

Interim Report H1 2021



Highlights

in EUR million	H1 2021	H1 2020
Sales	850.3	774.2
EBITDA	102.4	66.5
EBIT before impairment	56.3	19.6
EBIT margin before impairment (in %)	6.6	2.5
Impairment	0.0	-37.9
EBIT	56.3	-18.3
EBIT margin (in %)	6.6	-2.4
Group net income for the year (earnings after taxes)	28.7	-39.3
Earnings per share (in EUR)	1.10	-1.63
Operating cash flow	22.8	29.0
Cash flow from operating activities	11.4	19.3
Cash flow from investing activities	-89.1	-17.2
Cash flow from financing activities	45.7	15.1
	June 30, 2021	December 31, 2020
Total assets	1,889.4	1,728.8
Equity	760.4	676.4
Equity ratio (in %)	40.2	39.1
Working capital	478.0	410.5
Net debt	547.9	518.9
Cash and cash equivalents	163.2	194.7
Portfolio companies (number as of reporting date)	48	46

Contents

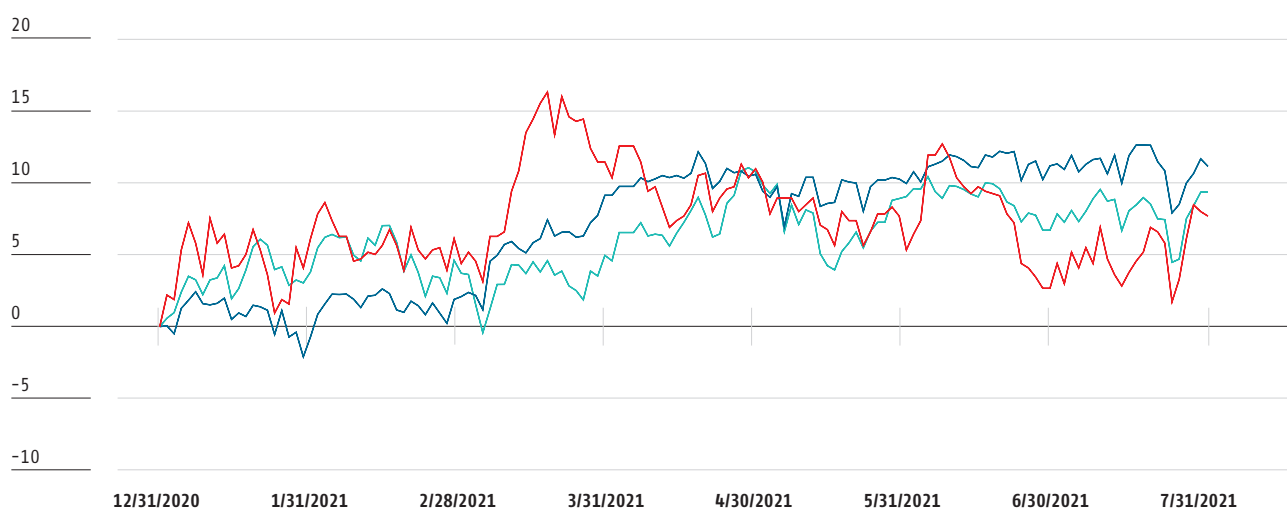
- 01**
1 Letter to the Shareholders
- 02**
2 Interim Management Report
- 03**
16 Condensed Consolidated Interim Financial Statements
- 04**
32 Contact | Financial Calendar | Imprint

INDUS Group clearly grows its sales and earnings

- 9.8% growth in sales in the first half of 2021
- Increase in EBIT to EUR 56.3 million
- Forecast for the 2021 financial year adjusted

SHARE PRICE PERFORMANCE OF THE INDUS SHARE JANUARY TO JULY 2021 EXCL. DIVIDEND

(in %)



Source: Bloomberg

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

Letter to the Shareholders

Dear Shareholders,

The INDUS Group once again developed well in the second quarter of 2021. We were able to continue the positive trend of the first quarter. We remain on track in this year of transition. However, when comparing figures with the previous year, we must bear in mind that the second quarter of 2020 was massively impacted by the effects of the first wave of the coronavirus.

In the first six months of 2021, the INDUS portfolio companies generated sales of around EUR 850 million, an increase of almost 10% against the same period of the previous year. Our companies were also able to increase operating income (EBIT) to EUR 56.3 million. Following -2.4% last year, the EBIT margin is now back at 6.6%.

Sales increased in all segments. Development is particularly good in the Engineering and Metals Technology segments, where EBIT and the EBIT margin both grew significantly. In the Automotive Technology segment we are seeing clear improvements in both sales and earnings. In this segment, we must continue to observe what impact the chip shortage is having on vehicle production. We are cautiously positive about development in the Medical Engineering/Life Science segment. The performance of the Construction/Infrastructure segment remains very good.

Cash flow from operating activities is down around EUR 8 million on the previous year at around EUR 11 million. This is because the considerable increase in business activities naturally also leads to an increase in working capital. In addition, portfolio companies are taking the precaution of building up inventories to hedge against the general scarcity of materials. With liquidity amounting to around EUR 163 million, we are in a comfortable position.

Our INTERIM SPRINT package of measures is proving to be a clear success. And while we have lost sales due to the sale or discontinuation of companies and divisions, this has also had positive effects on operating income.

There's also good news from M&A. The initial consolidation of our new acquisition WIRUS was completed in the second quarter of 2021. WIRUS and JST – our acquisition from the first quarter – are performing very well, as expected. We also acquired FLACO, a fluid-system specialist, as a complementary addition for HORNGROUP at the beginning of July.

We are working on other acquisition projects in the sectors we've identified as growth industries.

The overall economic trends in the second half of 2021 are still mostly positive. One risk remains – the spread of the delta variant. Like others, we are dealing with rising material prices and partially also facing difficulties in procuring materials, but in many areas, our portfolio companies are able to pass on the price increases to customers. We believe the Engineering and Metals Technology segments will continue to develop positively over the remainder of the year. However, the market situation in the Automotive Technology segment remains uncertain. OEMs are currently reducing their sales forecasts considerably. This will also have an impact on suppliers. We expect cautiously positive development in the Medical Engineering/Life Science segment for the full year. The profitable Construction/Infrastructure segment will remain an important linchpin for the portfolio. In part because of the acquisitions made in the current year, we are raising the sales forecast for the INDUS Group for the full year to between EUR 1.6 billion and EUR 1.75 billion. Despite increasing uncertainty in the automotive technology market, operating income (EBIT) should range between EUR 100 million and EUR 115 million.

We published our first SUSTA[IN] sustainability magazine in July 2021. It takes you through the many activities of the INDUS Group in the field of sustainability. You can read the magazine at www.indus.de/en/sustainability. Consistent sustainability management is well-established in INDUS' long-term business model – it is part of our corporate DNA. This puts us in a good position at a time when sustainable investment is playing an increasingly important role for our shareholders.

Yours faithfully,

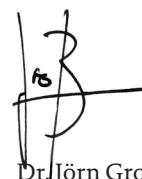
Bergisch Gladbach, August 2021



Dr. Johannes Schmidt



Axel Meyer



Dr. Jörn Großmann



Rudolf Weichert

Interim Management Report

Performance of the INDUS Group in the First Half of 2021

CONSOLIDATED STATEMENT OF INCOME

(in EUR million)

	H1 2021	H1 2020	DIFFERENCE		Q2 2021	Q2 2020	DIFFERENCE	
			absolute	in %			absolute	in %
Sales	850.3	774.2	76.1	9.8	449.9	373.0	76.9	20.6
Other operating income	8.3	9.6	-1.3	-13.5	4.5	6.0	-1.5	-25.0
Own work capitalized	2.6	2.9	-0.3	-10.3	1.8	1.4	0.4	28.6
Change in inventories	16.0	2.9	13.1	>100	4.2	-7.1	11.3	>100
Overall performance	877.2	789.6	87.6	11.1	460.4	373.3	87.1	23.3
Cost of materials	-402.9	-363.8	-39.1	-10.7	-213.4	-173.9	-39.5	-22.7
Personnel expenses	-263.0	-259.7	-3.3	-1.3	-134.7	-126.4	-8.3	-6.6
Other operating expenses	-108.9	-99.6	-9.3	-9.3	-57.6	-45.8	-11.8	-25.8
EBITDA	102.4	66.5	35.9	54.0	54.7	27.2	27.5	>100
Depreciation/amortization	-46.1	-84.8	38.7	45.6	-23.4	-61.5	38.1	62.0
Operating income (EBIT)	56.3	-18.3	74.6	>100	31.3	-34.3	65.6	>100
Financial income	-9.8	-5.0	-4.8	-96.0	-4.6	-2.4	-2.2	-91.7
Earnings before taxes (EBT)	46.5	-23.3	69.8	>100	26.7	-36.7	63.4	>100
Income taxes	-17.8	-16.0	-1.8	-11.3	-10.1	-11.4	1.3	11.4
Earnings after taxes	28.7	-39.3	68.0	>100	16.6	-48.1	64.7	>100
of which attributable to non-controlling shareholders	0.4	0.6	-0.2	-33.3	0.4	0.1	0.3	>100
of which attributable to INDUS shareholders	28.3	-39.9	68.2	>100	16.2	-48.2	64.4	>100
Earnings per share	1.10	-1.63	2.73	>100	0.60	-1.98	2.58	>100

The first half of 2021 went well for the INDUS Group. The majority of portfolio companies were able to increase sales and operating income (EBIT) or keep them at a high level. The Automotive Technology segment continues to be severely impacted by the restructuring projects at the two series suppliers. The Engineering, Medical Engineering/

Life Science and Metals Technology segments performed well in comparison with the previous year and have now largely overcome the effects of the coronavirus crisis. The EBIT margin in the Construction/Infrastructure segment remained high at 16.5%.

Along with the impacts from the coronavirus pandemic in the previous year, the INTERIM SPRINT package of measures implemented in the previous year is having a positive impact on the operating income (EBIT) in the current year. The discontinuation of BACHER, and the discontinuation of the plastics plating business at SIMON as well as the sale of SIMON's Kinetics division along with the portfolio companies KIEBACK and FICHTHORN enabled significant improvements to be made in comparison with the same period of the previous year.

9.8% increase in sales

In the first half of 2021, the INDUS portfolio companies generated sales of EUR 850.3 million. This equates to a 9.8% increase in sales (EUR 76.1 million). In just the second quarter of 2021 an increase in sales of 20.6% was achieved in comparison with the previous year. The main reason for this was the coronavirus, as the first lockdown mainly occurred in the second quarter of 2020.

Revenue grew the strongest in the Engineering segment in the first six months of the year with a 19.9% increase against the previous year, but all segments recorded a significant increase in sales at the end of the first half of 2021 over the first half of 2020. The 2020 INTERIM SPRINT package of measures meant the INDUS Group lost sales. This effect was compensated for through the general growth in sales. The new acquisitions JST and WIRUS also contributed to the growth in sales. Inorganic growth totaled 1.7%.

At EUR 877.2 million, the overall performance exceeded the previous year's figure of EUR 789.6 million by 11.1% (EUR 87.6 million). The cost of materials rose almost in line with the sales figure by 10.7% (EUR 39.1 million) to EUR 402.9 million. At 47.4%, the cost-of-materials ratio remained virtually on a par with the previous year (47.0%). Personnel expenses rose less steeply and by just 1.3% to EUR 263.0 million (previous year: EUR 259.7 million). The personnel expense ratio decreased by 2.6 percentage points from 33.5% to 30.9%. This was due to coronavirus-related adjustments to the employment situation and measures in connection with INTERIM SPRINT.

Other operating expenses of EUR 108.9 million were 9.3% (EUR 9.3 million) higher in the reporting period than in the first half of 2020, in line with the growth in sales. Depreciation/amortization decreased by EUR 38.7 million to EUR 46.1 million in total. The decrease was due to impairment on goodwill and property, plant and equipment in the same period of the previous year (EUR 37.9 million).

Operating income of EUR 56.3 million generated

At EUR 56.3 million, operating income (EBIT) was up EUR 74.6 million on the previous year's figure (EUR -18.3 million). The EBIT margin climbed 9.0 percentage points to 6.6%. The reasons for this marked increase were the coronavirus pandemic, which had a severe impact in the first six months of the previous year, the general increase in business activities at the portfolio companies, and the positive effects of INTERIM SPRINT.

Financial income decreased by EUR 4.8 million to EUR -9.8 million. In particular, this decrease was the result of higher expenses from the valuation of minority interests. Financial income includes net interest, income from shares accounted for using the equity method and other financial income. The valuations of the interest rate swaps and minority interests are reported within other financial income.

At EUR 46.5 million, earnings before taxes (EBT) were up EUR 69.8 million on the previous year's figure (EUR -23.3 million). Tax expenses increased by EUR 1.8 million to EUR 17.8 million. Before the interests attributable to non-controlling shareholders were deducted, earnings after taxes had increased by EUR 68.0 million to EUR 28.7 million (previous year: EUR -39.3 million). Earnings per share came to EUR 1.10, following EUR -1.63 in the previous year.

During the first six months of 2021, the INDUS Group companies employed 10,738 people on average (previous year: 10,767 employees).

Acquisition of JST

INDUS completed the acquisition of JST Jungmann Systemtechnik GmbH & Co. KG with economic effect on January 4, 2021. The purchase agreement was signed November 17, 2020. JST, based in Buxtehude, is an SME that provides integrated control room solutions and is assigned to the Engineering segment. JST has extensive know-how in the conceptual design and construction of control rooms. JST also offers maintenance services to its customers.

The initial consolidation took place on January 1, 2021.

Acquisition of WIRUS

By contract dated March 19, 2021, INDUS Holding AG has acquired 70% of the shares in WIRUS Fenster GmbH & Co. KG, Rietberg-Mastholte (Gütersloh). WIRUS' product range encompasses window frames made of plastic and aluminum, sliding, house and side doors, and privacy and sun-protection systems. WIRUS' sales, production and logistics are above average in terms of the level of digitalization achieved and the company is experiencing solid growth. The managing director and former majority shareholder will remain with the company as managing director.

The initial consolidation took place on May 1, 2021.

Acquisition of FLACO

With contract and effect as of July 1, 2021, HORNGROUP Holding GmbH & Co. KG acquired 80% of the shares in FLACO Geräte GmbH, Gütersloh. With around 65 employees, FLACO manufactures products and systems for fluid management in workshops, fueling stations and industrial plants. The SME generates annual sales of around EUR 12 million. The managing director and former majority shareholder will remain with the company as managing director and co-shareholder.

Capital increase

On March 25, 2021, INDUS Holding AG issued a capital increase of almost 10% of the capital stock. The 2,445,050 new shares were offered to institutional investors in an accelerated bookbuild. The issue price was set at EUR 34.90. Gross issuing proceeds from the capital increase amounted to EUR 85.3 million before commissions and costs. The new shares carry dividend rights from January 1, 2020. They were issued to long-term oriented institutional investors, including German family offices.

Subscribed capital rose by EUR 6.3 million from EUR 63.6 million to EUR 69.9 million. The premium from the capital increase was allocated to the capital reserve.

Transactions involving interests attributable to non-controlling shareholders

A reciprocal option agreement for the acquisition of a 20% minority interest in Weigand Bau GmbH was entered into in the second quarter of 2021. Another 23.2% minority interest was acquired in a sub-subsidiary.

Segment Reporting

INDUS Holding AG divides its investment portfolio into five segments: Construction/Infrastructure, Automotive Technology, Engineering, Medical Engineering/Life Science and Metals Technology. As of June 30, 2021, our investment portfolio encompassed 48 operating units.

Construction/Infrastructure

Acquisition of WIRUS successfully completed

On March 19, 2021, INDUS acquired 70% of the shares in WIRUS Fenster GmbH & Co. KG (WIRUS), Rietberg-Mastholte (Gütersloh). WIRUS produces window frames made of plastic and aluminum, sliding, house and side doors, and privacy and sun-protection systems. With the acquisition of WIRUS, INDUS has gained a hidden champion with a high level of digitalization and solid growth for its investment portfolio and has strengthened the Construction/Infrastructure segment further.

Segment sales in the Construction/Infrastructure segment increased by a further EUR 17.2 million (8.6%) as against the same period of the previous year to EUR 216.2 million. This growth in sales was due to the acquisition of WIRUS as well as organic growth in the majority of the portfolio companies in the segment.

At EUR 35.6 million, operating income (EBIT) was down by EUR 0.6 million or 1.7% on the previous year's figure (EUR 36.2 million). At 16.5%, the EBIT margin reached a very high value in comparison with the unusually high figure of 18.2% in the previous year.

All in all, the Construction/Infrastructure segment remains at a very high level and is exceeding our expectations after the first six months. Winter business was somewhat subdued in some of the portfolio companies in the first quarter. A clear uptick was recorded in the second quarter. In the second quarter alone, operating income (EBIT) amounted to EUR 20.8 million compared with EUR 20.7 million in the same period of the previous year. Due to targeted stockpiling of raw materials, amongst other measures, none of the companies in the segment have yet suffered from materials shortages. However, the companies are facing steeply rising material costs that have to be compensated for by increasing the prices of the end products.

Due to the unexpectedly good performance of the Construction/Infrastructure segment in the first half of 2021 and the new acquisition of WIRUS, we anticipate a considerable increase in sales and a slight increase in operating income (EBIT) for the full year. The EBIT margin will be within a range of 13% to 15%.

Investments made in the segment related to both fixed assets and the acquisition of WIRUS. Investments in fixed assets amounted to EUR 7.1 million, putting them just under the previous year's figure (EUR 8.5 million).

KEY FIGURES FOR CONSTRUCTION/INFRASTRUCTURE

(in EUR million)

	H1 2021	H1 2020	DIFFERENCE		Q2 2021	Q2 2020	DIFFERENCE	
			absolute	in %			absolute	in %
Revenue with external third parties	216.2	199.0	17.2	8.6	120.2	105.5	14.7	13.9
EBITDA	44.6	43.9	0.7	1.6	25.7	24.5	1.2	4.9
Depreciation/amortization	-9.0	-7.7	-1.3	-16.9	-4.9	-3.8	-1.1	-28.9
EBIT	35.6	36.2	-0.6	-1.7	20.8	20.7	0.1	0.5
EBIT margin in %	16.5	18.2	-1.7 pp	-	17.3	19.6	-2.3 pp	-
Investments	39.8	8.5	31.3	>100	36.4	4.4	32.0	>100
Employees	2,055	1,888	167	8.8	2,165	1,877	288.0	15.3

Automotive Technology

Recoveries spurred by INTERIM SPRINT

Sales in the Automotive Technology segment increased year-over-year by EUR 10.9 million, or 8.2%, in the first half of 2021. Comparing just the second quarter with the same period of the previous year, an increase of EUR 20.0 million (37.2%) was recorded. This increase in sales was primarily due to companies in this segment being particularly severely hit by the coronavirus lockdown in the first half of the previous year. The previous year's figures also contained the now deconsolidated companies KIEBACK and FICHTHORN. These companies were sold in 2020 as part of the INTERIM SPRINT package of measures.

At EUR -19.5 million, operating income (EBIT) was up significantly on the previous year's level (EUR -62.9 million). The segment's EBIT margin came to -13.6% compared with -47.4% in the previous year. The main reasons for the improvement in EBIT were firstly the effects of the coronavirus in the previous year and secondly the deconsolidation of the two companies mentioned above. As a result of lower expectations for the future, impairment losses of EUR 33.8 million were also recorded in the previous year.

Two portfolio companies in the series supplier field are still undergoing restructuring and again are delivering high negative contributions to income. The work to set up the low cost locations is progressing well and a series ramp-up for an important new project at a portfolio company has begun. Capacity utilization at both portfolio companies will improve significantly from 2022; 2021 will be a year of starting-up and transition for both companies.

The entire automotive sector is currently feeling the global chip shortage. This is also causing great uncertainty amongst INDUS portfolio companies in the Automotive Technology segment and curbing sales. We do not anticipate any changes to our previous forecast for 2021 as a whole. We continue to expect a sharp rise in sales and income in comparison with the previous year. Operating income (EBIT) on the other hand will remain clearly negative – especially in light of the ongoing restructuring processes.

The investments of EUR 10.6 million in the Automotive Technology segment (previous year: EUR 4.0 million) largely relate to the construction of new production facilities and the start-up of new series at both series suppliers.

KEY FIGURES FOR AUTOMOTIVE TECHNOLOGY

(in EUR million)

	H1 2021	H1 2020	DIFFERENCE		Q2 2021	Q2 2020	DIFFERENCE	
			absolute	in %			absolute	in %
Revenue with external third parties	143.5	132.6	10.9	8.2	73.7	53.7	20.0	37.2
EBITDA	-6.3	-14.7	8.4	57.1	-3.2	-9.7	6.5	67.0
Depreciation/amortization	-13.2	-14.4	1.2	8.3	-6.6	-7.4	0.8	10.8
EBIT before impairment	-19.5	-29.1	9.6	33.0	-9.8	-17.1	7.3	42.7
EBIT margin before impairment in %	-13.6	-21.9	8.3 pp	-	-13.3	-31.8	18.5 pp	-
Impairment	0.0	-33.8	33.8	-	0.0	-33.8	33.8	-
EBIT	-19.5	-62.9	43.4	69.0	-9.8	-50.9	41.1	80.7
EBIT margin in %	-13.6	-47.4	33.8 pp	-	-13.3	-94.8	81.5 pp	-
Investments	10.6	4.0	6.6	>100	4.6	3.4	1.2	35.3
Employees	3,253	3,262	-9	-0.3	3,308	3,260	48	1.5

Engineering

EBIT margin once more at 10%

Segment sales in the Engineering segment amounted to EUR 198.8 million in the first half of 2021, recording a clear increase of EUR 33.0 million (19.9%) against the same period of the previous year. This was primarily due to an increase in operating activities and, with one exception, relates to the entire segment. The increase was particularly noticeable in the field of logistics.

Operating income (EBIT) rose disproportionately by EUR 15.7 million to EUR 19.8 million. At 10.0%, the EBIT margin clearly outperformed the previous year's figure (2.5%). Looking at the second quarter of 2021 in isolation, the improvement in operating income from EUR 1.5 million to EUR 10.9 million is particularly pronounced. The EBIT margin for the second quarter of 2021 came to 10.3% (previous year: 1.8%). In addition to the general weakness of the engineering sector in 2020, the coronavirus pandemic must also be taken into account as it had a significant impact on segment performance in the same quarter of the previous year. The majority of companies in the segment recorded improved operating income (EBIT) in the first half of 2021 as well as a clear increase in incoming orders that will have a positive effect in the coming months.

The initial consolidation of JST Jungmann Systemtechnik GmbH & Co. KG took place on January 1, 2021. All JST shares were acquired with the contract signed on November 17, 2020. The economic transfer and the payment of the purchase price took place at the beginning of January 2021. JST is an SME that provides integrated control room solutions and extensive know-how in the conceptual design, construction, and maintenance of control rooms.

For the rest of the 2021 financial year, INDUS anticipates that sales and operating income (EBIT) will rise significantly. Due to the positive development and improvement in the order situation, we anticipate an EBIT margin between 8% and 10% (previously: 7% to 9%).

The investments of EUR 28.8 million made during the reporting period relate to the acquisition of JST and investments in fixed assets. Investments in property, plant and equipment amounted to EUR 2.4 million, which represents an increase of EUR 1.2 million against the same period of the previous year (EUR 1.2 million).

KEY FIGURES FOR ENGINEERING

(in EUR million)

	H1 2021	H1 2020	DIFFERENCE		Q2 2021	Q2 2020	DIFFERENCE	
			absolute	in %			absolute	in %
Revenue with external third parties	198.8	165.8	33.0	19.9	106.1	81.5	24.6	30.2
EBITDA	30.5	14.2	16.3	>100	16.2	6.6	9.6	>100
Depreciation/amortization	-10.7	-10.1	-0.6	-5.9	-5.4	-5.1	-0.3	-5.9
EBIT	19.8	4.1	15.7	>100	10.8	1.5	9.3	>100
EBIT margin in %	10.0	2.5	7.5 pp	-	10.2	1.8	8.4 pp	-
Investments	28.8	1.2	27.6	>100	1.3	0.6	0.7	>100
Employees	2,241	2,258	-17	-0.8	2,232	2,253	-21	-0.9

Medical Engineering/Life Science

Growth in the second quarter of 2021

Portfolio companies in the Medical Engineering/Life Science segment reported sales of EUR 73.2 million in the first half of 2021, which corresponds to an increase of EUR 2.6 million (+3.7%). Segment earnings improved considerably against the same period of the previous year. This was primarily a result of the collapse recorded in the second quarter of the previous year related to the coronavirus. The effects of the coronavirus crisis were noticeable right into the first quarter of 2021. At EUR 37.6 million (previous year: EUR 31.9 million), sales in the second quarter of 2021 were almost back at pre-crisis level.

Operating income (EBIT) also improved, amounting to EUR 5.8 million (previous year: EUR 4.1 million). The EBIT margin climbed from 5.8% to 7.9%.

Relocation and moving expenses will be incurred for the relocation of a production site over the course of this financial year and into the next financial year, which will only be offset by cost savings from 2022.

We therefore anticipate a slight rise in sales and operating income (EBIT) in the Medical Engineering/Life Science segment for the full year. The EBIT margin is expected to be in a range of 7% to 9%.

At EUR 6.5 million, investments were substantially higher than in the same period of the previous year (EUR 1.8 million) and mainly related to the acquisition of a new production location.

KEY FIGURES FOR MEDICAL ENGINEERING/LIFE SCIENCE

(in EUR million)

	H1 2021	H1 2020	DIFFERENCE		Q2 2021	Q2 2020	DIFFERENCE	
			absolute	in %			absolute	in %
Revenue with external third parties	73.2	70.6	2.6	3.7	37.6	31.9	5.7	17.9
EBITDA	10.9	9.1	1.8	19.8	5.0	3.5	1.5	42.9
Depreciation/amortization	-5.1	-5.0	-0.1	-2.0	-2.4	-2.5	0.1	-4.0
EBIT	5.8	4.1	1.7	41.5	2.6	1.0	1.6	>100
EBIT margin in %	7.9	5.8	2.1 pp	-	6.9	3.1	3.8 pp	-
Investments	6.5	1.8	4.7	>100	5.7	0.9	4.8	>100
Employees	1,609	1,670	-61	-3.7	1,612	1,643	-31	-1.9

Metals Technology

Operating income improved significantly – successes seen from INTERIM SPRINT

The portfolio companies in the Metals Technology segment generated an increase in sales in the first half of 2021 of EUR 12.3 million (6.0%) to EUR 218.7 million (previous year: EUR 206.4 million). This effect is distributed across several companies and more than offsets the lost sales resulting from the INTERIM SPRINT measures. As part of this package of measures, the decision was taken and implemented in 2020 at portfolio-company level to discontinue BACHER AG, and to discontinue the plastics plating division at SIMON. SIMON was also able to sell its Kinetics division.

At EUR 19.6 million, operating income (EBIT) was up by EUR 14.8 million on the previous year's figure (EUR 4.8 million). At 9.0%, the EBIT margin exceeded the previous year's figure by 6.7 percentage points (2.3%) and has attained a good level. This was due to the improvement in the financial position of the portfolio companies in the segment and the cessation of one-time impacts related to INTERIM SPRINT in the previous year.

The discontinuation of BACHER is still running to schedule. Existing orders will be processed into the third quarter. The impact of the discontinuation on operating income (EBIT) has already been taken into account in the segment guidance for the full 2021 financial year.

We anticipate a slight increase in sales and a sharp rise in income for the full year with an EBIT margin of 7% to 9%.

The investment volume in the first half of the year came to EUR 3.9 million, which was significantly higher than in the previous year (EUR 2.0 million).

KEY FIGURES FOR METALS TECHNOLOGY

(in EUR million)

	H1 2021	H1 2020	DIFFERENCE		Q2 2021	Q2 2020	DIFFERENCE	
			absolute	in %			absolute	in %
Revenue with external third parties	218.7	206.4	12.3	6.0	112.1	100.3	11.8	11.8
EBITDA	27.2	18.0	9.2	51.1	13.3	4.3	9.0	>100
Depreciation/amortization	-7.6	-9.1	1.5	16.5	-3.8	-4.4	0.6	13.6
EBIT before impairment	19.6	8.9	10.7	>100	9.5	-0.1	9.6	>100
EBIT margin before impairment in %	9.0	4.3	4.7 pp	-	8.5	-0.1	8.6 pp	-
Impairment	0.0	-4.1	4.1	-	0.0	-4.1	4.1	-
EBIT	19.6	4.8	14.8	>100	9.5	-4.2	13.7	>100
EBIT margin in %	9.0	2.3	6.7 pp	-	8.5	-4.2	12.7 pp	-
Investments	3.9	2.0	1.9	95.0	3.3	0.2	3.1	>100
Employees	1,542	1,650	-108	-6.5	1,541	1,637	-96	-5.9

Financial Position

CONSOLIDATED STATEMENT OF CASH FLOWS, CONDENSED

(in EUR million)

	H1 2021	H1 2020	DIFFERENCE	
			absolute	in %
Earnings after taxes	28.7	-39.3	68.0	>100
Depreciation/amortization	46.1	83.7	-37.6	-44.9
Other non-cash changes	29.1	19.2	9.9	51.6
Cash-effective change in working capital	-58.6	-9.4	-49.2	<-100
Change in other balance sheet items	2.7	-4.7	7.4	>100
Tax payments	-25.2	-20.5	-4.7	-22.9
Operating cash flow	22.8	29.0	-6.2	-21.4
Interest	-11.4	-9.7	-1.7	-17.5
Cash flow from operating activities	11.4	19.3	-7.9	-40.9
Cash outflow from investments in property, plant and equipment and intangible assets	-30.2	-16.1	-14.1	-87.6
Cash outflow for investments in consolidated companies	-59.1	0.0	-59.1	-
Cash inflow from the disposal of assets	0.2	-1.1	1.3	>100
Cash flow from investing activities	-89.1	-17.2	-71.9	<-100
Contributions from capital increase	84.7	0.0	84.7	-
Dividend payment	-21.5	0.0	-21.5	-
Dividends paid to minority shareholders	-0.3	-0.5	0.2	40.0
Payments related to transactions involving interests attributable to non-controlling shareholders	-0.7	0.0	-0.7	-
Cash inflow from raising of loans	57.5	102.0	-44.5	-43.6
Cash outflow from the repayment of loans	-63.3	-57.9	-5.4	-9.3
Cash outflow from the repayment of lease liabilities	-10.7	-9.6	-1.1	-11.5
Cash outflow from the repayment of contingent purchase price commitments	0.0	-18.9	18.9	100
Cash flow from financing activities	45.7	15.1	30.6	>100
Net changes in cash and cash equivalents	-32.0	17.2	-49.2	<-100
Changes in cash and cash equivalents caused by currency exchange rates	0.5	-0.7	1.2	>100
Changes in cash and cash equivalents in connection with assets held for sale	0.0	-0.8	0.8	100
Cash and cash equivalents at the beginning of the period	194.7	135.1	59.6	44.1
Cash and cash equivalents at the end of the period	163.2	150.8	12.4	8.2

Statement of cash flows: High level of investment activity in the first half of 2021

Despite the significant increase in earnings after taxes, operating cash flow was slightly down by EUR 6.2 million against the same period of the previous year and amounted to EUR 22.8 million in the first half of 2021. This was due in particular to cash-effective impairment in the second quarter of 2020 as well as cash outflow of EUR -58.6 million in the current year to increase working capital. This increase in earnings after taxes was already visible in the first quarter of 2021 and as expected was the result of a significant upturn in business activities in comparison with the first half of 2020. Many companies are also building inventories to hedge against price hikes and raw materials shortages.

Cash flow from investing activities came to EUR -89.1 million, compared with EUR -17.2 million in the previous year. Due to the coronavirus crisis, the same period of the previous year was characterized by a policy of more restrained investment to secure liquidity. In contrast, a much higher level of investment in property, plant and equipment and intangible assets was recorded in the reporting period. The increase in investments in property, plant and equipment and intangible assets to EUR -30.2 million (previous year: EUR -16.1 million) relates to all segments. Investments of EUR -59.1 million in fully consolidated companies relate to the acquisition of JST and WIRUS in the current financial year.

The cash flow from financing activities was dominated by the capital increase performed in March 2021 which resulted in cash inflow of EUR 84.7 million. This was offset by the dividends paid to shareholders in the second quarter of 2021 of EUR 0.80 per share or EUR -21.5 million. In the previous year, the dividend was only paid out in the third quarter as a result of the coronavirus-related delay to the Annual Shareholders' Meeting. Cash inflow and outflow from receiving and repaying loans virtually eliminate one another in the current period. Cash inflow in the previous half-year included precautions against liquidity risk from contractually agreed credit lines. Cash outflow from the repayment of lease liabilities increased slightly year-on-year, rising to EUR -10.7 million. In the first half of 2020, contingent purchase price liabilities in the amount of EUR -18.9 million were paid. As agreed, no contingent purchase price liabilities were repaid in the reporting year. All in all, cash flow from financing activities rose by EUR 30.6 million to EUR 45.7 million.

As of the end of the first half of the year, cash and cash equivalents amounted to EUR 163.2 million, remaining at a high level.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONDENSED

(in EUR million)

	June 30, 2021	December 31, 2020	DIFFERENCE	
			absolute	in %
ASSETS				
Non-current assets	1,084.9	1,001.7	83.2	8.3
Fixed assets	1,069.5	985.8	83.7	8.5
Receivables and other assets	15.3	15.9	-0.6	-3.8
Current assets	804.5	727.1	77.4	10.6
Inventories	379.1	332.5	46.6	14.0
Receivables and other assets	262.2	199.9	62.3	31.2
Cash and cash equivalents	163.2	194.7	-31.5	-16.2
Total assets	1,889.4	1,728.8	160.6	9.3
EQUITY AND LIABILITIES				
Non-current financial instruments	1,408.0	1,333.5	74.5	5.6
Equity	760.4	676.4	84.0	12.4
Borrowings	647.6	657.1	-9.5	-1.4
of which provisions	49.6	51.1	-1.5	-2.9
of which payables and deferred taxes	598.0	606.0	-8.0	-1.3
Current financing instruments	481.4	395.3	86.1	21.8
of which provisions	105.4	77.3	28.1	36.4
of which liabilities	376.0	318.0	58.0	18.2
Total equity and liabilities	1,889.4	1,728.8	160.6	9.3

Total assets up 9.3% – equity ratio at 40.2%

At EUR 1,889.4 million, the INDUS Group's consolidated total assets were EUR 160.6 million higher than they were as of December 31, 2020. The 9.3% increase is mostly due to the anticipated rise in working capital as well as the initial consolidation of JST and WIRUS, which in total added EUR 105.4 million to assets.

As of June 30, 2021, the equity ratio amounted to 40.2%, putting it back above the 40% target. In total, equity rose by EUR 84.0 million to EUR 760.4 million. This was primarily due to the capital increase. The dividend payment has already been deducted from equity and was paid out in the first half of the year. Financial liabilities remained virtually unchanged at the end of the first half at EUR 711.1 million against EUR 713.6 million as of December 31, 2020. The need for financing is derived from the statement of cash flows and is dominated by the improved (cash-effective) earnings after taxes, the increase in working capital, the capital increase, and the considerably lower net borrowing in comparison with the previous year.

WORKING CAPITAL

(in EUR million)

	<u>June 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	DIFFERENCE	
			absolute	in %
Inventories	379.1	332.5	46.6	14.0
Trade receivables	219.5	161.9	57.6	35.6
Trade payables	-80.5	-48.9	-31.6	-64.6
Advance payments received	-15.5	-9.7	-5.8	-59.8
Contract liabilities	-24.6	-25.3	0.7	2.8
Working capital	478.0	410.5	67.5	16.4

Net financial liabilities came to EUR 547.9 million as of June 30, 2021, up by EUR 29.0 million on December 31, 2020. The increase resulted from a clear decrease in cash and cash equivalents (EUR -31.5 million) with virtually unchanged

financial liabilities in the amount of EUR 711.1 million (previous year: EUR 713.6 million).

NET FINANCIAL LIABILITIES

(in EUR million)

	<u>June 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	DIFFERENCE	
			absolute	in %
Non-current financial liabilities	517.7	553.8	-36.1	-6.5
Current financial liabilities	193.4	159.8	33.6	21.0
Cash and cash equivalents	-163.2	-194.7	31.5	16.2
Net financial liabilities	547.9	518.9	29.0	5.6

Opportunities and Risks

For the Opportunities and Risk Report of INDUS Holding AG, please consult the 2020 Annual Report. The company operates an effective risk management system for early detection, comprehensive analysis, and the systematic handling of risks. The particulars of the risk management system and the significance of individual risks are explained in the Annual Report. Therein is stated that the company does not consider itself to be exposed to any risks that might jeopardize its continued existence as a going concern.

No material deteriorations to the risk aspects have been reported at our companies since the end of December 2020 regarding the risk situation arising from the COVID-19 pan-

dem. Processes are stable or are being flexibly adjusted to the coronavirus infection conditions. Due to the vaccination progress, INDUS is optimistic about future business in terms of the impact of COVID-19.

The flooding in July 2021 caused significant water damage at one portfolio company. The building was washed out and damaged. This also resulted in a production stoppage. The amount of damaged caused and whether it is covered by insurance is not yet clear.

Outlook

Economic output picked up again in Germany in the second quarter of 2021. The service sector in particular was able to recover thanks to significant easing of coronavirus restrictions. The upturn in German industrial production, however, is being held back by ongoing supply bottlenecks for precursors and raw materials. The automotive industry's production in particular is affected by this, and in the construction sector, too, the increasing shortage of materials is reining in expansion. The overall situation in the construction industry remains positive. The mechanical engineering industry is also still growing well. Industrial incoming orders have floundered recently, but in comparison with the previous quarter they continue to grow. Demand in Germany and the euro area in particular is rising. Prices rose once more in the second quarter – driven first and foremost by rising energy prices. The first signs of recovery are visible on the labor market, with a further reduction in short-time work and falling unemployment.

With the easing of coronavirus restrictions, the global economy has also picked up. The outlook for the US economy – which grew significantly in the spring – remains very good. Private consumption remains a solid driving force behind this development. Growth in the Chinese economy is slowing due to more restrictive economic and fiscal policies. However, economic output was already at pre-crisis levels by the end of 2020. The economic recovery in the euro area should continue, especially due to the normalization of the service sector and a continuation of the expansive fiscal pol-

icies. Nevertheless, the spread of the delta variant remains a global risk. And even if no fourth lockdown is to be expected as a result of the rising rate of vaccinations, infection rates remain a considerable uncertainty for the German economy. The Ifo Business Climate Index fell for the first time in six months in July 2021 (with the exception of the main construction sector). Rising infection rates, supply bottlenecks and the resurging lack of qualified staff are dampening the expectations of German businesses. However, the current business situation is still deemed positive – and the traditional economic drivers all point to the upturn continuing in the coming months.

INDUS generated significantly more sales and noticeably better operating income (EBIT) in the first half of 2021 than in the first half of 2020. The effects of the coronavirus pandemic in the second quarter of 2020 especially had an impact on the figures recorded in the same period of the previous year. In addition, the INTERIM SPRINT package of measures implemented in the previous year is having a positive impact on the operating income (EBIT) in the current year.

The Engineering, Medical Engineering/Life Science and Metals Technology segments performed well in comparison with the previous year and appear to have overcome the effects of the coronavirus crisis. The EBIT margin in the Construction/Infrastructure segment remained high at 16.5%. The Automotive Technology segment was able to improve its operating income (EBIT), but it continues to be

severely negatively affected by the restructuring projects at the two series suppliers and operations remain negative in line with the guidance.

At EUR 22.8 million, operating cash flow was EUR 6.2 million below the previous year's level. This is largely due to the renewed rise in working capital, which increased as expected in line with operating activities.

Sales in the first half of 2021 were good and incoming orders developed well. We therefore now expect an increase in sales in all segments in our updated forecast. Operating income (EBIT) will develop better in the Construction/Infrastructure segment than we had previously forecast. Due to the

costs associated with a relocation in our Medical Engineering/Life Science segment, we anticipate that operating income (EBIT) will be slightly worse than to date. Due to the positive development in the first half of the year and the significant improvement in the order situation, we anticipate an EBIT margin of between 8% and 10% for the full year in the Engineering segment. Our forecast published in March anticipated an EBIT margin between 7% and 9%.

	Actual 2020	Forecast August 2021
Construction/Infrastructure		
Sales	EUR 384.0 million	Strong rise in sales
EBIT	EUR 64.5 million	Slight rise in EBIT
EBIT margin	16.8%	13% to 15%
Automotive Technology		
Sales	EUR 269.2 million	Strong rise in sales
EBIT	EUR -87.8 million	Strong rise in EBIT
EBIT margin	-32.6%	Negative
Engineering		
Sales	EUR 370.0 million	Strong rise in sales
EBIT	EUR 31.4 million	Strong rise in EBIT
EBIT margin	8.5%	8 to 10%
Medical Engineering/Life Science		
Sales	EUR 142.1 million	Slight rise in sales
EBIT	EUR 10.2 million	Slight rise in EBIT
EBIT margin	7.2%	7 to 9%
Metals Technology		
Sales	EUR 393.6 million	Slight rise in sales
EBIT	EUR 14.4 million	Strong rise in EBIT
EBIT margin	3.7%	7 to 9%

We are raising our forecast for the full financial year 2021, including due to the acquisitions completed in the current year, to between EUR 1.60 billion and EUR 1.75 billion. Despite increasing uncertainty in the automotive technology market, operating income (EBIT) should range between EUR 100 million and EUR 115 million.

Condensed Consolidated Interim Financial Statements

Consolidated Statement of Income

FOR THE FIRST HALF OF 2021

in EUR '000	Notes	H1 2021	H1 2020	Q2 2021	Q2 2020
REVENUE		850,313	774,199	449,888	372,957
Other operating income		8,338	9,617	4,504	6,021
Own work capitalized		2,585	2,831	1,778	1,324
Change in inventories		16,031	2,905	4,192	-7,102
Cost of materials	[4]	-402,911	-363,768	-213,378	-173,905
Personnel expenses	[5]	-262,970	-259,685	-134,657	-126,349
Depreciation/amortization	[6]	-46,149	-84,797	-23,451	-61,496
Other operating expenses	[7]	-108,917	-99,641	-57,586	-45,830
OPERATING INCOME (EBIT)		56,320	-18,339	31,290	-34,380
Interest income		87	134	62	41
Interest expense		-8,547	-8,112	-4,323	-4,049
NET INTEREST		-8,460	-7,978	-4,261	-4,008
Income from shares accounted for using the equity method		461	504	346	357
Other financial income		-1,840	2,494	-696	1,232
FINANCIAL INCOME	[8]	-9,839	-4,980	-4,611	-2,419
EARNINGS BEFORE TAXES		46,481	-23,319	26,679	-36,799
Income taxes	[9]	-17,740	-15,969	-10,017	-11,384
EARNINGS AFTER TAXES		28,741	-39,288	16,662	-48,183
of which attributable to non-controlling shareholders		417	634	449	176
of which attributable to INDUS shareholders		28,324	-39,922	16,213	-48,359
Earnings per share (basic and diluted) in EUR	[10]	1.10	-1.63	0.60	-1.98

Consolidated Statement of Comprehensive Income

FOR THE FIRST HALF OF 2021

in EUR '000	H1 2021	H1 2020	Q2 2021	Q2 2020
EARNINGS AFTER TAXES	28,741	-39,288	16,662	-48,183
Actuarial gains/losses	2,712	2,288	-174	-1,418
Deferred taxes	-740	-677	37	297
Items not to be reclassified to profit or loss	1,972	1,611	-137	-1,121
Currency conversion adjustment	494	-4,509	428	-894
Change in the market values of hedging instruments (cash flow hedge)	1,127	379	1,337	118
Deferred taxes	-178	-84	-211	-24
Items to be reclassified to profit or loss	1,443	-4,214	1,554	-800
OTHER COMPREHENSIVE INCOME	3,415	-2,603	1,417	-1,921
TOTAL COMPREHENSIVE INCOME	32,156	-41,891	18,079	-50,104
of which attributable to non-controlling shareholders	417	634	449	176
of which attributable to INDUS shareholders	31,739	-42,525	17,630	-50,280

Income and expenses recorded under other comprehensive income include actuarial gains from pensions and similar obligations amounting to EUR 2,712 thousand (previous year: EUR 2,288 thousand). This was the result of a 0.35% increase in the interest rate for domestic pension obligations (previous year: 0.4%) and 0.12% for foreign pensions (Switzerland) (previous year: 0.0%).

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

Consolidated Statement of Financial Position

AS OF JUNE 30, 2021

in EUR '000	Notes	June 30, 2021	December 31, 2020
ASSETS			
Goodwill		405,405	380,932
Right-of-use assets from leasing/rent		85,511	85,780
Other intangible assets		139,224	93,066
Property, plant and equipment		418,449	405,470
Investment property		5,860	5,938
Financial investments		6,930	7,130
Shares accounted for using the equity method		8,087	7,527
Other non-current assets		3,865	3,915
Deferred taxes		11,531	11,992
Non-current assets		1,084,862	1,001,750
Inventories	[11]	379,139	332,463
Receivables	[12]	219,468	161,943
Other current assets		20,758	20,402
Current income taxes		21,963	17,568
Cash and cash equivalents		163,218	194,701
Current assets		804,546	727,077
TOTAL ASSETS		1,889,408	1,728,827
EQUITY AND LIABILITIES			
Subscribed capital		69,928	63,571
Capital reserve		318,143	239,833
Other reserves		371,040	371,904
Equity held by INDUS shareholders		759,111	675,308
Non-controlling interests in the equity		1,295	1,046
Equity		760,406	676,354
Pension provisions		48,224	49,682
Other non-current provisions		1,426	1,404
Non-current financial liabilities	[13]	517,742	553,773
Other non-current liabilities	[14]	43,254	20,139
Deferred taxes		36,984	32,109
Non-current liabilities		647,630	657,107
Other current provisions		105,369	77,339
Current financial liabilities	[13]	193,367	159,841
Trade payables		80,534	48,926
Other current liabilities	[14]	88,707	94,175
Current income taxes		13,395	15,085
Current liabilities		481,372	395,366
TOTAL EQUITY AND LIABILITIES		1,889,408	1,728,827

Consolidated Statement of Changes in Equity

FROM JANUARY 1 TO JUNE 30, 2021

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, 2020	63,571	239,833	447,566	-25,056	725,914	1,807	727,721
Earnings after taxes			-39,922		-39,922	634	-39,288
Other comprehensive income				-2,603	-2,603		-2,603
Total comprehensive income			-39,922	-2,603	-42,525	634	-41,891
Dividend payment						-491	-491
AS OF JUN. 30, 2020	63,571	239,833	407,644	-27,659	683,389	1,950	685,339
AS OF JAN. 1, 2021	63,571	239,833	398,426	-26,522	675,308	1,046	676,354
Earnings after taxes			28,324		28,324	417	28,741
Other comprehensive income				3,415	3,415		3,415
Total comprehensive income			28,324	3,415	31,739	417	32,156
Capital increase	6,357	78,310			84,667		84,667
Dividend payment			-21,517		-21,517	-336	-21,853
Transactions involving interests attributable to non-controlling shareholders			-11,086		-11,086	168	-10,918
AS OF JUN. 30, 2021	69,928	318,143	394,147	-23,107	759,111	1,295	760,406

Interests attributable to non-controlling shareholders as of June 30, 2021, primarily consist of the minority interests in ROLKO Group subsidiaries. Minority interests in limited partnerships and limited liability companies, for which the economic ownership of the corresponding minority interests had already been transferred under reciprocal option agreements at the acquisition date, are shown under other liabilities.

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

Consolidated Statement of Cash Flows

FOR THE FIRST HALF OF 2021

in EUR '000	H1 2021	H1 2020
Earnings after taxes	28,741	-39,288
Depreciation/appreciation of non-current assets	46,149	83,698
Income taxes	17,740	15,969
Financial income	9,839	4,980
Other non-cash transactions	1,511	-1,736
Changes in provisions	23,081	13,966
Increase (-)/decrease (+) in inventories, receivables, and other assets	-89,876	-4,294
Increase (+)/decrease (-) in trade payables and other equity and liabilities	10,779	-23,747
Income taxes received/paid	-25,189	-20,565
Operating cash flow	22,775	28,983
Interest paid	-11,418	-9,804
Interest received	87	133
Cash flow from operating activities	11,444	19,312
Cash outflow from investments in		
Property, plant and equipment and intangible assets	-30,172	-16,097
Financial investments	-384	-1,202
Shares in fully consolidated companies	-59,106	0
Cash inflow from the disposal of other assets	584	124
Cash flow from investing activities	-89,078	-17,175
Contributions to capital (capital increase)	84,667	0
Dividend payment	-21,517	0
Cash outflow from the repayment of contingent purchase price commitments	0	-18,919
Payments related to transactions involving interests attributable to non-controlling shareholders	-713	0
Dividends paid to minority shareholders	-336	-491
Cash inflow from raising of loans	57,500	102,000
Cash outflow from the repayment of loans	-63,280	-57,876
Cash outflow from the repayment of lease liabilities	-10,723	-9,607
Cash flow from financing activities	45,598	15,107
Net changes in cash and cash equivalents	-32,036	17,244
Changes in cash and cash equivalents caused by currency exchange rates	553	-740
Changes in cash and cash equivalents in connection with assets held for sale	0	-826
Cash and cash equivalents at the beginning of the period	194,701	135,120
Cash and cash equivalents at the end of the period	163,218	150,798

Notes

Basic Principles of the Consolidated Financial Statements

[1] General Information

INDUS Holding AG, based in Bergisch Gladbach, Germany, has prepared its condensed consolidated interim financial statements for the period from January 1, 2021 to June 30, 2021 in accordance with the International Financial Reporting Standards (IFRS), and with the interpretations thereof by the International Financial Reporting Standards Interpretations Committee (IFRS IC) as to be applied within the European Union (EU). The consolidated financial statements are prepared in euros (EUR). Unless otherwise indicated, all amounts are stated in thousands of euros (EUR '000).

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

New obligatory standards are reported on separately in the section “Changes in Accounting Standards.” Otherwise, the same accounting methods have been applied as in the consolidated financial statements for the 2020 financial year, where they are described in detail. Since these interim financial statements do not provide the full scope of information found in the annual financial statements, these financial statements should be considered within the context of the last annual financial statements.

In the Board of Management’s view, this quarterly report includes all usual current adjustments necessary for the proper presentation of the Group’s financial position and financial performance. The results achieved in the first half of 2021 do not necessarily allow predictions to be made regarding future business performance.

Preparation of the consolidated financial statements is influenced by accounting and valuation principles and requires assumptions and estimates that have an impact on the recognized value of assets, liabilities, and contingent

liabilities, and on income and expenses. When estimates are made regarding the future, actual values may differ from the estimates. If the original basis for the estimates changes, the statement of the items in question is adjusted through profit and loss.

[2] Changes in Accounting Standards

All obligatory accounting standards in effect as of the 2021 financial year have been implemented in the interim financial statements at hand.

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

[3] Company Acquisitions

JST

By contract dated November 17, 2020, INDUS Holding AG has acquired all the members’ shares in JST Jungmann Systemtechnik GmbH & Co. KG, Buxtehude. JST is an SME that provides integrated control room solutions and extensive know-how in the conceptual design, construction, and maintenance of control rooms. JST is assigned to the Engineering segment. The economic transfer of the transaction and the initial consolidation of JST took place in January 2021.

The fair value of the total consideration amounted to EUR 28,182 thousand on the acquisition date. This consists of a cash component in the amount of EUR 27,256 thousand and a contingent purchase price payment in the amount of EUR 926 thousand, which was recognized and measured at fair value and results from an earn-out clause. The cash component was paid on January 4, 2021. 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 6,267 thousand, determined in the course of the purchase price allocation, is 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: JST

(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	6,267	6,267
Other intangible assets	0	20,241	20,241
Property, plant and equipment	137	0	137
Inventories	564	1,649	2,213
Receivables	864	0	864
Other assets*	660	0	660
Cash and cash equivalents	850	0	850
Total assets	3,075	28,157	31,232
Other provisions	364	0	364
Financial liabilities	0	0	0
Trade payables	278	0	278
Other equity and liabilities**	2,408	0	2,408
Total liabilities	3,050	0	3,050

* 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 as well as software.

The initial consolidation of JST took place in January 2021. JST contributed sales amounting to EUR 3,315 thousand and operating income (EBIT) of EUR -1,697 thousand to income in the first half of the year.

Expenses affecting net income from the initial consolidation of JST had a negative impact of EUR 2,815 thousand on operating income. The incidental acquisition costs were recorded in the statement of income.

WIRUS

By contract dated March 19, 2021, INDUS Holding AG has acquired 70% of the shares in WIRUS Fenster GmbH & Co. KG, Rietberg-Mastholte (Gütersloh). WIRUS' product range encompasses window frames made of plastic and aluminum, sliding, house and side doors, and privacy and sun-protection systems. WIRUS has been allocated to the Construction/Infrastructure segment. The economic transfer and the initial consolidation of WIRUS took place in May 2021.

The fair value of the total consideration amounted to EUR 55,811 thousand on the acquisition date. This consists of a cash component in the amount of EUR 33,735 thousand and a contingent purchase price payment in the amount of EUR 22,076 thousand, which was recognized and measured at fair value and results from an earn-out clause. The cash component was paid on May 20, 2021. 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 18,077 thousand, determined in the course of the purchase price allocation, is partially 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: WIRUS

(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	18,077	18,077
Other intangible assets	10	32,461	32,471
Property, plant and equipment	6,125	6,062	12,187
Inventories	4,316	748	5,064
Receivables	4,668	0	4,668
Other assets*	701	0	701
Cash and cash equivalents	1,035	0	1,035
Total assets	16,855	57,348	74,203
Pension provisions	804	0	804
Other provisions	2,347	0	2,347
Financial liabilities	3,615	0	3,615
Trade payables	3,701	0	3,701
Other equity and liabilities**	2,981	4,944	7,925
Total liabilities	13,448	4,944	18,392

* 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 as well as software.

The initial consolidation of WIRUS took place in May 2021. WIRUS contributed sales amounting to EUR 9,979 thousand and operating income (EBIT) of EUR -229 thousand to income in the first half of the year.

Expenses affecting net income from the initial consolidation of WIRUS had a negative impact of EUR 1,422 thousand on operating income. The incidental acquisition costs were recorded in the statement of income.

FURTHER COMPANY ACQUISITIONS

With contract and effect as of July 1, 2021, HORNGROUP Holding GmbH & Co. KG acquired 80% of the shares in FLACO Geräte GmbH, Gütersloh. FLACO manufactures products and systems for fluid management in workshops, fueling stations and industrial plants. The SME generates annual sales of around EUR 12 million. FLACO is assigned to the Engineering segment.

The purchase price allocation and initial consolidation will be recognized in the third quarter and published with the Q3 report.

Notes to the Consolidated Statement of Income

[4] Cost of Materials

in EUR '000	H1 2021	H1 2020
Raw materials, consumables and supplies, and purchased merchandise	-349,273	-315,787
Purchased services	-53,638	-47,981
Total	-402,911	-363,768

[5] Personnel Expenses

in EUR '000	H1 2021	H1 2020
Wages and salaries	-221,667	-219,036
Social security	-39,109	-38,187
Pensions	-2,194	-2,462
Total	-262,970	-259,685

[6] Depreciation/amortization

in EUR '000	H1 2021	H1 2020
Depreciation/amortization	-46,149	-46,901
Impairment	0	-37,896
Total	-46,149	-84,797

This item includes both depreciation/amortization and impairments. Up until this point, no impairment has been recorded in the current financial year. Impairment in the previous year resulted from the impairment test performed as of June 30, 2020, due to triggering factors in the amount of EUR 36,904 thousand and to a write-down due to reclassification to “assets held for sale” in the amount of EUR 992 thousand.

[7] Other Operating Expenses

in EUR '000	H1 2021	H1 2020
Selling expenses	-41,570	-37,313
Operating expenses	-33,798	-31,145
Administrative expenses	-25,203	-24,903
Other expenses	-8,346	-6,280
Total	-108,917	-99,641

[8] Financial Income

in EUR '000	H1 2021	H1 2020
Interest and similar income	87	134
Interest and similar expenses	-8,547	-8,112
Net interest	-8,460	-7,978
Income from shares accounted for using the equity method	461	504
Market value of interest rate swaps	0	0
Minority interests	-1,894	2,452
Income from financial investments	54	42
Other financial income	-1,840	2,494
Total	-9,839	-4,980

The “minority interests” item includes an effect on income from the subsequent valuation of the contingent purchase price liabilities (call/put options) of EUR 153 thousand (previous year: EUR -2,291 thousand) and earnings after taxes that external entities are entitled to from shares in limited partnerships and stock corporations with call/put options.

[9] Income Taxes

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

[10] Earnings per Share

in EUR '000	H1 2021	H1 2020
Income attributable to INDUS shareholders	28,324	-39,922
Weighted average shares outstanding (in thousands)	25,761	24,451
Earnings per share (in EUR)	1.10	-1.63

Notes to the Consolidated Statement of Financial Position

[11] Inventories

in EUR '000	June 30, 2021	December 31, 2020
Raw materials, consumables, and supplies	146,737	120,836
Unfinished goods	97,049	80,319
Finished goods and goods for resale	113,225	111,011
Advance payments	22,128	20,297
Total	379,139	332,463

[12] Receivables

in EUR '000	June 30, 2021	December 31, 2020
Receivables from customers	205,580	149,081
Contract receivables	12,036	10,699
Receivables from associated companies	1,852	2,163
Total	219,468	161,943

[13] Financial Liabilities

in EUR '000	June 30, 2021			December 31, 2020		
		Current	Non-current		Current	Non-current
Liabilities to banks	351,977	108,406	243,571	340,405	100,294	240,111
Liabilities from leasing	86,196	16,879	69,317	86,120	16,465	69,655
Promissory note loans	272,936	68,082	204,854	287,089	43,082	244,007
Total	711,109	193,367	517,742	713,614	159,841	553,773

[14] Liabilities

Other liabilities of EUR 52,358 thousand (Dec. 31, 2020: EUR 18,990 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.

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

RECONCILIATION (IN EUR '000)

	H1 2021	H1 2020	Q2 2021	Q2 2020
Segment earnings (EBIT)	61,196	-13,775	33,931	-31,968
Areas not allocated incl. holding company	-4,494	-4,242	-2,404	-2,406
Consolidations	-382	-322	-237	-6
Financial income	-9,839	-4,980	-4,611	-2,419
Earnings before taxes	46,481	-23,319	26,679	-36,799

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

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

The key control variable for the segments is operating income (EBIT) as defined in the consolidated financial statements. The information pertaining to the segments has been ascertained in compliance with the reporting and valuation methods that were applied in the preparation of the consolidated financial statements. Transfer prices between segments are based on arm's-length prices to the extent that they can be established in a reliable manner and are otherwise determined on the basis of the cost-plus pricing method.

SEGMENT INFORMATION BY REGION

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

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

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

in EUR '000	<u>Group</u>	<u>Germany</u>	<u>EU</u>	<u>Third countries</u>
Revenue with external third parties				
H1 2021	850,313	431,960	182,215	236,138
Q2 2021	449,888	233,452	96,554	119,882
Non-current assets, less deferred taxes and financial instruments				
June 30, 2021	1,062,536	909,119	58,240	95,177
Revenue with external third parties				
H1 2020	774,199	407,222	162,632	204,345
Q2 2020	372,957	197,996	75,181	99,780
Non-current assets, less deferred taxes and financial instruments				
December 31, 2020	978,713	830,743	57,378	90,592

[16] Information on the Significance of Financial Instruments

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

FINANCIAL INSTRUMENTS						(in EUR '000)
	Balance sheet value	IFRS 9 not applicable	IFRS 9 Financial instruments	of which measured at fair value	of which measured at amortized cost	
JUNE 30, 2021						
Financial investments	6,930	0	6,930	2,723	4,207	
Cash and cash equivalents	163,218	0	163,218	0	163,218	
Receivables	219,468	12,036	207,432	0	207,432	
Other assets	24,623	14,007	10,616	0	10,616	
Financial instruments: Assets	414,239	26,043	388,196	2,723	385,473	
Financial liabilities	711,109	0	711,109	0	711,109	
Trade payables	80,534	0	80,534	0	80,534	
Other liabilities	131,961	57,290	74,671	55,510	19,161	
Financial instruments: Equity and liabilities	923,604	57,290	866,314	55,510	810,804	
	Balance sheet value	IFRS 9 not applicable	IFRS 9 Financial instruments	of which measured at fair value	of which measured at amortized cost	
DECEMBER 31, 2020						
Financial investments	7,130	0	7,130	2,509	4,621	
Cash and cash equivalents	194,701	0	194,701	0	194,701	
Receivables	161,943	10,699	151,244	0	151,244	
Other assets	24,317	12,914	11,403	145	11,258	
Financial instruments: Assets	388,091	23,613	364,478	2,654	361,824	
Financial liabilities	713,614	0	713,614	0	713,614	
Trade payables	48,926	0	48,926	0	48,926	
Other liabilities	114,314	52,090	62,224	23,269	38,955	
Financial instruments: Equity and liabilities	876,854	52,090	824,764	23,269	801,495	

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

FINANCIAL INSTRUMENTS BY BUSINESS MODEL IN ACC. WITH IFRS 9

(IN EUR '000)

	<u>June 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Financial assets measured at fair value through profit and loss	0	145
Financial assets measured at cost	385,473	361,824
Financial assets recognized at fair value directly in equity	2,723	2,509
Financial instruments: Assets	388,196	364,478
Financial liabilities measured at fair value through profit and loss	52,358	18,990
Financial liabilities measured at cost	810,804	801,495
Derivatives with hedging relationships, hedge accounting	3,152	4,279
Financial instruments: Equity and liabilities	866,314	824,764

[17] Events After the Reporting Date

With contract and effect as of July 1, 2021, HORNGROUP Holding GmbH & Co. KG acquired 80% of the shares in FLACO Geräte GmbH, Gütersloh. With around 65 employees at its headquarters in Gütersloh, FLACO manufactures products and systems for fluid management in workshops, fueling stations and industrial plants. The SME generates annual sales of around EUR 12 million.

[18] Approval for Publication

The Board of Management of INDUS Holding AG approved these IFRS interim financial statements for publication on August 10, 2021.

[19] Responsibility Statement

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

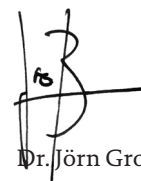
Bergisch Gladbach, August 10, 2021

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Financial Calendar

Date	Event
November 11, 2021	Publication of interim report on the first nine months of 2021



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

DATE OF PUBLISHING

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

DISCLAIMER:

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

