



Interim financial report
for the first half of

2022

The **Muehlhan Group** offers its customers a broad and comprehensive spectrum of services with professional industrial quality standards. Our customers benefit from our exceptional organizational skills, on-time delivery, the technical expertise that differentiates us from our competitors, and our more than 140 years of experience.

Our **Renewables, Ship, Construction/Infrastructure** and **Oil & Gas** business units offer first-class solutions for surface protection, insulation, passive fire protection, access technology, scaffolding and steel construction. In 2021, with **more than 2,800 employees at over 30 locations** worldwide, we generated nearly €300 million in revenues.

We will continue to focus our efforts on steadily improving our technologies and services while actively developing new markets in order to continue expanding our business going forward.

Group key figures

in kEUR		1 st half of 2022	1 st half of 2021
Results			
Revenues		121,539	143,482
Earnings from operations before depreciation and amortization (EBITDA)		7,111	9,041
Earnings from operations (EBIT)		4,152	3,859
Earnings before income taxes (EBT)		3,487	3,099
Consolidated income attributable to shareholders of Muehlhan AG		1,375	1,088
Earnings per share from continuing operations	in EUR	0.12	0.06
Cash flow from operating activities		-1,690	4,699
Investments in property, plant and equipment (not incl. leases)		1,170	2,636
Balance sheet			
Total assets		161,880	147,948
Fixed assets ¹		37,280	38,357
Equity		67,058	77,336
Equity ratio	in %	41.4	52.3
Employees			
Employees (annual average)	number	2,087	2,842

¹ Fixed assets: total of non-current assets less deferred tax assets



Offshore surface protection work

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Letter from the Executive Board

*Dear shareholders,
business partners and employees!*

The Muehlhan Group developed in line with expectations in the first half of 2022. Revenues and EBIT fell year-over-year as expected due to company disposals in the second half of 2021. When adjusted for these disposals, however, revenues and EBIT increased and attest to the Muehlhan Group's positive trend.

Revenues fell by 15.2% to €121.5 million while EBIT rose by €0.3 million to €4.2 million. The consolidated income after the first six months attributable to investors of Muehlhan AG likewise increased slightly year-over-year by €0.3 million to €1.4 million. Comparison with the prior-year period is possible only to a limited extent due to the company disposals in the second half of 2021. If we compare the current half-year results with the results for the first half of 2021 following adjustment for the disposals, revenues increased by €19.8 million and EBIT by €2.9 million. In this context, it should be borne in mind that the first few months of the previous year were still very much affected by the impacts of the pandemic. Cash flow from operating activities fell by €6.4 million year-over-year to €-1.7 million. This was due in part to the strong growth in the wind power segment, which is characterized by longer payment deadlines and a seasonal increase in receivables as a result of the profitable summer months. Additionally, the contribution to cash flow made by the divested companies is missing.

The growth market **Renewables** recorded revenues of €46.4 million (previous year: €45.0 million) and EBIT of €2.0 million (previous year: €4.8 million). The drop in EBIT is due to a successful project in the previous year that was not mirrored by a comparable project in the first half of this year as well as start-up costs for current projects. In the **Ship** unit, revenues fell from €29.2 million to €28.4 million. EBIT fell sharply by €1.0 million to €1.4 million. In the **Construction/Infrastructure** business unit, revenues of €30.4 million were achieved, compared to €34.4 million in the same period of the previous year. EBIT was positive at €1.2 million, compared with a negative EBIT of €-0.4 million in the previous year. In the **Oil & Gas** unit, revenues halved to €15.8 million due to the sale of the North Sea oil and gas business in the previous year. In contrast, EBIT increased by €0.2 million to €1.7 million. This was due to the diminishing pandemic restrictions at the remaining companies and the small contribution made by the divested companies in the comparable prior-year period.

Revenues in the **Marine & Construction** segment rose from €70.3 million to €73.5 million. EBIT increased from €2.7 million to €4.1 million. The loss of revenues and EBIT as a result of the sale of Gerüstbau Muehlhan GmbH in the previous year was offset by other companies among other things due to the reduced restrictions related to the COVID-19 pandemic. The **Energy** segment generated significantly lower revenues and results due to the sale of the North Sea business. Revenues slumped from €75.5 million to €47.9 million, while EBIT halved year-over-year, falling from €5.4 million to €2.5 million.

The Muehlhan Group's financial position remains stable. The dividend in the amount of €14.5 million paid out in May 2022 was financed in full by the income from the company disposals in the previous year. In addition, borrowings were reduced. It has a healthy ratio of equity to borrowing, and its liquidity is safeguarded.

Following the company disposals in the previous year, the Executive Board is now focusing on expanding its existing business, albeit under increasingly uncertain conditions. Supply chain problems and some drastic material price increases are having a direct and indirect impact on Muehlhan. In the hope that no new relevant restrictions are introduced in the second half of the year due to the COVID-19 pandemic, the Executive Board nevertheless remains cautiously optimistic about the development of the Muehlhan Group.

We would like to take this opportunity to thank our shareholders, customers and suppliers for the trust they have placed in us, and our employees for their dedication over the last six months.

Stay healthy!

Hamburg, July 2022

The Executive Board



Stefan Müller-Arends



Gautam Arya



Thorsten Hell



Blasting of a surface in preparation for the application of surface protection

Share price following stock market trend

The Muehlhan share depreciated in the first half of 2022 in line with the general stock market trend, but saw a temporary surge following the announcement of a dividend of €0.75 per share.

The share started 2022 at a price of €3.48 and its development was initially marginally positive, while the trading volume was low. With the outbreak of war in Ukraine, the Muehlhan share price fell sharply as part of the general price slump, but went on to recover to a price of €3.44 per share by March 30, 2022. The Muehlhan share therefore depreciated by 1.1% in the first quarter of 2022.

Following publication of the Annual Report on April 1, 2022, with the announcement that a dividend of €0.75 per share would be proposed at the Annual General Meeting, the share price increased sharply to €4.86 on April 20, 2022, on the

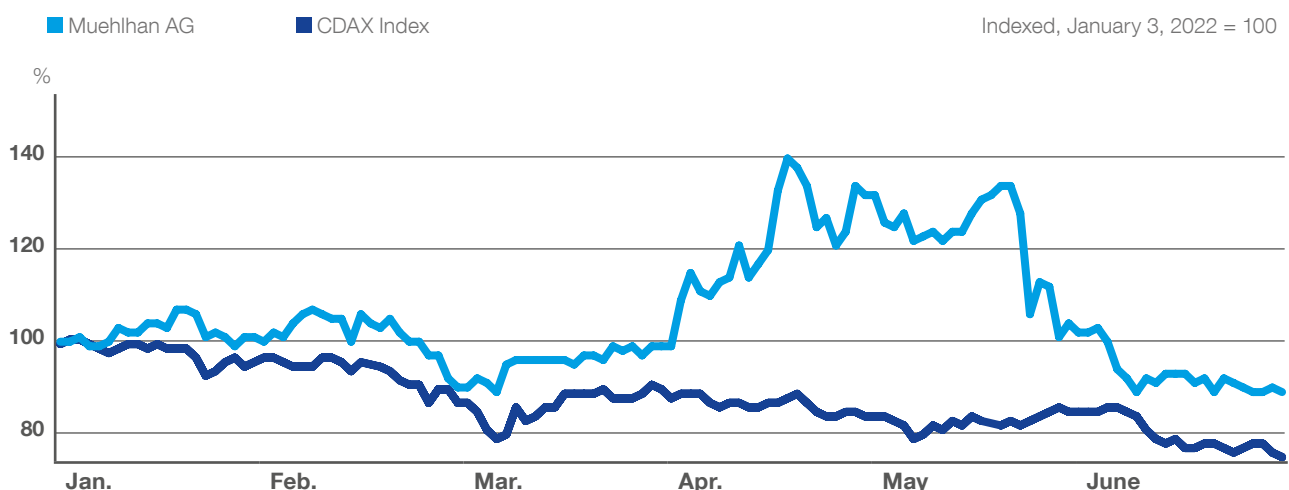
back of very strong revenues. The share price then ranged between €4.20 and €4.66 up to the Annual General Meeting on May 24, 2022. Following the decision taken at the Annual General Meeting to pay a dividend of €0.75 per share, the share reacted and slumped considerably up to the end of May. The decline in the share price continued in June and the Muehlhan share was trading at a price of €3.10 on June 30, 2022.

As such, the Muehlhan share depreciated by 10.1% in the first half of 2022, but it nevertheless outperformed the CDAX.

Shareholder structure as of June 30, 2022

There were no major changes to the shareholder structure as of June 30, 2022, in comparison with December 31, 2021. More than 50% of the shares remain in the possession of the family that founded the company.

Share performance in the first half of 2022



Group Interim Management Report

for the first half of 2022



Insulation work

Economic Report

Business performance and results of operations

Performance in first half of the year within expected range

The first half of 2022 was less and less affected by the restrictions imposed due to the COVID-19 pandemic and developed in line with expectations. Following the company disposals in the previous year and the resultant decline in revenues and EBIT in the reporting period, Muehlhan is now focusing on expanding its existing business, although its planning certainty is considerably reduced due to supply chain problems and some drastic material price increases. Profitability almost returned to the pre-pandemic level in the first half of the year.

Revenues of €121.5 million were generated between January and the end of June 2022. This represents a decrease of 15.2% or €21.9 million compared with the same period in 2021. **EBITDA** (earnings from operations before interest, taxes, depreciation and amortization) amounted to €7.1 million as of June 30, 2022 (previous year: €9.0 million). **EBIT** (earnings from operations) amounted to €4.2 million and was thus €3.9 million higher than in the previous year. The EBIT margin improved accordingly from 2.7% to 3.4%. **Consolidated income** after taxes after the first six months increased by €0.4 million to €2.4 million. The consolidated income attributable to Muehlhan AG's investors after the first six months increased by €0.3 million to €1.4 million. Cash flow from operating activities amounted to €-1.7 million compared with €4.7 million in the comparison period. The significant decrease in cash flow is due to strong growth in the wind power sector, which is characterized by longer payment deadlines and a seasonal increase in receivables as a result of the profitable summer months. Additionally, the contribution to cash flow made by the divested companies is missing.

Comparison with the prior-year period is possible only to a limited extent, as the prior-year period still included the company Gerüstbau Muehlhan GmbH disposed of in the second half of 2021 and the North Sea oil and gas activities, which were likewise divested.

If we compare the current half-year results with the results for the first half of 2021 following adjustment for the disposals, revenues increased by €19.8 million and EBIT by €2.9 million.

Reduction in most items in the income statement due to prior-year company disposals

Revenues fell year-over-year due to missing revenues generated by the divested companies. The companies in Denmark (Renewables), the USA (Construction/Infrastructure) and Greece/Cyprus (primarily Oil & Gas and Construction/Infrastructure) were able to record considerable revenue increases.

Other operating income includes income from the USA in the amount of €1.5 million. In the previous year, the US companies received government support payments to mitigate the effects of the COVID-19 pandemic. Proper use of the funds was confirmed in the reporting period and the payments were converted into a non-repayable grant.

The **cost of materials and purchased services** remained practically unchanged year-over-year at €51.4 million and therefore increased significantly proportionate to revenues for project-related reasons. The companies divested in the previous year essentially drew on their own staff to handle projects on the North Sea oil and gas platforms and in the scaffolding business.

With the employee headcount being significantly lower at 2,087 due to the company disposals (first half of 2021: 2,842), the Group's **personnel expenses** fell by €21.3 million to €41.9 million.

Other operating expenses increased to €24.3 million in the first half of the year compared with the prior-year period (€22.3 million). The increase was mainly due to higher travel expenses as a result of the revenue growth and expenses incurred due to a cyberattack.

At €2.9 million, **depreciation and amortization** was €2.2 million below the prior-year level. The decline results from the sale of the investment-heavy scaffolding business in the second half of 2021. Depreciation and amortization includes an impairment of €0.1 million on the goodwill of the Russian Muehlhan company.

As in the previous year, the **income tax result** was €-1.1 million.

Breakdown by business unit and segment

Muehlhan reports internally according to business units and segments. When reporting by business unit, each company's activities are subdivided into the individual units. When reporting by segment, each Muehlhan company is assigned to a segment. An overview of which Muehlhan company is assigned to which segment and in which business units the companies operate can be found in Muehlhan AG's 2021 consolidated financial statements.

Breakdown by business unit

Revenues in the **Renewables** unit increased slightly by €1.6 million to €46.6 million. In contrast, EBIT fell from €4.8 million to €2.0 million. The drop in EBIT is due to a successful project in the previous year that was not mirrored by a comparable project in the reporting period as well as start-up costs for current projects.

In the **Ship** unit, revenues fell slightly once again from €29.2 million to €28.4 million. There was an above-average decrease in EBIT of €1.0 million to €1.4 million for project-related reasons.

In the **Construction/Infrastructure** business, revenue increases, in particular in the USA, were unable to fully offset the effect of the sale of Gerüstbau Muehlhan GmbH in the second half of the previous year. Revenues fell by €4.0 million to €30.4 million. Adjusted for the sale, revenues increased markedly.

EBIT is positive at €1.2 million due to the conversion of government support payments made in the USA into a grant, having still been negative in the previous year (€-0.4 million).

In the **Oil & Gas** unit, revenues have virtually halved to €15.8 million since the sale of the North Sea oil and gas activities compared with the level achieved in the year prior to the sale (€34.8 million). The companies that remain in this business segment were able to boost their revenues year-over-year. EBIT was increased by €0.2 million to €1.7 million. This was due to the diminishing pandemic restrictions at the remaining companies and the small contribution made by the divested companies in the previous year.

Breakdown by segment

Revenues in the **Marine & Construction** segment rose by €3.2 million to €73.5 million. EBIT increased from €2.7 million to €4.1 million. The loss of revenues and EBIT as a result of

the sale of Gerüstbau Muehlhan GmbH was offset by other companies among other things due to the reduced restrictions related to the COVID-19 pandemic in comparison with the previous year.

The **Energy** segment generated significantly lower revenues and results due to the sale of the North Sea business. Revenues slumped from €75.5 million to €47.9 million, while EBIT was halved year-over-year, falling from €5.4 million to €2.5 million.

Accident rate

One of the non-financial performance indicators used by Muehlhan is the accident rate, an internal accident statistic that is defined as the number of accidents per million working hours. The working environment and the demands on Muehlhan's employees are not without risks; consequently, while Muehlhan can apply a broad set of measures to reduce occupational accidents, it cannot eliminate them entirely. There were 11 accidents in total in the reporting period. This equates to an accident rate of 0.1 (full 2021 year: 3.6).

Net assets and financial position

Cautious investing activities

Capital expenditure totaled €1.2 million in the first half of 2022 and consisted primarily of (replacement) investments for surface protection equipment. The capital expenditure of the prior-year period amounted to €2.7 million.

Increased debt due to dividend and seasonal business

The Muehlhan Group's **net debt** increased significantly from €0.4 million to €19.1 million compared with December 31, 2021. A key reason for this was the dividend in the amount of €14.5 million paid in May 2022. This was also due to the strong growth in the wind power segment, which is characterized by longer payment deadlines and a seasonal increase in receivables as a result of the profitable summer months. Year-over-year, however, net debt was slightly lower (€19.1 million compared with €19.9 million as of June 30, 2021).

The conditions of the syndicated loan agreement were complied with.

Equity was reduced significantly by the dividend payment, falling from €77.3 million to €67.1 million.

Forecast and Report on Opportunities and Risks

Forecast

For the time being, the **forecast** for the 2022 financial year remains unchanged in comparison to the previous publications, but is now subject to significantly greater uncertainty due to the political and economic environment, supply chain problems and some drastic material and energy price increases that can seldom be passed on to the customers due to ongoing fixed-price contracts. Subject to no new relevant restrictions relating to the COVID-19 pandemic being introduced, the Executive Board and Supervisory Board are still reckoning with revenues of around €250 million and EBIT from ongoing business of between €5 million and €8 million. In addition, there is income of around €6 million from the earnout components relating to the sale of the North Sea oil and gas business in 2021. Aside from this special effect, the previous year's sale of the business segments is resulting in a decline in revenues and EBIT.

The Russian subsidiary Muehlhan Morflot OOO (MMF), St. Petersburg, is not material for the net assets, financial position and results of operations of the Muehlhan Group. Apart from MMF, there are no relevant business relationships with Russian companies or the Russian state.

Opportunities and risks

From the company's perspective, there are no risks that could threaten its existence as a going concern.

Project losses can generally not be excluded. However, there is currently nothing to indicate that such losses could occur to any major extent over the rest of the year.

As in the past, the regions and markets of relevance to the Muehlhan Group continue to vary greatly. The Oil & Gas segment, for example, is dependent on developments in the price of crude oil; experience shows that a significant drop also leads to restrictions in maintenance work in the short term. The current conflict with Russia and the resultant significant price increases, in particular for gas, are resulting in considerably greater investment in the area of renewable energies. Regional variations in the development of the COVID-19 pandemic can likewise have both a negative and positive impact on business.

Competition for qualified executives and quality-conscious technical employees remains high in the industries in which Muehlhan is active. Muehlhan's future success therefore depends in part on the extent to which we are successful over the long term in recruiting the required professionals, integrating them into existing work processes and retaining them over the long term.

Setting aside the war in Ukraine and the consequences and economic risks triggered by this, there are no material changes to the Group's opportunities and risks in comparison with the 2021 financial year. We therefore refer you to the detailed notes published in the 2021 Annual Report.



Application of surface protection

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Interim Consolidated Financial Statements

as of June 30, 2022

CONSOLIDATED BALANCE SHEET

Assets in kEUR	06/30/2022	12/31/2021
NON-CURRENT ASSETS		
Intangible assets	15,508	15,678
Property, plant and equipment	18,375	19,482
Financial assets	36	36
Other non-current assets	3,378	3,160
Deferred tax assets	3,364	3,640
Total non-current assets	40,644	41,997
CURRENT ASSETS		
Inventories	10,637	8,229
Trade receivables and contract assets	81,185	61,472
Cash and cash equivalents	12,170	18,698
Other current assets	16,745	17,052
Total current assets	120,737	105,451
Assets and disposal groups held for sale	500	500
TOTAL ASSETS	161,880	147,948

Rounding differences may occur.



Material testing

Equity and liabilities in kEUR	06/30/2022	12/31/2021
EQUITY		
Subscribed capital	19,500	19,500
Capital reserve	13,511	13,490
Treasury shares	-329	-329
Other reserves	1,130	-794
Retained earnings	25,400	38,653
Non-controlling interests	7,846	6,817
Total equity	67,058	77,336
NON-CURRENT LIABILITIES		
Pension provisions and similar obligations	625	673
Other non-current provisions	376	610
Non-current borrowings	6,925	9,925
Other non-current liabilities	2,145	2,394
Deferred tax liabilities	971	1,227
Total non-current liabilities	11,041	14,828
CURRENT LIABILITIES		
Current provisions	6,003	5,624
Current borrowings	24,354	9,184
Trade payables and contract liabilities	29,158	18,310
Other current liabilities	24,266	22,666
Total current liabilities	83,781	55,784
TOTAL EQUITY AND LIABILITIES	161,880	147,948

Rounding differences may occur.

CONSOLIDATED INCOME STATEMENT FOR FINANCIAL HALF YEAR 2022

in kEUR	1 st half of 2022	1 st half of 2021	
Revenues	121,539	143,482	
Other operating income	3,288	2,543	
Cost of materials and purchased services	-51,441	-50,644	
Personnel expenses	-41,932	-64,020	
Other operating expenses	-24,343	-22,320	
Earnings from operations before depreciation and amortization (EBITDA)	7,111	9,041	
Depreciation and amortization of intangible assets and property, plant and equipment	-2,959	-5,183	
Earnings from operations (EBIT)	4,152	3,859	
Financial result	-665	-759	
Earnings before income taxes (EBT)	3,487	3,099	
Income tax result	-1,075	-1,106	
Consolidated income	2,412	1,994	
Consolidated income attributable to non-controlling interests	1,037	906	
Consolidated income attributable to shareholders of Muehlhan AG	1,375	1,088	
EARNINGS PER SHARE in EUR			
Shares	number	19,384,967	19,380,316
from continuing operations			
basic		0.12	0.06
diluted		0.12	0.06

Rounding differences may occur.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in kEUR	1 st half of 2022	1 st half of 2021
Consolidated income	2,412	1,994
Recycable items		
Currency translation differences (legally independent entities abroad)	2,417	924
Other comprehensive income	2,417	924
Income taxes on other comprehensive income	0	0
Other comprehensive income after taxes	2,417	924
Total comprehensive income	4,830	2,918
of which attributable to non-controlling interests	1,335	931
Shareholders of Muehlhan AG	3,495	1,987
Total comprehensive income from continuing operations	4,830	2,918

Rounding differences may occur.

CONSOLIDATED CASH FLOW STATEMENT

in kEUR	1 st half of 2022	1 st half of 2021
Consolidated income attributable to shareholders of Muehlhan AG	1,375	1,088
Depreciation of fixed assets	2,641	5,183
Gain from the disposal of fixed assets	-65	-79
Non-cash expenses/income from the allocation of gains/losses to non-controlling interests	-1,037	-906
Income tax expense	1,075	1,106
Other non-cash expenses/income	3,755	1,732
Increase/decrease in provisions	96	-784
Cash flow	7,840	7,339
Increase in inventories, trade receivables, contract assets and other assets	-21,251	-17,153
Increase in trade payables, contract liabilities and other liabilities	12,499	14,969
Income taxes paid	-777	-456
Cash flow from operating activities	-1,690	4,699
Proceeds from disposals of fixed assets in property, plant and equipment	67	185
Capital expenditures in intangible assets	-4	-29
in property, plant and equipment	-1,170	-2,636
for financial assets	0	-58
Interest received	8	0
Cash flow from investing activities	-1,099	-2,538
Payments to shareholders and non-controlling shareholders (dividends)	-15,129	-3,194
Cash flow from the repayment of current borrowings	-2,453	-8,643
Cash flow from taking up of current borrowings	17,623	543
Cash flow from repayment of non-current borrowings	-3,000	-2,364
Cash flow from taking up of non-current borrowings	0	0
Interest paid	-571	-534
Cash used in financing activities	-3,530	-7,192
Currency, scope of consolidation and valuation-related changes in cash and cash equivalents	-209	236
Total changes in cash and cash equivalents	-6,528	-4,795
Cash and cash equivalents at the beginning of the period	18,698	13,175
Cash and cash equivalents* at the end of the period	12,170	8,379

* Cash and cash equivalents correspond to the balance sheet item "Cash and cash equivalents".

Rounding differences may occur.

CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

in kEUR	Equity applicable to equity holders of the parent company				
	Subscribed capital	Capital reserve	Profit reserves	Conversion reserve	Other reserves
					Adjustment from currency translation
As of 01/01/2021	19,500	13,621	4,598	-91	-4,653
Change in non-controlling interests	0	0	0	0	0
Contribution to share-based payment	0	198	0	0	0
Withdrawal from retained earnings	0	0	11	0	0
Dividends paid	0	0	0	0	0
Other changes	0	0	0	0	0
Total comprehensive income	0	0	0	0	899
As of 06/30/2021	19,500	13,819	4,609	-91	-3,754
As of 01/01/2022	19,500	13,490	2,478	-91	-3,181
Change in non-controlling interests	0	0	-284	0	0
Contribution to share-based payment	0	21	0	0	0
Withdrawal from retained earnings	0	0	89	0	0
Dividends paid	0	0	0	0	0
Total comprehensive income	0	0	0	0	2,120
As of 06/30/2022	19,500	13,511	2,283	-91	-1,061

Rounding differences may occur.

			Non-controlling interests	Equity
Retained earnings	Treasury shares	Equity		
32,719	-340	65,353	3,811	69,164
0	0	0	587	587
0	0	198	0	198
-11	0	0	0	0
-2,326	0	-2,326	-868	-3,194
238	0	238	0	238
1,088	0	1,987	931	2,918
31,708	-340	65,450	4,461	69,911
38,653	-329	70,520	6,817	77,336
0	0	-284	284	0
0	0	21	0	21
-89	0	0	0	0
-14,539	0	-14,539	-590	-15,129
1,375	0	3,495	1,335	4,830
25,400	-329	59,213	7,846	67,058

Notes

Company

Muehlhan AG is headquartered at Schlinckstrasse 3, Hamburg, Germany, and registered in the Commercial Register of the Municipal Court of Hamburg under HRB 97812. Muehlhan AG and its subsidiaries ("Muehlhan Group") provide surface protection, passive fire protection, scaffolding and access technology, steel construction and insulation services.

Consolidated group

The consolidated group changed as follows against December 31, 2021: Muehlhan Wind Service B.V., Vlaardingen, Netherlands, was founded in the previous year and is fully consolidated as of January 1, 2022. Comparability is not limited.

Principles for the preparation of the interim consolidated financial statements

The interim consolidated financial statements for the period from January 1 to June 30, 2022, were prepared in accordance with IAS 34 Interim Financial Reporting and were not subject to any audit or review by an auditor. The interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the period ending December 31, 2021.

Significant accounting and valuation principles

The figures for this interim report were determined in accordance with International Financial Reporting Standards (IFRS). The financial statements were prepared based on the going-concern premise. The same accounting and valuation methods were applied as for the 2021 consolidated financial statements.

The following issues are worth mentioning in relation to the COVID-19 pandemic:

The subsidiaries in the USA received government support in 2021. This consists of government payments that are converted into a non-repayable grant if the funds are used as agreed. Verification that the conditions were complied with was concluded in the first half of 2022 and €1.5 million was recognized in profit or loss. Other state aid has not been used to a relevant extent.

As was the case at year-end 2021, a leasehold agreement for land with a building on it in Aberdeen, United Kingdom, amounting to €0.5 million was recognized as an asset held for sale on June 30, 2022. There are no liabilities in connection with the assets held for sale.

Discretionary decisions and estimates

To fulfill our duties when preparing the interim consolidated financial statements, we sometimes have to make discretionary decisions, assumptions and estimates that affect the amounts of assets and liabilities, income, expenses and contingent liabilities reported, as well as how these are classified. Estimates and discretionary decisions are reassessed continually and are based on historical experience and other factors, including expectations about future events that appear reasonable given the circumstances. The Group makes assumptions and estimates about the future. Actual values may differ from the assumptions and estimates in particular instances. Adjustments are recognized in profit or loss on the date that more information becomes available. On the reporting date, management mainly made the following future-oriented assumptions and identified discretionary decisions and major sources of uncertainty relating to estimates, which may give rise to a significant risk that a substantial adjustment will have to be made within the next financial year to the assets and liabilities shown:

Testing goodwill for impairment

The impairment test for goodwill is based on forward-looking assumptions. The Group conducts these tests annually and more often if there is evidence that a goodwill impairment might have occurred. It entails measuring the recoverable amount for the cash-generating unit, which is the higher of fair value less costs of disposal and the value in use. Calculating the value in use involves making adjustments and estimates relating to the projection and discounting of future cash flows. Although management believes the assumptions used to calculate the recoverable amount are appropriate, any unforeseeable changes in these assumptions could result in impairment losses that could adversely affect the net assets, financial position and results of operations.

Impairment of non-current assets

The Group tests its non-current assets for impairment. Above all, such a test involves making estimates of future cash flows. A future change in economic and financial circumstances may lead to lower cash flows and thus to an impairment.

Impairment of current assets

The Group recognizes impairments for credit-impaired receivables to reflect expected losses due to customer insolvency. The Group bases its assessment of the appropriateness of impairments for credit-impaired receivables on the maturity structure of receivable balances and past empirical data on the derecognition of receivables, customers' creditworthiness

and changes in payment terms. If the customers' financial situation deteriorates, the actual amounts that have to be derecognized could exceed expectations.

Income taxes

The Group has a duty to pay income taxes in various countries. Key assumptions are therefore required to calculate the worldwide provision for income taxes. For some business transactions and calculations, the ultimate level of taxation cannot be determined conclusively during the normal course of business and in particular in the course of the year. If the ultimate level of taxation of these business transactions differs from the initial assumptions, this will affect actual and deferred taxes in the period in which the level of taxation is determined conclusively. Estimates are required in order to set up tax receivables and provisions and to assess the recoverability of deferred tax assets resulting from loss carryforwards. In particular, when judging the recoverability of deferred tax assets, there is uncertainty regarding the amount and probability of future taxable income.

Deferred taxes

Deferred tax assets and liabilities are measured on the basis of statutory tax rates for the future financial years in which the Group expects the temporary differences to reverse. If the tax rate changes, the effect of the new tax rate on deferred tax assets and liabilities is recognized in profit or loss in the reporting period in which the tax rate change is enacted.

Fair value of derivative financial instruments and other financial instruments

The fair value of derivative and other financial instruments not traded in an active market is determined using appropriate measurement techniques selected from a wide variety of methods. The valuation parameters required to value the instruments on the reporting date are based as far as possible on available market terms and conditions and as little as possible on company-specific data. The Group uses the present value method to determine the fair value of financial assets available for sale that are not traded in active markets.

Other provisions

Other provisions are recognized on the date on which an obligation to external third parties is probable and can be reliably estimated. The Group measured provisions in accordance with IAS 37. For other provisions, estimates are made regarding the amount and likely utilization.

Revenue recognition

Some revenues from the provision of services are reported using the percentage of completion method. Here, the Group estimates the ratio of services already performed as of the reporting date to the total amount of services to be performed.

Remarks

For the purpose of preparing the interim consolidated financial statements, the Executive Board makes judgments, estimates and assumptions that affect the application of accounting principles in the company and the reporting of assets and liabilities and of income and expenses. The actual amounts may differ from the estimates. The business results for the first six months of the financial year are not necessarily indicative of the results that may be expected for the entire year, particularly in light of the fact that impairment testing, especially for goodwill, is only performed at the end of the year and takes into consideration the budgeting for the next few financial years, which is performed in the fourth quarter.

Expenses regularly incurred during the financial year are only recognized or deferred in the consolidated financial statements to the extent that the deferral would also be appropriate at the end of the year.

Events after the reporting date

There were no events or new information of material significance for the business and/or for assessing the business after June 30, 2022.

Hamburg, July 29, 2022

Muehlhan AG
The Executive Board



Stefan Müller-Arends



Gautam Arya



Thorsten Hell

Responsibility statement

We confirm that, to the best of our knowledge, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with the generally accepted accounting principles for interim financial reporting and that the Group interim management report includes a fair review of the business performance including the business results and position of the Group together with a description of the main opportunities and risks associated with the expected development of the Group for the remainder of the financial year.

Hamburg, July 29, 2022

Muehlhan AG
The Executive Board



Stefan Müller-Arends



Gautam Arya



Thorsten Hell



Coating work on a wind turbine tower

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FINANCIAL CALENDAR

October 29, 2022

Publication of results for the third quarter of 2022

IMPRINT

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NOTES

This interim financial report is published in German and English. The German version is authoritative. For further information about the company, please visit www.muehlhan.com.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements regarding the future development of Muehlhan AG. These statements reflect the management's current views and are based on the corresponding plans, estimates and expectations. We would like to point out that the statements contain certain risks and uncertainties that may lead to the actual results differing significantly from those forecast. Although we are certain that the statements we have made are realistic, we cannot guarantee that future developments will match these statements.