Interim Report Q3 2021

INDUS Holding AG
Interim Report Q3 2021

Highlights

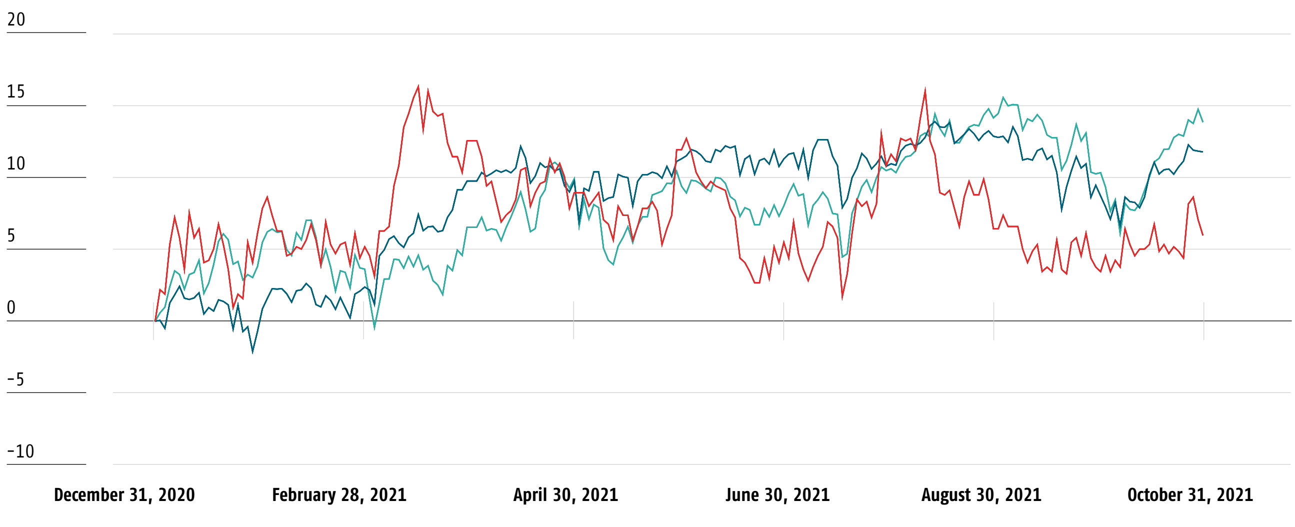
in EUR million	Q1–Q3 2021	Q1–Q3 2020
Sales	1,296.4	1,164.1
EBITDA	157.1	114.4
EBIT before impairment	86.8	45.1
EBIT margin before impairment (in %)	6.7	3.9
Impairment	-8.2	-40.8
EBIT	78.6	4.3
EBIT margin (in %)	6.1	0.4
Group net income (earnings after taxes)	39.4	-33.5
Earnings per share (in EUR)	1.48	-1.40
Operating cash flow	74.1	98.2
Cash flow from operating activities	59.8	84.6
Cash flow from investing activities	-105.4	-29.0
Cash flow from financing activities	14.4	6.9
	September 30, 2021	December 31, 2020
Total assets	1,895.5	1,728.8
Equity	773.1	676.4
Equity ratio (in %)	40.8	39.1
Working capital	482.5	410.5
Net debt	522.7	518.9
Cash and cash equivalents	161.2	194.7
Portfolio companies (number as of reporting date)	47	46

Contents

INDUS raises sales despite harsher market environment

- Sales in the first nine months reach approximately EUR 1.3 billion (+11.4%)
- EBIT before impairment climbs to EUR 86.8 million
- Uncertain conditions have negative impact on Automotive Technology
- EBIT forecast adjusted for 2021 financial year

SHARE PRICE PERFORMANCE OF THE INDUS SHARE JANUARY TO OCTOBER 2021 EXCL. DIVIDEND (in %)



Source: Bloomberg

Letter to the Shareholders

Dear Shareholders,

INDUS portfolio companies' sales rose to approximately EUR 1.3 billion in the first nine months of 2021. This represents an increase of 11.4% against the same period of the previous year. Before impairment, the Group generated operating income (EBIT) of around EUR 87 million. The EBIT margin before impairment was 6.7%.

Overall, the INDUS Group's positive development continued despite an increasingly complex market environment, in the third quarter of 2021. The situation on the procurement markets has intensified. This is affecting not only the availability of materials but also leading to higher prices. In addition, the cost of energy and freight are rising sharply.

Sales increased in all segments of our portfolio. Portfolio companies in the Engineering segment (+19.7%) and the Construction/Infrastructure segment (+14.3%) saw an expansion in their operating activities. While the sharply rising material costs curbed EBIT margins in the Construction/Infrastructure and Metals Technology segments, the positive development in the Engineering segment has been particularly pleasing. The EBIT margin came to 11.5% after the first nine months. The segment is therefore gradually returning to its former level. In the Medical Engineering/Life Science segment, the moderate positive development continues.

The market environment for companies in the Automotive Technology segment – that supply series production or are active in development for the vehicle industry – deteriorated further in the last quarter. Due to the chip shortage, vehicle sales have taken an unexpected and dramatic downturn. In some cases, production has come to a standstill for manufacturers; this is having a clear impact on series suppliers. The chip shortage has also significantly hampered one portfolio company's ability to supply measuring technology products. And the rigid cost-cutting measures put into place by vehicle manufacturers are also being felt by companies in development and prototype construction. Due to changes in the future outlook, the annual impairment test led us to recognize impairment of EUR 5.7 million at one portfolio company in the Automotive Technology segment.

We are in late-stage sales negotiations with a strategic investor regarding our portfolio company and series supplier WIESAUPLAST. The probability that these negotiations will be completed in the near future is very high. The company has therefore been reclassified to the balance sheet item "assets held for sale". As part of the remeasurement of assets and liabilities we have recognized an impairment of EUR 2.5 million.

Following the recognition of impairment, the INDUS Group's operating income (EBIT) amounts to approximately EUR 79 million. The EBIT margin is 6.1%.

As expected, the Group's working capital rose as a result of an increase in operating activities, targeted stockpiling of materials that are difficult to obtain, and higher materials prices. With liquidity amounting to around EUR 161 million, the Group is in a comfortable position. This gives us the flexibility to act on the M&A activities we have planned. Following the acquisition of JST, WIRUS and FLACO, we are currently in promising talks regarding further acquisitions in the sectors we have identified as growth industries.

We expect considerable uncertainties to continue through the end of 2021 and the beginning of 2022 – especially in the field of material availability and price development. The Automotive Technology segment will continue to be affected by a lack of orders from the automotive industry in the fourth quarter. We hope that sufficient chips will be available in 2022 so that vehicle production can pick up again. We anticipate that sales development will remain stable in the other four segments until the end of the year. Our sales forecast for the INDUS Group for the whole of 2021 remains unchanged at between EUR 1.6 billion and EUR 1.75 billion. Due to the currently increasing uncertainties in the automotive technology market environment, we have decided to adjust our forecast for operating income (EBIT). We now anticipate EBIT of between EUR 95 million and EUR 110 million in this year of transition.

Our PARKOUR strategy is progressing. Following the successful implementation of INTERIM SPRINT last year, we will be taking another important step with the sale of the WIESAUPLAST Group and reducing dependence on series suppliers for the automotive industry in our portfolio. The coronavirus pandemic and the associated developments in the economy and society require our Board of Management to consistently look at future opportunities. We are thus currently taking a close look at the next steps in implementing our PARKOUR strategy. We will inform you of all developments in due course.

Yours faithfully,

Bergisch Gladbach, November 2021

Dr. Johannes Schmidt　　Dr. Jörn Großmann

Axel Meyer　　Rudolf Weichert

Interim Management Report

Performance of the INDUS Group in the First Nine Months of 2021

CONSOLIDATED STATEMENT OF INCOME (in EUR million)

			DIFFERENCE				DIFFERENCE	
	Q1–Q3 2021	Q1–Q3 2020	absolute	in %	Q3 2021	Q3 2020	absolute	in %
Sales	**1,296.4**	**1,164.1**	**132.3**	**11.4**	**446.1**	**389.9**	**56.2**	**14.4**
Other operating income	10.4	12.7	-2.3	-18.1	2.0	3.1	-1.1	-35.5
Own work capitalized	3.3	3.2	0.1	3.1	0.7	0.4	0.3	75.0
Change in inventories	24.1	-6.4	30.5	>100	8.1	-9.3	17.4	>100
Overall performance	**1,334.2**	**1,173.6**	**160.6**	**13.7**	**456.9**	**384.1**	**72.8**	**19.0**
Cost of materials	-616.8	-529.9	-86.9	-16.4	-213.9	-166.1	-47.8	-28.8
Personnel expenses	-394.4	-377.4	-17.0	-4.5	-131.5	-117.8	-13.7	-11.6
Other operating expenses	-165.9	-151.9	-13.9	-9.2	-56.9	-52.3	-4.6	-8.8
EBITDA	**157.1**	**114.4**	**42.7**	**37.3**	**54.6**	**47.9**	**6.7**	**14.0**
Depreciation/amortization	-78.5	-110.1	31.7	28.8	-32.3	-25.3	-7.0	-27.7
Operating income (EBIT)	**78.6**	**4.3**	**74.3**	**>100**	**22.3**	**22.6**	**-0.3**	**-1.3**
Financial income	-15.0	-10.6	-4.4	-41.5	-5.2	-5.6	0.4	7.1
Earnings before taxes (EBT)	**63.6**	**-6.3**	**69.9**	**>100**	**17.1**	**17.0**	**0.1**	**0.6**
Income taxes	-24.2	-27.2	3.0	11.0	-6.5	-11.2	4.7	42.0
Earnings after taxes	**39.4**	**-33.5**	**72.9**	**>100**	**10.6**	**5.8**	**4.8**	**82.8**
of which attributable to non-controlling shareholders	0.5	0.8	-0.3	-37.5	0.1	0.2	-0.1	-50.0
of which attributable to INDUS shareholders	38.9	-34.3	73.2	>100	10.5	5.6	4.9	87.5
Earnings per share	**1.48**	**-1.40**	**2.88**	**>100**	**0.39**	**0.23**	**0.16**	**80.0**

The first nine months of 2021 went well for the INDUS Group overall. In comparison with the previous year, the effects of the coronavirus pandemic are declining.

The Construction/Infrastructure, Engineering, Medical Engineering/Life Science and Metals Technology segments partially saw significantly increased sales and operating income (EBIT) in comparison with the same period of the previous year. Despite a clear improvement in sales and income against the previous year, the Automotive Technology segment has been very negatively affected by the restructuring projects at the two series suppliers as well as rising costs for materials and logistics, material availability (chip shortage) and a decrease in orders from OEMs.

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

11.4% increase in sales

In the period January through September 2021, the INDUS portfolio companies generated sales of EUR 1,296.4 million. In total, this equates to an 11.4% increase in sales (EUR 132.3 million). Inorganic growth as a result of the new acquisitions of JST, WIRUS and FLACO amounted to 3.2%. At the same time, the INTERIM SPRINT package of measures meant the INDUS Group lost 2.1% in sales.

Revenue grew the strongest in the Engineering segment in the first nine months of the year with a 19.7% increase against the previous year, however, the other segments also recorded a clear year-over-year increase in sales.

At EUR 1,334.2 million, the overall performance exceeded the previous year's figure of EUR 1,173.6 million by 13.7% (EUR 160.6 million). The cost of materials rose disproportionately to sales by 16.4% (EUR 86.9 million) to EUR 616.8 million (previous year: EUR 529.9 million). At 47.6%, the cost-of-materials ratio is higher than in the previous year (45.5%). Personnel expenses rose less steeply and by just 4.5% to EUR 394.4 million (previous year: EUR 377.4 million). The personnel expense ratio decreased by 2.0 percentage points from 32.4% to 30.4%.

Other operating expenses of EUR 165.9 million (previous year: EUR 151.9 million) were 9.2% (EUR 14.0 million) higher in the reporting period than in the same period of the previous year. This is a little lower than the growth in sales (11.4%). This development mainly reflects the higher expenses for outbound shipments, packaging, trade fairs and travel. This is due to price increases on the one hand, and the renewed significant increase in business activities on the other.

EBITDA of EUR 157.1 million is up EUR 42.7 million against the previous year's figure (EUR 114.4 million).

Depreciation/amortization decreased by EUR 31.6 million to EUR 78.5 million in total (previous year: EUR 110.1 million). This included depreciation/amortization of EUR 70.3 million (previous year: EUR 69.3 million) and impairments of EUR 8.2 million (previous year: EUR 40.8 million). The impairments relate to the Automotive Technology segment (previous year: Automotive Technology EUR 33.8 million; Engineering EUR 2.3 million; Metals Technology EUR 4.7 million).

Operating income up by EUR 74.3 million year-over-year

At EUR 78.6 million, operating income (EBIT) was up EUR 74.3 million on the previous year's figure (EUR 4.3 million). The EBIT margin rose to 6.1% (previous year: 0.4%). The reasons for this marked increase in the operating income (EBIT) and the EBIT margin were the coronavirus pandemic, which had a severe impact in the first nine months of the previous year, the general increase in business activities at the portfolio companies, and the positive effects of INTERIM SPRINT.

Operating income before impairment came to EUR 86.8 million (previous year: EUR 45.1 million). The EBIT margin before impairment climbed to 6.7% from 3.9% in the reporting period.

Financial income decreased by EUR 4.4 million to EUR -15.0 million. In particular, this was the result of higher expenses from the valuation of minority interests. Financial income includes net interest, income from shares accounted for using the equity method and other financial income. The valuations of the interest rate swaps and minority interests are reported within other financial income.

At EUR 63.6 million, earnings before taxes (EBT) were up EUR 69.9 million on the previous year's figure (EUR -6.3 million). Tax expenses decreased by EUR 3.0 million to EUR 24.2 million (previous year: EUR 27.2 million). Before the interests attributable to non-controlling shareholders were deducted, earnings after taxes had increased by EUR 72.9 million to EUR 39.4 million (previous year: EUR -33.5 million). Earnings per share came to EUR 1.48, following EUR -1.40 in the previous year.

During the first nine months of 2021, the INDUS Group companies employed 10,828 people on average (previous year: 10,693 employees).

Acquisition of JST

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

The initial consolidation took place on January 1, 2021.

Acquisition of WIRUS

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

The initial consolidation took place on May 1, 2021.

Acquisition of FLACO

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

Probable sale of WIESAUPLAST to strategic investor

The Board of Management of INDUS Holding AG is in late-stage negotiations with a strategic investor regarding the sale of the Automotive Technology segment's WIESAUPLAST GmbH & Co. KG and its subsidiaries. As of September 30, 2021, the sale is not considered certain but is highly probable in the near future. WIESAUPLAST manufactures high-precision plastic parts for the automotive technology industry, primarily safety components including for hydraulic brake systems, in Germany and Mexico. WIESAUPLAST has been part of the INDUS Group since 1997.

Capital increase

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

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

Transactions involving interests attributable to non-controlling shareholders

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

Segment Reporting

INDUS Holding AG divides its investment portfolio into five segments: Construction/Infrastructure, Automotive Technology, Engineering, Medical Engineering/Life Science and Metals Technology. As of September 30, 2021, our investment portfolio encompassed 47 operating units.

Construction/Infrastructure

Growth in sales and EBIT

The Construction/Infrastructure segment continues to generate a high level of income and has recorded growth over a number of years. The acquisition of 70% of shares in WIRUS Fenster GmbH & Co. KG (WIRUS) in Rietberg-Mastholte (Gütersloh) was the most material change in the segment this financial year. WIRUS produces window frames made of plastic and aluminum, sliding, house and side doors, and privacy and sun-protection systems. With the acquisition of WIRUS, INDUS has gained a hidden champion with a high level of digitalization and solid growth for its investment portfolio and has strengthened the Construction/Infrastructure segment further.

Segment sales in the Construction/Infrastructure segment increased by EUR 42.4 million (14.3%) as against the same period of the previous year to EUR 338.0 million. Growth in sales can be attributed to inorganic growth of 9.4% from the acquisition of WIRUS and organic growth of 4.9%, which the majority of the portfolio companies in the segment contributed to.

At EUR 54.2 million, operating income (EBIT) was up by EUR 1.1 million or 2.1% on the previous year's figure (EUR 53.1 million). At 16.0%, the EBIT margin once again came in above the target of 15%, but below the unusually high figure of 18.0% recorded in the previous year.

All in all, the Construction/Infrastructure segment remains at a high level and is in line with our expectations after the first nine months. Winter business was somewhat subdued in some of the portfolio companies in the first quarter. A clear uptick was recorded in the second and third quarters. In the third quarter alone, operating income (EBIT) amounted to EUR 18.6 million compared with EUR 16.9 million in the same period of the previous year. Both the newly acquired WIRUS and the existing portfolio companies contributed to the EUR 1.7 million (10.1%) increase. Incoming orders remain at a good level. Due to targeted stockpiling of raw materials, amongst other measures, none of the companies in the segment have yet suffered from any serious materials shortages. However, the companies have been facing steeply rising material costs for a number of months now that have to be compensated for by increasing the prices of the end products.

We therefore continue to anticipate a significant rise in sales and a slight rise in operating income (EBIT) for the full year. The EBIT margin will be within a range of 13% to 15%.

Investments made in the segment related to both fixed assets and the acquisition of WIRUS. Investments in fixed assets amounted to EUR 10.7 million, putting them just under the previous year's figure (EUR 11.4 million).

KEY FIGURES FOR CONSTRUCTION/INFRASTRUCTURE (in EUR million)

			DIFFERENCE				DIFFERENCE	
	Q1–Q3 2021	Q1–Q3 2020	absolute	in %	Q3 2021	Q3 2020	absolute	in %
Revenue with external third parties	338.0	295.6	42.4	14.3	121.8	96.7	25.1	26.0
EBITDA	68.4	64.7	3.7	5.7	23.8	20.8	3.0	14.4
Depreciation/amortization	-14.2	-11.6	-2.6	-22.4	-5.2	-3.9	-1.3	-33.3
EBIT	54.2	53.1	1.1	2.1	18.6	16.9	1.7	10.1
EBIT margin in %	16.0	18.0	-2.0 pp	–	15.3	17.5	-2.2 pp	–
Investments	43.4	11.4	32.0	>100	3.6	2.9	0.7	24.1
Employees	2,127	1,890	237	12.5	2,273	1,894	379	20.0

Automotive Technology

Probable sale of WIESAUPLAST

Sales in the Automotive Technology segment increased by EUR 14.8 million, or 7.5%, to EUR 213.0 million (previous year: EUR 198.2 million) in the first three quarters of 2021. This increase in sales was primarily due to companies in this segment being particularly severely hit by the coronavirus lockdown in the same period of the previous year. In addition, a number of new series ramp-ups are also having a positive effect on sales. This has overcompensated for effects that have had a negative impact on sales. One of these is the clear decline in orders from OEMs due to the lack of chips starting in the third quarter. The figures for the previous year also include the now deconsolidated companies KIEBACK and FICHTHORN; these were sold in 2020 as part of the INTERIM SPRINT package of measures. The two segment companies sold under INTERIM SPRINT reduced sales in a year-over-year comparison by 4.4%, resulting in sales growth in the other segment companies of 11.9%.

At EUR -33.3 million, operating income (EBIT) before impairment was up by EUR 7.8 million on the previous year's figure (EUR -41.1 million). The EBIT margin before impairment was -15.6%, as against -20.7% in the previous year. The main reasons for the improvement in EBIT were firstly the effects of the coronavirus in the previous year and secondly the deconsolidation of the two companies mentioned above. As a result of annual impairment testing, one portfolio company in the field of model construction recognized impairment losses of EUR 5.7 million.

The Board of Management of INDUS Holding AG is in late-stage negotiations with a strategic investor regarding the sale of the Automotive Technology segment's WIESAUPLAST GmbH & Co. KG and its subsidiaries. As of September 30, 2021, the sale is not considered certain but is highly probable in the near future. The assets and liabilities of the WIESAUPLAST companies were remeasured and reclassified as "assets held for sale" and "liabilities in connection with assets held for sale" in connection with the expected sale. The remeasurement resulted in the recognition of a EUR 2.5 million impairment (in accordance with IFRS 5).

This brought total impairment in the Automotive Technology segment to EUR 8.2 million (previous year: EUR 33.8 million). At EUR -41.5 million, operating income (EBIT) was up by EUR 33.4 million on the previous year's figure (EUR -74.9 million).

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

The whole automotive sector is currently feeling the global chip shortage and the general scarcity of materials. This is also having a serious impact on one segment company's ability to deliver measuring technology products. There is currently no way of knowing how long this situation will continue. This is also causing great uncertainty amongst

KEY FIGURES FOR AUTOMOTIVE TECHNOLOGY (in EUR million)

			DIFFERENCE				DIFFERENCE	
	Q1–Q3 2021	Q1–Q3 2020	absolute	in %	Q3 2021	Q3 2020	absolute	in %
Revenue with external third parties	213.0	198.2	14.8	7.5	69.5	65.6	3.9	5.9
EBITDA	-13.6	-20.2	6.6	32.7	-7.2	-5.5	-1.7	-30.9
Depreciation/amortization	-19.7	-20.9	1.2	5.7	-6.6	-6.5	-0.1	-1.5
EBIT before impairment	-33.3	-41.1	7.8	19.0	-13.8	-12.0	-1.8	-15.0
EBIT margin before impairment in %	-15.6	-20.7	5.1 pp	–	-19.9	-18.3	-1.6 pp	–
Impairment	-8.2	-33.8	25.6	75.7	-8.2	0.0	-8.2	–
EBIT	-41.5	-74.9	33.4	44.6	-22.0	-12.0	-10.0	-83.3
EBIT margin in %	-19.5	-37.8	18.3 pp	–	-31.7	-18.3	-13.4 pp	–
Investments	15.1	7.3	7.8	>100	4.5	3.4	1.1	32.4
Employees	3,288	3,228	60	1.9	3,308	3,161	147	4.7

INDUS portfolio companies in the Automotive Technology segment due to rising material prices, and curbing sales. Passing higher prices on to OEMs is only partially possible and with a delay.

We expect a slight rise in sales and a sharp rise in income in the Automotive Technology segment for the whole of 2021 in comparison with the previous year. Operating income (EBIT) on the other hand will remain clearly negative – especially in light of the ongoing restructuring processes and higher material prices.

The investments of EUR 15.1 million in the Automotive Technology segment (previous year: EUR 7.3 million) largely relate to the construction of new production facilities and the start-up of new series at both series suppliers.

Engineering

HORN acquires FLACO

Following a difficult 2020, dominated by the coronavirus pandemic, companies in the Engineering segment are currently enjoying a solid comeback. The segment was also able to gain JST Jungmann Systemtechnik GmbH & Co. KG with economic effect at the beginning of the year. JST is an SME that provides integrated control room solutions and extensive know-how in the conceptual design, construction, and maintenance of control rooms. By the middle of the year, HORNGROUP Holding GmbH & Co. KG acquired 80% of the shares in FLACO Geräte GmbH, Gütersloh. With around 65 employees, FLACO manufactures products and systems for fluid management in workshops, fueling stations and industrial plants.

Segment sales in the Engineering segment amounted to EUR 311.9 million in the first nine months of 2021, recording a clear increase of EUR 51.4 million (19.7%) against the same period of the previous year. This was the result of a general increase in operating activities across virtually the entire segment; the increase was particularly noticeable in the field of logistics. Company acquisitions also led to an increase in sales. 16.2% of the growth in sales in this segment was due to organic growth and 3.5% to inorganic growth.

KEY FIGURES FOR ENGINEERING (in EUR million)

			DIFFERENCE				DIFFERENCE	
	Q1–Q3 2021	Q1–Q3 2020	absolute	in %	Q3 2021	Q3 2020	absolute	in %
Revenue with external third parties	311.9	260.5	51.4	19.7	113.1	94.7	18.4	19.4
EBITDA	52.2	31.9	20.3	63.6	21.7	17.6	4.1	23.3
Depreciation/amortization	-16.4	-15.2	-1.2	-7.9	-5.7	-5.1	-0.6	-11.8
EBIT before impairment	35.8	16.6	19.2	>100	16.0	12.5	3.5	28.0
EBIT margin before impairment in %	11.5	6.4	5.1 pp	–	14.1	13.2	0.9 pp	–
Impairment	0.0	-2.3	2.3	100.0	0.0	-2.3	2.3	100.0
EBIT	35.8	14.3	21.5	>100	16.0	10.2	5.8	56.9
EBIT margin in %	11.5	5.5	6.0 pp	–	14.1	10.8	3.3 pp	–
Investments	34.0	2.5	31.5	>100	5.2	1.3	3.9	>100
Employees	2,250	2,247	3	0.1	2,270	2,226	44	2.0

A disproportionate increase in operating income (EBIT) of EUR 21.5 million was recorded, taking the figure to EUR 35.8 million, while the previous year's figure contained impairment in the amount of EUR 2.3 million. At 11.5%, the EBIT margin clearly outperformed the previous year's figure (5.5%). Looking at the third quarter of 2021 in isolation, an improvement in operating income from EUR 10.2 million to EUR 16.0 million was achieved. The EBIT margin for the third quarter of 2021 came to 14.1% (previous year: 10.8%). The impairment recognized as a result of annual impairment testing of EUR 2.3 million in the same period of the previous year must be noted here.

The majority of companies in the segment recorded improved operating income (EBIT) in the first nine months of 2021 as well as a clear increase in incoming orders that will have a positive effect in the coming months.

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

The investments of EUR 34.0 million made during the reporting period relate to the acquisition of JST and FLACO, and investments in fixed assets. Investments in property, plant and equipment amounted to EUR 3.8 million, which represents an increase of EUR 1.3 million against the same period of the previous year (EUR 2.5 million).

Medical Engineering/Life Science

EBIT margin reaches 8.1%

Portfolio companies in the Medical Engineering/Life Science segment reported sales of EUR 110.6 million in the first nine months of 2021, which corresponds to an increase of EUR 3.9 million (+3.7%). The increase in sales is completely organic and generated particularly in the field of accessories for walkers and wheelchairs and bandages and support stockings.

Operating income (EBIT) also improved by EUR 1.2 million (15.4%), amounting to EUR 9.0 million (previous year: EUR 7.8 million). The EBIT margin climbed from 7.3% in the first nine months of 2020 to 8.1% in the reporting period. The figures for the same period of the previous year include the coronavirus-related decline in the spring. The effects of the coronavirus crisis were noticeable right into the first quarter of 2021. At EUR 37.4 million (previous year: EUR 36.0 million), sales in the third quarter of 2021 were at a somewhat moderate level.

Relocation and moving expenses will be incurred for the relocation of a production site over the course of this financial year and into the next financial year, which will only be offset by cost savings from 2023.

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

KEY FIGURES FOR MEDICAL ENGINEERING/LIFE SCIENCE (in EUR million)

			DIFFERENCE				DIFFERENCE	
	Q1–Q3 2021	Q1–Q3 2020	absolute	in %	Q3 2021	Q3 2020	absolute	in %
Revenue with external third parties	110.6	106.7	3.9	3.7	37.4	36.0	1.4	3.9
EBITDA	16.7	15.3	1.4	9.2	5.7	6.2	-0.5	-8.1
Depreciation/amortization	-7.7	-7.5	-0.2	-2.7	-2.5	-2.5	0.0	0.0
EBIT	9.0	7.8	1.2	15.4	3.2	3.7	-0.5	-13.5
EBIT margin in %	8.1	7.3	0.8 pp	–	8.6	10.3	-1.7 pp	–
Investments	7.7	3.0	4.7	>100	1.2	1.2	0.0	0.0
Employees	1,611	1,656	-45	-2.7	1,616	1,630	-14	-0.9

At EUR 7.7 million, investments were substantially higher than in the same period of the previous year (EUR 3.0 million) and mainly related to the acquisition of a new production location.

Metals Technology

Discontinuation of BACHER complete

The portfolio companies in the Metals Technology segment generated an increase in sales in the first nine months of 2021 of EUR 19.7 million (6.5%) to EUR 323.0 million (previous year: EUR 303.3 million). This effect was distributed across several companies who were able to more than compensate for the sales lost through the implementation of the INTERIM SPRINT measures. As part of this package of measures, the decision was taken and implemented in 2020 to discontinue BACHER and the plastics plating division at SIMON. SIMON was also able to sell its Kinetics division. The discontinuation of BACHER has now also been completed and the last orders were processed in the third quarter. Due to the implementation of the INTERIM SPRINT measures, sales decreased in a year-over-year comparison by 5.1%, resulting in sales growth in the other segment companies of 11.6%.

At EUR 27.7 million, operating income (EBIT) was up by EUR 17.5 million on the previous year's figure (EUR 10.2 million). At 8.6%, the EBIT margin exceeded the previous year's figure by 5.2 percentage points (3.4%). This was due to the improvement in the financial position of the portfolio companies in the segment and the cessation of one-time impacts and impairment losses related to INTERIM SPRINT in the previous year.

Portfolio companies in the segment will face additional negative impacts from rising raw material prices in the coming months. So far, the companies have been able to partially absorb these price increases through the targeted stockpiling of raw materials.

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

The investment volume in the first nine months of the year came to EUR 5.7 million, which was significantly higher than in the previous year (EUR 3.7 million).

KEY FIGURES FOR METALS TECHNOLOGY (in EUR million)

			DIFFERENCE				DIFFERENCE	
	Q1–Q3 2021	Q1–Q3 2020	absolute	in %	Q3 2021	Q3 2020	absolute	in %
Revenue with external third parties	323.0	303.3	19.7	6.5	104.3	96.9	7.4	7.6
EBITDA	39.2	28.3	10.9	38.5	12.0	10.2	1.8	17.6
Depreciation/amortization	-11.5	-13.4	1.9	14.2	-3.9	-4.2	0.3	7.1
EBIT before impairment	27.7	14.9	12.8	85.9	8.1	6.0	2.1	35.0
EBIT margin before impairment in %	8.6	4.9	3.7 pp	–	7.8	6.2	1.6 pp	–
Impairment	0.0	-4.7	4.7	100.0	0.0	-0.6	0.6	100.0
EBIT	27.7	10.2	17.5	>100	8.1	5.4	2.7	50.0
EBIT margin in %	8.6	3.4	5.2 pp	–	7.8	5.6	2.2 pp	–
Investments	5.7	3.7	2.0	54.1	1.8	1.7	0.1	5.9
Employees	1,529	1,632	-103	-6.3	1,501	1,596	-95	-6.0

Financial Position

CONSOLIDATED STATEMENT OF CASH FLOWS, CONDENSED (in EUR million)

	Q1–Q3 2021	Q1–Q3 2020	DIFFERENCE absolute	DIFFERENCE in %
Earnings after taxes	**39.4**	**-33.5**	**72.9**	**>100**
Depreciation/amortization	78.5	109.0	-30.5	-28.0
Other non-cash changes	39.7	38.2	1.5	3.9
Cash-effective change in working capital	-76.2	22.9	-99.1	<-100
Change in other balance sheet items	20.6	-11.1	31.7	>100
Tax payments	-27.9	-27.3	-0.6	-2.2
Operating cash flow	**74.1**	**98.2**	**-24.1**	**-24.5**
Interest	-14.3	-13.6	-0.7	-5.1
Cash flow from operating activities	**59.8**	**84.6**	**-24.8**	**-29.3**
Cash outflow from investments in property, plant and equipment and intangible assets	-43.1	-28.1	-15.0	-53.4
Cash outflow for investments in consolidated companies	-62.9	0.0	-62.9	–
Cash inflow from the disposal of assets	0.6	-0.9	1.5	>100
Cash flow from investing activities	**-105.4**	**-29.0**	**-76.4**	**<-100**
Contributions from capital increase	84.7	0.0	84.7	–
Dividend payment	-21.5	-19.6	-1.9	-9.7
Dividends paid to minority shareholders	-0.3	-0.5	0.2	40.0
Payments related to transactions involving interests attributable to non-controlling shareholders	-0.7	0.0	-0.7	–
Cash inflow from raising of loans	57.5	140.0	-82.5	-58.9
Cash outflow from the repayment of loans	-89.4	-76.3	-13.1	-17.2
Cash outflow from the repayment of lease liabilities	-15.9	-14.4	-1.5	-10.4
Cash outflow from the repayment of contingent purchase price commitments	0.0	-22.3	22.3	100.0
Cash flow from financing activities	**14.4**	**6.9**	**7.5**	**>100**
Net changes in cash and cash equivalents	-31.2	62.5	-93.7	<-100
Changes in cash and cash equivalents caused by currency exchange rates	1.0	-1.3	2.3	>100
Changes in cash and cash equivalents in connection with assets held for sale	-3.3	-0.2	-3.1	<-100
Cash and cash equivalents at the beginning of the period	194.7	135.1	59.6	44.1
Cash and cash equivalents at the end of the period	**161.2**	**196.1**	**-34.9**	**-17.8**

Statement of cash flows: High cash flow from investing activities

Based on earnings after taxes of EUR 39.4 million (previous year: EUR -33.5 million), operating cash flow of EUR 74.1 million was generated. At EUR 24.1 million, this was below the operating cash flow seen in the same period of the previous year (EUR 98.2 million). This was due in particular to an outflow in working capital in the current financial year of EUR -76.2 million (previous year: EUR 22.9 million). This rise resulted from the expected build up in working capital during the year stemming from the considerable increase in business activities in comparison with the first nine months of 2020. Companies also built inventories to hedge against price hikes and raw materials shortages. The high rise in the price of raw materials has also led to a rise in the value of inventories, even though volumes remained the same.

Cash flow from investing activities came to EUR -105.4 million, compared with EUR -29.0 million in the previous year.

Due to the coronavirus crisis, the same period of the previous year was characterized by a policy of more restrained investment to secure liquidity. In contrast, a much higher level of investment in property, plant and equipment and intangible assets was recorded in the reporting period. The increase in investments in property, plant and equipment and intangible assets to EUR -43.1 million (previous year: EUR -28.1 million) relates to all segments. Investments of EUR -62.9 million in fully consolidated companies relate to the acquisition of JST and WIRUS at portfolio level and FLACO at sub-subsidiary level in the current financial year.

The cash flow from financing activities was dominated by the capital increase performed in March 2021 which resulted in cash inflow of EUR 84.7 million. The balance of cash inflow and outflow from receiving and repaying loans amounted to EUR -31.9 million in the current period. Cash inflow in the previous year included precautions against liquidity risk resulting from the coronavirus from contractually agreed credit lines. Cash outflow from the repayment of lease liabilities increased slightly year-over-year, rising to EUR -15.9 million. In the first nine months of 2020, contingent purchase price liabilities in the amount of EUR -22.3 million were paid. No contingent purchase price liabilities were repaid in the reporting year. All in all, cash flow from financing activities rose by EUR 7.5 million to EUR 14.4 million.

As of September 30, 2021, cash and cash equivalents amounted to EUR 161.2 million, remaining at a comfortable level.

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

	September 30, 2021	December 31, 2020	DIFFERENCE absolute	DIFFERENCE in %
ASSETS				
Non-current assets	**1,066.7**	**1,001.7**	**65.0**	**6.5**
Fixed assets	1,047.6	985.8	61.8	6.3
Receivables and other assets	19.1	15.9	3.2	20.1
Current assets	**828.8**	**727.1**	**101.7**	**14.0**
Inventories	389.3	332.5	56.8	17.1
Receivables and other assets	238.9	199.9	39.0	19.5
Cash and cash equivalents	161.2	194.7	-33.5	-17.2
Assets held for sale	39.4	0.0	39.4	–
Total assets	**1,895.5**	**1,728.8**	**166.7**	**9.6**
EQUITY AND LIABILITIES				
Non-current financial instruments	**1,410.0**	**1,333.5**	**76.5**	**5.7**
Equity	773.1	676.4	96.7	14.3
Borrowings	636.9	657.1	-20.2	-3.1
of which provisions	44.9	51.1	-6.2	-12.1
of which payables and deferred taxes	592.0	606.0	-14.0	-2.3
Current financing instruments	**485.5**	**395.3**	**90.2**	**22.8**
of which provisions	112.4	77.3	35.1	45.4
of which liabilities	373.1	318.0	55.1	17.3
Total equity and liabilities	**1,895.5**	**1,728.8**	**166.7**	**9.6**

Equity ratio rises to 40.8%

At EUR 1,895.5 million, the INDUS Group's consolidated total assets were EUR 166.7 million higher than they were as of December 31, 2020. The 9.6% increase is mostly due to the rise in working capital as well as the initial consolidation of JST, WIRUS and FLACO, which in total added EUR 117.2 million to assets.

The equity ratio as of September 30, 2021, amounted to 40.8%, 1.7 percentage points above the equity ratio as of December 31, 2020 (39.1%). In total, equity rose by EUR 96.7 million to EUR 773.1 million. This was primarily due to the capital increase carried out in the first quarter of 2021.

Working capital was EUR 482.5 million as of September 30, 2021, and was thus 17.5% (EUR 72.0 million) higher than as of December 31, 2020 (EUR 410.5 million). The increase in working capital during the course of the year correlated with the increase in operating activities. In addition, some portfolio companies specifically increased inventories to counteract a scarcity of raw materials and associated price rises. The high rise in the price of raw materials has also led to a rise in the value of inventories, even though volumes remained the same.

At EUR 683.9 million, financial liabilities decreased against December 31, 2020 (EUR 713.6 million). The need for financing is derived from the statement of cash flows and is dominated by the improved (cash-effective) earnings after taxes, the increase in working capital, the capital increase, and the considerably lower net borrowing in comparison with the previous year.

WORKING CAPITAL (in EUR million)

			DIFFERENCE	
	September 30, 2021	**December 31, 2020**	**absolute**	**in %**
Inventories	389.3	332.5	56.8	17.1
Trade receivables	206.4	161.9	44.5	27.5
Trade payables	-73.2	-48.9	-24.3	-49.7
Advance payments received	-21.6	-9.7	-11.9	<-100
Contract liabilities	-18.4	-25.3	6.9	27.3
Working capital	**482.5**	**410.5**	**72.0**	**17.5**

Net financial liabilities came to EUR 522.7 million as of September 30, 2021, up by EUR 3.8 million on December 31, 2020. Cash and cash equivalents declined by EUR 33.5 million, while the financial liabilities fell by a similar amount (EUR -29.7 million).

NET FINANCIAL LIABILITIES (in EUR million)

			DIFFERENCE	
	September 30, 2021	**December 31, 2020**	**absolute**	**in %**
Non-current financial liabilities	501.7	553.8	-52.1	-9.4
Current financial liabilities	182.2	159.8	22.4	14.0
Cash and cash equivalents	-161.2	-194.7	33.5	17.2
Net financial liabilities	**522.7**	**518.9**	**3.8**	**0.7**

Opportunities and Risks

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

No material deteriorations have been reported at our companies since the end of December 2020 regarding the risk situation arising from the COVID-19 pandemic. Processes are stable or are being flexibly adjusted to the coronavirus infection conditions.

The Group faces risks from increasing disturbances to the global supply chain and the availability of primary materials. One risk is that price increases – which are considerable for some materials – cannot be partially or completely passed on, another is that the availability of the necessary primary materials to maintain production is not guaranteed. In response to these current uncertainties, Group companies have analyzed their supply chain to the best of their abilities and increased stockpiles wherever it makes sense and is possible. Another risk stems from indirect effects on the part of customers. Particularly in the Automotive Technology segment – primarily due to the chip shortage – orders have declined significantly on the original forecast since the third quarter.

Outlook

Overall, the German economy continued to recover in the summer of 2021. Gross domestic product rose 1.8% in the third quarter in comparison with the previous quarter, but remains below the pre-crisis level. In the service industry in particular, the easing of the coronavirus protection measures led to a significant rise in business activities. In the manufacturing sector, the gap between the ongoing high demand for German manufactured products and reduced industrial production is widening. In light of the shortages in raw materials and precursors and disruptions in supply chains, supply bottlenecks are on the rise, putting capacity utilization under pressure.

As a result, German industrial production declined almost 5% in August against the previous month. Capital goods in particular were affected by this, in addition to intermediate goods. Automotive manufacturing is especially impacted by the chip shortage. According to the trade association VDA, production figures declined 44% in September. Exports and new registrations in Germany along with incoming orders all decreased massively against the previous month. Production and incoming orders also fell slightly in the construction industry in the late summer. In addition to materials bottlenecks, a shortage of labor is also making itself felt in this industry. However, capacity utilization and incoming orders remain at a high level. In contrast, the production level in mechanical engineering companies remained virtually stable, and the recovery from the coronavirus slump continues. Sales climbed once more, orders between June and August increased 45% year-over-year according to VDMA. The negative effects of the coronavirus pandemic continued to weigh heavily in the Medical Engineering/Life Science field in 2021. Delayed operations, a decline in visits to the doctor, and fewer prescriptions in particular restricted business activities.

Negative impacts resulting from supply issues and material bottlenecks are expected to continue for the remainder of the year. An increase in price pressure due to rising import and manufacturing prices is also expected. The uptick in the services sector is expected to drop off, meaning the outlook for the German economy is restrained. This was reflected on the ifo business climate index and ifo export forecasts in October. The German government has lowered its fall forecast for GDP to growth of 2.6%.

The construction industry appears to be bucking the difficult overall conditions. In contrast to the trend, the ifo business climate index for this sector rose once more. In the automotive technology industry and for companies in the metals industry, uncertainties in the markets are having an impact, leading business expectations to decline considerably. Despite a downturn in the ifo index, the outlook for the mechanical engineering industry remains positive. According to VDMA surveys, the majority of mechanical engineering companies anticipate sales increases in 2021. Companies in the Medical Engineering/Life Science industry continue to struggle with the consequences of the Medical Device Regulation (MDR).

The state of the global economy also indicates slower growth to come. The U.S. economy, for instance, grew more slowly than anticipated in the third quarter at 2.0%. Global supply bottlenecks, electricity shortages, and, most recently, lockdowns are all impacting the Chinese economy. The sentiment indicator "Caixin" did rise slightly at the end of October, but the Chinese state's purchasing managers index again edged down.

In the first nine months, the business of the INDUS Group in the four segments Construction/Infrastructure, Engineering, Medical Engineering/Life Science and Metals Technology all developed in line with the expectations published in the forecast in the interim report for H1 2021.

A steep decline in vehicle production by OEMs – as a result of the chip shortage – has led to a severe decline in orders received by series suppliers, seriously impacting the Automotive Technology segment in the third quarter. In addition, another set of rigid cost-cutting measures from vehicle manufacturers is impacting companies in development and prototype construction.

At EUR 74.1 million, operating cash flow was EUR 24.1 million below the previous year's level. This is largely due to the rise in working capital, which is mainly the result of an increase in operating activities, sharply rising material costs and higher stockpiling due to low material availability.

For the Construction/Infrastructure, Engineering, Medical Engineering/Life Science and Metals Technology segments, we continue to anticipate developments for the remainder of the year that are in line with our segment forecasts published in the 2021 semi-annual report. The Automotive Technology segment will continue to be negatively affected in the fourth quarter by vehicle manufacturers' low production volumes due to the chip shortage. The impairment losses of EUR 8.2 million recognized in the third quarter will also impact results.

Our sales forecast of between EUR 1.60 billion and EUR 1.75 billion for the whole of 2021 remains unchanged. In view of the growing uncertainty in the automotive market environment, we are reducing our forecast range for operating income (EBIT) to between EUR 95 million and EUR 110 million.

Condensed Consolidated Interim Financial Statements

Consolidated Statement of Income

FOR THE FIRST NINE MONTHS OF 2021

in EUR '000	Notes	Q1–Q3 2021	Q1–Q3 2020	Q3 2021	Q3 2020
REVENUE		**1,296,372**	**1,164,137**	**446,059**	**389,938**
Other operating income		10,375	12,691	2,037	3,074
Own work capitalized		3,258	3,240	673	409
Change in inventories		24,119	-6,443	8,088	-9,348
Cost of materials	[4]	-616,836	-529,866	-213,925	-166,098
Personnel expenses	[5]	-394,411	-377,437	-131,441	-117,752
Depreciation/amortization	[6]	-78,453	-110,124	-32,304	-25,327
Other operating expenses	[7]	-165,851	-151,935	-56,934	-52,294
OPERATING INCOME (EBIT)		**78,573**	**4,263**	**22,253**	**22,602**
Interest income		97	189	10	55
Interest expense		-12,463	-12,784	-3,915	-4,672
NET INTEREST		**-12,366**	**-12,595**	**-3,905**	**-4,617**
Income from shares accounted for using the equity method		742	558	281	54
Other financial income		-3,349	1,480	-1,509	-1,014
FINANCIAL INCOME	[8]	**-14,973**	**-10,557**	**-5,133**	**-5,577**
EARNINGS BEFORE TAXES		**63,600**	**-6,294**	**17,120**	**17,025**
Income taxes	[9]	-24,234	-27,223	-6,494	-11,254
EARNINGS AFTER TAXES		**39,366**	**-33,517**	**10,626**	**5,771**
of which attributable to non-controlling shareholders		545	836	128	202
of which attributable to INDUS shareholders		38,821	-34,353	10,498	5,569
Earnings per share (basic and diluted) in EUR	[10]	1.48	-1.40	0.39	0.23

Consolidated Statement of Comprehensive Income

FOR THE FIRST NINE MONTHS OF 2021

in EUR '000	Q1–Q3 2021	Q1–Q3 2020	Q3 2021	Q3 2020
EARNINGS AFTER TAXES	**39,366**	**-33,517**	**10,626**	**5,771**
Actuarial gains/losses	3,369	591	657	-1,697
Deferred taxes	-904	-223	-164	454
Items not to be reclassified to profit or loss	**2,465**	**368**	**493**	**-1,243**
Currency conversion adjustment	1,847	-6,870	1,353	-2,361
Change in the market values of hedging instruments (cash flow hedge)	1,298	609	171	230
Deferred taxes	-204	-105	-26	-21
Items to be reclassified to profit or loss	**2,941**	**-6,366**	**1,498**	**-2,152**
OTHER COMPREHENSIVE INCOME	**5,406**	**-5,998**	**1,991**	**-3,395**
TOTAL COMPREHENSIVE INCOME	**44,772**	**-39,515**	**12,617**	**2,376**
of which attributable to non-controlling shareholders	545	836	128	202
of which attributable to INDUS shareholders	44,227	-40,351	12,489	2,174

Income and expenses recorded under other comprehensive income include actuarial gains from pensions and similar obligations amounting to EUR 3,369 thousand (previous year: EUR 591 thousand). This was the result of a 0.45 percentage point increase in the interest rate for domestic pension obligations (previous year: 0.2 percentage points) and 0.18 percentage points for foreign pensions (Switzerland) (previous year: 0.0 percentage points).

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

Consolidated Statement of Financial Position

AS OF SEPTEMBER 30, 2021

in EUR '000	Notes	September 30, 2021	December 31, 2020
ASSETS			
Goodwill	[11]	403,057	380,932
Right-of-use assets from leasing/rent		82,593	85,780
Other intangible assets		139,475	93,066
Property, plant and equipment		401,355	405,470
Investment property		5,821	5,938
Financial investments		7,024	7,130
Shares accounted for using the equity method		8,296	7,527
Other non-current assets		2,879	3,915
Deferred taxes		16,236	11,992
Non-current assets		**1,066,736**	**1,001,750**
Inventories	[12]	389,254	332,463
Receivables	[13]	206,378	161,943
Other current assets		17,074	20,402
Current income taxes		15,460	17,568
Cash and cash equivalents		161,244	194,701
Assets held for sale	[14]	39,359	0
Current assets		**828,769**	**727,077**
TOTAL ASSETS		**1,895,505**	**1,728,827**
EQUITY AND LIABILITIES			
Subscribed capital		69,928	63,571
Capital reserve		318,143	239,833
Other reserves		383,528	371,904
Equity held by INDUS shareholders		**771,599**	**675,308**
Non-controlling interests in the equity		1,453	1,046
Equity		**773,052**	**676,354**
Pension provisions		43,485	49,682
Other non-current provisions		1,454	1,404
Non-current financial liabilities	[15]	501,668	553,773
Other non-current liabilities	[16]	45,860	20,139
Deferred taxes		44,527	32,109
Non-current liabilities		**636,994**	**657,107**
Other current provisions		112,398	77,339
Current financial liabilities	[15]	182,196	159,841
Trade payables		73,232	48,926
Other current liabilities	[16]	90,502	94,175
Current income taxes		11,967	15,085
Liabilities in connection with assets held for sale	[14]	15,164	0
Current liabilities		**485,459**	**395,366**
TOTAL EQUITY AND LIABILITIES		**1,895,505**	**1,728,827**

Consolidated Statement of Changes in Equity

FROM JANUARY 1–SEPTEMBER 30, 2021

in EUR '000	Subscribed capital	Capital reserve	Retained earnings	Other reserves	Equity held by INDUS shareholders	Interests attributable to non-controlling shareholders	Group equity
AS OF JAN. 1, 2020	**63,571**	**239,833**	**447,566**	**-25,056**	**725,914**	**1,807**	**727,721**
Earnings after taxes			-34,353		-34,353	836	-33,517
Other comprehensive income				-5,998	-5,998		-5,998
Total comprehensive income			**-34,353**	**-5,998**	**-40,351**	**836**	**-39,515**
Dividend payment			-19,560		-19,560	-470	-20,030
AS OF SEP. 30, 2020	**63,571**	**239,833**	**393,653**	**-31,054**	**666,003**	**2,173**	**668,176**
AS OF JAN. 1, 2021	**63,571**	**239,833**	**398,426**	**-26,522**	**675,308**	**1,046**	**676,354**
Earnings after taxes			38,821		38,821	545	39,366
Other comprehensive income				5,406	5,406		5,406
Total comprehensive income			**38,821**	**5,406**	**44,227**	**545**	**44,772**
Capital increase	6,357	78,310			84,667		84,667
Dividend payment			-21,517		-21,517	-306	-21,823
Transactions involving interests attributable to non-controlling shareholders			-11,086		-11,086	168	-10,918
AS OF SEP. 30, 2021	**69,928**	**318,143**	**404,644**	**-21,116**	**771,599**	**1,453**	**773,052**

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

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

Consolidated Statement of Cash Flows

FOR THE FIRST NINE MONTHS OF 2021

in EUR '000	Q1–Q3 2021	Q1–Q3 2020
Earnings after taxes	39,366	-33,517
Depreciation/appreciation of non-current assets	78,453	109,025
Income taxes	24,234	27,223
Financial income	14,973	10,557
Other non-cash transactions	576	438
Changes in provisions	37,218	23,619
Increase (-)/decrease (+) in inventories, receivables and other assets	-106,116	21,779
Increase (+)/decrease (-) in trade payables and other equity and liabilities	13,306	-33,632
Income taxes received/paid	-27,906	-27,249
Operating cash flow	**74,104**	**98,243**
Interest paid	-14,433	-13,850
Interest received	97	189
Cash flow from operating activities	**59,768**	**84,582**
Cash outflow from investments in		
Property, plant and equipment and intangible assets	-42,578	-26,712
Financial investments	-484	-1,315
Shares in fully consolidated companies	-62,929	0
Cash inflow from the disposal of assets		
Shares in fully consolidated companies	0	-4,305
Other assets	590	3,378
Cash flow from investing activities	**-105,401**	**-28,954**
Contributions to capital (capital increase)	84,667	0
Dividend payment	-21,517	-19,560
Dividends paid to minority shareholders	-306	-470
Cash outflow from the repayment of contingent purchase price commitments	0	-22,336
Payments related to transactions involving interests attributable to non-controlling shareholders	-713	0
Cash inflow from raising of loans	57,500	140,000
Cash outflow from the repayment of loans	-89,392	-76,344
Cash outflow from the repayment of lease liabilities	-15,825	-14,435
Cash flow from financing activities	**14,414**	**6,855**
Net changes in cash and cash equivalents	-31,219	62,483
Changes in cash and cash equivalents caused by currency exchange rates	1,013	-1,267
Changes in cash and cash equivalents in connection with assets held for sale	-3,251	-221
Cash and cash equivalents at the beginning of the period	194,701	135,120
Cash and cash equivalents at the end of the period	**161,244**	**196,115**

Notes

Basic Principles of the Consolidated Financial Statements

[1] General Information

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

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

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

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

Preparation of the consolidated financial statements is influenced by accounting and valuation principles and requires assumptions and estimates that have an impact on the recognized value of assets, liabilities, and contingent liabilities, and on income and expenses. When estimates are made regarding the future, actual values may differ from the estimates. If the original basis for the estimates changes, the statement of the items in question is adjusted through profit and loss.

[2] Changes in Accounting Standards

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

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

[3] Company Acquisitions

JST

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

The fair value of the total consideration amounted to EUR 28,182 thousand on the acquisition date. This consists of a cash component in the amount of EUR 27,256 thousand and a contingent purchase price payment in the amount of EUR 926 thousand, which was recognized and measured at fair value and results from an earn-out clause. The cash component was paid on January 4, 2021. The amount of the contingent purchase price commitment is determined on the basis of EBIT multiples and a forecast of the future-relevant EBIT.

Goodwill of EUR 6,267 thousand, determined in the course of the purchase price allocation, is tax-deductible. Goodwill is the residual amount of the total consideration less the value of the re-assessed acquired assets and assumed liabilities and does not represent the accountable potential earnings of the acquired company for the future or the expertise of the personnel.

In the preliminary purchase price allocation, the acquired assets and liabilities have been calculated as follows:

NEW ACQUISITION: JST

(in EUR '000)

	Carrying amounts at the time of acquisition	Assets added due to initial consolidation	Addition to consolidated statement of financial position
Goodwill	0	6,267	6,267
Other intangible assets	0	20,241	20,241
Property, plant and equipment	137	0	137
Inventories	564	1,649	2,213
Receivables	864	0	864
Other assets*	660	0	660
Cash and cash equivalents	850	0	850
Total assets	**3,075**	**28,157**	**31,232**
Other provisions	364	0	364
Financial liabilities	0	0	0
Trade payables	278	0	278
Other equity and liabilities**	2,408	0	2,408
Total liabilities	**3,050**	**0**	**3,050**

* Other assets: other non-current assets, other current assets, deferred taxes, current income taxes
** Other equity and liabilities: other non-current liabilities, other current liabilities, deferred taxes, current income taxes

The re-assessed intangible assets essentially comprise client relations and software.

The initial consolidation of JST took place in January 2021. JST contributed sales amounting to EUR 6,356 thousand and operating income (EBIT) of EUR -960 thousand to income in the first nine months of the year.

Expenses affecting net income from the initial consolidation of JST had a negative impact of EUR 3,358 thousand on operating income. The incidental acquisition costs were recorded in the statement of income.

WIRUS

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

The fair value of the total consideration amounted to EUR 55,811 thousand on the acquisition date. This consists of a cash component in the amount of EUR 33,735 thousand and a contingent purchase price payment in the amount of EUR 22,076 thousand, which was recognized and measured at fair value and results from call/put options. The cash component was paid on May 20, 2021. The amount of the contingent purchase price commitment is determined on the basis of EBIT multiples and a forecast of the future-relevant EBIT.

Goodwill of EUR 18,077 thousand, determined in the course of the purchase price allocation, is partially tax-deductible. Goodwill is the residual amount of the total consideration less the value of the re-assessed acquired assets and assumed liabilities and does not represent the accountable potential earnings of the acquired company for the future or the expertise of the personnel.

In the preliminary purchase price allocation, the acquired assets and liabilities have been calculated as follows:

NEW ACQUISITION: WIRUS (in EUR '000)

	Carrying amounts at the time of acquisition	Assets added due to initial consolidation	Addition to consolidated statement of financial position
Goodwill	0	18,077	18,077
Other intangible assets	10	32,461	32,471
Property, plant and equipment	6,125	6,062	12,187
Inventories	4,316	748	5,064
Receivables	4,668	0	4,668
Other assets*	701	0	701
Cash and cash equivalents	1,035	0	1,035
Total assets	**16,855**	**57,348**	**74,203**
Pension provisions	804	0	804
Other provisions	2,347	0	2,347
Financial liabilities	3,615	0	3,615
Trade payables	3,701	0	3,701
Other equity and liabilities**	2,981	4,944	7,925
Total liabilities	**13,448**	**4,944**	**18,392**

* Other assets: other non-current assets, other current assets, deferred taxes, current income taxes
** Other equity and liabilities: other non-current liabilities, other current liabilities, deferred taxes, current income taxes

The re-assessed intangible assets essentially comprise client relations and software.

The initial consolidation of WIRUS took place in May 2021. WIRUS contributed sales amounting to EUR 27,837 thousand and operating income (EBIT) of EUR 2,368 thousand to income in the first nine months of the year. If WIRUS had been consolidated from January 1, 2021, revenue would have amounted to EUR 46,116 thousand and operating income (EBIT) to EUR 2,245 thousand.

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

FURTHER COMPANY ACQUISITIONS

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

The fair value of the total consideration amounted to EUR 8,427 thousand on the acquisition date. This consists of a cash component in the amount of EUR 4,680 thousand and a contingent purchase price payment in the amount of EUR 3,747 thousand, which was recognized and measured at fair value and results from an earn-out clause and call/put options. The cash component was paid on July 1, 2021. The amount of the contingent purchase price commitment is determined on the basis of EBIT multiples and a forecast of the future-relevant EBIT.

Goodwill of EUR 86 thousand, determined in the course of the purchase price allocation, is not tax-deductible. Goodwill is the residual amount of the total consideration less the value of the re-assessed acquired assets and assumed liabilities and does not represent the accountable potential earnings of the acquired company for the future or the expertise of the personnel.

In the preliminary purchase price allocation, the acquired assets and liabilities have been calculated as follows:

NEW ACQUISITION: FURTHER (in EUR '000)

	Carrying amounts at the time of acquisition	Assets added due to initial consolidation	Addition to consolidated statement of financial position
Goodwill	0	86	86
Other intangible assets	0	5,700	5,700
Property, plant and equipment	536	0	536
Inventories	2,538	559	3,097
Receivables	828	0	828
Other assets*	691	0	691
Cash and cash equivalents	857	0	857
Total assets	**5,450**	**6,345**	**11,795**
Pension provisions	135	0	135
Other provisions	169	0	169
Financial liabilities	36	0	36
Trade payables	312	0	312
Other equity and liabilities**	826	1,890	2,716
Total liabilities	**1,478**	**1,890**	**3,368**

* Other assets: other non-current assets, other current assets, deferred taxes, current income taxes
** Other equity and liabilities: other non-current liabilities, other current liabilities, deferred taxes, current income taxes

The re-assessed intangible assets essentially comprise client relations.

FLACO was consolidated for the first time in July 2021. FLACO contributed sales amounting to EUR 2,847 thousand and operating income (EBIT) of EUR -336 thousand to income in the first nine months of 2021. If FLACO had been consolidated from January 1, 2021, revenue would have amounted to EUR 8,660 thousand and operating income (EBIT) to EUR 385 thousand.

Expenses affecting net income from the initial consolidation of FLACO had a negative impact of EUR 662 thousand on operating income. The incidental acquisition costs were recorded in the statement of income.

Notes to the Consolidated Statement of Income

[4] Cost of Materials

in EUR '000	Q1–Q3 2021	Q1–Q3 2020
Raw materials, consumables and supplies, and purchased merchandise	-536,732	-457,363
Purchased services	-80,104	-72,503
Total	**-616,836**	**-529,866**

[5] Personnel Expenses

in EUR '000	Q1–Q3 2021	Q1–Q3 2020
Wages and salaries	-332,034	-317,120
Social security	-59,163	-56,595
Pensions	-3,214	-3,722
Total	**-394,411**	**-377,437**

[6] Depreciation/Amortization

in EUR '000	Q1–Q3 2021	Q1–Q3 2020
Depreciation/amortization	-70,265	-69,324
Impairment	-8,188	-40,800
Total	**-78,453**	**-110,124**

This item includes both depreciation/amortization and impairments. In the current financial year, the annual impairment test resulted in the recognition of impairment of EUR 5,709 thousand as of September 30, 2021 (previous year: impairment of EUR 36,883 thousand as of June 30 and EUR 2,925 thousand as of September 30), and write-downs in connection with a reclassification to "assets held for sale" in the amount of EUR 2,479 thousand (previous year: EUR 992 thousand). The impairment relates to goodwill in the amount of EUR 2,529 thousand (previous year: EUR 33,924 thousand), intangible assets in the amount of EUR 461 thousand (previous year: EUR 1,498 thousand) and property, plant and equipment in the amount of EUR 5,198 thousand (previous year: EUR 5,378 thousand). All impairment in the financial year was recognized in the Automotive Technology segment (previous year: Automotive Technology EUR 33,777 thousand, Engineering EUR 2,300 thousand, Metals Technology EUR 4,723 thousand).

[7] Other Operating Expenses

in EUR '000	Q1–Q3 2021	Q1–Q3 2020
Selling expenses	-67,594	-56,245
Operating expenses	-51,259	-46,203
Administrative expenses	-37,378	-36,552
Other expenses	-9,620	-12,935
Total	**-165,851**	**-151,935**

[8] Financial Income

in EUR '000	Q1–Q3 2021	Q1–Q3 2020
Interest and similar income	97	189
Interest and similar expenses	-12,463	-12,784
Net interest	**-12,366**	**-12,595**
Income from shares accounted for using the equity method	**742**	**558**
Minority interests	-3,648	1,058
Income from financial investments	299	422
Other financial income	**-3,349**	**1,480**
Total	**-14,973**	**-10,557**

The "minority interests" item includes an effect on income from the subsequent valuation of the contingent purchase price liabilities (call/put options) of EUR -219 thousand (previous year: EUR 2,224 thousand) and earnings after taxes that external entities are entitled to from shares in limited partnerships and stock corporations with call/put options.

[9] Income Taxes

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

[10] Earnings per Share

in EUR '000	Q1–Q3 2021	Q1–Q3 2020
Income attributable to INDUS shareholders	38,821	-34,353
Weighted average shares outstanding (in thousands)	26,143	24,451
Earnings per share (in EUR)	**1.48**	**-1.40**

Notes to the Consolidated Statement of Financial Position

[11] Goodwill

ANNUAL IMPAIRMENT TEST AS OF SEPTEMBER 30, 2021

The scheduled annual impairment test for all goodwill was performed as of September 30, 2021. The latest projections were available from all portfolio companies for the purposes of this test. The planning premises take into account both current knowledge and historical developments.

In accordance with the detailed planning periods of usually three years, future cash flows are extrapolated with a global growth rate of 1.0% (previous year: 1.0%). The payments determined in this manner are discounted using capital cost rates. These are based on risk-free interest rates of 0.093% (previous year: 0.00%), a market risk premium of 7.50% (previous year: 8.00%) and segment-specific beta coefficients derived by a peer group and borrowing rates. The following pre-tax cost of capital rates were applied: Construction/Infrastructure 8.7% (previous year: 8.5%); Automotive Technology 8.7% (previous year: 9.5%); Engineering 9.1% (previous year: 9.3%); Medical Engineering/Life Science 6.1% (previous year: 6.7%) and Metals Technology 8.7% (previous year: 8.6%).

The annual impairment test resulted in impairment losses on goodwill of EUR 2,342 thousand. The impairment losses relate to a cash-generating unit in the Automotive Technology segment. In the same period of the previous year, goodwill impairments were recognized in the amount of EUR 2,300 thousand and related to the Engineering segment.

In the previous year, an impairment test was triggered as of June 30, 2020, due to the coronavirus crisis. The test performed resulted in impairment losses on goodwill of EUR 31,624 thousand. The impairment losses related to the Automotive Technology segment in the amount of EUR 29,231 thousand and to the Metals Technology segment in the amount of EUR 2,393 thousand.

[12] Inventories

in EUR '000	September 30, 2021	December 31, 2020
Raw materials, consumables, and supplies	147,563	120,836
Unfinished goods	105,015	80,319
Finished goods and goods for resale	116,340	111,011
Advance payments	20,336	20,297
Total	**389,254**	**332,463**

[13] Receivables

in EUR '000	September 30, 2021	December 31, 2020
Receivables from customers	183,465	149,081
Contract receivables	21,175	10,699
Receivables from associated companies	1,738	2,163
Total	**206,378**	**161,943**

[14] Assets Held for Sale

The Board of Management of INDUS Holding AG is in late-stage negotiations with a strategic investor regarding the sale of the Automotive Technology segment's WIESAUPLAST GmbH & Co. KG and its subsidiaries. As of September 30, 2021, the sale is not considered certain but is highly probable in the near future.

The allocated assets are therefore reported under "assets held for sale." Liabilities belonging to the disposal group have been reported under the balance sheet item "liabilities in connection with assets held for sale" accordingly. Write-downs in connection with the sale of WIESAUPLAST are included in these interim financial statements as expenses in the amount of EUR 2,479 thousand. WIESAUPLAST had been part of INDUS since 1997 and specializes in the series supply of high-precision and safety-related parts for the automotive industry.

[15] Financial Liabilities

in EUR '000	September 30, 2021	Current	Non-current	December 31, 2020	Current	Non-current
Liabilities to banks	324,194	96,618	227,576	340,405	100,294	240,111
Lease liabilities	83,734	17,496	66,238	86,120	16,465	69,655
Promissory note loans	275,936	68,082	207,854	287,089	43,082	244,007
Total	**683,864**	**182,196**	**501,668**	**713,614**	**159,841**	**553,773**

[16] Liabilities

Other liabilities of EUR 56,177 thousand (Dec. 31, 2020: EUR 18,990 thousand) include contingent purchase price liabilities, carried at fair value, insofar as the minority shareholders can tender shares to INDUS by terminating the Articles of Incorporation or on the basis of option agreements.

Other Disclosures

[17] Segment Reporting

SEGMENT INFORMATION BY DIVISION FOR THE FIRST NINE MONTHS OF 2021

SEGMENT REPORT IN ACCORDANCE WITH IFRS 8 (in EUR '000)

	Construction/ Infrastructure	Automotive Technology	Engineering	Medical Engineering/ Life Science	Metals Technology	Total segments	Reconciliation	Consolidated financial statements
Q1–Q3 2021								
Revenue with external third parties	337,988	213,029	311,853	110,583	322,997	1,296,450	-78	1,296,372
Revenue with Group companies	32,633	66,408	48,912	13,941	49,931	211,825	-211,825	0
Revenue	**370,621**	**279,437**	**360,765**	**124,524**	**372,928**	**1,508,275**	**-211,903**	**1,296,372**
Segment earnings (EBIT)	**54,205**	**-41,539**	**35,793**	**8,958**	**27,710**	**85,127**	**-6,554**	**78,573**
Income from measurement according to the equity method	-154	-59	955	0	0	742	0	742
Depreciation/amortization	**-14,160**	**-27,967**	**-16,428**	**-7,694**	**-11,503**	**-77,752**	**-701**	**-78,453**
of which amortization	-14,160	-19,779	-16,428	-7,694	-11,503	-69,564	-701	-70,265
of which impairment	0	-8,188	0	0	0	-8,188	0	-8,188
Segment EBITDA	**68,365**	**-13,572**	**52,221**	**16,652**	**39,213**	**162,879**	**-5,853**	**157,026**
Investments	**43,376**	**15,077**	**33,954**	**7,701**	**5,717**	**105,825**	**166**	**105,991**
of which company acquisitions	32,700	0	30,229	0	0	62,929	0	62,929

SEGMENT REPORT IN ACCORDANCE WITH IFRS 8 (IN EUR '000)

	Construction/ Infrastructure	Automotive Technology	Engineering	Medical Engineering/ Life Science	Metals Technology	Total segments	Reconciliation	Consolidated financial statements
Q1–Q3 2020								
Revenue with external third parties	295,629	198,247	260,492	106,698	303,302	1,164,368	-231	1,164,137
Revenue with Group companies	25,999	51,536	44,102	11,816	40,087	173,540	-173,540	0
Revenue	**321,628**	**249,783**	**304,594**	**118,514**	**343,389**	**1,337,908**	**-173,771**	**1,164,137**
Segment earnings (EBIT)	**53,112**	**-74,938**	**14,328**	**7,774**	**10,195**	**10,471**	**-6,208**	**4,263**
Income from measurement according to the equity method	-345	-96	999	0	0	558	0	558
Depreciation/amortization	**-11,581**	**-54,726**	**-17,535**	**-7,509**	**-18,094**	**-109,445**	**-679**	**-110,124**
of which amortization	-11,581	-20,949	-15,235	-7,509	-13,371	-68,645	-679	-69,324
of which impairment	0	-33,777	-2,300	0	-4,723	-40,800	0	-40,800
Segment EBITDA	**64,693**	**-20,212**	**31,863**	**15,283**	**28,289**	**119,916**	**-5,529**	**114,387**
Investments	**11,401**	**7,343**	**2,490**	**3,026**	**3,701**	**27,961**	**66**	**28,027**
of which company acquisitions	0	0	0	0	0	0	0	0

SEGMENT REPORT IN ACCORDANCE WITH IFRS 8

(in EUR '000)

	Construction/ Infrastructure	Automotive Technology	Engineering	Medical Engineering/ Life Science	Metals Technology	Total segments	Reconciliation	Consolidated financial statements
Q3 2021								
Revenue with external third parties	121,835	69,483	113,081	37,391	104,273	446,063	-4	446,059
Revenue with Group companies	11,537	22,050	17,591	4,850	17,594	73,622	-73,622	0
Revenue	**133,372**	**91,533**	**130,672**	**42,241**	**121,867**	**519,685**	**-73,626**	**446,059**
Segment earnings (EBIT)	**18,602**	**-22,004**	**16,023**	**3,201**	**8,109**	**23,931**	**-1,678**	**22,253**
Income from measurement according to the equity method	87	-5	199	0	0	281	0	281
Depreciation/amortization	**-5,176**	**-14,786**	**-5,728**	**-2,520**	**-3,856**	**-32,066**	**-239**	**-32,304**
of which amortization	-5,176	-6,598	-5,728	-2,520	-3,856	-23,878	-239	-24,116
of which impairment	0	-8,188	0	0	0	-8,188	0	-8,188
Segment EBITDA	**23,778**	**-7,218**	**21,751**	**5,721**	**11,965**	**55,997**	**-1,439**	**54,557**
Investments	**3,565**	**4,508**	**5,200**	**1,238**	**1,794**	**16,305**	**24**	**16,329**
of which company acquisitions	0	0	3,823	0	0	3,823	0	3,823

SEGMENT REPORT IN ACCORDANCE WITH IFRS 8

(IN EUR '000)

	Construction/ Infrastructure	Automotive Technology	Engineering	Medical Engineering/ Life Science	Metals Technology	Total segments	Reconciliation	Consolidated financial statements
Q3 2020								
Revenue with external third parties	96,658	65,622	94,724	36,049	96,938	389,991	-53	389,938
Revenue with Group companies	9,268	19,126	13,389	3,891	12,376	58,051	-58,051	0
Revenue	**105,926**	**84,748**	**108,113**	**39,940**	**109,314**	**448,042**	**-58,104**	**389,938**
Segment earnings (EBIT)	**16,952**	**-12,023**	**10,207**	**3,674**	**5,436**	**24,246**	**-1,644**	**22,602**
Income from measurement according to the equity method	54	-96	96	0	0	54	0	54
Depreciation/amortization	**-3,873**	**-6,504**	**-7,409**	**-2,500**	**-4,807**	**-25,093**	**-234**	**-25,327**
of which amortization	-3,873	-6,504	-5,109	-2,500	-4,181	-22,167	-234	-22,401
of which impairment	0	0	-2,300	0	-626	-2,926	0	-2,926
Segment EBITDA	**20,825**	**-5,519**	**17,616**	**6,174**	**10,243**	**49,339**	**-1,411**	**47,928**
Investments	**2,925**	**3,385**	**1,317**	**1,244**	**1,716**	**10,587**	**141**	**10,728**
of which company acquisitions	0	0	0	0	0	0	0	0

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

RECONCILIATION (in EUR '000)

	Q1–Q3 2021	Q1–Q3 2020	Q3 2021	Q3 2020
Segment earnings (EBIT)	**85,127**	**10,471**	**23,931**	**24,246**
Areas not allocated incl. holding company	-6,610	-5,810	-2,116	-1,568
Consolidations	56	-398	438	-76
Financial income	-14,973	-10,557	-5,133	-5,577
Earnings before taxes	**63,600**	**-6,294**	**17,120**	**17,025**

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

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

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

SEGMENT INFORMATION BY REGION

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

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

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

in EUR '000	Group	Germany	EU	Third countries
Revenue with external third parties				
Q1–Q3 2021	1,296,372	663,236	277,037	356,099
Q3 2021	446,059	231,276	94,822	119,961
Non-current assets, less deferred taxes and financial instruments				
September 30, 2021	1,040,597	892,401	57,075	91,121
Revenue with external third parties				
Q1–Q3 2020	1,164,137	601,824	251,107	311,206
Q3 2020	389,938	194,602	88,475	106,861
Non-current assets, less deferred taxes and financial instruments				
December 31, 2020	978,713	830,743	57,378	90,592

[18] Information on the Significance of Financial Instruments

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

FINANCIAL INSTRUMENTS (in EUR '000)

	Balance sheet value	IFRS 9 not applicable	IFRS 9 Financial instruments	of which measured at fair value	of which measured at amortized cost
SEPTEMBER 30, 2021					
Financial investments	7,024	0	7,024	2,723	4,301
Cash and cash equivalents	161,244	0	161,244	0	161,244
Receivables	206,378	21,175	185,203	0	185,203
Other assets	19,953	11,249	8,704	0	8,704
Financial instruments: Assets	**394,599**	**32,424**	**362,175**	**2,723**	**359,452**
Financial liabilities	683,864	0	683,864	0	683,864
Trade payables	73,232	0	73,232	0	73,232
Other liabilities	136,362	55,337	81,025	59,159	21,866
Financial instruments: Equity and liabilities	**893,458**	**55,337**	**838,121**	**59,159**	**778,962**

	Balance sheet value	IFRS 9 not applicable	IFRS 9 Financial instruments	of which measured at fair value	of which measured at amortized cost
DECEMBER 31, 2020					
Financial investments	7,130	0	7,130	2,509	4,621
Cash and cash equivalents	194,701	0	194,701	0	194,701
Receivables	161,943	10,699	151,244	0	151,244
Other assets	24,317	12,914	11,403	145	11,258
Financial instruments: Assets	**388,091**	**23,613**	**364,478**	**2,654**	**361,824**
Financial liabilities	713,614	0	713,614	0	713,614
Trade payables	48,926	0	48,926	0	48,926
Other liabilities	114,314	52,090	62,224	23,269	38,955
Financial instruments: Equity and liabilities	**876,854**	**52,090**	**824,764**	**23,269**	**801,495**

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

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

	September 30, 2021	December 31, 2020
Financial assets measured at fair value through profit and loss	0	145
Financial assets measured at cost	359,452	361,824
Financial assets recognized at fair value directly in equity	2,723	2,509
Financial instruments: Assets	**362,175**	**364,478**
Financial liabilities measured at fair value through profit and loss	56,177	18,990
Financial liabilities measured at cost	778,962	801,495
Derivatives with hedging relationships, hedge accounting	2,982	4,279
Financial instruments: Equity and liabilities	**838,121**	**824,764**

[19] Approval for Publication

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

Bergisch Gladbach, November 10, 2021

INDUS Holding AG

The Board of Management

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Financial Calendar

Date	Event
November 11, 2021	Publication of the interim report for Q3/9M 2021
February 23, 2022	Publication of preliminary figures for 2021
March 23, 2022	Publication of annual report for 2021
May 5, 2022	Publication of the interim report for Q1/3M 2022
May 31, 2022	Annual Shareholders' Meeting 2022
August 4, 2022	Publication of the interim report for H1/6M 2022
November 10, 2022	Publication of the interim report for Q3/9M 2022

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

Imprint

RESPONSIBLE MEMBER OF THE BOARD OF MANAGEMENT
Dr.-Ing. Johannes Schmidt

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