
Contributions to capital (capital increase)	0	84.7
Cash inflow from minority shareholders	0.2	0.0
Dividend payment	-28.2	-21.5
Dividends paid to minority shareholders	-0.7	-0.3
Cash outflow from the repayment of contingent purchase price commitments	-2.5	0
Payments related to transactions involving interests attributable to non-controlling shareholders	0	-0.7
Cash inflow from the raising of loans	264.1	57.5
Cash outflow from the repayment of loans	-157.8	-142.6
Cash outflow from the repayment of lease liabilities	-18.9	-17.9
Cash flow from financing activities	**56.2**	**-40.8**
Net changes in cash and cash equivalents from continuing operations	78.1	11.5
Net changes in cash and cash equivalents from discontinued operations	-81.2	-69.8
Changes in cash and cash equivalents caused by currency exchange rates from continuing operations	-0.2	-0.1
Changes in cash and cash equivalents caused by currency exchange rates from discontinued operations	-0.1	0.0
Changes in cash and cash equivalents in connection with discontinued operations	-5.1	0.0
Cash and cash equivalents at the beginning of the period	136.3	194.7
Cash and cash equivalents at the end of the period	**127.8**	**136.3**

HIGHER WORKING CAPITAL REDUCES CASH FLOW FROM OPERATIONS

Based on earnings after taxes from continuing operations of EUR 72.9 million (previous year: EUR 97.8 million), operating cash flow of EUR 137.1 million was generated. At EUR 40.6 million, this was below the operating cash flow reported in the previous year (EUR 177.7 million). The main reason for the change was the higher cash outflow from changes in working capital of EUR -68.9 million in comparison with EUR 45.9 million in the previous year. The increase in working capital resulted from the increase in inventories due to the higher prices in comparison with the previous year, more stockpiling, and an uptick in business activities. Receivables also rose year-over-year due to the clear increase in sales.

Interest paid (including variable interest on purchase price commitments to non-controlling shareholders) of EUR -20.8 million was slightly above the previous year's figure of EUR -19.4 million. The reason for this increase was the higher payments to non-controlling shareholders.

Cash flow from operating activities thus amounted to EUR 116.3 million (previous year: EUR 158.3 million).

Cash flow from investing activities was EUR -94.4 million (previous year: EUR -106.0 million). The cash outflow for investments in intangible assets and in property, plant and equipment was somewhat higher than in the same period of the previous year at EUR 54.5 million (previous year: EUR 52.6 million). Cash outflow of EUR 58.8 million was reported in the 2022 financial year for the acquisition of HEIBER + SCHRÖDER and HELD; in the previous year there was cash outflow for the acquisition of JST, WIRUS and other companies, amounting to EUR 67.3 million. Proceeds on the disposal of shares in fully consolidated companies related to the second tranche of the purchase price from the sale of WIESAUPLAST. Cash inflow from the disposal of other assets came to EUR 9.4 million (previous year: EUR 6.7 million). Overall, cash flow from investing activities decreased by EUR 11.6 million to EUR 94.4 million.

Cash flow from financing activities amounted to EUR 56.2 million and was offset by cash outflow of EUR -40.8 million in the previous year. This is primarily due to an increase in new debt. New debt increased in the current financial year by EUR 106.3 million – particularly in connection with the increase in working capital (EUR +68.9 million) – in the previous financial year it had declined by EUR -85.1 million. In addition, equity from a capital increase in the amount of EUR 84.7 million was available for financing in the previous year.

Cash and cash equivalents as of the reporting date of EUR 127.8 million (previous year: EUR 136.3 million) were therefore again very comfortable.

Net Assets

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONDENSED (in EUR million)

	Dec. 31, 2022	Dec. 31, 2021	Difference 2022 to 2021 absolute	Difference 2022 to 2021 in %
ASSETS				
Non-current assets	**1,023.5**	**1,099.0**	**-75.5**	**-6.9**
Fixed assets	1,001.4	1,081.8	-80.4	-7.4
Receivables and other assets	22.1	17.2	4.9	28.5
Current assets	**866.4**	**758.4**	**108.0**	**14.2**
Inventories	449.4	403.9	45.5	11.3
Receivables and other assets	222.9	218.2	4.7	2.2
Cash and cash equivalents	127.8	136.3	-8.5	-6.2
Assets held for sale	66.3	0.0	66.3	–
Total assets	**1,889.9**	**1,857.4**	**32.5**	**1.7**
EQUITY AND LIABILITIES				
Non-current financial instruments	**1,413.9**	**1,403.1**	**10.8**	**0.8**
Equity	685.2	787.5	-102.3	-13.0
Borrowings	728.7	615.6	113.1	18.4
of which provisions	24.7	42.7	-18.0	-42.2
of which payables and deferred taxes	704.0	572.9	131.1	22.9
Current financing instruments	**476.0**	**454.3**	**21.7**	**4.8**
of which provisions	42.3	45.7	-3.4	-7.4
of which liabilities	398.0	408.6	-10.6	-2.6
of which liabilities for assets held for sale	35.7	0.0	35.7	–
Total equity and liabilities	**1,889.9**	**1,857.4**	**32.5**	**1.7**

HIGHER ASSETS DUE TO NEW ACQUISITIONS AND AN INCREASE IN WORKING CAPITAL – OFFSET BY IMPAIRMENT AND DECONSOLIDATION

As of the reporting date, total assets of the INDUS Group amounted to EUR 1,889.9 million, a EUR 32.5 million increase from the previous year's reporting date. The increase in total assets is due to the initial consolidation of HEIBER + SCHRÖDER and HELD, which in total added EUR 116.0 million to assets and led to an increase in working capital. This was offset by the deconsolidation of SMA, impairment of assets held for sale, and goodwill impairment.

As compared to the previous reporting date, **non-current assets** fell by EUR 75.5 million, or 6.9%, to EUR 1,023.5 million. Goodwill declined slightly by EUR 6.0 million, primarily because the increase due to new acquisitions of EUR 32.5 million was offset by impairment in the amount of EUR -39.4 million. Right-of-use assets from leasing/rent decreased by EUR 93.4 million to EUR 68.9 million. The reason for the EUR 24.5 million decline was lease rights ceasing due to agreements ending and the deconsolidation of SMA. A EUR 29.6 million increase in other intangible assets was the result of addition of customer bases from the initial consolidation of HEIBER + SCHRÖDER and HELD. The EUR 72.3 million decrease in tangible fixed assets was primarily due to the write-down and reclassification as assets held for sale, and the deconsolidation of SMA. Tangible fixed assets comprised EUR 53.9 million from discontinued operations in the previous year.

Compared with the previous reporting date, **current assets** increased by EUR 108.0 million to EUR 866.4 million. This is particularly due to the recognition of assets held for sale of EUR 66.3 million. Inventories also climbed by EUR 45.5 million due to price increases, increased stockpiling at some portfolio companies, an uptick in business activities, and the new acquisitions. Cash and cash equivalents increased just slightly by EUR 8.5 million to EUR 127.8 million.

EQUITY AND LIABILITIES: EQUITY RATIO FALLS SIGNIFICANTLY BELOW 40%

Equity fell by EUR 102.3 million to EUR 685.2 million. The decrease was due to negative total comprehensive income (EUR 27.4 million), an adjustment due to IAS 37 (EUR -46.6 million), and a dividend payment of EUR 28.2 million. The equity ratio declined year-over-year from 42.4% to 36.3% as of the reporting date.

At EUR 728.7 million, **non-current borrowings** were EUR 113.1 million higher than the previous year. This is due to the financing of working capital and company acquisitions. The EUR 18.0 million decrease in non-current provisions had an offsetting effect.

Current liabilities went up by EUR 21.7 million to EUR 476.0 million. The increase was due to the reclassification of liabilities in connection with assets held for sale of EUR 35.7 million. This was offset by decreases in current liabilities and current provisions.

WORKING CAPITAL

(in EUR million)

			Difference 2022 to 2021	
	Dec. 31, 2022	Dec. 31, 2021	absolute	in %
Inventories	449.4	403.9	45.5	11.3
Trade receivables	195.5	168.9	26.6	15.7
Trade payables	-74.3	-75.8	1.5	2.0
Advance payments received	-33.0	-25.7	-7.3	-28.4
Contract liabilities	-40.9	-27.4	-13.5	-49.3
Working capital	**496.7**	**443.9**	**52.8**	**11.9**

INDUS calculates **working capital** by adding trade receivables to inventories and deducting trade payables along with advance payments received and contract liabilities. As of December 31, 2022, working capital stood at EUR 496.7 million. This equates to an increase of EUR 52.8 million. Due to the deconsolidation of SMA and the reclassification of SELZER's and SCHÄFER's assets to "assets held for sale," the figures are not comparable. The previous year's figure included approximately EUR 58.6 million for SMA, SELZER, and SCHÄFER.

NET FINANCIAL LIABILITIES

(in EUR million)

			Difference 2022 to 2021	
	Dec. 31, 2022	Dec. 31, 2021	absolute	in %
Non-current financial liabilities	580.6	477.3	103.3	21.6
Current financial liabilities	140.7	163.2	-22.5	-13.8
Cash and cash equivalents	-127.8	-136.3	8.5	6.2
Net financial liabilities	**593.5**	**504.2**	**89.3**	**17.7**

INDUS calculates **net debt** (net financial liabilities) as the sum of current and non-current financial liabilities less cash and cash equivalents. As of December 31, 2022, it amounted to EUR 593.5 million, which represents an increase of 17.7% as compared with the previous year's reporting date. This is due to a rise in financial liabilities of EUR 80.8 million and a reduction of EUR 8.5 million in cash and cash equivalents. The ratio of net debt to equity (gearing) is 87% (previous year: 64%). The net debt/EBITDA ratio (from continuing operations) is 2.3 (previous year: 2.0). This means the repayment term is within the target range of 2.0 to 2.5 years.

02 |

INVESTMENTS AND DEPRECIATION/AMORTIZATION

(in EUR million)

			Difference 2022 to 2021	
	2022	2021	absolute	in %
Investments	**113.3**	**119.9**	**-6.6**	**-5.5**
of which in:				
Company acquisitions	**58.8**	**67.3**	**-8.5**	**-12.6**
Intangible assets	**8.0**	**7.0**	**1.0**	**14.3**
Property, plant and equipment	**46.5**	**45.6**	**0.9**	**2.0**
of which in:				
Land and buildings	2.0	4.7	-2.7	-57.4
Technical equipment and machinery	12.4	11.5	0.9	7.8
Other equipment, factory and office equipment	15.5	11.0	4.5	40.9
Advance payments and facilities under construction	16.6	18.4	-1.8	-9.8
Depreciation/amortization (without right-of-use assets/leases)*	**-109.8**	**-67.2**	**-42.6**	**-63.4**

* This table does not include amortization of right-of-use assets/leases totaling EUR 19.0 million (previous year: EUR 18.3 million)

Investments in the reporting year were EUR 6.6 million lower than in the previous year and amounted to EUR 113.3 million. EUR 58.8 million was invested in company acquisitions (-12.6%); EUR 46.5 million in property, plant and equipment (+2.0%); and EUR 8.0 million in intangible fixed assets (+14.3%).

Investments in intangible assets of EUR 8.0 million related to the capitalization of development costs and EDP systems.

The investments in property, plant and equipment focused on technical equipment and machinery and operating equipment. The funds used by the portfolio companies are intended to improve the portfolio companies' value-added processes and thus strengthen the companies' competitive position. The investment projects include numerous individual measures.

Advance payments increased slightly to EUR 16.6 million. Depreciation/amortization amounted to EUR 109.8 million, compared with EUR 67.2 million the previous year. The depreciation/amortization also includes impairment of EUR 42.8 million (previous year: EUR 2.5 million).

Financial Performance of INDUS Holding AG

INDUS Holding AG's annual financial statements comply with the accounting standards of the German Commercial Code (HGB) and with the accounting standards of the German Stock Corporation Act (AktG) specific to the legal form and are summarized in the following tables. The complete annual financial statements are available separately.

STATEMENT OF INCOME FOR INDUS HOLDING AG (in EUR million)

	2022	2021	Difference 2022 to 2021 absolute	Difference 2022 to 2021 in %
Sales	**6.3**	**6.1**	**0.2**	**3.3**
Other operating income	2.8	35.5	-32.7	-92.1
Personnel expenses	-6.9	-7.6	0.7	9.2
Other operating expenses	-181.8	-14.9	-166.9	<-100
Income from investments	106.1	97.3	8.8	9.0
Income from loans of financial assets	41.6	47.7	-6.1	-12.8
Other interest and similar income	15.8	13.1	2.7	20.6
Depreciation/amortization on intangible assets and property, plant and equipment	-0.5	-0.6	0.1	16.7
Impairment of financial investments	-195.5	-99.1	-96.4	-97.3
Expenses from loss absorption	-3.0	-7.0	4.0	57.1
Interest and similar expenses	-12.1	-11.3	-0.8	-7.1
Earnings before taxes	**-227.2**	**59.2**	**-286.4**	**<-100**
Taxes	8.9	-4.8	13.7	>100
Net income/loss for the year	**-218.3**	**54.4**	**-272.7**	**<-100**
Profit carried forward	1.5	0.3	1.2	>100
Deductions from retained earnings	244.0	0.0	244.0	–
Balance sheet profit/loss	**27.2**	**54.7**	**-27.5**	**-50.3**

As well as being influenced by the business operations of the holding company, INDUS Holding AG's income is largely influenced by income and expenses from the portfolio companies. The income comprises income from investments and income from loans of financial assets, income from interest charged on, and appreciation of financial investments. The expenses include expenses from loss absorption, impairments of financial investments and impairments of loans and receivables.

Revenues comprise the services provided by the company for portfolio companies. These came to EUR 6.3 million, on a par with the previous year.

Other operating income decreased by EUR 32.7 million to EUR 2.8 million. In the previous year, appreciation of EUR 33.9 million was recognized on financial investments. The appreciation related to reversals of depreciation of financial assets in previous years. These are permitted up to the level of the original acquisition cost but not beyond this. No appreciation took place in the reporting year.

Personnel expenses fell from EUR 7.6 million in 2021 to EUR 6.9 million in the reporting year. This was caused mainly by the lower expenses for variable compensation paid to the Board of Management.

The increase in other operating expenses to EUR 181.8 million is due to individual valuation allowances on receivables in the amount of EUR 170.9 million. Of this amount, EUR 78.9 million relates to SMA and EUR 92.0 million to SELZER. S.M.A. Metalltechnik GmbH & Co. KG filed for insolvency at the end of October 2022. Valuation allowances were recognized for all receivables, loans, and residual carrying amounts at SMA. SELZER Fertigungstechnik KG and SCHÄFER Holding GmbH are intended for sale in the course of the 2023 financial year, including subsidiaries. Valuation allowances were made for all receivables, loans, and residual carrying values in SELZER in light of the expected sales value.

Income from investments and income from loans of financial assets increased slightly by EUR 2.7 million from EUR 145.0 million to EUR 147.7 million.

Interest income arises largely from interest expenses charged on by the holding company to the portfolio companies and, at EUR 15.8 million, was higher than the previous year, rising by EUR 2.7 million.

Impairments of financial investments relate to write-downs of shares in affiliated companies amounting to EUR 176.8 million (previous year: EUR 63.6 million) and write-downs on loans of EUR 18.7 million (previous year: EUR 35.5 million). The write-downs relate to the full impairment of the shares in and loans to SMA (EUR 47.2 million) and SELZER (EUR 38.6 million) as well as valuation allowances following impairment testing of the other carrying amounts of the investment as of the reporting date. EUR 109.7 million was written down as a result of the review. This was due in particular to a sharp rise in the cost of capital as a result of market parameters. The carrying amount of the investments and loans amounted to EUR 1.14 billion after impairment, following EUR 1.18 billion in the previous year.

Interest expense increased slightly by EUR 0.8 million to EUR 12.1 million. In total, earnings before taxes were thus EUR -227.2 million due to impairment, which was EUR 286.4 million below the previous year's level.

Tax expenses were positive in the financial year due to SMA's partial loss utilization options, amounting to EUR 8.9 million, following EUR -4.8 million in the previous year. Net loss for the year thus amounted to EUR -218.3 million. To compensate for non-cash impairment, EUR 244.0 million was deducted from retained earnings and added to the balance sheet profit. The balance sheet profit was thus EUR 27.2 million as against EUR 54.7 million in the previous year.

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STATEMENT OF FINANCIAL POSITION OF INDUS HOLDING AG (in EUR million)

	Dec. 31, 2022	Dec. 31, 2021
ASSETS		
Intangible assets	0.0	0.1
Property, plant and equipment	8.3	8.6
Financial investments	1,141.3	1,174.6
Fixed assets	**1,149.6**	**1,183.3**
Receivables and other assets	363.0	505.0
Cash on hand and bank balances	17.8	0.2
Current assets	**380.8**	**505.2**
Prepaid expenses	0.7	0.6
Total assets	**1,531.1**	**1,689.1**
EQUITY AND LIABILITIES		
Equity	821.7	1,068.2
Provisions	4.9	4.5
Liabilities	678.3	567.9
Deferred tax liabilities	26.2	48.5
Total equity and liabilities	**1,531.1**	**1,689.1**

The holding company's statement of financial position reflects on the asset side the carrying amounts of the portfolio companies along with long- and short-term loans to the portfolio companies.

Total assets of INDUS Holding AG decreased by EUR 158.0 million during the financial year and amounted to EUR 1,531.1 million as of December 31, 2022. The decrease in total assets is directly connected to the impairment of shares, loans, and receivables in relation to SMA and SELZER, and the review of other carrying amounts as of December 31, 2022. The addition of HEIBER + SCHRÖDER and HELD to the portfolio and financing the increase in working capital at the portfolio companies increased total assets.

The equity of INDUS Holding AG decreased in the reporting period due to impairment by EUR 246.5 million from EUR 1,068.2 million to EUR 821.7 million. As of December 31, 2022, the equity ratio stood at 53.7%, following 63.2% in the previous year.

Liabilities amounted to EUR 678.3 million as of December 31, 2022, and thus rose by EUR 110.4 million compared to December 31, 2021. This increase is directly related to the financing of the increased working capital in the Group. The portfolio companies receive financing almost exclusively from the holding company.

INDUS Holding AG employed a total of 36 employees, not including the Board of Management, in the 2022 financial year (previous year: 34 employees).

Further Legal Information

Acquisition-related Disclosures

Disclosures in Accordance With Sections 289a (1) And 315a (1) German Commercial Code HGB: Capital Stock, Voting Rights, and Transfer of Shares

As of December 31, 2022, the capital stock of INDUS Holding AG amounted in total to EUR 69,928,453.64. This is divided into 26,895,559 no-par-value shares. Each individual no-par-value share entitles its holder to one vote. There are no different share classes. All shares carry the same rights and obligations. The rights and obligations are derived from provisions of law.

Interests of More Than 10%

According to the information INDUS currently has, the insurer Versicherungskammer Bayern, Versicherungskammer des öffentlichen Rechts, Munich, held 17.7% of INDUS shares as of the reporting date.

Privileges and Voting Rights Control

There are no shares with privileges conferring control rights. The Board of Management is not aware of any voting rights control in cases where employees hold shares of INDUS Holding AG without exercising their own control rights directly.

Appointment and Dismissal of Members of the Board of Management

Members of the Board of Management are appointed and dismissed in accordance with the provisions of Sections 84 and 85 of the German Stock Corporation Act (AktG). The Articles of Incorporation do not contain any special rules in this regard. The Supervisory Board appoints members of the Board of Management for a maximum term of five years; repeat appointments by the Supervisory Board are permitted. In accordance with Section 8.1 of the Articles of Incorporation, the Board of Management consists of at least two individuals. Pursuant to Section 8.3 of the Articles of Incorporation, the Supervisory Board may appoint one member of the Board of Management as chair or spokesperson, and another as deputy chair.

Material Agreements in the Event of a Change of Control

In the event of a material change in the composition of the Supervisory Board (change of control), implying a serious change to the current long-term focus of the corporate strategy, the members of the INDUS Holding AG Board of Management have a special right to terminate their employment contracts within one year. In the event of the dismissal of the Board of Management within one year after a change of control without good cause within the meaning of Section 626 BGB, the member of the Board of Management is also entitled to terminate their employment contract without notice. If a member of the Board of Management exercises their termination right, the company pays the member a severance payment amounting to their fixed salary for two years, but not more than the fixed salary that the member of the Board of Management would have received from the effective date of their own termination until the regular end of their contract. The severance payment is based on the fixed salary for the year in which the special right to terminate is exercised or the member is dismissed.

Amendments to the Articles of Incorporation

Amendments to the Articles of Incorporation are made in accordance with Section 179 of the German Stock Corporation Act (AktG) by resolution at the Annual Shareholders' Meeting. Amendments to the Articles of Incorporation are subject to approval by at least three-quarters of the capital stock represented in the voting. Pursuant to Section 17 of the Articles of Incorporation, the Supervisory Board is authorized to adopt purely editorial amendments to the Articles of Incorporation and, pursuant to Section 6.4, change wording to reflect the use of authorized capital. Please find the Articles of Incorporation online at www.indus.de/en/about-indus/corporate-governance

Share Issuance and Buy-Back Powers of the Board of Management

CONTINGENT CAPITAL

The total number of shares issued or to be issued with exclusion of subscription rights owing to one of these authorizations may not exceed 10% of the capital stock at the time at which the authorization is exercised; this includes shares sold or issued or to be issued with exclusion of subscription rights owing to a different authorization during the term of this authorization.

There was a contingent increase in the company's capital stock by up to EUR 11,700,000.04, divided into 4,500,000 new no-par-value shares (Contingent Capital 2018).

The implementation of the conditional capital increase is conditional upon:

- exercise by the holders or creditors of convertible bonds or warrants from option bonds (or a combination thereof) issued or guaranteed by INDUS Holding AG or its Group companies by May 23, 2023, pursuant to the authorization granted to the Board of Management by the Annual Shareholders' Meeting on May 24, 2018, of such convertible bonds or warrants;
- obligations from convertible bonds or option bonds, issued by the company, pursuant to the authorization granted to the Board of Management by the Annual Shareholders' Meeting on May 24, 2018, until May 23, 2023, that fulfill conversion or option rights;
- and contingent capital being required in accordance with the terms of the convertible bonds – or option bonds.

AUTHORIZED CAPITAL

The Board of Management is authorized by Section 6.1, with the Supervisory Board's approval, to increase the company's capital stock in the period up until May 25, 2026, once or in several installments, by a total of up to EUR 34,964,225.52 in return for cash and/or non-cash contributions (including mixed non-cash contributions) by issuing up to 13,447,779 new registered no-par-value shares (Authorized Capital 2021) and, in doing so, to set a starting date for profit sharing that deviates from that set out by law, also with retroactive effect from a financial year that has already passed insofar as no resolution has been passed as yet on the profit for this financial year that has already passed. Shareholders will generally be given subscription rights. The new shares may also be issued to one or more financial institutions or other entities mentioned in Section 186 (5) sentence 1 AktG with the obligation to offer them to the shareholders (indirect subscription right), or partly by way of a direct subscription right (e.g. to shareholders who have previously signed a fixed subscription agreement), or otherwise by way of an indirect subscription right in accordance with Section 186 (5) AktG.

However, the Board of Management is authorized, with the Supervisory Board's approval, to exclude shareholders' statutory subscription rights in the following cases:

- to avoid fractional amounts;
- in the event of a capital increase through cash contributions; if the issue price of the new shares issued under exclusion of subscription rights pursuant to Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) is not significantly below the stock market price and the aggregate number of the new shares issued under exclusion of subscription rights pursuant to Section 186 (3) sentence 4 AktG does not exceed the lower of 10% of the capital stock at the time at which the authorized capital 2021 is entered in the Commercial Register or 10% of the capital stock at the time the new shares are issued. Shares that were sold or issued, or are to be issued, on the basis of other authorizations during the term of this authorization, in direct application or in application mutatis mutandis of Section 186 (3) sentence 4 AktG excluding subscription rights, shall count towards this limit;
- in a capital increase through non-cash contributions, particularly to acquire companies, company divisions, equity interests in a company or other assets, including receivables owed by the Company; and
- to grant the holders of conversion or option rights relating to shares in the company/corresponding conversion or option obligations a subscription right, to offset dilutions, to the extent that would be available to them as shareholders following their exercise of these rights/fulfillment of these obligations.

The total number of shares issued or to be issued with exclusion of subscription rights owing to one of these authorizations may not exceed 10% of the capital stock at the time at which the authorization is exercised; this limit includes shares sold or issued or to be issued with exclusion of subscription rights owing to a different authorization during the term of this authorization.

SHARE BUY-BACKS

The Annual Shareholders' Meeting on August 13, 2020, also authorized the Board of Management, with the Supervisory Board's approval, to buy back treasury shares of up to 10% of the company's capital stock existing at the time of the resolution. The authorization took effect at the end of the Annual Shareholders' Meeting on August 13, 2020, and applies until August 12, 2025. The authorization may be exercised in full or in part one or more times.

No more than 10% of the company's capital stock may be bought back under this authorization, including treasury shares already owned by the company and shares attributable to the company according to Sections 71a et seq. of the German Stock Corporation Act (AktG). The company may not exploit this authorization for the purpose of trading in treasury shares.

The acquisition may take place in accordance with the following provisions over the stock exchange or by means of a public offer addressed to all shareholders:

- If the company's treasury shares are acquired over the stock exchange, then the equivalent paid per share by the company (less incidental acquisition costs) may not exceed or be less than the arithmetic average of the share prices (closing auction prices in Deutsche Börse AG's XETRA trading in Frankfurt am Main or in a comparable successor system) by more than 10% during the last ten trading days before the transaction imposing obligation to acquire is concluded.
- If the acquisition takes place through a public buy offer to all of the company's shareholders, the offered purchase price or the limits of the offered price margin per share (excluding incidental acquisition costs) may not exceed or be less than the arithmetic average of the share prices (closing auction prices in Deutsche Börse AG's XETRA trading in Frankfurt am Main or in a comparable successor system) by more than 10% during the last ten trading days before the day on which the decision to make the public buy offer is published. If, after a public buy offer is published, the share price deviates considerably from the purchase price offered or from the limits of the price margin offered, the offer can be adjusted with the approval of the Supervisory Board. In such cases, the relevant amount will be determined based on the corresponding share price on the last trading day before the adjustment is published; the 10% limit for exceeding or falling below this amount is to be applied to this amount. The volume of the offer may be limited. Should the total subscription for the offer exceed this volume, the offer must be accepted in relation to the offered shares. The preferential acceptance of lower volumes of up to 50 company shares offered for sale per shareholder as well as rounding according to commercial principles is acceptable to avoid remainder amounts. Any further right of the shareholders to tender is excluded.

The Board of Management is authorized to use the shares in the company acquired on the basis of the present authorization or of an authorization granted earlier, with the Supervisory Board's approval, in whole or in fractional amounts, one or several times, on the basis of one or several authorizations, with exclusion of the shareholders' subscription rights, as follows:

- to dispose of acquired shares otherwise than over the stock exchange or by public offer addressed to all shareholders,
- if it is done in exchange for payment in kind and serves the purpose of acquiring companies, company divisions or interests in companies (including increasing existing interests) or to complete business combinations;
- to dispose of acquired shares otherwise than over the stock exchange or by public offer addressed to all shareholders in exchange for cash if the purchase price is not significantly less than the exchange price of the shares at the time of their disposal.

This authorization is, however, subject to the proviso that the shares in the company sold subject to the exclusion of subscription rights pursuant to Section 186 (3) sentence 4 AktG do not exceed 10% of the company's capital stock in total, either at the time at which this authorization takes effect or at the time at which this authorization is exercised, whichever value is lower. The shares that are issued during the term of this authorization up until the sale of treasury shares from authorized capital without subscription rights in accordance with Section 186 (3) sentence 4 AktG under exclusion of subscription rights in accordance with Section 186 (3) sentence 4 AktG count toward this limit of 10% of the capital stock. Furthermore, those shares which have been, or are to be, issued to service option and/or conversion rights and/or conversion obligations also count toward this limit of 10% of capital stock, provided that the bonds were issued during the term of this authorization in analogous application of Section 186 (3) sentence 4 AktG under exclusion of subscription rights.

The price at which shares are issued to third parties under this authorization may not be more than 5% less than the arithmetic average of the share prices (closing auction prices in Deutsche Börse AG's XETRA trading in Frankfurt am Main or in a comparable successor system) on the last ten trading days before the obligation to sell was created:

- to issue shares to employees and members of the company's Board of Management or to employees and members of management of companies affiliated with the company if they are to be used to satisfy option or acquisition rights or acquisition duties in respect of shares in the company that have been granted to employees or members of the company's Board of Management or to employees or members of management of companies affiliated with the company;
- meet obligations from security loans taken for the purpose of issuing shares to employees and members of the company's Board of Management or to employees and members of the management of companies affiliated with the company in accordance with the provision above;
- to satisfy exchange rights or duties arising from convertible, option and/or income bonds or certificates issued by the company or companies affiliated with the company; and/or to grant a subscription right to treasury shares for holders or creditors of convertible bonds or option bonds issued by the company or its Group companies to the extent to which they as shareholders would be entitled to them, after exercising the option or conversion rights granted to them and in accordance with the more detailed loan or option terms, and to the extent to which it can be offered to them for the purpose of protection against dilution;
- for fractional amounts in the case of a disposal of treasury shares pursuant to a sale offer addressed to all shareholders.

The Board of Management also has the authority to redeem all or a part of the company's treasury shares, with the Supervisory Board's approval, without requiring a resolution from the Annual Shareholders' Meeting for the redemption or the performance of such. The redemption authorization can be used several times. Treasury shares can be recalled also in a simplified process without a capital reduction by adjusting the proportionate share of capital stock attributable to each share in accordance with Section 237 (3) No. 3 AktG. In this case, the Board of Management is authorized to adjust the number of no-par-value shares in the Articles of Incorporation. The recall can also be combined with a capital reduction. In such cases, the Board of Management is authorized to reduce the capital stock by the proportionate amount of the capital stock attributable to all or some of the shares recalled and to adjust the number of shares and the capital stock set out in the Articles of Incorporation accordingly.

Opportunities and Risks

INDUS employs a centrally controlled opportunity and risk management system. It helps the management of INDUS achieve its corporate goals. Its core task is to discover opportunities early on and to enable their use following an appropriate opportunity/risk assessment. At the same time, risks should be identified and assessed at an early stage so that the company is able to respond appropriately and confidently. Risks sometimes need to be deliberately taken in order to be able to take advantage of opportunities at all. Risks may also arise from missed opportunities. The opportunity and risk management is a systematic process that accompanies entrepreneurial decisions to achieve targets.

Opportunity Management

Strengthening the Portfolio Structure

GROWTH ACQUISITIONS

INDUS' core task is the goal-oriented development of a diverse SME portfolio. INDUS Holding AG's Board of Management regularly discusses market and technology trends and has, as part of the **PARKOUR perform** strategy update, defined growth industries for the strategic development of the segments. The regular dialogue with the portfolio companies' managing directors yields further insights about market and technology opportunities. Opportunities to strengthen the portfolio structure are continuously analyzed and can be quickly implemented by the in-house M&A team on the basis of secured funding and the Group's stable financial position.

COMPLEMENTARY ADDITIONS

Opportunities for the inorganic development of a portfolio company as part of the individual strategic alignment are taken through acquiring complementary additions. There is a continuous exchange of views between the segment management and managing directors of the portfolio companies here as part of the strategic dialogue in order to systematically analyze and actively pursue opportunities. The holding company's own M&A team supports the managing directors in assessing opportunities. Additional opportunities from complementary additions also arise in view of the increased internationalization of the portfolio companies. The focus here is on the markets in Asia and North America in particular, in addition to Europe.

Driving Innovation

Opportunities emerge for the Group companies especially from the steady development of new products or processes. Innovations help the companies maintain and enhance their market positions. By anchoring this in the **PARKOUR perform** strategy program, INDUS supports the use of opportunities from innovations and measures derived from these. The "innovation development bank" supports portfolio companies' innovation projects with financial subsidies. INDUS supports the portfolio companies with methodological knowledge when they are developing innovation strategies and connects institutions and specialist bodies with the Group companies.

Improving Performance

The aim of the "Improving Performance" strategic initiative as part of the **PARKOUR perform** strategy program is the increased use of opportunities in operating activities. In the "Market Excellence" domain, INDUS specifically promotes activities in the areas of business development, strategic marketing, sales, and pricing and provides help and support for the portfolio companies' processes. The field of Operational Excellence focuses primarily on opportunities to realize productivity gains in the value-added processes (production, supply chain). There is a wide range of support services for the portfolio companies, particularly for the implementation of lean management plans.

Sustainability

The sustainability strategy is an independent strategic initiative of the **PARKOUR perform** strategy program. INDUS believes there are considerable opportunities in the promotion of sustainable corporate initiatives. Future key technologies originate with innovations that make a significant contribution to achieving climate and sustainability targets. The portfolio companies receive specific support through INDUS' innovation and sustainability development bank.

More sustainable products and processes may bring about an increase in sales or offset an impending loss of sales. Differentiating features could be the use of renewable or recycled raw materials in the current product range, or the use of new technologies that minimize the consumption of resources during production. INDUS anticipates that these value drivers will gain in significance in the future and that additional sales opportunities can be generated through such differentiating features.

On the personnel side, the Group's clear commitment to sustainability in conjunction with the corresponding implementation of sustainability initiatives reflects the personal commitment of many INDUS Group employees to environmental issues, thus increasing the Group's prospects in the competition for skilled employees in this regard as well.

The Portfolio Companies' Opportunities

In addition to the opportunities offered by product and process innovations, developments in the market and competitive environment also result in opportunities. Portfolio companies can benefit from positive economic developments in their markets and future fields, which originate from megatrends.

The megatrends digitalization and sustainability in particular offer opportunities for portfolio companies in the Engineering segment. Important future fields for this segment are automation and robotics, sensor and measuring technology, and energy technology and logistics.

There are strategic opportunities for the Infrastructure segment in the mobility and urbanization, and digitalization and sustainability (e.g. sustainable construction) megatrends. Relevant future fields include infrastructure networks, infrastructure construction, and energy efficiency.

The Material segment's opportunities lie in high levels of material expertise. The biggest opportunities are within the future fields of circular economies and waste management, agriculture and food industries, and energy-efficient and sustainable production processes. Long-term growth opportunities for companies active in the field of medical consumables and aids come from the megatrends of demographics and health; increasing regulatory requirements, particularly from the new European Medical Devices Regulation, offer opportunities for companies that are able to meet these requirements consistently.

Risk Management

Structure and Instruments

INDUS Holding AG and its portfolio companies are exposed to a multiplicity of risks as a result of their activities. Risk incidents can have adverse effects on the company's business activities and on its financial position and financial performance. Thus, in compliance with industry standards and legal regulations, INDUS Holding AG has established a risk management system to identify potential risks and observe and assess these across all functional areas. This risk management system rests upon the risk management systems of the portfolio companies in close coordination with INDUS.

This risk management system is embedded in the information and communication system of INDUS Holding AG as part of its business, planning, accounting, and management control processes. The structuring of the risk management system is the responsibility of the Board of Management, which ensures that risks are managed actively. The INDUS Holding AG risk management system is documented in the company's risk management manual. Risk reporting includes all of the Group's fully consolidated subsidiaries.

INDUS Portfolio Company Management Control plays a key role in risk management. Opportunities and risks are worked out in collaboration between the divisions and senior management of the portfolio companies and Portfolio Company Management Control and agreed with the Board of Management as part of planning. The portfolio companies' deviation between planned and actual figures is analyzed each month by Portfolio Company Management Control and risks detected are reported to the competent member of the Board of Management. At the Board of Management's regular, weekly meetings, significant changes in the risk situation are discussed as the need arises and measures are introduced where necessary. The Supervisory Board is informed about the economic position of the Group and deviation between planned and actual figures in regular Supervisory Board meetings.

The holding company's risk manager functionally administers the risk management IT system, regularly conducts training sessions for users, analyzes the portfolio companies' reported risks with Portfolio Company Management Control on a needs-based basis, and ensures superordinate systematic representation and assessment. The function of the risk manager is assigned directly to the Board of Management.

The core process of “acquisition of companies” is closely interconnected with risk management. The holding company’s dedicated M&A team analyzes the opportunities and risks of an acquisition company in a balanced way on the basis of due diligence audits and prepares the decision paper for the Board of Management. The Board of Management makes a decision regarding acquisition following a detailed analysis of the opportunities and risks and the ability to bear risk.

The objective of the risk management system is to identify, assess, manage, and monitor risks systematically. Thresholds for reporting the risks that take account of the structure of the investment portfolio exist. The Board of Management regularly, and as required by events, examines and revises the company’s risk portfolio. On this basis, the necessary risk control measures are defined and documented and their effectiveness is monitored. The Supervisory Board is regularly informed of the company’s risk situation.

The Board of Management subjects the risk management system’s structure and functional method to internal audits on a scheduled basis and as required. The results of these audits, together with the remarks made by the external auditor within the scope of the audit of the annual financial statements, then flow into the systematic optimization of the risk management system. The monitoring of the risk position over the course of the year, the assessment of the effectiveness of the risk management system, and measures implemented to improve it are all documented once a year in the company’s annual risk management report.

Internal Control and Risk Management System

REPORT IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE*

INDUS’ internal control system (ICS) is a systematic set of rules, procedures, and responsibilities, implemented by the management, that aims to ensure the companies’ business activities are conducted properly and risks are managed in the business processes. The following integrated management systems are in place to ensure this comprehensive task is completed:

— INDUS corporate governance system
— Risk management system (RMS)
— Compliance management system (CMS)
— Sustainability management system
— Accounting system

* not a subject of the audit

These systems include system and process elements that are uniform throughout the Group to safeguard the regularity and functionality of the systems. Roles and responsibilities are defined based on risk analyses, guidelines and rules are communicated, and internal training and education programs are implemented during the system design. The ongoing operation includes making resources regularly available (e.g. whistleblowing system). The efficacy of the systems is monitored through checks integrated into the systems, self-assessments, and external audits (e.g. IT security reviews during risk management). The managing directors of the portfolio companies confirm compliance with the provisions of the compliance management system on a yearly basis. The internal audit system reviews compliance with rules, procedures, and responsibilities, independent of processes, and was redefined and significantly expanded effective January 1, 2023, in connection with the changes in the management structure.

All portfolio companies are included in the ICS. The scope of the activities to be performed by each unit varies and depends on the unit’s significance for the consolidated financial statements and the specific risks associated with the unit. The management of each unit is obliged to implement an appropriate and effective ICS and RMS in their sphere of responsibility based on mandatory Group-wide requirements.

The Audit Committee is systematically included in the monitoring of the ICS and RMS. The Committee particularly monitors accounting and accounting processes, as well as the suitability and efficacy of the ICS, RMS, and internal audit system. In accordance with the recommendations of the GCGC 2022, the Board of Management has inspected the suitability and efficacy of the risk management system and the internal control system and has no significant objections.

REPORTING PURSUANT TO SECTIONS 289 (4) AND 315 (4) HGB

The scope and form of INDUS Holding AG’s accounting-related internal control system (ARICS) are at the discretion of and the responsibility of the Board of Management. The Supervisory Board monitors the accounting process and the effectiveness of the ARICS. The viability and effectiveness of the ARICS at the portfolio companies is also assessed by the auditors of Group companies’ financial statements. The viability and effectiveness of the ICS for INDUS Holding AG itself are assessed by the Board of Management.

The accounting-related ICS is a set of principles, procedures, and measures aimed at ensuring proper accounting, which undergoes continuous optimization. The ARICS is structured in such a way that the consolidated financial statements of INDUS Holding AG are prepared in lawful accordance with International Financial Reporting Standards (IFRS) as applicable in the European Union (EU), and with the commercial code provisions as per Section 315e

(1) of the German Commercial Code (HGB), which must additionally be observed. The annual financial statements are prepared in accordance with the commercial provisions of the German Commercial Code (HGB). Regardless of its structuring, however, the ARICS cannot provide absolute assurance of the avoidance or identification of accounting errors.

The consolidated accounting (hereinafter abbreviated as "accounting") and management report drafting processes are managed by the responsible employees in the consolidated accounting and management control departments of INDUS Holding AG. Changes in the law, accounting standards, and other official acts are assessed for their relevance to and impact on the accounting process. Any resultant changes in the accounting processes are incorporated into centrally available procedural instructions and systems used for accounting purposes. The Group's current accounting policy is communicated to all employees of INDUS Holding AG and the portfolio companies who are involved in the accounting process. These elements, together with the financial statements calendar that is applicable Group-wide, constitute the basis of the financial statement preparation process.

The portfolio companies prepare their financial statements for consolidation purposes ("reporting packages") in accordance with the provisions of the Group's consolidated accounting guidelines. Reporting and consolidation processes are carried out at all portfolio companies by means of a standardized IT system, which is made available by INDUS Holding AG via a centralized procedure. This process for uniform, proper consolidated accounting is supported by procedural instructions and standardized reporting formats. In some cases, external service providers are engaged as well, for example to assess pension obligations.

To avoid risks in the accounting process, the ARICS involves preventative and probing internal control procedures. These include in particular automated and manual reconciliation, separation of responsibilities, and dual review. These controls and instruments are continually optimized whenever weaknesses are identified, to eliminate potential risks.

The management control and consolidated accounting departments of INDUS Holding AG ensure, through the appropriate processes, that the provisions of the consolidated accounting guidelines are complied with. Employees involved in the accounting process receive regular training. The portfolio companies are supported by central contact individuals throughout the entire accounting process.

The Board of Management of INDUS Holding AG and the managing directors of the portfolio companies are responsible for compliance with the pertinent guidelines and accounting procedures. They also ensure that their accounting processes and systems run properly and on time.

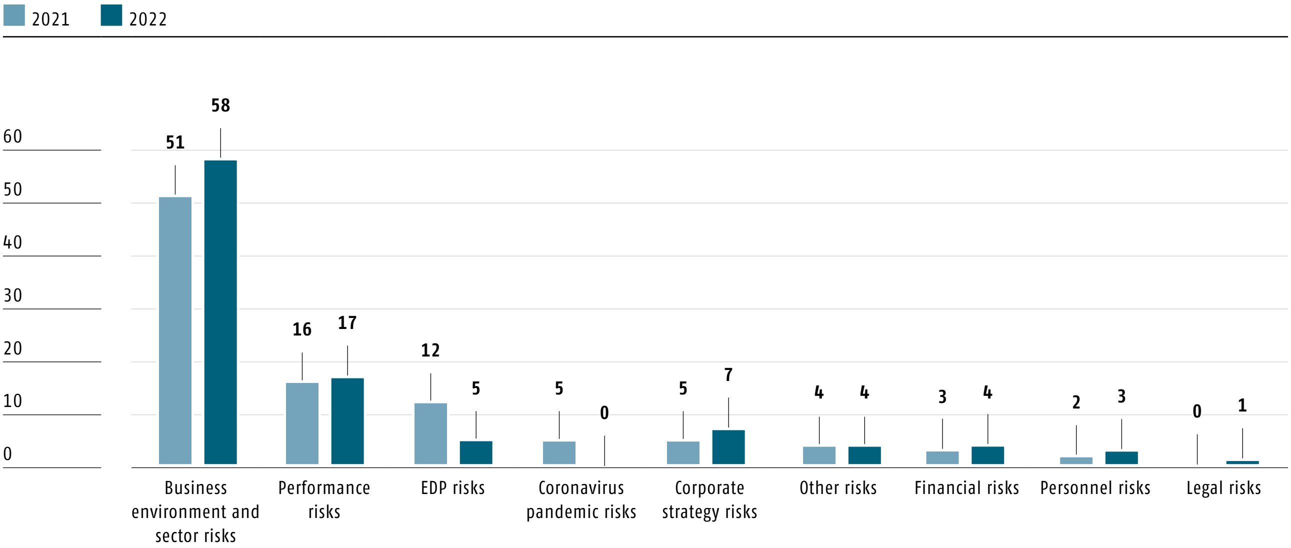
Description of Individual and Aggregate Risks

As in the previous year, the portfolio companies and INDUS Holding AG initially identify and assess risks by means of a decentralized bottom-up approach. The risk manager of INDUS Holding AG assists in this process. The risks are assessed on the basis of their potential effects and the probability of their occurrence. The probability of their occurrence relates to the horizon of one year. The distribution of losses is shown by means of a triangular distribution. A triangular distribution describes the losses in the best, base and worst case. The following description of the individual risks is based on the risks identified by the portfolio companies and INDUS Holding AG as of the reporting date.

The Group's overall risk exposure is assessed by means of a risk metric calculated using a Monte Carlo simulation of all the risks identified and measured. The Monte Carlo simulation simulates and aggregates the losses. Opportunities are not taken into account in this process. With a confidence level of 97%, the risk metric for the INDUS Group is approx. EUR 72.1 million (previous year: EUR 72.3 million). In other words, there is a probability of 97% that if the risks materialize, the financial burden will not exceed this amount. The estimate of the probabilities of occurrence and the amount of the loss in each case is subject to great discretionary judgment and may differ from the actual amount of the loss. The risk metric determined on the basis of the risk management system is nevertheless a guide to the risk-bearing capacity and financial stability of the Group. The Group is deemed to be capable of bearing its risk exposure when the risk metric is covered by liquidity and equity. The Board of Management considers that the Group can bear the risk of the exposure as calculated and that its continued existence is not threatened.

The graph below shows the proportion of the risk metric accounted for by the individual risk categories:

PROPORTION OF THE RISK METRIC ACCOUNTED FOR BY RISK CATEGORY (in %)



Coronavirus Pandemic Risks

The impacts of the coronavirus pandemic lessened significantly in the 2022 financial year. In cases where the pandemic-related risks remain significant, they have been integrated into the existing risk categories.

Business Environment and Sector Risks

The business performance of the portfolio companies is closely related to developments in the economy as a whole. Further escalation of the Russia-Ukraine war and the potential negative impacts on the economy cannot be reliably assessed through forecasts. It is also not possible to foresee the consequences of the current wave of COVID in China and the impact this may have on supply chain disruptions. The increasing tension between the USA and China poses further risks for the global economy, the effects of which are unforeseeable. Along with the risks inherent in the business cycle, increases in energy and raw material prices pose risks to the performance of the individual companies and of the Group as a whole. High energy costs are leading to disadvantages in international competition, and the high volatility of commodities markets entails supply risks and in particular the risk that price rises cannot be passed on to customers. The high rate of inflation and the subsequent increase in interest rates by central banks will lower consumption due to lower purchasing power – with negative effects for economic development.

INDUS avoids disproportional dependency on individual sectors through a well-balanced investment portfolio. The portfolio companies' high degree of specialization and strong positions within their respective niche markets reduce their industry risk and the general economic risk. However, fundamental risks arising from economic and sector-specific factors cannot be avoided.

The automotive industry is also undergoing an enormous structural shift towards e-mobility, a shift that presents high risks for the direct and indirect supplier industries. With the decision to dissolve the Automotive Technology segment and the planned sale of the last remaining series supplier SELZER, the risk from negative developments in the automotive industry is significantly reduced for the INDUS Group.

Corporate Strategy Risks

Corporate strategy risks arise mainly from incorrect assessment of existing portfolio companies' and new acquisitions' respective future business results and market growth. The company's long-term success depends principally on careful analysis of acquisition targets, and on the holding company's development of its investment portfolio. To minimize corporate strategy risks, INDUS employs an extensive analysis of the market in every industry, as well as proprietary analysis, for every new acquisition. These in-house analyses are subject to additional independent external opinions. The Board of Management decides on all new acquisitions following extensive review; a unanimous vote is required.

INDUS counters potential risks associated with inaccurate assessment of the portfolio companies' strategic positioning through its own close monitoring of markets and competitors, strategic and operational controlling of the portfolio companies, and through regular communication with the portfolio companies' managing directors. All portfolio companies submit monthly data reports on their current business results and individual risk situation. The short- and medium-term projections for each of the portfolio companies are aggregated at the holding company level. This ensures that INDUS has a comprehensive overview at all times of the risk situation of both individual companies and of the Group.

Performance Risks

In addition to the risks associated with corporate strategy, there are performance risks to which INDUS and its portfolio companies are exposed. These consist primarily of procurement risks, production risks, and sales risks.

The portfolio companies need raw materials and supplies sourced from various suppliers to manufacture products. Given the wide diversification of the INDUS Group's overall portfolio, procurement risks are limited regarding their potential impact on the Group as a whole, as the last three years have shown. There is a risk that the supply of primary products or materials is not always guaranteed. Certain products (e.g. semiconductors) were unavailable or difficult to obtain in the financial year. There is also the risk that energy supply may partially fail or be limited as a result of the Russia-Ukraine war and the impact of the war on energy supplies.

Purchase prices of raw materials and energy sources can vary considerably. Depending on the prevailing market situation, it may not always be possible for portfolio companies to pass the resulting costs on to customers quickly and in full. Operations managers stay in constant contact with suppliers and customers. This enables them to react promptly to any price or volume risks which may arise. Where necessary, the portfolio companies also employ raw material hedges to limit risks. Given the wide diversification of the INDUS Group's overall portfolio, production and sales risks are limited considering their potential impact on the Group. INDUS regularly analyzes the customer structure in the Group; there are no individual product or service groups and no individual customers that account for more than 10% of sales.

Business performance risks also exist in connection with wage settlements with unions, as these costs generally cannot be passed on in full to customers, and can only be offset by productivity increases.

Personnel Risks

The long-term success of INDUS Holding AG depends largely on the expertise and commitment of its employees. Potential risks arise primarily in connection with recruitment and development of staff and employee turnover in key positions. INDUS Holding AG contains these risks via targeted basic and advanced training measures and appropriate compensation. Employees appreciate this caring corporate culture. This is reflected in low fluctuation. All these measures make the company an attractive employer, providing proactive mitigation of risks associated with employee turnover, demographic trends, and skill drain.

The companies of the INDUS Group conduct their human resources work independently. They are located in many different industries and regions, so that the risks of recruitment and human resources development are highly diverse. Qualified employees are a vital factor in the success of every portfolio company. In light of demographic developments and the ongoing positive situation on the labor market, the risk of labor shortages remains high internationally.

EDP Risks

Increased networking between different EDP systems and the need for these to be constantly available places high demands on the information technologies used. The company mitigates risks associated with computer crashes, network failure, unauthorized access to data, and data abuse by regularly investing in hardware and software, deploying virus scanners and firewall systems, and by using effective access controls. These measures are continuously monitored by internal and external experts.

The potential failure of IT represents a significant operational and financial risk for Group companies. The companies in the Group are increasingly dependent on the functionality and stability of the various individual EDP systems. The loss of data or know-how and data manipulation pose further risks. A tendency toward an increase in cyberattacks can be observed. The companies in the Group employ, depending on their individual risk exposure, various instruments to control risk. They range from emergency and data back-up processes to the use of modern anti-virus programs and firewall software and hardware, access and entry control measures, and up to other preventative protection measures such as raising employee awareness and training. Measures to prevent, discover, and handle cyberattacks remain absolutely relevant. The risks are partially covered by cyber insurance.

Financial Risks

Financial risks consist primarily of liquidity risk, interest rate risk, foreign currency risk, and default risk. Individual portfolio companies finance themselves via their own operating income, as a policy. Depending on the liquidity situation, INDUS supports the portfolio companies with financing and makes funds available where necessary. The holding company keeps a suitable level of liquidity reserves allowing it to take action at any time, ensuring adequate financing for the portfolio companies.

A widely diversified financing structure, which is spread over eight (previous year: eight) core banks, keeps the company from being dependent on individual lenders, so the risk of losing banks as lenders is currently considered to be low. The portfolio of companies, which is intended to be long term in nature, is financed by the holding company via a revolving long-term loan. Credit protection is in place at individual subsidiary level. The agreed covenants do not appear to pose a business risk at this time. A deterioration in key financial ratios could lead to higher financing terms as a result of changed rating assessments. INDUS relies on a mix of fixed-rate and variable loans for its funding requirements, the latter of which are hedged with interest rate swaps. Due to the interest rate hedges, a change in interest rates would not impact financial position during the term of any particular loan. The nominal volume of interest rate hedges amounted to EUR 113.2 million in total as of December 31, 2022 (previous year: EUR 155.3 million).

Customer default risk is substantially limited by the widely diversified portfolio and the autonomy of the portfolio companies, which focus their activities on selling a variety of products in diverse markets. The portfolio companies also maintain their own effective systems for monitoring customer-related risks, take out trade credit insurance at their own discretion, and report any such risks to the holding company on a monthly basis.

There are foreign currency risks as a result of the individual portfolio companies' international activities. INDUS counters these risks as needed and in a risk-oriented manner by hedging business transactions with forward exchange contracts. The nominal volume of exchange rate hedges totaled EUR 0.0 million as of December 31, 2022 (previous year: EUR 5.2 million). Further explanation of financing matters may be found in the Notes under "Information on the Significance of Financial Instruments."

Legal Risks

INDUS Holding AG and its portfolio companies are exposed to numerous legal risks. These lie primarily in the areas of competition, antitrust, foreign-trade, customs, and tax law. Risks also arise from the individual portfolio companies' operating activities through warranty and product liability claims. Effective contract and quality management reduces this risk, but it cannot be eliminated completely. By means of guidelines, training courses and information on compliance, the holding company provides the portfolio companies with support on competition and antitrust law, preventing money-laundering, foreign trade law and customs law.

Legal risks may arise as a result of claims and actions against INDUS and/or portfolio companies (in particular in relation to warranties and product liability), or administrative proceedings. Claims asserted by third parties are carefully and independently examined on their merits by INDUS or the portfolio company. Where necessary, external lawyers are commissioned for judicial and extra-judicial proceedings. The individual risks in this area are classed as low to medium. INDUS forms provisions if payment obligations seem likely and the corresponding amount can be reliably estimated.

Other Risks

The principal risks included in this category are the risks of losses from natural disaster. The net risk of these exposures is low because these losses are usually adequately insured.

Sustainability Risks

In the non-financial report, INDUS reports on risks linked to the Group's operating activities, business relationships, products and services, and that would likely have serious negative consequences on reportable aspects (environmental, employee and social concerns, respect for human rights, and combating corruption and bribery). No reportable individual risks were identified in connection with sustainability aspects in the financial year.

Risks Arising From Reported Goodwill

Based on its corporate strategy of pressing ahead with diversification by continuously enlarging its investment portfolio, the Group recognized EUR 403.7 million in goodwill (previous year: EUR 409.8 million). According to IAS 36, this must be subjected to an impairment test at least once a year. If the recoverable amount is less than the carrying amount then goodwill is subject to impairment. In the reporting year, impairment losses of EUR 39.4 million were recognized on goodwill (previous year: EUR 2.5 million). INDUS has accounted for the goodwill risk by reporting in the statement of financial position any impairments identified through impairment testing.

The goodwill recognized is spread across 44 cash generating units (CGUs) from all segments. No individual component of goodwill is larger than 10% of total goodwill. Any impairment does not have any immediate negative impact on liquidity. Indirect effects – for example, as a result of rising interest rates due to a deterioration in company key figures (rating) – are possible and are looked at as part of risk management.

The Board of Management's Overall Assessment

In the 2022 financial year, INDUS exploited the opportunity to add two new portfolio companies to its portfolio and thus continue a key focus of its long-term strategy – growth through acquisitions. The Board of Management still sees great growth opportunities for 2023 in possible acquisitions at both the portfolio level and the level of the portfolio companies (sub-subsidiaries).

With targeted promotion of innovations in the portfolio companies, opportunities will be considerably greater as the result of product and process innovations. The strengthened measures to improve market excellence and operational excellence increase the portfolio companies' prospects in competition. Industry's structural change regarding climate protection and climate-neutral technologies will open up new market opportunities for the companies. The refined **PARKOUR perform** strategy will contribute toward this.

In terms of risks, the level of macroeconomic and political uncertainty remains high. Developments in Europe are especially characterized by the war between Russia and Ukraine. The consequences and implications of the war, especially if it should escalate, are not predictable. The INDUS Group has so far not been directly affected to a significant extent by sanctions and embargoes. High energy costs, high rates of inflation, and the impact of the monetary countermeasures of interest rate hikes and the tightening of money supplies, may lead to a recession with the corresponding economic risks. With the decision to dissolve the Automotive Technology segment and with the completion of the sale of the last remaining series supplier, the risk from the volatile developments in the automotive industry will be significantly reduced for the INDUS portfolio.

The Group's overall risk exposure is the aggregate total of individual risks across all risk categories. To some extent, the diversified and broadly-based portfolio balances out risks within the Group. The Board of Management has examined the risk-bearing capacity on the basis of aggregate risks and taken mitigating measures into account. In the financial year ended, and from a current perspective for the ongoing financial year, the Board of Management has identified no risks that could jeopardize the continued existence of the Group as a going concern.

Forecast Report

The INDUS Group expects sales totaling EUR 1.9 to 2.0 billion and an operating income (EBIT) of EUR 145 to 165 million for 2023. The EBIT margin is expected to range between 7.0% and 8.0%. Further reductions in greenhouse gas emissions are planned for 2023.

Forecast Economic Outlook

The high levels of market uncertainty are likely to have an impact on the German economy in the coming months, too. After growth forecasts became increasingly gloomy over the course of 2022, the general downward turn was replaced by a slight correction upwards at the beginning of 2023. As of January, the Federal Government forecasts slight growth in GDP of 0.2% in 2023 ; the International Monetary Fund forecasts growth of 0.1% for the German economy. The rate of inflation in January 2023 came to 8.7% year-over-year. Although inflation is expected to ease of the course of the year, it will likely remain high. The Federal Government anticipates an average annual rate of 6.0%. The general cost pressures are set to remain noticeable in the coming months. This applies in particular to the negative impact of the steady high energy prices. The trend has already turned, but producer prices for energy were still up 32.9% in January 2023 against January 2022. The relatively high prices will be passed on to companies with a delay in some cases due to individual agreement provisions. The countering effects of government measures are not yet fully tangible. The expansion and transition to a strong green economy in particular offer growth opportunities.

The outlook for the global economy is dominated by high levels of market risks: A deterioration in the coronavirus situation or a real estate crisis in China, an escalation of the Russia-Ukraine war, a debt crisis in emerging and developing economies – all could hinder global development. As of January 2023, the International Monetary Fund anticipates growth of 2.9% for the global economy in 2023. The end of the zero-covid policy in China in particular has boosted the outlook slightly in comparison with the IMF's October forecast (+2.7%). As a result of the central banks' interest rate hikes, a slightly reduced, but still high global rate of inflation of 6.6% is forecast.

ECONOMIC GROWTH (in %)

	2022 (preliminary)	2023 (forecast)	2024 (forecast)
Economic regions			
Global economy	3.4	2.9	3.1
Euro area	3.5	0.7	1.6
Selected countries			
United States	2.0	1.4	1.0
China	3.0	5.2	4.5
Germany	1.9	0.1	1.4

Source: International Monetary Fund, World Economic Outlook (as of January 2023)

Engineering: Challenging Basic Conditions

In light of the high level of market risks, the sentiment and outlook in the German engineering sector remain cautious: the trade association Verband Deutscher Maschinen- und Anlagenbau e. V. (VDMA) anticipates a downturn of 2% in real production in 2023. Oxford Economics forecasts real growth of 1% for the current 2023 financial year in global engineering ; whereby the EU and USA markets are expected to shrink (-1% and -5% respectively). Despite the high level of risks, almost 50% of the companies surveyed by VDMA are optimistic about their outlook in 2023, only 14% are pessimistic. A solid order backlog is the foundation for this optimism. The ifo business climate index for engineering has also shown a positive trend since November 2022.

Infrastructure: Clouds Forming for the High-Flying Sector

Following the boom of recent years, the economy is set to continue cooling in the construction and infrastructure sector in 2023. At the end of 2022, the number of construction permits granted began indicating a downturn: In November 2022, the number of construction permits granted for housing decreased 16.3% in comparison with November 2021. Between January and November 2022, the number of housing construction permits granted was 5.7% lower than in the same period of the previous year. While stable development is anticipated for energy renovations, real sales in new housing construction (-9%), commercial construction (-4%), and public construction (-5%) are expected to decline. The main trade association for the main construction sector forecast a real decrease in production of 6% in 2023. The share of companies experiencing production obstacles through lack of orders or cancellations is also increasing. The trade association simultaneously expects the supply of construction materials to improve, lowering the price of materials. Although incoming orders flattened out as the war started, the order backlog stood at 4.4 months in December 2022 when adjusted for seasonal effects. The ifo business climate for the main construction sector also improved slightly as recently as in January 2023.

Materials: Challenging Market Situation

The outlook for 2023 remains varied for companies in this sector. The ongoing high order backlog provides a solid outlook despite the downward trend for Germany's metalworking industry. The timeframe for the order backlog was an above-average six months at the beginning of the year. The book-to-bill rate, which dipped under 100% for the first time since 2020 in February 2022 indicated, however, that this backlog is now gradually being processed. This corresponds to M+E incoming orders, which have been declining constantly for a year now. The global crises are putting pressure on demand. The high energy prices in international comparison, ongoing materials shortages, and the general skills and labor shortages are also impacting companies negatively. Nevertheless, the ifo business climate index has been indicating an upturn in the field of material production and processing since November 2022. Exports expectations and production planning took a downward turn in January 2023, however. German companies with materials expertise in the field of healthcare can expect to encounter ongoing cost pressures and restrained growth in 2023. The regulatory red tape resulting from the implementation of the EU medical device regulation (MDR) along with its negative impact on innovativeness and product diversity will continue to influence the market strongly. Labor shortages and supply issues will also hinder growth opportunities in this sector. On the other hand, sustainable product development and recycling will offer potential for development.

Expected Group Performance

PARKOUR perform: Strategy Update From January 1, 2023

The aims of ensuring a balanced portfolio structure and value enhancement are at the heart of the PARKOUR strategy program. PARKOUR at the Group's development through 2025 and strives to boost the entrepreneurial fitness of the portfolio companies in order to overcome the ongoing challenges of their markets.

In order to achieve the targets set by 2025, despite the various economic uncertainties, in the coming years, the INDUS Holding AG Board of Management presented its refined strategy on December 15, 2022, under the name **PARKOUR perform**. The Group began implementing the strategy at the beginning of 2023. Following a phase of consolidation, particularly in the Automotive Technology segment, INDUS is now making a fresh start.

The portfolio will be gradually aligned with technological focal points in industrial technology. The portfolio companies classed as continuing operations will be allocated to the three new segments Engineering, Infrastructure, and Materials. Following the decision of the Board of Management to dissolve the former Automotive Technology segment, the portfolio companies SCHÄFER, SELZER, and SMA have been classed as discontinued operations. SMA was deconsolidated as soon as it filed for insolvency. The Board of Management believes the portfolio companies SCHÄFER and SELZER do not have a positive outlook as part of the INDUS Group and intends to sell them within the year.

Under **PARKOUR perform**, the segments will be managed in a focused manner at segment level. Each of the new segments will have a member of the Board of Management assigned to it (segment management). This member

MEDIUM-TERM GOALS FOR 2025

PORTFOLIO STRENGTHENING	SALES SIGNIFICANTLY >EUR 2 BILLION	EBIT MARGIN ABOVE 10%
Megatrends and innovations determine the performance of the portfolio companies	Organic and supported by regular acquisitions	Long-term, reliable target achievement
VALUE-BASED MANAGEMENT	REGULAR DIVIDENDS	STRIVING FOR SUSTAINABILITY
Free cash flow as a key performance indicator will be made transparent in the future	Up to 50% of profits distributed	All portfolio companies will pursue a measurable sustainability agenda

will be the specialist responsible for the portfolio companies in the segment, will refine the general strategic orientation and safeguard growth, revenue, and value enhancement. The member will also represent the segment outside of the Group.

The Engineering, Infrastructure, and Materials segments, derived from the new management structure, will be managed with a clear focus on future fields. The current megatrends of sustainability, digitalization, mobility, and urbanization as well as demographics and healthcare are the future fields for the new segments.

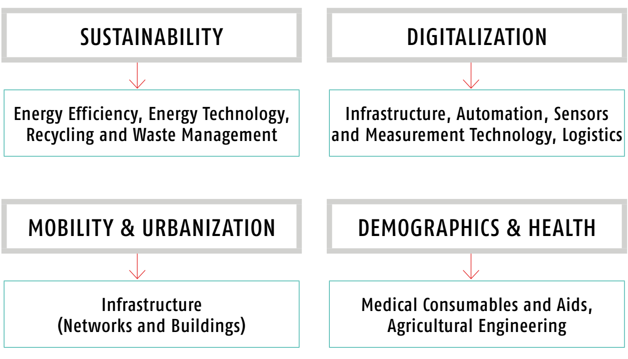
INDUS remains the home of technology-oriented companies in the industrial SME industry. Family-run businesses can find customized solutions for their succession planning. “Buy, hold & develop” is at the core of how INDUS creates value. We are shaping the future with SMEs.

PARKOUR perform will continue to focus on specifically strengthening the portfolio structure, driving innovation, improving portfolio companies’ performance through market excellence and operational excellence, and implementing sustainability in all processes. The segments’ development will be advanced with expert knowledge and targeted acquisitions.

STRENGTHENING THE PORTFOLIO STRUCTURE

When it comes to growth acquisitions to complement the portfolio, INDUS particularly looks to industrial technology companies with clear technological focal points. To safeguard the appropriate mix of future-oriented companies, acquisitions will be made with a clear focus on the future fields defined by INDUS. The future fields are: energy efficiency, energy technology, circular economy and waste management, infrastructure, automation, sensor and measuring technology, medical consumables and aids, and agricultural technology.

FOCUS ON FUTURE FIELDS



Two acquisitions at portfolio level were realized in financial year 2022, with HEIBER + SCHRÖDER and HELD. HEIBER + SCHRÖDER was acquired in December 2021. The economic transfer and inclusion in the INDUS Group took place in April 2022. HELD, the second portfolio acquisition in 2022, has been strengthening the INDUS portfolio since May. Both HEIBER + SCHRÖDER and HELD were able to make positive contributions to consolidated income in 2022, despite the surplus value depreciation from the initial consolidation.

Following years of attempted restructuring, INDUS limited its financing of SMA in September 2022. This led the company to file for insolvency in October, reducing the weight of series suppliers in the portfolio further. The portfolio companies SELZER and SCHÄFER will be sold in 2023.

Depending on developments in the 2023 financial year and finding the right targets, the acquisition of one to two companies at portfolio level is planned along with complementary additions.

DRIVING INNOVATION

The strategic initiative “Driving innovation” is essential for the consistent implementation of the INDUS investment strategy “buy, hold & develop.” The core task of innovation management is improving innovativeness and innovation activities at portfolio companies with the aim of generating marketable or process-improving, future-proof innovations. INDUS provides support for strategic alignment, process organization, and for specific innovation projects at the portfolio companies.

When it comes to knowledge transfer, process expertise, new trends and new topics are brought into the portfolio companies. Over the last several years, the INDUS innovation development bank has proven itself a successful method for supporting innovative projects within the portfolio companies. This method reliably improves portfolio companies’ development and research activities. Networking is vital in connecting driving forces within the INDUS Group in working groups but also with experts, universities and research institutes outside of the organization. Strategic projects promote digitalization as a driving force for innovation and the companies’ long-term positioning on the markets.

At the innovation development bank, the addition of new projects is almost back to pre-coronavirus levels. A total of eleven projects were funded by the INDUS development bank in 2022. The focus of the innovation projects includes the future fields of sustainability, automation, artificial intelligence, and digitalization. Due to the large number of newly approved projects and the project applications announced for 2023, we assume there will be a further increase in the innovation development bank’s project volume.

In addition to the strategic positioning of the portfolio companies, innovation ability will be investigated with an innovation fitness test. The content will be created during "Innovation and Technology" experts' visits to portfolio companies, and will deliver insight into strategy, process landscapes, and the resources available in the field of innovation. This will enable the discovery of weaknesses, scope for improvement, and measures. A roll-out across the INDUS Group is planned for the financial years from 2023.

In order to structure the portfolio companies' digitalization activities, a digital potential map (DPM) will be created for six portfolio companies as part of a pilot project. The DPM will provide an overview of the companies' digitalization projects and allow the projects to be prioritized. If the DPM proves to offer added value for the portfolio companies, it will be performed at other companies in the future.

IMPROVING PERFORMANCE

INDUS will concentrate on improving performance at the portfolio companies by encouraging their **Market Excellence** and **Operational Excellence**. Both topics offers portfolio companies support in various areas, which form part of one of the following four pillars: status check, implementation, knowledge and cooperation. These offerings are actively requested by the portfolio companies and are also deployed by the holding company as needed.

Market Excellence directly targets the optimization of market positioning and market cultivation and so results in sustainable earnings improvements.

With **Operational Excellence**, the holding company supports portfolio companies in improving their value-adding core processes, ranging from production strategy and production planning and control to process effectiveness and efficiency. The program to boost Operational Excellence includes comprehensive education and training offers in Lean management for knowledge transfer. INDUS also initiates and assists the portfolio companies on site with corresponding optimization projects.

Both lean management and shop floor management training courses will be continued in 2023. In order to recognize the increasing importance of digitalization topics, the first RWTH certificate course coordinated by INDUS named "Project Manager Business Software" is scheduled for 2023. The course aims to prepare project managers from the portfolio companies to face the challenges of software selection and implementation projects.

The approaches employed to improve the financial performance of the portfolio companies and the Group include Group-wide liquidity management, working capital optimization in the companies, portfolio company controlling as part of segment management and at holding company level, and increased information and communication regarding financing and accounting topics between the holding company and the portfolio companies.

HOLD – SUSTAINABLY: ADDITIONAL ACTIVITIES TO PROMOTE SUSTAINABILITY IN THE 2023 FINANCIAL YEAR

The main focal point of the "Striving for Sustainability" initiative was the comprehensive new materiality analysis performed in 2022. Another was deepening the communication with the portfolio companies regarding the consistent and steady reduction of carbon emissions. Reporting over the course of the year was introduced for this purpose.

The materiality analysis forms the foundation of structured sustainability management. Now that the material activities of relevance for the business have been identified, they will be processed from 2023 onwards, and improvements will be initiated. INDUS' internal and external stakeholders have prioritized the activities and the INDUS Holding AG Board of Management has used this as a basis for identifying the decisive topics for INDUS. This is reflected in the sustainability strategy's fields of action, described in the separately published non-financial report. One particularly prioritized target remains the constant and long-term reduction of greenhouse gas emissions (GHG).

The necessity of decarbonization and conserving resources requires significant investment, whereby the cost of these sustainability projects exceeds, and in some cases significantly, the amortization term of 36 months. The portfolio companies carry out these projects with the help of the sustainability development bank: the bank supports the portfolio companies' sustainability efforts with an investment subsidy of up to 80%. The Board of Management approved and launched six projects with an investment volume of EUR 5.4 million and a subsidy rate of 39% in 2022. In addition to PV plants for renewable energy generation, an adiabatic cooling system, which saves a significant amount of cooling water, and a wood pellet-fired steam boiler for coloring was funded.

Along with decarbonization, social aspects are also gaining in importance in society and on the capital markets. The budget talks for 2023 therefore also included the collection of figures on employees in addition to market and customer requirements. Measures to recruit and retain employees were also discussed. This is another preparatory measure to fulfill the rising requirements related to the Corporate Sustainability Reporting Directive (CSRD), which will come into force in 2025. In the social field in particular, the obligation to publish more meaningful figures will increase.

Expectations for the Financial Year 2023

The following forecast is based on the corporate planning adopted by the Board of Management and the Supervisory Board. The statements about the predicted development in the economic situation and particularly about the political development of the effects of the Russia-Ukraine war and the associated economic developments are based on statements made by leading organizations, such as economic research institutes and banks. Plans for 2023 remain subject to uncertainty in view of the Russia-Ukraine war and its economic consequences. The scope and extent of the impacts of the indirect consequences for the INDUS Group are currently not foreseeable or quantifiable.

Companies in the **Engineering** segment are expecting a slight rise in sales and a sharp increase in operating income (EBIT) in the year ahead. Companies in the **Infrastructure** segment are also expecting a slight rise in sales and a sharp increase in EBIT; a marked calming of the construction business will be felt in some portfolio companies. Due to a sharp rise in energy costs, potential impacts on income from the intense discussion surrounding an EU anti-dumping toll on imports of vital raw materials, and the cessation of one-time effects from 2022, we anticipate that the **Materials** segment will see stable EBIT with rising sales.

Overall, the forecasts for 2023 predict that sales will rise from EUR 1.9 to 2.0 billion. Operating income (EBIT) is likely to be in a range of EUR 145 million to EUR 165 million and thus above the level of 2022. This includes add-on acquisitions with total sales of around EUR 25 million. The range for the EBIT margin will probably be between 7.0% and 8.0%. These forecast are made with the conditions described above resulting from the Ukraine war and its economic impacts in mind. The forecast for operating income (EBIT) does not include any impairment of goodwill or property, plant, and equipment.

The INDUS Group investment budget for this year was set in the course of the planning process and totals around EUR 85 to 95 million (excluding acquisitions). Major investment projects include new production plants to realize new projects and the establishment of a production location. The plan budgets an amount of EUR 40 million for acquisitions of companies for 2023. This includes cash outflow for a growth acquisition and an acquisition at sub-subsidiary level.

The INDUS Group's equity ratio of 36.3% was below the target of 40% in 2022. A figure of around 38% is forecast for year-end 2023. In the medium term, the target is still to maintain a stable equity ratio of more than 40%. Under its revolving financing program, INDUS also expects to borrow in the form of loans and promissory note loans in 2023. In such financing matters, INDUS can rely on its tried and tested bank partners of many years, with whom the holding company is in constant contact. On the basis of the current financial planning the Board of Management assumes net financial liabilities will fall slightly. The repayment term for continuing operations, based on EBITDA, was 2.3 years in 2022. A repayment term of approximately 2.5 years is expected for 2023. The most important point is that we remain in the target range of 2.0 to 2.5 years over the long term.

FINANCIAL POSITION: SHARPLY RISING SALES AND EBIT PLANNED FOR 2023

TARGET PERFORMANCE COMPARISON

	ACTUAL 2022	TARGET 2023
GROUP		
Management variables		
Acquisitions	2 growth acquisitions	2 growth acquisitions
Sales	EUR 1.80 billion	EUR 1.9–2.0 billion
EBIT	EUR 133.7 million	EUR 145–165 million
EBIT margin	7.4%	7.0% to 8.0%
Free cash flow	EUR 101.5 million	> EUR 100 million
Investments in property, plant, and equipment, and intangible assets	EUR 66.8 million	EUR 85–95 million
Greenhouse emissions (GHG emissions Scope 1+2)*	75.94 t CO_2 eq/EUR million GAV	lower than previous year
Supplementary management variables		
Equity ratio	36.3%	higher than in previous year, approx. 38%
Net debt/EBITDA	2.3 years	Approx. 2.5 years
Working capital	EUR 496.7 million	no change
SEGMENTS		
Engineering		
Sales	EUR 580.9 million	Slight rise in sales
EBIT	EUR 47.4 million	Strong rise in income
EBIT margin	8.2%	9% to 11%
Infrastructure		
Sales	EUR 586.0 million	Slight rise in sales
EBIT	EUR 51.3 million	Strong rise in income
EBIT margin	8.8%	10% to 12%
Materials		
Sales	EUR 636.8 million	Rising sales
EBIT	EUR 49.9 million	No change
EBIT margin	7.8%	6% to 8%

* Net emissions intensity

For the companies in the **Engineering** segment, the year 2022 was very positive, with significant sales and EBIT increases before impairment. Overall, the companies in this segment are positive about the outlook in 2023. A clear increase in sales is anticipated for a portfolio company active in measuring and control engineering, if the availability of electronic components improves. A clear increase in income is therefore also expected. Again, HEIBER + SCHRÖDER and HELD are contributing to the inorganic growth. This is offset by lower sales at a portfolio company in the field of logistics. Some segment companies are more cautious in their earnings projection in comparison with 2022. The companies in the Engineering segment anticipate a slight increase in sales in 2023. The segment's EBIT is forecast to rise sharply. The EBIT margin will be within a range of 9% and 11%.

Most of the companies in the **Infrastructure** segment worked to their capacity limit again in 2022. EBIT before impairment was slightly below the previous year's figure; the EBIT margin before impairment decreased slightly. Sales increased, with both organic growth from the existing portfolio companies and inorganic growth from the acquisition of WIRUS. A slight increase in sales is forecast for the portfolio companies in the coming year, due to the calming of the construction economy. The Infrastructure segment will remain a dependable pillar of the INDUS portfolio in 2023. Overall, the INDUS Board of Management is expecting a slight rise in sales, a significantly higher operating result (EBIT) and an EBIT margin of 10% to 12% for the segment.

Sales increased in the **Materials** segment in the 2022 financial year. The companies were able to pass the, in some cases significantly higher, material prices on to customers. The closure of BACHER in 2021 caused a loss of EUR 10.0 million in sales compared with the previous year. The improved performance of many companies in the segment and the portfolio changes mentioned above enabled a significant increase in EBIT before impairment in 2022. Looking to 2023, operating income will be significantly impacted by sharp rises in energy costs and discussions regarding potential anti-dumping tolls on imports of vital raw materials in the EU; in addition, a positive one-time effect from the sale of real estate will also fall away. Positive developments are anticipated in the field of non-wovens, where the positive effects of the merging locations will bear fruit. Overall, we anticipate sales increases, stable EBIT, and an EBIT margin between 6% and 8% in the Materials segment.

03 CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Income

in EUR '000	Notes	2022	2021
REVENUE	[8]	**1,804,109**	**1,633,469**
Other operating income	[9]	25,095	23,810
Own work capitalized	[10]	3,539	3,870
Change in inventories	[11]	30,003	21,731
Cost of materials	[12]	-872,208	-757,033
Personnel expenses	[13]	-494,642	-467,485
Depreciation/amortization		-85,991	-83,051
Impairment	[14]	-42,772	-2,479
Other operating expenses	[15]	-233,468	-207,206
OPERATING INCOME (EBIT)		**133,665**	**165,626**
Interest income		1,378	171
Interest expense		-14,490	-14,124
NET INTEREST	[16]	**-13,112**	**-13,953**
Income from shares accounted for using the equity method		511	998
Other financial income		-5,133	-3,002
FINANCIAL INCOME	[16]	**-17,734**	**-15,957**
EARNINGS BEFORE TAXES FROM CONTINUING OPERATIONS		**115,931**	**149,669**
Income taxes	[17]	-43,041	-51,907
EARNINGS AFTER TAXES FROM CONTINUING OPERATIONS		**72,890**	**97,762**
Earnings from discontinued operations	[7]	-123,907	-50,198
EARNINGS AFTER TAXES		**-51,017**	**47,564**
of which attributable to non-controlling shareholders		805	755
of which attributable to INDUS shareholders		-51,822	46,809
Earnings per share – basic and diluted in EUR	[18]		
from continuing operations	[18]	2.68	3.68
from discontinued operations	[18]	-4.61	-1.90
from continuing and discontinued operations	[18]	**-1.93**	**1.78**

Consolidated Statement of Comprehensive Income

in EUR '000	Notes	2022	2021
EARNINGS AFTER TAXES		**-51,017**	**47,564**
Actuarial gains/losses	[28] [29]	15,160	3,834
Deferred taxes	[28] [25]	-3,696	-899
Items not to be reclassified to profit or loss		**11,464**	**2,935**
Currency conversion adjustment	[28]	6,412	7,101
Change in the market values of hedging instruments (cash flow hedge)	[28] [35]	6,772	1,678
Deferred taxes	[25] [35]	-1,072	-264
Items to be reclassified to profit or loss		**12,112**	**8,515**
OTHER COMPREHENSIVE INCOME		**23,576**	**11,450**
TOTAL COMPREHENSIVE INCOME		**-27,441**	**59,014**
of which interests attributable to non-controlling shareholders		789	755
of which attributable to INDUS shareholders		-28,230	58,259

Consolidated Statement of Financial Position

in EUR '000	Notes	Dec. 31, 2022	Dec. 31, 2021
ASSETS			
Goodwill	[19] [21]	403,725	409,798
Right-of-use assets from leasing/rent	[20]	68,904	93,402
Other intangible assets	[21]	172,436	142,817
Property, plant and equipment	[21]	344,283	416,610
Investment property	[21]	2,215	5,782
Financial investments	[22]	5,571	8,794
Shares accounted for using the equity method	[23]	4,276	4,578
Other non-current assets	[24]	1,967	3,476
Deferred taxes	[25]	20,172	13,771
Non-current assets		**1,023,549**	**1,099,028**
Inventories	[26]	449,387	403,894
Receivables	[27]	195,468	168,890
Other current assets	[24]	22,048	35,538
Current income taxes	[25]	5,342	13,739
Cash and cash equivalents		127,816	136,320
Assets held for sale	[33]	66,273	0
Current assets		**866,334**	**758,381**
TOTAL ASSETS		**1,889,883**	**1,857,409**
EQUITY AND LIABILITIES			
Subscribed capital		69,928	69,928
Capital reserve		318,143	318,143
Other reserves		295,090	397,560
Equity held by INDUS shareholders		**683,161**	**785,631**
Non-controlling interests in the equity		2,060	1,843
Equity	[28]	**685,221**	**787,474**
Pension provisions	[29]	23,568	41,321
Other non-current provisions	[30]	1,093	1,435
Non-current financial liabilities	[31]	580,638	477,286
Other non-current liabilities	[32]	59,737	47,023
Deferred taxes	[25]	63,627	48,569
Non-current liabilities		**728,663**	**615,634**
Other current provisions	[30]	42,336	45,727*
Current financial liabilities	[31]	140,734	163,168
Trade payables		74,283	75,811*
Other current liabilities	[32]	165,710	154,807*
Current income taxes	[25]	17,245	14,788
Liabilities in connection with assets held for sale	[33]	35,691	0
Current liabilities		**475,999**	**454,301**
TOTAL EQUITY AND LIABILITIES		**1,889,883**	**1,857,409**

* Previous year's figures adjusted

Consolidated Statement of Changes in Equity

in EUR '000	Subscribed capital	Capital reserve	Retained earnings	Other reserves	Equity held by INDUS shareholders	Interests attributable to 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			46,809		46,809	755	47,564
Other comprehensive income				11,450	11,450		11,450
Reclassification			-1,638	1,638			
Total comprehensive income			**45,171**	**13,088**	**58,259**	**755**	**59,014**
Capital increase	6,357	78,310			84,667	42	84,709
Dividend payment			-21,517		-21,517	-261	-21,778
Transactions involving interests attributable to non-controlling shareholders			-11,086		-11,086	261	-10,825
AS OF DEC. 31, 2021	**69,928**	**318,143**	**410,994**	**-13,434**	**785,631**	**1,843**	**787,474**
Balance as of Jan. 1, 2022, before IAS 37 adjustments	**69,928**	**318,143**	**410,994**	**-13,434**	**785,631**	**1,843**	**787,474**
IAS 37 adjustments (2020 revision)			-46,000		-46,000		-46,000
AS OF JAN. 1, 2022	**69,928**	**318,143**	**364,994**	**-13,434**	**739,631**	**1,843**	**741,474**
Earnings after taxes			-51,822		-51,822	805	-51,017
Other comprehensive income				23,592	23,592	-16	23,576
Reclassification							
Total comprehensive income			**-51,822**	**23,592**	**-28,230**	**789**	**-27,441**
Capital increase						177	177
Dividend payment			-28,240		-28,240	-749	-28,989
AS OF DEC. 31, 2022	**69,928**	**318,143**	**284,932**	**10,158**	**683,161**	**2,060**	**685,221**

Consolidated Statement of Cash Flows

in EUR '000	2022	2021
Earnings after taxes from continuing operations	72,890	97,762
Depreciation/appreciation of non-current assets (excluding deferred taxes)	128,763	85,529
Gains (-) and losses (+) on the disposal of fixed assets	-3,902	-1,991
Income taxes	43,041	51,907
Financial income	17,734	15,957
Other non-cash transactions	16	1,077
Changes in provisions	11,373	5,707
Increase (-)/decrease (+) in inventories, receivables and other assets	-94,341	-73,040
Increase (+)/decrease (-) in trade payables and other equity and liabilities	9,932	38,087
Income taxes received/paid	-48,454	-44,496
Dividends received	71	1,244
Operating cash flow from continuing operations	**137,123**	**177,743**
Interest paid	-22,162	-19,575
Interest received	1,378	187
Cash flow from operating activities from continuing operations	**116,339**	**158,355**
Cash outflow for investment in		
Intangible assets	-8,047	-6,965
Property, plant and equipment	-46,493	-45,588
Financial investments	-417	-722
Shares in fully consolidated companies	-58,769	-67,328
Cash inflow from the disposal of		
Shares in fully consolidated companies	9,843	7,849
Other assets	9,445	6,764
Cash flow from investing activities from continuing operations	**-94,438**	**-105,990**
Contributions to capital (capital increase)	0	84,667
Cash inflow from minority shareholders	177	42
Dividend payment	-28,240	-21,517
Dividends paid to minority shareholders	-749	-261
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
Cash inflow from the raising of loans	264,061	57,500
Cash outflow from the repayment of loans	-157,789	-142,599
Cash outflow from the repayment of lease liabilities	-19,081	-17,959
Cash flow from financing activities from continuing operations	**55,905**	**-40,840**
Net changes in cash and cash equivalents from continuing operations	77,806	11,525
Net changes in cash and cash equivalents from discontinued operations	-80,920	-69,784
Changes in cash and cash equivalents caused by currency exchange rates from continuing operations	-194	-114
Changes in cash and cash equivalents caused by currency exchange rates from discontinued operations	-68	-8
Changes in cash and cash equivalents in connection with assets held for sale	-5,128	0
Cash and cash equivalents at the beginning of the period	136,320	194,701
Cash and cash equivalents at the end of the period	**127,816**	**136,320**

Further information on the consolidated statement of cash flows can be found in the notes to the consolidated financial statements under note [34]. Refer to Note [5] for information regarding cash outflow from investments in shares in fully consolidated companies.

Notes

Basic Principles of the Consolidated Financial Statements

[1] General Information

INDUS Holding Aktiengesellschaft with registered office in Kölner Strasse 32, 51429 Bergisch Gladbach, Germany, is listed in the Cologne Commercial Register under record no. HRB 46360. INDUS is an established long-term oriented financial investor specializing in the acquisition of SMEs in the manufacturing sector in German-speaking Europe. The operating companies are allocated to one of five company areas (segments): Construction/Infrastructure, Automotive Technology, Engineering, Medical Engineering/Life Science, and Metals Technology.

INDUS Holding AG prepared its consolidated financial statements for the financial year from January 1, 2022, to December 31, 2022, in accordance with the International Financial Reporting Standards (IFRS) and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC) as applicable in the European Union (EU).

The statement of income was prepared using the total cost method. The consolidated statement of income for the previous year was adjusted in accordance with IFRS 5.32 et seqq. due to the application of provisions for discontinued operations . The statement of financial position is structured according to current/non-current status of assets and liabilities.

The consolidated financial statements are prepared in euros (EUR). Unless otherwise indicated, all amounts are stated in thousands of euros (EUR '000). Each figure has been rounded according to normal commercial practice; this may lead to slight discrepancies when figures are added together.

The consolidated financial statements are prepared using historical cost accounting, with the exception of balance sheet items which must be carried at fair value. The annual financial statements of the companies included in the scope of consolidation were prepared as of the reporting date of INDUS Holding AG and are based on uniform accounting and valuation methods. Pursuant to Section 315e of the German Commercial Code (HGB), INDUS Holding AG is obligated to prepare its consolidated financial statements in compliance with the IFRS. The basis for this is Directive No. 1606/2002 of the European Parliament and Council on the application of international accounting standards in the European Union. Information that must be included in the Notes in accordance with the German Commercial Code (HGB) and goes beyond what is mandatory under IFRS is presented in the Notes as well. The financial statements were drawn up by the Board of Management on March 15, 2023. The Supervisory Board approved the consolidated financial statements at its meeting on March 16, 2023.

[2] Application and Impact of New and Revised Standards

All standards whose application was mandatory as of December 31, 2022, were observed. No use was made of the discretionary right to apply standards before they become mandatory.

MANDATORY STANDARDS AND INTERPRETATIONS TO BE APPLIED FOR THE FIRST TIME IN THE 2022 FINANCIAL YEAR

The following standard resulted in changes for these financial statements

— Amendment to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”

The amendment to IAS 37 relates to the costs of fulfilling onerous contracts. The recently published amendment defines that all costs of fulfilling a contract that are directly related to the contract are to be included when assessing whether a contract is onerous within the meaning of IAS 37.

The amendment is to be applied for the first time retrospectively from January 1, 2022. Agreements where INDUS did not yet fulfill all obligations as of January 1, 2022, have been adjusted accordingly. The cumulative effect of the first-time application of the adjustment amounted to EUR -46,000 thousand and was recognized as an adjustment of the opening balance of retained earnings in the table of equity from January 1, 2022, to December 31, 2022. Other provisions rose by the same amount as of January 1, 2022.

STANDARDS PUBLISHED AS OF DECEMBER 31, 2022, WHICH WERE NOT APPLIED EARLY IN THESE FINANCIAL STATEMENTS

No material effect on the financial position and financial performance of INDUS will arise from new standards that have already been published but were not applied early.

[3] Accounting Principles

CONSOLIDATION PRINCIPLES

Capital consolidation is carried out in accordance with the purchase method. Assets, liabilities, and contingent liabilities are measured at their fair value as of the time of purchase for business combinations. Goodwill is determined as the difference between the acquisition costs of the business combination and the purchaser's share of the fair values of the acquired assets, liabilities, and contingent liabilities.

When acquired companies are included in the scope of consolidation for the first time, the carrying amount of the investments in the holding company's accounts is offset against assets and liabilities. In the subsequent periods, the carrying amount of the holding company's investment is offset against the carrying amount of the subsidiaries' net equity. Contingent purchase price components are measured at fair value at the time of purchase. Changes in their amounts are recorded through profit and loss in the subsequent periods. Incidental acquisition costs incurred in acquiring the investment are not included in the purchase price allocation. Instead, they are recognized as expenses in the period of acquisition.

If non-controlling shareholders have a right to tender as of the time of the initial consolidation and INDUS is unable to revoke this right, the purchase price commitment for interests attributable to non-controlling shareholders that are eligible are calculated at fair value.

Receivables and liabilities as well as expenses and income between consolidated companies are offset against each other. Interim results are eliminated from inventories and fixed assets. Deferred taxes are recognized for consolidation adjustments.

CURRENCY CONVERSION

Foreign currency transactions in the individual financial statements are translated into the functional currency of the individual company at the exchange rates prevailing at the time of the transaction. Monetary items are measured through profit and loss as of the reporting date using the average spot exchange rate.

In accordance with the concept of functional currency, companies located outside of the euro area prepare their financial statements in the currency of the country in which they are domiciled. For assets and liabilities, these financial statements are translated into euros using the exchange rate prevailing on the reporting date. Except for items recognized directly in equity, equity is carried at historical rates. Items in the statement of income are translated at average exchange rates and any resultant currency adjustments up until disposal of the subsidiary are recognized with no effect on the statement of income.

The exchange rates used are shown in the following table:

		Exchange rate as of the reporting date		Average exchange rate	
	EUR 1 =	Dec. 31, 2022	Dec. 31, 2021	2022	2021
United Arab Emirates	AED	3.939	4.178	3.872	4.346
Bosnia and Herzegovina	BAM	1.968	1.966	1.956	1.956
Brazil	BRL	5.639	6.310	5.443	6.381
Canada	CAD	1.444	1.439	1.370	1.483
Switzerland	CHF	0.985	1.033	1.005	1.081
China	CNY	7.358	7.195	7.080	7.634
Czech Republic	CZK	24.116	24.858	24.560	25.647
Denmark	DKK	7.437	7.436	7.440	7.437
United Kingdom	GBP	0.887	0.840	0.853	0.860
Hungary	HUF	400.870	369.190	390.944	358.464
South Korea	KRW	1.344.090	1.346.380	1.358.071	1.353.946
Morocco	MAD	11.197	10.555	10.682	10.634
Mexico	MXN	20.856	23.144	21.205	23.990
Poland	PLN	4.681	4.597	4.684	4.564
Romania	RON	4.950	4.949	4.932	4.921
Serbia	RSD	117.393	117.590	117.451	117.586
Singapore	SGD	1.430	1.528	1.452	1.590
Turkey	TRY	19.965	15.234	17.385	10.467
Taiwan	TWD	32.890	31.525	31.330	33.028
United States	USD	1.067	1.133	1.054	1.184
South Africa	ZAR	18.099	18.063	17.210	17.479

In the presentation of the development of non-current assets, provisions, and equity, the opening and closing balances are translated using the exchange rates prevailing on the reporting date, while changes during the year are translated using the average exchange rate. Any resultant exchange rate differences are reported separately with no effect on the statement of income.

FINANCIAL STATEMENT ACCOUNTING AND MEASUREMENT

Goodwill does not undergo amortization due to its indefinite useful life. It is tested for impairment at least once a year. This testing involves comparing the recoverable value, which is the higher of value in use or fair value less costs to sell, with the carrying amount of the cash generating unit.

Goodwill is tested for impairment at the level at which this is reasonable from an economic point of view, and possible. In most cases, goodwill is attributed to the portfolio companies and their subsidiaries (cash generating units). These are the operating units listed in the Notes. In the few cases in which there is a close trading relationship between these companies, they are combined to form operating units and goodwill is tested for impairment on this basis.

The goodwill recognized in the purchase price allocation is distributed across 44 (previous year: 46) cash generating units. No individual goodwill amount is significant within the meaning of IAS 36.134.

Other intangible assets purchased for a fee are measured at cost and – where applicable – amortized on a straight line basis over their economic life of two to fifteen years. Internally generated intangible assets which fulfill the criteria of IAS 38 are capitalized at cost. Otherwise the expenses are recognized through profit and loss in the year in which they come into being. The assets are amortized upon commencement of their use, and this is done using the straight-line method over five to fifteen years.

Leases are recognized in the statement of financial position as right-of-use assets from leases and as (financial) liabilities from leasing. The right-of-use assets are recognized at cost and subsequently amortized over the lease term using the straight-line method. On the liability side, a liability is recognized in the amount of the present value of the payment obligations. In addition to fixed payments, the liabilities also include expected residual value payments and exercise prices for purchase options if these are reasonably certain to be exercised. Lease payments are discounted at the interest rate underlying the lease, or at the incremental borrowing rate. The Group applies exemptions under which IFRS 16 is applied to the contracts that were previously classified as leases under IAS 17 and IFRIC 4, and the contracts that were previously not classified as leases are not reassessed. Furthermore, the exemptions of IFRS 16 are applied to low-value lease assets and leases with a term of up to one year, i.e. instead of assets or lease liabilities being recognized, the lease installments continue to be recognized as other operating expenses.

Property, plant and equipment is measured at cost including depreciation and, when necessary, impairment. In accordance with the actual structure of their useful lives, the straight line depreciation method is applied. Depreciation periods are based primarily on the following useful lives.

	Years
Buildings	20 to 50
Land improvements	8 to 20
Technical equipment, plant and machinery	5 to 15
Factory and office equipment	3 to 15

Property, plant and equipment is impaired in accordance with IAS 36 if the recoverable amount of the asset concerned has fallen below carrying amount. If the reason for an impairment recorded in previous years no longer applies, a reversal of impairment is performed, up to the maximum of the carrying amount after depreciation.

Inventories are recognized at cost or lower net realizable value. Cost encompasses direct costs and proportional overheads. Overheads are generally allocated on the basis of actual capacity, if this basically corresponds to normal capacity. Raw materials and goods for resale are measured using the average cost method.

Financial instruments are contracts that are financial assets at one company and simultaneously financial liabilities or an equity instrument at another. In accordance with the business model, the subsequent valuation of financial assets takes place in the categories “Financial assets measured at fair value through profit and loss,” “Financial assets at amortized cost” and “Financial assets recognized at fair value directly in equity.” Financial liabilities are accounted for in two categories, “Financial liabilities measured at fair value through profit and loss” and “Financial liabilities measured at cost.”

A financial asset is measured at amortized cost if it is held in a business model that involves the collection of contractual cash flows, the contractual terms provide for cash flows on specified dates in the form of interest and principal repayment, and the asset was not designated as “measured at fair value through profit and loss.” This particularly includes all trade receivables, loans and other assets (excluding derivatives).

All financial assets that are not measured at amortized costs or recognized at fair value directly in equity are measured at fair value through profit and loss. Financial liabilities are classified and measured at amortized costs or “at fair value through profit and loss.” A financial liability is measured at fair value through profit and loss if it is held for trading purposes, is a derivative, or is designated as such on initial recognition.

The fair values recognized in the statement of financial position generally correspond to the arm's-length prices of the financial assets or financial liabilities. The market values of financial liabilities are determined on the basis of market information available on the reporting date or by using accepted valuation methods, such as the discounted cash flow method, and through confirmations from the banks carrying out the transactions. The interest rates employed are adjusted to the term and risk of the underlying financial instrument.

Associated companies listed under **financial assets** on which the INDUS Group exercises significant influence (usually by holding between 20% and 50% of the voting rights) are accounted for using the equity method. When measured for the first time, they are stated at cost. In the subsequent valuation, the carrying amount is adjusted by the proportional changes in the associated company's equity.

Receivables and other assets are recognized at amortized costs; for current receivables, this is generally the nominal value. Amortized costs are taken into account with appropriate valuation allowances. Total profits and losses in the amount of EUR -2,275 thousand (previous year: EUR 309 thousand) were recognized under consolidated income when the loans and receivables are impaired or derecognized.

Impairments are recognized for anticipated credit losses on financial assets measured at amortized cost. The simplified method for calculating impairments is used to determine impairments on trade receivables. The full term of the financial instrument is used to determine the anticipated credit losses. As the historical basis is applied to defaults, it is assumed that the default risk of a financial asset has not risen significantly once it is more than 30 days overdue.

In the case of short-term receivables and liabilities, amortized costs generally correspond to par or the settlement amount.

Derivative financial instruments are used by INDUS to hedge underlying transactions based on future cash flows. At the time the hedging transaction is concluded, the corresponding underlying transactions may or may not be completed.

Derivatives employed as hedging instruments are primarily interest-rate swaps or currency forward contracts. The prerequisite for hedge accounting is that the hedge between the underlying transaction and the hedging instrument is effective, documented and continuously monitored. The existence of an economic relationship between the hedging instrument and hedged item is based on reference interest rates, terms, interest adjustment and due dates, and nominal and actual amounts. In assessing effectiveness, the critical terms match method is used. The hedging relationships mostly exist in a 1:1 ratio to the hedged item and are 100% effective.

The statement of documented hedges depends on the type of relationship in question. In the case of cash flow hedges, the change in the fair value is recorded in equity with no effect on income, taking all deferred taxes into account. For the valuation of the hedging instruments described above, only market-related valuation methods were used in the last two financial years. This corresponds to the procedure for level 2 of the fair value hierarchy. The market interest rates derived from publicly available swap rates on the reporting date are used as the input for measuring interest-rate swaps.

Call/put options from the acquisition of companies as a contingent purchase price commitment are recognized at fair value.

Market-related observable input factors (level 2) and internal data (level 3) were used to measure call/put options **at fair value**. The market interest rates derived from INDUS' financing structure as of the reporting date, contractually agreed EBIT multiples, and individual plans of the acquired companies are used as the input for measuring the fair value of contingent purchase price liabilities. Generally, call/put options measurements are allocated to level 3.

Pension obligations are based on defined contribution and defined benefit plans in various forms.

The defined contribution plan costs relate to payments by INDUS to external institutions, without any additional obligations for the beneficiary being entered into.

With defined benefit obligations, pensions and other post-employment benefits are calculated using the projected unit credit method. The interest rate used for discounting future claims is the market rate for risk-adjusted long-term investments with similar maturities. For every pension plan, the projected benefit obligation is reduced by the fair value of the qualified plan assets. Differences between actuarial assumptions and actual change in the underlying parameters used to calculate projected unit credits and the fair value of plan assets give rise to actuarial gains and losses. These actuarial gains or losses are recognized directly in equity, taking into consideration any deferred taxes, through the change in consolidated equity and recorded on the statement of income and in pension provisions.

Other provisions are calculated for current legal or actual obligations toward third parties resulting from an event in the past that will likely lead to an outflow of resources and the amount of which can be reliably estimated. The settlement amount is calculated on the basis of the best possible estimation. Provisions are discounted when the outflow of resources is classified as long-term and the effect of this is significant. Provisions for product warranties are calculated for the sales that are subject to warranty and the relevant warranty period on the basis of ensured experience values. Individual provisions are formed for known damages. Provisions for pending losses from orders, and other obligations from the transactions, are calculated on the basis of the services to be performed.

Contingent liabilities are potential obligations toward third parties or existing obligations that are not likely to lead to an outflow of resources or the amount of which cannot be reliably estimated. Disclosures must be made in the Notes regarding existing contingent liabilities.

Deferred taxes are determined for all temporary differences between the amount according to the IFRS balance sheet and the corresponding fiscal value according to the balance sheet approach. Temporary differences arise when the realization of the asset or settlement of the liability leads to income or expenses that diverge from a fiscal point of view. Deferred taxes on goodwill are formed only to the extent that they are tax-deductible. This is generally the case for German limited partnerships.

Deferred taxes must be calculated even if the realization of this goodwill – e.g., via the disposal of the respective limited partnership – is not planned. This leads to a permanent accrual of deferred tax liabilities at INDUS.

Deferred tax assets are recognized as soon as it is probable that sufficient taxable income against which the deductible temporary difference can be offset will be available. With tax loss carryforwards, this is the case either when it is probable that sufficient taxable income will be available or when nettable deferred tax liabilities of a corresponding amount can be offset against sufficient taxable income in the future.

Deferred taxes are measured using the tax rate valid for the periods in which the differences are expected to be reversed. Regardless of maturities, deferred taxes are not to be discounted. Deferred taxes are recognized on the basis of the tax rates prevailing or approved in the various countries in accordance with the current legal position. In Germany, a corporate income tax rate of 15% (previous year: 15%) applies. Taking into consideration the trade tax assessment multiplier ranging from 295% to 515% and a solidarity surcharge of 5.5%, the income tax rate for domestic companies comes to between 26.15% and 33.85% (previous year: 26.15% to 33.85%). Foreign tax rates range between 9% and 32.02% (previous year: between 16% and 34%).

As regards **income realization** from customer contracts, revenue is recognized in accordance with the 5-step model described in IFRS 15 either over a period of time or at a certain point in time. The INDUS product portfolio is highly diversified. Revenue is generated from the sale of goods, order production, and, to a lesser extent, from services provided. Revenue is allocable to the following areas: reinforcement of reinforced concrete, construction materials, network and cable laying, air-conditioning and heating technology, accessories for private housing construction, window construction (Construction segment), model or prototype construction for the automotive industry, pre-series and small series production, series production of components for large automotive manufacturers, testing and measurement solutions, solutions for specialized vehicles (Automotive Technology segment), complete conveyor systems, robotic gripping systems, valve technology, automation components for vehicle assembly, inert gas system equipment, metal search technology equipment, integrated control rooms and electric heat tracing systems (Engineering segment), orthotic devices, surgical stockings, optical lenses and full optical devices, surgical accessories, rehabilitation technology and hygienic products for medical applications and household use (Medical Engineering/Life Science segment), supplying rail technology, carbide tools for road construction and mining, manufacture of housings, blasting agents for the steel industry, and bolt welding technology for structural connecting elements used in bridge construction (Metals Technology segment). For numerous contracts from the Construction/Infrastructure and Engineering segments, and for individual contracts in the Automotive Technology segment, income is realized over a period of time.

If the prerequisites for sales recognition over time are met, the percentage of completion must be ascertained. Due to the reliability of the calculations, the cost to cost method is applied. Sales recognition is thus based on the percentage of completion until the goods are transferred to the customer or until the service has been performed. Anticipated losses are recognized directly as expenses. If the prerequisites for recognition over time are not met, income realization takes place at a point in time. This is typically the point in time at which goods are transferred or the point in time when the customer accepts the contract liabilities.

The revenue recognized is the equivalent value that is expected for the transfer of goods or the performance of services. However, it must be probable that the revenue will not be subject to material correction. The general prerequisite is that the amount of revenue can be reliably determined and there is sufficient probability that INDUS will receive an economic benefit. Contracts with customers generally contain payment terms that are standard for the industry. Advance payments are in some cases agreed for contracts that lead to point-in-time sales recognition. Warranty agreements that are standard for the industry were recognized as provisions for product warranties in the amount of EUR 13,617 thousand (previous year: EUR 14,672 thousand).

Government grants are recognized and reduce the corresponding expenses. If the grants are granted for a prolonged period, deferred income is recognized and released to income over the term of the grant.

The **virtual stock options** ("stock appreciation rights" until 2020, "virtual performance shares" from 2021) granted as part of the previous (until 2020) and new (from 2021) long-term incentive program are classified as "share-based payment with cash settlement." Provisions are formed for these and measured at the fair value of the commitments.

In compliance with the provisions of IAS 7, the **statement of cash flows** is divided into cash flow from operating activities, investment activities and financing activities. Interest and dividends received are assigned to cash flows from operating activities. The figure for funds corresponds to the balance sheet item cash and cash equivalents and includes bank balances and cash on hand. Cash flow from operating activities is determined using the indirect method. Operating expenses and income with no effect on net cash are eliminated from cash flows from operating activities.

Preparation of the consolidated financial statements is influenced by **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 financial statement accounting of the items in question is adjusted through profit and loss.

Uncertainty increased in 2022 with the start of the Ukraine war. This particularly includes the indirect effects, such as price increases and raw materials shortages. The estimated balance sheet items are also dependent on the further development of the Ukraine war and the resulting economic impacts.

The coronavirus pandemic in 2022 continued to adversely affect the economic activities of the portfolio companies, albeit to a lesser extent than in 2021.

The measurement of certain balance sheet items dated December 31, 2022 is therefore subject to increased uncertainty. In particular, goodwill, inventories, trade receivables, contract assets, deferred taxes on tax loss carryforwards, and provisions were affected.

The companies not directly affected by the Ukraine war, but who are, in some cases substantially, affected by the indirect impacts of the war in the form of price increases, materials shortages, and supply bottlenecks, have integrated this in their individual plans during the corporate planning process. The estimate-related forward-looking parameters may be interest rates, foreign currency rates, market risk premiums, payment defaults, good credit standing, revenue, new orders, and payment receipts. These planning assumptions are burdened with heightened uncertainty.

The effects of **climate change** were analyzed in the reporting year. INDUS identifies, monitors and reviews potential risks from climate change as part of its Group-wide risk management system. The risk management system is based on the individual, independent risk management systems in the portfolio companies.

INDUS has committed to achieving climate neutrality by 2045. An interim target for 2025 is to reduce greenhouse gas emissions by 35% compared with 2018. INDUS supports the portfolio companies in their efforts to conserve resources and avoid greenhouse gas emissions. The individual company plans were discussed in the context of the budget meetings and decisions were made. INDUS will provide the portfolio companies with financial support in the future from its sustainability development bank

Environmental protection and energy efficiency are relevant in all manufacturing industries, and will remain important issues in the future. Energy prices and environmental standards will continue to rise over the long term. Increases in energy and commodity prices represent a risk for the performance of the individual companies and the Group. Depending on the market situation of the portfolio company, these increases cannot always be passed on to customers promptly and fully. For this reason, INDUS expects investment in sustainable and energy-efficient production processes to increase. INDUS believes this will result in promising opportunities, particularly for companies in the Automotive Technology, Engineering, and Metals Technology segments in the medium term.

With regard to an impact on production conditions, the product portfolio, and the Group's performance as a result of global warming, INDUS does not expect the current situation to get worse in the forecast period. This is also due to the INDUS Group's high level of diversification in terms of locations, selling markets, and fields of business. The portfolio companies' products will nevertheless adapt to new requirements and leverage innovation to gain or maintain the best market positions. In financial year 2022, there was no indication that goodwill was impaired as a result of climate change.

Items on the statement of financial position are influenced by uncontrollable future events. This can result in bad debt losses, affect the useful lives of intangible assets or property, plant and equipment, or similar; these are all risks inherent in commercial activity. The financial statement accounting of such items in the accounts is based on many years' experience and the assessment of current conditions.

Systemic uncertainties result from balance sheet items where expected future payments are discounted. These payments are dependent on future events about which assumptions must be made. Future interest rate levels can also affect the calculation of cash flow considerably. This is particularly the case in testing assets and cash generating units for impairment, and calculating pension provisions using the projected unit credit method. Future tax-effective income is also applied to determine at what amount to value deferred tax assets.

Relevant uncertainties result from items that must be measured on the basis of a range of possible future circumstances. This applies in particular to other provisions and comparable obligations. Extensive financial statement accounting experience is very important in this regard, but it still regularly occurs that provision amounts in the financial statements have to be adjusted upward or downward.

In many cases there are no active markets with observable pricing to use in determining fair value. For financial statement accounting of business combinations, the fair value of balance sheet items acquired must be determined using standard valuation models which require assumptions regarding directly observable as well as potentially non-observable valuation mechanisms.

These financial statements are based on estimates and assumptions which reflect the latest information available to management. The necessity of having to make substantial valuation adjustments in the future cannot be ruled out, as many relevant valuation parameters are beyond management's control.

For the 2023 financial year, INDUS does not on the whole anticipate events requiring material adjustment to balance sheet items in these financial statements. The assumptions made regarding conditions in the general economy and relevant markets in particular have been discussed in detail in the forecast report in the combined management report.

[4] Scope of Consolidation

In the consolidated financial statements, all subsidiary companies are fully consolidated if INDUS Holding AG has the direct or indirect possibility of controlling the companies' financial and business policy for the benefit of the INDUS Group. Control is in evidence if a company can exercise power of disposition on its subsidiaries and is subject to variable return flows and has the possibility of using its power of disposition to influence the amount of return flows. Associated companies whose financial and business policies can be significantly influenced are consolidated using the equity method. Companies purchased during the course of the financial year are consolidated as of the date on which control over their financial and business policy is transferred. Companies which are sold are no longer included in the scope of consolidation as of the date on which the business is transferred.

FULLY CONSOLIDATED SUBSIDIARIES

	Germany	International	Total	Of which equity interest of less than 100%
Dec. 31, 2022				
Construction/Infrastructure	29	12	41	5
Automotive Technology	19	15	34	2
Engineering	36	30	66	16
Medical Engineering/Life Science	6	10	16	4
Metals Technology	20	8	28	1
Other	8	1	9	0
Total	**118**	**76**	**194**	**28**
Dec. 31, 2021				
Construction/Infrastructure	29	9	38	5
Automotive Technology	23	18	41	2
Engineering	32	28	60	20
Medical Engineering/Life Science	6	10	16	4
Metals Technology	20	10	30	1
Other	8	0	8	0
Total	**118**	**75**	**193**	**32**

The complete list of equity interests in accordance with Section 313 HGB (Handelsgesetzbuch: German Commercial Code), which forms part of the Notes, is published with the consolidated financial statements in the electronic German Federal Gazette.

The carrying amount of interests attributable to non-controlling shareholders is EUR 2,060 thousand (previous year: EUR 1,843 thousand). None of the non-controlling interests are significant individually.

Insofar as non-controlling shareholders have a right to tender at the time of the initial consolidation that INDUS cannot withdraw from, and combination with a call/put option exists for INDUS, economic or anticipated ownership resides with INDUS, and the affected shares are fully consolidated and recognized at fair value as a contingent purchase price commitment. As of the reporting date, purchase price commitments toward non-controlling shareholders with a right to tender of EUR 64,050 thousand (previous year: EUR 53,563 thousand) were recognized. Purchase price models exist for all material cases that allow an objective measurement of the shares taking into consideration the company-specific risk structure, which guarantees an exchange of non-controlling interests at fair value. INDUS may generally exercise its rights at contractually agreed exercising periods.

As of December 31, 2022, the scope of consolidation includes 36 limited liability companies (GmbH) as general partners that form a single company with the corresponding LLCs (December 31, 2021: 35 limited liability companies (GmbH) as general partners).

[5] Business Combinations

DISCLOSURES ON INITIAL CONSOLIDATION FOR THE CURRENT FINANCIAL YEAR

HEIBER + SCHRÖDER

By contract dated December 15, 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 amounts at the 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	775	0	775
Trade payables	578	0	578
Other equity and liabilities**	7,524	6,282	13,806
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 24,060 thousand and operating income (EBIT) of EUR 824 thousand to income. If HEIBER + SCHRÖDER had been consolidated from January 1, 2022, revenue would have amounted to EUR 31,059 thousand and EBIT to EUR 1,637 thousand in 2022.

The expenses affecting net income from initial consolidation of HEIBER + SCHRÖDER, i.e. subsequent valuation of the additional value and incidental acquisition costs identified in the purchase price allocation (PPA), reduced operating income by EUR 3,329 thousand. 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 amounts at the 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	162	0	162
Financial liabilities	41	0	41
Trade payables	535	0	535
Other equity and liabilities**	9,623	10,795	20,418
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 software.

The initial consolidation of HELD took place in May 2022. HELD contributed sales amounting to EUR 12,400 thousand and operating income (EBIT) of EUR 753 thousand to income in 2022. If HELD had been consolidated from January 1, 2022, revenue would have amounted to EUR 12,520 thousand and EBIT to EUR -2,138 thousand in 2022.

The expenses affecting net income from initial consolidation of HELD, i.e. subsequent valuation of the additional value and incidental acquisition costs identified in the purchase price allocation (PPA), reduced operating income by EUR 4,626 thousand. The incidental acquisition costs were recorded in the statement of income.

[6] Termination of Business

DISCLOSURES ON DECONSOLIDATION FOR THE CURRENT FINANCIAL YEAR

INDUS subsidiary S.M.A. Metalltechnik GmbH & Co. KG, Backnang (SMA) filed for insolvency on October 24, 2022. Preliminary insolvency was granted by the court on November 15, 2022, and insolvency proceedings started on December 30, 2022. INDUS Holding AG lost control of SMA and its subsidiaries on October 24, 2022, and thus deconsolidated the companies.

The following assets and liabilities were deducted as a result of SMA's insolvency:

DIVESTMENTS: SMA (in EUR '000)

	Deductions consolidated statement of financial position
Other intangible assets	5,928
Property, plant and equipment	14,901
Financial investments	3,544
Inventories	13,017
Receivables	25,877
Other assets*	1,433
Cash and cash equivalents	6,513
Total assets	**71,213**
Pension provisions	0
Other provisions	51,078
Financial liabilities	11,772
Trade payables	11,935
Other equity and liabilities**	17,813
Total liabilities	**92,598**

* 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

Financial liabilities primarily relate to lease liabilities pursuant to IFRS 16 in connection with a capitalized right of use for a building.

[7] Discontinued Operations

SMA

INDUS Holding AG lost control of SMA and its subsidiaries on October 24, 2022, and thus deconsolidated the companies. SMA was allocated to the Automotive Technology segment and is a discontinued operation pursuant to IFRS 5.32.

SELZER/SCHÄFER

In the fourth quarter of 2022, the Board of Management of INDUS Holding AG decided to sell SELZER Fertigungstechnik and its subsidiaries as well as SCHÄFER Holding GmbH and its subsidiaries. The company is actively looking for buyers. Exploratory talks are being held with interested parties. A sale within the next financial year is considered highly probable.

Until their reclassification, SELZER and SCHÄFER were allocated to the Automotive Technology segment and are both discontinued operations pursuant to IFRS 5.32. The assets and liabilities are classified as “held for sale” and reported under the corresponding item in the statement of financial position and explained in the notes to the consolidated financial statements under [33].

The following overview shows the income and expenses from discontinued operations in 2022 and 2021:

	SMA	SELZER	SCHÄFER	2022	SMA	SELZER	SCHÄFER	2021
Revenue	41,263	54,306	14,089	109,658	48,570	47,669	11,789	108,028
Other income	1,503	2,609	317	4,429	2,223	1,851	489	4,563
Expenses	-113,295	-124,888	-17,159	-255,342	-74,824	-66,236	-22,485	-163,545
Operating income (EBIT)	-70,529	-67,973	-2,753	-141,255	-24,031	-16,716	-10,207	-50,954
Income taxes	930	-2,450	-233	-1,753	9	271	118	398
Income (expense) from discontinued operations	**-50,156**	**-70,573**	**-3,178**	**-123,907**	**-23,943**	**-16,324**	**-9,931**	**-50,198**

Income from deconsolidation of EUR 18,792 was collected as a result of the disposal of SMA.

The following cash flows are attributable to the discontinued operations:

	SMA	SELZER	SCHÄFER	2022	SMA	SELZER	SCHÄFER	2021
Cash flow from operating activities	-25,972	-21,852	-881	-48,705	-21,536	-17,769	-2,476	-41,781
Cash flow from investing activities	-15,881	-11,648	-772	-28,301	-12,588	-11,755	-30	-24,373
Cash flow from financing activities	-1,040	-2,165	-709	-3,914	-2,321	-655	-654	-3,630
Net changes in cash and cash equivalents from discontinued operations	**-42,893**	**-35,665**	**-2,362**	**-80,920**	**-36,445**	**-30,179**	**-3,160**	**-69,784**

Notes to the Statement of Income

[8] Revenue

Revenues include EUR 205,275 thousand in revenues using measurement over time (previous year: EUR 187,829 thousand). Also included is EUR 18,104 thousand in revenue from services (previous year: EUR 16,924 thousand). A breakdown of revenue by reportable segments can be found under segment reporting [35].

[9] Other Operating Income

in EUR '000	2022	2021
Income from the reversal of provisions	4,996	5,874
Income from currency conversion	7,192	4,315
Income from asset disposals	4,197	3,594
Reversal of valuation allowances	1,581	2,023
Transfer to earnings/release of deferrals carried as liabilities	381	329
Insurance compensation	2,236	1,716
Income from rental and lease agreements	121	359
Appreciation/reversal of impairment on property, plant and equipment	31	0
Other operating income	4,360	5,600
Total	**25,095**	**23,810**

Income from currency conversion of EUR 7,192 thousand (previous year: EUR 4,315 thousand) is offset by expenses of EUR -9,092 thousand (previous year: EUR -3,462 thousand). The figure from exchange rate differences recognized in income therefore amounts to EUR -1,900 thousand (previous year: EUR 853 thousand).

[10] Own Work Capitalized

In addition to own work capitalized, expenses for research and development not eligible for capitalization of EUR 21,146 thousand (previous year: EUR 17,226 thousand) were recognized for the period.

[11] Change in Inventories

in EUR '000	2022	2021
Work in process	23,746	33,665
Finished goods	6,257	-11,934
Total	**30,003**	**21,731**

[12] Cost of Materials

in EUR '000	2022	2021
Raw materials, consumables and supplies, and purchased merchandise	-765,254	-659,198
Purchased services	-106,954	-97,835
Total	**-872,208**	**-757,033**

[13] Personnel Expenses

in EUR '000	2022	2021
Wages and salaries	-415,996	-393,714
Social security	-74,755	-70,593
Pensions	-3,891	-3,178
Total	**-494,642**	**-467,485**

Personnel expenses do not include the interest component from the transfer to pension provisions. This is recognized in net interest at EUR 469 thousand (previous year: EUR 367 thousand).

[14] Impairment

The impairment relates to goodwill in the amount of EUR 39,366 thousand (previous year: EUR 187 thousand), intangible assets in the amount of EUR 1,874 thousand (previous year: EUR 217 thousand) and tangible fixed assets in the amount of EUR 1,532 thousand (previous year: EUR 2,074 thousand).

Impairment of EUR 12,700 thousand was recognized in the Construction/Infrastructure segment, EUR 13,800 thousand in the Engineering segment, EUR 13,219 thousand in the Medical Engineering/Life Science segment, and EUR 3,053 thousand in the Metals Technology segment. Impairment of EUR 2,479 thousand in the previous year related to the Automotive Technology segment.

See Note [19] for more information regarding goodwill impairment.

[15] Other Operating Expenses

in EUR '000	2022	2021
Selling expenses	-102,125	-86,287
Operating expenses	-58,407	-59,771
Administrative expenses	-57,939	-48,613
Other expenses	-14,997	-12,535
Total	**-233,468**	**-207,206**

SELLING EXPENSES

in EUR '000	2022	2021
Shipping, packaging and commissions	-57,859	-51,556
Vehicle, travel and entertainment expenses	-20,542	-14,767
Marketing and trade fairs	-12,897	-9,664
Receivables and guarantees	-7,839	-7,985
Other selling expenses	-2,988	-2,315
Total	**-102,125**	**-86,287**

OPERATING EXPENSES

in EUR '000	2022	2021
Machinery and equipment: maintenance, repair, and running costs	-20,646	-21,516
Land and buildings: maintenance and ancillary costs	-14,975	-13,834
Energy, supplies, tools	-10,948	-14,815
Other operating expenses	-11,838	-9,606
Total	**-58,407**	**-59,771**

ADMINISTRATIVE EXPENSES

in EUR '000	2022	2021
EDP, office, and communication services	-18,088	-15,410
Consulting and fees	-19,676	-16,493
Insurance	-5,223	-4,721
Human resources administration and continuing education	-7,738	-5,556
Other administrative costs	-7,214	-6,433
Total	**-57,939**	**-48,613**

OTHER EXPENSES

in EUR '000	2022	2021
Cost of currency conversion	-9,092	-3,462
Losses due to deconsolidation of companies	0	-837
Disposal of fixed assets	-295	-1,603
Other	-5,610	-6,633
Total	**-14,997**	**-12,535**

Expenses for short-term leases of EUR 471 thousand (previous year: EUR 216 thousand) and for low-value leased assets of EUR 302 thousand (previous year: EUR 434 thousand) are included in various items of other operating expenses.

[16] Financial Income

in EUR '000	2022	2021
Interest and similar income	1,378	171
Interest and similar expenses	-14,490	-14,124
Net interest	**-13,112**	**-13,953**
Income from shares accounted for using the equity method	**511**	**998**
Interests attributable to non-controlling shareholders	-5,203	-3,378
Expense from/amortization of financial assets	0	-9
Income from financial investments	70	385
Other financial income	**-5,133**	**-3,002**
Total	**-17,734**	**-15,957**

Interest expenses include interest expenses for lease liabilities pursuant to IFRS 16 of EUR 1,444 thousand (previous year: EUR 1,475 thousand). 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 3,008 thousand (previous year: EUR 4,226 thousand) and earnings after taxes that external entities are entitled to from shares in limited partnerships and stock corporations with call/put options.

[17] Income Taxes

in EUR '000	2022	2021
Non-recurring taxes	-689	-917
Current taxes	-58,957	-46,859
Deferred taxes	16,605	-4,131
Total	**-43,041**	**-51,907**

Non-recurring taxes were primarily due to changes resulting from diverging tax assessments.

SPECIAL TAX ASPECTS

INDUS Holding AG’s business model is based on the idea of building up a portfolio of small and medium-sized niche enterprises, which hold leading positions on their respective markets. Synergies play a subordinate role when INDUS Holding AG acquires subsidiaries. Each company is responsible for its own results, supported if necessary by the holding company’s resources.

In the past, INDUS focused its acquisitions above all on German limited partnerships. The acquisition of a limited partnership has tax consequences as follows:

The value added from the purchase price allocation for tax purposes is deductible as depreciation/amortization from supplementary tax statements, distributed over the respective useful life. This means that the tax assessment base is reduced by the depreciation/amortization. Even for companies with buoyant earnings, this can result in a tax loss with corresponding tax savings, in trade tax at limited partnerships and in corporate income tax at INDUS Holding AG.

Deferred taxes on tax loss carryforwards are only capitalized by the Group if sufficient taxable income can be assumed.

Trade tax is due at the level of the limited partnerships. Offsetting tax gains and losses between limited partnerships is not permitted for trade tax. The taxable income of partnerships is ascribed to INDUS Holding AG and then subjected to corporate income tax. No tax group contracts have been concluded with limited liability companies. Various companies (foreign and domestic stock corporations as well as limited partnerships with respect to their income taxes) did not generate sufficient taxable income to utilize tax losses. This situation is reflected in the item “No offsetting of income for autonomous subsidiaries.”

RECONCILIATION FROM EXPECTED TO ACTUAL TAX EXPENSES (in EUR '000)

	2022	2021
Earnings before income taxes	115,931	149,669
Expected tax expenses 29.6% (previous year: 29.6%)	34,316	29,326
Reconciliation		
Non-recurring taxes	689	917
Measurement of associated companies according to the equity method	-151	-320
Amortization of goodwill corporations	5,804	354
Structural effects of		
divergent local tax rates	633	743
divergent national tax rates	-1,445	-2,116
Corporate acquisition transaction costs	70	306
Capitalization or valuation allowance of deferred tax loss carryforwards	110	3,012
Use of actual tax loss carryforward	-763	-2,536
No offsetting of income for autonomous subsidiaries	10,222	18,977
Income attributable to other shareholders	1,540	1,000
Effects of the interest barrier on INDUS Holding AG	680	652
Other non-deductible expenses and tax-free income	-8,664	1,205
Actual tax expenses	**43,041**	**51,520**
as a percentage of income	37.1	34.4

At a corporate income tax rate of 15% (previous year: 15%), and after taking into consideration the average trade tax assessment multiplier of 395% (previous year: 395%) and an unchanged solidarity surcharge of 5.5%, the income tax rate for domestic companies comes to 29.6% (previous year: 29.6%).

[18] Earnings per Share

Earnings from continuing operations came to EUR 2.68 per share (previous year: EUR 3.68 per share). Earnings from discontinued operations came to EUR -4.61 per share (previous year: EUR -1.91 per share). The weighted average number of shares in circulation remained unchanged in the current year at 26,895,559 (previous year: 26,332,863). The increase in the weighted average number of shares in circulation stems from the capital increase of 2,445,050 shares to 26,895,559 shares on March 26, 2021.

in EUR '000	2022	2021
Income attributable to INDUS shareholders	**-51,822**	**46,809**
Income (expense) from discontinued operations	-123,907	-50,198
Income attributable to INDUS shareholders from continuing operations	**72,085**	**97,007**
Weighted average shares outstanding (in thousands)	26,896	26,333
Earnings per share from continuing operations (in EUR)	2.68	3.68
Earnings per share from discontinued operations (in EUR)	-4.61	-1.90
Earnings per share from continuing and discontinued operations (in EUR)	**-1.93**	**1.78**

Notes on the Consolidated Statement of Financial Position

[19] Goodwill

Individual goodwill, summarized at segment level, is as follows:

FIXED ASSET SCHEDULE – GOODWILL (in EUR '000)

	Carrying amount as of Jan. 1, 2022	Changes in scope of consolidation	Addition	Disposal	Impairment	Exchange rate difference	Carrying amount as of Dec. 31, 2022
Construction/Infrastructure	134,190	0	0	0	-12,700	399	121,889
Automotive Technology	19,375	0	0	0	0	19	19,394
Engineering	163,554	32,528	0	0	-11,925	36	184,193
Medical Engineering/Life Science	69,639	0	0	0	-13,219	311	56,731
Metals Technology	23,040	0	0	0	-1,522	0	21,518
Total goodwill	**409,798**	**32,528**	**0**	**0**	**-39,366**	**765**	**403,725**

	Carrying amount as of Jan. 1, 2021	Changes in scope of consolidation	Addition	Disposal	Impairment	Exchange rate difference	Carrying amount as of Dec. 31, 2021
Construction/Infrastructure	115,759	18,077	0	0	0	354	134,190
Automotive Technology	21,913	0	0	0	-2,529	-9	19,375
Engineering	150,581	12,542	0	0	0	431	163,554
Medical Engineering/Life Science	69,639	0	0	0	0	0	69,639
Metals Technology	23,040	0	0	0	0	0	23,040
Total goodwill	**380,932**	**30,619**	**0**	**0**	**-2,529**	**776**	**409,798**

IMPAIRMENT TESTS

The impairment test compares the recoverable value of the cash generating unit (CGU) against the carrying amount including goodwill. INDUS typically uses the value in use to determine the recoverable value.

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: 0.7%). 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.

TRIGGERING-EVENT IMPAIRMENT TEST AS OF DECEMBER 31, 2022

Due to the sharp increase in the cost of capital in the fourth quarter of 2022, the INDUS Holding AG Board of Management determined the pre-tax cost of capital rate for the segments as of December 31, 2022, and derived a sufficiently raised pre-tax cost of capital rate for the Medical Engineering/Life Science segment used for an event-linked impairment test as of December 31, 2022.

An updated pre-tax cost of capital rate of 11.5% was applied. It is based on risk-free interest rates of 2.0%, a market risk premium of 7.25% and segment-specific beta coefficients, derived by a peer group, and borrowing rates.

The event-linked impairment test resulted in impairment losses on goodwill of EUR 1,518 thousand.

An increase in the pre-tax cost of capital rate of 0.5 percentage points as of September 30, 2022, would lead to additional goodwill impairments of EUR 8,200 thousand (previous year: EUR 0 thousand). A decrease in the growth rate of 1.0 percentage point would lead to additional goodwill impairments of EUR 4,400 thousand (previous year: EUR 252 thousand).

[20] Right-of-use Assets From Leasing/Rent

The carrying amounts of the right-of-use assets from leasing/rent have changed as follows:

FIXED ASSET SCHEDULE – RIGHT-OF-USE ASSETS FROM LEASING/RENT (in EUR '000)

	Carrying amount as of Jan. 1, 2022	Addition	Disposal	Addition depreciation	Disposal depreciation	IFRS 5 Reclassification/disposal from the scope of consolidation	Reclassifications/Exchange rate differences	Carrying amount as of Dec. 31, 2022
Right-of-use assets – land and buildings	76,441	10,750	4,487	27,277	4,456	7,412	207	52,678
Right-of-use assets – technical equipment and machinery	9,223	2,023	1,382	3,115	1,158	368	-6	7,533
Right-of-use assets – vehicles	6,595	4,487	3,597	4,506	3,562	9	-2	6,530
Right-of-use assets – other leasing/rent	1,143	2,169	722	1,154	722	0	5	2,163
Total right-of-use assets from leasing/rent	**93,402**	**19,429**	**10,188**	**36,052**	**9,898**	**7,789**	**204**	**68,904**

	Carrying amount as of Jan. 1, 2021	Addition	Disposal	Addition depreciation	Disposal depreciation	IFRS 5 Reclassification/disposal from the scope of consolidation	Reclassifications/Exchange rate differences	Carrying amount as of Dec. 31, 2021
Right-of-use assets – land and buildings	70,609	19,260	3,143	13,563	2,756	0	522	76,441
Right-of-use assets – technical equipment and machinery	8,271	3,930	1,464	3,055	1,414	0	127	9,223
Right-of-use assets – vehicles	5,484	5,613	3,123	4,425	3,053	0	-7	6,595
Right-of-use assets – other leasing/rent	1,416	442	543	727	562	0	-7	1,143
Total right-of-use assets from leasing/rent	**85,780**	**29,245**	**8,273**	**21,770**	**7,785**	**0**	**635**	**93,402**

The INDUS Group primarily recognizes right-of-use assets for land and buildings. These relate both to administration buildings and to production facilities and warehouses. The leased technical equipment generally concerns machinery necessary for production processes. The leases are agreed individually. The right-of-use assets from these have estimated total economic lives of up to 50 years. The corresponding financial liabilities are explained in more detail under [31].

[21] Development of Goodwill, Right-of-use Assets From Leasing/Rent, Other Intangible Assets, Tangible Fixed Assets, and Investment Property

PURCHASE/MANUFACTURING COSTS IN 2022

(in EUR '000)

	Opening balance Jan. 1, 2022	Change in scope of consolidation	Addition	Disposal	Reclassification	IFRS 5 Reclassification	Exchange rate difference	Closing balance Dec. 31, 2022
Goodwill	**504,816**	**7,253**	**0**	**-372**	**0**	**-38,449**	**485**	**473,733**
Right-of-use assets from leasing/rent	**140,993**	**-14,808**	**19,429**	**-10,188**	**-1,777**	**-14,407**	**230**	**119,472**
Capitalized development costs	40,042	-1,775	5,507	0	19	-14,507	111	29,397
Customer base	105,458	43,484	0	0	0	-290	248	148,900
IP rights, concessions, other intangible assets	184,931	-8,989	6,279	-528	627	-6,878	24	175,466
Total other intangible assets	**330,431**	**32,720**	**11,786**	**-528**	**646**	**-21,675**	**383**	**353,763**
Land and buildings	315,910	-1,869	2,167	-4,655	9,077	-41,965	2,021	280,686
Technical equipment and machinery	439,179	-63,337	14,623	-18,695	13,871	-74,067	233	311,807
Other equipment, factory and office equipment	204,763	-8,024	17,596	-8,449	3,128	-19,425	376	189,965
Advance payments and facilities under construction	28,972	-8,090	28,595	-129	-24,945	-7,458	-79	16,866
Total property, plant and equipment	**988,824**	**-81,320**	**62,981**	**-31,928**	**1,131**	**-142,915**	**2,551**	**799,324**
Investment property	**12,232**	**0**	**0**	**0**	**0**	**-3,669**	**0**	**8,563**

AMORTIZATION 2022

(in EUR '000)

	Opening balance Jan. 1, 2022	Change in scope of consolidation	Addition	Disposal	Reclassification	IFRS 5 Reclassification	Exchange rate difference	Closing balance Dec. 31, 2022
Goodwill	**95,018**	**-25,275**	**39,366**	**-372**	**0**	**-38,449**	**-280**	**70,008**
Right-of-use assets from leasing/rent	**47,591**	**-8,880**	**36,052**	**-9,898**	**-1,777**	**-12,546**	**26**	**50,568**
Capitalized development costs	23,952	-1,775	9,941	0	-238	-14,507	103	17,476
Customer base	33,798	0	10,268	0	0	-326	-102	43,638
IP rights, concessions, other intangible assets	129,864	-17,973	15,118	-473	474	-6,799	2	120,213
Total other intangible assets	**187,614**	**-19,748**	**35,327**	**-473**	**236**	**-21,632**	**3**	**181,327**
Land and buildings	91,898	-1,747	15,726	-658	1,383	-20,250	675	87,027
Technical equipment and machinery	336,302	-49,315	40,331	-17,711	957	-73,104	246	237,706
Other equipment, factory and office equipment	144,014	-7,721	21,272	-8,061	-799	-18,699	302	130,308
Advance payments and facilities under construction	0	-8,061	15,630	0	0	-7,423	-146	0
Total property, plant and equipment	**572,214**	**-66,844**	**92,959**	**-26,430**	**1,541**	**-119,476**	**1,077**	**455,041**
Investment property	**6,450**	**0**	**1,367**	**0**	**0**	**-1,469**	**0**	**6,348**

PURCHASE/MANUFACTURING COSTS IN 2021

(in EUR '000)

	Opening balance Jan. 1, 2021	Change in scope of consolidation	Addition	Disposal	Reclassification	IFRS 5 Reclassification	Exchange rate difference	Closing balance Dec. 31, 2021
Goodwill	**478,848**	**25,183**	**0**	**0**	**0**	**0**	**785**	**504,816**
Right-of-use assets from leasing/rent	**118,790**	**-347**	**29,231**	**-7,912**	**-25**	**0**	**1,256**	**140,993**
Capitalized development costs	36,726	0	3,217	-227	217	0	109	40,042
Customer base	69,631	35,621	0	0	0	0	206	105,458
IP rights, concessions, other intangible assets	158,505	21,633	5,688	-1,829	671	0	263	184,931
Total other intangible assets	**264,862**	**57,254**	**8,905**	**-2,056**	**888**	**0**	**578**	**330,431**
Land and buildings	326,828	-34,417	5,154	-5,215	20,866	0	2,694	315,910
Technical equipment and machinery	464,726	-35,811	21,772	-19,495	5,821	0	2,166	439,179
Other equipment, factory and office equipment	210,294	-7,238	12,426	-13,001	1,437	0	845	204,763
Advance payments and facilities under construction	26,685	484	31,990	-1,224	-28,987	0	24	28,972
Total property, plant and equipment	**1,028,533**	**-76,982**	**71,342**	**-38,935**	**-863**	**0**	**5,729**	**988,824**
Investment property	**12,232**	**0**	**0**	**0**	**0**	**0**	**0**	**12,232**

AMORTIZATION 2021

(in EUR '000)

	Opening balance Jan. 1, 2021	Change in scope of consolidation	Addition	Disposal	Reclassification	IFRS 5 Reclassification	Exchange rate difference	Closing balance Dec. 31, 2021
Goodwill	**97,916**	**-5,436**	**2,529**	**0**	**0**	**0**	**9**	**95,018**
Right-of-use assets from leasing/rent	**33,011**	**-242**	**21,770**	**-7,543**	**-24**	**0**	**619**	**47,591**
Capitalized development costs	20,645	0	3,201	-1	0	0	107	23,952
Customer base	27,011	-713	7,348	0	0	0	152	33,798
IP rights, concessions, other intangible assets	124,140	-3,299	10,532	-1,698	7	0	182	129,864
Total other intangible assets	**171,796**	**-4,012**	**21,081**	**-1,699**	**7**	**0**	**441**	**187,614**
Land and buildings	115,527	-36,784	14,437	-2,176	-18	0	912	91,898
Technical equipment and machinery	361,720	-35,686	26,980	-18,523	392	0	1,419	336,302
Other equipment, factory and office equipment	145,818	-8,022	18,029	-12,145	-357	0	691	144,014
Advance payments and facilities under construction	0	0	0	0	0	0	0	0
Total property, plant and equipment	**623,065**	**-80,492**	**59,446**	**-32,844**	**17**	**0**	**3,022**	**572,214**
Investment property	**6,294**	**0**	**156**	**0**	**0**	**0**	**0**	**6,450**

Intangible assets have definable useful lives. Change in scope of consolidation impacts additions in accordance with IFRS 3 and deconsolidation. As of the reporting date, the residual carrying amounts of other intangible assets, property, plant and equipment, and investment properties are:

RESIDUAL CARRYING AMOUNTS OF FIXED ASSETS (in EUR '000)

	Dec. 31, 2022	Dec. 31, 2021
Goodwill	**403,725**	**409,798**
Right-of-use assets from leasing/rent	**68,904**	**93,402**
Capitalized development costs	11,921	16,090
Customer base	105,262	71,659
IP rights, concessions, other intangible assets	55,253	55,068
Total other intangible assets	**172,436**	**142,817**
Land and buildings	193,659	224,012
Technical equipment and machinery	74,101	102,877
Other equipment, factory and office equipment	59,657	60,749
Advance payments and facilities under construction	16,866	28,972
Property, plant and equipment	**344,283**	**416,610**
Investment property	**2,215**	**5,782**

[22] Financial Investments

in EUR '000	Dec. 31, 2022	Dec. 31, 2021
Other investments	2,441	2,517
Other loans	3,130	6,277
Total	**5,571**	**8,794**

[23] Shares Accounted for Using the Equity Method

As of December 31, 2022, the carrying amounts of shares accounted for using the equity method totaled EUR 4,276 thousand (previous year: EUR 4,578 thousand).

The table below presents additional data on investments measured using the equity method:

in EUR '000	2022	2021
Purchase price of associated companies	4,033	5,044
Appropriated income in the period	511	1,082
Key figures of the associated companies:		
Assets	7,695	8,910
Liabilities	3,532	4,017
Capital	4,163	4,892
Revenue	12,731	23,475
Earnings	1,022	2,163

[24] Other Assets

in EUR '000	Dec. 31, 2022	Dec. 31, 2021
Other financial assets		
Reinsurance premiums	465	977
Long-term receivables	4	659
Loans and other receivables	755	553
Positive market value of derivatives	4,171	0
Other assets	11,075	24,208
Total other financial assets	**16,470**	**26,397**
Other non-financial assets		
Accrual of payments not relating to the reporting period	5,949	6,111
Other tax refund claims	1,596	3,788
Contract initiation costs	0	2,627
Total other non-financial assets	**7,545**	**12,526**
Total	**24,015**	**38,923**
of which current	22,048	35,538
of which non-current	1,967	3,476

In the previous year, contract initiation costs, measured at the nominal value of the payments made, were capitalized in other assets in the amount of EUR 2,627 thousand. Valuation allowances were formed for the contract initiation costs in the 2022 financial year.

[25] Deferred Taxes and Current Income Taxes

The origin of the deferred tax assets and liabilities is broken down by statement of financial position item as follows:

2022 (in EUR '000)	Assets	Liabilities	Balance
Goodwill of limited partnerships	5,125	-21,466	-16,341
Intangible assets*	9,002	-72,498	-63,496
Property, plant and equipment	11,539	-7,010	4,529
Receivables and inventories	24,111	-937	23,174
Other current assets	8,718	-1,240	7,478
Non-current provisions	9,898	-1,832	8,066
Other equity and liabilities	18,723	-30,286	-11,563
Capitalization of loss carryforwards	4,698	0	4,698
Netting	-71,642	71,642	0
Deferred taxes	**20,172**	**-63,627**	**-43,455**

2021 (in EUR '000)	Assets	Liabilities	Balance
Goodwill of limited partnerships	672	-25,105	-24,433
Intangible assets*	781	-47,605	-46,824
Property, plant and equipment	7,905	-7,621	284
Receivables and inventories	27,520	-353	27,167
Other current assets	3,754	-1,176	2,578
Non-current provisions	8,334	-20	8,314
Other equity and liabilities	27,018	-33,909	-6,891
Capitalization of loss carryforwards	5,007	0	5,007
Netting	-67,220	67,220	0
Deferred taxes	**13,771**	**-48,569**	**-34,798**

* Including right-of-use assets from leases/rent

Netting is undertaken for income tax which is due to the same tax authority. This relates mainly to the corporate income tax of INDUS Holding AG and those of its German subsidiaries, which are incorporated companies by law.

Deferred tax liabilities result mainly from the calculation of deferred taxes on the tax-deductible goodwill of limited partnerships. For tax purposes, rules governing the purchase price allocation are similar to those under IFRS for limited partnerships, and the resulting assets – and goodwill of a fiscal nature – are tax-deductible. As goodwill is no longer amortized in accordance with IFRS, deferred taxes will henceforth be accrued in line with the amortization of fiscal goodwill as per the conditions set forth in IAS 12.21B. Deferred taxes must be recognized before the company is sold.

Changes in the balance of deferred taxes are explained in the following tables:

CHANGE IN DEFERRED TAXES

(in EUR '000)

	Jan. 1, 2022	Income statement	Other	Dec. 31, 2022
Trade tax	4,348	-297	0	4,051
Corporation tax	659	-12	0	647
Foreign tax	0	0	0	0
Capitalization of loss carryforwards	**5,007**	**-309**	**0**	**4,698**
Other deferred taxes	-39,805	16,914	-25,262	-48,153
Deferred taxes	**-34,798**	**16,605**	**-25,262**	**-43,455**

	Jan. 1, 2022	Income statement	Other	Dec. 31, 2021
Trade tax	4,825	-477	0	4,348
Corporation tax	1,465	-806	0	659
Foreign tax	1,178	-1,178	0	0
Capitalization of loss carryforwards	**7,468**	**-2,461**	**0**	**5,007**
Other deferred taxes	-27,585	-2,594	-9,626	-39,805
Deferred taxes	**-20,117**	**-5,055**	**-9,626**	**-34,798**

Other changes in deferred taxes break down as follows:

in EUR '000	2022	2021
Reserves for mark-to-market valuation of hedging instruments (cash flow hedge)	-1,072	-264
Currency conversion reserve	-4,865	-1,072
Pension provisions (actuarial gains/losses)	-3,696	-899
Transfer to retained earnings	0	-689
Change in scope of consolidation	-15,629	-6,702
Total	**-25,262**	**-9,626**

Recognized deferred taxes are based on tax loss carryforwards of EUR 35,004 thousand (previous year: EUR 34,823 thousand).

Other tax loss carryforwards amounting to a total of EUR 208,504 thousand (previous year: EUR 395,328 thousand), where the probability of realization in the next years is unlikely, were not capitalized. These are largely trade tax loss carryforwards, resulting from the special tax aspects of the INDUS Group, as described under [17]. Future potential realization possibilities are therefore determined by the trade tax rate that is applicable at the time. The largest individual item is the holding company's trade tax loss carryforward. Utilization of the tax loss carryforwards is not subject to any time restrictions.

Deferred tax assets of EUR 1,478 thousand (previous year: EUR 4,636 thousand) were recognized in addition to deferred tax liabilities at companies that recently incurred tax losses, since on the basis of the earnings projections it is more probable , than not that there will be taxable profits to offset against them.

For temporary differences associated with shares in subsidiaries, no deferred tax liabilities have been recognized because INDUS Holding AG is able to control the timing of the reversal of the temporary differences and no liquidation of the differences (through disposal or distribution) is planned. The differences in the net assets of the subsidiaries structured as a limited company and the tax base, which is generally the acquisition cost, came to EUR 133,100 thousand (previous year: EUR 50,944 thousand). The total of the unrecognized temporary differences associated with investments in subsidiaries is EUR 6,655 thousand (previous year: EUR 5,587 thousand).

[26] Inventories

in EUR '000	Dec. 31, 2022	Dec. 31, 2021
Raw materials, consumables, and supplies	173,902	160,589
Unfinished goods	118,898	102,205
Finished goods and goods for resale	137,645	118,854
Advance payments	18,942	22,246
Total	**449,387**	**403,894**

The carrying amounts for inventories include depreciation of EUR 23,483 thousand (previous year: EUR 26,781 thousand).

[27] Receivables

in EUR '000	Dec. 31, 2022	Dec. 31, 2021
Receivables from customers	182,087	153,646
Contract receivables	12,553	13,402
Receivables from associated companies	828	1,842
Total	**195,468**	**168,890**

In the current reporting year, EUR 4 thousand of receivables from customers with a payment term of over one year have been recognized (previous year: EUR 659 thousand).

Receivables include contract receivables with revenue recognized according to the measurement-over-time method. The following table contains further information about contract receivables:

in EUR '000	2022	2021
Costs incurred including prorated income	105,574	111,173
Advance payments received	133,958	125,148
Contract receivables	12,553	13,402
Contract liabilities	40,937	27,377

Contract liabilities relate to contracts with revenue recognition over time exhibiting an offset surplus of received prepayments. These are shown under other liabilities in the statement of financial position. Of the contract liabilities recognized in the amount of EUR 27,377 thousand in the previous year, EUR 22,517 thousand were recognized as revenue in the reporting year. As of December 31, 2022, there are contract liabilities, with allocated transaction prices of EUR 275,060 thousand (previous year: EUR 154,479 thousand). These are scheduled to be realized as revenue within the next 1 to 47 months.

The receivables include valuation allowances of EUR 5,944 thousand (previous year: EUR 4,756 thousand). The development is depicted below:

in EUR '000	2022	2021
Valuation allowances as of January 1	**4,756**	**5,946**
Currency difference	27	37
Change in scope of consolidation	-947	286
Additions	3,975	1,740
Utilization	-167	-1,204
Reversals	-1,700	-2,049
Valuation allowances as of December 31	**5,944**	**4,756**

Receivables in the amount of EUR 840 thousand (previous year: EUR 338 thousand) were derecognized through profit and loss in the financial year.

[28] Equity

SUBSCRIBED CAPITAL

The capital stock came to EUR 69,928,453.64 on the reporting date (previous year: EUR 69,928,453.64). Capital stock consists of 26,895,559 (previous year: 26,895,559) no-par-value shares. All shares are fully paid in.

The shares are bearer shares, each conferring one vote at the Annual Shareholders' Meeting. The shares are admitted to the Regulated Market of the Düsseldorf and Frankfurt Stock Exchanges, and for over-the-counter trading in Berlin, Hamburg, and Stuttgart.

AUTHORIZED CAPITAL

The Board of Management is authorized by Section 6.1, with the Supervisory Board's approval, to increase the company's capital stock in the period up until May 25, 2026, once or in several installments, by a total of up to EUR 34,964,225.52 in return for cash and/or non-cash contributions (including mixed non-cash contributions) by issuing up to 13,447,779 new registered no-par-value shares (Authorized Capital 2021) and, in doing so, to set a start date for profit sharing that deviates from that set out by law, also with retroactive effect from a financial year that has already passed insofar as no resolution has been passed as yet on the profit for this financial year that has already passed. The new shares may also be issued to one or more financial institutions or other entities mentioned in Section 186 (5) Sentence 1 AktG with the obligation to offer them to the shareholders (indirect subscription right), or partly by way of a direct subscription right (e.g. to shareholders who have previously signed a fixed subscription agreement), or otherwise by way of an indirect subscription right in accordance with Section 186 (5) AktG.

However, the Board of Management is authorized, with the Supervisory Board's approval, to exclude shareholders' statutory subscription rights in the following cases:

- to avoid fractional amounts;
- in the event of a capital increase through cash contributions; if the issue price of the new shares issued under exclusion of subscription rights pursuant to Section 186 (3) Sentence 4 of the German Stock Corporation Act (AktG) is not significantly below the stock market price and the aggregate number of the new shares issued under exclusion of subscription rights pursuant to Section 186 (3) Sentence 4 AktG does not exceed the lower of 10% of the capital stock at the time at which the authorized capital 2021 is entered in the Commercial Register or 10% of the capital stock at the time the new shares are issued. Shares that were sold or issued, or are to be issued, on the basis of other authorizations during the term of this authorization, in direct application or in application mutatis mutandis of Section 186 (3) Sentence 4 AktG excluding subscription rights, shall count towards this limit;
- in a capital increase through non-cash contributions, particularly to acquire companies, company divisions, equity interests in a company or other assets, including receivables owed by the Company; and
- to grant the holders of conversion or option rights relating to shares in the company/corresponding conversion or option obligations a subscription right, to offset dilutions, to the extent that would be available to them as shareholders following their exercise of these rights/fulfillment of these obligations.

The total number of shares issued or to be issued with exclusion of subscription rights owing to one of these authorizations may not exceed 10% of the capital stock at the time at which the authorization is exercised; this limit includes shares sold or issued or to be issued with exclusion of subscription rights owing to a different authorization during the term of this authorization.

CONTINGENT CAPITAL

At the Annual Shareholders' Meeting on May 24, 2018, the company's capital stock was conditionally increased by up to EUR 11,700,000.04, divided into 4,500,000 no-par-value shares (contingent capital 2018).

The implementation of the conditional capital increase is conditional upon:

- exercise by the holders or creditors of convertible bonds or warrants from option bonds (or a combination thereof) issued or guaranteed by INDUS Holding AG or its Group companies by May 23, 2023, pursuant to the authorization granted to the Board of Management by the Annual Shareholders' Meeting on May 24, 2018, of such convertible bonds or warrants;
- obligations from convertible bonds or option bonds, issued by the company, pursuant to the authorization granted to the Board of Management by the Annual Shareholders' Meeting on May 24, 2018, until May 23, 2023, that fulfill conversion or option rights; and
- and contingent capital being required in accordance with the terms of the convertible bonds or option bonds.

New shares are issued at the strike or conversion price determined in accordance with the authorization mentioned above. The new shares participate in profits from the beginning of the financial year in which option or conversion rights are exercised or option or conversion obligations are fulfilled. The Supervisory Board is authorized to amend the wording of the Articles of Incorporation in accordance with such use of the contingent capital and to change all option or conversion deadlines after they expire.

RESERVES AND CONSOLIDATED NET INCOME AVAILABLE FOR DISTRIBUTION

The development of reserves is presented in the statement of changes in equity and includes INDUS Holding AG's capital reserves. As of the reporting date, the equity ratio was 36.3% (previous year: 42.4%).

INTERESTS ATTRIBUTABLE TO NON-CONTROLLING SHAREHOLDERS

Interests attributable to non-controlling shareholders essentially consist of the shares in the subsidiary of Rolko Kohlgrüber GmbH. Interests attributable to non-controlling shareholders in limited partnerships and limited liability companies, 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 [30].

A reciprocal option agreement (symmetrical call/put option) was signed in 2021 for the acquisition of a 20% minority interest in Weigand Bau GmbH. The option can be exercised by either of the parties at any time after January 1, 2022. Another 23.2% minority interest was acquired in a sub-subsidiary in 2021. Both transactions are reported in the table of equity as "Transactions involving interests attributable to non-controlling shareholders."

APPROPRIATION OF DISTRIBUTABLE PROFIT

The Board of Management will propose to the Annual Shareholders' Meeting that the following dividend payments be made from INDUS Holding AG's balance sheet profit:

Payment of a dividend of EUR 0.80 per no-par-value share (previous year: EUR 1.05 per no-par-value share). At 26,895,559 shares (previous year: 26,895,559 shares), this equates to a payment of EUR 21,516,447.20 (previous year: EUR 28,240,336.95). The text of the proposed appropriation of distributable profit is published separately. The proposed dividend was not recognized in the balance sheet, and there are no tax consequences.

OTHER RESERVES

CHANGE IN OTHER RESERVES

(in EUR '000)

	Jan. 1, 2021	Other comprehensive income 2021	Transfer to retained earnings	Dec. 31, 2021	Other comprehensive income 2022	Transfer to retained earnings	Dec. 31, 2022
Currency conversion reserve	-830	7,101	0	6,271	6,428	0	12,699
Pension provisions (actuarial gains/losses)	-30,555	3,834	2,327	-24,394	15,160	0	-9,234
Deferred taxes for pensions	8,462	-899	-689	6,874	-3,696	0	3,178
Reserve for cash flow hedges	-4,271	1,678	0	-2,593	6,772	0	4,179
Deferred taxes for cash flow hedges	672	-264	0	408	-1,072	0	-664
Total other reserves	**-26,522**	**11,450**	**1,638**	**-13,434**	**23,592**	**0**	**10,158**

03 |

Reserves for currency conversion and for cash flow hedges include unrealized gains and losses. The change in reserves for cash flow hedges instruments is based exclusively on ongoing changes in mark-to-market valuation. There were no effects resulting from reclassification.

CAPITAL MANAGEMENT

INDUS Holding AG manages capital so as to increase the return on equity and ensure the INDUS Group has adequate liquidity and good credit standing. The ratio of equity to interest-bearing total capital, consisting of interest-bearing debt capital and equity, is constantly optimized to the same end. Interest-bearing debt capital comprises pension provisions and financial liabilities, less cash and cash equivalents, and amounts to EUR 617,125 thousand (previous year: EUR 545,454 thousand). Taking equity in the statement of financial position into account, total capital comes to EUR 1,302,346 thousand (previous year: EUR 1,332,928 thousand). Relative to total interest-bearing capital employed, the equity ratio is 52.6% (previous year: 59.1%).

The EUR 30,582 thousand decrease in total capital (previous year: increase of EUR 88,778 thousand) was due to a EUR 102,252 thousand decrease in equity (previous year: increase of EUR 111,120 thousand) and a EUR 71,670 thousand increase in interest-bearing debt capital (previous year: decline of EUR 23,141 thousand).

INDUS Holding AG is not subject to any other legally mandatory capital requirements, with the exception of the minimum capital rules stipulated in stock corporation law. Furthermore, INDUS Holding AG has entered into obligations to maintain a minimum equity ratio at the stock corporation in connection with loan agreements. This enables it to keep receiving funds on reasonable terms. INDUS Holding AG's required minimum equity ratio was exceeded in the past financial year. The lenders have extraordinary termination rights in case of a change of control. Certain key figures have been defined for promissory note loans.

[29] Pensions

The defined benefit plans exist in portfolio companies in Germany and Switzerland. The German pension plans are based on lifetime pension payments for the beneficiaries and their surviving dependents and are subject to the regulations for pension provisions, pension funds, life insurance, and relief funds, which are mainly regulated through the company pension. The pension plans are only financed via guarantee fund assets in individual cases. Pension obligations in Switzerland are subject to the legal regulations for company pensions and are financed in accordance with these regulations so that they are funded via pension funds. The average weighted term of the obligations for German plans amounts to 12.5 years (previous year: 14.5 years) and for Swiss plans 15.8 years (previous year: 16.9 years).

STATEMENT OF INCOME (in EUR '000)

	2022	2021	Change
Current service cost	1,921	1,881	40
Interest expense	469	367	102
Income from plan assets	-162	-67	-95
Past service cost	-186	-1,301	1,115
Administrative costs of the trust	127	115	12
Cost of defined benefit obligation	**2,169**	**995**	**1,174**
+ Defined contribution plan cost	3,419	3,332	87
= Expenses for pension commitments in the reporting period	**5,588**	**4,327**	**1,261**

BALANCE SHEET VALUE (in EUR '000)

	2022	2021	Change
Present value of provisioned benefit entitlements	23,568	41,321	-17,753
Present value of funded benefit entitlements	42,446	40,655	1,791
DBO: Projected benefit obligation of pension commitments	**66,014**	**81,976**	**-15,962**
Market value of plan assets	-42,446	-40,655	-1,791
Net obligation = provision	**23,568**	**41,321**	**-17,753**
Actuarial gains/losses	-9,234	-24,394	15,160
Opening balance: amount carried on the statement of financial position as of January 1	**41,321**	**49,682**	**-8,361**
Pension obligation expenses	2,247	995	1,252
Pension payments	-2,526	-2,777	251
Actuarial gains/losses recognized in equity	-15,160	-3,834	-11,326
Exchange rate changes	336	520	-184
IFRS 5 reclassification	-2,650	0	-2,650
Change in scope of consolidation/netting	0	-3,265	3,265
Closing balance: amount carried on the statement of financial position as of December 31	**23,568**	**41,321**	**-17,753**
Underlying assumptions in percent:			
Discount factor			
Germany	3.80	1.00	
Switzerland	2.25	0.35	
Salary trend			
Germany	2.50	2.50	
Switzerland	1.90	0.90	
Pension trend			
Germany	2.00	1.75	
Switzerland	0.00	0.00	
Expected income from plan assets			
Germany	1.00	1.00	
Switzerland	0.00	0.00	

Interest expense is included in the net interest item. The expected income from plan assets largely corresponds to the actual income.

The defined benefit plans are impacted by actuarial risks, such as longevity risk and interest rate risk. An increase or decrease in the discount factor of 0.5 percentage points would reduce the net obligation by EUR 3,455 thousand (previous year: EUR 5,442 thousand) or increase net obligation by EUR 3,885 thousand (previous year: EUR 6,050 thousand). An increase or decrease in the pension factor of 0.5 percentage points would increase the net obligation by EUR 1,477 thousand (previous year: EUR 1,975 thousand) or reduce the net obligation by EUR 1,379 thousand (previous year: EUR 1,649 thousand).

In connection with retirement benefits, payments amounting to EUR 3,376 thousand are expected in 2023 (in 2021 for 2022: EUR 3,450 thousand).

Plan assets primarily consist of reinsurance policies. Changes in plan assets are as follows:

in EUR '000	2022	2021
Assets as of January 1	**40,655**	**34,411**
Expected income from plan assets	162	67
Ongoing contributions by the companies	2,704	2,452
Pensions paid	-2,494	1,324
Netting/other	-457	768
Exchange rate changes	1,876	1,633
Assets as of December 31	**42,446**	**40,655**

The statement of financial position also contains reimbursement claims of EUR 465 thousand (previous year: EUR 975 thousand).

[30] Other Provisions

Other provisions include interest in the amount of EUR -3 thousand (previous year: EUR 17 thousand).

PROVISIONS 2022 (in EUR '000)

	Opening balance Jan. 1, 2022	Change in scope of consolidation	IFRS 5 Reclassification	Utilization	Reversals	Addition/ newly created	Exchange rate difference	Closing balance Dec. 31, 2022
Liabilities from warranties	14,672	-997	-478	3,820	1,798	6,029	14	13,622
Liabilities from provisions, bonuses, discounts	14,467	170	-1,293	12,254	1,404	14,758	69	14,513
Personnel expenses	4,072	-778	-247	2,627	301	3,016	5	3,140
Other provisions	59,950	-48,536	-8,347	7,047	794	16,970	-42	12,154
Total	**93,161**	**-50,141**	**-10,365**	**25,748**	**4,297**	**40,773**	**46**	**43,429**

Warranty liabilities were formed based on estimated figures due to legal or de facto obligations, provisions, bonus, and discount obligations, and personnel expenses. Personnel expenses mainly consist of contributions to trade associations and potential severance payments. Other provisions relate to potential loss provisions and a range of possible individual risks, which are measured in terms of their probability of occurrence. There were no significant expected reimbursements in relation to obligations recognized as per IAS 37. The opening balance as of January 1, 2022, includes the adjustment to potential loss provisions in the amount of EUR 46,000 thousand resulting from the amendment to IAS 37.

[31] Financial Liabilities

FINANCIAL LIABILITIES/DEVELOPMENT (in EUR '000)

	Carrying amount as of Jan. 1, 2022	Cash-effective	Not cash-effective: Initial recognition	Not cash-effective: Changes in scope of consolidation	Not cash-effective: IFRS 5 Reclassification	Not cash-effective: Exchange rate change and further non-cash-effective changes	Carrying amount as of Dec. 31, 2022
Liabilities to banks	281,322	67,052	0	-1,124	0	477	347,727
Lease liabilities	95,125	-23,268	19,429	-10,607	-10,389	-145	70,145
Promissory note loans	264,007	39,493	0	0	0	0	303,500
Total financial liabilities	**640,454**	**83,277**	**19,429**	**-11,731**	**-10,389**	**332**	**721,372**

	Carrying amount as of Jan. 1, 2021	Cash-effective	Not cash-effective: Initial recognition	Not cash-effective: Changes in scope of consolidation	Not cash-effective: IFRS 5 Reclassification	Not cash-effective: Exchange rate change and further non-cash-effective changes	Carrying amount as of Dec. 31, 2021
Liabilities to banks	340,405	-62,642	0	3,651	0	-92	281,322
Lease liabilities	86,120	-20,964	29,245	-123	0	847	95,125
Promissory note loans	287,089	-23,082	0	0	0	0	264,007
Total financial liabilities	**713,614**	**-106,688**	**29,245**	**3,528**	**0**	**755**	**640,454**

Cash-effective changes in financial liabilities include cash flow from discontinued operations of EUR -3,914 thousand (previous year: EUR -3,630 thousand). These are attributable to changes in liabilities to banks of EUR +273 thousand (previous year: EUR -625 thousand) as well as changes in lease liabilities of EUR -4,187 thousand (previous year: EUR -3,005 thousand).

Exchange rate changes and other non-cash changes include accrued interest of EUR 446 thousand (previous year: EUR -90 thousand).

FINANCIAL LIABILITIES/DERIVATIVES (in EUR '000)

	Carrying amount as of Dec. 31, 2022	Repayment obligation Up to 1 year	Repayment obligation From 1 to 5 years	Repayment obligation More than 5 years
Liabilities to banks				
in EUR, the Group's currency	347,123	93,753	214,143	39,227
in other currencies	604	604	0	0
Lease liabilities	70,145	17,306	38,836	14,003
Promissory note loans	303,500	29,071	144,929	129,500
Total financial liabilities	**721,372**	**140,734**	**397,908**	**182,730**
Notional value of derivatives	113,225	38,780	74,445	0

	Carrying amount as of Dec. 31, 2021	Repayment obligation Up to 1 year	Repayment obligation From 1 to 5 years	Repayment obligation More than 5 years
Liabilities to banks				
in EUR, the Group's currency	280,434	93,099	176,638	10,697
in South African rand	888	888	0	0
Lease liabilities	95,125	26,099	50,408	18,618
Promissory note loans	264,007	43,082	119,925	101,000
Total financial liabilities	**640,454**	**163,168**	**346,971**	**130,315**
Notional value of derivatives	160,554	47,329	108,816	4,409

[32] Other Liabilities

in EUR '000	Dec. 31, 2022	Current	Non-current	Dec. 31, 2021	Current	Non-current
Other financial liabilities						
Liabilities to outside shareholders	76,459	17,606	58,853	64,187	19,594	44,593
Liabilities for employees	43,068	43,068	0	43,893	43,893	0
Derivative financial instruments	0	0	0	2,601	2,601	0
Customer credit notes	7,187	7,187	0	11,786	11,786	0
Sundry other liabilities	2,766	2,340	426	4,370	3,664	706
Total other financial liabilities	**129,480**	**70,201**	**59,279**	**126,837**	**81,538**	**45,299**
Other non-financial liabilities						
Liabilities for employees	2,452	2,452	0	2,356	2,356	0
Liabilities for the cost of annual financial statements	3,266	3,266	0	3,238	3,238	0
Advance payments received	33,030	33,018	12	25,683	25,683	0
Contract liabilities	40,937	40,937	0	27,377	27,377	0
Other tax liabilities	11,879	11,879	0	10,143	10,143	0
Accrual of payments not relating to the reporting period	3,959	3,957	2	4,640	4,472	168
Investment subsidies	444	0	444	1,556	0	1,556
Total other non-financial liabilities	**95,967**	**95,509**	**458**	**74,993**	**73,269**	**1,724**
Total	**225,447**	**165,710**	**59,737**	**201,830**	**154,807**	**47,023**

Liabilities to outside shareholders of EUR 64,050 thousand (previous year: 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. During the financial year, there were new purchase price commitments of EUR 16,622 thousand, EUR 3,855 thousand was recognized in expenses, and EUR 2,280 thousand was deducted mainly due to payouts to outside shareholders. Purchase price commitments fluctuated in line with the percentage change in the operating income (EBIT), partially kept in check by upper and lower limits.

[33] Assets Held For Sale and Liabilities in Connection With Assets Held For Sale

In the fourth quarter of 2022, the Board of Management of INDUS Holding AG decided to sell SELZER Fertigungstechnik and its subsidiaries as well as SCHÄFER Holding GmbH and its subsidiaries. The company is actively looking for buyers. Exploratory talks are being held with interested parties. A sale within the next financial year is considered highly probable.

The associated assets were therefore reported as "assets held for sale." Liabilities of the group of entities held for sale were simultaneously recognized in the balance sheet item "Liabilities in connection with assets held for sale." Write-downs of EUR 63,038 thousand (previous year: EUR 5,710 thousand) in connection with the planned sale of SELZER are recognized as expenses under income from discontinued operations.

HELD FOR SALE (in EUR '000)

	SELZER	SCHÄFER	Others***	Dec. 31, 2022
Intangible assets	0	1,904	0	1,904
Property, plant and equipment	0	7,306	18,333	25,639
Interests in associated companies	0	757	0	757
Inventories	15,525	1,591	0	17,116
Receivables	6,858	1,128	0	7,986
Other assets*	6,008	1,735	0	7,743
Cash and cash equivalents	3,208	1,920	0	5,128
Total "Assets held for sale"	**31,599**	**16,341**	**18,333**	**66,273**
Pension provisions	2,650	0	0	2,650
Other provisions	10,241	124	0	10,365
Financial liabilities	8,160	2,229	0	10,389
Trade payables	5,402	821	0	6,223
Other equity and liabilities**	4,961	1,103	0	6,064
Total "Liabilities in connection with assets held for sale"	**31,414**	**4,277**	**0**	**35,691**

* 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
*** Other "assets held for sale" relate to land and buildings.

Other Disclosures

[34] Information on the Statement of Cash Flows

The purchase prices paid for the new acquisition of investments were as follows:

in EUR '000	2022	2021
Cash-effective attributable to the acquisition of portfolio companies	63,039	71,115
Less purchased cash	-4,270	-3,787
Net purchase price	**58,769**	**67,328**

Cash and cash equivalents include limited-authorization accounts amounting to EUR 577 thousand (previous year: EUR 663 thousand). Investing and financing transactions of EUR 3,439 thousand (previous year: EUR 5,143 thousand) that did not lead to changes in cash and cash equivalents are not included in the statement of cash flows.

Cash inflow from the disposal of shares in fully consolidated companies related to the second tranche of the purchase price for the sale of the Wiesauplast Group. In the previous year, cash inflow comprised the sales price of EUR 10,000 thousand received in financial year 2021, less cash and cash equivalents sold of EUR 2,151 thousand.

The development of financial liabilities is presented in Note [31]. EUR 20,525 thousand (previous year: EUR 19,408 thousand) was paid for leases (interest and principal repayment) in the financial year.

Cash flows from continuing operations is reported in the statement of cash flows. Cash flows for the entire INDUS Group are presented in the following table, divided into continuing and discontinued operations:

in EUR '000	2022	2021
Cash flow from operating activities from continuing operations	116,339	158,355
Cash flow from operating activities from discontinued operations	-48,705	-41,781
Total cash flow from operating activities	**67,634**	**116,574**
Cash flow from investing activities from continuing operations	-94,438	-105,990
Cash flow from investing activities from discontinued operations	-28,301	-24,373
Total cash flow from investing activities	**-122,739**	**-130,363**
Cash flow from financing activities from continuing operations	55,905	-40,840
Cash flow from financing activities from discontinued operations	-3,914	-3,630
Total cash flow from financing activities	**51,991**	**-44,470**
Net changes in cash and cash equivalents from continuing operations	77,806	11,525
Net changes in cash and cash equivalents from discontinued operations	-80,920	-69,784
Total net changes in cash and cash equivalents	**-3,114**	**-58,259**

For information regarding the composition of cash flows from discontinued operations, see note [7].

[35] Segment Reporting

SEGMENT INFORMATION

SEGMENT REPORT IN ACCORDANCE WITH IFRS 8

(in EUR '000)

	Construction/ Infrastructure	Automotive Technology	Engineering	Medical Engineering/ Life Science	Metals Technology	Total segments	Reconciliation	Consolidated financial statements
2022								
Revenue with external third parties								
from customer contracts	458,194	128,175	385,951	147,564	460,343	1,580,227	503	1,580,730
in accordance with the over time method	56,813	4,229	144,233	0	0	205,275	0	205,275
from service contracts	195	10,341	1,551	6,011	6	18,104	0	18,104
Revenue with external third parties	**515,202**	**142,745**	**531,735**	**153,575**	**460,349**	**1,803,606**	**503**	**1,804,109**
Revenue with Group companies	103	13,606	5	75	5,980	19,769	-19,769	0
Revenue	**515,305**	**156,351**	**531,740**	**153,650**	**466,329**	**1,823,375**	**-19,266**	**1,804,109**
Segment earnings (EBIT)	**59,616**	**-7,865**	**50,858**	**-4,649**	**50,689**	**148,649**	**-14,984**	**133,665**
Depreciation/amortization	**-33,511**	**-10,382**	**-39,906**	**-23,667**	**-17,444**	**-124,910**	**-3,853**	**-128,763**
of which amortization	-20,811	-10,382	-26,106	-10,448	-15,828	-83,575	-2,416	-85,991
of which impairment	-12,700	0	-13,800	-13,219	-1,616	-41,335	-1,437	-42,772
Segment EBITDA	**93,127**	**2,517**	**90,764**	**19,018**	**68,133**	**273,559**	**-11,131**	**262,428**
Income from measurement according to the equity method	**511**	**0**	**0**	**0**	**0**	**511**	**0**	**511**
Investments	**12,326**	**10,512**	**67,931**	**9,715**	**12,611**	**113,095**	**214**	**113,309**
of which company acquisitions	0	0	58,769	0	0	58,769	0	58,769
Dec. 31, 2022								
Shares accounted for using the equity method	4,276	0	0	0	0	4,276	0	4,276
Goodwill	121,889	19,394	184,193	56,731	21,518	403,725	0	403,725

SEGMENT REPORT IN ACCORDANCE WITH IFRS 8

(in EUR '000)

	Construction/ Infrastructure	Automotive Technology	Engineering	Medical Engineering/ Life Science	Metals Technology	Total segments	Reconciliation	Consolidated financial statements
2021								
Revenue with external third parties								
from customer contracts	416,192	162,513	286,037	142,798	420,407	1,427,947	288	1,428,235
in accordance with the over time method	35,181	1,410	151,719	0	0	188,310	0	188,310
from service contracts	188	9,879	979	5,878	0	16,924	0	16,924
Revenue with external third parties	**451,561**	**173,802**	**438,735**	**148,676**	**420,407**	**1,633,181**	**288**	**1,633,469**
Revenue with Group companies	137	11,278	97	76	7,006	18,594	-18,594	0
Revenue	**451,698**	**185,080**	**438,832**	**148,752**	**427,413**	**1,651,775**	**-18,306**	**1,633,469**
Segment earnings (EBIT)	**70,619**	**-6,927**	**56,527**	**11,968**	**42,396**	**174,583**	**-8,957**	**165,626**
Depreciation/amortization	**-19,107**	**-16,253**	**-22,696**	**-10,900**	**-15,642**	**-84,598**	**-932**	**-85,530**
of which amortization	-19,107	-13,774	-22,696	-10,900	-15,642	-82,119	-932	-83,051
of which impairment	0	-2,479	0	0	0	-2,479	0	-2,479
Segment EBITDA	**89,726**	**9,326**	**79,223**	**22,868**	**58,038**	**259,181**	**-8,025**	**251,156**
Income from measurement according to the equity method	**-310**	**0**	**1,309**	**0**	**0**	**999**	**0**	**1,082**
Investments	**48,577**	**4,620**	**40,881**	**11,607**	**14,005**	**119,690**	**191**	**119,881**
of which company acquisitions	32,700	0	34,628	0	0	67,328	0	67,328
Dec. 31, 2021								
Shares accounted for using the equity method	3,770	808	0	0	0	4,578	0	4,578
Goodwill	134,190	19,375	163,554	69,639	23,040	409,798	0	409,798

RECONCILIATION

(in EUR '000)

	2022	2021
Segment earnings (EBIT)	**148,649**	**174,583**
Areas not allocated incl. holding company	-14,984	-8,957
Financial income	-17,734	-15,957
Earnings before taxes	**115,931**	**149,669**

The classification of segments corresponds without change to the current state of internal reporting. 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. The transfer prices between the segments are based on arm's-length prices.

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	Group	Germany	EU	Third countries
2022				
Revenue with external third parties	1,804,109	896,887	352,829	554,393
Dec. 31, 2022				
Non-current assets, less deferred taxes and financial instruments	995,839	876,160	39,438	80,241
2021				
Revenue with external third parties	1,633,469	837,621	330,032	465,816
Dec. 31, 2021				
Non-current assets, less deferred taxes and financial instruments	1,072,987	893,656	50,022	129,309

[36] Information on the Significance of Financial Instruments

FINANCIAL INSTRUMENTS (in EUR '000)

	Balance sheet value	IFRS 9 not applicable	IFRS 9 Financial instruments	of which measured at fair value	of which measured at amortized cost
Dec. 31, 2022					
Financial investments	5,571	0	5,571	2,441	3,130
Cash and cash equivalents	127,816	0	127,816	0	127,816
Receivables	195,468	12,553	182,915	0	182,915
Other assets	24,015	7,545	16,470	4,171	12,299
Financial instruments: Assets	**352,870**	**20,098**	**332,772**	**6,612**	**326,160**
Financial liabilities	721,372	0	721,372	0	721,372
Trade payables	74,283	0	74,283	0	74,283
Other liabilities	225,447	95,967	129,480	64,050	65,430
Financial instruments: Equity and liabilities	**1,021,102**	**95,967**	**925,135**	**64,050**	**861,085**
Dec. 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	75,811	0	75,811	0	75,811
Other liabilities	201,830	74,993	126,837	56,164	70,673
Financial instruments: Equity and liabilities	**918,095**	**74,993**	**843,102**	**56,164**	**786,938**

The fair value of financial liabilities that are measured at amortized costs is EUR 663,413 thousand (previous year: EUR 648,256 thousand). The fair value of all other financial instruments measured at amortized costs corresponds to the amortized cost, or deviates immaterially.

FINANCIAL INSTRUMENTS BY BUSINESS MODEL IN ACC. WITH IFRS 9 (in EUR '000)

	Carrying amounts		Net gains/losses	
	Dec. 31, 2022	Dec. 31, 2021	2022	2021
Financial assets measured at fair value through profit and loss	0	0	0	-145
Financial assets measured at cost	326,160	324,482	-4,690	484
Financial assets recognized at fair value directly in equity – of which equity instruments	2,441	2,517	-6	0
Derivatives with hedging relationships, hedge accounting	4,171	0	4,171	0
Financial instruments: Assets	**332,772**	**326,999**	**-525**	**339**
Financial liabilities measured at fair value through profit and loss	64,050	53,563	-3,855	0
Financial liabilities measured at cost	861,085	786,938	-681	84
Derivatives with hedging relationships, hedge accounting	0	2,601	2,601	0
Financial instruments: Equity and liabilities	**925,135**	**843,102**	**-4,536**	**84**

The gains and losses from changes to the fair value of forward exchange contracts are included in the category "Financial assets measured at fair value through profit and loss." The net result of "Financial assets measured at cost" results largely from valuation allowances on receivables and exchange rate gains and losses from the translation of foreign currency transactions. The gains and losses in the "Financial assets recognized at fair value directly in equity" category include income/expenses from equity instruments that are recognized in this valuation category.

Losses from forward exchange contracts and any losses due to the ineffectiveness of derivatives are recognized in the "Financial liabilities measured at fair value through profit and loss" category. The expenses in the "Financial liabilities measured at cost" category include exchange rate gains and losses from the translation of liabilities in foreign currency.

Total interest income for financial instruments not measured at fair value through profit and loss amounts to EUR 1,365 thousand (previous year: EUR 133 thousand). The corresponding total interest expenses are EUR 12,835 thousand (previous year: EUR 13,665 thousand).

TYPE AND SCOPE OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS

PRINCIPLES OF FINANCIAL RISK MANAGEMENT

In keeping with the philosophy of INDUS Holding AG, the assessment and management of operating risks is the responsibility of the portfolio companies and their managing directors. The holding company calculates and monitors the overall financing need on the basis of the local risk assessment and the investment and financing plans of the respective portfolio companies. Interest rate and exchange rate risks are hedged using non-derivative and derivative financial instruments, with the latter being transacted solely for hedging purposes.

RISK MANAGEMENT AND FINANCIAL DERIVATIVES

The INDUS Group operates an effective risk management system to detect business risks at an early stage, focusing on the key types of problems facing a diversified portfolio of investments. This system integrates the specific aspects of financial risk management in accordance with the definition in IFRS 7. The basic principles of the financial policies are established each year by the Board of Management and monitored by the Supervisory Board. For further details, see the discussion provided in the management report.

LIQUIDITY RISK

Liquidity risk is the risk that future payment obligations cannot be met due to lack of cash. The INDUS Group's liquidity is monitored by INDUS Holding AG's Treasury department using liquidity reports.

Basically, the individual portfolio companies finance themselves from their operating results. Transfers are made between INDUS Holding AG and the portfolio companies depending on the liquidity situation. The INDUS Group holds sufficient cash and cash equivalents to enable the firm to take action at any time (2022: EUR 127,816 thousand, previous year: EUR 136,320 thousand). It also has unused credit lines totaling EUR 91,575 thousand (previous year: EUR 82,736 thousand).

Loans are widely diversified, thereby preventing the company from becoming dependent on individual lenders. The level of available liquidity and firm financing commitments enable the company to take advantage of acquisition opportunities at any time. Long-term financing is structured in tranches with revolving new lines of financing, limiting financing risk.

An ESG-linked promissory note loan with a volume of EUR 56,000 thousand was issued on December 1, 2021. Funds were credited on January 12, 2022. Another ESG-linked promissory note loan with a volume of EUR 37,000 thousand was issued on November 7, 2022. Funds were credited on November 9, 2022.

The following cash outflows, which are incorporated into the INDUS Group's long-term financial planning, were determined in consideration of the conditions for financial instruments determined as of the reporting date:

CASH OUTFLOW (in EUR '000)

	Dec. 31, 2022			Dec. 31, 2021		
	Up to 1 year	From 1 to 5 years	More than 5 years	Up to 1 year	From 1 to 5 years	More than 5 years
Interest rate derivatives	520	385	0	1,373	2,157	25
Total derivative financial instruments	**520**	**385**	**0**	**1,373**	**2,157**	**25**
Financial liabilities	143,093	413,411	244,282	173,305	367,514	141,278
of which lease liabilities	17,225	38,836	14,003	27,125	52,227	19,641
Trade payables	74,283	0	0	75,811	0	0
Other financial liabilities	70,201	59,279	0	81,538	45,299	0
Total financial instruments	**287,577**	**472,690**	**244,282**	**330,654**	**412,813**	**141,278**

Cash flows consist of principal repayments and their respective interest. The accumulated payment flows from financial liabilities and interest rate derivatives result in the payment flow from corresponding fixed-term loans.

DEFAULT RISK

Default risk means the risk of financial losses due to non-settlement or partial settlement of existing receivables.

In the financing area of INDUS, contracts are concluded only with counterparties of first-class credit standing. In the operational area, the portfolio companies are responsible for ongoing decentralized risk monitoring. Default risks are taken into account by means of adequate valuation allowances. The maximum default risk corresponds to the balance sheet value of loans and receivables originated by the company, while for derivatives it is equal to the sum total of their positive market values.

Corporate risk is widely diversified, as INDUS Group companies are autonomous and they all develop and offer a variety of products on different markets.

A concentration of default risks arising from business relationships exists in the Automotive Technology segment and results from the segment's oligopolistic customer structure. Based on the total stock of trade receivables, there are seven customers (previous year: eleven) with a share of more than 1% each. This equates to a share of about 21% of open items as recognized in the consolidated financial statements (previous year: 22%). The ten largest customers accounted for approximately 19% of Group sales (previous year: approximately 20%).

Furthermore, there are receivables from customers and associated companies which are overdue but have had no valuation allowances carried out for them. There are generally no major payment defaults with due dates of up to three months, since overdue payments largely result from timing differences in their booking. Since trade receivables were not subjected to valuation allowances and were not overdue, there were no indications as of the reporting date that the debtors may not be able to meet their payment obligations. Trade receivables are regarded as in default if it is very unlikely that the debtor will meet its payment obligation. This is particularly the case in insolvency proceedings or in legal disputes with no prospect of success. The expected defaults are calculated using past experience, taking account of the expectations for future financial performance. For all other financial assets, the default risk is seen as very low.

RECEIVABLES FROM CUSTOMERS AND ASSOCIATED COMPANIES AND CONTRACT ASSETS (in EUR '000)

	2022	2021
Carrying amount	195,468	168,890
of which valuation allowance	5,944	4,756
Gross amount of receivables before valuation allowance	201,412	173,646
of which as per reporting date		
neither impaired nor past due	164,599	137,663
not impaired and past due by the following		
less than 3 months	26,340	25,510
between 3 and 6 months	2,442	2,533
between 6 and 9 months	1,065	1,263
between 9 and 12 months	848	898
more than 12 months	2,367	1,732

The following table contains information on the estimated default risk and expected losses on trade receivables:

DEFAULT RISK FOR RECEIVABLES (in EUR '000)

	Loss rate (weighted average)	Gross carrying amount	Expected loss	Impaired credit rating
Not past due and 1 to <3 months past due	0.97%	190,939	1,860	No
3 to <6 months past due	6.92%	2,442	169	No
6 to <9 months past due	10.99%	1,065	117	No
9 to <12 months past due	2.95%	848	25	No
>12 months past due	3.80%	2,367	90	Yes

The anticipated default risk is determined on the basis of historical data, particularly historical default rates. If an increase or reduction in bad debt losses can be expected in the future, this is taken into account accordingly when measuring anticipated defaults.

The business models, customers and the economic, political and geographical environment are considered in the detection of default risk. The individual Group companies therefore apply specific default rates.

INTEREST RATE RISK

INDUS Holding AG ensures and coordinates the financing and liquidity of the Group. The main focus is on financing the long-term development of its investment portfolio. This means employing fixed-rate and variable-rate financing instruments, which are converted to fixed rate instruments by way of interest-rate swaps.

Changes in interest rates might affect the market value of financial instruments and their cash flows. These effects are calculated by performing a sensitivity analysis, which involves shifting each of the relevant interest-rate structure curves by 100 basis points in parallel. The effects are calculated for the fixed conditions of the financial instruments in the portfolio as of the reporting date.

Changes in market value can impact the depiction of the financial position and financial performance, depending on the valuation category of the underlying financial instruments. The following table shows interest rate sensitivity with a parallel shift in the yield curve of 100 base points (BP):

SENSITIVITY ANALYSIS FOR MARKET PRICE RISK (in EUR '000)

	Dec. 31, 2022		Dec. 31, 2021	
	+100 BP	-100 BP	+100 BP	-100 BP
Market value of derivatives	1,410	-1,464	2,853	-2,982
of which equity/hedges	1,410	-1,464	2,853	-2,982
of which interest expense per statement of income	0	0	0	0
Market value of loans	11,163	-11,893	11,165	-11,895
Total market value	**12,573**	**-13,357**	**14,018**	**-14,877**

Since interest rate risks are virtually completely hedged against, economically speaking, changes in interest rates would be offset in variable interest-bearing debt and derivative financial instruments. There would therefore be no material impact on future cash flows.

CURRENCY RISK

Currency risks basically result from the operating activities of the Group companies and financing transactions between the foreign portfolio companies and the respective holding company. Risk analyses are carried out on a net basis, while hedges are concluded by the portfolio companies on a case-by-case basis in accordance with the philosophy of commercial autonomy. Forward exchange contracts and option transactions were employed in the previous year.

Currency risks have an effect on the presentation of the financial position and financial performance when financial instruments are denominated in currencies other than the functional currency of the Group company in question. Risks arising from the currency translation of financial statements to the Group's currency are not taken into consideration. Since currency hedges are not formally accounted for as hedges, this does not have an impact on provisions for the mark-to-market valuation of financial instruments.

Assuming that the exchange rates of all foreign currencies were to rise by 10% against the euro as of the reporting date, net income from currency conversion would change by EUR 8,436 thousand (previous year: EUR 6,989 thousand). As in the previous year, net receivables in US dollars and Swiss francs are the main influence.

HEDGE ACCOUNTING

HEDGING INSTRUMENTS

As of the reporting date, currency hedges with a nominal volume of EUR 0 thousand (previous year: EUR 5,180 thousand) were in place. Exchange rate hedges in the previous year related to transactions in US dollars. The hedging contracts had a market value of EUR -5 thousand.

Interest rate hedges account for a nominal volume of EUR 113,225 thousand (previous year: EUR 155,261 thousand). The market values amounted to EUR 4,171 thousand (previous year: EUR -2,601 thousand). As in the previous year, interest rate hedges relate to already recognized loan transactions. Further details on terms and maturities are included in the report on financial liabilities.

FINANCIAL STATEMENT ACCOUNTING OF HEDGING TRANSACTIONS AS HEDGE ACCOUNTING

Of the hedging instruments presented previously, the following hedging instruments are part of hedge accounting:

HEDGE ACCOUNTING PURSUANT TO IFRS 9 (in EUR '000)

	Nominal amounts	Carrying amount of hedging instrument	Balance sheet item	Changes in hedging instrument values recognized in other income
Dec. 31, 2022				
Cash flow hedges				
Interest rate hedges	113,225	4,171	Other current assets	6,772
Exchange rate hedges	0	0	Other current liabilities	0
Total		**4,171**		**6,772**
Dec. 31, 2021				
Cash flow hedges				
Interest rate hedges	155,260	-2,601	Other current liabilities	1,678
Exchange rate hedges	0	0	Other current liabilities	0
Total		**-2,601**		**1,678**

The average interest rate for interest rate hedges is 0.95% (previous year: 0.82%). As in the previous year, there was no hedge accounting for exchange rate hedges as of the reporting date.

RECONCILIATION OF RESERVES FOR CASH FLOW HEDGES (in EUR '000)

	Reserve for cash flow hedges	Deferred taxes for cash flow hedges
As of January 1, 2021	**-4,271**	**672**
Change in fair value		
Interest rate hedges	1,678	-264
Exchange rate hedges	0	0
As of December 31, 2021	**-2,593**	**408**
As of January 1, 2022	**-2,593**	**408**
Change in fair value		
Interest rate hedges	6,772	-1,072
Exchange rate hedges	0	0
As of December 31, 2022	**4,179**	**-664**

[37] Collateral Furnished

Collateral furnished for financial liabilities is presented in the following table:

PLEDGED ASSETS (in EUR '000)

	2022	2021
Land charges	18,805	18,714
Pledged assets	0	162
Other collateral	575	81
Total collateral	**19,380**	**18,957**

[38] Contingent Liabilities

Liabilities from guarantees exist in the amount of EUR 3,008 thousand (previous year: EUR 6,637 thousand). These include external obligations which INDUS Holding AG assumed in connection with the business activities of the portfolio companies. Currently, it is extremely unlikely that the beneficiaries would utilize the guarantees.

[39] Other Financial Obligations

Obligations from purchase commitments for fixed assets came to EUR 7,761 thousand (previous year: EUR 11,551 thousand), of which EUR 6,988 thousand (previous year: EUR 11,416 thousand) was for property, plant and equipment, and EUR 773 thousand (previous year: EUR 135 thousand) was intangible assets. The previous year's figures included a payment obligation from a multi-year customer contract in the amount of EUR 1,000 thousand.

[40] Related Party Transactions

MEMBERS OF MANAGEMENT IN KEY POSITIONS AND AFFILIATED PERSONS

In line with the structure of the INDUS Group, key management personnel include twelve members of the Supervisory Board (previous year: twelve members), four people on the Board of Management of INDUS Holding AG (previous year: four people), and, in line with the management structures until December 31, 2022, the managing directors of the operating units (2022: 118 people, previous year: 115 people).

There are no pension commitments by INDUS Holding AG for members of the Board of Management which must be disclosed in the financial statements.

COMPENSATION OVERVIEW (in EUR '000)

	Expense in the period	of which short-term compensation	of which share-based payment	of which severance payments	of which pensions
2022					
INDUS Holding AG					
Supervisory Board	776	776	0	0	0
Board of Management	1,831	2,064	-233	0	0
Subsidiaries					
Managing directors	23,890	23,222	0	120	548
Family members	189	189	0	0	0
Total	**26,686**	**26,251**	**-233**	**120**	**548**
2021					
INDUS Holding AG					
Supervisory Board	706	706	0	0	0
Board of Management	2,979	2,692*	287*	0	0
Subsidiaries					
Managing directors	21,372	20,962	0	0	411
Family members	186	186	0	0	0
Total	**25,243**	**24,546**	**287**	**0**	**411**

* Previous year's figures adjusted

The employee representatives on the Supervisory Board also have employment contracts with the respective INDUS portfolio companies.

SUPERVISORY BOARD COMPENSATION

The Supervisory Board's compensation was determined by the extraordinary Annual Shareholders' Meeting of INDUS Holding AG in November 2018. This is stipulated in Section 16 (1) and (2) of the Articles of Incorporation. In addition to reimbursement of out-of-pocket expenses incurred in performing their duties in the financial year ended, all Supervisory Board members receive fixed compensation of EUR 30 thousand along with an attendance fee of EUR 3 thousand per meeting. The Chair receives double the two aforementioned sums, and the deputy receives one-and-a-half times these amounts. Each member of a Supervisory Board committee receives compensation in the amount of EUR 5 thousand in addition to reimbursement of out-of-pocket expenses for his or her activities in the past financial year. The chair of the committee receives twice the amount mentioned above. There are no stock option plans or similar securities-based incentive systems in place for Supervisory Board members. The Supervisory Board met eight times in 2022 (previous year: six times).

For further information about Supervisory Board compensation, we refer to our separate Compensation Report.

BOARD OF MANAGEMENT COMPENSATION

For the 2022 financial year, the compensation for the members of the Board of Management of INDUS Holding AG comprised basic salary (including taxable benefits in kind), performance-based variable compensation (short-term incentive program), and a share-based component of the compensation (long-term incentive program). A new compensation system for the members of the Board of Management was adopted at the Annual Shareholders' Meeting 2021. The variable components STI and LTI were redefined. With the STI, the member of the Board of Management's annual contribution to achieving the predefined operating targets and sustainable corporate development is compensated. The STI consists of a part that rewards the achievement of financial targets and a part that rewards the achievement of non-financial targets relating to sustainability and strategy. The share of non-financial targets in the overall STI targets is at least 20%.

LONG-TERM INCENTIVE PROGRAM UNTIL 2020 (OLD COMPENSATION SYSTEM)

The old long-term incentive program (LTI program) consisted of awarding virtual stock options (SAR, stock appreciation rights). An SAR comprises a commitment to pay an amount determined by the difference between the exercise price of the SAR and the current market price of company shares on exercise of the SAR. The SAR exercise price corresponds to the average closing price of company shares in XETRA trading over the last 20 trading days prior to option issuance. The Board of Management was granted a tranche of SARs each year until 2020. The option price of the SAR is calculated when it is granted. The contractually agreed target determines the number of SARs allocated to the tranche. The SARs are non-forfeitable from the date they are granted. There is a vesting period for the exercise of options for each tranche granted (four years). The exercise period immediately following the statutory waiting period amounts to two years. A tranche can only be paid out if the share price is higher than the exercise price of the tranche's SAR on exercise and a defined payout threshold is cleared (minimum price increase of 12% during the vesting period). There is an upper limit (cap) on payment of 200% of the contractually agreed target.

The number of SARs granted to Board of Management members in annual tranches was determined based on the option price at the grant date and the contractually specified target price. The last SARs were granted in the 2020 financial year. Until December 31, 2022, there were 185,376 granted and not yet exercised SAR (previous year: 228,264). 42,887 options lapsed in the 2022 financial year. The fair value of previously granted, not yet exercised SARs totaled EUR 50 thousand as of the reporting date (previous year: EUR 505 thousand). A provision for this amount was recognized in the annual financial statements. A reversal for EUR 455 thousand (previous year: EUR 471 thousand) was recognized in personnel expenses. No payments were made from the stock options in the financial year or the previous year.

Fair value calculation is based on an option-price model of Black/Scholes and reasonable volatility on the part of INDUS, along with a risk-free interest rate that takes the cap on payment claims into account. The options have a vesting period of four years and an exercise period of two years.

LONG-TERM INCENTIVE PROGRAM FROM 2021 (NEW COMPENSATION SYSTEM)

The new LTI program is structured as a virtual performance share plan (VPSP). The VPSP is based on a four-year performance period that starts at the beginning of each financial year. Virtual shares (performance share units, or PSUs) are awarded to the members of the Board of Management at the beginning of each performance period. The number of PSUs at the beginning of the performance period is determined by dividing the individual LTI target by the share price at the time of the award. The share price at the time of the award is the average closing price in the XETRA trading system of Frankfurt Stock Exchange (or a comparable successor system) on the previous 40 trading days.

The number of PSU can change over the performance period depending on a bonus factor for achieving the external and internal targets defined by the Supervisory Board for the performance period. If the targets are not met, the bonus factor is less than 100%; the number of PSUs is reduced accordingly and may also be zero if the target is not met by a large margin. Overachievement against the targets results in a bonus factor of more than 100%, and the number of PSUs increases accordingly. The final number of PSUs at the end of the performance period is capped at 150% of the number of PSUs at the beginning of the performance period.

The Supervisory Board defines the external and internal target for the respective performance period at the beginning of the performance period after preparation by the Personnel Committee. These targets are not changed during the performance period.

24,429 (previous year: 25,380) virtual performance shares (VPS) from the new LTI program were awarded in financial year 2022. This performance period for this plan (LTI Plan 2022) runs until December 31, 2025. Any payments under the LTI Plan 2022 will be made in 2026. On the date on which they were granted, the total fair value of the VPS was EUR 706 thousand (previous year: EUR 719 thousand). Until December 31, 2022, there were 49,809 granted and not yet exercised VPSs (previous year: 25,380). The fair value of previously granted, not yet exercised VPS totaled EUR 887 thousand as of the reporting date (previous year: EUR 676 thousand). A provision for this amount was recognized in the annual financial statements. EUR 211 thousand (previous year: EUR 676 thousand) was added to personnel expenses.

Fair value was measured using a Monte Carlo simulation model. Assumptions were made for reasonable volatility for INDUS and the risk-free interest rate, taking the payment cap into account. A reasonable correlation between the INDUS share and SDAX based on historic data from the past three years was used to calculate the TSR.

CHANGE OF CONTROL

In the event of a material change in the composition of the Supervisory Board (change of control), the members of the INDUS Holding AG Board of Management have a special right to terminate their employment contracts within one year. In the event of a dismissal for cause, or dismissal of the Board of Management within one year after a change of control without good cause within the meaning of Section 626 BGB, the company will pay out severance to the members of the Board of Management. This will be based on the member's full compensation, including all fixed and variable components of the compensation and non-cash benefits. Severance payments will be paid for a maximum of the period through the end of their employment contracts, or a total term of two financial years if the regular end of the contract differs from this period.

COMPENSATION

For the 2022 and the previous financial year, the compensation for the members of the Board of Management of INDUS Holding AG comprised basic salary (including taxable benefits in kind), performance-based variable compensation (short-term incentive program), and a share-based component of the compensation (long-term incentive program). The long-term incentive program, structured as a virtual performance share plan (VPSP), was in effect in 2022 and the previous year.

Overall expenses in the amount of EUR 1,831 thousand (previous year: EUR 2,979 thousand) were reported for compensation paid to the Board of Management. A total of EUR 1,856 thousand is attributable to fixed compensation (previous year: EUR 1,747 thousand), EUR 208 thousand to short-term variable compensation (previous year: EUR 945 thousand) and EUR -233 thousand to the virtual stock options (previous year: EUR 287 thousand).

Disclosures pursuant to Sec. 314 (1) (6) a of the German Commercial Code (HGB): The total compensation paid to members of the Board of Management in the financial year amounted to EUR 2,767 thousand (previous year: EUR 3,411 thousand). The total compensation paid to the Supervisory Board amounted to EUR 776 thousand (previous year: EUR 706 thousand). A former member of the Board of Management has pension rights with a defined benefit obligation of EUR 77 thousand (previous year: EUR 80 thousand). The pension rights are covered by a reinsurance policy with a corresponding value. EUR 6 thousand was paid out in the financial year in relation to these pension rights (previous year: EUR 6 thousand).

See the separate compensation report for individual Board of Management compensation.

OTHER RELATIONS

INDUS Group transactions with persons or companies which control or are controlled by the INDUS Group must be disclosed insofar as they have not already been included in the consolidated financial statements as a consolidated company. Affiliated companies are the companies in the consolidated financial statements accounted for using the equity method. The other categories relate to key management personnel, their family members and their attributable companies.

RELATED PARTY DISCLOSURES

(in EUR '000)

	Sales and other operating income	Purchase of goods	Other purchases	Outstanding amounts	Loans made
2022					
Related companies	1,721	62	0	36	776
Family members of managing directors and shareholders	1	252	1	0	0
Non-controlling shareholders	20,192	0	0	0	0
Managing directors of portfolio companies	0	0	60	20	0
Total related parties	**21,914**	**314**	**61**	**56**	**776**
2021					
Related companies	1,357	41	252	905	858
Family members of managing directors and shareholders	1	153	5	0	0
Non-controlling shareholders	14,220	0	0	0	0
Managing directors of portfolio companies	0	0	71	4	1,000
Total related parties	**15,578**	**194**	**328**	**909**	**1,858**

Revenue of EUR 20,192 thousand (previous year: EUR 14,220 thousand) was recognized in 2022 from a business relationship with a related company of a non-controlling shareholder.

[41] Employees

AVERAGE NUMBER OF EMPLOYEES IN THE FINANCIAL YEAR

	2022	2021
Employees by region		
Germany	7,549	7,571
Europe (EU & Switzerland)	1,548	1,609
Rest of world	1,610	1,730
Employees in continuing and discontinued operations	**10,707**	**10,910**
Employees by segment		
Construction/Infrastructure	2,343	2,173
Automotive Technology	952	1,430
Engineering	2,418	2,289
Medical Engineering/Life Science	1,588	1,613
Metals Technology	1,496	1,520
Other	40	38
Employees in continuing operations	**8,837**	**9,063**
Employees in discontinued operations	1,870	1,847
Employees in continuing and discontinued operations	**10,707**	**10,910**

[42] Cost of the Annual Financial Statements and Audit of the Consolidated Financial Statements

External auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft's (previous year: Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft) fee for auditing the consolidated financial statements amounted to EUR 919 thousand (previous year: EUR 611 thousand), of which EUR 0 thousand (previous year: EUR 32 thousand) was for previous years, EUR 3 thousand (previous year: EUR 40 thousand) for other confirmation and valuation services, of which EUR 0 thousand was for previous years (previous year: EUR 5 thousand), EUR 0 thousand (previous year: EUR 38 thousand) for accountancy services and EUR 0 thousand (previous year: EUR 30) for other services. "Confirmation services" refers to the review of the non-financial statement of INDUS Group and the substantive audit of the compensation report.

[43] German Corporate Governance Code

Pursuant to Section 161 of the German Stock Corporation Act (AktG), the Board of Management and the Supervisory Board submitted a German Corporate Governance Code declaration December 8, 2022, and made it available to shareholders on the INDUS Holding Aktiengesellschaft website. www.indus.de/en/about-indus/corporate-governance

[44] Application of Simplifications in Accordance With Section 264 (3) and Section 264b (HGB)

In the complete list of shareholdings recorded in the electronic commercial register in accordance with Section 313 of the German Commercial Code (HGB), which constitutes part of the Notes, the subsidiaries are listed to which exemption from disclosure duties has been applied in accordance with Section 264 (3) and Section 264b of the German Commercial Code (HGB) as of December 31, 2022.

Bergisch Gladbach, March 15, 2023

INDUS Holding AG

Der Vorstand

Dr. Johannes Schmidt

Dr. Jörn Großmann

Axel Meyer

Rudolf Weichert

04

FURTHER INFORMATION

Responsibility Statement

We hereby certify that, to the best of our knowledge, the consolidated financial statements dated December 31, 2022, give a true and fair view of the financial position and financial performance of the Group, and the combined management report for the 2022 financial year 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 accordance with the applicable accounting principles.

Bergisch Gladbach, March 15, 2023

The Board of Management

Dr. Johannes Schmidt | Dr. Jörn Großmann | Axel Meyer | Rudolf Weichert

Dividend Proposal

The following proposal will be submitted to the Annual Shareholders' Meeting regarding the appropriation of the balance sheet profit for the 2022 financial year in the amount of EUR 27,217,691.70:

Payment of a dividend of EUR 0.80 per no-par-value share (26,895,559) on the capital stock of EUR 69,928,453.64	21,516,447.20
Transfer to other retained earnings	4,000,000.00
Profit carried forward	1,701,244.50
Balance sheet profit	27,217,691.70

Bergisch Gladbach, March 15, 2023

The Board of Management

Dr. Johannes Schmidt Dr. Jörn Großmann Axel Meyer Rudolf Weichert

The following report of the independent Group auditors also includes an "assurance report in accordance with Section 317 (3b) of the German Commercial Code (HGB) on the electronic reproduction of the consolidated financial statements and the combined management report prepared for publication purposes" ("ESEF report"). The assurance subject underlying the ESEF report (the ESEF documents to be assessed) is not attached. The assessed ESEF documents can be seen in or accessed from the German Federal Gazette.

Report of the Independent Group Auditors

To INDUS Holding AG, Bergisch Gladbach, Germany

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Opinion

We have audited the consolidated financial statements of Indus Holding AG, Bergisch Gladbach, Germany, and its subsidiaries (the Group) – consisting of the consolidated statement of financial position as of December 31, 2022, the consolidated statement of comprehensive income, the consolidated statement of income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the financial year from January 1 to December 31, 2022, along with the Notes, including a summary of significant accounting policies. We have also audited the Group management report of Indus Holding AG, which is combined with the company's management report, for the financial year from January 1 to December 31, 2022. In accordance with the German provisions of law, we have not audited the content of the disclosures marked as unaudited in the "Opportunities and risks" section, "Risk management system" subsection, contained in the Group management report.

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

— the accompanying consolidated financial statements comply in all material respects with the IFRS as adopted by the EU, and with the additional requirements under German law in accordance with Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the net assets and financial position of the Group as of December 31, 2022, and of its financial performance for the financial year from January 1 to December 31, 2022, and
— the accompanying Group management report as a whole provides an appropriate view of the position of the Group. In all material respects, this Group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the Group management report does not extend to the above-mentioned disclosures in the "Opportunities and risks" section, "Risk management" subsection in the Group management report.

In accordance with Section 322 (3) Sentence 1 HGB, we declare that our audit has not resulted in any reservations relating to the legal compliance of the consolidated financial statements and of the Group management report.

Basis of opinion

We conducted our audit of the consolidated financial statements and of the Group management report in accordance with Section 317 HGB and the EU Audit Regulation No. 537/2014 (hereinafter referred to as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits of the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under these requirements and principles are set out in further detail in the section "External auditor's responsibilities for the audit of the consolidated financial statements and of the Group management report" in our report. In accordance with the requirements under European law and German commercial and professional law, we are independent of the Group companies and we have fulfilled our other professional responsibilities under German law in accordance with these requirements. In addition, we declare in accordance with Article 10 (2) letter f of the EU Audit Regulation that we have not provided prohibited non-audit services under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained represents a sufficient and appropriate basis for our opinions on the consolidated financial statements and on the Group management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters which in our professional judgment were of most significance in the audit of the consolidated financial statements for the financial year January 1 to December 31, 2022. These matters were considered in the context of our overall audit of the consolidated financial statements, and when forming our opinion in this regard, we have not provided a separate opinion on these matters.

The following issues are, in our opinion, the most important aspects of our audit:

1) Business combinations
2) Impairment testing of goodwill

We have structured the presentation of these particularly important audit issues as follows:

a) Situation and problem
b) Audit approach and findings
c) Reference to further information

We have set out what constitutes the key audit matter:

1) BUSINESS COMBINATIONS

a) Indus Holding AG acquired a majority in two companies in the 2022 financial year. The fair value of the consideration for each of the acquisitions amounted to a total of EUR 79.66 million. This consideration is divided among the two acquisitions as follows: EUR 38.00 million for the acquisition of Heiber + Schröder GmbH, Erkrath, and EUR 41.66 million for the shares in HELD Systems GmbH, Heusenstamm.

The minority shareholders in each case were given a put option for their shares, which is binding on Indus Holding AG and its subsidiaries, combined with a call option for the respective purchaser, i.e. a call/put option. Indus Holding AG has therefore also fully consolidated the shares (i.e., without reporting non-controlling interests) and recognized a contingent purchase price commitment at its fair value for each.

In the context of a company acquisition, the consideration transferred and the identifiable assets acquired and liabilities assumed are measured at fair value as of the acquisition date in accordance with IFRS 3. If the value of the consideration exceeds the value of transferred assets, the difference is to be recognized as goodwill. Both of the purchase price allocations gave rise to goodwill of EUR 32.53 million in total.

The full identification of assets and liabilities assumed and their fair value measurement are based on various assumptions by the legal representatives of Indus Holding AG, which in turn entail estimates and judgments. In light of this and due to the complexity and uncertainty of the valuation and the associated significant impacts in terms of amounts on the Group's financial position and financial performance, we deemed this to be a key matter during the audit.

b) In the course of our audit, we started by inspecting the proposals made to the Supervisory Board of Indus Holding AG for the individual acquisitions, in order to gain an understanding of the business acquisitions, the business models of the entities acquired, and the motives of the legal representatives. We also took the respective purchase agreements and other relevant contracts and documents into account.

For each of the two acquisitions the legal representatives of Indus Holding AG obtained a valuation report from an external expert on the purchase price allocation the identification and the measurement of the assets and liabilities assumed as of the acquisition date.

We accepted the purchase price allocation valuation reports and the professional qualifications of the third-party experts. We inspected the purchase price allocation valuation reports and the fair value measurements by the legal

04 |

representatives to gain an understanding of and to assess how the legal representatives proceeded with the identification and measurement of the consideration transferred and of the assets and liabilities recognized as of the acquisition date.

In addition, we investigated and assessed the suitability of the measurement parameters and methods used to determine the fair value of the assets and liabilities as of the acquisition date in the respective external purchase price allocation reports and in the valuations by the legal representatives. We took the disclosures in the Notes required by IFRS 3 for business combinations into account.

Based on our audit procedures, we are satisfied overall that the estimates and discretion of the legal representatives of Indus Holding AG on which the initial consolidation and purchase price allocation were based are understandable and sufficiently justified, taking into consideration the information available to us.

c) Company information relating to business combinations is contained in section 5 of the Notes.

2) IMPAIRMENT TESTING OF GOODWILL

a) Goodwill totaling EUR 403.73 million (22.2% of total equity and liabilities or 65.5% of equity) is reported in the company's consolidated financial statements under the balance sheet item ["Goodwill"]. Goodwill is tested annually or as required by circumstances by the company to determine any need for recognizing impairment. Impairment testing is performed at the level of groups of cash generating units that the goodwill is allocated to. During impairment testing, the carrying amount of the cash generating unit including goodwill is compared with the corresponding recoverable value. The value in use is generally used to determine the recoverable amount. The basis for the measurement is usually the present value of the future cash flows of the group of cash generating units. Present values are determined using discounted cash flow models. The medium-term planning adopted by the Group forms the starting point and long-term growth rates are extrapolated. Expectations regarding future market development and the development of macroeconomic factors are also taken into consideration. The average weighted cost of capital of the group of cash generating units is used for discounting. Even taking into consideration the value in use of the group of cash generating units, impairment testing resulted in impairment totaling EUR 39.36 million.

The result of this measurement is highly dependent on the assessments of the legal representatives regarding the future cash flows of the group of cash generating units, the discount rate applied, the growth rate, and other assumptions, and subject to considerable uncertainty. In light of this and due to the complexity of the measurement, this issue was deemed of particular significance for our audit.

b) During our audit we investigated the methodological procedure for performing an impairment test, among other things. Following a comparison of the future cash flows used in the calculation with the Group's adopted medium-term planning, we assessed the suitability of the calculation specifically by aligning it with general and sector-specific market expectations. We also assessed the consideration of Group functions' costs. With the knowledge that even relatively small changes in the discount rate used and the growth rate could have a significant impact on the amount of the corporate value determined in this manner, we looked closely at the parameters and assumptions employed to determine the discount rate used and the growth rate, and inspected the calculation scheme. To account for the existing forecast uncertainties, we examined the sensitivity analyses created by the company.

The measurement parameters and assumptions used by the legal representatives fulfill our expectations overall and are within reasonable ranges in our opinion.

c) Company information relating to goodwill impairment testing and goodwill is contained in sections 19 and 21 of the Notes.

Other information

The legal representatives are responsible for the disclosures under other information. Other information comprises the disclosures marked as unaudited in the "Opportunities and risks" section, "Risk management system" subsection, as an unaudited part of the Group management report.

The other information also comprises:

— the Declaration on Corporate Governance pursuant to Section 289f HGB and Section 315d HGB
— the separate non-financial Group report in accordance with Sections 315b to 315c HGB
— all other parts of the Annual Report – without further cross references to external information – with the exception of the audited consolidated financial statements, the audited Group management report, and the Report of the independent Group auditors.

Our opinions on the consolidated financial statements and on the Group management report do not cover the other information, and consequently we do not express an opinion or any other form of audit conclusion in relation to this.

In connection with our audit, our responsibility is to read the other information mentioned above and, in doing so, to consider whether the other information:

— is materially inconsistent with the consolidated financial statements, the audited content of the Group management report, or our knowledge obtained during the audit,
— or otherwise appears materially misstated.

Responsibilities of legal representatives and the Supervisory Board for the consolidated financial statements and the Group management report

The legal representatives are responsible for preparing the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law in accordance with Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the legal representatives are responsible for internal controls which they determine necessary to enable the preparation of consolidated financial statements which are free from material misstatement, whether due to fraudulent action (i.e. account manipulation or asset damage) or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to the going concern. In addition, they are responsible for financial reporting on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative other than this.

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

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and the Group management report.

External auditor's responsibilities for the audit of the consolidated financial statements and of the Group management report

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits of the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW) will always detect a material misstatement. Misstatements can arise from fraudulent actions or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this Group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. Furthermore,

- we identify and assess the risks of material misstatements in the consolidated financial statements and in the Group management report, whether these are the result of fraudulent action or error, and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate for providing a basis for our opinions. The risk of misstatements resulting from fraudulent actions not being discovered is higher than the risk of misstatements resulting from error not being discovered, as fraudulent action may involve collusion, falsification, intentional incompleteness, misleading representations and overriding internal controls.
- we obtain an understanding of internal control systems relevant to the audit of the consolidated financial statements and of arrangements and systems relevant to the audit of the Group management report to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

— evaluate the appropriateness of accounting standards used by the legal representatives and the reasonableness of estimates and related disclosures made by the legal representatives.
— we draw conclusions on the appropriateness of legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and the Group management report or, if these disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained as at the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
— we evaluate the presentation, structure, and content of the consolidated financial statements overall, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in such a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group in compliance with IFRS as adopted by the EU and the additional requirements of German commercial law in accordance with Section 315e (1) HGB.
— we obtain sufficient and appropriate audit evidence on the financial information of the companies or operating activities within the Group so as to express opinions on the consolidated financial statements and on the Group management report. We are responsible for the guidance, supervision, and performance of the audit of the consolidated financial statements. We are solely responsible for our opinion.
— we evaluate the consistency of the Group management report with the consolidated financial statements, conformity with [German] law, and the view of the Group's position it provides.
— perform audit procedures on the prospective information presented by management in the Group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate whether prospective information is properly derived from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those responsible for governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant shortcomings on internal control identified by us during our audit.

We also provide those responsible for governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to impact our independence, and where applicable, the measures taken to eliminate the risk of dependence or related safeguards put in place.

From the matters communicated to those responsible for governance, we determine matters that were of most significance in the audit of the consolidated financial statements of the current reporting period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation prevents public disclosure about the matter.

Other Statutory and Other Legal Requirements

Assurance report in accordance with Section 317 (3a) of the German Commercial Code (HGB) on the electronic reproduction of the consolidated financial statements and the Group management report

Opinion

We have performed an assurance engagement in accordance with Section 317 (3a) of the German Commercial Code (HGB) to obtain reasonable assurance of whether the electronic reproduction of the consolidated financial statements and the Group management report contained in the IndusHolding_KA_LB_2022_de.zip file and prepared for publication purposes (hereinafter also referred to as the "ESEF documents") meets the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format") in all material respects. In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the Group management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor any other information contained in the aforementioned file.

In our opinion, the reproduction of the consolidated financial statements and the Group management report contained in the aforementioned accompanying file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) of the German Commercial Code (HGB) for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on the other information contained in the aforementioned file beyond this opinion and our opinions on the accompanying consolidated financial statements and the accompanying Group management report for the financial year from January 1 to December 31, 2022, contained in the above "Report on the audit of the consolidated financial statements and of the Group management report."

Basis for the opinion

We performed our assurance engagement of the electronic reproduction of the consolidated financial statements and the Group management report contained in the above file in accordance with Section 317 (3a) of the German Commercial Code (HGB) and the IDW Assurance Standard: Assurance in accordance with Section 317 (3a) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility under these is described in more detail in the „Responsibility of the external auditor of the consolidated financial statements for the assurance engagement on the ESEF documents" section. Our audit practice applied the quality assurance requirements defined in the IDW Quality Assurance Standard: Quality assurance requirements in audit practice (IDW QS 1).

Responsibility of the legal representatives and the Supervisory Board for the ESEF documents

The company's legal representatives are responsible for preparing the ESEF documents with the electronic reproduction of the consolidated financial statements and Group management report in accordance with Section 328 (1) Sentence 4 No. 1 of the German Commercial Code (HGB) and for marking up the consolidated financial statements in accordance with Section 328 (1) Sentence 4 No. 2 HGB.

In addition, the company's legal representatives are responsible for the internal checks they consider necessary for preparing ESEF documents that are free from material breaches – whether due to fraud or error – of the requirements of Section 328 (1) HGB for the electronics reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Responsibility of the external auditor of the consolidated financial statements for the assurance engagement on the ESEF documents

Our objective is to obtain reasonable assurance of whether the ESEF documents are free from material breaches – whether due to fraud or error – of the requirements of Section 328 (1) of the German Commercial Code (HGB). We exercise professional judgment and maintain professional skepticism throughout the audit. Furthermore,

- we identify and assess the risks of material breaches of the requirements of Section 328 (1) of the German Commercial Code (HGB), whether due to fraud or error, plan and perform assurance procedures in response to those risks, and obtain assurance evidence that is sufficient and appropriate for providing a basis for our opinion.
- we obtain an understanding of the internal control system relevant to the assessment of the ESEF documents in order to plan assurance procedures that are appropriate in the circumstances, but not with the aim of expressing an opinion on the effectiveness of these controls.
- we evaluate the technical validity of the ESEF documents – i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815 in the version applicable on the reporting date on the technical specification for this electronic file.
- we evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and the audited Group management report.
- we evaluate whether the mark-up of the ESEF documents using inline XBRL technology (iXBRL) provides an appropriate, fully machine-readable XBRL copy of the XHTML reproduction in accordance with Articles 4 and 6 of the Delegated Regulation (EU) 2019/815 as amended as of the reporting date.

Further Disclosures Pursuant to Article 10 of the EU Audit Regulation

We were elected as the external auditor for the consolidated financial statements at the Annual Shareholders' Meeting on May 31, 2022. We were engaged by the Supervisory Board on August 24, 2022. We have been the Group auditor of Indus Holding AG, Bergisch Gladbach, Germany, continually since the financial year 2022.

We declare that the opinions expressed in this external auditor's report are consistent with the additional report to the Audit Committee in accordance with Article 11 of the EU Audit Regulation (audit report).

Note on Other Matters – Use of the Audit Report

Our audit report must always be read in conjunction with the audited consolidated financial statements and the audited Group management report and the audited ESEF documents. The consolidated financial statements and Group management report transferred to ESEF format – including the versions to be published in the company register – are only electronic reproductions of the audited consolidated financial statements and the audited Group management report and not substitutes for them. The "Assurance report in accordance with Section 317 (3a) of the German Commercial Code (HGB) on the electronic reproduction of the consolidated financial statements and the Group management report" in particular and the audit opinion contained within are only usable with the audited electronic ESEF documents.

Auditor Responsible

The auditor responsible for the engagement is Prof. Dr. Gregor Solfrian.

Osnabrück, March 15, 2023

PricewaterhouseCoopers
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Gregor Solfrian	Christoph Hölscher
[German Public Auditor]	[German Public Auditor]

Further Information on the Board Members

Supervisory Board of INDUS Holding AG

Jürgen Abromeit
Chair/CEO of A-Xellence AG, Osnabrück
CHAIR

Wolfgang Lemb*
Managing Director of IG Metall, Frankfurt am Main
DEPUTY CHAIR

Dr. Jürgen Allerkamp
wyer, Chair of the Board of Management of Investitionsbank Berlin, Berlin (until June 30, 2021)

Further mandates within the meaning of Section 125(1) Sentence 5 of the German Stock Corporation Act (AktG):
- RE.START projects AG, Berlin, Chair of the Supervisory Board
- ERWE Immobilien AG, Frankfurt, Deputy Chair of the Supervisory Board (since May 25, 2022)
- Degussa Bank AG, Frankfurt, Supervisory Board member (since November 17, 2022)

Dr. Dorothee Becker
Diplom Ökonomin (graduate economist), Speaker of the Management Board of Gebrüder Becker Group, Wuppertal

Dorothee Diehm*
IG Metall representative – Freudenstadt branch, Freudenstadt

Further mandates within the meaning of Section 125(1) Sentence 5 of the German Stock Corporation Act (AktG):
- HOMAG Group AG, Schopfloch, Supervisory Board member

Pia Fischinger*
Deputy Chair of the Karl Simon GmbH & Co. KG works council, Aichhalden

Cornelia Holzberger*
Lawyer (commercial law), M. BRAUN Inertgas-Systeme GmbH, Garching-Hochbrück

Gerold Klausmann*
Head of Finance/Management Control department at Karl Simon GmbH & Co. KG, Aichhalden

Isabella Pfaller
(until May 31, 2022)
Graduate mathematician, member of the Supervisory Board of the Versicherungskammer Bayern, Munich

Further mandates within the meaning of Section 125(1) Sentence 5 of the German Stock Corporation Act (AktG):
- Bayerische Beamtenkasse AG, Munich, Chair of the Supervisory Board***
- Consal Beteiligungsgesellschaft AG, Munich, Supervisory Board member***
- Union Krankenversicherung AG, Saarbrücken, Chair of the Supervisory Board***

Barbara Schick
(since May 31, 2022)
Lawyer, Deputy Chair of the Group companies of Versicherungskammer Bayern Versicherungsanstalt des öffentlichen Rechts, Munich:

- Versicherungskammer Bayern Versicherungsanstalt des öffentlichen Rechts (Holding)
- Bayern-Versicherung Lebensversicherung Aktiengesellschaft
- Bayerischer Versicherungsverband Versicherungsaktiengesellschaft
- Bayerische Landesbrandversicherung Aktiengesellschaft
- Versicherungskammer Bayern Konzern-Rückversicherung Aktiengesellschaft

Further mandates within the meaning of Section 125(1) Sentence 5 of the German Stock Corporation Act (AktG):
- Feuersozietät Berlin Brandenburg Versicherung Aktiengesellschaft, Berlin, Chair of the Supervisory Board***
- Saarland Feuerversicherung Aktiengesellschaft, Saarbrücken, Chair of the Supervisory Board***
- BavariaDirekt Versicherung AG (fromerly Ostdeutsche Versicherung AG), Berlin, Chair of the Supervisory Board

Helmut Späth

Business graduate

Further mandates within the meaning of Section 125(1) Sentence 5 of the German Stock Corporation Act (AktG):

— ifb SE, Grünwald, Chair of the Supervisory Board (until November 30, 2022)

Uwe Trinogga*

Head of Quality Assurance at Selzer Fertigungstechnik GmbH & Co. KG, Driedorf

Carl Martin Welcker

Engineer (graduate engineer), Managing Director of Alfred H. Schütte GmbH & Co. KG, Cologne

The Board of Management of INDUS Holding AG

Dr.-Ing. Johannes Schmidt

CHAIRMAN OF THE BOARD

Further mandates in advisory bodies:

— Richard Bergner Holding GmbH & Co. KG

Dr. Jörn Großmann

COO

Graduate in biological sciences, MBA

Axel Meyer

COO

Dipl.-Wirtschafts-Ing. (industrial engineer), LL.M.

Rudolf Weichert

CFO

Business graduate

Further mandates in advisory bodies:

— Börsenrat (business advisory board) of Düsseldorf Stock Exchange

* Employee representatives on the Supervisory Board.

** These mandates are with group companies of Versicherungskammer Bayern.

*** Mandates in Group companies of Versicherungskammer Bayern Versicherungsanstalt des öffentlichen Rechts, Munich

Investments of INDUS Holding AG

By segment	Capital (in EUR million)	INDUS stake (in %)
Construction/Infrastructure		
ANCOTECH AG, Dielsdorf/Switzerland*	3.58**	100
BETOMAX systems GmbH & Co. KG, Neuss*	2.06	100
FS-BF GmbH & Co. KG, Reichshof-Hahn*	0.64	100
HAUFF-TECHNIK GmbH & Co. KG, Hermaringen*	1.72	100
H. HEITZ Furnierkantenwerk GmbH & Co. KG, Melle*	4.39	100
MIGUA Fugensysteme GmbH, Wülfrath*	1.69	100
OBUK Haustürfüllungen GmbH & Co. KG, Oelde*	0.52	100
REMKO GmbH & Co. KG Klima- und Wärmetechnik, Lage*	1.82	100
SCHUSTER Klima Lüftung GmbH & Co. KG, Friedberg	1.05	100
WEIGAND Bau GmbH, Bad Königshofen i. Grabfeld	1.00	80
WEINISCH GmbH & Co. KG, Oberviechtach	0.53	100
WIRUS Fenster GmbH & Co. KG; Rietberg-Mastholte	1.53	70
Automotive Technology		
AURORA Konrad G. Schulz GmbH & Co. KG, Mudau*	7.01	100
BILSTEIN & SIEKERMANN GmbH & Co. KG, Hillesheim*	3.11	100
IPETRONIK GmbH & Co. KG, Baden-Baden*	2.75	100
SCHÄFER GmbH & Co. KG, Osnabrück*	2.43	100
SELZER Fertigungstechnik GmbH & Co. KG, Driedorf*	9.48	100
SITEK-Spikes GmbH & Co. KG, Aichhalden	1.05	100
Engineering		
ASS Maschinenbau GmbH, Overath*	0.57	100
M. BRAUN Inertgas-Systeme GmbH, Garching near Munich*	2.24	100
BUDDE Fördertechnik GmbH, Bielefeld*	0.39	75
ELTHERM GmbH, Burbach*	1.30	100
GSR Ventiltechnik GmbH & Co. KG, Vlotho*	0.57	100
HEIBER + SCHRÖDER GmbH; Erkrath	0.37	100
HELD Systems GmbH; Heusenstamm*	0.68	70
HORN GmbH & Co. KG, Flensburg*	8.36	100
IEF-Werner GmbH, Furtwangen im Schwarzwald	1.28	100
JST Jungmann Systemtechnik GmbH & Co. KG; Buxtehude	0.05	100
MBN – Maschinenbaubetriebe Neugersdorf GmbH, Ebersbach-Neugersdorf*	0.76	100
MESUTRONIC Gerätebau GmbH, Kirchberg im Wald*	0.54	95
M+P International Mess-und Rechnertechnik GmbH, Hanover*	1.68	100
PEISELER GmbH & Co. KG, Remscheid*	1.16	100
TSN Turmbau Steffens & Nölle GmbH, Berlin	0.50	100

By segment	Capital (in EUR million)	INDUS stake (in %)
Medical Engineering/Life Science		
IMECO GmbH & Co. KG, Goldbach*	0.75	100
MIKROP AG, Wittenbach/Switzerland*	1.13**	100
OFA Bamberg GmbH, Bamberg*	1.52	100
RAGUSE Gesellschaft für medizinische Produkte mbH, Ascheberg*	0.92	100
ROLKO Kohlgrüber GmbH, Borgholzhausen*	0.53	100
Metals Technology		
BETEK GmbH & Co. KG, Aichhalden*	0.75	100
DSG Dessauer Schaltschrank- und Gehäusetechnik GmbH, Dessau-Roßlau	1.13	100
HAKAMA AG, Bättwil/Switzerland	1.52**	100
Anneliese KÖSTER GmbH & Co. KG, Ennepetal*	0.92	100
MEWESTA Hydraulik GmbH & Co. KG, Münsingen	0.53	100
PLANETROLL GmbH & Co. KG, Munderkingen	0.54	100
Helmut RÜBSAMEN GmbH & Co. KG, Metalldrückerei-Umformtechnik, Bad Marienberg	0.53	100
Karl SIMON GmbH & Co. KG, Aichhalden*	7.14	100
VULKAN INOX GmbH, Hattingen*	1.12	100

* Including subsidiaries
** CHF million

Key Figures

in EUR '000	2015	2016	2017	2018	2019	2020	2021*	2022*
STATEMENT OF INCOME								
Sales	1,388,857	1,444,270	1,640,640	1,710,788	1,742,799	1,558,554	1,633,469	1,804,109
of which domestic	708,993	735,486	815,497	878,860	890,190	801,805	837,621	896,887
of which abroad	679,864	708,784	825,143	831,928	852,609	756,749	795,848	907,222
Personnel expenses	392,012	430,230	479,679	506,637	527,461	501,007	467,485	494,642
Personnel expense ratio (personnel expenses as % of sales)	28.2	29.8	29.2	29.6	30.3	32.1	28.6	27.4
Cost of materials	651,562	648,685	745,894	811,929	782,448	690,106	757,033	872,208
Cost-of-materials ratio (cost of materials as % of sales)	46.9	44.9	45.5	47.5	44.9	44.3	46.3	48.3
EBITDA	185,473	199,424	213,918	218,083	225,706	157,710	251,156	262,428
Depreciation/amortization**	50,103	55,976	62,438	83,657	107,810	132,630	85,530	128,763
EBIT	135,370	143,448	151,481	134,426	117,896	25,080	165,626	133,665
EBIT margin (EBIT as % of sales)	9.7	9.9	9.2	7.9	6.8	1.6	10.1	7.4
Financial income	-26,075	-20,070	-22,290	-19,720	-18,922	-15,446	-15,957	-17,734
EBT	109,295	123,378	129,191	114,706	98,974	9,634	149,669	115,931
Earnings after taxes from continuing operations	68,287	80,418	83,074	71,185	60,072	-26,902	97,762	72,890
Earnings from discontinued operations	–	–	–	–	–	–	-50,198	-123,907
Earnings after taxes	68,287	80,418	83,074	71,185	60,072	-26,902	47,564	-51,017
Earnings per share from continuing operations (in EUR)	2.78	3.27	3.37	2.90	2.43	-1.10	3.68	2.68
Earnings per share from discontinued operations (in EUR)	–	–	–	–	–	–	-1.90	-4.61
Earnings per share (in EUR)	2.78	3.27	3.37	2.90	2.43	-1.10	1.78	-1.93
Statement of financial position								
Assets								
Intangible assets	453,630	483,008	515,044	509,420	592,315	559,778	646,017	645,065
Property, plant and equipment	334,846	369,331	397,008	418,227	430,679	405,470	416,610	344,283
Inventories	281,612	308,697	339,154	408,693	381,364	332,463	403,894	449,387
Receivables	160,744	177,626	197,528	202,523	202,527	161,943	168,890	195,468
Other assets	56,752	55,762	68,571	71,508	66,186	74,472	85,678	127,864
Cash and cash equivalents	132,195	127,180	135,881	109,647	135,120	194,701	136,320	127,816
Equity and liabilities								
Equity	595,430	644,568	673,813	709,825	727,721	676,354	787,474	685,221
Provisions	92,235	96,815	118,730	118,966	129,032	128,424	88,483	66,997
Financial liabilities	488,550	503,731	534,846	592,406	681,386	713,614	640,454	721,372
Other equity and liabilities	243,563	276,490	325,797	298,821	270,052	210,435	340,998	416,293
Total assets	**1,419,778**	**1,521,604**	**1,653,186**	**1,720,018**	**1,808,191**	**1,728,827**	**1,857,409**	**1,889,883**

in EUR '000	2015	2016	2017	2018	2019	2020	2021*	2022*
Group equity ratio (equity/total assets) as %	41.9	42.4	40.8	41.3	40.2	39.1	42.4	36.3
Non-current financial liabilities	376,935	389,757	439,545	465,886	546,341	553,773	477,286	580,638
Current financial liabilities	111,616	113,974	95,301	126,520	135,045	159,841	163,168	140,734
Net debt (non-current and current financial liabilities – cash and cash equivalents)	356,356	376,551	398,965	482,759	546,266	518,913	504,134	593,556
Net debt/EBITDA	1.9	1.9	1.9	2.2	2.4	3.3	2.0	2.3
Trade payables	46,749	55,409	66,162	65,659	55,931	48,926	75,811	74,283
Advance payments received and contract liabilities	39,860	58,409	67,569	73,378	49,703	35,024	53,060	73,967
Working capital (inventories + trade receivables – trade payables – advance payments – contract liabilities)	355,746	372,505	402,951	472,180	478,257	410,457	443,914	496,605
Gearing (net debt/equity)	0.6	0.6	0.6	0.7	0.8	0.8	0.6	0.9
Return on equity (earnings after taxes from continuing and discontinued operations/ equity) in %	11.5	12.5	12.3	10.0	8.3	-4.0	6.0	-7.4
Investments	107,380	103,884	111,425	102,401	107,438	53,502	119,881	113,309
Statement of cash flows								
Operating cash flow	157,341	137,945	144,942	96,010	167,733	174,444	177,743	137,123
Cash flow from operating activities	130,942	114,564	123,962	74,654	147,286	155,188	158,355	116,339
Cash flow from investing activities	-112,768	-104,454	-109,956	-98,317	-76,152	-52,345	-105,990	-94,438
Cash flow from financing activities	-3,149	-14,938	-3,898	-2,706	-46,141	-42,015	-40,840	55,905
Cash flow per share (in EUR)	5.36	4.69	5.07	3.05	6.02	6.35	6.01	4.33
Other performance indicators								
XETRA share price at year-end (in EUR)	44.51	51.64	59.50	39.00	38.85	32.10	32.75	21.95
Average number of shares	24,450,509	24,450,509	24,450,509	24,450,509	24,450,509	24,450,509	26,332,863	26,895,559
Number of shares at year-end	24,450,509	24,450,509	24,450,509	24,450,509	24,450,509	24,450,509	26,895,559	26,895,559
Market capitalization	1,088,292	1,262,624	1,454,805	953,570	949,902	784,861	880,830	590,357
Dividend (in EUR million)***	29,341	33,008	36,676	36,676	19,560	19,560	28,240	21,516
Dividend per share (in EUR)***	1.20	1.35	1.50	1.50	0.80	0.80	1.05	0.80
Number of portfolio companies	44	44	45	45	47	46	44	45

* The annual figures for 2022 and 2021 show the amounts from continuing operations in each case

** Depreciation/amortization and impairment

*** Total dividend amount and dividend per share for the financial year; dividend proposal for the 2022 financial year – subject to approval at Annual Shareholders' Meeting on May 17, 2023

Added Value

As a leading specialist for sustainable equity investment and development in German speaking countries, INDUS also aims to add lasting value to its small and medium-sized portfolio companies. The statement of value added shows the increase in the company's enterprise value as a contribution to the gross national product of the country concerned and how it is distributed. INDUS Holding AG's gross added value increased by 5.4% in the reporting year to EUR 759.0 million. By continuing to align its value chain consistently with sustainability, INDUS safeguards its future corporate development and ability to innovate in the context of its corporate social responsibility.

BUSINESS PERFORMANCE

(in EUR million)

	2022	2021
Revenue	1,804.1	1,633.5
Other operating income	25.1	23.8
Own work capitalized	3.5	3.9
Change in inventories	30.0	21.7
Remaining income	2.0	1.6
Business performance	**1,864.7**	**1,684.5**

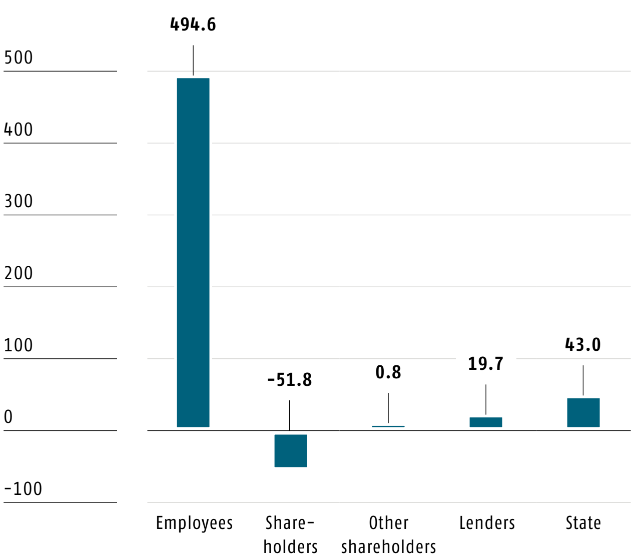
ADDED VALUE

(in EUR million)

	2022	2021
Business performance	1,864.7	1,684.5
Cost of materials	-872.2	-757.0
Other operating expenses	-233.5	-207.2
Gross added value	**759.0**	**720.3**
Depreciation/amortization (incl. impairment)	-128.8	-85.6
Earnings from discontinued operations	-123.9	-50.2
Net added value	**506.3**	**584.5**

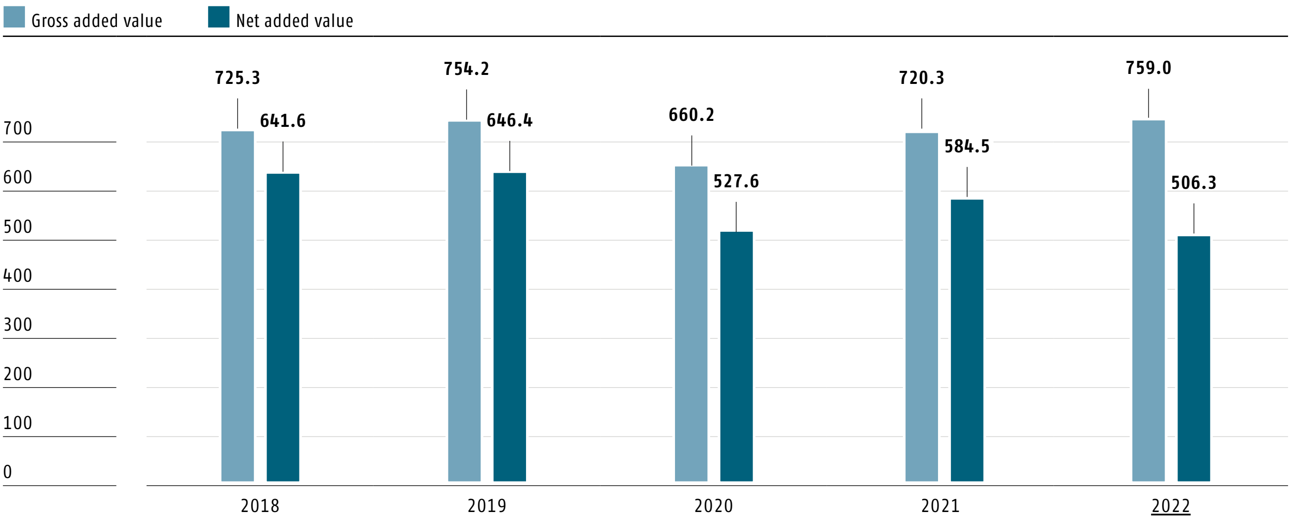
UTILIZATION OF NET ADDED VALUE IN 2022

(in EUR million)



DEVELOPMENT OF ADDED VALUE IN 2022

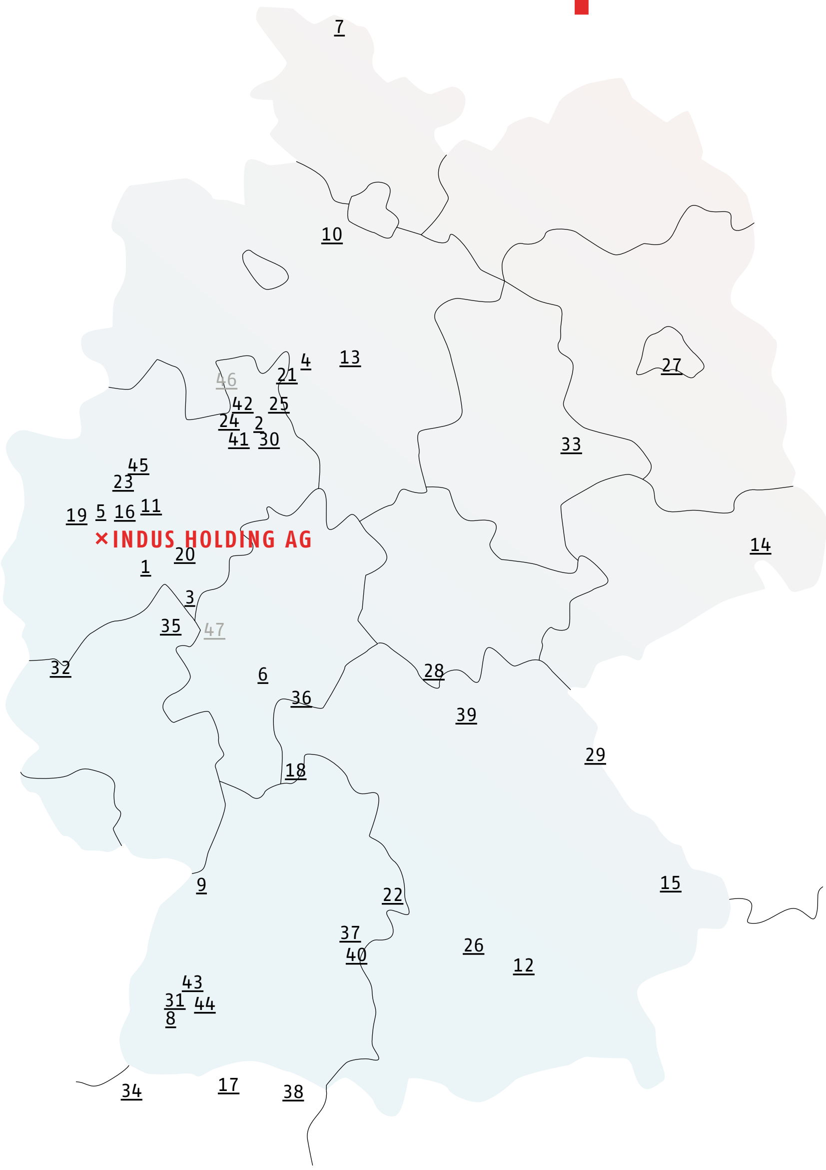
(in EUR million)



Overview of Portfolio Companies

Our portfolio companies operate independently within their markets. They use this freedom to actively develop their company further, tailoring it closely to customers' needs. This keeps both the individual firms and our Group as a whole successful and resilient.

Further information about the portfolio companies in the INDUS Group can be found at www.indus.de/en/investments/portfolio



ENGINEERING

1 ASS
2 BUDDE
3 ELTHERM
4 GSR
5 HEIBER + SCHRÖDER
6 HELD-GRUPPE
7 HORNGROUP
8 IEF-WERNER
9 IPETRONIK
10 JST
11 KÖSTER
12 M. BRAUN
13 M+P
14 MBN
15 MESUTRONIC
16 PEISELER

INFRASTRUCTURE

17 ANCOTECH
18 AURORA
19 BETOMAX
20 FS-BF
21 H. HEITZ
22 HAUFF-TECHNIK
23 MIGUA
24 OBUK
25 REMKO
26 SCHUSTER
27 TSN
28 WEIGAND
29 WEINISCH
30 WIRUS

MATERIALS

31 BETEK
32 BILSTEIN & SIEKERMANN
33 DSG
34 HAKAMA
35 RÜBSAMEN
36 IMECO
37 MEWESTA
38 MIKROP
39 OFA
40 PLANETROLL
41 RAGUSE
42 ROLKO
43 SIMON
44 SITEK
45 VULKAN INOX

NON-CORE

46 SCHÄFER
47 SELZER

Engineering

32.2% / EUR 580.9 million of total sales

Engineering remains the backbone of the German economy. This is also the home of the SME industry, with its numerous hidden champions. This is where we find companies that enable progress with their technological expertise. Whether it's the energy transition or the optimization of work and production processes – engineering is the foundation of successful change. Interconnecting production with cutting-edge information and communication technology creates the space for new growth models. The megatrends of digitalization and sustainability are the driving force behind these developments.

The companies that currently make up the INDUS Engineering segment are supporting the manufacturing industry today with a broad range of products and services. They are established names in the specialized field of machinery and equipment construction, and niche suppliers for automation and robotics, sensor technology and measuring/control engineering.

Axel Meyer is the Board member responsible for the Engineering segment.

ASS MASCHINENBAU GMBH, OVERATH
Robotic hands and automation systems for manufacturers
Sales 2022: EUR 18.3 million
www.ass-automation.com

BUDDE FÖRDERTECHNIK GMBH, BIELEFELD
Specialist in logistics and material flows
Sales 2022: EUR 94.3 million
www.budde.de

ELTHERM GMBH, BURBACH
Specialist in electrical heat tracing systems
Sales 2022: EUR 42.1 million
www.eltherm.com

GSR VENTILTECHNIK GMBH & CO. KG, VLOTHO
Innovative valve technology for Industrial applications
Sales 2022: EUR 29.5 million
www.ventiltechnik.de

HORNGROUP HOLDING GMBH & CO. KG, FLENSBURG
Refueling technology and workshop solutions worldwide
Sales 2022: EUR 68.5 million
www.the-horngroup.com

IEF-WERNER GMBH, FURTWANGEN
Automation components and systems
Sales 2022: EUR 20.7 million
www.ief.de

IPETRONIK GMBH & CO. KG, BADEN-BADEN
Measurement and testing technology
Sales 2022: EUR 41.5 million
www.ipetronik.com

JUNGMANN SYSTEMTECHNIK GMBH & CO. KG, BUXTEHUDE
All-in-one solutions for control desk, control room and control center set-up
Sales 2022: EUR 16.0 million
www.jungmann.de

KÖSTER & CO. GMBH, ENNEPETAL
Cold working parts and bolt welding technology
Sales 2022: EUR 18.2 million
www.koeco.net

M. BRAUN INERTGAS-SYSTEME GMBH, GARCHING
Inert gas glovebox systems for industry and research
Sales: 2022: 90.5 million
www.mbraun.de

MBN MASCHINENBAUBETRIEBE NEUGERSDORF GMBH, EBERSBACH-NEUGERSDORF
Sophisticated solutions for special machinery and plant technology
Sales 2022: EUR 42.7 million
www.mbn-gmbh.de

MESUTRONIC GERÄTEBAU GMBH, KIRCHBERG IM WALD
Metal and foreign body detection in production
Sales 2022: EUR 26.7 million
www.mesutronic.de

M+P INTERNATIONAL MESS- UND RECHNERTECHNIK GMBH, HANOVER
Vibration experts
Sales 2022: EUR 13.8 million
www.mpihome.com

PEISELER GMBH & CO. KG, REMSCHEID
High-precision indexing devices and rotary tilt tables for machine tools
Sales 2022: EUR 21.7 million
www.peiseler.de

ACQUISITIONS

HEIBER + SCHRÖDER MASCHINENBAU GMBH, ERKRATH
Special machinery for packaging solutions
Sales 2022: EUR 24.1 million
www.heiber-schroeder.com

HELD-GRUPPE, HEUSENSTAMM
Laser cutting and welding technology
Sales 2022: EUR 12.4 million
www.held-systems.com

Infrastructure

32.5% / EUR 586.0 million of total sales

Growing mobility and advancing urbanization, increasing digitalization and sustainability are the megatrends providing lasting momentum to the construction industry in Germany. Public investment in infrastructure for the maintenance and expansion of traffic routes, high capacity requirements in residential construction, and energy renovations are driving demand. Construction and building technology are gaining ideas from the social demand for sustainable building. Modern technologies enable intelligent infrastructures and supply networks for telecommunications and energy supplies.

The companies in the INDUS Infrastructure segment exploit their stable positioning to develop their ranges and focus on these needs – in the fields of construction and building technology, telecommunications infrastructure, and air-conditioning technology.

Dr. Jörn Großmann is the Board member responsible for the Infrastructure segment.

ANCOTECH GRUPPE, DIELSDORF
Special reinforcements and tanker transport systems
Sales 2022: EUR 59.0 million
www.ancotech.com

AURORA KONRAD G. SCHULZ GMBH & CO. KG, MUDAU
Heating and air-conditioning systems
Sales 2022: EUR 60.2 million
www.aurora-eos.com

BETOMAX SYSTEMS GMBH & CO. KG, NEUSS
Concrete construction solutions
Sales 2022: EUR 24.8 million
www.betomax.de

FS-BF GMBH & CO. KG, REICHSHOF/HAHN
Sealants made from silicone and acrylic
Sales 2022: EUR 49.6 million
www.fsbf.com

H. HEITZ FURNIERKANTENWERK GMBH & CO. KG, MELLE
Edge and wrapping veneer for the furniture and construction industries
Sales 2022: EUR 38.6 million
www.h-heitz.de

HAUFF-TECHNIK GMBH & CO. KG, HERMARINGEN
Innovative sealing systems for cables and pipes
Sales 2022: EUR 98.9 million
www.haufftechnik.de

MIGUA FUGENSYSTEME GMBH, WÜLFRATH
Section construction for expansion joints
Sales 2020: 13.9 million
www.migua.com

OBUK HAUSTÜRFÜLLUNGEN GMBH & CO. KG, OELDE
Individual front door panels
Sales 2022: EUR 28.9 million
www.obuk.de

REMKO GMBH & CO. KG, LAGE
Commercial air-conditioning and heating technology
Sales 2022: EUR 81.4 million
www.remko.de

SCHUSTER KLIMA LÜFTUNG GMBH & CO. KG, FRIEDBERG
Energy-efficient ventilation and air-conditioning technology
Sales 2022: EUR 17.1 million
www.klima-schuster.de

TURMBAU STEFFENS & NÖLLE GMBH, BERLIN
International construction of towers
Sales 2022: EUR 10.5 million
www.turmbau.de

WEIGAND BAU GMBH, BAD KÖNIGSHOFEN IM GRABFELD
Modern pipeline and cable duct construction
Sales 2022: EUR 21.1 million
www.weigandbau.de

WEINISCH GMBH & CO. KG, OBERVIECHTACH
High-quality powder coating of metals
Sales 2022: EUR 6.2 million
www.weinisch.de

WIRUS FENSTER GMBH & CO. KG, RIETBERG-MASTHOLTE
High-quality windows and doors
Sales 2022: EUR 75.6 million
www.wirus-fenster.de

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All the portfolio company sales in all segments comprise sales to external third parties.

Materials

35.3% / EUR 636.8 million of total sales

In the manufacturing sector, innovative materials and new composite materials are pushing the boundaries of what is possible. Together with the latest production processes, they enable solutions that break into new performance and application dimensions. The megatrend sustainability demands new solutions for the sparing use of resource. The spotlight has fallen on recycling and waste management.

The companies in the INDUS Materials segment have a high level of expertise in materials. They specialize in metal forming and processing, metal production, and medical consumables and aids. They make the most of the knowledge they have acquired and constantly transfer that knowledge to new application possibilities.

Dr. Johannes Schmidt is the Board member responsible for the Materials segment.

BETEK GMBH & CO. KG, AICHHALDEN
Carbide-tipped wear parts
Sales 2022: EUR 288.7 million
www.betek.de

BILSTEIN & SIEKERMANN GMBH & CO. KG, HILLESHEIM
Cold extrusion parts, turned parts, and locking screws
Sales 2022: EUR 17.9 million
www.bsh-vs.com

DESSAUER SCHALTSCHRANK- UND GEHÄUSETECHNIK GMBH, DESSAU-ROSSLAU
Switch cabinets and machine casings
Sales 2022: EUR 10.9 million
www.dessauer-schaltschraenke.de

HAKAMA AG, BÄTTWIL (CH)
Feinblechtechnik
Sales 2022: EUR 21.4 million
www.hakama.ch

IMECO GMBH & CO. KG, GOLDBACH
Products made of non-wovens
Sales 2022: EUR 20.0 million
www.imeco.de

MEWESTA HYDRAULIK GMBH & CO. KG, MÜNSINGEN
Hydraulic control blocks and systems
Sales 2022: EUR 7.9 million
www.mewesta.de

MIKROP AG, WITTENBACH
Miniaturized precision optics
Sales 2022: EUR 15.2 million
www.mikrop.com

OFA BAMBERG GMBH, BAMBERG
Compression hosiery and bandages
Sales 2022: EUR 75.5 million
www.ofa.de

PLANETROLL GMBH & CO. KG, MUNDERKINGEN
Stirring technology and power transmission technology
Sales 2022: EUR 5.6 million
www.planetroll.de

RAGUSE GESELLSCHAFT FÜR MEDIZINISCHE PRODUKTE MBH, ASCHEBERG-HERBERN
Surgical drapes
Sales 2022: EUR 13.3 million
www.raguse.de

ROLKO KOHLGRÜBER GMBH, BORGHOLZHAUSEN
Rehabilitation equipment
Sales 2022: EUR 29.5 million
www.rolko.de

HELMUT RÜBSAMEN GMBH & CO. KG, BAD MARIENBERG
Metal processing and forming technology
Sales 2022: EUR 61.5 million
www.helmut-ruebsamen.de

KARL SIMON GMBH & CO. KG, AICHHALDEN
Sintered products, toolmaking, and materials laboratory
Sales 2022: EUR 13.9 million
www.simon.group

SITEK-SPIKES GMBH & CO. KG*, AICHHALDEN
Tire studs and carbide tools
Sales 2022: EUR 23.2 million
www.sitek.de

VULKAN INOX GMBH, HATTINGEN
Granules for surface treatment
Sales 2022: EUR 32.2 million
www.vulkaninox.de

* SITEK merges with BETEK

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An online version of the Annual Report is available. Please scan the QR code or go to www.reporting.indus.de/en

Financial Calendar

Date	Event
March 23, 2023	Publication of the Annual Report for the 2022 financial year
March 24, 2023	Capital Markets Day
May 11, 2023	Publication of interim report on the first quarter 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

Imprint

RESPONSIBLE MEMBER OF THE BOARD OF MANAGEMENT
Dr.-Ing. Johannes Schmidt

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