



GROUP MANAGEMENT REPORT FOR THE PERIOD ENDED 30 JUNE 2024  
OF HÖRMANN INDUSTRIES GMBH, KIRCHSEEON

# Key figures at a glance

## Financial position and results of operations

(in EUR million)

	1 Jan – 30 Jun 2024	1 Jan – 30 Jun 2023
Sales	327.6	372.5
Total output <sup>1</sup>	350.9	401.7
Gross profit	164.3	166.5
EBITDA <sup>2</sup>	8.8	15.1
EBIT <sup>3</sup>	2.4	9.2
Cash flow from operating activities	-5.8	0.9
Cash flow from investing activities	-5.8	-23.1

## Net assets

(in EUR million)

	30 Jun 2024	31 Dec 2023
Total assets	378.3	376.7
Equity	132.3	136.6
Equity ratio <sup>4</sup>	35.0%	36.3%
Working capital <sup>5</sup>	110.8	110.8
Net cash and cash equivalents <sup>6</sup>	46.2	59.2
Employees <sup>7</sup>	2,936	2,919

<sup>1</sup> Sales plus change in inventories and other own work capitalised

<sup>2</sup> Consolidated net income before depreciation and amortisation, financial result and income taxes

<sup>3</sup> Consolidated net income before financial result and income taxes

<sup>4</sup> Equity/total assets

<sup>5</sup> Inventories plus trade receivables minus trade payables

<sup>6</sup> Bank balances incl. securities classified as current assets minus liabilities to banks

<sup>7</sup> Average number for the period excluding trainees

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The cover picture shows Europe's first hydrogen tram, which is being designed and realised under the leadership of HÖRMANN Vehicle Engineering GmbH in Chemnitz.

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**HÖRMANN Industries GmbH** is focusing on securing profitability in each of the four business divisions Automotive, Communication, Intralogistics and Engineering with a broad programme of measures.

**JOHANN SCHMID-DAVIS, CFO, DR MICHAEL RADKE, CEO,  
DR CHRISTIAN BAUR, CTO (F.L.T.R.)**

The broad diversification with four strong divisions ensures the stability and sustainable success of the HÖRMANN Group.

# Basic information on the Group

The Group (hereinafter referred to as 'HÖRMANN Industries'), with HÖRMANN Industries GmbH as the parent company and its direct and indirect subsidiaries, represents the industrial subgroup of the HÖRMANN Group. The Group is organised into four divisions to which the individual companies are assigned.

In addition, the subsidiaries HÖRMANN Digital GmbH, as a superordinate service provider for the development of software-based product solutions and enhancements, and HÖRMANN Informationssysteme GmbH (direct subsidiary of HÖRMANN Holding GmbH & Co. KG), as a Group-wide service provider for IT infrastructure and software systems for the digitalisation of business processes, are also active.

The information on business performance is structured according to the structured according to the Group's business divisions.

The main investments are allocated to the divisions as follows:

## AUTOMOTIVE

- ♦ HÖRMANN Automotive GmbH, Kirchseeon
- ♦ HÖRMANN Automotive Gustavsburg GmbH, Ginsheim-Gustavsburg
- ♦ HÖRMANN Automotive Slovakia s. r. o., Bánovce, Slovakia
- ♦ HÖRMANN Automotive St. Wendel GmbH, St. Wendel
- ♦ HÖRMANN Automotive Saarbrücken GmbH, Saarbrücken
- ♦ HÖRMANN Automotive Wackersdorf GmbH, Wackersdorf
- ♦ HÖRMANN Automotive Assets GmbH, Kirchseeon

In the **Automotive** division, HÖRMANN Industries is a supplier of metallic components, modules and systems for the European commercial vehicle, construction and agricultural machinery industries.

With its range of services covering engineering, technology development, production and logistics, the division covers the entire value chain.

The Group's largest domestic location is HÖRMANN Automotive Gustavsburg GmbH, which specialises in the production of chassis, body and add-on parts for commercial vehicles and is a manufacturer of frame side members.

Other locations include HÖRMANN Automotive St. Wendel GmbH, a manufacturer of metal components, particularly for the agricultural machinery industry, HÖRMANN Automotive Saarbrücken GmbH, which manufactures interior systems for buses and coaches, complex welded assemblies, complete chassis for agricultural machinery and ready-to-install assembly systems, HÖRMANN Automotive Wackersdorf GmbH, which assembles electronic and mechanical modules and charging columns, and HÖRMANN Automotive Slovakia s.r.o., which manufactures labour-intensive components for commercial vehicles, which is responsible for the production of labour-intensive metal components and chassis add-on parts for the commercial vehicle industry. HÖRMANN Automotive Assets GmbH holds equipment and operating resources for companies in the Automotive division.

## COMMUNICATION

- ♦ Funkwerk Technologies GmbH, Kölleda
- ♦ Funkwerk StatKom GmbH, Kölleda
- ♦ Funkwerk Systems GmbH, Kölleda
- ♦ Funkwerk Systems Austria GmbH, Vienna, Austria
- ♦ Radionika Sp. z o. o., Krakow, Poland
- ♦ Funkwerk Security Solutions GmbH, Nuremberg, Germany
- ♦ Funkwerk IoT GmbH, Kölleda
- ♦ Elektrotechnik und Elektronik Oltmann GmbH, Berlin
- ♦ HÖRMANN Kommunikation & Netze GmbH, Kirchseeon
- ♦ HÖRMANN Warnsysteme GmbH, Kirchseeon
- ♦ HÖRMANN - KMT Kommunikations- und Meldetechnik GmbH, Salzburg, Austria
- ♦ HÖRMANN Warnsysteme Bulgaria EOOD, Sofia, Bulgaria

Funkwerk AG and its subsidiaries (Funkwerk Group) are technologically leading providers of innovative communication, information and security systems. The focus is on hardware and software components for railway operations, local public transport, inland shipping and airports as well as on intelligent security systems for the protection of buildings, squares, industrial objects, traffic and people. Funkwerk also offers customised solutions for voice and data communication via analogue and digital mobile networks (LTE, GSM-R) in rail transport.

In the current financial year 2024, Funkwerk Systems GmbH acquired 100% of the shares in Elektrotechnik und Elektronik Oltmann GmbH, based in Berlin. The initial consolidation took place with completion of the share acquisition on 31 March 2024.

HÖRMANN Kommunikation & Netze GmbH is a provider of installation, assembly and services for public infrastructure relating to rail transport and communication technology as well as energy supply.

In HÖRMANN Warnsysteme GmbH and HÖRMANN – KMT Kommunikations- und Meldetechnik GmbH, Salzburg, Austria, and HÖRMANN Warnsysteme Bulgaria EOOD, Sofia, Bulgaria, the HÖRMANN Group has bundled its siren warning systems for alerting fire brigades or warning the population of disasters. The project-specific solutions are realised from planning and development through to realisation and long-term realisation through to long-term maintenance.

## INTRALOGISTICS

- ♦ HÖRMANN Intralogistics GmbH, Kirchseeon
- ♦ HÖRMANN Intralogistics Solutions GmbH, Kirchseeon
- ♦ HÖRMANN Logistik Polska Sp. z o. o., Gdansk, Poland
- ♦ HÖRMANN Intralogistics Solutions GesmbH, Graz, Austria
- ♦ HÖRMANN Klatt Conveyors GmbH, Neumarkt a. Wallersee, Austria
- ♦ HÖRMANN Intralogistics Services GmbH, Kirchseeon
- ♦ HÖRMANN Energy Solutions GmbH, Lehre/Wolfsburg

The dynamic market development and increased market demand for sophisticated system solutions for intralogistics, automation solutions for production, warehousing and distribution logistics and services for these industries offer long-term growth potential.

With HÖRMANN Intralogistics Solutions GmbH, HÖRMANN Logistik Polska Sp. z o.o. and HÖRMANN Intralogistics Solutions GesmbH, the **Intralogistics** division operates as a general contractor in the planning and construction of turnkey material flow systems. With material flow concepts, complex storage strategies and proprietary software, intralogistics solutions are realised for individual requirements, thus enabling productivity and efficiency increases for international customers from a wide range of industries. With HÖRMANN Klatt Conveyors GmbH, the portfolio has been expanded to include the company's own products and conveyor systems, which are developed, planned and manufactured by the company. HÖRMANN Klatt Conveyors GmbH has thus developed into an international supplier of conveyor systems for industry, airports, mail distribution centres, waste disposal and hospitals.

HÖRMANN Intralogistics Services GmbH expands the existing range of services (design, realisation, commissioning including maintenance, servicing and recurring inspections, relocations and lifecycle support for automated manufacturing and production facilities) with an after-sales service in the field of intralogistics and expands the depth of added value with its own assembly and commissioning services. The HÖRMANN Energy Solutions GmbH unit is positioned in the field of renewable energies and plans, installs and maintains system solutions for renewable energy generation and utilisation.

# Economic report

## ENGINEERING

- ♦ HÖRMANN BauPlan GmbH, Chemnitz
- ♦ HÖRMANN Rawema Engineering & Consulting GmbH, Chemnitz
- ♦ HÖRMANN Vehicle Engineering GmbH, Chemnitz
- ♦ VacuTec Meßtechnik GmbH, Dresden

The **Engineering** division is active in building and industrial planning as well as vehicle development. The development and production of detectors for the detection of ionising radiation extend this range of services.

HÖRMANN BauPlan GmbH offers engineering services within the construction industry, with a particular focus on commercial and residential construction, especially technical building equipment (TGA).

HÖRMANN Rawema Engineering & Consulting GmbH adds general planning and realisation of new factories as well as re-engineering and relocation of existing factories and plants to the range of services.

HÖRMANN Vehicle Engineering GmbH utilises its skills and resources in technically sophisticated design engineering for the development of rail and road vehicles.

VacuTec Meßtechnik GmbH develops, produces and distributes a wide range of detectors for measuring ionising radiation for use in medicine, industrial measurement technology and environmental monitoring.

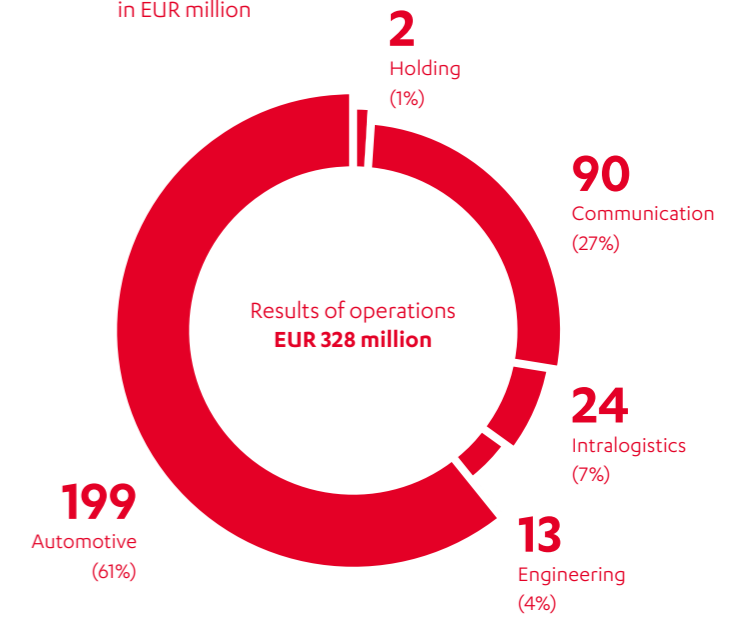
## GENERAL ECONOMIC AND INDUSTRY CONDITIONS

After a slightly positive start to the year, the German economy suffered another setback in the second quarter of 2024. While gross domestic product (GDP), adjusted for price, seasonal and calendar effects, rose by 0.2% in the first quarter of 2024 compared to the previous quarter according to the Federal Statistical Office, economic output fell by 0.1% in the second quarter compared to the previous quarter, adjusted for price, seasonal and calendar effects.<sup>1</sup> In a year-on-year comparison, GDP in the first and second quarters of 2024 was 0.2% and 0.1% lower than in the first and second quarters of 2023, adjusted for price and calendar effects.<sup>2</sup> Investments in equipment and buildings in particular fell. In the second quarter of 2024, Germany was therefore well below the average economic growth within the EU of 0.3% compared to the previous quarter.

Similarly, business sentiment in Germany deteriorated slightly again. The ifo Business Climate Index fell to 88.6 points in June, down from 89.3 points in May and 89.4 points in April 2024.<sup>3</sup> The decline was mainly due to companies' more pessimistic expectations. In manufacturing in particular, the business climate suffered a setback after three consecutive increases. In the services sector, however, the index rose as companies assessed their current situation as better again. In trade, however, the business climate deteriorated noticeably, particularly with regard to business expectations. The construction industry saw a slight increase in the index. However, staff shortages remain a key problem here.

The poorer sentiment was also reflected in the order backlog in the manufacturing sector. According to the Federal Statistical Office, the real (price-adjusted) order backlog fell by 0.4% in May 2024 compared to April 2024, adjusted for seasonal and calendar effects.<sup>4</sup> Compared to May 2023, the order backlog was 5.4% lower on a calendar-adjusted basis. The downward trend that began in October 2022 thus continued.

Breakdown of sales by business division for the first half of 2024 in EUR million



Meanwhile, the inflation rate in Germany has stabilised according to the Federal Statistical Office. Energy and food prices in particular have dampened inflation since the start of the year.<sup>5</sup> The inflation rate was +2.2% in June 2024; in May 2024, the rate of change was +2.4%, after +2.2% in both April and March 2024. Core inflation – excluding food and energy – was +2.9% and thus below the 3% mark for the first time since February 2022. Energy products became 2.1% cheaper in June 2024 compared to the same month of the previous year (May 2024: -1.1%). Within this group, prices for both household energy (-3.0%) and fuels (-0.6%) fell. In contrast, some energy products were more expensive than a year earlier, in particular district heating (+27.6%) and light heating oil (+7.9%).

## INDUSTRY CONDITIONS

The sector-specific framework conditions are explained from page 19 onwards in the comments on the business performance of the individual divisions.

<sup>1</sup> cf. Destatis: Press release no. 289 of 30 July 2024

<sup>2</sup> cf. Destatis: Press release no. 205 of 24 May 2024

<sup>3</sup> cf. Results of the ifo business surveys in June of 24 June 2024

<sup>4</sup> cf. Destatis: Press release no. 276 of 17 July 2024

<sup>5</sup> cf. Destatis: Press release no. 266 of 11 July 2024

## EARNINGS POSITION

In the first half of 2024, HÖRMANN Industries generated sales of € 327.6 million. This represents a decrease in revenue of € 44.9 million or 12.1% compared to the previous year (€ 372.5 million).

Taking into account changes in inventories of € 22.9 million and own work capitalised of € 0.5 million, the **total output** of HÖRMANN Industries amounted to € 350.9 million, a decrease of € 50.8 million or 12.6% compared to the same period in the previous year (€ 401.7 million).

The **cost of materials** totalling € 192.5 million (previous year: € 240.4 million) included expenses for raw materials, consumables and supplies and for purchased goods (including energy) amounting to € 154.1 million (previous year: € 203.1 million) as well as expenses for purchased services amounting to € 38.4 million (previous year: € 37.3 million). In relation to total output, the cost of materials ratio totalled 54.9% and was therefore 4.9 percentage points below the previous year's figure (59.8%).

At € 5.8 million, **other operating income** was on a par with the previous year (€ 5.3 million) and included € 0.2 million income from the reversal of provisions, € 1.3 million income from investment and research grants, € 1.2 million income from insurance benefits, € 1.1 million income from benefits in kind, € 0.1 million income from compensation payments, € 0.2 million income relating to other periods and € 0.2 million from the reversal of value adjustments.

At € 164.3 million, the **gross profit** generated was € 2.2 million below the previous year's figure of € 166.5 million. At 46.8%, the gross profit margin in relation to total output increased by 5.3 percentage points in the reporting period compared to the same period in the previous year (41.5%).

**Personnel expenses** totalling € 104.6 million were € 4.6 million higher than in the previous year (€ 100.0 million). In relation to total output, the personnel expenses ratio increased from 24.9% in the same period of the previous year to 29.8% in the first half of 2024. HÖRMANN Industries employed an average of 2,936 people (31 December 2023: 2,919), excluding trainees.

At € 6.4 million, **depreciation and amortisation** was € 0.5 million higher than in the previous year (€ 5.9 million). This included scheduled amortisation of capitalised goodwill in the amount of € 1.3 million (previous year: € 0.9 million).

At € 50.3 million, **other operating expenses** were € 0.5 million lower than in the previous year (€ 50.8 million). Of this amount, € 8.7 million was attributable to occupancy and building costs, € 13.7 million to administrative costs and € 18.5 million to operating and selling expenses. Compared to the first half of 2023, operating costs decreased by € 1.6 million and administrative costs increased by € 1.4 million in the reporting period. At 14.3%, other operating expenses as a percentage of total output were slightly higher than in the first half of 2023 (12.7%).

The **operating result**, which is the gross profit less personnel expenses, depreciation and amortisation and other operating expenses, fell by € 6.9 million or 70.4% to € 2.9 million in the past year (previous year: € 9.8 million).

After deducting **other taxes** of € 0.5 million (previous year: € 0.6 million), **earnings before interest and taxes (EBIT)** for the first half of 2024 totalled € 2.4 million (previous year: € 9.2 million).

Earnings before **interest, taxes, depreciation and amortisation (EBITDA)** generated in the first half of the 2024 financial year amounted to € 8.8 million (previous year: € 15.1 million). This corresponds to an EBITDA margin of 2.5% (previous year: 3.8%) of total output.

At € -2.8 million, the **financial result** was € -0.9 million lower than in the same period of the previous year (€ -1.9 million). In the first two quarters of the 2024 financial year, interest and similar expenses including commitment interest totalling € 3.9 million (previous year: € 2.7 million) were incurred for the new 2023/2028 bond issued in July 2023, the credit lines provided under the existing syndicated loan agreement for € 40 million, the tranche drawn from the KfW Entrepreneur Loan and for the promissory note loan taken out in January 2024 in the amount of € 17.5 million. These expenses were offset by interest and investment income totalling € 1.1 million (previous year: € 0.9 million).

**Income tax expenses** for trade and corporation tax totalled € 4.4 million for the first half of 2024 (previous year: € 4.5 million).

The first half of the 2024 financial year closed with a **consolidated net loss** of € 4.4 million (previous year: consolidated net income of € 3.0 million).

## FINANCIAL POSITION

### Capital structure

**Total assets** as at 30 June 2024 increased by € 1.6 million from € 376.7 million to € 378.3 million, mainly due to the increase in current assets compared to the previous year's reporting date (31 December 2023).

The Group's **equity** including non-controlling interests amounted to € 132.3 million as at 30 June 2024 (31 December 2023: € 136.6 million). The equity ratio decreased to 35.0% as at 30 June 2024 (31 December 2023: 36.3%).

**Working capital** as at 30 June 2024, including inventories of € 97.9 million and trade receivables of € 60.9 million less trade payables of € 47.9 million, amounted to € 110.8 million at the end of the financial year (31 December 2023: € 110.8 million). Working capital was thus maintained at the previous year's level.

As at 30 June 2024, liabilities from **bonds** amounted to € 50.0 million (31 December 2023: € 50.0 million). In July 2023, a bond was issued in the amount of € 50.0 million with an interest coupon of 7.0% and a term of 5 years until 11 July 2028.

As at the reporting date of 30 June 2024, there were **liabilities to banks** of € 20.9 million (31 December 2023: € 5.7 million). The KfW Entrepreneur Loan granted in 2020 with a nominal value of € 10.0 million resulted in liabilities of € 3.1 million as at the reporting date (31 December 2023: € 4.4 million). The loan has a term of five years with 16 quarterly repayment instalments from the second year onwards. Cumulative repayments totalling € 6.9 million were made by the end of the first half of 2024.

Under the syndicated framework loan agreement concluded with a banking consortium consisting of SaarLB, Commerzbank AG, HeLaBa and Oberbank AG, the Group has a credit line of up to € 40.0 million until the end of 2025, of which up to € 15 million can be utilised as a current account and up to € 25 million as a revolving EURIBOR line. As at 30 June 2024, a loan of € 0.2 million (31 December 2023: € 0.0 million) was drawn down from this facility. In addition, there is a local foreign credit line (Volksbank Salzburg eG) in the amount of € 2.5 million, which can be used both as a current account and as a guarantee line. As at 30 June 2024, there were liabilities from this in the amount of € 0.2 million (31 December 2023: € 1.4 million). In addition, a promissory note loan in the amount of € 17.5 million (31 December 2023: € 0.0 million) with a term of three (€ 7.5 million) and six years (€ 10.0 million) was taken out in the first quarter of 2024.

### Liquidity

**Bank balances** amounted to € 67.1 million as at 30 June 2024 (31 December 2023: € 64.9 million). As at 30 June 2024, there were free credit lines of around € 42.0 million (31 December 2023: € 41 million).

As at 30 June 2024, HÖRMANN Industries had net cash and cash equivalents of € 46.2 million (31 December 2023: € 59.2 million). Net cash and cash equivalents are calculated from cash on hand and bank balances less liabilities to banks. With net cash and cash equivalents of € 46.2 million and freely available credit lines of € 42.0 million, HÖRMANN Industries continues to have sufficient liquidity.

### Cash flow statement

The cash flow statement is structured in accordance with the requirements of DRS 21. In the first half of the 2024 financial year, **cash flow from operating activities** decreased to € -5.8 million (previous year: € 0.9 million).

**Cash flow from investing activities** increased to € -5.8 million in the first half of 2024 compared to the previous year (€ -23.1 million). In the previous year, this figure included payments of € 16.0 million for additions to the scope of consolidation.

**Cash flow from financing activities** totalled € 13.4 million (previous year: € -5.8 million). In the first half of 2024, two repayment instalments of € 1.3 million were made for the KfW loan. Payments were also made for interest and distributions to other shareholders in the amount of € 1.8 million (previous year: € -5.9 million). In addition, a promissory note loan totalling € 17.5 million (previous year: € 0.0 million) was taken out.

The Group companies were able to fulfil their payment obligations at all times.

### Assets and liabilities

At € 9.8 million, additions to **property, plant and equipment** and **intangible assets** were € 3.8 million lower than in the same period of the previous year (€ 13.6 million) and € 3.4 million higher than current depreciation and amortisation of fixed assets (€ 6.4 million; previous year: € 5.9 million).

At € 19.3 million, **financial assets** remained almost unchanged in the reporting period compared to 31 December 2023 (€ 19.5 million).

Total **inventories** (after deduction of advance payments received) increased from € 82.1 million as at 31 December 2023 to € 97.9 million as at 30 June 2024. This was primarily due to the increase in work in progress to € 137.9 million (31 December 2023: € 117.2 million) and a simultaneous increase in advance payments received of € 12.8 million to € 102.5 million (31 December 2023: € 89.7 million). The range of inventories to sales increased to 49.7 days (2023: 36.9 days). Daily sales were calculated by dividing inventories as at 30 June 2024 by the average sales per day in the reporting period.

The positive economic development for 2024 forecast by the German government and key customers in the autumn report was not confirmed by real economic data in the first half of the year. The increasingly noticeable reluctance to invest in industry since the end of 2023 continued in the first half of 2024, with the result that **incoming orders** of € 398.7 million in the reporting period fell by € 30.1 million or 7.0% compared to the same period in 2023 (€ 428.8 million). As at 30 June 2024, the **order backlog** amounted to € 515.9 million (31 December 2023: € 449.8 million).

**Trade receivables** decreased from € 83.0 million to € 60.9 million in the first half of 2024 due to reporting date and seasonal factors, resulting in receivables of 39.7 days (2023: 34.9 days). The daily sales were calculated by comparing the receivables balance as at 30 June 2024 with the average sales per day in the reporting period. As in previous years, the Automotive division is involved in reverse factoring processes with two key customers, whereby current trade receivables with a short payment term of generally less than 10 days are purchased via a fintech platform.

**Other assets** increased from € 23.6 million to € 25.9 million. This included income tax receivables of € 12.5 million as at the reporting date (31 December 2023: € 12.1 million).

**Deferred taxes** are taken from the separate financial statements. Deferred tax assets mainly resulted from valuation differences between the commercial and tax balance sheets for provisions and from tax loss carryforwards that can still be utilised in the future. As at 30 June 2024, this item amounted to € 17.4 million (31 December 2023: December 2023: € 17.0 million).

At € 19.2 million as at 30 June 2024, **pension provisions** were at the previous year's level (31 December 2023: € 19.2 million).

At € 6.6 million, **tax provisions** remained slightly above the level of the previous year's balance sheet date (31 December 2023: € 5.8 million).

**Trade payables** decreased from € 54.2 million to € 47.9 million due to reporting date and price factors. The utilisation of supplier credit for cost of materials and other operating expenses increased from an average of 32.9 (2023) to 37.9 days. The average duration of credit utilisation was calculated by comparing trade payables as at 30 June 2024 with the total average cost of materials and other operating expenses per day in the reporting period.

The exchange rate effects had no material impact on the Group's net assets, financial position and results of operations.

### REPORT ON PERFORMANCE INDICATORS

#### Non-financial performance indicators

##### Research and development

The technological expertise of the HÖRMANN Industries GmbH Group is an essential basis for its market position and is constantly being expanded through ongoing research and development (R&D) activities. The focus is on customer and country-specific developments and applications as well as in-house solutions.

In addition to the new and further development of products and systems, one of the tasks of the Group's R&D teams is to ensure a sufficient supply of the necessary components and materials in a cost-orientated manner. By qualifying adequate alternatives and additional procurement sources, the aim is to compensate for supply bottlenecks and delivery delays and ensure efficient processes.

In the Automotive division, basic knowledge of metallurgy, forming technology and joining technology as well as the quality requirements for customer products are a key success factor. A high level of product-specific expertise is required in order to gain additional market share. For new series orders, the design and development as well as the use and maintenance of technologically sophisticated tools in production are of great importance. In addition to the continuous further development of existing expertise, the development of new production technologies and their application to new materials is being driven forward, e. g. to fulfil the requirements of modern electric commercial vehicles. A particular focus here is on lightweight construction and weight reduction, composite components made from different materials and standardisation for the further development of OEM platform strategies.

With its consulting expertise, the Engineering division contributes to the successful market presence of the entire group of companies. HÖRMANN Vehicle Engineering GmbH expands the vehicle development expertise and thus increases the synergy potential with the Automotive division, supporting the strategic development of the Automotive division from a build-to-print manufacturer to a solution provider and development partner using the latest design, calculation and simulation methods. As part of joint research projects, HÖRMANN Vehicle Engineering GmbH is also involved in the development of vehicles with innovative fuel cell drives and the use of hydrogen technology.

The focus of development activities in the Intralogistics division is on the further development of the warehouse management system as well as the standardisation and expansion of the product range at HÖRMANN Klatt Conveyors GmbH with innovative products and solutions such as the award-winning Sectro system for revolutionising airport security checks. The HiLIS software product is the centrepiece for controlling automated and manual intralogistics processes in customers' facilities. It is a high-performance software suite that is able to flexibly map all processes that are important in intralogistics. In order to meet market and customer requirements with short response times, development capacities have been increased.

The primary goal of research and development activities in the Communication division remains the expansion of technology leadership in the respective technologies and application-specific markets. The focus is on customised developments and applications as well as new products and system solutions. Particular emphasis is placed on the development of new electronics, new filter technologies and new mobile radio standards for train radio as well as the continuous further development of the extensive product-orientated software systems. In addition, the company is constantly working on improving its production processes.

HÖRMANN Digital GmbH also has the task of driving forward the development of new digital business models and software-based product enhancements for the individual divisions with its team of specialists.

Regular collaboration with external partners and universities takes place in all business areas in order to utilise as much expertise as possible for development and to always be at the cutting edge of research. In addition, there is regular dialogue with suppliers of key components and with customers so that innovative topics and trends as well as individual requirements can be taken into account at an early stage of development.



### Production

Production capacity utilisation within HÖRMANN Industries GmbH varied in the 2024 financial year. While capacities in the Communication and Engineering divisions were fully utilised due to the high volume of orders and business, capacity utilisation in the Automotive and Intralogistics divisions remained well below plan due to the sharp reduction in OEM call-off orders in the truck and agricultural machinery product segment and the continued reluctance to invest on the part of customers in the Intralogistics division.

### Procurement

The purchase of raw materials, supplies and components is managed on a decentralised, demand-oriented basis by the individual subsidiaries within the Group. The required materials are procured worldwide from various suppliers, most of whom the units work with on a long-term basis. Depending on the volume, framework agreements – some of which run for several years – are used. The Automotive division has a Strategic Purchasing department, which is responsible for additional cost-cutting potential by bundling a wide range of product groups and services.

This situation has eased in the course of 2023. However, inflation-induced price increases since mid-2022, particularly for energy, as well as additional logistics costs continued to impact the Group in the reporting period. As a result of the sharp price-related increase in inventories, the purchasing organisations were also required during the reporting period to control the supply of materials in close cooperation with the production planning departments to meet demand and thus reduce throughput times.

The global and European procurement markets continue to be characterised by high volatility and extraordinarily high inflationary tendencies with risks that are almost impossible to calculate.

### Employees

In the first half of the 2024 financial year, HÖRMANN Industries employed an average of 2,936 people compared to 2,919 in the previous year.

In addition, a total of 72 trainees were employed (previous year: 76). Measured against the total workforce, this corresponds to a share of around 2.4%. The training programme includes various industrial and commercial professions.

In order to secure the Group's further growth in terms of personnel and to actively counter a potential shortage of skilled labour, one of the focal points of HR work is to consistently increase the attractiveness of the HÖRMANN Group as an employer and to recruit competent, motivated young talent. The HÖRMANN Group aims to create interesting conditions for employees and applicants as well as an attractive working environment with a wide range of creative freedom. The HÖRMANN Group aims to create interesting conditions for employees and applicants as well as an attractive working environment with plenty of room for manoeuvre, whereby emphasis is placed on a motivational corporate culture, job security and social factors such as work-life balance. The Group also offers success-oriented incentive systems, targeted vocational training and a wide range of further training programmes to continuously develop employees' skills and competencies and prepare staff for future requirements in a timely manner.

### Quality assurance

In order to guarantee the quality level and reliability of products and services in the long term, the relevant processes in the Group's operating units are regularly reviewed individually according to the respective requirements and improved where necessary. The respective quality management systems are continuously certified or recertified as required. The requirements of the General Data Protection Regulation (GDPR) are monitored by an external data protection officer.

### Sustainability and social responsibility

An important pillar of long-term corporate development is the assumption of corporate, ecological and social responsibility. The HÖRMANN Group endeavours to constantly reduce its impact on the environment in order to keep it as low as possible. Economic interests are combined with ecological goals. In addition, the HÖRMANN Group fulfils its social responsibility towards society and its employees in a variety of ways. In addition to supporting universities and schools, the Group awards scholarships and sponsors cultural organisations and social projects.

The Group's activities to implement CSRD are coordinated by the sustainability department at the parent company, which operates centrally for the entire Group. This is supported by a broad-based sustainability organisation and a network of sustainability coordinators in each subsidiary. The measures are documented in the sustainability report. We currently measure the impact of the sustainability measures and the respective progress in relation to our objectives with the help of a system of key figures that we have defined ourselves based on the Global Reporting Initiative (GRI).

Since 2021, HÖRMANN Industries has given sustainability a central place in its corporate management by voluntarily preparing a sustainability report based on the internationally recognised GRI framework. In addition, the HÖRMANN Group has expanded its greenhouse gas accounting in the reporting period and is disclosing upstream emissions for the first time. An auditable sustainability management system is gradually being established and the promotion of sustainability initiatives is being implemented so that future legal requirements can be met.

With sustainability reporting based on GRI, the HÖRMANN Group laid the foundations for the Corporate Sustainability Reporting Directive (CSRD) at an early stage. In order to be prepared for the European Sustainability Reporting Directive (CSRD), which will apply from 1 January 2025, and the European Sustainability Reporting Standards (ESRS) for the future recording of key figures, the HÖRMANN Group will begin several projects in the 2024 financial year.

These include the amendment of the materiality analysis in accordance with ESRS as the basis for deriving the key figures to be reported and an initial project on the EU taxonomy. This will increase transparency for employees, customers, suppliers, partners, shareholders and interested members of the public. From the 2025 reporting year, the previously voluntary sustainability report (or non-financial performance report) will become part of the management report.

Based on the results of the materiality analysis, the HÖRMANN Group has placed its sustainability strategy on four pillars in order to achieve a positive impact on the sustainability dimensions.

1. anchoring a culture of sustainability: implementing sustainability in corporate management; empowering employees to think and act sustainably; creating a roadmap for achieving targets
2. become climate neutral: Push focus on renewable energies; strive to reduce emissions by 2030 in line with Science Based Targets initiative (SBTi); climate neutrality by 2045
3. sustainable value chains: create transparency in the supply chain; invest in digitalisation and networking; reduce resource consumption
4. creating progress for people: increasing employee satisfaction; promoting a modern working environment with development opportunities; equal opportunities and diversity

In order to achieve the climate targets, work began in 2023 on developing a decarbonisation roadmap to identify and quantify the necessary measures. To promote development opportunities for employees, the HÖRMANN Group introduced the HÖRMANN Learning Worlds last year. This is a platform with a broad educational programme that is accessible to all employees.

The HÖRMANN Group has implemented software to increase transparency in the supply chain and fulfil its social responsibility. This is used to expand risk management. HÖRMANN Industries GmbH works continuously with the companies in the divisions to identify which competences already exist within the companies and how synergies can be utilised in the future. HÖRMANN is endeavouring to create an efficient and effective distribution of roles within the Group. A corresponding target image is currently being developed. The organisation of Group-wide or company-specific management approaches is based on the different market and customer requirements of the companies and divisions as well as the varying degrees of maturity of individual sustainability issues. Where possible, overarching management approaches are applied to all areas. Whenever the suitability of management approaches is more dependent on production conditions, the product portfolio or regulatory requirements, implementation is the responsibility of the companies in close cooperation with the Group parent company. This applies, for example, to the focus areas 'Decarbonisation & resource use'.

#### Financial performance indicators

The focus of regular reporting is on financial performance indicators. HÖRMANN Industries is managed using the key financial indicators of incoming orders, sales, total output, gross profit, earnings before interest and taxes (EBIT), working capital and EBIT margin. The order backlog is also monitored. All key performance indicator systems and monthly reports of the subsidiaries show these key figures with a comparison to plan and the previous year.

Available liquidity is also an important control parameter. Tightly synchronised, Group-wide liquidity planning and management plays a central role.

#### Financial performance indicators

##### Multi-year comparison (EUR million):

	H1 2024	H1 2023	H1 2022
<b>Sales</b>	<b>327.6</b>	<b>372.5</b>	<b>298.5</b>
Total output	350.9	401.7	329.0
Gross profit	164.3	166.5	136.7
Gross profit margin in % of total output	46.8%	41.5%	41.6%
<b>EBIT</b>	<b>2.4</b>	<b>9.2</b>	<b>0.5</b>
EBIT margin in % of total output	0.7%	2.3%	0.2%
Available liquidity (Net liquidity plus unutilised credit facilities)	88.2	83.3	111.0

In its strategic medium-term planning, HÖRMANN Industries remains committed to the goal of realising a sustainable EBIT margin of 5% p.a. for the Group in the coming years.

#### COURSE OF BUSINESS IN THE DIVISIONS

##### Automotive division

With its Automotive division, HÖRMANN Industries GmbH is a supplier of metallic components, modules and systems for the European commercial vehicle industry.

The main customer in the Automotive division in the current 2024 financial year continues to be TRATON SE, primarily with its subsidiary MAN Truck & Bus SE. In the first six months of 2024, MAN recorded a year-on-year decline in sales figures of 12% to 49,352 units.<sup>6</sup> Truck sales in particular fell by 22% to 31,680 vehicles, while sales of buses and vans increased by 27% to 2,954 and 10% to 14,718 respectively. At the same time, incoming orders in 2024 fell sharply by 26% year-on-year to 36,794 vehicles, which is attributed in particular to the weak market environment in Germany, a truck model year change in the first half of 2024 and catch-up effects in the same period of the previous year.

In addition to TRATON SE, Daimler Truck Holding AG is another important customer of the Automotive division. According to the company, vehicle sales in the Mercedes Benz segment fell by 15% year-on-year to 62,489 in the first half of 2024.<sup>7</sup> The decline in unit sales was due, among other things, to weaker demand in Europe. Unit sales in the EU30 region fell by 27% to 31,720 units in the reporting period.

##### Multi-year comparison for the Automotive division:

	H1 2024	H1 2023	H1 2022
<b>Sales (EUR million)</b>	<b>199.1</b>	<b>248.8</b>	<b>189.0</b>
Change (absolute) (EUR million)	-49.7	59.8	7.8
Change (relative)	-20.0%	31.6%	4.3%
<b>EBIT (EUR million)</b>	<b>-0.5</b>	<b>2.2</b>	<b>-5.6</b>
EBIT margin	-0.3%	0.9%	-0.3%

In the **Automotive** division, sales fell by € 49.7 million or 20.0% from € 248.8 million in the same period of the previous year to € 199.1 million due to significantly weaker demand from OEM customers. As a result, call-off orders decreased by € 73.3 million or 28.7% from € 255.6 million in the first half of 2023 to € 182.3 million in the reporting period.

The gross profit margin in relation to total output increased to 37.1% in the reporting period after 32.4% in the same period of the previous year. Gross profit decreased by € 7.4 million to € 73.0 million (previous year: € 80.4 million).

EBIT amounted to € -0.5 million (previous year: € 2.2 million).

##### Communication division

In the Communication division, HÖRMANN Industries GmbH and its subsidiaries are a technology provider of innovative communication, information, warning and security systems. A detailed description of the activities can be found in the 'Group fundamentals' section. The economic development of the railway industry, investments in infrastructure projects as well as the security sector are primarily relevant for the business development of the division.

The rail industry has been growing worldwide for years, but has to hold its own in a very dynamic competitive environment. In particular, megatrends such as urbanisation, the increase in trade flows, growing environmental awareness and stricter climate protection targets are making rail transport more important. In addition, the environment and technological requirements are changing due to the impact of digitalisation and new technologies.

The German rail industry experienced a record year in the 2023 financial year. The German Railway Industry Association (VDB) declared a 57% increase in incoming orders to € 21.5 billion for 2023.<sup>8</sup> Domestic orders accounted for around 60% of all incoming orders at € 13 billion. Overall, the order volume in the rail vehicle segment rose by 64% to € 15.9 billion and in the infrastructure segment by 40% to € 5.6 billion.

<sup>6</sup> cf. TRATON SE: Half-year financial report 2024 dated 26 July 2024

<sup>7</sup> cf. Daimler Truck Holding AG: Interim Report Q2 2024 dated 1 August 2024

<sup>8</sup> cf. Verband der Bahnindustrie in Deutschland e.V.: Press release dated 19 March 2024

The domestic market accounted for infrastructure orders totalling € 3.6 billion, which corresponds to growth of 29%. The VDB sees stable, long-term and binding investments, simplified rules of the game and fair measures against inflation as key drivers. This order situation provided a solid basis for business development in 2024.

The **Communication** division made a correspondingly good start to the new 2024 financial year and recorded incoming orders of € 137.3 million (previous year: € 102.4 million). Important major orders were acquired, particularly in exports. As a result, the order backlog increased by a further 22.4% to € 247.7 million (previous year: € 202.3 million) as at the reporting date. With sales of € 89.6 million (previous year: € 73.7 million) and total output of € 100.1 million (previous year: € 82.7 million), the division exceeded the previous year's level and budget. Due to the increased cost of materials, EBIT fell to € 7.6 million (previous year: € 8.5 million).

**Multi-year comparison for the Communication division:**

	H1 2024	H1 2023	H1 2022
<b>Sales</b> (EUR million)	<b>89.6</b>	<b>73.7</b>	<b>75.3</b>
Change (absolute) (EUR million)	15.9	-1.6	-1.3
Change (relative)	21.7%	-2.1%	-1.7%
<b>EBIT</b> (EUR million)	<b>7.6</b>	<b>8.5</b>	<b>9.8</b>
EBIT margin	8.5%	11.5%	13.0%

Overall, the Communication division has reported stable sales and earnings (EBIT) for years.

**Intralogistics division**

With the Intralogistics division, the HÖRMANN Group meets the increased market demand for sophisticated system solutions for intralogistics, i.e. automation solutions for production, warehousing and distribution logistics, as well as for services. A detailed description of the activities can be found in the 'Group fundamentals' section. The economic development of the logistics sector is primarily relevant for the business development of the division.

According to the VDMA Materials Handling and Intralogistics Association, German materials handling and intralogistics providers still benefited from the strong demand of previous years in 2023. The production volume was around € 27 billion, an increase of 9%.<sup>9</sup> The reasons for this were strong international business and a significant increase in customer industries' willingness to invest. Slight growth of 2% is also expected for the current year. Incoming orders currently point to a cautiously positive trend. The latest export data has also stabilised at a similar level, meaning that moderate growth is expected across all intralogistics product areas.

This slightly positive outlook is also reflected in the Logistics Indicator for the second quarter of 2024, which the ifo Institute compiles on behalf of the German Logistics Association (BVL) as part of its economic surveys.<sup>10</sup> All three individual indicators for the situation, climate and expectations rose on both the supply and demand side of this economic sector. In industry and trade, business expectations in particular overtook the current business situation.

The **Intralogistics** division, which had already been affected by supply bottlenecks and uncertainties in the previous two years, continued to be impacted by the persistently noticeable reluctance and postponement of investments in the reporting year. Thanks to intensive market cultivation, a targeted expansion of internationalisation and innovative solutions, it was nevertheless possible to maintain incoming orders at € 54.0 million, almost at the same level as in the same period of the previous year (€ 56.4 million).

<sup>9</sup> cf. VDMA e. V., Association for Materials Handling and Intralogistics, Press release from 12 March 2024  
<sup>10</sup> cf. BVL/ifo logistics indicator, as at 18 July 2024

Sales in the first half of 2024 fell sharply to € 24.4 million due to project postponements, a decrease of € 12.2 million or 33.3% compared to the same period of the previous year (€ 36.6 million).

With total output of € 30.0 million (previous year: € 47.7 million), EBIT totalled € -2.8 million (previous year: € -0.9 million).

**Multi-year comparison for the Intralogistics division:**

	H1 2024	H1 2023	H1 2022
<b>Sales</b> (EUR million)	<b>24.4</b>	<b>36.6</b>	<b>22.7</b>
Change (absolute) (EUR million)	-12.2	13.9	-3.3
Change (relative)	-33.3%	61.2%	-12.7%
<b>EBIT</b> (EUR million)	<b>-2.8</b>	<b>-0.9</b>	<b>-3.5</b>
EBIT margin	-11.5%	-2.5%	-15.4%

**Engineering division**

In the Engineering division, HÖRMANN Industries GmbH and its subsidiaries offer a wide-ranging portfolio of products and services. A detailed description of the activities can be found in the 'Group fundamentals' section. The economic development of the construction industry, rail vehicle construction and medical technology is primarily relevant for the business development of the division.

With regard to the economic development of rail vehicle construction, please refer to the comments on the Communication division.

According to the Zentralverband des Deutschen Baugewerbes e. V. (ZDB), the situation in the German construction industry remains tense.<sup>11</sup> Although there was finally a recognisable increase in incoming orders compared to the previous year, this is not linked to a turnaround. Rather, the construction industry is in the trough. According to the Federal Statistical Office, new orders in the main construction sector in April 2024 showed real growth of 2.3% compared to the same month in the previous year, and in the first four months of 2024, real new orders in the main construction sector were 1.8% higher than in the same period of the previous year, adjusted for calendar effects. However, new orders fell by 1.5% in real, seasonally and calendar-adjusted terms compared to March 2024.

With sales of € 13.4 million, the **Engineering** division was on a par with the same period of the previous year (€ 13.2 million). Supported by incoming orders of € 25.0 million up to 30 June 2024 (previous year: € 14.4 million), a total output of € 16.5 million (previous year: € 16.4 million) was generated. Earnings before interest and taxes totalled € 1.6 million, compared to € 2.4 million in the previous year.

**Multi-year comparison for the Engineering division:**

	H1 2024	H1 2023	H1 2022
<b>Sales</b> (EUR million)	<b>13.4</b>	<b>13.2</b>	<b>10.6</b>
Change (absolute) (EUR million)	0.2	2.6	-2.2
Change (relative)	1.5%	24.5%	-17.2%
<b>EBIT</b> (EUR million)	<b>1.6</b>	<b>2.5</b>	<b>2.4</b>
EBIT margin	11.9%	18.9%	22.6%

<sup>11</sup> cf. Zentralverband des Deutschen Baugewerbes e. V., press release dated 25 June 2024

# Report on opportunities, risks and expected developments

## FORECAST REPORT

### General economic conditions

Economic development in the current 2024 financial year continues to be characterised by great uncertainty and a persistently fragile situation, which is likely to have a negative impact on economic growth in the current year.

In its July 2024 forecast, the International Monetary Fund (IMF) expects the global economy to grow by 3.2% in 2024 and 3.3% in 2025.<sup>12</sup> The expected slight acceleration in industrialised countries of 1.7% in 2024 and 1.8% in 2025 will be offset by stagnating economic growth in emerging and developing countries of 4.3% in both 2024 and 2025. In the eurozone, IMF experts expect growth to pick up to 0.9% in 2024 and 1.5% in 2025, while Germany is expected to see weak economic growth of 0.2% in the current year and 1.3% in 2025.

The IMF emphasises that the global economy has remained surprisingly resilient despite the multiple crises in recent years. A global recession has been avoided, the global banking system has been largely resilient and important developing countries have also been able to maintain their positive development. In addition, the rise in inflation in particular did not lead to uncontrollable wage-price spirals, but was quickly brought back under control.

The ifo Institute also expects the German economy to slowly work its way out of the crisis and, in its economic forecast for summer 2024, predicts an increase in price-adjusted GDP of 0.4% for the full year in Germany and 1.5% in the coming year.<sup>13</sup> The reasons cited for the positive outlook include the rising purchasing power of private households and the continued recovery in global trade and global industrial production.

In addition, the consumer price index (CPI) has also weakened further in recent months. The inflation rate is expected to fall noticeably from 5.9% in 2023 to 2.2% in 2024 and 1.7% in 2025.

### Forecast for the Automotive division

According to S&P Global Mobility, a decline of 6.2% is expected for the production of commercial vehicles in Europe in 2024<sup>14</sup>.

TRATON SE, the main customer in the Automotive division, also expects a decline in sales of between 5% and 10% for the 2024 financial year.<sup>15</sup> Daimler Truck Holding AG has also adjusted its forecast for the year as a whole and now expects sales of 120 to 135 thousand units (previously 140 to 160 thousand units).<sup>16</sup> Compared to the previous year 2023, the new outlook means a decline in sales of between around 15% and 25%.

The Automotive division forecasts that the decline in truck production announced by customers and the significant slowdown in business development in the agricultural machinery industry will lead to a reduction in call-off orders of over –20% in the financial year. Despite the completed diversification of the customer portfolio, the agreed price adjustments and the cost-cutting measures already initiated in the fourth quarter of 2023, a negative earnings contribution in the Automotive division in 2024 is unlikely to be prevented with this expected high decline in sales.

Sales in the Automotive division are expected to total just under € 365 million in the 2024 financial year (2023: € 475 million). Including the cost-cutting measures, a loss before interest and taxes in the low single-digit million range of between € –2 million and € –5 million is only expected for 2024, despite a decline in sales of over –20%.

In the medium term, the ageing of truck fleets in Europe and stricter emissions standards mean that the division can expect rising production orders as interest rates fall, which will lead to a sustainably stable and positive earnings situation for the Automotive division if production capacity utilisation remains steady. The productivity increases and cost savings achieved as part of the restructuring and reorganisation of the division in recent years will also support the earnings trend. In addition to a continued normalisation of supply chains and a stabilised economy in Europe, the achievement of the OEMs' sales forecasts and the compensation of inflation-related cost increases through higher prices on the part of the OEMs are prerequisites for the realisation of the ambitious medium-term plans.

### Forecast for the Communication division

The rail industry continues to benefit in particular from global megatrends such as urbanisation, population growth and increasing environmental awareness. PSR OE Link therefore expects average growth in global rail production of between 4% and 13% by 2028.<sup>17</sup>

In contrast, however, the business, transport and logistics associations consider the federal budget for 2025 to be inadequate. The plans to cut transport investments are at odds with the actual need for investment in infrastructure and digitalisation. One of the necessary measures proposed by the German Railway Industry Association (Verband der Bahnindustrie in Deutschland e. V.) is to drive forward digitalisation as a basis for greater efficiency and performance.<sup>18</sup>

Meanwhile, the spring economic survey conducted by the BHE Bundesverband Sicherheitstechnik e. V. (Federal Association for Security Technology) clearly shows that the economic situation in the market for digital security, surveillance, communication and network technology, although slightly down, is seen as relatively good overall.<sup>19</sup> Around 58% of the companies surveyed rate the current market situation as 'good' and around 17% even as 'very good'. Overall, the specialist companies gave the current business situation a grade of 2.13, which is only slightly more negative than last autumn.<sup>20</sup>

Thanks to the positive international order trend in the train radio product area and the high order backlog in the information display product area, HÖRMANN Industries expects business in the Communication division to continue to develop well in 2024, with earnings remaining above average. The good business and earnings situation will also be supported by the continued stable demand for population warning systems and infrastructure services.

Due to the investments in population warning systems and disaster control expected for 2024 as well as the continued increase in demand for services for electrical planning and installation, mechanical assembly and maintenance, sales in the Communication division are expected to remain at the level of 2023 (approx. € 195 million to € 205 million). Due to expected cost increases, particularly in the area of personnel, as well as increased investments in software-oriented product development, the division expects earnings before interest and taxes (EBIT) of between € 21 million and € 24 million for the 2024 financial year (2023: € 31 million).

### Forecast for the Intralogistics division

In its current forecast for manufacturers of conveyor technology and intralogistics for the current 2024 financial year, the VDMA Materials Handling and Intralogistics Association anticipates slight growth of 2%.<sup>21</sup> Incoming orders and the latest export data point to a cautiously positive trend and moderate growth across all intralogistics product areas.

In contrast, according to the monthly Logistics Indicator surveys conducted by the ifo Institute on behalf of the German Logistics Association (BVL) as part of its economic surveys, the business situation in the logistics sector was assessed slightly less favourably again in June 2024 after three consecutive improvements.<sup>22</sup> However, business expectations continued their upward trend. Overall, however, the outlook for the next six months remained sceptical. Overall, the downward trend in the business situation therefore prevailed, which is why the business climate also lost ground.

<sup>12</sup> cf. IMF World Economic Outlook July 2024

<sup>13</sup> cf. ifo Institute: Economic Forecast Summer 2024 of 20 June 2024

<sup>14</sup> cf. S&P Global Mobility Research Analysis, dated 14 Dezember 2023

<sup>15</sup> Vgl. S&P Global Mobility Research Analysis, 14. Dezember 2023

<sup>16</sup> cf. TRATON SE: Half-year financial report 2024 dated 26 July 2024

<sup>17</sup> cf. Daimler Truck Holding AG, ad hoc announcement dated 31 July 2024

<sup>18</sup> cf. PSR OE Link Q4 2022 Update

<sup>19</sup> cf. German Railway Industry Association, press release dated 3 July 2024

<sup>20</sup> cf. BHE Bundesverband Sicherheitstechnik e. V.,

Spring economic survey 2024

<sup>21</sup> cf. VDB Association of the German Railway Industry, press release from 20 March 2024

<sup>22</sup> cf. BVL/ifo logistics indicator, as at June 2024

Due to the high order backlog processing rate and the lower than planned order intake in the past financial year, the Intralogistics division expects sales to fall by around 30% to between € 80 million and € 85 million (2023: € 120 million). The forecast is characterised by the noticeable decline in orders placed by customers in Central Europe. Many planned investments in intralogistics are currently being postponed by customers due to the economic risks and high interest rates. This development is being counteracted by targeted cost-cutting measures, with the result that EBIT of around € 2 million (2023: € 3.2 million) is being targeted with the planned realisation of sales.

In the medium term, the plan to further expand the intralogistics business through targeted investments remains in place. HÖRMANN Industries continues to expect the Intralogistics division to grow in the medium term until 2027 with a target EBIT margin of over 5% in relation to total output. It remains to be seen to what extent the sharp rise in interest rates will affect the timing of investments in the Intralogistics division.

#### Forecast for the Engineering division

After the construction industry in the main construction sector suffered a real decline in sales of 5.2% in the past financial year 2023, it expects a further decline of around 4% this year.<sup>23</sup> As a result of the difficult situation, a sharp decline in sales of 12% is expected for 2024, particularly in residential construction, while slight price-adjusted growth of 1.5% is expected for commercial construction. A slight decrease of 0.5% is expected for public construction.

By intensifying international sales activities in the growing global rail production and the resulting new orders for the engineering of rail vehicles, incoming orders totalling € 22.4 million (previous year: € 14.4 million) were recorded in the current financial year, increasing the order backlog to € 60.7 million (previous year: € 49.9 million), which will have a positive impact on the business development of the Engineering division. For 2024, the Engineering division expects sales at the level of the previous year of € 35 million and earnings before interest and taxes of between € 2 million and € 3 million (2023: € 4.3 million).

#### Forecast for HÖRMANN Industries GmbH

Economic, geopolitical and industry-specific developments as well as the financial conditions on the capital markets will continue to influence the operating and financial performance of HÖRMANN Industries in the current financial year 2024. The forecasts made by the Group regarding the expected course of business are based on certain assumptions regarding the development of the economy in Germany and the eurozone and in the specific sectors, as well as on an optimistic assessment of the further course of the war in Ukraine and its economic consequences.

Further geopolitical tensions or an escalation of existing conflicts, as well as a prolonged recession, continued high inflation and interest rates remaining high for longer than expected represent incalculable risks.

Against the backdrop of these high uncertainties prevailing at the time the report was prepared, forecasts are currently subject to a very high degree of uncertainty. The economic and financial effects of further crises may have an even greater impact on the sales and earnings performance of HÖRMANN Industries in the further course of 2024.

Any negative macroeconomic developments that have not yet been taken into account in the planning may result in the actual results for the 2024 financial year deviating from the forecast figures.

To summarise, the biggest challenges for HÖRMANN Industries in 2024 include higher energy and material prices as well as the continued increase in procurement and personnel costs due to the persistent high inflation. In addition, the willingness of private and public clients to invest could continue to decline as a result of the existing uncertainty and the pressure to consolidate public budgets and the massive increase in refinancing interest rates. HÖRMANN Industries will also have to contend with more restrictive lending and higher interest rates and expects an increase in interest expenses.

Further uncertainties arise from the uncertain global political situation, which makes it extremely difficult to make a reliable statement about the future development of the economy in Germany and the eurozone, the specific industries relevant to the HÖRMANN Group and the development of HÖRMANN Industries.

Taking into account and assessing the current forecasts from the truck industry and the current order situation, the management continues to assume that HÖRMANN Industries will be able to generate revenue of between € 680 million and € 700 million at Group level in the 2024 financial year (2023: € 830.9 million). The forecast from the Group interim report as at 31 March 2024 remains unchanged for the operating business. The management is forecasting positive earnings before interest and taxes (EBIT) of between € 16 million and € 20 million (2023: € 30.7 million). This earnings forecast continues to depend to a large extent on whether price increases can be implemented with customers.

Working capital, consisting of inventories, trade receivables less trade payables, is expected to be slightly below the level on the balance sheet date of 31 December 2023 (€ 111 million) at the end of 2024, taking into account the planned earnings situation. Accordingly, taking into account the planned payments for provisions and investments, net cash and cash equivalents are expected to remain positive at the previous year's level. Taking into account the bank credit lines available for 2024, the Group continues to expect a stable financial position and no liquidity shortages.

The forecast is based on the assumption that the overall economic situation will not deteriorate further over the course of 2024 and that supply chains remain stable.

HÖRMANN Industries would like to point out that actual results may differ from the forecast.

#### RISK REPORT

##### General business risks

The global economy and the economy in the eurozone and Germany, which is important for HÖRMANN Industries, are subject to fluctuations that could have a negative impact on the Group's business activities, net assets, financial position and results of operations.

HÖRMANN Industries is heavily dependent on the economic situation in the eurozone and in Germany. The past financial and economic crisis in 2008/2009 and the start of the COVID-19 pandemic in 2020 led to a significant slump in sales and earnings. In particular, the difficult and highly volatile development in the commercial vehicle industry over the past four years has had a significant negative impact on the HÖRMANN Automotive division, which has significantly impaired the business activities of HÖRMANN Industries. Renewed or intensifying crisis scenarios, such as the COVID-19 pandemic, the debt situation in many industrialised countries, political instability, the current war in Ukraine, an escalation of the Taiwan conflict, an expansion of the Palestinian conflict or a renewed crisis in the financial system could once again have a significant impact on the business activities of HÖRMANN Industries.

The current financial year 2024 continues to be characterised by great uncertainty, both for the economy in the eurozone and for the business development of HÖRMANN Industries, and will be significantly affected by the impact of the Russia-Ukraine war and the current conflict in the Middle East. The sanctions imposed by the EU and the USA are still in force. The conflicts could escalate further and, in the worst-case scenario, spread to other countries. Such an expansion would represent a considerable risk for the market environment of HÖRMANN Industries. Accordingly, the risks resulting from legal and political conditions remain high and continue to be categorised as having a medium probability of occurrence.

Inflation in the core European market has fallen in recent months, but recently remained above the European Central Bank's (ECB) target value. The further course of the economy in the 2024 financial year also depends on the further countermeasures taken by the European Central Bank (ECB) in the form of further interest rate cuts. Both a lack of intervention and excessive intervention by central banks could lead to significant distortions in the financial and sales markets.

<sup>23</sup>Vcf. Federation of the German Construction Industry: Construction industry situation of 25 June 2024

The business development of HÖRMANN Industries is fundamentally dependent on the extent to which it succeeds in maintaining or expanding its market position and – where it exists – its technological leadership, as well as reacting quickly to the entry of new competitors or the intensification of competition. In order to avoid losing market share, HÖRMANN Industries offers its customers high product and service quality, maintains close and trusting relationships with its customers and pursues consistent innovation, price and cost management. In addition, the Group regularly monitors market developments and the business policies of other market participants and adapts its activities to changing requirements as part of regular strategy reviews. These countermeasures also provide HÖRMANN Industries with opportunities to gain market share and grow further.

The future results of HÖRMANN Industries also depend on the extent to which HÖRMANN Industries is able to anticipate or respond to technological changes by improving its products and adapting them to new requirements or developing new products. If HÖRMANN Industries is unable to respond adequately to technological changes, this could have a negative impact on the net assets, financial position and results of operations of HÖRMANN Industries.

In all of HÖRMANN Industries' business activities, there are a large number of existing competitors as well as competitors that are entering the market segment and thus attempting to expand their business at the expense of HÖRMANN Industries. Sustained or intensifying price pressure and an impairment or even loss of competitiveness could have a negative impact on the net assets, financial position and results of operations of HÖRMANN Industries.

HÖRMANN Industries generates the majority of its sales revenues with several individual customers, primarily large automobile and commercial vehicle manufacturers as well as Deutsche Bahn AG and its suppliers. HÖRMANN Industries generated over 20% of its revenue with Volkswagen AG and its subsidiaries in the 2023 financial year. If it is not possible to retain these important customers or to compensate for a significant decline in sales with them by acquiring new customers or expanding business with other customers, this could have a negative impact on the net assets, financial position and results of operations of HÖRMANN Industries.

Some of HÖRMANN Industries' business activities are dependent on political decisions, which are decisive for the allocation of funding for public sector investments in railway systems, personal security, property protection systems, motorways and other infrastructure measures. In view of the sharp rise in national debt and the current pressure to consolidate public budgets in many European countries, delays or cancellations of investment projects and subsidies can have a negative impact on the awarding of public sector contracts and thus also on business development in the areas concerned.

#### **General operating risks**

HÖRMANN Industries is exposed to general operating risks. This also includes risks in connection with business expansion as well as risks from industrial disruptions and other business interruptions such as strikes or other industrial action or restrictions due to government orders. These could have a negative impact on the financial and earnings position of HÖRMANN Industries.

#### **Presentation of individual risks**

As in the previous year, the main risks that could have a negative impact on the net assets, financial position and results of operations of HÖRMANN Industries are described below.

#### **Risks in connection with viral pandemic**

In the 2020 to 2022 financial years, the environment in which HÖRMANN Industries operates was adversely affected by the COVID-19 pandemic and its consequences, which had a significant impact on the entire global economy. These new and completely unpredictable situations, such as this global virus pandemic, represent a risk that has a strong impact on all areas of HÖRMANN Industries and cannot be hedged.

In a globalised economy, it cannot be ruled out that new pandemics could have a significant negative impact on the business activities of HÖRMANN Industries in the medium term once the COVID-19 pandemic has been contained.

The contingency plans in place will help to maintain core functions should the situation change significantly again. The Group is in constant dialogue with its customers and suppliers in order to be able to deal with changing situations in the best possible way. The management and all executives are focussed on the permanent identification of potential disruptions in the value chain in order to react quickly to new circumstances with suitable measures.

As a result of the broad globalisation of the world economy, ever-increasing global tourism and global warming, the occurrence of completely new virus pandemics with even more serious consequences can no longer be ruled out.

#### **Dependence on industry-specific licences and certifications**

The business success of HÖRMANN Industries also depends, among other things, on obtaining industry-specific approvals and certifications as well as compliance with specified standards and technical guidelines that are decisive for the introduction of new products and technologies. If HÖRMANN Industries is unable to develop products and processes that meet these requirements or obtain the necessary authorisations in the respective country, this could impair HÖRMANN Industries' business activities.

#### **Dependence on international markets**

To date, HÖRMANN Industries has focussed on Germany and other European countries. However, the Group's main customers are dependent on sales markets in European and non-European countries. The Communication and Intralogistics divisions in particular are already increasingly internationalising their business activities outside Europe. This is also associated with risks for HÖRMANN Industries. These include, in particular, uncertainties due to the economic and fiscal conditions prevailing in various countries, exchange rate risks, the need to comply with the applicable technical standards, country-specific legal systems and political instability.

#### **Geopolitical risks**

The ongoing conflict in Ukraine and the armed conflict in the Middle East have significantly increased the overall geopolitical risks. The consequences and the sanctions introduced were felt ad hoc by the German economy. The effects on the global economy are also clearly noticeable in the current financial year.

According to current estimates, an end to the hostilities cannot be expected in the near future. In particular, the associated rise in energy and transport prices as well as the effects of high inflation are likely to result in a further decline in growth. In addition, the further course of the war could have a negative impact on the development of sales figures, production processes, procurement and logistics, for example through the renewed interruption of supply chains or energy supplies, or through the shortage of raw materials, parts and components, either as a direct consequence of the war or as a result of the comprehensive sanctions imposed on Russia by various members of the international community. The potential disruptions to supply chains and shortages in the availability of raw materials, parts or components may lead to a further sharp increase in energy and raw material prices as well as the prices of parts and components, which could result in higher costs. Such supply problems and price increases could further weaken an economic recovery and at the same time further increase inflationary pressure in the global economy as a whole. In addition, the Group's cost base may be negatively impacted by inflation in general. The great uncertainty surrounding the further course of the war in Ukraine and the sanctions imposed, the current conflict in the Middle East and an escalation of geopolitical tensions in relations with China could weigh on consumer sentiment and the investment climate and have a negative impact on the global economy. An escalation of the Taiwan conflict would have a massive impact on the availability of semiconductors throughout the world and could lead to a deep recession in the global economy. This would have a negative impact on the Group's net assets, financial position and results of operations. HÖRMANN Industries is constantly monitoring political developments and the associated economic effects in order to be able to take targeted countermeasures as quickly as possible.

### Currency risks

HÖRMANN Industries generates most of its sales in euros. Where invoices are issued in other currencies, exchange rate hedging is used where possible and appropriate. Purchases of parts, components and raw materials, on the other hand, are also made to a considerable extent in foreign currencies. There is therefore a not insignificant exchange rate risk, which can have a negative impact on the net assets, financial position and results of operations of HÖRMANN Industries.

### Dependence on raw material and energy prices

An increase in raw material and energy prices can lead to higher production costs, particularly in the Automotive, Communication and Intralogistics divisions, and thus to lower earnings at HÖRMANN Industries. The shortage of raw materials on the markets at the end of 2020 led to significant price increases in some cases, particularly for steel products and electronic components. The extent to which the situation on the procurement market will ease in the short to medium term cannot be assessed at present. The conflict in Ukraine may at any time bring with it the risk of a further intensification of supply bottlenecks and an accompanying stagnation of economic development. HÖRMANN Industries is constantly monitoring the market and responding to market changes with as much agility as possible. HÖRMANN Industries endeavours to counteract these influences by adjusting sales prices to changes in material prices and agreeing material and energy price escalation clauses. However, if this is not successful due to the highly competitive situation, this could have a negative impact on the net assets, financial position and results of operations of HÖRMANN Industries.

### Information technology risks

The companies of HÖRMANN Industries can only be managed with the help of complex IT systems. The permanent readiness to deliver also depends on the constant availability of the corresponding systems and data. Serious disruptions such as system failures, attacks on the networks from outside, the loss or manipulation of data can jeopardise the ability of subsidiaries to deliver and result in claims for damages from customers as well as high internal downtime costs. The company is therefore constantly working on optimising the IT environment and IT security, also with the support of external experts. Expenditure and resources for IT security management have been significantly increased. At the request of customers, some subsidiaries are currently undergoing certification in accordance with the IT security standards ISO 27001 or TISAX.

### Risks from project organisation and management

HÖRMANN Industries is particularly active in project business in the Communication, Engineering and Intralogistics divisions. When placing an order, there is a possibility that the contractual partners will assume different conditions, thereby jeopardising the implementation of the project or the planned profit margin. As remuneration is based on the provision of certain service sections, cancellation may result in advance work and expenses incurred as well as costs not being paid in full. In addition, the risk assessment in relation to the specific project could be incorrect or incomplete, meaning that the agreed remuneration is not commensurate with the expenses. By continuously improving project management and controlling, the subsidiaries endeavour to counteract the potential impact on earnings at an early stage.

### Risk in connection with outstanding project receivables and guarantees in Algeria

Funkwerk Security Solutions GmbH (FSS, formerly: Funkwerk video systeme GmbH (FVS)) and Funkwerk plettac systems GmbH (fps) are involved in a joint venture under Algerian law (Groupement Funkwerk Contel plettac). In the course of domestic political developments in Algeria, an investigation was initiated in 2010 against several companies and private individuals on suspicion of corruption and unauthorised price increases. This also affects this consortium, the Algerian partner and FSS/fps, but not their managing directors or other employees of the Funkwerk Group. The proceedings have not yet been concluded. Shortly after the investigation proceedings were initiated in 2010, bank accounts of the consortium, among others, were temporarily frozen. These accounts contain amounts from the payment of duly performed work totalling the equivalent of around € 2.9 million as at the balance sheet date, which cannot currently be transferred to Germany and to which only FSS/fps is entitled internally. An internal investigation by Funkwerk AG has revealed no evidence that these allegations of corruption are correct.

In February 2016, an oral judgement was handed down by the Algerian criminal court in Algiers; the consortium and FSS/fps had not received a written judgement by the time the consolidated financial statements were prepared in accordance with legal requirements. The oral judgement includes the conviction of FSS/fps and other companies for corruption and price overcharging in Algeria as well as a fine of around € 40,000. An appeal against the judgement was lodged within the deadline, as a result of which the bank accounts released according to the oral judgement are still not available.

As part of the projects being processed, Funkwerk AG provided bank guarantees, which were issued by Algerian banks on the basis of corresponding counter-guarantee agreements with some German banks. As at the balance sheet date, all bank guarantees issued by German banks had been derecognised. Of the bank guarantees issued, the original guarantees totalling approximately € 8.4 million have not yet been returned by the client. On the basis of the contracts with the client, FSS/fps should no longer be able to be called upon due to the fact that the underlying delivery and service obligations have already been fulfilled or the contractual warranty guarantees have expired and the sureties/guarantees have expired, which is why they have already been derecognised by the German banks. However, a residual risk remains with regard to the originals of the bank guarantees that have not yet been returned, as the German banks have issued 'genuine' counter-guarantees to the Algerian banks. Compared to 2022, the procedural situation has not changed significantly in the current financial year.

### Staff recruitment and selection risks

HÖRMANN Industries is dependent on qualified personnel, particularly in order to realise further growth. If it is no longer possible in future to recruit a sufficient number of qualified staff at competitive salaries and retain them in HÖRMANN Industries and its affiliated companies in the long term, this could reduce the ability of HÖRMANN Industries to successfully implement and adapt the strategies and growth plans of the divisions. A lack of qualified personnel may become a critical factor inhibiting growth in the future. HÖRMANN Industries is responding to this demographic challenge by significantly intensifying its activities in personnel marketing and personnel development.

### Risks from rising personnel costs

The last decade was characterised by moderate growth in wages and salaries and non-wage labour costs. The sharp rise in inflation rates since 2021 has led to a wage-price spiral with high increases in personnel costs above the long-term average level previously assumed in HÖRMANN Industries' planning. Demographic trends, the shortage of skilled labour and the high additional personnel requirements of HÖRMANN Industries for growth are putting additional pressure on personnel costs. This would have a negative impact on the Group's net assets, financial position and results of operations.

### Risks from purchasing, logistics and production

HÖRMANN Industries is dependent on the supply of parts, products and services in perfect condition for production. Suppliers may have long response times in the event of fluctuations in demand. In addition, HÖRMANN Industries' demand and capacity planning could also be inadequate. Surprise border controls, border closures and the consequences of any embargoes resulting from new geopolitical tensions could lead to significant short-term supply bottlenecks.

Missing or poor-quality finished parts or lower-quality raw materials could lead to production delays or cancellations. In 2020 and 2021, there was excess demand in the steel market, which made it significantly more difficult to procure raw materials for the Automotive division on time and represented a considerable risk potential for HÖRMANN Industries. In 2021 and 2022, there were also massive supply bottlenecks for electronic components and microchips. This also represents a considerable risk potential for the Communication and Intralogistics divisions and also had a negative impact on the Automotive division due to production stoppages by vehicle manufacturers.

The volatile price trend for materials, energy, purchased services and capital goods since 2022 exacerbated the risk situation in the Group, as increases cannot be passed on to customers in full. An additional risk arose from longer delivery times and supply bottlenecks for materials. In order to be able to meet the deadlines promised to customers in long-term contracts, the type and quantity of materials had to be ordered on a binding basis in some cases, which significantly increased inventories. It is generally not possible to switch to alternative materials and components at short notice, as the changeover often requires costly new approvals and certifications.

HÖRMANN Industries mainly has production sites in Germany, Austria and Slovakia. Large-scale destruction of one or more of the production sites, e. g. due to flooding, fire, explosion, sabotage or other accidents, would in the worst-case scenario result in permanent production downtime.

Important suppliers and other business partners could get into financial difficulties and thus impair the business performance of HÖRMANN Industries. To avoid this, HÖRMANN Industries regularly reviews the performance of its business partners and selects suppliers carefully. In addition, long-term supply contracts are agreed where possible in order to balance out fluctuations and avoid bottlenecks.

#### **Logistics risks**

HÖRMANN Industries does not have its own logistics and uses external logistics companies both for transport between its production and warehouse locations and for deliveries to its production locations and customers. HÖRMANN Industries is therefore dependent on the smooth running of the logistics provided by third parties.

#### **Warranty risks**

Products and systems may be defective, exposing HÖRMANN Industries to warranty claims and/or claims for damages. There are also liability risks from supply contracts (liability provisions in contracts with customers), contractual risks from liability for delays in production start-ups and production processing risks, particularly in the Automotive division. Similar liability risks also exist for services and deliveries in the project business of the Communication, Engineering and Intralogistics divisions. If the companies in the Group do not succeed in ensuring that deliveries and services are provided on time and in accordance with customer requirements, and if HÖRMANN Industries were to jeopardise production at customers or the completion of trades as a result, this could lead to cost increases and recourse claims against HÖRMANN Industries or to a loss of orders and thus have a negative impact on the net assets, financial position and results of operations of HÖRMANN Industries.

#### **Risks in connection with receivables**

A complete or partial default on receivables from customers and other business partners or significant delays in payment on a large scale could lead to liquidity bottlenecks and, as a result, to a restriction of the business activities of HÖRMANN Industries or a significant impact on the earnings, net assets and financial position. HÖRMANN Industries counters these risks through advance payments and invoicing according to progress in the project business and, as far as possible, through trade credit insurance.

#### **Risks from the repayment of allowances and from tax audits, social security contributions**

HÖRMANN Industries has been and continues to be granted or promised state investment subsidies for individual development projects and entrepreneurial measures. The use of such funds is generally earmarked for specific purposes and subject to corresponding requirements and conditions. If HÖRMANN Industries is unable to secure and provide evidence of these, this may result in the corresponding investment grants having to be repaid.

HÖRMANN Industries is of the opinion that the tax returns prepared by its companies have been submitted completely and correctly. Nevertheless, additional tax claims could arise due to different approaches to the facts. In the event of changes to tax laws or the interpretation of existing tax laws, both the business activities of HÖRMANN Industries and the commercial and tax structures may be negatively affected. The companies of HÖRMANN Industries may have to make additional tax payments for periods for which no tax audits have yet been carried out. The same applies to any subsequent claims for social security contributions.

#### **Risks from insufficient insurance**

Despite extensive insurance cover, HÖRMANN Industries GmbH cannot guarantee, either for itself or for its subsidiaries, that any losses that may occur will be fully compensated.

Should damage occur, particularly in the area of product liability or due to production interruptions, but also other property damage that is not or not sufficiently covered by insurance, this could have a negative impact on the net assets, financial position and results of operations of HÖRMANN Industries.

#### **Risks from compliance violations**

Possible compliance violations could lead to official investigations, additional tax payments, claims for damages and the termination of supply relationships by customers in the future.

HÖRMANN Industries comprises numerous companies that bid for large-volume contracts in the automotive, rail transport, services and construction sectors. This harbours the risk of violating applicable legal regulations in order to gain an advantage when competing for and obtaining orders.

To counter these risks, HÖRMANN Industries has implemented a comprehensive compliance system.

#### **Risks from financial obligations**

HÖRMANN Industries has significant pension, leasing and rental obligations that could jeopardise its liquidity position in the future.

These obligations must be settled from the cash flow from operating activities. The obligations from rental and lease agreements for buildings, technical machinery and equipment, facilities, office space and vehicles are significant and represent high fixed costs. These costs cannot be adjusted in the event of a sharp downturn in sales and earnings. This could have a negative impact on the net assets, financial position and results of operations of HÖRMANN Industries.

#### **Risks from legal disputes**

HÖRMANN Industries companies are involved in various court and out-of-court disputes. The outcome of these proceedings is always uncertain and there is a risk that the plaintiffs/claimants will prevail in part or in full. If a claim is likely to be made, sufficient provisions have been recognised in accordance with the current assessment.

Nevertheless, it cannot be ruled out that these provisions will not be sufficient. This could have a negative impact on the net assets, financial position and results of operations of HÖRMANN Industries.

#### **Risks from acquisitions and joint ventures**

Risks may arise from acquisitions or joint ventures if the forward-looking expectations with regard to earnings potential, profitability and growth opportunities are not met or hidden defects or inherited liabilities, e.g. from previous deliveries or product liability, arise. The resulting need for unscheduled amortisation of recognised goodwill could have a negative impact on the net assets, financial position and results of operations of HÖRMANN Industries.

#### **Risks from breaches of environmental protection**

HÖRMANN Industries could violate existing environmental legislation or unintentionally pollute the environment during production. This could adversely affect the net assets, financial position and results of operations of HÖRMANN Industries. These risks are prevented by appropriate management systems in the subsidiaries.

#### **Risks from sustainability and climate protection requirements**

New legal regulations are leading to new requirements for companies, particularly with regard to sustainable corporate governance, climate protection and environmental protection. These additional requirements are already being passed on by large companies to their suppliers, e. g. as part of sustainability ratings and declarations of CO<sub>2</sub> neutrality, and often represent a further prerequisite for the awarding of contracts.

HÖRMANN Industries supports the various initiatives and is committed to sustainable business practices and climate and environmental protection. In 2021, the company began implementing a sustainability management system in accordance with the principles of the UN Global Compact. A sustainability report based on the GRI standard has been published since the 2021 financial year.

The continuous reduction of CO<sub>2</sub> emissions to achieve complete CO<sub>2</sub> neutrality presents HÖRMANN Industries – like all other companies in Germany and Europe – with immense challenges and requires high additional investments every year, e. g. in the generation of renewable energies, in CO<sub>2</sub>-optimised production processes, in energy-efficient building refurbishment and climate-friendly transport. These investments, which have not yet been taken into account in the planning, may have an impact on the net assets, financial position and results of operations of HÖRMANN Industries. If the sustainability requirements of large companies are not met by their suppliers, this may lead to a loss of customers and orders for individual subsidiaries of HÖRMANN Industries in the future, with negative effects on the earnings situation.



### **Risks from infringements of industrial property rights**

Competitors could copy the products and processes of HÖRMANN Industries or competitors could unknowingly infringe patents of HÖRMANN Industries. Furthermore, it cannot be ruled out that HÖRMANN Industries may unknowingly infringe the patents of its competitors, which may result in particular from a different understanding of the content of the intellectual property protected by the patent. This could have a negative impact on the net assets, financial position and results of operations of HÖRMANN Industries as a whole.

### **Risks from a shortage of credit**

HÖRMANN Industries GmbH and a banking consortium have a syndicated framework loan agreement for € 40 million with a term until December 2025, consisting of an overdraft facility of € 15 million and a revolver EURIBOR credit line of € 25 million. The financial crisis in 2008/2009 has shown that there may be a temporary shortage of credit in the economy. At present, it cannot be ruled out that the current crisis events and the monetary policy countermeasures could lead to another financial crisis with a temporary shortage of credit for the economy. If the contractually agreed credit lines are not made available on time in accordance with the requirements of HÖRMANN Industries GmbH, this could have a significant impact on the business activities and liquidity situation of HÖRMANN Industries. To mitigate this risk, HÖRMANN Industries GmbH took out a promissory note loan in January 2024 in the amount of € 17.5 million with a term of 3 years (€ 7.5 million) and 6 years (€ 10 million).

### **Risks from the issue of a bond**

HÖRMANN Industries GmbH has issued a bond with a term from 2023 to mid-2028 in the amount of € 50 million at an interest rate of 7.0%. Interest is due in June of each year. There is a risk that the funds from the bond will not be utilised profitably enough to earn the interest. In this case, the Group's net assets, financial position and results of operations will be negatively affected. There is also the risk of bad investments that result in interest payments and/or repayment of the bond not being made, not being made to the required extent and/or not being made on time. This would have a negative impact on the Group's situation. There is also the risk that the bond cannot be reissued in full or only with a high interest margin premium due to negative company and/or financial market developments at the time of maturity, which could also have a negative impact on the Group's earnings, net assets and financial position, including going concern risks.

### **Interest rate risks**

HÖRMANN Industries GmbH has a syndicated loan agreement with a syndicate of banks for € 40 million with a term until December 2025. The loan agreement includes variable interest conditions based on the EURIBOR. In the event of future financing requirements, interest costs have increased due to the sharp rise in EURIBOR, which has a negative impact on the Group's earnings position. In principle, the significant and rapid global rise in interest rates will have a negative impact on all future financing, leasing and guarantee transactions.

### **STRATEGIC ORIENTATION AND OPPORTUNITY REPORT**

Despite the many operational challenges in the current 2024 financial year, the defined Strategy 2025 will be maintained in all divisions.

In the largest division, Automotive, HÖRMANN Industries is continuing to pursue its strategy of being a key supplier of metal chassis products, sophisticated body-in-white components (body parts) and ready-to-install modules for the European commercial vehicle and agricultural/construction machinery industries. The aim is to further enhance competitiveness and customer diversification. The continued implementation of sustainable earnings management remains a particular focus of HÖRMANN Automotive's strategic orientation.

Based on the expectations of vehicle manufacturers and the forecast of the industry association VDA, HÖRMANN Industries is once again anticipating medium-term growth in sales figures in the commercial vehicle industry for the European market and consequently a market recovery compared to previous years. The main drivers for this expectation are the increasing ageing of vehicle fleets, sharply rising requirements for exhaust gas quality, a rise in transport volumes with increasing economic recovery and further growth in the global population with high demand for agricultural machinery for food security.

If this positive market trend prevails and supply chain problems continue to normalise among customers, higher call-off orders can be expected again in the coming years, which may have a correspondingly positive effect on sales planning. HÖRMANN Industries anticipates additional orders as a result of the outsourcing of European commercial vehicle manufacturers' own production activities. Additional market potential may arise due to the further increase in vehicle derivatives and the dynamic development of new vehicle concepts for electromobility.

The specific expertise of the Automotive division in the field of forming and joining technology, a broad portfolio of systems and machines with sufficient capacity, the strategy introduced to expand automation at domestic plants and the simultaneous relocation of labour-intensive production to more cost-effective foreign plants provide a good basis for acquiring additional customers and orders.

The Communication division aims to achieve sustainable growth while maintaining a good earnings position, focusing on further strengthening its competitive position and strategically expanding its business activities. The division has a high-tech product range with a number of unique selling points. Opportunities for the division include the ongoing digitalisation of rail transport, the growing need for security technology and video surveillance and the conversion of communication networks to 5G technology. In addition, government investment in the expansion of public infrastructure and disaster prevention, the continuing rise in the need for security, the ongoing trend towards urbanisation and the further dynamic expansion of rail transport in the wake of the climate debate are creating a wide range of growth potential. There are also opportunities for expansion through new service concepts in the area of public infrastructure or the further expansion of digital communication at railway stations. The long product life cycles for rail vehicles in the railway sector also harbour opportunities. The division also aims to strengthen its export business in the long term by entering into new partnerships – such as the recent acquisition of a majority stake in the Polish company Radionika Sp. z o.o. – and by further internationalising its sales activities.

Despite the current economic downturn, the Group continues to see the Intralogistics division as a key growth area for the future. The dynamic market development in intralogistics, automation technology, robot applications, innovative conveyor technology concepts, the demand in the mail order business for comprehensive e-commerce solutions and the future trend towards innovative supermarket concepts are all evidence of the growth potential. In order to exploit this growth potential, the Group plans to further strengthen the product and customer diversification of the division by expanding the range of services, continuing internationalisation and expanding development capacities. The growth strategy will also be supported by bundling the service units with expertise in the areas of automation and machine technology.

The Engineering division, with its broad portfolio of service competences along the entire engineering value chain – from vehicle development to factory and building planning – is one of the future-proof segments with high growth potential. Knowledge management and the industrial application of engineering expertise not only have a long and successful tradition in Germany, but will also be among the most important drivers of technological progress and dynamic industrial development worldwide in the future. The division is already very well positioned for the challenges of today and tomorrow, but intends to consistently expand this position further in view of the existing growth potential, including in emerging markets, and the diverse new technological requirements, and to utilise the opportunities that arise.

The close networking of design expertise, manufacturing technology knowledge and production experience can open up a wide range of new options. In particular, the currently dynamically developing field of electromobility and new drive technologies with hydrogen offers numerous starting points for the development of new fields of activity in both rail and road vehicles.

In all business divisions of HÖRMANN Industries, there are many opportunities for business expansion if we succeed in marketing our attractiveness as a medium-sized employer even better and recruiting sufficient new skilled labour.

## OVERALL STATEMENT ON THE FUTURE DEVELOPMENT OF HÖRMANN INDUSTRIES

In the current financial year 2024, geopolitical, economic and industry-specific developments will continue to influence the operational and financial development of HÖRMANN Industries under the current general conditions. The forecasts made by the Group for the course of business in 2024 are therefore based on certain assumptions regarding the development of the economy in Germany and the eurozone as well as in the specific industries.

Against the background of the great uncertainty that still prevails at the time of preparing this report with regard to economic development, the after-effects of high inflation in the eurozone, the further course of the war in Ukraine and the Middle East and the possible associated economic and financial effects, HÖRMANN Industries assumes that high material, personnel, energy and financing costs will continue to have an impact on the sales and earnings performance of HÖRMANN Industries in 2024.

Based on an assessment of the current business and order situation, the Management Board continues to assume that HÖRMANN Industries will be able to generate revenue of between € 680 million and € 700 million in the 2024 financial year (2023: € 830.9 million). Positive earnings before interest and taxes (EBIT) of between € 16 million and € 20 million (2023: € 30.7 million) are targeted for the operating business. Working capital is expected to develop at the same level as in the reporting year.

The net assets, financial position and results of operations should remain stable. Overall, the Management Board considers the Group's situation to be stable at the time this report was prepared.

Based on the stable net assets, financial position and results of operations, taking into account the cost-cutting measures already initiated and in view of the broad diversification of business activities, the Management Board is confident that HÖRMANN Industries will successfully overcome the challenges known to date in the 2024 financial year.

The identification, realisation and exploitation of opportunities for the further development of HÖRMANN Industries will continue to be consistently pursued as part of the regular strategy process in all subsidiaries. In addition to monitoring internal and external data and the development of competitors, regular reports, strategic product and project management and the establishment of a systematic strategy process serve this purpose.

In the coming years, HÖRMANN Industries will continue to pursue the goal of profit-orientated growth and focus on the Group's strengths. With the targeted further strengthening of the Communication and Intralogistics divisions, the strategy is to align HÖRMANN Industries as a broadly diversified Group on four profitable pillars with a high degree of future viability and resilience to economic fluctuations. In the past crisis years 2020 to 2022, this strategy has once again proven its worth, so that despite the sharp slump in the Automotive division and the challenges in the Intralogistics division, the excellent business development of the Communication and Engineering divisions generated sustainably positive Group earnings.

In the medium term, intensive efforts will continue to be made to generate a sustainable earnings margin before interest and taxes of around 5% per year. The Group aims to achieve this goal through consistent organic growth as well as earnings management and complementary acquisitions.

Overall, HÖRMANN Industries considers the close relationship with its customers, which is systematically cultivated and intensified, to be a key success factor for the Group. The existing, very extensive customer base will be used to promote new business as well as system solutions and the service business.


As an important additional success factor for the future, the interdisciplinary co-operation between the various specialist disciplines and companies within HÖRMANN Industries is to be further intensified, particularly across the boundaries of the business divisions. This may result in new service offerings for the benefit of long-standing customers.

The successful retention of specialised personnel and the long-term loyalty of employees to the company are also among the Group's strengths and opportunities. This enables the Group to retain existing expertise and specialised experience across the various divisions and use it to the benefit of its customers. For this reason, the perception of HÖRMANN Industries as an attractive employer is to be further strengthened with attractive incentive systems, interesting training and further education opportunities, a new programme to promote young talent and modern working concepts.

Kirchseeon, in August 2024

HÖRMANN Industries GmbH

The Management




Dr.-Ing. Michael Radke



Johann Schmid-Davis



Dr.-Ing. Christian Baur

A low-angle photograph of two technicians in dark blue work clothes and red safety helmets working on a tall, grey metal tower. They are using tools to adjust a component on the tower. The background is a clear blue sky. The image is partially overlaid by a red graphic element on the right side.

» Thanks to a broad portfolio of various long-term financing instruments, the HÖRMANN Group has a solid financial position even in times of recession and stagnation. «

JOHANN SCHMID-DAVIS, CFO

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# Consolidated Balance Sheet

OF HÖRMANN INDUSTRIES GMBH, KIRCHSEEON, AS OF 30 JUNE 2024

ASSETS (in EUR thousand)	30 June 2024	31 Dec. 2023
<b>A. FIXED ASSETS</b>	<b>85,878</b>	<b>86,419</b>
<b>I. Intangible assets</b>	<b>15,185</b>	<b>14,832</b>
1. Purchased concessions, industrial property rights and similar rights and assets and licenses in such rights and assets	2,778	2,851
2. Goodwill	11,940	11,827
3. Advance payments made on intangible assets	467	153
<b>II. Tangible assets</b>	<b>51,417</b>	<b>52,093</b>
1. Land, leasehold rights and buildings	14,637	14,489
2. Technical equipment and machinery	18,313	18,285
3. Other equipment, factory and office equipment	10,375	10,281
4. Advance payments and assets under construction	8,092	9,038
<b>III. Long-term financial assets</b>	<b>19,276</b>	<b>19,495</b>
1. Equity investments	357	357
2. Securities held as fixed assets	280	341
3. Other loans	18,639	18,797
<b>B. CURRENT ASSETS</b>	<b>272,279</b>	<b>270,770</b>
<b>I. Inventories</b>	<b>97,919</b>	<b>82,082</b>
1. Raw materials, consumables and supplies	41,848	35,375
2. Work in progress	137,863	117,187
3. Finished goods and merchandise	17,085	16,077
4. Advance payments	3,586	3,093
5. Payments received on account of orders	-102,463	-89,650
<b>II. Receivables and other assets</b>	<b>107,282</b>	<b>123,794</b>
1. Trade receivables	60,860	82,961
2. Receivables from affiliated companies	20,476	17,265
3. Other assets	25,946	23,568
<b>III. Cash-in-hand and bank balances</b>	<b>67,078</b>	<b>64,894</b>
<b>C. PREPAID EXPENSES</b>	<b>2,549</b>	<b>2,284</b>
<b>D. DEFERRED TAX ASSETS</b>	<b>17,433</b>	<b>17,049</b>
<b>E. EXCESS OF PLAN ASSETS OVER PENSION LIABILITIES</b>	<b>185</b>	<b>185</b>
<b>Total Assets</b>	<b>378,324</b>	<b>376,707</b>

# Consolidated Balance Sheet

OF HÖRMANN INDUSTRIES GMBH, KIRCHSEEON, AS OF 30 JUNE 2024

EQUITY AND LIABILITIES (in EUR thousand)	30 June 2024	31 Dec. 2023
<b>A. EQUITY</b>	<b>132,258</b>	<b>136,646</b>
<b>I. Subscribed capital</b>	<b>200</b>	<b>200</b>
<b>II. Capital reserve</b>	<b>37,022</b>	<b>37,022</b>
<b>III. Consolidated balance sheet profit</b>	<b>141</b>	<b>93</b>
<b>IV. Non-controlling interests</b>	<b>69,604</b>	<b>75,494</b>
<b>V. Currency translation differences</b>	<b>25,291</b>	<b>23,837</b>
<b>B. PROVISIONS</b>	<b>103,602</b>	<b>99,478</b>
1. Pension provisions and similar obligations	19,236	19,237
2. Tax provisions	6,589	5,849
3. Other provisions	77,777	74,392
<b>C. LIABILITIES</b>	<b>141,393</b>	<b>139,850</b>
1. Bonds	50,000	50,000
2. Liabilities to banks	20,860	5,723
3. Trade payables	47,943	54,234
4. Liabilities to affiliated companies	4,837	4,055
5. Other liabilities	17,753	25,838
<b>D. DEFERRED INCOME</b>	<b>1,071</b>	<b>733</b>
<b>Total Equity and Liabilities</b>	<b>378,324</b>	<b>376,707</b>

# Consolidated Income Statement

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024  
(in EUR thousand)

	1 Jan.– 30 June 2024		1 Jan.– 30 June 2023	
1. Total sales	327,596		372,496	
2. Increase in finished goods and work in progress	22,867		28,448	
3. Other own work capitalised	481		703	
4. Other operating income	5,801		5,253	
5. Cost of materials				
a) Expenses for raw materials, consumables and supplies and purchased goods	154,103		203,069	
b) Cost of purchased services	38,368	192,471	37,336	240,405
<b>GROSS PROFIT</b>	<b>164,274</b>		<b>166,495</b>	
6. Personnel expenses				
a) Wages and salaries	86,106		81,905	
b) Social contributions and expenses for pensions and social welfare	18,506	104,611	18,043	99,948
7. Depreciation and amortization				
a) on tangible and intangible assets	6,422		5,926	
8. Other operating expenses	50,315		50,780	
9. Income from other securities and loans from financial assets	10		0	
10. Other interest and similar income	1,072		849	
11. Interest and similar expenses	3,868		2,731	
12. Taxes on income	3,973		4,279	
<b>14. EARNINGS AFTER TAXES</b>	<b>-3,833</b>		<b>3,680</b>	
14. Other taxes	529		632	
<b>15. CONSOLIDATED NET INCOME (LOSS)</b>	<b>-4,362</b>		<b>3,048</b>	
16. Non-controlling interests	-1,593		-875	
<b>17. CONSOLIDATED NET PROFIT (LOSS)</b>	<b>-5,955</b>		<b>2,173</b>	
18. Profit carried forward from the previous year	75,559		72,966	
<b>19. Consolidated balance sheet profit</b>	<b>69,604</b>		<b>75,139</b>	

# Consolidated Cash Flow Statement

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024  
(in EUR thousand)

	1 Jan.– 30 June 2024		1 Jan.– 30 June 2023	
Consolidated income (Consolidated net income/loss including income/loss attributable to non-controlling interests)	-4,362		3,048	
+/- (+) Depreciation/(-) write-ups on fixed assets	6,422		5,926	
+/- (+) Increase/(-) Decrease in provisions	3,326		14,775	
+/- Other non-cash expenses/income	-1,790		3,301	
+/- (+) Decrease/(-) Increase in inventories, trade receivables and other assets that are not attributable to investing or financing activities	3,103		-22,246	
+/- (-) Decrease/(+) Increase in liabilities from trade payables and other liabilities that are not attributable to investing or financing activities	-14,816		-665	
+/- (-) Gain/(+) Loss from disposal of fixed assets	-22		-6	
+/- Interest expenses/income	2,796		1,881	
- Other income from investments	-10		0	
+/- Income tax expenses/income	3,974		4,279	
- Income tax payments	-4,393		-9,355	
<b>= Cash flow from operating activities</b>	<b>-5,772</b>		<b>938</b>	
- Payments for investments in intangible assets	-1,113		-453	
+ Proceeds from the disposal of tangible assets	3,927		302	
- Payments for investments in tangible assets	-7,467		-7,266	
+ Proceeds from the disposal of non-current financial assets	158		11	
- Payments for investments in non-current financial assets	1		-86	
- Payments for additions to (disposals from) the scope of consolidation	-1,849		-15,974	
+ Interest received	563		322	
+ Dividends received	10		0	
<b>= Cash flow from investing activities</b>	<b>-5,770</b>		<b>-23,144</b>	
+ Proceeds from (financial) loans	17,585		0	
- Payments for redemption of (financial) loans	-2,448		-2,181	
- Interest paid	-1,381		-1,204	
- Payments to shareholders of the parent company	0		-2,200	
- Dividends paid to other shareholders	-369		-230	
<b>= Cash flow from financing activities</b>	<b>13,387</b>		<b>-5,815</b>	
<b>Changes in cash and cash equivalents</b>	<b>1,845</b>		<b>-28,021</b>	
+/- Exchange rate and valuation-related changes in cash and cash equivalents	31		20	
+/- Change in cash and cash equivalents due to changes in consolidated group	308		2,857	
<b>Cash and cash equivalents at the start of the period</b>	<b>64,894</b>		<b>73,091</b>	
<b>Cash and cash equivalents at the end of the period</b>	<b>67,078</b>		<b>47,947</b>	

# Consolidated Statement of Changes in Fixed Assets

FOR THE PERIOD FROM 1 JANUARY  
TO 30 JUNE 2024 (in EUR thousand)

A. FIXED ASSETS	ACQUISITION OR CONSTRUCTION COSTS							DEPRECIATION AND AMORTISATION				BOOK VALUES	
	As of 1 Jan. 2024	Addition	Additions due to changes in the scope of consolidation	Disposal	Transfers	Exchange rate differences	As of 30 Jun. 2024	As of 1 Jan. 2024	Addition	Disposal	As of 30 Jun. 2024	Book value 30 Jun. 2024	Book value 31 Dec. 2023
<b>I. Intangible assets</b>													
1. Purchased concessions, industrial property rights and similar rights and assets and licenses in such rights and assets	7,830	625	5	-679	0	0	7,781	4,979	703	-679	5,003	2,778	2,851
2. Goodwill	43,299	174	1,196	0	0	0	44,668	31,472	1,257	0	32,728	11,940	11,827
3. Advance payments	455	314	0	0	0	0	769	302	0	0	302	467	153
<b>Total intangible assets</b>	<b>51,584</b>	<b>1,113</b>	<b>1,201</b>	<b>-679</b>	<b>0</b>	<b>0</b>	<b>53,218</b>	<b>36,752</b>	<b>1,960</b>	<b>-679</b>	<b>38,033</b>	<b>15,185</b>	<b>14,832</b>
<b>II. Tangible assets</b>													
1. Land, leasehold rights and buildings	18,388	349	0	0	30	0	18,767	3,899	231	0	4,130	14,637	14,489
2. Technical equipment and machinery	34,183	2,775	0	-1,952	1,331	1	36,337	15,897	2,158	-31	18,024	18,313	18,285
3. Other equipment, factory and office equipment	19,894	1,686	162	-1,214	0	1	20,529	9,613	1,724	-1,183	10,154	10,375	10,281
4. Advance payments and assets under construction	9,085	2,656	0	-1,953	-1,361	0	8,427	47	288	0	335	8,092	9,038
<b>Total tangible assets</b>	<b>81,550</b>	<b>7,465</b>	<b>162</b>	<b>-5,119</b>	<b>0</b>	<b>2</b>	<b>84,060</b>	<b>29,456</b>	<b>4,402</b>	<b>-1,214</b>	<b>32,644</b>	<b>51,417</b>	<b>52,093</b>
<b>III. Non-current financial assets</b>													
1. Equity investments	6,182	0	0	0	0	0	6,182	5,825	0	0	5,825	357	357
2. Securities held as fixed assets	926	0	0	-1	0	0	925	585	60	0	645	280	341
3. Other loans	18,797	-1	0	-157	0	0	18,639	0	0	0	0	18,639	18,797
<b>Total non-current financial assets</b>	<b>25,905</b>	<b>-1</b>	<b>0</b>	<b>-158</b>	<b>0</b>	<b>0</b>	<b>25,745</b>	<b>6,410</b>	<b>60</b>	<b>0</b>	<b>6,470</b>	<b>19,276</b>	<b>19,495</b>
<b>Total fixed assets</b>	<b>159,039</b>	<b>8,577</b>	<b>1,362</b>	<b>-5,957</b>	<b>0</b>	<b>2</b>	<b>163,023</b>	<b>72,620</b>	<b>6,422</b>	<b>-1,894</b>	<b>77,147</b>	<b>85,878</b>	<b>86,419</b>

# Consolidated Statement of Equity Changes

AS OF 30 JUNE 2024

(in EUR thousand)

	EQUITY OF THE PARENT COMPANY				
	Subscribed capital	Capital reserve	Equity difference from currency translation	Consolidated balance sheet profit	Total
<b>Balance on 1 Jan. 2023</b>	<b>200</b>	<b>42,758</b>	<b>-13</b>	<b>72,691</b>	<b>115,636</b>
Consolidated net profit	0	0	0	4,188	<b>4,188</b>
Currency translation	0	0	106	0	<b>106</b>
Distributions	0	0	0	-2,500	<b>-2,500</b>
Changes in the scope of consolidation	0	0	0	-228	<b>-228</b>
Other changes	0	-5,736	0	1,343	<b>-4,393</b>
<b>Balance on 31 Dec. 2023</b>	<b>200</b>	<b>37,022</b>	<b>93</b>	<b>75,494</b>	<b>112,809</b>
<b>Balance on 1 Jan. 2024</b>	<b>200</b>	<b>37,022</b>	<b>93</b>	<b>75,494</b>	<b>112,809</b>
Consolidated net profit	0	0	0	-5,955	<b>-5,955</b>
Currency translation	0	0	48	0	<b>48</b>
Distributions	0	0	0	0	<b>0</b>
Other changes	0	0	0	65	<b>65</b>
<b>Balance on 30 June 2024</b>	<b>200</b>	<b>37,022</b>	<b>141</b>	<b>69,604</b>	<b>106,967</b>

	NON-CONTROLLING INTERESTS			CONSOLIDATED EQUITY	
	Non-controlling interests before equity difference from currency translation and profit for the year	Equity differences attributable to non-controlling interests from currency translation	Profit attributable to non-controlling interests	Total	Total
	15,558	0	5,185	20,743	136,379
	0	0	5,283	5,283	<b>9,471</b>
	0	54	0	54	<b>160</b>
	-3,701	0	0	-3,701	<b>-6,201</b>
	1,747	0	0	1,747	<b>1,519</b>
	-289	0	0	-289	<b>-4,682</b>
	<b>13,315</b>	<b>54</b>	<b>10,468</b>	<b>23,837</b>	<b>136,646</b>
	<b>13,315</b>	<b>54</b>	<b>10,468</b>	<b>23,837</b>	<b>136,646</b>
	0	0	1,593	1,593	<b>-4,362</b>
	0	0	0	0	<b>48</b>
	-139	0	0	-139	<b>-139</b>
	0	0	0	0	<b>65</b>
	<b>13,176</b>	<b>54</b>	<b>12,061</b>	<b>25,291</b>	<b>132,258</b>



» Even in difficult economic times the HÖRMANN Group continues to invest in the future development of the company and in important topics such as automation, digitalisation and the development of new products.«

DR MICHAEL RADKE, CEO





**A. GENERAL DISCLOSURES ON THE CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES**

**1. Consolidation and accounting policies applied**

The interim consolidated financial statements of HÖRMANN Industries GmbH (Munich Local Court, HRB 141701), based in Kirchseeon, for the first half of 2024 were prepared in accordance with the provisions of German commercial law for consolidated financial statements and the supplementary provisions of the German Limited Liability Companies Act (GmbH-Gesetz).

The interim consolidated financial statements have been prepared in thousands of euros, which may result in immaterial rounding differences.

The interim consolidated income statement is structured in accordance with the nature of expense method (Section 275 (2) HGB).

In order to improve the insight into the earnings situation, the interim consolidated income statement has been expanded to include the gross profit subtotal.

The financial statements of the companies included in the interim consolidated financial statements have been prepared in accordance with the provisions of commercial law using uniform accounting and valuation principles in line with those of the parent company.

The separate financial statements of the consolidated companies have been prepared as at the reporting date of the parent company.

The interim consolidated financial statements have been prepared on a going concern basis (Section 252 (1) no. 2 HGB). The presentation of the interim consolidated financial statements corresponds to that of the previous year, with the exception of the recognition of deferred tax income and expenses in the interim consolidated income statement. They are reported in the interim consolidated financial statements for the financial year from 1 January to 30 June 2024 under 'Taxes on income' and not under a separate item. The previous year's column for the comparative period has been adjusted accordingly.

**2. Consolidated group**

**a.)** Companies in which HÖRMANN Industries GmbH, Kirchseeon, exercises uniform management because it directly or indirectly holds a majority interest or because these companies were integrated into a uniform business policy or where a controlling relationship exists in some other way were included in the interim consolidated financial statements in accordance with the principles of full consolidation pursuant to Sections 300 et seq. HGB. The name, registered office and share in capital of the associated companies are shown below.

The following significant changes to the scope of consolidation occurred in the financial year:

<b>LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF HÖRMANN INDUSTRIES GMBH BY WAY OF FULL CONSOLIDATION as of 30 June 2024</b>	<b>Equity interest (in %)</b>
<b>Automotive division</b>	
HÖRMANN Automotive GmbH, Kirchseeon	100.00
HÖRMANN Automotive Saarbrücken GmbH, Saarbrücken	100.00
HÖRMANN Automotive St. Wendel GmbH, St. Wendel	100.00
HÖRMANN Automotive Wackersdorf GmbH, Wackersdorf	100.00
HÖRMANN Automotive Assets GmbH, Kirchseeon	100.00
HÖRMANN Automotive Gustavsburg GmbH, Ginsheim-Gustavsburg	100.00
HÖRMANN Automotive Slovakia s.r.o., Bánovce, Slovakia	100.00
Versorgungswerk HÖRMANN Automotive Gustavsburg e.V., Ginsheim-Gustavsburg	100.00

**LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF HÖRMANN INDUSTRIES GMBH BY WAY OF FULL CONSOLIDATION as of 30 June 2024**

	<b>Equity interest (in %)</b>
<b>Intralogistics division</b>	
Hörmann Intralogistics Solutions GmbH, Munich	94.00
HÖRMANN Logistik Polska Sp. z o.o., Gdansk, Poland	100.00
HÖRMANN Klatt Conveyors GmbH, Neumarkt am Wallersee, Austria	84.00
Hörmann Intralogistics Solutions GesmbH, Graz, Austria	100.00
HÖRMANN Intralogistics GmbH, Kirchseeon	100.00
HÖRMANN Intralogistics Services GmbH, Salzgitter	100.00
HÖRMANN Energy Solutions GmbH, Wolfsburg	100.00
<b>Engineering division</b>	
HÖRMANN BauPlan GmbH, Chemnitz	100.00
HÖRMANN Rawema Engineering & Consulting GmbH, Chemnitz	100.00
VacuTec Meßtechnik GmbH, Dresden	90.00
HÖRMANN Vehicle Engineering GmbH, Chemnitz	100.00
<b>Communication division</b>	
<b>Communication system segment</b>	
Funkwerk AG, Kölleda	78.00
Funkwerk Systems GmbH, Kölleda	100.00
Funkwerk StatKom GmbH, Kölleda	100.00
Funkwerk Systems Austria GmbH, Vienna, Austria	100.00
Funkwerk Technologies GmbH, Kölleda	100.00
Funkwerk Security Solutions GmbH, Nuremberg	100.00
Funkwerk plettac electronic GmbH, Nuremberg	100.00
Funkwerk IoT GmbH, Kölleda	100.00
HÖRMANN Kommunikation & Netze GmbH, Kirchseeon	100.00
Radionika Sp. z o.o., Krakow, Poland	60.00
Elektrotechnik und Elektronik Oltmann GmbH, Berlin	100.00
euromicron AG in Insolvenz, Neu-Isenburg	15.36
<b>Sparte Dienstleistung Kommunikation</b>	
HÖRMANN Warnsysteme GmbH, Kirchseeon	74.99
HÖRMANN – KMT Kommunikations- und Meldetechnik GmbH, Salzburg, Austria	100.00
HÖRMANN Warnsysteme Bulgaria EOOD, Sofia, Bulgaria	100.00
<b>Holdings, sonstige Unternehmen</b>	
HÖRMANN Digital GmbH, Kirchseeon	100.00
HÖRMANN Finance & Accounting GmbH, Kirchseeon	100.00

In the 2024 financial year, Funkwerk Systems GmbH acquired 100% of the shares in Elektrotechnik und Elektronik Oltmann GmbH, based in Berlin. The initial consolidation took place on 31 March 2024 when the acquisition of the shares was completed.

The changes in the scope of consolidation do not mean that comparability with the previous year is no longer possible.

**b.) Companies not included due to minor significance**

With reference to Section 296 (2) HGB and Section 311 (2) HGB, the shares in the companies listed below are not included due to their minor significance for the Group's net assets, financial position and results of operations.

COMPANY	Equity interest %
HÖRMANN Pannon Software Kft., Budapest, Hungary	50.00
HL Mitarbeiterbeteiligungsgesellschaft mbH, Munich	80.00
Camunsa-HÖRMANN S.A., Barcelona, Spain	37.50
VAKS a. s., Jablonec nad Nisou, Czechia	31.50
HÖRMANN-Rema Praha spol. s r.o., Prague, Czechia	30.00
HÖRMANN ERMAFA GmbH, Chemnitz	100.00
AIC Zeitarbeit GmbH i.L., Chemnitz	60.00
Versorgungswerk HÖRMANN Gruppe e.V., Traunstein	Special purpose entity
Versorgungswerk HÖRMANN Gruppen-Unterstützungskasse e.V., Kirchseeon	Special purpose entity
HÖRMANN Logistik Czech Republic s.r.o., Prague, Czechia	100.00

The exemption provision of Section 313 (3) sentence 4 HGB was utilised for investments that are of minor importance for the presentation of the net assets, financial position and results of operations, as the companies are either inactive or generate insignificant sales from a Group perspective.

**c.) Shareholdings within the meaning of Section 271 (1) HGB**

Funkwerk AG, Kölleda, holds a 15.36% stake in euromicron AG in insolvency, Neu-Isenburg. As a result of the opening of insolvency proceedings on 23 December 2019, the investment at the level of Funkwerk AG, Kölleda, was written down in full in previous years.

**3. Reporting date of the interim consolidated financial statements**

The interim consolidated financial statements were prepared as at 30 June 2024. The financial half-years of all companies included in the interim consolidated financial statements end on this date.

**4. Consolidation methods**

HÖRMANN Industries GmbH, Kirchseeon, itself (direct parent company) is an affiliated company of HÖRMANN Holding GmbH & Co. KG, Kirchseeon (ultimate parent company) and its direct and indirect subsidiaries and is exempt from the obligation to prepare consolidated financial statements in accordance with Section 291 HGB. As at 30 June 2024, HÖRMANN Industries GmbH, Kirchseeon, as the parent company, voluntarily prepares interim consolidated financial statements consisting of a consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated statement of changes in equity and notes to the consolidated financial statements, as well as a Group management report.

HÖRMANN Warnsysteme GmbH, Kirchseeon, and HÖRMANN Kommunikation & Netze GmbH, Kirchseeon, were contributed to HÖRMANN Industries GmbH, Kirchseeon, as at 31 October 2011, and HÖRMANN Automotive GmbH, Kirchseeon, was contributed to HÖRMANN Industries GmbH, Kirchseeon, as at 30 November 2011. The contribution was made at book value. The book value of the contribution exceeded the value of the shares granted as consideration by € 5.1 million. The excess amount was transferred to the capital reserve. The companies contributed as at 31 October 2011 and 30 November 2011 were each consolidated for the first time as at

these reporting dates. The resulting negative goodwill of € 31.0 million was reclassified to the capital reserve in accordance with Sections 301 and 309 HGB, as the shares were acquired as part of a restructuring of the HÖRMANN Holding GmbH & Co. KG Group by way of a contribution in kind and the contribution was only made at the carrying amount. Any differences arising on the assets side were amortised immediately.

Capital consolidation is based on the revaluation method. In accordance with Section 301 (1) HGB, revalued equity is recognised at the amount corresponding to the fair value of the assets, liabilities, prepaid expenses, deferred income and special items to be included in the consolidated financial statements at the time of initial consolidation.

Any asset-side difference remaining after offsetting the shares in the affiliated company against equity remaining after offsetting the shares in the affiliated company against equity is recognised as goodwill.

Deferred tax charges and reliefs resulting from consolidation measures are recognised at a tax rate of 30.16% at the level of HÖRMANN Industries GmbH, Kirchseeon, and at a tax rate of 29.58% at the level of Funkwerk AG, Kölleda, whereas deferred taxes from the Group companies are measured at a uniform corporation tax rate (including solidarity surcharge) of 15.83% and at an individual trade tax rate of between 11.55% and 17.15% depending on the multiplier. The resulting tax expenses are offset against tax income.

Intragroup receivables, liabilities, provisions and sales, other intragroup income and expenses and intercompany profits were eliminated.

The consolidated income statement is prepared by summarising the individual income statements of the consolidated subsidiaries.

Uniform recognition, measurement and classification guidelines for accounting and measurement exist for the consolidated Group companies. In the event of deviations from the standardised classification or valuation guidelines, corresponding reclassifications or revaluations were made.

Intra-Group receivables, liabilities and provisions were eliminated as part of the debt consolidation.

In the consolidated income statement, both sales revenues and other income from trade and financial transactions between the companies included in the consolidated financial statements have been offset against the expenses attributable to them. Intercompany profits in property, plant and equipment and inventories are eliminated to the extent that they are significant.

The consolidation principles are unchanged from the previous year.

**5. Differences from capital consolidation**

The goodwill item includes the goodwill from the initial consolidation of Funkwerk AG, Kölleda, as at 1 October 2016. As at 30 June 2024, this results in a value of € 2,047 thousand (previous year: € 2,502 thousand). Amortisation is carried out over 10 years. In the first half of 2024, the difference was amortised on a pro rata basis in the amount of € 455 thousand.

The goodwill of HÖRMANN Vehicle Engineering GmbH, Chemnitz, amounting to € 442 thousand from the initial consolidation as at 1 December 2016 is also amortised over 10 years. As at 30 June 2024, this resulted in a value of € 107 thousand (previous year: € 129 thousand). In the first half of 2024, this resulted in pro rata amortisation of € 22 thousand.

As at 30 June 2024, the initial consolidation of HÖRMANN Intralogistics Services GmbH, (formerly MAT Maschinentechnik GmbH), Salzgitter, resulted in goodwill of € 192 thousand (previous year: € 219 thousand), which was classified as goodwill. This was amortised in the first half of 2024 amortised at € 27 thousand. Amortisation is carried out over a period of 10 years.

As at 30 June 2024, the initial consolidation of HÖRMANN Klatt Conveyors GmbH (formerly Klatt Förder-technik GmbH), Neumarkt am Wallersee, Austria, resulted in a goodwill of € 2,480 thousand (previous year: € 2,740 thousand), which was classified as goodwill. This was amortised in the amount of € 260 thousand in the first half of 2024. Amortisation is carried out over a period of 10 years.

As at 30 June 2024, the initial consolidation of Funkwerk Security Solutions GmbH (formerly Funkwerk viprosys GmbH), Leipzig, resulted in a positive difference of € 53 thousand (previous year: € 76 thousand), which qualified as goodwill. This was amortised in the amount of € 23 thousand in the first half of 2024. Amortisation is carried out over a period of 4 years.

As at 30 June 2024, the acquisition and revaluation of Radionika Sp. z o.o., Krakow, Poland, resulted in a positive difference of € 5,109 thousand (previous year: € 5,254 thousand), which was classified as goodwill. This was amortised in the amount of € 295 thousand in the first half of 2024 (previous year: € 326 thousand). Amortisation is carried out over a period of 10 years.

As at 30 June 2024, the acquisition and revaluation of Elektrotechnik und Elektronik Oltmann GmbH, Berlin, resulted in a positive difference of € 1,179 thousand (previous year: € 0 thousand), which was classified as goodwill. This was amortised in the first half of 2024 at € 40 thousand (previous year: € 0 thousand). Amortisation is carried out over a period of 10 years.

The goodwill recognised is amortised on a straight-line basis over the estimated useful life of 4 and 10 years, as the earnings prospects of the acquired customer relationships have an impact over this period.

## **B. ACCOUNTING AND VALUATION METHODS INCLUDING DEVIATIONS AND FOREIGN CURRENCY TRANSLATION**

The financial statements of the companies included in the consolidated financial statements have been prepared in accordance with uniform accounting and valuation principles.

The following accounting and valuation methods were used to prepare the consolidated financial statements.

**Purchased concessions, industrial property rights and similar rights and assets** as well as licences to such rights and assets are capitalised at cost at the time of the transfer of economic or legal ownership and amortised on a straight-line basis pro rata temporis over the expected useful life of 3 to 5 years. The scope of the acquisition costs corresponds to Section 255 (1) HGB.

The option under Section 248 (2) sentence 1 HGB is not exercised in the Group and no internally generated intangible fixed assets are capitalised. Research and development costs are recognised immediately as an expense.

**Purchased goodwill** is capitalised at cost and amortised on a straight-line basis pro rata temporis over a period of 4 to 10 years.

**Property, plant and equipment** is measured at the time of the transfer of economic and legal ownership at acquisition or production cost less straight-line depreciation over the expected useful life. The depreciation tables for tax purposes are used as a basis, whereby the maximum rates are essentially used as a guide, provided that the customary useful lives do not differ significantly. The scope of the acquisition costs corresponds to Section 255 (1) HGB. Production costs in accordance with Section 255 (2) and (3) HGB include the direct costs of materials and production, special production costs, appropriate portions of overheads and production-related depreciation.

**Low-value assets** up to € 250.00 acquired in the financial year are fully depreciated in the year of acquisition and treated as disposals.

For low-value assets over € 250.00 and up to € 1,000.00, a collective item is created in the year of acquisition and depreciated over 5 years using the straight-line method.

If the fair value of intangible assets and property, plant and equipment is lower than the carrying amount on the balance sheet date due to permanent impairment, an impairment loss is recognised to the lower fair value and the remaining useful life is adjusted if necessary.

The Group does not make use of the option under Section 255 (3) sentence 2 HGB and does not capitalise interest on borrowed capital.

**Investments and other loans** are recognised at the lower of cost or fair value if the impairment is expected to be permanent. No write-downs are recognised for impairments that are only expected to be temporary.

**Securities held as fixed assets** are initially recognised at cost and in subsequent years at stock market prices or, if such a price could not be determined, at fair value. They are recognised at no more than acquisition cost.

**Inventories** are recognised at acquisition or production cost. Write-downs to the lower fair value are recognised if the market price was lower than the original acquisition or production cost.

**Raw materials, consumables and supplies and merchandise** are recognised at average cost (moving average). Write-downs to the lower fair value are recognised depending on the storage period, reduced marketability, weighting of the quantities disposed of and due to lower replacement costs on the reporting date and lower sales prices.

**Work in progress and finished goods** are recognised at production cost (directly attributable unit costs as well as appropriate portions of material and production overheads), including depreciation of fixed assets to the extent that this is caused by production, but excluding appropriate portions of administrative costs and in accordance with the lower of cost or market principle. Normal employment was assumed for the premium rates applied. Provisions for impending losses from pending transactions that exceed the cost of production are recognised.

The Group does not make use of the option under Section 255 (3) sentence 2 HGB and does not capitalise interest on borrowed capital.

**Advance payments received on orders** are openly deducted from inventories where possible.

Receivables and other assets are generally recognised at their nominal amount. If necessary, the lower fair value is recognised.

The lower of cost or market principle is taken into account for individual risks by recognising appropriate specific valuation allowances.

**General valuation allowances** are recognised for trade receivables due to the general interest and credit risk.

**Receivables from affiliated companies** include receivables from companies that fulfil the requirements for full consolidation at the level of the parent company HÖRMANN Holding GmbH & Co. KG, Kirchseeon, and which are therefore included in the consolidated financial statements to be prepared for the largest group.

**Cash on hand and bank balances** are recognised at nominal value.

**Expenses prior to the balance sheet date** are recognised as prepaid expenses on the assets side of the balance sheet if they represent expenses for a specific period after this date.

**Deferred tax assets** are recognised in the amount in which they are expected to result in tax relief in subsequent financial years. **Deferred tax liabilities** are recognised for future tax burdens. Deferred tax assets and liabilities are, as far as possible, offset by exercising the option under Section 274 HGB in conjunction with Section 306 HGB. § Section 306 HGB. Deferred taxes are recognised for the differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases and on loss carryforwards as part of the calculation of taxable income.

Deferred tax liabilities are generally recognised for all taxable temporary differences; deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

Deferred tax liabilities and tax assets are calculated on the basis of the expected tax rates and tax laws that are expected to apply when the liability is settled or the assets are realised or the loss carryforward is utilised.

Deferred tax burdens and reliefs resulting from consolidation measures are recognised at the tax rate of HÖRMANN Industries GmbH, Kirchseeon, of 30.16%, whereas deferred taxes from the Group companies are measured at a uniform corporation tax rate (including solidarity surcharge) of 15.83% and an individual trade tax rate of between 11.55% and 17.15%, depending on the multiplier. The resulting tax expenses are offset against tax income.

Deferred taxes from the individual financial statements are summarised in accordance with Section 274 HGB with the deferred taxes at Group level in accordance with Section 306 HGB.

The **excess of the fair value of the assets** of the plan assets over the liabilities from partial retirement obligations or pension obligations is recognised as the asset-side difference from the offsetting of assets. The assets are not accessible to all other creditors and serve exclusively to fulfil liabilities from partial retirement obligations or pension obligations.

The **subscribed capital** is recognised at nominal value.

**Provisions for pensions and similar obligations** were calculated using the projected unit credit method based on Klaus Heubeck's 2018G mortality tables and taking into account the fluctuation rate determined for each individual company and expected increases in wages, salaries and pensions. The interest rates correspond to the average market interest rates of the past ten financial years published by the Deutsche Bundesbank in accordance with Section 253 (2) HGB, in line with the simplification rule for an average remaining term of 15 years. Effects on income from a change in the discount rate are recognised in the financial result.

Assets that fulfil the requirements as cover assets for the fulfilment of pension and partial retirement The difference resulting from the first-time application of the BilMoG from the remeasurement of the pension obligations and the plan assets was recognised at five times the fair value.

One fifteenth of the difference resulting from the first-time application of the BilMoG from the revaluation of pension obligations and plan assets was added in the financial year.

The provision for **pension obligations** is derived during the year using estimates from the expert reports available for the reporting date of 31 December 2023.

The measurement of the pension provisions was based on the following assumptions:

- ◆ Interest rate (10-year average): 1.83 %
- ◆ Interest rate (7-year average): 1.76 %
- ◆ Expected wage and salary increases: 0.00 % to 3.00 %
- ◆ Expected inflation rate/pension trend: 0.00 % to 2.00 %

In accordance with Section 253 (2) sentence 1 HGB, the Group has used a ten-year period as the basis for determining the average interest rate for discounting pension obligations. Compared to the calculation using the average market interest rate of the past seven financial years, this results in a difference of € 2,231 thousand (previous year: € 2,670 thousand) in accordance with Section 253 (6) HGB.

The fulfilment amount of the pension provisions is € 33,964 thousand (previous year: € 34,372 thousand). It is offset against assets with a value of € 1,077 thousand (previous year: € 1,877 thousand), which serve exclusively to fulfil pension obligations. Cover assets in excess of the settlement amount of € 185 thousand (previous year: € 163 thousand) were recognised on the assets side under the difference from offsetting assets.

The amortised cost of the offset assets amounts to € 1,079 thousand and the fair value recognised is € 1,077 thousand. The recognition of the fair value results from the fact that the reinsurance policies taken out serve exclusively to fulfil the pension obligations and are therefore to be measured at fair value and offset against the associated liabilities (Section 246 (2) sentence 2 HGB, Section 253 (1) sentence 4 HGB). In this respect, only immaterial amounts are offset in the income statement.

The addition to the direct pension provision of € 1,540 thousand required as at 1 January 2010 due to the amended provisions of the German Commercial Code was made in the reporting year in accordance with Art. 67 para. 1 sentence 1 EGHGB at a minimum of 1/15. An amount of € 103 thousand was added in the financial year. The difference was fully recognised in the balance sheet by 31 December 2023.

The **tax provisions and other provisions** take into account all uncertain obligations and impending losses from pending transactions on the basis of prudent business judgement. They are recognised at the necessary settlement amount. When determining the fulfilment amount, price and cost increases are taken into account where necessary. Other provisions with a remaining term of more than one year are discounted according to their remaining term using the average market interest rate of the past seven financial years in accordance with the German Regulation on the Discounting of Provisions (Rückstellungsabzinsungsverordnung).

The option of discounting provisions for liabilities with a residual term of up to one year is not utilised.

Provisions for impending losses from pending transactions are calculated on the basis of full costs.

Other provisions also include warranties that are provided without legal obligations (goodwill).

Provisions for warranties are recognised at a flat rate of 0.50% of the (warrantable) sales revenue for the financial year.

**Liabilities** are recognised at their settlement amount. Liabilities to affiliated companies include liabilities to companies that fulfil the requirements for full consolidation at the level of the parent company HÖRMANN Holding GmbH & Co. KG, Kirchseeon, and which are therefore included in the consolidated financial statements to be prepared for the largest group.

Income before the balance sheet date is recognised as deferred income on the **liabilities side** if it represents income for a certain period after this date.

**Assets and liabilities denominated in foreign currencies** with a remaining term of up to one year are translated at the mean spot exchange rate on the balance sheet date. In the case of a residual term of more than one year, currency translation is carried out in accordance with the imparity principle, so that exchange rate losses existing on the balance sheet date are recognised as expenses, but exchange rate gains are not.

The consolidated financial statements were prepared in euros. This corresponds to the currency of the Group's primary economic environment (functional currency).

The items included in the financial statements of each consolidated company are measured on the basis of the currency that corresponds to the currency of the primary economic environment in which the company operates (functional currency).

Equity recognised in foreign currency is translated at the historical exchange rate.

Foreign currency amounts for assets and liabilities, as well as the income statement, are generally translated at the exchange rate on the date of initial recognition. Foreign currency receivables and liabilities are measured at the mean spot exchange rate depending on the term existing on the balance sheet date.

Financial statements of subsidiaries prepared in a functional currency other than the reporting currency, the euro, are translated using the modified closing rate method: Assets and liabilities are translated for each balance sheet date using the mean spot exchange rate on the balance sheet date. The income and expense items in the income statement are translated at the average monthly exchange rate for the period for the sake of simplicity.

Translation differences from the translation of financial statements with a different functional currency are recognised directly in equity. A translation difference recognised directly in equity is only realised when the corresponding foreign operation is deconsolidated.

## C. DISCLOSURES AND NOTES TO THE CONSOLIDATED BALANCE SHEET

### 1. Fixed assets

The development of fixed assets in the first half of 2024 is shown on pages 44/45.

### 2. Receivables and other assets

Other assets totalling € 826 thousand (previous year: € 74 thousand) have a remaining term of more than one year. As in the previous year, all other receivables recognised have a remaining term of less than one year.

Receivables from affiliated companies result in the amount of € 648 thousand (previous year: € 1,419 thousand) from trade receivables and € 19,827 thousand (previous year: € 15,846 thousand) from other assets.

### 3. Provisions

The provision for pension obligations is derived during the year from estimates based on the expert reports available for the reporting date of 31 December 2023.

The direct pension provisions not recognised in the balance sheet amount to € 91 thousand as at the balance sheet date.

Indirect pension obligations result in a shortfall in accordance with Art. 28 para. 1 sentence 2 EGHGB.

The shortfall as at 31 December 2023 amounts to € 8,232 thousand (Art. 28 para. 2 EGHGB).

The shortfall from unrecognised indirect pension obligations at Versorgungswerk HÖRMANN Gruppen-Unterstützungskasse e.V., Kirchseeon, in accordance with Section 249 HGB in conjunction with Article 28 (2) EGHGB amounts to € 21 thousand.

The fulfilment amount of the partial retirement provisions is € 3,472 thousand (previous year: € 3,659 thousand). It is offset against assets totalling € 1,742 thousand (previous year: € 1,714 thousand), which serve exclusively to secure partial retirement obligations.

The acquisition costs of the offset assets amount to € 1,733 thousand. The recognised fair value of the offset assets amounts to € 1,077 thousand. The fair value of the assets generally corresponds to the market value on the balance sheet date.

In this respect, only insignificant interest expenses and interest income were recognised in the consolidated income statement.

## 4. Liabilities

The remaining terms are shown below.

### CONSOLIDATED MATURITY STRUCTURE OF LIABILITIES AS OF 30 JUNE 2024 (in EUR thousand)

	Remaining term			Total	thereof
	up to one year	more than one year	thereof more than five years	30 Jun 2024	secured
1. Bonds	0	50,000	0	50,000	0
<i>Previous year</i>	0	50,000	0	50,000	0
2. Liabilities to banks	1,410	9,450	10,000	20,860	0
<i>Previous year</i>	3,848	1,875	0	5,723	0
3. Trade payables	47,943	0	0	47,943	0
<i>Previous year</i>	54,234	0	0	54,234	0
4. Liabilities to affiliated companies	4,837	0	0	4,837	0
<i>Previous year</i>	4,055	0	0	4,055	0
thereof to shareholders	3,082	0	0	3,082	0
<i>Previous year</i>	2,830	0	0	2,830	0
5. Other liabilities	17,753	0	0	17,753	0
<i>Previous year</i>	25,838	0	0	25,838	0
thereof from taxes	6,330	0	0	6,330	0
<i>Previous year</i>	13,532	0	0	13,532	0
thereof for social security	3,807	0	0	3,807	0
<i>Previous year</i>	3,156	0	0	3,156	0
thereof to shareholders	0	0	0	0	0
<i>Previous year</i>	325	0	0	325	0
<b>Fiscal year</b>	<b>71,943</b>	<b>59,450</b>	<b>10,000</b>	<b>141,393</b>	<b>0</b>
<b>Previous year</b>	<b>87,975</b>	<b>51,875</b>	<b>0</b>	<b>139,850</b>	<b>0</b>

Liabilities to affiliated companies consist of trade payables totalling € 4,837 thousand (previous year: € 4,055 thousand).

In addition, there is the usual collateralisation in business transactions (e.g. retention of title, blanket assignments and transfers of ownership of warehouses as security).

## D. NOTES TO THE CONSOLIDATED INCOME STATEMENT

### 1. Sales revenue

Regional breakdown of sales revenue	1st half of 2024 (€ million)	1st half of 2023 (€ million)
Domestic sales	258	300
Sales in other EU countries	67	68
Sales in other countries	3	4
<b>Total</b>	<b>328</b>	<b>372</b>

Divisions	1st half of 2024 (€ million)	1st half of 2023 (€ million)
Automotive	199	249
Intralogistics	24	36
Engineering	13	13
Communication	90	74
Holdings	2	0
<b>Total</b>	<b>328</b>	<b>373</b>

### 2. Other operating income

Other operating income includes income relating to other periods totalling € 743 thousand (previous year: € 1,483 thousand), which consists of € 216 thousand (previous year: € 1,075 thousand) from the reversal of provisions.

### 3. Taxes on income and earnings

Taxes on income include tax expenses relating to other periods totalling € 107 thousand (previous year: € 18 thousand) and tax income relating to other periods totalling € 196 thousand (previous year: € 231 thousand).

Taxes on income include income from deferred taxes totalling € 437 thousand (previous year: € 251 thousand).

## E. OTHER DISCLOSURES

### 1. Contingent liabilities from unrecognised liabilities in accordance with section 251 HGB

HÖRMANN Industries GmbH, Kirchseeon, is jointly and severally liable with one of its subsidiaries for a loan granted by Commerzbank AG, Frankfurt am Main, to HÖRMANN Holding GmbH & Co. KG, Kirchseeon, up to an amount of € 0.2 million. As at 30 June 2024, this guarantee facility was utilised in the amount of € 0.2 million. HÖRMANN Holding GmbH & Co. KG, Kirchseeon, conducts its business properly and in such a way as to ensure that it can fulfil all of its obligations from its own resources and that HÖRMANN Industries GmbH, Kirchseeon, is therefore not expected to be called upon. It therefore does not appear necessary to recognise contingent liabilities on the balance sheet date.

### 2. Other financial obligations

Obligations from leasing, rental and tenancy agreements and other longer-term contracts amount to € 62.6 million. Of the other financial obligations, € 17.6 million have a term of up to one year, € 39.8 million have a term of more than one to five years and € 5.1 million have a term of more than five years.

### 3. Non-standard transactions with related parties

In the financial year, there were no material transactions with related parties that were necessary for the assessment of the financial position and were not concluded at arm's length.

### 4. Management

During the financial year, the business of the parent company was managed by the following persons:

- ♦ Dr Michael Radke, engineer
- ♦ Mr Johann Schmid-Davis, business economist
- ♦ Dr Christian Baur, engineer

The managing directors are exempt from the restrictions of Section 181 of the German Civil Code (BGB) for legal transactions with the company.

With reference to Section 314 (3) HGB in conjunction with Section 286 (4) HGB, the company makes no disclosures regarding the remuneration of the managing directors.

### 5. Employees

Excluding trainees and managing directors, the average number of employees in the first half of 2024 was 2,936 (full year 2023: 2,919). The average number of trainees also totalled 72 (full year 2023: 76).

Average number of employees by group:

Group	1st half-year 2024
Production	1,926
Sales/Project Management	312
Development	379
Administration	319
<b>Total</b>	<b>2,936</b>

### 6. Exemption in accordance with section 264 (3) HGB

The subsidiaries

- ♦ HÖRMANN Automotive GmbH, Kirchseeon,
- ♦ HÖRMANN Automotive Saarbrücken GmbH, Saarbrücken,
- ♦ HÖRMANN Automotive St. Wendel GmbH, St. Wendel,
- ♦ HÖRMANN Automotive Wackersdorf GmbH, Wackersdorf,
- ♦ HÖRMANN Warnsysteme GmbH, Kirchseeon,
- ♦ HÖRMANN Intralogistics Solutions GmbH, Munich,
- ♦ HÖRMANN BauPlan GmbH, Chemnitz, VacuTec Meßtechnik GmbH, Dresden,
- ♦ HÖRMANN Rawema Engineering & Consulting GmbH, Chemnitz,
- ♦ HÖRMANN Digital GmbH, Kirchseeon,
- ♦ HÖRMANN Finance & Accounting GmbH, Kirchseeon,
- ♦ HÖRMANN Intralogistics GmbH, Kirchseeon,
- ♦ HÖRMANN Intralogistics Services GmbH, Salzgitter,

utilise the exemption provision regarding the disclosure of their annual financial statements in accordance with Section 325 HGB and, where applicable, the provisions regarding the preparation of notes to the financial statements and a management report in accordance with Section 264 (3) HGB.

### 7. Group affiliation

HÖRMANN Industries GmbH, Kirchseeon, and its direct and indirect subsidiaries are recognised as affiliated companies in accordance with Section 271 (2) HGB in conjunction with Section 290 HGB. § 290 HGB in the consolidated financial statements of HÖRMANN Holding (ultimate parent company) GmbH & Co. KG, Kirchseeon, with the largest scope of consolidation. The consolidated financial statements of HÖRMANN Holding GmbH & Co. KG, Kirchseeon, are submitted to the company register and can be accessed at [www.unternehmensregister.de](http://www.unternehmensregister.de).



#### F. CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement is structured in accordance with DRS 21 (German Accounting Standards).

The **cash flow from operating activities** is an indicator of the extent to which the company's operating activities have succeeded in generating cash surpluses.

**Cash flow from investing activities** indicates the extent to which expenditure has been made on resources that are expected to generate future income and cash flows.

**Cash flow from financing activities** includes the interest payments made to finance the HÖRMANN Industries Group as a result of the bond issued.

#### Definition of cash and cash equivalents

The cash and cash equivalents stated in the **consolidated cash flow statement at the end of the period** consisted exclusively of short-term bank balances and cash in hand. Please refer to the explanations in the Group management report, page 13.

Kirchseeon, in August 2024

HÖRMANN Industries GmbH

Dr.-Ing. Michael Radke

Johann Schmid-Davis

Dr.-Ing. Christian Baur



» Despite the challenging market environment at present, we are continuing to systematically pursue a growth path and are pressing ahead with digitalisation and the strategic reorientation of the pioneering HÖRMANN Intralogistics division. «

DR CHRISTIAN BAUR, CTO



## Imprint

### **HÖRMANN Industries GmbH**

Hauptstraße 45–47  
85614 Kirchseeon  
Germany

### **Responsible**

Dr.-Ing. Michael Radke, CEO  
Johann Schmid-Davis, CFO  
Dr.-Ing. Christian Baur, CTO

### **Accounting & Controlling**

Andreas Wolfrum

### **Marketing & Communication**

Celina Begolli

### **Investor Relations**

IR.on AG

### **Layout**

Kochan & Partner GmbH, Munich

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HÖRMANN Industries GmbH  
Hauptstraße 45-47 / 85614 Kirchseeon  
T +49 8091 5630-0

[www.hoermann-gruppe.com](http://www.hoermann-gruppe.com)